



Real Casa de la Moneda
Fábrica Nacional
de Moneda y Timbre

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2013

Annual Report



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The Institution

Its history in brief

Dating as far back as December 2nd 1467, there is documentary evidence of the creation of a mint in Madrid by Henry IV of Castile. Of this undertaking, a few reminders still exist today in the form of a number of Henry IV *cuarto* coins, the first to bear a letter M beneath a crown as the mint's trademark. However, the establishment of the Madrid Mint as such came about by a royal commission issued by Philip III on February 18th 1614, whereby the post of treasurer was assigned to the Duke of Uceda and his successors. Later, with the arrival of the Bourbon Dynasty and the major reforms carried out under its rule, in 1718, the Madrid Mint became directly accountable to the king.



In the eighteenth century, the Madrid Mint witnessed a period of great splendour, personified during the reign of Charles III by Tomás Francisco Prieto, Engraver General of HM The King's Mints and founder of the School of Engraving. It was at this school that the artists who would later ply their trade at the various mints both in Spain and in Spanish America were trained.

As the old building from the period of Philip III started to deteriorate, from 1833 onwards, new proposals were presented for the construction of a new industrial building. Works finally began in 1855 and the new building was inaugurated by Isabella II in 1861. Situated in what is now Plaza de Colón, the building was shared from the outset with the Stamp Factory. The factory's origins date back to 1636, when Philip IV created a new tax, making it obligatory for contracts and deeds to be drawn up on sheets of stamped paper to guarantee their authenticity.

Both the Mint and the Stamp Factory were separate bodies until 1893, when the Queen Regent, María Cristina, had them merged into Fábrica Nacional de Moneda y Timbre (FNMT). The new institution took over the functions of its predecessors and has been rendering a key service to Spanish society ever since. As a result of the synergies generated by the merger, the institution has succeeded in meeting each and every challenge it has had to face in the course of its history.

In view of the banknote shortage brought on by the Second World War, in 1940, the government authorised FNMT to print banknotes and, in 1941, granted FNMT preference over other national and foreign printers in banknote production. The first issue to leave its premises is dated October 21st 1940. So as to put an end to any remaining dependence on foreign suppliers, it was decided to set up a security paper mill in Burgos. Works were set under way in 1944 and by 1952, the first band of watermarked paper was being produced.

The assignment of new functions, combined with the obsolete facilities at the building in Plaza de Colón, brought the need to move to a new building. Hindered by a number of difficulties, construction works took over two decades, reaching completion in 1963 and inaugurated the following year. Once the prestigious institution had settled

into its new home, it was assigned further tasks such as the production of passports and National Identity Cards, along with items used in the area of State gaming: the National Lottery, betting slips and bingo.

Spain's greater involvement in various international bodies and organisations, above all, its membership of the European Economic Community in 1986, marked the dawn of a period in which it became necessary to adapt documents such as the passport, the driving licence and later, tachographs, to the requirements of the European authority. In this mission, FNMT, in conjunction with other relevant bodies, played a significant role, as indeed it continues to do today.

In 1987, with a view to immortalising the events scheduled for 1992 (the Barcelona Olympics, the Fifth Centenary of the Discovery of America and the Seville Expo), the Special Minting Workshop was set up. In the course of its 27-year existence, it has seen the production of over 400 different coins grouped into more than 100 collections, all of which provide a record of key events for posterity.

FNMT's initiatives are not, however, limited to its traditional products. Underpinned by its capacity for innovation and forward vision, it stands at the forefront as regards cutting-edge products in the area of the new technologies. In 1991, FNMT started to make cards with a built-in chip, a product lending itself to a broad range of



applications. In the mid-nineties, mindful of the rapid development of the internet and its potential as a means of processing paperwork in the sphere of the Public Administrations, FNMT saw the need for these electronic procedures to have the same guarantees as their paper equivalents; i.e., they should be carried out with maximum security to ensure that they have the same legal validity. This realisation resulted in the birth of the project known as CERES (Spanish Electronic Certification), which went ahead with the completion of a viability study in May 1996. Three years later, the State Tax Office green-lighted the use of electronic certification in income tax returns for the first time.

The euro was a great challenge. In addition to making sizeable investments and adapting existing technology to the characteristics of the new coins and banknotes, FNMT had to cope with a huge production volume whilst turning out, for a time, two different currencies: the peseta and the euro. It was also a challenge from the point of view of logistics and security: firstly, with the distribution of the new currency (coins and banknotes) and later, with the reverse operation, the withdrawal of the old coins and banknotes, which commenced on New Year's Day 2002.

A socially-responsible enterprise

Many of the ideas on which Corporate Social Responsibility (CSR) is now based have formed part of the management of Fábrica Nacional de Moneda y Timbre-Real Casa de la Moneda since it first came into being for the purpose of supplying Spanish society with coins and stamped bills. Thanks to its stringent workmanship, strict fulfilment of the aims in view and impeccable business management, FNMT-RCM has earned the trust of countless public and private institutions and also of the governments which have come and gone in the course of its now long history.

The quality of FNMT-RCM's products is an asset handed down by its predecessor, the Mint and Stamp Factory. All its production lines have always been subjected to rigorous, thorough quality controls. Despite its prestige and the recognised quality of its products, a good few years ago now, FNMT-RCM decided to have its production line quality control procedures officially approved in accordance with Standard ISO 9001.

Human capital plays an essential part in the making of products of great technological complexity in high-security environments. Employee training schemes and fringe benefits, both areas in which FNMT-RCM has always complied amply with legal requirements, are priorities as far as management is concerned. Occupational Health and Safety is likewise an issue of the utmost importance for FNMT-RCM, which has been awarded OHSAS 18001 certification.

Concern for the environment is yet another key aspect in FNMT-RCM's industrial policy. Both at the Burgos Paper Mill and at the headquarters in Madrid, all the production lines have been equipped with the latest technologies. At the same time, any equipment proving harmful to the employees' health or having a negative impact on the environment has been removed. The fruits of FNMT-RCM's labours over the years are reflected in the ISO 14001:2004 certification which it has been awarded for the full range of its activities.

In addition to its efforts to obtain quality certificates and its work in the areas of Occupational Health and Safety and environmental management, all of which are indispensable for any socially-responsible enterprise, FNMT-RCM has drawn up a Code of Conduct. Moreover, the 2010-2012 Corporate Plan already included CSR as part of strategic planning. The upshot of this was the creation of a Sustainability Committee as a body to act as backup for the management team. Internal



communication has been enhanced by the use of the intranet and CSR Annual Reports have been published since 2011.

In 2013, work went ahead on the implementation of a management system designed with a view to obtaining IQNet SR 10 certification some time in 2014. Soon to become indispensable in the European context and in advanced countries, this certificate guarantees that its holder has the capacity to identify and record the real and potential impacts of the company's activity; that stakeholders' needs and expectations are known; and that action is being taken accordingly by the application of the right resources and the implementation of appropriate measures.

Legal status

In the course of time, Fábrica Nacional de Moneda y Timbre-Real Casa de la Moneda has had various legal statuses. As things now stand, it is a State-owned corporate entity as provided for in Art. 43.1, b), Act 6/1997, of April 14th, concerning the Organisation and Functioning of the General State Administration. As a State-owned body, it is classified as a special public legal entity with its own equity and cash assets and is self-governing for management purposes, as stipulated in the above-mentioned act. It is attached to the Ministry of Finance and Public Administrations, which, through the Office of the Undersecretary, exercises strategic management and effectiveness control as laid down in Articles 43 and 59 of Act 6/1997. Its current bylaws were approved under Royal Decree 1.114/1999 of June 25th.

Objects

- The minting of coins of all types in accordance with legislation applicable.

- The production of coin blanks and the minting of medals, along with similar tasks, both for the State and for private persons.
- The printing of banknotes in compliance with the legislation by which it is governed and in the terms agreed upon with the Bank of Spain or the relevant issuing bank.
- The production of documents whereby the payment of whatsoever taxes or public charges is made effective; National Lottery tickets, forms and lists; and any other document relating to other games as instructed by the Public Administrations or their public bodies, be the latter connected to said Public Administrations or accountable thereto.
- The production of value or security documents as commissioned by any Public Administration or its public bodies, be the latter connected to said Public Administration or accountable thereto.
- The stamping of all kinds of documents, stamps, signs or postage and franking effects, as established in the applicable legislation, for the State or, as applicable, for public or private bodies or entities.
- The provision, within the scope of the Public Administrations and their public bodies, both connected and accountable thereto, of security, technical and administrative services in communications via electronic, computerised and telematic media and techniques (EIT), together with the issuance, production and supply of those user licences or certificates or card supports which may be necessary for such purpose, as provided for in Art. 81, Act 66/1997, of December 30th, and in the regulations deriving therefrom;

or, as applicable, in those terms as may be established in the relevant legal provisions.

- The performance of activities or the provision of services related to the entity's branches of work referred to hereinabove for public or private persons or entities, both national and foreign.
- Whatsoever other as may be assigned to it by virtue of a legal provision or regulations deriving therefrom.

Notwithstanding the various activities and services to be performed for the Spanish State and its public bodies, be they connected or accountable thereto, Fábrica Nacional de Moneda y Timbre-Real Casa de la Moneda carries out its activities for other states and for bodies accountable thereto and also for non-national public or private entities as deemed fitting in accordance with the nature of its activity, as established in the pertinent regulations or, as applicable, in the terms and conditions established in the relevant contracts or agreements.





Human capital

Board of Directors

(at December 31st 2013)

Chairman:

Mr. Jaime Sánchez Revenga

Chief Executive Officer of FNMT-RCM

Mr. Juan del Alcázar Narváez

Advisor,
Cabinet of the Deputy Prime Minister
and Minister of the Presidency

Members:

Mr. José Luis Arufe García

Unit Chief,
Tax Information Systems Department

Ms. Amelia Lobato Martínez

Chief Officer,
Ministry of Public Works

Mr. Jesús Darío Negueruela Martínez

Issuance and Cash Manager, Bank of Spain

Ms. Rosa María Moral Betere

Deputy Director General of the Treasury,
Ministry of Economy and Competitiveness

Ms. Marina Fernández Gil

Deputy Director General of Organisation,
Planning and Resource Management,
State Administration Audit Department

Mr. Manuel Tuero Secades

Director, Official State Gazette Agency (BOE),
Ministry of the Presidency

Mr. José Ángel García Cabrera

Deputy Director General of Telecommunications,
Networks and Operators

Mr. Pedro Polo García

Deputy Director General of Logistics,
Directorate General of the Police,
Ministry of the Interior

Ms. Laura Fernández Castro

Advisor, Cabinet of the Undersecretary's Office
for Economy and Competitiveness

Ms. Cristina Carcelén Hurtado

Advisor, Cabinet of the Secretary of State's Office
for Budgets and Spending,
Ministry of Finance and Public Administrations

Mr. Jaime Pérez de la Cruz

Deputy Director General of Human Resources,
Ministry of Finance and Public Administrations

Mr. Alejandro Sánchez García

Director, Cabinet of the Secretary of State for Security,
Ministry of the Interior

Ms. Gloria Calvo Díaz

State Counsel-in-Chief,
Ministry of Economy and Competitiveness

Advisors:

Mr. José Carlos Fernández Cabrera

Services Inspector
Ministry of Finance and Public Administrations

Ms. Silvia García Malsipica

Deputy Director General of Coordinations, Auditing
and Knowledge Management,
Ministry of Justice

Mr. Jorge Dajani González

Director, Cabinet of the Secretary of State's Office for Economy
and Corporate Backing

Mr. Juan Ángel Amunátegui Rodríguez

Services Inspector,
Ministry of Finance and Public Administrations

Mr. José Miguel Martínez Gimeno

State Counsel-in-Chief,
Ministry of Economy and Competitiveness

Secretary:

Mr. Antonio Panizo García

State Counsel-in-Chief, Office of the Secretary of State for Finance,
Ministry of Finance and Public Administrations.

CHANGES IN THE BOARD OF DIRECTORS
DURING 2013

Members removed:

Mr. Juan Ángel Amunátegui Rodríguez
(February 5th 2013)

Mr. Pablo Arellano Pardo
(February 12th 2013)

Mr. Ramón Hurtado Arcos
(May 16th 2013)

Ms. Clotilde de la Higuera González
(October 8th 2013)

Advisor removed:

Ms. Gloria Calvo Díaz
(October 8th 2013)

Members appointed:

Mr. Pedro Polo García
(February 5th 2013)

Ms. Cristina Carcelén Hurtado
(February 12th 2013)

Mr. Alejandro Sánchez García
(July 23rd 2013)

Ms. Gloria Calvo Díaz
(October 8th 2013)

Advisors appointed:

Mr. Juan Amunátegui Rodríguez
(February 5th 2013)

Mr. José Miguel Martínez Gimeno
(October 8th 2013)

Workforce

At December 31st 2013, members of the workforce totalled 1,500, distributed as shown in the table below:

	At 31-12-2013
Chief Executive Officer	1
Top Management	6
Non-union personnel	34
Managers	91
Middle Managers	83
Technical staff	294
Clerical staff	166
Operatives	769
Auxiliary staff	56
TOTAL	1,500

Training

In 2013, training activities consisted in 189 courses, with 3,930 attendees and 45,076 total training hours.

ITEM	2013
Courses	189
Attendees	3,930
Training hours	45,076
Average workforce	1,500
Hours/operative/years	30.05

Occupational Health and Safety (OHS)

The most outstanding achievements were the prolongation of the OHSAS 18001 accreditation; OHS approval by the European Central Bank for the production of banknotes; the positive trend in the reduction of the accident rate; and the completion and implementation of the health and safety training matrix. All this enhances the employees’ awareness of the importance of OHS while encouraging all concerned to make further improvements to the entire OHS system. Worthy of special note as regards 2013 is the fact that there were no serious or very serious accidents.





Premises

FNMT-RCM divides its activity between its headquarters in Madrid, where the bulk of production and services are located, and its premises in Burgos, used exclusively for the production of security paper. It also has a high-security warehouse, situated in Madrid.

The Madrid building

The Madrid building stands on a rectangular footprint bordered by the streets of Jorge Juan, Doctor Esquerdo, Duque de Sesto and Máiquez. The longest facades (300 m) overlook the streets of Jorge Juan, where the main entrance is situated, and Duque de Sesto, the location of the loading bays and vehicle access. The facades on Doctor Esquerdo, where the entrance to the museum, Museo Casa de la Moneda, is found, and Máiquez have a length of 84.6 m. Of imposing proportions, the building combines classicism with an industrial style. The matching doors on Jorge Juan and Doctor Esquerdo, with their flights of steps and strikingly massive pillars, along with the corners, decorated

in granite ashlar, are a clear example of the classicism predominant in Spanish architecture in the period from 1940 to 1960. The frontispieces placed between the doors and the corners and dressed in brick speak of the building's industrial nature, while their position, set back from the pavements with a fosse in-between, lends an impregnable air to the entire structure. Inside the four-storey building, industrial sections alternate with areas decorated in marble, fine wood and gold leaf. There is also a basement, occupied by vaults and various store rooms.

The high-security warehouse

So as to overcome the problem of space restrictions for the storage of products, in 2007, a fully-robotised high-security warehouse was opened, with 15,300 pallet lots. The warehouse is equipped with up-to-the-minute, anti-intruder security systems, video cameras inside and out, and a fire-fighting system with a specialist in permanent attendance.



The Burgos Paper Mill

Situated to the west of the city on the right bank of the River Arlanzón, the Burgos premises occupy a piece of land measuring over 55,000 sq.m. The

complex is bordered by a small fosse and a wire fence, somewhat reminiscent of a high-security compound. Activity is distributed into several pavilions with brick facades which, aesthetically speaking, bear a close similarity to the sides of the Madrid building.





Production

Circulating coins

In the financial year of 2013, total production of circulating euro coins exceeded 507 million pieces. In addition, 219 million circulating coins were exported: 127 million 5-peso coins for the Central Bank of Chile and 92 million coins for the Central Bank of Tunisia.

PRODUCTION	2013
Circulating coins, euro	507,268
Circulating coins for export	219,271

(Thousand units)



Collector coins and medals

To mark the 75th birthday of HM King Juan Carlos I, 495,000 sterling silver coins of 925 thousandths were minted with a face value of 30 euros. At the same time, 10 new series of collector coins of proof quality were minted and issued as a tribute to the following events and occasions:

- The 75th birthday of HM King Juan Carlos I.
- Treasures of Spanish Museums.
- The Europa Series, dedicated to Cervantes.

- The 500th Anniversary of the Discovery of the Pacific.
- The 125th Anniversary of the Electric Submarine.
- The FIFA World Cup, Brazil 2014.
- The National Heritage.
- 1,000 years of the Kingdom of Granada.
- 400 years of Spanish-Japanese relations.
- The Bicentenary of the *Holey Dollar*.



The last two issues on this list are international projects launched on a joint basis with the Japanese Mint in the first case and with the Royal Australian Mint in the second. The number of gold and silver coins of proof quality minted for the new issues, plus some coins belonging to collections from previous years, totalled 156,363. Furthermore, another 20,000 collector pieces in other alloys were made.

PRODUCTION OF COLLECTOR COINS	2013
30 euro coins (silver)	495,000
Proof quality coins	176,363

(Units)

In addition, the following medals were made:

- *Masters of the Treasury*, commissioned by the Spanish Institute of Fiscal Studies.
- *Maritime Salvage*, for the International Maritime Organisation.

- *On Volunteers*, for the Ministry of Health, Social Services and Equality.
- *The Orphans' School*, Ministry of Finance.
- *Medals and medallions*, Directorate General of the Police.
- The State-owned Lottery and Gaming Company.

Banknotes

Continuing the joint project with the European Central Bank for the purpose of launching the new banknotes belonging to the euro Europa Series, the new designs and security characteristics of the new series were tested at the industrial level. In conjunction with our Pre-press Department, the Bank of Italy and the ECB, the proof-print of the reverse side of the new 50-euro banknote for the Europa Series was completed.



Production totalled over 966 million banknotes, part of which belong to the new 10-euro series. So as to ensure greater security in the production of notes of the lower denominations (5 and 10 euros), a piece of new equipment was installed, making it possible to number the banknotes and varnish them on both sides in a single step.

PRODUCTION OF BANKNOTES	2013
50 euro	452,740
5 euro PLP*/ES2*	416,220
10 euro ES2*	97,220
TOTAL	966,180

(Thousand units)

* PLP: Pilot Production.
* ES2: Euro Series 2.



Security paper

It should be pointed out that, as was the case in 2012 with regard to paper for the second series of 5-euro banknotes, the ECB chose the paper produced by FNMT-RCM in Burgos for the second series of 10-euro banknotes as a benchmark for other manufacturers, while its watermark was selected as the final model.

Total production of banknote paper, standard security paper and converted paper was 2,377 tonnes, reflecting a rise of 26% on the previous year. This was largely due to the commencement of mass production of second series euro paper and to the increased number of shifts so as to meet the delivery deadlines arranged with customers such as Italy, Portugal and Ireland. Another point worth mentioning is the increase in the production of euro paper for export, totalling 1,026 tonnes and accounting for 55.22% of the production of euro banknote paper in the period of reference. The sum total of 1,858 tonnes of euro paper produced (national + export) witnessed an upswing of 53% in respect of the amount of euro paper made in 2012. Moreover, banknote paper totalling 129 tonnes was produced for Nigeria.

In addition to the aforementioned banknote paper, 37 tonnes of standard security paper (used in passports, etc.) were made.

On the other production line, converted paper added up to 353 tonnes (311 tonnes for national purposes and 42 tonnes for export). This is twice the amount produced in 2012.

PRODUCTION	2013
National banknotes	827
Foreign banknotes	1,160
National converted paper	311
Export converted paper	42
Other	37
TOTAL	2,377

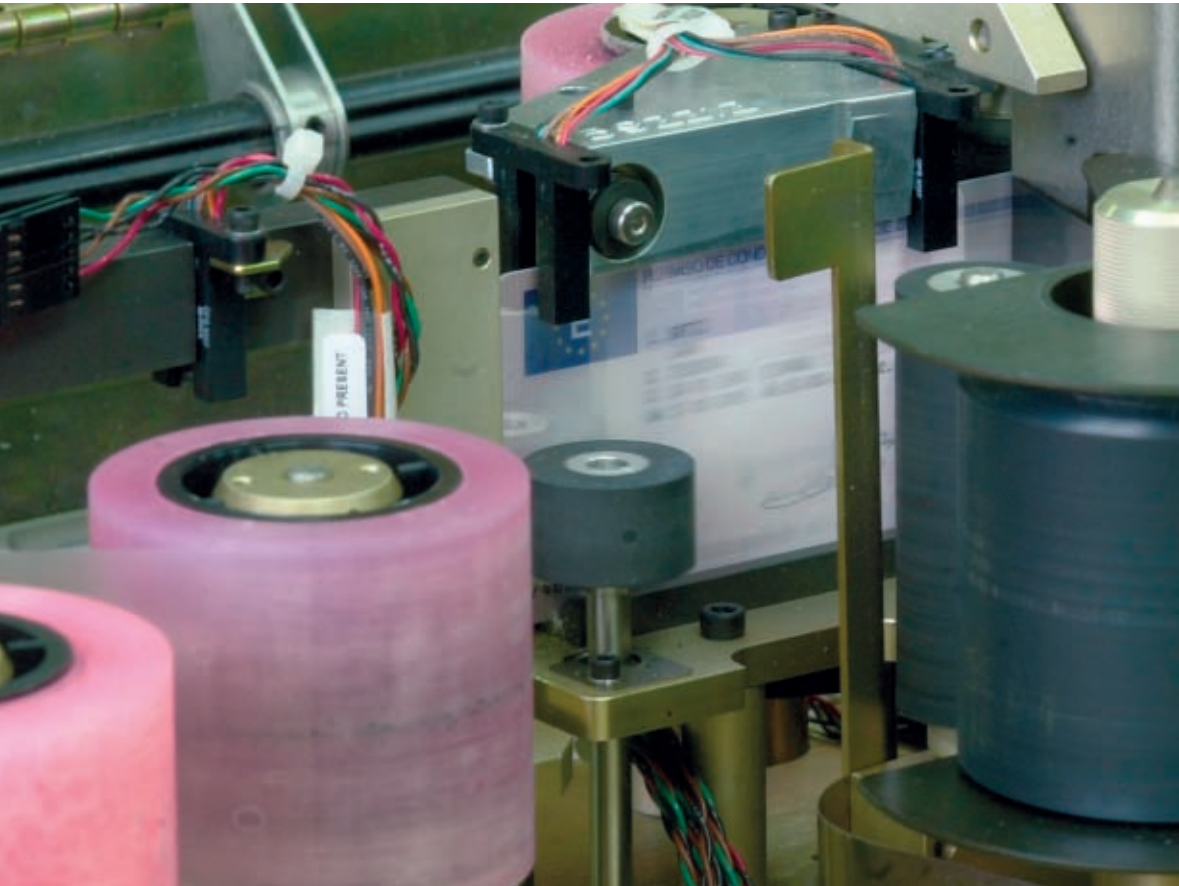
(Thousand kilogrammes)

Cards

The year 2013 saw the completion of the implementation of the Electronic Residence Permit, which is fitted with a radio-frequency chip

guaranteeing the secure storage of the holder’s personal and biometric details. For the production of this card, it was necessary to adapt the machine shop so that the reader chip could be incorporated without contact, as required by European Union technical specifications. Furthermore, work commenced on the development of a new electronic National Identity Card (DNIE) with a radio-frequency interface for communication with devices fitted with NFC technology (near field communication) which, besides featuring the standard function of the electronic signature, incorporates that of an electronic travel document on the same hardware platform.

At the same time, other identification projects remained in place: the Professional Drivers’



Qualification (CAP); credentials for foreign diplomats resident in Spain; and CERES cryptographic cards for the identification of civil servants employed by various administrative bodies. Also, a number of new documents were developed: driving permits for the transport of hazardous merchandise (ADR); new identification cards for the Civil Guard; and the new model for the EU single driving licence.

Within the banking sector, work continued on the production of transport cards for savings banks and smart university cards for Banco Santander. In the area of health, the production of European Health Cards (EHC) for ISFAS, MUGEJU and MUFACE remained in place.

Once the infrastructure necessary for the production and initialisation of transport cards for Comunidad de Madrid had been installed,

preparations for the mass personalisation process of these cards were carried out.

In the Special Project Area, the Management Assignment Agreement was executed for the maintenance and development of the management and control infrastructure for the digital tachograph. Functional tests for the official approval of a new chip for the cards involved in this project were also completed.

PRODUCTION	2013
DNle	5,912
Driving licence	4,050
Residence permit	684
Smart cards	881
Magnetic band cards	1,222

(Thousand units)



Graphic products

This section covers the bulk of the products made by FNMT-RCM. They differ greatly from one to another, in terms of both technical complexity (some require specific equipment for production) and the amount produced. It includes the National Lottery, postage stamps, bingo cards, lottery tickets and State betting slips. The heading Various refers to items where production is lower, such as:

- Certificates of Ecclesiastic Competence Disclosure for the Synod.
- Diplomas of accreditation linked to the Medal of Merit in Work for the Ministry of Employment and Social Security.
- Security labels with cold foil for C.R.D.O. Valdepeñas (Denomination of Origin Regulatory Body).
- Tickets for Professional Football League matches; the Alhambra Trust; the theatres, Teatro Real, Teatro de La Abadía and Corral de Alcalá, the Cerralbo and Sorolla Museums and the National Romanticism Museum.

In 2013, 103 National Lottery draws were prepared with over 59 million tickets, equivalent to more than 590 million tenth shares. Production of postage stamps just fell short of 208 million units grouped into 49 issues for the Spanish postal

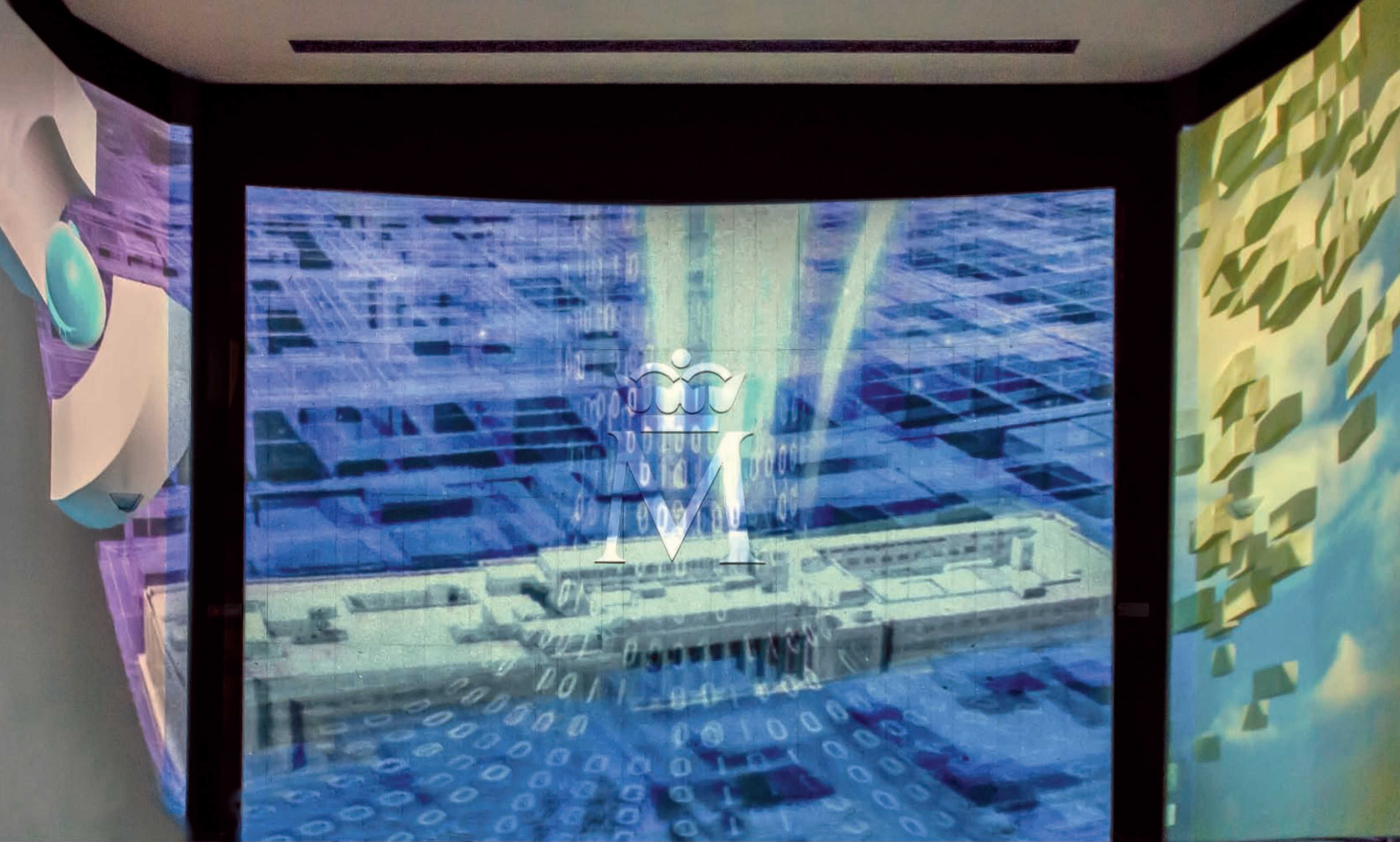
service and 10 for Andorra. On the subject of stamps, it is of interest to note the order placed by the Vatican's company, Ufficio Filatelico e Numismatico, with deliveries scheduled for 2014. The production of passports amounted to 2,223,000, part of which was for the Dominican Republic. Demand for bingo cards increased in respect of the previous year, with card production surpassing 675 million. Likewise, the production of betting slips rose to reach over 744 million, showing an upturn of 5.4 percent. Conversely, tobacco seals were down by 25.59 percent while stamped bills, including notary paper, chalked up an increase of 20.01 percent.

GRAPHIC PRODUCTION	2013
National Lottery	59,280
Postage stamps	207,912
Passports	2,223
Bingo cards	675,579
Betting slips	744,199
Tobacco seals	1,984,842
Stamped bills	766,058
Various	388,249

(Thousand units)

Finally, euro banknote intaglio plates were made for Valora (Portugal), the Bank of Greece and the Bank of Ireland.





Services

CERES (Spanish certification)

As the year 2013 elapsed, the total number of active certificates went from 2,957,991 to 3,377,455, reflecting an increase of 419,464 certificates, or 14.2%. Progress was made as regards the renewal projects for the PKI (Public Key Infrastructure) of component certificates and certificates for private individual users. Certified digitalisation services were developed, along with the management project concerning the life cycle of certificates for the new CERES cryptographic card.

Since mid-2013, CERES has been used to generate and download electronic certificates on devices with the Android Operating System.

Research, Development and innovation (RDI)

Work continued on the development and implementation of an RDI management system in accordance with Standard UNE 166002. Below is a list of the main tasks carried out with other entities:

- The execution of R&D projects for the European Central Bank in the area of security features for banknotes.
- Collaboration with the National Police Force in the development of new identification documents for Spanish citizens, together with the improvement of the current identification and travel document issuance systems.
- Participation in international work groups and forums in the area of value documents (European Central Bank) and identification and travel documents (European Commission, ICAO).
- Participation in projects for international customers in the area of identification and travel documents.
- Training courses in security documents for various official bodies.



The laboratory

The FNMT-RCM laboratory has kept its accreditation (ENAC, National Accreditation Entity) in accordance with the quality criteria required by International Standard UNE EN ISO/IEC 17025 for precious metals. In addition to providing technical backup for productive departments, the laboratory engages in a number of external activities:

- Participation in various work groups concerned with euro banknotes and the fight against the forgery of euro coins.
- Issuance of expert reports on coins and other FNMT-RCM products as required by

the customers themselves or by members of the legal system for ratification in lawsuits. This task compounds the department's function as the Official Laboratory of the Administration.

International identification projects

The Fourth Addendum to the Agreement of International Cooperation was signed with the Ministry of the Interior of the Argentine Republic, prolonging the provision of the technical advisory service related to the improvement of the issuance process for the National Identity Card and the electronic passport.





Cultural Activity

Most of FNMT-RCM's cultural activity is carried out through the museum, Museo Casa de la Moneda, which, in addition to its permanent exhibition, organises temporary displays, takes part in fairs, offers assistance to researchers and releases publications.

Temporary exhibitions

- *III Water Colour Biennial*, organised by Agrupación Española de Acuarelistas AEDA.
- *On the tracks of... Algora (designers) and Antonino (engraver)*, showing the best of their work done in an official capacity for FNMT-RCM, together with samples of their own artistic work.
- *Graphic Art Competition for Young Creators 2013*. An exhibition of the graphic and illustrational work entered in this competition, which is organised by Calcografía Nacional with the sponsorship and collaboration of Museo Casa de la Moneda.



- *Summer Ink*. A display of the work of students from FNMT-RCM's School of Engraving.
- *Tourism and Art*. The connection between tourism and art as seen through postage stamps, posters, travel books and other collector items.
- *Beginnings*. A display of the work of Juan Navarro Baldeweg, winner of the Tomás Francisco Prieto Award in 2012.

The Tomás Francisco Prieto Award

Among all the cultural events organised by FNMT-RCM, the Tomás Francisco Prieto Award holds pride of place. In 2013, the award was won by Cristina Iglesias. The award ceremony, held at the auditorium attached to Museo Casa de la Moneda, was presided over by HM Queen Sofía. During the ceremony, Juan Navarro Baldeweg, as the winner of the previous year's award, presented the medal to HM The Queen.





Management Report and Annual Accounts

Directors' report

In 2013 revenue amounted to EUR 244 million, up 10% on 2012. This increase was due mainly to the increase in billings of euro bank notes and paper for bank notes which offset the decrease in billings of traditional products more exposed to the Spanish economic climate.

In the case of the euro bank notes production of the I series was combined with that of the new II series, the production of the 5 euro bank note was consolidated and production commenced of the 10 euro bank note. With regard to the paper for bank notes, special mention should be made of the increase in exports of euro bank note paper for the two series currently in production in Europe. These sales were made mainly to Portugal, Italy and Ireland.

The effort made to bring the new series of euro notes into circulation, in both the bank note paper production phase and the printing phase, was made possible by the substantial material and human resources assigned by the Entity to this line of business, within the context of the supply of public interest products inherent thereto. Once more the Entity confirmed its excellent positioning among the main producers of these products of such special characteristics.

The Entity maintains its close commitment to the Central Government customers («the CG»), supplying goods and services as an instrument thereof. Noteworthy in this regard is the Entity's close cooperation with the Spanish Ministry of the Interior and the Spanish Treasury.

The Entity has a Research, Development and Innovation Department. In 2013 this department continued to seek out new viable ways and technologies to improve products and processes developed at the Entity. This Department focused mainly on improving and developing identification

documents, developing new security features to be included in any of the products manufactured by the Entity, developing and improving new equipment and undertaking any tasks required to coordinate euro bank note-related work. Apart from the R&D+i Department in Madrid, the Burgos paper mill has its own section dedicated to the development of new security features for the paper it produces.

A large portion of the Entity's technological activity is focused on the Identification Document and Card Department, which is involved mainly in the development of new features, integrated in the electronic devices incorporated into the products produced.

Worthy of note in terms of operating expenses was the EUR 4.9 million increase in staff costs with respect to 2012, as a result of the adoption in 2012 of the adjustment measures required under Royal Decree-Law 12/2012. In 2013 the average headcount was 1,537 employees, 45 fewer than in 2012, in line with the trend in prior years.

In 2013 outside services were down by EUR 1 million compared with 2012 as a result of the ongoing cost containment policy implemented in prior years.

As a result of the foregoing, profit after tax stood at EUR 16.8 million, which represented 6.9% of net sales.

Cash flows after tax generated by the Entity enabled it to make investments in 2013. The Entity's equity reflects the consolidation of its robust financial structure. Accordingly, at 31 December 2013, owners' equity constituted 82.2% of total equity.

The investments made in 2013 totalled EUR 9.1 million, the most noteworthy of which related to machinery.

As regards the future outlook for the Entity, it should be noted that net sales of around EUR 249 million and profit after tax of EUR 13 million are expected for

2014. At the date of this report no significant event had taken place that might prevent the 2014 revenue and profit targets from being achieved.

BALANCE SHEET AT 31 DECEMBER 2013*(Expressed in Thousands of Euros)*

ASSETS	31-12-2013	31-12-2012
A) NON-CURRENT ASSETS	210,350	219,603
I. Intangible assets	562	1,050
5. Computer software	562	1,050
II. Property, plant and equipment	164,468	176,377
1. Land and buildings	91,964	94,378
2. Plant and other items of property, plant and equipment	64,410	71,330
3. Property, plant and equipment in the course of construction and advances	8,094	10,669
III. Investment property	12,829	12,973
1. Land	8,715	8,715
2. Buildings	4,114	4,258
IV. Non-current investments in Group companies and associates	3,075	3,075
1. Equity Instruments	3,075	3,075
V. Non-current financial assets	1,894	906
2. Loans to third parties	1,753	765
5. Other financial assets	141	141
VI. Non-current trade receivables	20,327	19,339
1. Loans to third parties	20,327	19,339
VII. Deferred tax assets	7,195	5,883
B) CURRENT ASSETS	225,807	199,432
II. Inventories	57,650	67,304
1. Goods held for resale	412	420
2. Raw materials and other supplies	22,631	17,589
3. Work in progress	20,789	28,069
4. Finished goods	13,818	21,226
III. Trade and other receivables	24,596	42,935
1. Trade receivables for sales and services	22,285	40,686
2. Receivable from Group companies and associates	85	—
3. Sundry accounts receivable	141	166
4. Employee receivables	519	517
6. Current tax assets	1,566	1,566
V. Current financial assets	100,433	26,020
2. Short-term loans to third parties	423	20
5. Other financial assets	100,010	26,000
VI. Current prepayments and accrued income	1	1
VII. Cash and cash equivalents	42,407	63,172
1. Cash	42,407	36,172
2. Cash equivalents	—	27,000
TOTAL ASSETS (A + B)	435,437	419,035

BALANCE SHEET AT 31 DECEMBER 2013*(Expressed in Thousands of Euros)*

EQUITY AND LIABILITIES	31-12-2013	31-12-2012
A) EQUITY	358,093	341,318
A-1) Owners' equity	358,093	341,318
I. Capital	10,047	10,047
1. Registered capital	10,047	10,047
III. Reserves	331,271	311,516
1. Bylaw reserves	182,333	162,578
2. Voluntary reserves	148,938	148,938
VII. Profit for the year	16,775	19,755
B) NON-CURRENT LIABILITIES	9,669	9,924
I. Long-term provisions	9,669	9,880
1. Provisions for long-term employee benefit obligations	6,715	6,784
4. Other provisions	2,954	3,096
IV. Deferred tax liabilities	—	44
C) CURRENT LIABILITIES	67,675	67,793
II. Short-term provisions	151	151
III. Current payables	30,507	29,305
5. Other financial liabilities	30,507	29,305
V. Trade and other payables	23,947	30,464
1. Payable to suppliers	10,719	13,967
2. Payable to suppliers-Jointly controlled and related entities	953	1,478
3. Sundry accounts payable	3,471	7,103
4. Remuneration payable	1,839	1,547
5. Current tax liabilities	319	—
6. Other accounts payable to public authorities	5,403	5,452
7. Customer advances	1,243	917
VI. Current accruals and deferred income	13,070	7,873
TOTAL EQUITY AND LIABILITIES (A + B + C)	435,437	419,035

INCOME STATEMENT FOR 2013

(Expressed in Thousands of Euros)

	31-12-2013	31-12-2012
A) CONTINUING OPERATIONS		
1. Revenue	243,883	221,669
a) Sales	229,222	208,618
b) Services	14,661	13,051
2. Changes in inventories of finished goods and work in progress	(14,668)	20,543
3. In-house work on non-current assets	621	550
4. Procurements	(74,101)	(84,131)
a) Cost of goods held for resale sold	(1,409)	(1,189)
b) Cost of raw materials and other consumables used	(64,766)	(76,630)
c) Work performed by other companies	(7,516)	(6,388)
d) Write-down of goods held for resale, raw materials and other supplies	(410)	76
5. Other operating income	371	282
a) Non-core and other current operating income	72	121
b) Income-related grants transferred to profit or loss	299	161
6. Staff costs	(76,979)	(72,089)
a) Wages, salaries and similar expenses	(56,177)	(53,051)
b) Employee benefit costs	(19,637)	(19,257)
c) Provisions	(1,165)	219
7. Other operating expenses	(36,129)	(37,743)
a) Outside services	(36,899)	(37,944)
b) Taxes other than income tax	(1,701)	(1,555)
c) Losses on, impairment of and changes in allowances for trade receivables	2,471	1,756
8. Depreciation and amortisation charge	(21,690)	(21,251)
11. Impairment and gains or losses on disposals of non-current assets	34	(336)
a) Impairment and other losses	34	(424)
b) Gains or losses on disposals and other	—	88
PROFIT FROM OPERATIONS	21,322	27,494
13. Finance income	2,984	800
b) Income from marketable securities and non-current loans	2,984	800
b2) Third parties	2,984	800
14. Finance costs	—	(4)
b) On debts to third parties	—	(4)
16. Exchange differences	(303)	(105)
17. Impairment and gains or losses on disposals of financial instruments	—	(1,525)
a) Impairment and other losses	—	(1,525)
FINANCIAL PROFIT/LOSS	2,681	(834)
PROFIT BEFORE TAX	24,003	26,660
18. Income tax	(7,228)	(6,905)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	16,775	19,755
PROFIT FOR THE YEAR	16,775	19,755