

**Annual report  
for the year ended December 31, 2016**

**ANY Security Printing Company PLC**

**Annual report**

**for the year ended December 31, 2016**

**Deloitte**

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

*Translation of the Hungarian original*

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ANY Biztonsági Nyomda Nyrt.

### *Opinion*

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

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

### *Basis for the opinion*

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

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

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

### *Key Audit Matters*

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

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

**Other information**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

Budapest, March 6, 2017

*The original Hungarian version has been signed.*

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

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Registration number: 000083

Registration number of statutory registered auditor: 003449

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## FÜGGETLEN KÖNYVVIZSGÁLÓI JELENTÉS

Az ANY Biztonsági Nyomda Nyrt. részvényeseinek

### *Vélemény*

Elvégeztük az ANY Biztonsági Nyomda Nyrt. (a „Társaság”) 2016. évi éves beszámolójának könyvvizsgálatát, amely éves beszámoló a 2016. december 31-i fordulónapra készített mérlegből – melyben az eszközök és források egyező végösszege 9.516.327 E Ft, az adózott eredmény 812.943 E Ft nyereség -, és az ugyanezen időponttal végződő üzleti évre vonatkozó eredménykimutatásból, valamint a számviteli politika jelentős elemeinek összefoglalását is tartalmazó kiegészítő mellékletből áll.

Véleményünk szerint a mellékelt éves beszámoló megbízható és valós képet ad a Társaság 2016. december 31-én fennálló vagyoni és pénzügyi helyzetéről, valamint az ezen időponttal végződő üzleti évre vonatkozó jövedelmi helyzetéről a Magyarországon hatályos, a számvitelről szóló 2000. évi C. törvénnyel összhangban (a továbbiakban: „számviteli törvény”).

### *A vélemény alapja*

Könyvvizsgálatunkat a Magyar Nemzeti Könyvvizsgálati Standardokkal összhangban és a könyvvizsgálatra vonatkozó – Magyarországon hatályos – törvények és egyéb jogszabályok alapján hajtottuk végre. Ezen standardok értelmében fennálló felelőségünk bővebb leírását jelentésünk „A könyvvizsgáló éves beszámoló könyvvizsgálatáért való felelősége” szakasza tartalmazza.

Az éves beszámoló általunk végzett könyvvizsgálatára vonatkozó, Magyarországon hatályos etikai követelményeknek megfelelően, függetlenek vagyunk a Társaságtól, és ugyanezen etikai követelményekkel összhangban eleget tettünk egyéb etikai felelőségeinknek is.

Meggyőződésünk, hogy az általunk megszerzett könyvvizsgálati bizonyíték elegendő és megfelelő alapot nyújt véleményünkhöz.

### *Kulcsfontosságú könyvvizsgálati kérdések*

A kulcsfontosságú könyvvizsgálati kérdések azok a kérdések, amelyek szakmai megítélésünk szerint a legjelentősebbek voltak a tárgyidőszaki éves beszámoló általunk végzett könyvvizsgálata során. Ezeket a kérdéseket az éves beszámoló egésze általunk végzett könyvvizsgálatainak összefüggésében és az arra vonatkozó véleményünk kialakítása során vizsgáltuk, és ezekről a kérdésekről nem bocsátunk ki külön véleményt.

Kulcsfontosságú könyvvizsgálati területek	Kapcsolódó könyvvizsgálati eljárások
<b>Tartós részesedés kapcsolt vállalkozásban értékelése</b>	
<p>(Részletek a kiegészítő melléklet 2.3. és 3.3. pontjaiban.)</p> <p>A Társaság 1.653.325 E Ft értékben mutat ki tartós részesedést kapcsolt vállalkozásban.</p> <p>A menedzsment rendszeresen (legalább évente) végez értékvesztés tesztet abból a célból, hogy megvizsgálja, szükséges-e a kapcsolt vállalkozásokban lévő tartós részesedések tekintetében értékvesztés elszámolása.</p> <p>A kapcsolt vállalkozásban lévő tartós részesedéseken végzett értékvesztés teszt a diszkontált cash-flow modellen alapul és a modell alkalmazása bizonyos feltételezéseket, a menedzsment szakmai értékelését igényli (pl. diszkont ráták, növekedési ráták, árfolyamok).</p> <p>Az értékelés során azt is vizsgálják, hogy a részesedések könyv szerinti értéke tartósan és jelentősen meghaladja-e annak várható megtérülési értékét.</p> <p>A fentiekre tekintettel a tartós részesedés kapcsolt vállalkozásban értékelését kulcsfontosságú könyvvizsgálati területnek tekintettük.</p>	<p>A tartós részesedés kapcsolt vállalkozásban értékelés tesztel kapcsolatos könyvvizsgálati eljárásaink során a menedzsment által alkalmazott feltételezések megfelelőségének vizsgálatára fókuszáltunk. Az alábbi eljárásokat végeztünk el:</p> <ul style="list-style-type: none"> <li>- vizsgáltuk, hogy a menedzsment által alkalmazott modell megfelel-e a Számviteli törvénynek,</li> <li>- validáltuk a feltételezéshez használt diszkont- és növekedési rátákat,</li> <li>- elemeztük a modellben alkalmazott előrejelzéseket annak megállapítására, hogy azok ésszerűek és alátámaszthatóak az adott befektetés jövőbeli teljesítményére,</li> <li>- a várható pénzáramokat és növekedési rátákat összehasonlítottuk a tény adatokkal, hogy teszteljük a menedzsment előrejelzéseinek pontosságát.</li> </ul> <p>Vizsgáltuk a releváns számviteli standardok megfelelő alkalmazását, a megfelelő számviteli elszámolásokat és közzétételeket.</p>

#### **Egyéb információk**

Az egyéb információk az ANY Biztonsági Nyomda Nyrt. 2016. évi üzleti jelentéséből áll, amelyet a könyvvizsgálói jelentés dátuma előtt megszereltünk, valamint az éves jelentés részét képező vezetőségi jelentésből állnak, amelyet várhatóan a könyvvizsgálói jelentés dátuma után bocsátanak rendelkezésünkre, de nem tartalmazzák az éves beszámolót és az arra vonatkozó könyvvizsgálói jelentésünket. A vezetés felelős az egyéb információkért, továbbá az üzleti jelentésnek a számviteli törvény, illetve egyéb más jogszabály vonatkozó előírásaival összhangban történő elkészítéséért. A jelentésünk „Vélemény” szakaszában az éves beszámolóra adott véleményünk nem vonatkozik az egyéb információkra.

Az éves beszámoló általunk végzett könyvvizsgálatával kapcsolatban a mi felelőségünk a fent azonosított egyéb információk átoltvasása és ennek során annak mérlegelése, hogy az egyéb információk lényegesen ellentmondanak-e az éves beszámolónak vagy a könyvvizsgálat során szerzett ismereteinknek, vagy egyébként úgy tűnik-e, hogy azok lényegesen hibás állítást tartalmaznak.



Az üzleti jelentéssel kapcsolatban, a számviteli törvény alapján a mi felelősségünk továbbá az üzleti jelentés átolvasása során annak a megítélése, hogy az üzleti jelentés a számviteli törvény, illetve, ha van, egyéb más jogszabály vonatkozó előírásaival összhangban készült-e, beleértve, hogy az üzleti jelentés megfelel-e a számviteli törvény 95./B. § (2) bekezdés e) és f) pontjában foglalt követelményeknek. A számviteli törvény alapján nyilatkoznunk kell továbbá arról, hogy az üzleti jelentésben rendelkezésre bocsátották-e a számviteli törvény 95./B. § (2) bekezdés a)-d), és g) pontjában meghatározott információkat.

Véleményünk szerint az az ANY Biztonsági Nyomda Nyrt. 2016. évi üzleti jelentése összhangban van az ANY Biztonsági Nyomda Nyrt. 2016. évi éves beszámolójával és az üzleti jelentés a számviteli törvény előírásaival összhangban készült. Az üzleti jelentésben rendelkezésre bocsátották a számviteli törvény 95./B. § (2) bekezdés a)-d), és g) pontjában meghatározott információkat.

Mivel egyéb más jogszabály a Társaság számára nem ír elő az üzleti jelentésre vonatkozó további követelményeket, ezért ezzel kapcsolatban az üzleti jelentésre vonatkozó véleményünk nem tartalmaz a számviteli törvény 156. § (5) bekezdésének h) pontjában előírt véleményt.

A fentiekén túl a Társaságról és annak környezetéről megszerzett ismereteink alapján jelentést kell tennünk arról, hogy a tudomásunkra jutott-e bármely lényegesnek tekinthető hibás közlés (lényeges hibás állítás) a jelen könyvvizsgálói jelentés dátuma előtt megszerzett egyéb információkban, és ha igen, akkor a szóban forgó hibás közlés (hibás állítás) milyen jellegű. Ebben a tekintetben nincs jelenteni valónk.

Amikor átolvassuk az éves jelentést, ha arra a következtetésre jutunk, hogy az lényeges hibás állítást tartalmaz, kötelességünk az adott kérdést kommunikálni az irányítással megbízott személyek felé.

#### *A vezetés és az irányítással megbízott személyek felelőssége az éves beszámolóért*

A vezetés felelős az éves beszámolóban a számviteli törvénnyel összhangban történő és a valós bemutatás követelményének megfelelő elkészítéséért, valamint az olyan belső kontrollért, amelyet a vezetés szükségesnek tart ahhoz, hogy lehetővé váljon az akár csalásból, akár hibából eredő lényeges hibás állítástól mentes éves beszámoló elkészítése.

Az éves beszámoló elkészítése során a vezetés felelős azért, hogy felmérje a Társaságnak a vállalkozás folytatására való képességét és az adott helyzetnek megfelelően közzétegy a vállalkozás folytatásával kapcsolatos információkat, valamint a vezetés felel a vállalkozás folytatásának elvén alapuló számviteli éves beszámolóban való alkalmazásáért, azt az esetet kivéve, ha a vezetésnek szándékában áll megszüntetni a Társaságot vagy beszüntetni az üzletszerű tevékenységet, vagy amikor ezen kívül nem áll előtte más reális lehetőség.

Az irányítással megbízott személyek felelősek a Társaság pénzügyi beszámolási folyamatának felügyeletéért.

#### *A könyvvizsgáló éves beszámoló könyvvizsgálatáért való felelőssége*

A könyvvizsgálat során célunk kellő bizonyosságot szerezni arról, hogy az éves beszámoló egésze nem tartalmaz akár csalásból, akár hibából eredő lényeges hibás állítást, valamint az, hogy ennek alapján a véleményünket tartalmazó független könyvvizsgálói jelentést bocsássunk ki. A kellő bizonyosság magas fokú bizonyosság, de nem garancia arra, hogy a Magyar Nemzeti Könyvvizsgálói Standardokkal összhangban elvégzett könyvvizsgálat mindig feltárja az egyébként létező lényeges hibás állítást. A hibás állítások eredhetnek csalásból vagy hibából, és lényegesnek minősülnek, ha ésszerű lehet az a várakozás, hogy ezek önmagukban vagy együttesen befolyásolhatják a felhasználók adott éves beszámoló alapján meghozott gazdasági döntéseit.



Egy, a Magyar Nemzeti Könyvvizsgálati Standardokkal összhangban elvégzésre kerülő könyvvizsgálatnak a részeként szakmai megítélést alkalmazunk, és szakmai szkepticizmust tartunk fenn a könyvvizsgálat egésze során. Emellett:

- Azonosítjuk és felbecsüljük az éves beszámoló akár csalásból, akár hibából eredő lényeges hibás állításainak kockázatait, az ezen kockázatok kezelésére alkalmas könyvvizsgálati eljárásokat alakítunk ki és hajtunk végre, valamint véleményünk megalapozásához elegendő és megfelelő könyvvizsgálati bizonyítékokat szerzünk. A csalásból eredő lényeges hibás állítás fel nem tárásának kockázata nagyobb, mint a hibából eredő, mivel a csalás magában foglalhat összejátszást, hamisítást, szándékos kihagyásokat, téves nyilatkozatokat, vagy a belső kontroll felülírását.
- Megismerjük a könyvvizsgálat szempontjából releváns belső kontrollt annak érdekében, hogy olyan könyvvizsgálati eljárásokat tervezzünk meg, amelyek az adott körülmények között megfelelőek, de nem azért, hogy a Társaság belső kontrolljának hatékonyságára vonatkozóan véleményt nyilvánítsunk.
- Értékeljük a vezetés által alkalmazott számviteli politika megfelelőségét és a vezetés által készített számviteli becslések és kapcsolódó közzétételek ésszerűségét.
- Következtetést vonunk le arról, hogy helyénvaló-e a vezetés részéről a vállalkozás folytatásának elvén alapuló számvitel alkalmazása, valamint a megszerzett könyvvizsgálati bizonyíték alapján arról, hogy fennáll-e lényeges bizonytalanság olyan eseményekkel vagy feltételekkel kapcsolatban, amelyek jelentős kétséget vethetnek fel a Társaság vállalkozás folytatására való képességét illetően. Amennyiben azt a következtetést vonjuk le, hogy lényeges bizonytalanság áll fenn, független könyvvizsgálói jelentésünkben fel kell hívunk a figyelmet az éves beszámolóban lévő kapcsolódó közzétételekre, vagy ha a közzétételek e tekintetben nem megfelelőek, minősíteni kell véleményünket. Következtetéseink a független könyvvizsgálói jelentésünk dátumáig megszerzett könyvvizsgálati bizonyítékon alapulnak. Jövőbeli események vagy feltételek azonban okozhatják azt, hogy a Társaság nem tudja a vállalkozást folytatni.
- Értékeljük az éves beszámoló átfogó prezentálását, felépítését és tartalmát, beleértve a kiegészítő mellékletben tett közzétételeket, valamint értékeljük azt is, hogy az éves beszámolóban teljesül-e az alapul szolgáló ügyletek és események valós bemutatása.

Kommunikáljuk az irányítással megbízott személyek felé - egyéb kérdések mellett - a könyvvizsgálat tervezett hatókörét és ütemezését, a könyvvizsgálat jelentős megállapításait, beleértve a Társaság által alkalmazott belső kontrollnak a könyvvizsgálatunk során általunk azonosított jelentős hiányosságait is.

Nyilatkozunk az irányítással megbízott személyeknek arról, hogy megfelelünk a függetlenségre vonatkozó releváns etikai követelményeknek, és kommunikáljuk feléjük mindazon kapcsolatokat és egyéb kérdéseket, amelyekről ésszerűen feltételezhető, hogy befolyásolják a függetlenségünket, valamint adott esetben a kapcsolódó biztosítékokat.

Az irányítással megbízott személyek felé kommunikált kérdések közül meghatározzuk azokat a kérdéseket, amelyek a tárgyidőszaki éves beszámoló könyvvizsgálata során a legjelentősebb kérdések, és ennélfogva a kulcsfontosságú könyvvizsgálati kérdések voltak. Könyvvizsgálói jelentésünkben ismertetjük ezeket a kérdéseket, kivéve, ha jogszabály vagy szabályozás kizárja az adott kérdés nyilvános közzétételét, vagy ha - rendkívül ritka körülmények között - azt állapítjuk meg, hogy egy adott kérdést a könyvvizsgálói jelentésben nem lehet kommunikálnunk, mert ésszerű várakozások alapján annak hátrányos következményei súlyosabbak lennének, mint a kommunikáció közérdekű hasznai.

A jelen független könyvvizsgálói jelentést eredményező könyvvizsgálat megbízásért felelős partnernek a jelentés aláírója minősül.

Budapest, 2017. március 6.



Horváth Tamás  
A Deloitte Könyvvizsgáló és Tanácsadó Kft. képviseletében  
illetve mint kamarai tag könyvvizsgáló

Deloitte Könyvvizsgáló és Tanácsadó Kft.  
1068 Budapest Dózsa György út 84/C.  
Nyilvántartási szám: 000083

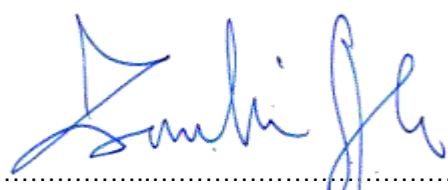
Kamarai tag könyvvizsgálói tagszám: 003449

## Balance Sheet for the year ended December 31, 2016

### Balance Sheet (in HUF thousands)

	Description	December 31, 2015	December 31, 2016
<b>A.</b>	<b>FIXED ASSETS</b>	<b>3,774,988</b>	<b>5,003,320</b>
<b>I.</b>	<b>INTANGIBLE ASSETS</b>	<b>655,042</b>	<b>214,605</b>
1.	Capitalized start-up and restructuring costs	0	0
2.	Capitalized value of research and development	80,434	50,066
3.	Concessions, licenses and similar rights and assets	172,114	105,044
4.	Intellectual property	106,370	59,495
5.	Goodwill	296,124	0
6.	Advances and prepayments on intangible assets	0	0
7.	Adjusted value of intangible assets	0	0
<b>II.</b>	<b>TANGIBLE ASSETS</b>	<b>2,352,121</b>	<b>3,132,801</b>
1.	Land and buildings and rights to immovable	304,187	397,367
2.	Plant and machinery, vehicles	1,437,461	2,283,704
3.	Other equipment, fixtures and fittings, vehicles	295,407	426,243
4.	Breeding stock	0	0
5.	Assets in course of construction	279,679	17,896
6.	Payment on account	35,387	7,591
7.	Adjusted value of tangible assets	0	0
<b>III.</b>	<b>FINANCIAL INVESTMENTS</b>	<b>767,825</b>	<b>1,655,914</b>
1.	Long-term participations in affiliated undertakings	761,919	1,653,325
2.	Long-term loan to affiliated undertakings	0	0
3.	Long-term major participating interests	0	0
4.	Long-term loans to companies linked by virtue of major participating interests	0	0
5.	Other long-term participations	0	0
6.	Long-term loans to other companies linked by virtue of participating interests	0	0
7.	Other long-term loans	5,906	2,589
8.	Long-term debt securities	0	0
9.	Adjusted value of financial investments	0	0
10.	Valuation margin of financial investments	0	0

Budapest, 06. March, 2017

  
.....  
Chief Executive Officer

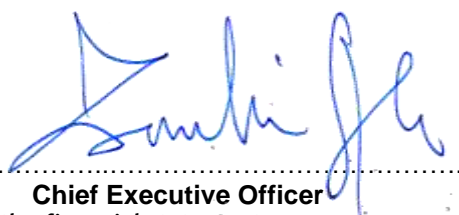
The Supplementary Notes are inseparable parts of the financial statements



## Balance Sheet for the year ended December 31, 2016

	Description	December 31, 2015	December 31, 2016
<b>B.</b>	<b>CURRENT ASSETS</b>	<b>4,385,256</b>	<b>4,406,555</b>
<b>I.</b>	<b>INVENTORIES</b>	<b>1,890,446</b>	<b>2,018,451</b>
1.	Raw materials and consumables	1,036,045	1,122,728
2.	Work in progress, intermediate and semi-finished products	496,700	608,589
3.	Animals for breeding and fattening, other livestock	0	0
4.	Finished products	332,866	267,622
5.	Goods for resale	19,154	19,403
6.	Payments on account for inventories	5,681	109
<b>II.</b>	<b>RECEIVABLES</b>	<b>1,861,411</b>	<b>1,893,762</b>
1.	Accounts receivable (trade debtors)	1,563,327	1,602,532
2.	Receivables from affiliated undertakings	69,112	138,949
3.	Amounts owed by companies with which the company is linked by virtue of major participating interests	0	0
4.	Receivables from independent undertakings	0	0
5.	Bills of exchange receivable	0	0
6.	Other receivables	228,972	152,281
7.	Valuation margin of receivables	0	0
8.	Valuation margin of derivative instruments	0	0
<b>III.</b>	<b>SECURITIES</b>	<b>457,819</b>	<b>455,048</b>
1.	Participations in affiliated undertakings	0	0
2.	Major participating interests	0	0
3.	Other participations	0	0
4.	Own shares and own partnership shares	457,819	455,048
5.	Securities signifying a creditor relation. for trading purposes	0	0
6.	Valuation margin of securities	0	0
<b>IV</b>	<b>LIQUID ASSETS</b>	<b>175,580</b>	<b>39,294</b>
1.	Cash in hand, checks	2,194	3,995
2.	Cash at bank	173,386	35,299
<b>C.</b>	<b>PREPAYMENTS AND ACCRUED INCOME</b>	<b>79,632</b>	<b>106,452</b>
1.	Accrued income	30,709	46,303
2.	Accrued costs, expenses	48,923	60,149
3.	Deferred expenses	0	0
	<b>TOTAL ASSETS</b>	<b>8,239,876</b>	<b>9,516,327</b>

Budapest, 06. March, 2017

  
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Chief Executive Officer

The Supplementary Notes are inseparable parts of the financial statements

# Balance Sheet for the year ended December 31, 2016

	Description	December 31, 2015	December 31, 2016
<b>D.</b>	<b>SHAREHOLDERS' EQUITY</b>	<b>5,612,552</b>	<b>5,463,843</b>
I.	SHARE CAPITAL	1,449,876	1,449,876
	including: ownership shares repurchased at face value	43,987	43,987
II.	SHARE CAPITAL UNPAID	0	0
III.	CAPITAL RESERVE	250,686	250,686
IV.	ACCUMULATED PROFIT RESERVE	2,056,177	2,044,747
V.	TIED-UP RESERVE	1,089,760	905,591
VI.	REVALUATION RESERVE	0	0
VII.	PROFIT OR LOSS FOR THE YEAR	766,053	812,943
<b>E.</b>	<b>PROVISIONS</b>	<b>0</b>	<b>0</b>
1.	Provisions for expected liabilities	0	0
2.	Provisions for future expenses	0	0
3.	Other provisions	0	0
<b>F.</b>	<b>LIABILITIES</b>	<b>2,350,800</b>	<b>3,656,317</b>
<b>I.</b>	<b>SUBORDINATED LIABILITIES</b>	<b>0</b>	<b>0</b>
1.	Subordinated liabilities to affiliated undertakings	0	0
2.	Subordinated liabilities to companies linked by virtue of major participating interests	0	0
3.	Subordinated liabilities to independent undertakings	0	0
4.	Subordinated liabilities to other economic entities	0	0
<b>II.</b>	<b>LONG-TERM LIABILITIES</b>	<b>178,838</b>	<b>501,046</b>
1.	Long-term loans	0	0
2.	Convertible bonds	0	0
3.	Debts on issue of bonds	0	0
4.	Investment and development credits	0	0
5.	Other long-term credits	0	0
6.	Long-term liabilities to affiliated undertakings	0	0
7.	Long-term liabilities to companies linked by virtue of major participating int.	0	0
8.	Long-term liabilities to independent undertakings	0	0
9.	Other long-term liabilities	178,838	501,046
<b>III.</b>	<b>CURRENT LIABILITIES</b>	<b>2,171,962</b>	<b>3,155,271</b>
1.	Short-term loans	0	0
2.	Other short-term credits	0	835,529
3.	Advances received from customers	8,381	11,085
4.	Accounts payable (trade creditors)	1,599,166	1,205,101
5.	Bills of exchange payable	0	0
6.	Short-term liabilities to affiliated undertakings	82,940	154,159
7.	Short-term liabilities to companies linked by virtue of major participating interest	0	0
8.	Short-term liabilities to independent undertakings	0	0
9.	Other short-term liabilities	481,475	949,397
10.	Valuation margin of liabilities	0	0
11.	Valuation margin of derivative instruments	0	0
<b>G.</b>	<b>ACCRUALS AND DEFERRED INCOME</b>	<b>276,524</b>	<b>396,167</b>
1.	Deferred income	1,209	0
2.	Deferred costs, expenses	273,457	396,167
3.	Accrued income	1,858	0
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>8,239,876</b>	<b>9,516,327</b>

Budapest, 06. March, 2017

  
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Chief Executive Officer

The Supplementary Notes are inseparable parts of the financial statements.

# Profit and Loss Statement for the year ended December, 2016

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

	Description	FY 2015	FY 2016
01.	Net domestic sales	11,478,960	14,186,613
02.	Net external sales	1,191,167	911,284
<b>I.</b>	<b>NET SALES REVENUE</b>	<b>12,670,127</b>	<b>15,097,897</b>
03.	Change in goods and work in progress	209,791	46,645
04.	Own work capitalized	69,827	183,947
<b>II.</b>	<b>OWN PERFORMANCE CAPITALIZED</b>	<b>279,618</b>	<b>230,592</b>
<b>III.</b>	<b>OTHER INCOME</b>	<b>478,015</b>	<b>166,588</b>
	including: loss in value marked back	102,721	54,232
05.	Cost of raw materials and consumables	4,076,493	5,327,908
06.	Cost of services	1,355,986	1,452,659
07.	Cost of other service activities	64,468	68,890
08.	Cost of goods sold	678,391	810,505
09.	Cost of services sold (intermediated)	1,627,958	1,624,875
<b>IV.</b>	<b>MATERIAL COSTS</b>	<b>7,803,296</b>	<b>9,284,837</b>
10.	Wages and salaries	2,657,683	3,095,244
11.	Other employee benefits	275,273	286,449
12.	Contributions on wages and salaries	767,909	880,310
<b>V.</b>	<b>PERSONAL TYPE EXPENDITURES</b>	<b>3,700,865</b>	<b>4,262,003</b>
<b>VI.</b>	<b>DEPRECIATION</b>	<b>726,477</b>	<b>702,213</b>
<b>VII.</b>	<b>OTHER OPERATING CHARGES</b>	<b>741,591</b>	<b>635,686</b>
	including: loss in value	77,109	204,944
<b>A.</b>	<b>OPERATING (TRADING) PROFIT</b>	<b>455,531</b>	<b>610,338</b>
13.	Dividends and profit-sharing (received or due)	313,775	296,394
	including: from affiliated undertakings	313,775	296,394
14.	Capital gains on investments	0	0
	including: from affiliated undertakings	0	0
15.	Interest and capital gains on financial investments	0	0
	including: from affiliated undertakings	0	0
16.	Other interest and similar income (received or due)	6,937	3,687
	including: from affiliated undertakings	696	1,035
17.	Other income from financial transactions	30,341	43,970
<b>VIII.</b>	<b>Income from financial transactions</b>	<b>351,053</b>	<b>344,051</b>
18.	Losses on financial investments	0	0
19.	Expenses on financial investments (equity shares, loans), losses	0	0
20.	Interest payable and similar charges	16,164	61,153
	including: to affiliated undertakings	5,456	3,893
21.	Losses on shares, securities and bank deposits	-65,980	2,770
22.	Other expenses on financial transactions	40,911	31,642
<b>IX.</b>	<b>Expenses on financial transactions</b>	<b>-8,905</b>	<b>95,565</b>
<b>B.</b>	<b>PROFIT OR LOSS ON FINANCIAL TRANSACTIONS</b>	<b>359,958</b>	<b>248,486</b>
<b>C.</b>	<b>PROFIT OR LOSS BEFORE TAX</b>	<b>815,489</b>	<b>858,824</b>
X.	Tax payable	49,436	45,881
<b>D.</b>	<b>PROFIT OR LOSS FOR THE YEAR</b>	<b>766,053</b>	<b>812,943</b>

Budapest, 06. March, 2017



Chief Executive Officer

The Supplementary Notes are inseparable parts of the financial statements



# Profit and Loss Statement for the year ended December, 2016

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

	Description	FY 2015	FY 2016
01.	Net domestic sales	11,478,960	14,186,613
02.	Net external sales	1,191,167	911,284
<b>I.</b>	<b>TOTAL SALES (REVENUES)</b>	<b>12,670,127</b>	<b>15,097,897</b>
03.	Prime cost of sales accounted	6,026,129	7,468,724
04.	Original cost of goods sold	678,391	810,505
05.	Value of services sold (intermediated)	1,627,958	1,624,875
<b>II.</b>	<b>DIRECT COSTS OF SALES</b>	<b>8,332,478</b>	<b>9,904,104</b>
<b>III.</b>	<b>GROSS INCOME FROM SALES</b>	<b>4,337,649</b>	<b>5,193,793</b>
06.	Sales and marketing costs	345,907	465,098
07.	Administration costs	3,151,816	3,474,150
08.	Other general overhead	120,819	175,109
<b>IV.</b>	<b>INDIRECT COST OF SALES</b>	<b>3,618,542</b>	<b>4,114,357</b>
<b>V.</b>	<b>OTHER INCOME</b>	<b>478,015</b>	<b>166,588</b>
	including: loss in value marked back	102,721	54,232
<b>VI.</b>	<b>OTHER OPERATING CHARGES</b>	<b>741,591</b>	<b>635,686</b>
	including: loss in value	77,109	204,944
<b>A.</b>	<b>INCOME FROM OPERATIONS</b>	<b>455,531</b>	<b>610,338</b>
09.	Dividends and profit-sharing (received or due)	313,775	296,394
	including: from affiliated undertakings	313,775	296,394
10.	Capital gains on investments	0	0
	including: from affiliated undertakings	0	0
11.	Interest and capital gains on financial investments	0	0
	including: from affiliated undertakings	0	0
12.	Other interest and similar income (received or due)	6,937	3,687
	including: from affiliated undertakings	696	1,035
13.	Other income from financial transactions	30,341	43,970
<b>VII.</b>	<b>Income from financial transactions</b>	<b>351,053</b>	<b>344,051</b>
14.	Expenses and losses on participating interests	0	0
15.	<i>Expenses on financial investments (equity shares, loans), losses</i>	0	0
16.	Interest payable and similar charges	16 164	61,153
	including: to affiliated undertakings	5 456	3,893
17.	Losses in shares, securities and bank deposits	-65 980	2,770
18.	Other expenses on financial transactions	40 911	31,642
<b>VIII.</b>	<b>Expenses on financial transactions</b>	<b>-8,905</b>	<b>95,565</b>
<b>B.</b>	<b>PROFIT OR LOSS ON FINANCIAL TRANSACTIONS</b>	<b>359,958</b>	<b>248,486</b>
<b>C.</b>	<b>PROFIT OR LOSS ON BEFORE TAX</b>	<b>815,489</b>	<b>858,824</b>
IX.I.	Tax payable	49,436	45,881
<b>D.</b>	<b>PROFIT AFTER TAX</b>	<b>766,053</b>	<b>812,943</b>

Budapest, 06. March, 2017

  
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Chief Executive Officer

The Supplementary Notes are inseparable parts of the financial statements

**ANY Security Printing company PLC**

## **Supplementary Notes**

**for the year ended December 31, 2016**

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All amounts in HUF thousands unless if otherwise indicated.

## 2 General information

### 2.1 General information on the Company

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

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

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

Place of publishing the announcements:

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

Members of the Board of Directors of the Company:

Dr. Ákos Erdős chairman  
Gábor Zsámboki vice-chairman  
György Gyergyák  
Tamás Erdős  
Péter Kadocsa  
Erwin Fidelis Reisch

All amounts in HUF thousands unless if otherwise indicated.

Members of the Supervisory Board of the Company:

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

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

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

Common shares of series "A": HU 0000093257

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

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

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

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

## 2.2 The activities and the history of the Company

### 2.2.1 The activities of the Company

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

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

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

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

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

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

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

### 2.2.2 The history of the Company

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

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

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

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

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

implemented in the following year at the Company's new premises at Fátyolka street 1-5. in Budapest's 10<sup>th</sup> district.

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

ANY Security Printing Company and Tipoholding of Romania established a Romania joint venture, Zipper Services S.r.l.(the original name: Tipo Direct S.r.l.) in September 2004. In Bulgaria the Company teamed up with local company Power Solution O.o.d. to set up a joint venture, Direct Services O.o.d. in February 2005. In order to strengthen its regional presence, in April 2005, ANY Security Printing Company took steps to form another two companies: Slovak Direct S.r.o. in Slovakia and Állami Nyomda O.o.o. in Russia which activities were broken up in 2011. ANY Security Printing Company in 20 of January 2011 has purchased the 50 per cent share of ZIPPER Data SRL increasing their market segment in Romania. HVB-Leasing Hamlet Ingatlanhasznosító Kft, which continues its operation as ANY Ingatlanhasznosító Kft., became 100% property of ANY Biztonsági Nyomda Nyrt.

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

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



All amounts in HUF thousands unless if otherwise indicated.

1. Table: Structure of the Shareholders

Shareholders	Total equity					
	Beginning of period (1 January 2016)			End of period (31 December 2016)		
	% <sup>1</sup>	% <sup>2</sup>	Shares	% <sup>1</sup>	% <sup>2</sup>	Shares
Foreign institutions	37.00%	38.15%	5 473 499	38.18%	39.37%	5 647 830
Domestic institutions	32.95%	33.98%	4 874 521	33.31%	34.35%	4 928 090
Domestic private individuals	18.47%	19.05%	2 732 957	21.69%	22.37%	3 209 254
Other	5.08%	5.24%	752 301	0.41%	0.42%	60 320
Employees, managing officials	3.20%	3.30%	473 085	3.07%	3.17%	454 794
Treasury stock	3.03%	0.00%	448 842	3.03%	0.00%	448 842
Foreign private individuals	0.27%	0.28%	39 445	0.31%	0.32%	45 520
Shareholders as part of the state budget	0.00%	0.00%	0	0.00%	0.00%	0
<b>TOTAL:</b>	<b>100.0%</b>	<b>100.0%</b>	<b>14,794,650</b>	<b>100.0%</b>	<b>100.0%</b>	<b>14,794,650</b>

<sup>1</sup> Ownership interest

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

According to the share register the voting right of the shareholders listed below is over 5%, and the following groups of investors form the structure of shareholders as at 31, December 2016.

2. Table: Structure of shareholders over 5% share

Name	Ownership interest (%)	Voting right (%)
<b>Shareholders over 5% share</b>		
EG Capital LLC (*)	11.62%	11.98%
Digital Forest LLC (**)	6.76%	6.97%
Aegon Alfa Származtatott Alap	7.20%	7.43%
<b>Other shareholders below 5% share</b>		
Domestic institutions	26.11%	26.92%
Domestic private individuals	21.69%	22.37%
Other	0.41%	0.42%
Foreign institutions	19.79%	20.42%
Employees, managing officials	3.07%	3.17%
Repurchased treasury shares	3.03%	0.00%
Foreign private individuals	0.32%	0.32%

(\*) The Chairman of the Board of Directors of ANY Security Printing Company PLC as owner of EG Capital LLC has a further 3.22% indirect ownership through Fortunarum Kft.

(\*\*) Based on the AGM of March 31, 2014 the Tamás Erdős has been elected as a member of the Board of Directors of ANY Security Printing Company PLC has indirect ownership

All amounts in HUF thousands unless if otherwise indicated.

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

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

AEGON Magyarország Befektetési Alapkezelő Zrt., as portfolio manager authorized with voting right has control all over the ordinary shares of ANY Security Printing Company Plc. owned in the AEGON Group. Therefore AEGON Magyarország Befektetési Alapkezelő Zrt. has cumulated voting right of 15.58%.

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

### 2.3 Main parts of the accounting policy

According to the Act of Accounting Section no. 12, paragraph no. 3, ANY Security Printing Company Plc. prepares double-entry bookkeeping. ANY Security Printing Company Plc. meets its reporting obligation by preparing the annual report. The cut-off date of the annual report is 31, December 2016. Preparation date of the balance sheet is 15<sup>th</sup> January 2017.

#### Accounting principle instructions

2% of balance sheet total qualifies as major error for the period. The principal of prudence and true and fair view dominate the accounting at the Company, these are applied beside the going concern principle, taking into consideration other accounting principles as well.

#### Revenue recognise

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.

#### Depreciation method

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

All amounts in HUF thousands unless if otherwise indicated.

Applicable useful lives of the Company are:

- Capitalized start-up and restructuring costs (RV not significant.) 5 years
- Capitalized value of research and development (RV not significant.) 5 years
- Concessions, licenses and similar rights and assets (RV is individually measured at recognition) contractual period in case of a limited term contract or 6 years in case of an unlimited term contract
- Intellectual property (RV is not significant, but in case of software systems it is individually measured at recognition) 3 years
- Land and buildings and rights to immovable (RV is in case of real estates between 25 and 50% of capitalization, under 25% in Budapest, and/or individually measured at recognition in the countryside) 20 years (in case of a building to rent) or 50, 100 years based on the classification of the building
- Plant and machineries, vehicles (RV is generally not significant, but in case of higher capitalization value than HUF 1 million or in case of vehicles it is individually measured at recognition based on technological assessment and on expected useful life)  
2-10 years based on classification
  - o printing machines 6-10 years (based on expected useful life)
  - o computer hardwares 3 years
  - o computer networks 5 years
  - o capitalization on a rented asset based on rental contract
- Other equipment, fixtures and fittings, vehicles (RV does generally not exist, but in case of higher capitalization value than HUF 1 million or in case of vehicles it is individually measured at recognition based on technological assessment and on expected useful life) 2-7 years based on classification
  - o computer hardwares 3 years
  - o computer networks 5 years
  - o capitalization on a rented asset based on rental contract

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

### Goodwill

'Goodwill' shall mean the difference between the consideration payable for the acquisition of a line of business, establishment, store chain and the market value of the assets, less the value of liabilities assumed, established according to the evaluation method defined in this Act, if the consideration paid is higher. No goodwill can be presented, in case at least 75% ownership in a company was

All amounts in HUF thousands unless if otherwise indicated.

purchased. Based on the transitional regulations of the Hungarian Accounting Act qualified majority investments existing on 31st December 2016 are recognised on historical costs.

### Valuation of Investments

In respect of investments in the equity securities of business associations, whether listed under current assets or financial investments, the - negative - amount of difference between the book value and the market value of the investment shall be written off, if it appears permanent and is of substantial amount.

The market value of the investments defined shall be established in view of the following factors:

- the percentage of the business association's equity earmarked for the investment,
- the long-term market perception of the business association and the trend of such perception, the stock exchange and free market value of the investment less any (accumulated) dividends, and its long-term trend.

If the market value at the time of closing the balance sheet is substantially and permanently higher than its book value, the loss previously written off in the amount of such difference shall be reversed.

After the impairment loss is reversed as per the above, the book value of the investment shall not exceed the original cost.

### Inventory valuation

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

### Write-off receivables / inventories

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

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

### Foreign exchange rate applied

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



All amounts in HUF thousands unless if otherwise indicated.

## Consolidation

Due to the changes in shareholders' structure, ANY Security Printing Company Plc. is obliged to prepare a consolidated annual report of the Group since 2005. Preparing the consolidated annual report each company have been consolidated as subsidiaries. Table no. 3 includes the consolidated companies.

## 2.4 Significant achievements, events in 2016

Net sales revenue amounted to HUF 15,098 million in 2016, out of which export sales totalled HUF 911 million. Operating income came to HUF 610 million, an increase of HUF 155 million (34.0%) compared to the previous year. Income before tax was HUF 859 million. Net income after financial operations, extraordinary profit and taxation was HUF 813 million.

Gross profit totalled HUF 5,194 million, which means a 34.4% gross margin. General (SG&A) expenses amounted to HUF 4,114 million in 2016, which equals 27.3% of net sales. Material expenses increased by 19.0% (HUF 1,482 million) in 2016.

Personnel expenses totalled HUF 4,262 million, which means a 15.1% increase compared to the base period.

In 2016 dividends received from subsidiaries decrease by HUF 17 million. Financial transaction result amounted to HUF 248 million in 2016, indicated an decrease of HUF 111 million compared to the last year.

Extraordinary revenues and expenditures have been reclassified to other revenues and expenditures due to the changes of the Hungarian Accounting Act.

Income tax expense amounted to HUF 46 million in 2016, which means a decreased of HUF 4 million. Profit after tax came to HUF 813 million, HUF 47 million higher compared the prior year.

All amounts in HUF thousands unless if otherwise indicated.

## 2.5 Main information on the investments of the company

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

Investment	Seat	Year	Ownership %	Voting right % <sup>1</sup>	Registered capital	Reserves	Profit for 2015	Total Equity	Qualification based on HAL <sup>2</sup>
ANY Ingatlanhasznosító Kft.*****	Budapest	2016	100.00%	100.00%	3,000	700,777	56,557	760,334	L
Gyomai Kner Nyomda Zrt.	Gyomaendrőd	2016	98.98%	98.98%	200,000	413,322	178,504	791,826	L
Specimen Papír és Nyomdaipari Zrt.****	Budapest	2016	100.00%	100.00%	100,000	45,168	2,293	147,461	L
Technoprogress Kft	Budapest	2016	100.00%	100.00%	5,000	12,263	1,877	19,140	L
Slovak Direct S.r.o.	Bratislava	2016	100.00%	100.00%	19,818	18,242	21,548	59,608	L
Zipper Services S.r.l.*****	Cluj-Napoca	2016	50.00%	50.00%	32,556	757,362	618,039	1,407,957	L
Zipper Data S.r.l.**	Cluj-Napoca	2016	50.00%	50.00%	108,300	219,571	74,232	402,103	L*
Direct Services Ltd.	Sofia	2016	50.00%	50.00%	90,376	255,262	122,413	468,051	L*
ANYPay Zrt.****	Budapest	2016	100.00%	100.00%	50,000	4,310	435	54,745	L*
Tipo Direct Serv.***	Chişinău	2016	50.00%	50.00%	450	7,402	6,526	14,378	L

1 Voting rights that entitle the holder to participate in decision making at the general meeting of the company included in consolidation.

2 Fully controlled subsidiaries (L); Joint ventures (K); Associated undertakings (T)

(\*) Classification as subsidiary is the result of the co-operational agreement signed by the co-owner of the Company.

(\*\*) Zipper Data SRL is the member of consolidation circle since 1st February, 2011. The name of the company changed from GPV Mail Services SRL to Zipper Data SRL in October 2011.

(\*\*\*) 100 per cent subsidiary of Zipper Services SRL, it has been consolidated since 1st January, 2011,

(\*\*\*\*) Specimen Zrt. has been 100% owned subsidiary of ANY Security Printing Company Plc. since 1st June 2013.

(\*\*\*\*\* ) 100 per cent subsidiary of Specimen Zrt, it has been consolidated since 21st November, 2013

(\*\*\*\*\* ) The name of the company changed from Tipo Direct SRL to Zipper Services SRL in 17th June, 2014

(\*\*\*\*\* ) ANY Ingatlanhasznosító Kft. has been 100% owned subsidiary of ANY Security Printing Company Plc. since 3th March 2016.

According to the co-operational agreements, ANY Security Printing Company PLC, governs and controls the joint-ventures Zipper Services S.r.l. (earlier Tipo Direct S.r.l.) and Direct Services OOD from 1st of January, 2009 in the consolidation as 100% subsidiaries hereafter.

ANY Security Printing Company PLC purchased a 50 per cent share in Romanian Zipper Data S.r.l. in January 20, 2011.

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

ANYPay Payment Solutions Plc has been founded with HUF 50 million registered capital, owned 100 per cent by Specimen Zrt in November 21, 2013. The company has been consolidated since the foundation.

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

Based on the decision made by the Board of Directors, on 29 February 2016 ANY Security Printing Company PLC (hereinafter: ANY) concluded a Sales Contract with UNIVERSALE International Realitäten GmbH on the purchase of the 100-percent quota of HBV-Leasing Hamlet Ingatlanhasznosító Kft. (hereinafter: HVB) owning the real estates leased by ANY. HBV owns and manages the following three sites that are used and leased by ANY, the parent company: 1102 Budapest, Halom u. 5.; 1108 Budapest, Fátyolka u. 1-3.; 3060 Pásztó, Fő utca 143.. At these sites the total plot size is 72,227 m<sup>2</sup> and the total building size is 18,819 m<sup>2</sup>.

HVB-Leasing Hamlet Ingatlanhasznosító Kft, which continues its operation as ANY Ingatlanhasznosító Kft., became 100% property of ANY Biztonsági Nyomda Nyrt.

All amounts in HUF thousands unless if otherwise indicated.

### 3 Explanations for the balance sheet items

#### 3.1 Intangible assets

4. Table: Movement table of intangible assets

Description	1, January 2016	Increase	Capitalization	Decrease	Reclassifications +-	31, December 2016
Capitalized start-up and restructuring costs	54,053	0	0	0	0	54,053
Capitalized value of research and development	209,843	0	59,317	0	0	269,160
Not capitalized value of research and development	59,317	0	(59,317)	0	0	0
Concessions, licenses and similar rights and assets	633,833	0	52,268	32,003	0	654,098
Not capitalized concessions, licenses and similar rights and assets	3,312	48,956	(52,268)	0	0	0
Intellectual property	680,611	0	104	7,264	0	673,451
Not capitalized intellectual property	405	249	(104)	0	0	550
Goodwill	296,124	0	0	0	(296,124)	0
<b>GROSS VALUE</b>	<b>1,937,498</b>	<b>49,205</b>	<b>0</b>	<b>39,267</b>	<b>(296,124)</b>	<b>1,651,312</b>
Capitalized start-up and restructuring costs	54,053	0	0	0	0	54,053
Capitalized value of research and development	188,726	30,368	0	0	0	219,094
Concessions, licenses and similar rights and assets	465,031	116,026	0	32,003	0	549,054
Intellectual property	574,646	47,124	0	7,264	0	614,506
<b>ACCUMULATED DEPRECIATION</b>	<b>1,282,456</b>	<b>193,518</b>	<b>0</b>	<b>39,267</b>	<b>0</b>	<b>1,436,707</b>
<b>NET VALUE</b>	<b>655,042</b>	<b>(144,313)</b>	<b>0</b>	<b>0</b>	<b>(296,124)</b>	<b>214,605</b>

During the current year software have been capitalized in connection with operation and business development.

ANY Group did not account impairment loss on intangible assets in this business year.

In line with the changes of the Hungarian Accounting Act last year goodwill is reclassified to the line Investments.



All amounts in HUF thousands unless if otherwise indicated.

### 3.2 Tangible assets

5. Table: Movement table of tangible assets

Description	1, January 2015	Capitalization	Increase	Decrease	31, December 2015
Land and buildings and rights to immovable	443,607	122,926	0	0	566,533
Plant and machinery, vehicles	7,265,440	1,252,454	0	44,123	8,473,771
Other equipment, fixtures and fittings, vehicles	1,502,093	236,410	0	8,053	1,730,450
Assets in course of construction	279,679	(1,611,790)	1,367,321	0	35,210
Payment on account	35,387	0	209,939	237,735	7,591
<b>GROSS VALUE</b>	<b>9,526,206</b>	<b>0</b>	<b>1,577,260</b>	<b>289,911</b>	<b>10,813,555</b>
Land and buildings and rights to immovable	139,420	0	29,746	0	169,166
Plant and machinery, vehicles	5,827,979	0	373,716	11,628	6,190,067
Other equipment, fixtures and fittings, vehicles	1,206,686	0	105,533	8,012	1,304,207
Assets in course of construction	0	0	17,314	0	17,314
<b>ACCUMULATED DEPRECIATION</b>	<b>7,174,085</b>	<b>0</b>	<b>526,309</b>	<b>19,640</b>	<b>7,680,754</b>
<b>NET VALUE</b>	<b>2,352,121</b>	<b>0</b>	<b>1,050,951</b>	<b>270,271</b>	<b>3,132,801</b>

Gross value of fixed assets increased by 13.51 %, while net value increased by HUF 780,680 thousand due to the developments carried out at the Company.

Increase of gross value derives mainly from upgrading the card manufacturing plant and equipments.

ANY Group account HUF 17,614 thousand impairment loss on tangible assets in this business year.

### 3.3 Financial assets

6. Table: Movement table of financial assets

Description	1, January 2016	Increase	Reclassification of goodwill	Decrease	31, December 2016
Long-term participations in affiliated undertakings	791,247	596,993	296,124	(1,711)	1,682,653
Other long-term loans	5,906	1,000	0	(4,317)	2,589
<b>GROSS VALUE</b>	<b>797,153</b>	<b>597,993</b>	<b>296,124</b>	<b>(6,028)</b>	<b>1,685,242</b>
Long-term participations in affiliated undertakings	29,328	0	0	0	29,328
<b>LOSS IN VALUE</b>	<b>29,328</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>29,328</b>
<b>NET VALUE</b>	<b>767,825</b>	<b>597,993</b>	<b>296,124</b>	<b>(6,028)</b>	<b>1,655,914</b>

HVB-Leasing Hamlet Ingatlanhasznosító Kft. became the property of our Company on 2nd March 2016, which continues its operation after its name changed as ANY Ingatlanhasznosító Kft. Investment value is tHUF 596,993.

All amounts in HUF thousands unless if otherwise indicated.

Due to the change of the Hungarian Accounting Act tHUF 296,124 was reclassified to the line investments.

Foreign exchange gain of the investments denominated in foreign currency is amounted to HUF 1,711 thousand.

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

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

Description	31, December 2016	Investments'	
	net book value	purchase value	nominal value
ANY Ingatlanhasznosító Kft.	596,993	596,993	3,000
Gyomai Kner Nyomda Zrt.	359,596	359,596	197,950
Zipper Data S.r.l. (Romania)	439,152	420,234	144,619
Specimen Zrt.	151,052	180,380	100,000
Direct Services Ltd. (Bulgaria)	45,321	37,521	37,521
Slovak Direct S.r.o (Slovakia)	19,894	12,569	12,569
Zipper Services S.r.l (Romania)	16,317	14,725	14,725
Techno-Progress Kft	25,000	25,000	5,000
<b>Total:</b>	<b>1,653,325</b>	<b>1,647,018</b>	<b>515,384</b>

According to the equity valuation of the investments, the net book value of the investments is not higher than the fair market value of them, so the company did not account any loss in value in 2016 on the investments.

The difference between net book value and purchase value derives from the year end revaluation of investments denominated in foreign currency beside loss in value posted in the previous years.

In line with the changes of the Hunarian Accounting Act last year goodwill is reclassified to the line Investments.

### 3.4 Inventories

8. Table: Inventories

Description	31, December 2015	31, December 2016	Change	Change %
Raw materials and consumables	1,036,045	1,122,728	86,683	8.37%
Work in progress, intermediate and semi-finished products	496,700	608,589	111,889	22.53%
Finished products	332,866	267,622	(65,244)	(19.60%)
Goods for resale	19,154	19,403	249	1.30%
Advances and prepayments on inventories	5,681	109	(5,572)	(98.08%)
<b>Total:</b>	<b>1,890,446</b>	<b>2,018,451</b>	<b>128,005</b>	<b>6.77%</b>

Inventories amounted to HUF 2,018 million, which increased of HUF 128 million (6.77%) compared to the 31 December 2015 figure.

All amounts in HUF thousands unless if otherwise indicated.

In the inventories the amount of raw materials and consumables increased by HUF 87 million (8.37%), work in progress compared increased by HUF 111 million (22.53%), while the finished products decreased HUF 65 million (19.6%-al) to the prior period due to the current assets management.

9. Table: Loss in value for inventories

Description	31, December 2015	Increase	Decrease	31, December 2016
Raw materials and consumables	75,099	38,547	11,330	102,316
Finished products	74,568	161,339	40,150	195,757
Goods for resale	9,348	0	124	9,224
<b>Total:</b>	<b>159,015</b>	<b>199,886</b>	<b>51,604</b>	<b>307,297</b>

The loss in value of inventories increased by HUF 148,282 thousand compared to the previous period in total (HUF 199,886 thousand loss in value was expensed, while HUF 51,604 thousand was reversed).

### 3.5 Receivables

10. Table: Receivables

Description	31, December 2015	31, December 2016	Change	Change %
<b>Receivables (trade debtors)</b>	<b>1,563,327</b>	<b>1,602,532</b>	<b>39,205</b>	<b>2.51%</b>
- domestic debtors	1,533,728	1,480,834	(52,894)	-3.45%
- foreign debtors	36,867	131,396	94,529	265.41%
- write-off receivables	(7,268)	(9,698)	(2,430)	33.43%
<b>Receivables from affiliated undertakings</b>	<b>69,112</b>	<b>138,949</b>	<b>69,837</b>	<b>101.05%</b>
- subsidiary with direct control	69,112	138,949	69,837	101.05%
<b>Other receivables</b>	<b>228,972</b>	<b>152,281</b>	<b>(76,691)</b>	<b>-33.49%</b>
Factoring	0	70,942	70,942	-
Money given for short period	53,780	36,551	(17,229)	-32.04%
Tax receivables	35,470	26,874	(8,596)	-24.23%
Other	25,066	13,912	(11,154)	-44.50%
Debit balance creditors	0	1,987	1,987	-
Receivables from employees	2,692	1,887	(805)	-29.90%
Advances given to services	4,688	128	(4,560)	-97.27%
VAT of lease fee	107,276	0	(107,276)	-100.00%
<b>Total:</b>	<b>1,861,411</b>	<b>1,837,762</b>	<b>32,351</b>	<b>1.74%</b>

The change in other receivables year-on-year was mainly caused by the financial settlement of VAT connected to financial lease liability and liability of factoring.

11. Table: Loss in value for receivables

Description	31, December 2015	Increase	Decrease	31, December 2016
Loss in value for receivables	7,268	5,058	2,628	9,698

All amounts in HUF thousands unless if otherwise indicated.

### 3.6 Securities

12. Table: Securities

Description	1, January 2016	Increase	Decrease	31, December 2016
Own shares and own partnership shares	457,819	0	2,771	455,048
<b>GROSS VALUE</b>	<b>457,819</b>	<b>0</b>	<b>2,771</b>	<b>455,048</b>
Own shares and own partnership shares	0	0	0	0
<b>LOSS IN VALUE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Own shares and own partnership shares	457,819	0	2,771	455,048
<b>NET VALUE</b>	<b>457,819</b>	<b>0</b>	<b>2,771</b>	<b>455,048</b>

ANY Security Printing Company Plc. discloses its treasury shares at market value based on the stock exchange rate on the date of preparing the balance sheet and in result of this full amount of write-off was reversed in 2016.

13. Table: Repurchased treasury shares

Description	Shares	Nominal value	Purchase value
<b>01, January 2016</b>	448,842	43,987	455,048
<b>31, December 2016</b>	<b>448,842</b>	<b>43,987</b>	<b>445,048</b>



All amounts in HUF thousands unless if otherwise indicated.

### 3.7 Prepayments and accrued income

14. Table: Prepayments and accrued income

Description	31, December 2015	31, December 2016	Change	Change %
<b>Accrued income</b>	<b>30,709</b>	<b>46,303</b>	<b>15,594</b>	<b>50.78%</b>
- Interest	27,600	29,431	1,831	6.63%
- expected revenue from quantity dependent sales price	0	16,872	16,872	-
- Other	3,109	0	(3,109)	-100.00%
<b>Accrued costs, expenses</b>	<b>48,923</b>	<b>60,149</b>	<b>11,226</b>	<b>22.95%</b>
- License fee of software's	23,644	31,189	7,545	31.91%
- Other	25,279	28,960	3,681	14.56%
<b>Deferred expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>Total</b>	<b>79,632</b>	<b>106,452</b>	<b>26,820</b>	<b>33.68%</b>

The change in prepayments and accrued income in the current year is caused mainly by revenue accounting connected to quantity dependent sales price, and the increase of expenditures of connected services.

### 3.8 Equity

15. Table: Equity movement table

Description	Share capital	Capital reserve	Accumulated profit reserve	Tied-up reserve	Profit or loss for the year
<b>Value as at 31, December 2016</b>	<b>1,449,876</b>	<b>250,686</b>	<b>2,056,177</b>	<b>1,089,760</b>	<b>766,053</b>
<b>Increase</b>	<b>0</b>	<b>0</b>	<b>584,169</b>	<b>400,000</b>	<b>812,943</b>
- creating development (tied-up) reserve	0	0	0	400,000	0
- reversal of development reserve	0	0	551,030	0	0
- profit for the year	0	0	0	0	812,943
- current year reversed amount of research and development costs	0	0	30,368	0	0
- other, treasury shares	0	0	2,771	0	0
<b>Decrease</b>	<b>0</b>	<b>0</b>	<b>595,599</b>	<b>584,169</b>	<b>766,053</b>
- creating development (tied-up) reserve	0	0	400,000	0	0
- reversal of development reserve	0	0	0	551,030	0
- current year reversed amount of research and development costs	0	0	0	30,368	0
- other, treasury shares	0	0	0	2,771	0
- approved dividend	0	0	195,599	0	766,053
<b>Value as at December 31, 2016</b>	<b>1,449,876</b>	<b>250,686</b>	<b>2,044,747</b>	<b>905,591</b>	<b>812,943</b>

All amounts in HUF thousands unless if otherwise indicated.

16. Table: Changes in tied-up reserve

Description	31, December 2015	31, December 2016	Change	Change %
Net capitalized value of research and development	80,434	50,066	(30,368)	-37.8%
Repurchased treasury shares	457,819	455,048	(2,771)	-0.6%
Development reserve	551,507	400,477	(151,030)	-27.4%
<b>Total tied-up reserve:</b>	<b>1,089,760</b>	<b>905,591</b>	<b>(184,169)</b>	<b>-16.9%</b>

Due to the changes in the value of research and development and the accounted depreciation, reserve was decreased by HUF 30 million. The Company took the opportunity ensured by the Corporate Tax Law and made HUF 400 million development reserve in the current year.

Treasury shares are presented at historical cost. Due to this fact HUF 3 million was reallocated from tied-up reserve.

### 3.9 Provisions

The Company has no provision.

### 3.10 Subordinated liabilities

The Company has no subordinated liabilities.

### 3.11 Long term liabilities

The Company has HUF 501 million long term part of leasing liability at the end of 2016.

All amounts in HUF thousands unless if otherwise indicated.

### 3.12 Short term liabilities

17. Table: Short term liabilities

Description	31, December 2015	31, December 2016	Change	Change %
<b>Short-term loans</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>Other short-term credits</b>	<b>0</b>	<b>835,529</b>	<b>835,529</b>	<b>-</b>
<b>Advances received from customers</b>	<b>8,381</b>	<b>11,085</b>	<b>2,704</b>	<b>32,26%</b>
<b>Accounts payable (trade creditors)</b>	<b>1,599,166</b>	<b>1,205,101</b>	<b>(394,065)</b>	<b>-24,64%</b>
- domestic creditors	1,211,536	903,464	(308,072)	-25,43%
- foreign creditors	387,630	301,637	(85,993)	-22,18%
<b>Short-term liabilities to affiliated undertakings</b>	<b>82,940</b>	<b>154,159</b>	<b>71,219</b>	<b>85,87%</b>
- Subsidiary with majority control	82,940	154,159	71,219	85,87%
<b>Short-term liabilities to independent undertakings</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>
Description	31, December 2015	31, December 2016	Change	Change %
<b>Other short-term liabilities</b>	<b>481,475</b>	<b>949,397</b>	<b>467,922</b>	<b>97.19%</b>
- tax liability	306,688	544,155	237,467	77.43%
- short term part of leasing liability	89,186	249,969	160,783	180.28%
- liability against employees	74,688	140,679	65,991	88.36%
- other receivables reclassified	6,021	6,800	779	12.94%
- other liabilities	480	7,076	6,596	1374.16%
- dividend approved	4,412	718	(3,694)	-83.73%
<b>Total:</b>	<b>2,171,962</b>	<b>3,155,271</b>	<b>983,309</b>	<b>45.27%</b>

According to the agreements with account holder banks, the Company from HUF 4,000 million credit limit has been called down HUF 835,5 million credit loan.

Accounts payable totalled HUF 1,205 million, a decrease of 24.62% compared to the end of 2015.

Other short term liabilities increased by HUF 468 million due to increasing in leasing and tax liabilities the in 2016.

All amounts in HUF thousands unless if otherwise indicated.

### 3.13 Accruals and deferred income

18. Table: Accruals and deferred income

Description	31, December 2015	31, December 2016	Change	Change %
<b>Deferred income</b>	<b>1,209</b>	<b>0</b>	<b>(1,209)</b>	<b>-100.00%</b>
- Deferred income	1,209	0	(1,209)	-100.00%
<b>Deferred costs, expenses</b>	<b>273,457</b>	<b>396,167</b>	<b>122,710</b>	<b>44.87%</b>
- Bonus and it's contributions	239,304	360,030	120,726	50.45%
- Bank interests	33,260	32,384	(876)	-2.63%
- Trade creditors' invoices	893	3,753	2,860	320.27%
<b>Accrued income</b>	<b>1,858</b>	<b>0</b>	<b>(1,858)</b>	<b>-100.00%</b>
- R&D subsidy	1,858	0	(1,858)	-100.00%
<b>Total:</b>	<b>276,524</b>	<b>396,167</b>	<b>119,643</b>	<b>43.27%</b>

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

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

The significant increase of the accruals is mainly due to the premium, the commission and the amount of contributions.

All amounts in HUF thousands unless if otherwise indicated.

## 4 Explanations to the profit or loss statement

### 4.1 Ordinary revenues

19. Table: Sales by categories

Description	FY 2015	FY 2016
Security forms and solutions	6,268,276	6,416,309
Card production and personalization	3,976,769	5,762,941
Business and administrative forms, personalization, data processing	1,980,696	2,218,159
Traditional printing products	104,876	92,752
Other	339,510	607,736
<b>Total:</b>	<b>12,670,127</b>	<b>15,097,897</b>

20. Table: Sales revenue from related parties

Description	FY 2015	FY 2016	Change	Change %
<b>Related party</b>				
Slovak Direct s.r.o.	111,220	127,015	15,795	14.20%
Direct Services o.o.d.	88,895	81,544	(7,351)	-8.27%
Gyomai Kner Nyomda Zrt	42,888	56,333	13,445	31.35%
Zipper Services (TípoDirect)	5,948	26,358	20,410	343.14%
Specimen Zrt.	18,539	24,112	5,573	30.06%
Technoprogress KFT	59,807	3,555	(56,252)	-94.06%
ANYpay Zrt	1,469	1,589	120	8.17%
ANY Ingatlanhasznosító Kft	0	656	656	-
<b>Total:</b>	<b>328,766</b>	<b>321,162</b>	<b>(7,604)</b>	<b>-2.31%</b>

The Company decreased its sales revenue to the related parties by 2.31%. Other significant financial or extraordinary revenue was not posted against these companies.

Sales revenue against related parties amounted to HUF 321 million altogether.



All amounts in HUF thousands unless if otherwise indicated.

21. Table: Sales of different regional markets

Description	Value in HUF thousands 2015	Value in HUF thousands 2016
<b>Domestic sales</b>	<b>11,478,960</b>	<b>14,186,613</b>
<b>Sales within the EU</b>	<b>689,527</b>	<b>722,139</b>
Romania	203 636	206 789
Slovakia	170 063	128 491
Czech Republic	153 693	223 747
Bulgaria	112 743	102 979
Germany	18 918	38 164
United Kingdom	13 547	2 218
Italy	8 694	5 881
Poland	4 138	2 778
Finland	1 983	320
Netherlands	1 554	2 294
Austria	331	8 032
Slovenia	227	446
<b>Export outside the EU</b>	<b>501,640</b>	<b>189,145</b>
Africa	396 905	109 387
Albania	83 857	41 415
Iceland	17 679	18 481
Switzerland	2 033	2 935
Russia	997	2 078
Kuwait	138	0
Mexico	31	745
Saint Vincent and Grenadine-islands	0	14 104
<b>Total:</b>	<b>12,670,127</b>	<b>15,097,897</b>

22. Table: Other income

Description	FY 2015	FY 2016	Change	Change %
<b>Other income:</b>				
- revenue from sales of tangible assets	333,319	96,710	(236,609)	-70.99%
- reversed loss in value - inventories	97,414	51,604	(45,810)	-47.03%
- revenue from sales of assets	6,033	5,365	(668)	-11.07%
- write-off released - trade receivables	5,307	2,628	(2,679)	-50.48%
- rabate received	20,279	2,227	(18,052)	-89.02%
- donation given	2,484	1,858	(626)	-25.20%
- default interest received	1,591	265	(1,326)	-83.34%
- income from settlement of damages	5,542	110	(5,432)	-98.02%
- other not classified	6,046	5,821	(225)	-3.72%
<b>Total:</b>	<b>478,015</b>	<b>166,588</b>	<b>(311,427)</b>	<b>-65.15%</b>

The drop of the other income caused by the lower sales in fixed assets (technical lease), and the derecognition of impaired assets. In line with the changes of the Hungarian Accounting Act extraordinary revenues and expenditures have been reclassified to other revenues and expenditures.

All amounts in HUF thousands unless if otherwise indicated.

23. Table: Cost of services sold

Description	FY 2015	FY 2016	Change	Change %
- rental fee	380,069	367,153	(12,916)	-3.40%
- repair, maintenance cost	314,473	311,126	(3,347)	-1.06%
- marketing and other consulting , services	138,810	157,324	18,514	13.34%
- security cost	105,135	132,184	27,049	25.73%
- delivery cost	103,846	96,432	(7,414)	-7.14%
- utilities	48,183	51,814	3,631	7.54%
- telecommunication cost	53,817	50,069	(3,748)	-6.96%
- other verification costs	19,181	15,951	(3,230)	-16.84%
- audit, legal and other security cost	9,500	10,248	748	7.87%
- legal cost	13,703	8,122	(5,581)	-40.73%
- other	169,269	252,236	82,967	49.01%
<b>Total</b>	<b>1,355,986</b>	<b>1,452,659</b>	<b>96,673</b>	<b>7.13%</b>

The cost of services sold increased by 7.13% compared to the previous year due to costs arose in connection with increasing export sales.

## 4.2 Ordinary costs

24. Table: Other expenditures

Description	FY 2015	FY 2016	Change	Change %
- inventory scrap, loss in value	123,933	269,520	145,587	117.47%
- local operational tax	143,012	163,658	20,646	14.44%
- book value of tangible assets sold	324,487	100,536	(223,951)	-69.02%
- taxes (without local operational tax)	47,719	47,211	(508)	-1.06%
- donation given	81,966	23,506	(58,460)	-71.32%
- impairment loss	1,800	17,614	15,814	878.56%
- late payment interest	10,316	5,499	(4,817)	-46.69%
- write-off receivables	922	5,057	4,135	448.48%
- other	2,964	4,740	1,776	59.92%
- write-off bad debts	4,472	1,040	(3,432)	-76.74%
<b>Total:</b>	<b>741,591</b>	<b>635,686</b>	<b>(105,905)</b>	<b>-14.28%</b>

Other expenditures decreased by HUF 106 million, mainly due to the change in the amount of sales in fixed assets (technical lease). Amount of inventory scrap and loss in value of inventories increased other expenditures by HUF 146 million in the current year.

All amounts in HUF thousands unless if otherwise indicated.

### 4.3 Corporate income tax

25. Table: Corporate tax base modifying items

Description	FY 2015	FY 2016
<b>Profit before tax:</b>	<b>815,489</b>	<b>858,824</b>
depreciation according to accounting law	726,477	702,213
loss in value for receivables	922	5,057
non certificated part of donation given	67,893	14,120
write off, and soled assets according to accounting law	39,211	100,536
other	2,675	17,629
<b>Tax base increasing items total:</b>	<b>837,178</b>	<b>839,555</b>
depreciation according to tax law	367,495	345,190
write off, and soled assets according to tax law	14,295	100,533
creation of development reserve	400,000	400,000
dividend received	313,775	296,394
write-off receivables, decrease according to accounting law	5,307	2,628
current year costs of research and development	55,122	89,258
other	2,815	5,570
<b>Tax base decreasing items total:</b>	<b>1,158,809</b>	<b>1,239,573</b>
Tax base:	493,858	458,806
- calculated tax	49,386	45,881
<b>Profit after tax:</b>	<b>766,053</b>	<b>812,943</b>

All amounts in HUF thousands unless if otherwise indicated.

## 5 Supplementary information

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

### 5.1 Research and development

The company has two significant R&D areas:

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

The applied research and research and development incurred in the current year amounted to is HUF 89.258 thousands in the current year.

### 5.2 Environment protection

The company has ISO 14001:2004 Environmental Control System certificate audited by Det-Norske Veritas. The expiry date of the certification is September 15, 2018. The environmental certificate covers the following fields: printed products, security products, documents, development, production and personalization of plastic cards and bankcards. Research and development and production of security materials. Electronic reprocessing and delivering of printed forms. Chip embedding and encoding at smart cards. Research and development of traditional/general and mobile information technology solutions, operation and support of connected services. Electronic archiving of data, data processing, database management, setting up archives, storing of documents for fee.

Dangerous waste is continuously eliminated after leaving the Company's sites. In 2016, 16,505 kgs dangerous waste was transported and eliminated. Our Company has being awarded Green Printing House Award for six consecutive years this year.

### 5.3 Personal type of expenditures and headcounts

26. Table: Average statistical number of full time employees

Number of employees	FY 2015	FY 2016
Physical employees	327	340
Intellectual employees	172	177
<b>Total number of employees:</b>	<b>499</b>	<b>517</b>

All amounts in HUF thousands unless if otherwise indicated.

27. Table: Payroll costs

Description	FY 2015	FY 2016
Wages and salaries of physical employees	1,073,250,	1,188,548
Wages and salaries of non-physical employees	1,462,352,	1,757,265
Other wages and salaries	122,081,	149,431
<b>Total salaries and wages</b>	<b>2,657,683</b>	<b>3,095,244</b>

28. Table: Other personal type expenditures, contributions

Description	FY 2015	FY 2016
- cost reimbursement	102,166	83,700
- motivational	85,739	88,320
- other	43,958	49,363
- social	43,410	65,066
<b>Total other personally expenditures</b>	<b>275,273</b>	<b>286,449</b>
Social security contributions	706,235	809,650
<i>Other contributions:</i>		
-vocational contribution	40,262	46,837
-rehabilitation contribution	21,412	23,823
<b>Total contributions:</b>	<b>767,909</b>	<b>880,310</b>

29. Table: Fees paid related to managing the Company

Description	FY2015	FY2016
Fees paid to the Members of the Board of Directors	5,270	5,440
Fees paid to the Members of Supervisory Board	9,912	9,912

The audit fee paid for the audit of the 2016 financial statements amounted to HUF 8,200 thousands while the auditing fee of the consolidation of our Romanian subsidiary was EURO 4,100.

#### 5.4 Liabilities due over 5 years

The Company has no liabilities due over 5 years.



All amounts in HUF thousands unless if otherwise indicated.

## 5.5 Details of listed shares

30. Table: Structure of shares

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

The Company's total equity was HUF 1,449,876 thousands on 31 December 2016, which consists of 14,794,650 pieces of series 'A' registered, dematerialized ordinary shares with a nominal value of HUF 98 each.

31. Table: Voting rights

Share series	No. of issued pieces	No of treasury shares	Shares with voting rights	Voting right per share	Total voting rights
Series 'A'	14,794,650	448,842	14,345,808	1	14,345,808
Total	14,794,650	448,842	14,345,808	1	14,345,808

## 5.6 Out of balance sheet items

32. Table: Out of balance sheet items

Description		Value
Magyar Posta Zrt.	HUF	3,985,500
Ministerstvo Kultúry Slovenskej republiky	EUR	15,000
Bevándorlási és Állampolgársági Hivatal	HUF	190,800,000
Nemzeti Választási Iroda	HUF	42,378,315
<b>Guarantee in HUF</b>	<b>HUF</b>	<b>237,163,315</b>
<b>Guarantee in EUR</b>	<b>EUR</b>	<b>15,000</b>

All amounts in HUF thousands unless if otherwise indicated.

## 5.7 Cash-flow

33. Table: Cash-flow

	In HUF thousands	FY2014	FY2016
	Profit before tax	815,489	858,824
	- Dividend	(313,775)	(296,394)
	- Other income of development reserve	(1,858)	0
	- Exchange rate difference	(1,541)	1,775
	- Donation given	0	23,506
1.	Adjusted profit before tax	498,315	587,711
2.	Accounted depreciation	726,477	702,213
3.	Accounted loss in value	(42,967)	168,326
4.	Difference between formation and utilization of provisions	0	0
5.	Fixed assets sold	(8,832)	3,825
6.	Variation in accounts payable (trade creditors)	410,830	(307,399)
7.	Variation in other short-term liabilities	181,981	326,393
8.	Variation in accrued and deferred liabilities	(105,664)	119,643
9.	Variation in trade debtors	(110,511)	(111,536)
10.	Variation in current assets (w/o trade debtors and liquid assets)	(620,828)	(196,825)
11.	Variation in accrued and deferred assets	(19,371)	(26,820)
12.	Tax paid or payable (on profit)	(49,436)	(62,431)
13.	Dividend paid or payable	(1,080,009)	(961,652)
<b>I.</b>	<b>OPERATION CASH-FLOW:</b>	<b>(220,015)</b>	<b>241,448</b>
14.	Purchase of fixed assets	(1,193,639)	(2,053,722)
15.	Sale of fixed assets	333,319	96,710
16.	Dividend received	313,775	296,394
<b>II.</b>	<b>INVESTMENT CASH-FLOW:</b>	<b>(546,545)</b>	<b>(1,660,618)</b>
17.	Receipts from shares issue (capital influx)	0	0
18.	Receipts from the issue of bonds and securities signifying a	0	0
19.	Loans and credits taken	0	1,145,082
20.	Repayment, termination or redemption of long-term loans and bank	0	3,317
21.	Non-repayable assets received	0	0
22.	Purchase of treasury shares	0	0
23.	Redeemed bonds and securities signifying a creditor relationship	0	0
24.	Loan instalment payments	(74,500)	(325,000)
25.	Long-term loans and bank deposits	0	0
26.	Non-repayable assets transferred	0	(23,506)
27.	Variation in liabilities due to founders and in other long-term	0	0
28.	Changes for leasing liability	171,710	482,991
<b>III.</b>	<b>FINANCIAL CASH-FLOW:</b>	<b>97,210</b>	<b>1,282,884</b>
<b>IV.</b>	<b>VARIATION OF FINANCIAL ASSETS:</b>	<b>(669,350)</b>	<b>(136,286)</b>
	Cash and equivalents at the beginning of the period	844,930	175,580
	Cash and equivalents at the end of the period	175,580	39,294

All amounts in HUF thousands unless if otherwise indicated.

## 5.8 Financial indices

34. Table: Liquidity, financial and other efficiency indices

Description	FY2015	FY2016	Change%
A Current assets	4,385,256	4,406,555	0.49%
B Inventories	1,890,446	2,018,451	6.77%
C Trade receivables	1,563,327	1,605,532	2.51%
D Cash and equivalents	175,580	39,294	-77.62%
E Equity	5,612,552	5,463,843	-2.65%
F Short term liabilities	2,171,962	3,155,271	45.27%
G Trade creditors	1,599,166	1,205,101	-24.62%
H Total equity and liabilities	8,239,876	9,516,327	15.49%
I Net sales	12,670,127	15,097,897	19.16%
J Material type expenditures	7,803,296	9,284,837	18.99%
K Operating (trading) profit	455,531	610,338	33.98%
L Average statistical number of employees	499	517	3.61%
<b>Liquidity indices:</b>			
Short term liquidity I.: ( A / F )	2.02	1.40	-30.69%
Short term liquidity II.: (( A – B ) / F )	1.15	0.76	-33.91%
Quick ratio: ( D / F )	0.08	0.01	-87.50%
Dynamic liquidity: ( K / F )	0.21	0.19	-9.52%
<b>Financial indices:</b>			
Debtors day: (( C <sub>Current</sub> + C <sub>Prior</sub> ) / 2 * (365 / I ))	42	38	-9.52%
Creditors day: (( G <sub>Current</sub> + G <sub>Prior</sub> ) / 2 * (365 / J ))	65	55	-15.38%
<b>Other efficiency indices:</b>			
Return on net sales: ( K / I )	3.60%	4.04%	12.22%
Return on equity ( K / E )	8.12%	11.17%	37.56%
Net sales headcount ratio (in HUF '000/person): ( I / L )	25,391	29,203	15.01%

Budapest 06. March, 2017



Chief Executive Officer

**ANY Security Printing Company PLC**

**Business report**

**for the year ended December 31, 2016**

## General information on the Company

Company name:	ANY Security Printing Company Limited by Shares
Abbreviate company name:	ANY Plc.
Tax registration number:	10793509-2-44
Seat:	1102 Budapest, Halom u. 5.
Premises of the Company:	1106 Budapest, Fátyolka utca 1-5. 3060 Pásztó, Fő utca 141.

## Analysis of the FY 2016 achievement of the Company

Net sales revenue of ANY Security Printing Company Plc amounted to HUF 15,098 million in 2016, of which export sales totalled HUF 911 million. Operating income came to HUF 610 million, a increase of HUF 155 million (34.0%) compared to the previous year. Income before tax was HUF 859 million while EBITDA amounted to HUF 1,313 million. Net income after financial operations, extraordinary profit and taxation was HUF 813 million.

## Analysis of profit and loss statement

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

**Table 1: Net sales by categories**

Sales categories	FY 2015 in HUF millions	FY 2016 in HUF millions	Change in HUF millions	Change %
Security products and solutions	6,268	6,416	148	2.37%
Card production and personalization	3,977	5,763	1,786	44.91%
Form production and personalization, data processing	1,981	2,218	237	11.97%
Traditional printing products	105	93	(12)	-11.66%
Other	339	608	269	79.27%
<b>Total net sales</b>	<b>12,670</b>	<b>15,098</b>	<b>2,428</b>	<b>19.16%</b>

Security Printing Company Plc. had net sales of HUF 15,098 million in 2016, increase of 19.16% (HUF 2,428 million) compared to prior year figure.

Sales of security products and solutions income is HUF 6,416 million in 2016 which means a year-on-year increase HUF 148 million (2.37%) because of higher sales of card production and personalization.

The Company's revenues from card production and personalization totalled HUF 5,763 million in 2016, a HUF 1,786 million (44.91%) increase compared to the previous year. The growth of the segment was caused mainly by the higher volume of card document production and personalisation.

The Company's revenues from form production, personalization and data processing came to HUF 2,218 million in 2016, a HUF 237 million (12.0%) increase compared to 2015.

Sales of traditional printing products amounted to HUF 93 million in 2016, which lower with HUF 12 million (11.7%) compared the previous year.

Other sales totalled HUF 608 million in 2016, which increased by HUF 269 million (79.3%) year-on-year.

Operating income came to HUF 610 million, higher with HUF 155 million (34%) compared to the previous year.

Gross profit totalled HUF 5,194 million, which means a 34.4% gross margin. General (SG&A) expenses amounted to HUF 4,114 million in 2016, which equals 27.3% of net sales.

Material type expenditures decreased by 19.0% (HUF 1,482 million) in 2016.

Personnel expenses totalled HUF 4,262 million, which means a 15.2% increase compared to the base period, due to the personal expenses related to the higher net sales.

Headcount of full time employees in ANY Security Printing Company Plc. was 516 people at the end of 2016, while it amounted to 499 persons at the end of 2015., which means a 18 person (3.6%) increase compared to the previous year.

EBITDA amounted to HUF 1,313 million due to increase of profit financial transactions and income from operations, which means an increase of HUF 131 million (11.0%) compared to 2015. According to EBITDA margin amounts to 8.7%.

In 2016 dividends received from subsidiaries decrease by HUF 17 million. The profit on financial transaction HUF 248 million, which decreased by HUF 111 million compare to last year.

Corporate tax came to HUF 46 million in 2016, which HUF 4 million lower than last year.



Profit after tax was HUF 813 million, which means an increase of HUF 47 million (6.1%) compared to 2015.

### Balance sheet analysis

The Company had total assets of HUF 9,516 million at the end of 2016, which means a increase of 15.5% (HUF 1,276 million) compared to a year ago. This changes due to HUF 781 million higher tangible assets, and financial investments increased HUF 888 million.

In line with the changes of the Hungarian Accounting Act last year goodwill is reclassified to the line Investments.

Fixed assets totalled HUF 5,003 million at the end of 2016, which is higher than the prior year figure by HUF 1,228 million (32.5%). Changes in case of HUF 781 million higher tangible assets and intangible assets decreased of HUF 440 million.

Current assets amounted to 4,407 million at the end of December 2016, an increase of HUF 21 million (0.5%) compared to the corresponding period of last year.

Shareholder's equity was HUF 5,464million, increased HUF 149 million. The reason for this change was mainly the increase in HUF 47 million profit after tax, and HUF 196 million profit reserves used for dividends.

The company has HUF 501 million long term liabilities.

Short term liabilities amounted to HUF 3,155 million which shows as increase of HUF 983 million mainly due to Company has been called down HUF 836 million credit loan and other short term liabilities increase HUF 468 million.

### Strategic plans of the Company

The Company offers complex solutions of document security products, plastic cards, and high-volume printing and personalisation of administration forms. The Company is the largest document security producer and personalizer of Hungary, but it also produces Mastercard and VISA bankcards for domestic and foreign banks as well. Apart from the Hungarian parent company, the joint ventures in Romania and Bulgaria also print personalized business forms, invoices, statements for banks, insurance companies and public utilities.

The strategic goal of the Company is to offer products and solutions through its document security and mobile technology developments like electronic security documents or payment solutions in line with the international standards that can help the organic growth of the ANY Group in the future.

## The Company's employment policy

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

## Risk management

### Foreign currency risk

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

### Interest rate risk

Due to the debts in the ANY Security Printing Company Plc, potential interest rate changes would not influence significantly the amount of interests to be paid by the Company. The Company had HUF 836 million credit loan at the end of 2016.

### Liquidity risk

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

### Credit risk

The financial discipline of the debtors of the ANY Security Printing Company Plc is really good, which is also represented by the low portion of cumulated provision on trade receivables compared to the gross amount of trade receivables.

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

### **Off balance sheet date events**

There were no significant event after year end date.

### **Environment protection**

The company has ISO 14001:2004 Environmental Control System certificate audited by Det-Norske Veritas. The expiry date of the certification is September 15, 2018. The environmental certificate covers the following fields: printed products, security products, documents, development, production and personalization of plastic cards and bankcards. Research and development and production of security materials. Electronic reprocessing and delivering of printed forms. Chip embedding and encoding at smart cards. Research and development of traditional/general and mobile information technology solutions, operation and support of connected services. Electronic archiving of data, data processing, database management, setting up archives, storing of documents for fee.

Dangerous waste is continuously eliminated after leaving the company sites. In 2016, 16,505 kg dangerous waste was transported and eliminated. Our Company has being awarded Green Printing House Award for six consecutive years this year.

### **Research and development**

The company has two significant R&D areas:

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

2, The development of products has a significant role related to new tenders.

The direct cost of basic research, applied research and experimental development incurred in the current year is HUF 89 million.

Treasury shares in the year 2016:

Table 2: Repurchased treasury shares

Description	Number of shares	Nominal value (HUF thousands)	Purchase value (HUF thousands)
Opening balance January 1, 2016	448,842	43,987	455,048
Closing balance December 31, 2016	448,842	43,987	455,048

ANY Security Printing Company Plc. discloses its treasury shares at market value based on the stock exchange rate on the date of preparing the balance sheet and in result of this full amount of write-off was reversed in 2016.

The Company's share capital amounted to HUF 1,449,876 thousands on 31 December 2016 which consisted of 14,794,650 pieces of registered, dematerialized ordinary shares Series 'A' with a nominal value of HUF 98 each.

Based on the report on corporate governance the corporate management practice as follow at ANY Security Printing Company Plc.:

**Description of governing bodies of the Company**

Operation of the Board of Directors

The Company is managed by the Board of Directors consisting of 6 members. Members are elected by the General Meeting of Shareholders (GM) for a maximum 5 year term. Following the expiration of their mandate members can be re-elected.

Members of the Board of Directors on 31 December 2016 (names of independent members are underlined and printed in italics):

Name		Mandate
<i><u>Dr. Ákos Erdős</u></i>	chairman	31 May 2019
Gábor Zsámboki	vice-chairman	31 May 2019
<i><u>Tamás Erdős</u></i>	member	31 May 2019
<i><u>Erwin Fidelis Reisch</u></i>	member	31 May 2019
<i><u>György Gyergyák</u></i>	member	31 May 2019
<i><u>Péter Kadocsa</u></i>	member	31 May 2019

The Board of Directors elects its chairman from among its members with a simple majority of votes. Those members who are not employees of the Company decide as a board over the assignment of the Chief Executive Officer. The President of the Board of Directors exercises the employer's rights over the Chief Executive Officer.

The Board of Directors establishes its own Rules of Procedure in which it gives orders on the scope of competence and tasks among themselves.

A meeting of the Board of Directors may be convened by the chairman or a member of the Board of Directors indicating the reason and purpose of the meeting. Minutes are kept of the meetings.

#### *Tasks and competence of the Board of Directors*

- (a) Any of issues concerning the management and business operations of the Company, which do not fall within the General Meeting's exclusive competence on the basis of the Statutes or provisions of the Civil Code. The Board of Directors is responsible for any of its decisions taken in the frame of the activities of the Company or in the frame of delegated competence and is entitled to place into its competence, decisions on issues, which do not fall within the scope of the exclusive competence of the General Meeting.
- (b) The Board of Directors shall present the report of the Company prepared in accordance with the Accounting Act and the proposal on the appropriation of after-tax profits and the report on corporate governance.
- (c) The Board of Directors shall prepare a report on the management, the financial situation and the business policy of the Company and submit same to the annual ordinary General Meeting at least once every year, and to the Supervisory Board at least once every three months.
- (d) The members of the Board of Directors shall treat business secrets concerning the Company's issues as confidential. Upon the request of the shareholders, the Board of Directors shall provide information on the affairs of the Company, and allow an inspection of its books and documents provided that business interest and business secret of the Company will not be infringed. In the event that the Board of Directors does not comply with such request, upon the request of the shareholder concerned, the Court of Registration will oblige the Company to provide information or to allow inspection.
- (e) The Board of Directors shall ensure that the books of the company, including accounting books and Register of Shareholders, are kept according to the applicable regulations.
- (f) The Board of Directors shall report to the Court of Registration in accordance with the laws and the Statutes and shall take measures on the necessary publications.
- (g) The Board of Directors shall convene the ordinary and the extraordinary General Meeting except the cases set out in the Civil Code.
- (h) The Board of Directors shall prepare and approve the proposals concerning issues in the competence of the General Meeting and present same to the General Meeting.

- (i) The Board of Directors shall decide with respect to the annual and mid-term business plan of the Company, the implementation of which belongs to the scope of competence of the operative management of the Company.
- (j) The Board of Directors shall determine the competence of the General Manager responsible for the operative management. The employer's rights over the General Manager shall be exercised by the members of the Board of Directors who are not employed by the Company acting as a body, they shall decide on the appointment, dismissal and remuneration of the General Manager, whilst the Chairman of the Board of Directors shall exercise the employer's rights himself/herself, in case of his/her incapacity, his/her deputy or a person appointed by the Board of Directors shall exercise such rights.
- (k) The Board of Directors may confer the right to sign on behalf of the Company to the employees of the Company.
- (l) The Board of Directors shall approve the Company's Organizational and Operational Regulations.
- (m) The Board of Directors shall issue and divide consolidated shares.
- (n) On the basis of the General Meeting's authorization, the Board of Directors shall provide for the purchase of treasury shares and shall decide on the sale of treasury shares owned by the Company.
- (o) With the approval of the Supervisory Board granted in advance, the Board of Directors shall approve the interim balance sheet concerning the acquisition of treasury shares, payment of interim dividends and the increase of the share capital by its assets exceeding the share capital.
- (p) The Board of Directors shall increase the share capital according to the Section 17.8 of the Statutes.
- (q) The Board of Directors shall decide on the payment of interim dividends with the approval of the Supervisory Board granted in advance.
- (r) The Board of Directors may set up committees, the members of which may be solely the members of the Board of Directors, and the Board of Directors can transfer a part of its competence to such committees, and the Board of Directors shall be also entitled to set up committees consisting of both the members of the Board of Directors and persons who are not members of the Board of Directors and provide such committees the appropriate authorization.
- (s) The Board of Directors may undertake financial obligations in the scope of ordinary business operations, the individual value of which exceeds 20% of the share capital (e.g.: guarantee, etc.).
- (t) The Board of Directors may undertake any transaction, financial obligation which are neither included in the annual business plan approved by the Board of Directors nor in the ordinary business operations, value of which exceeds 20% of the share capital of the Company; with respect to the threshold, the amount shall be calculated with the aggregated value of



transactions concluded in one year (purchase, rental, leasing, sale, investment, sale of investment of assets, providing services which are outside of ordinary business operations, crediting, taking loans, etc.).

- (u) Concluding transactions between the Company and:
- (i) one of its shareholders holding at least ten per cent. of the voting rights or his/her close relative; or
  - (ii) a person in which a shareholder holding at least ten per cent. of the voting rights or his/her close relative – directly or indirectly or based on an agreement – holds more than fifty per cent. of the voting rights or he/she is entitled to elect or withdraw the majority of its executive officers or its members of the Supervisory Board;
  - (iii) a person which holds more than fifty per cent. of the voting rights – directly or indirectly or based on an agreement – in the shareholder holding at least ten per cent. of the voting rights of the Company or which is entitled to elect or withdraw the majority of the executive officers or members of the Supervisory Board of shareholder holding at least ten per cent. of the voting rights of the Company;
  - (iv) a person in which the person set forth in point (iii) – directly or indirectly or based on an agreement – holds more than fifty per cent. of the voting rights or the majority of whose executive officers or members of the Supervisory Board may be elected or withdrawn by the person set forth in point (iii);

with the exception of transactions of ordinary value within the activities of the Company. The Board of Directors shall prepare a comprehensive annual report on transactions concluded with the persons mentioned above which also includes the transactions of ordinary value falling within the activities of the Company and it shall submit same to the Supervisory Board.

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

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

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

The Board of Directors held 4 meetings in 2016 with 5 persons present as an average.

### **Division of responsibility and duties between the Board of Directors and the Chief Executive Officer / Management**

The operating activities of the Company are directed by the Chief Executive Officer. The Chief Executive Officer is personally liable for performing his/her duties within the framework defined by law, the Statutes, and in accordance with the decisions of the Board of Directors and the General Meeting. The Chief Executive Officer may delegate his authority to the Company's managers and employees in accordance with the Rules of Organization and Operation within the limits of the Company's internal regulations by means of defining job descriptions and with general or limited authorizations, but limitations on his scope of authority as a member of the Board of Directors shall have no effect with respect to third parties.

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

The Chief Executive Officer exercises employer's rights with respect to employees of the Company. In order to carry out the business of the Company, the Chief Executive Officer concludes contracts and represents the firm before third parties, authorities and courts.

#### *Competence and tasks of the Chief Executive Officer*

- (a) The Chief Executive Officer shall decide with respect to all issues which do not fall within the exclusive competence of the General Meeting, the Board of Directors or the Chairman of the Board of Directors.
- (b) The Board of Directors may transfer any of its competence regarding the daily management to the Chief Executive Officer under the provisions and conditions established by it and the Board of Directors may withdraw or change the totality or a certain part of such competences from time to time, however, such transfer does not affect the liability of the Board of Directors.
- (c) The Chief Executive Officer shall conclude agreements for the purpose of performing the Company's tasks and represent the Company towards third parties, before courts and other authorities.
- (d) The Chief Executive Officer shall prepare the agenda of the General Meeting and the Board of Directors and he/she shall submit proposals concerning decisions.
- (e) The Chief Executive Officer shall execute passed resolutions and decisions, and he/she shall manage the performance of tasks within the scope of activities of the Company.
- (f) The Chief Executive Officer shall exercise employer's rights over other employees of the Company. The Chief Executive Officer can delegate the exercise of employer's rights over employees in accordance with the Organizational and Operational Regulations of the Company.
- (g) The Chief Executive Officer can transfer his/her competence to the executives and employees within the framework of the internal administration of the Company in accordance with the Organizational and Operational Regulations based on a general or an ad-hoc decision, by describing

the respective scope of activities, however, the limitation of the competence attached to his/her membership of the Board of Directors shall be null and void against third parties.

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

Members of the management on 31 December 2016:

Gábor Zsámboki chief executive officer

László Balla deputy chief executive officer

Ferenc Berkesi chief security officer

Gábor Péter chief IT officer

Lajos Székelyhidi chief research and development officer

Zoltán Tóth chief technical and production officer

### **Evaluation and remuneration of the management**

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

The Board of Directors is entitled to work out the detailed guidelines of the Management Share Option Programme according to the decision of the 2009 Annual General Meeting. The members of the management are entitled to the acquisition of the Company's shares in a preferential way within the framework of this Programme.

### **The Supervisory Board**

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

The members of the Supervisory Board elect the chairman by a simple majority of votes at their first meeting. The Chairman convenes and conducts the meetings of the Supervisory Board, appoints the person keeping the minutes, orders the voting and announces its results.

The meeting of the Supervisory Board may be convened by any member indicating the reason and purpose thereof if his/her request for convening the meeting has not been fulfilled by the chairman within 8 days.

#### *Tasks and competence of the Supervisory Board*

- (a) The Supervisory Board may request information from the executive officers or employees in executive positions of the Company and may inspect the books and documents of the Company.
- (b) The Supervisory Board shall inspect all important business reports appearing in the agenda of the General Meeting and all other submissions concerning the issues falling within the exclusive competence of the General Meeting.
- (c) The General Meeting may pass resolutions on the report prepared in accordance with Accounting Act and on the appropriation of after-tax profits and on the report on corporate governance only after having the written report of the Supervisory Board.
- (d) Members of the Supervisory Board shall treat business secrets concerning the Company's issues as confidential.
- (e) Members of the Supervisory Board shall take part at the General Meeting of the Company with a right of consultation.
- (f) If the Supervisory Board finds the activities of the management in violation of the laws, the Statutes or the resolutions of the General Meeting, or otherwise infringes the interests of the Company or its shareholders, the Supervisory Board shall convene an extraordinary General Meeting and shall make a proposal regarding its agenda.
- (g) The Supervisory Board must previously provide its consent to the interim balance sheet to be approved by the Board of Directors, concerning the acquisition of treasury shares, payment of interim dividends, increase of its share capital by its assets exceeding the share capital.

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

Members of the SB on 31 December 2016 (names of independent members are underlined and printed in italics):

*Dr. Tamás Sárközy* chairman

*Dr. Istvánné Gömöri* vice-chairman

Ferenc Berkesi

Dr. Erzsébet Novotny

*Dr. Imre Repa*

*Dr. János Stumpf*

The Supervisory Board convened 4 times in 2016 and with an attendance of 5 members as an average.

### **The Audit Committee**

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

#### *Tasks and competence of the Audit Committee*

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

Members of the Audit Committee on 31 December 2016:

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

The Audit Committee convened 4 times in 2016 and full attendance was recorded at any meeting.

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

### **The Auditor**

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

*Tasks and competence of the auditor*

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

- (b) The auditor shall examine all substantial business reports proposed to the General Meeting from the aspect of whether such reports contain true data and comply with all legal regulations.
- (c) The auditor may inspect the books of the Company, may request information from the members of the Board of Directors and the Supervisory Board and the employees of the Company and may examine the bank account, the petty cash, the stocks of securities and goods and the agreements of the Company.
- (d) The auditor shall treat all business secrets related to the operation of the Company as confidential.
- (e) The auditor shall participate at the General Meeting but his/her absence does not prevent the holding of the meeting.
- (f) If it is required, the auditor may be invited to attend the meeting of the Board of Directors with a right of consultation, or the auditor himself may initiate his/her attendance at the meetings. In this latter case, the request of the auditor may be refused only in exceptionally justified cases.
- (g) The auditor may attend the meeting of the Supervisory Board with a right of consultation, Upon the invitation of the Supervisory Board, the auditor is required to attend the meeting of the Supervisory Board. The Supervisory Board shall put on the agenda the issues proposed for consideration by the auditor.
- (h) If the auditor ascertains or otherwise learns that a considerable decrease in assets of the Company is probable, or perceives any other issue which entails the liability of the members of the Board of Directors or the Supervisory Board as set forth in the Civil Code, he/she shall request that the General Meeting be convened. If the General Meeting is not convened, or if it fails to render the resolutions required by laws, the auditor shall inform the Court of Registration exercising legal supervision.

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

**Disclosure policy of the Company**

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



coverage by way of road-shows, conferences. In addition, it keeps contact with investors continuously and is available for investors in answering their questions.

### **The Company's guidelines regarding insider trading**

ANY Security Printing Company Plc has created a regulation compulsory for all of its subsidiaries and joint ventures to execute the Capital Market Act so that the prohibition of insider trading is effective. The regulation states that it is prohibited to make trades for securities and stock exchange products concerned by the insider information using insider information, or to give a commission for such trade and to pass on the insider information to another person with the goal of trading. Based on the law's use of terms and phrases, the Company's regulation defines the scope of insider information and insider persons. The members of the Board of Directors, the Supervisory Board of ANY Security Printing Company Plc, its senior officers, and its employees involved in balance sheet preparation are not allowed to buy or sell shares issued by the Company in the periods defined by law, that is the period between the balance sheet date and the release date of the an annual report (in the fifteen days preceding the release date of the interim report). The insider person must publish the transaction and announce it to the Hungarian National Bank in 2 days after the transaction. In case of the Board of Directors, the Supervisory Board and senior officers, ANY Security Printing Company Plc meets these requirements based on the statement of those obliged for the announcement.

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

The share capital of the Company consists of 14,794,650 pieces of dematerialised ordinary shares with a par value of HUF 98 each.

Each shareholder who owns Series 'A' shares has one voting right per share at the General Meeting.

The Board of Directors of the Company or its proxy assigned according to the rules of the law on capital market keeps a share ledger containing at least the following information:

- shareholder's, nominee's name (company);
- shareholder's, nominee's address (headquarters);
- number of shares, interim shares of shareholder (shareholder's stake) as per type and series of shares.

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

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

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

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

In case the General Meeting fails to achieve a quorum, the General Meeting has to be reconvened. Such a reconvened General Meeting has a quorum with respect to the issues included in the agenda of the original General Meeting irrespective of the number of shareholders present. At least 10 days may pass between the dates of the original and reconvened General Meeting.

Shareholders may exercise their shareholders rights personally or through representatives.

a, In case of personal attendance, shareholders must prove their identity with an ID card while their ownership is certified by their certificates of ownership of the shares. The shareholder registered in the register of shareholders who does not bring a certificate of ownership of the shares, may participate at the General Meeting but cannot exercise his/her voting right and cannot make proposals.

b, In case of a mandate, authorizations shall be submitted to the Company in the form of a notarial document or private document representing conclusive evidence. The authorisation shall be given to the representative of the Board of Directors before the General Meeting. As for certificate of ownership, Section a, is governing.

c, The securities account manager included in the Register of Shareholders as a shareholder delegate shall act as specified in the Capital Market Act in the representation of the shareholder.

Shareholders may exercise their shareholders rights if the shareholder or the representative is registered in the Register of Shareholders before the date of the General Meeting. The securities account managers shall provide for the registration of the shareholder in the Register of Shareholders

based on the assignment of the shareholder. Securities account managers shall give information to the shareholders on the deadline of executing the assignments of registry in the Register of Shareholders. The Company does not accept responsibility for execution of assignments given to securities account managers and for the consequences of their failures.

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

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

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

In the above description ANY Security Printing Company Plc is providing comprehensive overview of corporate processes and practices. Detailed rules to any function summarized in this report can be found in the Statutes, freely available on the company website ([www.any.hu](http://www.any.hu)).

**Budapest, 06. March, 2017**

  
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**Chief Executive Officer**