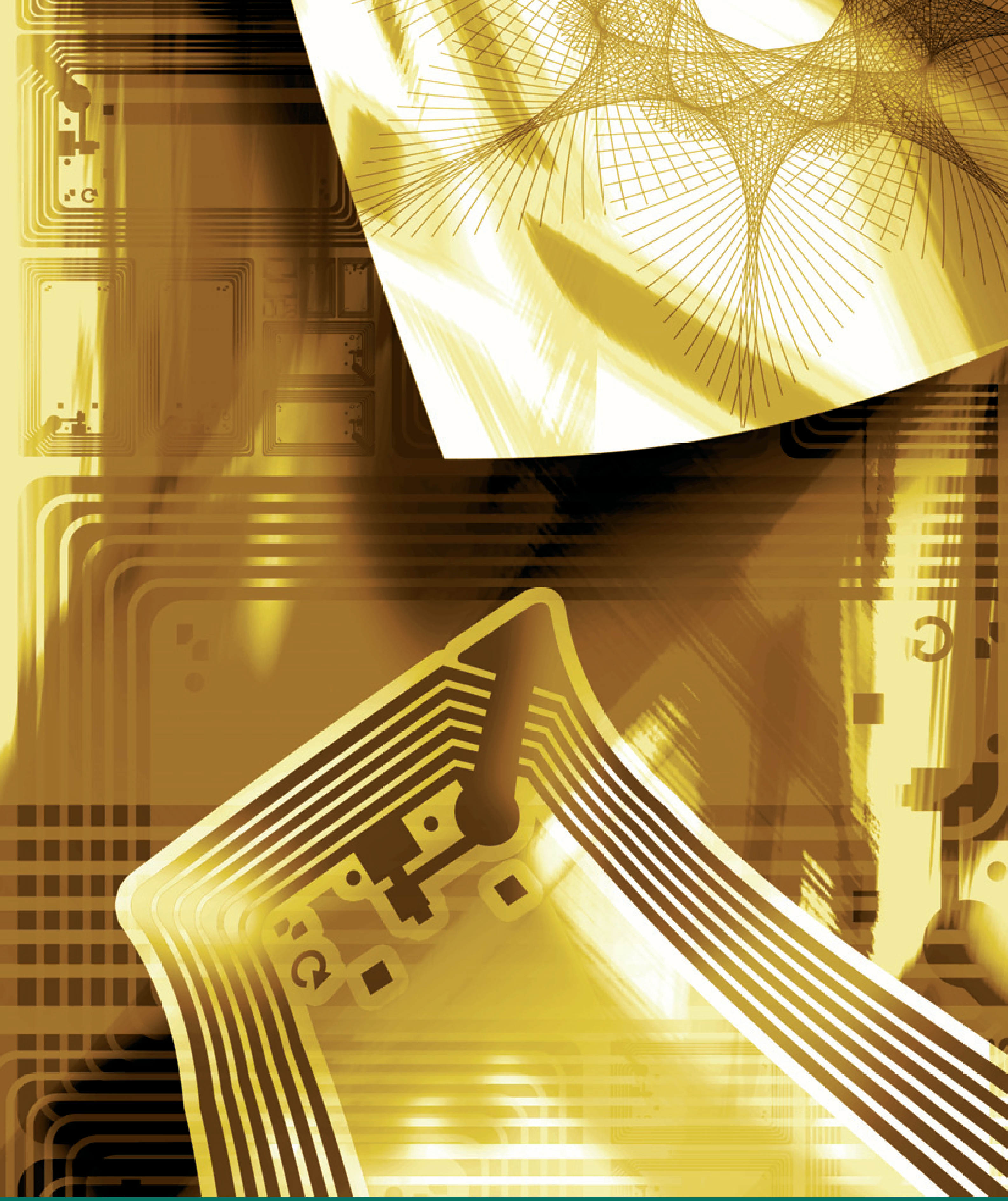


Annual Report 2007

Állami Nyomda
State Printing Company

State Printing House Plc.
Annual Report
2007

Dear Shareholders,

I am pleased to announce this year again that State Printing House Plc has finished the most successful year of its history. The profit record reached in 2007 confirms that we are worthy of our shareholders' trust.

According to our strategic concepts, we have developed an effectiveness increasing programme and adjusted the portfolio. The reinforcement of key product segments, the information security and document security developments have contributed to the fact that we will always deliver up-to-date and effective systems to our Clients in the future. Due to its innovative approach and transparency, the Company became one of the most dynamically developing members of the Budapest Stock Exchange in 2007.

After a four-decade-long successful career, Mr György Gyergyák general manager has announced his retirement in April 2008. During his management, State Printing House became a security printing house with the second largest sales revenue in Central-Eastern Europe. He is outstandingly talented, has always been loyal to the Company, is excellent team builder. These qualities and his innovative personality have made him the most successful printing manager of the last decades. We can count on his work and professional expertise as the vice-chairman of the Company. At the same time, I am convinced that growth and development will continue in the Company's life. Gábor Zsámboki, the new general manager has been actively taking part in forming the Company's development directions for almost ten years now. His management guarantees the strategy focused on growth, innovation and complex solutions which has contributed to our results so far as well. Outstanding success is always based on performance, be it personal or of business. We are aware that the results presented in this report and the previous and the new general manager has laid such foundations on which our investors and shareholders may rely with perfect confidence in the future as well.

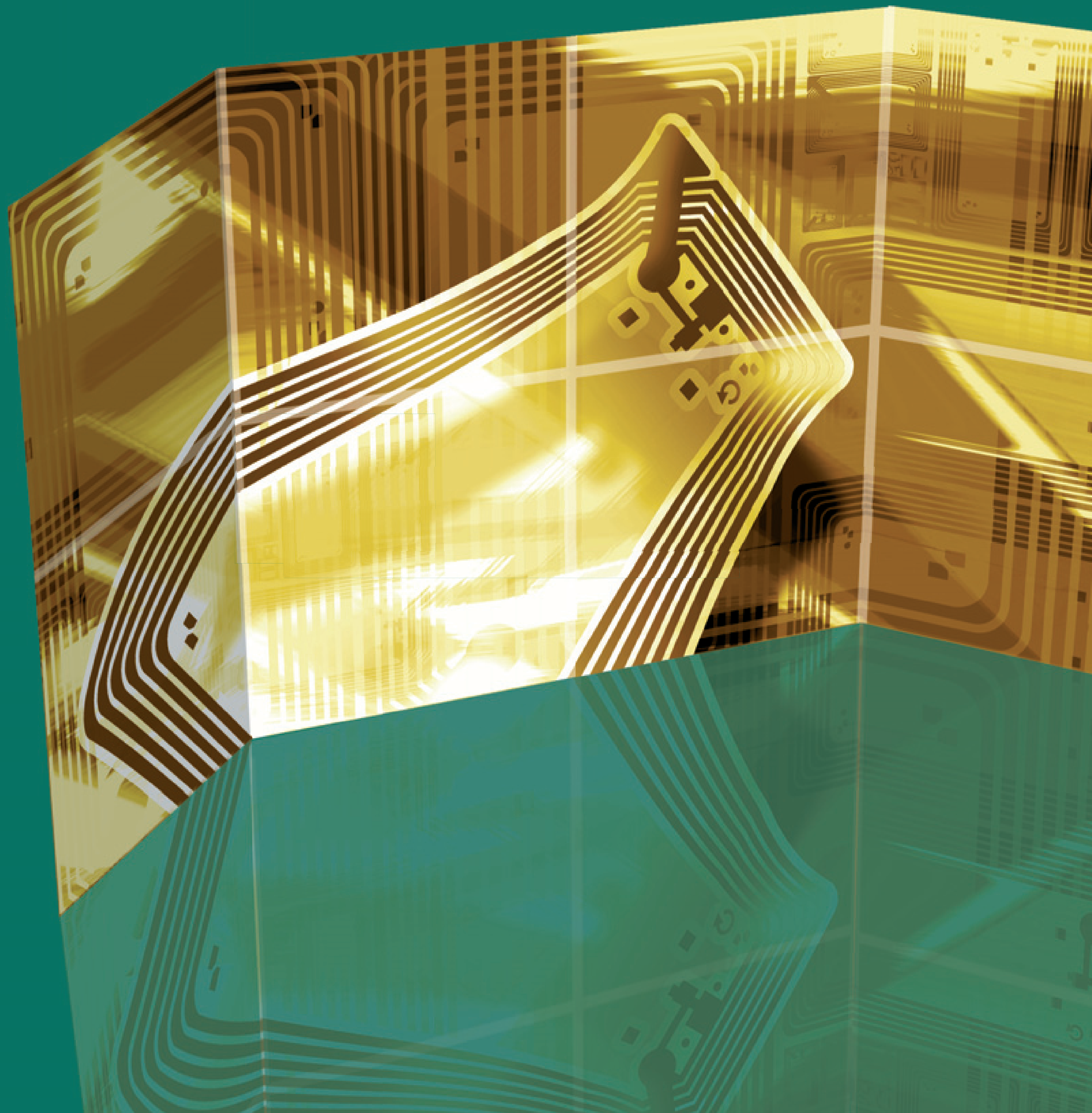
Budapest, 29 April 2008

dr Erdős Ákos

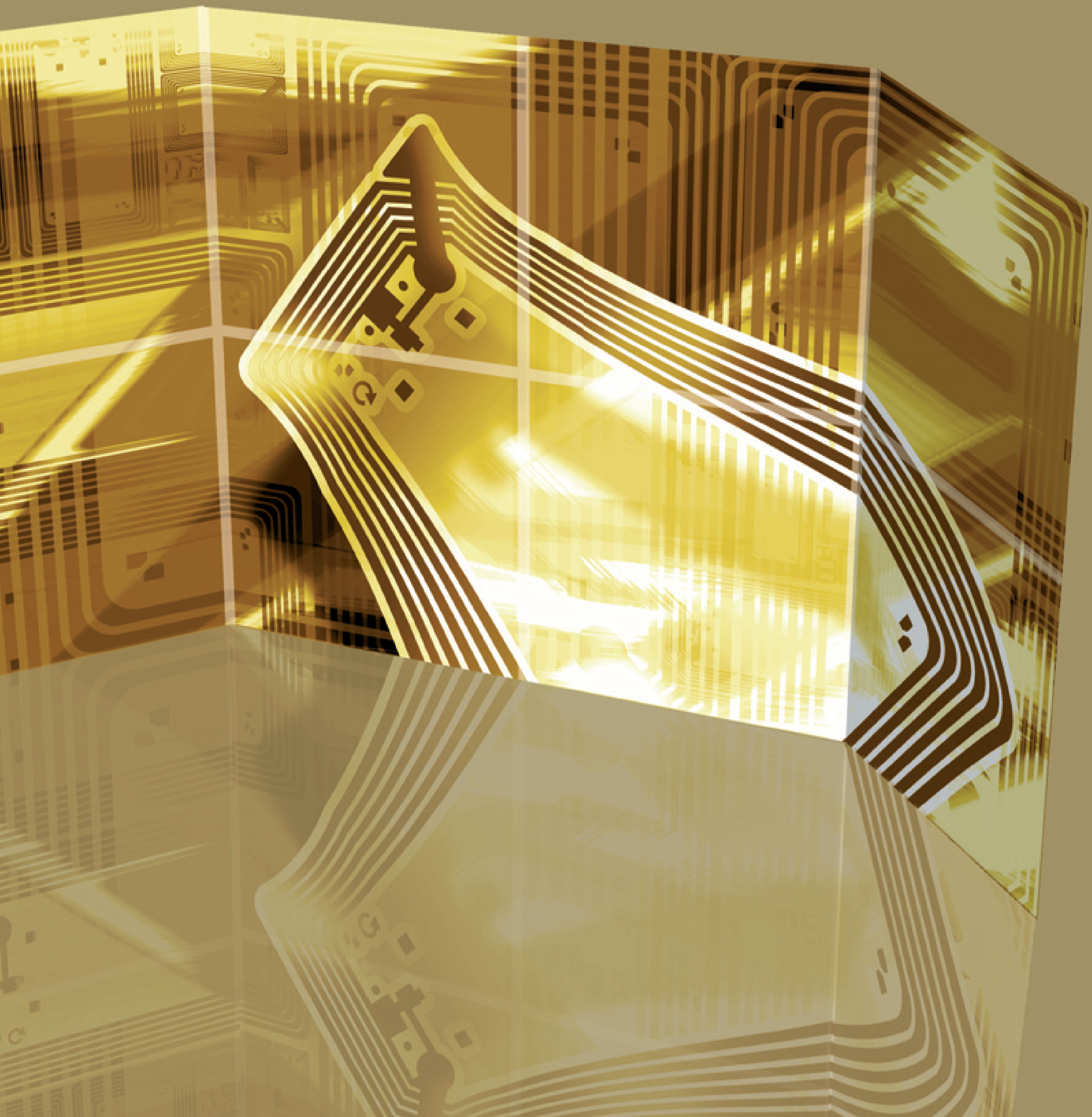
Dr. Ákos Erdős
Chairman of the Board of Directors

Our success is based on the achievement and the complex thinking

The Company reached its highest profit in 2007 since its foundation



The Company reached its highest profit in 2007 since its foundation



The appropriate development of the portfolio and the fitting of products into a service system create the base of our success

Successfully implemented effectiveness increasing and cost reducing programme

State Printing House finished the most successful year of its history in 2007. The highest profit in the Company's history confirms the success and proper direction of the announced effectiveness increasing and cost reducing programme. The Company posted consolidated net sales of HUF 13,5 billion in 2007. Earnings per share (EPS) and operating income increased by 10% compared to a year earlier. EPS amounted to HUF 785 in 2007 which is HUF 69 (10%) more than a year earlier. Consolidated operating income amounted to HUF 1,391 million, an increase of HUF 126 million (10%) compared to the prior year figure. Consolidated net profit after interest income, taxation and minority interest was HUF 1,158 million, which means a growth of 98 million HUF (9%) compared to last year.

Complex services in the field of personal and product identification and secure data logistics

EBITDA margin rose to almost 15% in accordance with strategic objectives. Consolidated EBITDA reached HUF 2,004 million, a growth of HUF 157 million compared to 2006. Among others, this is the result of products and solutions with higher value added which account for 90% of sales revenue. The two most important product segments, security products and card production and personalization have significantly contributed to the export sales revenue of HUF 1,382 million.

The Group performed well in 2007 not only in Hungary but in Slovakia, Romania and Bulgaria as well, laying the groundwork for further successful growth with that. The strategy is still focused on products supported by IT and using the results of independent research and development activity and regional expansion, acquisitions. Our complex solutions and developments are centred on security personal identification, innovative product identification and data logistics.

Introduction of Állami Nyomda Group

Name of the Company	Equity	Share of ownership (%)	Voting right
State Printing House Plc.	HUF 1,449,875,700	–	–
Gyomai Kner Nyomda Zrt.	HUF 200,000,000	92.8%	92.8%
Specimen Zrt.	HUF 100,000,000	80.2%	80.2%
Security Audit Kft.(*)	HUF 5,000,000	64.2%	64.2%
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%

(*) Specimen Zrt. holds 80% ownership in Security Audit Kft. State Printing House Plc.'s ownership ratio amounts to (80.2*80.0) 64.2%

Main financial data and indicators

Name	FY 2006 in HUF million	FY 2007 in HUF million
Financial situation		
Non-current assets	2,283	2,169
Total assets	7,007	6,783
Shareholder's equity	4,131	4,390
Main categories of results		
Net sales	14,189	13,472
EBITDA	1,847	2,004
Profit after tax	1,070	1,169
Main indicators		
Return on investment (ROI) %	46.4%	53.4%
Return on equity (ROE) %	25.7%	26.4%
Earning per share (EPS) HUF	716	785

IFRS audited, consolidated data

Sales of segments

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

Sales segments	FY 2006 in HUF millions	FY 2007 in HUF millions	Change in HUF millions	Change %
Security products and solutions	4,747	5,428	681	+14.35%
Card production and personalization	3,028	3,246	218	+7.2%
Form production and personalization, data processing	4,032	3,065	(967)	-23.98%%
Traditional printing products	1,954	1,329	(625)	-31.99%
Other	428	404	(24)	-5.61%
Total net sales	14,189	13,472	(717)	-5.05%

IFRS audited, consolidated data

Well-established operation in the Central-Eastern Europe region

State Printing House Plc. had consolidated net sales of HUF 13,472 million in 2007, a drop of 5% (HUF 717 million) compared to 2007.

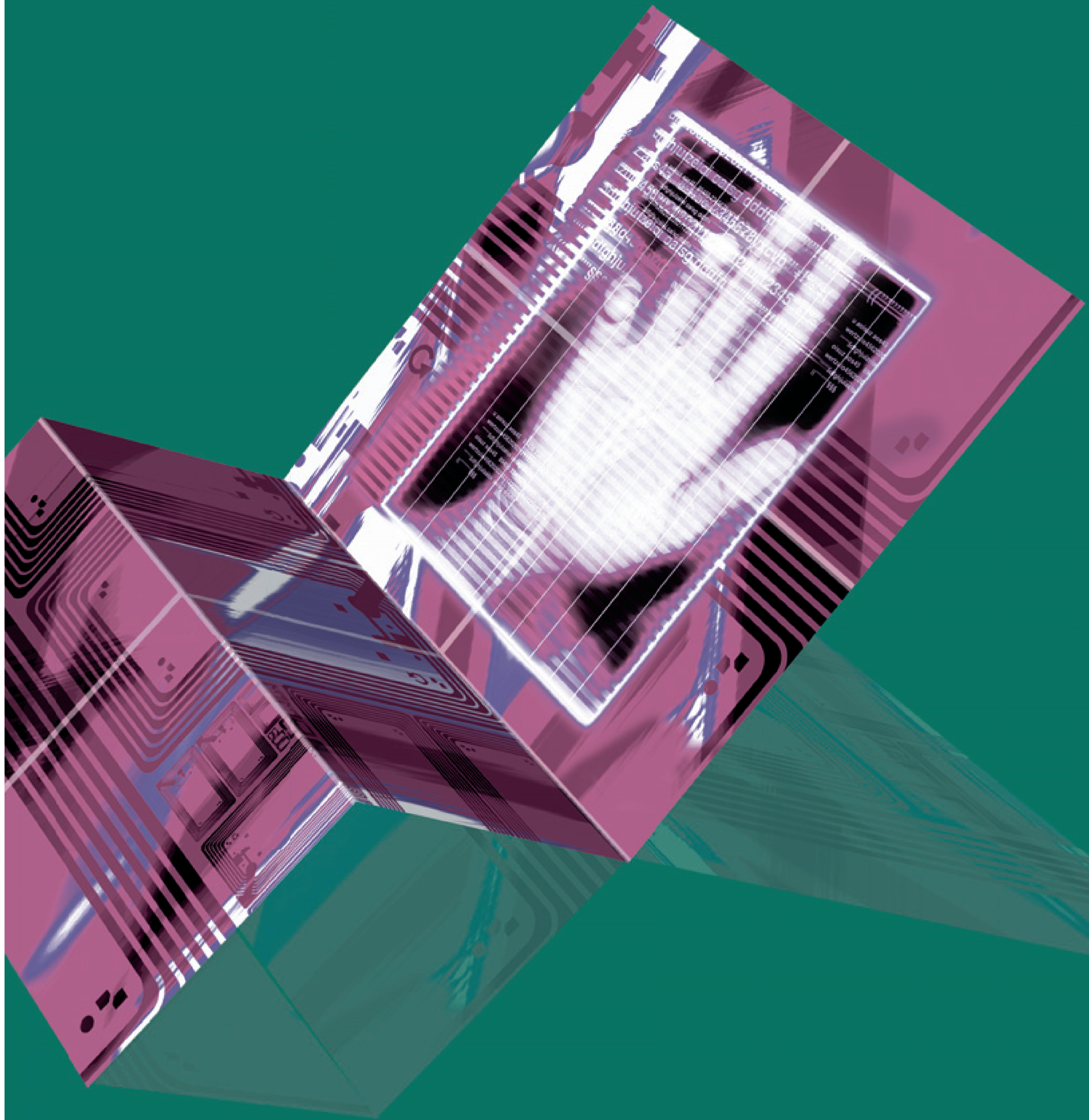
Sales of **security products and solutions** came to HUF 5,428 million in 2007 which means a year-on-year rise of HUF 681 million (14%). The reason for this improvement first of all is that the turnover of tax stamps increased and we sold security equipment (mainly equipments used for personalizing security products) for a Hungarian system integrator in a project. The sales revenue of the product segment was also influenced by the fact that we fulfilled a larger (almost HUF 500 million worth) export security ink order in 2006 but there was no demand for delivery in 2007.

The Company's revenues from **card production and personalization** totalled HUF 3,246 million in 2007, a HUF 218 million (7%) increase compared to the previous year. According to international trends, phone card sales are decreasing compared to the basis which was partly compensated by the rising bank card and commercial card sales. Sales revenue from document cards rose by 8%. From September, this key product segment has continued to expand, so we count on long term growth in the document personalization service. The expanded machine park of the printing house personalizes further documents. As a result of this project, the sales revenue growth of personalization amounts to HUF 317 million from September.

The Company's revenues from form production, personalization and data processing came to HUF 3,065 million in 2007, a HUF 967 million (24%) drop compared to 2006. The change in the sales revenue of this product group is mainly the result of the almost HUF 900 million missing sales revenue of last year's parliamentary and municipal election forms. By disregarding this single item, revenues of the segment is stable, the market expansion of business form personalization achieved on the Romanian and Bulgarian markets could not totally compensate the decreasing trading tendency on the Hungarian market.

Sales of **traditional printing products** amounted to HUF 1,329 million in 2007, which is HUF 625 million (32%) lower than a year earlier. The change is contributed to the fact that the Company examined the profitability of this segment and adjusted the portfolio.

Other sales totalled HUF 404 million in 2007, which means a drop of HUF 24 million (6%) year-on-year. This segment mainly comprises revenues from the sale of commercial materials and goods.



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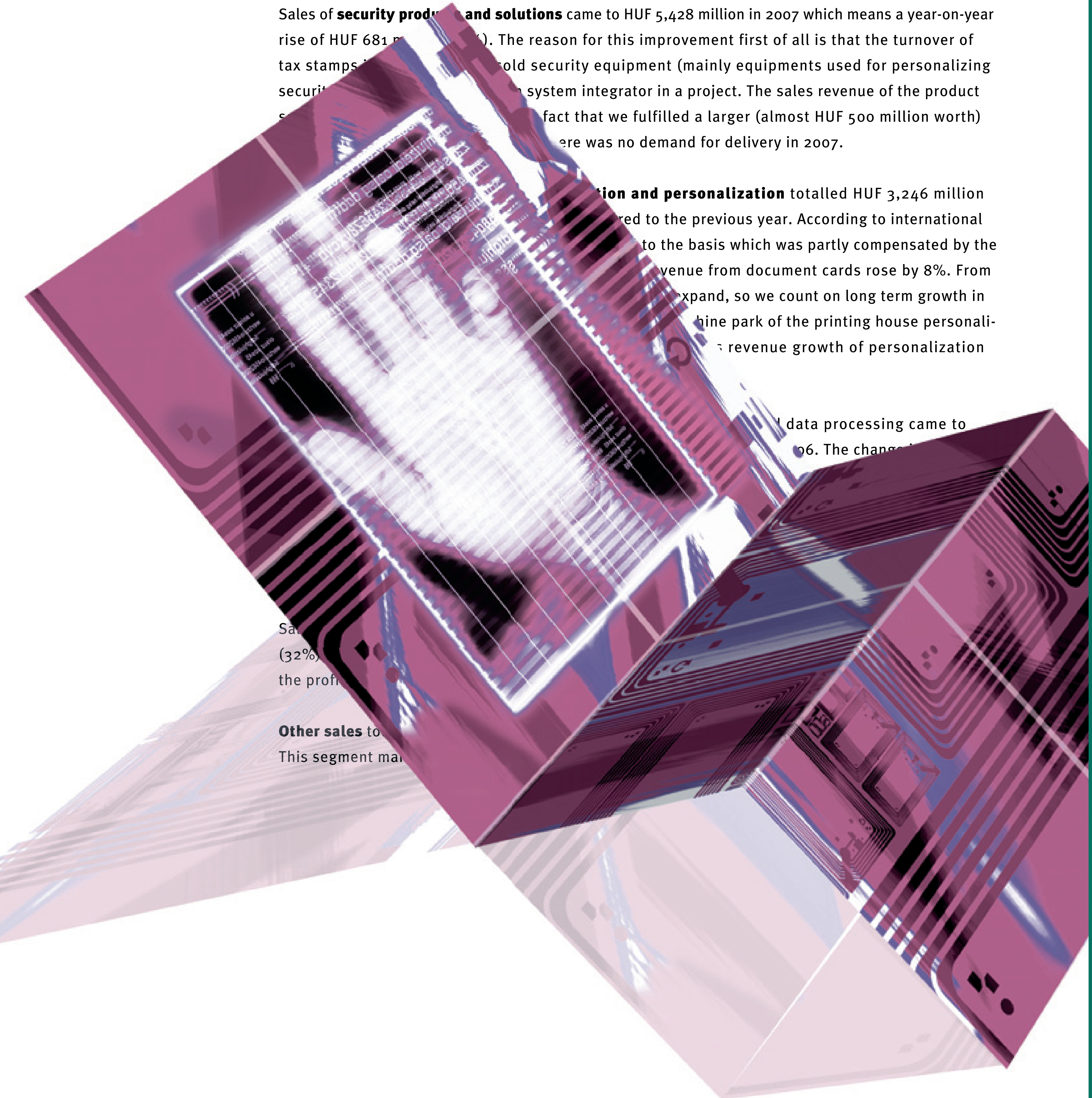

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(32%)...
the profi...

Other sales to...
This segment ma...

Well-established operation in the Central-Eastern Europe region

> Our organic growth is ensured by the resolute development and reinforcement of strategic areas

Export sales by segment

Sales segments	FY 2006 in HUF millions	FY 2007 in HUF millions	Change in HUF millions	Change %
Security products and solutions	734	225	(509)	-69.35%
Card production and personalization	650	481	(169)	-26.0%
Form production and personalization, data processing	364	597	233	64.01%
Traditional printing products	–	–	–	–
Other	24	79	55	229.17%
Total export sales	1,772	1,382	(390)	-22.01%
Export %	12.49%	10.26%		

IFRS audited, consolidated data

90% of export sales come from Central-Eastern European countries that are strategically important

Exports amounted to HUF 1,382 million in 2007, which represents a 22% decrease compared to the corresponding 2006 period. The primary reason of the decrease in export sales is that we fulfilled a larger (almost HUF 500 million worth) security ink order in 2006. For this product, we have a long term exclusive contract but so far there was no demand for delivery in 2007.
By filtering the effect of this item, export sales rose by 9%. According to international trends and the Company's strategy, the export sales of lower value added phone cards decreased by HUF 317 million, which was partly compensated by the bank card and commercial card orders. Due to the significantly rising market demand, our sales revenue from foreign form personalization and data processing rose by 64% compared to a year earlier.
Products worth over HUF 1,191 million were sold to strategic target countries (Poland, Romania, Bulgaria, Slovakia, the Czech Republic and Ukraine) which account for 86% of total export sales.

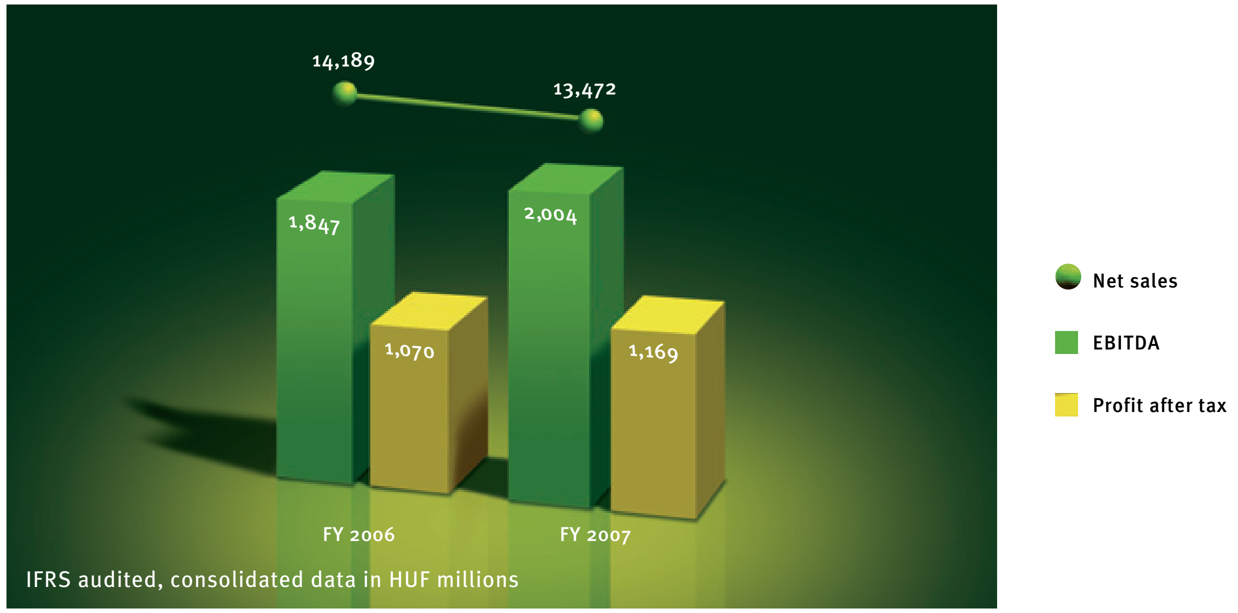
State Printing House Plc Annual Report 2007.

Financial analysis

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

Description	FY 2006 in HUF millions	FY 2007 in HUF millions	Index (%)
Net sales	14,189	13,472	94.95%
Capitalized value of assets produced	(16)	(97)	606.25%
Material expenses	8,658	7,705	88.99%
Personnel expenses	3,456	3,400	98.38%
Depreciation	582	613	105.33%
Other expenses	212	266	125.47%
Operating income	1,265	1,391	109.96%
Net income	1,060	1,158	109.25%
EBITDA	1,847	2,004	108.50%
EBITDA margin (%)	13.02%	14.88%	114.29%

Business results of Állami Nyomda Group in the years 2006 and 2007

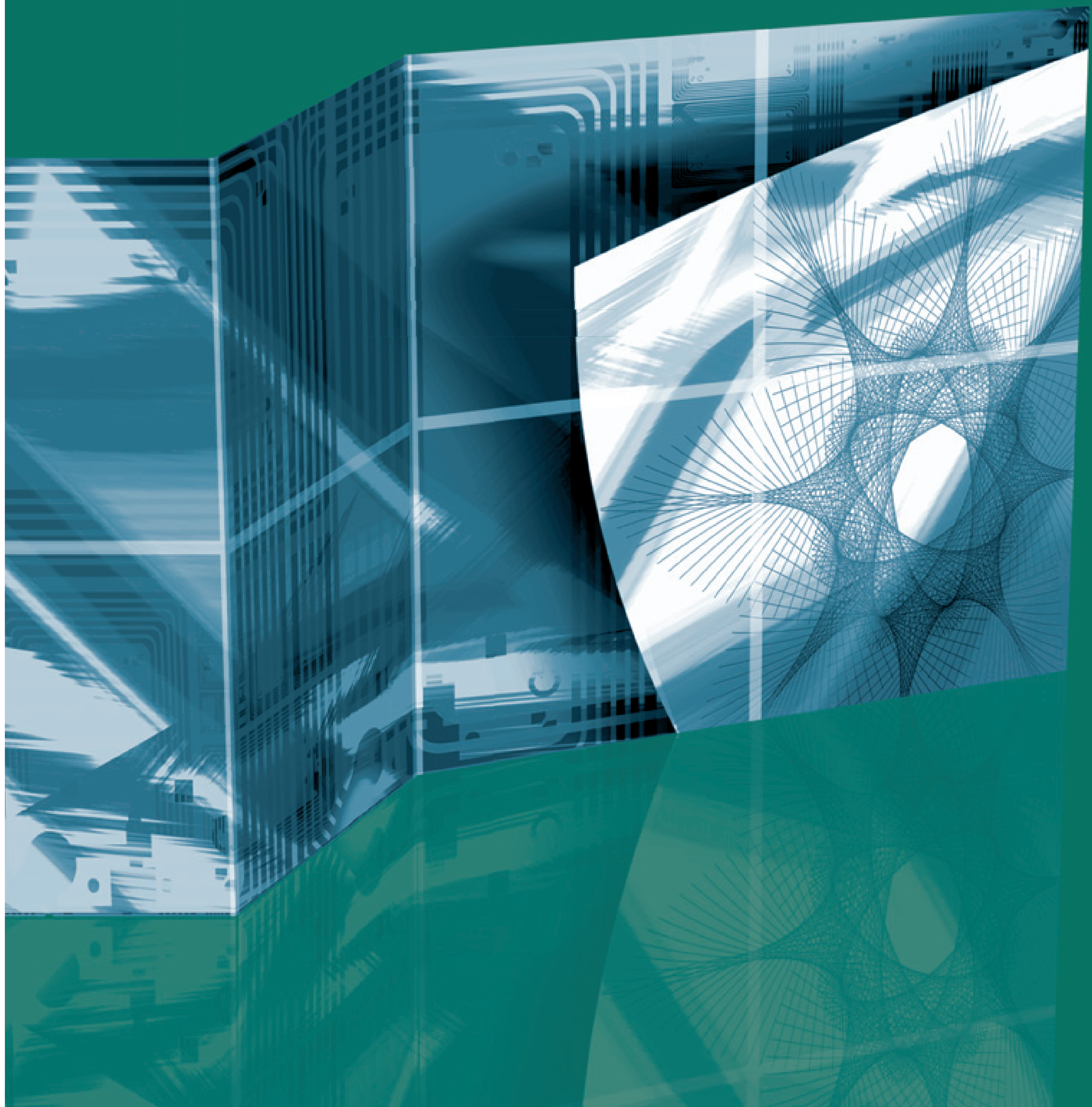


Net sales totalled HUF 13,472 million in 2007, a HUF 717 million drop year-on-year. Operating income came to HUF 1,391 million, an increase of HUF 126 million (10%) compared to the previous year. The rise in operating income was mainly due to the higher ratio in sales revenue of higher value added products, and the favourable development of cost structure and exchange rates.

The Company has reached the targeted 15% EBITDA margin level

Gross profit totalled HUF 4,755 million, which means a 35.3% gross margin, almost 3.5% improvement compared to the figure of the previous year (31.8%). General (SG&A) expenses amounted to HUF 3,098 million in 2007, which equals 23% of net sales. Material expenses dropped by 11% (HUF 953 million) last year. The change in material expenses reflects the change in the composition of sales revenue (portfolio adjustment, higher value added products).
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 3,400 million, which means a 1.6% (HUF 56 million) decrease compared to the previous year.
EBITDA amounted to HUF 2,004 million due to change in operating income, an increase of HUF 157 million (9%). So the EBITDA margin amounts to 14.9%, a 1.9% rise compared to the 2007 figure (13%).
Net interest income amounted to HUF 5 million in 2007. Net income – after financial operations, taxation and minority interest – came to HUF 1,158 million in 2007, a growth of 9% compared to the previous year.

The innovative approach and the independent R&D activities have significantly contribute to further growth



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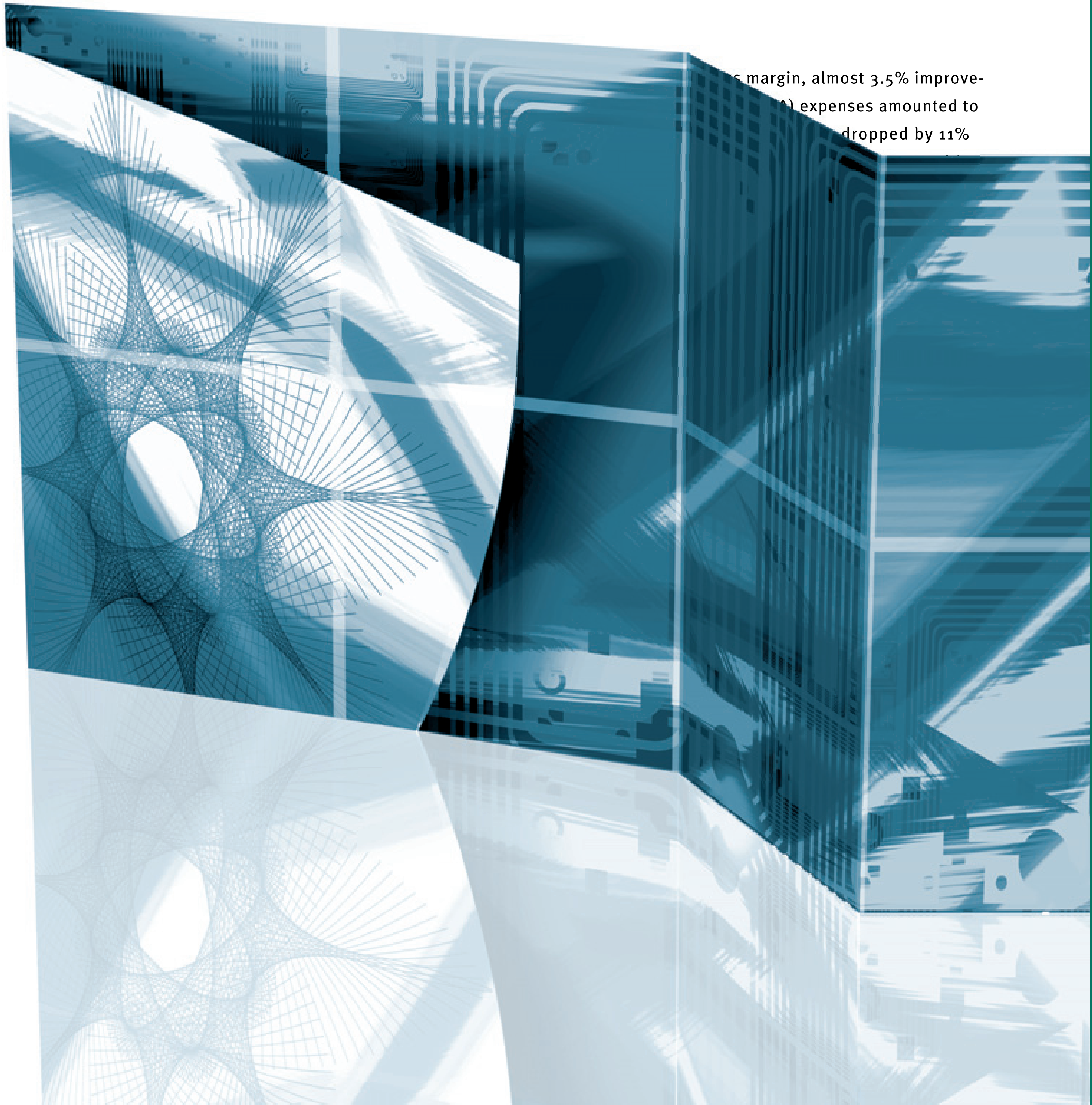
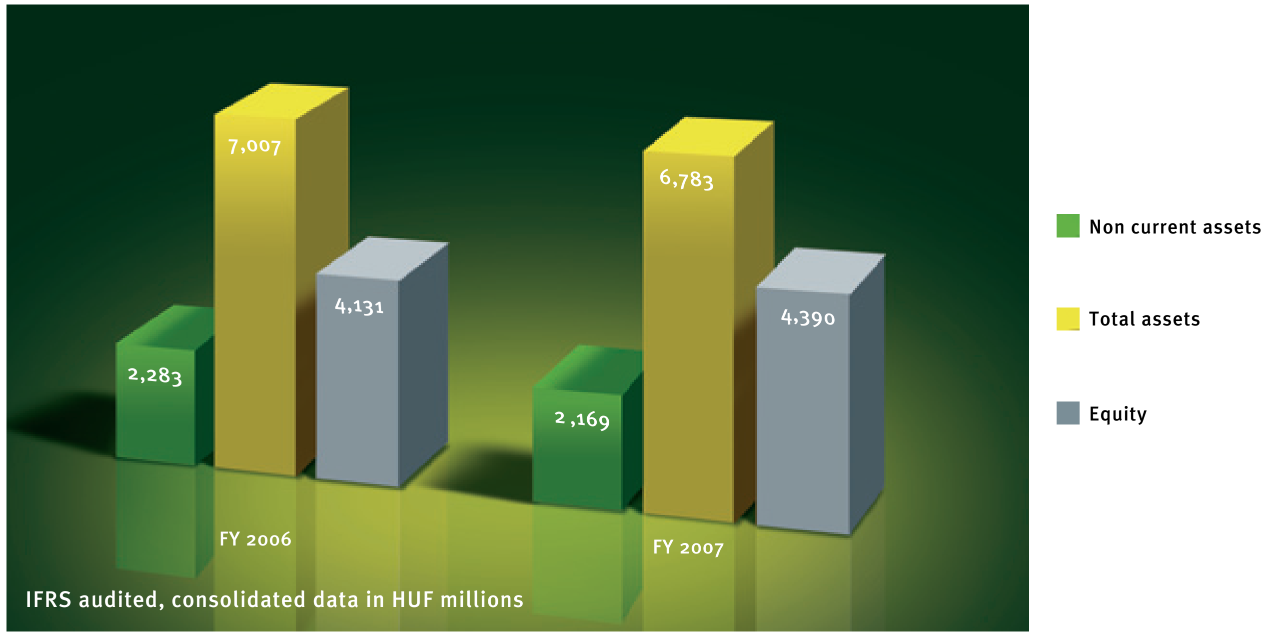


The innovative approach and the independent R&D activities have significantly contribute to further growth

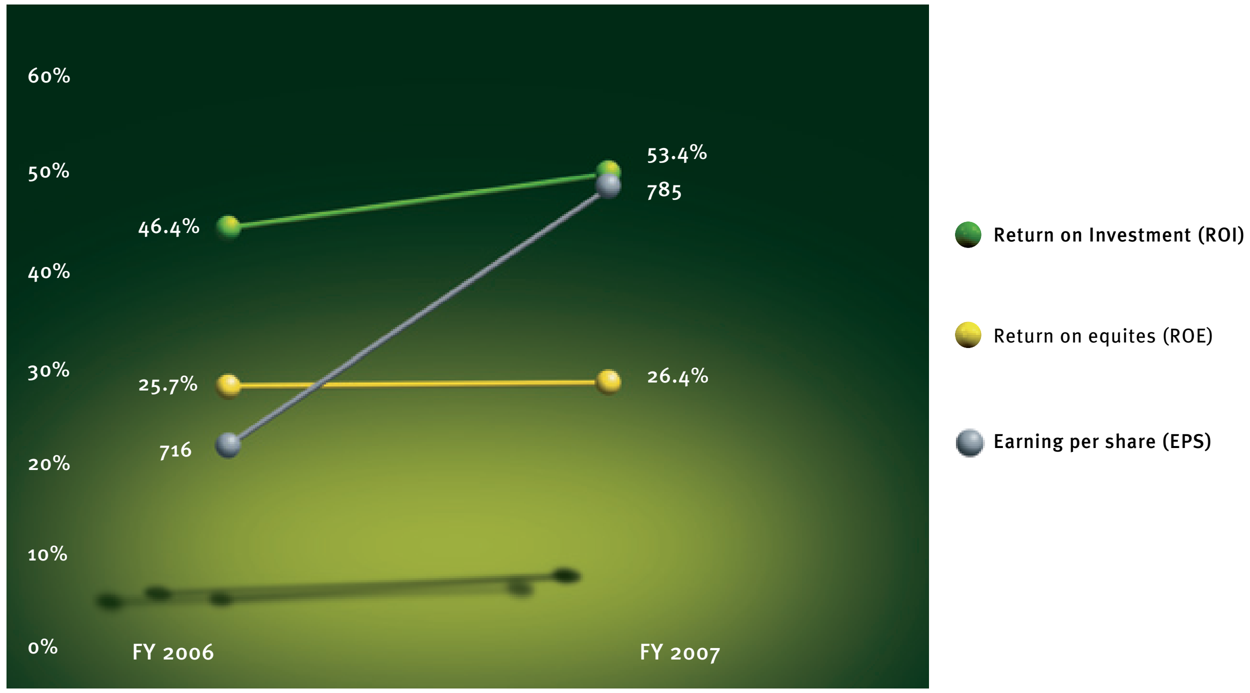
> We give key attention to all elements of our system which ensures the complexity of our solutions.

Financial situation of Állami Nyomda Group in the years 2006 and 2007



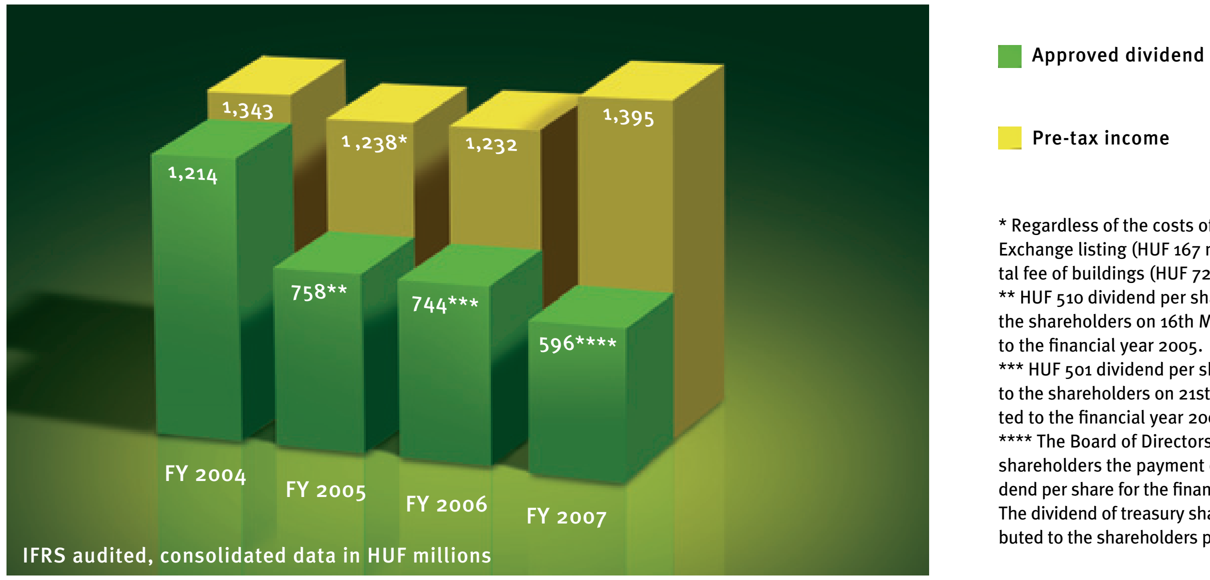
The Company had total assets of HUF 6,783 million on 31 December 2007, which means a decrease of 3% (HUF 224 million) compared to a year ago.
Receivables amounted to HUF 1,752 million which represents a 2% decrease year-on-year.
Cash and bank amounted to HUF 1,787 million at the end of the reporting period, which means a HUF 677 million (61%) rise compared to a year ago. The change is caused by the fact that cash-flow from operating activities in 2007 exceeded the 2006 figure by HUF 503 million.
Inventories totalled HUF 838 million, which means a HUF 419 million (33%) decrease from the 2006 figure. The change was caused by the HUF 280 million decrease in raw materials and the HUF 134 million drop in self-produced stocks.
Other current assets and prepayments amounted to HUF 237 million, which is HUF 334 million lower than a year earlier. The change is caused by the fact that a significant amount of advance for investment was included in this line of the balance sheet last year.
The value of property, plant and equipment at the end of December 2007 dropped by 4.7 % compared to the 2006 figure.
Accounts payable decreased by 18% to HUF 955 million in 2007. The lower figure is attributed to the lower material and subcontractor turnover.
Other liabilities and accruals totalled HUF 936 million, which means an increase of 14%.
The reasons for this change are mainly the liabilities which are in effect at the balance-sheet date but will be due next month and the accruals at the end of the reporting period.
Short term loans amount to HUF 313 million at the end of 2007 which contains those parts of long term loans that are due within a year. The book value of the Company's medium-term foreign exchange loan is HUF 169 million, which is due within a year. Among loans, a HUF-based medium-term investment loan is indicated, its balance amounted to HUF 144 million at the end of the reporting period which is also due within a year.

Profitability of Állami Nyomda Group in the years 2006 and 2007



The profitability of Állami Nyomda Group exceeded the level of the previous year in 2007. Return on equity amounted to 26.4% while return on investment was 53.4%. Earning per share rose by HUF 69 to HUF 785 due to the net income which increased by 9%.

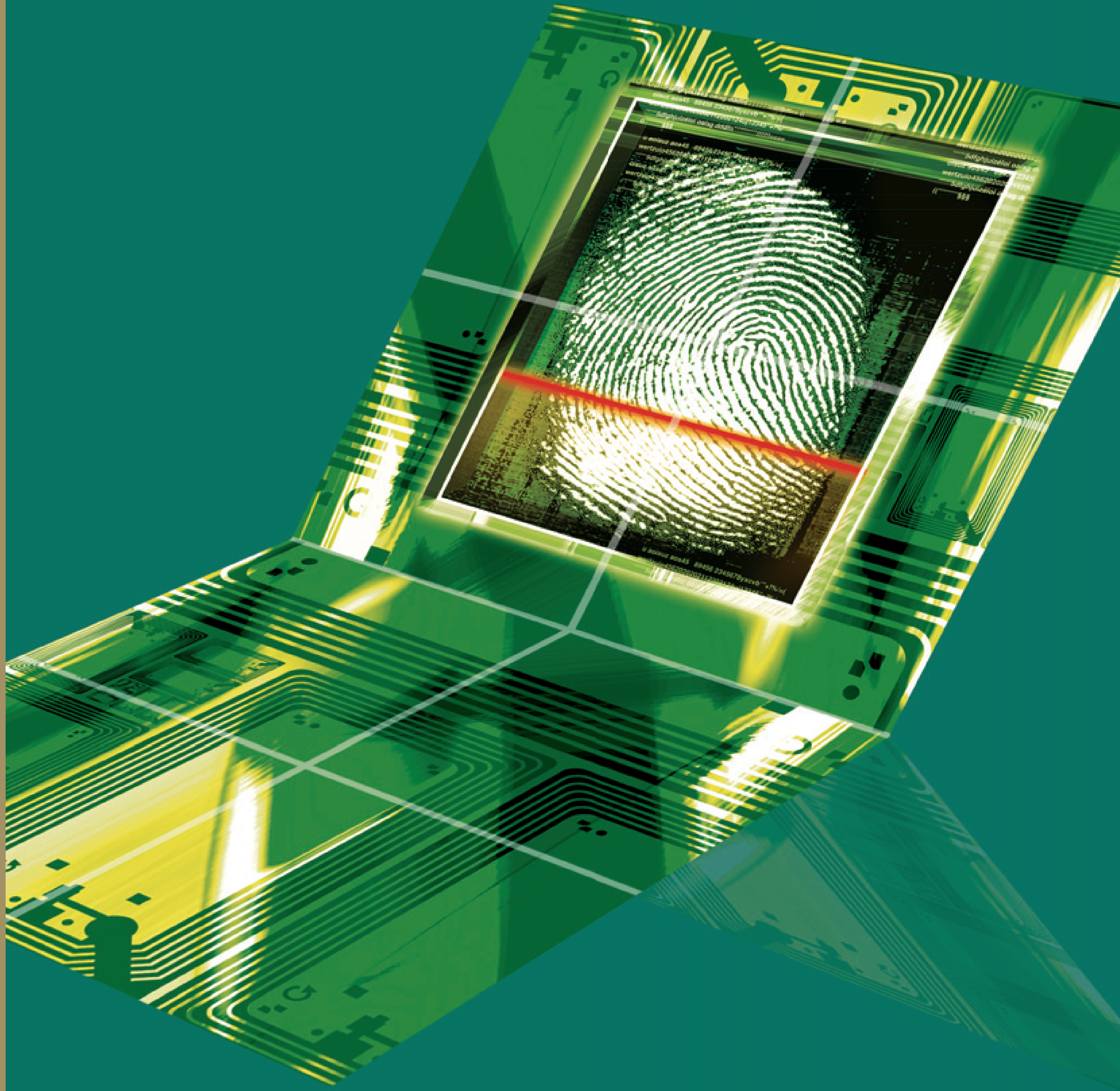
Dividends approved by State Printing House Plc. in the last four years



* Regardless of the costs of Budapest Stock Exchange listing (HUF 167 millions) and rental fee of buildings (HUF 72 millions).
** HUF 510 dividend per share was paid to the shareholders on 16th May 2006 related to the financial year 2005.
*** HUF 501 dividend per share was paid to the shareholders on 21st May 2007 related to the financial year 2006.
**** The Board of Directors prosposed tothe shareholders the payment of 401 HUF dividend per share for the financial year 2007. The dividend of treasury shares will be distributed to the shareholders proportionately.

Shareholders accepted the dividend proposal of the Board of Directors at the Annual General Meeting of State Printing House Plc. held on 28th April 2008. Thus, HUF 596 million from the HUF 1,158 million net income, so HUF 401 gross per ordinary share will be paid as dividend by the Company. It means, that 51% of the Earnings per Share (EPS) will be paid. The General Meeting decided to pay lower dividend than in previous years in order to finance the planned acquisitions and further regional expansion.

The security of our products
is guaranteed by the high level
data protection.



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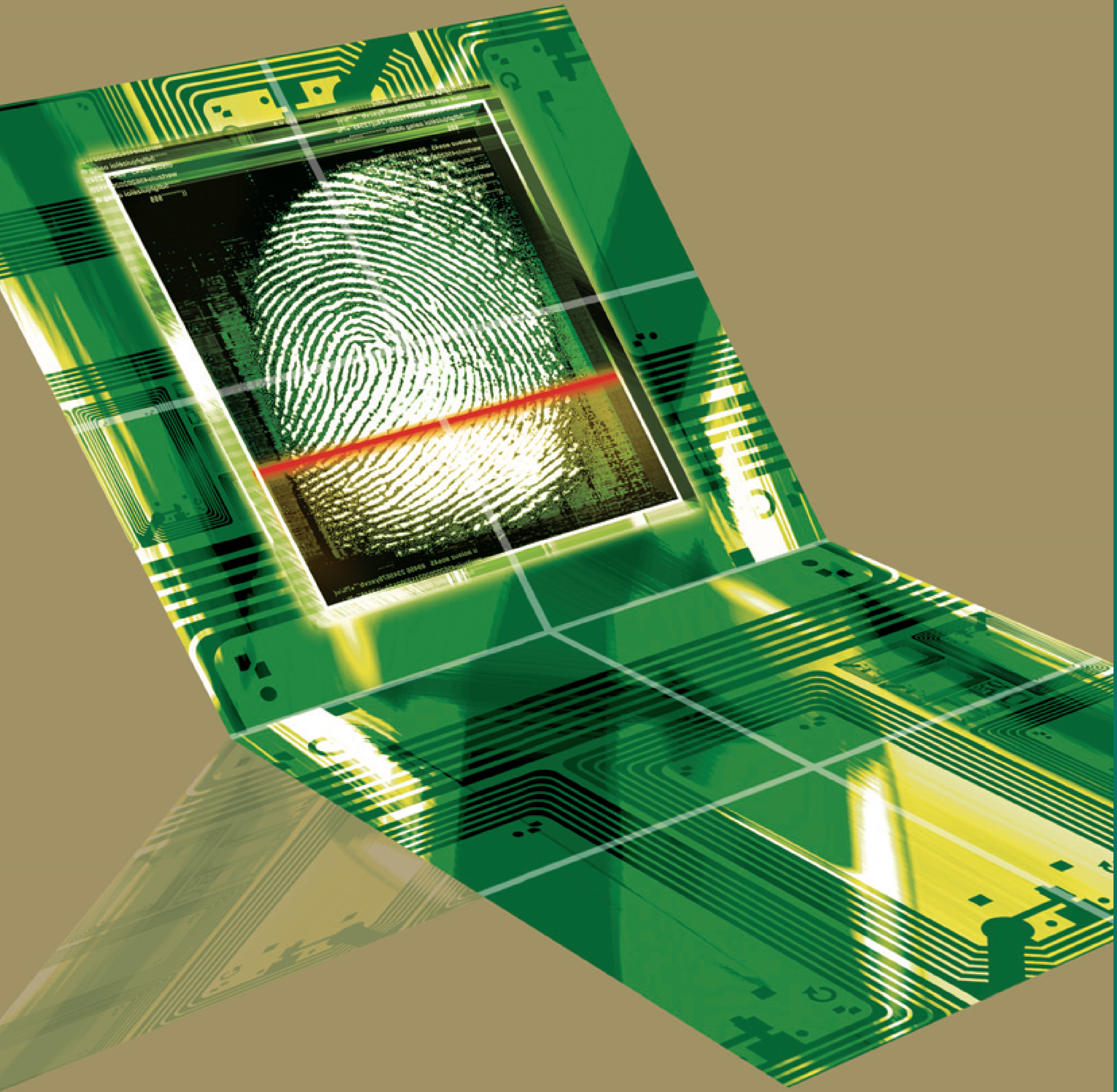

> The base document, the personalization and the secure data management make our services complete.

Senior officers and management of State Printing House Plc

The Board of Directors of State Printing House Plc
Dr. Ákos Erdős chairman
György Gyergyák vice-chairman
Mihály Arnold
Dr. György Festetics
Péter Heim
Gábor Zsámboki

The Supervisory Board of State Printing House Plc
Dr. Tamás Sárközy chairman
Dr. Istvánné Gömöri vice-chairman
Ferenc Berkesi
Dr. Imre Repa
Dr. István Stumpf
György Vajda

Management
György Gyergyák general manager
Gábor Zsámboki deputy general manager
Ferenc Berkesi deputy general manager, security
Huba Szatmári deputy general manager, technical and production
Dr. Lajos Székelyhídi deputy general manager, research and development
László Balla chief financial officer
Tamás Bojtor investment director
Albert Dékány development director
Péter Domokos sales director
András Huszár logistic director
Kristóf Kalauz plant director, Security Printing Products Center
Tamás Karakó controlling director
Róbert Keczeli international tender director
Éva Keresztesné Szepesi director
Attila Kis marketing director
Gyula Lángos plant director, Pásztó Plant
Miklós Nagy regional director
Gábor Péter IT director

State Printing House Public Company Limited by Shares

Independent Auditors' Report and Consolidated Financial Statements

for the year ended December 31, 2007

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

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 balance sheet as at December 31, 2007, and the related consolidated income statement, 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 Hungarian Standards on Auditing and applicable laws and regulations in Hungary. 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, 2007, 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 15, 2008

(The original Hungarian language version has been signed)

....	....
Jack Bell Deloitte Auditing and Consulting Ltd. H-1068, Budapest Dózsa György út 84/C., Hungary 000083	Horváth Tamás Registered Auditor 003449

Consolidated Balance Sheet December 31, 2007 and December 31, 2006

In HUF thousands:

	Notes	December 31, 2007	December 31, 2006
Current assets			
Cash and bank		1,786,969	1,109,720
Accounts receivable	3	1,752,318	1,787,337
Inventory	4	837,626	1,256,610
Other current assets and prepayments	5	236,859	570,733
Total current assets		4,613,772	4,724,400
Non-current assets			
Property, plant and equipment	6	2,149,176	2,255,702
Investments		70	83
Intangibles		14,509	19,756
Other assets		5,347	7,403
Total non-current assets		2,169,102	2,282,944
Total assets		6,782,874	7,007,344
Current liabilities			
Trade accounts payables		955,285	1,159,243
Other payables and accruals	7	935,645	819,696
Short term debt	8	313,014	428,036
Of which short term part of long term loan		312,900	413,200
Total current liabilities		2,203,944	2,406,975
Long term liabilities			
Deferred tax liability	15	176,254	149,511
Long term debt	8	3,323	318,042
Other long term liabilities		8,936	1,934
Total long term liabilities		188,513	469,487
Shareholders' equity			
Share capital	9	1,449,876	1,449,876
Capital reserve		250,686	250,686
Retained earnings	11	2,765,616	2,351,752
Treasury shares	10	(158,130)	–
Minority interest		82,369	78,568
Total shareholders' equity		4,390,417	4,130,882
Total liabilities and shareholders' equity		6,782,874	7,007,344

Statement of consolidated income
December 31, 2007 and December 31, 2006

In HUF thousands

	Notes	FY 2007	FY 2006
Net sales	12	13,472,000	14,188,565
Cost of sales		(8,717,413)	(9,679,700)
Gross profit		4,754,587	4,508,865
Selling general and administration		(3,098,177)	(3,032,211)
Gain on sale of fixed assets		3,198	3,388
Gain on sale of investments		–	6,779
Foreign currency losses		(6,026)	(26,302)
Other expense	13	(263,068)	(195,873)
Operating income	14	1,390,514	1,264,646
Interest income / (expense), net		4,534	(32,202)
Income before tax and minority interest		1,395,048	1,232,444
Deferred tax expense	15	(26,743)	(23,107)
Income tax expense	15	(199,451)	(139,078)
Profit after tax		1,168,854	1,070,259
Minority interest		(10,638)	(10,318)
Net income		1,158,216	1,059,941
Earnings per share (EPS):			
Basic (HUF per share)	16	785	716
Fully diluted (HUF per share)	16	785	716

State Printing House Plc Annual Report 2007.

Statement of Changes in Consolidated Shareholders' Equity
December 31, 2007

In HUF thousands

	Issued Capital	Capital Reserve	Retained Earnings	Treasury Shares	Minority Interest	Total
January 1, 2006	1,449,876	250,686	2,049,478	–	75,720	3,825,760
Dividend paid	–	–	(757,667)	–	–	(757,667)
Net income	–	–	1,059,941	–	–	1,059,941
Dividend paid to minority shareholders (after FY 2005 income)	–	–	–	–	(7,470)	(7,470)
Minority interest in income for the year	–	–	–	–	10,318	10,318
December 31, 2006	1,449,876	250,686	2,351,752	–	78,568	4,130,882
Dividend paid	–	–	(744,352)	–	–	(744,352)
Net income	–	–	1,158,216	–	–	1,158,216
Purchase of treasury shares	–	–	–	(158,130)	–	(158,130)
Dividend paid to minority shareholders (after FY 2006 income)	–	–	–	–	(6,837)	(6,837)
Minority interest in income for the year	–	–	–	–	10,638	10,638
December 31, 2007	1,449,876	250,686	2,765,616	(158,130)	82,369	4,390,417

Statement of Consolidated Cash-flow
December 31, 2007 and December 31, 2006

In HUF thousands

In HUF thousands:	Notes	FY 2007	FY 2006
Cash flows from operating activities			
Net income before taxation and minority interest		1,395,048	1,232,444
Depreciation and amortization		607,908	575,104
Amortization of development cost		5,247	7,061
Changes in provisions		114,956	30,205
Gain on sale of property, plant and equipment		(3,198)	(3,388)
Gain on sale of investments		–	(6,779)
Minority interest changes (Subsidiary dividend)		(6,837)	(7,470)
Interest expense		65,331	105,865
Interest income		(69,865)	(73,663)
Operating cash-flow before working capital changes:		2,108,590	1,859,379
Decrease in accounts receivable and other current assets		350,588	484,359
Decrease / (increase) in inventories		313,928	(133,738)
Decrease in accounts payables and accruals		(78,697)	(85,148)
Cash provided by operations		2,694,409	2,124,852
Interest received / (paid), net		22,123	(32,720)
Taxes paid, net		(218,501)	(96,983)
Net cash provided by operating activities		2,498,031	1,995,149
Cash flows from investing activities			
Purchase of property, plant and equipment		(523,471)	(694,140)
Proceeds on sale of property, plant and equipment		25,286	18,954
Sale of investments		–	11,729
Net cash flow used in investing activities		(498,185)	(663,457)
Cash flows from financing activities			
(Decrease) / increase in short term loans		(14,722)	11,485
Purchase of treasury shares		(158,130)	–
Decrease in loans to employees		2,056	196
Decrease in long term debt		(408,017)	(190,190)
Dividend paid		(743,784)	(757,667)
Net cash flow used in financing activities		(1,322,597)	(936,176)
Increase in cash and cash equivalents		677,249	395,516
Cash and Bank at beginning of period		1,109,720	714,204
Cash and Bank at end of the period		1,786,969	1,109,720

Supplementary Notes to the Consolidated Financial Statements
Dec. 31, 2007

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, 2007 were authorized for issue by the Chief Executive Officer (Gyergyák György) on 15th February, 2008.

As of December 31, 2007 – 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	20.00%	18.73%
AEGON Magyarország Általános Biztosító Zrt.	13.01%	12.19%
Genesis Emerging Markets Opportunities Fund Limited	8.45%	7.92%
AEGON MoneyMaxx Expressz Befektetési Alap	7.72%	7.23%
Owners below 5% share		
Domestic Institutional Investors	24.87%	23.27%
Foreign Institutional Investors	6.38%	5.97%
Domestic Individual Investors	9.82%	9.20%
Foreign Individual Investors	0.25%	0.24%
Management, employees	6.24%	11.45%
Treasury shares	0.0%	0.75%
Other	3.26%	3.05%

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 and joint-ventures of the Company at December 31, 2007 are as follows:

Subsidiary	Principal Activity	Country of Incorporation	Holding at December 31, 2007	Holding at December 31, 2006
Specimen Zrt.	Printing	Hungary	80.2%	80.2%
Security Audit Kft.	Consulting	Hungary	64.16%	64.16%
Gyomai Kner Nyomda Zrt.	Printing	Hungary	92.81%	92.81%
TipoDirect SRL	Printing, Sales	Romania	50.0%	50.0%
Direct Services OOD	Printing, Sales	Bulgaria	50.0%	50.0%
Slovak Direct SRO	Sales	Slovakia	100.0%	100.0%

The Company prepares consolidated financial statement for the whole group.

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 then 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.

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 shortterm 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 allowance 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.

Intangible assets

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

Fair value of financial instruments

The fair values of financial instruments, consisting of cash, receivables, payables, and obligations under debt instruments, are considered to be equal 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.

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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.

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.

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.

Adoption of new Standards
The impact of the adoption of International Financial Reporting Standards effective as at January 1, 2006 on the financial statements of the year 2006:
The Group has adopted all the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) effective as at January 1, 2006 relevant to the Group, which are the following:

- IAS 39. (Financial Instruments: Recognition and Measurement) especially considering the accounting of cash-flow hedge and fair value option transactions (effective for accounting period beginning on or after January 1, 2006)
- IAS 1. (Presentation of Financial Statements) Regulations of the Standard regarding Equity (effective for accounting period beginning on or after January 1, 2006)

The above mentioned Standards had no significant impact on the international consolidated financial statements of the Group in 2006.
Revision of other IAS Standards had also impact on the international consolidated financial statements of the Group, but these impacts were also not significant.

The impact of the adoption of new IFRS Standards and the revised IAS Standards effective as at January 1, 2007 on the accounting policy:

- IFRS 7. (Financial Instruments: Disclosures) Standard (effective for accounting period beginning on or after January 1, 2007)
- IAS 1. Initiation of the new regulations of the Standard regarding Equity (effective for accounting period beginning on or after January 1, 2007)
- New Interpretations (IFRIC 7,8,9,10)

Adoption of these new Standards had no significant impact on the international 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.

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 16%
- 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

Reclassification of prior year
Certain items in the 2006 financial statements have been reclassified in order to conform with the 2007 presentation.

3. Accounts receivables

in HUF thousands

	December 31, 2007	December 31, 2006
Trade receivables	1,812,832	1,837,964
Provision for doubtful debts	***(60,514)***	***(50,627)***
Total:	1,752,318	1,787,337

The carrying value of trade receivables approximates fair value.

4. Inventories

in HUF thousands

	December 31, 2007	December 31, 2006
Raw materials	593,336	847,505
Goods	63,472	30,326
Work in progress	134,588	249,415
Finished goods	123,615	138,046
Cumulated loss in value for inventories	***(77,385)***	***(8,682)***
Total:	837,626	1 256,610

5. Other current assets and prepayments

in HUF thousands

	December 31, 2007	December 31, 2006
Employee loans	9,641	74,240
Advances paid	31,484	333,701
VAT receivable	22,929	72,655
Corporate income tax receivable	40,281	21,231
Other taxes receivable	35,502	8,687
Other receivables	53,361	36,896
Prepayments	43,661	23,323
Total:	236,859	570,733

6. Property, Plant and Equipment

in HUF thousands

	Land and buildings	Machinery and equipment	Property rights	Vehicles and other	Capital projects	Total
Cost:						
January 1, 2007	255,935	5,747,065	10,771	916,523	152,727	7,083,021
Additions	95,588	468,027	–	95,771	536,599	1,195,985
Disposals and transfers	(38,700)	(54,697)	–	(37,929)	(659,386)	(790,712)
December 31, 2007	312,823	6,160,395	10,771	974,365	29,940	7,488,294
Accumulated depreciation:						
January 1, 2007	35,391	4,099,622	10,771	681,535	–	4,827,319
Charge for year	10,297	513,443	–	84,168	–	607,908
Disposals	–	(65,554)	–	(30,555)	–	(96,109)
December 31, 2007	45,688	4,547,511	10,771	735,148	–	5,339,118
Net book value:						
January 1, 2007	220,544	1,647,443	–	234,988	152,727	2,255,702
December 31, 2007	267,135	1,612,884	–	239,217	29,940	2,149,176

7. Other payables and accruals

in HUF thousands

	December 31, 2007	December 31, 2006
Wages	74,617	60,359
Social security	93,663	95,401
Advance payments from customers	8,904	6,064
Personal income tax	66,851	74,600
Other taxes	18,520	31,669
Dividend liability	200	–
Other short term liabilities	24,782	24,429
VAT payable	265,018	172,013
Accrued management bonuses	248,552	195,024
Accruals of EU subsidy	90,869	113,819
Other accruals	43,669	46,318
Total:	935,645	819,696

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 depreciation rate of the purchased equipments is 14.5%. The release of accrued income is in proportion with the depreciation charged. HUF 22,950 thousands accrued income was released in 2007. The Company has fulfilled all its obligations connected to the subsidy in 2007.

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8. Short and long term debt

in HUF thousands

	December 31, 2007	December 31, 2006
Overdraft, interest rate of BUBOR + 0.75% annually, secured by revenue flow to the bank, credit-limit HUF 150,000 thousands	–	14,836
Total overdrafts:	–	14,836
Long-term loan for capital project convertible to foreign exchange, credit limit: HUF 300,000 thousands, interest rate: 3 months BUBOR + 0.5% or 3 months EURIBOR + 0.5% annually (depended on the foreign exchange), secured by revenue-flow to the bank. Date of maturity: September 20, 2008		
Short term part	144,000	76,800
Long term part	–	144,000
Long-term loan (original amount of EUR 4,000,000), interest rate of 3 months EURIBOR + 1% annually, secured by immediate collection, inclusion and revenue-flow to the bank. Date of maturity: May 11, 2008		
Short term part	168,900	336,400
Long term part	–	168,200
Other short term loans taken by subsidiaries	114	–
Other loans for capital projects taken by subsidiaries	3,323	5,842
Total loans for capital projects:	316,337	731,242
Total short term debts:	313,014	428,036
Total long term debts:	3,323	318,042
Total short and long term debts:	316,337	746,078

The carrying value of overdrafts and loans approximates fair value.

9. Issued Share Capital

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

in HUF thousands

	December 31, 2007		December 31, 2006	
	Issued	Treasury	Issued	Treasury
Registered shares	1,368,590	10,878	1,368,590	–
Employee shares	81,286	–	81,286	–
	1,449,876	10,878	1,449,876	–

The number of issued shares by the Company is 1,479,465 of which par value HUF 980 per share.

10. Treasury shares

Number of treasury shares held by the Company at 31st December 2007 is 11,100, which were purchased on an average price of HUF 14,246 per share during the 2007 financial year.

11. 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, 2007, the financial statements of State Printing House Plc. not consolidated, prepared in accordance with Hungarian accounting standards indicated total retained earnings of HUF 916,546 thousands.

Restricted reserve is not available for distribution based on the Hungarian Accounting Standards. In 2007 the Company transferred HUF 473,010 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.

12. Net sales

Sales segments	FY 2007 in HUF millions	FY 2006 in HUF millions
Security products and solutions	5,428	4,747
Card production and personalization	3,246	3,028
Form production and personalization, data processing	3,065	4,032
Traditional printing products	1,329	1,954
Other	404	428
Total net sales	**13,472**	**14,189**

13. Other incomes and expenditures

in HUF thousands

Other incomes and expenditures	FY 2007 in HUF thousands	FY 2006 in HUF thousands
EU subsidy	22,950	22,950
Reversed loss in value for trade receivables	14,462	13,465
Reversed loss in value for inventories	5,539	821
Allowances received	13,976	21,970
Other	15,400	6,835
Total other incomes	72,327	66,041
Local operational tax	159,673	160,040
Loss in value for inventories	103,418	25,630
Loss in value for trade receivables	24,350	16,574
Allowances given	6,998	8,426
Other	40,956	51,244
Total other expenditures	**335,395**	**261,914**
Total	**(263,068)**	**(195,873)**

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14. Operating income

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

in HUF thousands

	Notes	FY 2007 in HUF thousands	FY 2006 in HUF thousands
Net sales	12	13,472,000	14,188,565
Changes in inventory and own performance		(97,431)	(16,254)
Material cost		(7,704,658)	(8,673,154)
Staff cost		(3,400,346)	(3,455,718)
Depreciation		(613,155)	(582,165)
Gain on sale of fixed assets		3,198	3,388
Gain on sale of investments		–	6,779
Foreign currency losses		(6,026)	(26,302)
Other expense		(263,068)	(180,493)
Operating income		1,390,514	1,264,646

The average number of employees of the Group during 2007 was 789 (2006: 804).

15. Taxation

in HUF thousands

	December 31, 2007	December 31, 2006
Current year corporate income tax	199,451	139,078
Change in deferred tax liability	26,743	23,107
Total tax expense	**226,194**	**162,185**

	December 31, 2007	December 31, 2006
Opening deferred tax liability	149,511	126,404
Deferred tax liability due to development reserve	50,173	41,600
Release of deferred tax due to use of development reserve	(23,430)	(18,493)
Closing deferred tax liability	**176,254**	**149,511**

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. (“Extra profit tax” was calculated on the time proportional part of the adjusted profit before tax in 2006.) 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 2007 and 2006 pre tax profits and a deferred tax liability has been recognized for the unused development reserves.
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.
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.

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

in HUF thousands

	December 31, 2007	December 31, 2006
Income before tax and minority interest	1,395,048	1,232,444
Tax at statutory rate of 16% [1]	223,208	197,191
Deferred tax due to development reserve	(26,743)	(23,107)
Other permanent differences (net)	2,986	(35,006)
Corporate income tax expense	199,451	139,078

[1] The tax legislation effective in foreign countries is not taken into consideration in this calculation.
All differences that may occur due to this fact are classified on the ‘Other temporary differences’ line.

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16. 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:

in HUF thousands

	December 31, 2007	December 31, 2006
Weighted average shares outstanding for:	1,476,003	1,479,465
Net income used in the calculation	1,158,216	1,059,941
Basic and diluted earnings per share:		
Basic (HUF per share)	785	716
Fully diluted (HUF per share)	785	716

17. 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 2007 the Company established a tax-deductible development reserve of HUF 314,880 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 signed a rental contract in 2007 for buildings and machineries for a 10 year period. The expected liability from this contract will be HUF 360 million in 2008. The conditions of the contract may change in 2008.
The Company leases and rents various facilities and properties under non-cancelable 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-cancelable operating agreements as of December 31, 2007 are as follows:

Periods	Amounts in EUR
2008	728,585
2009	743,157
2010	758,020
2011	773,181
2012	788,644
Later years	11,384,024
Total minimum payments	15,175,611

18. Financial lease

Machineries connected to card production are leased from BAWAG Leasing Zrt. for a 36 months period from 2007. The capitalized value of the machineries was HUF 136,146 thousands, while net book value at December 31, 2007 was HUF 122,024 thousands. The financial lease interest is connected to HUF/EUR foreign exchange rate and 3 months EURIBOR interest rate. Financial lease principal liabilities are in 2008 and in 2009 as follows:

Financial lease principal liabilities	Amounts in HUF thousands
2008	43,803
2009	40,910
Total	84,713

19. Related party transactions

in HUF thousands

Related party transactions	FY 2007 in HUF thousands	FY 2006 in HUF thousands
Balance of intercompany receivables eliminated	184,160	229,661
Balance of intercompany liabilities eliminated	184,160	229,661
Balance of intercompany revenues eliminated	451,789	398,001
Balance of intercompany expenditures eliminated	451,789	398,001

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.

20. Remuneration of the members of the Supervisory Board and the Board of Directors

HUF 8,820 thousands remuneration was paid to the Supervisory Board, while HUF 12,480 thousands to the Board of Directors in 2007.

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21. 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 form 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.

in HUF thousands

State Printing House Plc.*	Currency	December 31, 2007	December 31, 2006
Foreign currency assets	EUR	562,153	1,032,471
	USD	7,101	2,330
	GBP	36	2,799
	SKK	779,595	594,656
	PLN	161,650	0
Total (in HUF thousands)		160,895	266,338
Foreign currency liabilities	EUR	1,051,185	2,488,270
	CHF	201,781	58,773
	USD	1,051	5,368
	GBP	0	7,835
Total (in HUF thousands)		297,255	640,990
Impact of a possible 10% foreign exchange rate decrease in each foreign currency (in HUF thousands)			
Impact on foreign currency assets		(16,090)	(26,634)
Impact on foreign currency liabilities		29,726	64,099
Total impact of possible FX rate change		13,636	37,465

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

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 3,163 thousands in the year 2008.
(This was HUF 7,461 thousands in the year 2007.)

in HUF thousands

Állami Nyomda Group FY 2007	In 1 month	1 - 3 months	3 months 1 year	1 - 5 years	Over 5 years	Total
Trade payables (with short term lease liabilities)	894,531	59,493	452	809	–	955,285
Lease liabilities	3,580	7,198	33,025	40,910	–	84,713
Credits	-	103,650	209,364	3,323	–	316,337
Total	898,111	170,341	242,841	45,042	–	1,356,335

in HUF thousands

Állami Nyomda Group FY 2006	In 1 month	1 - 3 months	3 months 1 year	1 - 5 years	Over 5 years	Total
Trade payables (with short term lease liabilities)	1,080,907	68,233	9,302	801	–	1,159,243
Lease liabilities	–	–	–	–	–	–
Credits	–	103,300	324,736	318,042	–	746,078
Total	1,080,907	171,533	334,038	318,843	–	1,905,321

Liquidity risk

Liquidity risk of the Group, due to the high balance of cash and cash equivalents and 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:

Other short term liabilities consist of mainly tax payables and accruals due in 1 month or in 1 to 3 months period, while other long term liabilities mature in 1 to 5 years period.

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: 3.34%. (This was 2.75% in 2006.)

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Statement of responsibility

The 2007 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.

State Printing House Plc.
H-1102 Budapest, Halom u. 5.
Hungary
Telephone: +36 1 431 1222
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.

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.

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