

State Printing House Plc.

Annual report

for the year ended December 31, 2010



Deloitte Auditing and Consulting Ltd.
H-1068 Budapest, Dózsa György út 84/C, Hungary
H-1438 Budapest, P.O.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 Állami Nyomda Nyrt.

Report on the Financial Statements

We have audited the accompanying financial statements of Állami Nyomda Nyrt. (the "Company") for the year 2010, which comprise the balance sheet as at December 31, 2010 - which shows total assets of 9,495,710 thHUF and a retained profit for the year of 119,927 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 generally accepted accounting principles in Hungary, 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 Company'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 Company'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 clause (opinion).

Member of Deloitte Touche Tohmatsu Limited

Clause (Opinion)

We have audited the financial statements of Állami Nyomda Nyrt., including its sections and items and the supporting accounting records and certificates thereof, in accordance with the applicable National Standards on Auditing and have obtained reasonable assurance that the financial statements have been prepared pursuant to the Accounting Act and generally accepted accounting principles. In our opinion, the financial statements give a true and fair view of the financial position of Állami Nyomda Nyrt. as at December 31, 2010.

Other Matters

We issued our auditors' report dated February 4, 2011 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 with the amount of dividend. The approved dividend is 517,813 ThHUF, and as a result of this, the result for the year has changed to 119,927 Th HUF. Our procedures regarding the subsequent events occurred after February 4, 2011 were limited to the General Meeting's decision on the dividend.

Other Reporting Obligation on the Business Report

We have examined the accompanying business report of Állami Nyomda Nyrt. for the year 2010.

Management is responsible for the preparation of this business report in accordance with the Accounting Act and generally accepted accounting principles in Hungary,

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 Állami Nyomda Nyrt. for the year 2010. corresponds to the figures included in the financial statements of Állami Nyomda Nyrt. for the year 2010.

Budapest, April 19, 2011

The original Hungarian version has been signed.

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

Horváth Tamás
registered statutory auditor
003449

Balance Sheet (in HUF thousands)

	Description	December 31, 2009	December 31, 2010
A.	FIXED ASSETS	3,191,794	3,114,130
I.	INTANGIBLE ASSETS	197,163	283,037
1.	Capitalized start-up and restructuring costs	886	177
2.	Capitalized value of research and development	57,045	82,631
3.	Concessions, licenses and similar rights and assets	55,503	139,719
4.	Intellectual property	63,220	40,001
5.	Goodwill	20,509	20,509
6.	Advances and prepayments on intangible assets	-	-
7.	Adjusted value of intangible assets	-	-
II.	TANGIBLE ASSETS	2,414,312	2,242,651
1.	Land and buildings and rights to immovable	180,205	250,041
2.	Plant and machinery, vehicles	1,964,775	1,691,918
3.	Other equipment, fixtures and fittings, vehicles	213,965	275,686
4.	Breeding stock	-	-
5.	Assets in course of construction	55,367	10,990
6.	Payment on account	-	14,016
7.	Adjusted value of tangible assets	-	-
III.	FINANCIAL INVESTMENTS	580,319	588,442
1.	Long-term participations in affiliated undertakings	572,675	574,616
2.	Long-term loan to affiliated undertakings	-	-
3.	Other long-term participations	-	-
4.	Long-term loan to independent undertakings	-	-
5.	Other long-term loans	7,644	13,826
6.	Securities signifying a long-term creditor relationship	-	-
7.	Adjusted value of financial investments	-	-

Budapest, 19th April 2011



.....
Chief Executive Officer

Balance Sheet for the year ended December 31, 2010

	Description	December 31, 2009	December 31, 2010
B.	CURRENT ASSETS	4,902,771	6,327,768
I.	INVENTORIES	1,758,627	1,368,598
1.	Raw materials and consumables	1,487,203	976,729
2.	Work in progress, intermediate and semi-finished products	112,404	161,230
3.	Animals for breeding and fattening, other livestock	-	-
4.	Finished products	127,308	209,908
5.	Goods for resale	31,712	20,680
6.	Advances and prepayments on inventories	-	51
II.	RECEIVABLES	2,643,135	4,556,213
1.	Accounts receivable (trade debtors)	2,300,215	4,197,345
2.	Receivables from affiliated undertakings	54,642	156,966
3.	Receivables from independent undertakings	-	-
4.	Bills of exchange receivable	-	-
5.	Other receivables	288,278	201,902
III.	SECURITIES	380,973	331,182
1.	Participations in affiliated undertakings	-	-
2.	Other participations	-	-
3.	Own shares and own partnership shares	380,973	331,182
4.	Securities signifying a creditor relation. for trading purposes	-	-
IV.	LIQUID ASSETS	120,036	71,775
1.	Cash in hand, checks	5,685	5,742
2.	Cash at bank	114,351	66,033
C.	PREPAYMENTS AND ACCRUED INCOME	76,834	53,812
1.	Accrued income	41,179	21,080
2.	Accrued costs, expenses	35,655	32,732
3.	Deferred expenses	-	-
	TOTAL ASSETS	8,171,399	9,495,710

Budapest, 19th April 2011



.....
Chief Executive Officer

Balance Sheet for the year ended December 31, 2010

	Description	December 31, 2009	December 31, 2010
D.	SHAREHOLDERS' EQUITY	5,067,944	5,187,871
I.	SHARE CAPITAL	1,449,876	1,449,876
	including: ownership shares repurchased at face value	41,209	42,988
II.	SHARE CAPITAL UNPAID	-	-
III.	CAPITAL RESERVE	250,686	250,686
IV.	ACCUMULATED PROFIT RESERVE	1,262,049	2,109,947
V.	TIED-UP RESERVE	1,189,597	1,257,435
VI.	REVALUATION RESERVE	-	-
VII.	PROFIT OR LOSS FOR THE YEAR	915,736	119,927
E.	PROVISIONS	3,454	3,855
1.	Provisions for expected liabilities	3,454	3,855
2.	Provisions for future expenses	-	-
3.	Other provisions	-	-
F.	LIABILITIES	2,976,535	3,966,318
I.	SUBORDINATED LIABILITIES	-	-
1.	Subordinated liabilities to affiliated undertakings	-	-
2.	Subordinated liabilities to independent undertakings	-	-
3.	Subordinated liabilities to other economic entities	-	-
II.	LONG-TERM LIABILITIES	127,449	65,223
1.	Long-term loans	-	-
2.	Convertible bonds	-	-
3.	Debts on issue of bonds	-	-
4.	Investment and development credits	-	-
5.	Other long-term credits	-	-
6.	Long-term liabilities to affiliated undertakings	-	-
7.	Long-term liabilities to independent undertakings	-	-
8.	Other long-term liabilities	127,449	65,223
III.	CURRENT LIABILITIES	2,849,086	3,901,095
1.	Short-term loans	-	-
	including: convertible bonds	-	-
2.	Other short-term credits	918,217	886,871
3.	Advances received from customers	13,325	17,512
4.	Accounts payable (trade creditors)	1,174,103	1,751,432
5.	Bills of exchange payable	-	-
6.	Short-term liabilities to affiliated undertakings	409,164	445,236
7.	Short-term liabilities to independent undertakings	-	-
8.	Other short-term liabilities	334,277	800,044
G.	ACCRUALS AND DEFERRED INCOME	123,466	337,666
1.	Deferred income	1,016	-
2.	Deferred costs, expenses	49,455	295,852
3.	Accrued income	72,995	41,814
	TOTAL EQUITY AND LIABILITIES	8,171,399	9,495,710

Budapest, 19th April 2011



Chief Executive Officer

Profit and Loss Statement for the year ended December 31, 2010

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

	Description	FY 2009	FY 2010
01.	Net domestic sales	9,481,630	12,270,351
02.	Net external sales	1,257,722	1,235,051
I.	NET SALES REVENUE	10,739,352	13,505,402
03.	Change in stocks of finished goods and work in progress	3,667	131,426
04.	Own work capitalized	58,413	38,787
II.	OWN PERFORMANCE CAPITALIZED	62,080	170,213
III.	OTHER INCOME	108,652	113,907
	including: loss in value marked back	36,748	46,305
05.	Cost of raw materials and consumables	2,845,751	5,575,890
06.	Cost of services	1,468,501	1,452,681
07.	Cost of other service activities	52,377	58,091
08.	Cost of goods sold	325,097	336,716
09.	Cost of services sold (intermediated)	1,840,772	1,991,236
IV.	MATERIAL COSTS	6,532,498	9,414,614
10.	Wages and salaries	1,719,378	2,099,938
11.	Other employee benefits	280,329	295,206
12.	Contributions on wages and salaries	583,962	631,977
V.	STAFF COSTS	2,583,669	3,027,121
VI.	DEPRECIATION	606,473	623,362
VII.	OTHER OPERATING CHARGES	196,239	229,830
	including: loss in value	31,029	36,087
A.	OPERATING (TRADING) PROFIT	991,205	494,595
13.	Dividends and profit-sharing (received or due)	109,932	305,645
	including: from affiliated undertakings	109,932	305,645
14.	Capital gains on investments	-	0
	including: from affiliated undertakings	-	0
15.	Interest and capital gains on financial investments	-	0
	including: from affiliated undertakings	-	0
16.	Other interest and similar income (received or due)	30,321	3,247
	including: from affiliated undertakings	-	292
17.	Other income from financial transactions	71,352	56,371
VIII.	Income from financial transactions	211,605	365,263
18.	Losses on financial investments	-	0
	including: to affiliated undertakings	-	0
19.	Interest payable and similar charges	35,685	59,122
	including: to affiliated undertakings	-	28,962
20.	Losses on shares, securities and bank deposits	56,002	62,483
21.	Other expenses on financial transactions	109,068	60,720
IX.	Expenses on financial transactions	200,755	182,325
B.	PROFIT OR LOSS ON FINANCIAL TRANSACTIONS	10,850	182,938
C.	PROFIT OR LOSS ON ORDINARY ACTIVITIES	1,002,055	677,533
X.	Extraordinary income	24,194	25,935
XI.	EXTRAORDINARY EXPENSES	7,570	31,561
D.	EXTRAORDINARY PROFIT OR LOSS	16,624	(5,626)
E.	PROFIT BEFORE TAX	1,018,679	671,907
XII.	TAX PAYABLE	102,943	34,167
F.	PROFIT AFTER TAX	915,736	637,740
22.	Profit reserves used for dividends and profit-sharing	-	0
23.	Dividends and profit-sharing paid (approved)	-	517,813
G.	PROFIT OR LOSS FOR THE YEAR	915,736	119,927

Budapest, 19th April 2011



Chief Executive Officer

Profit and Loss Statement for the year ended December 31, 2010

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

	Description	FY 2009	FY 2010
01.	Net domestic sales	9,481,630	12,270,351
02.	Net external sales	1,257,722	1,235,051
I.	TOTAL SALES (REVENUES)	10,739,352	13,505,402
03.	Prime cost of sales accounted	5,072,614	7,799,216
04.	Original cost of goods sold	325,097	336,716
05.	Value of services sold (intermediated)	1,840,772	1,991,236
II.	DIRECT COSTS OF SALES	7,238,483	10,127,168
III.	GROSS INCOME FROM SALES	3,500,869	3,378,234
06.	Sales and marketing costs	261,849	240,575
07.	Administration costs	2,012,480	2,333,156
08.	Other general overhead	147,748	193,985
IV.	INDIRECT COAST OF SALES	2,422,077	2,767,716
V.	OTHER INCOME	108,652	113,907
	including: loss in value marked back	36,748	46,305
VI.	OTHER OPERATING CHARBGES	196,239	229,830
	including: loss in value	31,029	36,087
A.	INCOME FROM OPERATIONS	991,205	494,595
13.	Dividends and profit-sharing (received or due)	109,932	305,645
	including: from affiliated undertakings	109,932	305,645
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)	30,321	3,247
	including: from affiliated undertakings	-	292
17.	Other income from financial transactions	71,352	56,371
IX.	Income from financial transactions	211,605	365,263
18.	Losses on financial investments	-	-
	including: to affiliated undertakings	-	-
19.	Interest payable and similar charges	35,685	59,122
	including: to affiliated undertakings	-	28,962
20.	Losses on shares, securities and bank deposits	56,002	62,483
21.	Other expenses on financial transactions	109,068	60,720
X.	Expenses on financial transactions	200,755	182,325
B.	PROFIT OR LOSS ON FINANCIAL TRANSACTIONS	10,850	182,938
C.	PROFIT OR LOSS ON ORDINARY ACTIVITIES	1,002,055	677,533
XI.	Extraordinary income	24,194	25,935
XII.	EXTRAORDINARY EXPENSES	7,570	31,561
D.	EXTRAORDINARY PROFIT OR LOSS	16,624	(5,626)
E.	PROFIT BEFORE TAX	1,018,679	671,907
XIII.	TAX PAYABLE	102,943	34,167
F.	PROFIT AFTER TAX	915,736	637,740
22.	Profit reserves used for dividends and profit-sharing	-	-
23.	Dividends and profit-sharing paid (approved)	-	517,813
G.	PROFIT OR LOSS FOR THE YEAR	915,736	119,927

Budapest, 19th April 2011



Chief Executive Officer

State Printing House Plc.

Supplementary Notes

for the year ended December 31, 2010

1 Index

1	INDEX.....	10
2	GENERAL INFORMATION	11
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 2010.....	17
2.5	MAIN INFORMATION ON THE INVESTMENTS OF THE COMPANY	18
3	EXPLANATIONS FOR THE BALANCE SHEET ITEMS.....	19
3.1	INTANGIBLE ASSETS	19
3.2	TANGIBLE ASSETS.....	20
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	26
3.10	SUBORDINATED LIABILITIES	26
3.11	LONG TERM LIABILITIES.....	26
3.12	SHORT TERM LIABILITIES	27
3.13	ACCRUALS AND DEFERRED INCOME.....	28
4	EXPLANATIONS TO THE PROFIT OR LOSS STATEMENT.....	29
4.1	ORDINARY REVENUES.....	29
4.2	ORDINARY COSTS	31
4.3	EXTRAORDINARY PROFIT	31
4.4	CORPORATE INCOME TAX	32
5	SUPPLEMENTARY INFORMATION	33
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.....	35
5.5	DETAILS OF LISTED SHARES.....	35
5.6	OUT OF BALANCE SHEET ITEMS	36
5.7	CASH-FLOW.....	37
5.8	FINANCIAL INDICES.....	38

2 General information

2.1 General information on the Company

Company name:	State Printing House Public Company Limited by Shares
Abbreviate company name:	State Printing House Plc.
Seat:	1102 Budapest, Halom u. 5.
Premises of the Company:	1108 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:	10793509-2221-114-01
Date of Foundation:	3 rd 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.allaminyomda.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)
Dr. Mihály Arnold (until August 10, 2010)
Doffek Tamás
Péter Heim (until October 25, 2010)
Péter Kadocsa (from April 30, 2010)
Gábor Zsámboki

Members of the Supervisory Board of the Company:

Dr. Tamás Sárközy
Dr. Istvánné Gömöri (vice-chairman)
Ferenc Berkesi
Dr. Imre Repa
Dr. István Stumpf (until August 10, 2010)
György Vajda (until April 30, 2010)
Dr. Novotny Erzsébet (from April 30, 2010)

Auditor of the Company: Deloitte Könyvvizsgáló és Tanácsadó Kft. (seat: 1068 Budapest, Dózsa György út 84/c) MKVK registration No.: 000083); appointed auditor: Tamás Horváth (MKVK membership number: 003449)

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 Állami Nyomda are organized around five product groups.

Security forms and solutions include tax stamps, securities, documents of value (food/meal vouchers, motorway stickers, 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 Állami Nyomda 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 Állami Nyomda, a subsidiary of Vienna-based Staatsdruckerei, was established in Temesvár (currently Timisoara, Romania) in 1851.

Állami Nyomda 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 10th district on 4 October 1994. In the same year Állami Nyomda 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 Állami Nyomda 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 10th district.

Állami Nyomda 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 Állami Nyomda 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, Tipo 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, Állami Nyomda took steps to form another two companies: Slovak Direct s.r.o. in Slovakia and Állami Nyomda o.o.o. in Russia.

Állami Nyomda 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 Állami Nyomda 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 2010)			End of period (31 December 2010)		
	% ¹	% ²	Shares	% ¹	% ²	Shares
Domestic institutions	40.03%	41.19%	5,921,525	38.49%	39.66%	5,693,745
Foreign institutions	32.16%	33.11%	4,758,600	32.41%	33.40%	4,795,585
Domestic private individuals	9.46%	9.73%	1,399,098	9.55%	9.85%	1,413,611
Foreign private individuals	0.05%	0.05%	7,685	0.08%	0.08%	11,595
Employees, managing officials	8.15%	8.39%	1,205,425	7.58%	7.81%	1,120,703
Own shares	2.84%	0.00%	420,500	2.96%	0.00%	438,651
Other	7.31%	7.53%	1,081,817	8.93%	9.20%	1,320,760
TOTAL:	100.00%	100.00%	14,794,650	100.00%	100.00%	14,794,650

¹ Ownership interest

² 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, 2010.

2. Table: Structure of shareholders over 5% share

Name	Voting right (%)	Ownership interest (%)
<i>Shareholders over 5% share</i>		
EG Capital SA	25.87%	25.11%
Aegon Közép-Európai Részvény Befektetési Alap	9.14%	8.87%
Aegon Mo. MPT Aegon Vagyonkezelés	8.51%	8.26%
Genesis Emerging Markets Opportunities Fund Limited	6.72%	6.52%
<i>Other shareholders below 5% share</i>		
Domestic institutions	22.01%	21.35%
Foreign institutions	0.81%	0.79%
Domestic private individuals	9.85%	9.55%
Employees, senior officers	0.08%	0.08%
Employees, managing officials	7.81%	7.58%
Own shares	0.00%	2.96%
other	9.20%	8.93%

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.

The Chairman of the Board of Directors of State Printing House Plc and the Vice-chairman of the Supervisory Board, as owners of EG Capital SA. and Láng Vagyonkezelő Zrt. have an indirect ownership of 3,714,210 shares which equals 25.87% voting right.

AEGON Magyarország Befektetési Alapkezelő Zrt., as portfolio manager authorized with voting right has control all over the ordinary shares of State Printing House Plc. owned in the AEGON Group. Therefore AEGON Magyarország Befektetési Alapkezelő Zrt. has cumulated voting right of 29.10%.

2.3 Main parts of the accounting policy

According to the Act of Accounting Section no. 12, paragraph no. 3, State Printing House 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, 2010. Balance sheet preparation date is January 15, 2011.

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.

By taking advantage of the Act of Accounting Section no. 80, paragraph no. 2, State Printing House 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

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.

The net foreign exchange difference deriving from year end revaluation, regarding the effect on the profit for the year, to be significant over HUF 1,000 thousands.

Consolidation

Due to the changes in shareholders' structure, State Printing House 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., Slovak Direct S.r.o., Tipo Direct S.r.l. (Romanian) and

Direct Services O.o.d (Bulgarian) and Technoprogress Kft 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 2010

Net sales revenue amounted to HUF 13,505 million in 2010, out of which export sales totalled HUF 1,235 million. Operating income came to HUF 495 million, an decrease of HUF 497 million (50.1%) compared to the previous year. Income before tax was HUF 672 million while EBITDA amounted to HUF 1,118 million. Net income after financial operations, extraordinary profit and taxation was HUF 638 million.

Gross profit totalled HUF 3,378 million, which means a 25.0% gross margin. General (SG&A) expenses amounted to HUF 2,768 million in 2010, which equals 20.5% of net sales. Material expenses increased by 44.1% (HUF 2,882 million) in 2010, mainly as a result of the increased sales revenue and the sales of the products with higher material proportion.

In 2010 interest expenses paid after loans taken by the Company increased, while dividends received from subsidiaries increased by HUF 196 million and foreign exchange loss decreased. HUF 62 million loss in value was accounted after repurchased treasury shares due to lasting difference between the registered and market price. As a result, income from financial activities amounted to HUF 183 million in 2010, indicated a raise of HUF 172 million year-on-year.

Income tax expense amounted to HUF 34 million in 2010, which means a drop of HUF 69 million.

Profit after tax came to HUF 638 million, HUF 278 million lower compared to the prior year.

State Printing House signed a quota sales contract for the purchase of 50-percent quota in S.C. GPV Mail Services S.R.L. on July 30, 2010. Following the approval of the Romanian Competition Office, the State Printing House's acquisition of property was registered by the Romanian Registration Court on January 20, 2011.

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 2009	Total equity	Qualification based on HAL ¹
Gyomai Kner Nyomda Zrt.	Gyomaendrőd	2010	98.98%	98.98%	200,000	413,322	328,868	942,190	Subsidiary
Specimen Papír és Nyomdaipari Zrt.	Budapest	2010	90.00%	90.00%	100,000	43,260	10,555	153,815	Subsidiary
Slovak Direct S.r.o	Bratislava	2010	100.00%	100.00%	17,779	5,816	2,652	26,247	Subsidiary
Állami Nyomda O.o.o	Moszkva	2010	100.00%	100.00%	64	-	-	-	Subsidiary
Technoprogress Kft	Budapest	2010	100.00%	100.00%	5,000	8,849	808	14,657	Subsidiary
Tipo Direct S.r.l	Cluj-Napoca	2010	50.00%	50.00%	30,940	78,528	43	109,511	Subsidiary
Direct Services O.o.d	Sofia	2010	50.00%	50.00%	81,311	75,108	75,198	231,617	Subsidiary

According to the co-operational agreements, State Printing House 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.

Security Audit Kft. was eliminated from Group entities during the year 2010.

¹

3 Explanations for the balance sheet items

3.1 Intangible assets

4. Table: Movement table of intangible assets

Description	January 1, 2010	Increase	Decrease	Reclassification	December 31, 2010
Capitalized start-up and restructuring costs	54,053	-	-	-	54,053
Capitalized value of research and development	165,409	29,600	-	-	195,009
Concessions, licenses and similar rights and assets	180,399	50,252	290	58,250	288,611
Intellectual property	399,021	51,432	982	(58,250)	391,221
Goodwill	20,509	-	-	-	20,509
Advances and prepayments on intangible assets	-	-	-	-	-
Adjusted value of intangible assets	-	-	-	-	-
GROSS VALUE	819,391	131,284	1,272	-	949,403
Capitalized start-up and restructuring costs	53,167	709	-	-	53,876
Capitalized value of research and development	108,364	4,014	-	-	112,378
Concessions, licenses and similar rights and assets	124,896	23,989	290	297	148,892
Intellectual property	335,801	16,698	982	(297)	351,220
Goodwill	-	-	-	-	-
Advances and prepayments on intangible assets	-	-	-	-	-
ACCUMULATED DEPRECIATION	622,228	45,410	1,272	-	666,366
NET VALUE	197,163	85,874	-	-	283,037

Increase of intangible assets' gross value in 2010 is mainly a result of the capitalised development cost connected to nanotechnology researches in amount of HUF 29,600 thousands, and the result of software and license fee purchases.

HUF 89 thousands were accounted as impairment loss in the current year.

3.2 Tangible assets

5. Table: Movement table of tangible assets

Description	January 1, 2010	Increase	Decrease	Reclassification	December 31, 2010
Land and buildings and rights to immovable	201,254	83,810	-	-	285,064
Plant and machinery, vehicles	5,907,585	215,119	68	-	6,122,636
Other equipment, fixtures and fittings, vehicles	1,006,990	139,119	18,288	-	1,127,821
Assets in course of construction	55,367	393,671	438,048	-	10,990
Payment on account	-	34,022	20,006	-	14,016
Adjusted value of tangible assets	-	-	-	-	-
GROSS VALUE	7,171,196	865,741	476,410	-	7,560,527
Land and buildings and rights to immovable	21,049	13,974	-	-	35,023
Plant and machinery, vehicles	3,942,810	487,976	68	-	4,430,718
Other equipment, fixtures and fittings, vehicles	793,025	76,091	16,981	-	852,135
Assets in course of construction	-	-	-	-	-
Payment on account	-	-	-	-	-
ACCUMULATED DEPRECIATION	4,756,884	578,041	17,049	-	5,317,876
NET VALUE	2,414,312	287,700	459,361	-	2,242,651

Gross value of fixed assets increased by 5.4%, while net value fell by HUF 171,661 thousands.

Increase of gross value derives mainly from enlargement of direct mailing assets and the modernisation of card personalising plant.

Impairment loss on scrapping was not occurred.

3.3 Financial assets

6. Table: Movement table of financial assets

Description	January 1, 2010	Increase	Decrease	December 31, 2010
Long-term participations in affiliated undertakings	602,003	1,941	-	603,944
Other long-term participations	-	-	-	-
Other long-term loans	7,644	10,401	4,219	13,826
GROSS VALUE	609,647	12,342	4,219	617,770
Long-term participations in affiliated undertakings	29,328	-	-	29,328
Other long-term participations	-	-	-	-
Other long-term loans	-	-	-	-
LOSS IN VALUE	29,328	-	-	29,328
NET VALUE	580,319	12,342	4,219	588,442

There was no change in the investments in 2010. Foreign exchange gain of the investments denominated in foreign currency is amounted to HUF 2 million.

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	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)	17,830	12,569	12,569
Tipo Direct S.r.l. (Romanian)	15,493	14,725	14,725
Direct Services O.o.d. (Bulgarian)	40,624	37,521	37,521
Technoprogress Kft	4,491	25,000	5,000
Állami Nyomda O.o.o (Russian)	69	84	84
Total:	574,616	615,336	357,849

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 2010 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.

3.4 Inventories

8. Table: Inventories

Description	December 31, 2009	December 31, 2010	Change	Change %
Raw materials and consumables	1,487,203	976,729	(510,474)	-34.32%
Work in progress, intermediate and semi-finished products	112,404	161,230	48,826	43.44%
Finished products	127,308	209,908	82,600	64.88%
Goods for resale	31,712	20,680	(11,032)	-34.79%
Advances and prepayments on inventories	-	51	51	-
Total:	1,758,627	1,368,598	(390,029)	-22.18%

9. Table: Loss in value for inventories

Description	December 31, 2009	Increase	Decrease	December 31, 2010
Raw materials and consumables	56,777	7,626	10,352	54,051
Finished products	6,161	8,722	6,161	8,722
Goods for resale	22,701	-	1,233	21,468
Total:	85,639	16,348	17,746	84,241

The impairment loss of inventories decreased by only HUF 2 million compared to the corresponding period of last year. Inventories totalled HUF 1,369 million, which is a HUF 390 million (22.18%) drop compared to the 31 December 2009 figure. The decrease of inventories is due to the higher raw material consumption of materials bought at the end of last year in connection with the changes in security document logistics. This effect was partly balanced by the growth of security products produced on stock.

As a reason for the stock-take of goods for resale HUF 10 thousands were posted as a positive difference.

3.5 Receivables

10. Table: Receivables

Description	December 31, 2009	December 31, 2010	Change	Change %
Receivables (trade debtors)	2,300,215	4,197,345	1,897,130	82.48%
- domestic debtors	1,953,255	3,864,475	1,911,220	97.85%
- foreign debtors	380,969	354,165	(26,804)	-7.04%
- write-off receivables	(34,009)	(21,295)	12,714	-37.38%
Receivables from affiliated undertakings	54,642	156,966	102,324	187.26%
- subsidiary with direct control	54,642	156,966	102,324	187.26%
- joint companies	-	-	-	-
Other receivables	288,278	201,902	(86,376)	-29.96%
Tax receivables	216,844	161,916	(54,928)	-25.33%
Receivables from employees	4,684	6,126	1,442	30.79%
Advances given to services	16,490	241	(16,249)	-98.54%
Money given for short term period	35,823	12,064	(23,759)	-66.32%
Debit balance creditors	7,935	7,338	(597)	-7.52%
Other	6,502	14,217	7,715	118.66%
Total:	2,643,135	4,556,213	1,913,078	72.38%

The main reason for the change is the increased net sales turnover, and the higher balance of trade receivables to the most important client of the Company.

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

11. Table: Loss in value for receivables

Description	December 31, 2009	Increase	Decrease	December 31, 2010
Loss in value for receivables	34,009	15,833	28,547	21,295

3.6 Securities

12. Table: Securities

Description	January 1, 2010	Increase	Decrease	December 31, 2010
Participations in affiliated undertakings	-	-	-	-
Own shares and own partnership shares	436,975	12,692	-	449,667
GROSS VALUE	436,975	12,692	-	449,667
Participations in affiliated undertakings	-	-	-	-
Own shares and own partnership shares	56,002	62,483	-	118,485
LOSS IN VALUE	56,002	62,483	-	118,485
Participations in affiliated undertakings	-	-	-	-
Own shares and own partnership shares	380,973	(49,791)	-	331,182
NET VALUE	380,973	(49,791)	-	331,182

State Printing House 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 62.5 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
January 1, 2010	420,500	41,209	436,975
Purchase on Budapest Stock Exchange	18,151	1,779	12,692
Sales on Budapest Stock Exchange	-	-	-
December 31, 2010	438,651	42,988	449,667

3.7 Prepayments and accrued income

14. Table: Prepayments and accrued income

Description	December 31, 2009	December 31, 2010	Change	Change %
Accrued income	41,179	21,080	(20,099)	-48.81%
- Interest	6,256	6,901	645	10.31%
- Sales revenue of the current period	34,923	866	(34,057)	-97.52%
- Other	-	13,313	13,313	-
Accrued costs, expenses	35,655	32,732	(2,923)	-8.20%
- Licence fee of software's	22,764	27,204	4,440	19.50%
- Fee related to photo processing	4,966	988	(3,978)	-80.10%
- Other	7,925	4,540	(3,385)	-42.71%
Deferred expenses	-	-	-	-
Total	76,834	53,812	(23,022)	-29.96%

The rise in prepayments and accrued income in the current year is caused by the accrued sales revenue.

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
Value as at December 31, 2009	1,449,876	250,686	1,262,049	1,189,597	915,736
Increase	-	-	1,177,275	329,377	637,740
- reclassifying last year's profit	-	-	915,736	-	-
- reversal of development reserve	-	-	-	300,000	-
- creating development reserve	-	-	211,748	-	-
- loss in value on purchase of treasury shares	-	-	49,791	-	-
- increase of tied-up reserve	-	-	-	-	-
- depreciation of foundation costs and research and development costs	-	-	-	24,877	-
- due to the 10% corporate tax rate in the first half of 2010	-	-	-	4,500	-
- current year profit	-	-	-	-	637,740
Decrease	-	-	329,377	261,539	915,736
- reclassifying last year's profit	-	-	-	-	915,736
- creating development reserve	-	-	300,000	-	-
- reversal of development reserve	-	-	-	211,748	-
- depreciation of foundation costs and research and development costs	-	-	24,877	-	-
- due to the 10% corporate tax rate in the first half of 2010	-	-	4,500	-	-
- loss in value on purchase of treasury shares	-	-	-	49,791	-
Value as at December 31, 2010	1,449,876	250,686	2,109,947	1,257,435	637,740

16. Table: Changes in tied-up reserve

Description	December 31, 2009	December 31, 2010	Change	Change %
Net value of capitalized start-up and restructuring costs	886	177	(709)	-80.0%
Net capitalized value of research and development	57,045	82,631	25,586	44.9%
Repurchased treasury shares	380,973	331,182	(49,791)	-13.1%
Development reserve	750,693	838,945	88,252	11.8%
Due to the 10% corporate tax rate in the first half of 2010	-	4,500	4,500	-
Total tied-up reserve:	1,189,597	1,257,435	67,838	5.7%

Due to the increase in the value of research and development and the accounted depreciation, HUF 26 million reserve was tied-up. The Company took the opportunity ensured by the corporate tax law and made HUF 300 million development reserve in the current year.

Amounts equal to the increase of purchased treasury shares and write-off accounted in the current year were reversed from restricted reserve, which decreased by HUF 50 million compared to December 31, 2009.

Our company applied the reduced 10% tax rate for the first of half of 2010, when calculating corporate tax expense, so HUF 4.5 million was created as restricted reserve.

3.9 Provisions

17. Table: Provisions

Description	December 31, 2009	December 31, 2010	Change
Provisions for expected liabilities	3,454	3,855	401
- Other provisions for expected liabilities	3,454	3,855	401
Provisions for future expenses	-	-	-
Other provisions	-	-	-
Total:	3,454	3,855	401

Provision is raised on the not redeemed "loyalty points" in connection with the "Lojalitás" client project.

3.10 Subordinated liabilities

The Company has no subordinated liabilities.

3.11 Long term liabilities

18. Table: Long term liabilities

Description	Value
	In HUF thousands
Long term liabilities as at December 31, 2009	127,449
Redemption of leasing liabilities	(62,226)
Long term liabilities as at December 31, 2010	65,223

The Company modernized its card personalization 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 127 million leasing liabilities at the end of 2010. The long term part of leasing liabilities was reclassified.

3.12 Short term liabilities

19. Table: Short term liabilities

Description	December 31, 2009	December 31, 2010	Change	Change %
Short-term loans	-	-	-	-
Other short-term credits	918,217	886,871	(31,346)	-3.41%
Advances received from customers	13,325	17,512	4,187	31.42%
Accounts payable (trade creditors)	1,174,103	1,751,432	577,329	49.17%
- domestic creditors	1,030,767	1,379,003	348,236	33.78%
- foreign creditors	143,336	372,429	229,093	159.83%
Short-term liabilities to affiliated undertakings	409,164	445,236	36,072	8.82%
- Subsidiary with direct control	-	-	-	-
- Subsidiary with majority control	409,164	445,236	36,072	8.82%
- Joint companies	-	-	-	-
Short-term liabilities to independent undertakings	-	-	-	-
Other short-term liabilities	334,277	800,044	465,767	139.34%
- tax liability	150,876	156,280	5,404	3.58%
- liability against employees	47,117	51,304	4,187	8.89%
- other receivables reclassified	572	7,176	6,604	1154.55%
- short term part of leasing liability	98,960	62,227	(36,733)	-37.12%
- dividend approved	-	517,813	517,813	-
- other liabilities	36,752	5,244	(31,508)	-85.73%
Total:	2,849,086	3,901,095	1,052,009	36.92%

According to the agreements with account holder banks, the Company from HUF 3,000 million credit limit has called down HUF 887 million account loan from tied loan frame.

Accounts payable totalled HUF 1,751 million, a rise of 49% compared to the end of 2009. The liability rose due to the increase in material and subcontractor turnover.

Other short term liabilities increased by HUF 466 million due to the dividend approved in value of HUF 518 million and due to the decrease in lease liabilities of HUF 37 million.

3.13 Accruals and deferred income

20. Table: Accruals and deferred income

Description	December 31, 2009	December 31, 2010	Change	Change %
Deferred income	1,016	-	(1,016)	-100.00%
- deferred income	515	-	(515)	-100.00%
- OCR identifying system	501	-	(501)	-100.00%
Deferred costs, expenses	49,455	295,852	246,397	498.22%
- Bonus and its contributions	-	229,446	229,446	-
- Bank interests	3,450	12,934	9,484	274.90%
- Trade creditors' invoices	46,005	53,472	7,467	16.23%
Accrued income	72,995	41,814	(31,181)	-42.72%
- EU subsidy	44,970	22,021	(22,949)	-51.03%
- R&D subsidy	16,763	14,278	(2,485)	-14.82%
- VAT of machinery from EU subsidy	11,262	5,515	(5,747)	-51.03%
Total:	123,466	337,666	214,200	173.49%

The Company purchased equipments to improve chip card production operation in amount of HUF 507 million in 2005, to which HUF 150 million of non-reimbursable EU subsidy has been won, which was immediately accrued in line with the relevant standards. The Value Added Tax of the investment financed by state subsidy was reclaimed in 2009. The Company won HUF 67 million research and development subsidy in 2009, out of which 80% was called down by the end of the current period. The accruals will be released in the ratio of depreciation charged. The release of accrued income is in proportion with the depreciation.

The Company has fulfilled all its obligations connected to the subsidy in 2010.

4 Explanations to the profit or loss statement

4.1 Ordinary revenues

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

Description	Value in HUF millions 2010
Security forms and solutions	6,579
Card production and personalization	3,548
Business and administrative forms, personalization, data processing	2,822
Traditional printing products	56
Other	500
Total:	13,505

22. Table: Sales revenue from related parties

Description	FY 2009	FY 2010	Change	Change %
Related party				
Gyomai Kner Nyomda Zrt	36,942	19,080	(17,862)	-48.35%
Specimen Zrt.	23,318	17,189	(6,129)	-26.28%
Tipo Direct S.R.L.	78,218	42,831	(35,387)	-45.24%
Slovak Direct S.R.O.	68,983	37,719	(31,264)	-45.32%
Technoprogress Kft	1,196	32,205	31,009	2592.73%
Direct Services O.O.D.	36,330	194,016	157,686	434.04%
Total:	244,987	343,040	98,053	40.02%

The Company increased its sales revenue to the related parties by 40%. Other significant financial or extraordinary revenue was not posted against these companies.

Costs and expenses against related parties amounted to HUF 292 million altogether.

23. Table: Sales of different regional markets

Description	Value in HUF thousands 2010
Domestic sales	12,270,351
Sales within the EU	1,139,684
Romania	656,122
Bulgaria	210,808
Czech Republic	137,078
Slovakia	37,905
Poland	30,314
Ireland	28,917
Belgium	17,052
Germany	14,303
Austria	6,424
Italy	761
Export outside the EU	95,367
Israel	74,582
Jersey-Islands	11,066
West-Africa	2,895
Serbia	2,379
Switzerland	1,582
Moldavia	983
United Arab Emirates	903
Other	977
Total:	13,505,402

24. Table: Other income

Description	FY 2009	FY 2010	Change	Change %
Other income:				
- reversed loss in value - inventories	12,731	17,756	5,025	39.47%
- reversed loss in value - trade receivables	24,017	28,547	4,530	18.86%
- revenue from sales of fixed assets	1,672	2,144	472	28.23%
- income from settlement of damages	4,371	6,206	1,835	41.98%
- subsidies received for operating purposes	1,073	-	(1,073)	-100.00%
- default interest received	17,158	1,273	(15,885)	-92.58%
- subsidy received	9,235	39,937	30,702	332.45%
- VAT reimbursement of machinery from EU subsidy	26,304	5,748	(20,556)	-78.15%
- rebate received	1,606	7,310	5,704	355.17%
- other not classified	10,485	4,986	(5,499)	-52.45%
Total:	108,652	113,907	5,255	4.84%

Due to favourable change in governing laws, the HUF 38 million VAT connected to the subsidized development of chip card production operation in 2005 was reclaimed in 2009. The received HUF 11 million default interest and the proportionally released part of VAT was stated as other sales revenue.

The Company won HUF 67 million research and development subsidy in 2009, out of which 80% was called down by the end of the current period. That part of the subsidy which was received to offset costs was stated as other sales revenue.

4.2 Ordinary costs

25. Table: Other expenditures

Description	FY 2009	FY 2010	Change	Change %
Other expenditures:				
- local operational tax	133,218	131,569	(1,649)	-1.24%
- book value of assets sold	-	1,307	1,307	-
- inventory scrap, loss in value, stock-take loss	27,580	51,206	23,626	85.66%
- write-off receivables	13,494	15,833	2,339	17.33%
- taxes (without local operational tax)	4,182	10,037	5,855	140.00%
- late payment interest	7,047	2,875	(4,172)	-59.20%
- write-off bad debts	6,162	14,952	8,790	142.65%
- provision	-	401	401	-
- impairment loss	-	89	89	-
- other	4,556	1,561	(2,995)	-65.74%
Total:	196,239	229,830	33,591	17.12%

Other expenditures increased by HUF 34 million, mainly due to the higher write off on inventories. Write off charged on receivables increased in the current period.

4.3 Extraordinary profit

26. Table: Extraordinary profit

Description	FY 2009	FY 2010	Change	Change %
Extraordinary income:				
- subsidy for development	23,576	25,434	1,858	7.88%
- acquiring assets for no refund	618	501	(117)	-18.93%
Total:	24,194	25,935	1,741	7.20%
Extraordinary expenditure:				
- net book value of contribution in kind	-	-	-	-
- donation given	7,474	16,286	8,812	117.90%
- remitted receivables	-	-	-	-
- transmitting assets for no refund	-	15,275	15,275	-
- other	96	-	(96)	-100.00%
Total:	7,570	31,561	23,991	316.92%
Extraordinary profit or (loss)	16,624	(5,626)	(22,250)	-133.84%

The accrued income of EU subsidy (for development purposes) is reversed in proportion of the depreciation charged on the assets as extraordinary revenue. The amount of it was HUF 25.4 million thousands in 2010.

4.4 Corporate income tax

27. Table: Corporate tax base modifying items

Description	FY 2009	FY 2010
Profit before tax:	1,018,679	671,907
depreciation according to accounting law	606,473	623,362
write-off receivables, prior year decreasing	13,493	15,832
Remission of debts	-	15,275
accounting depreciation of assets derecognized	-	1,307
business representation	-	11,932
other	11,020	5,225
Tax base increasing items total:	630,986	672,933
depreciation according to tax law	377,838	355,740
creation of development reserve	500,000	300,000
dividend received	109,932	305,645
Taxes paid to local municipality	134,060	-
subsidies received without repayment obligation	23,576	22,949
write-off receivables, decrease according to accounting law	24,017	28,547
current year costs of research and development	37,338	26,945
other	12,595	10,634
Tax base decreasing items total:	1,219,356	1,050,460
Tax base:	430,309	294,380
- calculated tax	68,849	38,076
- correction related to previous years	(118)	(3,909)
- solidarity tax	34,212	-
Profit after tax:	915,736	637,740
Dividend paid from accumulated profit reserve	-	-
Approved dividend	-	517,813
Profit or (loss) for the year:	915,736	119,927

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 in 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 HUF 28,547 thousands in the current year and HUF 29,600 thousands were stated as activated value of research and development.

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, 2013. The environmental certificate covers the following fields: printed products, security products, documents, development, production and personalization of plastic and bankcards, chip embedding and encoding at smart cards, 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 2010, 32,408 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 2009	FY 2010
Physical employees	413	404
Intellectual employees	140	145
Total number of employees:	553	549

29. Table: Payroll costs

Description	FY 2009	FY 2010
Wages and salaries of physical employees	875,201	994,709
Wages and salaries of non-physical employees	653,327	952,743
Other wages and salaries	190,850	152,486
Total salaries and wages	1,719,378	2,099,938

30. Table: Other personal type expenditures, contributions

Description	FY 2009	FY 2010
- motivational	103,437	59,151
- social	39,090	28,252
- cost reimbursement	77,950	163,825
- other	59,852	43,978
Total other personal type expenditures	280,329	295,206
Social security contributions	514,568	558,952
Other contributions	-	-
- employer's contribution	43,679	21,498
- rehabilitation contribution	2,108	32,322
- vocational contribution	21,816	17,848
- START (Entrants') contribution	1,791	1,357
Total contributions:	583,962	631,977

31. Table: Fees paid related to managing the Company

Description	FY 2009	FY 2010
Fees paid to the Members of the Board of Directors	14,439	9,256
Fees paid to the Members of Supervisory Board	9,912	7,434

The audit fee paid for the audit of the 2010 financial statements amounted to HUF 7,875 thousands while the auditing fee of the consolidation of our Romania subsidiary was EURO 5,000.

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 2010 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	438,651	14,355,999	1	14,355,999
Total	14,794,650	438,651	14,355,999	-	14,355,999

5.6 Out of balance sheet items

34. Table: Out of balance sheet items

Description		Value
GVOP	HUF	180,000,000
Concorde Értékpapír Rt	HUF	150,000,000
Magyar Posta Zrt	HUF	3,000,000
OEP	HUF	19,662,000
Magyar Posta Zrt	HUF	1,880,753
Educatio Társadalmi Szolg.Nonprofit Kft	HUF	20,000,000
KFKI Rendszerintegrációs Zrt	EUR	1,893,925
OEP	HUF	1,000,000
Fővárosi Állat és Növénykert	HUF	500,000
C.N. Imprimeria Nationala S.A.	HUF	98,754
Magyar Posta Zrt	EUR	9,000,000
Národná dialnicná spoločnosť a.s.	EUR	30,000
Statistický úrad Slovenskej	EUR	18,000
Compania Nationala "Imprimeria Nationala" - S.A.	EUR	37,840
DBR Holding S.A	EUR	1,527,900
C.N. Imprimeria Nationala S.A.	HUF	195,980
Guarantee in HUF	HUF	386,936,678
Guarantee in EUR	EUR	1,908,474
Other guarantees (6 person)	HUF	64,000,000

The bank guarantee of HUF 180 million to GVOP is connected to the subsidy of HUF 150 million with no repayment obligation. The bank guarantee of Concorde Értékpapír Rt in value of 150 million occurred due to the stock exchange listing, which bank guarantee was withdrawn on 7th January 2011. Bank guarantee issued for DBR Holding SA in value of EUR 1,527,900 was matured and eliminated on 11th January 2011.

5.7 Cash-flow

35. Table: Cash-flow

	In HUF thousands	FY 2009	FY 2010	Change %
	Profit before tax	1,018,679	671,907	-34.0%
	- Dividend	(109,932)	(305,645)	-178.0%
	- Acquiring / transmitting assets with no refund	6,856	(501)	-107.3%
	- Other income of development reserve	(23,576)	(25,434)	-7.9%
	- Exchange rate difference		(1,941)	-
1.	Adjusted profit before tax	892,027	338,386	-62.1%
2.	Accounted depreciation	606,473	623,362	2.8%
3.	Accounted loss in value	60,367	51,255	-15.1%
4.	Difference between formation and utilization of provisions	(1,073)	401	137.4%
5.	Fixed assets sold	(1,672)	(837)	49.9%
6.	Variation in accounts payable (trade creditors)	341,698	577,329	69.0%
7.	Variation in other short-term liabilities	(831,739)	(25,053)	97.0%
8.	Variation in accrued and deferred liabilities	(187,305)	239,634	227.9%
9.	Variation in trade debtors	(1,243,392)	(1,884,416)	-51.6%
10.	Variation in current assets (w/o trade debtors and liquid	(1,176,101)	372,683	131.7%
11.	Variation in accrued and deferred assets	(25,506)	23,022	190.3%
12.	Tax paid or payable (on profit)	(102,943)	(34,167)	66.8%
13.	Dividends, shares paid or payable	-	-	-
I.	OPERATION CASH-FLOW:	(1,669,166)	281,599	116.9%
14.	Purchase of fixed assets	(696,700)	(538,469)	22.7%
15.	Sale of fixed assets	1,672	2,144	28.2%
16.	Dividend received	101,419	305,645	201.4%
II.	INVESTMENT CASH-FLOW:	(593,610)	(230,680)	61.1%
17.	Receipts from shares issue (capital influx)	-	-	-
18.	Receipts from the issue of bonds and securities signifying	-	-	-
19.	Loans and credits taken	918,217	50,000	-94.6%
20.	Repayment, termination or redemption of long-term loans	2,819	4,219	49.7%
21.	Non-repayable assets received	-	-	-
22.	Purchase of treasury shares	-	(12,692)	-
23.	Redeemed bonds and securities signifying a creditor	-	-	-
24.	Loan instalment payments	-	(31,346)	-
25.	Long-term loans and bank deposits	(6,573)	(10,401)	-58.2%
26.	Non-repayable assets transferred	(7,473)	-	100.0%
27.	Variation in liabilities due to founders and in other long-	-	-	-
28.	Cash paid for leasing liability	(101,903)	(98,960)	2.9%
III.	FINANCIAL CASH-FLOW:	805,087	(99,180)	-112.3%
IV.	VARIATION OF FINANCIAL ASSETS:	(1,457,689)	(48,261)	96.7%
	Cash and equivalents at the beginning of the period	1,577,725	120,036	-92.4%
	Cash and equivalents at the end of the period	120,036	71,775	-40.2%

5.8 Financial indices

36. Table: Liquidity, financial and other efficiency indices

Description		FY 2009	FY 2010	Change %
A	Current assets	4,902,771	6,327,768	29.07%
B	Inventories	1,758,627	1,368,598	-22.18%
C	Trade receivables	2,300,215	4,197,345	82.48%
D	Cash and equivalents	120,036	71,775	-40.21%
E	Equity	5,067,944	5,187,871	2.37%
F	Short term liabilities	2,849,086	3,901,095	36.92%
G	Trade creditors	1,174,103	1,751,432	49.17%
H	Total equity and liabilities	8,171,399	9,495,710	16.21%
I	Net sales	10,739,352	13,505,402	25.76%
J	Material type expenditures	6,532,498	9,414,614	44.12%
K	Operating (trading) profit	991,205	494,595	-50.10%
L	Average statistical number of employees	553	549	-0.72%
Liquidity indices:				
Short term liquidity I.: (A / F)		1.72	1.62	-5.81%
Short term liquidity II.: ((A – B) / F)		1.10	1.27	15.45%
Quick ratio: (D / F)		0.04	0.02	-50.00%
Dynamic liquidity: (K / F)		0.35	0.13	-62.86%
Financial indices:				
Debtors day: ((C _{Current} + C _{Prior}) / 2 * (365 / I))		57	88	54.39%
Creditors day: ((G _{Current} + G _{Prior}) / 2 * (365 / J))		56	57	1.79%
Other efficiency indices:				
Return on net sales: (K / I)		9.23%	3.66%	-60.35%
Return on equity (K / E)		19.56%	8.67%	-55.67%
Net sales headcount ratio (in HUF '000/person): (I / L)		19,420	24,600	26.67%



Budapest, 19th April 2011

.....
Chief Executive Officer

State Printing House Plc.

Business report

for the year ended December 31, 2010

Analysis of the FY 2010 achievement of the Company

Net sales of State Printing House Plc. were HUF 13,505 million in 2010, of which export sales were HUF 1,235 million. Operating profit was HUF 495 million, which is HUF 497 million (50.1%) lower than the corresponding 2009 figure. Profit before tax was HUF 672 million, EBITDA amounted to HUF 1,118 million. Profit after tax including financial activities, extraordinary profit and taxation was HUF 638 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 2009 in HUF millions	FY 2010 in HUF millions	Change in HUF millions	Change %
Security products and solutions	4,900	6,579	1,679	34.27%
Card production and personalization	2,890	3,548	658	22.77%
Form production and personalization, data processing	2,198	2,822	624	28.39%
Traditional printing products	190	56	(134)	-70.53%
Other	561	500	(61)	-10.87%
Total net sales	10,739	13,505	2,766	25.76%

State Printing House Plc had consolidated net sales of HUF 13,505 million in 2010, a increase of 25.8% (HUF 2,766 million) compared to prior year figure.

Sales of security products and solutions came to HUF 6,579 million in 2010 which means a year-on-year fall of HUF 1,679 million (34.3%). The reason for this increase was mainly due to the increase of sales revenue in card based, impersonalised security documents (e.g. paper based security documents, passports) and in security stamps, stickers and mail vouchers. This effect was partly compensated by the decreased sales level of tax stamps compared to the basis.

The Company's revenues from card production and personalization totalled HUF 3,548 million in 2010, a HUF 658 million (22.8%) increase compared to the previous year. The year-on-year rise was mainly the result of the well-balanced sales in card based, impersonalised security documents due to the changes in document logistics last year.

The Company's revenues from form production, personalization and data processing came to HUF 2,822 million in 2010, a HUF 624 million (28.4%) rise compared to 2009. The increase 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 parliamentary and municipality elections in 2010.

Sales of traditional printing products amounted to HUF 56 million in 2010, HUF 134 million lower than a year earlier.

Other sales totalled HUF 500 million in 2010, which increased by HUF 61 million (10.9%) year-on-year. This segment mainly comprises revenues from the sale of commercial materials and goods.

Operating income came to HUF 495 million, a fall of HUF 497 million (50.1%) compared to the previous year.

Gross profit totalled HUF 3,378 million, which means a 25.0% gross margin. General (SG&A) expenses amounted to HUF 2,768 million in 2010, which equals 20.5% of net sales. Material expenses increased by 44.1% (HUF 2,881 million) last year, mainly caused by the increase in net sales and the increased turnover of products with higher material proportion.

Personnel expenses totalled HUF 3,027 million, which means a 17.2% (HUF 443 million) decline compared to the previous year mainly due to the overtime prescribed during the production of the parliamentary election forms in spring and the local government election forms in autumn in order to fulfil the deadline which was two-week less, than it is stipulated by the law, as well as to the pay raise implemented as of January 1, 2010 and to the accrued bonuses for the fulfilment of the budgeted yearly plans.

Headcount of full time employees in State Printing House Plc. was 549 people at the end of 2010, while it amounted to 553 persons at the end of 2009, which means a 4 person (0.7%) decrease compared to the previous year.

EBITDA amounted to HUF 1,118 million due to decrease of operating profit and to the increase in profit from financial operations, which means an decrease of HUF 479 million (30.0%). So EBITDA margin amounts to 8.3%.

Income from financial activities amounted to HUF 183 million which increase the previous year by HUF 172 million.

Corporate tax came to HUF 34 million in 2010, a year-on-year fall of HUF 69 million due to the decrease in profit and to the change in corporate tax rate.

Profit after tax was HUF 638 million, which means a drop of HUF 278 million (30.4%) compared to 2009.

Balance sheet analysis

The Company had total assets of HUF 9,496 million at the end of 2010, which means an increase of 16.2% (HUF 1,324 million) compared to a year ago. The reason for this increase was the rise in current assets especially the HUF 390 million drop in inventories and the HUF 1,913 million rise of receivables and the HUF 48 million decrease of cash and bank.

Non-current assets totalled HUF 3,114 million at the end of 2010, which is lower than the prior year figure by HUF 78 million (2.4%). The change was mainly caused by the HUF 117 million decrease of tangibles and the HUF 86 million rise of intangibles due to expanding research and development activities and various information developments.

Current assets amounted to 6,328 million at the end of December 2010, an increase of HUF 1,425 million (29.1%) compared to the corresponding period of last year. The change is the result of the HUF 1,913 million rise of receivables, HUF 390 million rise of inventories and decrease of HUF 48 million cash and bank.

Shareholder's equity was HUF 5,188 million, it changed by the net income of the current year (HUF 120 million).

Long term liabilities came to HUF 65 million, a decrease of HUF 62 million thanks to the redeeming of the due-after-one-year leasing instalments.

Short term liabilities amounted to HUF 3,901 million which means a rise of HUF 1,052 million due to the higher balance of trade creditors caused by the increased net sales turnover and due to the dividend approved.

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.

The Company's employment policy

State Printing House 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. State Printing House 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 low balance of 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 HUF 887 million overdraft at the end of 2010.

Starting from the loan volume at the end of the year, a 1 percentage point loan interest rise concerning our loans would mean HUF 8,869 thousands extra interest cost in 2010. (This number was HUF 9,182 thousands for the 2009 year.)

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.

Supplementary information to the Business report of State Printing House Plc.

Off balance sheet date events

State Printing House signed a quota sales contract for the purchase of 50-percent quota in S.C. GPV Mail Services S.R.L. on July 30, 2010. Following the approval of the Romanian Competition Office, the State Printing House's acquisition of property was registered by the Romanian Registration Court on January 20, 2011.

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, 2013. The environmental certificate covers the following fields: printed products, security forms, documents, development, production and personalization of plastic and bankcards. Development and production of document security materials. IT processing and posting of forms. Intelligent card chip implantation and encoding and electronic archiving, data processing, database management, storing of documents for fee. Dangerous waste is continuously eliminated after leaving the company sites. In 2010, 32,408 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 28,547 thousands. Furthermore, HUF 29,600 thousands was stated as activated value of research and development.

Premises of the Company:

Registered seat: H-1102 Budapest, Halom utca. 5.
Premises: H-1108 Budapest, Fátyolka utca 1-3.
H-3060 Pásztó, Fő utca 141.

Treasury shares in the year 2010:

Table 2: Repurchased treasury shares

Description	Number of shares	Nominal value (HUF thousands)	Purchase value (HUF thousands)
Opening balance January 1, 2010	420,500	41,209	436,975
Closing balance December 31, 2010	438,681	42,988	449,667

The Company accounted HUF 62,483 thousand depreciation after treasury shares due to lasting drop of share price.

The Company's share capital amounted to HUF 1,449,876 thousands on 31 December 2010 which consisted of 14,794,650 pieces of registered, dematerialized ordinary shares Series 'A' with a nominal value of HUF 98 each.

Competence, election and removal of corporate officers

Statutes of Állami Nyomda Nyrt approved on 19th April 2011 by the General Meeting point 10.10 prescribes the competence of the General Meeting, of which point 'd' regulates the election (simple majority of the votes of the shareholders present) and the removal (three-quarters of the votes of the shareholders present) of the corporate officers (Members of the Board of Directors, Members of the Supervisory Board or Members of the Audit Committee).

Competence and operation is regulated in point 12 of the Statutes for the Board of Directors is, while point 14 for the Supervisory Board and point 15 for the Audit Committee.

Purchase of treasury shares is regulated by point 9.3 of Statutes, according to which General Meeting authorises the Board of Directors for purchasing treasury shares of the Company by simple majority of the votes of the shareholders present. The Board of Directors authorises the management for purchasing treasury shares of the Company by simple majority of the votes of the Board members present. The regulation effective at present in connection with purchasing treasury shares is the General Meeting Resolution No 13/2011 (19th April).

Statutes effective of the Állami Nyomda Nyrt can be found on the website of the Company under the link of Investors. (<http://www.allaminyomda.hu/en/page/investors>)

Modification of the Statutes

Statutes of Állami Nyomda Nyrt approved on 19th April 2011 by the General Meeting point 10.10 prescribes the competence of the General Meeting, of which point 'a' regulates the modification of the Statutes, which is connected to three-quarters of the votes of the shareholders present.

Statutes effective of the Állami Nyomda Nyrt can be found on the website of the Company under the link of Investors. (<http://www.allaminyomda.hu/en/page/investors>)

Structure of shareholders over 5% share

Name	Voting right (%)	Ownership interest (%)
<i>Shareholders over 5% share</i>		
EG Capital SA	25.87%	25.11%
Aegon Közép-Európai Részvény Befektetési Alap	9.14%	8.87%
Aegon Mo. MPT Aegon Vagyonkezelés	8.51%	8.26%
Genesis Emerging Markets Opportunities Fund Limited	6.72%	6.52%
<i>Other shareholders below 5% share</i>		
Domestic institutions	22.01%	21.35%
Foreign institutions	0.81%	0.79%
Domestic private individuals	9.85%	9.55%
Employees, senior officers	0.08%	0.08%
Employees, managing officials	7.81%	7.58%
Own shares	0.00%	2.96%
other	9.20%	8.93%



Budapest, 19th April 2011

.....
Chief Executive Officer