ÁLLAMI NYOMDA
STATE PRINTING COMPANY

State Printing House Plc.

Annual report

for the year ended December 31, 2009

Deloitte.

Deloitte Auditing and Consulting Ltd.
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INDEPENDENT AUDITORS' REPORT

on the financial statements submitted for the forthcoming General Meeting of Állami Nyomda Nyrt.

To the Shareholders of Állami Nyomda Nyrt.

We have audited the accompanying financial statements of Állami Nyomda Nyrt. (the "Company"), which comprise the balance sheet as at December 31, 2009 - which shows total assets of 8,171,399 thHUF and a retained profit for the year of 915,736 thHUF-, and the related profit and loss account for the year then ended and the supplement comprising a summary of significant accounting policies and other explanatory notes .

Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with Accounting Act and generally accepted accounting principles in Hungary. 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 the financial statements based on our audit. In addition, it is our responsibility to assess whether the accounting information in the Business Report is consistent with that contained in the financial statements.

We also audited the financial statements as of and for the year ended December 31, 2008 and issued an unqualified opinion. Reference is made to our report dated February 6, 2009.

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 certain ethical requirements and that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. The purpose of making those risk assessments

regarding the financial statements is not to express an opinion on the effectiveness of the entity's internal control.

The audit also included 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 financial statements. Our work with respect to the Business Report was limited to checking it within the aforementioned scope, and did not include a review of any information other than that drawn from the audited accounting records of the Company. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Clause:

We have audited the financial statements of Állami Nyomda Nyrt. (Company), including its sections and items and the supporting accounting records and certificates thereof, in accordance with the applicable National Standards on Auditing and have obtained reasonable assurance that the financial statements have been prepared pursuant to the Accounting Act and generally accepted accounting principles.

In our opinion, the financial statements give a true and fair view of the financial position of Állami Nyomda Nyrt. (Company) as at December 31, 2009. The Business Report corresponds to the figures included in the financial statements.

Budapest, February 5, 2010

The original Hungarian version has been signed.

Gion Gábor

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

000083

Horváth Tamás

registered statutory auditor
003449

ÁLLAMI NYOMDA
STATE PRINTING COMPANY

Balance Sheet (in HUF thousands)

	Description	December 31, 2008	December 31, 2009
A.	**FIXED ASSETS**	**3,063,682**	**3,191,794**
I.	**INTANGIBLE ASSETS**	**107,021**	**197,163**
1.	Capitalized start-up and restructuring costs	1,594	886
2.	Capitalized value of research and development	9,262	57,045
3.	Concessions, licenses and similar rights and assets	48,467	55,503
4.	Intellectual property	47,698	63,220
5.	Goodwill	-	20,509
6.	Advances and prepayments on intangible assets	-	-
7.	Adjusted value of intangible assets	-	-
II.	**TANGIBLE ASSETS**	**2,465,752**	**2,414,312**
1.	Land and buildings and rights to immovable	133,915	180,205
2.	Plant and machinery, vehicles	2,070,347	1,964,775
3.	Other equipment, fixtures and fittings, vehicles	213,895	213,965
4.	Breeding stock	-	-
5.	Assets in course of construction	47,595	55,367
6.	Payment on account	-	-
7.	Adjusted value of tangible assets	-	-
III.	**FINANCIAL INVESTMENTS**	**490,909**	**580,319**
1.	Long-term participations in affiliated undertakings	487,019	572,675
2.	Long-term loan to affiliated undertakings	-	-
3.	Other long-term participations	-	-
4.	Long-term loan to independent undertakings	-	-
5.	Other long-term loans	3,890	7,644
6.	Securities signifying a long-term creditor relationship	-	-
7.	Adjusted value of financial investments	-	-

Budapest, 05 February, 2010

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Chief Executive Officer

Balance Sheet
for the year ended December 31, 2009

ÁLLAMI NYOMDA
STATE PRINTING COMPANY

	Description	December 31, 2008	December 31, 2009
B.	**CURRENT ASSETS**	**4,001,334**	**4,902,771**
I.	**INVENTORIES**	**740,517**	**1,758,627**
1.	Raw materials and consumables	387,779	1,487,203
2.	Work in progress, intermediate and semi-finished products	121,810	112,404
3.	Animals for breeding and fattening, other livestock	-	-
4.	Finished products	114,235	127,308
5.	Goods for resale	115,843	31,712
6.	Advances and prepayments on inventories	850	-
II.	**RECEIVABLES**	**1,246,117**	**2,643,135**
1.	Accounts receivable (trade debtors)	1,046,300	2,300,215
2.	Receivables from affiliated undertakings	162,299	54,642
3.	Receivables from independent undertakings	-	-
4.	Bills of exchange receivable	-	-
5.	Other receivables	37,518	288,278
III.	**SECURITIES**	**436,975**	**380,973**
1.	Participations in affiliated undertakings	-	-
2.	Other participations	-	-
3.	Own shares and own partnership shares	436,975	380,973
4.	Securities signifying a creditor relation. for trading purposes	-	-
IV.	**LIQUID ASSETS**	**1,577,725**	**120,036**
1.	Cash in hand, checks	3,113	5,685
2.	Cash at bank	1,574,612	114,351
C.	**PREPAYMENTS AND ACCRUED INCOME**	**51,328**	**76,834**
1.	Accrued income	11,083	41,179
2.	Accrued costs, expenses	40,245	35,655
3.	Deferred expenses	-	-
	TOTAL ASSETS	**7,116,344**	**8,171,399**

Budapest, 05 February, 2010

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Chief Executive Officer

Balance Sheet
for the year ended December 31, 2009

ÁLLAMI NYOMDA
STATE PRINTING COMPANY

	Description	December 31, 2008	December 31, 2009
D.	**SHAREHOLDERS' EQUITY**	**4,152,208**	**5,067,944**
I.	SHARE CAPITAL	1,449,876	1,449,876
	including: ownership shares repurchased at face value	41,209	41,209
II.	SHARE CAPITAL UNPAID	-	-
III.	CAPITAL RESERVE	250,686	250,686
IV.	ACCUMULATED PROFIT RESERVE	955,702	1,262,049
V.	TIED-UP RESERVE	956,871	1,189,597
VI.	REVALUATION RESERVE	-	-
VII.	PROFIT OR LOSS FOR THE YEAR	539,073	915,736
E.	**PROVISIONS**	**4,527**	**3,454**
1.	Provisions for expected liabilities	4,527	3,454
2.	Provisions for future expenses	-	-
3.	Other provisions	-	-
F.	**LIABILITIES**	**2,625,262**	**2,976,535**
I.	**SUBORDINATED LIABILITIES**	**-**	**-**
1.	Subordinated liabilities to affiliated undertakings	-	-
2.	Subordinated liabilities to independent undertakings	-	-
3.	Subordinated liabilities to other economic entities	-	-
II.	**LONG-TERM LIABILITIES**	**229,352**	**127,449**
1.	Long-term loans	-	-
2.	Convertible bonds	-	-
3.	Debts on issue of bonds	-	-
4.	Investment and development credits	-	-
5.	Other long-term credits	-	-
6.	Long-term liabilities to affiliated undertakings	-	-
7.	Long-term liabilities to independent undertakings	-	-
8.	Other long-term liabilities	229,352	127,449
III.	**CURRENT LIABILITIES**	**2,395,910**	**2,849,086**
1.	Short-term loans	-	-
	including: convertible bonds	-	-
2.	Other short-term credits	-	918,217
3.	Advances received from customers	5,899	13,325
4.	Accounts payable (trade creditors)	832,405	1,174,103
5.	Bills of exchange payable	-	-
6.	Short-term liabilities to affiliated undertakings	113,986	409,164
7.	Short-term liabilities to independent undertakings	-	-
8.	Other short-term liabilities	1,443,620	334,277
G.	**ACCRUALS AND DEFERRED INCOME**	**334,347**	**123,466**
1.	Deferred income	1,119	1,016
2.	Deferred costs, expenses	265,308	49,455
3.	Accrued income	67,920	72,995
	TOTAL EQUITY AND LIABILITIES	**7,116,344**	**8,171,399**

Budapest, 05 February, 2010

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Chief Executive Officer

ÁLLAMI NYOMDA
STATE PRINTING COMPANY

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

	Description	FY 2008	FY 2009
01.	Net domestic sales	11,708,366	9,481,630
02.	Net external sales	661,784	1,257,722
I.	**NET SALES REVENUE**	**12,370,150**	**10,739,352**
03.	Change in stocks of finished goods and work in progress	5,614	3,667
04.	Own work capitalized	13,374	58,413
II.	**OWN PERFORMANCE CAPITALIZED**	**18,988**	**62,080**
III.	**OTHER INCOME**	**97,915**	**108,652**
	including: loss in value marked back	76,647	36,748
05.	Cost of raw materials and consumables	3,429,583	2,845,751
06.	Cost of services	1,691,780	1,468,501
07.	Cost of other service activities	57,412	52,377
08.	Cost of goods sold	201,542	325,097
09.	Cost of services sold (intermediated)	1,783,097	1,840,772
IV.	**MATERIAL COSTS**	**7,163,414**	**6,532,498**
10.	Wages and salaries	2,019,057	1,719,378
11.	Other employee benefits	292,036	280,329
12.	Contributions on wages and salaries	704,048	583,962
V.	**STAFF COSTS**	**3,015,141**	**2,583,669**
VI.	**DEPRECIATION**	**554,476**	**606,473**
VII.	**OTHER OPERATING CHARGES**	**305,412**	**196,239**
	including: loss in value	82,192	31,029
A.	**OPERATING (TRADING) PROFIT**	**1,448,610**	**991,205**
13.	Dividends and profit-sharing (received or due)	81,340	109,932
	including: from affiliated undertakings	81,340	109,932
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)	33,659	30,321
	including: from affiliated undertakings	-	-
17.	Other income from financial transactions	66,007	71,352
VIII.	**Income from financial transactions**	**181,006**	**211,605**
18.	Losses on financial investments	-	-
	including: to affiliated undertakings	-	-
19.	Interest payable and similar charges	42,007	35,685
	including: to affiliated undertakings	-	-
20.	Losses on shares, securities and bank deposits	-	56,002
21.	Other expenses on financial transactions	62,260	109,068
IX.	**Expenses on financial transactions**	**104,267**	**200,755**
B.	**PROFIT OR LOSS ON FINANCIAL TRANSACTIONS**	**76,739**	**10,850**
C.	**PROFIT OR LOSS ON ORDINARY ACTIVITIES**	**1,525,349**	**1,002,055**
X.	Extraordinary income	25,545	24,194
XI.	EXTRAORDINARY EXPENSES	21,177	7,570
D.	**EXTRAORDINARY PROFIT OR LOSS**	**4,368**	**16,624**
E.	**PROFIT BEFORE TAX**	**1,529,717**	**1,018,679**
XII.	TAX PAYABLE	206,528	102,943
F.	**PROFIT AFTER TAX**	**1,323,189**	**915,736**
22.	Profit reserves used for dividends and profit-sharing	-	-
23.	Dividends and profit-sharing paid (approved)	784,116	-
G.	**PROFIT OR LOSS FOR THE YEAR**	**539,073**	**915,736**

Budapest, 05 February, 2010

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Chief Executive Officer

ÁLLAMI NYOMDA
STATE PRINTING COMPANY

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

	Description	FY 2008	FY 2009
01.	Net domestic sales	11,708,366	9,481,630
02.	Net external sales	661,784	1,257,722
I.	**TOTAL SALES (REVENUES)**	**12,370,150**	**10,739,352**
03.	Prime cost of sales accounted	5,886,784	5,072,614
04.	Original cost of goods sold	201,542	325,097
05.	Value of services sold (intermediated)	1,783,097	1,840,772
II.	**DIRECT COSTS OF SALES**	**7,871,423**	**7,238,483**
III.	**GROSS INCOME FROM SALES**	**4,498,727**	**3,500,869**
06.	Sales and marketing costs	325,238	261,849
07.	Administration costs	2,370,287	2,012,480
08.	Other general overhead	147,095	147,748
IV.	**INDIRECT COAST OF SALES**	**2,842,620**	**2,422,077**
V.	**OTHER INCOME**	**97,915**	**108,652**
	including: loss in value marked back	76,647	36,748
VI.	**OTHER OPERATING CHARBGES**	**305,412**	**196,239**
	including: loss in value	82,192	31,029
A.	**INCOME FROM OPERATIONS**	**1,448,610**	**991,205**
13.	Dividends and profit-sharing (received or due)	81,340	109,932
	including: from affiliated undertakings	81,340	109,932
14.	Capital gains on investments	-	0
	including: from affiliated undertakings	-	0
15.	Interest and capital gains on financial investments	-	0
	including: from affiliated undertakings	-	0
16.	Other interest and similar income (received or due)	33,659	30,321
	including: from affiliated undertakings	-	0
17.	Other income from financial transactions	66,007	71,352
IX.	**Income from financial transactions**	**181,006**	**211,605**
18.	Losses on financial investments	-	-
	including: to affiliated undertakings	-	-
19.	Interest payable and similar charges	42,007	35,685
	including: to affiliated undertakings	-	-
20.	Losses on shares, securities and bank deposits	-	56,002
21.	Other expenses on financial transactions	62,260	109,068
X.	**Expenses on financial transactions**	**104,267**	**200,755**
B.	**PROFIT OR LOSS ON FINANCIAL TRANSACTIONS**	**76,739**	**10,850**
C.	**PROFIT OR LOSS ON ORDINARY ACTIVITIES**	**1,525,349**	**1,002,055**
XI.	Extraordinary income	25,545	24,194
XII.	EXTRAORDINARY EXPENSES	21,177	7,570
D.	**EXTRAORDINARY PROFIT OR LOSS**	**4,368**	**16,624**
E.	**PROFIT BEFORE TAX**	**1,529,717**	**1,018,679**
XIII.	TAX PAYABLE	206,528	102,943
F.	**PROFIT AFTER TAX**	**1,323,189**	**915,736**
22.	Profit reserves used for dividends and profit-sharing	-	0
23.	Dividends and profit-sharing paid (approved)	784,116	0
G.	**PROFIT OR LOSS FOR THE YEAR**	**539,073**	**915,736**

Budapest, 05 February, 2010

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Chief Executive Officer

ÁLLAMI NYOMDA
STATE PRINTING COMPANY

State Printing House Plc.

Supplementary Notes

for the year ended December 31, 2009

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1 General information

1.1 General information on the Company

Company name:	State Printing House Public Company Limited by Shares
Abbreviate company name:	State Printing House 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:	3rd October 1992
Share capital of the Company:	The Company's share capital is HUF 1,449,875,700, of which HUF 350,000,000 is cash contribution, while HUF 1,099,875,700 is non-cash contribution

Place of publishing the announcements:

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

Members of the Board of Directors of the Company:

Dr. Ákos Erdős (chairman)
György Gyergyák (vice-chairman)
Dr. Mihály Arnold
Dr. György Festetics (until May 31, 2009)
Doffek Tamás (from May 31, 2009)
Péter Heim
Gábor Zsámboki

Members of the Supervisory Board of the Company:

Dr. Tamás Sárközy
Dr. Istvánné Gömöri (vice-chairman)
Ferenc Berkesi
Dr. Imre Repa
Dr. István Stumpf
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 0000093257

Name and address of the persons authorized to represent the Company, and to sign the annual report: Gábor Zsámboki, Chief Executive Officer,
1028 Budapest, Csokonai utca 22.

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

Tamás Karakó, Chief Financial Officer,
3956 Viss, Ady Endre u. 5-7.

1.2 The activities and the history of the Company

1.2.1 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.

1.2.2 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 street 1-3. in Budapest's 10th district.

Állami Nyomda carried out additional developments at its Fátyolka street plant in 2000, creating the conditions for manufacturing chip cards. In 2004 the Company won a HUF 150 million non-refundable grant – in part funded by the European Union – to further improve its chip card production. In 2002 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 since 2006 it has certification to produce EMV bank cards. In 2002 the Company became a certified supplier to NATO. Since 2003 it has been operating in compliance with one of the most comprehensive information protection standards, ISO/IEC 27001.

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

1. Table: Structure of the Shareholders

Shareholders	Total equity					
	Beginning of period (1 January 2009)			End of period (31 December 2009)		
	%[1]	%[2]	Shares	%[1]	%[2]	Shares
Domestic institutions	38.72%	39.86%	5,729,516	40.03%	41.19%	5,921,525
Foreign institutions	37.95%	39.06%	5,614,778	32.16%	33.11%	4,758,600
Domestic private individuals	10.25%	10.55%	1,516,064	9.46%	9.73%	1,399,098
Foreign private individuals	0.31%	0.32%	45,714	0.05%	0.05%	7,685
Employees, managing officials	9.06%	9.32%	1,339,987	8.15%	8.39%	1,205,425
Own shares	2.84%	0.00%	420,500	2.84%	0.00%	420,500
Other	0.87%	0.89%	128,091	7.31%	7.53%	1,081,817
TOTAL:	**100.00%**	**100.00%**	**14,794,650**	**100.00%**	**100.00%**	**14,794,650**

[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, 2009.

2. Table: Structure of shareholders over 5% share

Name	Voting right (%)	Ownership interest (%)
Shareholders over 5% share		
EG Capital SA	24.78%	24.07%
Aegon Közép-Európai Részvény Befektetési Alap	9.09%	8.83%
Aegon Mo. MPT Aegon Vagyonkezelés	8.55%	8.31%
Genesis Emerging Markets Opportunities Fund Limited	6.71%	6.52%
Other shareholders below 5% share		
Domestic institutions	23.55%	22.89%
Foreign institutions	1.62%	1.57%
Domestic private individuals	9.73%	9.46%
Employees, senior officers	0.05%	0.05%
Employees, managing officials	8.39%	8.15%
Own shares	0.00%	2.84%
other	7.53%	7.31%

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

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

The Chairman of the Board of Directors of State Printing House Plc and the Vice-chairman of the Supervisory Board, as owners of EG Capital SA. and Láng Vagyonkezelő Zrt. have an indirect ownership of 3,714,210 shares which equals 25.84% voting right.

AEGON Magyarország Befektetési Alapkezelő Zrt., as portfolio manager authorized with voting right has control all over the ordinary shares of State Printing House Plc. owned in the AEGON Group. Therefore AEGON Magyarország Befektetési Alapkezelő Zrt. has cumulated voting right of 28.51%.

1.3 Main parts of the accounting policy

According to the Act of Accounting Section no. 12, paragraph no. 3, State Printing House Plc. prepares double-entry bookkeeping. State Printing House Plc. meets its reporting obligation by preparing the annual report. The cut-off date of the annual report is December 31, 2009. Balance sheet preparation date is January 15, 2010.

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, State Printing House Plc. records concessions, licenses, similar rights, intellectual properties and tangible assets under purchase value of HUF 100,000 in one amount as depreciation cost at the time of put into use.

Inventory valuation

Inventories are valuated 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 valuated 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

Due to the changes in shareholders' structure, State Printing House Plc. is obliged to prepare a consolidated annual report of the Group since 2005. When preparing the consolidated annual report, Gyomai Kner Nyomda Zrt., Specimen Zrt., Security Audit Kft., Slovak Direct S.r.o., Tipo Direct S.r.l.

(Romanian) and Direct Services O.o.d (Bulgarian) and Technoprogress Kft are considered to be subsidiaries, while The consolidated annual report is prepared according to the International Financial Reporting Standards.

1.4 Significant achievements, events in 2009

Net sales revenue amounted to HUF 10,739 million in 2009, out of which export sales totalled HUF 1.258 million. Operating income came to HUF 991 million, an decrease of HUF 457 million (31.6%) compared to the previous year. Income before tax was HUF 1,019 million while EBITDA amounted to HUF 1,598 million. Net income after financial operations, extraordinary profit and taxation was HUF 916 million.

Operating income is to HUF 991 million, an decrease of HUF 457 million compared to 2008. The rise in operating income was mainly due to the lower sales revenue and the unfavourable change in the composition of product structure.
Gross profit totalled HUF 3,501 million, which means a 32.6% gross margin. General (SG&A) expenses amounted to HUF 2,422 million in 2009, which equals 22.6% of net sales. Material expenses decreased by 8.8% (HUF 631 million) in 2009, mainly as a result of decreasing sales volumes.

In 2009, interest expenses paid after loans taken by the Company fell while dividends received from subsidiaries and foreign exchange loss increased. HUF 56 million loss in value was accounted after repurchased treasury shares due to lasting difference between the registered and market price. As a result, income from financial activities amounted to HUF 11 million in 2009, a drop of HUF 66 million year-on-year.
Income tax expense amounted to HUF 103 million in 2009, which means a drop of HUF 104 million due to decreasing profit.

Profit after tax came to HUF 916 million, HUF 407 million lower compared to the prior year.
The financial crisis influenced the Company's sales revenue and profit in 2009. The decline in the sales revenue of product segments with higher value added like security products and solutions, card manufacturing and personalisation contributed to the larger scale drop in profit. The lower sales revenue of these two product segments was mainly caused by the significant decrease in volume of products connected to the vehicle industry and the decline in solvent demand. Despite all these factors, the Company could keep its profitability due to strict cost management.

At the same time, this year we placed huge emphasis on keeping the security standard needed for operations and international audits, keeping the necessary human resources and we carried on with

developments needed to realize longer-term strategic goals which may contribute to the profitable operation of the Company in the future.

1.5 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 2009	Total equity	Qualification based on HAL[1]
Gyomai Kner Nyomda Zrt.	Gyomaendrőd	2009	98.98%	98.98%	200,000	413,322	276,919	890,241	Subsidiary
Specimen Papír és Nyomdaipari Zrt.	Budapest	2009	90.00%	90.00%	100,000	43,097	9,603	152,700	Subsidiary
Slovak Direct S.r.o	Bratislava	2009	100.00%	100.00%	17,297	3,866	1,793	22,956	Subsidiary
Security Audit Kft.[2]	Budapest	2009	72.00%	72.00%	5,000	3,324	1,632	9,956	Subsidiary
Állami Nyomda O.o.o	Moszkva	2009	100.00%	100.00%	64	-	-	-	Subsidiary
Technoprogress Kft	Budapest	2009	100.00%	100.00%	5,000	(1,248)	15,957	19,709	Subsidiary
Tipo Direct S.r.l	Cluj-Napoca	2009	50.00%	50.00%	30,622	58,790	19,250	108,662	Subsidiary
Direct Services O.o.d	Sofia	2009	50.00%	50.00%	79,300	46,551	51,189	177,040	Subsidiary

(*) Considering the stake of Állami Nyomda Nyrt. in Specimen Zrt., the indirect ownership interest is (90.0*80.0) 72.0%

The structure of Állami Nyomda Group has changed effective from 1st January 2009 due to a co-operational agreement with the co-owners of both foreign joint ventures. According to the co-operational agreements, State Printing House Plc governs and controls the joint-ventures (TipoDirect S.R.L. and Direct Services O.O.D.) included in the consolidation in 50% up till the end of 2008 and treats them from 1st January 2009 in the consolidation as 100% subsidiaries hereafter.

Our Company increased its share to 98.98% ownership ratio in Gyomai Kner Nyomda Zrt. At our Bulgarian subsidiary, Direct Services O.O.D., the equity was raised by HUF 8,513 thousands. The Company acquired 100% share in Technoprogress Kft. in 2009.

[1] Hungarian Accounting Law (Act C. of 2000)

2 Explanations for the balance sheet items

2.1 Intangible assets

4. Table: Movement table of intangible assets

Description	January 1, 2009	Increase	Decrease	Reclassification	December 31, 2009
Capitalized start-up and restructuring costs	54,053	-	-	-	54,053
Capitalized value of research and development	112,379	53,030	-	-	165,409
Concessions, licenses and similar rights and assets	145,808	34,591	-	-	180,399
Intellectual property	367,501	31,520	-	-	399,021
Goodwill	-	20,509	-	-	20,509
Advances and prepayments on intangible assets	-	-	-	-	-
Adjusted value of intangible assets	-	-	-	-	-
GROSS VALUE	**679,741**	**139,650**	**-**	**-**	**819,391**
Capitalized start-up and restructuring costs	52,459	708	-	-	53,167
Capitalized value of research and development	103,117	5,247	-	-	108,364
Concessions, licenses and similar rights and assets	97,341	27,555	-	-	124,896
Intellectual property	319,803	15,998	-	-	335,801
Goodwill	-	-	-	-	-
Advances and prepayments on intangible assets	-	-	-	-	-
ACCUMULATED DEPRECIATION	**572,720**	**49,508**	**-**	**-**	**622,228**
NET VALUE	**107,021**	**90,142**	**-**	**-**	**197,163**

The growth in the gross value of intangible assets was primarily the result of the HUF 53.030 research and development value connected to nanotechnology researches and software sales. Connected to the acquisition of 100% ownership in Technoprogress Kft., the HUF 20,509 thousands difference in the purchasing price and the value of shareholders' equity falling to the investment was stated.

2.2 Tangible assets

5. Table: Movement table of tangible assets

Description	January 1, 2009	Increase	Decrease	Reclassification	December 31, 2009
Land and buildings and rights to immovable	144,696	56,558	-	-	201,254
Plant and machinery, vehicles	5,559,463	370,510	22,388	-	5,907,585
Other equipment, fixtures and fittings, vehicles	937,936	70,684	1,630	-	1,006,990
Assets in course of construction	47,595	505,382	497,610	-	55,367
Payment on account	-	46,415	46,415	-	-
Adjusted value of tangible assets	-	-	-	-	-
GROSS VALUE	**6,689,690**	**1,049,549**	**568,043**	**-**	**7,171,196**
		-	-	-	
Land and buildings and rights to immovable	10,781	10,268	-	-	21,049
Plant and machinery, vehicles	3,489,116	476,082	22,388	-	3,942,810
Other equipment, fixtures and fittings, vehicles	724,041	70,614	1,630	-	793,025
Assets in course of construction	0	-	-	-	-
Payment on account	0	-	-	-	-
ACCUMULATED DEPRECIATION	**4,223,938**	**556,964**	**24,018**	**-**	**4,756,884**
NET VALUE	**2,465,752**	**492,585**	**544,025**	**-**	**2,414,312**

There was no significant change in the net value of tangible assets.
The growth in tangible assets was mainly caused by the expansion of card personalization and direct mail department's equipment and the investments for nanotechnology research and development.
The reasons for decreasing plant machinery, vehicles and other equipments were selling, reclassifying and the accounting of the disposal of HUF 9,876 thousands gross worth of assets which were amortized to zero. Extraordinary amortization due to disposal was not accounted.

The most significant item in assets in course of construction were purchases connected to the modernization of informatics which were not activated until the end of the year.

HUF 130 thousand inventory surplus was detected due to drawing up inventory of our production equipment.
Our capital investments are put into use rounded to thousand Hungarian forints. HUF 12 thousands rounding difference was created due to this method.

2.3 Financial assets

6. Table: Movement table of financial assets

Description	January 1, 2009	Increase	Decrease	December 31, 2009
Long-term participations in affiliated undertakings	516,347	85,656	-	602,003
Other long-term participations	-	-	-	-
Other long-term loans	3,890	6,573	2,819	7,644
GROSS VALUE	**520,237**	**92,229**	**2,819**	**609,647**
Long-term participations in affiliated undertakings	29,328	-	-	29,328
Other long-term participations	-	-	-	-
Other long-term loans	-	-	-	-
LOSS IN VALUE	**29,328**	**-**	**-**	**29,328**
NET VALUE	**490,909**	**92,229**	**2,819**	**580,319**

Our Company increased its share to 98.98% ownership ratio in Gyomai Kner Nyomda Zrt. and the equity of our Bulgarian subsidiary, Direct Services O.O.D was raised by HUF 8,513 thousands. The Company acquired 100% share in Technoprogress Kft. in 2009. As a result, value of investments increased by HUF 4,491 thousands. Gain from reassessment of foreign investments at the end of the year amounts to HUF 3,653 thousands.

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

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

Description		Investments'	
	net book value	purchase value	nominal value
Gyomai Kner Nyomda Zrt.	359,596	359,596	197,950
Specimen Zrt.	136,513	165,841	90,000
Slovak Direct S.r.o. (Slovakian)	17,324	12,569	12,569
Tipo Direct S.r.l. (Romanian)	15,224	14,725	14,725
Direct Services O.o.d. (Bulgarian)	39,465	37,521	37,521
Technoprogress Kft	4,491	25,000	5,000
Állami Nyomda O.o.o (Russian)	62	84	84
Total:	**572,675**	**615,336**	**357,849**

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 2009 on the investments. The difference between net book value and purchase value derives from the year end revaluation of investments denominated in foreign currency beside loss in value posted in the previous years.

2.4 Inventories

8. Table: Inventories

Description	December 31, 2008	December 31, 2009	Change	Change %
Raw materials and consumables	387,779	1,487,203	1,099,424	283.52%
Work in progress, intermediate and semi-finished products	121,810	112,404	(9,406)	-7.72%
Finished products	114,235	127,308	13,073	11.44%
Goods for resale	115,843	31,712	(84,131)	-72.63%
Advances and prepayments on inventories	850	-	(850)	-
Total:	**740,517**	**1,758,627**	**1,018,110**	**137.49%**

9. Table: Loss in value for inventories

Description	December 31, 2008	Increase	Decrease	December 31, 2009
Raw materials and consumables	48,657	11,313	3,193	56,777
Finished products	8,941	6,161	8,941	6,161
Goods for resale	23,237	61	597	22,701
Total:	**80,835**	**17,535**	**12,731**	**85,639**

The impairment loss of inventories increased by only HUF 4,804 thousands compared to the corresponding period of last year.

Inventories totalled HUF 1,758 million, which is a HUF 1,018 million (137.49%) growth compared to the 31 December 2008 figure. The raw material purchase at the end of the year caused the significant growth of inventories. This purchase is a part of a transaction in the frame of which State Printing House Plc purchased the blank document inventories owned by the Buyer at the end of 2009 and from 2010 the Company will ensure adequate material inventory for the Buyer based on Állami Nyomda's own production timing and consumption forecasts. Most of these inventories are expected to be used up by Q3 2010.

2.5 Receivables

10. Table: Receivables

Description	December 31, 2008	December 31, 2009	Change	Change %
Receivables (trade debtors)	**1,046,300**	**2,300,215**	**1,253,915**	**119.84%**
- domestic debtors	1,011,828	1,953,255	941,427	93.04%
- foreign debtors	79,004	380,969	301,965	382.21%
- write-off receivables	(44,532)	(34,009)	10,523	-23.63%
Receivables from affiliated undertakings	**162,299**	**54,642**	**(107,657)**	**-66.33%**
- subsidiary with direct control	162,299	54,642	(107,657)	-66.33%
- joint companies	-	-	-	-
Other receivables	**37,518**	**288,278**	**250,760**	**668.37%**
Tax receivables	2,693	216,844	214,151	7952.14%
Receivables from employees	3,509	4,684	1,175	33.49%
Advences given to services	-	16,490	16,490	-
Money given for short term period	24,375	35,823	11,448	46.97%
Debit balance creditors	3,026	7,935	4,909	162.23%
Other	3,915	6,502	2,587	66.08%
Total:	**1,246,117**	**2,643,135**	**1,397,018**	**112.11%**

The change in receivables is caused by the increase in receivables not yet due connected to the largest customer of the Company. In recent years, receivables were lower due to more favourable development of deliveries and financial timing.

The change in other receivables year-on-year was mainly caused by the growth in tax receivables.

11. Table: Loss in value for receivables

Description	December 31, 2008	Increase	Decrease	December 31, 2009
Loss in value for receivables	44,532	13,494	24,017	34,009

2.6 Securities

12. Table: Securities

Description	January 1, 2009	Increase	Decrease	December 31, 2009
Participations in affiliated undertakings	-	-	-	-
Own shares and own partnership shares	436,975	-	-	436,975
GROSS VALUE	**436,975**	**-**	**-**	**436,975**
Participations in affiliated undertakings	-	-	-	-
Own shares and own partnership shares	-	56,002	-	56,002
LOSS IN VALUE	**-**	**56,002**	**-**	**56,002**
Participations in affiliated undertakings	-	-	-	-
Own shares and own partnership shares	436,975	(56,002)	-	380,973
NET VALUE	**436,975**	**(56,002)**	**-**	**380,973**

State Printing House Plc states its repurchased treasury shares at a value which equals to the stock exchange rate at the date of making the balance sheet. The HUF 56 million depreciation of treasury shares purchased over one year is justified by the lasting difference between the registered and the market price.

13. Table: Repurchased treasury shares

Description	Shares	Nominal value	Purchase value
January 1, 2009	420,500	41,209	436,975
Purchase on Budapest Stock Exchange	-	-	-
Sales on Budapest Stock Exchange	-	-	-
December 31, 2009	**420,500**	**41,209**	**436,975**

2.7 Prepayments and accrued income

14. Table: Prepayments and accrued income

Description	December 31, 2008	December 31, 2009	Change	Change %
Accrued income	**11,083**	**41,179**	**30,096**	**271.55%**
- Interest	9,423	6,256	(3,167)	-33.61%
- Sales revenue of the current period	-	34,923	34,923	-
- Other	1,660	-	(1,660)	-100.00%
Accrued costs, expenses	**40,245**	**35,655**	**(4,590)**	**-11.41%**
- Licence fee of softwares	28,505	22,764	(5,741)	-20.14%
- Fee related to photo processing	5,653	4,966	(687)	-12.15%
- Other	6,087	7,925	1,838	30.20%
Deferred expenses	**-**	**-**	**-**	**-**
Total	**51,328**	**76,834**	**25,506**	**49.69%**

The rise in prepayments and accrued income in the current year is caused by the accrued sales revenue.

2.8 Equity

15. Table: Equity movement table

Description	Share capital	Capital reserve	Accumulated profit reserve	Tied-up reserve	Profit or loss for the year
Value as at December 31, 2008	**1,449,876**	**250,686**	**955,702**	**956,871**	**539,073**
Increase	**0**	**0**	**854,130**	**547,783**	**915,736**
- reclassifying last year's profit			539,073		
- reversal of development reserve				500,000	
- creating development reserve			258,347		
- loss in value on purchase of treasury shares			56,002		
- increase of tied-up reserve					
- depreciation of foundation costs and research and development costs			708	47,783	
- current year profit					915,736
Decrease	**0**	**0**	**547,783**	**315,057**	**539,073**
- reclassifying last year's profit					539,073
- creating development reserve			500,000		
- reversal of development reserve				258,347	
- depreciation of foundation costs and research and development costs			47,783	708	
- loss in value on purchase of treasury shares			0	56,002	
Value as at December 31, 2009	**1,449,876**	**250,686**	**1,262,049**	**1,189,597**	**915,736**

16. Table: Changes in tied-up reserve

Description	December 31, 2008	December 31, 2009	Change	Change %
Net value of capitalized start-up and restructuring costs	1,594	886	(708)	-44.4%
Net capitalized value of research and development	9,262	57,045	47,783	515.9%
Repurchased treasury shares	436,975	380,973	(56,002)	-12.8%
Development reserve	509,040	750,693	241,653	47.5%
Total tied-up reserve:	**956,871**	**1,189,597**	**232,726**	**24.3%**

Due to the increase in the value of research and development and the accounted depreciation, HUF 48 million reserve was tied-up. The Company took the opportunity ensured by the corporate tax law and made HUF 500 million development reserve in the current year. Tied-up reserve of the same

amount as the depreciation of the repurchased treasury shares was released which decreased the value of tied-up reserve by HUF 56 million compared to 31 December 2008.

2.9 Provisions

17. Table: Provisions

Description	December 31, 2008	December 31, 2009	Change
Provisions for expected liabilities	4,527	3,454	(1,073)
- Other provisions for expected liabilities	4,527	3,454	(1,073)
Provisions for future expenses	-	-	-
Other provisions	-	-	-
Total:	**4,527**	**3,454**	**(1,073)**

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

2.10 Subordinated liabilities

The Company has no subordinated liabilities.

2.11 Long term liabilities

18. Table: Long term liabilities

Description	Value
	In HUF thousands
Long term liabilities as at December 31, 2008	**229,352**
Redemption of leasing liabilities	-101,903
Long term liabilities as at December 31, 2009	**127,449**

The Company modernized its card personalization equipment partly in leasing construction; this balance sheet line includes that part of the liability which is due after a year. The Company had HUF 226 million leasing liabilities at the end of 2009. The long term part of leasing liabilities was reclassified.

2.12 Short term liabilities

19. Table: Short term liabilities

Description	December 31, 2008	December 31, 2009	Change	Change %
Short-term loans	**-**	**0**	**0**	**-**
Other short-term credits	**-**	**918,217**	**918,217**	**-**
Advances received from customers	**5,899**	**13,325**	**7,426**	**125.89%**
Accounts payable (trade creditors)	**832,405**	**1,174,103**	**341,698**	**41.05%**
- domestic creditors	665,868	1,030,767	364,899	54.80%
- foreign creditors	166,537	143,336	(23,201)	-13.93%
Short-term liabilities to affiliated undertakings	**113,986**	**409,164**	**295,178**	**258.96%**
- Subsidiary with direct control	-	-	-	-
- Subsidiary with majority control	113,986	409,164	295,178	258.96%
- Joint companies	-	-	-	-
Short-term liabilities to independent undertakings	**-**	**-**	**-**	**-**
Other short-term liabilities	**1,443,620**	**334,277**	**(1,109,343)**	**-76.84%**
- tax liability	456,918	150,876	(306,042)	-66.98%
- liability against employees	50,267	47,117	(3,150)	-6.27%
- other receivables reclassified	27	572	545	2018.52%
- short term part of leasing liability	140,093	98,960	(41,133)	-29.36%
- dividend approved	784,116	-	(784,116)	-100.00%
- other liabilities	12,199	36,752	24,553	201.27%
Total:	**2,395,910**	**2,849,086**	**453,176**	**18.91%**

According to the agreements with account holder banks, the Company from HUF 2,320 million credit limit has called down HUF 918 million account loan from tied loan frame.

Accounts payable totalled HUF 1,174 million, a rise of 41.05% compared to the end of 2008. The liability rose due to the increase in material and subcontractor turnover.

Other short term liabilities decreased by HUF 1,109 million due to the payment of dividend approved for the year 2008, and the HUF 306 million decrease in tax liabilities.

2.13 Accruals and deferred income

20. Table: Accruals and deferred income

Description	December 31, 2008	December 31, 2009	Change	Change %
Deferred income	**1,119**	**1,016**	**(103)**	**-9.20%**
- deferred income	-	515	515	-
- OCR identifying system	1,119	501	(618)	-55.23%
Deferred costs, expenses	**265,308**	**49,455**	**(215,853)**	**-81.36%**
- Bonus and its contributions	232,093	-	(232,093)	-100.00%
- Bank interests	3,414	3,450	36	1.05%
- Trade creditors' invoices	29,801	46,005	16,204	54.37%
Accrued income	**67,920**	**72,995**	**5,075**	**7.47%**
- EU subsidy	67,920	44,970	-22,950	-33.79%
- R&D subsidy	-	16,763	16,763	-
- VAT of machinery from EU subsidy	-	11,262	11,262	-
Total:	**334,347**	**123,466**	**-210,881**	**-63.07%**

The Company purchased equipments to improve chip 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 Value Added Tax of the investment financed by state subsidy was reclaimed in 2009. The Company won HUF 67 million research and development subsidy in 2009, out of which HUF 27 million was called down by the end of the current period. The accruals will be released in the ratio of depreciation charged. The release of accrued income is in proportion with the depreciation.

The Company has fulfilled all its obligations connected to the subsidy in 2009.

3 Explanations to the profit or loss statement

3.1 Ordinary revenues

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

Description	Value in HUF millions
Security forms and solutions	4,900
Card production and personalization	2,890
Business and administrative forms, personalization, data processing	2,198
Traditional printing products	190
Other	561
Total:	**10,739**

22. Table: Sales revenue from related parties

Description	FY 2008	FY 2009	Change	Change %
Related party				
Gyomai Kner Nyomda Zrt	683	36,942	36,259	5308.78%
Specimen Zrt.	33,654	23,318	(10,336)	-30.71%
Tipo Direct S.R.L.	92,462	78,218	(14,244)	-15.41%
Slovak Direct S.R.O.	146,904	68,983	(77,921)	-53.04%
Technoprogress Kft		1,196	1,196	-
Direct Services O.O.D.	72,577	36,330	(36,247)	-49.94%
Total:	**346,280**	**244,987**	**(101,293)**	**-29.25%**

As the Company's sales revenue dropped, the sales revenue from related parties also decreased proportionately. Other significant financial or extraordinary revenue was not posted against these companies.

Costs and expenses against related parties amounted to HUF 202 million altogether.

23. Table: Sales of different regional markets

Description	Value in HUF thousands
Domestic sales	**9,481,630**
Sales within the EU	**955,231**
Romania	563,661
Belgium	75,430
Czech Republic	68,372
Slovakia	67,411
Poland	56,769
Bulgaria	49,772
Ireland	32,592
Austria	20,298
Germany	10,820
Cyprus	3,526
France	3,299
The Netherlands	3,053
Portugal	228
Export outside the EU	**302,491**
Israel	133,432
Albania	115,640
West-Africa	26,152
Switzerland	9,569
Jersey-Islands	8,508
Moldavia	3,346
Serbia	3,332
South-Africa	2,512
Total:	**10,739,352**

24. Table: Other income

Description	FY 2008	FY 2009	Change	Change %
Other income:				
- reversed loss in value - inventories	34,451	12,731	(21,720)	-63.05%
- reversed loss in value - trade receivables	42,344	24,017	(18,327)	-43.28%
- revenue from sales of fixed assets	10,408	1,672	(8,736)	-83.94%
- income from settlement of damages	3,035	4,371	1,336	44.02%
- subsidies received for operating purposes	-	1,073	1,073	-
- default interest received	2,647	17,158	14,511	548.21%
- subsidy received	-	9,235	9,235	-
- VAT reimbursement of machinery from EU subsidy	-	26,304	26,304	-
- rebate received	676	1,606	930	137.57%
- other not classified	4,354	10,485	6,131	140.81%
Total:	**97,915**	**108,652**	**10,737**	**10.97%**

Due to favourable change in governing laws, the HUF 38 million VAT connected to the subsidized development of chip card production operation in 2005 was reclaimed in 2009. The received HUF 11 million default interest and the proportionally released part of VAT was stated as other sales revenue. The Company won HUF 67 million research and development subsidy in 2009, out of which HUF 27 million was called down by the end of the current period. That part of the subsidy which was received to offset costs was stated as other sales revenue.

3.2 Ordinary costs

25. Table: Other expenditures

Description	FY 2008	FY 2009	Change	Change %
Other expenditures:				
- local operational tax	159,712	133,218	(26,494)	-16.59%
- book value of assets sold	10	-	(10)	-100.00%
- inventory scrap, loss in value	79,565	27,580	(51,985)	-65.34%
- write-off receivables	41,890	13,494	(28,396)	-67.79%
- taxes (without local operational tax)	1,294	4,182	2,888	223.18%
- late payment interest	5,102	7,047	1,945	38.12%
- write-off bad debts	12,980	6,162	(6,818)	-52.53%
- provision	910	-	(910)	-100.00%
- other	3,949	4,556	607	15.37%
Total:	**305,412**	**196,239**	**(109,173)**	**-35.75%**

Other expenditures decreased by HUF 109 million. Due to the drop in sales revenue, local operational tax is also lower. It was not reasonable to charge such amount of depreciation on inventories like in previous years. Depreciation charged on receivables decreased in the current period.

3.3 Extraordinary profit

26. Table: Extraordinary profit

Description	FY 2008	FY 2009	Change	Change %
Extraordinary income:				
- subsidy for development	22,950	23,576	626	2.73%
- contribution in kind	45	-	(45)	-
- acquiring assets for no refund	2,550	618	(1,932)	-75.76%
Total:	**25,545**	**24,194**	**(1,351)**	**-5.29%**
Extraordinary expenditure:				
- net book value of contribution in kind	-	-	-	-
- donation given	6,850	7,474	624	9.11%
- remitted receivables	14,327	-	(14,327)	-100.00%
- transmitting assets for no refund	-	-	-	-
- other	-	96	96	-
Total:	**21,177**	**7,570**	**(13,607)**	**-64.25%**
Extraordinary profit or (loss)	**4,368**	**16,624**	**12,256**	**280.59%**

The accrued income of EU subsidy (for development purposes) is reversed in proportion of the depreciation charged on the assets as extraordinary revenue. The amount of it was HUF 23.6 million thousands in 2009.

3.4 Corporate income tax

27. Table: Corporate tax base modifying items

Description	FY 2008	FY 2009
Profit before tax:	**1,529,717**	**1,018,679**
depreciation according to accounting law	554,476	606,473
write-off receivables, prior year decreasing	41,890	13,493
Remission of debts	14,327	-
accounting depreciation of assets derecognized	40,323	-
other	11,377	11,020
Tax base increasing items total:	**662,393**	**630,986**
depreciation according to tax law	352,339	377,838
creation of development reserve	500,000	500,000
dividend received	81,340	109,932
Taxes paid to local municipality	159,712	134,060
subsidies received without repayment obligation	22,950	23,576
write-off receivables, decrease according to accounting law	42,344	24,017
current year costs of research and development	38,449	37,338
Tax depreciation of assets derecognized	40,323	-
other	12,307	12,595
Tax base decreasing items total:	**1,249,764**	**1,219,356**
Tax base:	942,346	430,309
- calculated tax	150,775	68,849
- correction related to previous years	-	(118)
- solidarity tax	55,753	34,212
Profit after tax:	**1,323,189**	**915,736**
Dividend paid from accumulated profit reserve	-	-
Approved dividend	784,116	-
Profit or (loss) for the year:	**539,073**	**915,736**

28. Table: Solidarity tax

Description	2009
Profit before tax:	**1,018,679**
donation given	7,470
services provided with no refund	0
+tax base increasing items total:	**7,470**
subsidy received without repayment obligation	23,576
current year costs of research and development	37,338
dividend received	109,932
- tax base decreasing total:	**170,846**
Tax base:	855,303
Solidarity tax	**34,212**

4 Supplementary information

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

4.1 Research and development

The company has two significant R&D areas:

1. R&D projects realised in the Document Security Laboratory. Among these projects, nanotechnology research is of key importance which technology when used is security inks will contribute to drawing back to counterfeiting and the fight against black economy. State Printing House Plc won HUF 66 million subsidy for research and development in 2009.
2. The development of different products has a significant role related to new tenders.

The applied research and research and development incurred in the current year amounted to is HUF 37,338 thousands in the current year and HUF 53,030 thousands were stated as activated value of research and development.

4.2 Environment protection

The company has ISO 14001:2004 Environmental Control System certificate audited by Det-Norske Veritas. The expiry date of the certification is January 11, 2013. The environmental certificate covers the following fields: printed products, security products, documents, development, production and

personalization of plastic and bankcards, chip embedding and encoding at smart cards, electronic archiving of data, data processing, database management, setting up archives, storing of documents for fee. Dangerous waste is continuously eliminated after leaving the company sites. In 2009, 35,463 kg dangerous waste was transported and eliminated.

4.3 Personal type of expenditures and headcounts

29. Table: Average statistical number of full time employees

Number of employees	FY 2008	FY 2009
Physical employees	429	413
Intellectual employees	132	140
Total number of employees:	**561**	**553**

30. Table: Payroll costs

Description	FY 2008	FY 2009
Wages and salaries of physical employees	901,372	875,201
Wages and salaries of non-physical employees	862,396	653,327
Other wages and salaries	255,289	190,850
Total salaries and wages	**2,019,057**	**1,719,378**

31. Table: Other personal type expenditures, contributions

Description	FY 2008	FY 2009
- motivational	105,265	103,437
- social	41,988	39,090
- cost reimbursement	83,730	77,950
- other	61,053	59,852
Total other personal type expenditures	**292,036**	**280,329**
Social security contributions	612,658	514,568
Other contributions		
- employer's contribution	61,841	43,679
- rehabilitation contribution	1,365	2,108
- vocational contribution	24,141	21,816
- START (Entrants') contribution	4,043	1,791
Total contributions:	**704,048**	**583,962**

32. Table: Fees paid related to managing the Company

Description	FY 2008	FY 2009
Fees paid to the Members of the Board of Directors	15,612	14,439
Fees paid to the Members of Supervisory Board	10,262	9,912

The audit fee paid for the audit of the 2009 financial statements amounted to HUF 7,500 thousands while the auditing fee of the consolidation of our Romania subsidiary was HUF 1,354 thousands.

4.4 Liabilities due over 5 years

The Company has no liabilities due over 5 years.

4.5 Details of listed shares

33. Table: Structure of shares

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

The Company's total equity was HUF 1,449,876 thousands on 31 December 2009 which consists of 14,794,650 pieces of series 'A' registered, dematerialized ordinary shares with a nominal value of HUF 98 each.

34. Table: Voting rights

Share series	No. of issued pieces	No. of treasury shares	Shares with voting rights	Voting right per share	Total voting rights
Series 'A'	14,794,650	420,500	14,374,150	1	14,374,150
Total	14,794,650	420,500	14,374,150	-	14,374,150

4.6 Out of balance sheet items

35. Table: Out of balance sheet items

Description		Value
Raiffeisen Bank Zrt, Bank guarantee, GVOP	HUF	180,000,000
Raiffeisen Bank Zrt, Bank guarantee, Concorde Értékpapír Zrt	HUF	150,000,000
Magyar Posta Zrt (tender)	HUF	2,512,496
OEP (tender)	HUF	19,662,000
Magyar Posta Zrt (tender)	HUF	1,880,753
Educatio Társadalmi Szolg.Nonprofit Kft (tender)	HUF	20,000,000
C.N Imprimeria Nationala S.A. (tender)	EUR	198,500
KFKI Rendszerintegrációs Zrt (tender)	HUF	1,893,925
OEP (tender)	HUF	1,000,000
Guarantee in HUF	**HUF**	**376,949,174**
Guarantee in EUR	**EUR**	**198,500**

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 Zrt in value of 150 million occurred due to the stock exchange listing.

4.7 Cash-flow

	In HUF thousands	FY 2008	FY 2009	Change %
	Profit before tax	1,529,717	1,018,679	-33.4%
	- Dividend	(81,340)	(109,932)	-35.2%
	- Acquiring / transmitting assets with no refund	4,299	6,856	59.5%
	- Other income of development reserve	(22,950)	(23,576)	-2.7%
1.	Adjusted profit before tax	1,429,726	892,027	-37.6%
2.	Accounted depreciation	554,476	606,473	9.4%
3.	Accounted loss in value	5,555	60,367	986.7%
4.	Difference between formation and utilization of provisions	910	(1,073)	-217.9%
5.	Fixed assets sold	(10,398)	(1,672)	83.9%
6.	Variation in accounts payable (trade creditors)	57,325	341,698	496.1%
7.	Variation in other short-term liabilities	282,368	(831,739)	-394.6%
8.	Variation in accrued and deferred liabilities	6,264	(187,305)	-3090.2%
9.	Variation in trade debtors	4,730	(1,243,392)	-26387.4%
10.	Variation in current assets (w/o trade debtors and liquid	73,358	(1,176,101)	-1703.2%
11.	Variation in accrued and deferred assets	(20,888)	(25,506)	-22.1%
12.	Tax paid or payable (on profit)	(206,528)	(102,943)	50.2%
13.	Dividends, shares paid or payable	(784,116)	-	100.0%
I.	**OPERATION CASH-FLOW:**	**1,392,782**	**(1,669,166)**	**-219.8%**
14.	Purchase of fixed assets	-806,880	(696,700)	13.7%
15.	Sale of fixed assets	10,408	1,672	-83.9%
16.	Dividend received	81,340	101,419	24.7%
II.	**INVESTMENT CASH-FLOW:**	**-715,132**	**(593,609)**	**17.0%**
17.	Receipts from shares issue (capital influx)	-	-	-
18.	Receipts from the issue of bonds and securities signifying	-	-	-
19.	Loans and credits taken		918,217	-
20.	Repayment, termination or redemption of long-term loans	257	2,819	996.9%
21.	Non-repayable assets received	-	-	-
22.	Purchase of treasury shares	(278,845)	-	-
23.	Redeemed bonds and securities signifying a creditor	-	-	-
24.	Loan instalment payments	(312,900)	-	-
25.	Long-term loans and bank deposits	-	(6,573)	-
26.	Non-repayable assets transferred	(6,850)	(7,473)	-9.1%
27.	Variation in liabilities due to founders and in other long-	-	-	-
28.	Cash paid for leasing liability	(85,057)	(101,903)	-19.8%
III.	**FINANCIAL CASH-FLOW:**	**(683,395)**	**805,087**	**217.8%**
IV.	**VARIATION OF FINANCIAL ASSETS:**	**-5,745**	**-1,457,689**	**-25273.2%**
	Cash and equivalents at the beginning of the period	**1,583,470**	**1,577,725**	**-0.4%**
	Cash and equivalents at the end of the period	**1,577,725**	**120,036**	**-92.4%**

4.8 Financial indices

36. Table: Liquidity, financial and other efficiency indices

Description		FY 2008	FY 2009	Change %
A	Current assets	4,001,334	4,902,771	22.53%
B	Inventories	740,517	1,758,627	137.49%
C	Trade receivables	1,046,300	2,300,215	119.84%
D	Cash and equivalents	1,577,725	120,036	-92.39%
E	Equity	4,152,208	5,067,944	22.05%
F	Short term liabilities	2,395,910	2,849,086	18.91%
G	Trade creditors	832,405	1,174,103	41.05%
H	Total equity and liabilities	7,116,344	8,171,399	14.83%
I	Net sales	12,370,150	10,739,352	-13.18%
J	Material type expenditures	7,163,414	6,532,498	-8.81%
K	Operating (trading) profit	1,448,610	991,205	-31.58%
L	Average statistical number of employees	561	553	-1.43%
Liquidity indices:				
Short term liquidity I.: (A / F)		1.67	1.72	2.99%
Short term liquidity II.: ((A – B) / F)		1.36	1.10	-19.12%
Quick ratio: (D / F)		0.66	0.04	-93.94%
Dynamic liquidity: (K / F)		0.60	0.35	-41.67%
Financial indices:				
Debtors day: (($C_{Current}$ + C_{Prior}) / 2 * (365 / I))		31	57	83.87%
Creditors day: (($G_{Current}$ + G_{Prior}) /2 * (365 / J))		41	56	36.59%
Other efficiency indices:				
Return on net sales: (K / I)		11.71%	9.23%	-21.18%
Return on equity (K / E)		34.89%	19.56%	-43.94%
Net sales headcount ratio (in HUF '000/person): (I / L)		22,050	19,420	-11.93%

Budapest, 05 February 2010

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Chief Executive Officer

ÁLLAMI NYOMDA
STATE PRINTING COMPANY

State Printing House Plc.

Business report

for the year ended December 31, 2009

Analysis of the FY 2009 achievement of the Company

Net sales of State Printing House Plc. were HUF 10,739 million in 2009, of which export sales were HUF 1,258 million. Operating profit was HUF 991 million, which is HUF 514 million (31.6%) lower than the corresponding 2008 figure. Profit before tax was HUF 1,019 million, EBITDA amounted to HUF 1,598 million. Profit after tax including financial activities, extraordinary profit and taxation was HUF 916 million.

Analysis of profit and loss statement

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

Table 1: Net sales by segments

Sales segments	FY 2008 in HUF millions	FY 2009 in HUF millions	Change in HUF millions	Change %
Security products and solutions	5,800	4,900	(900)	-15.5%
Card production and personalization	3,759	2,890	(869)	-23.1%
Form production and personalization, data processing	2,061	2,198	137	6.6%
Traditional printing products	362	190	(172)	-47.5%
Other	388	561	173	44.6%
Total net sales	**12,370**	**10,739**	**(1 631)**	**-13.2%**

State Printing House Plc had consolidated net sales of HUF 10,739 million in 2009, a decrease of 13.2% (HUF 1,631 million) compared to prior year figure.

Sales of security products and solutions came to HUF 4,900 million in 2009 which means a year-on-year fall of HUF 900 million (15.5%). The reason for this change was mainly the decreasing sales of security equipment year-on-year and lower sales volume of vehicle license plate validating label and motor vehicle registration form due to lower vehicle sales.

The Company's revenues from card production and personalization totalled HUF 2,890 million in 2009, a HUF 869 million (23.1%) decrease compared to the previous year. The year-on-year change was mainly the result of the significantly lower sales of card based documents connected to vehicle sales and the drop in solvent demand for other document types.

The Company's revenues from form production, personalization and data processing came to HUF 2,198 million in 2009, a HUF 137 million (6.6%) rise compared to 2008. The change in the sales

revenue of this product group was caused by the rising turnover connected to lottery forms and form personalization projects.

Sales of traditional printing products amounted to HUF 190 million in 2009, HUF 172 million lower than a year earlier. The turnover of this segment dropped due to the economic crisis.

Other sales totalled HUF 561 million in 2009, which increased by HUF 173 million (44.6%) year-on-year. This segment mainly comprises revenues from the sale of commercial materials and goods.

Operating income came to HUF 991 million, a fall of HUF 457 million (31.6%) compared to the previous year. The fall in operating income was due to the lower sales revenue and the unfavourable development of product structure.

Gross profit totalled HUF 3,501 million, which means a 32.6% gross margin. General (SG&A) expenses amounted to HUF 2,422 million in 2009, which equals 22.6% of net sales. Material expenses decreased by 8.8% (HUF 631 million) last year, mainly as a result of decreasing sales volume.

Personnel expenses totalled HUF 2,584 million, which means a 14% (HUF 431 million) decline compared to the previous year. The change was caused by the lack of pay rise, the cut-back on management bonuses, and the lower labour costs due to decreasing turnover.

Headcount of full time employees in State Printing House Plc. was 561 people at the end of 2008, while it amounted to 553 persons at the end of 2009, which means a 8 person (1.4%) decrease compared to the previous year.

EBITDA amounted to HUF 1,598 million due to a fall in operating income and a rise in depreciation, which means an decrease of HUF 405 million (20.2%). So the EBITDA margin amounts to 14.9%.

Income from financial activities amounted to HUF 11 million which exceeds the previous year by HUF 66 million.

Corporate tax came to HUF 103 million in 2009, a year-on-year fall of HUF 104 million due to the decrease in profit.

Net income was HUF 916 million, which means a drop of HUF 407 million (30.7%) compared to 2008.

Balance sheet analysis

The Company had total assets of HUF 8,171 million at the end of 2009, which means an increase of 14.8% (HUF 1,055 million) compared to a year ago. The reason for this increase was the rise in current assets especially the HUF 1,018 million growth of inventories and the HUF 1,397 million rise of receivables and the HUF 1,458 million drop in cash and bank.

Non-current assets totalled HUF 3,192 million at the end of 2009, exceeding the prior year figure by HUF 128 million (4.2%). The change was mainly caused by the HUF 90 million rise of intangibles due to expanding research and development activities and amounted goodwill of investment purchase.

Current assets amounted to 4,903 million at the end of December 2009, an increase of HUF 902 million (22.5%) compared to the corresponding period of last year. The change is the result of the HUF 1,018 million rise of inventories, HUF 1,397 million rise of receivables and decrease of HUF 1,458 cash and bank.

Shareholder's equity was HUF 5,068 million, it changed by the net income of the current year (HUF 916 million).

Long term liabilities came to HUF 127 million, a decrease of HUF 102 million thanks to the redeeming of the due-after-one-year leasing instalments.

Short term liabilities amounted to HUF 2,849 million which means a rise of HUF 453 million due to the used short term loan.

Strategic plans of the Company

The strategic goal of the Company is to become a dominant security printing company of the region, playing a determining role on both domestic and regional markets of security printing, with a significant market share of business forms (more specifically, outsourcing personalisation, including data management and direct mail), and of various plastic cards, relying on the Company's research and development activities ensuring a competitive advantage over the less innovative security printers and also relying on the fact that rather than delivering single products, the Company provides comprehensive security solutions.

The Company aims to achieve its strategic goals focusing on three dominant product areas, which include security document solutions related to the document reforms taking place in Central and Eastern Europe, plastic cards and related services (personalisation and archiving of forms), and security elements and products for cards and document security in the broader sense.

The Company's employment policy

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

Risk management

Foreign currency risk

Among foreign currency transactions of the Állami Nyomda 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, therefore the foreign currency risk of the Company is not significant.

Interest rate risk

Due to the low balance of debts in the Állami Nyomda, potential interest rate changes would not influence significantly the amount of interests to be paid by the Company. The Company had HUF 918 million overdraft at the end of 2009.

Starting from the loan volume at the end of the year, a 1 percentage point loan interest rise concerning our loans would mean HUF 9,182 thousands extra interest cost in 2009. (This number was HUF 0 thousands for the 2008 year.)

Liquidity risk

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

Credit risk

The financial discipline of the debtors of the Állami Nyomda is really good, which is also represented by the low portion of cumulated provision on trade receivables compared to the gross amount of trade receivables.

Supplementary information to the Business report of State Printing House Plc.

Off balance sheet date events

There was no significant event or process between the balance sheet date and the preparation of the balance sheet, which may significantly influence the financial situation of State Printing House Plc.

Environment protection

The company has ISO 14001:2004 Environmental Control System certificate audited by Det-Norske Veritas. The expiry date of the certification is January 11, 2013. The environmental certificate covers the following fields: printed products, security forms, documents, development, production and personalization of plastic and bankcards. Development and production of document security materials.
IT processing and posting of forms. Intelligent card chip implantation and encoding and electronic archiving, data processing, database management, storing of documents for fee. Dangerous waste is continuously eliminated after leaving the company sites. In 2008, 35,463 kg dangerous waste was transported and eliminated.

Research and development

The company has two significant R&D areas:
1, R&D projects included in the activity of the Document Security Laboratory. The nanotechnology project is of key importance in this area, State Printing House Plc has won HUF 66 million EU subsidy for research and development in 2009. Using nanotechnology in security inks may contribute to drawing back forgeries and the fight against black economy.

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

The direct cost of basic research, applied research and experimental development incurred in the current year is HUF 37,338 thousands. Furthermore, HUF 53,030 thousands was stated as activated value of research and development.

Premises of the Company:

Registered seat:	H-1102 Budapest, Halom utca. 5.
Premises:	H-1108 Budapest, Fátyolka utca 1-3.
	H-3060 Pásztó, Fő utca 141.

Treasury shares in the year 2009:

Table 2: Repurchased treasury shares

Description	Number of shares	Nominal value (HUF thousands)	Purchase value (HUF thousands)
Opening balance January 1, 2009	**420,500**	**41,209**	**436,975**
Closing balance December 31, 2010	**420,500**	**41,209**	**436,975**

The Company accounted HUF 56,0002 thousand depreciation after treasury shares due to lasting drop of share price.

The Company's share capital amounted to HUF 1,449,876 thousands on 31 December 2009 which consisted of 14,794,650 pieces of registered, dematerialized ordinary shares Series 'A' with a nominal value of HUF 98 each.

Budapest, 05 February 2010

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Chief Executive Officer

ÁLLAMI NYOMDA
STATE PRINTING COMPANY

STATEMENT ON RESPONSIBILITY

to the 2009 Annual Financial Report of State Printing House Public Company Limited by Shares

The 2009 Annual Financial Report of State Printing House Public Company Limited by Shares prepared according to the Hungarian Accounting Law contains the balance sheet, income statement and supplementary notes prepared according to our best knowledge based on the applicable accounting rules. These financial statements present true and fair view about the assets, liabilities, financial situation, profit and losses of State Printing House Plc and the business report gives true and fair view about the situation, development and performance of State Printing House Plc and they outline the main risks and uncertainty factors.

Budapest, 05 February 2010

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Gábor Zsámboki
Chief Executive Officer