

STATE PRINTING HOUSE PLC.
ANNUAL REPORT 2009.



THINKING IN SYSTEMS



DEAR SHAREHOLDERS,

The security technologies showed a huge and unprecedented development in the lifetime of the last generation. By today we have arrived to the E-ID from the paper-based identity card and to the contactless mobile payment solutions from the bank ATM withdrawal – just to mention the most evident changes. 2009 was the most determining year of the last decades; the crisis did not start but catalyzed the procedures existing in the printing industry. The crisis highlighted that the key to success lies in the search for the modern security solutions, the development of the IT-based services and the practical use of innovative technologies.

DR. ÁKOS ERDŐS
CHAIRMAN OF THE BOARD OF
DIRECTORS

In the middle of the crisis the results of the companies who do not insist on the usual 'forms' and look at their industry in a special way, with an independent vision are still more striking – and we are convinced that Állami Nyomda Plc belongs to them. Due to our philosophy focusing on research and development and growth we did not lose clients last year in spite of the circumstances, and we continued to merit the trust of our investors with profitable operating.

Our Corporation – which is over 150 years in existence – proved last year as well, that the progressive view and the unique experience in the region grant security in all crisis as well. We are convinced that our 2009 results, our development-based approach and our transparent operation give a stable base both for growth as well as for Állami Nyomda Plc to be an inevitable player on the European security market.

Progressing skills

The millions of documents and security forms produced over the last decades by Állami demonstrate our unique professionalism in the Central and Eastern European region.



DEAR SHAREHOLDERS,

The security technologies showed a huge and unprecedented development in the lifetime of the last generation. By today we have arrived to the E-ID from the paper-based identity card and to the contactless mobile payment solutions from the bank ATM withdrawal – just to mention the most evident changes. 2009 was the most determining year of the last decades; the crisis did not start but catalyzed the procedures existing in the printing industry. The crisis highlighted that the key to success lies in the search for the modern security solutions, the development of the IT-based services and the practical use of innovative technologies.

In the middle of the crisis the results of the companies who do not insist on the usual 'forms' and look at their industry in a special way, with an independent vision are still more striking – and we are convinced that Állami Nyomda Plc belongs to them. Due to our philosophy focusing on research and development and growth we did not lose clients last year in spite of the circumstances, and we continued to merit the trust of our investors with profitable operating.

Our Corporation – which is over 150 years in existence – proved last year as well, that the progressive view and the unique experience in the region grant security in all crisis as well. We are convinced that our 2009 results, our development-based approach and our transparent operation give a stable base both for growth as well as for Állami Nyomda Plc to be an inevitable player on the European security market.

DR. ÁKOS ERDŐS
CHAIRMAN OF THE BOARD OF
DIRECTORS

Progressing skills

The millions of documents and security forms produced over the last decades by Állami demonstrate our unique professionalism in the Central and Eastern European region.

State Printing House Plc. Annual Report 2009.





STABLE OPERATIONS AND GROWING EXPORTS AT ÁLLAMI NYOMDA

Besides growing export and a slight decrease in sales revenue, State Printing House Plc has closed a profitable year. The Company has successfully expanded its clientele and continued to keep its EBITDA margin above the industry average.

In spite of the crisis which affected the printing industry increasingly, Állami Nyomda posted HUF 14 billion sales revenue with only 4% decrease compared to the previous year. Besides the international decrease in documents and cards with high value added, the group could dynamically increase its sales in the forms segment. Due to unfavourable economic climate, most of our clients cut back on their orders and the turnover of vehicle documents (driving license, motor vehicle registration card, validating label) required by citizens decreased in Q4 as well so net operating income came to HUF 1 billion, which means a 20% drop year-on-year. Earnings per share amounted to HUF 73. By filtering out the effect of deferred tax expense due to the change in corporate tax, real EPS would come to HUF 77. Consolidated EBITDA was HUF 2 billion, a slight decrease over the previous year. At the same time, export sales of HUF 2.8 billion significantly contributed to stable profit. Állami Nyomda's 14.3% EBITDA margin is still one of the best indicators in the industry.

SUMMARY

State Printing House posted consolidated net sales of HUF 14 billion in 2009 which is 0.6 billion (4%) lower than in 2008. The change in net sales revenue was mainly caused by the 13% decrease in security products and solutions and the 19% drop in card production and personalization which was partly compensated by the 33% growth in form production, personalization and data management.

Exports amounted to HUF 2,874 million in which means a 99% increase year-on-year. The export ratio compared to total sales grew to 21% from 10%.

Consolidated EBITDA reached HUF 2004 million, a decrease of HUF 179 million (8%) compared to 2008. Consolidated EBITDA margin amounted to 14.3%.

Consolidated operating income was HUF 1,331 million in 2009, a drop of HUF 243 million (15%) year-on-year. Consolidated net income after interest income, taxation and minority interest was HUF 1,055 million, which is HUF 263 million (20%) lower than a year earlier. The increasing deferred tax expense which is a consolidation modifying item and which is calculated as a result of the change in corporate tax (it rose from 16% to 19%) decreased consolidated net income by HUF 55 million. By filtering out this effect, the Company's net income would be HUF 1,110 million.

Earnings per share amounted to HUF 73 in 2009 which means a 20% drop compared to the HUF 91 EPS in the previous year. By filtering out the effect of deferred tax expense due to the change in corporate tax, real EPS would come to HUF 77.

Everyday security

Our products feature extremely high security level due to the refined technologies and the use of international standards.



STABLE OPERATIONS AND GROWING EXPORTS AT ÁLLAMI NYOMDA

Besides growing export and a slight decrease in sales revenue, State Printing House Plc has closed a profitable year. The Company has successfully expanded its clientele and continued to keep its EBITDA margin above the industry average.

In spite of the crisis which affected the printing industry increasingly, Állami Nyomda posted HUF 14 billion sales revenue with only 4% decrease compared to the previous year. Besides the international decrease in documents and cards with high value added, the group could dynamically increase its sales in the forms segment. Due to unfavourable economic climate, most of our clients put back on their orders and the turnover of vehicle documents (driving license, motor vehicle registration card, validating label) required by citizens decreased in Q4 as well so net operating income came to HUF 1 billion, which means a 20% drop year-on-year. Earnings per share amounted to HUF 73. By filtering out the effect of deferred tax expense due to the change in corporate tax, real EPS would come to HUF 77. Consolidated EBITDA was HUF 2 billion, a slight decrease over the previous year. At the same time, export sales of HUF 2.8 billion significantly contributed to stable profit. Állami Nyomda's 14.3% EBITDA margin is still one of the best indicators in the industry.

SUMMARY

State Printing House posted consolidated net sales of HUF 14 billion in 2009 which is 0.6 billion (4%) lower than in 2008. The change in net sales revenue was mainly caused by the 13% decrease in security products and solutions and the 19% drop in card production and personalization which was partly compensated by the 33% growth in form production, personalization and data management.

Exports amounted to HUF 2,874 million in which means a 99% increase year-on-year. The export ratio compared to total sales grew to 21% from 10%.

Consolidated EBITDA reached HUF 2004 million, a decrease of HUF 179 million (8%) compared to 2008. Consolidated EBITDA margin amounted to 14.3%.

Consolidated operating income was HUF 1,331 million in 2009, a drop of HUF 243 million (15%) year-on-year. Consolidated net income after interest income, taxation and minority interest was HUF 1,055 million, which is HUF 263 million (20%) lower than a year earlier. The increasing deferred tax expense which is a consolidation modifying item and which is calculated as a result of the change in corporate tax (it rose from 16% to 19%) decreased consolidated net income by HUF 55 million. By filtering out this effect, the Company's net income would be HUF 1,110 million.

Earnings per share amounted to HUF 73 in 2009 which means a 20% drop compared to the HUF 91 EPS in the previous year. By filtering out the effect of deferred tax expense due to the change in corporate tax, real EPS would come to HUF 77.

Everyday security

Our products feature extremely high security level due to the refined technologies and the use of international standards.





INTRODUCTION OF ÁLLAMI NYOMDA GROUP

Name of the Company	Equity	Share of ownership (%)	Voting right ¹
Állami Nyomda Plc.	HUF 1, 449, 876,000	–	–
Gyomai Kner Nyomda Zrt.	HUF 200,000,000	98,98%	98,98%
Specimen Zrt.	HUF 100,000,000	90,00%	90,00%
Security Audit Kft.(*)	HUF 5,000,000	72,0%	72,0%
Techno-Progress Kft.	HUF 5,000,000	100,00%	100,00%
Tipo Direct SRL(**)	RON 476,200	50,0%	50,0%
Direct Services OOD(**)	LEVA 570,000	50,0%	50,0%
Slovak Direct SRO	SKK 1,927,000	100,0%	100,0%
Állami Nyomda OOO	RUB 10,000	100,0%	100,0%

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

(*) Specimen Zrt. holds 80% ownership in Security Audit Kft. Állami Nyomda Plc.'s ownership ratio amounts to (90.0*80.0) 72.0%

(**) Classified as subsidiary based on the cooperation agreement with the co-owner of the company effective from 1 January 2009.

CHANGE IN THE GROUP STRUCTURE OF STATE PRINTING HOUSE

State Printing House Plc signed a co-operational agreement with the co-owners of both foreign joint ventures (TipoDirect S.R.L. and Direct Services O.O.D. both 50% of shares held by State Printing House Plc.) on 21st December 2008 effective from 1st January 2009. The main two purposes of these co-operational agreements are to increase market share of the Companies and to create the circumstances of an effective and profitable operation in the present economic situation. According to the co-operational agreements, the operation, the financial and operational policies and rules of both foreign companies are controlled and governed by State Printing House Plc. As the above mentioned agreements meet the relevant criteria of International Financial Reporting Standards (IFRS 3), State Printing House Plc consolidates TipoDirect S.R.L. and Direct Services O.O.D. as subsidiaries effective from 1st January 2009, with 50% of shares from share equity.

In order to provide comparability in the Q1-Q4 2009 Interim Report the tables were adjusted by one "Y 2009, adjusted" column, which reports figures of 31st December 2009 as those agreements would not have been signed between State Printing House and the co-owners of the two foreign joint ventures. Accordingly, the figures of the two foreign companies are consolidated by the 50% proportional method in this column, based on the regulation of IFRS 3 before 1st January 2009.

Applied innovation

Our independent Research and Development Laboratory supports our complex services with innovative solutions from the nanotechnology-based inks to the entire personalization systems.



INTRODUCTION OF ÁLLAMI NYOMDA GROUP

Name of the Company	Equity	Share of ownership (%)	Voting right ¹
Állami Nyomda Plc.	HUF 1, 449, 876,000	–	–
Gyomai Kner Nyomda Zrt.	HUF 200,000,000	98,98%	98,98%
Specimen Zrt.	HUF 100,000,000	90,00%	90,00%
Security Audit Kft. (*)	HUF 5,000,000	72,0%	72,0%
Techno-Progress Kft.	HUF 5,000,000	100,00%	100,00%
Tipo Direct SRL(**)	RON 476,200	50,0%	50,0%
Direct Services OOD(**)	LEVA 570,000	50,0%	50,0%
Slovak Direct SRO	SKK 1,927,000	100,0%	100,0%
Állami Nyomda OOO	RUB 10,000	100,0%	100,0%

(1) Voting rights that entitle the holder to participate in decision making at the general meeting of the company included in consolidation.
 (*) Specimen Zrt. holds 80% ownership in Security Audit Kft. Állami Nyomda Plc.'s ownership ratio amounts to (90.0*80.0) 72.0%
 (**) Classified as subsidiary based on the cooperation agreement with the co-owner of the company effective from 1 January 2009.

CHANGE IN THE GROUP STRUCTURE OF STATE PRINTING HOUSE

State Printing House Plc signed a co-operational agreement with the co-owners of both foreign joint ventures (TipoDirect S.R.L. and Direct Services O.O.D. both 50% of shares held by State Printing House Plc.) on 21st December 2008 effective from 1st January 2009. The main two purposes of these co-operational agreements are to increase market share of the Companies and to create the circumstances of an effective and profitable operation in the present economic situation. According to the co-operational agreements, the operation, the financial and operational policies and rules of both foreign companies are controlled and governed by State Printing House Plc. As the above mentioned agreements meet the relevant criteria of International Financial Reporting Standards (IFRS 3), State Printing House Plc consolidates TipoDirect S.R.L. and Direct Services O.O.D. as subsidiaries effective from 1st January 2009, with 50% of shares from share equity.

In order to provide comparability in the Q1-Q4 2009 Interim Report the tables were adjusted by one "Y 2009, adjusted" column, which reports figures of 31st December 2009 as those agreements would not have been signed between State Printing House and the co-owners of the two foreign joint ventures. Accordingly, the figures of the two foreign companies are consolidated by the 50% proportional method in this column, based on the regulation of IFRS 3 before 1st January 2009.

Applied innovation

Our independent Research and Development Laboratory supports our complex services with innovative solutions from the nanotechnology-based inks to the entire personalization systems.



EFFECT OF THE CHANGES ON ÁLLAMI NYOMDA GROUP

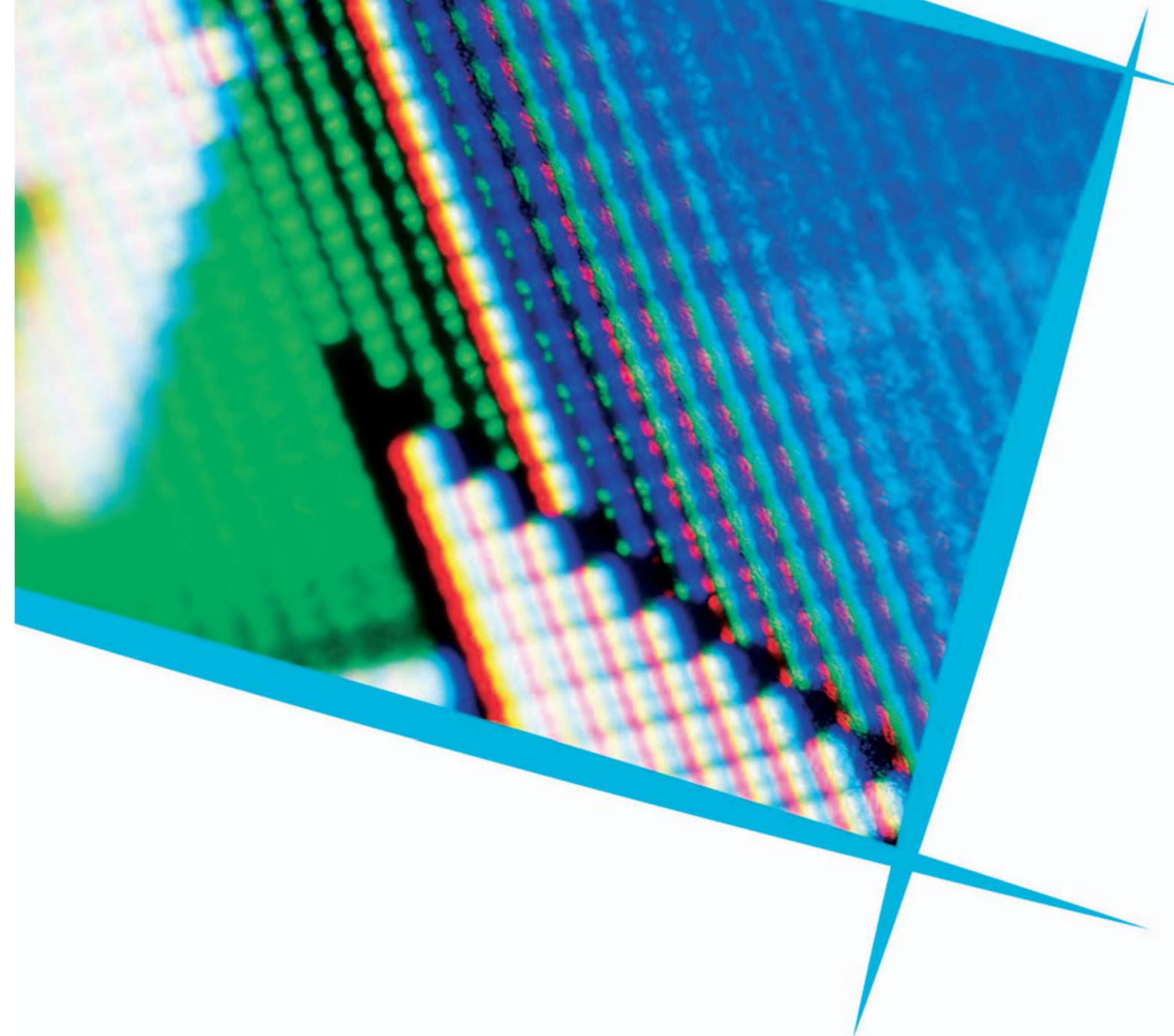
The total assets of the Group increased by HUF 247 million (3%) due to the changes in consolidation. HUF 161 million increase can be allocated to the current assets while HUF 82 million to the non-current assets especially to fixed assets. Short term liabilities rose by HUF 95 million on the liability side. Long term liabilities increased by HUF 9 million, while non-controlling interest rose by HUF 143 million.

Group revenue increased by HUF 762 million (6%) due to the changes in consolidation, while operational profit increased by HUF 38 million while after tax profit rose by HUF 35 million. EBITDA climbed up by HUF 62 million due to the changes. Export sales increased by HUF 767 million (36%) while export sales to total sales ratio rose by 5 basis points, as only the foreign Companies were affected by the structural changes.

New group structure has neither effect on the net profit, nor on the EPS.

MAIN FINANCIAL DATA AND INDICATORS (IFRS CONSOLIDATED)

Name	FY 2008 in HUF thousands	FY 2009 in HUF thousands
Financial situation		
Non-current assets	2,899	3,042
Total assets	7,477	8,783
Shareholder's equity	4,820	5,193
Main categories of results		
Net sales	14,620	14,007
EBITDA	2,183	2,004
Profit after tax	1,327	1,099
Main indicators		
Return on sales (ROS) %	9.0%	7.5%
Return on equity (ROE) %	27.4%	20.3%
Earning per share (EPS) HUF	91	73



Technological freedom

Our electronic and digital services available online as well provide full freedom to our clients in the field of data processing, data query and archiving.



EFFECT OF THE CHANGES ON ÁLLAMI NYOMDA GROUP

The total assets of the Group increased by HUF 247 million (3%) due to the changes in consolidation. HUF 161 million increase can be allocated to the current assets while HUF 82 million to the non-current assets especially to fixed assets. Short term liabilities rose by HUF 95 million on the liability side. Long term liabilities increased by HUF 9 million, while non-controlling interest rose by HUF 143 million.

Group revenue increased by HUF 762 million (6%) due to the changes in consolidation, while operational profit increased by HUF 38 million while after tax profit rose by HUF 35 million. EBITDA climbed up by HUF 62 million due to the changes. Export sales increased by HUF 767 million (36%) while export sales to total sales ratio rose by 5 basis points, as only the foreign Companies were affected by the structural changes.

New group structure has neither effect on the net profit, nor on the EPS.

MAIN FINANCIAL DATA AND INDICATORS (IFRS CONSOLIDATED)

Name	FY 2008 in HUF thousands	FY 2009 in HUF thousands
Financial situation		
Non-current assets	2,899	3,042
Total assets	7,477	8,783
Shareholder's equity	4,820	5,193
Main categories of results		
Net sales	14,620	14,007
EBITDA	2,183	2,004
Profit after tax	1,327	1,099
Main indicators		
Return on sales (ROS) %	9.0%	7.5%
Return on equity (ROE) %	27.4%	20.3%
Earning per share (EPS) HUF	91	73

Technological freedom

Our electronic and digital services available online as well provide full freedom to our clients in the field of data processing, data query and archiving.



SALES OF PRODUCT GROUPS

Sales segments	FY 2008 in HUF millions	FY 2009 in HUF millions	Change in HUF millions	Change %
Security products and solutions	5,893	5,138	-755	-12.8%
Card production and personalization	3,782	3,053	-729	-19.3%
Form production and personalization, data processing	3,254	4,315	1,061	32.6%
Traditional printing products	1,373	1,189	-184	-13.4%
Other	318	312	-6	-1.9%
Total net sales	14,620	14,007	-613	-4.2%

State Printing House Plc had consolidated net sales of HUF 14,007 million in 2009, which is HUF 613 million (4%) lower than the year earlier figure.

Sales of **security products and solutions** came to HUF 5,138 million in 2009 which means a year-on-year drop of HUF 755 million (13%). The change was mainly caused by the decreasing sales of security products and the order volumes of validating label to motor vehicle registration document has also declined due to lower vehicle sales.

The Company's revenues from **card production and personalization** totalled HUF 3,053 million in 2009, a HUF 729 million (19%) decrease year-on-year. The fall compared to 2008 was primarily caused by the significant decrease in card-based document products connected to vehicles (e.g. motor vehicle registration card) and the drop of solvent demand connected to other document types.

The Company's revenues from **form production, personalization and data processing** came to HUF 4,315 million in 2009, a HUF 1,061 million (33%) growth year-on-year. Out of the change in the product segment's sales revenue, HUF 712 million is the result of the modification in group structure, if we filter out this factor, sales of the segment rose by HUF 349 million (11%).

The change year-on-year was induced by the growing sales of lottery and Hungarian Tax and Financial Control Administration (APEH) forms and other form personalization projects.

Sales of **traditional printing** products amounted to HUF 1,189 million in 2009, which means a 13% (HUF 184 million) decrease compared to a year earlier in accordance with the trends of previous periods.

Other sales totalled HUF 312 million in 2009, which is a drop of HUF 6 million (2%) year-on-year. This segment mainly comprises revenues from the sale of commercial materials and goods.

EXPORT SALES BY SEGMENT



Sales segments	FY 2008 in HUF millions	FY 2009 in HUF millions	Change in HUF millions	Change %
Security products and solutions	123	702	579	470.73%
Card production and personalization	419	415	-4	-0.95%
Form production and personalization, data processing	807	1,579	772	95.66%
Traditional printing products	37	6	-31	-83.78%
Other	59	172	113	191.53%
Total export sales	1,445	2,874	1,429	98.89%
Export %	10%	21%		

Export sales amounted to HUF 2,874 million in 2009, which represents a 99% increase compared to last year, reaching the 21% export sales ratio. The group structure modification which affected the foreign companies entirely accounts for HUF 757 million (53%) from the export sales change while 5 basis points from the export ratio change.

By filtering out the consolidation changes, export sales rose by HUF 662 million (46%) while export ratio grew by 6 basis points compared to 2008. Within export sales, security products and solutions and form production, personalization and data processing segments showed an outstanding performance.

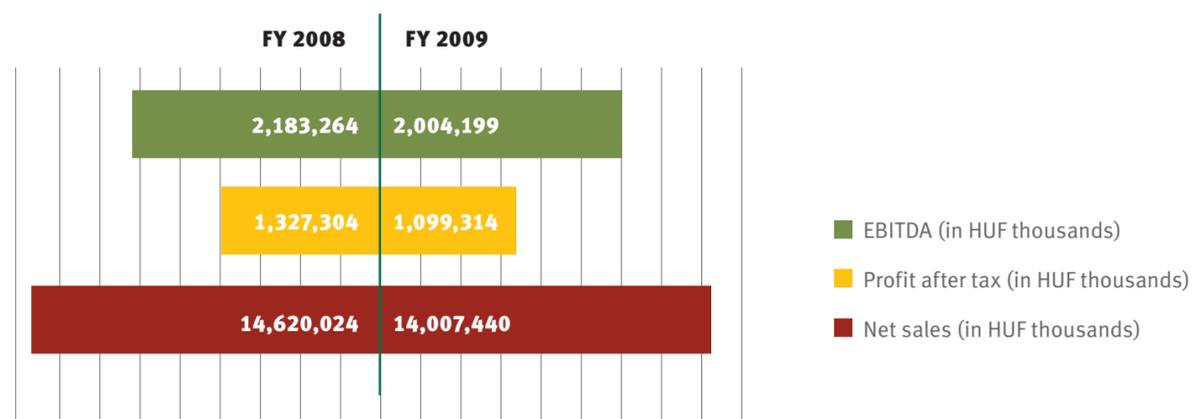
FINANCIAL ANALYSIS

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

Description	FY 2008 in HUF millions	FY 2009 in HUF millions	index %
Net sales	14,620	14,007	95.81%
Capitalized value of assets produced	30	78	260.00%
Material expenses	8,598	8,614	100.19%
Personnel expenses	3,661	3,332	91.01%
Depreciation	609	673	110.51%
Other expenses	208	135	64.90%
Operating income	1,574	1,331	84.56%
Net income	1,318	1,055	80.05%
EBITDA	2,183	2,004	91.80%
EBITDA margin (%)	14.93%	14.31%	
Earnings per share – EPS (HUF per share)	91	73	80.22%



PROFITABILITY OF ÁLLAMI NYOMDA GROUP INT HE YEARS 2008 AND 2009



Net sales totalled HUF 14,007 million in 2009, which is HUF 613 million (4%) lower than the year earlier figure. Operating income came to HUF 1,331 million, a decrease of HUF 243 million (15%) compared to the previous year. The drop in operating income was mainly due to the decrease in sales revenue, especially that of products with higher value added

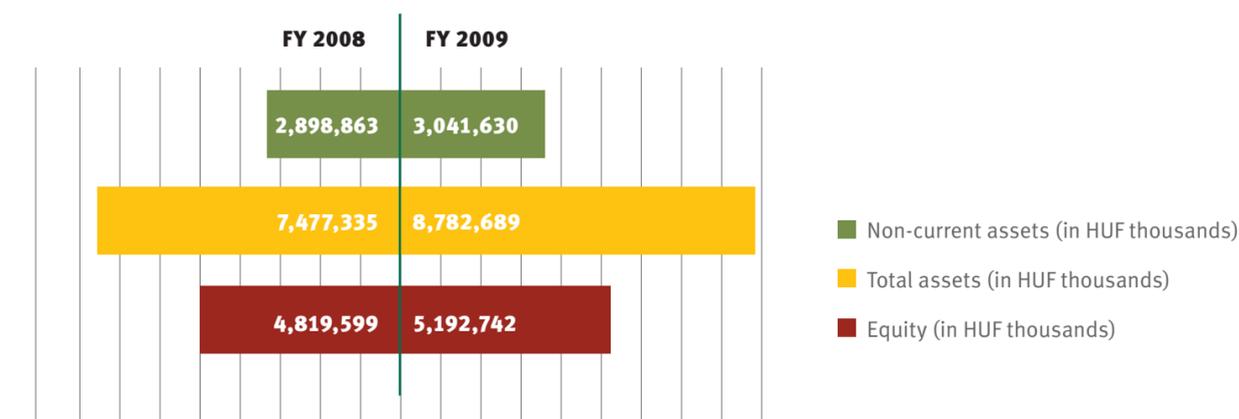
Gross profit totalled HUF 4,548 million, which means a 32.5% gross margin. General (SG&A) expenses amounted to HUF 3,082 million in 2009, which equals 22% of net sales. Material expenses increased minimally (by HUF 16 million) in the current period. The slight growth in material expenses was the result of the lower sales revenue of higher value added (security and card) products and the increasing volume of form production which is more material intense. The capitalized value of own performance line shows the capitalized value of assets produced and the change in inventories manufactured. These figures were driven mainly by the change in inventories in both periods presented.

Personnel expenses totalled HUF 3,332 million, which means a HUF 329 million (9%) drop compared to 2009. Besides constant headcount, the significant cut-back in personnel expenses is caused by the lower labour costs due to decreasing turnover, the lack of pay rise and the remarkable decrease of management bonus.

Depreciation was HUF 673 million in 2009, a HUF 64 million (11%) compared to the previous year. The change was mainly caused by the amortization accounted for and connected to the investments and developments last year. EBITDA amounted to HUF 2,004 million due to change in operating income and depreciation, which represents a decrease of HUF 179 million (8%). So the EBITDA margin amounts to 14.3%.

Net interest income amounted to HUF 49 million in 2009. Net income – after financial operations, taxation and minority interest – came to HUF 1,055 million in 2009, a decline of 20% year-on-year. Earnings per share were HUF 73 in 2009. The increasing deferred tax expense which is a consolidation modifying item and which is calculated as a result of the change in corporate tax (it rose from 16% to 19%) decreased consolidated net income by HUF 55 million. By filtering out this effect, the Company's net income would be HUF 1,110 million while EPS would be HUF 77.

FINANCIAL SITUATION OF ÁLLAMI NYOMDA GROUP INT HE YEARS 2008 AND 2009



The Company had total assets of HUF 8,783 million on 31 December 2009, which means an increase of HUF 1,306 (18%) million compared to a year earlier.

Receivables amounted to HUF 2,893 million which represents a HUF 1,145 million (66%) decrease year-on-year. The change in receivables is the result of increased receivables that are not due connected to the Company's most significant clients. In the previous years, the amount of receivables was low due to the favourable development of deliveries and financial timing.

Cash and bank totalled HUF 475 million at the end of the reporting period, which means a HUF 1,365 million (74%) drop compared to a year ago thanks to growing receivables and inventories.

Inventories totalled HUF 1,902 million, which is a HUF 1,067 million (128%) growth compared to the 31 December 2008 figure. The raw material purchase at the end of the year caused the significant growth of inventories. This purchase is a part of a transaction in the frame of which State Printing House Plc purchased the blank document inventories owned by the Buyer at the end of 2009 and from 2010 the Company will ensure adequate material inventory for the Buyer based on Állami Nyomda's own production timing and consumption forecasts. Most of these inventories are expected to be used up by Q3 2010.

Other current assets and prepayments amounted to HUF 470 million, which exceeded the prior year figure by HUF 315 million due to rising tax receivables. The value of property, plant and equipment at the end of December 2009 was HUF 2,911 million, an increase of HUF 47 million (2%) compared to the corresponding 2008 figure.

Accounts payable increased by HUF 452 million (41%) to HUF 1,548 million compared to the end of December 2008. The change is attributed to growth in material and subcontractor turnover at the end of the year.

Other liabilities and accruals totalled HUF 516 million, which means a drop of HUF 428 million (45%). The notable decrease is due to the significant cut-back in tax liabilities and accrued management bonuses.

Short term loans totalled HUF 931 million at the end of 2009, a rise of HUF 920 million compared to the end of the previous year. The change is attributed to the overdraft taken to finance working capital.

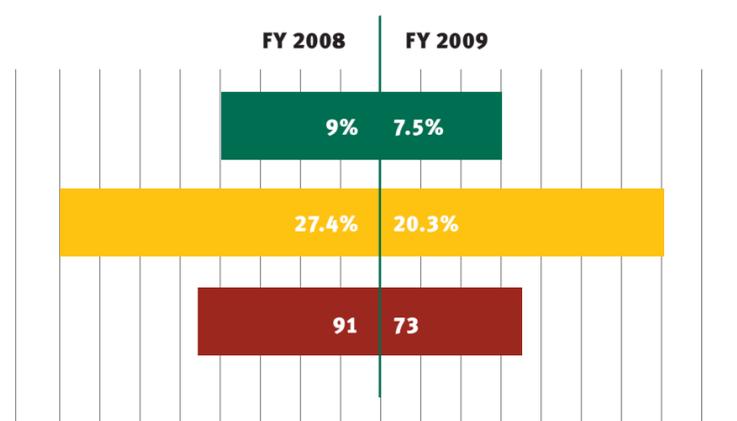




CHANGES IN EQUITY ITEMS

	Share capital	Capital reserve	Retained earnings	Treasury shares	Not directed ownership	Total
January 1, 2009	1,449 876	250,686	3,487,534	-436,975	68,478	4,819,599
Dividend	0	0	-784,115	0	0	-784,115
Dividend for minority ownership (after FY 2008 profit)	0	0	0	0	-6,833	-6,833
Ownership acquisition in already owned subsidiary	0	0	0	0	-42,854	-42,854
Not directed ownership for equity emerged during subsidiary reclassification	0	0	0	0	107,631	107,631
Profit for not directed ownership	0	0	0	0	44,474	44,474
Profit / (loss) for the year	0	0	1,054,840	0	0	1,054,840
December 31, 2009	1,449,876	250,686	3,758,259	-436,975	170,896	5,192,742

MAIN INDICATORS OF ÁLLAMI NYOMDA GROUP IN THE YEARS 2008 AND 2009



Lower profitability of Állami Nyomda Group in 2009 is the result of the decreasing sales revenue due to the economic crisis. Return on equities amounted to 20.3% while return on sales was 7.5%. Earning per share decreased by HUF 18 to HUF 73 due to the net income which dropped by 20% year-on-year.

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

- Return on sales (ROS)
- Return on equities (ROE)
- Earning per share (EPS)

Traditional reliability

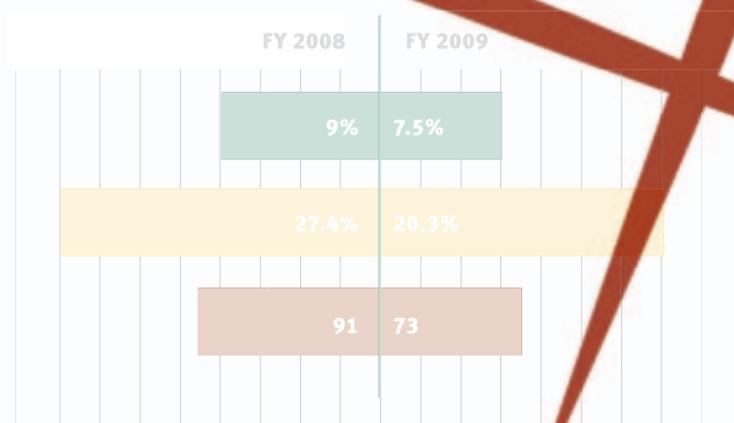
Our 150-year industrial experience, the thorough knowledge of the security requirements and the stable growth are the evidence of our reliability.



CHANGES IN EQUITY ITEMS

	Share capital	Capital reserve	Retained earnings	Treasury shares	Not directed ownership	Total
January 1, 2009	1,449,876	250,686	3,487,534	-436,975	68,478	4,819,599
Dividend	0	0	-784,115	0	0	-784,115
Dividend for minority ownership (after FY 2008 profit)	0	0	0	0	-6,833	-6,833
Ownership acquisition in already owned subsidiary	0	0	0	0	-42,854	-42,854
Not directed ownership for equity emerged during subsidiary reclassification	0	0	0	0	107,631	107,631
Profit for not directed ownership	0	0	0	0	44,474	44,474
Profit / (loss) for the year	0	0	1,054,840	0	0	1,054,840
December 31, 2009	1,449,876	250,686	3,758,259	-436,975	170,896	5,192,742

MAIN INDICATORS OF ÁLLAMI NYOMDA GROUP IN THE YEARS 2008 AND 2009



Lower profitability of Állami Nyomda Group in 2009 is the result of the decreasing sales revenue due to the economic crisis. Return on equities amounted to 20.3% while return on sales was 7.5%. Earning per share decreased by HUF 18 to HUF 73 due to the net income which dropped by 20% year-on-year.

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

Our 150-year industrial experience, the thorough knowledge of the security requirements and the stable growth are the evidence of our reliability.



SENIOR OFFICERS AND MANAGEMENT



BOARD OF DIRECTORS

CHAIRMAN **Dr. Ákos Erdős**
VICE-CHAIRMAN **György Gyergyák**

Dr. Mihály Arnold
Tamás Doffek
Péter Heim
Gábor Zsámboki

SUPERVISORY BOARD

CHAIRMAN **Dr. Tamás Sárközy**
VICE-CHAIRMAN **Dr. Istvánné Gömöri**

Ferenc Berkesi
Dr. Imre Repa
Dr. István Stumpf
György Vajda

MANAGEMENT

CHIEF EXECUTIVE OFFICER	Gábor Zsámboki
DEPUTY CHIEF EXECUTIVE OFFICER	László Balla
CHIEF SECURITY OFFICER	Ferenc Berkesi
CHIEF INFORMATION OFFICER	Gábor Péter
CHIEF RESEARCH AND DEVELOPMENT OFFICER	Dr. Lajos Székelyhídi
CHIEF TECHNICAL AND PRODUCTION OFFICER	Zoltán Tóth
INVESTMENT DIRECTOR	Tamás Bojtor
LOGISTICS DIRECTOR	András Huszár
PLANT DIRECTOR, SECURITY PRINTING PRODUCT CENTRE	Kristóf Kalauz
FINANCE DIRECTOR	Tamás Karakó
INTERNATIONAL TENDER DIRECTOR	Róbert Keczei
DIRECTOR	Éva Keresztesné Szepesi
MARKETING DIRECTOR	Attila Kis-Fleischmann
PLANT DIRECTOR, PÁSZTÓ PLANT	Gyula Lángos

STATE PRINTING HOUSE PUBLIC COMPANY LIMITED BY SHARES INDEPENDENT AUDITORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

Deloitte

Deloitte Auditing and Consulting Ltd.
H-1068 Budapest, Dózsa György út 84/C., Hungary
H-1438 Budapest, P.O. Box 471, Hungary
Tel: +36 (1) 428-6800
Fax: +36 (1) 428-6801
www.deloitte.com/hungary

English translation of the Hungarian Original

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of Állami Nyomda Nyrt.

We have audited the accompanying consolidated financial statements of Állami Nyomda Nyrt. and subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2009, and the related consolidated statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Állami Nyomda Nyrt. and subsidiaries as of December 31, 2009, and of its consolidated financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Budapest, February 05, 2010.

(The original Hungarian language version has been signed)

Gion Gábor
Deloitte
Auditing and Consulting Ltd.
H-1068, Budapest Dózsa György út 84/C., Hungary
000083

Horváth Tamás
Registered Auditor
003449



CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2009 AND DECEMBER 31, 2008

In HUF thousands	Notes	December 31, 2009	December 31, 2008
Current assets			
Cash and bank	4	474,989	1,840,401
Accounts receivable	5	2,893,254	1,748,050
Inventory	6	1,902,441	835,085
Other current assets and prepayments (without current tax receivable)	7	178,980	97,327
Current tax receivable	7	291,395	57,609
Total current assets		5,741,059	4,578,472
Non-current assets			
Property, plant and equipment	8	2,911,368	2,864,592
Investments		62	64
Goodwill		58,778	12,123
Intangibles		57,111	9,262
Deferred tax assets		0	7,900
Other assets		14,311	4,922
Total non-current assets		3,041,630	2,898,863
Total assets		8,782,689	7,477,335
Current liabilities			
Trade accounts payables		1,548,156	1,095,886
Short term part of lease liabilities	20	98,960	140,093
Other payables and accruals (without current tax payables)	9	399,872	543,529
Current tax payables	9	115,939	400,917
Short term debt	10	931,125	10,742
Total current liabilities		3,094,052	2,191,167
Long term liabilities			
Deferred tax liability	17	348,047	227,945
Long term part of lease liabilities	20	127,450	229,351
Long term debt	10	11,402	822
Other long term liabilities		8,996	8,451
Total long term liabilities		495,895	466,569
Shareholders' equity			
Share capital	11	1,449,876	1,449,876
Capital reserve		250,686	250,686
Retained earnings	13	3,758,259	3,487,534
Treasury shares	12	(436,975)	(436,975)
Non controlling interest		170,896	68,478
Total shareholders' equity		5,192,742	4,819,599
Total liabilities and shareholders' equity		8,782,689	7,477,335



STATEMENT OF COMPREHENSIVE INCOME AS AT DECEMBER 31, 2009 AND DECEMBER 31, 2008

In HUF thousands:	Notes	FY 2009	FY 2008
Net sales	14	14,007,440	14,620,024
Cost of sales		(9,459,902)	(9,454,773)
Gross profit		4,547,538	5,165,251
Selling general and administration		(3,081,942)	(3,382,854)
Gain on sale of fixed assets		1,099	11,037
Gain on sale of investments		0	-
Foreign currency losses		(45,345)	1,003
Other expense	15	(90,481)	(220,190)
Operating income	16	1,330,869	1,574,247
Interest income / (expense), net		49,104	19,735
Profit before tax and non-controlling interest		1,379,973	1,593,982
Deferred tax expense	17	(128,002)	(43,791)
Income tax expense	17	(152,657)	(222,887)
Profit after tax		1,099,314	1,327,304
Other comprehensive income for the year		0	0
Total comprehensive income for the year		1,099,314	1,327,304
<i>Profit attributable to</i>			
Owners of the Company		1,054,840	1,318,323
<i>Non controlling interests</i>		<i>(44,474)</i>	<i>(8,981)</i>
Earnings per share (EPS):			
Basic (HUF per share)	18	73	91
Fully diluted (HUF per share)	18	73	91



STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY AS AT DECEMBER 31, 2009

	Issued Capital	Capital Reserve	Retained Earnings	Treasury Shares	Non controlling Interest	Total
January 1, 2008	1,449,876	250,686	2,765,616	(158,130)	(82,369)	(4,390,417)
Dividend paid	0	0	(596,405)	0	0	(596,405)
Total profit attributable to owners of the Company	0	0	1,318,323	0	0	1,318,323
Purchase of treasury shares	0	0	0	(278,845)	0	(278,845)
Dividend paid to non-controlling interests (after FY 2007 income)	0	0	0	0	(7,959)	(7,959)
Purchase of interest in formerly owned subsidiary	0	0	0	0	(14,913)	(14,913)
Total profit attributable to non-controlling interests	0	0	0	0	8,981	8,981
December 31, 2008	1,449,876	250,686	3,487,534	(436,975)	68,478	4,819,599
Dividend paid	0	0	(784,115)	0	0	(784,115)
Dividend paid to minority shareholders (after FY 2008 income)	0	0	0	0	(6,833)	(6,833)
Purchase of interest in formerly owned subsidiary	0	0	0	0	(42,854)	(42,854)
Non-controlling interest from joint ventures turned into subsidiaries	0	0	0	0	107,631	107,631
Total profit attributable to non-controlling interests	0	0	0	0	44,474	44,474
Total profit attributable to owners of the Company			1,054,840			1,054,840
December 31, 2009	1,449,876	250,686	3,758,259	(436,975)	(170,896)	5,192,742



STATEMENT OF CONSOLIDATED CASH-FLOW AS AT DECEMBER 31, 2009 AND DECEMBER 31, 2008

In HUF thousands:	Notes	FY 2009	FY 2008
Cash flows from operating activities			
Profit before tax and non-controlling interest		1,379,973	1,593,982
of which foreign currency gain/(loss)		(45,345)	1,003
Depreciation cost of fixed assets	8	668,083	603,770
Amortization cost of intangibles		5,247	5,247
Changes in provisions		(8,255)	(53,625)
Gain on sale of property, plant and equipment		(1,099)	(11,037)
Non controlling interest changes (subsidiary dividend)		(6,833)	(7,959)
Non controlling interest changes (joint ventures turned into subsidiaries)		107,631	-
Interest expense		33,087	40,062
Interest income		(82,191)	(59,797)
Operating cash-flow before working capital changes:		2,095,643	2,110,643
(Increase) / decrease in accounts receivable and other current assets	5,7	(1,392,979)	71,327
(Increase) / decrease in inventories	6	(1,051,744)	49,650
Increase / (decrease) in accounts payables and accruals		(5,854)	280,907
Cash provided by operations		(354,934)	2,512,527
Interest income		87,358	54,410
Interest expense		(33,140)	(41,911)
Taxes paid, net		(232,843)	(196,114)
Net cash provided by operating activities		(533,559)	2,328,912
Cash flows from investing activities			
Purchase of property, plant and equipment		(715,868)	(994,699)
Proceeds on sale of property, plant and equipment		2,108	11,395
Development costs		(73,605)	0
Purchase of investments		(69,000)	(27,036)
Net cash flow used in investing activities		(856,365)	(1,010,340)
Cash flows from financing activities			
Increase in short term loans	10	920,383	10,629
Purchase of treasury shares	12	0	(278,845)
(Increase) / decrease in loans to employees		(9,389)	425
Increase / (decrease) in long term debt	10	11,125	(315,886)
Payments of capital lease obligations	20	(113,492)	(85,058)
Dividend paid		(784,115)	(596,405)
Net cash flow used in financing activities		24,512	(1,265,140)
(Decrease) / increase in cash and cash equivalents		(1,365,412)	53,432
Cash and cash equivalents at beginning of period		1,840,401	1,786,969
Cash and cash equivalents at end of the period	4	474,989	1,840,401



SUPPLEMENTARY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DEC. 31, 2009

1. GENERAL

State Printing House Public Company Limited by Shares (State Printing House Plc. or the Company) is a limited liability company incorporated under the laws of the Republic of Hungary. The Company operated as a State enterprise until 1992 when it was transformed into a limited liability company (Rt.). The Company's registered office is located

at Halom u.5, Budapest, District 10. The consolidated financial statements of State Printing House for the year ended December 31, 2009 were authorized for issue by the Chief Executive Officer (Gábor Zsámboki) on 5th February, 2010.

As of December 31, 2009 – based on the Company's share book – the following owners have more than 5% voting right or the following groups of investors own the Company:

Investor	Voting right (%)	Owner right (%)
Owners above 5% share		
EG Capital SA	24.78%	24.07%
AEGON KÖZÉP EURÓPAI RÉSZVÉNY BEFEKTETÉSI ALAP	9.09%	8.83%
AEGON MO. MPT AEGON VAGYONKEZELÉS	8.55%	8.31%
Genesis Emerging Markets Opportunities Fund Limited	6.71%	6.52%
Owners below 5% share		
Domestic Institutional Investors	23.55%	22.89%
Foreign Institutional Investors	1.62%	1.57%
Domestic Individual Investors	9.73%	9.46%
Foreign Individual Investors	0.05%	0.05%
Management, employees	8.39%	8.15%
Treasury shares	0.00%	2.84%
Other	7.53%	7.31%

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

The consolidated subsidiaries of the Company at December 31, 2009 are as follows:

Subsidiary	Principal Activity	Country of Incorporation	Holding at December 31, 2009	Holding at December 31, 2008	Holding at December 31, 2008 Correction*
Specimen Zrt.	Printing	Hungary	90.00%	90.0%	90.0%
Security Audit Kft.	Consulting	Hungary	72.00%	72.0 %	72.0 %
Gyomai Kner Nyomda Zrt.	Printing	Hungary	98.98%	92.81 %	92.81 %
Technoprogress Kft.	Sales	Hungary	100.0%	0.00%	0.00%
TipoDirect SRL	Printing, Sales	Romania	50.00%	50.0%	50.0%
Direct Services OOD	Printing, Sales	Bulgaria	50.00%	50.0%	50.0%
Slovak Direct SRO	Sales	Slovakia	100.00%	100.0%	100.0%

*The Company prepares consolidated financial statement for the whole group.

SUPPLEMENTARY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DEC. 31, 2009



2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

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

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

Basis of consolidation

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

On acquisition, the assets and liabilities of a subsidiary are measured in the consolidated statements at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognized. Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable net assets of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is included as intangible in the balance sheet, to which impairment loss is calculated, if necessary. For the purpose of impairment test, the value of goodwill is allocated to those Cash Generating Units (hereinafter: CGU) of the Group that probably will have positive effects from the synergies. Those CGU-s, to which goodwill is allocated are subject of goodwill impairment test annually or more often, if circumstances indicate any loss in the value of the Unit. If the book value of the goodwill is higher than the fair value of the CGU, impairment loss is accounted on the goodwill. The impairment loss decreases mainly the value of the goodwill allocated on the CGU, then the remaining amount decreases the net book value of the CGU's other assets, in proportion of the book value of the assets. The impairment loss once accounted can not be reversed in the future. On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.



SUPPLEMENTARY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DEC. 31, 2009

The results of subsidiaries acquired or disposed during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The transactions between the associated enterprises, including unrealized gains and losses as well as realized intra-group gains, were eliminated during consolidation. The equity and net income attributable to minority interests are shown as separate items in the consolidated financial statements.

Cash and cash equivalents

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

Statement of cash flows

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

Inventory

Inventory is stated at the lower of cost or net realizable value after making loss-in-value for any obsolete or slow moving items. Cost is determined at standard cost adjusted to actual purchase price at period end. For finished goods and work in progress, cost comprises direct materials, direct labour and an appropriate allocation of manufacturing fixed and variable overheads.

Property, plant and equipment

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

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

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

SUPPLEMENTARY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DEC. 31, 2009



Intangible assets

Intangible assets are stated at cost less accumulated amortization. Amortization is provided at rates between 16.7% to 33% per year.

Financial instruments

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

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

Fair value of financial instruments

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

Impairment of financial assets

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

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

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



SUPPLEMENTARY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DEC. 31, 2009

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

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

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

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

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

Derecognition of financial assets

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

SUPPLEMENTARY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DEC. 31, 2009



Investments

Investments are carried at cost, less provision for any permanent diminution in value.

Taxation

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

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

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

Treasury shares

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

Revenue recognition

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



SUPPLEMENTARY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DEC. 31, 2009

Dividend and interest revenue

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

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

Leasing

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

The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease, and they are amortised during their economic useful life.

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

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

SUPPLEMENTARY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DEC. 31, 2009



Earnings per share

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

Foreign currencies

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

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Currency Units using exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and recognised in the Group's reserves.

The balances of foreign currency assets and liabilities of the subsidiaries and joint ventures of the Group are not significant. From the foreign subsidiaries and joint ventures of the Group TipoDirect S.R.L. keeps its books in Romanian Lei, Direct Services O.O.D. in Bulgarian Leva, while Slovak Direct S.R.O. keeps its books in Slovakian Crown. The balances of foreign currency assets and liabilities of the foreign subsidiaries and joint ventures of the Group are retranslated at the relevant MNB (National Bank of Hungary) foreign exchange rate in the consolidated financial statements.

The effect of adopting new and revised International Financial Reporting Standards effective from 1 January 2009

The following amendments to the existing standards issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current period:

- IAS 1 (Revised) Presentation of Financial Statements – a revised presentation (effective for annual periods beginning on or after 1 January 2009)
- IAS 23 (Revised) Borrowing Costs (effective for annual periods beginning on or after 1 January 2009)
- IAS 32 (Amendment) Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable financial instruments and obligations arising on liquidation (effective for annual periods beginning on or after 1 January 2009)
- IFRS 1 (Amendment) First-time adoption of IFRS and IAS 27 (Amendment) Consolidated and Separate Financial Statements – Cost of investment in a subsidiary, jointly-controlled entity or associate (effective for annual periods beginning on or after 1 January 2009)
- IFRS 2 (Amendment) Share-based Payment – Vesting conditions and cancellations (effective for annual periods beginning on or after 1 January 2009)
- IFRS 7 (Amendment) Financial Instruments: Disclosures - Improving disclosures about financial instruments (effective for annual periods beginning on or after 1 January 2009)*
- IFRS 8 Operating Segments (effective for annual periods beginning on or after 1 January 2009)
- IFRIC 9 (Amendment) Reassessment of Embedded Derivatives and IAS 39 (Amendment) Financial Instruments: Recognition and Measurement – Embedded derivatives (effective for annual periods ending on or after 30 June 2009)
- IFRIC 13 Customer Loyalty Programmes (effective for annual periods beginning on or after 1 July 2008)
- IFRIC 15 Agreements for the Construction of Real Estate (effective for annual periods beginning on or after 1 January 2009)*
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation (effective for annual periods beginning on or after 1 October 2008)*
- Amendments to various standards and interpretations resulting from the Annual quality improvement project of IFRS published on 22 May 2008 (IAS 1, IFRS 5, IAS 8, IAS 10, IAS 16, IAS 19, IAS 20, IAS 23, IAS 27, IAS 28, IAS 29, IAS 31, IAS 34, IAS 36, IAS 38, IAS 39, IAS 40, IAS 41) primarily with a view to removing inconsistencies and clarifying wording (most amendments are to be applied for annual periods beginning on or after 1 January 2009),



SUPPLEMENTARY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DEC. 31, 2009

The adoption of the above presented Amendments and new Standards and Interpretations had no significant impact on the consolidated financial statements of the Group.

Amendments to IFRSs effective on or after 1 January 2010, not yet adopted

At the balance sheet date of these financial statements, the following Standards and Interpretations were issued but not yet effective:

- IAS 24 (Amendment) Related party disclosures - Simplifying the disclosure requirements for government-related entities and clarifying the definition of a related party (effective for annual periods beginning on or after 1 January 2011)*
- IAS 27 (Amendment) Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009)
- IAS 32 (Amendment) Financial instruments: Presentation – Accounting for rights issues (effective for annual periods beginning on or after 1 February 2010)
- IAS 39 (Amendment) Financial Instruments: Recognition and Measurement – Eligible hedged items (effective for annual periods beginning on or after 1 July 2009)
- IFRS 1 (Amendment) First time adoption of IFRS – Additional exemptions for First-time Adopters (effective for annual periods beginning on or after 1 January 2010)*
- IFRS 2 (Amendment) Share based payment – Group cash-settled share based payment transactions (effective for annual periods beginning on or after 1 January 2010)*
- IFRS 3 (Revised) Business Combinations (effective for annual periods beginning on or after 1 July 2009)
- IFRS 9 Financial instruments (effective for annual periods beginning on or after 1 January 2013)*
- IFRIC 14 (Amendment) The Limit on a defined benefit Asset, Minimum Funding Requirements and their interaction – Prepayments of a minimum funding requirement (effective for annual periods beginning on or after 1 January 2011)*

- IFRIC 17 Distributions of Non-cash Assets to Owners (effective for annual periods beginning on or after 1 July 2009)
- IFRIC 18 Transfers of Assets from Customers (effective for transfer of assets from customers received on or after 1 July 2009)
- IFRIC 19 Extinguishing Liabilities with Equity Instruments (effective for annual periods beginning on or after 1 July 2010)*

Amendments to various standards and interpretations resulting from the Annual quality improvement project of IFRS published on 16 April 2009 (IFRS 2, IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 18, IAS 36, IAS 38, IAS 39, IFRIC 9, IFRIC 16) primarily with a view to removing inconsistencies and clarifying wording, (most amendments are to be applied for annual periods beginning on or after 1 January 2010*

*Not yet endorsed by the EU.

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

Critical accounting judgements and estimates by applying the accounting policy

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

SUPPLEMENTARY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DEC. 31, 2009



Critical assumptions by applying the accounting policy

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

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

Uncertainties in the estimates

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

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

3. EFFECTS OF THE CHANGES IN CONSOLIDATION

State Printing House Plc signed a co-operational agreement with the co-owners of both foreign joint ventures (TipoDirect S.R.L. and Direct Services O.O.D. both 50% of shares held by State Printing House Plc.) on 21st December 2008 effective from 1st January 2009. The main two purposes of these cooperational agreements are to increase market share of the Companies and to create the circumstances of an effective and profitable operation in the present economic situation. According to the co-operational agreements, the operation, the financial and operational policies and rules of both foreign companies are controlled and governed by State Printing House Plc. As the above mentioned agreements meet the relevant criteria of International Financial Reporting Standards (IFRS 3), State Printing House Plc consolidates TipoDirect S.R.L. and Direct Services O.O.D. as subsidiaries effective from 1st January 2009, with 50% of shares from share equity.

In order to provide comparability, in the 2009 IFRS Consolidated Financial Statements the tables were adjusted by one "FY 2008 adjusted" column, which reports figures of 31st December 2008 as those agreements would have been signed between State Printing House and the co-owners of the two foreign joint ventures effective from 1st January 2008. Accordingly, the figures of the two foreign companies are consolidated by 100% in this column, based on the regulation of IFRS 3 effective in 2009.

The total assets of the Group increased by HUF 253 million (3%) due to the changes in consolidation. HUF 177 million increase can be allocated to the current assets while HUF 76 million to the non-current assets especially to fixed assets. Short term liabilities rose by HUF 118 million on the liability side. Long term liabilities increased by HUF 3 million, while non-controlling interest rose by HUF 131 million.

Group revenue increased by HUF 645 million (4.4%) due to the changes in consolidation, while operational profit increased by HUF 41 million while after tax profit rose by HUF 37 million. EBITDA climbed up by HUF 48 million due to the changes. New group structure has neither effect on the net profit, nor on the EPS.



EFFECTS OF THE CHANGES IN CONSOLIDATION ON THE STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2009

In HUF thousands:	Notes	FY 2009	FY 2008	FY 2008 adjusted*
Current assets				
Cash and bank	4	474,989	1,840,401	1,902,982
Accounts receivable	5	2,893,254	1,748,050	1,825,391
Inventory	6	1,902,441	835,085	862,640
Other current assets and prepayments (without current tax receivable)	7	178,980	97,327	105,817
Current tax receivable	7	291,395	57,609	57,925
Total current assets		5,741,059	4,578,472	4,754,755
Non-current assets				
Property, plant and equipment	8	2,911,368	2,864,592	2,940,449
Investments		62	64	64
Goodwill		58,778	12,123	12,123
Intangibles		57,111	9,262	9,262
Deferred tax assets		0	7,900	7,900
Other assets		14,311	4,922	5,151
Total non-current assets		3,041,630	2,898,863	2,974,949
Total assets		8,782,689	7,477,335	7,729,704
Current liabilities				
Trade accounts payables		1,548,156	1,095,886	1,180,094
Short term part of lease liabilities	20	98,960	140,093	140,093
Other payables and accruals (without current tax liabilities)	9	399,872	543,529	558,219
Current tax liabilities	9	115,939	400,917	409,459
Short term debt	10	931,125	10,742	21,486
Total current liabilities		3,094,052	2,191,167	2,309,351
Long term liabilities				
Deferred tax liability	17	348,047	227,945	227,945
Long term part of lease liabilities	17	127,450	229,351	229,351
Long term debt	10	11,402	822	1,644
Other long term liabilities		8,996	8,451	11,131
Total long term liabilities		495,895	466,569	470,071
Shareholders' equity				
Share capital	11	1,449,876	1,449,876	1,449,876
Capital reserve		250,686	250,686	250,686
Retained earnings	13	3,758,259	3,487,534	3,487,534
Treasury shares	12	(436,975)	(436,975)	(436,975)
Non controlling interest		170,896	68,478	199,161
Total shareholders' equity		5,192,742	4,819,599	4,950,282
Total liabilities and shareholders' equity		8,782,689	7,477,335	7,729,704

* 31st December 2008 figures, based on the assumption that TipoDirect S.R.L. and Direct Services O.O.D. are consolidated at 100%.



EFFECTS OF THE CHANGES IN CONSOLIDATION ON THE STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2009

In HUF thousands:	Notes	FY 2009	FY 2008	FY 2008 adjusted*
Net sales	14	14,007,440	14,620,024	15,265,252
Cost of sales		(9,459,902)	(9,454,773)	(9,958,528)
Gross profit		4,547,538	5,165,251	5,306,724
Selling general and administration		(3,081,942)	(3,382,854)	(3,476,077)
Gain on sale of fixed assets		1,099	11,037	11,037
Foreign currency losses		(45,345)	1,003	(4,508)
Other expense	15	(90,481)	(220,190)	(221,758)
Operating income	16	1,330,869	1,574,247	1,615,418
Interest income / (expense), net		49,104	19,735	20,053
Income before tax and minority interest		1,379,973	1,593,982	1,635,471
Deferred tax expense	17	(128,002)	(43,791)	(43,791)
Income tax expense	17	(152,657)	(222,887)	(227,243)
Profit after tax		1,099,314	1,327,304	1,364,437
Other comprehensive income for the year		0	0	0
Total comprehensive income for the year		1,099,314	1,327,304	1,364,437
Profit attributable to Owners of the Company		1,054,840	1,318,323	1,318,323
Non controlling interests		(44,474)	(8,981)	(46,114)
Earnings per share (EPS):				
Basic (HUF per share)	18	73	91	91
Fully diluted (HUF per share)	18	73	91	91

* 31st December 2008 figures, based on the assumption that TipoDirect S.R.L. and Direct Services O.O.D. are consolidated at 100%.



EFFECTS OF THE CHANGES IN CONSOLIDATION ON THE STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2009

In HUF thousands:	Notes	FY 2009	FY 2008	FY 2008 adjusted*
Cash flows from operating activities				
Profit before tax and non-controlling interest of which foreign currency gain/(loss)		1,379,973	1,593,982	1,635,473
Depreciation cost of fixed assets	8	(45,345)	1,003	(4,508)
Amortization cost of intangibles		668,083	603,770	625,269
Changes in provisions		5,247	5,247	5,247
Gain on sale of property, plant and equipment		(8,255)	(53,625)	(53,625)
Non controlling interest changes (subsidiary dividend)		(1,099)	(11,037)	(11,037)
Non controlling interest changes (joint ventures turned into subsidiaries)		(6,833)	(7,959)	(7,959)
Interest expense		107,631	0	93,550
Interest income		33,087	40,062	41,055
		(82,191)	(59,797)	(61,108)
Operating cash-flow before working capital changes:		2,095,643	2,110,643	2,266,865
(Increase) / decrease in accounts receivable and other current assets	5,7	(1,392,979)	71,327	(14,311)
(Increase) / decrease in inventories	6	(1,051,744)	49,650	22,095
Increase / (decrease) in accounts payables and accruals		(5,854)	280,907	388,348
Cash provided by operations		(354,934)	2,512,527	2,662,997
Interest income		87,358	54,410	55,528
Interest expense		(33,140)	(41,911)	(42,904)
Taxes paid, net		(232,843)	(196,114)	(200,786)
Net cash provided by operating activities		(533,559)	2,328,912	2,474,835
Cash flows from investing activities				
Purchase of property, plant and equipment		(715,868)	(994,699)	(1,092,103)
Proceeds on sale of property, plant and equipment		2,108	11,395	11,447
Development costs		(73,605)	0	0
Purchase of investments		(69,000)	(27,036)	(27,036)
Net cash flow used in investing activities		(856,365)	(1,010,340)	(1,107,692)
Cash flows from financing activities				
Increase in short term loans	10	920,383	10,629	21,371
Purchase of treasury shares	12	0	(278,845)	(278,845)
(Increase) / decrease in loans to employees		(9,389)	425	196
Increase / (decrease) in long term debt	10	11,125	(315,886)	(312,384)
Payments of capital lease obligations	20	(113,492)	(85,058)	(85,058)
Dividend paid		(784,115)	(596,405)	(596,405)
Net cash flow used in financing activities		24,512	(1,265,140)	(1,251,125)
(Decrease) / increase in cash and cash equivalents		(1,365,412)	53,432	116,018
Cash and cash equivalents at beginning of period		1,840,401	1,786,969	1,786,969
Cash and cash equivalents at end of the period	4	474,989	1,840,401	1,902,987

* 31st December 2008 figures, based on the assumption that TipoDirect S.R.L. and Direct Services O.O.D. are consolidated at 100%.



EFFECTS OF THE CHANGES IN CONSOLIDATION ON THE STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2009

4. CASH AND CASH EQUIVALENTS

	December 31, 2009	December 31, 2008	December 31, 2008 adjusted*
Cash and cash equivalents	474,989	1,840,401	1,902,982
Bank overdraft	931,125	10,742	21,486
Total cash and cash equivalents netted by bank overdrafts:	(456,136)	1,829,659	1,881,496

5. ACCOUNTS RECEIVABLES

	December 31, 2009	December 31, 2008	December 31, 2008 adjusted*
Trade receivables	2,944,079	1,802,042	1,879,383
Provision for doubtful debts	(50,825)	(53,992)	(53,992)
Total:	2,893,254	1,748,050	1,825,391

* 31st December 2008 figures, based on the assumption that TipoDirect S.R.L. and Direct Services O.O.D. are consolidated at 100%. The carrying value of trade receivables approximates fair value. Not due debts represent more than 90% out of the parent company's trade receivables, which represent 81% of total trade receivables.

6. INVENTORIES

	December 31, 2009	December 31, 2008	December 31, 2008 adjusted*
Raw materials	1,650,496	501,545	518,961
Goods	58,195	150,632	160,771
Work in progress	148,287	141,953	141,953
Finished goods	134,464	125,480	125,480
Cumulated loss in value for inventories	(89,001)	(84,525)	(84,525)
Total:	1,902,441	835,085	862,640

* 31st December 2008 figures, based on the assumption that TipoDirect S.R.L. and Direct Services O.O.D. are consolidated at 100%.

Inventories totalled HUF 1,902 million, which is a HUF 1,067 million (128%) growth compared to the 31 December 2008 figure. The raw material purchase at the end of the year caused the significant growth of inventories. This purchase is a part of a transaction in the frame of which State Printing House Plc purchased the blank document

inventories owned by the Buyer at the end of 2009 and from 2010 the Company will ensure adequate material inventory for the Buyer based on State Printing House's own production timing and consumption forecasts. Most of these inventories are expected to be used up by Q3 2010.



EFFECTS OF THE CHANGES IN CONSOLIDATION ON THE STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2009

7. OTHER CURRENT ASSETS AND PREPAYMENTS

	December 31, 2009	December 31, 2008	December 31, 2008 adjusted*
VAT receivable	163,196	38,282	38,282
Corporate income tax receivable	93,693	13,508	13,824
Other taxes receivable	34,506	5,819	5,819
Total current tax receivables	291,395	57,609	57,925
Employee loans	5,973	4,372	4,954
Advances paid	15,004	3,090	5,331
Other receivables	78,600	39,155	44,057
Prepayments	79,403	50,710	51,475
Total:	178,980	97,327	105,817

* 31st December 2008 figures, based on the assumption that TipoDirect S.R.L. and Direct Services O.O.D. are consolidated at 100%.

8. PROPERTY, PLANT AND EQUIPMENT (PP&E)

	Land and buildings	Machinery and equipment	Property rights	Vehicles and other	Capital projects	Total
Cost:						
January 1, 2008	312,823	6,258,302	10,771	991,016	29,940	7,602,852
Additions	56,037	1,208,761	–	106,215	1,391,796	2,762,809
Disposals and transfers	–	(113,174)	–	(10,110)	(1,371,013)	(1,494,297)
December 31, 2008	368,860	7,353,889	10,771	1,087,121	50,723	8,871,364
January 1, 2009	368,860	7,353,889	10,771	1,087,121	50,723	8,871,364
Additions	56,558	556,679	–	81,256	699,137	1,393,630
Disposals and transfers	–	(82,056)	–	(11,368)	(694,493)	(787,917)
December 31, 2009	425,418	7,828,512	10,771	1,157,009	55,367	9,477,077
Accumulated depreciation:						
January 1, 2008	45,688	4,572,485	10,771	741,069	–	5,370,013
Charge for year	12,635	512,177	–	100,457	–	625,269
Disposals	–	(55,712)	–	(8,655)	–	(64,367)
December 31, 2008	58,323	5,028,950	10,771	832,871	–	5,930,915
January 1, 2009	58,323	5,028,950	10,771	832,871	–	5,930,915
Charge for year	17,310	562,051	–	88,722	–	668,083
Disposals	–	(23,539)	–	(9,750)	–	(33,289)
December 31, 2009	75,633	5,567,462	10,771	911,843	–	6,565,709
Net book value:						
January 1, 2008	267,135	1,685,817	–	249,947	29,940	2,232,839
December 31, 2008	310,537	2,324,939	–	254,250	50,723	2,940,449
December 31, 2009	349,785	2,261,050	–	245,166	55,367	2,911,368

* 31st December 2008 figures, based on the assumption that TipoDirect S.R.L. and Direct Services O.O.D. are consolidated at 100%.

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



EFFECTS OF THE CHANGES IN CONSOLIDATION ON THE STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2009

9. OTHER PAYABLES AND ACCRUALS

	December 31, 2009	December 31, 2008	December 31, 2008 adjusted*
VAT	85,593	301,713	308,391
Personal income tax	9,417	71,788	72,309
Other taxes	20,929	27,416	28,759
Total current tax liabilities	115,939	400,917	409,459
Wages	69,340	73,989	75,209
Social security	91,268	100,095	102,408
Advance payments from customers	13,534	6,521	7,037
Dividend liability	0	2,970	2,970
Other short term liabilities	40,573	12,234	19,222
Accrued management bonuses	42,192	232,093	232,093
Accruals of EU subsidy	44,970	67,920	67,920
Other accruals	97,995	47,707	51,360
Other payables and accruals	399,872	543,529	558,219

* 31st December 2008 figures, based on the assumption that TipoDirect S.R.L. and Direct Services O.O.D. are consolidated at 100%.

The Company purchased equipments to improve card production operation in amount of HUF 507 million in 2005, to which HUF 150 million of non-reimbursable EU subsidy has been won, which was immediately accrued in line with the relevant standards. The VAT content of the capital project financed by the government subsidy was reclaimed in 2009.

The Company won a research and development subsidy in value of HUF 67 million in 2009, out of which HUF 27 million has been used till the end of the period. The release of accrued income is in proportion with the depreciation charged. The Company has fulfilled all its obligations connected to the subsidies in 2009.

10. LOANS AND BORROWINGS

	December 31, 2009	December 31, 2008	December 31, 2008 adjusted*
Bank overdraft of parent company	918,217	0	0
Bank overdraft of subsidiaries, limit: 90 000 EUR	12,908	10,742	21,486
Total bank overdraft	931,125	10,742	21,486
Long term loan of subsidiary	11,402	822	1,644
Total investment loans and borrowings	11,402	822	1,644
Total loans and borrowings:	942,527	11,564	23,130

* 31st December 2008 figures, based on the assumption that TipoDirect S.R.L. and Direct Services O.O.D. are consolidated at 100%.

The carrying value of overdrafts and loans approximates fair value.



EFFECTS OF THE CHANGES IN CONSOLIDATION ON THE STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2009

11. ISSUED SHARE CAPITAL

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

	December 31, 2009		December 31, 2008	
	Issued	Treasury	Issued	Treasury
Registered shares	1,449,876	41,209	1,449,876	41,209
Employee shares	0	0	0	0
	1,449,876	41,209	1,449,876	41,209

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

12. TREASURY SHARES

Number of treasury shares held by the Company at 31st December 2009 is 420,500, which were purchased on an average price of HUF 1,038 per share during the 2007 and 2008 financial year. In 2009 the Company calculated impairment on treasury shares in the statutory financial statement of the parent company prepared according to the Hungarian Accounting Law in value of HUF 56,002 thousands, due to the long term significant share price decrease on the Budapest Stock Exchange. Book value of the treasury shares in the financial statement of the parent company is HUF 906 per share, which was the current share price of the Stock Exchange at the date of preparing the statement of financial position. Impairment of treasury shares did not influence the profit of the Group according to the International Financial Reporting Standards, as the impairment with all of its tax effect was eliminated during consolidation.

13. RETAINED EARNINGS

Retained earnings available for distribution are based on the unconsolidated financial statements of the Company prepared in accordance with Hungarian accounting law as opposed to these accounts prepared under IFRS. At December 31, 2009, the financial statements of State Printing House Plc. not consolidated, prepared in accordance with Hungarian accounting standards indicated total retained earnings of HUF 1,262,049 thousands.

Restricted reserve is not available for distribution based on the Hungarian Accounting Standards. In 2009 the Company transferred HUF 1,189,597 thousands to restricted reserve representing the value of reorganization, research and development, an amount representing development reserve (refer to Note 17) and the amount used for repurchasing treasury shares, in line with Hungarian Accounting Standards.

EFFECTS OF THE CHANGES IN CONSOLIDATION ON THE STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2009



14. NET SALES

Sales segments	December 31, 2009	December 31, 2008	December 31, 2008 adjusted*
Security products and solutions	5,138	5,893	5,893
Card production and personalization	3,053	3,782	3,790
Form production and personalization, data processing	4,315	3,254	3,881
Traditional printing products	1,189	1,373	1,373
Other	312	318	328
Total net sales	14,007	14,620	15,265

* 31st December 2008 figures, based on the assumption that TipoDirect S.R.L. and Direct Services O.O.D. are consolidated at 100%.

15. OTHER INCOMES AND EXPENDITURES

Other incomes and expenditures	December 31, 2009	December 31, 2008	December 31, 2008 adjusted*
EU subsidy dissolved	22,950	22,950	22,950
Reversed loss in value for trade receivables	25,380	45,751	45,751
Reversed loss in value for inventories	12,731	34,451	34,451
Allowances received	1,606	676	676
VAT reclaim of EU subsidy	26,304	–	–
Other	70,238	29,077	29,988
Total other incomes	159,209	132,905	133,816
Local operational tax	155,727	180,949	180,992
Loss in value for inventories	27,580	80,386	80,386
Loss in value for trade receivables	22,213	42,207	42,207
Allowances given	7,474	6,985	7,120
Other	36,696	42,568	44,869
Total other expenditures	249,690	353,095	355,574
Total	(90,481)	(220,190)	(221,758)

* 31st December 2008 figures, based on the assumption that TipoDirect S.R.L. and Direct Services O.O.D. are consolidated at 100%.



EFFECTS OF THE CHANGES IN CONSOLIDATION ON THE STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2009

16. OPERATING INCOME

The following expense items have been charged against revenue to arrive at operating income:

	Notes	December 31, 2009	December 31, 2008	December 31, 2008 adjusted*
Net sales	12	14,007,440	14,620,024	15,265,253
Changes in inventory and own performance		77,770	29,960	29,960
Material cost		(8,613,886)	(8,598,018)	(9,111,074)
Staff cost		(3,332,398)	(3,660,553)	(3,722,976)
Depreciation		(673,330)	(609,017)	(630,516)
Gain on sale of fixed assets		1,099	11,037	11,037
Foreign currency losses		(45,345)	1,003	(4,508)
Other expense		(90,481)	(220,190)	(221,758)
Operating income		1,330,869	1,574,247	1,615,418

* 31st December 2008 figures, based on the assumption that TipoDirect S.R.L. and Direct Services O.O.D. are consolidated at 100%.

The average number of employees of the Group during 2009 was 817 (2008: 795, adjusted number for 2008: 824).



EFFECTS OF THE CHANGES IN CONSOLIDATION ON THE STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2009

17. TAXATION

	December 31, 2009	December 31, 2008
Current year corporate income tax	161,617	222,887
Change in deferred tax liability	119,042	43,791
Total tax expense	280,659	266,678
Opening deferred tax liability	227,945	176,254
Deferred tax liability due to development reserve	145,430	85,600
Release of deferred tax due to use of development reserve	(55,978)	(29,808)
Deferred tax on accounting and tax depreciation difference of assets not connected to development reserve	33,901	(6,610)
Deferred tax arising from treasury shares valuation	8,960	0
Deferred tax on residual value of financial lease assets	(1,694)	(2,509)
Closing deferred tax liability	358,564	227,945
Opening deferred tax assets	7,900	–
Deferred tax asset on write-off for bad debts	2,481	7,176
Deferred tax asset on provisions	136	724
Closing deferred tax assets	10,517	7,900
Opening deferred tax liability net	220,045	176,254
Closing deferred tax liability net	348,047	220,045

Taxation has been provided at 16% on the profit, adjusted for taxation purposes in case of the domestic companies of the Group. According to the tax legislation effective in Hungary from September 1, 2006 domestic companies are obliged to pay “extra profit tax” of 4% after the adjusted profit before tax. The tax liability of the foreign companies of the Group is taken into consideration with the effective tax legislation of their country of incorporation.

Under the tax legislation the Company is allowed to establish a tax-deductible development reserve. Assets acquired using this reserve do not then qualify for tax depreciation up to the value of the reserve, therefore this is effectively a form of accelerated depreciation. Development reserves have been established based on the Company’s 2009 and 2008 pre tax profits and a deferred tax liability has been recognized for the unused development reserves, as well as for the residual value of financial lease assets.

The Company decreased its deferred tax liabilities by the deferred tax effect of the accounting and tax depreciation difference of assets not connected to development reserve.

Tax losses can be carried forward up to five years to offset future taxable profits. Deferred tax assets relating to tax losses are netted off against deferred tax liabilities. The company raised deferred tax asset on write-off for bad debts and provisions in 2009.

State Printing House Plc. and its subsidiaries are subject to periodic audits by the Hungarian Tax Authority (APEH). Since the application of tax laws and regulations may be susceptible to varying interpretations, amounts reported in the financial statements could be changed at a later date upon final determination by the tax authorities.



EFFECTS OF THE CHANGES IN CONSOLIDATION ON THE STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2009

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

	December 31, 2009	December 31, 2008
Profit before tax and non-controlling interest	1,379,973	1,593,982
Tax at statutory rate of 16%	220,796	255,037
Deferred tax	(128,002)	(43,791)
Other permanent differences (net)	59,863	11,641
Corporate income tax expense	152,657	222,887

Based on the corporate tax regulations effective from 1st January 2010 in Hungary the corporate tax rate rose from 16% to 19%, while “extra profit tax” of 4% ceased. The tax rate change influenced the balance of deferred tax liability of the Company as it is shown below:

	December 31, 2009
Base of deferred tax liability	1,831,826
Calculated deferred tax liability on 19% tax rate	348,047
Calculated deferred tax liability on 16% tax rate	293,092
Change of deferred tax liability arising from tax rate change	54,955

18. EARNINGS PER SHARE

Weighted average shares outstanding, net income used in the calculation of earnings per share and calculated earning per share details are set out below:

	December 31, 2009	December 31, 2008
Weighted average shares outstanding for:	14,374,150	14,561,681
Net income used in the calculation	1,054,840	1,318,323
Basic and diluted earnings per share:		
Basic (HUF per share)	73	91
Fully diluted (HUF per share)	73	91



EFFECTS OF THE CHANGES IN CONSOLIDATION ON THE STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2009

19. CONTINGENT LIABILITIES

The Company has arranged bank guarantees. The guarantees largely relate to commitments under Government and corporate tenders. Guarantees are provided up to a maximum limit of HUF 500 million.

In 2008 the Company established a tax-deductible development reserve of HUF 500,000 thousands to be used on future capital expenditure. In the event that the Company does not fully utilize this reserve for capital expenditure in

the following four years, it is required to repay the unused amount plus penalties and interest to the Hungarian Tax Authorities.

The Company leases and rents various facilities and properties under non-cancellable arrangements expiring in 2025. These contracts contain indexation clauses based on a percentage of inflation in Hungary. Future lease and rental payments under these non-cancellable operating agreements as of December 31, 2009 are as follows:

Periods	Amounts in EUR
2010	756 312
2011	771 438
2012	786 867
2013	802 604
2014	818 656
Later years	10 161 237
Total minimum payments	14 097 114

20. FINANCIAL LEASE

Three machineries connected to card production were purchased and are partly leased from BAWAG Leasing Zrt. The capitalized value of the machineries was HUF 772,187

thousands, while net book value at December 31, 2009 was HUF 639,433 thousands. Short term and long term financial lease principal liabilities are as follows:

Financial lease liabilities	FY 2009 in HUF thousands	FY 2008 in HUF thousands
Short term part	98,960	140,093
Long term part	127,450	229,351
Total	226,410	369,444

The fair value of the leased assets approximates book value.



EFFECTS OF THE CHANGES IN CONSOLIDATION ON THE STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2009

21. RELATED PARTY TRANSACTIONS

Related party transactions (in HUF thousands)	FY 2009	FY 2008	FY 2008 adjusted*
Balance of intercompany receivables eliminated	471,072	214,881	265,018
Balance of intercompany liabilities eliminated	473,080	215,679	265,817
Balance of intercompany revenues eliminated	434,531	515,257	598,801
Balance of intercompany expenditures eliminated	431,939	515,710	599,253

* 31st December 2008 figures, based on the assumption that TipoDirect S.R.L. and Direct Services O.O.D. are consolidated at 100%.

Related party transactions were made on terms equivalent to those that prevail in arm's length transactions. Through related party transactions mainly Állami Nyomda Nyrt. (the Company) sells finished goods to the other members of the

Group, who resell them to third party companies. Related party transactions also consist of short term intercompany loans and rental fee for machineries.

22. REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD AND THE BOARD OF DIRECTORS

HUF 9,912 thousands remuneration was paid to the Supervisory Board, while HUF 14,439 thousands to the Board of Directors in 2009.

23. RISK MANAGEMENT

Foreign currency risk

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



EFFECTS OF THE CHANGES IN CONSOLIDATION ON THE STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2009

State Printing House Plc.*	Currency	December 31, 2009	December 31, 2008
Foreign currency assets	EUR	1,622,653	517,527
	USD	233	1,024
	GPB	36	36
	SKK	0	184,939
	PLN	5,420	23,590
Total (in HUF thousands)		439,891	140,354
Foreign currency liabilities	EUR	514,042	588,440
	CHF	19,534	57,182
	USD	0	2,550
	GBP	1,841	315
Total (in HUF thousands)		143,343	166,538

Impact of a possible 10% foreign exchange rate decrease in each foreign currency (in HUF thousands)	December 31, 2009	December 31, 2008
Impact on foreign currency assets	(43,989)	(14,035)
Impact on foreign currency liabilities	14,334	16,654
Total impact of possible FX rate change	(29,655)	2,619

*The table consists of only foreign currency assets and liabilities of State Printing house Plc. without the Intercompany balances.

The fair value of the financial instruments approximates the book value.

The balances of foreign currency assets and liabilities of the subsidiaries and joint ventures of the Group are not significant. From the foreign subsidiaries and joint ventures of the Group TipoDirect S.R.L. keeps its books in Romanian Lei, Direct Services O.O.D. in Bulgarian Leva, while Slovak Direct S.R.O. keeps its books in Slovakian Crown. The balances of foreign currency assets and liabilities of the foreign subsidiaries and joint ventures of the Group are retranslated at the relevant MNB (National Bank of Hungary) foreign exchange rate in the consolidated financial statements.

Interest rate risk

Due to the low balance of debts in the Group, potential interest rate changes would not influence significantly the amount of interests to be paid by the Group. Based on the balance of Credits of the Group, a potential interest rate increase of 100 basis points relevant to our credits would increase our interest expenses by approximately HUF 9,425 thousands in the year 2010. (This was HUF 116 thousands in the year 2009.)



EFFECTS OF THE CHANGES IN CONSOLIDATION ON THE STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2009

Liquidity risk

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

Állami Nyomda Group FY 2009	In 1 month	1–3 months	3 months–1 year	1–5 years	Over 5 years	Total:
Trade payables*	1,161,274	311,174	75,708	0	–	1,548,156
Lease liabilities	8,284	16,547	74,130	127,449	–	226,410
Credits	–	–	931,125	11,402	–	942,527
Other liabilities and accruals (without taxes)	312,249	64,673	22,950	–	–	399,872
Current tax liabilities	112,068	–	3,331	–	–	115,939
Total	1,594,415	392,394	1,107,244	138,851	–	3,232,904

Állami Nyomda Group FY 2008	In 1 month	1–3 months	3 months–1 year	1–5 years	Over 5 years	Total:
Trade payables	833,537	246,980	15,369	–	–	1,095,886
Lease liabilities	11,424	22,980	105,689	229,351	–	369,444
Credits	–	–	10,742	–	–	10,742
Other liabilities and accruals (without taxes)	518,745	4,506	20,278	–	–	543,529
Current tax liabilities	394,320	–	6,597	–	–	400,917
Total	1,758,026	274,466	158,675	229,351	–	2,420,518



EFFECTS OF THE CHANGES IN CONSOLIDATION ON THE STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2009

Credit risk

The financial discipline of the debtors of the Group is really good, which is also represented by the low portion of cumulated provision on trade receivables compared to the gross amount of trade receivables: 1.76%. (This was 3.00% in 2008.)

24. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

No event was occurred at the Company after the reporting period, which could influence the financial statements significantly.

25. INDICES

Indicators (% or HUF thousands)	2009	2008	Change	Change %
A Current assets	5,741,059	4,578,472	1,162,587	25.39%
B Inventories	1,902,441	835,085	1,067,356	127.81%
C Owners' equity	5,192,742	4,819,599	373,143	7.74%
D Short term debts	3,094,052	2,191,167	902,885	41.21%
E Total Assets / Liabilities	8,782,689	7,477,335	1,305,354	17.46%
F Sales revenues	14,007,440	14,620,024	(612,584)	-4.19%
G Interest expense	33,087	40,062	(6,975)	-17.41%
H Operating Income	1,330,869	1,574,247	(243,378)	-15.46%
I Profit attributable to owners of the Company	1,054,840	1,318,323	(263,483)	-19.99%

Liquidity ratios:

Liquidity ratio: (A / D)	1.86	2.09	(0.23)
Quick ratio: ((A - B) / D)	1.24	1.71	(0.47)

Gearing ratios:

Debts over Equity ratio ((E - C) / E)	40.88%	35.54%	5.34%
Interest cover (H / G)	40.22	39.30	0.92

Profitability ratios:

Return on Sales: ROS (I / F)	7.53%	9.02%	-1.49%
Return on Equity: ROE (I / C)	20.31%	27.35%	-7.04%
Return on Assets: ROA (I / E)	12.01%	17.63%	-5.62%



EFFECTS OF THE CHANGES IN CONSOLIDATION ON THE STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2009

26. EFFECT OF THE GLOBAL FINANCIAL CRISIS

The global financial crisis influenced the sales and the profit of the Company in 2009. The decrease of the net sales of the high added value segments like security documents and solutions, card manufacturing and personalization contributed mostly to the significant decrease of the profit for the year. The lower net sales of these two segments are the consequence of the significantly lower volumes of products connected to the car industry and the much lower solvent demand. In spite of these the Company could maintain its

profitability, due to the strict cost management policy. At the same time we paid extra attention to maintaining the security level and human resources needed for the operation and for the international audits this year. We also continue the developments which are essential in achieving the long term strategic goals, and which contribute to the profitable operation of the Company in the future.

GÁBOR ZSÁMBOKI,
CHIEF EXECUTIVE OFFICER

STATEMENT OF RESPONSIBILITY

The 2009 Annual Report of State Printing House Plc contains true data and statements and does not conceal any fact that might have significance for the evaluation of the Company's position.

GÁBOR ZSÁMBOKI,
CHIEF EXECUTIVE OFFICER

State Printing House Plc.

H-1102 Budapest, Halom u. 5.
Hungary
Telephone: +36 1 431 1200
Fax: +36 1 431 1220
E-mail: info@any.hu
www.allaminyomda.com

Állami Nyomda Group

HUNGARY
Gyomai Kner Nyomda Zrt.
Specimen Zrt. – Sat Kft.
Techno-Progress Kft.

BULGARIA
DIRECT SERVICES o.o.d.

ROMANIA
TIPO DIRECT s.r.l.

RUSSIA
o.o.o ALLAMI NYOMDA

SLOVAKIA
Slovak Direct spol. s.r.o.

