REPORT ON CORPORATE GOVERNANCE

State Printing House Public Company Limited By Shares (the "Company") declares as set forth below and provides the following information regarding corporate governance of the Company:

Description of governing bodies of the Company

Operation of the Board of Directors

The Company is managed by the Board of Directors consisting of 6 members. Members are elected by the General Meeting of Shareholders (GM) for a maximum 5 year term. Following the expiration of their mandate members can be re-elected.
Members of the Board of Directors on 31 December 2007 (names of independent members are underlined and printed in italics):

Dr. Ákos Erdős chairman
György Gyergyák vice-chairman
Dr. Mihály Arnold
Dr. György Festetics
Péter Heim
Gábor Zsámboki

The Board of Directors elects its chairman from among its members with a simple majority of votes. Those members who are not employees of the Company decide as a board over the assignment of the General Manager. The President of the Board of Directors exercises the employer's rights over the General Manager.
The Board of Directors establishes its own Rules of Procedure in which it gives orders on the scope of competence and tasks among themselves.
A meeting of the Board of Directors may be convened by the chairman or a member of the Board of Directors indicating the reason and purpose of the meeting. Minutes are kept of the meetings.

Tasks and competence of the Board of Directors
(a) Any of issues concerning the management and business operations of the Company, which do not fall within the General Meeting's exclusive competence on the basis of the

Statutes or provisions of the Companies Act. The Board of Directors is responsible for any of its decisions taken in the frame of the activities of the Company or in the frame of delegated competence and is entitled to place into its competence, decisions on issues, which do not fall within the scope of the exclusive competence of the General Meeting.

(b) The Board of Directors shall present the report of the Company prepared in accordance with the Accounting Act and the proposal on the appropriation of after-tax profits and the report on corporate governance.

(c) The Board of Directors shall prepare a report on the management, the financial situation and the business policy of the Company and submit same to the annual ordinary General Meeting at least once every year, and to the Supervisory Board at least once every three months.

(d) The members of the Board of Directors shall treat business secrets concerning the Company's issues as confidential. Upon the request of the shareholders, the Board of Directors shall provide information on the affairs of the Company, and allow an inspection of its books and documents provided that business interest and business secret of the Company will not be infringed. In the event that the Board of Directors does not comply with such request, upon the request of the shareholder concerned, the Court of Registration will oblige the Company to provide information or to allow inspection.

(e) The Board of Directors shall ensure that the books of the company, including accounting books and Register of Shareholders, are kept according to the applicable regulations.

(f) The Board of Directors shall report to the Court of Registration in accordance with the laws and the Statutes and shall take measures on the necessary publications.

(g) The Board of Directors shall convene the ordinary and the extraordinary General Meeting except the cases set out in the Companies Act.

(h) The Board of Directors shall prepare and approve the proposals concerning issues in the competence of the General Meeting and present same to the General Meeting.

(i) The Board of Directors shall decide with respect to the annual and mid-term business plan of the Company, the implementation of which belongs to the scope of competence of the operative management of the Company.

(j) The Board of Directors shall determine the competence of the General Manager responsible for the operative management. The employer's rights over the General Manager shall be exercised by the members of the Board of Directors who are not employed by the Company acting as a body, they shall decide on the appointment, dismissal and remuneration of the General Manager, whilst the Chairman of the Board of Directors shall exercise

the employer's rights himself/herself, in case of his/her incapacity, his/her deputy or a person appointed by the Board of Directors shall exercise such rights.

(k) The Board of Directors may confer the right to sign on behalf of the Company to the employees of the Company.

(l) The Board of Directors shall approve the Company's Organizational and Operational Regulations.

(m) The Board of Directors shall issue and divide consolidated shares.

(n) On the basis of the General Meeting's authorization, the Board of Directors shall provide for the purchase of treasury shares and shall decide on the sale of treasury shares owned by the Company.

(o) With the approval of the Supervisory Board granted in advance, the Board of Directors shall approve the interim balance sheet concerning the acquisition of treasury shares, payment of interim dividends and the increase of the share capital by its assets excessing the share capital.

(p) The Board of Directors shall increase the share capital according to the Section 17.8 of the Statutes.

(q) The Board of Directors shall decide on the payment of interim dividends with the approval of the Supervisory Board granted in advance.

(r) The Board of Directors may set up committees, the members of which may be solely the members of the Board of Directors, and the Board of Directors can transfer a part of its competence to such committees, and the Board of Directors shall be also entitled to set up committees consisting of both the members of the Board of Directors and persons who are not members of the Board of Directors and provide such committees the appropriate authorization.

(s) The Board of Directors may undertake financial obligations in the scope of ordinary business operations, the individual value of which exceeds 20% of the share capital (e.g.: guarantee, etc.).

(t) The Board of Directors may undertake any transaction, financial obligation which are neither included in the annual business plan approved by the Board of Directors nor in the ordinary business operations, value of which exceeds 20% of the share capital of the Company; with respect to the threshold, the amount shall be calculated with the aggregated value of transactions concluded in one year (purchase, rental, leasing, sale, investment, sale of investment of assets, providing services which are outside of ordinary business operations, crediting, taking loans, etc.).

(u) Concluding transactions between the Company and:

(i) one of its shareholders holding at least ten per cent. of the voting rights or his/her close relative; or

(ii) a person in which a shareholder holding at least ten per cent. of the voting rights or his/her close relative – directly or indirectly or based on an agreement – holds more than fifty per cent. of the voting rights or he/she is entitled to elect or withdraw the majority of its executive officers or its members of the Supervisory Board;

(iii) a person which holds more than fifty per cent. of the voting rights – directly or indirectly or based on an agreement – in the shareholder holding at least ten per cent. of the voting rights of the Company or which is entitled to elect or withdraw the majority of the executive officers or members of the Supervisory Board of shareholder holding at least ten per cent. of the voting rights of the Company;

(iv) a person in which the person set forth in point (iii) – directly or indirectly or based on an agreement – holds more than fifty per cent. of the voting rights or the majority of whose executive officers or members of the Supervisory Board may be elected or withdrawn by the person set forth in point (iii); with the exception of transactions of ordinary value within the activities of the Company. The Board of Directors shall prepare a comprehensive annual report on transactions concluded with the persons mentioned above which also includes the transactions of ordinary value falling within the activities of the Company and it shall submit same to the Supervisory Board.

(v) The members of the Board of Directors attend the General Meeting of the Company with a right of consultation and to make proposals. The Chairman of the Board of Directors or the appointed member thereof must attend the General Meeting and the meetings of the Supervisory Board to which he/she receives an invitation.

The chairman of the Board of Directors convenes and conducts the meetings, appoints the keeper of the minutes from the meeting of the Board of Directors, orders voting and announces its results.

The Board of Directors passes its resolutions with a simple majority of votes. Under extraordinary circumstances, when it is impossible to call for a meeting of the Board of Directors, the chairman of the Board of Directors shall order a written voting. The Rules of Procedure of the Board of Directors contains the applying rules and regulations.

The Board of Directors held 5 meetings in 2007 with 6,5,6,6,6 members present (as for the different occasions).

Division of responsibility and duties between the Board of Directors and the General Manager / Management

The operating activities of the Company are directed by the General Manager. The General Manager is personally liable for performing his/her duties within the framework defined by law, the Statutes, and in accordance with the decisions of the Board of Directors and the General Meeting.

The General Manager may delegate his authority to the Company's managers and employees in accordance with the Rules of Organization and Operation within the limits of the Company's internal regulations by means of defining job descriptions and with general or limited authorizations, but limitations on his scope of authority as a member of the Board of Directors shall have no effect with respect to third parties.

The General Manager is entitled to make decisions in all affairs not falling within the scope of authority of the General Meeting or the Board of Directors. The General Manager concludes a labour contract with the Company, signed by the chairman of the Board of Directors.

The General Manager exercises employer's rights with respect to employees of the Company.

In order to carry out the business of the Company, the General Manager concludes contracts and represents the firm before third parties, authorities and courts.

Competence and tasks of the General Manager

(a) The General Manager shall decide with respect to all issues which do not fall within the exclusive competence of the General Meeting, the Board of Directors or the Chairman of the Board of Directors.

(b) The Board of Directors may transfer any of its competence regarding the daily management to the General Manager under the provisions and conditions established by it and the Board of Directors may withdraw or change the totality or a certain part of such competences from time to time, however, such transfer does not affect the liability of the Board of Directors.

(c) The General Manager shall conclude agreements for the purpose of performing the Company's tasks and represent the Company towards third parties, before courts and other authorities.

(d) The General Manager shall prepare the agenda of the General Meeting and the Board of Directors and he/she shall submit proposals concerning decisions.

(e) The General Manager shall execute passed resolutions and decisions, and he/she shall manage the performance of tasks within the scope of activities of the Company.

(f) The General Manager shall exercise employer's rights over other employees of the Company. The General Manager can delegate the exercise of employer's rights over employees in accordance with the Organizational and Operational Regulations of the Company.

(g) The General Manager can transfer his/her competence to the executives and employees within the framework of the internal administration of the Company in accordance with the Organizational and Operational Regulations based on a general or an ad-hoc decision, by describing the respective scope of activities, however, the limitation of the competence attached to his/her membership of the Board of Directors shall be null and void against third parties.

The Board of Directors may delegate a portion of its authority, with restrictions and conditions determined at its discretion, to the General Manager, and it may withdraw or change all or any portion of such authority from time to time, but such delegation shall not affect the liability of the Board of Directors.

Members of the management on 31 December 2007:

György Gyergyák general manager
Gábor Zsámboki deputy general manager
Ferenc Berkesi deputy general manager, security
Huba Szatmári deputy general manager, technical and production
Dr. Lajos Székelyhídi deputy general manager, research and development

Evaluation and remuneration of the management

The Board of Directors is making a continuous assessment of the management's activity, and makes an additional extensive performance evaluation once a year. The remuneration of managers (General Manager) has an established system at the Company. On top of the base salary, managers are entitled to receive bonus if the development of the Company meets the long term targets and targets of the relevant business year. The bonus is linked with the development of sales revenues and profit before taxation, and with the fulfilment of most important specific tasks set in advance for the business year.

The Board of Directors will present the guidelines of the Management Share Option Programme to the 2008 Annual General Meeting. In case the guidelines are approved, the

members of the management will be entitled to the acquisition of the Company's shares in a preferential way.

The Supervisory Board

The Supervisory Board consists of six members who are elected by the General Meeting for a maximum five-year term. One third of the members of the Supervisory Board is designated by the Factory Council, following a statement of opinion of the trade unions operating at the Company. The General Meeting is obliged to elect these employee members for the period unless statutory grounds for disqualification exist in respect of the nominees.

The members of the Supervisory Board elect the chairman by a simple majority of votes at their first meeting. The Chairman convenes and conducts the meetings of the Supervisory Board, appoints the person keeping the minutes, orders the voting and announces its results. The meeting of the Supervisory Board may be convened by any member indicating the reason and purpose thereof if his/her request for convening the meeting has not been fulfilled by the chairman within 8 days.

Tasks and competence of the Supervisory Board

(a) The Supervisory Board may request information from the executive officers or employees in executive positions of the Company and may inspect the books and documents of the Company.

(b) The Supervisory Board shall inspect all important business reports appearing in the agenda of the General Meeting and all other submissions concerning the issues falling within the exclusive competence of the General Meeting.

(c) The General Meeting may pass resolutions on the report prepared in accordance with Accounting Act and on the appropriation of after-tax profits and on the report on corporate governance only after having the written report of the Supervisory Board.

(d) Members of the Supervisory Board shall treat business secrets concerning the Company's issues as confidential.

(e) Members of the Supervisory Board shall take part at the General Meeting of the Company with a right of consultation.

(f) If the Supervisory Board finds the activities of the management in violation of the laws, the Statutes or the resolutions of the General Meeting, or otherwise infringes the interests of the Company or its shareholders, the Supervisory Board shall convene an extraordinary General Meeting and shall make a proposal regarding its agenda.

(g) The Supervisory Board must previously provide its consent to the interim balance sheet to be approved by the Board of Directors, concerning the acquisition of treasury shares, payment of interim dividends, increase of its share capital by its assets exceeding the share capital.

The Supervisory Board defines its Rules of Procedure and submits them to the General Meeting for approval. Minutes are kept of the meetings of the Supervisory Board.

Members of the SB on 31 December 2007 (names of independent members are underlined and printed in italics):

Dr. Tamás Sárközy chairman
Dr. Istvánné Gömöri vice-chairman
Dr. Imre Repa
Dr. István Stumpf
Ferenc Berkesi
György Vajda

The Supervisory Board convened four times in 2007 and with an attendance of 5,6,6,6 members at the different meetings.

The Audit Committee

The Audit Committee consists of three members elected by the General Meeting from the independent members of the Supervisory Board.

Tasks and competence of the Audit Committee

a) approval of the report prepared pursuant to the Accounting Act
b) proposal on the person and renumeration of the auditor
c) preparation of the contract with the auditor, signing of the contract on behalf of the Company which is authorized by the Statutes
d) monitoring of enforcement of professional requirements and conflict-of-interest regulations towards the auditor, cooperation with the auditor, and – if necessary – proposal to the Board of Directors or the Supevisory Board on certain provisions
e) evaluation of the operation of the financial reporting system and proposal on certain provisions, and

f) assistance of the tasks of the Board of Directors and the Supervisory Board in controlling the financial reporting system properly.

Members of the Audit Committee on 31 December 2007:

Dr. Istvánné Gömöri chairwoman
Dr. Tamás Sárközy
Dr. Imre Repa

The Audit Committee convened three times in 2007 and full attendance was recorded at any meeting.

The Company has no Nomination Committee and no Remuneration Committee, these functions are carried out by the independent members of the Board of Directors without formal setup as a committee.

The Auditor

The Auditor of the Company is elected following the recommendation of the Audit Committee for a maximum five-year period from among those internationally recognized auditing companies that have an office in Hungary.

Tasks and competence of the auditor

(a) The Company shall have the auditor examine the authenticity and legal compliance of the report prepared in accordance with the Accounting Act. Without a statement of opinion by the auditor, the General Meeting may not decide on the report prepared in accordance with the Accounting Act.

(b) The auditor shall examine all substantial business reports proposed to the General Meeting from the aspect of whether such reports contain true data and comply with all legal regulations.

(c) The auditor may inspect the books of the Company, may request information from the members of the Board of Directors and the Supervisory Board and the employees of the Company and may examine the bank account, the petty cash, the stocks of securities and goods and the agreements of the Company.

(d) The auditor shall treat all business secrets related to the operation of the Company as confidential.

(e) The auditor shall participate at the General Meeting.

(f) If it is required, the auditor may be invited to attend the meeting of the Board of Directors or the Supervisory Board with a right of consultation, or the auditor himself may initiate his/her attendance at such meetings. In this latter case, the request of the auditor may be refused only in exceptionally justified cases.

(g) If the auditor ascertains or otherwise learns that a considerable decrease in assets of the Company is probable, or perceives any other issue which entails the liability of the members of the Board of Directors or the Supervisory Board as set forth in the Companies Act, he/she shall request that the General Meeting be convened. If the General Meeting is not convened, or if it fails to render the resolutions required by laws, the auditor shall inform the Court of Registration exercising legal supervision.

The Auditor of the Company has not carried out any activities which are not related to auditing.

Disclosure policy of the Company

The Company's disclosures are managed in compliance with the rules of the Budapest Stock Exchange. In quarterly reports, annual reports the Company publishes results, and in form of extraordinary reports makes all information public that are occuring in the operations with direct or indirect relevance to the share price or information that is necessary to the most important investment decisions of market participants.

The Company participates regularly in the forums of investor coverage by way of road-shows, conferences. In addition, it keeps contact with investors continuously and is available for investors in answering their questions.

The Company's guidelines regarding insider trading

State Printing House Plc has created a regulation compulsory for all of its subsidiaries and joint ventures to execute the Capital Market Act so that the prohibition of insider trading is effective. The regulation states that it is prohibited to make trades for securities and stock exchange products concerned by the insider information using insider information, or to give a commission for such trade and to pass on the insider information to another person with the goal of trading. Based on the law's use of terms and phrases, the Company's regulation defines the scope of insider information and insider persons. The members of the Board of Directors, the Supervisory Board of State Printing House Plc, its senior officers, and its employees involved in balance sheet preparation are not allowed to buy or sell shares issued by the Company in the periods defined by law, that is the period between the balance sheet

date and the release date of the an annual report (in the fifteen days preceding the release date of the interim report). The insider person must publish the transaction and announce it to the Hungarian Financial Supervisory Authority in 2 days after the transaction. In case of the Board of Directors, the Supervisory Board and senior officers, State Printing House Plc meets these requirements based on the statement of those obliged for the announcement.

Exercising shareholder rights and presentation of rules on the conducting of the general meeting

The share capital of the Company is consist of 1,479,465 pieces of dematerialised ordinary shares with a par value of HUF 980 each. The share capital consists of the following series:
- Series 'A' shares: 1,396,520 pieces of dematerialised registered common shares, each having a nominal value of HUF 980,
- Series 'B' shares: 9,475 pieces of printed dividend preferential registered employee shares each having a nominal value of HUF 980
- Series 'C' shares: 73,470, printed dividend preferential registered employee shares each having a nominal value of HUF 980

Shareholders who own Series 'A' shares have a voting right at the General Meeting.

The Board of Directors of the Company or its proxy assigned according to the rules of the law on capital market keeps a share ledger containing at least the following information:
- shareholder's, nominee's name (company);
- shareholder's, nominee's address (headquarters);
- number of shares, interim shares of shareholder (shareholder's stake) as per type and series of shares.

The Register of Shareholders is accessible to anyone for inspection. Change in ownership is settled by the securities account keeper who simultaneously notifies the Board of Directors, or an entrusted organisation to register the shareholder in the Register of Shareholders, unless otherwise provided by the shareholder. A shareholder whose name does not appear in the Register of Shareholders may not exercise shareholder's rights.

The supreme organ of the Company is the General Meeting consisting of all the shareholders. Invitations to the General Meeting are publicly announced in the same manner as required for announcements of the Company 30 days prior to the planned General Meeting by the Board of Directors. Separate notification of the General Meeting is sent to the members

of the Board of Directors and the Supervisory Board, as well as to the auditor of the Company.

All invitations to, and announcements of, the General Meeting should indicate the name and headquarters of the Company, the venue and date of the General Meeting, its agenda, the conditions of exercising voting rights, the venue and the date of the reconvened meeting if the General Meeting fails to achieve a quorum.

The General Meeting has a quorum if more than half of the shareholders entitled to vote are either present in person or represented by proxy. Authorization for such representation is included in a notarial document or a private document of full force which is presented not later than at the beginning of the General Meeting to the person keeping the minutes at the place and date indicated in the invitation to the General Meeting. Authorization for representation is valid for one General Meeting, including the General Meeting reconvened due to failure to achieve a quorum.

In case the General Meeting fails to achieve a quorum at the appointed time, the General Meeting is reconvened with the identical agenda, at least one day maximum 21 days may pass from the date of the original General Meeting. Such a reconvened General Meeting has a quorum with respect to the issues included in the original agenda irrespective of the number of shareholders present.

Shareholders may exercise their shareholders rights personally or through representatives.
a, In case of personal attendance, shareholders must prove their identity with an ID card while their ownership is certified by their certificates of ownership of the shares. The shareholder registered in the register of shareholders who does not bring a certificate of ownership of the shares, may participate at the General Meeting but cannot exercise his/her voting right and cannot make proposals.
b, In case of a mandate, authorizations shall be submitted to the Company in the form of a notarial document or private document representing conclusive evidence. The authorisation shall be given to the representative of the Board of Directors before the General Meeting. As for certificate of ownership, Section a, is governing.
c, The securities account manager included in the Register of Shareholders as a shareholder delegate shall act as specified in the Capital Market Act in the representation of the shareholder.

Shareholders may exercise their shareholders rights if the shareholder or the representative is registered in the Register of Shareholders before the date of the General Meeting. The securities account managers shall provide for the registration of the shareholder in the Register of Shareholders based on the assignment of the shareholder. Securities account managers shall give information to the shareholders on the deadline of executing the assignments of registry in the Register of Shareholders. The Company does not accept responsibility for execution of assignments given to securities account managers and for the consequences of their failures.

The Chairman of the Board of Directors, or if he/she is unable to be present, the vice-Chairman of the Board of Directors, or if he/she is also unable to be present, the person appointed by the Board of Directors prior to the General Meeting shall chair the General Meeting. The appointment of the Chairman of the General Meeting shall be effectuated prior to the discussion on the agenda issues, and as long as same does not take place, the General Meeting cannot render resolutions on the merits of the agenda issues.

The chairman of the General Meeting appoints the person keeping the minutes, conducts the meeting on the basis of the agenda, orders voting and announces results of voting and the resolutions of the General Meeting.

In accordance with the provisions of the Company Act, minutes are kept of the General Meeting.

In the above description State Printing House Plc is providing comprehensive overview of corporate processes and practices. Detailed rules to any function summarized in this report can be found in the Statutes, freely available on the company website (www.allaminyomda.hu).

DECLARATION

on Corporate Governance on Compliance with the Corporate Governance Recommendations (29th October, 2007)

State Printing House Public Company Limited by Shares (hereinafter referred to as 'The Company') states the following on Corporate Governance:

A 1.1.1 **The Board of Directors ensured that shareholders received access to information in time to enable them to exercise their rights.**

Yes No (explanation)

A 1.1.2 **The company applies the "one share - one vote" principle.**

Yes No (explanation)

A 1.2.8 **The company ensures that shareholders must meet the same requirements in order to attend at the general meeting**

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Yes No (explanation)

A 1.2.9 **Items on the general meeting agenda only include subjects which are correctly detailed and summarized clearly and unambiguously.**

Yes No (explanation)

The proposals included the suggestions of the Supervisory Board and a detailed explanation of the effects of the decision.

Yes No (explanation)

A 1.2.10 Shareholders' comments on and supplements to the items on the agenda were published at least two days prior to the general meeting.

Yes (There were no comments / supplements.) No (explanation)

A 1.3.8 Comments on the items of the agenda were made available to shareholders simultaneously with registration at the latest.

Yes (There were no comments) No (explanation)

Written comments made on the items on the agenda were published two working days prior to the general meeting.

Yes (There were no comments) No (explanation)

A 1.3.10 The election and dismissal of executives took place individually and by separate resolutions.

Yes No (explanation)

A 2.1.1 The responsibilities of the Board of Directors include those laid out in 2.1.1.

Yes No (explanation)

A 2.3.1 The Board of Directors held meetings regularly, at times designated in advance.

Yes No (explanation)

The Supervisory Board held meetings regularly, at times designated in advance.

Yes No (explanation)

The rules of procedure of the Board of Directors provide for unscheduled meetings and decision-making through electronic communications channels.

Yes No (explanation)

The rules of procedure of the Supervisory Board provide for unscheduled meetings and decision-making through electronic communications channels.

Yes No (explanation)

A 2.5.1 **The Board of Directors of the company has a sufficient number of independent members to ensure the impartiality of the board.**

Yes No (explanation)

A 2.5.4 **At regular intervals (in connection with the CG Report) the Board of Directors requested a confirmation of their independent status from those members considered independent.**

Yes No (explanation)

A 2.5.5 **At regular intervals (in connection with the CG Report) the Supervisory Board requested a confirmation of their independent status from those members considered independent.**

Yes No (explanation)

A 2.5.7 **The company disclosed on its website the guidelines on the independence of the Board of Directors and the Supervisory Board, as well as the criteria applied for assessing independence.**

Yes No (explanation)

A 2.6.1 **Members of the Board of Directors informed the Board of Directors (Supervisory Board/Audit Committee) if they (or any other person in a close relationship to them) had a significant personal stake in a transaction of the company (or the company's subsidiary).**

Yes (but not occured) No (explanation)

A 2.6.2 **Transactions between board and executive management members (and persons in close relationship to them) and the company (or its subsidiary) were conducted according to general rules of practice of the company, but with stricter transparency rules in place.**

Yes (but not occured) No (explanation)

Transactions which according to 2.6.2, fell outside the normal course of the company's business, and their terms and conditions were approved by the Supervisory Board (Audit Committee).

Yes (but not occured) No (explanation)

A 2.6.3 **Board members informed the Supervisory Board/Audit Committee (Nomination Committee) if they received an offer of Board membership or an offer of an executive management position in a company which is not part of the company group.**

Yes (they have not been requested to do so) No (explanation)

A 2.6.4 **The Board of Directors established its guidelines on information flow within the company and the handling of insider information, and monitored compliance with those guidelines.**

Yes No (explanation)

The Board of Directors established its guidelines regarding insiders' trading in securities and monitored compliance with those guidelines.

Yes No (explanation)

A 2.7.1 **The Board of Directors formulated remuneration guidelines regarding the evaluation and remuneration of the work of the Board of Directors, the Supervisory Board and the executive management.**

Yes No (explanation)

The Supervisory Board formed an opinion on the remuneration guidelines.

Yes No (explanation)

The guidelines regarding the remuneration for the Board of Directors and the Supervisory Board and the changes in those guidelines were approved by the general meeting, as a separate item on the agenda.

Yes No (explanation)

A 2.7.2 **The Board of Directors prepared an evaluation of the work it carried out in the given business year. The Supervisory Board prepared an evaluation of the work it carried out in the given business year.**

Yes No (explanation)

A 2.7.3 **It is the responsibility of the Board of Directors to monitor the performance of and determine the remuneration for the executive management.**

Yes No (explanation)

The frameworks of benefits due to members of the executive management that do not represent normal practice, and the changes in those benefits were approved by the general meeting as a separate agenda item.

Yes (The Company offers no benefits that would not represent normal practice.) No (explanation)

A 2.7.4 The structure of share-incentive schemes were approved by the general meeting.

Yes No (explanation)

Prior to the decision by the general meeting on share-incentive schemes, shareholders received detailed information (at least according to those contained in 2.7.4).

Yes No (explanation)

A 2.7.7 The Remuneration Statement was prepared by the company and submitted to the general meeting.

Yes No (explanation)

The Remuneration Statement includes information about the remuneration of individual members of the Board of Directors, the Supervisory Board, and the executive management.

Yes (except for remuneration of the management) No (explanation)

A 2.8.1 The Board of Directors or the committee operated by it is responsible for monitoring and controlling the company's entire risk management.

Yes No (explanation)

The Board of Directors requests information on the efficiency of risk management procedures at regular intervals.

Yes No (explanation)

The Board of Directors took the necessary steps to identify the major risk areas.

Yes No (explanation)

A 2.8.3 **The Board of Directors formulated the principles regarding the system of internal controls.**

Yes No (explanation)

The system of internal controls established by the executive management guarantees the management of risks affecting the activities of the company, and the achievement of the company's performance and profit targets.

Yes No (explanation)

A 2.8.4 **When developing the system of internal controls, the Board of Directors took into consideration the viewpoints included in 2.8.4**

Yes No (explanation)

A 2.8.5 **It is the duty and responsibility of the executive management to develop and maintain the system of internal controls.**

Yes No (explanation)

A 2.8.6 **The company created an independent Internal Audit function which reports to the Audit Committee.**

Yes No (explanation)

The Internal Audit reported at least once to the Audit Committee on the operation of risk management, internal control mechanisms and corporate governance functions.

Yes No (explanation)

A 2.8.7 **The internal audit activity is carried out by the Internal Audit function based on authorisation from the Audit Committee.**

Yes No (explanation)

As an organisation, the Internal Audit function is independent from the executive management.

Yes No (explanation)

A 2.8.8 **The Internal Audit schedule was approved by the Board of Directors (Supervisory Board) based on the recommendation of the Audit Committee.**

Yes No (explanation)

A 2.8.9 **The Board of Directors prepared its report for shareholders on the operation of internal controls.**

Yes No (explanation)

The Board of Directors developed its procedures regarding the receipt, processing of reports on the operation of internal controls, and the preparation of its own report.

Yes No (explanation)

A 2.8.11 **The Board of Directors identified the most important deficiencies or flow in the system of internal controls, and reviewed and re-evaluated the relevant activities.**

Yes (but not occured) No (explanation)

A 2.9.2 **The Board of Directors, the Supervisory Board and the Audit Committee were notified in all cases when an assignment given to the auditor may have resulted in significant additional expense, caused a conflict of interest, or affected normal business practices significantly in any other way.**

Yes (there has been no such assignment) No (explanation)

A 2.9.3 **The Board of Directors informed the Supervisory Board of any assignment given to the external auditor or an external advisor in connection with any event which held significant bearing on the operations of the company.**

Yes (there has been no such assignment) No (explanation)

The Board of Directors pre-determined in a resolution what circumstances constitute "significant bearing".

Yes (there has been no such assignment) No (explanation)

A 3.1.6 **On its website, the company disclosed duties delegated to the Audit Committee, the Nomination Committee and the Remuneration Committee, as well as the committees' targets, rules of procedure, composition (indicating the name, brief biography and the date of appointment of members).**

Yes No (explanation)

A 3.2.1 **The Audit Committee monitored the efficiency of risk management, the operation of internal controls, and the activity of the Internal Audit.**

Yes No (explanation)

A 3.2.3 **The Audit Committee received accurate and detailed information on the work schedule of the Internal Auditor and the independent auditor, and received the auditor's report on problems discovered during the audit.**

Yes No (explanation)

A 3.2.4 **The Audit Committee requested the new candidate for the position of auditor to submit the disclosure statement according to 3.2.4**

Yes No (explanation)

A 3.3.1 **There is a Nomination Committee operating at the company.**

Yes No (the Company has no Nomination Committee, the function is carried out by the independent members of the Board of Directors without formal setup as a committee.)

A 3.3.2 The Nomination Committee provided for the preparation of personnel changes.

Yes No (explanation)

(The function is carried out by the independent members of the Board of Directors without formal setup as a committee: see 3.3.1.)

The Nomination Committee reviewed the procedures regarding the election and appointment of members of the executive management.

Yes No (explanation)

(The function is carried out by the independent members of the Board of Directors without formal setup as a committee: see 3.3.1.)

The Nomination Committee evaluated the activity of board and executive management members.

Yes No (explanation)

(The function is carried out by the independent members of the Board of Directors without formal setup as a committee: see 3.3.1.)

The Nomination Committee examined all the proposals regarding the nomination of board members which were submitted by shareholders or the Board of Directors.

Yes No (explanation)

(The function is carried out by the independent members of the Board of Directors without formal setup as a committee: see 3.3.1.)

A 3.4.1 There is a Remuneration Committee operating at the company.

Yes No (the Company has no Remuneration Committee, the function is carried out by the independent members of the BoD without formal setup as a committee.

A 3.4.2 **The Remuneration Committee made a proposal for the system of remuneration for the boards and the management (individual levels and the structure of remuneration), and carries out its monitoring.**

Yes No (explanation)

(The function is carried out by the independent members of the Board of Directors without formal setup as a committee: see 3.4.1.)

A 3.4.3 **The remuneration of the management was approved by the Board of Directors based on the recommendation of the Remuneration Committee.**

Yes No (explanation)

(The function is carried out by the independent members of the Board of Directors without formal setup as a committee: see 3.4.1.)

The remuneration of the Board of Directors was approved by the general meeting based on the recommendation of the Remuneration Committee.

Yes No (explanation)

(The function is carried out by the independent members of the Board of Directors without formal setup as a committee: see 3.4.1.)

The Remuneration Committee also monitored the share option, cost reimbursement and other benefits in the remuneration system.

Yes No (explanation)

(The function is carried out by the independent members of the Board of Directors without formal setup as a committee: see 3.4.1.)

A 3.4.4 The Remuneration Committee made proposals regarding remuneration guidelines and the remuneration of the different persons.

Yes No (explanation)

(The function is carried out by the independent members of the Board of Directors without formal setup as a committee: see 3.4.1.)

The Remuneration Committee reviewed the terms and conditions of contracts concluded with the management.

Yes No (explanation)

(The function is carried out by the independent members of the Board of Directors without formal setup as a committee: see 3.4.1.)

The Remuneration Committee ascertained whether the company fulfilled its disclosure obligations regarding remuneration issues.

Yes No (explanation)

(The function is carried out by the independent members of the Board of Directors without formal setup as a committee: see 3.4.1.)

A 3.4.7 The majority of the members of the Remuneration Committee are independent.

Yes No (explanation)

(The function is carried out by the independent members of the Board of Directors without formal setup as a committee: see 3.4.1.)

A 3.5.1 The Board of Directors disclosed its reasons for combining the Remuneration and Nomination Committees.

Yes No (The function is carried out by the independent members of the Board of Directors without formal setup as a committee: see 3.4.1.)

A 3.5.2 **The Board of Directors carried out the duties of the Remuneration and Nomination Committees and disclosed its reasons for doing so.**

Yes No(The function is carried out by the independent members of the Board of Directors without formal setup as a committee: see 3.4.1.)

A 4.1.1 **In its disclosure guidelines, the Board of Directors established those principles and procedures which ensure that all relevant information about the operations of the company and circumstances influencing its share price are disclosed and made available accurately, in a timely fashion and in full.**

Yes No (explanation)

A 4.1.2 **The company ensured in its disclosure activities that all shareholders and market participants were treated equally.**

Yes No (explanation)

A 4.1.3 **The company's disclosure guidelines include the procedures governing electronic, on-line disclosure.**

Yes No (explanation)

The company develops its website taking into consideration disclosure guidelines and the provision of information to investors.

Yes No (explanation)

A 4.1.4 **The Board of Directors assessed the efficiency of disclosure processes.**

Yes No (explanation)

A 4.1.5 **The company published its corporate events calendar on its website.**

Yes No (explanation)

A 4.1.6 **In the annual report and on the website of the company, the public was informed about the company's corporate strategy, its main business activities, business ethics and its policies regarding other stakeholders.**

Yes No (explanation)

A 4.1.8 **In the annual report the Managing Body disclosed the character and size of any other assignments given by the company or its subsidiaries to the auditing firm responsible for auditing the financial statements.**

Yes No (there has been no such assignment.)

A 4.1.9 **In the annual report and on the website the company discloses information on the professional career of the members of the Board of Directors, the Supervisory Board and the executive management.**

Yes No (explanation)

A 4.1.10 **The company provided information on the internal organisation and operation of the Board of Directors and the Supervisory Board and on the criteria considered when evaluating the work of the Board of Directors, the executive management and the individual members thereof.**

Yes No (explanation)

A 4.1.11 **In the annual report and in the Remuneration Statement on the company's website, the company informed the public about the applied remuneration guidelines, including the remuneration and fees provided for members of the Board of Directors, the Supervisory Board and the executive management.**

Yes (except for the remuneration of the management) No (explanation)

A 4.1.12 **The Board of Directors disclosed its risk management guidelines, including the system of internal controls, the applied risk management principles and basic rules, as well as information about major risks.**

Yes No (explanation)

A 4.1.13 **In order to provide market participants with information, the company publishes its report on corporate governance at the same time that it publishes its annual report.**

Yes No (explanation)

A 4.1.14 **The company discloses its guidelines governing insiders' trading in the company's securities on its website.**

Yes No (explanation)

The company published in the annual report and on its website ownership in the company's securities held by the members of the Board of Directors, the Supervisory Board and the executive management, as well as any interests held in share-incentive schemes.

Yes No (explanation)

A 4.1.15 **In the annual report and on its website, the company disclosed any relationship between members of the Board of Directors and the executive management with a third party, which might have an influence on the operations of the company.**

Yes (not occurred) No (explanation)

J 1.1.3 **The company has an investor relations department.**

Yes / No

J 1.2.1 **The company published on its website the summary document regarding the conducting of the general meeting and the exercise of shareholders' rights to vote (including voting via proxy)**

Yes / No

J 1.2.2 **The company's Statutes are available on the company's website.**

Yes / No

J 1.2.3 **The company disclosed on its website information according to 1.2.3 (on the record date of corporate events).**

Yes / No

J 1.2.4 **Information and documents according to 1.2.4 regarding general meetings (invitations, proposals, draft resolutions, resolutions, minutes) were published on the company's website.**

Yes / No

J 1.2.5 **The general meeting of the company was held in a way that ensured the greatest possible shareholder participation.**

Yes / No

J 1.2.6 **Additions to the agenda were published within 5 days of receipt, in the same manner as the publication of the original invitation for the general meeting.**

Yes / No

J 1.2.7 **The voting procedure applied by the company ensured unambiguous, clear and fast decision-making by shareholders.**

Yes / No

J 1.2.11 **At the shareholders' request, the company also provided information on the general meeting electronically.**

Yes / No

J 1.3.1 **The identity of the chairman of the general meeting was approved by the company's general meeting prior to the discussion of the items on the agenda.**

Yes / No

J 1.3.2 **The Board of Directors and the Supervisory Board were represented at the general meeting.**

Yes / No

J 1.3.3 **The company's Statutes render possible that at the initiation of the chairman of the Board of Directors or the shareholders of the company, a third party be invited to the company's general meeting and be granted the right of participation in the discussion of the relevant items on the agenda.**

Yes / No

J 1.3.4 **The company did not prevent shareholders attending the general meeting from exercising their rights to request information, make comments and proposals, and did not set any pre-requisites to do so.**

Yes / No

J 1.3.5 **The company published on its website within three days its answers to those questions which it was unable to answer satisfactorily at the general meeting. Where the company declined to give an answer it published its reasons for doing so.**

Yes / No

J 1.3.6 **The chairman of the general meeting and the company ensured that in answering the questions raised at the general meeting, national laws and regulations of the Stock Exchange pertaining to disclosure were complied with.**

Yes / No

J 1.3.7 **The company published a press release and held a press conference on the decisions passed at the general meeting.**

Yes / No

J 1.3.11 **The company's general meeting decided on the different amendments of the articles of association in separate resolutions.**

Yes / No

J 1.3.12 **The minutes of the general meeting containing the resolutions, the presentation of draft resolutions, as well as the most important questions and answers regarding the draft resolutions were published by the company within 30 days of the general meeting.**

Yes / No

J 1.4.1 **The dividend was paid within 10 days to those shareholders who had provided all the necessary information and documentation.**

Yes / No

J 1.4.2 **The company disclosed its policy regarding anti-takeover devices.**

Yes / No

J 2.1.2 **The rules of procedure define the composition of the Board of Directors and all procedures and protocols for the preparation and holding of meetings, the drafting of resolutions and other related matters.**

Yes / No

J 2.2.1 **The rules of procedure and the work schedule of the Supervisory Board gives a detailed description of its operation and duties, as well as procedures and processes which the Supervisory Board followed.**

Yes / No

J 2.3.2 **Board members had access to the proposals of a given meeting at least five days prior to the board meeting.**

Yes / No

J 2.3.3 **The rules of procedure regulate the regular or occasional participation at board meetings of persons who are not members of the boards.**

Yes / No

J 2.4.1 **The election of the members of the Board of Directors took place in a transparent way, information on candidates was made public at least five days prior to the general meeting.**

Yes / No

J 2.4.2 **The composition of boards and the number of members complies with the principles specified in 2.4.2**

Yes / No

J 2.4.3 **Newly elected, non-executive board members were able to familiarize themselves with the structure and operations of the company, as well as their duties as board members through a tailored induction programme.**

Yes / No

J 2.5.2 **The separation of the responsibilities of the Chairman of the Board of Directors from those of the General Manager has been outlined in the basic documents of the company.**

Yes / No

J 2.5.3 **The company has published a statement about the means it uses to ensure that the Board of Directors gives an objective assessment of the executive management's work where the functions of Chairman and General Manager are combined.**

Yes / No

J 2.5.6 **The company's Supervisory Board has no member who held a position in the Board of Directors or the executive management of the company in the three years prior to his nomination.**

Yes / No

J 2.7.5 **The development of the remuneration system of the Board of Directors, the Supervisory Board and the executive management serves the strategic interests of the company and thereby those of the shareholders.**

Yes / No

J 2.7.6 **In the case of members of the Supervisory Board, the company applies a fixed amount of remuneration and does not apply a remuneration component related to the share price.**

Yes / No

J 2.8.2 **The Board of Directors developed its risk management policy and regulations with the cooperation of those executives who are responsible for the design, maintenance and control of risk management procedures and their integration into the company's daily operations.**

Yes / No

J 2.8.10 **When evaluating the system of internal controls, the Board of Directors took into consideration the aspects mentioned in 2.8.10**

Yes / No

J 2.8.12 **The company's auditor assessed and evaluated the company's risk management systems and the risk management activity of the executive management, and submitted its report on the matter to the Audit Committee.**

Yes / No

J 2.9.1 **The rules of procedure of the Board of Directors, the Supervisory Board and the committees cover the procedure to be followed when employing an external advisor.**

Yes / No

S 2.9.4 **The Board of Directors may invite the company's auditor to participate in those meetings where it debates general meeting agenda items.**

Yes / No

J 2.9.5 **The company's Internal Audit function co-operated with the auditor in order to help it successfully carry out the audit.**

Yes / No

J 3.1.2 **The chairmen of the Audit Committee, Nomination Committee, Remuneration Committee (and any other committees operating at the company) regularly inform the Board of Directors about the meetings of the committee, and the committees prepared at least one report for the Board of Directors and the Supervisory Board in the given business year.**

Yes / No

J 3.1.4 **The company's committees are made up of members who have the capabilities, professional expertise and experience required to perform their duties.**

Yes / No

J 3.1.5 **The rules of procedure of committees operating at the company include those aspects detailed in 3.1.5**

Yes / No

J 3.2.2 **The members of the Audit Committee were fully informed about the accounting, financial and operational peculiarities of the company.**

Yes / No

J 3.3.3 **The Nomination Committee prepared at least one evaluation for the chairman of the Board of Directors on the operation of the Board of Directors and the work and suitability of the members of the Board of Directors.**

Yes / No (Not applicable)

J 3.3.4 **The majority of the members of the Nomination Committee are independent.**

Yes / No (Not applicable)

J 3.3.5 **The rules of procedure of the Nomination Committee includes those details contained in 3.3.5**

Yes / No (Not applicable)

J 3.4.5 **The Remuneration Committee prepared the Remuneration Statement.**

Yes / No (Not applicable)

J 3.4.6 **The Remuneration Committee exclusively consists of nonexecutive members of the Board of Directors.**

Yes / No (Not applicable)

J 4.1.4 **The disclosure guidelines of the company at least extend to those details contained in 4.1.4**

Yes / No

The Board of Directors informed shareholders in the annual report on the findings of the investigation into the efficiency of disclosure procedures.

Yes / No

J 4.1.7 The company's financial reports followed IFRS guidelines.

Yes / No

J 4.1.16 The company also prepares and releases its disclosures in English.

Yes / No

Budapest, 27 March 2008

on behalf of State Printing House Plc.

György Gyergyák
General Manager
Vice-chairman of the Board of Directors