

**Annual report  
for the year ended December 31, 2012**

**ANY Security Printing Company PLC**

**Annual report**

**for the year ended December 31, 2012**



Deloitte Auditing and Consulting Ltd.  
H-1068 Budapest, Dózsa György út 84/C., Hungary  
H-1438 Budapest, PO.Box 471, Hungary

Tel: +36 (1) 428-6800  
Fax: +36 (1) 428-6801  
www.deloitte.com/hungary

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

*Translation of the Hungarian original*

**INDEPENDENT AUDITORS' REPORT**

To the Shareholders of ANY Biztonsági Nyomda Nyrt.

**Report on the Financial Statements**

We have audited the accompanying financial statements of ANY Biztonsági Nyomda Nyrt. (the "Company") for the year 2012, which comprise the balance sheet as at December 31, 2012 - which shows total assets of 8,003,027 thHUF and a retained profit for the year of 0 thHUF-, and the related profit and loss account for the year then ended and the supplement comprising a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Accounting 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.

*Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Member of Deloitte Touche Tohmatsu

#### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of ANY Biztonsági Nyomda Nyrt. (Company) as at December 31, 2012, and its financial performance for the year then ended in accordance with the Accounting Act.

#### *Other Matters*

We issued our auditors' report dated March 5, 2013 on the financial statements submitted for the General Meeting. The effects of subsequent events were examined until that date.

The financial statements were changed by the General Meeting held on April 10, 2013 with the amount of dividend. The approved dividend is 636,170 thHUF, and as a result of this, the result for the year has changed to 0 thHUF. Amount of retained earnings used for dividend was 305,545 thHUF. Our procedures regarding the subsequent events occurred after March 5, 2013 were limited to the General Meeting's decision on the dividend.

#### **Other Reporting Obligation: Report on the Business Report**

We have examined the accompanying business report of ANY Biztonsági Nyomda Nyrt. for the year 2012.

Management is responsible for the preparation of this business report in accordance with the Accounting Act.

Our responsibility is to assess whether the accounting information in the business report is consistent with that contained in the financial statements prepared for the same business year. Our work with respect to the business report was limited to assessing the consistence of the business report with the financial statements, and did not include a review of any information other than that drawn from the audited accounting records of the Company.

In our opinion, the business report of ANY Biztonsági Nyomda Nyrt. for the year 2012. corresponds to the figures included in the financial statements of ANY Biztonsági Nyomda Nyrt. for the year 2012.

Budapest, April 10, 2013

*The original Hungarian version has been signed.*

Tamás Herváth  
Deloitte Auditing and Consulting Ltd.  
1068 Budapest, Dózsa György út 84/C.  
000083

Kornél Bodor  
registered statutory auditor  
005343

# Balance Sheet for the year ended December 31, 2012

## Balance Sheet (in HUF thousands)

	Description	December 31, 2011	December 31, 2012
<b>A.</b>	<b>FIXED ASSETS</b>	<b>3,611,969</b>	<b>3,494,218</b>
<b>I.</b>	<b>INTANGIBLE ASSETS</b>	<b>636,293</b>	<b>679,092</b>
1.	Capitalized start-up and restructuring costs	-	-
2.	Capitalized value of research and development	97,465	79,597
3.	Concessions, licenses and similar rights and assets	198,121	172,459
4.	Intellectual property	44,583	130,912
5.	Goodwill	296,124	296,124
6.	Advances and prepayments on intangible assets	-	-
7.	Adjusted value of intangible assets	-	-
<b>II.</b>	<b>TANGIBLE ASSETS</b>	<b>2,218,427</b>	<b>2,073,734</b>
1.	Land and buildings and rights to immovable	250,250	268,628
2.	Plant and machinery, vehicles	1,748,761	1,520,635
3.	Other equipment, fixtures and fittings, vehicles	208,603	275,529
4.	Breeding stock	-	-
5.	Assets in course of construction	10,813	1,800
6.	Payment on account	-	7,142
7.	Adjusted value of tangible assets	-	-
<b>III.</b>	<b>FINANCIAL INVESTMENTS</b>	<b>757,249</b>	<b>741,392</b>
1.	Long-term participations in affiliated undertakings	746,588	730,486
2.	Long-term loan to affiliated undertakings	-	-
3.	Other long-term participations	-	-
4.	Long-term loan to independent undertakings	-	-
5.	Other long-term loans	10,661	10,906
6.	Securities signifying a long-term creditor relationship	-	-
7.	Adjusted value of financial investments	-	-

Budapest, 10 April, 2013



.....  
Chief Executive Officer

# Balance Sheet for the year ended December 31, 2012

	Description	December 31, 2011	December 31, 2012
<b>B.</b>	<b>CURRENT ASSETS</b>	<b>4,379,391</b>	<b>4,464,900</b>
<b>I.</b>	<b>INVENTORIES</b>	<b>1,250,149</b>	<b>1,232,424</b>
1.	Raw materials and consumables	873,303	655,673
2.	Work in progress, intermediate and semi-finished products	140,707	229,175
3.	Animals for breeding and fattening, other livestock	-	-
4.	Finished products	219,870	285,372
5.	Goods for resale	14,522	62,204
6.	Advances and prepayments on inventories	1,747	-
<b>II.</b>	<b>RECEIVABLES</b>	<b>2,807,021</b>	<b>1,775,775</b>
1.	Accounts receivable (trade debtors)	2,571,762	1,467,865
2.	Receivables from affiliated undertakings	137,659	160,630
3.	Receivables from independent undertakings	-	-
4.	Bills of exchange receivable	-	-
5.	Other receivables	97,600	147,280
<b>III.</b>	<b>SECURITIES</b>	<b>261,436</b>	<b>196,572</b>
1.	Participations in affiliated undertakings	-	-
2.	Other participations	-	-
3.	Own shares and own partnership shares	261,436	196,572
4.	Securities signifying a creditor relation. for trading purposes	-	-
<b>IV.</b>	<b>LIQUID ASSETS</b>	<b>60,785</b>	<b>1,260,129</b>
1.	Cash in hand, checks	3,425	6,366
2.	Cash at bank	57,360	1,253,763
<b>C.</b>	<b>PREPAYMENTS AND ACCRUED INCOME</b>	<b>70,492</b>	<b>43,909</b>
1.	Accrued income	21,735	22,494
2.	Accrued costs, expenses	48,757	21,415
3.	Deferred expenses	-	-
	<b>TOTAL ASSETS</b>	<b>8,061,852</b>	<b>8,003,027</b>

Budapest, 10 April, 2013



.....  
Chief Executive Officer

# Balance Sheet for the year ended December 31, 2012

	Description	December 31, 2011	December 31, 2012
<b>D.</b>	<b>SHAREHOLDERS' EQUITY</b>	<b>5,345,122</b>	<b>5,039,578</b>
I.	SHARE CAPITAL	1,449,876	1,449,876
	including: ownership shares repurchased at face value	42,988	43,683
II.	SHARE CAPITAL UNPAID	-	0
III.	CAPITAL RESERVE	250,686	250,686
IV.	ACCUMULATED PROFIT RESERVE	2,347,857	2,382,876
V.	TIED-UP RESERVE	1,139,452	956,140
VI.	REVALUATION RESERVE	-	0
VII.	PROFIT OR LOSS FOR THE YEAR	157,251	0
<b>E.</b>	<b>PROVISIONS</b>	<b>-</b>	<b>0</b>
1.	Provisions for expected liabilities	-	0
2.	Provisions for future expenses	-	0
3.	Other provisions	-	0
<b>F.</b>	<b>LIABILITIES</b>	<b>2,673,051</b>	<b>2,881,006</b>
<b>I.</b>	<b>SUBORDINATED LIABILITIES</b>	<b>-</b>	<b>0</b>
1.	Subordinated liabilities to affiliated undertakings	-	0
2.	Subordinated liabilities to independent undertakings	-	0
3.	Subordinated liabilities to other economic entities	-	0
<b>II.</b>	<b>LONG-TERM LIABILITIES</b>	<b>215,403</b>	<b>55,525</b>
1.	Long-term loans	-	0
2.	Convertible bonds	-	0
3.	Debts on issue of bonds	-	0
4.	Investment and development credits	-	0
5.	Other long-term credits	-	0
6.	Long-term liabilities to affiliated undertakings	-	0
7.	Long-term liabilities to independent undertakings	-	0
8.	Other long-term liabilities	215,403	55,525
<b>III.</b>	<b>CURRENT LIABILITIES</b>	<b>2,457,648</b>	<b>2,825,481</b>
1.	Short-term loans	-	0
	including: convertible bonds	-	0
2.	Other short-term credits	-	0
3.	Advances received from customers	21,152	25,845
4.	Accounts payable (trade creditors)	1,156,431	1,294,866
5.	Bills of exchange payable	-	0
6.	Short-term liabilities to affiliated undertakings	156,262	220,130
7.	Short-term liabilities to independent undertakings	-	0
8.	Other short-term liabilities	1,123,803	1,284,640
<b>G.</b>	<b>ACCRUALS AND DEFERRED INCOME</b>	<b>43,679</b>	<b>82,443</b>
1.	Deferred income	-	23,613
2.	Deferred costs, expenses	31,885	49,520
3.	Accrued income	11,794	9,310
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>8,061,852</b>	<b>8,003,027</b>

Budapest, 10 April, 2013



Chief Executive Officer

# Profit and Loss Statement for the year ended December 31, 2012

## Profit or Loss Statement (total cost method, in HUF thousands)

	Description	FY 2011	FY 2012
01.	Net domestic sales	10,988,003	11,042,100
02.	Net external sales	1,382,196	873,971
<b>I.</b>	<b>NET SALES REVENUE</b>	<b>12,370,199</b>	<b>11,916,071</b>
03.	Change in stocks of finished goods and work in progress	(10,561)	153,970
04.	Own work capitalized	38,276	52,109
<b>II.</b>	<b>OWN PERFORMANCE CAPITALIZED</b>	<b>27,715</b>	<b>206,079</b>
<b>III.</b>	<b>OTHER INCOME</b>	<b>127,595</b>	<b>28,424</b>
	including: loss in value marked back	48,750	11,460
05.	Cost of raw materials and consumables	4,608,591	4,291,249
06.	Cost of services	1,419,553	1,214,367
07.	Cost of other service activities	58,863	42,629
08.	Cost of goods sold	382,870	446,535
09.	Cost of services sold (intermediated)	1,773,549	1,886,938
<b>IV.</b>	<b>MATERIAL COSTS</b>	<b>8,243,426</b>	<b>7,881,718</b>
10.	Wages and salaries	1,966,911	2,241,354
11.	Other employee benefits	281,563	195,841
12.	Contributions on wages and salaries	596,278	661,586
<b>V.</b>	<b>PERSONAL TYPE EXPENDITURES</b>	<b>2,844,752</b>	<b>3,098,781</b>
<b>VI.</b>	<b>DEPRECIATION</b>	<b>633,041</b>	<b>622,508</b>
<b>VII.</b>	<b>OTHER OPERATING CHARGES</b>	<b>251,811</b>	<b>206,935</b>
	including: loss in value	39,844	31,003
<b>A.</b>	<b>OPERATING (TRADING) PROFIT</b>	<b>552,479</b>	<b>340,632</b>
13.	Dividends and profit-sharing (received or due)	410,843	141,884
	including: from affiliated undertakings	410,843	141,884
14.	Capital gains on investments	-	-
	including: from affiliated undertakings	-	-
15.	Interest and capital gains on financial investments	-	-
	including: from affiliated undertakings	-	-
16.	Other interest and similar income (received or due)	8,626	45,281
	including: from affiliated undertakings	2,988	1,938
17.	Other income from financial transactions	94,268	60,291
<b>VIII.</b>	<b>Income from financial transactions</b>	<b>513,737</b>	<b>247,456</b>
18.	Losses on financial investments	-	-
	including: to affiliated undertakings	-	-
19.	Interest payable and similar charges	61,438	26,545
	including: to affiliated undertakings	20,010	16,010
20.	Losses on shares, securities and bank deposits	69,746	68,762
21.	Other expenses on financial transactions	95,799	105,202
<b>IX.</b>	<b>Expenses on financial transactions</b>	<b>226,983</b>	<b>200,509</b>
<b>B.</b>	<b>PROFIT OR LOSS ON FINANCIAL TRANSACTIONS</b>	<b>286,754</b>	<b>46,947</b>
<b>C.</b>	<b>PROFIT OR LOSS ON ORDINARY ACTIVITIES</b>	<b>839,233</b>	<b>387,579</b>
X.	Extraordinary income	24,504	4,327
XI.	EXTRAORDINARY EXPENSES	49,839	38,222
<b>D.</b>	<b>EXTRAORDINARY PROFIT OR LOSS</b>	<b>(25,335)</b>	<b>(33,895)</b>
<b>E.</b>	<b>PROFIT BEFORE TAX</b>	<b>813,898</b>	<b>353,684</b>
XII.	TAX PAYABLE	20,477	23,059
<b>F.</b>	<b>PROFIT AFTER TAX</b>	<b>793,421</b>	<b>330,625</b>
22.	Profit reserves used for dividends and profit-sharing	-	305,545
23.	Dividends and profit-sharing paid (approved)	636,170	636,170
<b>G.</b>	<b>PROFIT OR LOSS FOR THE YEAR</b>	<b>157,251</b>	<b>0</b>



Budapest, 10 April, 2013

Chief Executive Officer



# Profit and Loss Statement for the year ended December 31, 2012

## Profit or Loss Statement (turnover cost method, in HUF thousands)

	Description	FY 2011	FY 2012
01.	Net domestic sales	10,988,003	11,042,100
02.	Net external sales	1,382,196	873,971
<b>I.</b>	<b>TOTAL SALES (REVENUES)</b>	<b>12,370,199</b>	<b>11,916,071</b>
03.	Prime cost of sales accounted	6,906,840	6,163,987
04.	Original cost of goods sold	382,870	446,535
05.	Value of services sold (intermediated)	1,773,549	1,886,938
<b>II.</b>	<b>DIRECT COSTS OF SALES</b>	<b>9,063,259</b>	<b>8,497,460</b>
<b>III.</b>	<b>GROSS INCOME FROM SALES</b>	<b>3,306,940</b>	<b>3,418,611</b>
06.	Sales and marketing costs	259,932	316,841
07.	Administration costs	2,192,497	2,477,884
08.	Other general overhead	177,816	104,743
<b>IV.</b>	<b>INDIRECT COST OF SALES</b>	<b>2,630,245</b>	<b>2,899,468</b>
<b>V.</b>	<b>OTHER INCOME</b>	<b>127,595</b>	<b>28,424</b>
	including: loss in value marked back	48,750	11,460
<b>VI.</b>	<b>OTHER OPERATING CHARGES</b>	<b>251,811</b>	<b>206,935</b>
	including: loss in value	39,844	31,003
<b>A.</b>	<b>INCOME FROM OPERATIONS</b>	<b>552,479</b>	<b>340,632</b>
13.	Dividends and profit-sharing (received or due)	410,843	141,884
	including: from affiliated undertakings	410,843	141,884
14.	Capital gains on investments	-	-
	including: from affiliated undertakings	-	-
15.	Interest and capital gains on financial investments	-	-
	including: from affiliated undertakings	-	-
16.	Other interest and similar income (received or due)	8,626	45,281
	including: from affiliated undertakings	3,988	1,938
17.	Other income from financial transactions	94,268	60,291
<b>IX.</b>	<b>Income from financial transactions</b>	<b>513,737</b>	<b>247,456</b>
18.	Losses on financial investments	-	-
	including: to affiliated undertakings	-	-
19.	Interest payable and similar charges	61,438	26,545
	including: to affiliated undertakings	20,010	16,010
20.	Losses on shares, securities and bank deposits	69,746	68,762
21.	Other expenses on financial transactions	95,799	105,202
<b>X.</b>	<b>Expenses on financial transactions</b>	<b>226,983</b>	<b>200,509</b>
<b>B.</b>	<b>PROFIT OR LOSS ON FINANCIAL TRANSACTIONS</b>	<b>286,754</b>	<b>46,947</b>
<b>C.</b>	<b>PROFIT OR LOSS ON ORDINARY ACTIVITIES</b>	<b>839,233</b>	<b>387,579</b>
XI.	Extraordinary income	24,504	4,327
XII.	EXTRAORDINARY EXPENSES	49,839	38,222
<b>D.</b>	<b>EXTRAORDINARY PROFIT OR LOSS</b>	<b>(25,335)</b>	<b>(33,895)</b>
<b>E.</b>	<b>PROFIT BEFORE TAX</b>	<b>813,898</b>	<b>353,684</b>
XIII.	TAX PAYABLE	20,477	23,059
<b>F.</b>	<b>PROFIT AFTER TAX</b>	<b>793,421</b>	<b>330,625</b>
22.	Profit reserves used for dividends and profit-sharing	-	305,545
23.	Dividends and profit-sharing paid (approved)	636,170	636,170
<b>G.</b>	<b>PROFIT OR LOSS FOR THE YEAR</b>	<b>157,251</b>	<b>0</b>

Budapest, 10 April, 2013



Chief Executive Officer



**ANY Security Printing company PLC**

## **Supplementary Notes**

**for the year ended December 31, 2012**

## 1 Index

<b>1</b>	<b>INDEX</b> .....	<b>10</b>
<b>2</b>	<b>GENERAL INFORMATION</b> .....	<b>11</b>
2.1	GENERAL INFORMATION ON THE COMPANY .....	11
2.2	THE ACTIVITIES AND THE HISTORY OF THE COMPANY.....	12
2.2.1	The activities of the Company.....	12
2.2.2	The history of the Company.....	13
2.3	MAIN PARTS OF THE ACCOUNTING POLICY .....	16
2.4	SIGNIFICANT ACHIEVEMENTS, EVENTS IN 2012.....	18
2.5	MAIN INFORMATION ON THE INVESTMENTS OF THE COMPANY .....	19
<b>3</b>	<b>EXPLANATIONS FOR THE BALANCE SHEET ITEMS</b> .....	<b>20</b>
3.1	INTANGIBLE ASSETS .....	20
3.2	TANGIBLE ASSETS.....	21
3.3	FINANCIAL ASSETS .....	21
3.4	INVENTORIES.....	22
3.5	RECEIVABLES.....	23
3.6	SECURITIES.....	24
3.7	PREPAYMENTS AND ACCRUED INCOME .....	24
3.8	EQUITY.....	25
3.9	PROVISIONS .....	25
3.10	SUBORDINATED LIABILITIES .....	25
3.11	LONG TERM LIABILITIES.....	26
3.12	SHORT TERM LIABILITIES .....	26
3.13	ACCRUALS AND DEFERRED INCOME.....	27
<b>4</b>	<b>EXPLANATIONS TO THE PROFIT OR LOSS STATEMENT</b> .....	<b>28</b>
4.1	ORDINARY REVENUES.....	28
4.2	ORDINARY COSTS .....	30
4.3	EXTRAORDINARY PROFIT .....	31
4.4	CORPORATE INCOME TAX .....	32
<b>5</b>	<b>SUPPLEMENTARY INFORMATION</b> .....	<b>33</b>
5.1	RESEARCH AND DEVELOPMENT .....	33
5.2	ENVIRONMENT PROTECTION.....	33
5.3	PERSONAL TYPE OF EXPENDITURES AND HEADCOUNTS .....	33
5.4	LIABILITIES DUE OVER 5 YEARS.....	34
5.5	DETAILS OF LISTED SHARES.....	35
5.6	OUT OF BALANCE SHEET ITEMS .....	35
5.7	CASH-FLOW.....	36
5.8	FINANCIAL INDICES.....	37

## 2 General information

### 2.1 General information on the Company

Company name: ANY Security Printing Company Limited by Shares  
Abbreviate company name: ANY Plc.

Seat: 1102 Budapest, Halom u. 5.  
Premises of the Company: 1106 Budapest, Fátyolka utca 1-3.  
3060 Pásztó, Fő utca 141.

Tax registration number: 10793509-2-44  
Company registration number: 01-10-042030  
Central Statistical Office reg.No:10793509-1812-114-01  
Date of Foundation: 3<sup>rd</sup> October 1992  
Share capital of the Company: The Company's share capital is HUF 1,449,875,700, of which HUF 350,000,000 is cash contribution, while HUF 1,099,875,700 is non-cash contribution

Place of publishing the announcements:

The Company publishes its announcements on its website [www.any.hu](http://www.any.hu), in the cases as set forth in the regulations, such announcements will be published in the Companies Bulletin. In addition while the registered shares of the Company are traded on the Budapest Stock Exchange (hereinafter: BSE), the Company meets its disclosure requirements in the way as set forth in the regulations of the Budapest Stock Exchange (hereinafter: BSE).

Members of the Board of Directors of the Company:

Dr. Ákos Erdős (chairman)  
György Gyergyák (vice-chairman)  
Doffek Tamás  
Péter Kadocsa  
Dr. György Karády  
Gábor Zsámboki

Members of the Supervisory Board of the Company:

Dr. Tamás Sárközy (chairman)  
Dr. Istvánné Gömöri (vice-chairman)  
Ferenc Berkesi  
Dr. Imre Repa  
Dr. János Stumpf  
Dr. Erzsébet Novotny

Auditor of the Company: Deloitte Könyvvizsgáló és Tanácsadó Kft. (seat: 1068 Budapest, Dózsa György út 84/c) MKVK registration No.: 000083); registered statutory auditor: Bodor Kornél (MKVK registration number: 005343)

ISIN code of the share series involved in the Stock Exchange Listing of the Company:

Common shares of series "A": HU 0000093257

Name and address of the persons authorized to represent the Company, and to sign the annual report:

Gábor Zsámboki, Chief Executive Officer,  
1028 Budapest, Csokonai utca 22.

Name and address of the person responsible for the accounting services:

Tamás Karakó, Chief Financial Officer,  
3956 Viss, Ady Endre u. 7.

## **2.2 The activities and the history of the Company**

### **2.2.1 The activities of the Company**

The activities of ANY Security Printing Company are organized around five product groups.

Security forms and solutions include tax stamps, securities, documents of value (food/meal vouchers, other vouchers), stamps, paper-based documents, and the products and security solutions developed by the Document Security Laboratory.

The card production and personalization product group comprises the production and personalization of plastic and paper-based cards, including various card-based documents such as student ID cards, identity cards, driver's licenses, vehicle registration cards, health insurance cards and other card documents as well as bankcards, phone cards, access cards, transportation cards and commercial cards.

The business and administrative forms product group is made up of the production of forms and related personalization and data processing works. This category includes business forms, personalized forms, administrative forms, continuous stationery-based products, lottery forms and election forms as well as electronic document management and data processing tasks, such as bulk electronic archiving and contract storage.

The category of traditional printing products consists of the production and sale of hardcover and paperback books, magazines, textbooks, notes, calendars and agendas as well as the manufacturing of information and packaging materials.

The other commercial activities category includes the sale of every product or service that is not related to the core activities of ANY Security Printing Company and cannot be classified into any of the four categories mentioned above. Revenues from transportation services and the sale of (raw) materials are also posted here.

### 2.2.2 The history of the Company

The predecessor of ANY Security Printing Company, a subsidiary of Vienna-based Staatsdruckerei, was established in Temesvár (currently Timisoara, Romania) in 1851.

ANY Security Printing Company was privatised in 1993, when 70% of its shares were acquired by Láng Kiadó és Holding Rt., and 15.9% was purchased by the Company's employees under an Employee Stock Ownership Plan (ESOP). The remainder of the shares were given to municipalities where the Company's sites were located.

After the sale of the building complex in the Buda Castle District in 1994, the new printing plant – financed by the Company itself – was opened at Halom utca 5. in Budapest's 10<sup>th</sup> district on 4 October 1994. In the same year ANY Security Printing Company leased the machinery of SZÜV Leporello Nyomda and took over its clients and most of its employees. In the year following the takeover the Company's production portfolio was made up of the dominant business forms, security documents and lottery forms.

In 1997, the shareholders and management of ANY Security Printing Company set a new direction for further development: content provision, information technology and the production of plastic cards. In December 1997, Baring Central European Investments BV carried out a HUF 1.2 billion capital increase in the Company, acquiring a 43% ownership interest. The emergence of the new investor allowed the creation of a completely new business line, the production and personalisation of plastic cards. The capital investment, designed to ensure advanced technology for the new operations, was

implemented in the following year at the Company's new premises at Fátyolka street 1-3. in Budapest's 10<sup>th</sup> district.

ANY Security Printing Company carried out additional developments at its Fátyolka street plant in 2000, creating the conditions for manufacturing chip cards. In 2004 the Company won a HUF 150 million non-refundable grant – in part funded by the European Union – to further improve its chip card production. In 2002 ANY Security Printing also launched its electronic archiving services as a security company that has appropriate data protection, secure processing and safekeeping to offer complex services for partners that place a great emphasis on security.

Állami Nyomda and Tipoholding of Romania established a Romania joint venture, Típo Direct s.r.o. in September 2004. In Bulgaria the Company teamed up with local company Power Solution o.o.d. to set up a joint venture, Direct Services o.o.d. in February 2005. In order to strengthen its regional presence, in April 2005, ANY Security Printing Company took steps to form another two companies: Slovak Direct s.r.o. in Slovakia and Állami Nyomda o.o.o. in Russia which activities were broken up in 2011. State Printing PLC has purchased the 50 per cent share of GPV Mail Services SRL increasing their market segment in Romania.

ANY Security Printing Company obtained an ISO 9001 quality management certificate in 1997 and an ISO 14001 environmental management certificate in 2001. Since 1999 it has been licensed to produce and personalize Visa and MasterCard bankcards, and since 2006 it has certification to produce EMV bank cards. In 2002 the Company became a certified supplier to NATO. Since 2003 it has been operating in compliance with one of the most comprehensive information protection standards, ISO/IEC 27001.

The ordinary shares of ANY Security Printing Company were listed in Category "A" of the Budapest Stock Exchange (BSE) on 8 December 2005.



1. Table: Structure of the Shareholders

Shareholders	Total equity					
	Beginning of period (1 January 2012)			End of period (31 December 2012)		
	% <sup>1</sup>	% <sup>2</sup>	Shares	% <sup>1</sup>	% <sup>2</sup>	Shares
Domestic institutions	31.13%	32.09%	4,606,153	27.79%	28.64%	4,111,120
Foreign institutions	37.91%	39.07%	5,609,307	41.72%	43.02%	6,172,530
Domestic private individuals	9.56%	9.85%	1,414,419	10.77%	11.11%	1,593,820
Foreign private individuals	0.03%	0.03%	4,465	0.19%	0.20%	28,649
Employees, managing officials	7.47%	7.70%	1,105,741	6.84%	7.06%	1,012,623
Shareholders as part of the state budget	2.88%	2.96%	425,520	2.88%	2.97%	425,520
Other	8.06%	8.30%	1,190,394	6.80%	7.00%	445,742
Own shares	2.96%	0.00%	438,651	3.01%	0.00%	1,004,646
<b>TOTAL:</b>	<b>100.0%</b>	<b>100.0%</b>	<b>14,794,650</b>	<b>100.0%</b>	<b>100.0%</b>	<b>14,794,650</b>

<sup>1</sup> Ownership interest

<sup>2</sup> Voting rights that entitle the holder to participate in decision making at the general meeting of the issuer.

According to the share register the voting right of the shareholders listed below is over 5%, and the following groups of investors form the structure of shareholders as at December 31, 2012.

2. Table: Structure of shareholders over 5% share

Name	Voting right (%)	Ownership interest (%)
<i>Shareholders over 5% share</i>		
EG Capital SA	21.53%	22.20%
Aegon Közép-Európai Részvény Befektetési Alap	7.95%	8.20%
Genesis Emerging Markets Opportunities Fund Limited	6.52%	6.72%
<i>Other shareholders below 5% share</i>		
Domestic institutions	19.84%	20.44%
Foreign institutions	13.67%	14.10%
Domestic private individuals	10.77%	11.11%
Foreign private individuals	0.19%	0.20%
Employees, managing officials	6.84%	7.06%
Shareholders as part of the state budget	2.88%	2.97%
Own shares	3.01%	0.00%
other	6.80%	7.00%

The shares issued by the company are made up of the following:

Series 'A' shares: 14,794,650 pieces of registered, dematerialized ordinary shares with a nominal value of HUF 98 each.

AEGON Magyarország Befektetési Alapkezelő Zrt., as portfolio manager authorized with voting right has control all over the ordinary shares of ANY Security Printing Company Plc. owned in the AEGON Group. Therefore AEGON Magyarország Befektetési Alapkezelő Zrt. has cumulated voting right of 19.98%.

According to the decision of the Board of Directors of State Printing Company, Registry Court changed the name of State Printing Company PLC to ANY Security Printing Company PLC with effect from 1st of February, 2013.

### 2.3 Main parts of the accounting policy

According to the Act of Accounting Section no. 12, paragraph no. 3, ANY Security Printing Company Plc. prepares double-entry bookkeeping. State Printing House Plc. meets its reporting obligation by preparing the annual report. The cut-off date of the annual report is December 31, 2011. Balance sheet preparation date is January 15, 2013.

#### Accounting principle instructions

2% of balance sheet total qualifies as major error for the period. 20% of equity disclosed in the annual report of the last financial year qualifies as error corrupting true and fair view. The principal of prudence and true and fair view dominate the accounting at the Company, these are applied beside the going concern principle, taking into consideration other accounting principles as well.

#### Depreciation method

The applied depreciation method is gross value based linear method, calculated from the date of put into use during the useful life of the asset. Depreciation is posted monthly. Useful life is the period under which the Company depreciates the assets on a time basis. Residual value is the expected realizable value of the asset at the end of the useful life based on the existing information at the time of capitalizing the asset.

Applicable useful lives of the Company are:

- Capitalized start-up and restructuring costs 5 years
- Capitalized value of research and development 5 years
- Concessions, licenses and similar rights and assets contractual period in case of a limited term contract or 6 years in case of an unlimited term contract
- Intellectual property 3 years
- Land and buildings and rights to immovable 20 years (in case of a building to rent) or 50, 100 years based on the classification of the building
- Plant and machineries, vehicles 2-10 years based on classification
  - o printing machines 6-10 years (based on expected useful life)
  - o computer hardwares 3 years
  - o computer networks 5 years
  - o capitalization on a rented asset based on rental contract

- Other equipment, fixtures and fittings, vehicles 2-7 years based on classification
  - o computer hardwares 3 years
  - o computer networks 5 years
  - o capitalization on a rented asset based on rental contract

By taking advantage of the Act of Accounting Section no. 80, paragraph no. 2, ANY Security Printing Company Plc. records concessions, licenses, similar rights, intellectual properties and tangible assets under purchase value of HUF 100,000 in one amount as depreciation cost at the time of put into use.

### Inventory valuation

Inventories are valued according to the Act of Accounting (paragraph no. 47-51.), decreased by the accounted loss in value and increased by the reversed loss in value. Purchased inventories are disclosed at real purchase price. Self-manufactured stocks are valued on direct cost basis supported by prime cost calculation

### Write-off receivables / inventories

Write-off on receivables is raised, if - based on the assessment of the information about the debtor at the time of preparing the financial statement – the expected recovering amount of the receivable that is not paid until the day of preparing the financial statement is lower than the book value.

If purchase value or book value of an inventory is constantly and significantly higher than net realizable value at the time of preparing the financial statement, then it is presented at net realizable value (market value) in the financial statement.

If historical cost of finished or semi-finished goods is constantly and significantly higher than its expected sales price at the time of preparing the financial statements, then it is also presented at net realizable value (market value) in the financial statements. Value of inventory is decreased by posting write-off on inventories.

### Foreign exchange rate applied

In case of revaluation of assets and liabilities denominated in foreign currency, the Company applies uniformly the exchange rate published by the National Bank of Hungary.

### Consolidation

Due to the changes in shareholders' structure, ANY Security Printing Company Plc. is obliged to prepare a consolidated annual report of the Group since 2005. When preparing the consolidated annual report, Gyomai Kner Nyomda Zrt., Specimen Zrt. Technoprogress Kft, Slovak Direct S.R.O., Tipo Direct S.R.L. (Romanian), TipoDirect Serv S.R.L (Moldavian) 100 per cent owned by Romanian TipoDirect, Zipper Data S.R.L. (Romanian, old name was GPV Mail Services S.R.L.) and Direct

Services O.O.D. (Bulgarian) and are considered to be subsidiaries, while The consolidated annual report is prepared according to the International Financial Reporting Standards.

#### **2.4 Significant achievements, events in 2012**

Net sales revenue amounted to HUF 11,916 million in 2012, out of which export sales totalled HUF 874 million. Operating income came to HUF 341 million, a decrease of HUF 212 million (38.4%) compared to the previous year. Income before tax was HUF 354 million while EBITDA amounted to HUF 963 million. Net income after financial operations, extraordinary profit and taxation was HUF 331 million.

Gross profit totalled HUF 3,419 million, which means a 28.69% gross margin. General (SG&A) expenses amounted to HUF 2,899 million in 2012, which equals 24.3% of net sales. Material expenses decreased by 4.4% (HUF 362 million) in 2012, mainly as a result of the decreased sales revenue and the sales of the products with lower material proportion.

Personnel expenses totalled HUF 3,099 million, which means a 8,9% growth compared to the base period. The growth of pay raise is due to the obligatory loan compensation – ordained by the government- for employees earning lower salaries and the significant increase of minimal loans and the amount of expenditures in connection with restructuration and rationalisation of Pásztó plant.

In 2012 dividends received from subsidiaries decreased by HUF 269 million due to this factor Financial transaction result amounted to HUF 47 million in 2011, indicated a decrease of HUF 240 million compared to the last year. Extraordinary loss in 2012 totalled HUF 34 million.

Income tax expense amounted to HUF 23 million in 2012, which means a raise of HUF 3 million.

Profit after tax came to HUF 331 million, HUF 463 million less compared to the prior year.

According to the decision of the Board of Directors of State Printing Company, Registry Court changed the name of State Printing Company PLC to ANY Security Printing Company PLC with effect from 1st of February, 2013.

## 2.5 Main information on the investments of the company

3. Table: Subsidiaries and joint ventures based on the financial data of the last known year (in HUF thousands)

Investment	Seat	Year	Owner-ship interest %	Voting right %	Registered capital	Reserves	Profit for 2012	Total Equity	Qualification based on HAL
Gyomai Kner Nyomda Zrt.	Gyomaendrőd	2012	98.98%	98.98%	200,000	413,322	152,010	765,332	Subsidiary
Specimen Papír és Nyomdaipari Zrt.	Budapest	2012	90.00%	90.00%	100,000	43,260	15,017	158,277	Subsidiary
Slovak Direct S.R.O.	Bratislava	2012	100.00%	100.00%	18,697	15,041	16,059	49,797	Subsidiary
Technoprogress Kft	Budapest	2012	100.00%	100.00%	5,000	10,346	26	15,372	Subsidiary
Tipo Direct S.R.L.	Cluj-Napoca	2012	50.00%	50.00%	31,463	104,687	38,721	174,871	Subsidiary
Zipper Data S.R.L.	Bucharest	2012	50.00%	50.00%	104,665	125,483	37,817	267,965	Subsidiary
Direct Services O.O.D.	Sofia	2012	50.00%	50.00%	84,747	116,851	143,147	344,745	Subsidiary

Tipo Direct Serv S.R.L. 100% owned subsidiary of Tipo Direct S.R.L. is consolidated from FY 2011

According to the co-operational agreements, ANY Security Printing Company Plc, governs and controls the joint-ventures (TipoDirect S.R.L. and Direct Services O.O.D.) from 1st January 2009 in the consolidation as 100% subsidiaries hereafter.

State Printing P.L.C. purchased a 50 per cent share in Romanian Zipper Data S.R.L. in January 20, 2011.

Based on the agreement with the co-partners, it has been consolidated as a 100 per cent subsidiary in the Consolidation of the Group.

### 3 Explanations for the balance sheet items

#### 3.1 Intangible assets

4. Table: Movement table of intangible assets

Description	January 1, 2012	Increase	Capitalization	Decrease	December 31, 2012
Capitalized start-up and restructuring costs	54,053	-	-	-	54,053
Capitalized value of research and development	112,378	-	97,465	-	209,843
Not capitalized value of research and development	97,465	-	(97,465)	-	
Concessions, licenses and similar rights and assets	196,821	-	199,382	-	396,203
Not capitalized concessions, licenses and similar rights and assets	170,276	29,106	(199,382)	-	-
Intellectual property	402,057	-	119,969	-	522,026
Not capitalized intellectual property	8,623	111,460	(119,969)	-	314
Goodwill	296,124	-	-	-	296,124
<b>GROSS VALUE</b>	<b>1,337,997</b>	<b>140,566</b>	<b>-</b>	<b>-</b>	<b>1,478,563</b>
Capitalized start-up and restructuring costs	54,053	-	-	-	54,053
Capitalized value of research and development	112,378	17,868	-	-	130,246
Concessions, licenses and similar rights and assets	168,976	54,768	-	-	223,744
Intellectual property	366,297	25,131	-	-	391,428
<b>ACCUMULATED DEPRECIATION</b>	<b>701,704</b>	<b>97,767</b>	<b>-</b>	<b>-</b>	<b>799,471</b>
<b>NET VALUE</b>	<b>636,293</b>				<b>679,092</b>

Research and development costs occurred in connection with nanotechnology were capitalised in FY 2012. Concessions, licences and similar rights and assets increased due to the new ERP system of the Company installed as at 1 January 2012. Intellectual property rose due to the purchase of eternal right of use for Microsoft softwares in 2012.

In 2012 impairment loss has not been accounted on intangible assets.



### 3.2 Tangible assets

5. Table: Movement table of tangible assets

Description	January 1, 2012	Capitalization	Increase	Decrease	December 31, 2012
Land and buildings and rights to immovable	302,611	36,686	-	-	339,297
Plant and machinery, vehicles	6,649,644	205,065	-	88,724	6,765,985
Other equipment, fixtures and fittings, vehicles	1,043,432	147,467	-	10,610	1,180,289
Assets in course of construction	10,813	(389,218)	380,205	-	1,800
Payment on account	-	-	53,357	46,215	7,142
<b>GROSS VALUE</b>	<b>8,006,500</b>	<b>-</b>	<b>433,562</b>	<b>145,549</b>	<b>8,294,513</b>
Land and buildings and rights to immovable	52,361	-	18,308	-	70,669
Plant and machinery, vehicles	4,900,883	-	430,155	85,688	5,245,350
Other equipment, fixtures and fittings, vehicles	834,829	-	77,940	8,009	904,760
<b>ACCUMULATED DEPRECIATION</b>	<b>5,788,073</b>	<b>-</b>	<b>526,403</b>	<b>93,697</b>	<b>6,220,779</b>
<b>NET VALUE</b>	<b>2,218,427</b>				<b>2,073,734</b>

Gross value of fixed assets increased by 3.6%, while net value decreased by HUF 144,693 thousands because the depreciation was higher than purchases.

Increase of gross value derives mainly from purchase of new cutting and banding machine and improvement of computer park.

HUF 1,662 thousand was directly sold from assets in course of construction, without any capitalisation.

### 3.3 Financial assets

6. Table: Movement table of financial assets

Description	January 1, 2012	Increase	Decrease	December 31, 2012
Long-term participations in affiliated undertakings	775,916	-	16,102	759,814
Other long-term loans	10,661	245	-	10,906
<b>GROSS VALUE</b>	<b>786,577</b>	<b>245</b>	<b>16,102</b>	<b>770,720</b>
Long-term participations in affiliated undertakings	29,328	-	-	29,328
<b>LOSS IN VALUE</b>	<b>29,328</b>	<b>-</b>	<b>-</b>	<b>29,328</b>
<b>NET VALUE</b>	<b>757,249</b>	<b>245</b>	<b>16,102</b>	<b>741,392</b>

Foreign exchange gain of the investments denominated in foreign currency is amounted to HUF 16,102 thousand.

Long term flat-loans given to employees are represented on the line of other long term loans.

7. Table: Differences in purchase and nominal value of investments

Description	December 31, 2012	Investments'	
	net book value	purchase value	nominal value
Gyomai Kner Nyomda Zrt.	359,596	359,596	197,950
Specimen Zrt.	136,513	165,841	90,000
Slovak Direct S.r.o. (Slovakian)	18,632	12,569	12,569
Tipo Direct S.r.l. (Romanian)	15,646	14,725	14,725
Direct Services O.o.d. (Bulgarian)	42,445	37,521	37,521
Technoprogress Kft	4,491	25,000	5,000
Zipper Data S.r.l. (Romanian)	153,163	420,234	144,619
<b>Total:</b>	<b>730,486</b>	<b>1,035,486</b>	<b>502,384</b>

According to the equity valuation of the investments, the net book value of the investments is not higher than the fair market value of them, so the company did not account any loss in value in 2012 on the investments.

The difference between net book value and purchase value derives from the year end revaluation of investments denominated in foreign currency beside loss in value posted in the previous years. Goodwill connected to purchase of Zipper Data S.R.L. amounted to HUF 275,615 thousand.

### 3.4 Inventories

8. Table: Inventories

Description	December 31, 2011	December 31, 2012	Change	Change %
Raw materials and consumables	873,303	655,673	(217,630)	-24.92%
Work in progress, intermediate and semi-finished products	140,707	229,175	88,468	62.87%
Finished products	219,870	285,372	65,502	29.79%
Goods for resale	14,522	62,204	47,682	328.34%
Advances and prepayments on inventories	1,747	-	(1,747)	-100.00%
<b>Total:</b>	<b>1,250,149</b>	<b>1,232,424</b>	<b>(17,725)</b>	<b>-1.42%</b>

Inventories amounted to HUF 1,232 million, which is a drop of HUF 18 million (1.42%) compared to the 31 December 2011 figure.

Restructuring within inventories (shrinking of raw materials and rising of finished and semi-finished stocks) mainly caused by the modification in the production process in case of some products, and so the structure of inventories also changed.

9. Table: Loss in value for inventories

Description	December 31, 2011	Increase	Decrease	December 31, 2012
Raw materials and consumables	59,616	18,777	1,414	76,979
Finished products	1,698	1,959	1,698	1,959
Goods for resale	4,618	-	1,816	2,802
<b>Total:</b>	<b>65,932</b>	<b>20,736</b>	<b>4,928</b>	<b>81,740</b>

The loss in value of inventories decreased by HUF 16 million compared to the previous period in total (HUF 4,928 thousand loss in value was expensed, while HUF 20,736 thousand was reversed).

### 3.5 Receivables

10. Table: Receivables

Description	December 31, 2011	December 31, 2012	Change	Change %
<b>Receivables (trade debtors)</b>	<b>2,571,762</b>	<b>1,467,865</b>	<b>(1,103,897)</b>	<b>-42.92%</b>
- domestic debtors	2,225,195	1,400,894	(824,301)	-37.04%
- foreign debtors	369,148	91,625	(277,523)	-75.18%
- write-off receivables	(22,581)	(24,654)	(2,073)	9.18%
<b>Receivables from affiliated undertakings</b>	<b>137,659</b>	<b>160,630</b>	<b>22,971</b>	<b>16.69%</b>
- subsidiary with direct control	137,659	160,630	22,971	16.69%
<b>Other receivables</b>	<b>97,600</b>	<b>147,280</b>	<b>49,680</b>	<b>50.90%</b>
Tax receivables	27,226	36,433	9,207	33.82%
Receivables from employees	4,878	9,872	4,994	102.38%
Advances given to services	296	-	(296)	-100.00%
Money given for short term period	59,887	96,666	36,779	61.41%
Debit balance creditors	1,974	302	(1,672)	-84.70%
Other	3,339	4,007	668	20.01%
<b>Total:</b>	<b>2,807,021</b>	<b>1,775,775</b>	<b>(1,031,246)</b>	<b>-36.74%</b>

The main reason for the change in account receivables is the increasing level of bill payment at top clients.

The change in other receivables year-on-year was mainly caused by the drop in tax receivables and the increase in money given for short term period.

11. Table: Loss in value for receivables

Description	December 31, 2011	Increase	Decrease	December 31, 2012
Loss in value for receivables	22,581	8,604	6,531	24,654

### 3.6 Securities

12. Table: Securities

Description	January 1, 2011	Increase	Decrease	December 31, 2012
Own shares and own partnership shares	449,667	3,898	-	453,565
<b>GROSS VALUE</b>	<b>449,667</b>	<b>3,898</b>	-	<b>453,565</b>
Own shares and own partnership shares	188,231	68,762	-	256,993
<b>LOSS IN VALUE</b>	<b>188,231</b>	<b>68,762</b>	-	<b>256,993</b>
Own shares and own partnership shares	261,436	(64,864)	-	196,572
<b>NET VALUE</b>	<b>261,436</b>	<b>(64,864)</b>	-	<b>196,572</b>

ANY Security Printing Company Plc. states its repurchased treasury shares at a value which equals to the stock exchange rate at the date of making the balance sheet. The HUF 69 million depreciation of treasury shares purchased over one year is justified by the lasting difference between the registered and the market price.

13. Table: Repurchased treasury shares

Description	Shares	Nominal value	Purchase value
<b>December 31, 2011</b>	438,651	42,988	449,667
Purchase on Budapest Stock Exchange	7,091	695	3,898
<b>December 31, 2012</b>	<b>445,742</b>	<b>43,683</b>	<b>453,565</b>

### 3.7 Prepayments and accrued income

14. Table: Prepayments and accrued income

Description	December 31, 2011	December 31, 2012	Change	Change %
<b>Accrued income</b>	<b>21,735</b>	<b>22,494</b>	<b>759</b>	<b>3.49%</b>
- Interest	11,585	22,351	10,766	92.93%
- Sales revenue of the current period	10,150	-	(10,150)	-100.00%
- Other	-	143	143	-
<b>Accrued costs, expenses</b>	<b>48,757</b>	<b>21,415</b>	<b>(27,342)</b>	<b>-56.08%</b>
- Licence fee of software's	17,823	3,110	(14,713)	-82.55%
- Accrued expense of printing plate	16,782	10,679	(6,103)	-36.37%
- Other	14,152	7,626	(6,526)	-46.11%
<b>Deferred expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>70,492</b>	<b>43,909</b>	<b>(26,583)</b>	<b>-37.71%</b>

The drop in prepayments and accrued income in the current year is caused by the licence fee of software's.

### 3.8 Equity

15. Table: Equity movement table

Description	Share capital	Capital reserve	Accumulated profit reserve	Tied-up reserve	Profit or loss for the year
<b>Value as at December 31, 2011</b>	<b>1,449,876</b>	<b>250,686</b>	<b>2,347,857</b>	<b>1,139,452</b>	<b>157,251</b>
<b>Increase</b>	-	-	<b>515,564</b>	<b>175,000</b>	<b>330,625</b>
- reclassifying last year's profit	-	-	157,251	-	-
- reversal of development reserve	-	-	-	175,000	-
- creating development reserve	-	-	275,580	-	-
- loss in value on purchase of treasury shares	-	-	64,864	-	-
- raised for research and development costs	-	-	17,869	-	-
- current year profit	-	-	-	-	330,625
<b>Decrease</b>	-	-	<b>480,545</b>	<b>358,312</b>	<b>157,251</b>
- reclassifying last year's profit	-	-	0	0	157,251
- creating development reserve	-	-	175,000	0	0
- reversal of development reserve	-	-	0	293,448	0
- profit reserves used for dividends	-	-	305,545	0	0
- loss in value on purchase of treasury shares	-	-	0	64,864	0
<b>Value as at December 31, 2012</b>	<b>1,449,876</b>	<b>250,686</b>	<b>2,382,876</b>	<b>956,140</b>	<b>0</b>

16. Table: Changes in tied-up reserve

Description	December 31, 2011	December 31, 2012	Change	Change %
Net capitalized value of research and development	97,465	79,597	(17,868)	-18.3%
Repurchased treasury shares	261,436	196,572	(64,864)	-24.8%
Development reserve	780,551	679,971	(100,580)	-12.9%
<b>Total tied-up reserve:</b>	<b>1,139,452</b>	<b>956,140</b>	<b>(183,312)</b>	<b>-16.1%</b>

Due to the increase in the value of research and development and the accounted depreciation, HUF 18 million reserve was tied-up. The Company took the opportunity ensured by the Corporate Tax Law and made HUF 175 million development reserve in the current year.

Amounts equal to the change of purchased treasury shares and write-off accounted in the current year were reversed from restricted reserve, which decreased by HUF 65 million compared to December 31, 2011.

### 3.9 Provisions

The Company has no provision.

### 3.10 Subordinated liabilities

The Company has no subordinated liabilities.

### 3.11 Long term liabilities

17. Table: Long term liabilities

Description	Value
	In HUF thousands
<b>Long term liabilities as at December 31, 2011</b>	<b>215,403</b>
Increase of leasing liabilities	-
<b>Payment of leasing liabilities</b>	<b>(159,878)</b>
<b>Long term liabilities as at December 31, 2012</b>	<b>55,525</b>

The Company modernized its production equipment partly in leasing construction; this balance sheet line includes that part of the liability which is due after a year. The Company had HUF 215 million leasing liabilities at the end of 2012. The long and short term part of leasing liabilities was reclassified.

### 3.12 Short term liabilities

18. Table: Short term liabilities

Description	December 31, 2011	December 31, 2012	Change	Change %
<b>Short-term loans</b>	-	-	-	-
<b>Other short-term credits</b>	-	-	-	-
<b>Advances received from customers</b>	<b>21,152</b>	<b>25,845</b>	<b>4,693</b>	<b>22.19%</b>
<b>Accounts payable (trade creditors)</b>	<b>1,156,431</b>	<b>1,294,866</b>	<b>138,435</b>	<b>11.97%</b>
- domestic creditors	818,159	996,414	178,255	21.79%
- foreign creditors	338,272	298,452	(39,820)	-11.77%
<b>Short-term liabilities to affiliated undertakings</b>	<b>156,262</b>	<b>220,130</b>	<b>63,868</b>	<b>40.87%</b>
- Subsidiary with majority control	156,262	220,130	63,868	40.87%
<b>Other short-term liabilities</b>	<b>1,123,803</b>	<b>1,284,640</b>	<b>160,837</b>	<b>14.31%</b>
- tax liability	264,489	318,243	53,754	20.32%
- liability against employees	52,106	159,792	107,686	206.67%
- other receivables reclassified	17	92	75	441.18%
- short term part of leasing liability	164,039	159,398	-4,641	-2.83%
- dividend approved	639,397	643,690	4,293	0.67%
- other liabilities	3,755	3,425	-330	-8.79%
<b>Total:</b>	<b>2,457,648</b>	<b>2,825,481</b>	<b>367,833</b>	<b>14.97%</b>

According to the agreements with account holder banks, the Company from HUF 3,000 million credit limit has not been called down.

Accounts payable totalled HUF 1,295 million, a increased of 11.97% compared to the end of 2011.



Other short term liabilities decreased by HUF 161 million due to an increase in liabilities from personal type expenditures and connected taxes and contributions for December 2012 paid on 2<sup>nd</sup> January 2013.

### 3.13 Accruals and deferred income

19. Table: Accruals and deferred income

Description	December 31, 2011	December 31, 2012	Change	Change %
<b>Deferred income</b>	-	<b>23,613</b>	<b>23,613</b>	-
- deferred income, based on contractual obligation	-	23,613	23,613	-
<b>Deferred costs, expenses</b>	<b>31,885</b>	<b>49,520</b>	<b>17,635</b>	<b>55.31%</b>
- Commission and its contributions	-	12,182	12,182	-
- Bank interests	773	4,536	3,763	486.80%
- Trade creditors' invoices	31,112	32,802	1,690	5.43%
<b>Accrued income</b>	<b>11,794</b>	<b>9,310</b>	<b>(2,484)</b>	<b>-21.06%</b>
- R&D subsidy	11,794	9,310	(2,484)	-21.06%
<b>Total:</b>	<b>43,679</b>	<b>82,443</b>	<b>38,764</b>	<b>88.75%</b>

The Company won HUF 67 million research and development subsidy in 2009, which accounting settlement finished in December 31, 2010, financial settlement in December 31, 2011. The accruals will be released in the ratio of depreciation charged.

The release of accrued income is in proportion with the depreciation.

The significant increase of the accruals is mainly due to deferred income and posted commission and its contributions.

## 4 Explanations to the profit or loss statement

### 4.1 Ordinary revenues

20. Table: Sales of different segments (in HUF millions)

Description	Value in HUF millions 2011	Value in HUF millions 2012
Security forms and solutions	6,142	6,299
Card production and personalization	3,638	3,674
Business and administrative forms, personalization, data processing	1,903	1,335
Traditional printing products	59	71
Other	628	537
<b>Total:</b>	<b>12,370</b>	<b>11,916</b>

21. Table: Sales revenue from related parties

Description	FY 2011	FY 2012	Change	Change %
<b>Related party</b>				
Gyomai Kner Nyomda Zrt	33,339	26,628	(6,711)	-20.13%
Specimen Zrt.	8,733	14,935	6,202	71.02%
Tipo Direct S.R.L.	7,967	11,216	3,249	40.78%
Slovak Direct S.R.O.	73,358	160,683	87,325	119.04%
Technoprogress Kft	50,954	68,213	17,259	33.87%
Direct Services O.O.D.	102,605	47,814	(54,791)	-53.40%
Tipo Direct Moldova S.R.L.	3,123	1,840	(1,283)	-41.08%
Zipper Data S.R.L.	942	957	15	1.59%
<b>Total:</b>	<b>281,021</b>	<b>332,286</b>	<b>51,265</b>	<b>18.24%</b>

The Company increased its sales revenue to the related parties by 18.24%. Other significant financial or extraordinary revenue was not posted against these companies.

Costs and expenses against related parties amounted to HUF 332 million altogether.

22. Table: Sales of different regional markets

Description	Value in HUF thousands 2011	Value in HUF thousands 2012
<b>Domestic sales</b>	<b>10,988,003</b>	<b>11,042,100</b>
<b>Sales within the EU</b>	<b>1,253,052</b>	<b>669,557</b>
Romania	810,536	238,480
Slovakia	77,001	166,510
Czech Republic	127,618	117,399
Bulgaria	128,465	86,195
Belgium	34,235	23,649
Austria	14,463	15,857
Poland	19,415	8,868
Germany	19,706	7,028
Slovenia	490	4,911
Italy	1,704	608
Portugal	-	52
Ireland	15,191	-
Cyprus	4,012	-
Spain	216	-
<b>Export outside the EU</b>	<b>129,144</b>	<b>204,414</b>
Israel	3,719	95,957
Albania	70,542	54,570
West-Africa	17,608	45,129
Switzerland	26,145	4,092
South-Africa	3,547	1,719
Moldova	2,774	1,411
Croatia	665	761
Serbia	1,676	628
Jersey-islands	965	80
USA	-	67
Mexico	1,287	-
Singapore	216	-
<b>Total:</b>	<b>12,370,199</b>	<b>11,916,071</b>

23. Table: Other income

Description	FY 2011	FY 2012	Change	Change %
<b>Other income:</b>				
- reversed loss in value - inventories	26,917	4,928	(21,989)	-81.69%
- reversed loss in value - trade receivables	21,833	6,532	(15,301)	-70.08%
- revenue from sales of fixed assets	62,569	9,831	(52,738)	-84.29%
- income from settlement of damages	3,342	449	(2,893)	-86.56%
- subsidies received for operating purposes	3,855	-	(3,855)	-100.00%
- default interest received	926	1,718	792	85.53%
- VAT reimbursement of machinery from EU subsidy	5,515	-	(5,515)	-100.00%
- rebate received	1,641	2,235	594	36.20%
- other not classified	997	2,731	1,734	173.92%
<b>Total:</b>	<b>127,595</b>	<b>28,424</b>	<b>(99,171)</b>	<b>-77.72%</b>

Decrease in other revenues is mainly driven by the smaller amount of write back for both loss in value for inventories and receivables and the lower sales of fixed assets compared to previous year.

24. Table: Cost of services sold

Description	FY 2011	FY 2012	Change	Change %
- delivery cost	65,787	66,031	244	0.37%
- rental fee	352,948	366,547	13,599	3.85%
- repair, maintenance cost	390,618	252,935	(137,683)	-35.25%
- telecommunication cost	71,135	70,140	(995)	-1.40%
- audit, legal and other security cost	92,742	103,481	10,739	11.58%
- marketing and other consulting , services	170,590	148,480	(22,110)	-12.96%
- other	275,733	206,753	(68,980)	-25.02%
<b>Total</b>	<b>1,419,553</b>	<b>1,214,367</b>	<b>(205,186)</b>	<b>-14.45%</b>

## 4.2 Ordinary costs

25. Table: Other expenditures

Description	FY 2011	FY 2012	Change	Change %
<b>Other expenditures:</b>				
- local operational tax	130,133	125,269	(4,864)	-3.74%
- book value of assets sold	51,668	5,791	(45,877)	-88.79%
- inventory scrap, loss in value	16,447	37,909	21,462	130.49%
- write-off receivables	23,119	8,604	(14,515)	-62.78%
- taxes (without local operational tax)	2,135	23,899	21,764	1019.39%
- late payment interest	16,458	2,357	(14,101)	-85.68%
- write-off bad debts	7,545	600	(6,945)	-92.05%
-impairment loss	278	1,662	1,384	497.84%
- other	4,028	844	(3,184)	-79.05%
<b>Total:</b>	<b>251,811</b>	<b>206,935</b>	<b>(44,876)</b>	<b>-17.82%</b>

Other expenditures decreased by HUF 45 million, mainly due to the lower expenditure on fixed assets sales and the higher amount posted as scrapped inventory. Environmental fee was disclosed on taxes (without local operational tax) line in value of HUF 23 million in the current year.

### 4.3 Extraordinary profit

26. Table: Extraordinary profit

Description	FY 2011	FY 2012	Change	Change %
<b>Extraordinary income:</b>				
- subsidy for development	24,504	2,484	(22,020)	-89.86%
- elapsed liability	-	625	625	-
- government subsidy for human resources	-	1,218	1,218	-
<b>Total:</b>	<b>24,504</b>	<b>4,327</b>	<b>(20,177)</b>	<b>-82.34%</b>
<b>Extraordinary expenditure:</b>				
- donation given	37,819	38,181	362	0.96%
- transmitting assets for no refund	9,500	-	-9,500	-100.00%
- book value of investment	2,488	-	(2,488)	-100.00%
- other	32	41	9	28.13%
<b>Total:</b>	<b>49,839</b>	<b>38,222</b>	<b>(11,617)</b>	<b>-23.31%</b>
<b>Extraordinary profit or (loss)</b>	<b>(25,335)</b>	<b>(33,895)</b>	<b>(8,560)</b>	<b>33.79%</b>

The accrued income of EU subsidy (for development purposes) is reversed in proportion of the depreciation charged on the assets as extraordinary revenue.

#### 4.4 Corporate income tax

27. Table: Corporate tax base modifying items

Description	FY 2011	FY 2012
<b>Profit before tax:</b>	<b>813,898</b>	<b>353,684</b>
depreciation according to accounting law	633,041	622,508
write-off receivables, prior year decreasing	23,119	-
Remission of debts	9,500	30,000
accounting depreciation of assets derecognized	51,668	5,790
business representation	9,650	-
other	310	460
<b>Tax base increasing items total:</b>	<b>727,288</b>	<b>658,758</b>
depreciation according to tax law	321,590	408,222
creation of development reserve	400,000	175,000
dividend received	410,843	141,884
Taxes paid to local municipality	24,504	-
subsidies received without repayment obligation	21,833	2,464
write-off receivables, decrease according to accounting law	30,015	5,592
current year costs of research and development	33,953	40,106
other	5,615	8,584
<b>Tax base decreasing items total:</b>	<b>1,248,353</b>	<b>781,852</b>
Tax base:	292,833	230,590
- calculated tax	29,283	23,059
- corporate tax allowances	(1,528)	-
- correction related to previous years	(7,278)	-
<b>Profit after tax:</b>	<b>793,421</b>	<b>330,625</b>
Dividend paid from accumulated profit reserve	-	305,545
Approved dividend	636,170	636,170
Profit or (loss) for the year:	<b>157,251</b>	<b>0</b>



## 5 Supplementary information

For the sake of a more complete valuation of the annual report we give the following supplement:

### 5.1 Research and development

The company has two significant R&D areas:

1. R&D projects realised in the Document Security Laboratory. Among these projects, nanotechnology research is of key importance which technology when used is security inks will contribute to drawing back to counterfeiting and the fight against black economy.
2. The development of different products has a significant role related to new tenders.

The applied research and research and development incurred in the current year amounted to is HUF 40.106 thousands in the current year.

### 5.2 Environment protection

The company has ISO 14001:2004 Environmental Control System certificate audited by Det-Norske Veritas. The expiry date of the certification is January 11, 2016. The environmental certificate covers the following fields: printed products, security products, documents, development, production and personalization of plastic cards and bankcards. Research and development and production of security materials. Electronic reprocessing and delivering of printed forms. Chip embedding and encoding at smart cards. Research and development of traditional/general and mobile information technology solutions, operation and support of connected services. Electronic archiving of data, data processing, database management, setting up archives, storing of documents for fee.

Dangerous waste is continuously eliminated after leaving the company sites. In 2012, 27,797 kg dangerous waste was transported and eliminated.

### 5.3 Personal type of expenditures and headcounts

28. Table: Average statistical number of full time employees

Number of employees	FY 2011	FY 2012
Physical employees	368	334
Intellectual employees	150	157
<b>Total number of employees:</b>	<b>518</b>	<b>491</b>

**29. Table: Payroll costs**

Description	FY 2011	FY 2012
Wages and salaries of physical employees	983,876	959,243
Wages and salaries of non-physical employees	823,866	1,129,724
Other wages and salaries	159,169	152,387
<b>Total salaries and wages</b>	<b>1,966,911</b>	<b>2,241,354</b>

**30. Table: Other personal type expenditures, contributions**

Description	FY 2011	FY 2012
- motivational	27,783	18,127
- social	28,760	28,572
- cost reimbursement	167,799	99,266
- other	57,221	49,876
<b>Total other personal type expenditures</b>	<b>281,563</b>	<b>195,841</b>
Social security contributions	520,723	606,282
<i>Other contributions:</i>		
- employer's contribution	20,022	-
- rehabilitation contribution	27,859	34,170
- vocational contribution	26,756	20,667
- START (Entrants') contribution	918	467
<b>Total contributions:</b>	<b>596,278</b>	<b>661,586</b>

**31. Table: Fees paid related to managing the Company**

Description	FY 2011	FY 2012
Fees paid to the Members of the Board of Directors	10,342	8,160
Fees paid to the Members of Supervisory Board	9,454	9,912

The audit fee paid for the audit of the 2012 financial statements amounted to HUF 7,875 thousands while the auditing fee of the consolidation of our Romanian subsidiaries was EURO 8,000.

#### 5.4 Liabilities due over 5 years

The Company has no liabilities due over 5 years.

## 5.5 Details of listed shares

32. Table: Structure of shares

Number Mark	Description	Number of shares	Nominal value (HUF)	Amount (in HUF thousands)
A	Shares traded on the Budapest Stock Exchange	14,794,650	98	1,449,876

The Company's total equity was HUF 1,449,876 thousands on 31 December 2012 which consists of 14,794,650 pieces of series 'A' registered, dematerialized ordinary shares with a nominal value of HUF 98 each.

33. Table: Voting rights

Share series	No. of issued pieces	No. of treasury shares	Shares with voting rights	Voting right per share	Total voting rights
Series 'A'	14,794,650	445,742	14,348,908	1	14,348,908
Total	14,794,650	445,742	14,348,908	1	14,348,908

## 5.6 Out of balance sheet items

34. Table: Out of balance sheet items

Description		Value
Bevándorlási és Állampolgársági Hivatal	HUF	184,059
Bevándorlási és Állampolgársági Hivatal	HUF	1,263,600
Bevándorlási és Állampolgársági Hivatal	HUF	2,027,700
Bevándorlási és Állampolgársági Hivatal	HUF	3,189,870
Bevándorlási és Állampolgársági Hivatal	HUF	477,540
Bevándorlási és Állampolgársági Hivatal	HUF	1,828,170
Közigazgatási és Elektronikus Közszolgáltatások Központi Hivatala	HUF	5,036,400
Közigazgatási és Elektronikus Közszolgáltatások Központi Hivatala	HUF	1,820,880
Magyar Posta Zrt.	HUF	1,000,000
Compania Nationala "Imprimeria Nationala"-S.A.	EUR	4,351
<b>Guarantee in HUF</b>	<b>HUF</b>	<b>16,828,219</b>
<b>Guarantee in EUR</b>	<b>EUR</b>	<b>4,351</b>
<b>Other guarantees (2 person)</b>	<b>HUF</b>	<b>64,000,000</b>

## 5.7 Cash-flow

35. Table: Cash-flow

	In HUF thousands	FY 2011	FY 2012	Change %
	Profit before tax	813,898	353,684	-56.50%
	- Dividend	(410,843)	(141,884)	65.50%
	- Acquiring / transmitting assets with no refund	-	-	-
	- Other income of development reserve	(24,504)	(9,310)	62.00%
	- Exchange rate difference	(27,420)	16,102	158.70%
1.	Adjusted profit before tax	351,131	218,592	-37.70%
2.	Accounted depreciation	633,041	622,508	-1.70%
3.	Accounted loss in value	60,546	88,305	45.80%
4.	Difference between formation and utilization of provisions	(3,855)	-	100.00%
5.	Fixed assets sold	(10,901)	(4,040)	62.90%
6.	Variation in accounts payable (trade creditors)	(883,975)	138,435	115.70%
7.	Variation in other short-term liabilities	342,116	164,746	-51.84%
8.	Variation in accrued and deferred liabilities	(269,483)	48,074	117.80%
9.	Variation in trade debtors	1,636,059	1,078,853	-34.10%
10.	Variation in current assets (w/o trade debtors and liquid	241,060	(51,661)	-121.40%
11.	Variation in accrued and deferred assets	(16,680)	26,583	259.40%
12.	Tax paid or payable (on profit)	(20,477)	(23,059)	-12.60%
13.	Dividend paid or payable	(516,454)	(631,878)	-22.35%
<b>I.</b>	<b>OPERATION CASH-FLOW:</b>	<b>1,542,128</b>	<b>1,675,458</b>	<b>8.60%</b>
14.	Purchase of fixed assets	(1,158,571)	(528,067)	54.40%
15.	Sale of fixed assets	62,569	9,831	-84.30%
16.	Dividend received	410,843	141,884	-65.50%
<b>II.</b>	<b>INVESTMENT CASH-FLOW:</b>	<b>(685,159)</b>	<b>(376,352)</b>	<b>45.10%</b>
17.	Receipts from shares issue (capital influx)	-	-	-
18.	Receipts from the issue of bonds and securities signifying	-	-	-
19.	Loans and credits taken	-	65,000	-
20.	Repayment, termination or redemption of long-term loans	5,065	-	-100.00%
21.	Non-repayable assets received	-	-	-
22.	Purchase of treasury shares	-	-	-
23.	Redeemed bonds and securities signifying a creditor	-	-	-
24.	Loan instalment payments	(886,871)	-	100.00%
25.	Long-term loans and bank deposits	(1,900)	(244)	87.20%
26.	Non-repayable assets transferred	-	-	-
27.	Variation in liabilities due to founders and in other long-	-	-	-
28.	Cash paid for leasing liability	15,747	(164,518)	-1144.80%
<b>III.</b>	<b>FINANCIAL CASH-FLOW:</b>	<b>(867,959)</b>	<b>(99,762)</b>	<b>88.50%</b>
<b>IV</b>	<b>VARIATION OF FINANCIAL ASSETS:</b>	<b>(10,990)</b>	<b>1,199,344</b>	<b>11013.00</b>
	Cash and equivalents at the beginning of the period	71,775	60,785	-15.30%
	Cash and equivalents at the end of the period	60,785	1,260,129	1973.10%

## 5.8 Financial indices

36. Table: Liquidity, financial and other efficiency indices

Description		FY 2011	FY 2012	Change %
A	Current assets	4,379,391	4,464,900	1.95%
B	Inventories	1,250,149	1,232,424	-1.42%
C	Trade receivables	2,571,762	1,467,865	-42.92%
D	Cash and equivalents	60,785	1,260,129	1973.09%
E	Equity	5,345,122	5,039,578	-5.72%
F	Short term liabilities	2,457,648	2,825,481	14.97%
G	Trade creditors	1,156,431	1,294,866	11.97%
H	Total equity and liabilities	8,061,852	8,003,027	-0.73%
I	Net sales	12,370,199	11,916,071	-3.67%
J	Material type expenditures	8,243,426	7,881,718	-4.39%
K	Operating (trading) profit	552,479	340,632	-38.34%
L	Average statistical number of employees	518	491	-5.21%
<b>Liquidity indices:</b>				
Short term liquidity I.: ( A / F )		1.78	1.58	-11.24%
Short term liquidity II.: (( A – B ) / F )		1.27	1.14	-10.24%
Quick ratio: ( D / F )		0.02	0.45	2250.00%
Dynamic liquidity: ( K / F )		0.22	0.12	-45.45%
<b>Financial indices:</b>				
Debtors day: (( C <sub>Current</sub> + C <sub>Prior</sub> ) / 2 * (365 / I ))		100	62	-18.42%
Creditors day: ((G <sub>Current</sub> + G <sub>Prior</sub> ) / 2 * (365 / J ))		64	57	11.76%
<b>Other efficiency indices:</b>				
Return on net sales: ( K / I )		4.47%	2.86%	-36.02%
Return on equity ( K / E )		10.34%	6.00%	-41.97%
Net sales headcount ratio (in HUF '000/person): ( I / L )		23,881	24,269	1.62%



Budapest, 10 April, 2013

.....  
Chief Executive Officer

**All amounts in HUF thousands unless if otherwise indicated.**

**ANY Security Printing Company PLC**

**Business report**

**for the year ended December 31, 2012**

All amounts in HUF thousands unless if otherwise indicated.

## Analysis of the FY 2012 achievement of the Company

Net sales of Security Printing Company Plc. were HUF 11,916 million in 2012, of which export sales were HUF 874 million. Operating profit was HUF 341 million, which is HUF 212 million (38.3%) less than the corresponding 2011 figure. Profit before tax was HUF 354 million, EBITDA amounted to HUF 963 million. Profit after tax including financial activities, extraordinary profit and taxation was HUF 331 million.

## Analysis of profit and loss statement

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

Table 1: Net sales by segments

Sales segments	FY 2011 in HUF millions	FY 2012 in HUF millions	Change in HUF millions	Change %
Security products and solutions	6,142	6,299	157	2.6%
Card production and personalization	3,638	3,674	36	1.0%
Form production and personalization, data processing	1,903	1,335	(568)	(29.8)%
Traditional printing products	59	71	12	20.3%
Other	628	537	(91)	(14.5)%
<b>Total net sales</b>	<b>12,370</b>	<b>11,916</b>	<b>(454)</b>	<b>(3.7)%</b>

Security Printing Company Plc. had consolidated net sales of HUF 11,916 million in 2012, a decrease of 3.7% (HUF 454 million) compared to prior year figure.

Sales of security products and solutions came to HUF 6,299 million in 2012 which means a year-on-year increase HUF 157 million (2.6%). The reason for this increase was mainly due to the decrease of sales revenue in document security products.

The Company's revenues from card production and personalization totalled HUF 3,674 million in 2012, a HUF 36 million (1.0%) increase compared to the previous year. The year-on-year low rate rise was mainly the result of the increase of sales in card higher value added card products.

The Company's revenues from form production, personalization and data processing came to HUF 1,335 million in 2012, a HUF 568 million (29.8%) fall compared to 2011. The decrease is on one hand from the development of the direct mailing division and the enlargement of capacity, on the other hand from the turnover of printed materials for the population census in 2011.



**All amounts in HUF thousands unless if otherwise indicated.**

Sales of traditional printing products amounted to HUF 71 million in 2012, HUF 12 million higher than a year earlier.

Other sales totalled HUF 537 million in 2012, which decreased by HUF 91 million (14.5%) year-on-year. This segment mainly comprises revenues from the sale of commercial materials and goods.

Operating income came to HUF 341 million, a fall of HUF 212 million (38.3%) compared to the previous year.

Gross profit totalled HUF 3,419 million, which means a 28.7% gross margin. General (SG&A) expenses amounted to HUF 2,899 million in 2012, which equals 24.3% of net sales. Material expenses increased by 4.4% (HUF 362 million) last year, mainly caused by the decrease in net sales and the sales of products with lower material proportion.

Material type expenditures decreased by 4.4% (HUF 362 million) in 2012 due to the lower turnover of material intensive products and to the effect of the cost saving programme.

Personnel expenses totalled HUF 3,099 million, which means a 8.9% (HUF 182 million) growth compared to the previous year. The growth of pay raise is due to the obligatory loan compensation – ordained by the government- for employees earning lower salaries and the significant increase of minimal loans and the amount of expenditures in connection with restructuration and rationalisation of Pásztó plant.

Headcount of full time employees in Security Printing Company Plc. was 491 people at the end of 2012, while it amounted to 518 persons at the end of 2011, which means a 27 person (5.2%) decrease compared to the previous year.

EBITDA amounted to HUF 963 million due to increase of operating profit, which means an decrease of HUF 222 million (18.8%) compared to 2011. So EBITDA margin amounts to 8.1%.

Income from financial activities amounted to HUF 47 million which decrease the previous year by HUF 240 million, mainly due to the reduce dividend of subsidiaries.

Extraordinary result in 2012 amounted to HUF 34 million, which decreased by HUF 8.6 million compared to 2011.

Corporate tax came to HUF 23 million in 2012, a year-on-year fall of HUF 3 million compared to the prior year.

All amounts in HUF thousands unless if otherwise indicated.

Net income was HUF 331 million, which means an decrease of HUF 463 million (58.3%) compared to 2011.

### Balance sheet analysis

The Company had total assets of HUF 8,003 million at the end of 2012, which means an decrease of 0.7% (HUF 59 million) compared to a year ago. The reason for this change was the fall in current assets (especially in receivables) by HUF 1,104 million and the liquid assest increased by HUF 1,199 million.

Fixed assets totalled HUF 3,494 million at the end of 2012, which is less than the prior year figure by HUF 118 million (3.2%). The change was mainly caused by tangible assets increased HUF 145 million because the depreciation was higher than purchases.

Current assets amounted to 4,465 million at the end of December 2012, a increase of HUF 86 million (2.0%) compared to the corresponding period of last year. The change is the result of the HUF 1,031 million fall of receivables, and HUF 1,199 million fall of liquid assets.

Shareholder's equity was HUF 5,040 million, it changed by the profit reserves used for dividends (HUF 305 million).

Long term liabilities came to HUF 56 million, a decrease of HUF 160 million due to the decrease of long term lease liabilities connected to fixed assets purchase. Short term liabilities amounted to HUF 2,825 million which means a drop of HUF 368 million mainly due to the higher balance of trade creditors caused by the higher turnover.

### Strategic plans of the Company

The strategic goal of the Company is to become a dominant security printing company of the region, playing a determining role on both domestic and regional markets of security printing, with a significant market share of business forms (more specifically, outsourcing personalisation, including data management and direct mail), and of various plastic cards, relying on the Company's research and development activities ensuring a competitive advantage over the less innovative security printers and also relying on the fact that rather than delivering single products, the Company provides comprehensive security solutions.

The Company aims to achieve its strategic goals focusing on three dominant product areas, which include security document solutions related to the document reforms taking place in Central and Eastern Europe, plastic cards and related services (personalisation and archiving of forms), and security elements and products for cards and document security in the broader sense.

All amounts in HUF thousands unless if otherwise indicated.

## The Company's employment policy

Security Printing Company Plc. places high priority on keeping labour law, labour safety, employment, tax and social insurance regulations connected to working. The Company considers the employees' continuous training and education as of strategic importance in order to ensure the renewal of professional knowledge within the Company and the adaptability of employees. Security Printing Company Plc. gives wide scale of social benefits to its employees, helping to create the balance between private life and the workplace. The principles of benefits and wages are set out in the Collective Agreement. Besides keeping the regulations, the Company is trying to create a workplace with proper working relations, taking the family obligations into consideration which increases the Company's profitability on the long term as well.

## Risk management

### Foreign currency risk

Among foreign currency transactions of the Állami Nyomda EURO based transactions are the most important ones. Foreign currency liabilities mainly occur from raw material purchases, which are hedged by the receivables from the export sales in foreign currency as a natural hedge. The balance of foreign currency receivables and liabilities are almost the same, therefore the foreign currency risk of the Company is not significant.

### Interest rate risk

Due to the debts in the Állami Nyomda, potential interest rate changes would not influence significantly the amount of interests to be paid by the Company. The Company had no overdraft at the end of 2012.

### Liquidity risk

Liquidity risk of the Company, due to the high balance of net working capital, is also low.

### Credit risk

The financial discipline of the debtors of the Állami Nyomda is really good, which is also represented by the low portion of cumulated provision on trade receivables compared to the gross amount of trade receivables.

All amounts in HUF thousands unless if otherwise indicated.

## Supplementary information to the Business report of Security Printing Company Plc.

### Off balance sheet date events

According to the decision of the Board of Directors of State Printing Company, Registry Court changed the name of State Printing Company PLC to ANY Security Printing Company PLC with effect from 1st of February, 2013

### Environment protection

The company has ISO 14001:2004 Environmental Control System certificate audited by Det-Norske Veritas. The expiry date of the certification is January 11, 2016. The environmental certificate covers the following fields: printed products, security products, documents, development, production and personalization of plastic cards and bankcards. Research and development and production of security materials. Electronic reprocessing and delivering of printed forms. Chip embedding and encoding at smart cards. Research and development of traditional/general and mobile information technology solutions, operation and support of connected services. Electronic archiving of data, data processing, database management, setting up archives, storing of documents for fee.

Dangerous waste is continuously eliminated after leaving the company sites. In 2012, 27,797 kg dangerous waste was transported and eliminated.

### Research and development

The company has two significant R&D areas:

- 1, R&D projects included in the activity of the Document Security Laboratory. The nanotechnology project has a key importance in this area. Using nanotechnology in security inks may contribute to drawing back forgeries and the fight against black economy.
- 2, The development of products has a significant role related to new tenders.

The direct cost of basic research, applied research and experimental development incurred in the current year is HUF 40 million.

### Premises of the Company:

Registered seat: H-1102 Budapest, Halom utca. 5.  
Premises: H-1106 Budapest, Fátyolka utca 1-3.  
H-3060 Pásztó, Fő utca 141.

All amounts in HUF thousands unless if otherwise indicated.

**Treasury shares in the year 2012:**

**Table 2: Repurchased treasury shares**

Description	Number of shares	Nominal value (HUF thousands)	Purchase value (HUF thousands)
Opening balance January 1, 2012	445,742	43,683	453,565
Closing balance December 31, 2012	445,742	43,683	453,565

The Company accounted HUF 69 million depreciation after treasury shares due to lasting drop of share price. So the cumulated depreciation amounted to HUF 257 million in the end of period.

The Company's share capital amounted to HUF 1,449,876 thousands on 31 December 2012 which consisted of 14,794,650 pieces of registered, dematerialized ordinary shares Series 'A' with a nominal value of HUF 98 each.



**Budapest, 10 April 2013**

.....  
**Chief Executive Officer**