



**MÁV-START VASÚTI SZEMÉLYSZÁLLÍTÓ  
ZÁRTKÖRŰEN MŰKÖDŐ RÉSZVÉNYTÁRSASÁG**

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**NOTES TO THE FINANCIAL  
STATEMENTS FOR 2013**



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## I General notes

### I.1 The Company

#### **Foundation:**

MÁV Magyar Államvasutak Zártkörűen Működő Részvénytársaság [MÁV Hungarian Railways Private Limited Company by Shares] founded MÁV-START Vasúti Személyszállító Zártkörűen Működő Részvénytársaság [MÁV-START Railway Passenger Transport Private Limited Company by Shares] (hereinafter: MÁV-START Zrt., or Company) as a single-member company limited by shares on 15 October 2006.

#### **Introduction:**

MÁV-START Zrt. was founded in order to take over passenger railway transport services used to provide by MÁV Zrt. on regular railways as of 1 July 2007.

Upon taking over these services, most of the necessary assets were contributed to the Company at the same date. The Company also took over the necessary personnel as successor employer.

The principles of MÁV-START Zrt's operations, organisation and governance structure are set out in the Articles of Association.

The Company does not conduct electoral processes for a Board of Directors. The rights of the Board of Directors are held by the managing director who is a senior officer of the Company. The Company's organizational structure is controlled by the managing director.

#### **Person authorised to act for and on behalf of the Company:**

Authorised signatory of the financial statements: Csaba Ungvári, CEO, address: 2800 Tatabánya, Hársfa liget 6. A ép.

#### **Person in charge of accounting and financial reporting:**

The person responsible for the management and supervision of the accounting services and compilation of the financial statements is: Zsolt Karsai (2213 Monorierdő, Gyöngyvirág u. 13.) MÁV Szolgáltató Központ ZRt. in charge of preparation of the START financial statements, registration number: MK181680.

#### **The Company's statutory auditor:**

Based on Section 155 (2) of the Accounting Act, MÁV-START Zrt's annual financial statements are subject to audit. The Company's auditor is PricewaterhouseCoopers Könyvvizsgáló Kft. The person responsible for the statutory audit is: Éva Barsi, registered auditor (MKVK 002945).

The audit fee charged by the auditors is: HUF 7 million.

The financial statements for the first quarter were audited by Ernst&Young Könyvvizsgáló Kft. for an audit fee of HUF 1.6 million. In addition, Ernst&Young Könyvvizsgáló Kft. invoiced HUF 5.1 million for reviewing the business plan and HUF 3.5 million for other expert services (JÉ project, opinion on travel discounts).

**Company name:**

MÁV-START Vasúti Személyszállító Zártkörűen Működő Részvénytársaság.

**In foreign languages:**

English: MÁV-START Railway Passenger Transport Company,  
French: MÁV-START Transport des Voyageurs Ferroviaires S.A.  
German: MÁV-START Bahnpersonenverkehrs AG.

**Abbreviated name:**

MÁV-START Zrt.

**Foreign abbreviations:**

English: MÁV-START Co,  
French: MÁV-START S.A.,  
German: MÁV-START AG.

**The Company's registered office:**

H-1087 Budapest, Könyves Kálmán körút 54-60. Phone: 511 -3106

**The Company's homepage:**

[www.mav-start.hu](http://www.mav-start.hu)

**The Company's founder:**

MÁV Magyar Államvasutak Zártkörűen Működő Részvénytársaság.  
Date of foundation: 15 October 2006

**Sole shareholder:**

MÁV Magyar Államvasutak Zártkörűen Működő Részvénytársaság.

**The consolidating entity:**

MÁV Magyar Államvasutak Zártkörűen Működő Részvénytársaság.

**Registered seat of the consolidating entity:**

H-1087 Budapest, Könyves Kálmán körút 54-60.

**The Company's share capital:**

At 31 December 2013, the Company's share capital was HUF 10,000,000,000 consisting of 100 shares of HUF 100,000,000 face value each.

## **The Company**

- **Company registration number:** **Cg 01-10-045551**
- **Tax number:** **13834492-2-44**
- **Statistical code:** **13834492-4910-114-01**

## **Core activity:**

### **49.10'08 Local railway passenger transport services**

which includes:

- organising local passenger transport, selling services,
- passenger transport and related services,
- operating passenger trains,
- carriage wash and cleaning,
- operating railtracks (own or rented) and related equipment used by passenger trains,
- billing and collecting passenger transport fares and fees,
- timetable development,
- placing orders for the availability of tracks, infrastructure and traction services,
- organising traction for passenger trains,
- managing property used exclusively for the above activities, operating facilities, machinery, equipment and vehicles.

## **1.2 The Company's Accounting Policy**

The integrated and consistently applied accounting policies developed by MÁV-START Zrt's management ensure that the Company's annual financial statements give a true and fair view of our operations.

Based on the Accounting Act, the Company uses double-entry bookkeeping, and keeps its books in Hungarian.

The Company's reporting currency is HUF. If the accounting documents on the basis of which the books are kept include amounts denominated in a foreign currency, the items are shown in the analytical ledgers in both the transaction currency and HUF.

When converting the amounts denominated in a foreign currency to HUF, we use the official exchange rates of the Hungarian National Bank.

The Company's financial year corresponds to the calendar year. The balance sheet date is 31 December of the current year.



Businesses are required to prepare financial statements on their operation, their net assets and financial position, and on the results of their operations, supported by accounting records kept in accordance with the provisions of the Accounting Act, after the closing of the books relating to the calendar year.

Under the statutory requirements, the Company is required to prepare financial statements with a balance sheet date of 31 December.

The annual financial statements include the balance sheet, the profit and loss statement, and the notes to the financial statements. A business report is also prepared as part of the financial statements.

As our balance sheet total exceeds the threshold specified in Section 20 of the Accounting Act, our financial statements are prepared in HUF millions.

- In accordance with Section 3 (6) 1 of the Accounting Act, the date of balance sheet preparation is the 34th workday of the year following the reporting year.
- The Company prepares its balance sheet in version “A” according to the Accounting Act, and the balance sheet contains no further divisions.
- The profit and loss statement includes the revenues and expenses of the calendar year in the Company’s financial statements using the total cost method. According to Schedule 2 of the Accounting Act, the form is version “A,” and includes no further divisions, new lines, consolidated lines or omissions.
- The Notes to the Financial Statements present all numerical data and narrative explanations that are necessary for giving a true and fair view of the Company’s net assets and financial position and results of operations for the owners, investors, and creditors, in addition to the data shown in the balance sheet and profit and loss statement, prescribed by the Accounting Act.
- In addition to Section 95, the contents of the business report are determined by the Company’s management according to current needs.

### **Accounting unbundling of the Company’s activities**

Further to Section 7 of the joint decree of the Ministry for Economy and Transport and the Finance Minister No. 50/2007.(IV.26.) on separating the accounting records of the various activities of railway companies, we have a set of accounting separation policies that form part of our accounting policies.

### **Principles of accounting separation of railway activities:**

1. The accounting records of public and non-public passenger transport services are separated in a way that our central costs (general corporate costs) are allocated separately to public and non-public passenger transport services.
2. Passenger transport services are booked into two separate general ledgers. Passenger transport services are accounted in separate general ledgers as follows:
  - the Services GL reflects public passenger transport services,
  - the Long Distance and International GL reflects non-public passenger transport services.
3. All assets and funds that relate to resources (assets, staff) are separated based on their classification in the GL of the relevant division and the central GL. In the case of base transactions (contracts, decisions, resolutions etc.), the GL unit where the transaction was launched is the basis of allocation. In all other cases, where the transaction relates to future

transactions (e.g. provisions, operational loan), it should be allocated to the GL unit which will be affected by such future transaction.

4. Sales revenues, direct costs and clearly attributable expenses and revenues are allocated directly to a separable activity primarily based on factors such as passenger trains involved in the activity, train serial numbers, number of passengers and domestic/international service. Other common operating costs associated with passenger transport (other than central management) are split between the two activities based on typical factors such as transport performance (e.g. seat kms), number of vehicles etc.
5. General corporate overhead is split between public and non-public passenger transport services based on the number of seat kilometres and are allocated to the relevant GL accordingly.
6. The number of staff serving each activity is based on the number of staff involved in public and non-public passenger transport services.

As part of the notes to the annual financial statements, an **annual supervisory report** also has to be prepared per separated activity. This report includes the following: the balance sheets, profit and loss accounts, cash flow statements and activity statements of each separated activity along with explanations, annual staff figures, subsidies per title, related party balances and any accumulation due to internal settlements.

### 1.3 Changes in the accounting policies in 2013

As a result of the amendments of the Accountign Act and other legislation that took effect in 2013, MÁV-START Zrt.'s accounting policies were modified as follows:

- Material error was modified in the Accounting Policy, which is now in line with MÁV Group's sample policy. This modification must be applied also in the financial statements for 2013.
- However, due to the nature, number and volume of the Company's economic transactions, only differences that meet the criteria specified in the Accounting Policy qualify as errors.
- It is recorded in the chapter on the definition, classification and registration of intangible assets that "goodwill is registered based on an individual decision".
- The section on inventories has been supplemented by the traction fuel inventory of the Balatonfenyves Light Railway.
- Other expenditures of financial transactions include the accrual of unrealised exchange loss arising from the measurement of settled foreign currency current asset loans not secured with existing FX balances at the balance sheet date and not offset by an exchange gain as new item.
- Provisions for contingent liabilities include provisions for premiums due but not yet approved for the reporting year and related contributions as a new item.
- The accrual of the exchange loss on the current asset loan and the related necessary provision were added to other provisions.

- Short-term liabilities, loans and credits received for a period that is shorter than a financial year, including also repayments of long-term liabilities due within one financial year following the balance sheet date have been updated to show more exact figures (detailed information on the latter must be provided in the notes to the financial statements). Short-term liabilities generally include advance payments received from customers, liabilities from the supply of goods and services, promissory notes, dividend payable, shares, interest on interest-bearing shares and other short-term liabilities.
- The accounting policies have been amended to reflect that the Company accounts electricity and gas consumption (including network charges, energy tax and liquid assets as required by the act on the supply of electricity), and water charges as material expenses instead of services used.

#### 1.4 The Company's valuation methods

- Assets and liabilities are classified, recognised and measured in accordance with the Accounting Act.
- Our Company does not carry out valuation at market value.
- We determine the purchase price according to the provisions of the Accounting Act.
- Ordinary depreciation is charged monthly on a straight line basis over the remaining useful life of the asset.
- Taking advantage of the simplification provided by law, when taking the asset into use, we immediately recognise the value of tangible and intangible assets with acquisition cost below HUF 100,000 as depreciation.
- The aggregate effect of errors identified by an audit or self-correction for a financial year (separately by year) on the profit or loss or equity for that year is always considered material if it exceeds 5% of the equity of the audited/self-corrected year. Errors are always considered to be material if, in the year when disclosed by different reviews, the total of all errors (whether negative or positive) disclosed for the same financial year and the impacts thereof – increasing or decreasing the profit or equity – exceeds 2% of the balance sheet total of the reviewed financial year.

#### 1.5 Important changes in operations in 2013

From 1 October 2013, the accounting, inventory, purchasing, IT regional coordination activities – with the human resources necessary for conducting these activities – that were previously performed by MÁV-START Zrt., which also provided these activities to MÁV-TRAKCIÓ Zrt. and MÁV-GÉPÉSZET Zrt. as a service, were transferred to MÁV Szolgáltató Központ Zrt.

The final decision on the merger of the companies was issued in MÁV-TRAKCIÓ Zrt.'s General Meeting Resolution No. 23/2013. (09.27.), MÁV-GÉPÉSZET Zrt.'s General Meeting Resolution No. 24/2013. (09.27.) and founders' resolution No. 29/280/2013 of MÁV Zrt., the founder of MÁV-START Zrt.'s (as incorporating company). During the transformation (preferential transformation), MÁV-TRAKCIÓ Zrt. and MÁV-GÉPÉSZET Zrt. will merge into MÁV-

START Zrt. in accordance with Section 81 of the Companies Act. Date of transformation: 1 January 2014

As a consequence of the transformation, MÁV-TRAKCIÓ Zrt. and MÁV-GÉPÉSZET Zrt. will cease to exist, all their assets, rights and obligations will be transferred to MÁV-START Zrt. as the legal successor, whose corporate form will remain unchanged.

The merger was published in issue No. 62 (24 October 2013) of the Company Gazette.

## **I.6 Notes to the Balance Sheet**

The assets, equity and liabilities presented in the balance sheet were measured based on the year-end counts and on valuation per item. The balance sheet preparation date and the date when

invoices and similar documents are last accepted are laid down in the accounting policies and is 13 February 2014. The last day when debtor invoices are booked is 28 January 2014 and the last day when creditor invoices are booked is 29 January 2014.

### I.6.1 Movements in Non-current assets

Non-current assets totalled HUF 59,619 million at the end of 2013, which equates to a HUF 18,751 million (31.45 %) increase compared to the prior fiscal year. The increase is due to the change in the net value of intangible assets amounting to HUF 507 million (42.75 %) and the increase of the net value of tangible assets amounting to HUF 18,244 million (31.23 %).

Within non-current assets, engines and carriages still represent a significant proportion, comprised of HUF 25,440 million for multiple-unit trains and HUF 9,718 million for carriages.

#### I.6.1.1 Changes in intangible assets

Figures in MHUF

	ITEM	Capitalise d value of foundation /restructur ing	Capitalise d value of R&D	Intangible property rights	Intellectua l property	Goodwill	Advances payments on intangible assets	Value adjustment of intangible assets	Total
1.	<i>Opening, gross</i>	0	0	884	399	0	0	0	1 283
2.	Acquisition, renewal (capitalised)	0	0	83	17	0	0	0	100
3.	Changes in WIP	0	0	65	510	0	0	0	575
4.	Count surplus	0	0	0	0	0	0	0	0
5.	Disposal	0	0	0	0	0	0	0	0
6.	Scrapping, obsolescence	0	0	-1	0	0	0	0	-1
7.	Missing	0	0	0	0	0	0	0	0
8.	Reclassified (break-down, aggregated)	0	0	0	0	0	0	0	0
9.	<i>Closing, gross</i>	0	0	1 031	926	0	0	0	1 957
10.	<i>Amortisation, opening</i>	0	0	558	46	0	0	0	604
11.	Ordinary amortisation in current year	0	0	98	70	0	0	0	169
12.	Ordinary amortisation in prior year	0	0	0	0	0	0	0	0
13.	Extraordinary amortisation in current year	0	0	0	0	0	0	0	0
14.	Extraordinary amortisation reversed	0	0	0	0	0	0	0	0
15.	Count surplus	0	0	0	0	0	0	0	0
16.	Disposal	0	0	0	0	0	0	0	0
17.	Scrapping	0	0	-1	0	0	0	0	-1
18.	Missing	0	0	0	0	0	0	0	0
19.	Reclassified (break-down, aggregated)	0	0	0	0	0	0	0	0
20.	<i>Amortisation, closing</i>	0	0	655	116	0	0	0	771
21.	<i>Opening, net</i>	0	0	326	353	0	0	0	679
22.	<i>Closing, net</i>	0	0	376	810	0	0	0	1 186

Table 1: Movements in intangible assets in 2013

The net value of intangible assets increased by HUF 507 million compared to the previous year. The increase is due to significant purchases of software (software related to Project JÉ in the amount of HUF 517 million).

### I.6.1.2 Changes in tangible assets

Figures in MHUF

ITEM	Real property and related rights	Technical equipment, machinery, vehicles	Other equipment, fittings, vehicles	Breeding stock	Capital WIP, renovations	Advance payments on capital WIP	Value adjustment of tangible assets	Total
<b>1. Gross opening value</b>	<b>56</b>	<b>72 889</b>	<b>84</b>	<b>0</b>	<b>54</b>	<b>0</b>	<b>0</b>	<b>73 083</b>
2. Acquisition, renewal (capitalised)			0	0	3 468	21 387	0	24 855
3. Count surplus	0		0	0	0	0	0	0
4. Disposal		-2	0	0	0	0	0	-2
5. Scrapping, obsolescence	0	-96	-1	0	0	0	0	-97
6. Missing		0	0	0	0	0	0	0
7. Destroyed	0	0	0	0	0	0	0	0
8. Capitalised - acquired in current year	49	2 460	0	0	-2 509	0	0	0
9. Capitalised - acquired in previous year	0	9	0	0	-9	0	0	0
10. Reclassified (break-down, aggregated)	0	0	0	0	0	0	0	0
<b>11. Cost, closing</b>	<b>105</b>	<b>75 260</b>	<b>83</b>	<b>0</b>	<b>1 004</b>	<b>21 387</b>	<b>0</b>	<b>97 839</b>
<b>12. Amortisation, opening</b>	<b>4</b>	<b>32 850</b>	<b>45</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>32 899</b>
13. Ordinary amortisation in current year	1	6 600	8	0	0	0	0	6 609
14. Ordinary amortisation in prior year	0	0	0	0	0	0	0	0
15. Extraordinary amortisation in current year	0	0	0	0	0	0	0	0
16. Write-back of extraordinary depr.	0	0	0	0	0	0	0	0
17. Count surplus	0	0	0	0	0	0	0	0
18. Disposal	0	-2	0	0	0	0	0	-2
19. Scrapping, obsolescence	0	-94	-1	0	0	0	0	-95
20. Missing	0	0	0	0	0	0	0	0
21. Destroyed	0	0	0	0	0	0	0	0
22. Reclassified (break-down, aggregated)	0	0	0	0	0	0	0	0
<b>23. Amortisation, closing</b>	<b>5</b>	<b>39 354</b>	<b>52</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>39 411</b>
<b>24. Opening, net</b>	<b>52</b>	<b>40 038</b>	<b>39</b>	<b>0</b>	<b>54</b>	<b>0</b>	<b>0</b>	<b>40 183</b>
<b>25. Closing, net</b>	<b>100</b>	<b>35 905</b>	<b>31</b>	<b>0</b>	<b>1 004</b>	<b>21 387</b>	<b>0</b>	<b>58 427</b>

Table 2: Movements in tangible assets in 2013

Changes in tangible assets amount to HUF 18,244 million due to a significant increase of investments. The decrease of HUF 4,133 million in technical equipment - typically engines and carriages - is mainly due to ordinary depreciation accounted in the amount of HUF 6,600 million in the reporting year, which was not offset by new acquisitions and refurbishments.

Tangible assets capitalised in 2013 resulted in an increase in properties and related property rights amounting to HUF 49 million, machinery, equipment and vehicles amounting to HUF 2,469 million.

Advance payments on capital work in progress include the advance of HUF 21,387 million paid to STADLER Bussnang AG, which relates to the procurement of multiple-unit trains financed from KÖZOP subsidies.

### I.6.1.3 Capital expenditures

Figures in MHUF

Item	Construction in progress	
	Prior year	Current year
<b>Opening</b>	<b>36</b>	<b>54</b>
Reporting year expenditure	2 649	3 475
Capitalised	-2 631	-2 518
Extraordinary depreciation	0	0
Other increase	0	0
Other decrease	0	-7
<b>Closing</b>	<b>54</b>	<b>1 004</b>

Table 3: Capital expenditures

From the total capital expenditures of HUF 3,475 million, HUF 1,768 million relates to the renewal of BZ multiple-unit trains and BDV railcars owned by MÁV, and fitting forestallers, passenger information system and wifi equipment in these vehicles. The procurement of other IT equipment (HUF 150 million), reconstruction of customer service offices (HUF 52 million) and setting up carriages for bicycle transport (HUF 142 million) also represent significant amounts. The projects finished and the assets were capitalised in 2013.

The closing value of AICC included the acquisition of hardware and other assets related to the Project JÉ framework (HUF 150 million), wifi equipment installed in multiple-unit trains (HUF 52 million) and construction work of the call centre in Szolnok (HUF 45 million). In 2013, the Company started the procurement of 42 multiple-unit trains for suburban passenger transport and accounted HUF 757 million in the reporting year for this project. These assets are expected to be commissioned in the years 2014-2015.

### I.6.1.4 Depreciation charge

The ordinary and extraordinary amortisation/depreciation of intangible and tangible assets in 2013 are presented below:

Figures in MHUF

Depreciation					
Description	Gross value	Ordinary	Extraordinary	As per the Accounting Act, total	As per the Corporate Tax Act, total
Land	0		0	0	
Real property and related rights	105	1	0	1	4
Technical equipment, machinery, vehicles	75 260	6 600		6 600	10 627
Other equipment, fittings, vehicles	83	8	0	8	10
Capital WIP, renovations	1 004		0	0	
<b>Total tangible assets:</b>	<b>76 452</b>	<b>6 609</b>	<b>0</b>	<b>6 609</b>	<b>10 641</b>
Intangible assets	1 957	169	0	169	158
<b>Total:</b>	<b>78 409</b>	<b>6 778</b>	<b>0</b>	<b>6 778</b>	<b>10 799</b>

Table 4: Amortisation/Depreciation of intangible and tangible assets in 2013



The depreciation rates of tangible assets are based on the useful lives established by asset valuers. These depreciation rates are, typically, below the rates prescribed in the CDTA.

Ordinary depreciation increased by HUF 229 million compared to the previous year due to a HUF 171 million increase in the depreciation of machinery, equipment and vehicles, and a HUF 58 million increase in the depreciation of intangibles.

#### I.6.1.5 Investments

MÁV-START ZRt. had the following investments at 31 December 2013:

Figures in MHUF

Description	Book value of investment			
	Opening	Increase	Decrease	Closing
Fully consolidated subsidiary	5	0	0	5
Entities treated as associated in consolidation	0	0	0	0
Associated companies	0	0	0	0
Other companies	1	0	0	1
<b>Total:</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>6</b>

Table 5: Book values of the Company's investments per category

MÁV-START Zrt. has investments in nine companies: MÁV-TRAKCIÓ Vasúti Vontatási Zártkörűen Működő Részvénytársaság, MÁV-GÉPÉSZET Vasúti jármű Fenntartó és Javító Zártkörűen Működő Részvénytársaság, MÁV Szolgáltató Központ Zártkörűen Működő Részvénytársaság, a MÁV Ingatlankezelő Korlátolt Felelősségű Társaság, a MÁV Kert Korlátolt Felelősségű Társaság, a Vasútegészségügyi Kht and Bureau Central de Clearing s.c.f.l. (BCC), HUNGRAIL Magyar Vasúti Egyesülés (Hungarian Railway Association), and MÁV Vasútör Vagyonvédelmi és Szolgáltató Korlátolt Felelősségű Társaság.

The HUF 2 million book value of the shares held in MÁV-TRAKCIÓ Zrt. reflects the face value of the shares and represented 10% ownership upon the company's foundation. As a result of significant capital injections by MÁV Zrt., the investment represented only a 0.01% stake at the balance sheet date.

Our share package held in MÁV-GÉPÉSZET Zrt. has a book value of HUF 2 million and initially represented 10% ownership. However, as a result of a capital increase by MÁV Zrt. in 2008, this investment represented only a 0.05% stake at the balance sheet date.

Our participation in MÁV Szolgáltató Központ Zrt. with a face value of HUF 1 million represents a 0.12% ownership share.

MÁV VASÚTŐR Kft. obtained a holding in MÁV-START Zrt. with a book value of HUF 100 thousand, which equates to the face value of the shares acquired. The investment represents 0.05% ownership.

In 2013, MÁV-START Zrt. acquired quotas of THUF 100 in each of the companies MÁV Ingatlankezelő Kft., MÁV KERT Kft. and Vasútegészségügyi Kht.

As a result of the acquisition, the Company acquired a 0.02 % share in MÁV Ingatlankezelő Kft., a 0.22 % share in MÁV KERT Kft. and a 0.10 % share in Vasútegészségügyi Kht.



After the year-end revaluation, there was an immaterial change in the book value of our shares held in BCC in foreign exchange (below HUF 1 million).

Our 5.26% share in HUNGRAIL Hungarian Railway Association remained unchanged.

Details of our long-term investments are set out in note III.6.

### I.6.1.6 Impairment of long-term financial assets

The Company did not account for any impairment losses on long-term financial assets in 2013.

## I.6.2 Current assets

### I.6.2.1 Inventories

Figures in MHUF

ITEM	Materials	WIP and semi-finished products	Young, fattened and other livestock	Finished goods	Goods	Advance payments on inventories	Total
1. <i>Opening, gross</i>	1	0	0	0	875	0	876
2. Purchase	381	0	0	0	2 753	0	3 134
3. Assets received free of charge	0	0	0	0	0	0	0
4. Contribution in kind	0	0	0	0	0	0	0
5. Reclassification	0	0	0	0	0	0	0
6. Taken to inventories	0	0	0	0	0	0	0
7. Surplus	0	0	0	0	0	0	0
8. Other increase	0	0	0	0	0	0	0
9. Use (expensed)	5	0	0	0	877	0	882
10. Disposal	0	0	0	0	2 741	0	2 741
11. Assets transferred free of charge	0	0	0	0	0	0	0
12. Contributed	0	0	0	0	0	0	0
13. Scrapping	0	0	0	0	0	0	0
14. Missing	0	0	0	0	0	0	0
15. Other decrease	0	0	0	0	1	0	1
16. <i>Closing, gross</i>	377	0	0	0	9	0	386
17. <i>Impairment, opening</i>	0	0	0	0	0	0	0
18. Impairment loss for the current year	0	0	0	0	0	0	0
19. Written off due to low stock levels	0	0	0	0	0	0	0
20. Reversed impairment	0	0	0	0	0	0	0
21. <i>Impairment, closing</i>	0	0	0	0	0	0	0
22. <i>Opening, net</i>	1	0	0	0	875	0	876
23. <i>Closing, net</i>	377	0	0	0	9	0	386

Table 6: Changes in inventories in 2013

Inventories decreased by HUF 490 million compared to the previous year, a significant portion of which is a result of the movements in ticket rolls.

No impairment loss was recognized on our inventories in 2013.

## I.6.2.2 Receivables

### I.6.2.2.1 Reclassification of receivables and liabilities in the balance sheet

The following items have been reclassified in the balance sheet:

- Reclassifications from other receivables to other short-term liabilities include HUF 3.3 million for ticket compensation settlements and HUF 2.8 million for differences from settlements and ticket sales at railway stations.
- Reclassifications from other short-term liabilities to other receivables include HUF 0.4 million for voluntary fund settlements and HUF 9,746 million for reclaimable VAT.
- In relation to taxes and similar payments, HUF 35.6 million was reclassified from other current liabilities to other receivables.

### I.6.2.2.2 Receivables and their impairment loss

MÁV-START Zrt's receivables at 31 December 2013 were as follows:

Figures in MHUF

Item	Receivables, gross						Impairment of receivables						Book value of receivables
	Not overdue	1-90 days	91-180 days	181-365 days	over 365 days	Total	Opening	Impairment loss derecognised	Impairment in the current year	Written off debt collected	Impairment loss reversed	Closing	
Receivables from supply of goods and services (trade debtors)	785	61	12	25	102	985	58	1	12	6	0	63	922
Receivables from related companies	4 198	8	1	0	0	4 207	0	0	0	0	0	0	4 207
of which: Parent	3 781	0	0	0	0	3 781	0	0	0	0	0	0	3 781
fully consolidated subsidiary	410	5	0	0	0	415	0	0	0	0	0	0	415
equity consolidated subsidiary	4	1	0	0	0	5	0	0	0	0	0	0	5
associated company	0	2	1	0	0	3	0	0	0	0	0	0	3
other affiliated companies	3	0	0	0	0	3	0	0	0	0	0	0	3
Other receivables	43 301	67	52	150	660	44 230	713	0	2 280	7	0	2 986	41 244
Total receivables:	48 284	136	65	175	762	49 422	771	1	2 292	13	0	3 049	46 373

Table 7: Receivables and their impairment loss

Debtors mostly represent amounts receivable from the sale of travel passes, while receivables from related parties include amounts receivable from the parent company and its fully consolidated subsidiaries.

93.32% of the total HUF 3,781 million receivable from our parent company relates to loans provided in the cash pool arrangement, 5.36% to the incentive scheme of railway workers for 2011-2013, and 1.09 % to the fees of validating ID cards. The remaining part relates to the settlement of the Balatonfenyves Railway traffic in the months October and December, sale of timetable booklets, operating test trains and chartered trains.

51.66% of the receivables from fully consolidated subsidiaries relates to human resources, accounting services, pilot engine and monitoring services as well as the validation fee for ID cards billed to MÁV-TRAKCIÓ Zrt., while 33.94 % pertains to human resources, controlling and accounting services rendered, detergents re-invoiced and ID card validation charge billed to MÁV-GÉPÉSZET Zrt. Receivables from MÁV Szolgáltató Kp Zrt. representing 3.69 % of the

receivables comprise ID card validation fees and receivables from the sale of IC cards. Receivables of HUF 31 million from Vagyonkezelő Zrt. are related to the MÁV Vagon Zrt. share purchase. The full amount of the HUF 7.7 million receivable from MÁV FKG Kft. relates to light railway carriage tests.

Within other receivables, reclaimed VAT totals HUF 9,746 million, other reclaimed taxes HUF 31,121 million. Of the latter, ticket subsidy receivables total HUF 3,239 million, receivables from public transport services compensation amount to HUF 27,840 million, while receivables from health insurance and child benefits total HUF 42 million.

Other important receivables include:

- receivables from employees HUF 93 million,
- receivables from POS bank card payments HUF 49 million,
- receivables from e-tickets HUF 17 million,
- receivables from ticket sellers HUF 77 million,
- receivables from cash revenues of ticket dispensers operated by DataPress HUF 74 million,
- receivables from JNT, the cash transit company, from the settlement of cash revenues in the current month: HUF 5.5 million.

In 2013, 100% impairment loss (HUF 905 million) was recognised on receivables from passengers who did not have a valid ticket and were fined.

#### I.6.2.2.3 Receivables in foreign exchange by currency

Figures in MHUF

By currency	Receivable in FX	FX rate (FX/HUF)	Receivable in MHUF	Year-end FX gain or loss (with correct algebraic sign)
<b>EUR</b>	699 190.28	296,91	208	-1
<b>CHF</b>	0,00	0	0	0
<b>Total</b>			208	-1

Table 8: Receivables in foreign exchange

The company's significant FX receivables: Serbian railways: EUR 231,656 (HUF 69 million), Romanian railways: EUR 155,393 (HUF 46 million), Stadler Bussnang AG: EUR 80,023 (HUF 24 million), Swiss railways: EUR 68,765 (HUF 20 million), French railways: EUR 52,746 (HUF 16 million).

#### I.6.2.3 Receivables from related companies

MAV-START Zrt's receivables from its related parties at the end of 2013:

Figures in MHUF

Item	Parent	Fully consolidated subsidiary	Equity consolidated	Affiliates	Total
Advance payments on intangible assets	0	0	0	0	0
Advance payments on capital WIP	0	0	0	0	0
Long-term loans to related companies	0	0	0	0	0
Advance payments on inventories	0	0	0	0	0
Receivables from related companies	3 781	415	5	3	4 204
<b>Total:</b>	<b>3 781</b>	<b>415</b>	<b>5</b>	<b>3</b>	<b>4 204</b>

Table 9: Receivables from related companies

Amounts receivable from related parties totalled HUF 4,204 million including the most significant proportion of HUF 3,781 million from MÁV Zrt., of which cash pool receivables (loans provided) amounted to HUF 3,529 million and receivables from the incentive scheme of railway workers for 2011-2013 amounted to HUF 203 million. Receivables from fully consolidated subsidiaries include receivables from MÁV-TRAKCIÓ Zrt. amounting to HUF 214 million and receivables from MÁV-GÉPÉSZET Zrt. amounting to HUF 141 million.

#### I.6.2.4 Prepaid expenses/accrued income

Prepaid expenses and accrued income on the balance sheet date:

Figures in MHUF

Item	Prior year	Current year
<b>Accrued income</b>		
392 RIC carriage rent	4 643	4 580
393 Unsettled turnover	46	54
3971 Unbilled revenues	544	410
39721 Interest due for the reporting period (except late payment interest)	0	0
397222 Cash-pool internal and external interest	0	3
3973 Late payment interest, non-performance penalty and damages due for the reporting year	27	14
3974 Reimbursement of public service costs	20 829	20 829
3977 Revenues related to the next reporting period	0	0
3979 Other accrued income	0	0
<b>Accrued income, total:</b>	<b>26 089</b>	<b>25 890</b>
<b>Prepaid expenses</b>		
3915 Amounts prepaid from petty cash and bank	0	0
3912 Pre-invoiced costs and expenses	276	301
3916 Unbilled costs (credit notes)	675	51
<b>Prepaid expenses, total</b>	<b>951</b>	<b>352</b>
<b>Total:</b>	<b>27 040</b>	<b>26 242</b>

Table 10: Prepaid expenses/accrued income

Significant accrued income items are the public service costs refund (HUF 20,829 million) and RIC carriage rent revenues (HUF 4,580 million) related to the timetable year of 2012/2013.

Accrued unbilled revenues totalling HUF 410 million include the sale of tickets and railpasses amounting to HUF 72 million, ticket inspection at minor border stations amounting to HUF 125

million, damages for the accidents in Tata and Monorierdő amounting to HUF 198 million, operational activities amounting to HUF 3 million and real estate rental fees and related operational fees amounting to HUF 12 million.

Accrued interest, penalties and damages received until the balance sheet date totals HUF 14 million. This shows a significant decrease compared to the previous year.

In 2013, prepaid expenses/accrued income relates to the following items:

- penalties HUF 1 million
- damages payable by MÁV Zrt. HUF 13 million.

Prepaid expenses amounted to HUF 301 million, of which the most significant item is the insurance expense for 2014 totalling HUF 201 million, of which HUF 167 million is payable to MÁV Zrt. and HUF 34 million is payable to insurance companies. In addition, rental fees of HUF 100 million were also prepaid.

Within the HUF 51 million of credit notes for expenses accrued, the most significant items are healthcare services from MÁV Zrt. in the amount of HUF 11 million and a credit note to rental and operational fees of real estate in the amount of HUF 36 million. Furthermore, IT services received from MÁV Szolgáltató Központ Zrt. amount to HUF 3 million, promotional discount provided by Magyar Telekom Nyrt. amounts to HUF 1 million.

### I.6.3 Equity

#### I.6.3.1 Equity

Figures in MHUF

Item	Share capital	Capital reserve	Retained earnings	Non-distributable reserve	Profit/(loss) for the year	Valuation reserve	Equity
<i>Opening balance 2013</i>	<i>10 000</i>	<i>52 320</i>	<i>2 278</i>	<i>0</i>	<i>2 155</i>	<i>0</i>	<i>66 753</i>
Transfer of prior year's profit	0	0	2 155	0	-2 155	0	0
Prior years' profit or loss, middle column	0	0	0	0	0	0	0
Net profit for 2013	0	0	0	0	133	0	133
<i>Closing balance 2013</i>	<i>10 000</i>	<i>52 320</i>	<i>4 433</i>	<i>0</i>	<i>133</i>	<i>0</i>	<i>66 886</i>

Table 11: Equity

#### I.6.3.2 Details of the changes in equity

- The profit for 2012 was transferred to retained earnings.
- The profit of HUF 133 million recognised for 2013 increased equity.

### I.6.4 Provisions

In 2013, MÁV-START Zrt. only made provisions for contingent liabilities.

#### I.6.4.1 Provision for contingent liabilities

According to Section 41 (1) of the Accounting Act: “Provisions shall be made from the pre-tax profit - to the extent necessary - to cover payment liabilities to third parties that originate from past and current transactions and contracts [including, in particular, guarantee commitments prescribed by law, contingent liabilities, commitments, payments of early retirement benefits and severance pay, environmental obligations] and which are likely or certain to exist as at the balance sheet date, but the amounts and the due dates of such liabilities are uncertain and the company has not provided the required cover for such liabilities in any other form.”

Figures in MHUF

Provisions for contingent liabilities	Opening	Released in 2013	Made in 2013	Closing
Provisions for termination liabilities	187	187	486	486
Litigations	287	36	180	431
Working clothes and uniforms	459	239	17	237
Provision for claims for damages	217	74	64	207
Provision for late payment interest liability	11	11	11	11
for bonus obligations	242	242	209	209
<b>Total:</b>	<b>1 403</b>	<b>789</b>	<b>967</b>	<b>1 581</b>
of which: existing liabilities to related parties:	9	9	10	10

Table 12: Provision for contingent liabilities

The provision of HUF 187 million made in 2012 for planned aid to those below the retirement age and severance pay due to restructuring related redundancies was fully released in 2013. Based on the probable liabilities, a provision of HUF 486 million was made for aid to those below the retirement age planned for 2013.

A provision of HUF 180 million was made for litigations. A 100% impairment loss was made for contingent liabilities expected from litigations at 31 December 2013.

An additional HUF 64 million provision was made for damages related to railway accidents.

52.07 % of the provision made in 2012 for work clothes and uniforms was released, but HUF 17 million had to be made for yet unmet demand.

In order to comply with the principle of prudence, HUF 11 million provision was made for the late payment penalties on creditor invoices overdue and unpaid at the balance sheet date. Of this amount, HUF 7 million related to MÁV Zrt., and HUF 3 million to MÁV-TRAKCIÓ Zrt.

The bonuses for 2013 had not been approved formally by the approval of the annual financial statements of the fully consolidated subsidiaries. Accordingly, we made a provision of HUF 209 million based on initial calculations for the bonuses and the related taxes and contributions in line with Sections 41 (1), 44 (1) and 79 (2) of the Accounting Act.

No provision was made for future expenses.

#### I.6.4.2 Other provision

No other provision was made by MÁV-START Zrt. in 2013.

#### I.6.4.3 Movements in provisions presented in the balance sheet in 2013

Figures in MHUF

Item	Provision for contingent liabilities	Provision for future expenses	Other provision	Total
<i>Opening provisions</i>	<i>1 403</i>	<i>0</i>	<i>0</i>	<i>1 403</i>
Provisions used in 2013	789	0	0	<b>789</b>
Provisions made in 2013	967	0	0	<b>967</b>
<i>Closing provisions</i>	<i>1 581</i>	<i>0</i>	<i>0</i>	<i>1 581</i>

Table 13: Provisions in the balance sheet

### I.6.5 Liabilities

#### I.6.5.1 Subordinated liabilities

MÁV-START Zrt. does not have any subordinated liabilities.

#### I.6.5.2 Long-term liabilities

Long-term liabilities totalled HUF 52 million on the balance sheet date and included only housing support provided to employees under the cafeteria fringe benefit system as other long-term liabilities.

#### I.6.5.3 Short-term liabilities

Short-term liabilities totalled HUF 38,616 million on the balance sheet date and represent 28.52% of the balance sheet total and 99.87% of total liabilities. Liabilities increased by 3.43 % compared to the previous year mainly due to an increase in creditors. Creditors at year end amounted to HUF 3,075 million which mostly consisted of liabilities from the supply of services (HUF 1,767 million). Liabilities to related parties amounted to HUF 31,812 million, of which HUF 9,879 million relates to the parent company and HUF 21,927 million to fully consolidated subsidiaries. The amount of recoverable VAT (HUF 9,746 million) was reclassified from other short-term liabilities to other receivables.

### I.6.5.3.1 Short-term loans

MÁV-START Zrt. does not have any short-term loans.

### I.6.5.3.2 Other short-term liabilities

Other short-term liabilities include the following items:

Figures in MHUF

Item	2012.	2013.
Taxes payable	325	349
Wages and salaries	1 095	1 095
Vocational training	0	0
Contributions to funds by employer	107	82
Membership fees deducted from employees	51	54
Other current liabilities from settlements	2 234	2 141
<b>Other short-term liabilities, total</b>	<b>3 812</b>	<b>3 721</b>

Table 14: Composition of other short-term liabilities:

Liabilities from the overpayment of public services compensation of HUF 2,094 million represent a significant amount of other settlements.

### I.6.5.3.3 Short-term liabilities by currency

Figures in MHUF

By currency	Liability in FX	FX rate (FX/HUF)	Liability in million HUF	Year-end FX gain or loss
<b>EUR</b>	1 177 891,47	296,91	350	0
<b>CHF</b>	0,00	0	0	0
<b>Total</b>			350	0

Table 15: Short-term foreign exchange liabilities

The Company's most significant liabilities denominated in FX: ÖBB Personenverkehr: (Austrian Railways) EUR 565,945 (HUF 168 million), CD Personenverkehr: (Czech Railways) EUR 215,342 (HUF 64 million), ZSSK Személy: (Slovak Railways) EUR 92,944 (HUF 27 million), DB Fernverkehr AG EUR 179,561.48 (HUF 53 million), and DB Vertrieb GmbH EUR 79,287.9 (HUF 24 million).



### I.6.5.4 Liabilities to related companies

Figures in MHUF

Item	Parent	Fully consolidated	Equity consolidated	Affiliates	Total
Subordinated liabilities to related companies	0	0	0	0	0
Long-term liabilities to related companies	0	0	0	0	0
Short-term liabilities to related companies	9 879	21 927	6	0	31 812
<b>Total</b>	<b>9 879</b>	<b>21 927</b>	<b>6</b>	<b>0</b>	<b>31 812</b>

Table 16: Liabilities to related companies

Liabilities to the parent company include rail network access charge of HUF 4,625 million, traction electricity fee of HUF 3,545 million and carriage rent of HUF 709 million. The most significant liabilities to fully consolidated subsidiaries include traction services billed by MÁV-TRAKCIÓ Zrt. (HUF 15,644 million) and standby maintenance services billed by MÁV-GÉPÉSZET Zrt. (HUF 2,784 million).

### I.6.6 Off-balance sheet liabilities

#### I.6.6.1 Borrowing and repayment of long-term loans

MÁV-START Zrt. did not have any development and project loans on the balance sheet date.

#### I.6.6.2 Hedging transactions

MÁV-START Zrt. does not have any hedging transactions.

#### I.6.6.3 Joint and several liability and guarantee contracts

The Company did not have any contracts pertaining to joint or several liabilities on the balance sheet date. The payment guarantee contracts are shown in the table below:

Type of guarantee	Contracting bank	Start date	End date	Amount of guarantee in million HUF
payment bank guarantee	KDB Bank	01.01.2013*	31.12.2013	148
payment bank guarantee	KDB Bank	01.01.2013*	31.12.2013	5
payment bank guarantee	KDB Bank	01.07.2011	02.01.2014	10
payment bank guarantee	KDB Bank	26.10.2010	30.06.2014	5,5
<b>Bank guarantees total:</b>				<b>168,5</b>

Table 17: Guarantee contracts in effect at the balance sheet date

(\*The marked KDB guarantees were also in effect at the balance sheet date, but they were renewed due to their nature.)

#### I.6.6.4 Lien, mortgages and operating leases

None of MÁV-START Zrt's assets is encumbered with mortgage or lien.

The Company, as the lessee entered into an operating lease contract effective at the balance sheet date which relates to 8 so called Greek Desiro multiple-unit trains.

Contracting party (lessor)	Subject of the contract	Date of contract	Maturity	Lease fee net of VAT in EUR	Balance as at the balance sheet date net of VAT in EUR	Balance as at the balance sheet date net of VAT in HUF million
Deutsche Leasing Hungaria Kft.	8 Desiro Classic	24.09.2008	28.02.2029	16 005 209	11 431 336	3 394
<b>Total:</b>				<b>16 005 209</b>	<b>11 431 336</b>	<b>3 394</b>

Table 18: Operating lease contracts over HUF 1 million in effect at the balance sheet date

### I.6.7 Accrued expenses/prepaid income:

Accrued expenses and prepaid income at the balance sheet date:

Figures in MHUF

Item	Prior year	Current year
<b>Deferred income</b>		
4816 Deferred unbilled income (credit notes)	0	12
4817 Pre-invoiced income	165	158
4819 Other deferred income	371	366
48132 Non-refundable cash and cash equivalents to offset costs and expenses	1	0
<b>Deferred income, total:</b>	<b>537</b>	<b>536</b>
<b>Accrued expenses</b>		
47521 Calculated early retirement benefit	0	0
47522 Pre-settled early retirement benefit	0	0
4821 Accrual of unbilled expenses	755	516
4826 Accrued incoming invoices not yet approved	1 095	95
4827 Invoices related to the upcoming period	0	1
4829 Other accrued expenses	26	0
483 Accrual of RIC carriage rental fee	3 272	3 359
484 Accrued unsettled turnover	196	272
<b>Accrued expenses, total:</b>	<b>5 344</b>	<b>4 243</b>
<b>Deferred income</b>		
4813114 Subsidies received under EU and other central programmes	0	21 434
<b>Deferred income, total</b>	<b>0</b>	<b>21 434</b>
<b>Total:</b>	<b>5 881</b>	<b>26 213</b>

Table 19: Change in accrued expenses/prepaid income

Deferred pre-invoiced income includes revenues from travel cards pre-purchased by passengers in 2013 for 2014 (HUF 152 million). Of this amount, HUF 77 million relates to purchased Start Club cards, HUF 8 million to IC cards, and HUF 67 million to ID card fees deducted from employees. The remaining amount of HUF 6 million is comprised of rental fees of dining cars and revenues from chartered trains.

Other deferred income includes tickets pre-purchased in 2013 for 2014 (HUF 254 million), social fare subsidy (HUF 75 million) and pre-purchased international tickets (HUF 37 million).

Accrued unbilled expenses totalled HUF 516 million and comprised the following items: services to be re-invoiced amounting to HUF 103 million, ticket inspection at minor border stations HUF 32 million, traction HUF 199 million, late-payment interest from MÁV-TRAKCIÓ Zrt. HUF 28 million, meal vouchers provided on railworkers' day HUF 24 million, rental and operational fees of real estate HUF 108 million, maintenance and operation of vehicles HUF 8 million, telephone services HUF 7 million, audit fees HUF 5 million, other material expenses HUF 2 million.

Incoming invoices under authorisation totalled HUF 95 million in relation to the following expenses: energy consumption HUF 17 million, material expenditures HUF 1 million, advertising costs HUF 5 million, IT services HUF 5 million, support paid HUF 35 million, rental fees HUF 6 million, maintenance costs HUF 22 million, cleaning of vehicles HUF 3 million, waste management HUF 1 million.

Compensation for events other than damages were accounted in the amount of HUF 1 million under invoices settled for the period following the reporting year.

Accrued costs of the RIC carriage rent amounts to HUF 3,359 million and relates to the timetable year 2012/2013.

The creditor-type account of unsettled traffic reflects amounts to be settled with international railway companies in connection with yet unbilled performance in Q4 2013 based on available documents. This amount will be released upon settlement and the actually acknowledged cost will be recognised.

MÁV-START Zrt. concluded a subsidy agreement with KIKSZ Közlekedésfejlesztési Zrt. on 19 March 2013 (KÖZO-2.5.0-09-11-2013-00008) for the procurement of 42 multiple-unit trains. Total project costs amount to HUF 75,437 million, financed to 85% from EU funds and to 15% from state funds. For the project, subsidies amounting to HUF 21,434 million were granted in 2013, which was fully accounted as deferred income.

## **I.7 Notes to the Profit and Loss Account**

### **I.7.1 Net sales revenues**

#### **I.7.1.1 Net sales revenues by activity**

Activity	Net sales revenues		
	Prior year	Current year	Change
Revenues from public passenger transportation	55 785	59 272	3 487
Of which: fares and seats	37 508	39 465	1 957
Ticket compensation	17 490	17 886	396
Other	787	1 921	1 134
Revenues from non-public passenger transportation	16 882	17 363	481
Of which: fares and seats	7 516	7 972	456
Ticket compensation	505	429	-76
Carriages in international use	5 111	4 848	-263

Figures in MHUF

Table 20: Net sales revenues by activity

Net sales revenues totalled HUF 76,635 million in 2013, which is an increase of HUF 3,968 million (5.46%) compared to 2012.

Sales revenues from public passenger transport services increased by 6.25%, while sales revenues from non-public passenger transport services increased by 2.85% compared to the previous year.

Sales revenues from public passenger transport services increased because the extra tickets required for fast trains generated extra revenues of HUF 1,753 million already from introduction. The decrease of domestic ticket sales by HUF 250 million compared to the base year results from the reduction of services as of 15 April 2012, scheduled and unscheduled track obstructions and line reconstructions.

Revenues from domestic travel pass sales increased by HUF 322 million from the base period to the reporting year.

Revenues from Budapest Travel Card sales increased by HUF 32 million compared to the previous year.

Revenues from START Klub card sales rose significantly compared to the prior year (2012: HUF 296 million, 2013: HUF 369 million) due to various discounts and online purchase options.

Revenues from ticket price subsidies increased by HUF 396 million from the base year to the reporting year.

Domestic revenues from activities other than the core activities (excluding intermediated services) increased by HUF 1,022 million compared to the base year. This accounted for 90.12 % of the increase in other revenues.

Ticket sales (both fare and seat) for international and domestic non-public services increased by HUF 456 million as a result of the increasing revenues of the private-owned German line. Supply also increased in Austria, the Czech Republic and Poland. The utilization of the capacity of international lines also improved.

### I.7.1.2 Export and import sales revenues

Figures in MHUF

Country	Prior year						Current year					
	Export of goods	Export of services	Exports, total	Import of goods	Imported services	Import, total	Export of goods	Export of services	Exports, total	Import of goods	Imported services	Import, total
<b>EU countries</b>												
Germany		2 175	2 175		791	791		2 224	2 224		2 507	2 507
Austria		4 356	4 356		4 983	4 983		3 851	3 851		5 554	5 554
Italy		22	22		12	12		15	15		14	14
Slovakia		893	893		2 560	2 560		944	944		1 119	1 119
Czech Republic		1 670	1 670		2 220	2 220		1 728	1 728		2 303	2 303
Slovenia		57	57		121	121		46	46		101	101
Poland		165	165		204	204		167	167		232	232
France		369	369		83	83		388	388		86	86
United Kingdom		18	18		18	18		12	12		10	10
Sweden		63	63		19	19		61	61		24	24
Belgium		17	17		13	13		17	17		13	13
Denmark		16	16		5	5		11	11		4	4
Finland		10	10		3	3		12	12		4	4
Greece		0	0		1	1		1	1		1	1
The Netherlands		305	305		28	28		336	336		33	33
Ireland		3	3		1	1		3	3		1	1
Luxembourg		2	2		1	1		2	2		1	1
Portugal		4	4		1	1		4	4		1	1
Spain		17	17		11	11		20	20		31	31
Romania		1 465	1 465		1 547	1 547		1 496	1 496		1 547	1 547
Croatia		233	233		218	218		214	214		218	218
Bulgaria		31	31		13	13		33	33		6	6
<b>EU countries total:</b>		<b>11 892</b>	<b>11 892</b>		<b>12 853</b>	<b>12 853</b>		<b>11 584</b>	<b>11 584</b>		<b>13 810</b>	<b>13 810</b>
<b>Non-EU countries</b>												
Serbia		254	254		275	275		249	249		317	317
Montenegro		2	2		3	3		2	2		4	4
Ukraine		77	77		100	100		80	80		109	109
Switzerland		224	224		150	150		688	688		359	359
Turkey		6	6		2	2		18	18		2	2
Belarus		1	1		1	1		1	1		1	1
Bosnia and Herzegovina		42	42		37	37		28	28		22	22
Macedonia		1	1		0	0		1	1		0	0
Russia		102	102		88	88		96	96		96	96
Norway		9	9		3	3		10	10		3	3
Canada		0	0		0	0		0	0		0	0
Australia		0	0		0	0		0	0		0	0
<b>Non-EU countries total:</b>		<b>718</b>	<b>718</b>		<b>660</b>	<b>660</b>		<b>1 173</b>	<b>1 173</b>		<b>913</b>	<b>913</b>
<b>Total:</b>		<b>12 610</b>	<b>12 610</b>		<b>13 513</b>	<b>13 513</b>		<b>12 757</b>	<b>12 757</b>		<b>14 723</b>	<b>14 723</b>

Table 21: Export and import

As in 2012, export and import transactions involved mostly EU countries. Passenger volumes and settlements based the use of carriages were the highest with Germany, Austria, the Czech Republic and Romania from among the EU member states, but passenger traffic with Slovakia was also notable. Export to and import from non-EU countries was the most significant with Switzerland and Serbia.

## I.7.2 Analysis of expenses by type

Figures in MHUF

Item	Prior year	Percentage of last year's total	Current year	Difference	Percentage of this year's total
Material type expenditures in total:	188 673	84,56	187 370	-1 303	84,02
Payments to personnel	27 888	12,50	28 856	968	12,94
Depreciation total:	6 549	2,94	6 778	229	3,04
<b>Total:</b>	<b>223 110</b>	<b>100,00</b>	<b>223 004</b>	<b>-106</b>	<b>100,00</b>

Table 22: Expenses

### I.7.2.1 Material expenditures

Material expenditures, presented in table 23, decreased by nearly HUF 1,303 million compared to 2012.

Material costs increased by HUF 1,411 million to HUF 17,540 million in 2013 and thus represent 7.86% of total costs. The most significant material cost items include uniforms, work clothes and protective beverage (HUF 365 million), fuel and energy (HUF 849 million) and train ticket rolls (HUF 230 million) and increased by the following amounts compared to 2012.

The HUF 3,157 million decrease in services used reflects primarily railtrack usage charge, carriage maintenance costs, traction and shunting costs and carriage rent. These four items account for 67.78% of total costs. The decrease in railtrack usage charge compared to the base year was due to the use of stations as stops and reduced services as of last April.

Carriage maintenance costs increased by HUF 1,760 million. Traction costs reflect mainly traction electricity and operating costs paid to MÁV-TRAKCIÓ Zrt. Carriage rental fees decreased by HUF 1,947 million due to more favourable interests on loans.

Other services used that are less significant but exceed HUF 100 million are also presented in the above table.

Other services increased by HUF 162 million due to charges paid to authorities and banks in 2013.

The proportion of other services remained extremely low in 2013 (0.56%). Charges paid to authorities include HUF 417 million market supervision charge paid to the National Transport Authority, HUF 367 million train accident insurance and HUF 92 million mandatory accident indemnity insurance payable by railway companies.

In 2013, cost of goods sold accounts for 0.04 %, value of resold services for 1.19 % of expenses.

Figures in MHUF

Item	Prior year	Percentage of last year's total	Current year	Difference	Percentage of this year's total
<b>Material costs</b>					
Working clothes, uniforms, protective beverage	237	0,11	602	365	0,27
Ticket rolls	443	0,20	673	230	0,30
Fuel, energy	15 081	6,76	15 930	849	7,14
Other materials	368	0,16	335	-33	0,15
<b>Material costs, total:</b>	<b>16 129</b>	<b>7,23</b>	<b>17 540</b>	<b>1 411</b>	<b>7,86</b>
<b>Value of services used</b>					
Track access charge	72 058	32,30	68 828	-3 230	30,86
Traction, shunting	46 756	20,96	45 491	-1 265	20,40
Rail vehicle maintenance	20 295	9,10	22 055	1 760	9,89
Train rent, RIC rent and other usage charges	16 738	7,50	14 791	-1 947	6,63
Train wash, removing graffiti	2 812	1,26	2 626	-186	1,18
Train heating, cooling, test, replacement, call center, hired workforce and other operating activities	2 466	1,11	4 090	1 624	1,83
Property rent, maintenance, operations	1 435	0,64	1 413	-22	0,63
Education and human services	1 067	0,48	908	-159	0,41
Accounting and finance services	742	0,33	605	-137	0,27
Security	902	0,40	931	29	0,42
Ticket commissions paid	967	0,43	932	-35	0,42
Advertising, promotion, market survey	98	0,04	134	36	0,06
IT services	955	0,43	1 126	171	0,50
Telecommunication, postal services	369	0,17	342	-27	0,15
Other services used	1 354	0,60	1 585	231	0,71
<b>Value of Services used, total:</b>	<b>169 014</b>	<b>75,75</b>	<b>165 857</b>	<b>-3 157</b>	<b>74,37</b>
<b>Value of Other services used</b>					
Authority fees	333	0,15	437	104	0,20
Insurance fees	533	0,24	491	-42	0,22
Bank charges	204	0,09	304	100	0,14
<b>Value of Other services used, total:</b>	<b>1 070</b>	<b>0,48</b>	<b>1 232</b>	<b>162</b>	<b>0,56</b>
<b>Cost of goods sold</b>	<b>39</b>	<b>0,01</b>	<b>94</b>	<b>55</b>	<b>0,04</b>
<b>Value of resold services</b>	<b>2 421</b>	<b>1,09</b>	<b>2 647</b>	<b>226</b>	<b>1,19</b>
<b>Material type expenditures in total:</b>	<b>188 673</b>	<b>84,56</b>	<b>187 370</b>	<b>-1 303</b>	<b>84,02</b>

Table 23: Material type expenditures

### 1.7.2.2 Payments to personnel

Figures in MHUF

Item	Prior year	Current year	Difference	Index (%)	Percentage of this year's total
Wages	18 203	18 831	628	103,45	8,44
Other payments to personnel	3 008	3 105	97	103,22	1,39
Contributions on wages and salaries	6 677	6 920	243	103,64	3,10
<b>Total payments to personnel:</b>	<b>27 888</b>	<b>28 856</b>	<b>968</b>	<b>103,47</b>	<b>12,94</b>

Table 24: Personnel expenses



Payments to personnel increased by a total of HUF 968 million compared to the previous year. The average headcount decreased compared to 2012, which is due to the transfer of cleaning, procurement, accounting and IT activities. The 3.45 % increase of salary expenses is mainly due to salary increases for 2013 in accordance with the founders' resolution No. 33/280/2013, extra trains used because of the transition from the summer timetable, shortage of ticket inspection staff, extra workload due to flood in the previous period and overtime resulting from summer holidays. Contributions and other personnel expenses are in accordance with salary expenses.

### I.7.2.3 Depreciation charge

Figures in MHUF

Item	Prior year	Current year	Difference	Index (%)	Percentage of this year's total
Depreciation charge of continually depreciated tangible assets	6 499	6 710	211	103,25	3,01
Fully expensed	50	68	18	136,00	0,03
<b>Depreciation total:</b>	<b>6 549</b>	<b>6 778</b>	<b>229</b>	<b>103,50</b>	<b>3,04</b>

Table 25: Depreciation charge

94% of the total annual depreciation charge of HUF 6,778 million comprises the depreciation of engines and carriages (HUF 6,371 million).

### I.7.2.4 Other revenues

Other revenues in 2013 totalled HUF 151,970 million, which is a HUF 3,505 million decrease compared to 2012.

The movements between the two periods are presented below:

Figures in MHUF

Item	Prior year	Current year	Difference	Index (%)
<i>Revenues from the sale of intangible and tangible assets</i>	0	1	1	0,00
of which: own assets sold	0	1	1	0,00
<i>Reversal of impairment loss on inventories, amounts received for written off receivables</i>	21	13	-8	61,90
<i>Profit increasing items</i>	589	609	20	103,40
of which: Damages received	172	302	130	175,58
Late-payment interest received	32	18	-14	56,25
Penalties received	378	284	-94	75,13
Other refunds/compensation	7	5	-2	71,43
<i>Released provisions</i>	302	789	487	261,26
of which: provision for expected liabilities	302	789	487	261,26
provision for future expenses	0	0	0	-
use of provision for unrealised FX losses	0	0	0	-
Other provisions released	0	0	0	-
<i>Income from receivables sold</i>	0	0	0	-
<i>Other miscellaneous revenues</i>	4	17	13	425,00
<i>Subsidies and grants to compensate for expenses</i>	154 559	150 541	-4 018	97,40
of which: Reimbursement of public services	154 162	150 143	-4 019	97,39
Compensation for unearned revenues from passenger transport (BEB subsidy)	0	0	0	-
incentive scheme of MÁV rail workers 2011-2013	397	396	-1	99,75
Other subsidies received	0	2	2	-
<b>Total:</b>	<b>155 475</b>	<b>151 970</b>	<b>-3 505</b>	<b>97,75</b>

Table 26: Other revenues

Reason for change:

In 2013, amounts received for receivables written off in previous years amounted to HUF 6 million for trade receivables and HUF 7 million for other receivables.

Revenues from damages increased by HUF 130 million, while revenues from late-payment interest decreased by HUF 14 million, penalties received decreased by HUF 94 million compared to the base year.

Provisions made in 2013 compared to 2012:

The use of provisions made for late-payment interest decreased by HUF 52 million. The use of provisions made for severance pay liabilities (participants of the MÁV ÉVEK plan) increased by HUF 117 million. Provisions made for premiums increased by HUF 242 million. Provisions made for work clothes and uniforms also increased by HUF 112 million. Provisions for damage claims also show an increase by HUF 59 million. In 2013, the use of provisions for litigation increased by HUF 11 million.

No receivables were sold in 2013.

The amount used from the statutory compensation for public services decreased by HUF 4,019 million in 2013. In 2013, HUF 396 million was used for the incentive of MÁV railway workers from the total amount available for the period of 2011-2013.

#### I.7.2.5 Other expenditures

Other expenses totalled HUF 5,515 million in 2013, a HUF 2,681 million increase compared to 2012.

The movements between the two periods are presented below:

Figures in MHUF

Item	Prior year	Current year	Difference	Index (%)
<b>Expenses on tangibles, capital projects and intangibles disposed of, scrapped or missing</b>	<b>28</b>	<b>3</b>	<b>-25</b>	<b>10,71</b>
of which: Net value of disposed tangibles	0	0	0	-
Expenses on scrapped tangibles	1	3	2	300,00
Impairment loss on tangibles	27	0	-27	-
<b>Impairment of inventories and receivables</b>	<b>248</b>	<b>2 293</b>	<b>2 045</b>	<b>924,60</b>
of which: Impairment loss of trade receivables	34	12	-22	35,29
Scrapped inventories, other decreases	0	1	1	-
Impairment loss on other receivables	214	219	5	102,34
Accounting settlement with a negative effect on profit	0	2 061	2 061	-
<b>Profit decreasing items</b>	<b>1 476</b>	<b>2 044</b>	<b>568</b>	<b>138,48</b>
of which: Bad debts written off	0	0	0	-
Losses from damages	832	1 431	599	172,00
Penalties and similar charges	0	7	7	-
Late payment interests, penalties paid	594	473	-121	79,63
Damages and penalties paid	16	17	1	106,25
Self-revision fee	3	5	2	166,67
Other donations and financial support	31	111	80	358,06
<b>Provisions made</b>	<b>912</b>	<b>967</b>	<b>55</b>	<b>106,03</b>
of which: for severance pay	187	486	299	259,89
for work clothes and uniforms	266	17	-249	6,39
for damages claimed	48	64	16	133,33
for late payment interest liability	11	11	0	100,00
for bonus obligations	242	209	-33	86,36
for litigations	158	180	22	113,92
<b>Contributions settled with government funds</b>	<b>171</b>	<b>177</b>	<b>6</b>	<b>103,51</b>
of which: R&D contribution	169	177	8	104,73
<b>Other liabilities</b>	<b>0</b>	<b>31</b>	<b>31</b>	<b>0,00</b>
<b>Total:</b>	<b>2 834</b>	<b>5 515</b>	<b>2 681</b>	<b>194,60</b>

Table 27: Other expenditures

Expenses of tangible assets decreased by HUF 25 million compared to the previous year.

Reimbursement claims exceeding the limit set for 2012 having a negative effect on profit were accounted to 75% in the amount of HUF 2,061 million.

Expenses due to damages increased by HUF 599 million in the reporting year mainly as a result of vandalism on carriages. They include the costs of the accident at Tatabánya in 2010, expenses of train replacement buses required because of the track damages caused by the flood in June 2013 and accounting of the post-accident value of the carriage damaged in the disaster in Monorierdő in 2008.

Late payment interest and penalties paid decreased by HUF 121 million compared to the base year.

Support paid increased from HUF 31 million to HUF 111 million, including the support paid to VOKE amounting to HUF 75 million.

Expenses of provisions increased by HUF 55 million because the Company made a provision of HUF 486 million for severance pay coverage (provisions for this purpose amounted to HUF 187

million in 2012). Provisions made for litigations amounted to HUF 180 million in 2013 compared to HUF 158 million in 2012. In 2013, a provision of HUF 64 million was made for damages related to accidents as opposed to HUF 48 million in 2012. In 2013, a provision of HUF 17 million was made for work clothes and uniforms as opposed to HUF 266 million in 2012. Provision for bonus payment liabilities amounted to HUF 242 million in 2012 and HUF 209 million in 2013.

In 2013, the Company accounted HUF 31 million for the items decreasing the profit as a result of the tax authority audit.

### I.7.3 Financial and extraordinary profit or loss

Financial operations yielded a profit in 2013 as a result of FX differences realised on international transactions. Due to assumed liabilities an extraordinary loss was recognised.

#### I.7.3.1 Revenues from financial transactions

Figures in MHUF

Item	Prior year	Current year	Difference	Index (%)
<i>Other interest received (due) and similar income</i>	<i>84</i>	<i>86</i>	<i>2</i>	<i>102,38</i>
of which: interest from financial institutions	84	74	-10	88,10
<i>Other financial revenues</i>	<i>169</i>	<i>231</i>	<i>62</i>	<i>136,69</i>
of which: realised FX gain on FX balances	0	0	0	-
realised FX gain on FX receivables	25	96	71	384,00
realised FX gain on FX liabilities	114	133	19	116,67
Other revenues from financial transactions	0	0	0	-
FX gain on the year-end revaluation of receivables and liabilities	30	2	-28	6,67
<b>Total:</b>	<b>253</b>	<b>317</b>	<b>64</b>	<b>125,30</b>

Table 28: Revenues from financial transactions

In 2013, the Company achieved an interest income that is HUF 2 million higher than in 2012 by continuously investing the temporarily available cash from ticket sales and reimbursements. Interest received from credit institutions decreased by HUF 10 million, while interest received from related parties under the cash pool overdraft increased by HUF 12 million.

FX gains on inter-railways settlements (international fares, RIC carriage use, own trains used abroad) and on year-end revaluations increased by HUF 62 million compared to the previous year. Despite the continuous fluctuation of the EUR exchange rate in 2013, it was on the rise and exceeded HUF 300 in some periods during the year, which increased the exchange gain on receivables and liabilities as compared to the previous year. While the year-end revaluation of receivables and liabilities resulted in an aggregate FX gain of HUF 30 million last year, this year only the adjustment related to last year was accounted in the amount of HUF 2 million.

### I.7.3.2 Expenditures of financial transactions

Figures in MHUF

Item	Prior year	Current year	Difference	Index (%)
<i>Interest payable and similar expenses</i>	155	102	-53	65,81
of which: bank interest on short-term loans	155	102	-53	65,81
<i>Other financial expenditures</i>	195	194	-1	99,49
of which: FX loss on FX accounts and cash	0	1	1	-
realised FX loss on FX receivables	96	23	-73	23,96
realised FX loss on FX liabilities	99	134	35	135,35
Other expenditures of financial transactions	0	0	0	-
FX loss on the year-end revaluation of receivables and payables	0	36	36	-
<b>Total:</b>	<b>350</b>	<b>296</b>	<b>-54</b>	<b>84,57</b>

Table 29: Expenditures of financial transactions

Financial expenses decreased by HUF 54 million compared to 2012.

98.15% of the decrease is due to the decrease in interests paid to credit institutions on short-term loans.

Other financial expenses remained unchanged compared to the base year. The decreasing effect of the exchange loss realised on receivables (HUF 73 million) was offset by the higher exchange loss accounted for liabilities (HUF 35 million higher) and the year-end revaluation (HUF 36 million higher) compared to the previous year.

### I.7.3.3 Extraordinary revenues

Figures in MHUF

Item	Prior year	Current year	Difference	Index (%)
<i>Assets received free of charge and surplus assets</i>	0	0	0	0,00
of which: surplus non-current assets	0	0	0	0,00
<i>Other extraordinary revenues</i>	77	0	-77	0,00
of which: liability assumed by another company	0	0	0	0,00
<b>Total:</b>	<b>77</b>	<b>0</b>	<b>-77</b>	<b>0,00</b>

Table 30: Extraordinary revenues

The extraordinary revenues settled in 2012 originates from forgiven liabilities. It consists of the late payment interest forgiven by MÁV Zrt. in the amount of HUF 77 million. There were no such items in 2013.

### I.7.3.4 Extraordinary expenditures

Figures in MHUF

Item	Prior year	Current year	Difference	Index (%)
<i>Expenses on assets transferred free of charge</i>	0	0	0	0,00
of which: unassigned VAT on services provided free of charge	0	0	0	0,00
<i>Other extraordinary expenditures</i>	23	5	-18	21,74
of which: Liabilities assumed from other companies	22	5	-17	22,73
<b>Total:</b>	<b>23</b>	<b>5</b>	<b>-18</b>	<b>21,74</b>

Table 31: Extraordinary expenditures

In 2013, extraordinary expenses mostly include damages payable taken over from MÁV Zrt. related to railway accidents.

### I.7.4 Revenues from and expenses to related parties

Figures in MHUF

Item	Parent	Fully consolidated	Equity consolidated	Affiliates	Total
<b>Revenues</b>					
Net sales revenues	82	1 493	26	0	1 601
Other revenues	61	479	0	0	540
Revenues from financial transactions	9	0	0	0	9
Extraordinary revenues	0	0	0	0	0
<b>Revenues, total:</b>	<b>152</b>	<b>1 972</b>	<b>26</b>	<b>0</b>	<b>2 150</b>
<b>Expenditures</b>					
Material type expenditures	97 889	71 197	52	0	169 138
of which: Material costs	16 366	294	0	0	16 660
Value of services used	81 189	70 776	52	0	152 017
Value of other services used	334	0	0	0	334
Cost of goods sold	0	53	0	0	53
Value of resold services	0	74	0	0	74
Payments to personnel	41	0	0	0	41
Other expenditures	571	1 114	0	0	1 685
Expenditures of financial transactions	0	0	0	0	0
Extraordinary expenditures	0	0	0	0	0
<b>Expenses, total:</b>	<b>98 501</b>	<b>72 311</b>	<b>52</b>	<b>0</b>	<b>170 864</b>
<b>Total</b>					

Table 32: Revenues from and expenses to related parties

Revenues from the parent company included domestic IC and seat tickets (HUF 34 million) and penalties received (HUF 30 million).

Most of the revenues received from fully consolidated subsidiaries were generated by two entities. The Company supplied passenger transport services of HUF 223 million to MÁV-

TRAKCIÓ Zrt., damages received amounted to HUF 149 million and penalties received totalled HUF 113 million. MÁV-GÉPÉSZET Zrt. paid penalties amounting to HUF 137 million during the year. Damages settled with the company amounted to HUF 69 million. Income from other services (accounting, controlling, procurement, etc.) provided centrally to both companies amounted to HUF 488 million in the case of MÁV-TRAKCIÓ Zrt. and HUF 576 million in the case of MÁV-GÉPÉSZET Zrt.

Payments to the parent company comprise predominantly carriage rent of HUF 8,663 million and railtrack usage charge of HUF 68,693 million. Of the fully consolidated subsidiaries, the Company's main partners are MÁV-GÉPÉSZET Zrt. and MÁV-TRAKCIÓ Zrt. A total of HUF 20,766 million was paid to MÁV-GÉPÉSZET Zrt. for carriage maintenance and HUF 45,595 million was paid to MÁV-TRAKCIÓ Zrt. for traction, shunting and train sharing services.



## Actual asset, financial position and profitability

### I.7.5 Value and composition of assets

Assets at 31 December 2013 totalled HUF 133,348 million, of which non-current assets amounted to HUF 59,619 million and current assets to HUF 47,487 million. Within current assets, other receivables are the most significant amounting to HUF 41,244 million. The Company's prepaid expenses and accrued income total HUF 26,242 million.

#### I.7.5.1 Non-current assets ratio

At year-end, fixed assets totalled HUF 59,619 million, representing 44.71% of total assets.

$$\frac{\text{Non-current assets}}{\text{Total assets}} = \frac{59,619}{133,348} = 44.71 \% \quad (\text{base } 36.68 \%)$$

#### I.7.5.2 Coverage of tangible assets

Equity allows for funding 114.48% of non-current assets directly used in production. In the best case, the indicator value is 100-150 %.

$$\frac{\text{Equity}}{\text{Tangible assets}} = \frac{66,886}{58,427} = 114.48 \% \quad (\text{base } 166.12 \%)$$

#### I.7.5.3 Coverage of non-current assets

$$\frac{\text{Equity}}{\text{Non-current assets}} = \frac{66,886}{59,619} = 112.19 \% \quad (\text{base } 163.34 \%)$$

Equity allows for funding 112.19 % of non-current assets.

#### I.7.5.4 Current assets to non-current assets

$$\frac{\text{Current assets}}{\text{Non-current assets}} = \frac{47,487}{59,619} = 79.65 \% \quad (\text{base } 106.48 \%)$$

For every HUF 100 of fixed assets, HUF 80 of current assets are present.

### **I.7.6 Value and composition of liabilities**

As at 31 December 2013, liabilities totalled HUF 133,348 million, which agrees to total assets. Equity at HUF 66,886 million is a prominent item within liabilities.

#### **I.7.6.1 Capitalisation**

$$\frac{\text{Equity}}{\text{Total assets}} = \frac{66,886}{133,348} = 50.16 \% \quad (\text{base } 59.91 \%)$$

This indicator is to be interpreted together with the indebtedness ratio. This indicator is critical if it is below 30%, as it indicates a very high proportion of liabilities. This indicator shows that 50.16 % of the company's assets is financed from the equity.

#### **I.7.6.2 Gearing ratio**

$$\frac{\text{Borrowed capital}}{\text{Equity}} = \frac{38,668}{66,886} = 57.81 \% \quad (\text{base } 56.01 \%)$$

This indicator shows the relationship between borrowed capital and equity, i.e. the ratio of debts to be funded from equity. The lower this ratio, the better.

#### **I.7.6.3 Indebtedness ratio**

$$\frac{\text{Borrowed capital}}{\text{Total assets}} = \frac{38,668}{133,348} = 29.00 \% \quad (\text{base } 33.56 \%)$$

The ratio shows that the liability from borrowed capital encumbers 29% of total assets. An increase in indebtedness is unfavourable in itself. In the best case, the indicator value is below 70%.

#### **I.7.6.4 Ratio of long-term liabilities**

$$\frac{\text{Long-term liabilities}}{\text{Long-term liabilities} + \text{Equity}} = \frac{52}{66,938} = 0.08 \% \quad (\text{base } 0.08 \%)$$

Debts refer to long-term liabilities payable over one year. This indicator shows the company's long-term indebtedness. The lower this indicator, the better.

#### I.7.6.5 Equity increase ratio

$$\frac{\text{Equity}}{\text{Shared capital}} = \frac{66,886}{10,000} = 6.69 \% \quad (\text{base } 6.68 \%)$$

This indicator shows that change in equity with respect to movements in the volume of equity. If this indicator is below 1, equity is being lost. If such a trend persists, the company needs to draw the necessary conclusions.

#### I.7.6.6 Non-current assets coverage

$$\frac{\text{Equity}}{\text{Non-current assets}} = \frac{66,886}{59,619} = 112.19 \% \quad (\text{base } 163.34 \%)$$

In the best case, the indicator value is over 100 %.

#### I.7.6.7 Profitability indicators

$$\text{EBITDA} = \text{Operating profit/loss} + \text{depreciation} = 117 + 6,778 = \text{HUF } 6,895 \text{ million}$$

(base: HUF 8,747 million)

$$\text{EBITDA rate} = \frac{\text{EBITDA}}{\text{Net sales revenues}} = \frac{6,895}{76,635} = 9 \% \quad (\text{base } 12.04 \%)$$

$$\text{Operational rate} = \frac{\text{After-tax profit}}{\text{Net sales revenues}} = \frac{117}{76,635} = 0.15 \% \quad (\text{base } 3.02 \%)$$

## I.7.7 Financial position

### I.7.7.1 Working capital and liquidity

#### Net working capital

The net working capital is probably the most important indicator of the financial position as it shows the company's short-term solvency position, namely that current assets exceed current liabilities by HUF 8,871 million:

$$\begin{aligned} \text{Current assets} - \text{Short-term liabilities} &= 47,487 - 38,616 = \\ &= \text{HUF } 8,871 \text{ million} \quad (\text{base HUF } 6,181 \text{ million}) \end{aligned}$$

The indicator shows the Company's short-term solvency position and indicates that current assets exceed current liabilities, i.e. the solvency position is positive.

#### Liquidity ratio

$$\frac{\text{Current assets}}{\text{Short-term liabilities}} = \frac{47,487}{38,616} = 122.97 \% \quad (\text{base } 116.55 \%)$$

The current ratio shows that our current assets, i.e. inventories, receivables and liquid assets cover 122.97 %% of our current liabilities (payable within one year). In international practice, this indicator is acceptable if around 200%.

#### Quick ratio

$$\frac{\text{Current assets} - \text{Inventories}}{\text{Short-term liabilities}} = \frac{47,101}{38,616} = 1.22 \% \quad (\text{base } 1.14 \%)$$

The quick ratio shows the ability of liquid and movable assets to cover current liabilities. This ratio is safe if over 1.3.

#### Cash liquidity ratio

$$\frac{\text{Cash and cash equivalents}}{\text{Short-term liabilities}} = \frac{728}{38,616} = 1.89 \% \quad (\text{base } 3.60 \%)$$

This indicator shows the ratio of all available liquid assets to current liabilities. Our available liquid assets cover 1.89 % of our current liabilities. This indicator is acceptable around 160%-180%.

### I.7.7.2 Cash flow statement

The cash flow statement prepared for 2013 in accordance with Section 51(8) of the Accounting Act is presented below and reflect the figures in our balance sheet, profit and loss account and sub-ledgers.

Figures in MHUF

No.	Item	Prior year	Current year
<b>I.</b>	<b>Operating cash-flows (lines 1-13)</b>	<b>323</b>	<b>24 916</b>
1.	Profit before tax ±	2 155	133
	amounts received free of charge	0	0
	amounts granted free of charge, expensed	0	0
	dividend received	0	0
1/a.	Previous years' profit/(loss)	256	0
2.	Ordinary depreciation charge +	6 549	6 778
2/a.	Depreciation charge on previous year	0	0
3.	Recognised and reversed impairment loss ±	256	2 283
4.	Changes in provisions ±	610	178
5.	Non-current asset disposals ±	0	0
6.	Movements in creditors ±	765	115
7.	Movements in other current liabilities ±	-143	1 164
8.	Movements in accruals ±	-216	20 332
9.	Movements in debtors ±	-57	172
10.	Change in current assets (net of trade accounts receivable and liquid assets)	-4 242	-7 037
11.	Movements in prepayments and accrued income ±	-5 611	798
12.	Tax paid and payable (on profit) -	0	0
13.	Dividend and share payable -	0	0
<b>II.</b>	<b>Investing cash flows (lines 14-16)</b>	<b>-3 031</b>	<b>-25 530</b>
14.	Non-current asset additions -	-3 031	-25 531
15.	Non-current asset disposals +	0	1
15/b.	Movements in long-term financial assets	0	0
15/c.	Movements in advances for capital WIP	0	0
16.	Dividend received +	0	0
<b>III.</b>	<b>Financing cash flows (lines 17-27)</b>	<b>9</b>	<b>-1</b>
17.	Revenues from the issue of shares (capital addition) +	0	0
18.	Proceeds from bond issue +	0	0
19.	Borrowings +	0	0
	of which: Short-term borrowings	0	0
	loss on year-end revaluation	0	0
20.	Repayment, cancellation of long-term loans and bank deposits +	0	0
21.	Amounts received free of charge +	0	0
22.	Changes in equity	0	0
23.	Redemption of shares, capital reduction -	0	0
24.	Bond redemption -	0	0
25.	Loan repayment -	0	-1
	of which: Short-term borrowings	0	0
	gain on year-end revaluation	0	0
26.	Cash transferred +	0	0
27.	Movements in payables to founders and in other long-term liabilities	9	0
<b>IV.</b>	<b>Change in cash and cash equivalents (Lines ±I±II±III) ±</b>	<b>-2 699</b>	<b>-616</b>

Table 33: Cash Flow Statement

Explanation of each line:

The profit before taxation was HUF 133 million.

Impairment loss recognised and reversed on assets totals HUF 2,283 million (line 3) and relates partly to subsequent payment/collection of fares and penalties, while settlements resulting in a loss related to public services compensation amounts to HUF 2,061 million.

Changes in cash and cash equivalents (line IV) reflects the balance sheet line B. IV. (changes in liquid assets) which shows a decrease of HUF 616 million in 2013 as a result of the following:

- Operating cash inflows related to core operations totalled HUF 24,916 million in 2013 as a result of, primarily, changes in depreciation, current assets and in accrued expenses and prepaid income.
- As a result of tangible asset acquisitions (capitalisations), investing cash flows show an outflow of HUF 25,530 million.

Financing operations only had a limited effect on cash outflows with HUF 1 million.

## **II Report to the supervisory authority**

In this chapter, we present required information on the separated railway activities as required by the joint decree of the Transport Ministry and the Ministry of Finance (50/2007. (IV.26.) GKMPM) as based on MÁV Zrt's accounting separation policies for 2010 (B/S, P&L, Cash flow statement, activity statement with narrative explanations, revenues from and costs of related parties, average annual statistical number of staff, subsidies by title, accumulated figures due to the separated activities).

The activity statements are prepared in accordance with the pertaining decree in HUF thousands. All other statements (except staff numbers) are prepared in accordance with the accounting policies based on the Accounting Act and in million HUF.

### **II.1 Passenger transport and public passenger transport services – balance sheet, profit and loss account and cash flows statement**

In addition to the balance sheet of passenger transport and public passenger transport services set out in Tables 34 and 35, the related profit and loss account in Schedule 36 and the cash flow statement in Schedule 37, the figures included in these statements also reflect the breakdown of the general ledger are required by our accounting policies.



Figures in MHUF

No.	ITEM	Public passenger transport services (Z)		International and Long-Distance Division (N)		Passenger transport total	
		Base year	Current year	Base year	Current year	Base year	Current year
01	<b>A. NON-CURRENT ASSETS (Lines 02+10+18)</b>	39 538	58 654	1 330	965	40 868	59 619
02	<b>I. INTANGIBLE ASSETS (Lines 03+...09 )</b>	679	1 186	0	0	679	1 186
03	Capitalised value of foundation and restructuring	0	0	0	0	0	0
04	Capitalised value of R&D	0	0	0	0	0	0
05	Intangible property rights	326	376	0	0	326	376
06	Intellectual property	353	810	0	0	353	810
07	Goodwill	0	0	0	0	0	0
08	Advance payments on intangible assets	0	0	0	0	0	0
09	Value adjustment of intangible assets	0	0	0	0	0	0
10	<b>II. TANGIBLE ASSETS (Lines 11+...17)</b>	38 853	57 462	1 330	965	40 183	58 427
11	Real property and related intangible property rights	51	99	1	1	52	100
12	Technical equipment, machinery, vehicles	38 709	34 941	1 329	964	40 038	35 905
13	Other equipment, fittings, vehicles	39	31	0	0	39	31
14	Breeding stock	0	0	0	0	0	0
15	Capital WIP, renovations	54	1 004	0	0	54	1 004
16	Advance payments on capital WIP	0	21 387	0	0	0	21 387
17	Value adjustment of tangible assets	0	0	0	0	0	0
18	<b>III. FINANCIAL INVESTMENTS (Lines 19+...25)</b>	6	6	0	0	6	6
19	Long-term investments in related companies	5	5	0	0	5	5
20	Long-term loans to related companies	0	0	0	0	0	0
21	Other long-term investments	1	1	0	0	1	1
22	Long-term loans to other associated companies	0	0	0	0	0	0
23	Other long-term loans given	0	0	0	0	0	0
24	Long-term debt securities	0	0	0	0	0	0
25	Value adjustment of financial investments	0	0	0	0	0	0
26	<b>B. Current assets (Lines 27+34+40+45)</b>	41 552	46 700	5 211	7 265	43 518	47 487
27	<b>I. INVENTORIES (Lines 28+...33)</b>	873	384	3	2	876	386
28	Materials	1	377	0	0	1	377
29	Work in progress and semi-finished products	0	0	0	0	0	0
30	Young, fattened and other livestock (earlier: livestock)	0	0	0	0	0	0
31	Finished goods	0	0	0	0	0	0
32	Goods	872	7	3	2	875	9
33	Advance payments on inventories	0	0	0	0	0	0
34	<b>II. RECEIVABLES (Lines 35+...39)</b>	40 099	46 006	4 444	6 845	41 298	46 373
35	Receivable from supply of goods and services (trade debtors)	853	730	246	192	1 099	922
36	Receivables from related companies	552	4 173	30	32	582	4 204
37	Receivables from other associated companies	6	3	0	0	6	3
38	Bills of exchange receivable	0	0	0	0	0	0
39	Other receivables	38 688	41 100	923	144	39 611	41 244
39/A.	Receivables from settlements with divisions	0	0	3 245	6 477		
40	<b>III. SECURITIES (Lines 41+...44)</b>	0	0	0	0	0	0
41	Investments in related companies	0	0	0	0	0	0
42	Other investments	0	0	0	0	0	0
43	Treasury shares, own quotas	0	0	0	0	0	0
44	Debt securities held for sale	0	0	0	0	0	0
45	<b>IV. LIQUID ASSETS (Lines 46+...47)</b>	580	310	764	418	1 344	728
46	Cash on hand, cheques	145	144	1	1	146	145
47	Bank deposits	435	166	763	417	1 198	583
48	<b>C. PREPAID EXPENSES /ACCRUED INCOME (Lines 49+...51)</b>	21 973	21 490	5 067	4 752	27 040	26 242
49	Accrued income	21 022	21 138	5 067	4 752	26 089	25 890
50	Prepaid expenses	951	352	0	0	951	352
51	Deferred expenses	0	0	0	0	0	0
52	<b>TOTAL ASSETS (Lines 01+26+48)</b>	103 063	126 844	11 608	12 982	111 426	133 348

Table 34: Assets in the balance sheet prepared for passenger transport and public passenger services

Figures in MHUF

Item	Description	Public passenger transportation (Z)		International and Long-Distance Division (N)		Passenger transportation total	
		Base year	Current year	Base year	Current year	Base year	Current year
53	<i>D. Equity (Lines 54+...60)</i>	60 044	57 983	6 709	8 903	66 753	66 886
54	I. SHARE CAPITAL	9 885	9 885	115	115	10 000	10 000
	of which: repurchased treasury shares at face value	0	0	0	0	0	0
55	II. SUBSCRIBED, BUT UNPAID CAPITAL	0	0	0	0	0	0
56	III. CAPITAL RESERVE	50 475	50 475	1 845	1 845	52 320	52 320
57	IV. RETAINED EARNINGS	-316	-316	2 594	4 749	2 278	4 433
58	V. NON-DISTRIBUTABLE RESERVE	0	0	0	0	0	0
59	VI. VALUATION RESERVE	0	0	0	0	0	0
60	VII. PROFIT/(LOSS) PER BALANCE SHEET	0	-2 061	2 155	2 194	2 155	133
61	<i>E. Provisions (Lines 62+...65)</i>	1 401	1 580	2	1	1 403	1 581
62	1 Provision for contingent liabilities	1 401	1 580	2	1	1 403	1 581
63	2 Provision for future expenses	0	0	0	0	0	0
64	3 Other provision	0	0	0	0	0	0
65	<i>F. LIABILITIES (Lines 67+71+80)</i>	40 248	44 742	386	404	37 389	38 668
66	<i>I. SUBORDINATED LIABILITIES (Lines 68+...70)</i>	0	0	0	0	0	0
67	Subordinated liabilities to related companies	0	0	0	0	0	0
68	Subordinated liabilities to other associated companies	0	0	0	0	0	0
69	Subordinated liabilities to other entities	0	0	0	0	0	0
70	<i>II. LONG-TERM LIABILITIES (Lines 72+...79)</i>	48	47	4	5	52	52
71	Long-term borrowings	0	0	0	0	0	0
72	Convertible bonds	0	0	0	0	0	0
73	Debts from issue of bonds	0	0	0	0	0	0
74	Investment and development credits	0	0	0	0	0	0
75	Other long-term credits	0	0	0	0	0	0
76	Long-term liabilities to related companies	0	0	0	0	0	0
77	Long-term liabilities to other associated companies	0	0	0	0	0	0
78	Other long-term liabilities	48	47	4	5	52	52
79	<i>III. SHORT-TERM LIABILITIES (Lines 81+...89)</i>	40 200	44 695	382	399	37 337	38 616
80	Short-term borrowings	0	0	0	0	0	0
81	of which: convertible bonds	0	0	0	0	0	0
82	Short-term loans	0	0	0	0	0	0
83	Advance payments received from customers	0	0	0	0	0	0
84	Accounts payable from the supply of goods and services (tr	2 648	2 748	312	327	2 960	3 075
85	Bills of exchange payable	0	0	0	0	0	0
86	Short-term liabilities to related companies	30 555	31 812	1	0	30 556	31 812
87	Short-term liabilities to other associated companies	9	8	0	0	9	8
88	Other short-term liabilities	3 743	3 650	69	72	3 812	3 721
88/A	Debts from settlements with divisions	3 245	6 477	0	0	0	0
89	<i>G. ACCRUED EXPENSES/PREPAID INCOME (Lines 91+...93)</i>	1 370	22 539	4 511	3 674	5 881	26 213
90	Deferred income	515	494	22	42	537	536
91	Accrued expenses	855	611	4 489	3 632	5 344	4 243
92	Deferred income	0	21 434	0	0	0	21 434
93	<b>TOTAL LIABILITIES (Lines 53+61+66+90)</b>	103 063	126 844	11 608	12 982	111 426	133 348

Table 35: Liabilities in the balance sheet prepared for passenger transport and public passenger services

Figures in MHUF

		Base year	Current year	Base year	Current year	Base year	Current year
.01.	Net domestic sales revenues	55 748	59 255	4 309	4 623	60 057	63 878
.02.	Net export sales revenues	37	17	12 573	12 740	12 610	12 757
I.	<i>Net sales revenues (Lines 01+02)</i>	<b>55 785</b>	<b>59 272</b>	<b>16 882</b>	<b>17 363</b>	<b>72 667</b>	<b>76 635</b>
.03.	Change in self-manufactured inventories	0	0	0	0	0	0
.04.	Capitalised value of self-manufactured assets	0	31	0	0	0	31
II.	<i>Capitalised value of own performance (Lines 03+04)</i>	<b>0</b>	<b>31</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>31</b>
III.	<i>Other revenues</i>	<b>155 113</b>	<b>151 133</b>	<b>362</b>	<b>837</b>	<b>155 475</b>	<b>151 970</b>
	of which: reversal of impairment (962.1-962.2)	0	0	0	0	0	0
	<i>Total operational return:</i>	<b>210 898</b>	<b>210 436</b>	<b>17 244</b>	<b>18 200</b>	<b>228 142</b>	<b>228 636</b>
.05.	Material costs	15 553	16 888	576	652	16 129	17 540
.06.	Value of services used	159 246	155 475	9 768	10 382	169 014	165 857
.07.	Value of other services used	1 057	1 212	13	20	1 070	1 232
.08.	Cost of goods sold	0	55	39	39	39	94
.09.	Value of resold services	0	0	2 421	2 647	2 421	2 647
IV.	<i>Material type expenditures (Lines 05+06+07+08+09)</i>	<b>175 856</b>	<b>173 630</b>	<b>12 817</b>	<b>13 740</b>	<b>188 673</b>	<b>187 370</b>
IV/A 1.	Operational expenses assumed (shared) (591;5931;5939;5941-5946)	0	0	0	0	0	0
IV/A 2.	Administrative expenses assumed (shared) (5947-5949)	0	0	0	0	0	0
IV/A 3.	Operational expenses transferred (shared) (5932;5951-5956)	0	0	0	0	0	0
IV/A 4.	Operational expenses transferred (shared) (5957-5959)	0	0	0	0	0	0
IV/A	<i>Total internal expenses accounted:</i>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
.10.	Wages	17 751	18 370	452	461	18 203	18 831
.11.	Other payments to personnel	2 934	3 029	74	76	3 008	3 105
.12.	Contributions on wages and salaries	6 511	6 751	166	169	6 677	6 920
V.	<i>Payments to personnel (10.+11.+12.)</i>	<b>27 196</b>	<b>28 150</b>	<b>692</b>	<b>706</b>	<b>27 888</b>	<b>28 856</b>
VI.	<i>Depreciation charge</i>	<b>6 177</b>	<b>6 403</b>	<b>372</b>	<b>375</b>	<b>6 549</b>	<b>6 778</b>
VII.	<i>Other expenditures</i>	<b>1 644</b>	<b>4 290</b>	<b>1 190</b>	<b>1 225</b>	<b>2 834</b>	<b>5 515</b>
	of which: impairment (862)	1	2 064	275	232	276	2 296
	<i>Total operational expenses</i>	<b>210 873</b>	<b>212 473</b>	<b>15 071</b>	<b>16 046</b>	<b>225 944</b>	<b>228 519</b>
A.	<i>TRADING PROFIT/(LOSS) (I+II+III-IV-V-VI-VIII)</i>	<b>25</b>	<b>-2 037</b>	<b>2 173</b>	<b>2 154</b>	<b>2 198</b>	<b>117</b>
.13.	Dividend received (due)	0	0	0	0	0	0
	of which: received from related companies	0	0	0	0	0	0
.14.	Exchange gain on sale of investments	0	0	0	0	0	0
	of which: received from related companies	0	0	0	0	0	0
.15.	Interest and gain on financial investments	0	0	0	0	0	0
	of which: received from related companies	0	0	0	0	0	0
.16.	Other interest received (due) and similar income	74	81	10	5	84	86
	of which: received from related companies	0	9	0	0	0	9
.17.	Other financial revenues	4	5	165	226	169	231
VIII.	<i>Revenues from financial transactions (13+14+15+16+17)</i>	<b>78</b>	<b>86</b>	<b>175</b>	<b>231</b>	<b>253</b>	<b>317</b>
.18.	Loss on financial investments	0	0	0	0	0	0
	of which: paid to related companies	0	0	0	0	0	0
.19.	Interest payable and similar expenses	155	102	0	0	155	102
	of which: paid to related companies	0	0	0	0	0	0
.20.	Impairment loss of investments, securities and bank deposits	0	0	0	0	0	0
.21.	Other financial expenditures	2	3	193	191	195	194
IX.	<i>Expenditures of financial transactions (18+19+20+21)</i>	<b>157</b>	<b>105</b>	<b>193</b>	<b>191</b>	<b>350</b>	<b>296</b>
B.	<i>FINANCIAL PROFIT/(LOSS) (VIII-IX)</i>	<b>-79</b>	<b>-19</b>	<b>-18</b>	<b>40</b>	<b>-97</b>	<b>21</b>
C.	<i>PROFIT/(LOSS) ON ORDINARY EVENTS (A+B)</i>	<b>-54</b>	<b>-2 056</b>	<b>2 155</b>	<b>2 194</b>	<b>2 101</b>	<b>138</b>
X.	Extraordinary revenues	77	0	0	0	77	0
XI.	Extraordinary expenditures	23	5	0	0	23	5
D.	<i>PROFIT/(LOSS) ON EXTRAORDINARY EVENTS (X-XI)</i>	<b>54</b>	<b>-5</b>	<b>0</b>	<b>0</b>	<b>54</b>	<b>-5</b>
E.	<i>PROFIT/(LOSS) BEFORE TAXATION (C+D)</i>	<b>0</b>	<b>-2 061</b>	<b>2 155</b>	<b>2 194</b>	<b>2 155</b>	<b>133</b>
XIII.	TAX LIABILITY	0	0	0	0	0	0
F.	<i>PROFIT/(LOSS) AFTER TAXATION (E-XII)</i>	<b>0</b>	<b>-2 061</b>	<b>2 155</b>	<b>2 194</b>	<b>2 155</b>	<b>133</b>
.22.	Retained earnings used for dividends and shares	0	0	0	0	0	0
.23.	Dividend, shares approved	0	0	0	0	0	0
G.	<b>BALANCE SHEET PROFIT/(LOSS) (F+22-23)</b>	<b>0</b>	<b>-2 061</b>	<b>2 155</b>	<b>2 194</b>	<b>2 155</b>	<b>133</b>

Table 36: Profit and loss statement prepared for passenger transport and public passenger services

Figures in MHUF

No.	Item description	Public passenger transport services (Z)		International and Long Distance Division (N)		Passenger transport total	
		Base year	Current year	Base year	Current year	Base year	Current year
<b>I.</b>	<b>Operating cash-flows (Lines 1..13)</b>	<b>-497</b>	<b>25 252</b>	<b>820</b>	<b>-336</b>	<b>323</b>	<b>24 916</b>
1.	Profit before tax ±	0	-2 061	2 155	2 194	2 155	133
	of which: amounts received free of charge	0	0	0	0	0	0
	amounts granted free of charge, expensed	0	0	0	0	0	0
	dividends received	0	0	0	0	0	0
1/a.	Previous years' profit/(loss)	139	0	117	0	256	0
2.	Ordinary depreciation charge +	6 177	6 403	372	375	6 549	6 778
2/a.	Depreciation charge on previous year	0	0	0	0	0	0
3.	Recognised and reversed impairment loss ±	1	2 064	254	219	256	2 283
4.	Changes in provisions ±	608	178	2	0	610	178
5.	Non-current asset disposals ±	0	0	0	0	0	0
6.	Movements in creditors ±	697	100	68	15	765	115
7.	Movements in other current liabilities ±	-149	1 162	6	2	-143	1 164
8.	Movements in accruals ±	-1 516	21 170	1 300	-838	-216	20 332
9.	Movements in debtors ±	-216	123	159	49	-57	172
10.	Current asset movements (less debtors and liquid assets) ±	-1 809	-4 370	-2 433	-2 667	-4 242	-7 037
	of which: movements in settlements with divisions	-1 614	-3 232	1 614	3 232	0	0
11.	Movements in prepayments and accrued income ±	-4 430	483	-1 181	315	-5 611	798
12.	Corporate income tax payable -	0	0	0	0	0	0
13.	Dividend and share payable -	0	0	0	0	0	0
<b>II.</b>	<b>Investing cash flows (Lines 14..16)</b>	<b>-2 965</b>	<b>-25 520</b>	<b>-66</b>	<b>-10</b>	<b>-3 031</b>	<b>-25 530</b>
14.	Non-current asset additions -	-2 965	-25 521	-66	-10	-3 031	-25 531
15.	Non-current asset disposals +	0	1	0	0	0	1
15/b.	Movements in long-term financial assets	0	0	0	0	0	0
15/c.	Movements in advances for capital WIP	0	0	0	0	0	0
16.	Dividend received +	0	0	0	0	0	0
<b>III.</b>	<b>Financing cash flows (Lines 17..27)</b>	<b>8</b>	<b>-1</b>	<b>0</b>	<b>0</b>	<b>9</b>	<b>-1</b>
17.	Revenues from the issue of shares (capital addition) +	0	0	0	0	0	0
18.	Proceeds from bond issue +	0	0	0	0	0	0
19.	Borrowings +	0	0	0	0	0	0
	of which: short-term borrowings	0	0	0	0	0	0
	Loss on balance sheet date revaluation	0	0	0	0	0	0
20.	Changes in long-term loans granted	0	0	0	0	0	0
21.	Amounts received free of charge +	0	0	0	0	0	0
22.	Changes in equity	0	0	0	0	0	0
23.	Redemption of shares, capital reduction -	0	0	0	0	0	0
24.	Bond redemption -	0	0	0	0	0	0
25.	Loan repayment -	0	0	0	-1	0	-1
	of which: short-term borrowings	0	0	0	0	0	0
	Gain on balance sheet date revaluation	0	0	0	0	0	0
26.	Cash transferred +	0	0	0	0	0	0
27.	Movements in payables to founders and in other long-term liabilities	8	-1	0	1	9	0
<b>IV.</b>	<b>Change in cash and cash equivalents (Lines ±I±II±III) ±</b>	<b>-3 454</b>	<b>-270</b>	<b>754</b>	<b>-346</b>	<b>-2 699</b>	<b>-616</b>

Table 37: Cash flow statement prepared for passenger transport and public passenger services

## II.2 Passenger transport and public passenger transport services

The profit and loss accounts per activity reflect passenger transport and public passenger transport services. The main lines are the same as in the profit and loss statement that forms part of our annual financial statements. Details of the above two activities are shown below:

Figures in THUF

Item	Item	Passenger transport		of which: public passenger transport services	
		Base year	Current year	Base year	Current year
1	Net sales revenues	72 667 093	76 635 301	55 785 344	59 272 297
	of which: revenues from fares	44 403 971	44 953 825	35 569 243	35 773 937
	domestic fares	36 327 676	36 427 629	35 569 243	35 773 937
	foreign fares	8 076 295	8 526 197	0	0
	of which: socio-political subsidy	17 601 777	17 885 863	17 490 497	17 885 863
	of which: revenues from vehicle rental	5 111 080	4 848 251	0	0
4	Other revenues	155 475 371	151 969 581	155 113 538	151 132 700
	of which: government compensation	154 162 454	150 142 506	154 162 454	150 142 506
	of which: government subsidy	0	0	0	0
5	OPERATING GAINS TOTAL (Lines 1..4)	228 142 464	228 636 011	210 898 882	210 436 126
6	Material type expenditures	188 673 042	187 369 890	175 856 383	173 630 267
	of which: network access charge	72 074 384	68 827 618	71 165 764	67 622 635
	traction and shunting	46 994 924	45 761 742	45 922 604	44 644 934
	pre-heating, pre-cooling, and lighting	698 130	697 325	682 200	681 095
	carriage maintenance	20 294 813	22 055 056	19 377 387	21 166 038
	RIC carriage usage fees	5 714 850	5 906 344	215 101	210 069
	rental fee of towed and towing carriages	10 794 988	8 663 795	10 517 167	8 399 597
	lease fee of towed and towing carriages	228 577	221 139	228 577	221 139
	cleaning cost of carriages	2 798 466	2 620 843	2 770 073	2 590 635
	finance and accounting costs	742 232	604 910	723 809	590 016
	training costs	475 695	341 092	463 888	332 679
	costs of HR services	497 657	475 032	485 305	463 364
	environmental protection and safety expenses	106 061	109 497	103 429	106 816
	healthcare costs	104 793	74 516	102 192	72 227
	administrative expenses	107 608	120 134	104 937	117 204
8	Payments to personnel	27 888 459	28 855 916	27 196 250	28 149 610
	of which: wages	18 202 493	18 831 326	17 750 696	18 370 478
	other payments to personnel	3 008 600	3 104 592	2 933 924	3 028 453
	contributions	6 677 365	6 919 998	6 511 629	6 750 679
9	Depreciation charge	6 549 386	6 777 708	6 177 692	6 403 151
10	Other expenditures	2 834 102	5 515 366	1 644 237	4 289 898
11	OPERATING EXPENSES TOTAL (Lines 6..10)	225 944 989	228 518 881	210 874 562	212 472 925
12	OPERATING PROFIT/LOSS (Lines 5-11)	2 197 475	117 131	24 320	-2 036 800
13	Financial revenues	253 361	317 099	78 594	85 615
14	Financial expenses	350 401	295 999	157 310	104 727
15	FINANCIAL PROFIT/LOSS (Lines 13-14)	-97 040	21 100	-78 716	-19 112
16	Extraordinary revenues	77 026	103	77 026	103
	of which: government subsidy	0	0	0	0
17	Extraordinary expenses	22 648	5 573	22 630	5 567
18	EXTRAORDINARY PROFIT/LOSS (Lines 16-17)	54 378	-5 470	54 396	-5 464
19	Tax liability	0	0	0	0
20	NET PROFIT AFTER TAX (12+15+18-19)	2 154 814	132 761	0	-2 061 375
21	Treatment of accounting settlement with a negative effect on profit				2 061 375
22	Balance sheet profit/loss incl. accounting settlement with a negative effect on profit		2 194 136		0

Table 38: Passenger transport and public passenger transport services

In line with MÁV-START Zrt's accounting separation policies and further to subsection 8(2) of joint decree 50/2007.(IV.26.) of the Ministry for the Economy and Transport and the Ministry of Finance, we have prepared a report for the Railways Directorate of the National Transport Authority (legal successor of the Hungarian Railways Bureau) for 2013.

The aggregate figures of passenger transport services, including public passenger transport services, are set out in the schedule above.

Due to their nature, the costs of public services are relatively higher than non-public services. Non-public services require lower cost traction services, while public services are provided using assets with higher maintenance and fuel consumption. Non-public services are typically long distance, international services, whereas public services cover shorter distances and require more auxiliary services (track availability, station services).

## **II.2.1 Notes to the report for the supervisory authority on passenger transport**

### II.2.1.1. Revenues

Net sales revenues totalled **HUF 76,635 million** in the reporting period (base: HUF 72,667 million) and included the following significant items:

- Domestic ticket sales reached HUF 36,428 million, which is a HUF 100 million increase on the HUF 36,328 million in 2012.
- International ticket sales totalled HUF 8,526 million, which is by HUF 450 million higher than the HUF 8,076 million in 2012.

Social welfare subsidies totalling HUF 17,886 million were recognized in accordance with Resolution no. 121/2012. (VI.) currently in effect (base: HUF 17,602 million).

The most significant **other operating income** item was:

- Government refund for passenger transport totalled HUF 150,143 million in 2013 (base: HUF 154,162 million).

Operating income in 2013 totalled HUF 228,636 million (base: HUF 228,142 million).

### II.2.1.2. Costs and expenses

**Operating expenses** totalled **HUF 228,519 million** in 2013 (base: HUF 225,945 million).

The most significant **material type expenditures** items:

- network access charge (railtrack usage charge and other railtrack services) in the reporting period: HUF 68,828 million (base: HUF 72,074 million).
- traction costs: HUF 45,762 million (base: HUF 46,995 million), pre-heating and lights: HUF 697 million (base: HUF 698 million).
- engine and carriage maintenance: HUF 22,055 million (base: HUF 20,295 million).  
The rent of engines and carriages owned by MÁV Zrt. totalled HUF 8,664 million (base: HUF 10,795 million).
- Charges paid based on the number of kilometres run by other railway companies' carriages used by MÁV-START Zrt. totalled HUF 5,906 million in 2013 (base: HUF 5,715 million).
- In 2013, engine and carriage cleaning totalled HUF 2,621 million (base: 2,798 million).
- Other services used include financial and accounting services of HUF 605 million (base: HUF 742 million), training services of HUF 341 million (base: HUF 476 million), human services of HUF 475 million (base: HUF 498 million), environmental, work safety and workers' health services HUF 184 million (base: HUF 211 million), and administrative

services of HUF 120 million (base: HUF 108 million).

**Payments to personnel** totalled HUF 28,856 million in 2013, of which wages and salaries amounted to HUF 18,831 million, social security totalled HUF 6,920 million and other payments to personnel amounted to HUF 3,105 million.

(Base: payments to personnel: HUF 27,888 million, of which wages and salaries: HUF 18,203 million, social security: HUF 6,677 million, other payments to personnel: HUF 3,008 million).

Depreciation charge in 2013 totalled HUF 6,778 million (base: 6,549 million).

**Other operating expenses** (HUF 5,515 million) include damages paid and similar payments, late payment penalties, provisions made as well as various donations and financial support (base: HUF 2,834 million).

Items with a negative effect on profit were accounted in the amount of HUF 2,061 million.

**Financial income** (HUF 317 million) include interest on term deposits and FX gains. **Financial expenses** (HUF 296 million) include interest paid on overdrafts and realised FX losses. This resulted in a financial profit of HUF 21 million. In the base year, financial income amounted to HUF 253 million, financial expenses amounted to HUF 350 million.

## **II.2.2 Notes to the report for the supervisory authority on public passenger transport services**

### II.2.2.1. Revenues

Net sales revenues from public passenger services totalled HUF 59,272 million in 2013, of which HUF 35,774 million was generated from ticket sales and HUF 17,886 million represented compensation received from the government (social fare subsidy).

(Base: net sales: HUF 55,785 million, of which ticket sales: HUF 35,569 million and social fare subsidy: HUF 17,490 million).

The most significant **other operating income** item was:

- Government refund for passenger transport totalled HUF 150,143 million in 2013 (base: HUF 154,162 million).

**Our revenues from public services totalled HUF 210,436 million in 2013.** (base: HUF 210,899 million).

### II.2.2.2. Costs and expenses

**Operating expenses** related to public passenger transport services totalled **HUF 212,473 million** in 2013 (base: HUF 210,875 million).

The most significant **material type expenditures** items related to public passenger transport services were as follows:

- network access charge (railtrack usage charge and other railtrack services) in the reporting period: HUF 67,623 million (base: HUF 71,166 million).



- traction costs: HUF 44,645 million (base: HUF 45,923 million), pre-heating and lights: HUF 681 million (base: HUF 682 million).
- engine and carriage maintenance related to public passenger transport services: HUF 21,166 million (base: HUF 19,377 million).
- The rent of engines and carriages owned by MÁV Zrt. related to public passenger transport services totalled HUF 8,400 million (base: HUF 10,517 million).
- Charges paid based on the number of kilometres run by other railway companies' carriages used by MÁV-START Zrt. totalled HUF 210 million in 2013 (base: HUF 215 million).
- In 2013, engine and carriage cleaning totalled HUF 2,591 million (base: 2,770 million).
- Other services used related to public passenger transport services include financial and accounting services of HUF 590 million (base: HUF 724 million), training services of HUF 333 million (base: HUF 464 million), human services of HUF 463 million (base: HUF 485 million), environmental, work safety and workers' health services HUF 179 million (base: HUF 206 million), and administrative services of HUF 117 million (base: HUF 105 million).

**Payments to personnel** totalled HUF 28,150 million excluding the cost of employees who worked in international services (base: HUF 27,196 million).

**Depreciation charge** related to public passenger transport services in 2013 totalled HUF 6,403 million (base: 6,177 million).

**Other operating expenses** (damages paid, late payment penalties, provisions made, donations and financial support given) paid in relation to public passenger transport services in 2013 totalled HUF 4,290 million (base: HUF 1,644 million).

Items with a negative effect on profit were accounted in the amount of HUF 2,061 million.

**Financial income** related to public passenger transport services (HUF 86 million) includes interest on term deposits and FX gains. **Financial expenses** (HUF 105 million) include interest paid on overdrafts and realised FX losses. In the base year, financial income amounted to HUF 78 million, financial expenses amounted to HUF 157 million.

## **II.3 Other information about passenger transport and public passenger transport services**

Revenues received from and expenses paid to related parties in relation to passenger transport and public passenger transport services are detailed in schedules 39 and 40, respectively, below:

Figures in MHUF



Related company	Revenues					Expenditures			
	Net revenues	Other revenues	Revenues from financial transactions	Extraordinary revenues	Total	Costs	Other expenditures	Financial expenditures	Extraordinary expenditures
005 MÁVTI Kft	0	0	0	0	0	0	0	0	0
015 MÁV Nostalgia Kft	16	0	0	0	16	51	0	0	0
020 MÁV VAGON Kft.	5	0	0	0	5	0	0	0	0
022 MÁV Vasjármű	4	0	0	0	4	1	0	0	0
027 Bombardier MÁV Kft	0	0	0	0	0	0	0	0	0
096 MÁV Kert Kft	1	0	0	0	1	0	0	0	0
101 MÁV FKG Kft	13	0	0	0	13	0	0	0	0
131 MÁV KfV Kft	2	0	0	0	2	0	0	0	0
136 MÁV IK Kft	0	0	0	0	0	114	0	0	0
138 MÁV Szolgáltató Központ Zrt.	33	3	0	0	36	1 954	1	0	0
139 MÁV Vasútor Kft	22	0	0	0	22	512	0	0	0
149 MÁV Vagyonkezelő Zrt.	2	0	0	0	2	0	0	0	0
178 HUNGRAIL Magyar Vasúti Egyesülés	0	0	0	0	0	0	0	0	0
186 MÁV-TRAKCIÓ Zrt.	750	263	0	0	1 013	45 635	190	0	0
187 MÁV-GÉPÉSZET Zrt.	671	212	0	0	883	22 982	923	0	0
100 MÁV Zrt. Anyavállalat	82	62	9	0	153	97 930	571	0	0
<b>Total</b>	<b>1 601</b>	<b>540</b>	<b>9</b>	<b>0</b>	<b>2 150</b>	<b>169 179</b>	<b>1 685</b>	<b>0</b>	<b>0</b>

Table 39: Related parties involved in passenger transport services

Figures in MHUF

Related company	Revenues					Expenditures					Total
	Net revenues	Other revenues	Revenues from financial transactions	Extraordinary revenues	Total	Costs	Other expenditures	Financial expenditures	Extraordinary expenditures	Total	
005 MÁVTI Kft	0	0	0	0	0	0	0	0	0	0	0
015 MÁV Nostalgia Kft	2	0	0	0	2	50	0	0	0	50	-48
020 MÁV VAGON Kft	5	0	0	0	5	0	0	0	0	0	5
022 MÁV Vasjármű Kft	4	0	0	0	4	1	0	0	0	1	3
027 Bombardier MÁV Kft	0	0	0	0	0	0	0	0	0	0	0
096 MÁV Kert Kft	1	0	0	0	1	0	0	0	0	0	1
101 MÁV FKG Kft	0	0	0	0	0	0	0	0	0	0	0
131 MÁV KfV Kft	0	0	0	0	0	0	0	0	0	0	0
136 MÁV IK Kft	0	0	0	0	0	111	0	0	0	111	-111
138 MÁV Szolgáltató Központ Zrt.	33	3	0	0	36	1 884	1	0	0	1 885	-1 849
139 MÁV Vasútor Kft	22	0	0	0	22	486	0	0	0	486	-464
149 MÁV Vagyonkezelő Zrt.	1	0	0	0	1	0	0	0	0	0	1
178 HUNGRAIL Magyar Vasúti Egyesülés	0	0	0	0	0	0	0	0	0	0	0
186 MÁV-TRAKCIÓ Zrt.	711	263	0	0	974	44 639	187	0	0	44 826	-43 852
187 MÁV-GÉPÉSZET Zrt.	636	207	0	0	843	22 016	923	0	0	22 939	-22 096
100 MÁV Zrt. Anyavállalat	58	58	9	0	125	95 780	564	0	0	96 344	-96 219
<b>Total</b>	<b>1 473</b>	<b>531</b>	<b>9</b>	<b>0</b>	<b>2 013</b>	<b>164 967</b>	<b>1 675</b>	<b>0</b>	<b>0</b>	<b>166 642</b>	<b>-164 629</b>

Table 40: Related parties involved in public passenger transport services

The average annual number of employees per type of operations was as follows:

Activity	Headcount (persons)
Passenger transport	6 880
of which: public passenger transport services	6 678

Table 41: Average annual number of employees per type of operations

Subsidies received in relation to public passenger transport services were as follows:

Figures in MHUF

Item	Passenger transport		of which: public passenger transport services	
	Base year	Current year	Base year	Current year
Socio-political subsidy for passenger transportation	17 995	18 315	17 490	17 886
Reimbursement of public services	154 162	150 143	154 162	150 143
Compensation for unearned revenues from passenger transport (BEB subsidy)	0	0	0	0
<b>Other subsidies accounted as revenues</b>	<b>172 157</b>	<b>168 458</b>	<b>171 652</b>	<b>168 029</b>

Table 42: Subsidies and government grants received in the reporting year

### III Supplementary information

#### III.1 Environmental protection

##### III.1.1 Environmental protection liabilities

MÁV-START Zrt. had no environmental liabilities in 2013.

Figures in MHUF

Period	Prior year	Current year
Environmental expenses	0	0

Table 43: Environmental costs

##### III.1.2 Tangible assets that serve environment purposes

MÁV-START Zrt. had no such tangible assets at the balance sheet date.

##### III.1.3 Waste values and quantities

- Movements in the value of dangerous and hazardous waste

As no dangerous or hazardous waste was sold, there is no corresponding revenue.

- Movements in the quantities of hazardous waste

Data in kg

EWG code	Item	Opening	Increase in 2013	Decrease in 2013	Closing
080317	office equipment	444	1 343	1 130	657
130205	chlorine-free oils	0	159	159	0
150110	waste packaging	3	70	13	60
150111	waste metal packaging	0	1	0	1
150202	oil stained clothes	12	511	253	270
160107	oil filter	0	8	8	0
160213	equipment no longer in use	0	10	0	10
160303	inorganic waste	0	32	26	6
160305	organic waste	0	79	79	0
160601	batteries	0	450	450	0
160708	waste containing oil	0	60	0	60
161001	aqueous liquid waste containing dangerous substances	0	18 000	18 000	0
180104	blood donation box	0	8	0	8
200121	fluorescent tubes	0	6	5	1
200133	batteries	264	1 531	1 172	623
200135	electronic equipment	600	4 514	3 637	1 477
<b>Total</b>		<b>1 323</b>	<b>26 782</b>	<b>24 932</b>	<b>3 173</b>

Table 44: Movements in the quantities of hazardous waste

## III.2 Research and experimental development

The costs of R&D and other technical development are presented below:

Figures in MHUF

Item	Prior year	Current year
<b>R&amp;D costs</b>	<b>0</b>	<b>0</b>
Of which: Own R&D to be capitalised	0	0
Own R&D expensed in the current year	0	0
R&D by third parties	0	0
R&D to third parties	0	0
<b>Direct costs of technical development</b>	<b>0</b>	<b>0</b>
Of which: Cost of development arrangements, management and testing	0	0
Technical information, propaganda and production management	0	0
Type classification, standardisation, industrial design	0	0
Technical tenders	0	0
Non-capitalised or unused innovation	0	0
Non-capitalised, used innovation	0	0
Other non-capitalised, used intellectual property	0	0
<b>Total:</b>	<b>0</b>	<b>0</b>

Table 45: R&amp;D costs

No R&D-related costs were incurred in 2013.

## III.3 Subsidies received

Subsidies and grants received in support of operations were as follows:

Figures in MHUF

Item	Prior year	Current year
Socio-political subsidy for passenger transportation	17 995	18 315
Production subsidy (reimbursement of public services)	154 162	150 143
Compensation for unearned revenues from passenger transport	0	0
incentive scheme of MÁV rail workers 2011-2013	397	396
TÁMOP workplace health promotion programme	0	2
Other subsidies received	0	0
<b>Total:</b>	<b>172 554</b>	<b>168 856</b>

Table 46: Subsidies and grants recognised in 2013

MÁV-START Zrt. concluded a subsidy agreement with KIKSZ Közlekedésfejlesztési Zrt. on 19 March 2013 (KÖZOP-2.5.0-09-11-2013-00008) for the procurement of 42 multiple-unit trains. Total project costs amount to HUF 75,437 million, financed to 85% from EU funds and to 15% from state funds. For the project, subsidies amounting to HUF 21,434 million were granted in 2013, which was fully accounted as deferred income.

Figures in MHUF

Ticket price subsidy by category	Prior year	Current year
50% discount	4 019	3 754
67.5% discount	0	0
90% discount	3 303	2 944
Student discount	5 495	5 940
Discount for OAPS over 70 (65)	5 140	5 677
<b>Total:</b>	<b>17 957</b>	<b>18 315</b>

Note.: Figures net of VAT. Ticket price subsidy includes reversed ticket revenues deferred in 2012 (HUF +76 million), and the amount deferred in 2013 (HUF -75 million).

Table 47: Ticket subsidy usage

### III.4 Average number of staff, payroll costs and other payments to personnel

Changes in the employee headcount of the Company are presented below:

Item	2012		2013	
	Average statistical headcount	Distribution (%)	Average statistical headcount	Distribution (%)
Blue collar	3 839,2	54,86	3 726,2	54,16
White collar	3 159,5	45,14	3 153,7	45,84
Inactive	0,0	0,00	0,0	0,00
<b>Total:</b>	<b>6 998,7</b>	<b>100,00</b>	<b>6 879,9</b>	<b>100,0</b>

Table 48: Employee headcount (number of persons)

Distribution	2012	Distribution (%)	2013	Distribution (%)	Index 2013/2012 (%)
<b>Full time</b>	<b>6 983,2</b>	<b>99,78</b>	<b>6 848,2</b>	<b>99,54</b>	<b>98,07</b>
-blue collar	3 837,9	54,84	3 725,2	54,15	97,06
-white collar	3 145,3	44,94	3 123,0	45,39	99,29
<b>Part time</b>	<b>15,5</b>	<b>0,22</b>	<b>31,7</b>	<b>0,46</b>	<b>204,52</b>
-blue collar	1,3	0,02	1,0	0,01	76,92
-white collar	14,2	0,20	30,7	0,45	216,20
<b>Employees total</b>	<b>6 998,7</b>	<b>100,00</b>	<b>6 879,9</b>	<b>100,00</b>	<b>98,30</b>
Vocational school student	0,0	0,00	0,0	0,00	0,00
<b>Total headcount</b>	<b>6 998,7</b>	<b>100,00</b>	<b>6 879,9</b>	<b>100,00</b>	<b>98,30</b>

Table 49: Number of staff at MÁV-START Zrt. in 2013 (number of persons)

Payments to personnel employed by MÁV-START Zrt. and their average pay in 2013 were as follows:

Figures in MHUF

Item	2012					2013				
	Wages	Other payments to personnel	Contributions on wages and salaries	Total	Distribution (%)	Wages	Other payments to personnel	Contributions on wages and salaries	Total	Distribution (%)
Blue collar	9 949	1 648	3 652	15 249	54,68	10 189	1 676	3 744	15 609	54,09
White collar	8 184	1 356	3 005	12 545	44,98	8 623	1 419	3 169	13 211	45,78
Inactive	70	4	20	94	0,34	19	10	7	36	0,12
<b>Total:</b>	<b>18 203</b>	<b>3 008</b>	<b>6 677</b>	<b>27 888</b>	100,00	<b>18 831</b>	<b>3 105</b>	<b>6 920</b>	<b>28 856</b>	100,00

Table 50: Payments to personnel

Description	Average pay (HUF/person/month)		Fixed wage from average pay (HUF/person/month)	
	2012	2013	2012	2013
- blue collar	194 131	202 268	110 977	115 813
- white collar	231 178	234 418	160 674	172 729
<b>Full time</b>	<b>210 817</b>	<b>216 929</b>	<b>133 361</b>	<b>141 769</b>

Table 51: Average salary of full-time employees

### III.5 Information about payments to senior officers, Board and Supervisory Board members

#### III.5.1 Remuneration paid to senior officers, Board and Supervisory Board members

Figures in MHUF

Item	2012	2013
Senior Officers	59	41
Board of Directors	0	0
Supervisory Board	9	6
<b>Total:</b>	<b>68</b>	<b>47</b>

Table 52: Remunerations paid in 2013

#### III.5.2 Advances and loans disbursed to senior officers, Board and Supervisory Board members, and guarantees assumed on their behalf

No such payments were made nor guarantees were assumed in 2013.

#### III.5.3 Pension liability to former officers, Board and Supervisory Board members

No pension liabilities to former Board and Supervisory Board members exist.

## III.6 The Company's investments

Figures in  
HUF

Code	Name	Ownership %	Date of acquisition/foundation	Postcode	Registered seat	Address	Issued capital as at 31. Dec. 2013	Reserves (expected) as at 31. Dec. 2013	B/S profit/(loss) (expected) as at 31. Dec. 2013	Equity (expected) as at 31. Dec. 2013	General ledger account 1619 Registered capital as at 1. Jan. 2013	Accumulated impairment loss as at 1 Jan. 2013	Book value as at 1 Jan. 2013
<b>Fully consolidated subsidiary</b>													
186	MÁV-TRAKCIÓ Zrt.	0,01	2007.10.10	1087	Budapest	Könyves Kálmán körút 54-60.	29 814 674 000	14 222 615 000	2 143 031 000	46 180 320 000	2 000 000	0	2 000 000
187	MÁV-GÉPÉSZET Zrt.	0,05	2007.11.12	1087	Budapest	Könyves Kálmán körút 54-60.	3 932 840 000	7 460 648 400	1 340 134 128	12 733 622 528	2 000 000	0	2 000 000
138	MÁV Szolgáltató Központ Zrt.	0,12	2011.07.19	1087	Budapest	Könyves Kálmán körút 54-60.	800 000 000	1 341 576 000	194 445 000	2 337 021	1 000 000	0	1 000 000
136	MÁV Ingatlankezelő Kft.	0,02	2013.09.23	1087	Budapest	Könyves Kálmán körút 54-60.	398 960 000	390 261 724	71 136 498	860 358 222	0	0	0
139	MÁV-VASÚTŐR Kft.	0,05	2012.08.23	1097	Budapest	Fék u. 8/a	214 760 000	69 248 000	215 156 000	499 164 000	100 000	0	100 000
096	MÁV KERT Kft.	0,22	2013.08.08	1102	Budapest	Kolozsvári u 39/05/3 hrsz	46 270 000	236 404 000	136 063 000	418 737 000	0	0	0
Fully consolidated subsidiaries, total:							35 207 504 000	23 720 753 124	4 099 965 626	60 694 538 771	5 100 000	0	5 100 000
<b>Equity consolidated subsidiaries</b>													
Equity consolidated subsidiaries, total:													
<b>Other related parties</b>													
147	BCC	1,40	1997.01.28	40-B-1060	Bruxelles	Avenue de la Porte de Hal	34 302 083	na.	na.	na.	436 935	0	436 935
178	HUNGRAIL Egyesülés	4,55	2008.05.20	1066	Budapest	Teréz krt 38.	4 400 000	na.	na.	na.	200 000	0	200 000
120	Vasútegészségügyi Kht	0,10	not shown in company register extract	1062	Budapest	Podmaniczky u 109.	100 000 000	na.	na.	na.	0	0	0
Other affiliated companies, total							138 702 083				636 935		636 935
<b>Total:</b>							<b>35 346 206 083</b>				<b>5 736 935</b>	<b>0</b>	<b>5 736 935</b>

Table 53: The Company's investments and their opening balances

Figures in  
HUF

Code	Name	Capital increase, injection	Foundation	General ledger account 16112 acquisition	Capital reduction	Disposal	Written off due to liquidation	Written off due to contribution in kind	General ledger account 16123 Exchange difference for 2013	31/12/2013 Registered capital	Impairment loss for the current year	Reversed impairment	Written off due to contribution, disposal	Written off due to liquidation	Accumulated depreciation as at 12 Dec. 2013	Book value as at 31 Dec. 2013	Dividend for 2013
<b>Fully consolidated subsidiary</b>																	
186	MÁV-TRAKCIÓ Zrt.	0	0	0	0	0	0	0	0	2 000 000	0	0	0	0	0	2 000 000	0
187	MÁV-GÉPÉSZET Zrt.	0	0	0	0	0	0	0	0	2 000 000	0	0	0	0	0	2 000 000	0
138	MÁV Szolgáltató Központ Zrt.	0	0	0	0	0	0	0	0	1 000 000	0	0	0	0	0	1 000 000	0
136	MÁV Ingatlankezelő Kft.	0	0	100 000	0	0	0	0	0	100 000	0	0	0	0	0	100 000	0
139	MÁV-VASÚTŐR Kft.	0	0	0	0	0	0	0	0	100 000	0	0	0	0	0	100 000	0
096	MÁV KERT Kft.	0	0	100 000	0	0	0	0	0	100 000	0	0	0	0	0	100 000	0
Fully consolidated subsidiaries, total:		0	0	200 000	0	0	0	0	0	5 300 000	0	0	0	0	0	5 300 000	0
<b>Equity consolidated subsidiaries</b>																	
Equity consolidated subsidiaries, total:		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Other related parties</b>																	
147	BCC	0	0	0	0	0	0	0	8 430	445 365	0	0	0	0	0	445 365	0
178	HUNGRAIL Egyesülés	0	0	0	0	0	0	0	0	200 000	0	0	0	0	0	200 000	0
120	Vasútegészségügyi Kht	0	0	100 000	0	0	0	0	0	100 000	0	0	0	0	0	100 000	0
Other affiliated companies, total		0	0	100 000	0	0	0	0	8 430	745 365	0	0	0	0	0	745 365	0
<b>Total:</b>		<b>0</b>	<b>0</b>	<b>300 000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8 430</b>	<b>6 045 365</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6 045 365</b>	<b>0</b>

Table 54: Changes in the Company's investments in 2013

## III.7 The Company's shares

The Company's share capital comprises 100 registered ordinary shares of HUF 100,000,000 face value each. The articles of association do not restrict the transfer of the shares.

The Company's shares are printed as one share of cumulative denomination in line with regulations applicable to securities.



As required by the companies act, all shareholder rights are attributable to the Company's founder.

### III.8 Corporate tax base adjusting items

Figures in MHUF

Item	Increasing	Reducing	Change in tax base
Adjustment due to provisions	967	789	178
Adjustment due to depreciation	6 779	10 864	-4 085
Costs and expenses incurred outside the normal course of business	40	0	40
Fines/returns from tax authorities	10	0	10
Impairment loss recognised/reversed on debtors	2 293	12	2 281
Amount calculated during audit or self-revision and accounted as costs and expenses or a decrease in net sales revenues, income or capitalised own performance for the tax year	428	0	428
Amount calculated during audit or self-revision and accounted as revenues, an increase in capitalised own performance or a decrease in costs and expenses for the tax year	0	1 130	-1 130
support provided to public-benefit organisations or for a public-benefit activity under a donation agreement concluded with a public-benefit organisation	0	15	-15
Non-arm's length price applied in related party transactions if the consideration results in a higher pre-tax profit than in the case of arm's length prices	0	99	-99
Profit/loss before taxation			133
<b>Total:</b>	<b>10 517</b>	<b>12 909</b>	<b>-2 259</b>

Table 55: Corporate tax base adjusting items

The basis of the corporate tax calculation is the pre-tax profit or loss as adjusted for tax base increasing and reducing items.

At MÁV-START Zrt., the following significant items affected the pre-tax profit:

- The provision for contingent liabilities and future expenses (litigations, pre-retirement benefits, damages, work clothes) increased the corporate tax base by HUF 967 million, while the reversal of provision made for preretirement benefits, litigations and work clothes reduced the tax base by HUF 789 million.
- The actual ordinary depreciation charge and the loss on fixed asset disposals of HUF 6,779 million increased the tax base. At the same time, the amount of depreciation recognised in line with Section 7(1) d) and Appendices 1 and 2 of the CDTA reduced the tax base by HUF 10,864 million.
- Support provided and liabilities assumed qualify as costs incurred outside the normal course of business and increase the tax base. In 2013, MÁV-START Zrt. provided

support to associations (e.g. Vasutas Országos Közművelődési és Szabadidő Egyesület) and assumed liabilities of MÁV Zrt. in the amount of HUF 40 million.

- Fines and penalties levied by authorities - the National Tax and Customs Authority, the National Consumer Protection Authority and the National Transport Authority - increased the tax base by HUF 10 million.
- The impairment loss on receivables increased the tax base by HUF 2,293 million while it was reduced by HUF 12 million reversed impairment loss.
- The tax base is influenced by the balance of revenues and expenses accounted for the previous years. Tax base increasing items amount to HUF 428 million, decreasing items amount to HUF 1,130 million.
- 20% of the support provided to a public-benefit organisation (Vasutas Országos Közművelődési és Szabadidő Egyesület) based on a donation agreement decreases the tax base by HUF 15 million.
- As a result of applying a price other than the market price between related parties (MÁV Zrt. and MÁV Szolgáltató Központ Zrt.), the corporate tax base decreased by HUF 99 million.

MÁV-START Zrt. does not have any corporate tax liability as a combined result of pre-tax profit and the adjusting items.

If both the profit before taxation and the adjusted tax base are below the expected income, the taxpayer may choose to pay the corporate tax based on the statutory minimum tax base or explains the reasons for the less than required income in a separate statement. This statement gives the taxpayer exemption from paying tax. MÁV START Zrt. opted for making such a statement.

The tax authority performed a comprehensive tax audit at MÁV-START Zrt. for each financial year, from the start of MÁV-START Zrt.'s activities up to and including the 2011 tax year. There were no disputed items. The tax authority may examine the books and records at any time for up to 6 years after the respective tax year and may revise assessments or impose penalties. The Company's management is not aware of any circumstances which might result in a significant liability for the Company in such a case.

### **III.9 MÁV-START Zrt.'s balance sheet and profit and loss account for previous years**

The effect of errors identified in 2013 for previous years did not reach the thresholds specified in the accounting policy. Therefore, errors identified were not disclosed in a separate column but in profit/loss. The effect of material errors identified during self-revision on profit/loss of the reporting year are shown in the following balance sheet and profit and loss statement:

Data in MHUF							
	Description	2008 and years before	2009	2010	2011	2012	Adjustments of prior year(s)
A.	Non-current assets	0	-8	-4	0	24	12
I.	INTANGIBLE ASSETS	0	-1	-4	0	0	-5
II.	TANGIBLE ASSETS	0	-7	0	0	24	17
III.	FINANCIAL INVESTMENTS	0	0	0	0	0	0
B.	Current assets	0	0	7	-3	324	328
I.	INVENTORIES	0	0	0	-1	0	-1
II.	RECEIVABLES	0	0	7	-2	324	329
III.	SECURITIES	0	0	0	0	0	0
IV.	LIQUID ASSETS	0	0	0	0	0	0
C.	Prepaid expenses/accrued income	0	0	0	0	-150	-150
	Total assets	0	-8	3	-3	198	190

Table 56: Assets in MÁV-START Zrt.'s balance sheet for previous years

Data in MHUF							
	Description	2008 and years before	2009	2010	2011	2012	Adjustments of prior year(s)
D.	Equity	12	215	264	221	-10	702
VII.	PROFIT/(LOSS) PER BALANCE SHEET	12	215	264	221	-10	702
E.	Provisions						0
F.	Liabilities	-12	-223	-261	-221	408	-309
I.	SUBORDINATED LIABILITIES						0
II.	LONG-TERM LIABILITIES	0	0	0	0	0	0
III.	SHORT-TERM LIABILITIES	-12	-223	-261	-221	408	-309
G.	Accrued expenses/prepaid income:	0	0		-3	-200	-203
	Total liabilities	0	-8	3	-3	198	190

Table 57: Liabilities in MÁV-START Zrt.'s balance sheet for previous years

## Data in MHUF

	Description	2008 and years before	2009	2010	2011	2012	Adjustments of prior year(s)
I.	Net sales revenues (01.+02.)	0	0	3	3	-230	-224
II.	Capitalised value of own performance (±03+04)	0	0	0	0	0	0
III.	Other revenues	0	0	0	0	2	2
IV.	Material type expenditures (05.+06.+07.+08.+09.)	-12	-238	-273	-225	-291	-1,039
V.	Payments to personnel (10.+11.+12.)	0	0	0	0	47	47
VI.	Depreciation charge	0	0	0	0	1	1
VII.	Other expenditures	0	23	12	7	16	58
A.	TRADING PROFIT/(LOSS) (I±II+III-IV- V-VI-VII)	12	215	264	221	-1	711
VIII.	Revenues from financial transactions (13+14+15+16+17)					7	7
IX.	Expenditures of financial transactions (18+19±20+21)					16	16
B.	FINANCIAL PROFIT/(LOSS) (VIII-IX)	0	0	0	0	-9	-9
C.	PROFIT/(LOSS) FROM ORDINARY ACTIVITIES (±A±B)	12	215	264	221	-10	702
D.	PROFIT/(LOSS) ON EXTRAORDINARY EVENTS (X.-XI.)	0	0	0	0	0	0
E.	PROFIT/(LOSS) BEFORE TAXATION (±C±D)	12	215	264	221	-10	702
F.	PROFIT/(LOSS) AFTER TAXATION (±E-XII)	12	215	264	221	-10	702
G.	<b>BALANCE SHEET PROFIT/(LOSS) (±F+22-23)</b>	12	215	264	221	-10	702

Table 58: MÁV-START Zrt.'s balance sheet and profit and loss account for previous years

### III.10 Financing arrangements in 2013

*MÁV-START Zrt.'s receivables from the Hungarian state related to public service activities in previous years*

In 2010, the Company concluded a public passenger transport service contract with the Ministry of Transport, Telecommunications and Energy. In accordance with the contract, the Company is entitled to reimbursement of reasonable expenses incurred in connection with the supply of public services that are not covered by revenues.

As the first step of the settlement of an extra reimbursement of HUF 11,516 million approved for 2009-2011, the 2014 state budget provides for the payment of HUF 4,527.55 million based on Section 2 (3) a) of the Government Decree 35/2014. (II.19.).

A maximum compensation of HUF 144,000 million was budgeted for in MÁV-START Zrt's public service contract for passenger rail transport with the government for 2012.

A compensation request of an additional HUF 10,162 million was recognised in addition to the budgeted subsidy for a reimbursement of reasonable costs incurred in relation to the ordered and public passenger rail service which are not covered by revenues. Thus a total reimbursement request of HUF 154,162 million was presented in the financial statements.

The financial statements on public services for 2012 have not yet been approved by the ministry. MÁV-START Zrt.'s revised reimbursement request (HUF 154,789 million) for public services in 2012 is pending approval by the Ministry for National Economy because the expenses may only be reimbursed if the restrictions specified in the memorandum of the Public Service Contract for 2012 are waived. For the waiver, the Treasury Minister's approval is required. Therefore, the amount of the reimbursement request specified in the financial statements (HUF 154,162 million) may change.

Based on information provided by the Ministry for National Economy, the company's management believes that from the contractual receivables of HUF 10,163 million disclosed in the company's financial statements to cover the full reimbursement of expenses in 2012, the reimbursement of HUF 2,748.5 million above the threshold specified in point IV. 2 of the 2012 memorandum of the public service contract has become risky. The management believes that this risk is significant and therefore accounted an item with a 75 % negative effect on profit in the financial statements for 2013 for these receivables.

*MÁV-START Zrt.'s receivables from the state household related to public services provided in 2013 and actual reimbursements*

A maximum compensation of HUF 144,092.2 million was budgeted for in MÁV-START Zrt's public service contract for passenger rail transport with the government for 2013.

A compensation request of an additional HUF 6,050 million was recognised in addition to the budgeted subsidy for a full reimbursement of reasonable costs incurred in relation to the ordered and public passenger rail service which are not covered by revenues. Thus a total reimbursement request of HUF 150,143 million was presented in the financial statements. According to the public service contract, MÁV-START Zrt. requests the actual reimbursement by submitting the financial statements on public services for 2013, following the preparation of the annual financial statements for 2013.

In the reporting year, reimbursements from state funds amounting to HUF 144.1 million were paid on a cash basis. This included HUF 20.8 billion related to the public services provided in the previous year (HUF 4.2 billion in January and HUF 16.6 billion in February). Operational expenses for the reporting year were compensated by the reimbursements of HUF 123.3 billion between April and December (HUF 36 billion in April, HUF 12 billion in each month between May and August, HUF 8.4 billion in September-October, HUF 4 billion in November and HUF 18.4 billion in December).

Until the payment of the compensation for the reporting year, which is the main source of income for MÁV-START Zrt., the Company had been unable to pay its creditors by their respective due dates. The amount of overdue creditors (all MÁV Group members) had reached HUF 31 billion. Creditors could be paid as a result of the continuous disbursement of the compensation and hence the balance of overdue creditor balances had been reduced to HUF 13 billion by the end of the year (overdue debts: MÁV Zrt. HUF 1.7 billion, MÁV-TRAKCIÓ Zrt. HUF 10.5 billion and MÁV-GÉPÉSZET Zrt. HUF 0.6 billion).

MÁV-START Zrt.'s overdrafts for 2013 were made available on 7-8 February.

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