

Állami Nyomda Nyrt.

Annual report

for the year ended December 31, 2005

Balance Sheet (in HUF thousands)

	Description	December 31, 2004	December 31, 2005
A.	FIXED ASSETS	3,256,932	2,175,285
I.	INTANGIBLE ASSETS	94,337	122,364
1.	Capitalized start-up and restructuring costs	8,364	8,781
2.	Capitalized value of research and development	14,851	26,818
3.	Concessions, licenses and similar rights and assets	1,729	8,978
4.	Intellectual property	69,393	77,787
5.	Goodwill	-	-
6.	Advances and prepayments on intangible assets	-	-
7.	Adjusted value of intangible assets	-	-
II.	TANGIBLE ASSETS	2,722,593	1,603,760
1.	Land and buildings and rights to immovable	1,379,199	1,960
2.	Plant and machinery, vehicles	982,335	1,394,966
3.	Other equipment, fixtures and fittings, vehicles	214,746	196,376
4.	Breeding stock	-	-
5.	Assets in course of construction	112,415	8,958
6.	Payment on account	33,898	1,500
7.	Adjusted value of tangible assets	-	-
III.	FINANCIAL INVESTMENTS	440,002	449,161
1.	Long-term participations in affiliated undertakings	428,133	438,836
2.	Long-term loan to affiliated undertakings	-	-
3.	Other long-term participations	4,950	4,950
4.	Long-term loan to independent undertakings	-	-
5.	Other long-term loans	6,919	5,375
6.	Securities signifying a long-term creditor relationship	-	-
7.	Adjusted value of financial investments	-	-

Balance Sheet for the year ended December 31, 2005

	Description	December 31, 2004	December 31, 2005
B.	CURRENT ASSETS	3,261,190	4,229,546
I.	INVENTORIES	796,371	1,034,711
1.	Raw materials and consumables	539,036	611,017
2.	Work in progress, intermediate and semi-finished products	122,446	272,694
3.	Animals for breeding and fattening, other livestock	-	-
4.	Finished products	96,589	112,256
5.	Goods for resale	32,145	29,894
6.	Advances and prepayments on inventories	6,155	8,850
II.	RECEIVABLES	1,649,288	2,615,563
1.	Accounts receivable (trade debtors)	1,535,915	2,240,538
2.	Receivables from affiliated undertakings	10,509	226,777
3.	Receivables from independent undertakings	-	-
4.	Bills of exchange receivable	-	0
5.	Other receivables	102,864	148,248
III.	SECURITIES	35,073	-
1.	Participations in affiliated undertakings	29,893	0
2.	Other participations	-	-
3.	Own shares and own partnership shares	5,180	0
4.	Securities signifying a creditor relation. for trading purposes	-	0
IV.	LIQUID ASSETS	780,458	579,272
1.	Cash in hand, checks	8,510	7,925
2.	Cash at bank	771,948	571,347
C.	PREPAYMENTS AND ACCRUED INCOME	66,518	96,858
1.	Accrued income	21,362	49,845
2.	Accrued costs, expenses	45,156	47,013
3.	Deferred expenses	-	-
	TOTAL ASSETS	6,584,640	6,501,689

Balance Sheet for the year ended December 31, 2005

	Description	December 31, 2004	December 31, 2005
D.	SHAREHOLDERS' EQUITY	4,128,443	3,687,856
I.	SHARE CAPITAL	1,479,465	1,449,876
	including: ownership shares repurchased at face value	4,370	0
II.	SHARE CAPITAL UNPAID	-	0
III.	CAPITAL RESERVE	820,878	250,686
IV.	ACCUMULATED PROFIT RESERVE	1,288,737	765,046
V.	TIED-UP RESERVE	539,363	274,091
VI.	REVALUATION RESERVE	-	-
VII.	PROFIT OR LOSS FOR THE YEAR	-	948,157
E.	PROVISIONS	4,008	4,704
1.	Provisions for expected liabilities	4,008	4,704
2.	Provisions for future expenses	-	-
3.	Other provisions	-	0
F.	LIABILITIES	2,199,358	2,482,041
I.	SUBORDINATED LIABILITIES	-	-
1.	Subordinated liabilities to affiliated undertakings	-	-
2.	Subordinated liabilities to independent undertakings	-	0
3.	Subordinated liabilities to other economic entities	-	0
II.	LONG-TERM LIABILITIES	77	505,460
1.	Long-term loans	-	-
2.	Convertible bonds	-	0
3.	Debts on issue of bonds	-	0
4.	Investment and development credits	-	0
5.	Other long-term credits	-	505,460
6.	Long-term liabilities to affiliated undertakings	-	0
7.	Long-term liabilities to independent undertakings	-	0
8.	Other long-term liabilities	77	0
III.	CURRENT LIABILITIES	2,199,281	1,976,581
1.	Short-term loans	-	-
	including: convertible bonds	-	0
2.	Other short-term credits	-	416,551
3.	Advances received from customers	3,704	8,247
4.	Accounts payable (trade creditors)	561,422	956,440
5.	Bills of exchange payable	-	0
6.	Short-term liabilities to affiliated undertakings	1,063,224	141,424
7.	Short-term liabilities to independent undertakings	-	0
8.	Other short-term liabilities	570,931	453,919
G.	ACCRUALS AND DEFERRED INCOME	252,831	327,088
1.	Deferred income	3,591	3,230
2.	Deferred costs, expenses	249,240	187,089
3.	Accrued income	-	136,769
	TOTAL EQUITY AND LIABILITIES	6,584,640	6,501,689

Budapest, February 3, 2006

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Chief Executive Officer

Profit and Loss Statement for the year ended December 31, 2005

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

	Description	FY 2004	FY 2005
01.	Net domestic sales	9,622,229	9,222,822
02.	Net external sales	346,878	504,868
I.	NET SALES REVENUE	9,969,107	9,727,690
03.	Change in stocks of finished goods and work in progress	(52,179)	165,915
04.	Own work capitalized	23,526	43,604
II.	OWN PERFORMANCE CAPITALIZED	(28,653)	209,519
III.	OTHER INCOME	41,816	112,898
	including: loss in value marked back	24,737	31,198
05.	Cost of raw materials and consumables	2,950,660	2,599,138
06.	Cost of services	1,431,953	1,360,644
07.	Cost of other service activities	44,433	60,119
08.	Cost of goods sold	141,737	383,336
09.	Cost of services sold (intermediated)	1,106,513	1,585,323
IV.	MATERIAL COSTS	5,675,296	5,988,560
10.	Wages and salaries	1,619,584	1,675,047
11.	Other employee benefits	152,118	156,925
12.	Contributions on wages and salaries	574,738	587,191
V.	STAFF COSTS	2,346,440	2,419,163
VI.	DEPRECIATION	507,431	483,860
VII.	OTHER OPERATING CHARGES	247,695	246,150
	including: loss in value	71,536	25,099
A.	OPERATING (TRADING) PROFIT	1,205,408	912,374
13.	Dividends and profit-sharing (received or due)	-	106,520
	including: from affiliated undertakings	-	106,520
14.	Capital gains on investments	-	-
	including: from affiliated undertakings	-	-
15.	Interest and capital gains on financial investments	-	-
	including: from affiliated undertakings	-	-
16.	Other interest and similar income (received or due)	83,889	39,250
	including: from affiliated undertakings	-	564
17.	Other income from financial transactions	24,063	55,227
VIII.	Income from financial transactions	107,952	200,997
18.	Losses on financial investments	-	-
	including: to affiliated undertakings	-	-
19.	Interest payable and similar charges	6,761	48,323
	including: to affiliated undertakings	-	2,501
20.	Losses on shares, securities and bank deposits	-	893
21.	Other expenses on financial transactions	18,004	35,427
IX.	Expenses on financial transactions	24,765	84,643
B.	PROFIT OR LOSS ON FINANCIAL TRANSACTIONS	83,187	116,354
C.	PROFIT OR LOSS ON ORDINARY ACTIVITIES	1,288,595	1,028,728
X.	Extraordinary income	9,109	13,893
XI.	EXTRAORDINARY EXPENSES	34,157	6,467
D.	EXTRAORDINARY PROFIT OR LOSS	(25,048)	7,426
E.	PROFIT BEFORE TAX	1,263,547	1,036,154
XII.	TAX PAYABLE	148,589	87,997
F.	PROFIT AFTER TAX	1,114,958	948,157
22.	Profit reserves used for dividends and profit-sharing	99,265	-
23.	Dividends and profit-sharing paid (approved)	1,214,223	-
G.	PROFIT OR LOSS FOR THE YEAR	-	948,157

Budapest, February 3, 2006

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Chief Executive Officer

Profit and Loss Statement for the year ended December 31, 2005

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

	Description	FY 2004	FY 2005
01.	Net domestic sales	9,622,229	9,222,822
02.	Net external sales	346,878	504,868
I.	TOTAL SALES (REVENUES)	9,969,107	9,727,690
03.	Prime cost of sales accounted	5,071,542	4,235,648
04.	Original cost of goods sold	141,737	383,336
05.	Value of services sold (intermediated)	1,106,513	1,585,323
II.	DIRECT COSTS OF SALES	6,319,792	6,204,307
III.	GROSS INCOME FROM SALES	3,649,315	3,523,383
06.	Sales and marketing costs	289,054	291,308
07.	Administration costs	1,877,952	2,130,554
08.	Other general overhead	71,022	55,895
IV.	INDIRECT COAST OF SALES	2,238,028	2,477,757
V.	OTHER INCOME	41,816	112,898
	including: loss in value marked back	24,737	31,198
VI.	OTHER OPERATING CHARBGES	247,695	246,150
	including: loss in value	71,536	25,099
A.	INCOME FROM OPERATIONS	1,205,408	912,374
13.	Dividends and profit-sharing (received or due)	-	106,520
	including: from affiliated undertakings	-	106,520
14.	Capital gains on investments	-	-
	including: from affiliated undertakings	-	-
15.	Interest and capital gains on financial investments	-	-
	including: from affiliated undertakings	-	-
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	including: from affiliated undertakings	-	564
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23.	Dividends and profit-sharing paid (approved)	1,214,223	-
G.	PROFIT OR LOSS FOR THE YEAR	-	948,157

Állami Nyomda Nyrt.

Supplementary Notes

for the year ended December 31, 2005

1 Index

1	INDEX	8
2	GENERAL INFORMATION	9
2.1	GENERAL INFORMATION ON THE COMPANY	9
2.2	THE ACTIVITIES AND THE HISTORY OF THE COMPANY	10
2.2.1	The activities of the Company	10
2.2.2	The history of the Company	11
2.3	MAIN PARTS OF THE ACCOUNTING POLICY	14
2.4	THE MOST SIGNIFICANT EVENTS IN 2005	15
2.5	MAIN INFORMATION ON THE INVESTMENTS OF THE COMPANY	16
3	EXPLANATIONS FOR THE BALANCE SHEET ITEMS	17
3.1	INTANGIBLE ASSETS	17
3.2	TANGIBLE ASSETS	18
3.3	FINANCIAL ASSETS	19
3.4	RECEIVABLES	20
3.5	SECURITIES	21
3.6	PREPAYMENTS AND ACCRUED INCOME	22
3.7	EQUITY	23
3.8	PROVISIONS	24
3.9	SUBORDINATED LIABILITIES	24
3.10	LONG TERM LIABILITIES	24
3.11	SHORT TERM LIABILITIES	25
3.12	ACCRUALS AND DEFERRED INCOME	26
4	EXPLANATIONS TO THE PROFIT OR LOSS STATEMENT	27
4.1	ORDINARY REVENUES	27
4.2	ORDINARY COSTS	28
4.3	EXTRAORDINARY PROFIT	29
4.4	CORPORATE INCOME TAX	30
5	SUPPLEMENTARY INFORMATION	31
5.1	RESEARCH AND DEVELOPMENT	31
5.2	ENVIRONMENT PROTECTION	31
5.3	PERSONAL TYPE OF EXPENDITURES AND HEADCOUNTS	31
5.4	LIABILITIES DUE OVER 5 YEARS	32
5.5	DETAILS OF LISTED SHARES	32
5.6	OUT OF BALANCE SHEET ITEMS	33
5.7	CASH-FLOW	34
5.8	FINANCIAL INDICES	35

2 General information

2.1 General information on the Company

Company name:	Állami Nyomda Public Company Limited by Shares
Abbreviate company name:	Állami Nyomda Plc.
Seat:	1102 Budapest, Halom u. 5.
Premises of the Company:	1108 Budapest, Fátyolka utca 1-3. 3060 Pásztó, Fő utca 141.
Tax registration number:	10793509-2-44
Company registration number:	01-10-042030
Central Statistical Office reg.No:	10793509-2221-114-01
Date of Foundation:	1992. október 3
Share capital of the Company:	The Company's share capital is HUF 1,449,875,700, of which HUF 350,000,000 is cash contribution, while HUF 1,099,875,700 is non-cash contribution

Place of publishing the announcements:

Pursuant to the Statutes of the Company, the Company shall publish its announcements and communications on its website www.allaminyomda.hu, in the cases as set forth in the regulations, such announcements will be published in the national daily entitled Magyar Tőkepiac, as well as in the Companies Bulletin. In addition the Company shall also meet its disclosure requirements in the way as set forth in the regulations of the Budapest Stock Exchange (hereinafter: BSE).

Members of the Board of Directors of the Company:

Dr. Ákos Erdős (chairman)
György Gyergyák (vice-chairman)
Dr. Mihály Arnold
Dr. György Festetics
Gábor Zsámboki

Members of the Supervisory Board of the Company:

Nigel Philip Williams (chairman)

Dr. Istvánné Gömöri (vice-chairman)
Ferenc Berkesi
Tamás Bojtor
Béla Sebestyén
György Vajda

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

ISIN code of the share series involved in the Stock Exchange Listing of the Company:
Common shares of series "A": HU 0000079835

Name and address of the persons authorized to represent the Company, and to sign the annual report: György Gyergyák, Chief Executive Officer,
1121 Budapest, Irhás árok 79.

Name and address of the person responsible for the accounting services:
László Balla, Chief Financial Officer,
1148 Budapest, Mogyoródi út 69. ground floor 20.

2.2 *The activities and the history of the Company*

2.2.1 *The activities of the Company*

The activities of Állami Nyomda are organized around five product groups.

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

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

The business and administrative forms product group is made up of the production of forms and related personalization and data processing works. This category includes business forms, personalized

forms, administrative forms, continuous stationery-based products, lottery forms and election forms as well as electronic document management and data processing tasks, such as bulk electronic archiving and contract storage.

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

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

2.2.2 The history of the Company

The predecessor of Állami Nyomda, a subsidiary of Vienna-based Staatsdruckerei, was established in Temesvár (currently Timisoara, Romania) in 1851.

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

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

In 1997, the shareholders and management of Állami Nyomda set a new direction for further development: content provision, information technology and the production of plastic cards. In December 1997, Baring Central European Investments BV carried out a HUF 1.2 billion capital increase in the Company, acquiring a 43% ownership interest. The emergence of the new investor allowed the creation of a completely new business line, the production and personalisation of plastic cards. The capital investment, designed to ensure advanced technology for the new operations, was implemented in the following year at the Company's new premises at Fátyolka utca 1-3. in Budapest's 10th district.

Állami Nyomda carried out additional developments at its Fátyolka utca plant in 2000, creating the conditions for manufacturing chip cards. In 2004 the Company won a HUF 150 million non-refundable

grant – in part funded by the European Union – to further improve its chip card production. In 2002 Állami Nyomda also launched its electronic archiving services as a security company that has appropriate data protection, secure processing and safekeeping to offer complex services for partners that place a great emphasis on security.

Állami Nyomda and Tipoholding of Romania established a Romania joint venture, Tipo Direct s.r.o. in September 2004. In Bulgaria the Company teamed up with local company Power Solution o.o.d. to set up a joint venture, Direct Services o.o.d. in February 2005. In order to strengthen its regional presence, in April 2005, Állami Nyomda took steps to form another two companies: Slovak Direct s.r.o. in Slovakia and Állami Nyomda o.o.o. in Russia.

Állami Nyomda obtained an ISO 9001 quality management certificate in 1997, and an ISO 14001 environmental management certificate in 2001. Since 1999 it has been licensed to produce and personalize Visa and MasterCard bankcards, and in 2002 it was granted a TüvIT TU4 certificate for the production of mobile airtime vouchers and chip-based phonecards. In 2002 the Company became a certified supplier to NATO. Since 2003 it has operated in compliance with one of the most comprehensive information protection standards, BS 7799-2.

In 2003 a new entity, Láng Biztonságtechnológia Holding Rt. was separated from Láng Kiadó és Holding Rt., with the same ownership structure. In the course of the spin-off Láng Biztonságtechnológia Holding Rt. became a major shareholder in Állami Nyomda with a 43% stake.

In March 2005, after several years of successful cooperation, the 43% stake held by Bazille Investment Limited, the project company of Baring Central European Investments BV, was purchased by Láng Biztonságtechnológiai Holding Rt. (33%) and Állami Nyomda (10%).

The shareholders of Állami Nyomda established HFP Ingatlanhasznosító Zrt., with the spin-off from Állami Nyomda in July 2005. The Company's real properties in Budapest and Pásztó were transferred to the new entity. On 25 August 2005 the Company signed a long-term lease agreement with HFP for the properties.

In October 2005 Láng Biztonságtechnológiai Holding Rt. sold its ownership interest in Állami Nyomda to Dr. Ákos Erdős, Dr. Istvánné Gömöri and Royalton Investors Three Ltd. (together called strategic shareholders).

The ordinary shares of Állami Nyomda were listed in Category "A" of the Budapest Stock Exchange (BSE) on 8 December 2005.

During the stock exchange listing the strategic shareholders sold a part of their shares, their total voting right as at December 31, 2005 is 26.5%

1. Table: Structure of the Shareholders

Shareholders	Total equity					
	Beginning of period (1 January 2005)			End of period (31 December 2005)		
	% ¹	% ²	Shares	% ¹	% ²	Shares
Domestic institutions	43.36%	46.07%	641,520	21.18%	22.44%	313,342
Foreign institutions	42.92%	45.60%	635,000	36.24%	38.39%	536,186
Domestic private individuals	0.00%	0.00%	0	15.01%	15.90%	222,029
Foreign private individuals	0.00%	0.00%	0	0.11%	0.12%	1,634
Employees, senior officers	13.42%	8.33%	198,575	27.46%	23.15%	406,274
Treasury stock	0.30%	0.00%	4,370	0.00%	0.00%	0
TOTAL:	100.00%	100.00%	1,479,465	100.00%	100.00%	1,479,465

¹ Ownership interest

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

According to the share register the voting right of the shareholders listed below is over 5%, and the following groups of investors form the structure of shareholders as at December 31, 2005.

2. Table: Structure of shareholders over 5% share

Name	Ownership interest (%)	Voting right (%)
<i>Shareholders over 5% share</i>		
Dr. Ákos Erdős	11.8%	12.5%
Royalton Investors Three Limited	11.3%	11.9%
Genesis Emerging Markets Opportunities Fund Limited	7.6%	8.0%
<i>Other shareholders below 5% share</i>		
Domestic institutions	21.2%	22.4%
Foreign institutions	17.4%	18.5%
Domestic private individuals	15.0%	15.9%
Employees, senior officers	15.7%	10.8%

1,396,520 registered common shares of series "A" with a nominal value of HUF 980 each, produced in a dematerialized form.

9,475 registered preferential employee shares of series "B" with a nominal value of HUF 980 each, produced in printing.

73,470 registered preferential employee shares of series "C" with a nominal value of HUF 980 each, produced in printing.

2.3 Main parts of the accounting policy

According to the Act of Accounting Section no. 12, paragraph no. 3, Állami Nyomda Nyrt. prepares double-entry bookkeeping. Állami Nyomda NyRt. meets its reporting obligation by preparing the annual report. The cut-off date of the annual report is December 31, 2005. Balance sheet preparation date is January 15, 2006.

Accounting principle instructions

2% of balance sheet total qualifies as major error for the period. 20% of equity disclosed in the annual report of the last financial year qualifies as error corrupting true and fair view. The principal of prudence and true and fair view dominate the accounting at the Company, these are applied beside the going concern principle, taking into consideration other accounting principles as well.

Depreciation method

The applied depreciation method is gross value based linear method, calculated from the date of put into use during the useful life of the asset. Depreciation is posted monthly.

By taking advantage of the Act of Accounting Section no. 80, paragraph no. 2, Állami Nyomda Nyrt. records concessions, licenses, similar rights, intellectual properties and tangible assets under purchase value of HUF 50,000 in one amount as depreciation cost at the time of put into use.

Inventory valuation

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

Foreign exchange rate applied

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

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

Consolidation

The 2004 annual report of Állami Nyomda Rt. was part of the consolidated annual report prepared for the Group of Láng Biztonságtechnológiai Holding Rt. in previous year. In 2005, due to the changes in shareholders' structure, Állami Nyomda Nyrt. is obliged to prepare the consolidated annual report of the Group. When preparing the consolidated annual report, Gyomai Kner Nyomda Zrt., Specimen Rt., Security Audit Kft., Slovak Direct S.r.o., are considered to be subsidiaries, while Tipo Direct S.r.l. (Ro-

manian) and Direct Services O.o.d (Bulgarian) are considered to be joint ventures. The consolidated annual report is prepared according to the International Financial Reporting Standards.

2.4 The most significant events in 2005

The ordinary shares of Állami Nyomda were listed in Category "A" of the Budapest Stock Exchange (BSE) on 8 December 2005.

Export sales totaled HUF 505 million, which exceeds the previous year's figure by HUF 158 million (45,5%). Exports accounted for 5.2% of total sales, an almost twofold increase as compared to the base period.

The decrease of HUF 167 million in profit after tax (-15.0%) was significantly influenced by the following non-usual events:

- one-off cost of stock exchange listing: HUF 167 million,
- following the spin off of real property assets on 15 July 2005, Állami Nyomda recognized rental costs in the amount of HUF 72 million in 2005,
- in March 2005 Állami Nyomda acquired 10% (147,900) of its ordinary shares, which were sold in the form of a public sale during the stock exchange listing in December.
- the fall in cash and equivalents meant a drop in interest income, while the medium-term loans taken out and the overdraft facilities used triggered a rise in interest expense, which resulted in a net interest expense of HUF 9 million, a HUF 86 million swing from the previous year's HUF 77 million net interest income.

Állami Nyomda expanded the capacities of its card plant considerably through a capital investment of almost HUF 500 million in chip card production operations. The Company's development efforts included the purchase of chip embedding, laminating and hologramming machines, a sheet-fed presses, a screen printing machine, and card personalization, chip and magnetic stripe encoding equipment.

2.5 Main information on the investments of the company

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

Investment	Seat	Year	Owner-ship interest %	Voting right %	Registered capital	Reserves	Profit for 2005	Total equity	Qualification based on HAL ¹
Gyomai Kner Nyomda Zrt.	Gyomaendrőd	2005	92.80%	92.80%	200,000	330,938	8,633	539,571	Subsidiary
Specimen Papír és Nyomdaipari Rt.	Budapest	2005	80.20%	80.20%	100,000	33,822	1,533	135,355	Subsidiary
Slovak Direct Kft.	Bratislava	2005	100.00%	100.00%	12,832	-	(10,970)	1,862	Subsidiary
Security Audit Kft. ²	Budapest	2005	64.20%	64.20%	5,000	2,098	307	7,405	Subsidiary
Tipo Direct Kft.	Cluj-Napoca	2005	50.00%	50.00%	32,616	(3,726)	7,922	36,812	Joint venture
Direct Services Kft.	Sofia	2005	50.00%	50.00%	23,239	-	58	23,297	Joint venture

¹ Hungarian Accounting Law (Act C. of 2000)

² Specimen Rt. holds an 80% ownership interest in Security Audit Kft. Considering the stake of Állami Nyomda Nyrt. in Specimen Rt., the indirect ownership interest is (80.2*80.0) 64.2%

3 Explanations for the balance sheet items

3.1 Intangible assets

4. Table: Movement table of intangible assets

Description	January 1, 2005	Increase	Decrease	Reclassification	December 31, 2005
Capitalized start-up and restructuring costs	50,509	3,543	-	-	54,052
Capitalized value of research and development	86,144	26,236	-	-	112,380
Concessions, licenses and similar rights and assets	2,161	-	-	8,371	10,532
Intellectual property	296,119	66,906	5,852	(16,014)	341,159
Goodwill	-	-	-	-	-
Advances and prepayments on intangible assets	-	-	-	-	-
Adjusted value of intangible assets	-	-	-	-	-
GROSS VALUE	434,933	96,685	5,852	(7,643)	518,123
Capitalized start-up and restructuring costs	42,145	3,126	-	-	45,271
Capitalized value of research and development	71,293	14,269	-	-	85,562
Concessions, licenses and similar rights and assets	432	432	-	690	1,554
Intellectual property	226,726	38,796	833	(1,317)	263,372
Goodwill	-	-	-	-	-
Advances and prepayments on intangible assets	-	-	-	-	-
ACCUMULATED DEPRECIATION	340,596	56,623	833	(627)	395,759
NET VALUE	94,337	40,062	5,019	(7,016)	122,364

HUF 408 thousands was accounted as extraordinary depreciation due to scrapping.

HUF 26,236 thousands was activated as direct cost of research and development.

In line with the change of the accounting law, current year purchases of softwares are represented in the reclassification of concessions, licenses and similar rights and assets.

3.2 Tangible assets

5. Table: Movement table of tangible assets

Description	January 1, 2005	Increase	Decrease	Reclassification	December 31, 2005
Land and buildings and rights to immovable	1,537,762	27,785	1,563,587	-	1,960
Plant and machinery, vehicles	3,299,842	777,222	202,896	(707)	3,873,461
Other equipment, fixtures and fittings, vehicles	726,134	66,104	6,784	8,350	793,804
Assets in course of construction	112,415	767,654	871,111	-	8,958
Payment on account	33,898	-	32,398	-	1,500
Adjusted value of tangible assets	-	-	-	-	-
GROSS VALUE	5,710,051	1,638,765	2,676,776	7,643	4,679,683
Land and buildings and rights to immovable	158,563	16,279	174,842	-	-
Plant and machinery, vehicles	2,317,507	322,228	158,228	(3,012)	2,478,495
Other equipment, fixtures and fittings, vehicles	511,388	89,139	6,738	3,639	597,428
Assets in course of construction	-	-	-	-	-
Payment on account	-	-	-	-	-
ACCUMULATED DEPRECIATION	2,987,458	427,646	339,808	627	3,075,923
NET VALUE	2,722,593	1,211,119	2,336,968	7,016	1,603,760

The balance of land and buildings and immovable has decreased significantly in 2005 due to the spinoff and removal from books of real estates.

Out of the current year capital projects, the purchase of equipment to the improvement of card production operation in value of HUF 500 million has to be mentioned, to which the Company won subsidy of HUF 150 million on the GVOP³ tender. The Company's development efforts included the purchase of chip embedding, laminating and hologramming machines, a sheet-fed presses, a screen printing machine, and card personalization, chip and magnetic stripe encoding equipment.

Beside sales and reclassifying of plant, machinery and equipment, decrease of HUF 71,158 thousands in gross value and HUF 48 thousands in net value was accounted due to scrapping.

The most significant item of the assets in course of construction is a spinning equipment in value of HUF 7.4 million.

³ EU subsidy, GVOP stands for the Hungarian abbreviation of Operative Project for Economic Competitiveness (project of the Ministry of Economic and Transport).

3.3 Financial assets

6. Table: Movement table of financial assets

Description	January 1, 2005	Increase	Decrease	December 31, 2005
Long-term participations in affiliated undertakings	457,461	26,005	15,302	468,164
Other long-term participations	5,230	-	280	4,950
Other long-term loans	6,919	-	1,544	5,375
GROSS VALUE	469,610	26,005	17,126	478,489
Long-term participations in affiliated undertakings	29,328	-	-	29,328
Other long-term participations	280	-	280	-
Other long-term loans	-	-	-	-
LOSS IN VALUE	29,608	-	280	29,328
NET VALUE	440,002	26,005	16,846	449,161

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

Investment	Investments'	
	purchase value	nominal value
Gyomai Kner Nyomda Zrt.	290,596	185,620
Specimen Rt.	109,477	80,200
Slovak Direct (Slovakian)	12,569	12,569
Tipo Direct (Romanian)	14,725	14,725
Direct Services (Bulgarian)	11,385	11,385
Állami Nyomda Kft (Russian)	84	84
Nyomdaipari Épülethasznosító Rt.	4,950	4,950
Total:	443,786	309,533

According to the equity valuation of the investments, the net book value of the investments is not higher than the fair market value of them, so the company did not account any loss in value in 2005 on the investments.

The Company sold its shares in Preventív Security Rt. (26.53%) during the year.

The value of Environ Kft., which was represented at value of HUF 0 due to the accounted loss in value, was cancelled from the books, as the liquidation process has been finished.

In order to realize the long term strategy, the Company has founded subsidiaries in Romania, Bulgaria, Slovakia and Russia, so the balance of long term participations in affiliated undertakings increased by HUF 26,005 thousands.

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

3.4 Receivables

8. Table: Receivables

Description	FY 2004	FY 2005	Change	Change %
Receivables (trade debtors)	1,535,915	2,240,538	704,623	45.88%
- domestic debtors	1,514,420	2,214,232	699,812	46.21%
- foreign debtors	58,185	67,741	9,556	16.42%
- write-off	(36,690)	(41,435)	(4,745)	12.93%
Receivables from affiliated undertakings	10,509	226,777	216,268	2057.93%
- subsidiary with direct control	10,485	226,777	216,292	2062.87%
- joint companies	24	-	(24)	-100.00%
Other receivables	102,864	148,248	45,384	44.12%
Tax receivables	28,768	86,977	58,209	202.34%
Receivables from employees	60,138	46,532	(13,606)	-22.62%
Debit balance creditors	1,628	772	(856)	-52.58%
Other	12,330	13,967	1,637	13.28%
Total:	1,649,288	2,615,563	966,275	58.59%

The balance of trade accounts receivables is HUF 2,241 million, which became higher by 46% compared to previous year, due to the commencement of projects won in the last quarter.

Receivables from affiliated undertakings rose, because the Company had significant turnover with the subsidiaries founded last year, resulting in HUF 140 million trade receivables towards them.

Increase compared to prior year data in other receivables can be explained by HUF 63 million overpayment in corporate income tax.

3.5 Securities

9. Table: Securities

Description	January 1, 2005	Increase	Decrease	December 31, 2005
Participations in affiliated undertakings	29,893	-	29,893	-
Own shares and own partnership shares	5,180	791,017	796,197	-
GROSS VALUE	35,073	791,017	826,090	-
Participations in affiliated undertakings	-	-	-	-
Own shares and own partnership shares	-	-	-	-
LOSS IN VALUE	-	-	-	-
Participations in affiliated undertakings	29,893	-	29,893	-
Own shares and own partnership shares	5,180	791,017	796,197	-
NET VALUE	35,073	791,017	826,090	-

All the shares in Schwabo Rt., represented among securities, has been sold.

10. Table: Repurchased treasury shares

Description	Shares	Nominal value	Purchase value
January 1, 2005	4,370*	4,380	5,180
Shares given to private individuals	(4,370)*	(4,380)	(5,180)
Repurchase from owners	147,900*	147,900	791,017
Sales on Budapest Stock Exchange	(147,900)	(147,900)	(791,017)
December 31, 2005	-	-	-

*: Number of repurchased shares series of "A" and "C" is ten times higher than number of shares as at December 31, 2004, as nominal value has been changed in 2005

Állami Nyomda acquired 10% of its ordinary shares from Bazille Investment Limited in March 2005, which were sold in the form of a public sale during the stock exchange listing. The net gain realized on this transaction was HUF 37,223 thousands.

3.6 Prepayments and accrued income

11. Table: Prepayments and accrued income

Description	FY 2004	FY 2005	Change	Change %
Accrued income	21,362	49,845	28,483	133.33%
- Interest	21,362	23,952	2,590	12.12%
- Subsidy	-	25,000	25,000	-
- Other	-	893	893	-
Accrued costs, expenses	45,156	47,013	1,857	4.11%
- Rental fee of softwares	12,572	20,710	8,138	64.73%
- Comission fee	17,377	5,792	(11,585)	-66.67%
- Visa card project	1,287	5,651	4,364	339.08%
- Fee related to photo processing	6,811	2,620	(4,191)	-61.53%
- Other	7,109	12,240	5,131	72.18%
Deferred expenses	-	-	-	-
Total	66,518	96,858	30,340	45.61%

The Company has won HUF 25 million from the Ministry of Economic and Transport with no repayment obligation connected to the cost reimbursement for the stock exchange listing.

3.7 Equity

12. Table: Equity movement table

Description	Share capital	Capital reserve	Accumulated profit reserve	Tied-up reserve	Profit or loss for the year
Value as at January 1, 2005	1,479,465	820,878	1,288,737	539,363	-
Increase	-	-	1,300,490	249,384	948,157
- creating development reserve	-	-	-	237,000	-
- increase of tied-up reserve	-	-	-	12,384	-
- resolving development reserve	-	-	509,476	-	-
- other, treasury shares	-	-	791,014	-	-
- current year profit (loss)	-	-	-	-	948,157
Decrease	29,589	570,192	1,824,181	514,656	-
- decreasing registered capital	29,589	-	-	-	-
- decreasing reserves with registered capital	-	570,192	788,964	-	-
- resolving development reserve	-	-	-	509,476	-
- reclassifying to tied-up reserve	-	-	249,384	-	-
- other, treasury shares	-	-	785,833	5,180	-
Value as at December 31, 2005	1,449,876	250,686	765,046	274,091	948,157

13. Table: Changes in tied-up reserve

Description	FY 2004	FY 2005	Change	Change %
Net value of capitalized start-up and restructuring costs	8,364	8,781	417	5.0%
Net capitalized value of research and development	14,851	26,818	11,967	80.6%
Repurchased treasury shares	5,180	-	(5,180)	-100.0%
Development reserve	510,968	238,492	(272,476)	-53.3%
Total tied-up reserve:	539,363	274,091	(265,272)	-49.2%

The fell in share capital occurred due to the spin-off of real estates to the HFP Ingatlanhasznosító Rt. Also the balance of capital reserve and accumulated profit reserve decreased as the effect of the same transaction. The Company took advantage of the corporate tax law and raised development reserve in amount of HUF 237 million. The capital projects connected to the development reserve raised in previous years has been activated.

3.8 Provisions

14. Table: Provisions

Description	FY 2004	FY 2005	Change
Provisions for expected liabilities	4,008	4,704	696
- Other provisions for expected liabilities	4,008	4,704	696
Provisions for future expenses	-	-	-
Other provisions	-	-	-
Total:	4,008	4,704	696

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

3.9 Subordinated liabilities

The Company has no subordinated liabilities.

3.10 Long term liabilities

15. Table: Long term liabilities

Description	Value	
	In EUR	In HUF thousands
Long term liabilities as at January 1, 2005		77
Taking out the loan	4,000,000	1,011,200
Repayment in 2005	666,667	165,154
Reclassified to short term liabilities	1,333,333	336,973
Year end revaluation		(3,690)
Long term liabilities as at December 31, 2005	2,000,000	505,460

The Company took out a 3-year medium term loan in amount of EUR 4 million, which earns interest on a EURIBOR basis.

3.11 Short term liabilities

16. Table: Short term liabilities

Description	FY 2004	FY 2005	Change	Change %
Short-term loans	-	-	-	-
Other short-term credits	-	416,551	416,551	-
Advances received from customers	3,704	8,247	4,543	122.65%
Accounts payable (trade creditors)	561,422	956,440	395,018	70.36%
- domestic creditors	436,142	659,205	223,063	51.14%
- foreign creditors	125,280	297,235	171,955	137.26%
Short-term liabilities to affiliated undertakings	1,063,224	141,424	(921,800)	-86.70%
Trade creditors	1,063,224	141,424	(921,800)	-86.70%
- Subsidiary with direct control	1,026,430	-	(1,026,430)	-100.00%
- Subsidiary with majority control	32,827	141,424	108,597	330.82%
- Joint companies	3,967	-	(3,967)	-100.00%
Short-term liabilities to independent undertakings	-	-	-	-
Other short-term liabilities	570,931	453,919	(117,012)	-20.49%
- tax liability	325,000	371,396	46,396	14.28%
- liability against employees	46,091	48,125	2,034	4.41%
- other receivables reclassified	8,067	239	(7,828)	-97.04%
- other liabilities	191,773	34,159	(157,614)	-82.19%
Total:	2,199,281	1,976,581	(222,700)	-10.13%

The short term part of the long term foreign currency credit is disclosed in the balance of short term credits, as well as the year end balance of the overdrafts.

The balance of trade creditors rose by 70.4% due to the raw material purchases at year end, and to the longer payment periods.

Dividend approved for the year 2004 was paid in 2005, therefore short term liabilities to affiliated undertakings and other short term liabilities fell significantly compared to previous year.

3.12 Accruals and deferred income

17. Table: Accruals and deferred income

Description	FY 2004	FY 2005	Change	Change %
Deferred income	3,591	3,230	(361)	-10.05%
- OCR identifying system	3,591	3,230	(361)	-10.05%
Deferred costs, expenses	249,240	187,089	(62,151)	-24.94%
- Bonus and its contributions	195,888	166,320	(29,568)	-15.09%
- Bank interests	-	8,551	8,551	-
- Trade creditors' invoices	8,613	4,444	(4,169)	-48.40%
- Taxes on representation costs	6,700	2,900	(3,800)	-56.72%
- Costs of archiving	21,521	-	(21,521)	-100.00%
- Subcontractor, fee for lease-work	8,100	-	(8,100)	-100.00%
- Other	8,418	4,874	(3,544)	-42.10%
Accrued income	-	136,769	136,769	-
- EU subsidy	-	136,769	136,769	-
Total:	252,831	327,088	74,257	29.37%

The EU subsidy received for the improvement of the chip card production in amount of HUF 150 million was accrued and the proportional part connected to the depreciation was reversed.

4 Explanations to the profit or loss statement

4.1 Ordinary revenues

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

Description	Value in HUF millions
Security forms and solutions	3,297
Card production and personalization	2,392
Business and administrative forms, personalization, data processing	2,752
Traditional printing products	760
Other	527
Total:	9,728

19. Table: Sales of different regional markets

Description	Value in HUF thousands
Domestic sales	9,222,822
Sales within the EU	244,339
Austria	20,032
Czech Republic	148,411
Poland	45,334
Germany	344
Slovakia	26,741
Spain	1,551
The Netherlands	1,926
Export outside the EU	260,529
Bulgaria	9,967
Croatia	779
Kosovo	25,904
Romania	138,113
Switzerland	11,399
Ukraine	69,985
Albania	4,059
Brazil	323
Total:	9,727,690

20. Table: Other income

Description	FY 2004	FY 2005	Change	Change %
Other income:				
- reversed loss in value - inventories	3,406	11,704	8,298	243.63%
- reversed loss in value - trade receivables	21,331	19,494	(1,837)	-8.61%
- revenue from sales of fixed assets	3,844	31,460	27,616	718.42%
- income from settlement of damages	6,664	4,875	(1,789)	-26.85%
- utilization of provision	2,972	-	(2,972)	-100.00%
- subsidies received for operating purposes	1,476	25,000	23,524	1593.77%
- rebate received	585	11,770	11,185	1911.97%
- other not classified	1,538	8,595	7,057	458.84%
Total:	41,816	112,898	71,082	169.99%

21. Table: Subsidies

Description in HUF thousands	Received subsidy	
	in amount	in year
Subsidies received without repayment obligation		
- GVOP EU subsidy	150,000	2005
- Listing to Stock Exchange (from Ministry of Economic and Transport)	25,000	2005
- Due to employment of reduced ability persons	302	2005
Total:	175,302	

4.2 Ordinary costs

22. Table: Other expenditures

Description	FY 2004	FY 2005	Change	Change %
Other expenditures:				
- local operational tax	137,555	126,112	(11,443)	-8.32%
- book value of assets sold	379	32,666	32,287	8519.00%
- inventory scrap, loss in value	33,310	30,538	(2,772)	-8.32%
- write-off receivables	31,559	24,239	(7,320)	-23.19%
- taxes (without local operational tax)	20,989	20,476	(513)	-2.44%
- late payment interest	6,496	8,811	2,315	35.64%
- extraordinary depreciation	6,667	408	(6,259)	-93.88%
- other	10,740	2,900	(7,840)	-73.00%
Total:	247,695	246,150	(1,545)	-0.62%

4.3 Extraordinary profit

23. Table: Extraordinary profit

Description	FY 2004	FY 2005	Change	Change %
Extraordinary income:				
- subsidy for development	-	13,231	13,231	-
- contribution in kind	6,891	-	(6,891)	-100.00%
- acquiring assets for no refund	618	360	(258)	-41.75%
- other	1,600	302	(1,298)	-81.13%
Total:	9,109	13,893	4,784	52.52%
Extraordinary expenditure:				
- net book value of contribution in kind	21,977	-	(21,977)	-100.00%
- donation given	10,850	4,043	(6,807)	-62.74%
- remitted receivables	55	-	(55)	-100.00%
- transmitting assets for no refund	-	731	731	-
- other	1,275	1,693	418	32.78%
Total:	34,157	6,467	(27,690)	-81.07%
Extraordinary profit or (loss)	(25,048)	7,426	32,474	-129.65%

4.4 Corporate income tax

24. Table: Corporate tax base modifying items

Description	FY 2004	FY 2005
Profit before tax:	1,263,547	1,036,154
depreciation according to accounting law	536,454	483,860
write-off receivables, prior year decreasing	10,505	22,840
write-off receivables, increase according to accounting law	31,559	24,238
other	37,866	11,274
Tax base increasing items total:	616,384	542,212
depreciation according to tax law	529,556	485,385
creation of development reserve	316,240	237,000
dividend received	-	106,520
50% of taxes paid to local municipality	34,389	63,160
subsidies received without repayment obligation	2,094	38,231
write-off receivables, decrease according to accounting law	22,840	19,493
write-off receivables, according to tax law	8,714	10,282
50% of gain on sales of shares	-	18,612
current year costs of research and development	24,309	14,269
other	37,064	11,477
Tax base decreasing items total:	975,206	1,004,429
Tax base:	928,681	573,937
- calculated tax	148,589	91,830
- correction related to previous years		(3,833)
Profit after tax:	1,114,958	948,157
Dividend paid from accumulated profit reserve	99,265	
Approved dividend	1,214,223	
Profit or (loss) for the year:	0	

5 Supplementary information

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

5.1 Research and development

The company has two significant R&D area:

- 1, R&D projects included in the activity of the Document Security Laboratory
- 2, The development of products has a significant role relating to new tenders.

The direct cost of basic research, applied research and experimental development incurred in the current year is HUF 26,236 thousands.

5.2 Environment protection

The company has ISO 14001:1996 Environmental Control System certificated audited by Det-Norske Veritas. The expiry date of the certification is June 22, 2007. The environmental certificate covers the following fields: printed products, security products, plastic cards, development, production and sales of document security materials as well as archiving, data processing, intelligent card chip implantation and encoding.

Dangerous waste is continuously eliminated after leaving the company sites. In 2005, 35,534 kg dangerous waste was transported and eliminated.

5.3 Personal type of expenditures and headcounts

25. Table: Average statistical number of full time employees

Number of employees	FY 2004	FY 2005
Physical employees	421	381
Intellectual employees	120	131
Total number of employees:	541	512

26. Table: Payroll costs

Description	FY 2004	FY 2005
Wages and salaries of physical employees	756,080	761,838
Wages and salaries of non-physical employees	681,873	729,701
Other wages and salaries	181,631	183,508
Total salaries and wages	1,619,584	1,675,047

27. Table: Other personal type expenditures, contributions

Description	FY 2004	FY 2005
- motivational	16,808	20,098
- social	32,860	36,660
- cost reimbursement	53,170	59,334
- other	49,280	40,833
Total other personal type expenditures	152,118	156,925
Social security contributions	502,965	515,758
Other contributions		
- employer's contribution	49,405	51,024
- rehabilitation contribution	1,574	1,548
- vocational contribution	20,794	18,748

28. Table: Fees paid related to managing the Company

Description	FY 2004	FY 2005
Fees paid to the Members of Supervisory Board	5,808	6,282

5.4 Liabilities due over 5 years

5.5 Details of listed shares

29. Table: Structure of shares

Number Mark	Description	Number of shares	Nominal value	Amount (in HUF thousands)	Stake	Voting right
A	Shares traded on the Budapest Stock Exchange	1,396,520	980	1,368,590	94.39%	100.00%
B	Employee shares	9,475	980	9,285	0.64%	Without voting right
C	Employee shares	73,470	980	72,001	4.97%	Without voting right
		1,479,465		1,449,876	100.00%	100.00%

The share series "B" and "C" are shares with dividend preference, to which no voting right is connected. At the spin-off of HFP Ingatlanhasznosító Rt. shares in value of HUF 29,589 thousands were transmitted, of which were shares of series "A" with voting right in value of HUF 27,746 thousands .

5.6 Out of balance sheet items

30. Table: Out of balance sheet items

Description	Value
Raiffeisen Bank Rt, Collateral, Gyomai Kner Nyomda Zrt	130,000
Raiffeisen Bank Rt, Bank guarantee, GVOP	180,000
Raiffeisen Bank Rt, Bank guarantee, Concorde Értékpapír Rt	150,000
Raiffeisen Bank Rt, Bank guarantee to different tenders	53,569
Total:	513,569

The collateral in value of HUF 130 million to Gyomai Kner Nyomda Zrt. is covering the overdraft limit. The bank guarantee of HUF 180 million to GVOP is connected to the subsidy of HUF 150 million with no repayment obligation. The bank guarantee of Concorde Értékpapír Rt in value of 150 million occurred due to the stock exchange listing. The credit institute provided bank guarantee to the different domestic and foreign tenders in value of HUF 54 million.

5.7 Cash-flow

	In HUF thousands	FY 2004	FY 2005	Change %
	Profit before tax	1,263,547	1,036,154	-18.0%
	- Transmitting treasury shares to employees with no	-	5,180	-
	- Dividend paid	-	(25,857)	-
	- Acquiring / transmitting assets with no refund	(618)	3,125	-605.7%
	- Other income of development reserve	-	(13,231)	-
	- Difference of contribution in kind	15,086	-	-100.0%
	- Non-repayable assets received	(1,476)	-	-100.0%
	- Non-repayable assets transferred	10,850	-	-100.0%
1.	Adjusted profit before tax	1,287,389	1,005,371	-21.9%
2.	Accounted depreciation	507,431	483,860	-4.6%
3.	Accounted loss in value	46,799	(24,440)	-152.2%
4.	Difference between formation and utilization of provi-	1,036	696	-32.8%
5.	Fixed assets sold	(4,164)	2,099	-150.4%
6.	Variation in accounts payable (trade creditors)	91,393	395,018	332.2%
7.	Variation in other short-term liabilities	444,988	(1,134,269)	-354.9%
8.	Variation in accrued and deferred liabilities	71,165	(62,512)	-187.8%
9.	Variation in trade debtors	(754,738)	(699,878)	-7.3%
10.	Variation in current assets (w/o trade debtors and liquid	50,585	(480,448)	-1049.8%
11.	Variation in accrued and deferred assets	902	(30,340)	-3463.6%
12.	Tax paid or payable (on profit)	(148,589)	(88,254)	-40.6%
13.	Dividends, shares paid or payable	(1,214,223)	-	-100.0%
I.	OPERATION CASH-FLOW:	379,974	(633,097)	-266.6%
14.	Purchase of fixed assets	(465,852)	(839,445)	80.2%
15.	Sale of fixed assets	18,844	75,762	302.0%
16.	Dividend received	-	25,857	-
II.	INVESTMENT CASH-FLOW:	(447,008)	(737,826)	65.1%
17.	Receipts from shares issue (capital influx)	-	-	-
18.	Receipts from the issue of bonds and securities signify-	-	-	-
19.	Borrowings	150,000	1,230,640	720.4%
20.	Repayment, termination or redemption of long-term	150	1,467	878.0%
21.	Non-repayable assets received	1,476	150,302	10083.1%
22.	Cancellation of shares, disinvestments (capital reduc-	-	-	-
23.	Redeemed bonds and securities signifying a creditor	-	-	-
24.	Loan installment payments	(150,000)	(208,629)	39.1%
25.	Long-term loans and bank deposits	-	-	-
26.	Non-repayable assets transferred	(10,850)	(4,043)	-62.7%
27.	Variation in liabilities due to founders and in other long-	-	-	-
III.	FINANCIAL CASH-FLOW:	(9,224)	1,169,737	-12781.5%
IV.	VARIATION OF FINANCIAL ASSETS:	(76,258)	(201,186)	163.8%
	Cash and equivalents at the beginning of the period	856,716	780,458	-8.9%
	Cash and equivalents at the end of the period	780,458	579,272	-25.8%

5.8 Financial indices

31. Table: Liquidity, financial and other efficiency indices

Description		FY 2004	FY 2005	Change %
A	Current assets	3,261,190	4,229,546	29.69%
B	Inventories	796,371	1,034,711	29.93%
C	Trade receivables	1,535,915	2,240,538	45.88%
D	Cash and equivalents	780,458	579,272	-25.78%
E	Equity	4,128,443	3,687,856	-10.67%
F	Short term liabilities	2,199,281	1,976,581	-10.13%
G	Trade creditors	561,422	956,440	70.36%
H	Total equity and liabilities	6,584,640	6,501,689	-1.26%
I	Net sales	9,969,107	9,727,690	-2.42%
J	Material type expenditures	5,675,296	5,988,560	5.52%
K	Operating (trading) profit	1,205,408	912,374	-24.31%
L	Average statistical number of employees	541	512	-5.36%
Liquidity indices:				
Short term liquidity I.: (A / F)		1.48	2.14	44.59%
Short term liquidity II.: ((A – B) / F)		1.12	1.62	44.64%
Quick ratio: (D / F)		0.35	0.29	-17.14%
Dynamic liquidity: (K / F)		0.55	0.46	-16.36%
Financial indices:				
Debtors day: ((C _{Current} + C _{Prior}) / 2 * (365 / I))		43	71	65.12%
Creditors day: ((G _{Current} + G _{Prior}) / 2 * (365 / J))		33	46	39.39%
Other efficiency indices:				
Return on net sales: (K / I)		12.09%	9.38%	-22.42%
Return on equity (K / E)		29.20%	24.74%	-15.27%
Net sales headcount ratio (in HUF '000/person): (I / L)		18,427	18,999	3.10%

Budapest, February 3, 2006

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Chief Executive Officer