# Annual Report | 2013

Security ANYtime & ANYwhere

ANY BIZTONSÁGI NYOMDA
SECURITY PRINTING COMPANY
FORMER STATE PRINTING COMPANY

# Chairman's Summary

As we look back on 2013, it was a successful year. Our financial results showed increading trends despite the current economic climate. Moreover, we have also continued our R+D activity. In 2013 we were able to show our Partners that our new products are not only innovative, but they can be used more securely and more comfortably as well. Through focusing on secure personalisation on paper, plastic and mobile and our experiences based on our excellent references, we make every effort to enhance the efficiency of our production. We realise that we cannot only rely on our current performance, but we have to develop more and better products in order to remain a leading company in Hungary and in the region.

ANY Security Printing Company is proud of its origin, its current performance and we are looking forward to a great future.

Dr. Ákos Erdős
Chairman of the Board of Directors

ANY Security Printing Company PLC
(former State Printing Company)

# The increase
## was supported by technological investments

ANY has spent HUF 11 billion on investment in the last 10 years

ANY Security Printing Company has doubled its sales in a decade

Sales
(million HUF)

**1993**
Development of securities printing
670

**1995**
Establishment of Document Security Laboratory
2,914

**2000**
Launch of production and personalisation of card based documents
8,569

**2005**
Increase in form personalisation capacity in Romania and Bulgaria
11,557

**2010**
Mobile technology development
17,129

**2013**
Introduction of TSM service
18,021

# Stable operation | 2013

In 2013 not only did our name change but our market and economic regulators changed as well. We have to meet challenges like maintenance of market share and the financing of innovative developments that support further growth. We must pay attention to cost and respond to customer needs as well.

**Net sales of HUF 18 billion**

**+ 1.2 billion HUF, +7%**
- stable domestic operation
- export sales exceeded HUF 5.5 billion (+27.5%)
- 30% export ratio

**Net profit of HUF 712 million**

**+ 167 million HUF, +31%**
- EBITDA of HUF 1630 million, 9% margin
- HUF 1.6 billion cash at the end of the year

**HUF 50 EPS**

**+12 HUF, +32%**

HUF 57 dividend after sharing treasury shares

# Strategic products

## Sales ratio by product segments | 2013

**Security products, solutions** — 35%

- Paper-based documents
- Excise and tax stamps
- Security printers
- Security inks, additives

**Card production, personalisation** — 23%

- Document cards
- Bank cards
- Loyalty cards

**Form production, personalisation** — 33%

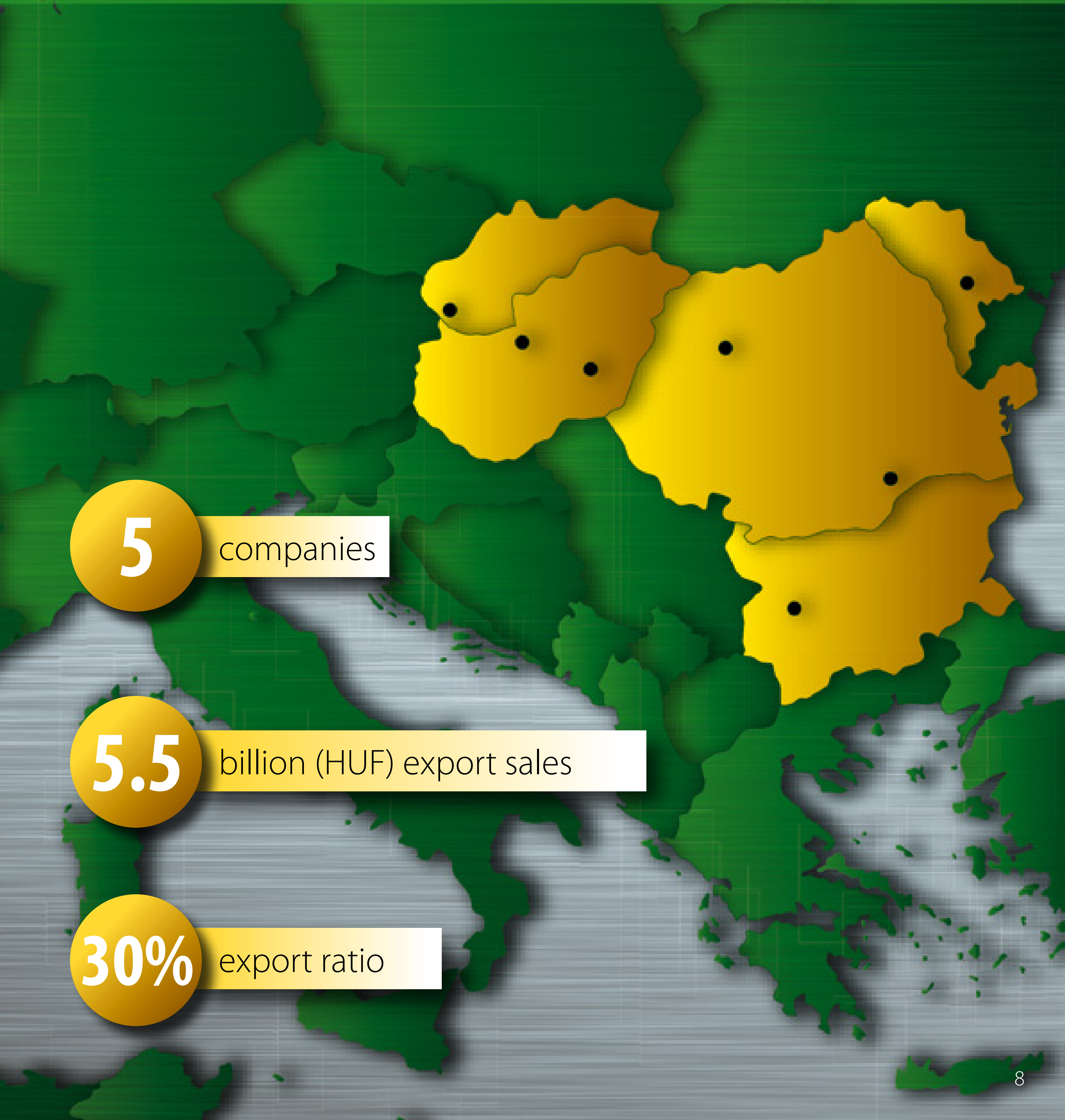
- Transactional mailing
- Business forms
- Lottery forms
- Election forms


# Competitive advantage is ensured by IT developments

After nearly two years of preparation, the Printing Company successfully launched its TSM service that enables us to participate in one of the most innovative projects in Hungary – the testing of the Hungarian Mobile Wallet. The pilot is coordinated by the Hungarian Mobile Wallet Association and it involves all three Hungarian mobile network operators – Hungarian Telekom, Vodafone Hungary and Telenor Hungary –, OTP Bank, payments and technology company, MasterCard and the SuperShop loyalty programme. During the test period data are handled securely by the system of ANY Security Printing Company PLC as a Trusted Service Manager (TSM).

The Company's portfolio includes numerous products, such as luncheon vouchers, postal payment orders and bank cards assisting in making everyday payments securely. The Printing Company plans not only to produce simple paper-, card- and mobile-based products for payment methods in the future, but also, to offer innovative solutions in order to make payment procedures more comfortable and secure. Its organisational conditions have improved dramatically through the foundation of ANYpay Payment Solutions Private Company Limited by Shares
in 2013.

# Successful strategy abroad



**5** companies

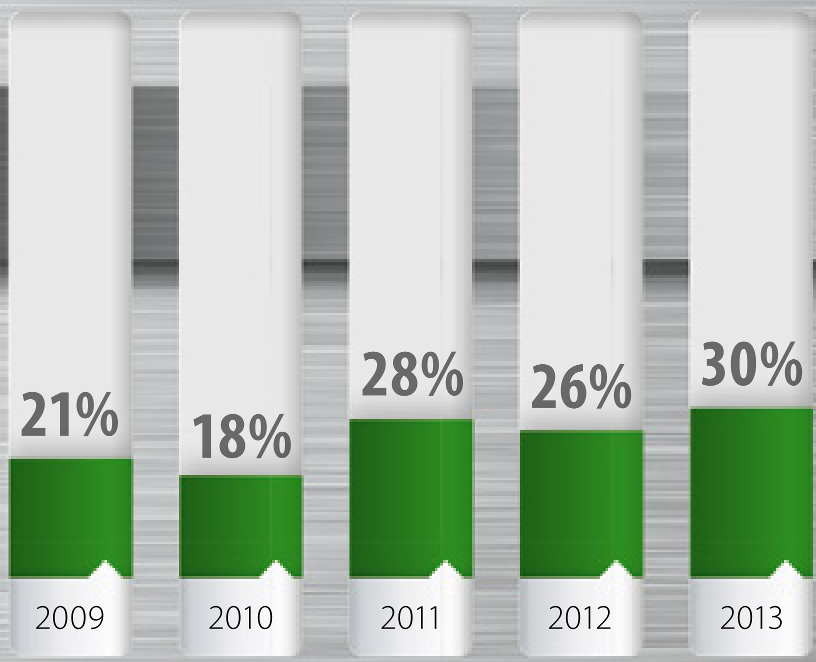
**5.5** billion (HUF) export sales

**30%** export ratio

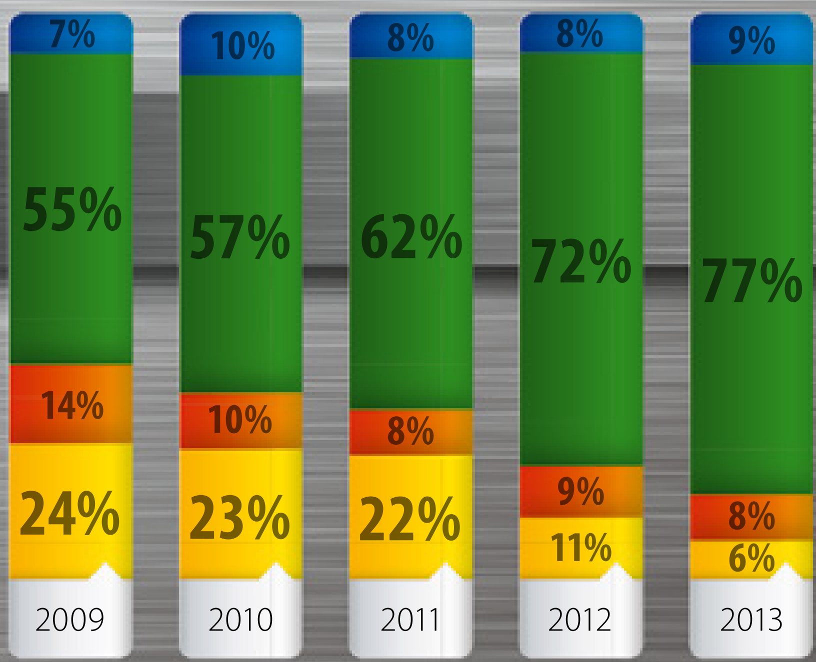
# Export

## growing printed forms printing and local personalisation

Export ratio




Product segments rate




- Traditional printing and other products
- Printed forms printing
- Card production
- Security solutions

# Positive outlook

**Stable** cash flow

Chances are in favour of us in 2014 as well. Our developments will be continued and the export grows. Production of election forms for parliamentary, European Parliamentary elections and election of local municipal government representatives is a priority project and a prestigious reference for the Company.

**Trustworthy** dividend

**Increasing** export

identity
form
card
mobile
payment

**Excellent** references

# Management

## Board of Directors of ANY Security Printing Company PLC

| | |
|---|---|
| Dr. Ákos Erdős | chairman |
| György Gyergyák | vice-chairman |
| Tamás Doffek | till 31st May, 2014 |
| Tamás Erdős | from 31st May, 2014 |
| Péter Kadocsa | |
| Dr. György Karády | till 31st May, 2014 |
| Erwin Fidelis Reisch | from 31st May, 2014 |
| Gábor Zsámboki | |

## Supervisory Board of ANY Security Printing Company PLC

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

## Management

| | |
|---|---|
| Gábor Zsámboki | chief executive officer |
| László Balla | chief sales officer |
| Ferenc Berkesi | chief security officer |
| Gábor Péter | chief information officer |
| Dr. Lajos Székelyhídi | chief research and development officer |
| Zoltán Tóth | chief technical and production officer |

| | |
|---|---|
| András Huszár | logistics director |
| Dr. Mihály Iszály | director |
| Kristóf Kalauz | plant director, Security Printing Product Centre |
| Tamás Karakó | finance director |
| Róbert Keczeli | international tender director |
| Attila Kis-Fleischmann | marketing director |
| Dr. Ádám Szobota | coordination and administration director |
| János Veres | director, innovation and business development |

# Main financial data and indicators (IFRS consolidated)

| Name (in HUF millions) | FY 2012 | FY 2013 |
|---|---|---|
| **Financial situation** | | |
| Non-current assets | 3,526 | 3,318 |
| Total assets | 9,495 | 9,872 |
| Shareholder's equity | 6,298 | 6,427 |
| **Main categories of results** | | |
| Net sales | 16,781 | 18,021 |
| EBITDA | 1,453 | 1,630 |
| Profit after tax | 660 | 810 |
| **Main indicators** | | |
| Return on sales (ROS) % | 3.2% | 4.0% |
| Return on equity (ROE) % | 8.6% | 11.1% |
| Earning per share (EPS) HUF | 38 | 50 |

# Sales of product groups

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

| Sales segments (in HUF millions) | FY 2012 | FY 2013 | Change | Change (%) |
|---|---|---|---|---|
| Security products and solutions | 6,478 | 6,350 | (128) | –1.98% |
| Card production and personalization | 4,067 | 4,234 | 167 | 4.11% |
| Form production and personalization, data processing | 5,015 | 5,998 | 983 | 19.60% |
| Traditional printing products | 824 | 976 | 152 | 18.45% |
| Other | 397 | 463 | 66 | 16.62% |
| **Total net sales** | **16,781** | **18,021** | **1,240** | **7.39%** |

ANY PLC had consolidated net sales of HUF 18,021 million in Q1-Q4 2013, which is HUF 1,240 million higher than the sales for the base period.

Sales of **security products and solutions** came to HUF 6,350 million in Q1-Q4 2013 which means a decrease of HUF 128 million (2%) compared to the base period. The significant fall in sales of excise and tax stamps was partly compensated by increasing sales of paper documents (passports).

The Company's revenues from **card production and personalisation** totalled HUF 4,234 million in the period of reference, a HUF 167 million (4%) increase compared to year 2012. The growth of the segment was caused by growth in export card products and the higher turnover of document card production and personalisation.

The Company's revenues from **form production, personalisation and data processing** came to HUF 5,998 million in Q1-Q4 2013, a HUF 983 million (20%) higher than the sales for the base period.

The change is due to the growing sales of export forms. The significant change is due to growing sales export form production and personalisation and the expansion of connecting logistics services.

Sales of **traditional printing products** amounted to HUF 976 million in the period of reference, which means a HUF 152 million (19%) increase compared to the previous year's similar period.

**Other sales** totalled HUF 463 million in Q1-Q4 2013, which is an increase of HUF 66 million (17%). This segment mainly comprises revenues from the sale of commercial materials and goods.

# Export sales by segments

| Sales segments (in HUF millions) | FY 2012 | FY 2013 | Change | Change (%) |
|---|---|---|---|---|
| Security products and solutions | 480 | 660 | 180 | 37.50% |
| Card production and personalization | 381 | 423 | 42 | 11.02% |
| Form production and personalization, data processing | 3,102 | 4,206 | 1,104 | 35.59% |
| Traditional printing products | 62 | 5 | (57) | –91.94% |
| Other | 273 | 185 | (88) | –32. 23% |
| **Total net sales** | **4,298** | **5,479** | **1,181** | **27.48%** |
| **Export (%)** | **25.61%** | **30.40%** | | |

Export sales amounted to HUF 5,479 million at the end of 2013, which is a 27.5% increase compared to a year earlier, representing a 30% export sales ratio **that is 4% higher compared to the yearly rate.**

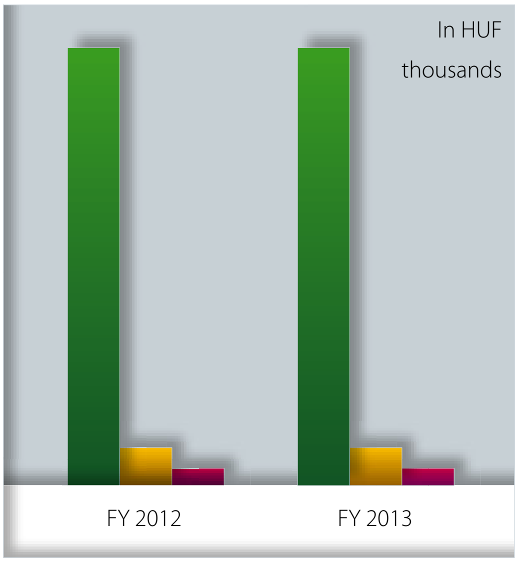
There was a significant growth (36%) in the field of form production, personalisation and relating logistics services, a growth in sales of card production, personalisation representing HUF 423 million (11% increase). 37.5 increase of security products and solutions is due to a onetime export sale of hologram.

# Financial analysis

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

| Description (in HUF millions) | FY 2012 | FY 2013 | Change | Change (%) |
|---|---|---|---|---|
| Net sales | 16,781 | 18,021 | 1,240 | 7.39% |
| | | | | |
| Capitalized value of assets produced | 197 | 264 | 67 | 34.01% |
| Material expenses | 11,290 | 12,149 | 859 | 7.61% |
| Personnel expenses | 3,917 | 4,156 | 239 | 6.10% |
| Depreciation | 774 | 764 | (10 ) | –1.29% |
| Other expenses | 318 | 350 | 32 | 10.06% |
| | | | | |
| Operating income | 679 | 866 | 187 | 27.54% |
| | | | | |
| Net income | 545 | 712 | 167 | 30.64% |
| | | | | |
| EBITDA | 1,453 | 1,630 | 177 | 12.18% |
| EBITDA margin (%) | 8.66% | 9.05% | | |
| | | | | |
| Earnings per share – EPS (HUF per share) | 38 | 50 | 12 | 31.58% |

# Results of ANY Group in the years of 2012, 2013




| | FY 2012 | FY 2013 |
|---|---|---|
| **Net sales** | 16 780 927 | 18 021 153 |
| **EBITDA** | 1 452 566 | 1 630 234 |
| **Profit after tax** | 659 817 | 810 325 |

Net sales totalled HUF 18,021 million in 2013, which is HUF 1,240 (7%) million increases compared to the figure for the same period of last year.

Operating income came to HUF 866 million, an increase of HUF 187 million (28%) compared to the previous year. The Company's profitability increased due to the cost effective actions taken by the management in the previous year and the increasing turnover.

Gross profit totalled HUF 5,094 million, which means a 28% gross margin. General (SG&A) expenses amounted to HUF 3,877 million in Q1-Q4 2013, which equals 22% of net sales. Material expenses increased by HUF 859 million (8%) in the reference period, due to the higher net sales.

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

Personnel expenses totalled HUF 4,156 million, which is 6% higher than in the base period.

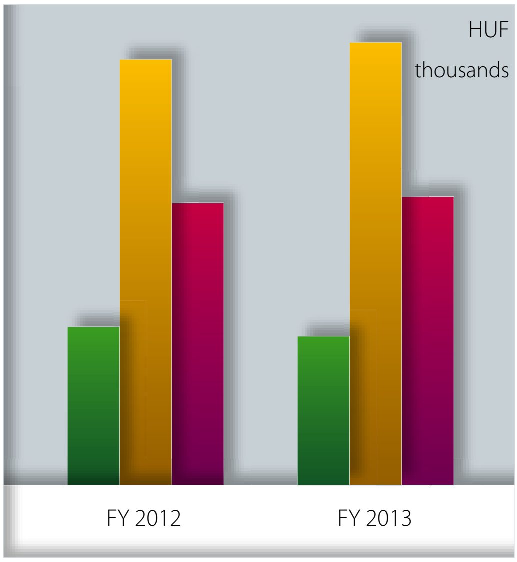
EBITDA amounted to HUF 1,630 million due to the change in operating income and depreciation, which represents an increase of HUF 177 million (12%). Therefore, the EBITDA margin amounts to 9.1%.

Net interest income amounted to 35 million HUF in Q1-Q4 2013. Net income – after financial operations, taxation and minority interest – came to HUF 712 million in 2013, an increase of 31% compared to the similar period of the previous year.

# Changes in equity items (in HUF millions)

| in HUF millions | Share capital | Capital reserve | Retained earnings | Treasury shares | Total |
|---|---|---|---|---|---|
| **January 1, 2013** | 1,450 | 251 | 4,632 | (454) | 5,879 |
| Treasury share purchase | – | – | – | (1) | (1) |
| Dividend | – | – | (636) | – | (636) |
| Profit / (loss) for the year | – | – | 712 | – | 712 |
| **December 31, 2013** | **1,450** | **251** | **4,708** | **(455)** | **5,954** |

# Financial situation of ANY Group in the years 2012 and 2013




| | FY 2012 | FY 2013 |
|---|---|---|
| **Non-current assets** | 3 526 011 | 3 317 791 |
| **Total assets** | 9 494 750 | 9 871 521 |
| **Equity** | 6 298 459 | 6 427 309 |

The Company had total assets of HUF 9,872 million on 31 December, 2013, which means an increase of 4% (HUF 377 million) compared to the previous year-end.

Receivables amounted to HUF 2,639 million which represents a HUF 209 million (9%) increase compared to the 2012 year-end figure. Cash and bank totalled HUF 1,629 million which represents a HUF 169 million decreases compared to the 2012 year-end figure.

Inventories totalled HUF 1,726 million, which is a HUF 348 million (25%) increase compared to the 31 December 2012 figure. Amount of raw material increased by HUF 246 million (30%) during the period that is due to raw materials purchased before the balance sheet date, required for running projects of the parent company. There was a further growth within self-produced stocks, in case of semi-finished products regarding to production of security products.

Other current assets and prepayments amounted to HUF 560 million, which is a HUF 198 million growth, compared to the prior year-end figure, mainly because of prepayments to investments. The balance of

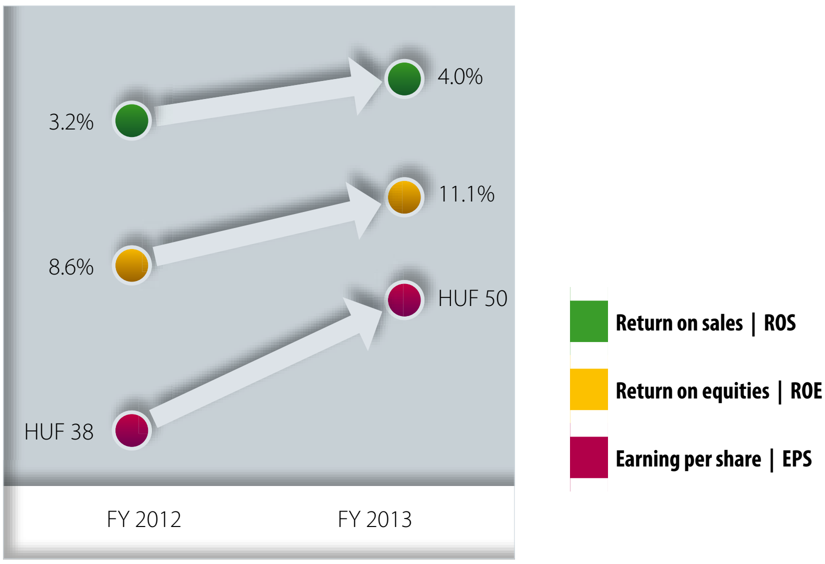
property, plant and equipment at the end of December 2013 was HUF 2,909 million, a decrease of 6% compared to the end of 2012, due to an investment in a smaller volume than the accounted depreciation. Goodwill amounted to HUF 335 million that is the same amount as at the end of previous year.
Accounts payable totalled HUF 1,943 million, HUF 116 million (6%) higher compared to the end of December 2012. Other payables and accruals amounted to HUF 1,094 million, which is an increase by HUF 300 million (38%) compared to the end of 2012. Growth is due to deferred pays for performance and their charges according to the achievement of the aims intended.

The Company's balance of short term loans on 31 December, 2013 HUF 54 million. The balance of long and short term part of lease liabilities at the end of the current period amounted to HUF 88 million, which is a HUF 180 million decreases compared to the end of previous year, due to paying off.

# Main indicators of ANY Group in the years 2012 and 2013

Higher profitability of ANY Security Printing Company Group in 2013 is mainly the result of the higher turnover and the cost effective operation. Return on equities amounted to 11.1% while return on sales was 4.0%. Earning per share increased by HUF 12 to HUF 50 due to the higher net income.

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



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

*Translation of the Hungarian original.*

## INDEPENDENT AUDITORS' REPORT

To the Shareholders ANY Biztonsági Nyomda Nyrt.

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of ANY Biztonsági Nyomda Nyrt. (the "Company") for the year 2013, which financial statements comprise the consolidated balance sheet as at December 31, 2013 - which shows total assets of 9,871,521 thHUF, - and the related consolidated statement of income and the statement of comprehensive income – which shows a profit for the year attributable to Shareholders of 712,361 thHUF -, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Consolidated Financial Statements*

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

*Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of ANY Biztonsági Nyomda Nyrt. as at December 31, 2013, and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

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

We have examined the accompanying consolidated business report of ANY Biztonsági Nyomda Nyrt. for the year 2013.

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

Our responsibility is to assess whether the accounting information in the consolidated business report is consistent with that contained in the consolidated financial statements prepared for the same business year. Our work with respect to the consolidated business report was limited to assessing the consistence of the consolidated business report with the consolidated 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 consolidated business report of ANY Biztonsági Nyomda Nyrt. for the year 2013. corresponds to the figures included in the consolidated financial statements of ANY Biztonsági Nyomda Nyrt. for the year 2013.

Budapest, February 28, 2014

*The original Hungarian version has been signed.*

Tamás Horváth

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

000083

Kornél Bodor

registered statutory auditor
005343

# Consolidated Statement of Financial Position

## as at December 31, 2013 and December 31, 2012

| In HUF thousands | Notes | December 31, 2013 | December 31, 2012 |
|---|---|---|---|
| **Current assets** | | | |
| Cash and bank | 3 | 1,628,995 | 1,798,303 |
| Accounts receivable | 4 | 2,639,347 | 2,430,665 |
| Inventory | 5 | 1,725,799 | 1,377,807 |
| Other current assets and prepayments (without current tax receivable) | 6 | 455,541 | 263,376 |
| Current tax receivable | 6 | 104,048 | 98,588 |
| **Total current assets** | | **6,553,730** | **5,968,739** |
| | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 7 | 2,909,481 | 3,088,528 |
| Investments | 8 | – | – |
| Goodwill | 9 | 335,009 | 335,009 |
| Intangibles | 10 | 60,103 | 79,596 |
| Other assets | | 13,198 | 22,878 |
| **Total non-current assets** | | **3,317,791** | **3,526,011** |
| | | | |
| **Total assets** | | **9,871,521** | **9,494,750** |
| | | | |
| **Current liabilities** | | | |
| Trade accounts payables | 13 | 1,943,370 | 1,827,011 |
| Short term part of lease liabilities | 23 | 85,743 | 178,356 |
| Other payables and accruals (without current tax payables) | 11 | 830,654 | 568,414 |
| Current tax payables | 11 | 263,257 | 225,296 |
| Short term debt | 12 | 53,614 | 29,361 |
| **Total current liabilities** | | **3,176,638** | **2,828,438** |
| | | | |
| **Long term liabilities** | | | |
| Deferred tax liability | 20 | 248,377 | 244,313 |
| Long term part of lease liabilities | 23 | 1,901 | 89,671 |
| Long term debt | 12 | 4,441 | 7,647 |
| Other long term liabilities | | 12,855 | 26,222 |
| **Total long term liabilities** | | **267,574** | **367,853** |
| | | | |
| **Shareholders' equity** | | | |
| Share capital | 14 | 1,449,876 | 1,449,876 |
| Capital reserve | 16 | 250,686 | 250,686 |
| Retained earnings | 16 | 4,708,504 | 4,632,313 |
| Treasury shares | 15 | (455,048) | (453,565) |
| **Total owners' equity** | | **5,954,018** | **5,879,310** |
| Non controlling interest | 16 | 473,291 | 419,149 |
| **Total shareholders' equity** | | **6,427,309** | **6,298,459** |
| | | | |
| **Total liabilities and shareholders' equity** | | **9,871,521** | **9,494,750** |

# Consolidated Statement of Comprehensive Income

## as at December 31, 2013 and December 31, 2012

| In HUF thousands | Notes | FY 2013 | FY 2012 |
|---|---|---|---|
| Net sales | 17 | 18,021,153 | 16,780,927 |
| Cost of sales | 19 | (12,926,775) | (12,180,123) |
| **Gross profit** | | **5,094,378** | **4,600,804** |
| Selling general and administration | 19 | (3,877,330) | (3,603,884) |
| Gain on sale of fixed assets | | 9,397 | 26,631 |
| Foreign currency (loss) / gain | | (30,075) | (63,027) |
| Other expense | 18 | (330,194) | (281,465) |
| **Operating income** | | **866,176** | **679,059** |
| Interest income | | 42,851 | 57,189 |
| Interest expense | | (7,763) | (17,002) |
| **Profit before tax and non-controlling interest** | | **901,264** | **719,246** |
| Deferred tax (expense) / income | 20 | (4,064) | 2,399 |
| Income tax expense | 20 | (85,244) | (64,319) |
| **Profit after tax** | | **811,956** | **657,326** |
| Other comprehensive income for the year | 26 | (1,631) | 2,491 |
| **Total comprehensive income for the year** | | **810,325** | **659,817** |
| Profit attributable to | | | |
| **Shareholders of the Company** | | **712,361** | **544,504** |
| *Non controlling interests* | | 97,964 | 115,313 |
| **Earnings per share (EPS):** | | | |
| Basic (HUF per share) | 21 | 50 | 38 |
| Fully diluted (HUF per share) | 21 | 50 | 38 |
| **Dividend per share paid (DPS)** | | **44** | **44** |

# Consolidated Statement of Changes in Shareholders' Equity

## as at December 31, 2013 and December 31, 2012

| In HUF thousands | Issued Capital | Capital Reserve | Retained Earnings | Treasury Shares | Non controlling Interest | Total |
|---|---|---|---|---|---|---|
| **January 1, 2012** | **1,449,876** | **250,686** | **4,723,979** | **(449,667)** | **346,687** | **6,321,561** |
| Dividend paid (after FY 2011) | – | – | (636,170) | – | – | (636,170) |
| Dividend paid to minority shareholders (after FY 2011 income) | – | – | – | – | (42,851) | (42,851) |
| Purchase of treasury share | – | – | – | (3,898) | – | ( 3,898) |
| Total comprehensive income attributable to non-controlling interests | – | – | – | – | 115,313 | 115,313 |
| Total comprehensive income attributable to owners of the Company | – | – | 544,504 | – | – | 544,504 |
| **December 31, 2012** | **1,449,876** | **250,686** | **4,632,313** | **(453,565)** | **419,149** | **6,298,459** |
| | | | | | | |
| Dividend paid (after FY 2012) | **–** | **–** | **(636,170)** | **–** | **–** | **(636,170)** |
| Dividend paid to minority shareholders (after FY 2012 income) | – | – | – | – | (29,192) | (29,192) |
| Additional ownership acquisition in subsidiary | – | – | – | – | (14,630) | (14,630) |
| Purchase of treasury share | – | – | – | (1,483) | – | (1,483) |
| Total comprehensive income attributable to non-controlling interests | – | – | – | – | 97,964 | 97,964 |
| Total comprehensive income attributable to owners of the Company | – | – | 712,361 | – | – | 712,361 |
| **December 31, 2013** | **1,449,876** | **250,686** | **4,708,504** | **(455,048)** | **473,291** | **6,427,309** |

# Consolidated Statement of Cash-flow

## as at December 31, 2013 and December 31, 2012

| In HUF thousands | Notes | FY 2013 | FY 2012 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit before tax and non-controlling interest | | 901,264 | 719,246 |
| *of which foreign currency (loss) / gain* | | (30,075) | (63,027) |
| Depreciation cost of fixed assets | 7 | 744,565, | 755,638 |
| Amortization cost of intangibles | 10 | 19,493 | 17,869 |
| Foreign exchange differences on the line of the other comprehensive income | | (1,631) | 2,491 |
| Changes in provisions | | 16,225 | 12,757 |
| Gain on sale of property, plant and equipment | | (9,397) | (26,631) |
| Non controlling interest changes | | (43,822) | (42,851) |
| *of which dividend paid to minority shareholders* | | (29,192) | (42,851) |
| Interest expense | | 7,763 | 17,002 |
| Interest income | | (42,851) | (57,189) |
| **Operating cash-flow before working capital changes** | | **1,591,609** | **1,398,332** |
| Changes in accounts receivable and other current assets | 4,6 | (292,416) | 1,092,269 |
| Changes in inventories | 5 | (366,752) | 44,480 |
| Changes in accounts payables and accruals | 11;13 | 416,873 | 392,620 |
| **Cash provided by operations** | | **1,349,314** | **2,927,701** |
| Interest income | | 40,368 | 45,312 |
| Interest expense | | (8,076) | (16,802) |
| Taxes paid, net | | (61,115) | (66,025) |
| **Net cash provided by operating activities** | | **1,320,491** | **2,890,186** |
| **Cash flows from financing activities** | | | |
| Purchase of property, plant and equipment | | (711,768) | (654,564) |
| Proceeds on sale of property, plant and equipment | | 22,647 | 41,202 |
| Development costs | 10 | – | – |
| Purchase of investments | 8 | – | – |
| **Net cash flow used in investing activities** | | **(689,121)** | **(613,362)** |
| **Cash flows from financing activities** | | | |
| Changes in short term loans | 12 | 24,253 | (1,958) |
| Purchase of treasury shares | 15 | (1,483) | (3,898) |
| Changes in loans to employees | | 9,678 | (10,442) |
| Changes in long term debt | 12 | (16,573) | (5,558) |
| Changes of capital lease obligations | 23 | (180,383) | (208,931) |
| Dividend paid | | (636,170) | (636,170) |
| **Net cash flow used in financing activities** | | **(800,678)** | **(866,957)** |
| **Changes in cash and cash equivalents** | | **(169,308)** | **1,409,867** |
| **Cash and cash equivalents at beginning of period** | | **1,798,303** | **388,436** |
| **Cash and cash equivalents at end of the period** | **3** | **1,628,995** | **1,798,303** |

# Supplementary Notes

## to the Consolidated Financial Statements Dec. 31, 2013

## General

ANY Security Printing Company Public Limited Company by Shares (ANY PLC or the Company) is a limited liability company incorporated under the laws of the Republic of Hungary. The Company operated as a State enterprise until 1992 when it was transformed into a limited liability company (Rt.). The Company's registered office is located at Halom u. 5, Budapest, District 10.

As of December 31, 2013 – based on the Company's share book – the following owners have more than 5% voting right or the following groups of investors own the Company:

| Investor | Voting right (%) | Ownership (%) |
|---|---|---|
| **Owners above 5% share** | | |
| Dr. Ákos Erdős(*) | 11.91% | 11.55% |
| Tamás Erdős | 6.97% | 6.76% |
| Pershing LLC | 6.54% | 6.35% |
| **Owners below 5% share** | | |
| Domestic Institutional Investors | 34.73% | 33.68% |
| Foreign Institutional Investors | 11.91% | 11.55% |
| Foreign Individual Investors | 0.23% | 0.22% |
| Domestic Individual Investors | 11.72% | 11.36% |
| Management, employees | 7.00% | 6.79% |
| Treasury shares | 0.00% | 3.03% |
| State investors | 2.97% | 2.88% |
| Other | 6.02% | 5.83% |

* Dr. Ákos Erdős owns further 476.,630 ANY shares through Fortunarum Kft.

ANY PLC produces security products and solutions (tax stamps. stickers with security elements), plastic and paper cards (document cards. bank and telephone cards. as well as commercial cards), personalized business and administration forms, as well as conventional printing products.

The consolidated subsidiaries of the Company at December 31, 2013 are as follows:

| Subsidiary | Principal Activity | Country of Incorporation | Ownership at December 31, 2013 | Ownership at December 31, 2012 |
|---|---|---|---|---|
| Specimen Zrt. (*) | Printing | Hungary | 100.00% | 90.00% |
| ANYPay Zrt. (**) | Other financial activities | Hungary | 100.00% | – |
| Gyomai Kner Nyomda Zrt. | Printing | Hungary | 98.98% | 98.98% |
| Techno-Progress Kft. | Sales | Hungary | 100.00% | 100.00% |
| Tipo Direct S.R.L. | Printing, Sales | Romania | 50.00% | 50.00% |
| Tipo Direct SERV Moldova S.R.L. (***) | Printing, Sales | Moldova | 50.00% | 50.00% |
| Zipper Data S.R.L. (****) | Printing, Sales | Romania | 50.00% | 50.00% |
| Direct Services O.O.D. | Printing, Sales | Bulgaria | 50.00% | 50.00% |
| Slovak Direct S.R.O. | Sales | Szlovakia | 100.00% | 100.00% |

* Specimen Zrt. has been consolidated as 100% subsidiary since 1st June, 2013
** Subsidiary of Specimen Zrt. has been consolidated since 21st November, 2013
*** Subsidiary of Tipo Direct S.R.L. has been consolidated since 1st January, 2011
**** Zipper Data S.R.L. has been consolidated since 1st February, 2011. The name of the company was changed from GPV Mail Services S.R.L. to Zipper Data S.R.L. in October 2011.

The Company prepares consolidated financial statement for the whole group.

# Significant accounting policies

## Basis of preparation

The accounting records of the companies comprising the Group are compiled according to accounting principles generally accepted in Hungary ("HAS"). These supplementary consolidated financial statements have been compiled primarily for the requirements of relevant sections of Hungarian Act on Accounting to companies listed on the Stock Exchange, and therefore contain reclassifications and alterations in order to they comply with the International Financial Reporting Standards ("IFRS").

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (the "EU"). IFRS as adopted by the EU do not currently differ from IFRS as issued by the International Accounting Standards Board (IASB), except for portfolio hedge accounting under IAS 39 which has not been approved by the EU. The Company does not have any transactions which would qualify as a portfolio hedge.

The reporting currency of the Group is the Hungarian Forint ("HUF").

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The principal accounting policies are set out below.

Financial Statements are prepared based on the assumption of going concern of the activity of the Group in the foreseeable future.

## Basis of consolidation

The consolidated financial statements include the financial statements of ANY PLC and its subsidiaries after elimination of all intercompany transactions and balances, including unrealized intercompany profits. Subsidiaries are those companies in which the Group, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to exercise control over the operations.

On acquisition, the assets and liabilities of a subsidiary are measured in the consolidated statements at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognized. Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable net assets of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is included as intangible in the balance sheet, to which impairment loss is calculated, if necessary. For the purpose of impairment test, the value of goodwill is allocated to those Cash Generating Units (hereinafter: CGU) of the Group that probably will have positive effects from the synergies. Those CGU-s, to which goodwill is allocated are subject to goodwill impairment test annually or more often if circumstances indicate any loss in the value of the Unit. If the book value of the goodwill is higher than the fair value of the CGU, impairment loss is accounted on the goodwill. The impairment loss decreases mainly the value of the goodwill allocated on the CGU, then the remaining amount decreases the net book value of the CGU's other assets, in proportion of the book value of the assets. The goodwill impairment loss once accounted cannot be reversed in the future. On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal. The goodwill impairment calculation is based upon companies' budgets containing more financial years. Present value of net sales and EBITDA is calculated to the date of year end, using the companies' expected EBITDA margin as a discount factor. Thus enterprise values are calculated by using EV/SALES and EV/EBITDA ratio of ANY Security Printing Company Plc as a listed company operating in the same sector, which are assessed by the Group in proportion of the ownership regarding the proportional equity and accounted goodwill of the given subsidiary.

The results of subsidiaries acquired or disposed during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The transactions between the associated enterprises, including unrealized gains and losses as well as realized intra-group gains, were eliminated during consolidation.

The equity and net income attributable to minority interests are shown as separate items in the consolidated financial statements.

## Cash and cash equivalents

Cash and cash equivalents include cash at bank in hand, balances of bank accounts and short-term deposits with an original maturity of three months or less.

## Statement of cash flows

For the cash flow statement the Cash and cash equivalents include cash and the value of bank deposits, as well as other short term (a term of three months or less at the time of their purchase) liquid investments, which may be immediately exchanged for the amount indicated on them, and their conversion does not come with the risk of a change in their value. Statement of cash-flow is prepared based upon the indirect cash-flow method.

## Inventory

Inventory is stated at the lower of cost or net realizable value after making loss-in-value for any obsolete or slow moving items. Cost is determined at standard cost adjusted to actual purchase price at period end. For purchased inventories cost comprises purchase price, possible additional customs, delivery costs, non-refundable taxes and any other costs related to acquiring the inventory. For finished goods and work in progress, cost comprises direct materials, direct labour and an appropriate allocation of manufacturing fixed and variable overheads.

## Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Freehold land is not depreciated. Depreciation is provided using the straight-line method at rates calculated to write off the cost of the asset over its expected economic useful life. The rates used are as follows:

| | |
|---|---|
| Buildings | 2% to 3% |
| Leasehold improvements | 6% |
| Machinery and equipment | 14.5 to 33% |

At each balance sheet date, the Group reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication in accordance with internal or external information that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the amount of such an impairment loss (if any). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognized as an expense immediately.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

## Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with infinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. Amortization is provided at rates between 16.7% and 33% per year.

An item of intangible asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of intangible asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

## Financial instruments

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value. plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

## Fair value of financial instruments

The fair values of financial instruments, consisting of cash, receivables, payables, and obligations under debt instruments, are approximated to their carrying values. The fair values of the Group's existing investments are not readily determinable as the underlying shares are not frequently traded in a well-established and organized market.

## Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For listed and unlisted equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including redeemable notes classified as AFS and finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised. The previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

## Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

## Investments

The Group shows in the investments the amount of parent company's investments in their subsidiaries which has been eliminated in the process of capital consolidation. Other investments different from previous ones are carried at cost, less provision for any permanent diminution in value.

## Taxation

The amount of company tax is based on the taxation obligation defined according to the law on corporate income tax and dividend taxes, which is modified by the deferred tax.

Deferred taxes are calculated using the balance sheet liability method. Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be realized or settled. The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the Group expects, at the balance sheet date, to realize or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognized only if it is probable that sufficient taxable profits will be available against which the deferred tax assets can be utilized. At each balance sheet date, the Group re-assesses unrecognized deferred tax assets and the carrying amount of deferred tax assets. The Group recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The Group conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or that entire deferred tax asset to be utilized.

## Treasury shares

Shares repurchased are included in shareholders' equity. Premiums and discounts arising on sale of treasury shares, and differences on repurchase, are credited or debited to retained earnings.

## Revenue recognition

Revenue is recognized at the time goods are dispatched and services rendered by the Group, as this is the point at which the significant risks and rewards of ownership of the goods and services are transferred to the customer.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue is separated into five different product segment by the Group. The management considers these product segments strategically important. These segments are monitored and these are the basis of evaluating the performance. However, classification of turnover by product segments do not mean that these products can be produced in a clearly separable way in terms of assets and liabilities. According to this preparation of segment reporting under IFRS 8 is not possible.

## Dividend and interest revenue

Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably). (Dividend realized within the Group will be eliminated during consolidation.)

Interest revenue is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

## Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

### The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group (with similar rights and liabilities as the assets owned by the Group) at their fair value at the inception of the lease, and they are amortised during their economic useful life. The present value of the minimum lease payment is lower than their fair value they are recognized at that.

The principal is accounted as decrease of liability from the lease contract, while interest is accounted as an expense, so that the lease liability decreases at a constant rate during the term of the lease contract.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. In case when operative lease contract is cancelled before the contractual term is over, all the amounts paid to the lessor as a charge for cancelling the contract are recognised as an expense in the relevant period. Fixed assets mean the cover in Group's leasing transactions.

## Provisions

The Group is involved in a low number of ongoing legal disputes. Based upon historical experience and expert reports, the Group assesses the developments in these cases, and the likelihood and the amount of potential financial losses which are appropriately provided for.

## Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation recognised in accordance with IAS 18 Revenue.

## Government grants

The Group applies for government grants in order to purchase assets or to finance R+D activities. In both cases government grants are accounted and accrued as other revenue, then accrued revenue is reversed in proportion of the accounted depreciation of the asset purchased or of the R+D capitalised.

## Earnings per share

Basic earnings per share data is calculated based on the weighted average number of shares outstanding during the period excluding treasury held by the Company and employee shares. Fully diluted earnings per share is calculated based on the weighted average number of shares outstanding as calculated for basic earnings per share and as adjusted for giving effect to the assumed issuance of all potentially dilutive securities. Net income is adjusted in the fully diluted earnings per share calculation for any income or expense associated with the potentially dilutive securities.

## Foreign currencies

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Exchange differences are recognised in profit or loss in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Currency Units using exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period. From the foreign subsidiaries of the Group Tipo Direct S.R.L. and Zipper Data S.R.L. keep their books in Romanian Lei, Tipo Direct SERV S.R.L. in Moldavian Lei, Direct Services O.O.D. in Bulgarian Leva, while Slovak Direct S.R.O. keeps its books in EURO. The balances of foreign currency assets and liabilities of the foreign subsidiaries of the Group are retranslated at the relevant MNB (National Bank of Hungary) foreign exchange rate in the consolidated financial statements in the parent company's functional currency (HUF). The details of the conversion have been presented in table 26 Risk Management.

## The new and revised Standards and Interpretations effective from 1st January 2013

The following standards, amendments to the existing standards and interpretations issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current period:

- **IFRS 13 "Fair Value Measurement"**, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013),
- **Amendments to IFRS 1 "First-time Adoption of IFRS"** – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013),
- **Amendments to IFRS 1 "First-time Adoption of IFRS"** – Government Loans, adopted by the EU on 4 March 2013 (effective for annual periods beginning on or after 1 January 2013),
- **Amendments to IFRS 7 "Financial Instruments: Disclosures"** - Offsetting Financial Assets and Financial Liabilities, adopted by the EU on 13 December 2012 (effective for annual periods beginning on or after 1 January 2013),
- **Amendments to IAS 1 "Presentation of financial statements"** – Presentation of Items of Other Comprehensive Income, adopted by the EU on 5 June 2012 (effective for annual periods beginning on or after 1 July 2012),
- **Amendments to IAS 12 "Income Taxes"** – Deferred Tax: Recovery of Underlying Assets, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013),
- **Amendments to IAS 19 "Employee Benefits"** – Improvements to the Accounting for Post-employment Benefits, adopted by the EU on 5 June 2012 (effective for annual periods beginning on or after 1 January 2013),
- **Amendments to various standards "Improvements to IFRSs (cycle 2009–2011)"** resulting from the annual improvement project of IFRS (IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34) primarily with a view to removing inconsistencies and clarifying wording, adopted by the EU on 27 March 2013 (amendments are to be applied for annual periods beginning on or after 1 January 2013),
- **IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine"**, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013).

## The new and revised Standards and Interpretations issued by IASB and adopted by the EU but not yet effective

- **IFRS 10 "Consolidated Financial Statements"**, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- **IFRS 11 "Joint Arrangements"**, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- **IFRS 12 "Disclosures of Interests in Other Entities"**, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- **IAS 27 (revised in 2011) "Separate Financial Statements"**, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- **IAS 28 (revised in 2011) "Investments in Associates and Joint Ventures"**, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- **Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosures of Interests in Other Entities"** – Transition Guidance, adopted by the EU on 4 April 2013 (effective for annual periods beginning on or after 1 January 2014),
- **Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosures of Interests in Other Entities" and IAS 27 (revised in 2011) "Separate Financial Statements"** – Investment Entities, adopted by the EU on 20 November 2013 (effective for annual periods beginning on or after 1 January 2014),
- **Amendments to IAS 32 "Financial instruments: presentation"** – Offsetting Financial Assets and Financial Liabilities, adopted by the EU on 13 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- **Amendments to IAS 36 "Impairment of assets"** - Recoverable Amount Disclosures for Non-Financial Assets, adopted by the EU on 19 December 2013 (effective for annual periods beginning on or after 1 January 2014),
- **Amendments to IAS 39 "Financial Instruments: Recognition and Measurement"** – Novation of Derivatives and Continuation of Hedge Accounting, adopted by the EU on 19 December 2013 (effective for annual periods beginning on or after 1 January 2014).

The adoption of the above presented new and amended Standards and Interpretations would have no significant impact on the financial statements.

## Critical accounting judgements and estimates by applying the accounting policy

The process of preparing financial statements in accordance with International Financial Reporting Standards requires the use of estimates and assumptions regarding the carrying amounts of assets and liabilities presented in the consolidated financial statements and the Notes.

### Critical assumptions by applying the accounting policy

The Management of the Group had certain assumptions when applying the accounting policy, that can influence the carrying amounts of assets and liabilities presented in the consolidated financial statements (apart from the impact of the estimates. presented at the next point). These assumptions are presented in details in the Notes, but the most important ones are the following:

- The temporary differences calculated with deferred tax liabilities will reverse in the foreseeable future, and the corporate tax rate will remain 19%, which is effective from 1st January 2010.
- The outcome of certain contingent liabilities.

### Uncertainties in the estimates

The process of preparing consolidated financial statements in accordance with International Financial Reporting Standards requires the use of estimates and assumptions regarding the carrying amounts of assets and liabilities presented in the consolidated financial statements and the Notes. These estimates are based on the best knowledge of the Management, in spite of this actual results may differ from estimated amounts. These estimates are presented in details in the Notes, but the most important ones are the following:

- Determining the fair value of Financial Instruments
- Determining the economic useful life of fixed assets
- Calculating the impairment loss on fixed assets and goodwill
- Calculating provisions

# Cash and cash equivalents

| In HUF thousands | December 31, 2013 | December 31, 2012 |
|---|---|---|
| Cash and cash equivalents | 1,628,995 | 1,798,303 |
| **Total cash and cash equivalents netted by bank overdrafts:** | **1,628,995** | **1,798,303** |

Group Companies has no overdraft at the end of the current year.

# Accounts receivables

| In HUF thousands | December 31, 2013 | December 31, 2012 |
|---|---|---|
| Trade receivables | 2,712,046 | 2,505,900 |
| *Allowance for doubtful debts* | (72,699) | (75,235) |
| **Total:** | **2,639,347** | **2,430,665** |

The carrying value of trade receivables approximates fair value. Balance of trade debtors is HUF 2,693 million, which is HUF 208 million (9%) higher than at the end of 2012. The main reason for this change is the parent company's one-off high value hologram sale. The Company holds no receivables pledged.

Movement of the allowance in doubtful debts is broken down below:

| In HUF thousands | December 31, 2013 | December 31, 2012 |
|---|---|---|
| **Balance at the beginning of the year** | **75,235** | **65,780** |
| Impairment losses recognised on receivables | 18,775 | 20,930 |
| Impairment losses reversed | (12,331) | (11,475) |
| Impairment decrease | (8,980) | – |
| **Balance at the end of the year** | **72,699** | **75,235** |

# Inventories

| In HUF thousands | December 31, 2013 | December 31, 2012 |
|---|---|---|
| Raw materials | 1,076,035 | 830,378 |
| Goods | 85,363 | 68,552 |
| Work in progress | 358,168 | 253,027 |
| Finished goods | 291,759 | 292,616 |
| *Cumulated loss in value for inventories* | (85,526) | (66,766) |
| **Total:** | **1,725,799** | **1,377,807** |

The total amount of inventories is HUF 1,726 million, which increased by HUF 348 million (25%) compared to 31 December 2012. The amount of raw materials and consumables increased by HUF 246 million (30%) compared to the prior period. It was caused by the parent company's raw material needs for its running projects, which raw materials have been purchased before balance sheet date. Further increase was in the amount of work in progress especially in semi-finished products due to the ongoing production of security products.

# Other current assets and prepayments

| In HUF thousands | December 31, 2013 | December 31, 2012 |
|---|---|---|
| VAT receivable | 80,896 | 47,765 |
| Corporate income tax receivable | 13,688 | 37,816 |
| Other taxes receivable | 9,464 | 13,007 |
| **Total current tax receivables:** | **104,048** | **98,588** |
| Advances paid | 152,937 | 12,037 |
| *From this: advances paid for PP&E* | 133,000 | 7,142 |
| *From this: other advances paid* | 19,937 | 4,895 |
| Prepayments | 133,119 | 72,875 |
| Employee loans | 80,623 | 96,666 |
| Other receivables from employees | 9,470 | 15,372 |
| Other receivables | 79,392 | 66,426 |
| **Total:** | **455,541** | **263,376** |

Changes in the value added tax receivables and liabilities at the balance sheet date depend on the balances of customer and supplier invoices at year end. Difference in the amount of VAT is caused by the change in the receivables and liabilities during the year.

The significant increase in the amount of prepayments is caused by not invoiced items until preparation of balance sheet at the Romanian subsidiaries. Interest in employees loans are the same for each employee, Hungarian prime rate + 5%. In 31 December, 2013 total balance of employee loans were HUF 82,607 thousand, of which short term part was HUF 80,623 thousand has been presented in row of Other receivables, while the remaining balance was HUF 1,984 thousand, due within four years has been presented in row Other assets.

# Property, Plant and Equipment (PP&E)

| In HUF thousands | Land and buildings | Machinery and equip-ment | Property rights | Vehicles and other equipments | Capital projects | Total |
|---|---|---|---|---|---|---|
| **Cost:** | | | | | | |
| **January 1, 2012** | **578,058** | **9,336,549** | **10,767** | **1,195,867** | **10,809** | **11,132,050** |
| Capitalization | 38,824 | 465,553 | – | 159,196 | (663,573) | **–** |
| Additions | – | – | – | – | 654,564 | **654,564** |
| Disposals and transfers | (17,117) | (234,958) | – | (12,185) | – | **(264,260)** |
| **December 31, 2012** | **599,765** | **9,567,144** | **10,767** | **1,342,878** | **1,800** | **11,522,354** |
| **January 1, 2013** | **599,765** | **9,567,144** | **10,767** | **1,342,878** | **1,800** | **11,522,354** |
| Capitalization | 20,450 | 457,911 | – | 101,835 | (580,196) | – |
| Additions | – | – | – | – | 585,159 | 585,159 |
| Disposals and transfers | – | (235,483) | – | (15,744) | – | **(251,227)** |
| **December 31, 2013** | **620,215** | **9,789,572** | **10,767** | **1,428,969** | **6,763** | **11,856,286** |
| **Accumulated depreciation:** | | | | | | |
| **January 1, 2012** | **164,093** | **6,791,443** | **10,767** | **952,852** | **–** | **7,919,155** |
| Charge for year | 26,965 | 637,682 | – | 90,991 | – | **755,638** |
| Disposals | (10,337) | (221,048) | – | (9,582) | – | **(240,967)** |
| **December 31, 2013** | **180,721** | **7,208,077** | **10,767** | **1,034,261** | **–** | **8,433,826** |
| **January 1, 2013** | **180,721** | **7,208,077** | **10,767** | **1,034,261** | **–** | **8,433,826** |
| Charge for year | 26,091 | 609,927 | – | 108,547 | – | **744,565** |
| Disposals | – | (218,254) | – | (13,332) | – | **(231,586)** |
| **December 31, 2013** | **206,812** | **7,599,750** | **10,767** | **1,129,476** | **–** | **8,946,805** |
| **Net book value:** | | | | | | |
| **January 1, 2012** | **413,965** | **2,545,106** | **–** | **243,015** | **10,809** | **3,212,895** |
| **December 31, 2012** | **419,044** | **2,359,067** | **–** | **308,617** | **1,800** | **3,088,528** |
| **December 31, 2013** | **413,403** | **2,189,822** | **–** | **299,493** | **6,763** | **2,909,481** |

Fair value of the PP&E exceeds book value, therefore no impairment loss was calculated. The Company holds no PP&E pledged.

# Investments

From 1st June, 2013 ANY Security Printing Company Plc (90% owner before 1st June, 2013) consolidates Specimen Zrt. 100%, as the remaining 10% of non-controlling interest was acquired. The amount of investment is eliminated during the capital consolidation process. From 1st June, 2013 the Group does not calculate non-controlling interest on Specimen Zrt.

ANYPay Fiezetési Megoldások Zrt. has been consolidated since 21st November, 2013 the date of its foundation, as Specimen Zrt. has founded it with HUF 50,000 thousand issued capital. The amount of investment is eliminated during the capital consolidation process in this case as well.

# Goodwill

| In HUF thousands | December 31, 2013 | December 31, 2012 |
|---|---|---|
| Cost | 335,009 | 335,009 |
| **Goodwill** | **335,009** | **335,009** |

# Cost

| In HUF thousands | December 31, 2013 | December 31, 2012 |
|---|---|---|
| Balance at beginning of year | 335,009 | 335,009 |
| Additional amount recognised from business combinations occurring during the year | – | – |
| **Balance at end of year** | **335,009** | **335,009** |

# Accumulated impairment losses

At the end of the year the Group examined goodwill's remunerative value and recognized that there was no need to account impairment losses on the goodwill. The goodwill impairment calculation is based upon companies' budgets containing more financial years. Present value of net sales and EBITDA is calculated to the date of year end, using the companies' expected EBITDA margin as a discount factor. Thus enterprise values are calculated by using EV/SALES and EV/EBITDA ratio of ANY Security Printing Company Plc as a listed company operating in the same sector, which are assessed by the Group in proportion of the ownership regarding the proportional equity and accounted goodwill of the given subsidiary.

# Intangible assets

| In HUF thousands | Capitalised research and development costs | Total |
|---|---|---|
| **Cost:** | | |
| **January 1, 2012** | **209,844** | **209,844** |
| Additions | – | – |
| Disposals and transfers | – | – |
| **December 31, 2013** | **209,844** | **209,844** |
| | | |
| **January 1, 2013** | **209,844** | **209,844** |
| Additions | – | – |
| Disposals and transfers | – | – |
| **December 31, 2013** | **209,844** | **209,844** |
| | | |
| **Accumulated depreciation:** | | |
| **January 1, 2012** | **112,379** | **112,379** |
| Charge for year | 17,869 | 17,869 |
| Disposals | – | – |
| **December 31, 2013** | **130,248** | **130,248** |
| | | |
| **January 1, 2012** | **130,248** | **130,248** |
| Charge for year | 19,493 | 19,493 |
| Disposals | – | – |
| **December 31, 2013** | **149,741** | **149,741** |
| | | |
| **Net book value:** | | |
| **January 1, 2012** | **97,465** | **97,465** |
| **December 31, 2012** | **79,596** | **79,596** |
| **December 31, 2013** | **60,103** | **60,103** |

# Other payables and accruals

| In HUF thousands | December 31, 2013 | December 31, 2012 |
|---|---|---|
| VAT | 176,754 | 128,126 |
| Personal income tax | 56,646 | 73,444 |
| Other taxes | 29,857 | 23,726 |
| **Total current tax liabilities** | **263,257** | **225,296** |
| | | |
| Accrued management bonuses | 230,370 | 5,320 |
| Other accruals | 218,384 | 125,888 |
| Wages | 164,378 | 201,332 |
| Social security | 103,686 | 154,356 |
| Other short term liabilities | 79,178 | 36,646 |
| Advance payments from customers | 27,833 | 35,562 |
| Accruals of research and development subsidy | 6,825 | 9,310 |
| **Other payables and accruals** | **830,654** | **568,414** |
| | | |
| **Total current tax liabilities, other payables and accruals** | **1,093,911** | **793,710** |

Total current tax liabilities, other payables and accruals amounts to HUF 831 million, which is increased by HUF 262 million (46%) compared to December 31, 2012, because of the management bonuses.

# Loans and borrowings

| In HUF thousands | December 31, 2013 | December 31, 2012 |
|---|---|---|
| Other short term loans of subsidiaries | 53,614 | 29,361 |
| **Total short term loans** | **53,614** | **29,361** |
| | | |
| Long term loan of subsidiary | 4,441 | 7,647 |
| **Total investment loans and borrowings** | **4,441** | **7,647** |
| | | |
| **Total loans and borrowings:** | **58,055** | **37,008** |

The carrying value of loans approximates fair value.  Group Companies has no overdraft at the end of the current year.

In the short term loans there are the amount of given loan from Tipoholding S.A. to Zipper Data S.R.L. with EUR 80,000, and given loan from Tipoholding S.A. to Tipo Direct S.R.L. with EUR 100,000. Both loan will be due in the next year and the basis of the interest rate is uniformly 3 month EURIBOR.

# Trade accounts payables

| In HUF thousands | December 31, 2013 | December 31, 2012 |
|---|---|---|
| Trade payables | 1,943,370 | 1,827,011 |
| **Total trade accounts payables** | **1,943,370** | **1,827,011** |

# Issued Share Capital

Share capital (at par value, in HUF thousands) authorized, issued and outstanding at year-end:

| In HUF thousands | December 31, 2013 | | December 31, 2012 | |
|---|---|---|---|---|
| | **Issued** | **Treasury** | **Issued** | **Treasury** |
| **Registered shares** | 1,449,876 | 43,987 | 1,449,876 | 43,683 |
| **Total** | **1,449,876** | **43,987** | **1,449,876** | **43,683** |

The number of shares issued by the Company is 14,794,650 of which par value is HUF 98 per share.

# Treasury shares

Number of treasury shares held by the Company on 31st December 2013 is 448,842 which were purchased at an average price of HUF 1,014 per share. In 2009, in 2010, in 2011 and in 2012 the Company calculated impairment on treasury shares in the statutory financial statement of the parent company prepared according to the Hungarian Accounting Law due to the long term significant share price decrease on the Budapest Stock Exchange in value of HUF 56,002 thousands in 2009, HUF 62,483 thousands in 2010, HUF 69,746 thousands in 2011 and HUF 68,762 thousands in 2012 therefore the accumulated impairment value is HUF 256,993 thousands.

In 2013, the accumulated impairment has been reduced by HUF 102,669 thousands because of increase in share price. Due to this increase in share price the amount of accumulated impairment is HUF 154,324 thousands.

Book value of the treasury shares in the financial statement of the parent company is HUF 670 per share, which was the current share price of the Stock Exchange at the date of preparing the statement of financial position. Impairment of treasury shares did not influence the consolidated profit of the Group according to the International Financial Reporting Standards, as the impairment with all of its tax effect was eliminated during consolidation.

# Retained earnings, non-controlling interest

Retained earnings available for distribution are based on the unconsolidated financial statements of the Company prepared in accordance with Hungarian accounting law as opposed to these accounts prepared under IFRS. On December 31st 2013 the financial statements of ANY PLC not consolidated, prepared in accordance with Hungarian accounting standards indicated total retained earnings of HUF 2,203,267 thousands.

Restricted reserve is not available for distribution based on the Hungarian Accounting Standards. In 2013 the Company transferred HUF 1,135,749 thousands to restricted reserve representing the value of reorganization, research and development, an amount representing development reserve (refer to Note 16) and the amount used for repurchasing treasury shares, in line with Hungarian Accounting Standards.

Non-controlling interest is a part of the Shareholders' equity, which belongs to the owners of the subsidiaries other than the parent Company in the proportion of their ownership.

# Net sales

| Sales segments (in HUF millions) | December 31, 2013 | December 31, 2012 |
|---|---|---|
| Security products and solutions | 6,350 | 6,478 |
| Card production and personalization | 4,234 | 4,067 |
| Form production and personalization, data processing | 5,998 | 5,015 |
| Traditional printing products | 976 | 824 |
| Other | 463 | 397 |
| **Total net sales** | **18,021** | **16,781** |

Total revenue in 2013 by countries:

| Revenue by Countries (in HUF thousands) | 2013 | Share (%) |
|---|---|---|
| Hungary | 12,551,128 | 69.647% |
| Romania | 3,494,416 | 19.391% |
| Bulgaria | 1,244,969 | 6.908% |
| Slovakia | 278,453 | 1.545% |
| Africa | 126,569 | 0.702% |
| Czech Republic | 114,082 | 0.633% |
| Albania | 75,318 | 0.418% |
| Moldovia | 45,404 | 0.252% |
| Germany | 33,686 | 0.187% |
| Austria | 16,680 | 0.093% |
| Poland | 15,168 | 0.084% |
| Iceland | 8,443 | 0.047% |
| Slovenia | 7,884 | 0.044% |
| Mexico | 2,351 | 0.013% |
| Greece | 2,298 | 0.013% |
| Switzerland | 2,078 | 0.012% |
| Italy | 796 | 0.004% |
| Serbia | 718 | 0.004% |
| Luxembourg | 560 | 0.003% |
| Cyprus | 133 | 0.001% |
| Spain | 19 | 0.000% |
| **Total net sales** | **18,021,153** | **100.000%** |

# Other incomes and expenditures

| Other incomes and expenditures (in HUF thousands) | FY 2013 | FY 2012 |
|---|---|---|
| Reversed loss in value for inventories | 14,859 | 4,929 |
| Reversed loss in value for trade receivables | 12,331 | 11,476 |
| Allowances received | 7,292 | 4,217 |
| EU subsidy dissolved | 3,000 | 2,484 |
| Other | 33,861 | 12,887 |
| **Total other incomes** | **71,343** | **35,993** |
| Local operational tax | 148,074 | 144,936 |
| Loss in value for inventories | 93,401 | 34,217 |
| Environmental fee | 26,229 | 23,391 |
| Loss in value for trade receivables | 18,775 | 20,362 |
| Other | 115,058 | 94,552 |
| **Total other expenditures** | **401,537** | **317,458** |
| **Total** | **(330,194)** | **(281,465)** |

The customers' and inventories' impairment haven't been occurred in one company so the presentation of current years' impairment and impairment reversal on a net basis is not possible.

# Direct and indirect cost of sales

Breakdown of cost of sales and selling general and administration cost is the following:

| In HUF thousands | FY 2013 | FY 2012 |
|---|---|---|
| Material type expenditures | 12,148,779 | 11,290,084 |
| Personal type expenditures | 4,155,652 | 3,916,925 |
| Depreciation and amortization | 764,058 | 773,507 |
| Changes in inventory and own performance | (264,384) | (196,509) |
| **Total cost and expenditures** | **16,804,105** | **15,784,007** |
| | | |
| Cost of sales | 12,926,775 | 12,180,123 |
| Selling general and administration | 3,877,330 | 3,603,884 |
| **Total direct and indirect cost of sales** | **16,804,105** | **15,784,007** |

The average number of employees of the Group during the year was 744 (2012: 799).

# Taxation

| In HUF thousands | December 31, 2013 | December 31, 2012 |
|---|---|---|
| Current year corporate income tax | 85,244 | 64,319 |
| Deferred tax expense | 4,064 | (2,399) |
| **Total tax expense** | **89,308** | **61,920** |

Based on the decision of the Hungarian Parliament, dual corporate tax rate has to be applied for the companies from the calendar year of 2011. 10% corporate tax rate has to be applied below HUF 500 million tax base and 19% tax rate over it. As the adjusted profit before tax will expectedly be not higher than HUF 500 million at the domestic entities, we applied the new 10% corporate tax rate when calculating deferred tax. The tax liability of the foreign companies of the Group is taken into consideration with the effective tax legislation of their country of incorporation.

Under the tax legislation the Company is allowed to establish a tax-deductible development reserve. Assets acquired using this reserve then does not qualify for tax depreciation up to the value of the reserve. Therefore this is effectively a form of accelerated depreciation. Development reserves have been established based on the Company's current year and previous years pre tax profit and a deferred tax liability has been recognized on the deferred tax effect of the accounting and tax depreciation difference of assets not connected to development reserve. The Company decreased its deferred tax liabilities by the valuation difference for treasury shares based on the Hungarian Accounting Standards.

Tax losses can be carried forward up to the next years offset future taxable profits (until its 50%). Deferred tax assets relating to tax losses are netted off against deferred tax liabilities. The company raised deferred tax asset on write-off for bad debts in 2013.

ANY PLC and its subsidiaries are subject to periodic audits by the Hungarian Tax Authority (NAV). Since the application of tax laws and regulations may be susceptible to varying interpretations, amounts reported in the financial statements could be changed at a later date upon final determination by the tax authorities. The Parent Company was not audited by the Tax Authority in 2013.

| In HUF thousands | December 31, 2013 | December 31, 2012 |
|---|---|---|
| **Opening deferred tax liability** | **251,780** | **253,290** |
| Deferred tax liability due to development reserve | 8,153 | (5,806) |
| Deferred tax on accounting and tax depreciation difference of assets not connected to development reserve | 6,038 | (4,031) |
| Deferred tax arising from treasury shares valuation | (10,267) | 6,876 |
| Deferred tax on residual value of financial lease assets | – | 1,451 |
| **Closing deferred tax liability** | **255,704** | **251,780** |

| In HUF thousands | December 31, 2013 | December 31, 2012 |
|---|---|---|
| **Opening deferred tax assets** | **7,467** | **6,578** |
| Deferred tax asset on write-off for bad debts | (140) | 889 |
| Deferred tax asset on provisions | – | – |
| **Closing deferred tax assets** | **7,327** | **7,467** |

| In HUF thousands | December 31, 2013 | December 31, 2012 |
|---|---|---|
| **Opening deferred tax liability net** | **244,313** | **246,712** |
| **Closing deferred tax liability net** | **248,377** | **244,313** |

The effective income tax rate defers from the statutory income tax rate due to the following items:

| In HUF thousands | December 31, 2013 | December 31, 2012 |
|---|---|---|
| **Profit before tax and non-controlling interest** | **901,264** | **719,246** |
| Tax at statutory rate of 10% (*) | 90,126 | 71,925 |
| Other permanent differences (net) | (818) | (10,005) |
| **Corporate income tax expense** | **89,308** | **61,920** |

(*) The foreign tax rules were not considered in this calculation. The differences from that method can be find in row of Other permanent differences (net). In this calculation 10% tax rate has been applied because the tax base is under HUF 500 million.

# Earnings per share

Weighted average shares outstanding, net income used in the calculation of earnings per share and calculated earning per share details are set out below: (number of weighted average shares and net income is the same both at 'Basic' and 'Fully diluted' EPS calculation).

| In HUF thousands | December 31, 2013 | December 31, 2012 |
|---|---|---|
| Weighted average shares outstanding for: | 14,347,388 | 14,350,249 |
| Net income used in the calculation | 712,361 | 544,504 |
| | | |
| Basic and diluted earnings per share: | | |
| Basic (HUF per share) | 50 | 38 |
| Fully diluted (HUF per share) | 50 | 38 |

# Contingent liabilities

The Company has arranged bank guarantees. The guarantees largely relate to commitments under Government and corporate tenders. Guarantees are provided up to a maximum limit of HUF 750 million. The Company reclassified HUF 775 million to the restricted reserves in 2011, in 2012 and in 2013 to finance future capital expenditures, which has not been utilised yet. Corporate tax base was decreased by this amount in line with the relevant Hungarian regulations under the condition, that this amount will

be spent for capital expenditures in the following six years, otherwise the deducted corporate tax has to be repaid to the Hungarian Tax Authority grossed up with its fines and interests.
The Company leases and rents various facilities and properties under non-cancellable arrangements expiring in 2025. These contracts contain indexation clauses based on a percentage of inflation in Hungary. Future lease and rental payments under these non-cancellable operating agreements as of December 31. 2013 are as follows:

| Periods | Amounts in EUR |
|---|---|
| 2014 | 818,656 |
| 2015 | 835,030 |
| 2016 | 851,730 |
| 2017 | 868,765 |
| 2018 | 886,140 |
| Later years | 6,719,573 |
| Total minimum payments | 10,979,894 |

# Financial lease

The Group purchased more machines connected to card production and printing that are partly leased from BAWAG Leasing Zrt. The capitalized value of the machineries was HUF 510,190 thousands, while net book value at December 31. 2013 was HUF 329,753 thousands. (Last year the capitalized value was HUF 1,319,744 thousands, net book value was HUF 700,081 thousands.) Short term and long term financial lease principal liabilities are as follows:

| Financial lease liabilities (in HUF thousands) | 31 December, 2013 | 31 December, 2012 |
|---|---|---|
| Short term part | 85,743 | 178,356 |
| Long term part | 1,901 | 89,671 |
| **Total** | **87,644** | **268,027** |

The fair value of the leased assets approximates book value. Fixed assets mean the cover in Group's leasing transactions.

# Related party transactions

| Financial lease liabilities (in HUF thousands) | FY 2013 | FY 2012 |
|---|---|---|
| Balance of intercompany receivables eliminated | 555,793 | 506,173 |
| Balance of intercompany liabilities eliminated | 552,322 | 506,032 |
| Balance of intercompany revenues eliminated | 1,000,936 | 934,400 |
| Balance of intercompany expenditures eliminated | 999,492 | 934,261 |

Related party transactions were made on terms equivalent to those that prevail in arm's length transactions. Through related party transactions mainly ANY Security Printing Company PLC (the

Company) sells finished goods to the other members of the Group, who resell them to third party companies. Related party transactions also consist of short term intercompany loans and rental fee for machineries.

ll the intercompany balances were eliminated during the consolidation process.
At the balance sheet date the disbursed loans by the Parent company to its subsidiaries were:
Direct Services O.O.D.: EUR 122,855, interest rate is based on 3 months EURIBOR
Tipo Direct S.R.L.: EUR 100,000, interest rate is based on 3 months EURIBOR
Zipper Data S.R.L.: EUR 80,000, interest rate is based on 3 months EURIBOR

Other intercompany loans at the balance sheet date:
Tipo Direct S.R.L. to Tipo Direct Serv S.R.L.: EUR 50,000, interest rate is based on 3 months EURIBOR

The following table presents the beginning and the end of the assignment of the members of the Board of Directors, the members of the Supervisory Board and the senior officers. The number of shares hold in ANY Security Printing Company PLC is also presented as at 31 December 2013.

| Type [1] | Name | Position | Assignment started | Assignment ends | Treasury stock owned (no.)** |
|---|---|---|---|---|---|
| BD | Dr. Ákos Erdős (*) | Chairman of Board of Directors | 1993 | May 31, 2014 | 1,708,932 |
| BD | György Gyergyák | Deputy chairman of Board of Directors | 1994 | May 31, 2014 | 395,624 |
| BD | Tamás Doffek | Member of Board of Directors | May 31, 2009 | May 31, 2014 | 7,500 |
| BD | Péter Kadocsa | Member of Board of Directors | April 30, 2010 | May 31, 2014 | – |
| BD | Gábor Zsámboki | Member of Board of Directors | August 11, 2005 | May 31, 2014 | – |
| BD | Dr. György Karády | Member of Board of Directors | April 19, 2011 | May 31, 2014 | 107,990 |
| SB | Dr. Tamás Sárközy | Chairman of Supervisory Board | March 30, 2007 | May 31, 2014 | – |
| SB | Dr. Istvánné Gömöri (**) | Deputy chairman of Supervisory Board | August 11, 2005 | May 31, 2014 | 536,703 |
| SB | Ferenc Berkesi | Member of Supervisory Board | August 11, 2005 | May 31, 2014 | – |
| SB | Dr. Erzsébet Novotny | Member of Supervisory Board | April 30, 2010 | May 31, 2014 | 5,320 |
| SB | Dr. Imre Repa | Member of Supervisory Board | March 30, 2007 | May 31, 2014 | – |
| SB | Dr. János Stumpf | Member of Supervisory Board | April 19, 2011 | May 31, 2014 | – |
| SP | Gábor Zsámboki | Chief Executive Officer | May 1, 2008 | indefinite | *** |
| SP | László Balla | Deputy Chief Executive Officer | May 1, 2008 | indefinite | 30,190 |
| SP | Ferenc Berkesi | Chief Security Officer | 2001 | indefinite | *** |
| SP | Gábor Péter | Chief Information Officer | Dec 1, 2009 | indefinite | 16,194 |
| SP | Dr. Lajos Székelyhídi | Chief Research and Development Officer | 1999 | indefinite | 6,900 |
| SP | Zoltán Tóth | Chief Technical and Production Officer | July 1, 2008 | indefinite | – |
| | **Number of shares hold, TOTAL:** | | | | **2,815,353** |

[1] Employee in a strategic position (SP), Board of Directors member (BD), Supervisory Board member (SB)
* Dr. Ákos Erdős owns further 476,630 ANY shares through Fortunarum Kft.
** Dr. Istvánné Gömöri controls ANY shares indirectly through BELU S.A.R.L.
*** Number of shares shown above

# Remuneration of the members of the Supervisory Board and the Board of Directors

HUF 9,912 thousands remuneration was paid to the Supervisory Board, while HUF 8,160 thousands to the Board of Directors in 2013, which equals to prior year remuneration.

# Risk management

## Foreign currency risk

Among foreign currency transactions of the Group 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 within the Group, therefore the foreign currency risk of the Group is not significant.

| ANY Group | Currency | December 31, 2013 | December 31, 2012 |
|---|---|---|---|
| **Foreign currency receivables** | EUR | 1,875,480 | 666,091 |
| | USD | 7,825 | – |
| | GBP | 1,505 | – |
| | BGN | 1,422,507 | 1,109,084 |
| | RON | 9,364,888 | 6,455,542 |
| | MDL | 324,601 | 279,404 |
| | DKK | 63,826 | 27,496 |
| | SEK | 14,198 | 7,649 |
| **Total (in HUF thousands)** | | **1,404,208** | **789,812** |
| | | | |
| **Foreign currency cash** | EUR | 395,950 | 632,156 |
| | USD | 4,765 | 480 |
| | GBP | 114 | 216 |
| | BGN | 1,524,241 | 1,245,052 |
| | RON | 4,440,482 | 2,220,872 |
| | MDL | 376,540 | 594,426 |
| **Total (in HUF thousands)** | | **650,611** | **526,498** |
| | | | |
| **Foreign currency liabilities** | EUR | 2,703,919 | 1,701,119 |
| | USD | 23,634 | 4,062 |
| | CHF | 80,900 | 2,067 |
| | BGN | 542,705 | 77,046 |
| | RON | 5,990,455 | 4,374,292 |
| | MDL | 127,787 | 177,674 |
| **Total (in HUF thousands)** | | **1,309,116** | **799,056** |

| Impact of a possible 10% foreign exchange rate decrease in each foreign currency (in HUF thousands) | December 31, 2013 | December 31, 2012 |
|---|---|---|
| **Impact on foreign currency assets** | **205,482** | **131,631** |
| **Impact on foreign currency liabilities** | **(130,912)** | **(79,906)** |
| **Total impact of possible foreign exchange rate change** | **74,570** | **51,725** |

The fair value of the financial instruments approximates the book value. The Group holds no financial assets held to maturity or available for sale.

From the foreign subsidiaries and joint ventures of the Group Tipo Direct S.R.L. and Zipper Data S.R.L. keep their books in Romanian Lei, Tipo Direct SERV S.R.L. in Moldavian Lei, Direct Services O.O.D. in Bulgarian Leva, while Slovak Direct S.R.O. keeps its books in EURO. The balances of foreign currency assets and liabilities of the foreign subsidiaries of the Group are retranslated at the relevant national bank foreign exchange rates in the consolidated financial statements. In line with the regulation of IFRS the items of Statement of Financial Position were calculated at year end rate while items of Total Comprehensive Income were calculated at yearly average rate. The difference resulted from using different rates is disclosed in line of other comprehensive income.

## Interest rate risk

Due to the low balance of debts in the Group, potential interest rate changes would not influence significantly the amount of interests to be paid by the Group. Based on the balance of Credits of the Group, a potential interest rate increase of 100 basis points relevant to our credits would increase our interest expenses by approximately HUF 581 thousands in the year 2012. (This was HUF 370 thousands in the year 2012.)

## Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecasts and actual cash-flows and by matching the maturity profiles of financial assets and liabilities.

Liquidity risk of the Group, due to the high balance of net working capital, is low. The maturity of trade payables, lease liabilities and credits is shown in the next table:

| ANY Group FY 2013 (in HUF thousands) | In 1 month | 1–3 months | 3 months –1 year | 1–5 years | Over 5 years | Total: |
|---|---|---|---|---|---|---|
| Trade payables | 1,726,111 | 207,760 | 9,499 | – | – | **1,943,370** |
| Lease liabilities | 2,495 | 32,765 | 50,483 | 1,901 | – | **87,644** |
| Credits | 10,816 | – | 42,798 | 4,441 | – | **58,055** |
| Other liabilities and accruals (without taxes) | 798,534 | 24,268 | 7,852 | – | – | **830,654** |
| Current tax liabilities | 256,315 | 6,685 | 257 | – | – | **263,257** |
| **Total** | **2,794,271** | **271,478** | **110,889** | **6,342** | **–** | **3,182,980** |

| ANY Group FY 2012 (in HUF thousands) | In 1 month | 1–3 months | 3 months –1 year | 1–5 years | Over 5 years | Total: |
|---|---|---|---|---|---|---|
| Trade payables | 1,582,368 | 239,235 | 5,349 | 59 | – | **1,827,011** |
| Lease liabilities | 15,553 | 30,704 | 132,099 | 89,671 | – | **268,027** |
| Credits | – | – | 29,361 | 7,647 | – | **37,008** |
| Other liabilities and accruals (without taxes) | 554,022 | 14,311 | 81 | – | – | **568,414** |
| Current tax liabilities | 225,296 | – | – | – | – | **225,296** |
| **Total** | **2,377,239** | **284,250** | **166,890** | **97,377** | **–** | **2,925,756** |

### Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties, and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Trade receivables consist of a large number of costumers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The financial discipline of the debtors of the Group 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: 2.68%. (This was 3% in 2012.)

## Significant events after the reporting period

There was not any significant event in the Group after the reporting period.
The Consolidated Financial Statements were accepted by the Board of Directors of ANY Nyrt. on 28th February, 2014.

# Indices

| | Indicators (%, or in HUF thousands) | 2013 | 2012 | Change | Change (%) |
|---|---|---|---|---|---|
| A | Current assets | 6,553,730 | 5,968,739 | 584,99 | 9.80% |
| B | Inventories | 1,725,799 | 1,377,807 | 347,992 | 25.26% |
| C | Owners' equity | 6,427,309 | 6,298,459 | 128,850 | 2.05% |
| D | Short term debts | 3,176,638 | 2,828,438 | 348,200 | 12.31% |
| E | Total Assets / Liabilities | 9,871,521 | 9,494,750 | 376,771 | 3.97% |
| F | Interest expense | 18,021,153 | 16,780,927 | 1,240,226 | 7.39% |
| G | Interest expense | 7,763 | 17,002 | (9,239) | –54.34% |
| H | Operating Income | 866,176 | 679,059 | 187,117 | 27.56% |
| I | Profit attributable to owners of the Company | 712,36 | 544,504 | 167,857 | 30.83% |
| | | | | | |
| **Liquidity ratios:** | | | | | |
| Liquidity ratio: ( A / D ) | | 2.06 | 2.11 | (0,05) | |
| Quick ratio: [(A–B) / D] | | 1.52 | 1.62 | (0,10) | |
| | | | | | |
| **Gearing ratios:** | | | | | |
| Debts over Equity ratio [(E–C) / E] | | 34.89% | 33.66% | 1.23% | |
| Interest cover (H / G) | | 111.58 | 39.94 | 71.64 | |
| | | | | | |
| **Profitability ratios:** | | | | | |
| Return on Sales: ROS ROS (I / F) | | 3.95% | 3.24% | 0.71% | |
| Return on Equity: ROE ROE (I / C) | | 11.08% | 8.65% | 2.43% | |
| Return on Assets: ROA ROA (I / E) | | 7.22% | 5.73% | 1.49% | |

**Budapest, 28th February 2014**

**Gábor Zsámboki**

**Chief Executive Officer**

# Statement of Responsibility

The 2013 Annual Report of ANY Security Printing Company PLC contains true data and statements and does not conceal any fact that might have significance for the evaluation of the Company's position.

**Gábor Zsámboki**
**Chief Executive Officer**

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