

MAGYAR ÁLLAMVASUTAK RT.

**REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2002**

To the Founder of Magyar Államvasutak Részvénytársaság

Independent Auditors' Report

We have audited the components of and disclosures in the financial statements as at 31 December 2002 and for the year then ended of Magyar Államvasutak Részvénytársaság (the Company) along with the underlying accounting records and supporting documentation. The financial statements show a balance sheet total of MHUF 696,929 and a profit per balance sheet for the period of MHUF 13,084. The financial statements and the business report are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audit and to assess whether or not the accounting information disclosed in the business report is consistent with that contained in the financial statements. These financial statements have been prepared for the consideration of the Founder at the forthcoming Founder's Meeting and as such do not reflect the effects, if any, of resolutions that might be adopted at that meeting.

Referring to the audit report issued on 30 April 2002 we confirm to you that on the basis of our audit we issued a qualified audit opinion for the prior year. The qualification related to the low depreciation rates applied on state owned assets.

We conducted our audit in accordance with International and Hungarian Standards on Auditing and with applicable laws and regulations in force in Hungary. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. Our work with respect to the business report was limited to checking it within the aforementioned scope and did not include a review of any information other than that drawn from the audited accounting records of the Company. We believe that our audit provides a reasonable basis for our audit opinion.

On the basis of our audit work, we have gained sufficient and appropriate evidence that the financial statements have been prepared in accordance with the provisions of the accounting law and with accounting principles generally accepted in Hungary. In our opinion, the financial statements give a true and fair view of the financial position of Magyar Államvasutak Részvénytársaság as at 31 December 2002 and of the results of its operations for the year then ended. The business report is consistent with the disclosures in the financial statements.

Budapest, 30 April 2003



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Translation note:

The accompanying financial statements represent a fair translation of the original Hungarian text except that the business report is not attached. The translation was performed by PricewaterhouseCoopers Kft. The Hungarian language text is to prevail in case of any discrepancies between the original and the translated text.

The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in jurisdictions other than Hungary.

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Registration number

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For the year ended at 31.12.2002.

Magyar Államvasutak Részvénytársaság

"A" BALANCE SHEET Assets

data in HUF million

Number	Description	Prior year 2001.12.31	Adjustments of prior years	Current year 2002.12.31
a	b	c	d	e
01.	A FIXED ASSETS (2 +10 +18.)	611,121	-2,985	637,466
02.	I. INTANGIBLE ASSETS (3 ... 9.)	5,820	0	4,303
03.	Capitalised value of foundation and restructuring costs			0
04.	Capitalised value of research and development costs	157		156
05.	Concessions and similar rights and assets	1		1
06.	Intellectual property	5,662		4,146
07.	Goodwill			0
08.	Advance payments on intangible assets			0
09.	Revaluation of intangible assets			0
10.	II. TANGIBLE ASSETS (11 ... 17.)	589,201	-3,012	614,375
11.	Land and buildings and related concessions and similar rights	377,349	-2,831	366,127
12.	Technical equipment, machinery and vehicles	185,830	-177	200,799
13.	Other equipment, fittings and vehicles	3,394	-4	2,536
14.	Breeding stock			0
15.	Capital WIP, renovations	20,798		39,432
16.	Advance payments on Capital WIP	1,830		5,481
17.	Revaluation of tangible assets			0
18.	III. FINANCIAL INVESTMENTS (19 ... 25.)	16,100	27	18,788
19.	Long term investments in related companies	10,873	1	11,843
20.	Long term loans given to related companies	7		49
21.	Other long term investments	2,186		3,348
22.	Long term loans given to other investees			0
23.	Other long term loans given	3,033	26	5,547
24.	Securities representing long term loans	1		1
25.	Revaluation of financial investments			0
26.	B CURRENT ASSETS (27 +34 +40 +45.)	53,613	895	48,534
27.	I. INVENTORIES (28 ... 33.)	6,246	94	7,387
28.	Raw materials and consumables	6,095	94	7,202
29.	Work in progress and semi-finished products	27		50
30.	Animals			0
31.	Finished goods	26		27
32.	Goods	98		108
33.	Advance payments on inventories			0
34.	II. RECEIVABLES (35 ... 39.)	37,780	786	31,624
35.	Trade accounts receivable	16,730	410	10,481
36.	Receivables from related companies	2,240		2,175
37.	Receivables from other investees	1,491		340
38.	Bills of exchange receivable			0
39.	Other receivables	17,319	376	18,628
40.	III. MARKETABLE SECURITIES (41 ... 44.)	0	0	0
41.	Investments in related companies			0
42.	Other investments			0
43.	Own shares, own quotas			0
44.	Securities representing loans held for sale			0
45.	IV. LIQUID ASSETS (46 +47.)	9,587	15	9,523
46.	Cash in hand, cheques	132		147
47.	Bank deposits	9,455	15	9,376
48.	C PREPAID EXPENSES AND ACCRUED INCOME (49 ... 51.)	8,496	12	10,929
49.	Accrued income	189	12	119
50.	Prepaid expenses	8,307		10,810
51.	Deferred expenses			0
52.	TOTAL ASSETS (1 +26 +48.)	673,230	-2,078	696,929

Date: Budapest, 30.04.2003.

Representative of the Company

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Registration number

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For the year ended at 31.12.2002.

Magyar Államvasutak Részvénytársaság

"A" BALANCE SHEET Liabilities

data in HUF million

Number	Description	Prior year 2001.12.31	Adjustments of prior years	Current year 2002.12.31
a	b	c	d	e
53.	D SHAREHOLDERS' EQUITY (54.+56.+57. ... 61.)	175,207	-12,396	175,914
54.	I. ISSUED CAPITAL	188,000		188,000
55.	thereof: treasury shares repurchased at face value			0
56.	II. ISSUED BUT NOT PAID CAPITAL (-) (-)			0
57.	III. CAPITAL RESERVES	11,911		12,949
58.	IV. RETAINED EARNINGS FROM PREVIOUS YEARS	-1,348		-41,783
59.	V. NON-DISTRIBUTABLE RESERVES	5,826		3,664
60.	VI. REVALUATION RESERVE			0
61.	VII. PROFIT PER BALANCE SHEET	-29,182	-12,396	13,084
62.	E PROVISIONS (63. ... 65.)	1,546	0	7,611
63.	1. Provisions for expected liabilities			6,533
64.	2. Provisions for future expenses	1,035		1,077
65.	3. Other provision	511		1
66.	F LIABILITIES (67.+71.+80.)	441,640	12,096	397,629
67.	I. SUBORDINATED LIABILITIES (68. ... 70.)	0	0	0
68.	Subordinated liabilities to related companies			0
69.	Subordinated liabilities to other investees			0
70.	Subordinated liabilities to other enterprises			0
71.	II. LONG TERM LIABILITIES (72. ... 79.)	388,119	9,994	339,566
72.	Long term credits			0
73.	Convertible bonds			0
74.	Debts on the issue of bonds			0
75.	Investment and development loans	68,958		10,629
76.	Other long term loans	24,716		1
77.	Long term liabilities to related companies			3,159
78.	Long term liabilities to other investees			0
79.	Other long term liabilities	294,445	9,994	325,777
80.	III. SHORT TERM LIABILITIES (81. ... 89.)	53,521	2,102	58,063
81.	Short term credits	12		4
82.	- thereof: Convertible bonds			0
83.	Short term loans	16,036		17,193
84.	Advance payments received from customers	1,096		864
85.	Trade accounts payable	19,373	343	23,139
86.	Bills of exchange payable	41		66
87.	Short term liabilities to related companies	8,714		8,352
88.	Short term liabilities to other investees	119		132
89.	Other short term liabilities	8,130	1,759	8,313
90.	G ACCRUED EXPENSES AND DEFERRED INCOME (91. ... 93.)	54,837	-1,778	115,775
91.	Deferred revenues	48,627	-1,504	108,884
92.	ACCRUED EXPENSES AND DEFERRED INCOME	6,210	-274	6,891
93.	Deferred income			0
94.	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (53.+62.+66.+90.)	673,230	-2,078	696,929

Date: Budapest, 30.04.2003.

Representative of the Company

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For the year ended at 31.12.2002.

Magyar Államvasutak Részvénytársaság

"A" INCOME STATEMENT

(Cost by nature)

data in HUF million

Number	Description	Prior year 2001.12.31	Adjustments of prior years	Current year 2002.12.31
a	b	c	d	e
01.	Net domestic sales revenues	176,272	307	185,696
02.	Net export sales revenues	11,259	215	10,641
I.	NET SALES REVENUES (01+02)	187,531	522	196,337
03.	Change in self-manufactured inventories	10		25
04.	Capitalised value of self-manufactured assets	8,367		10,428
II.	CAPITALISED VALUE OF OWN PERFORMANCE (03+04)	8,377	0	10,453
III.	OTHER REVENUES	15,585	79	5,126
	of which: reversal of impairment loss provision	8,367		752
05.	Cost of raw materials	35,991	-81	36,847
06.	Value of services used	54,683	311	56,017
07.	Value of other services	799	1	1,112
08.	Cost of goods sold	867		875
09.	Value of recharged services	3,438		3,756
IV.	MATERIAL TYPE EXPENDITURE (05+06+07+08+09)	95,778	231	98,607
10.	Wages	64,958		72,503
11.	Other payments to personnel	7,744	1	8,716
12.	Personnel related contributions	25,909	2	27,177
V.	PAYMENTS TO PERSONNEL (10+11+12)	98,611	3	108,396
VI.	DEPRECIATION CHARGE	20,377	14,721	29,311
VII.	OTHER EXPENSES	17,413	-172	15,193
	of which: impairment loss provision	6,618		749
A.	TRADING PROFIT (I+II+III-IV-V-VI-VII)	-20,686	-14,182	-39,591
13.	Dividend received	641		425
	of which: received from related companies	491		411
14.	Gain on sale of investment	462		2
	of which: received from related companies	435		0
15.	Interest received and gain on financial investments	3	169	1
	of which: received from related companies			0
16.	Other interest received	193	2	274
	of which: received from related companies	27		19
17.	Other revenues from financial transactions	2,541		4,353
VIII.	REVENUES FROM FINANCIAL TRANSACTIONS (13+14+15+16+17)	3,840	171	5,055
18.	Loss on financial investments	10	16	13
	of which: given to related companies			0
19.	Interest paid	5,741	15	3,975
	of which: given to related companies			0
20.	Impairment loss of financial investment, securities and bank deposits	453		669
21.	Other expenditures of financial transactions	8,963	-11	1,999
IX.	EXPENDITURES OF FINANCIAL TRANSACTIONS (18+19+20+21)	15,167	20	6,656
B.	FINANCIAL PROFIT (VIII-IX)	-11,327	151	-1,601
C.	PROFIT ON ORDINARY BUSINESS (±A±B)	-32,013	-14,030	-41,192
X.	EXTRAORDINARY REVENUES	4,851	1,634	56,309
XI.	EXTRAORDINARY EXPENDITURES	1,829		2,004
D.	PROFIT ON EXTRAORDINARY EVENTS (X-XI)	3,022	1,634	54,305
E.	NET PROFIT BEFORE TAXATION (±C±D)	-28,991	-12,396	13,113
XII.	TAX LIABILITY	191		29
F.	AFTER TAX PROFIT (±E-XII)	-29,182	-12,396	13,084
22.	Dividends paid out of accumulated profit reserve			0
23.	Dividends paid (approved) out of current year profits			0
G.	NET PROFIT PER BALANCE SHEET (±F+22-23)	-29,182	-12,396	13,084

Date: Budapest, 30.04.2003.

Representative of the Company

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Registration number

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For the year ended 31.12.2002.

Magyar Államvasutak Részvénytársaság

"B" INCOME STATEMENT

(Cost by function)

data in HUF million

Number	Description	Prior year 31.12.2001.	Adjustments of prior years	Current year 31.12.2002.
a	b	c	d	e
01.	Net domestic sales revenues	176,272	307	185,696
02.	Net export sales revenues	11,259	215	10,641
I.	NET SALES REVENUES (01.+02.)	187,531	522	196,337
03.	Direct cost of sales	167,113	13,692	176,290
04.	Cost of goods sold	866		875
05.	Value of recharged services	3,438		3,756
II.	DIRECT COST OF SALES (03+04+05)	171,417	13,692	180,921
III.	GROSS PROFIT OF SALES (I.-II.)	16,114	-13,170	15,416
06.	Cost of sales	564		548
07.	Administration costs	13,456		20,021
08.	Other indirect costs	20,952		24,371
IV.	INDIRECT COST OF SALES (06+07+08)	34,972	0	44,940
V.	OTHER REVENUES	15,585	79	5,126
	of which: reversal of impairment loss provision	8,367		752
VI.	OTHER EXPENDITURES	17,413	1,091	15,193
	of which: impairment loss provision	6,618		749
A	TRADING PROFIT (+/-III.-IV.+V.-VI)	-20,686	-14,182	-39,591
09.	Dividend received	641		425
	of which: received from related companies	491		411
10.	Gain on sale of investment	462		2
	of which: received from related companies	435		0
11.	Interest received and gain on financial investments	3	169	1
	of which: received from related companies			0
12.	Other interest received	193	2	274
	of which: received from related companies	27		19
13.	Other revenues from financial transactions	2,541		4,353
VIII.	REVENUES FROM FINANCIAL TRANSACTIONS (13+14+15+16+17)	3,840	171	5,055
14.	Loss on financial investments	10	16	13
	of which: given to related companies			13
15.	Interest paid	5,741	15	3,975
	of which: given to related companies			
16.	Impairment loss of financial investment, securities and bank deposits	453		669
17.	Other expenditures of financial transactions	8,963	-11	1,999
IX.	EXPENDITURES OF FINANCIAL TRANSACTIONS (18+19+20+21)	15,167	20	6,656
X.	FINANCIAL PROFIT (VIII-IX)	-11,327	151	-1,601
XI.	PROFIT ON ORDINARY BUSINESS (±A±B)	-32,013	-14,030	-41,192
18.	EXTRAORDINARY REVENUES	4,851	1,634	56,309
19.	EXTRAORDINARY EXPENDITURES	1,829		2,004
XII.	PROFIT ON EXTRAORDINARY EVENTS (X-XI)	3,022	1,634	54,305
XIII.	NET PROFIT BEFORE TAXATION (±C±D)	-28,991	-12,396	13,113
XIV.	TAX LIABILITY	191		29
XV.	AFTER TAX PROFIT (±E-XII)	-29,182	-12,396	13,084
20.	Dividends paid out of accumulated profit reserve			
21.	Dividends paid (approved) out of current year profits			
XVI.	NET PROFIT PER BALANCE SHEET (±F+22-23)	-29,182	-12,396	13,084

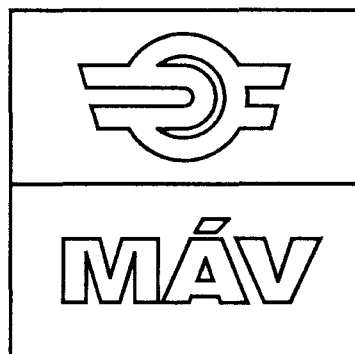
Date: Budapest, 30.04.2003.

Representative of the Company

MAV Rt. CASH FLOW STATEMENT

31.12.2002/3.

No	Description	2001.01-12.hó	01-12. 2002	Change
I.	Cash flow from operating activities (Operating cash flow, 1-14)	-4,616	131,445	136,061
1.	Net profit before taxation ±	-28,991	13,113	42,104
	of this: cash received stated among the revenues	248	24	-224
	cash transferred stated among the expenditures	-70	-25	45
2.	Depreciation charged +	20,377	44,030	23,653
3.	Impairment loss recognised on invested assets +	3,419	3,688	269
4.	Impairment loss charged and written back -	0	-752	-752
5.	Difference between provisions made and used ±	-2,334	6,065	8,399
6.	Proceeds from sale of invested assets ±	-1,754	-1,583	171
7.	Change in trade accounts payable ±	-602	3,766	4,368
8.	Change in other short term liabilities ±	208	-373	-581
9.	Change in accrued expenses/prepaid income ±	3,918	60,938	57,020
10.	Change in trade accounts receivable ±	-3,907	6,249	10,156
11.	Change in current assets (net of trade accounts receivable and liquid	-3,012	-1,234	1,778
	of this: increase in inventories	80	-1,141	-1,221
	receivables from the state	-3,441	-1,242	2,199
	bonds purchased for sale	0	0	0
	other receivables (excl. state)	349	1,149	800
12.	Change in prepaid expenses/accrued income ±	8,253	-2,433	-10,686
13.	Corporate tax paid -	-191	-29	162
14.	Dividend paid -	0	0	0
II.	Cash flow from investing activities (15-18)	-51,363	-71,729	-20,366
15.	Purchase of invested assets -	-55,754	-72,140	-16,386
16.	Sale of invested assets +	5,031	4,062	-969
17.	Advance payments on capital VIP ±	-640	-3,651	-3,011
18.	Dividends received +	0	0	0
III.	Cash flow from financing activities (19-28)	60,221	-59,780	-120,001
19.	Proceeds from issue of shares (capital involvement) +	0	0	0
20.	Proceeds from issue of bonds +	0	0	0
21.	Borrowing +	50,168	53,393	3,225
	of this: MKB Rt. HUF loan (431.2)	2,504	2,496	-8
	MFB Rt. foreign exchange loan (431.31)	0	2,269	2,269
	KfW 31 M EUR (431.33)	0	7,475	7,475
	MKB Rt. foreign exchange loans (431.34)	1,352	0	-1,352
	GfR-MHR network loan (431.35)	651	388	-263
	Eurofima loan (431.36)	11,147	0	-11,147
	EBRD loan (431.37)	0	4,426	4,426
	EIB loan (431.38)	0	9,593	9,593
	OTP and Ker. Bank Rt. loan (431.4)	0	1,366	1,366
	Loans of Erste Bank Rt. (431.7)	0	2,500	2,500
	Loans for research and development purposes (432.1)	12	0	-12
	Liquidity loans (432.2)	24,700	13,300	-11,400
	Short term loan and credit (45)	9,495	5,700	-3,795
	Current account loans	307	3,880	3,573
22.	Cash received +	17	19	2
23.	Other change in capital (előző évek eredménye)	-522	-12,396	-11,874
24.	Share withdrawal (capital decrease) -	0	0	0
25.	Bond redemption -	0	0	0
26.	Loan repayment -	-15,227	-135,287	-120,060
	of this: World bank loan (431.1)	-306	-766	-460
	MKB Rt. HUF loan (431.2)	-2,082	-7,082	-5,000
	MFB Rt. foreign exchange loan (431.31)	0	-553	-553
	KfW 31 M EUR (431.33)	0	-7,475	-7,475
	MKB Rt. foreign exchange loans (431.34)	-233	-695	-462
	GfR-MHR network loan (431.35)	-471	-12,091	-11,620
	Eurofima loan (431.36)	-4,542	-49,121	-44,579
	EBRD loan (431.37)	-159	-359	-200
	EIB loan (431.38)	0	-9,593	-9,593
	OTP and Ker. Bank Rt. loan (431.4)	-1,408	-2,783	-1,375
	Postabank Rt. loan (431.5)	-218	-249	-31
	Loans of CIB Rt. (431.6)	-229	-683	-454
	Loans for research and development purposes (432.1)	-24	-29	-5
	Liquidity loans (432.2)	0	-38,000	-38,000
	Hosszúlejáratra kapott kölcsönök (433)	-8	-8	0
	Short term loan and credit (45)	-5,547	-5,800	-253
27.	Cash transferred -	-48	0	48
28.	Change in liabilities towards the owners and in other long term liabilities	25,833	34,491	8,658
	Of this: liability account of the treasury	25,875	29,212	3,337
	capital increase related to Russian rail-cars	-42	3,159	3,201
IV.	Total changes in cash and cash equivalents (±) ±	4,242	-64	-4,306



MÁV Rt.
Notes to the Financial Statements
2002

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I. General

I.1 The Company

MÁV Rt. was transformed into a one-man company limited by shares on 1 July 1993 as the general successor of the state owned company Magyar Államvasutak.

Registration No: Cg 01-10-042272.

The Company is fully owned by the Hungarian State, and the ownership rights are exercised by the Minister of Economy and Transport.

The Company's core activity is: 60.10 railway transportation.

Director General Zoltán Mándoki (1221 Budapest, Ringló u. 101/a) is authorised to sign the Company's financial statements.

The Company's equity amounted to MHUF 411,801 as at the date of foundation, out of which MHUF 188,000 was share capital. The value of the state assets managed by the Company is MHUF 154,738, which was stated as segregated capital reserve as at foundation.

The Company's equity totalled MHUF 175,207 as at 31 December 2001, which increased to MHUF 175,914 as at 31 December 2002. MÁV Rt.'s capital was increased by MHUF 3,159 in 2002 with regard to the purchase of double motorwagons to the debit of the Russian state debt. Considering that the capital increase has not been registered by the Court of Registry to date, this amount is stated within long term liabilities rather than within equity.

The net sales revenues amounted to MHUF 196,337 in 2002, the 95% of which were domestic sales. 56.79% of the net sales revenues derive from passenger transport, 36.9% from goods transport and 6.31% from other non-railway activities.

The profit per balance sheet for 2002 was MHUF 13,084. The profit is basically attributable to the HUF 49.8 billion profit effect of the assumption by the state of HUF 121.1 billion loan.

For purposes of ensuring the use of domestic railway passenger transport at reduced-rates, the state pays the difference between the fare of the reduced-rate and that of the full-rate railway tickets pursuant to Act No LXXVIII of 1991 on Consumption Tax and Consumer Price Subsidies, which amounted to MHUF 20,705 in 2002, and thus this contribution gave 18.57% of the net sales revenues from passenger transport.

Company- based on government decision no. 270/2000 (XII.6.) – was given a definite extent produce price support in a value of MHUF 55,845 in 2002.

Pursuant to Act No CIII of 1997 on Excise Taxes and the Special Regulations on the Marketing of Excised Goods, MÁV Rt. is entitled to reclaim excise taxes, which amounted to MHUF 6,538 in 2002.

The Company manages state assets in a value of MHUF 305,189, to which it used a network development contribution of MHUF 21,011 in 2002. For purposes of accomplishment of state responsibilities, the Company received MHUF 10,142 additional funds from the state budget for purposes of certain projects. The total amount of funds received from the state budget for development purposes was MHUF 31,153 in 2002. Out of this amount, MHUF 29,305 and MHUF 1,848 was used for the improvement of state assets and MÁV Rt.'s assets, respectively. The MHUF 31,153 fund received from the state budget includes MHUF 3,672 loan taken by the state from EIB, MHUF 5 PHARE support and MHUF 4,484 ISPA support.

I.2 The Company's Accounting Policy

The Accounting Policy developed by the Management of MÁV Rt. meets, in addition to the statutory requirements, the following requirements:

- ◊ the provisions of the Railway Act and accordingly the Agreement signed between the Hungarian State and MÁV Rt.,
- ◊ the requirements of accounting by business organisation, activity and product in respect of the business operation of MÁV Rt.,
- ◊ the requirement of creating the overall conditions of independent business operation for the state railway, the entrepreneurial railway and the goods transport railway in the frame of the Government Program on the comprehensive reform of MÁV Rt., the modernisation of its organisation and its public roles in the mid-term, and the requirement of preparing three separate balance sheets within one Company.

The consistent application of the Accounting Policy provides the basis for ensuring that the financial statements of MÁV Rt. give a true and fair view of the Company's equity and financial position and the results of its operation.

Key elements of the accounting policy:

- Items with an individual value of MHUF 50 and totalling minimum MHUF 500 in the aggregate – subject to their impact, if any, on the information disclosed in the financial statements and on the basis of the principle of materiality – **the omission or misstatement of which – within reasonable limits – could influence the users' decisions**, are considered to be **material** (§16 (4)).
- Errors are considered to be **material** if, in the year when disclosed by different reviews, the total of all errors (whether negative or positive) disclosed for a given business year (separately for each year) and the impacts thereof – increasing or decreasing the profit or the equity – exceeds MHUF 500. (§3 (3) item 3).
- **Errors** are considered to be errors **having a material effect** on the fair and true presentation, if they result in minimum 20% change in the equity stated in the balance sheet of the business year preceding the year of disclosure of the error (in which case new financial statements are to be prepared even during the year).
- Receivables not exceeding three times the expected costs of enforcement are considered as **small amount** receivables in total as per debtor.

The limit for errors that have a material effect on the true and fair presentation is 20% change in the equity.

Based on the statutory requirements, MÁV Rt. is required to prepare annual financial statements and consolidated financial statements on the calendar year as of 31 December. The Company prepares a balance sheet and profit and loss account Type „A”, which ensures the comparability of the Company’s financial statements between the different years. The profit and loss account is prepared by the summary cost method, however a profit and loss account prepared by the current cost method is also disclosed in the notes to the financial statements. All data in the financial statements are stated in million of Hungarian forints (MHUF). The Company has not used the possibility of further analysis or consolidation of the lines of either the balance sheet or the profit and loss account. The Company’s books are kept in compliance with the rules of double-entry bookkeeping.

The date of preparation of MÁV Rt.’s financial statements is 30 April following the reported year. The date of the closing trial balance (the date of acceptance of the last external evidence relating to the prior year) – exclusive of the recording of international wagon rents – is 15 February following the reported year. The Revenues Control Directorate (Bevételelőrzési Igazgatóság) may book evidences affecting the reported year and related to international settlements, until 20 March following the reported year.

I.3 Valuation methods applied by the Company

Invested assets are classified, recognised and valued according to the provisions of the Act on Accounting.

The Company does not apply the special valuation method, which allows revaluation of assets to the market value.

The purchase price is calculated in accordance with the provisions of the Act on Accounting. Ordinary depreciation is accounted for by MÁV Rt. on the basis of cost by the straight line method on a monthly basis, until the net book value reaches the residual value. A residual value is determined if the expected useful life of the asset is shorter than the technical useful life. In other cases, the residual value is not considered to be material (zero value).

Using the possibility of simplification provided by law, tangible and intangible assets with an individual purchase value below THUF 50 are fully depreciated when putting into operation.

Based on the provisions of law, the Company accounts for extraordinary depreciation if the book value *considerably* exceeds the market value. Amounts exceeding the depreciation amount recognised in one year are considered to be material. Should the reasons for recognising extraordinary depreciation no longer exist, the depreciation is reversed by write back to the appropriate amount.

Rules related to state assets are included in the Asset Management Agreement signed with the State Asset Directorate (Kincstári Vagyron Igazgatóság – KVI) and the related Asset Management Regulation.

For the classification and valuation of current assets, the provisions of the Act on Accounting are used as follows:

For stock in hand, the Company continues to use the weighted average price. At the year-end valuation, impairment loss is recognised on the basis of the market value, or impairment losses recognised previously are reduced by write-back.

Own-manufactured inventories are recognised at direct cost, closely related to production or chargeable to the product on the basis of appropriate indices.

Advance payments on capital WIP and inventories, as well as trade receivables are recorded at a value reduced by the amount of impairment loss and increased by the impairment loss written back.

During the valuation of items arising in foreign currency, financial investments, securities and liquid assets denominated in foreign currency are recorded at the official exchange rate of the National Bank of Hungary, with the exchange gains or losses recognised as revenues from or expenditures of financial transactions.

Foreign currency balances of the FX petty cash, foreign exchange balances on the FX account, receivables denominated in foreign currency, financial investments, securities and liabilities are stated as per the books.

In the case of a positive result (gain) in the aggregate as translated at the foreign exchange rate of the National Bank of Hungary, an accrual was made in the past in order to cover the exchange losses of future business year(s). This treatment was overruled by the Act on Accounting in 2002, and now such gain accruals should be eliminated in five years. With regard to the immateriality of the amount (MHUF 40) stated as at 31 December 2002, this accrual was eliminated in 2002 in conformity with the provisions of law.

The obligation of consolidation also applies to the treatment of unrealised exchange gains or losses of FX loans for investment purposes.

In the case of FX loans for investment purposes, the Company makes provisions for unrealised and deferred exchange losses.

The Company makes provision for expected costs on the basis of individual judgement of the circumstances.

A major change in respect of the amortisation policy in the Accounting Policy, with an impact on the profit of 2002, too, that the depreciation standards for the write down of assets on the basis of technical considerations have changed.

In the Independent Auditor's Report issued on the financial statements of MÁV Rt. for the year ended 31 December 2001, the auditor raised objections against the way of valuation of the state assets because of the application of low depreciation rates.

On the basis of the findings of the Auditor's Report, the Management of MÁV Rt. – in agreement with the owner and KVI – decided on the application of technically reasonable depreciation standards.

II. Notes to the balance sheet

Assets and liabilities included in the balance sheet were stated on the basis of year-end stock counts by individual valuation.

II.1 Changes in invested assets

The closing net book value of intangible and tangible assets excluding capital investments and advance payments on capital WIP totals MHUF 573,765, representing an increase of 0.24% in comparison with the prior year.

Within **invested assets** the growth of **tangible assets** by MHUF 25,174 can be considered as significant, which represents a 4.27% increase in comparison with the year-end balance of 2001.

The value of **financial investments** increased by MHUF 2,688. The increase can be explained by the growth in **investments** by MHUF 2,132 and the increase in long term loans by MHUF 556.

II.1.1 Changes in intangible and tangible assets

Changes in intangible and tangible assets broken down by asset group are shown on the following pages in Tables 1-4, and changes in capital WIP are shown in Table 5.

From the capitalised value of assets, an amount of MHUF 2,627 at net book value was eliminated as other changes, including the following major items: other additions to assets – value of assets received free of charge totalling MHUF 1,882; and disposals – sales, scrapping, shortage, assets transferred free of charge, destruction and damage totalling MHUF 2,946. As regards sales, the elimination of useless housing buildings with public utilities and belonging lands in an amount of MHUF 682 represents a significant value. The value of scrapped assets is MHUF 1,972, including state owned assets in a value of MHUF 1,434 and assets owned by the Company in a value of MHUF 538. The value of missing, destroyed and damaged assets is MHUF 267. The value of assets transferred free of charge to MÁV Vasjármű Kft is MHUF 11.

Within intangible assets, the net book value of intellectual properties decreased by MHUF 1,516 with regard to the lower value of assets capitalised as against the value of depreciation recognised in 2002.

Within tangible assets, the value of **real properties** decreased by MHUF 11,222 in comparison with the prior year due to the higher depreciation rates applied for state assets and the outcome of self-revision related to prior years. The value of machinery and equipment increased by MHUF 14,111, while the value of **capital WIP** increased by MHUF 18,634.

The value of construction work in progress is MHUF 39,432, which represents an increase of 89.59% in comparison with the prior year. The capital expenditures increased by 28.25% (MHUF 14,662) in comparison with the prior year, while the value of capitalised assets was lower by 28.69% (MHUF 16,767) than it was in the prior year.

Data in MHUF

DESCRIPTION		INTANGIBLE ASSETS			
		Rights representing money or monies worth (111)	Intellectual properties (112)	Capitalised value of research and development (113)	TOTAL (11)
1.	Gross Book Value– opening balance	1	3,559	199	10,287
2.	Additions-renovation (capitalisation)		230		230
3.	Other changes (plus or minus)		89	12	101
4.	GBV – closing balance	1	10,406	211	10,618
5.	Depreciation – opening balance	0	4,425	42	4,467
6.	Ordinary depreciation for the year		1,836	12	1,848
7.	Extraordinary depreciation for the year				0
8.	Other changes (plus or minus)	0	(1)	1	0
9.	Depreciation (closing balance)	0	6,260	55	6,315
10.	Closing net book value	1	4,146	156	4,303

Table 1: Changes in intangible assets in 2002

Data in MHUF

DESCRIPTION		TANGIBLE ASSETS		
		Owned by the state	Owned by the Company	TOTAL (12 - 14)
1.	Gross Book Value– opening balance	340,038	365,785	705,823
2.	Additions-renovation (capitalisation)	17,654	30,042	47,696
3.	Other changes (plus or minus)	(928)	(5,734)	(6,662)
4.	GBV– closing balance	356,764	390,093	746,857
5.	Depreciation – opening balance	51,312	87,938	139,250
6.	Ordinary depreciation for the year	14,122	13,340	27,462
7.	Extraordinary depreciation for the year	14,719	0	14,719
8.	Other changes (plus or minus)	(973)	(3,064)	(4,037)
9.	Depreciation (closing balance)	79,180	98,215	177,395
10.	Closing net book value	277,584	291,878	569,462

Table 2: Changes in tangible assets in 2002

Data in MHUF

DESCRIPTION		MACHINERY, EQUIPMENT, VEHICLES				
		Production			Non-production	TOTAL (13 - 14)
		State (131)	MÁV Rt. (132)	Total (13)	MÁV Rt. (142)	
1.	Gross Book Value– opening balance	49,203	222,598	271,801	6,404	278,205
2.	Additions-renovation (capitalisation)	3,795	27412	31,207	64	31,271
3.	Other changes (plus or minus)	(162)	(2,996)	(3158)	(64)	(3,222)
4.	GBV – closing balance	52,836	247,014	299,850	6,404	306,254
5.	Depreciation – opening balance	9,795	76,176	85,971	3,010	88,981
6.	Ordinary depreciation for the year	3,339	1,0725	14,064	919	14,983
7.	Extraordinary depreciation for the year	1,512		1,512		1,512
8.	Other changes (plus or minus)	(47)	(2,449)	(2,496)	(61)	(2,557)
9.	Depreciation (closing balance)	14,599	84,452	99,051	3,868	102,919
10.	Closing net book value	38,237	162,562	200,799	2,536	203,335

Table 3: Changes in machinery, equipment and vehicles

Changes in real property in 2002 (MHUF)

Description	REAL PROPERTY										TOTAL (12)
	Buildings			Constructions			Lands			Rights ad to real pro	
	State (122,1)	MAV Rt (122,2)	Total (122)	State (123,1)	MAV Rt (123,2)	Total (123)	State (121,1)	MAV Rt (121,2)	Total (121)		
1. Cost – opening balance	5355	70907	76262	271518	35431	306949	13962	30424	44386	21	427618
2. Additions-renovation (capitalisation)		2278	2278	13859	284	14143				4	16425
3. Other changes (plus or minus)		-85	-85	-729	-534	-1263	-37	-2058		3	-1345
4. Cost – closing balance	5355	73100	78455	284548	35181	319829	13925	28366	42291	28	440603
5. Depreciation – opening balance	127	4377	4504	41391	4359	45750	0	0	0	15	50269
6. Ordinary depreciation for the year	54	763	817	10729	931	11660	0	0	0	3	12480
7. Extraordinary depreciation for the	484		484	12723		12723	0	0	0		13207
8. Other changes (plus or minus)		-158	-158	-926	-396	-1322	0	0	0		-1480
9. Depreciation (closing balance)	665	4982	5647	63917	4894	68811	0	0	0	18	74476
10. Closing net book value	4690	68118	72808	220731	30287	251018	13925	28366	42291	10	366127

Table 4: Changes in real properties in 2002

Data in MHUF		
Description	Construction work in progress	Total
Opening	20,798	20,798
Expenditures for the year	66,560	66,560
Capitalisation	47,926	47,926
Other changes		
Closing	39,432	39,432

Table 5: Changes in capital WIP in 2002

II.1.2 Impacts of depreciation charged in the reported year

Depreciation of intangible and tangible assets:

Data in MHUF					
Description	Gross Book Value	Depreciation			
		Ordinary	Extra-ordinary	Total as per Accounting Law	As per Tax Law
Land	42,291	0	0	0	0
Real propeeds (without land)	398,312	12,480	13,207	25,687	36,736
Machinery, equipment	306,254	14,983	1,512	16,495	23,159
of this: railway vehicles					
Total tangible assets:	746,857	27,463	14,719	42,182	60,326
Of this: State	356,764	14,122	14,719	28,841	41,247
MÁV Rt.	390,093	13,341	0	13,341	19,079
Intangible assets	10,618	1,848	0	1,848	1,848
GRAND TOTAL	757,475	29,311	14,719	44,030	62,174

Table 6: Depreciation of intangible and tangible assets

II.1.3 Assets transferred or received free of charge

Data in MHUF				
Description	Transfer	Receipt	Profit/loss effect	Liability effect
MÁV Rt. tangible assets	11	474	463	0
State owned tangible assets	2	1,408	0	1,406
Total capitalised tangible assets	13	1,882	463	1,406
State projects		658	0	658
Inventories	1		(1)	0
Total	14	2,540	462	2,064

Table 7: Assets transferred or received free of charge

The biggest item within assets transferred free of charge was the transfer of lorries to MÁV Vasjármű Kft.

Assets received free of charge include bridges taken over free of charge at Könyves Kálmán körút, and the bars taken over in the Debrecen area.

The Company received an investment subsidy of MHUF 658 from local governments and corporations.

II.1.4 State assets

According to the Act on Railways and Appendix 3/A to Directive No IJI 10/2000 issued on the basis of the joint Decree No 11/1996 of the Ministry of Transport, Telecommunication and Water Management and the Ministry of Finance, tangible assets that are classified as state owned assets are recorded in MÁV Rt.'s books separately.

The net book value of state assets totalled MHUF 299,903 as at 31 December 2001, which amount changed to MHUF 305,189 as of 31 December 2002 as a result of interim changes.

Changes in state assets during 2002 are shown in the following table:

Net book value of state assets as at 31 December 2001	299,903
State assets purchased from funds provided by the state budget	27,158
Of this: - paid in the current year	26,235
- received in the current year, but remained unpaid	923
State assets received free of charge	2,066
State assets purchased from own funds	5,136
State assets transferred free of charge	(-) 2
Depreciation charge of state assets for the year	(-) 14,123
Depreciation charge difference of state assets for prior years	(-) 14,719
Other changes	(-) 230
Of this:	
- sales	
- scrapping	(-) 12
- shortage	(-) 1,442
- surplus	(-) 139
- reclassification	(+) 89
	(+) 1,274
Net book value of state assets as at 31 December 2002	305,189

Table 8: Changes in state assets during 2002

The net book value of state assets increased by MHUF 5,286 in 2002.

Factors contributing to the increase in the net book value of state assets include the use of MHUF 27,158 funds received from the state budget for investment projects and the capitalisation of investment projects and renovation works realised from own funds in an amount of MHUF 5,136, while the considerably increased depreciation charge recognised in the reported year reduced the net book value.

Due to the amendment of MÁV Rt.'s amortisation policy, the value of state assets significantly changed in 2002, because this modification affected basically the depreciation standards of state assets.

The depreciation charge difference of MHUF 14,719 falling on years 1999-2001 were written off to the debit of the profit of prior years in the form of self-revision.

Due to the increased amortisation charge resulting from the new amortisation standards based on the technical useful life, the depreciation charge increased by MHUF 6,912 in the 2002 business year.

With regard to the amount of MHUF 13,299 assessed by self-revision relating to the period preceding the date when the asset management contract was signed (September 2001) the Company requested KVI to amend the asset management contract, and at the same time, the

Company requested the Founder to settle the amount of the capital reserve. If approved, the Company's long term liabilities to the State will reduce by MHUF 13,299, with simultaneous increase of the capital reserve with the same amount in 2003.

The railway bridges – that were reconstructed in the course of renovation of Hungária-Könyves Kálmán körút – received from the Budapest Municipality free of charge added MHUF 1,396 to the increase of the net book value. Construction works in progress in an amount of MHUF 657.6 were received also free of charge. This comprised some major items related to various railway track construction works taken over free of charge from Útgazdálkodási és Koordinációs Igazgatóság in an amount of MHUF 537.4, including railway bridge in Baja (MHUF 228.0), renovated highway crossings (MHUF 278.2) and culvert construction and cable discharge (MHUF 31.2).

Further items taken over as construction work in progress include MHUF 8.9 for bar construction from the Debrecen Municipality, MHUF 12.5 from Szombathely Municipality for the reconstruction of luggage office, MHUF 3.2 from the Hungarian Post for the purchase of telecommunication equipment and MHUF 94.0 from Nemzeti Autópálya Rt. for the reconstruction of the Debrecen – Tiszalök road-railway.

The transfer of the territories of the Public Port in Baja to Alsó-Dunavölgyi Water Administration in a value of MHUF 2 was recognised as free of charge transfer, with the approval of KöViM and KVI.

Scrapping in an amount of MHUF 1,442 stated within other changes was accounted for with the approval of KVI (permission No Kp/322/3/2002). The reclassification of assets stated as assets owned by the Company within capital investments, but capitalised as assets owned by the state, increased the balance of state assets by MHUF 1,274.

The use of funds received from the state budget for investment purposes is shown in the following table:

Data in MHUF

Description	2001	2002
Development of railway network	15,645	21,011
ISPA for development of railway network		808
Unobstructed traffic	41	72
Combined transportation	449	860
Hungarian-Slovene crossover	5,414	159
Logistic centres	151	82
Remediation of flood and inland water damage	371	
Total budget:	22,071	22,992
PHARE grant	3,799	5
ISPA grant	29	4,484
EIB loan taken by the state budget		3,672
Total: (budget+EU funds)	25,899	31,153
Of this:		
- state		
= increase in assets in 2002		26,235
= increase in assets in 2001 (disbursement in 2002)		1,996
= advance paid in 2002		1,074
- not state owned		1,848

Table 9: Use of funds received from the state budget for investment purposes

The value of the assets owned by the state and the assets required to the operation of those as at 31 December 2002 is analysed on the following pages in tables 10 and 11.

Value of state assets

		Cost	Net book value
1	Land	13,925	13,925
12411	Traffic buildings – Historic buildings	275	257
12201	Administration buildings – Historic buildings	5,011	4,373
12415	Weighting houses	69	61
2	Total buildings	5,355	4,691
21211	Superstructures of national public railways	127,059	100,796
21212	Substructures, complementary structures of national public railways, track stops	49,299	39,289
212127	Railway docks of national public railways	665	579
212129	Other complementary railway structures of national public railways	12,528	10,466
212131	Medium voltage (between 1 and 35 kV) heavy current cables of national public railways	1,606	981
212132	Low voltage (below 1 kV) heavy current cables of national public railways	6,769	2,657
2121331100	Overhead telecommunication network cables of national public railways, including supporting pillars	20,650	12,103
212133	Telecommunication network cables of national public railways	79	15
2121332	Data transmission network cables of national public railways	157	131
212134	Overhead electric railway cables of national public railways	20,018	14,840
212135	Haulage transformer station	3,043	2,566
212136	Heavy and weak current cables, overhead electric railway cables of HM	0	0
2122	Industrial railway superstructures and substructures of HM	939	769
21412	Bridges	33,265	28,082
2142	Culverts, subways, tunnels	8,498	7,420
242003	Air-raid shelter	73	37
	Total structures	284,648	220,731
42	Docks	21	14
442	Electric supply equipment	1,252	941
443	Accumulator with capacity above 100 A/h	77	64
444	Telecommunication equipment	17,726	12,972
447	Measuring equipment	74	51
448566	IT equipment	2,877	1,993
4486	Railway security equipment	30,809	22,202
	Total machinery, equipment, vehicles	52,836	38,237
	Capital WIP	27,605	27,605
	Total	384,369	305,189

Table 10: Value of state assets as at 31 December 2002 (MHUF)

Assets owned by MÁV Rt. which are necessary for the operation of state assets

		Cost	Net book value
1130	Common residential buildings (workers' house, barracks, etc)	1,408	1,335
1211 (1230)	Commercial and service buildings	87	82
1220	Administration buildings	3,674	3,485
12411	Dispatch station buildings	18,786	17,831
124121	Buildings for telecommunication and security equipment	1,752	1,654
124122	Buildings for control equipment of shunting yards and track-brakes	318	305
124123	Operations buildings of electric haulage sub-stations	252	240
124124	Track maintenance buildings	1,155	1,093
124125	Central telegraph and telephone buildings	202	192
124126,-27,-29	Haulage and traffic operations buildings	1,096	1,001
12413	Locomotive and wagon shed	416	383
1242	Buildings for vehicle storage and maintenance	122	114
12511, 12512	Operations and workshop buildings	475	448
12513	Machine houses, boiler rooms	702	655
12515	Pump buildings	224	205
12516	Fuel measuring, filling station buildings	8	2
12517	Buildings for electric switch transformer rectifier equipment	939	893
12521	Commercial warehouse	33	31
125213	Traffic warehouses (stations, railway operations)	893	808
125214	Other warehouses	98	90
12526	Sheds for materials	125	102
12527	Storages	45	42
1261-1263	Buildings for educational and training purposes	736	648
1264, -65	Social buildings and buildings of hotel character	255	237
1271	Buildings for animal husbandry	13	12
1274	Other buildings	2,104	1,989
	Total buildings	35,918	33,877
2112	Roads, squares	4,974	4,384
21221	Superstructures of industrial and farm railways	1,953	1,628
212221, -25	Substructures of industrial and farm railways	329	283
212226	Supporting and apron walls	4	4
212227	Railway docks	1,449	1,229
212229	Railway crossings	99	82
21223	Network cables of industrial and farm railways	163	143
214124	Bridges of industrial and farm railways	419	394
214203	Culverts of industrial and farm railways	1	1
21421	Tunnels, shafts, underground premises	4	3
2221	Mineral oil, natural gas and other pipes	292	267
2222	Water supply structures	2,826	2,457
2223	Sewers and rainwater pipes	3,449	3,028
2304,2412, 2420	Other structures	1,837	1,612
2920	Rights representing money or monies worth related to real property	10	6
	Total structures	17,809	15,521
4 ...	Other machinery and equipment	5,155	2,686
4485,8...	IT equipment	2,340	1,152
	Total machinery, equipment	7,495	3,838
6411,-12	Railway vehicles	3,628	2,897
6413,-15	Public vehicles	261	207
	Total vehicles	3,889	3,104
78,-79,797, 8KF	Intangible assets	721	402
	Capital WIP	4,224	4,224
	Total	70,056	60,966

Table 11: Value of assets owned by MÁV Rt. which are necessary for the operation of state assets, based on the 2002 balance sheet (MHUF)

II.1.5 Changes in the investments of MÁV Rt.

Changes in the carrying values of the investments of MÁV Rt. are shown in the following table (MHUF):

Investment	01.01.2002	Additions	Disposals	31.12.2002	Index (%)
Consolidated subsidiaries (S01)	7,516	0	0	7,516	100
Subsidiaries (S02)	1,976	2,104	87	3,993	202
Joint ventures (S04)	3	0	0	3	100
Associated companies (S05)	1,380	798	62	2,116	153
Other companies (S06)	2,185	1	622	1,564	72
Total:	13,060	2,903	771	15,192	116

Table 12: Book values of the investments of MÁV Rt. by category

Changes in the accumulated impairment loss of the investments are shown in the following table (MHUF):

Investment	01.01.2002	Additions	Disposals	31.12.2002	Index (%)
Consolidated subsidiaries (S01)	434	0	0	434	100
Subsidiaries (S02)	0	48	0	48	
Companies under joint management (S04)	3	0	0	3	100
Associated companies (S05)	427	0	0	427	100
Other companies (S06)	1,355	622	0	1,977	146
Total:	2,219	670	0	2,889	130

Table 13: Impairment loss of investments

Changes in the equity and impairment loss of the investments of MÁV Rt., broken down by company, are presented in Section VII.2.

II.2 Reclassification of receivables and liabilities in the balance sheet

Based on the figures of the trial balance, the following reclassifications were made between the individual balance sheet lines in the balance sheet only (and not in the books):

- MHUF 656 was reclassified from other long-term loans given to other receivables. Of this amount, MHUF 206 represents the 2003 instalments of business share sales.
- MHUF 8,301 was reclassified from other short-term liabilities to other receivables. Of this amount, MHUF 7,122 and MHUF 1,059 represent recoverable VAT and personal income tax receivable, respectively. An additional MHUF 30 comprises receivables from the Social Security Administration and MHUF 90 comprises receivables from other mutual funds.
- The MHUF 6,397 overdraft shown on the “Bank Deposits” G/L account was reclassified to the “Short-term credits” B/S line.
- The MHUF 5,085 amount repayable from investment and development credits in 2002 was reclassified from the “Investment and development credits” B/S line to the “Short-term credits” B/S line.

The MHUF 10 amount repayable in 2003 from the funds received from OMFB was reclassified from other long-term credits to short-term credits.

MHUF 15 lease fee liability was reclassified from the “Other long-term liabilities” B/S line to the “Other short-term liabilities” B/S line.

II.3 Valuation of receivables

In accordance with the provisions of the Act on Accounting, on the basis of a debtor's rating, impairment loss is to be recognised on receivables that are outstanding as at the balance sheet date and that are not settled financially until the balance sheet date in the amount of the difference between the book value and the estimated recoverable amount of the receivable item, based on the information available, if this difference appears permanent and is of substantial amount.

MÁV Rt. calculated the amounts of impairment losses in compliance with the applicable principle set out in its Accounting Policy, based on the classification of receivables and assessment of related risks.

Data in MHUF		
	Amount of classified receivables	Amount of impairment loss
Anyagellátási és Külker. Hivatal (Materials Supply and Foreign Trade Office)		
Központi Pénzügyi és Számviteli Hiv. (Central Financial and Accounting Office)	187	187
Pénzügyi és Számv.Hiv. Budapest (Financial and Accounting Office, Budapest)	88	88
Pénzügyi és Számv.Hiv. Pécs (Financial and Accounting Office, Pécs)	32	8
Pénzügyi és Számv.Hiv. Miskolc (Financial and Accounting Office, Miskolc)	5	5
Pénzügyi és Számv.Hiv. Debrecen (Financial and Accounting Office, Debrecen)	1	1
Pénzügyi és Számv.Hiv. Szeged (Financial and Accounting Office, Szeged)	10	10
Pénzügyi és Számv.Hiv. Szombathely (Financial and Accounting Office, Szombathely)	4	4
Pénzügyi és Számv.Hiv. Záhony (Financial and Accounting Office, Záhony)		
Szállítmányozási Ig. MÁVTRANS (Forwarding Directorate, MÁVTRANS)		
Pályagazdálkodási Központ (Track Management Centre)		
Gépészeti Szakigazgatóság (Engineering Special Directorate)		
Beruházás Lebonyolító Hivatal (Project Implementation Office)		
Bevételelőrzési Igazgatóság (Revenue Control Directorate)		
Domestic receivables	117	117
Foreign receivables	251	251
Távközlési és bizt. ber. központ (Telecommunication and Security Equipment Centre)		
Total	695	671

Table 14: Analysis of impairment losses recognised in 2002

Impairment loss amounts above MHUF 2 are presented in Tables 15 and 16.

Data in HUF

Name	Amount of receivable	Amount of impairment loss
SZITOR KFT	110,109,346	110,109,346
MÁV UTASELLATÓ RT	100,000,000	100,000,000
BVSC	109,797,671	73,282,552
SPEDAGENT KFT	54,863,986	54,863,986
MÁV HAJDU KFT	54,428,000	54,428,000
SCORP OIL SZABÓ ISTVÁN VÁLLALK.	13,049,024	13,049,024
VEDNÖKI FERENC	13,062,897	13,062,897
VASÚT MÉDIA H KV	10,069,443	10,069,443
ÖNKORM. ÉPÍTŐ ÉS SZ.	6,913,858	6,913,858
PINTÉR ISTVÁN	5,807,817	5,807,817
HÁRMAK SPEDICIÓS VÁLLALK. KFT	5,739,874	5,739,874
NATIONAL CUSTOMS AND FINANCE OFFICE.	5,135,934	4,914,800
KARDOS KERESK. VENDEGLÁTÓ KFT	4,285,800	4,285,800
FAUNA FABRIKA	5,039,019	3,925,349
BOUNTY TRADE KFT	29,773,048	3,294,000
AGROFORG 2000 KFT	3,651,269	3,651,269
CENKA BT	4,175,810	3,299,592
KRX-CSOPORT KFT	3,108,000	3,018,000
ALLIANZ HUNGÁRIA	7,467,547	2,746,507
THETIS CARGO KFT	2,723,976	2,723,976
NÓGRÁDI SZÉNANYAG	2,451,344	2,451,344
HUNGARIA BIZT	12,165,473	2,377,112
DEXTER HUNGÁRIA	2,362,685	2,362,685
RANDEX BT	2,315,210	2,315,210
MÁVCONT KFT	2,257,835	2,257,835
KÓDECO-96	9,450,000	2,250,000
ALFÖLDI ISTVÁN	2,178,112	2,178,112

Table 15: Impairment loss amounts above MHUF 2 recognised by MÁV Rt. (domestic companies)

Data in HUF

Name	Amount of receivable	Amount of impairment loss
YUGOSLAVIAN RAILWAYS	4,698,486,073	4,589,054,653
MACEDONIAN RAILWAYS	508,596,291	444,508,279
BOSNIAN RAILWAYS	207,346,072	116,570,781
TRADE TRANS BEOGRAD	57,615,248	57,615,248
BULGARIAN RAILWAYS	206,999,593	41,819,061
HYPOCENTAR STANDARDSPED	30,147,770	30,147,770
FERTRANS BUCHS	28,967,925	28,967,925
EXPRESS-WIEN	19,591,639	19,591,639
WALDCOMMERCE	17,439,699	17,439,699
GEEST NORTH SEA LINE	14,160,506	14,160,506
ALMETA	12,441,336	12,441,336
INTERSPED SUBOTICA	11,885,139	11,885,139
ALBANIAN RAILWAYS	8,485,784	8,485,784
SEA + AIR	6,133,053	5,808,998
ICF	645,669,475	5,035,562
ICF MAVTRANS	4,928,521	4,928,521
INTERWORLD LTD	4,417,659	4,417,659
IFC PRAHA	4,289,327	4,289,327
TRANSPED BELGRAD	3,454,832	3,454,832
OPTIMA TOURS M	3,409,865	3,409,865
IFC TRANSPORT AG.	3,085,461	3,085,461
GAZSAJUZINPORT	2,650,465	2,650,465
KUNFT+CO	2,575,019	2,575,019

Table 16: Impairment loss amounts above MHUF 2 recognised by MÁV Rt. (foreign companies)

Data in MHUF

	Trade receivables					Impairment loss as per Act on Corporate Tax			
	90-180 days	181-365 days	Over 365 days	Total	Individual valuation	90-180 days	181-365 days	Over 365 days	Total
MÁV Rt. – Domestic	241	1,013	685	1,939	117	5	51	171	227
MÁV Rt. – Foreign	378	148	6,025	6,551	251	8	7	1,506	1,521
Total	619	1,161	6,710	8,490	368	13	58	1,677	1,748

Table 17: Impairment loss recognised in 2002 as per the Act on Corporate Tax

II.3.1 Principles of valuation of domestic receivables

The Company recognised 100% impairment loss on trade receivables from companies under liquidation or legal proceedings, since the recovery of such receivables is doubtful.

Receivables from carrier partners with and without current account at MÁV Rt. were classified individually and no additional impairment loss was recognised thereon.

Within other receivables, the Company mainly recognised impairment loss on receivables due over one year. 100% and 50% impairment loss was recognised on the majority of these receivables, based on an individual valuation of the Company's partners.

Below is given a presentation of companies with significant debts:

➤ Companies under liquidation proceedings:

Szitor Kft., Spedagent Kft., Hármak Spediciós Vállalkozás Kft., Kardos Kereskedelmi Kft., Thetis Cargo Kft., Nógrádi Szénbányák, Dexter Hungária Kft., Randox Kft., MÁVCont Kft.

➤ Execution proceedings were initiated by MÁV Rt. against the following companies and persons:

SCORP OIL Szabó István, Vedródi Ferenc, Pintér István, Agroforg 2000 Kft., Alföldi István.

➤ Legal proceedings were initiated by MÁV Rt. against the following office:

The Company has lost the legal case against the National Customs and Finance Office at the court of second instance in the matter of a receivable from the National Customs and Finance Office based on mortgage. MÁV Rt. is examining the opportunity of lodging an appeal.

➤ The Company's receivables from Hungária Biztosító Rt. and Allianz Hungária Rt. are related to remediation of railway damages.

II.3.2 Aspects of valuation of foreign receivables

Debtor rating is the basis of valuation of receivables denominated in foreign currency. During the valuation the Company primarily enforced the principle of individual and itemised valuation.

In addition to this, MÁV Rt. also used the approach of group valuation since, on the basis of criteria like the form of financial settlement and overrun of the payment term, the Company was able to form homogenous groups where the same size of impairment loss could be recognised on each receivable in the particular group.

Receivables on the settlement accounts of foreign railways and companies which were outstanding as at balance sheet date and were not settled financially until the date of balance sheet preparation were valued by currency.

During the valuation, subject to the overrun of the payment term, the Company's receivables denominated in foreign currency were valued according to the following principle:

- Receivables of full value, which are within the payment term;
- Receivables which are overdue for 90-180 days and 180-360 days;
- Doubtful debts which are overdue for 180-360 days and over 360 days;
- Bad debts which qualify as such in compliance with the provisions of the Act on Accounting.

During the qualification of receivables that have not been settled financially, in addition to the overrun of the payment term, the Company also considered the former payment discipline of the debtor, the prospective changes in business relations and the economic and financial situation of the country in which the partner is located.

Based on the classification criteria the Company determined the difference between the book value and the expected recoverable amount of the receivable item as impairment loss in percentage, however, the impairment loss was recognised on the whole amount of the receivable item.

Taking into account the above, no additional impairment loss was recognised but a part of the formerly recognised impairment loss amount was written back with simultaneous recognition of loan losses, due to payments made to the Company for receivables formerly reduced by impairment loss.

Below is given a summary evaluation of foreign railways and companies with significant debts:

- The Company's receivables from the Albanian Railways emerged on the current account in November 1995 and they were not settled until the date of balance sheet preparation. The Albanian Railways have not reacted to the Company's efforts to reach a financial agreement. International committees have been also involved to ensure settlement of the receivables. The economic and political situation of the country also made it necessary to qualify the trade receivables due over one year as doubtful, and the amount of 100% impairment loss recognised in 2001 was not modified.
- Trade receivables from the Yugoslavian Railways have been accumulating on the current account since October 1991. In 2001 the Company recognised 98% impairment loss on the receivables due over one year. In 2002 the Yugoslavian Railways transferred EUR 1,362 thousand (CHF 2,004 thousand) and made a CORFER compensation in the amount of EUR 120 thousand (CHF 177 thousand) to settle their debts that have accumulated since 1996. The HUF equivalent of the paid foreign currency receivables was written back during the business year in their book value in accordance with the financial settlements.

The financial position of the Yugoslavian Railways, the accumulated principal and interest amounts payable and the payment schedule of debts are negotiated on an ongoing basis with the assistance of international committees.

The economic and political situation of the country makes it uncertain whether the debts can be recovered, however, in view of the start-up of repayments, no impairment loss was recognised on new receivables.

The Company made a payment agreement with JZ based on the Company's acceptance letter dated 29 January 2003, which, however, needs to be modified due to the insolvency of the Yugoslavian railways. The bilateral records kept to date will have to be restructured so as to include the UIC consolidated balance sheet figures underlying the agreements to be made with the debtor railway companies of the South-Slavonic region for the completion of the agreement. Since the Yugoslavian party did not undertake a special guarantee for the completion of the agreement, it will only become certain at the time of payment, and the subledgers may be only restructured after the actual receipt of payments. In connection with it, write-back of the impairment loss recognised at the end of 2001 – including those over and above the repayments actually made – or the modification of the principles of impairment loss recognition is not reasonable in view of the historical payment discipline of JZ.

- Trade receivables from the Macedonian Railways have been accumulating on the current account since January 1992. The reconciliation of the debts relating to the period from 1992 until 1995 and those that have been accumulated since 1996 (new debts) and the reschedule of the repayment is going on with the assistance of international committees. However, the Macedonian Railways have not observed the payment schedule specified in the agreement that was reached as a result of the reconciliation process. The economic and political situation of the country makes it uncertain whether the debts can be recovered. In 2001 the Company recognised 97% impairment loss on the trade receivables due over one year. In 2002 EUR 200 thousand (CHF 295 thousand) was received by the Company for the old debts arisen prior to 1996 as per the global balance sheet, and a transfer in the amount of EUR 10 thousand (CHF 14 thousand) and a CORFER compensation in the amount of EUR 17 thousand (CHF 17 thousand) was made to the Company for the interest amounts payable to the Company. The new debts have been accumulating on the current account since February 2001. The Company recognised no impairment loss on receivables arisen in the business year.
- Trade receivables from the Bosnian Railways have been accumulating on the current account since January 1992. The reconciliation of the debts relating to the period from 1992 until 1995 and the scheduling of repayments are going on with the assistance of international committees. The economic and political situation of the country makes it also uncertain whether the debts can be recovered. In 2001 the Company recognised 100% impairment loss on the trade receivables due over one year.
- In 2001 48% impairment loss was recognised on trade receivables from the Bulgarian Railways. The debts of the Bulgarian Railways were mainly reduced through CORFER compensation, made in the amount of EUR 525 thousand (CHF 771 thousand) in 2002. The HUF equivalent of the paid foreign currency receivables was written back in the book value in accordance with the financial settlements. Trade receivables have been outstanding on the current account since June 2001. In the business year the Company recognised 42% impairment loss on receivables arisen from passenger car services in 1998 and 1999.

➤ **Receivables from foreign companies**

The Company recognised 100% impairment loss on trade receivables from foreign companies due over one year, which are under liquidation or have not reacted to the Company's letters of request, notices to pay or any initiative to reach financial agreement. Receivables that have been qualified as bad debts during the business year were written back and recorded as loan losses.

Below is given a presentation of companies with significant debts:

➤ **Trade Trans Beograd**

The Company's receivables from Trade Trans Beograd originate from 1991-1993 freight settlements. The Company assigned the competent office of Creditreform (association of companies) to collect the debts. The debtor cannot be found at the address given.

➤ **Hypocentar Standardsped**

The Company's trade receivables from Hypocentar Standardsped originate from the settlement of freight services performed by Jugotransport and its subsidiaries in 1992 and 1993. The Company has negotiations with the debtor company with the assistance of Szabó & Szomor Lawyer's Office to collect the debts.

➤ **Fertrans Buchs**

The debts of Fertrans Buchs derive from services provided in 1996-1999. Based on the information of Creditreform, Fertrans Buchs carries out intense forwarding activities, and the collection of the debts is in process.

➤ **Express Wien**

The debts of Express Wien originate from services provided in 1993. Based on the information of Creditreform, Express Wien carries out intense forwarding activities, and the collection of the debts is in process.

➤ **Waldcommerce**

The Company's trade receivables from Waldcommerce derive from transit traffic in 1990. An out-of-court agreement was reached with Waldcommerce, with the assistance of a Viennese lawyer's office, to collect the Company's receivables, as a result of which, Waldcommerce paid a part of its debts. The notices to pay sent to Waldcommerce to collect the remaining debts brought no results.

➤ **Geest North Sea Line**

The Company's receivables from Geest North Sea Line include interest charged on late payment of freight services provided in 1997. The collection of the debts is in process.

➤ **Almeta**

The debts of Almeta originate from freight services provided in 1990.

➤ **Intersped Subotica**

The debts of Intersped Subotica derive from services provided in 1992. The Company sends notices to pay on a recurring basis to collect the outstanding debts, but Intersped Subotica has not reacted to the notices to date.

➤ SEA & AIR

The debts of SEA & AIR originate from services provided in 1992-1998. SEA & AIR went bankrupt and the Court initiated bankruptcy proceedings against it on 25 January 2000. The Company declared its claim at the Court.

➤ ICF

The debts of ICF derive from 1992 and 1993. They include the rental fee of IF refrigerating wagons running on the railway lines of CIS countries and in CSAP.

➤ ICF MÁVTRANS

The debts of ICF originate from freight services provided in 1992 and 1993. The Company has given a number of notices to pay, but with no results to date.

➤ Interworld Ltd.

The Company's trade receivables from Interworld Ltd. derive from freight services provided in 1996 and 1997. Interworld Ltd. did not react to the Company's notices to pay. The location of Interworld Ltd. is being investigated with the assistance of the credit information bureau.

➤ IFC Praha

The Company's trade receivables from IFC Praha originate from transit traffic in 1993-1995. The Prague Court of Registration initiated liquidation proceedings against IFC Praha on 7 March 1997. The Company declared its claim at the liquidator to collect its debts. The proceedings are underway.

➤ TRANSPED BEOGRAD

The Company's trade receivables from TRANSPED BEOGRAD originate from central settlement of freight services provided in 1992. Negotiations are being held with the assistance of the credit information bureau to collect the debts.

➤ OPTIMATOURS

The Company's trade receivables from OPTIMATOURS derive from passenger transport services provided in 1999. The Company sent a number of notices to pay to OPTIMATOURS for the settlement of the accumulated debts. The Company terminated the contract made with OPTIMATOURS in 1995 with immediate effect on 19 June 2000.

➤ IFC TRANSPORT BRATISLAVA

The Company's trade receivables from IFC TRANSPORT BRATISLAVA originate from freight services provided in 1996 and 1997. Since IFC TRANSPORT BRATISLAVA did not pay its debts despite a number of notices to pay, its current account contract was terminated. Based on the notification of Bratislava District Court, bankruptcy proceedings were initiated against IFC TRANSPORT BRATISLAVA on 16 October 1998. Based on the decision of the acting court, the Company declared its claims repeatedly on 15 August 2001, and the proceedings are underway.

➤ Gázsajuzinport

The Company's trade receivables from Gázsajuzinport originate from freight services provided in 1992. The Company sent a number of notices to pay to Gázsajuzinport to collect its debts.

➤ KUNFT & CO

The debts of KUNFT & CO derive from freight services provided by MÁVTRANS in 1989. KUNFT & CO did not react to the notices to pay. The Company attempts to find KUNFT & CO with the assistance of Creditreform.

➤ **Impairment loss of low value receivables:**

In the 2002 business year the Company recognised no impairment loss for low value receivables on a group basis.

II.4 Liabilities

II.4.1 Liabilities related to state assets

Under the terms of the Act on Accounting, state assets taken over for operational purposes are to be stated under the assets of the property manager simultaneously with the statement of related long-term liabilities.

The rules of recognition of changes in state assets are set out in Government Decree No 183/1996 (XII.11) on the Management and Sale of State Assets and Other Related Liabilities and in the Asset Management Agreement made between KVI and MÁV Rt.

In accordance with the provisions of the Agreement, long-term liabilities also undergo changes simultaneously with certain changes, but for certain changes in assets the liabilities may not change.

Due to the different changes in state assets and related liabilities, MHUF 325,668 long-term liabilities are related to MHUF 305,189 state assets stated in the balance sheet of MÁV Rt. as at 31 December 2002.

Changes in liabilities related to state assets are presented below:

	Data in MHUF
Liabilities related to state assets as at 31 December 2001	294,365
Use of funds from the State Budget for state assets	29,305
Of which:	
- Payment of 2001 invoices	1,996
- Payment of 2002 invoices	26,235
- Advance payments made in 2002	1,074
State assets received free of charge	2,066
Scrapping of state assets	(-) 1,442
Other changes	860
Of which:	
- Losses/gains	(-) 50
- Sales	(-) 12
- Reclassification	(+) 1,274
- Reclassification of 2001 purchases	(-) 352
Funds received from external companies for investments in state assets	291
Proceeds from sale of state owned equipment	3
State assets transferred free of charge	(-) 2
Value of materials utilised from scrapping	222
Liabilities related to state assets as at 31 December 2002	325,668

Table 18: Liabilities related to state assets

The balance of long-term liabilities to the State is MHUF 20,479 higher than the balance of state assets managed by the Company. Of this, MHUF 20,424 represents replacement liabilities and MHUF 55 represents the difference between the MHUF 1,074 advance payments made from the State Budget on capital investments and the total value of invoices received but not paid (2001: MHUF 95, 2002: MHUF 923).

Of the MHUF 20,424 replacement liabilities, MHUF 13,299 represents the amount assessed by self-revision for the period preceding the date of the Asset Management Agreement, in relation to which the Company initiated the modification of the value of assets taken over under the Agreement.

Below is given an analysis of the replacement liabilities of MÁV Rt.:

	Data in MHUF
Replacement liabilities as at 31 December 2001	(3,446)
2002 depreciation charge	14,123
Depreciation recorded for years 1999-2001 in self-revision	14,719
Materials utilised from scrapped state assets	222
Proceeds from sale of state-owned machinery, equipment	3
Funds received from external party for investment in state assets	291
Investments in and renovation of state assets using own funds	(5,136)
Reclassifications	(352)
Replacement liabilities as at 31 December 2002	20,424

Table 19: Replacement liabilities

II.4.2 Long-term liabilities

Long-term liabilities – including liabilities related to state assets – totalled MHUF 339,566 as at the balance sheet date, representing a 12.51% reduction in comparison with the previous year. Long-term liabilities account for 48.72% of the balance sheet total and 85.4% of total liabilities. Long-term liabilities without liabilities related to state assets amount to MHUF 13,898, being MHUF 79,865 less than the prior year's corresponding figure of MHUF 93,754.

The MHUF 3,159 capital increase made to finance purchase of railcars against the state debts of Russia is stated among long-term liabilities, since it has not been registered by the Court of Registration to date.

Within long-term liabilities, investment and development credits amount to MHUF 10,629.

II.4.2.1. Cancellation of loans

1. Under the terms of §22 of Act No LXXV of 2001 on the Realisation of the 2000 State Budget of the Republic of Hungary,

effective from 1 January 2002, the Hungarian State has assumed

a) the loan totalling CHF 5 million (MHUF 869 translated at the exchange rate as at 31 December 2000) existing on the basis of the long-term investment loan agreement No 2348 which was concluded between Magyar Államvasutak Rt. and EUROFIMA Európai Gördülőanyag Finaszírozási Társaság on 9 March 1994 and which will expire on 6 April 2004,

b) the loan totalling CHF 20 million (MHUF 3,478 translated at the exchange rate as at 31 December 2000) existing on the basis of the long-term investment loan agreement No 2381 which was concluded between Magyar Államvasutak Rt. and EUROFIMA Európai Gördülőanyag Finanszírozási Társaság on 15 March 1995 and which will expire on 1 February 2005,

c) the loan totalling CHF 19.5 million (MHUF 3,391 translated at the exchange rate as at 31 December 2000) existing on the basis of the long-term investment loan agreement No 2391 which was concluded between Magyar Államvasutak Rt. and EUROFIMA Európai Gördülőanyag Finanszírozási Társaság on 21 September 1995 and which will expire on 15 September 2005,

d) the loan totalling CHF 6.5 million (MHUF 1,131 translated at the exchange rate as at 31 December 2000) existing on the basis of the long-term investment loan agreement No 2393 which was concluded between Magyar Államvasutak Rt. and EUROFIMA Európai Gördülőanyag Finanszírozási Társaság on 19 December 1995 and which expired on 9 December 2002,

e) the loan totalling DEM 36 million (MHUF 4,877 translated at the exchange rate as at 31 December 2000) existing on the basis of the long-term investment loan agreement No 2434 which was concluded between Magyar Államvasutak Rt. and EUROFIMA Európai Gördülőanyag Finanszírozási Társaság on 31 December 1996 and which will expire on 11 December 2006,

f) the loan totalling CHF 30 million (MHUF 5,218 translated at the exchange rate as at 31 December 2000) existing on the basis of the long-term investment loan agreement No 2464 which was concluded between Magyar Államvasutak Rt. and EUROFIMA Európai Gördülőanyag Finanszírozási Társaság on 3 December 1997 and which will expire on 30 April 2007,

g) the loan totalling CHF 42 million (MHUF 7,305 translated at the exchange rate as at 31 December 2000) existing on the basis of the long-term investment loan agreement No 2484 which was concluded between Magyar Államvasutak Rt. and EUROFIMA Európai Gördülőanyag Finanszírozási Társaság on 11 August 1998 and which will expire on 30 June 2008,

h) the loan totalling EUR 30 million (MHUF 7,948 translated at the exchange rate as at 31 December 2000) existing on the basis of the long-term investment loan agreement No 2503 which was concluded between Magyar Államvasutak Rt. and EUROFIMA Európai Gördülőanyag Finanszírozási Társaság on 16 December 1999 and which will expire on 14 October 2014,

i) the loan totalling EUR 30.452 million (MHUF 8,068 translated at the exchange rate as at 31 December 2000) existing on the basis of the long-term investment loan agreement No 2513 which was concluded between Magyar Államvasutak Rt. and EUROFIMA Európai Gördülőanyag Finanszírozási Társaság on 31 December 2000 and which will expire on 20 April 2015,

j) the loan totalling EUR 2.548 million (MHUF 675 translated at the exchange rate as at 31 December 2000) existing on the basis of the long-term investment loan agreement No 2519 which was concluded between Magyar Államvasutak Rt. and EUROFIMA Európai Gördülőanyag Finanszírozási Társaság on 31 December 2000 and which will expire on 8 December 2010,

k) the loan totalling MHUF 10,000 existing on the basis of the long-term liquidity loan agreement which was concluded between Magyar Államvasutak Rt. and ING Bank Rt. on 12 February 2001 and which will expire on 12 February 2006,

l) the loan totalling MHUF 10,000 existing on the basis of the long-term liquidity agreement which was concluded between Magyar Államvasutak Rt. and Magyar Külkereskedelmi Bank Rt. on 27 April 2001 and which will expire on 27 April 2008,
amounting to MHUF 62,960 in the aggregate,

m) and the interests payable on the loans listed under Items a)-l) as well as the related exchange losses.

(2) The Hungarian Parliament has remitted the Company's loan debts totalling MHUF 766 existing on the basis of the loan agreement which was concluded between the Hungarian State and Magyar Államvasutak Részvénytársaság on 12 September 1989 and which will expire on 1 June 2004.

2. Under the terms of Paragraph (9) of §101 of Act No LXII of 2002 on the Realisation of the 2003 State Budget of the Republic of Hungary,

The State Budget assumes loans – and the incidental charges thereof – in a maximum amount of EUR 110.0 million, USD 34.0 million and MHUF 23,700 (totalling MHUF 60,284.4 translated at the exchange rate as at 31 December 2001) without compensation out of the debts of Magyar Államvasutak Részvénytársaság ("MÁV Rt.") existing as at 31 December 2002. The assumed debts are not subject to duty payment.

Effective from 31 December 2002, the Hungarian State assumes the following loans:

- a) loan totalling EUR 40 million (MHUF 9,853 translated at the exchange rate as at 31 December 2001) existing on the basis of loan agreement No 21.203 concluded between Magyar Államvasutak Részvénytársaság and EIB (European Investment Bank) for a loan of EUR 60 million on 3 September 2001,
- b) loan totalling EUR 31 million (MHUF 7,636 translated at the exchange rate as at 31 December 2001) existing on the basis of loan agreement No 9746 which was concluded between Magyar Államvasutak Részvénytársaság and Kreditanstalt für Wiederaufbau for a loan of EUR 31 million on 29 November 2001 and which will expire on 30 June 2016,

- c) loan totalling EUR 35 million (MHUF 8,622 translated at the exchange rate as at 31 December 2001) existing on the basis of loan agreement No 2539 which concluded between Magyar Államvasutak Részvénytársaság and EUROFIMA Európai Gördülőanyag Finanszírozási Társaság for a loan of EUR 35 million on 5 December 2001 and which will expire on 16 November 2011,
- d) loan totalling MHUF 1,300 existing on the basis of the long-term investment loan agreement No K-9400-2001-000273 which was concluded between Magyar Államvasutak Részvénytársaság and OTP Bank Rt. for a loan of MHUF 3,500 on 26 February 2002 and which will expire on 31 January 2007,
- e) loan totalling MHUF 10,000 existing on the basis of loan agreement No 202-3279/2001 which was concluded between Magyar Államvasutak Részvénytársaság and Magyar Külkereskedelmi Bank Rt. for a loan of MHUF 10,000 on 6 December 2001 and which will expire on 6 December 2007,
- f) loan totalling MHUF 8,000 existing on the basis of operating loan agreement No NÜ/TTH/02/0245 which was concluded between Magyar Államvasutak Részvénytársaság and Kereskedelmi és Hitelbank Rt. for a loan of MHUF 8,000 on 24 June 2002 and which will expire on 24 June 2008,
- g) loans totalling EUR 3.73 million and USD 3.88 million (MHUF 2,003 translated at the exchange rate as at 31 December 2001) existing on the basis of loan agreement No F 3039 which was concluded between Magyar Államvasutak Részvénytársaság and Kreditanstalt für Wiederaufbau for loans of USD 4.938 million and EUR 14.816 million on 5 May 1998 and modified on 17 April 2002 and which will expire on 30 June 2008,
- h) loan totalling USD 30 million (MHUF 8,371 translated at the exchange rate as at 31 December 2001) existing on the basis of the long-term syndicated loan agreement No 912-0070/98 which was concluded between Magyar Államvasutak Részvénytársaság and Budapest Bank Rt. and Magyar Fejlesztési Bank Rt. as lead managers, Budapest Bank Rt. as agent and the Credit Institutions as banks for a loan of USD 35 million on 25 May 1998 and which will expire on 25 May 2008,
- i) loan totalling MHUF 4,400 existing on the basis of loan agreement No 202-3239/2001 which was concluded between Magyar Államvasutak Részvénytársaság and Magyar Külkereskedelmi Bank Rt. for a loan of MHUF 5,000 on 25 September 2001 and which will expire on 22 December 2006.

A presentation of the figures included in the Act on the State Budget in the amounts translated at the actual exchange rates as at 31 December 2002 is given below.

Debts assumed by the Hungarian Government are presented in the following tables:

MHUF

Description of the loan		Closing balance as at 31 December 2001*	Debts assumed as at 1 January 2002	Amounts accrued	Amounts recorded as extraordinary revenues
Operating loans					
ING	HUF	10,000	10,000		10,000
MKB	HUF	10,000	10,000		10,000
Investment loans					
World Bank 2 (9250)	HUF	766	766	286	480
Eurofima 1/b	CHF	831	831	33,919	6,580
Eurofima 2	CHF	3,325	3,325		
Eurofima 3/a	CHF	3,241	3,241		
Eurofima 3/b	CHF	1,080	1,080		
Eurofima 4	DEM	4,534	4,534		
Eurofima 5	CHF	4,987	4,987		
Eurofima 6	CHF	6,982	6,982		
Eurofima 7	EUR	7,390	7,390		
Eurofima 8/a	EUR	7,501	7,501		
Eurofima 8/b	EUR	628	628		
Total		61,265	61,265	34,205	27,060

Table 20: Loans assumed by the Hungarian Government effective from 1 January 2002

Loans assumed by the Hungarian State effective from 31 December 2002:

MHUF

	Currency	Closing balance as at 31 December 2001*	Additions in 2002	Planned assumptions as at 31 December 2002**	Amounts actually assumed as at 31 December 2002	Amounts accrued	Amounts recorded as extraordinary revenues
Operating loans							
MKB	HUF	4,700	5,300	10,000	10,000		10,000
K & H	HUF	0	8,000	8,000	8,000		8,000
Investment loans							
OTP (gas oil storage)	HUF	0	1,300	1,300	1,300	1,300	
MKB	HUF	2,504	1,896	4,400	4,400	2,689	1,711
Eurofima 9	EUR	8,622	0	8,622	8,622	8,622	
EIB	EUR	0	9,593	9,853	9,593	9,593***	
KfW (10 locomotives)	EUR	0	7,475	7,636	7,475	7,335	140
KfW (MHR)	EUR	658	258	920	916	916	
KfW (MHR)	USD	1,279	(168)	1,083	1,111	1,111	
BB-MFB	USD	9,766	(1,322)	8,371	8,444	5,536	2,908
Total		27,529	32,332	60,185	59,861	37,102	22,759

Table 21: Loans assumed by the Hungarian Government effective from 31 December 2002

*Applying the exchange rate of NBH as at 31 December 2001

** Exchange rate of NBH as at 31 December 2002

*** Loans related to state assets, which were transferred to long-term liabilities and will be used in 2003

II.4.2.2. Loans obtained with guarantee from the Hungarian Government

Loans obtained by the Company with the guarantee of the Hungarian Government as at 31 December 2002 are presented in the following table:

Description of the loan	Government Resolution No	Date of loan agreement	Maturity of the loan	Contractual amount 31 December 2002	Total of loans obtained (MHUF) 31 December 2002
Investment loans					
EBRD	1021/1998	23.02.1998	12.12.2012	EUR 40 million	4,066
EIB-ISPA	1082/2001	03.09.2001	maximum 2020	EUR 20 million	0
EUROFIMA 10	1211/2002	11.02.2003	2010, 2013	EUR 35 million	0
OTP (gas oil storage)	1099/2001	26.02.2002	31.01.2007	MHUF 2,200	66
Operating loans					
Erste Bank	1211/2002	04.2003	03.2009	MHUF 8,000	0

Table 22: Loans obtained with the guarantee of the Hungarian Government

The table on the following page shows the payment schedule of loans with a term of over five years.

Redemption schedule of long term loans stated in the balance sheet (in MHUF)

Loan description	2003	2004	2005	2006	2007	2008	2009	2010	2011 and later	Total
KfW (MHR) (EUR) *	308	473	473	473	473	237				2,437
EBRD (EUR) *	858	911	911	911	911	911	911	911	1,822	9,057
EIB-ISPRA (EUR) *				472	472	471	472	472	2,359	4,718
MFB (motor cars) *	308	238	362	724	724	724	724	724	2,259	6,787
MKB EUR 4,538,406	285	285	215							785
MKB EUR 4,916,607	310	309	232							851
MKB HUF 3.00 billion	400									400
MKB MHUF 500	117	118								235
MKB HUF 1 billion	235	234								469
OTP HUF 2.00 billion	533									533
OTP HUF 3.00 billion	800	400								1,200
OTP MHUF 600	150	150	75							375
OTP HUF 3.5 billion (fuel)*	157	628	628	628	159					2,200
PB MHUF 500 (1999)	125	125								250
PB MHUF 500 (2000)	125	125	31							281
CIB HUF 1 billion	236	235	176							647
CIB HUF 1.9 billion	447	447	447							1,341
ERSTE HUF 2.5 billion		400	800	800	500					2,500
Total	5,394	5,078	4,350	4,008	3,239	2,343	2,107	2,107	6,440	35,066

In the case of loans marked with * the redemption liability refers to the whole contractual obligation

Table 23: Redemption schedule of long-term loans

II.4.3 Short-term liabilities

Short-term liabilities totalled MHUF 58,063 as at the balance sheet date, representing an 8.49% (MHUF 4,542) growth in comparison with the corresponding figure of the previous year. Short-term liabilities account for 8.33% of the balance sheet total and 14.72% of total liabilities.

Analysis of the bills of exchange payable (issued circular bills of exchange) of MÁV Rt. as at the balance sheet date is as follows: As at 31 December 2002 the closing balance was MHUF 66, including MHUF 25 debts to Chemoldanzas Kft., MHUF 25 debts to Masped Rail Kft., MHUF 12 debts to Metcosped Kft. and MHUF 4 debts to Borsodchem Rt.

II.4.4 Environmental obligations and other information

II.4.4.1. Environmental obligations

II.4.4.1.1. Antecedents

On the transformation of MÁV into a public limited company, the Ministry of Environment Protection ordered a review of the status of the environment of the railways in accordance with Act No LIV of 1992 and the preparation of a “Plan for Remediation of Environmental Damages” (“the Plan”).

The tasks included in the Plan compiled in 1994 on the basis of the results of the survey performed in 1993 and 1994 under the professional management of the Institute for Environmental Management should have been performed in 6 years originally, but after some time the Government, by its Resolution No 2194/1997 (VII.3), agreed to that the tasks intended to ensure the remediation of environmental damages be performed by the Company during a period of 10 years, until 2005 inclusive, as per the schedule agreed by the Minister of Transport, Telecommunication and Water Management and the Minister of KTM.

In 1996 the Government Decree on the Remediation of Environmental Damages in the Responsibility of the State ordered that a full-scope survey be performed by the involvement of government agencies and sub-programmes be developed for the remediation of environmental damages. As part of this, the remediation tasks included in the Plan were approved as the Railways Sub-Programme of the National Remediation Programme.

Based on the preliminary cost estimates, in accordance with the instruction of the Company's founder, HUF 5.4 billion was set aside against the capital reserve as funds necessary for remediation of environmental damages. The separated capital reserve was not used until 2000, since – availing of the opportunity provided by the Act on Accounting – the Company made a provision for the projected costs in excess of HUF 5.4 billion out of the total cost requirement of MHUF 11,750 projected in the Plan and specified in the programme approved by Government Resolution No 2194/1997. Effective from 1 January 2000 the non-distributable reserve provides cover for the costs of remediation of environmental damages. The non-distributable reserve has been gradually reduced by the used amounts, and the amount of funds that are available as non-distributable reserve is MHUF 3,617.

II. 4.4.1.2. Status evaluation

It can be clearly seen that due to the changes in statutory regulations, the damage value has increased, and the process of preparing for the remediation of environmental damages has become more difficult and expensive. The planned pace of remediation has slowed down and in some cases – for objective obstacles – the Company was unable to completely perform the planned annual tasks and use the cost allowances. Similar difficulties have been encountered on the implementation of the National Remediation Programme and its sub-programmes and thus – for the time being – the Ministry of Environment Protection has altered the implementation deadline to 2010.

The sub-programmes of the National Remediation Programme are supervised by the competent ministries, where priority setting falls within the competence of supervisors, based on annual reviews. However, this duty is actually performed by MÁV as an assigned right. At present, the remediation work related to the modernisation of the fuel supply systems represents such a priority. This, for cases under the Sub-Programme, excludes ad-hoc authority orders and creates the conditions of systematic work and financial scheduling. Therefore, the Company will initiate the extension of the deadline set for the implementation of the Railways Sub-Programme (or the Plan) until 2010, similarly to the alteration of the implementation deadline of the National Remediation Programme.

In 2002, during the course of mid-term planning, the Ministry of Transport and Water Management requested the Company to make a preliminary cost estimate for the then known costs. In the knowledge of known duties, these costs amount to MHUF 10,150.

II. 4. 4.1.3. Cost forecast for the remediation work included in the Plan and to be performed (including estimates of major expense items)

The estimates are based on thorough fact-finding work or – for areas to be remedied at a later date – preliminary fact-finding work about the degree of area contamination and the contamination sources to be eliminated. On making the estimates, the Company considered the actual costs of remediation work performed to date and the bid prices quoted in tenders. On determining the cost requirements the effects of changes in statutory regulations on prices also have to be taken into account. In addition, for the areas in question the contamination sources exert influence on the state of the environment even at present.

1. Environmental remediation work related to the reconstruction of the fuel-supply system:

Remediation work related to REKO-II Project:

The tender invitation to perform the remediation work on the areas listed below has been announced and the tender evaluation process is underway:

Budapest Rákos, Székesfehérvár, MÁV Vagon Kft., Celldömölk, Dombóvár, Kaposvár, Szolnok + Boiler plant + Oil drawer – Storage tanks (500 m³), Eperjeske reloading railway station, Eperjeske shunting yard, Vésztő, Nyíregyháza, Nyíregyháza narrow-gauge railways, Püspökladány, Záhony 500 reloading railway station, Balatonfenyves

Estimated costs: 14 x MHUF 150 = MHUF 2,100

Remediation work related to REKO-III Project:

(The plans of the REKO-III fuel supply systems have been prepared and the official authorisation process is underway.)

Balassagyamat, Bátaszék, Esztergom, Hatvan, Győr, Kecskemét, Kecskemét narrow-gauge railways, Komárom, Mezőhegyes, Pápa, Szerencs, Rákos shunting yard, Fényeslitke

Estimated costs: 13 x MHUF 170 = MHUF 2,210

Note: The necessity of REKO-III Project is currently examined by experts on the initiative of the Engineering Business Line Leader and the Service Director. It cannot be excluded that the Project will be cancelled in whole or in part; however, the related remediation work is to be performed anyway.

2. Abandoned areas (contaminated plants and lubricant storages and service areas closed down in the course of modernisation or earlier due to electrification for instance):

Bp Délipu., Bp Nyugati pu., Dorog, Hajdúszoboszló, Kisterenye, Makó, Sárbogárd, Százhalombatta, Várpalota, Zákány (Gyékényes), Apafa, Baja, Barcs, Bátaszék, Karcag, Mosonmagyaróvár, Murakeresztúr, Pusztaszabolcs, Salgótarján, Tiszafüred.

Estimated costs: 20 x MHUF 110 = MHUF 2,200

3. Other areas to be remedied:

- MÁV Tiszavas Kft Miskolc	MHUF 400
- MÁV Szolnoki Járműjavító	MHUF 350
- Jászkisér Építőgépjavító	MHUF 250

4. Waste management:

Subject to reorganisation, some 60 “Hazardous Waste Collection Centres” are to be established.

60 x MHUF 5 = MHUF 300

5. Air protection:

48 boiler plants left behind after the heating system modernisation are to be demounted and the related area is to be re-cultivated.

$$48 \times \text{MHUF } 30 = \text{MHUF } 1,440$$

6. Sewage treatment:

Oil collectors and driers are to be established, sewers are to be leaded in, combined systems are to be separated, etc.

Around MHUF 200

7. Average:

$$7 \text{ (years)} \times \text{MHUF } 100 = \text{MHUF } 700$$

TOTAL ESTIMATED COSTS (2003-2010): **MHUF 10,150**

Schedule of use of cost allowances for the period until 2010 inclusive, based on the cost estimates of identified tasks:

Data in MHUF

	2003	2004	2005	2006	2007	2008	2009	2010
Proposed budget	2,300	1,800	1,700	1,400	1,100	900	600	350

Table 24: Estimated use of cost allowances for remediation work

II. 4.4.2. Other information related to environment protection

Changes in tangible assets directly used for environment protection purposes are presented in the following table:

(MHUF)

Description	Opening balance	Additions	Additions due to reclassification	Closing balance
Gross Book Value	534	23		557
Depreciation	11			11
Net book value	523	23		546

Table 25: Changes in tangible assets directly used for environment protection purposes

- Analysis of hazardous waste quantities of technological origin (tons)

Branch	Closing balance in 2001	Newly generated in 2002	Taken away in 2002	Closing balance in 2002
Materials Management	5.6	1,093.168	1,073.199	25.569
Engineering	25.6	8,499.7	8,510.7	14.6
State railways	6.0	167.704	169.057	4.647
Quantity (tons)	37.2	9,760.572	9,752.956	44.716

Table 26: Analysis of hazardous waste quantities (tons)

In addition to hazardous waste of technological origin, an additional hazardous waste quantity of 700 tons was generated during the neutralisation processes. This quantity has been reported to the authorities by the technical controllers of the unit performing the neutralisation processes.

- Analysis of environmental guarantee costs incurred in 2002 (MHUF):

Period	2001	2002
Actual	754	1,042

Table 27: Analysis of the costs of the Plan

The costs of remediation of environmental damages and fulfilment of environmental obligations totalled MHUF 1,042 in the reported year. Of this, MHUF 11 was spent on discovering soil contamination, MHUF 917 on soil and ground water cleaning, MHUF 16 on the operation of the monitoring system and MHUF 97 on average.

II.4.5 Off-balance sheet liabilities

II.4.5.1 Schedule of long-term credit drawdowns

The following table shows the planned schedule of investment and development credit drawdowns based on the existing loan agreements:

Data in MHUF			
Loan	2003	2004	Total:
KFW (MHR)	2,312	125	2,437
EBRD	4,991		4,991
EIB		4,718	4,718
MFB (railcars)	5,071		5,071
OTP (gas oil storage)	2,134		2,134
Total:	14,508	4,843	19,351

Table 28: Schedule of investment credit drawdowns

Schedule of planned draw downs of credits for investment and renovation purposes based on the loan agreements already made or to be made in 2003.

Loan	2003	2004	Total
Eurofima 10.	8,257		8,257
Eurofima 11.	8,257		8,257
HVB – HUF 2.9 billion investment credit	2,900		2,900
Total	19,414	0	19,414

Table 29: Schedule of investment credit drawdowns based on the agreements already made or to be made in 2003

Official exchange rates of NBH applied on the translation of foreign currency liabilities to forint:

Exchange rates used for translation purposes (31 December 2002)	EUR	USD	CHF
National Bank of Hungary (NBH)	235.90	225.16	162.37

Table 30: Exchange rates used for translation of liabilities denominated in foreign currency

Additional planned investment credit drawdowns not yet contracted:

- In 2003 MÁV Rt. plans to obtain **two** investment loans in the amount of **EUR 35 million (HUF 8.3 billion) each** from **EUROFIMA** Európai Gördülőanyag Finanszírozási Társaság. The Hungarian Government undertook a guarantee for one of the EUR 35 million loans by its Resolution No 1211/2002 (XII.21). MÁV Rt. will be able to ensure a fleet of electric and diesel locomotives – consisting of locomotives of adequate quality in a quantity nearly in line with the requirements – using these loans with favourable financial conditions.
- By its Resolution No 1211/2002 (XII.21), the Hungarian Government undertook a guarantee for the **HUF 8 billion operating loan** to be obtained by the Company to partly finance the losses generated by its passenger transport public service activity. The loan agreement was made and the loan was obtained in April 2003.
- MÁV Rt. plans to obtain a **HUF 29.5 billion operating loan** for its passenger transport public service activity and the operation of the state-owned railways, backed by a state guarantee.

Details of operating loans:

Loan amount	Date of disbursement	Date of repayment
HUF 8 billion	2003	2009 in one sum
HUF 29.5 billion	2003	2007 in one sum

Table 31: Operating loans

- The payment liabilities of MÁV Rt. as per the lease agreement made with CA Leasing GmbH on 14 December 1995 for 11 Z2 cars and 14 cars manufactured in co-operation, the wagon lease agreement made on 30 July 1998 for 100 freight wagons, the wagon lease agreement made on 4 March 1999 for 54 freight wagons and the wagon lease agreement made on 26 January 2001 for 3 freight wagons are secured by **bills of exchange**.

Lease fee	2003	2004	2005	Total
CA Lizing (EUR)	331	331	121	796
Total	331	331	121	796

Table 32: Lease liabilities

II.4.5.2 Cash payment guarantees

Details of the 2002 cash payment guarantee contracts of MÁV Rt.:

Name of borrower	Name of lender Contract No	Value of guarantee	End of guarantee period
MÁV Informatika Kft.	K & H Rt.551/2002/3/KK	MHUF 200	30.07.2003
Észak-Trans Kft.	K & H Rt.551/2002/8/KK	MHUF 10	30.07.2003
MÁVGÉP Kft.	K & H Rt.551/2002/2/KK	MHUF 200	30.07.2003
MÁV FKG Kft.	K & H Rt.551/2002/5/KK	MHUF 100	30.07.2003
Ornament 2000 Kft.	K & H Rt.551/2002/4/KK	MHUF 30	30.07.2003
MÁV Tiszavas Kft.	K & H Rt.551/2002/7/KK	MHUF 350	30.07.2003
MÁVÉK Kft.	K & H Rt.551/2001/6/KK	MHUF 35	30.07.2003
MÁV FKG Kft.	Postabank és Takarékpénztár Rt. HK-220-11/01	MHUF 60	29.09.2006
MÁV Hidépítő Kft.	Postabank és Takarékpénztár Rt. FS-220/69/02	MHUF 120	28.06.2003
MÁV-SÍN Kft	Budapest Bank Rt.0096/2002.	MHUF 40+30	18.12.2003
MÁV Tiszavas Kft.	COTHEC Kft. Construction Contract Heat Supply Contract	MHUF 424.5 + VAT	30.06.2009
MÁV-SÍN Kft.	MORAVIA STEEL	EUR 1 million	31.12.2002
MÁV Hidépítő Kft.	For purchase of the receivables of Roma Misszió by Budapest Bank Rt.	MHUF 209	16.12.2002
MÁV FKG Kft.	Postabank és Takarékpénztár Rt. Revenue assignment	MHUF 220	31.12.2002

Table 33: Cash payment guarantees

II.4.5.3 Most significant guarantee contracts

Guarantee, revenue assignment	Contract No	Value of guarantee	End of guarantee period
MÁV Db. JJ. Kft.	F-6040-2/99		
	Guarantee extension		
	Advance	DEM 930,375	30.06.2002
MÁV Db. JJ. Kft.	F-6070-02		
	Good performance	DEM 372,150	31.08.2003
	Guarantee extension		
MÁV Db. JJ. Kft.	F-6070-02		
	Good performance	DEM 2,157,000	30.09.2004
	Guarantee extension		

Table 34: Guarantees undertaken

II.4.5.4 Other off-balance sheet liabilities

The loans obtained from EUROFIMA are secured by a pledge on the vehicles to be renovated using the loans.

Payment schedule of off balance sheet liabilities (interest and additional payments) (in MHUF)

Loan description	2003	2004	2005	2006	2007	2008	2009	2010	2011 and later	Total
KfW (MHR) (EUR)	49	87	67	46	26	5	0	0	0	280
EBRD (EUR)	215	356	315	274	234	194	152	112	102	1,954
EIB-ISPA (EUR)	141	186	187	177	159	140	121	103	233	1,447
MFB (motor cars)	178	255	250	228	199	171	141	112	165	1,699
Eurofima premiums	127	127	126	121	100	75	42	41	168	927
MKB EUR 4,538,406	25	15	4	0	0	0	0	0	0	44
MKB EUR 4,916,607	30	18	7	0	0	0	0	0	0	55
MKB HUF 3.00 billion	13	0	0	0	0	0	0	0	0	13
MKB MHUF 500	16	6	0	0	0	0	0	0	0	22
MKB HUF 1 billion	34	13	0	0	0	0	0	0	0	47
OTP HUF 2.00 billion	24	0	0	0	0	0	0	0	0	24
OTP HUF 3.00 billion	68	6	0	0	0	0	0	0	0	74
OTP MHUF 600	26	13	1	0	0	0	0	0	0	40
OTP HU F 3.5 billion (fuel)	162	150	94	39	1	0	0	0	0	446
PB MHUF 500 (1999)	18	7	0	0	0	0	0	0	0	25
PB MHUF 500 (2000)	21	10	0	0	0	0	0	0	0	31
CIB HUF 1 billion	50	29	9	0	0	0	0	0	0	88
CIB HUF 1.9 billion	106	66	25	0	0	0	0	0	0	197
ERSTE HUF 2.5 billion	219	210	146	76	10	0	0	0	0	661
Total	1,522	1,554	1,231	961	729	585	456	368	668	8,074

Table 35: Payment schedule of off balance sheet liabilities (interest and additional payment)

**Redemption schedule of investment and development loans taken up partially only based on the loan agreement of
31 December 2002**

MHUF

Loan description	2003	2004	2005	2006	2007	2008	2009	2010	2011 and later	Total
KfW (MHR) (EUR)	308	473	473	473	473	237				2,437
EBRD (EUR)	858	911	911	911	911	911	911	911	1,822	9,057
EIB (EUR)				472	472	471	472	472	2,359	4,718
MFB (motor cars)	307	238	362	724	724	724	724	724	2,259	6,786
OTP HUF 3.5 billion (fuel)	157	628	628	628	159					2,200
Total	1,630	2,250	2,374	3,208	2,739	2,343	2,107	2,107	6,440	25,198

Table-36: Redemption schedule of investment and development loans taken up partially only based on the loan agreement of 31 December 2002

II. 5 Provisioning

II.5.1 Provision for expected liabilities

As per §41 of the Act on Accounting: "A provision is to be made to the debit of the profit before taxation to the extent necessary for future liabilities which are expected or certain to occur based on the information available at the date of balance sheet preparation.

As per the cost estimate for remediation of environmental damages, the cost requirement of remediation work will be MHUF 10,150 for the period until 2010 inclusive. At present, the non-distributable reserve provides a cover for MHUF 3,617 and a provision was made for the difference of MHUF 6,533 to the debit of the 2002 profit.

II.5.2 Other provisions

An analysis of provisions made for exchange losses on foreign exchange investment and development loans is given in the following table:

Description	Currency	Closing balance in foreign currency 2002	Closing balance in MHUF 2002	Closing exchange rate 2002	Accumulated accruals MHUF 2002	Start of loan term	End of loan term	Provision MHUF 2001	Provision made in 2002 MHUF	Accumulated provision MHUF 2002
MKB 4.5 million	EUR	3,328,166	785	235.90	2	28.12.00	30.09.05	1	0	1
KfW IBM	DEM	0	0	-	0	31.08.98	31.12.02	12	Used	0
KfW IBM	USD	0	0	-	0	31.08.98	31.12.02	82	Used	0
BB ICL	USD	0	0	-	0	09.07.98	31.12.02	416	Used	0
Total					2			511		1

Table 37: Provision for exchange losses

Due to the significant past projects realised and significant future projects to be realised using foreign exchange loans, upon the modification of the Act on Accounting in 1997, MÁV Rt. decided to take the opportunity of recording the exchange losses resulting from the year-end revaluation of foreign currency loans allocated over the period of loan repayment. The current year's exchange losses resulting from the year-end revaluation of foreign exchange loans have been deferred over the period of loan repayment. Accumulated deferred exchange losses total MHUF 2. The level of other provisions was reduced by MHUF 510 in comparison with the previous year with respect to the cancellation of the foreign exchange loans as detailed in Section II.4.

II.5.3 Provision for future costs

A provision can be made for expected, significant and periodically recurring future costs (particularly maintenance and reorganisation costs for instance), which – based on the information available at the date of balance sheet preparation – are certain to occur.

In the 2001 business year a provision of MHUF 1,035 was made for future costs to be incurred by the performance of tasks related to the organisational reform of MÁV Rt. Of this, MHUF 172 was used in 2002.

- For the development of accounting separation as per EU directives and its implementation in GIR MHUF 145
- Costs of development of a professional system for allocation of track usage fees for routings MHUF 27

The remaining unused provision of MHUF 864 was released at year-end.

For future costs

Extra future costs (above the plan) not occurred in 2002 but likely to occur later as per the available information:

Costs of main technical testing of passenger carriages	MHUF 1,777
Costs of maintenance of vehicles used for passenger transport, and towing and towed vehicles	MHUF 600
Total:	MHUF 2,377
Amount that can be ensured by reclassification of amounts included in the 2003 business plan	MHUF 1,300
Provision made	MHUF 1,077

II.5.4 Analysis of provisions stated in the balance sheet as at 31 December 2002

The following table shows an analysis of provisions stated in the balance sheet as at 31 December 2002:

Data in MHUF

Description	Provision for expected liabilities	Provision for unrealised exchange losses	Provision for future costs	Total
Provisions as at 31 December 2001	0	511	1,035	1,546
Provision used in 2002	0	0	172	172
Provision released in 2002	0	510	864	1374
Provision made for environmental damages in 2002	6,533	0	0	6,533
Provision made for maintenance in 2002	0	0	1,077	1,077
Provisions as per the balance sheet	6,533	1	1,077	7,611

Table 38: Analysis of provisions stated in the balance sheet

II.6. Prepaid expenses/accrued income and accrued expenses/prepaid income

II.6.1 Prepaid expenses/accrued income

The balance of prepaid expenses/accrued income increased by MHUF 2,433, 28.64% in comparison with the previous year. As compared to the prior year, the balance of the “unsettled goods transports” account with credit balance increased the balance of prepaid expenses/accrued income by MHUF 4,097. The amounts recognizable based on the available documents upon the settlements with the foreign railway companies have been accrued (MHUF 4,097). These amounts are released upon the settlements and the amounts actually recognised are charged to the debtors. The balance of “unsettled goods transport” account with credit balance has increased due to the change in the settlement period related to the new schedule year. The level of unrealised exchange losses related to cancelled loans decreased by MHUF 1,477 due to the release of deferrals.

The following table shows the changes in prepaid expenses/accrued income as stated in the balance sheet as at 31 December 2002:

Data in MHUF			
Description	Closing balance 2001	Closing balance 2002	Change
Prepaid expenses	3,896	3,779	(117)
Unsettled goods transports with credit balance	2,932	7,029	4,097
Unrealised exchange losses	1,479	2	(1,477)
Accrued income	189	119	(70)
Total prepaid expenses/accrued income	8,496	10,929	2,433

Table 39: Changes in prepaid expenses/accrued income

II.6.2 Accrued expenses/prepaid income

The balance of accrued expenses/prepaid income increased by MHUF 60,938 in comparison with the previous year. This represents a 111.26% growth. This growth is mainly attributable to the accrual of loans assumed by the Hungarian Government, whose balance grew by MHUF 62,687 in comparison with the previous year. The amount of accruals is related to the net book value of assets acquired using the loans. The balance of “unsettled goods transport” account with debit balance increased due to the change in the settlement period related to the new schedule year.

The following table shows the changes in accrued expenses/prepaid income:

Data in MHUF

Description	Closing balance 2001	Closing balance 2002	Change
Invested assets received free of charge or as gifts	378	779	401
Surplus invested assets	446	296	(150)
Cash received	11,735	12,476	741
Of which:			
Cash received for development purposes	11,629	12,360	731
Cash received to compensate for costs, expenditures	106	116	10
Other prepaid income	16,628	13,682	(2,946)
Accrued expenses	3,792	1,481	(2,311)
Unsettled goods transports with debit balance	2,087	5,057	2,970
Accrual of debts assumed by the Government in the previous year	18,964	81,651	62,687
Accrual of exchange gains from year-end revaluation	476	0	(476)
Received, but not invoiced shipments	4	260	256
Accrued interests	327	93	(234)
Total accrued expenses/prepaid income	54,837	115,775	60,938

Table 40: Accrued expenses/prepaid income

II.7 Equity

II.7.1 Changes in the components of the equity as stated in the balance sheet

Data in MHUF

2002	Share capital	Capital reserve	Accumulated profit reserve	Tied-up reserve	Profit/loss per balance sheet	Equity
Opening balance as at 1 January 2002	188,000	11,911	(1,348)	5,826	(29,182)	175,207
Transfer of the 2001 loss per B/S			(29,182)		29,182	
Release of tied-up reserve for remediation of environmental damages		1,038		(1,038)		
Cash received from the Vocational Training Fund based on law regulations		19				19
Non-distributable amount of cash received from the Vocational Training Fund		(19)		19		
Release of the difference between the exchange loss related to cancelled loans and other provision made for such exchange loss			1,143	(1,143)		
Profit/loss of prior years, middle column			(12,396)			(12,396)
2002 profit per balance sheet					13,084	13,084
Closing balance as at 31 December 2002	188,000	12,949	(41,783)	3,664	13,084	175,914

Table 41: Changes in the components of the equity as stated in the balance sheet (MHUF)

- The 2001 loss per balance sheet was transferred to the accumulated profit reserve after the 2002 opening.
- An amount of MHUF 1,038 was released from the tied-up reserve for remediation of environmental damages simultaneously with the use of the provision, as a result of which the balance of capital reserve increased and that of the non-distributable reserve decreased.
- In accordance with Paragraph (1) of §16 of Act No LI of 2001 on Vocational Training Contribution, the Company received MHUF 19 grant from the Vocational Training Fund, which has been transferred to the tied-up reserve for 5 years, as required by the Act.
- The difference (MHUF 1,144) between the deferred unrealised exchange loss related to cancelled loans – foreign exchange loans obtained for development purposes which are not covered by foreign exchange holdings – and the amount of other provision made for such exchange losses was released from the tied-up reserve.
- The MHUF 12,396 loss charged to the profit/loss of prior years is the effect of the MHUF 15,928 loss and MHUF 3,532 profit, which was transferred to the accumulated profit reserve of the reported year. The MHUF 15,928 loss is primarily attributable to the MHUF 14,719 depreciation charge on state assets recorded retrospectively in a self-revision.
- The amount of the MHUF 13,084 profit per balance sheet stated for 2002 increases the value of equity. The value of equity is MHUF 12,086 less than the amount of share capital. The value of equity has hardly changed in comparison with the corresponding figure as at 31 December 2001. The effect of the profit per balance sheet realised owing to cancellation of loans in 2002 on the equity (increasing effect) was counterbalanced by the fall in accumulated profit reserve resulting from retroactive recognition of depreciation. The negative difference between the equity and the share capital only diminished by MHUF 707 in comparison with the end of the previous year.

III. Notes to the profit and loss account

III.1 Comparability

III.1.1 Items affecting the profit/loss of previous years

The 1997 amendment of the Act on Accounting requires that the correction of misstatements made in the previous years and the effect thereof on the profit/loss should be presented – separately – in the financial statements for the reported year. In previous years these were included on the “Extraordinary revenues” and “Extraordinary expenditures” P/L lines among the figures of the reported year.

The accounting policy of MÁV Rt. sets out that misstatements revealed during reviews and self-revisions are considered to be material if they exceed MHUF 500.

The accumulated absolute value of items modifying the profit/loss of previous years is MHUF 19,460, which was shown separately as follows.

As profit increasing items	MHUF 3,532
As profit decreasing items	MHUF 15,928

The effects on the profit/loss figure were recorded as additions and deductibles against the accumulated profit reserve, with their balance totalling MHUF 12,397.

Based on the audit findings made in relation to the 2001 financial statements, the Company recorded depreciation on state assets retroactively.

Based on the ruling of the Ministry of Finance, the depreciation of state assets relating to 1999-2001 based on technical considerations was recognised in a self-revision in the amount of MHUF 14,719 against the accumulated profit reserve in order to ensure that state assets are shown at their fair value in the records. This amount is shown in the balance sheet of the annual report as an item affecting the profit/loss of prior years.

Simultaneously, the Company initiated at the Ministry of Economy and Transport and KVI that the value of state assets withdrawn by a founder's resolution and transferred under an asset management agreement be modified by MHUF 13,299 for the period preceding the coming into effect of the Asset Management Agreement. On the receipt of the authorisation and the founder's resolution, in 2003, the value of equity will increase and the balance of long-term liabilities will decrease by this amount.

III.1.2. Effect of changes in the accounting policy on the 2002 profit

Due to the modification of the amortisation policy approved in 2002, the effect of changes in the technically reasonable depreciation of assets concerned by the modification on the 2002 profit is MHUF 7,906. Of this, MHUF 6,912 relates to state assets.

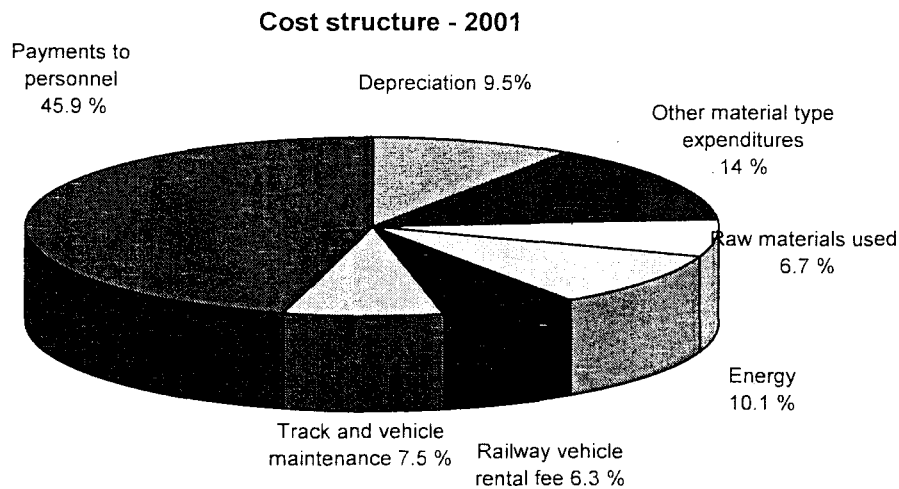
III.1.3. Effect of cancellation of loans in 2002

In 2002 loans totalling HUF 121.1 billion were cancelled. Its effect on the 2002 profit is HUF 49.8 billion, which was shown as extraordinary revenues.

The amount remaining from the cancellation of loans (HUF 71 billion) was recorded as accruals and long-term liabilities. They will be released simultaneously with the recognition of depreciation on assets acquired using such loans.

III.2 Analysis of costs by cost category

Analysis of the costs of MÁV Rt. in 2002 is as follows:



	Description	Amount (MHUF)	Percentage (%)
1.	Material type expenditures:	98,607	41.73
2.	Payments to personnel:	108,396	45.87
3.	Depreciation charge:	29,311	12.4
	Total:	236,314	100.0%

Table 42: Analysis of costs

III.2.1. Raw materials and material type expenditures

With the minimal growth of the output (etkm 100.54%) on the service area of diesel towing in 2002, as a result of the 7% reduction in the unit price of fuel, the costs of gas oil used for towing purposes decreased by MHUF 1,304 and the amount of excise tax reclaimed by MÁV Rt. from gas oil costs decreased by MHUF 156 in comparison with 2001. In 2002 the costs of electric towing increased by 4.9% with a 1.05% reduction in output (etkm), since the unit price of electricity increased by HUF 0.65/kWh. The costs of track and TEB special materials used grew by 30.7% due to the extra raw material costs (MHUF 1,046) of the railway track construction and renovation projects completed in 2002. Within costs of other raw materials, the costs of lubricants and illuminating oil used for towing vehicles, as well as the costs of lubricants used for railcar testing increased by MHUF 113 and the costs of raw materials used for maintenance of wagons grew by MHUF 108.

Description	Amount (MHUF) 2001	Amount (MHUF) 2002	Change (MHUF)	Index (%)	Ratio to total costs (%)
Fuel used for towing purposes	13,217	11,913	(1,304)	90.1	5.0
Electricity used for towing purposes	8,708	9,138	430	104.9	3.9
Refunding of excise tax on gas oil used for towing purposes	(6,694)	(6,537)	156	97.7	(2.8)
Other fuel, energy	6,387	6,665	278	104.4	2.8
Mechanical special materials	4,676	4,307	(369)	92.1	1.8
Track and TEB special materials	3,125	4,084	959	130.7	1.7
Clothing	1,120	1,157	38	103.4	0.5
Other materials	5,452	6,120	668	112.2	2.6
Total cost of raw materials	35,991	36,847	856	102.4	15.5
Lease of railway vehicles	13,562	12,795	(767)	94.3	5.4
Maintenance of railway vehicles	8,766	7,971	(795)	90.9	3.4
Track maintenance	7,398	7,227	(170)	97.7	3.1
Vehicle and station cleaning	4,354	4,286	(68)	98.4	1.8
Charge for use of overhead cables	3,974	3,942	(32)	99.2	1.7
IT services	3,848	4,142	294	107.6	1.8
Security services	2,082	2,283	201	109.6	1.0
Welfare activities	1,540	1,619	79	105.1	0.7
Mailing and telephone charges	1,037	1,142	105	110.1	0.5
Costs of tenders for expert services	900	875	(25)	97.2	0.4
Heating system modernisation	644	1,200	556	186.3	0.5
Commissions	541	712	171	131.7	0.3
Other material type services	6,037	7,823	1,786	129.6	3.3
Value of services used	54,683	56,017	1,335	102.4	23.9
Authority fees, duties	187	207	21	111.0	0.1
Bank charges	339	373	34	110.1	0.2
Insurance fees	273	531	258	194.4	0.2
Other services	799	1,112	313	139.2	0.5
COGS	867	875	8	101.0	0.4
Value of subcontracted services	3,438	3,756	317	109.2	1.6
Total material type expenditures	95,778	98,607	2,829	103.0	41.8

Table 43: Analysis of material type expenditures

The lease fee of railway vehicles decreased significantly (by 5.7%), since the lease fee payments for Z type passenger wagons terminated in 2002. As an effect of the austerity measures taken in 2002, the costs of maintenance of railway vehicles by third party fell by 9.1% (maintenance of passenger wagons by MHUF 597 and maintenance of carriage trucks by MHUF 255) in comparison with the previous year. The costs of passenger carriage cleaning also diminished by MHUF 68 owing to the austerity measures taken. The 7.6% growth of the costs of IT services is attributable to the costs related to the operation of IT systems introduced newly or expanded in 2002 (GIR logistics modules, wagon allocation system, "dark" mode of operation of on-line freight system, modernised FVS system), including the supervision of PCs belonging to the system. The MHUF 201 growth of the costs of security services is attributable to the more intensive use of yard and building security services and money transportation services, as well as the railcar lock monitoring system introduced in 2002.

The MHUF 44 fall in the 2002 costs of own project planning work in comparison with 2001 was caused by the 2.8% reduction in the costs of expert services. The rise in the costs of heating system modernisation (MHUF 556) is attributable to the costs already appearing in 2002 in relation to the modernisation work performed at 46 stations in 2001. The growth of the costs of weed control (MHUF 210) and the costs of static examinations performed for all railway bridges (MHUF 66) in 2002, as required by Order H6, contributed to the 29.6% rise in costs of other material type services. The 9.2% growth of subcontracted services was caused by the MHUF 294 rise in the costs of kangaroo wagon based goods transport services re-sold to GySEV.

III.2.2 Payments to personnel

Description	Amount (MHUF) 2001	Amount (MHUF) 2002	Change (MHUF)	Index (%)	Ratio to total costs (%)
Wages	64,958	72,503	7,545	111.6	30.7
Other payments to personnel	7,744	8,716	972	112.6	3.7
Social security contribution	25,909	27,177	1,268	104.9	11.5
Total payments to personnel	98,611	108,396	9,785	109.92	45.9

Table44: Payments to personnel

Similarly to the previous years, payments to personnel had the largest share (45.9%) in the costs of MÁV Rt. in 2002 too.

III.2.3 Depreciation charge

Description	Amount (MHUF) 2001	Amount (MHUF) 2002	Change (MHUF)	Index (%)	Ratio to total costs (%)
Depreciation charge	20,377	29,311	8,394	143.8	12.3

Table 45: Analysis of depreciation charge

The amount of depreciation charge increased by 43.8%, partly due to the increase of the depreciation rates of state assets for technical considerations, with regard to their technical useful lives (representing a growth of MHUF 6,912), and partly due to the increase of the depreciation rates of certain assets owned by MÁV Rt. (0.5-4% increase of the depreciation rate of buildings, 7% increase of the depreciation rate of certain telecommunication equipment, 7% increase of the depreciation rate of diesel locomotives and 1.5-4% increase of the depreciation rates of certain railway substructures, cables).

III.2.4 Effects of changes in provisions and impairment loss on the profit

Data in MHUF

	Release of provision made in 2001	Provision made in 2002	Impairment loss in 2002	Change
Provision for expected liabilities	0	6,533		6,533
Provision for unrealised exchange losses	510			(510)
Provision for future costs	1,036	1,077		41
Total of effects of changes in provisions:	1,546	7,610		6,064
Impairment loss recognised			671	671
Total:	1,546	7,610	671	6,735

Table 46: Effects of provisions and impairment loss on the profit

A provision in the amount of MHUF 6,533 was made to cover expected costs of remediation of environmental damages which are not covered by the non-distributable reserve. The provision for future costs is to cover the costs of general passenger wagon overhauls not performed in 2002 and the costs of unexpected vehicle maintenance work.

III.3 Analysis of the financial loss and profit on extraordinary events

III.3.1. Revenues from financial transactions

Revenues from financial transactions amount to MHUF 5,055. Most significant items are presented in the following table:

	MHUF
Interests, exchange gains on financial investments	1
Interests received	274
Dividends received	425
Exchange gain on sale of investments	2
Exchange difference from year-end revaluation of receivables and liabilities	3,743
Other revenues from financial transactions	610
Of which: Exchange gains on foreign currency receivables and liabilities	581
Total:	5,055

Table 47: Revenues from financial transactions

Within exchange difference from year-end revaluation of liabilities, MHUF 3,582 of accrued exchange gains on loans cancelled in 2002 was released.

III.3.2. Expenditures of financial transactions

Expenditures of financial transactions amount to MHUF 6,657. Most significant items are presented in the following table:

	MHUF
Interests paid	3,975
Exchange loss on financial investments	13
Impairment loss of interests, securities and bank deposits	669
Other expenditures of financial transactions	1,999
Of which: Exchange losses on foreign currency receivables and liabilities	1,939
Total:	6,657

Table 48: Expenditures of financial transactions

Within interests paid, MHUF 982 represents the interest of loans obtained for basic service, MHUF 1,240 represents the non-capitalised interest of investment loans obtained for investments in multi-purpose railway assets and MHUF 1,202 represents the interest of other liquidity loans. The release of the deferred exchange losses on loans cancelled in 2002 was recognised as exchange losses on foreign currency liabilities in the amount of MHUF 1,183.

III.3.3. Extraordinary revenues

Extraordinary revenues amount to MHUF 56,309. Most significant items are presented in the following table:

	MHUF
Surplus assets and assets received free of charge	210
Value of contributed property assets as per the Articles of Association, assets received in exchange for interest	2,439
Of which: Value of tangible assets contributed	2,375
Other extraordinary revenues	53,660
Of which: Funds from the State Budget	300
Of accrued debts remitted by the Government	49,819
Add-back in a sum equalling the depreciation charge recognised	3,421
Total:	56,309

Table 49: Extraordinary revenues

MÁV Rt. contributed the land of Soroksár Terminal Railway Station to BILK Logisztikai Rt. and BILK Kombiterminál Rt. in the amount of MHUF 2,375.

MÁV Rt. used funds from the State Budget in a total of value of MHUF 300, equalling the amount of depreciation charge recorded in 2002 on track vehicles, ultrasonic measuring cars, station buildings, water-pipes and sewers, carbon slide, portal crane and other railway assets acquired using these funds.

In accordance with §22 of Act No LXXV of 2001 and §101 of Act No LXII of 2002, the State assumed to pay HUF 121.1 billion of principal debts and related incidental charges from the operating loans obtained by MÁV Rt. due to loss-generation by basic service and other loans obtained by MÁV Rt. with state guarantee and comfort letter for purchase of railway vehicles required for passenger transport and goods transport. Of the assumed loan debts, for the operating loans the total amount of the operating loans obtained due to loss-generation by basic service and for other loans the amount used in 2002, considering the accruals, was released in a sum equalling the depreciation charge recognised.

III.3.4. Extraordinary expenditures

Extraordinary expenditures amount to MHUF 2,002. Most significant items are presented in the following table:

	MHUF
Expenditures related to property assets transferred free of charge	17
Property assets contributed to other companies	1,706
Other extraordinary expenditures	279
Of which: Public commitments	220
Total	2,002

Table 50: Extraordinary expenditures

The value of the land of Soroksár Terminal Railway Station contributed to BILK Logisztikai Rt. and BILK Kombiterminál Rt. is MHUF 1,706. MHUF 20 was transferred by MÁV Rt. to Általános Biztosító Egyesület as donations and MHUF 200 was transferred as advanced capital increase, recorded as public commitments.

III.4. Presentation of the results of operations of MÁV Rt. based on its profit and loss account prepared by the current cost method

In accordance with its accounting policy, MÁV Rt. also prepares a profit and loss account by the current cost method in addition to a profit and loss account based on the summary cost method.

Line	Description	Amount MHUF 2001	Amount MHUF 2002	Difference MHUF	Index %
01.	Net domestic sales revenues	176,272	185,696	9,424	105.3
02.	Net export sales revenues	11,259	10,641	(618)	94.5
I.	Net sales revenues	187,531	196,337	8,806	104.7
03.	Direct cost of sales	167,113	176,290	9,177	105.5
04.	Cost of goods sold	866	875	9	101.0
05.	Value of services sold	3,438	3,756	318	109.2
II.	Direct costs of sales	171,417	180,921	9,504	105.5
III.	Gross profit on sales (I-II)	16,114	15,416	(698)	95.7
06.	Selling and distribution costs	564	548	(16)	97.2
07.	Administrative costs	13,456	20,021	6,565	148.8
08.	Other general costs	20,952	24,371	3,419	116.3
IV	Indirect costs of sales	34,972	44,940	9,968	128.5
V.	Other revenues	15,585	5,126	(10,459)	32.9
VI.	Other expenditures	17,413	15,193	(2,220)	87.3
A.	Trading loss	(20,686)	(39,591)	(18,905)	191.4
VII.	Revenues from financial transactions	3,840	5,055	1,215	131.6
VIII.	Expenditures of financial transactions	15,167	6,656	(8,511)	43.9
B.	Financial loss	(11,327)	(1,601)	9,726	14.1
C.	Loss on ordinary business	(32,013)	(41,192)	(9,179)	128.7
IX.	Extraordinary revenues	4,851	56,309	51,458	1160.7
X.	Extraordinary expenditures	1,829	2,004	175	109.6
D.	Profit on extraordinary events	3,022	54,305	51,283	1797.0
E.	Profit/loss before taxation	(28,991)	13,113	42,104	-
XI.	Tax liability	191	29	(162)	15.2
F.	After-tax profit/loss	(29,182)	13,084	42,266	-

Table 51: Profit and loss account by the current cost method

Net sales revenues increased by 4.7% in comparison with the previous year. Within net sales revenues, net domestic sales revenues increased by MUF 9,424, mainly owing to the MUF 1,120 rise in passenger fare income, the MHUF 1,400 rise in consumer price supplement and the MHUF 5,637 rise in price support for basic service. Net export sales revenues decreased by MHUF 618, mainly due to the fall in the international passenger carriage usage fee income, but the revenues from export goods transport also diminished.

Direct costs of sales grew by 5.5%. Within these costs, the direct cost of own activities increased by 5.5%, and the value of goods and services re-sold in unchanged form increased by 1% and 9.2%, respectively.

In 2002 the Company's net sales revenues covered the direct costs of sales (with gross profit on sales amounting to MHUF 15,416), but to a smaller extent than in 2001 (95.7%), since the 4.7% growth of net sales revenues was surpassed by the 5.5% growth of direct costs of sales.

Both other revenues and other expenditures decreased (by MHUF 10,459 and MHUF 2,220, respectively). As a result of the fact that other revenues decreased to a larger extent than other expenditures the trading loss figure of MÁV Rt. further deteriorated.

The financial loss amounted to MHUF 1,601 in 2002, representing 14.1% of the corresponding figure of the previous year. The deferred unrealised exchange losses on the cancelled EUROFIMA loans recorded in the previous year did not recur.

The profit on extraordinary events increased by MHUF 51,283 due to the cancellation of MHUF 46,911 loan debts. The tax liability decreased by MHUF 162.

The 2002 profit per balance sheet of MÁV Rt. is MHUF 13,084.

III.5. Analysis of the profit per balance sheet

In accordance with the statutory regulations relating to the separation of the business line data, analysis of revenues, costs, expenditures and the profit/loss by railway type and on an aggregate basis, following the 2002 B/S lines, is as follows:

Data in MHUF				
Description	Trading activities	Financial transactions	Extraordinary events	Total
Track railways				
Revenues	65,321	51	320	65,692
Costs, expenditures	65,366	41	4	65,411
Profit/loss	(45)	10	316	281
Tax liability				
Profit/loss per balance sheet	(45)	10	316	281
Goods transport railways				
Revenues	77,186	257	237	77,680
Costs, expenditures	87,158	263	13	87,434
Profit/loss	(9,972)	(6)	224	(9,754)
Tax liability				
Profit/loss per balance sheet	(9,972)	(6)	224	(9,754)
Other entrepreneurial railways				
Revenues	153,619	4,747	55,752	214,118
Costs, expenditures	183,193	6,352	1,987	191,532
Profit/loss	(29,574)	(1,605)	53,765	22,586
Tax liability				29
Profit/loss per balance sheet	(29,574)	(1,605)	53,765	22,557
MÁV Rt. as a whole				
Revenues	296,126	5,055	56,309	357,490
Costs, expenditures	335,717	6,656	2,004	344,377
Profit/loss	(39,591)	(1,601)	54,305	13,113
Tax liability				29
Profit/loss per balance sheet	(39,591)	(1,601)	54,305	13,084

Table 52: Analysis of the profit per balance sheet

The profit/loss of basic railway activities (Table 53) includes the profits/losses of the individual activities calculated based on the Cost Calculation Regulation of MÁV Rt. relating to basic railway activities, considering the provisions of the Act on Railways and the contract made between the State and MÁV Rt.

The 2002 loss of MÁV Rt. without the effect of loan cancellations is MHUF 36,734, which is MHUF 7,552 higher than the 2001 loss. The MHUF 8,754 growth of costs was accompanied by an MHUF 1,202 rise in revenues. The growth of costs is primarily attributable to the rise in the amount of depreciation charge. This change was partly caused by the growth of depreciation charge of railway track resulting from the increase of the depreciation rates of state assets to reflect the technical useful lives (MHUF 6,663) and partly by the rise in depreciation standards of other assets owned by MÁV Rt. (MHUF 1,243).

Description	Passenger transport			Non-basic service			Goods transport and other railway activity			Non-railway activity			Total		
	Basic service		Diff.	Basis	Actual	Diff.	Basis	Actual	Diff.	Basis	Actual	Diff.	Basis	Actual	Diff.
	Basis	Actual													
Total trading costs	117,862	134,003	16,141	11,102	11,911	809	90,638	89,838	-820	4,180	5,302	1,122	223,802	241,054	17,252
of this:															
Level 0 directly to train type	28,471	30,543	2,072	2,960	3,139	179	10,470	10,583	113	2,850	2,901	51	44,751	47,166	2,415
Level 1 directly to transport type	23,338	20,508	-2,830	3,899	3,597	-302	33,961	33,722	-239	0	0	0	61,198	57,827	-3,371
Level 2 allocated to transport	18,769	21,139	2,370	339	381	42	8,645	8,193	-452	0	0	0	27,753	29,713	1,960
From level 3 entrepreneurial railways	17,445	26,288	8,843	2,617	3,530	913	23,328	19,316	-4,012	965	1,240	275	44,355	50,374	6,019
From level 4 trading costs of track	29,839	35,525	5,686	1,287	1,264	-23	14,254	18,024	3,770	365	1,161	796	45,745	55,974	10,229
Total trading revenues	97,192	104,474	7,282	12,176	10,240	-1,936	85,726	78,774	-6,952	8,022	7,975	-47	203,116	201,463	-1,653
of this:															
Own revenues	24,131	25,251	1,120	10,465	9,912	-553	76,050	76,740	690	7,372	7,884	512	118,018	119,787	1,769
Consumer price supplement	19,302	20,701	1,399	3	4	1	0	0	0	0	0	0	19,305	20,705	1,400
Production price subsidy	50,208	55,845	5,637	0	0	0	0	0	0	0	0	0	50,208	55,845	5,637
Other revenues	3,551	2,677	-874	1,708	324	-1,384	9,676	2,034	-7,642	650	91	-559	15,585	5,126	-10,459
OPERATING PROFIT	-20,670	-29,529	-8,859	1,074	-1,671	-2,745	-4,932	-11,064	-6,132	3,842	2,673	-1,169	-20,686	-39,591	-18,905
From level 3 expenditures of financial	7,228	3,528	-3,700	1,390	553	-837	6,373	2,427	-3,946	171	107	-64	15,162	6,615	-8,547
From level 4 expenditures of financial	1	0	-1	0	6	6	3	31	28	1	4	3	5	41	36
Revenues from financial transaction	1,920	2,610	690	395	376	-19	1,497	1,990	493	28	79	51	3,840	5,055	1,215
FINANCIAL PROFIT	-5,309	-918	4,391	-995	-183	812	-4,879	-468	4,411	-144	-32	112	-11,327	-1,601	9,726
From level 3 extraordinary expenditure	107	936	829	22	140	118	107	720	613	107	204	97	343	2,000	1,657
From level 4 extraordinary expenditure	14	2	-12	1	0	-1	8	1	-7	1,463	1	-1,462	1,486	4	-1,482
Extraordinary revenues	2,492	3,936	1,444	273	421	148	1,861	1,785	-76	225	349	124	4,851	6,491	1,640
PROFIT ON EXTRAORDINARY	2,371	2,998	627	250	281	31	1,746	1,064	-682	-1,345	144	1,489	3,022	4,487	1,465
TOTAL PROFIT/LOSS	-23,608	-27,449	-3,841	329	-1,573	-1,902	-8,065	-10,468	-2,403	2,353	2,785	432	-28,991	-36,705	-7,714
Corporate tax liability	100	16	-84	13	2	-11	75	11	-64	3	0	-3	191	29	-162
NET PROFIT PER BALANCE SHEET	-23,708	-27,465	-3,757	316	-1,575	-1,891	-8,140	-10,479	-2,339	2,350	2,785	435	-29,182	-36,734	-7,552
Total revenues	101,604	111,020	9,416	12,844	11,037	-1,807	89,084	82,549	-6,535	8,275	8,403	128	211,807	213,009	1,202
Total costs	125,312	138,485	13,173	12,528	12,612	84	97,224	93,028	-4,196	5,925	5,618	-307	240,989	249,743	8,754
Total profit/loss	-23,708	-27,465	-3,757	316	-1,575	-1,891	-8,140	-10,479	-2,339	2,350	2,785	435	-29,182	-36,734	-7,552

Table 53: Analysis of the Profit and Loss of MÁV Rt.

In both years the majority of the losses of MÁV Rt. (2002: MHUF 27,465) was generated by passenger transport falling under basic service, since the MHUF 2,998 profit on extraordinary events realised by basic service was only sufficient to mitigate the MHUF 29,529 trading loss of basic service.

The trading loss of basic service grew by MHUF 8,859, since its revenues (MHUF 7,282) increased half as high as its costs (MHUF 16,141). The growth of revenues was basically influenced by the rise in producer price support (MHUF 5,637), but fare income also increased (MHUF 1,120) as an effect of the rise in transport output and increase of prices.

Within trading costs, the management costs of the entrepreneurial railway increased by MHUF 8,843 due to the rise in the amount of provisions falling on basic service (MHUF 5,266) and in the administrative costs of traffic management of the entrepreneurial railway falling on basic service (MHUF 3,267). The MHUF 5,686 growth of track usage fee of basic service also increased the trading costs.

The rise in the financial profit of basic service (MHUF 4,391) is attributable to the favourable change in the 2001 and 2002 releases of the deferred exchange differences on the cancelled EUROFIMA loans of MÁV Rt.

Passenger transport not falling under basic service generated a loss in 2002 (MHUF 1,575) due to the MHUF 698 fall in international passenger wagon usage fee income and the MHUF 1,379 fall in use of provisions not falling on basic service.

The loss of the goods transport business grew by MHUF 2,339, since the MHUF 4,411 improvement of its financial profit/loss figure could not compensate for the MHUF 6,132 rise in its trading loss.

Based on the provisions of the Act on Accounting, no provision is made for expected losses but impairment loss is recognised with effect from 2001. In 2001 the provision made in 2000 had to be released and MHUF 8,109 was recorded as other revenues for the goods transport business and MHUF 6,592 impairment loss was recognised (as other expenditures). In 2002 a significantly smaller amount of impairment loss was recognised. Of the impairment loss recognised in 2001 and 2002, MHUF 351 impairment loss was recorded for the goods transport business in 2002. The MHUF 7,642 decrease in other revenues of the goods transport business is attributable to this. The railway operation costs of the goods transport business – including other expenditures – decreased to a smaller extent (MHUF 4,012) than other revenues. This is explained by the fact that in 2002 the goods transport business operated as a separate business line and the costs recognised for the business in 2002 grew by MHUF 2,479 as against the 2001 shared costs of the general costs of executive and management units.

The rise in the financial profit of the goods transport business (MHUF 4,411) is attributable to the favourable change in the 2001 and 2002 releases of the deferred exchange losses on the cancelled EUROFIMA loans of MÁV Rt.

The profit of non-railway activities grew by MHUF 435, since the MHUF 1,489 growth of its financial profit surpassed the MHUF 1,169 reduction in its trading profit.

III.6. Tax base modifying items considered on calculating the corporate tax

Description	Items increasing the tax base MHUF	Items reducing the tax base MHUF
Correction due to provisions	7,610	1,178
Correction due to depreciation	32,338	64,511
Dividends received		429
Due to costs, expenditures related to non-entrepreneurial activities	19	
Tax deficit, fine, penalty	98	
Correction due to leasing	19	
Impairment loss of receivables	2,461	1,748
Loan losses	247	245
Correction due to vocational training		21
Employment of apprentices, unemployed persons		7
Research and development		38
Due to alteration of prices for associated companies	7	
Due to grants given (donations)	302	
Total	43,101	68,178

Table 54: Items modifying the corporate tax base

III.6.1. Items increasing and reducing the corporate tax base due to provisions

Items increasing the tax base	7,610
Items reducing the tax base	1,178
Difference	6,432

The provision made for expected costs is MHUF 1,077. A provision in the amount of MHUF 6,533 was made for environmental damages.

The tax base increasing item considered on prior year's provision-making forms the basis of the tax base reducing item, MHUF 1,178.

III.6.2. Items increasing and reducing the corporate tax base due to depreciation

The ordinary and extraordinary depreciation actually charged in a total amount of MHUF 29,311 and the value of contributed, destroyed and scrapped assets recorded as expenditures in a total amount of MHUF 3,027 increase the tax base.

Items increasing the tax base	32,338
Items reducing the tax base	64,511
Difference	(32,173)

Tax base reducing items were recorded up to the extent allowed by Item d) of Paragraph (1) of §7 of the Act on Corporate Tax and Appendices 1 and 2 thereto. The difference of the tax base increasing and tax base reducing items decreases the tax base.

III.6.3. Other modifying items

The amount of dividends received was MHUF 429 in 2002 as against MHUF 644 in 2001. The corporate tax thereon is payable by the company paying the dividend and therefore at MÁV Rt. it reduces the tax base.

The majority of costs related to non-entrepreneurial activities – MHUF 17 – represents assets transferred free of charge as tax base increasing items.

The MHUF 4 fine paid in relation to environmental matters and the MHUF 94 amount of various other fines imposed by authorities represent tax base increasing items due to tax deficit, fine, penalty.

The amount of tax base increasing item due to foreign leasing is lower than it was in 2001. 20% of the MHUF 94 amount paid in the reported year, being MHUF 19, is a tax base increasing item.

The MHUF 672 amount of impairment losses recognised on receivables in 2002 is a tax base increasing item and the MHUF 1,789 amount recognised in the previous year is a tax base reducing item, and the amount allowed to be recognised by the Act on Corporate Tax is MHUF 1,748.

The amount of tax base increasing item due to loan losses is MHUF 247. However, the barred items may not be imputed in the amount of the tax base reducing item, and therefore its value is MHUF 2 less. As per the Act on Accounting, the bad debts are recorded as loan losses.

The amount deductible on apprentices is MHUF 14 million less than in the previous year due to the reduction in the number of apprentices.

The allowance on apprentices having passed their vocational exams successfully and further employed without interruption was MHUF 7 in 2002.

MHUF 188 was recorded as direct R&D costs. 20% thereof – MHUF 38 – reduce the tax base in 2002.

The allowance given to the subsidiaries of MÁV Rt. in excess of the cost increases the tax base by MHUF 7.

Grants given without repayment obligation in the amount of MHUF 279 and remitted receivables in the amount of MHUF 23 represent tax base increasing items.

Grants given	MHUF
Public commitments and creation of a foundation	220
Grants given finally to employees for home purchase	34
Grants given to other entrepreneurs	21
Grants given to local government	2
Grants given to various funds, foundations	2
Total	279

Grants given to other entrepreneurs in the amount of MHUF 21 mainly include development contributions paid to public water utility companies, and gas and electricity suppliers.

IV. Research and development

Line	Description	2001	2002	Variance
1110	MÜFA organisation, design	3	0	(3)
1111	MÜFA sales promotion	59	56	(3)
1112	Standardisation	26	30	4
1113	MÜFA tender	0	2	2
1119	MÜFA other costs	5	3	(2)
1120	Inventions not capitalised	2	6	4
1121	Innovations not capitalised	0	0	0
1122	Other intellectual products not capitalised	0	3	3
1123	Research and development not capitalised	181	148	(33)
	MÜFA – Total indirect costs	277	249	(28)
9610	Research and development to be capitalised	29	31	(2)
	Total costs incurred	306	280	(26)

Table 55: Analysis of R&D costs

The objective of railway R&D – partly indirectly through infrastructure development and preparations for decision-making and partly indirectly – is to improve the quality of railway transport services. This is the “product” the Company has to sell, and the results of development activities materialise in the quality thereof.

Costs incurred in 2002: MHUF 189
 Of which: for applied research and other tasks similar to
 research in their nature: MHUF 138
 for development: MHUF 51
 There were no licence purchases for R&D purposes.
 Ratio of development to research 37%

In 2002 R&D activity focused on 58 issues, of which 22 issues were resolved and 36 issues were carried forward for 2003.

R&D activity primarily included work directly contributing to the Company’s operating ability and work aiming at improving the quality of services provided by the Company, increasing traffic security and improving the Company’s environment protection activity.

Breakdown of issues by objective:

Objective	Number	%
1. Environment protection:	3	5
2. Traffic security	16	28
3. Improvement of transport/service quality:	13	22
4. Other / Technological, quality control and restructuring tasks required to maintain the Company’s operating ability, improvement of operations/:	26	45
Total:	58	100

Table 56: Breakdown of environmental issues by objective

V. Presentation of the Company's true equity and financial position and results of its operations

V.1. Analysis of the value and composition of assets

Assets totalled MHUF 673,230 as at 31 December 2001. They amounted to MHUF 696,929 as at 31 December 2002, representing an MHUF 23,699 growth in comparison with the previous year. Within total assets, invested assets grew by MHUF 26,345, representing a 4.31% growth in comparison with the previous year.

Current assets decreased by MHUF 5,079 in comparison with the previous year, representing a 9.47% reduction.

The balance of liquid assets is MHUF 64 less than in the prior year, representing a 0.67% reduction.

V.1.1. Ratio of invested assets

Within total assets, invested assets amounted to MHUF 637,466, accounting for 91.47% of total assets.

$$\frac{\text{Invested assets}}{\text{Total assets}} = \frac{63,466}{696,929} = 91.47\% \quad \text{Base: } 90.77\%$$

The change in the ratio is not decisive in terms of the operations of MÁV Rt.

V.1.2. Coverage of tangible assets

Of long-term invested assets directly used in production, the equity covers 56.9% of tangible assets net of state assets, which represents a 3.1% reduction in comparison with the previous year. Equity plus state liabilities cover 82.64% of tangible assets including state assets. The ratio is 100-150% in a favourable case.

$$\frac{\text{Equity}}{\text{Own tangible assets}} = \frac{175,914}{309,186} = 56.9\% \quad \text{Base: } 60\%$$

$$\frac{\text{Equity} + \text{State liabilities}}{\text{Tangible assets}} = \frac{501,582}{614,375} = 82.64\% \quad \text{Base: } 78.76\%$$

V.1.3. Coverage of invested assets

$$\frac{\text{Equity}}{\text{Own invested assets}} = \frac{175,914}{332,277} = 52.94\% \text{ Base: } 56.29\%$$

$$\frac{\text{Equity} + \text{State liabilities}}{\text{Invested assets}} = \frac{501,582}{637,466} = 78.68\% \text{ Base: } 75.93\%$$

Equity covers 52.94% of invested assets net of state assets, while equity plus state liabilities cover 78.68% of invested assets including state assets.

V.1.4. Ratio of invested assets to current assets

$$\frac{\text{Invested assets}}{\text{Current assets}} = \frac{637,466}{48,534} = 13.13 \text{ Base: } 11.4$$

The balance of invested assets is 13.13 times as high as that of the current assets.

V.1.5. Ratio of current assets to invested assets

$$\frac{\text{Current assets}}{\text{Invested assets}} = \frac{48,534}{637,466} = 7.61\% \text{ Base: } 8.77\%$$

Current assets worth of HUF 7.61 fall on invested assets worth of HUF 100. In addition to the extreme asset-intensity of the activity of MÁV Rt., this ratio shows that there is an extremely small interval for current asset management.

V.2. Analysis of the value and composition of liabilities

Liabilities totalled MHUF 673,230 and MHUF 696,929 as at 31 December 2001 and 2002, respectively. Liabilities increased by MHUF 23,699 in comparison with the previous year.

V.2.1. Capital adequacy

$$\frac{\text{Equity}}{\text{Total liabilities}} = \frac{175,914}{696,929} = 25.24\% \quad \text{Base: 26.02\%}$$

$$\frac{\text{Equity}}{\text{Total liabilities} - \text{State liabilities}} = \frac{175,914}{371,261} = 47.38\% \quad \text{Base: 46.56\%}$$

The ratio of equity to total liabilities is 25.24%. The ratio of equity to total liabilities net of state liabilities is 47.38%.

This ratio is to be interpreted in conjunction with the indebtedness ratio showing the ratio of liabilities. A ratio below 40% can be considered to be critical, since in such a case the ratio of liabilities is very high.

The equity decreased to below the share capital, by some 6.43%.

V.2.2. Gearing ratio

$$\frac{\text{Debts}}{\text{Equity}} = \frac{513,404}{175,914} = 291.85\% \quad \text{Base: 283.36\%}$$

$$\frac{\text{Debts} - \text{State liabilities}}{\text{Equity}} = \frac{187,736}{175,914} = 106.72\% \quad \text{Base: 83.62\%}$$

This ratio shows the relation between external funds and own funds, namely the size of debts (liabilities) falling on own funds of a unit.

Debts worth of HUF 291.84 fall on equity worth of HUF 100. This ratio keeps becoming more and more unfavourable, and it is far from the ideal value.

The ratio calculated net of state liabilities is much more favourable, it is 106.72%. However, a rise in this ratio can be noted in comparison with the base ratio.

V.2.3. Indebtedness ratio

$$\frac{\text{Liabilities}}{\text{Equity}} = \frac{397,629}{175,914} = 226.04\% \quad \text{Base: } 252.07\%$$

$$\frac{\text{Liabilities} - \text{State liabilities}}{\text{Equity}} = \frac{71,961}{175,914} = 40.91\% \quad \text{Base: } 82.86\%$$

This ratio shows that the equity is burdened by liabilities. The lower the ratio is, the more favourable it is. Both ratios changed in a favourable way, since their value diminished in comparison with the previous year. The ratio calculated net of state liabilities is 40.91%.

V.2.4. Degree of indebtedness

$$\frac{\text{Liabilities}}{\text{Total assets}} = \frac{397,629}{696,929} = 57.05\% \quad \text{Base: } 65.6\%$$

$$\frac{\text{State liabilities}}{\text{State assets}} = \frac{325,668}{305,189} = 106.71\% \quad \text{Base: } 98.85\%$$

$$\frac{\text{Liabilities} - \text{State liabilities}}{\text{Total assets} - \text{State assets}} = \frac{71,961}{391,740} = 18.37\% \quad \text{Base: } 38.89\%$$

As per the above ratio, liabilities charge some 50% of the assets value. In comparison with the previous year, the degree of indebtedness has diminished, which can be considered to be favourable in itself. The ratio of state liabilities to state assets changed unfavourably, while the ratio calculated net of state assets and state liabilities changed favourably.

V.2.5. Ratio of debt portfolio (long-term indebtedness)

$$\frac{\text{Long-term liabilities}}{\text{Long-term liabilities} + \text{Equity}} = \frac{339,566}{515,480} = 65.87\% \quad \text{Base: } 68.9\%$$

$$\frac{\text{Long-term liabilities} - \text{State liabilities}}{\text{Long-term liabilities} - \text{State liabilities} + \text{Equity}} = \frac{13,898}{189,812} = 7.32\% \quad \text{Base: } 34.35\%$$

The debt portfolio includes long-term liabilities with maturity over one year. This ratio shows to what extent the Company is indebted in the long term. The lower the ratio is, the more it contributes to a good judgement of the Company by third parties.

V.2.6. Ratio of equity growth

$$\frac{\text{Equity}}{\text{Share capital}} = \frac{175,914}{188,000} = 93.57\% \quad \text{Base: } 93.2\%$$

A ratio below 100% suggests an equity loss. It is unfavourable when the ratio is below 100% and shows a decreasing tendency. The ratio changed favourably.

V.2.7. Coverage of invested assets

$$\frac{\text{Equity}}{\text{Invested assets}} = \frac{175,914}{637,466} = 27.6\% \quad \text{Base: } 28.67\%$$

$$\frac{\text{Equity}}{\text{Own invested assets}} = \frac{175,914}{332,227} = 52.94\% \quad \text{Base: } 56.3\%$$

The equity only covers 27.6% of invested assets with maturity over one year. It means that the remaining 72.4%, representing assets with maturity within one year, are financed by external funds and the provisions. The ratio calculated net of state assets is 52.94%, which represents an unfavourable change. The ratio is 100% in a favourable case.

The following table shows the assets and liabilities available over and within one year (MHUF):

No	Description	Assets		Liabilities		Total	
		With maturity		With maturity		A+B+C	D+E+F+G
		over 1 year	within 1 year	over 1 year	within 1 year		
A	Invested assets	631,985	5,481			637,466	
B. I.	Inventories		7,387			7,387	
B.II.	Receivables		31,624			31,624	
B.III.	Securities		0			0	
B.IV.	Liquid assets		9,523			9,523	
C.	Prepaid expenses /accrued income	6,830	4,099			10,929	
D.	Equity			175,914			175,914
E.	Provisions			7,611			7,611
F.I.	Long-term liabilities			336,407	3,159		339,566
F.II.	Short-term liabilities				58,063		58,063
G.	Accrued expenses /prepaid income			112,354	3,421		115,775
Total		638,815	58,114	632,286	64,643	696,929	696,929

Table 57: Analysis of assets and liabilities by maturity

V.3. Overview of the financial position

V.3.1. Working capital and liquidity

On analysing the financial position, the most expressive index-number is the size of working capital, which shows that the value of current assets is MHUF 9,529 less than the value of short-term liabilities.

$$\begin{aligned} \text{Current assets} - \text{Short-term liabilities} = \\ \text{MHUF } 48,534 - \text{MHUF } 58,063 = \text{MHUF } (9,529) \end{aligned}$$

This index-number shows the short-term payment position of the Company. If the index-number is zero or negative, it suggests that there are great difficulties as regards solvency.

The following ratios show the Company's liquidity situation as at 31 December 2002:

Liquidity ratio I (Current ratio)

$$\frac{\text{Current assets}}{\text{Short-term liabilities}} = \frac{\text{MHUF } 48,534}{\text{MHUF } 58,063} = 83.59\% \quad \text{Base: } 100\%$$

Liquidity ratio I was 100% in the previous year. The ratio calculated for the reported year is 16.41% less in comparison with it. This reduction was caused by the 8.48% growth of short-term liabilities besides the 9.48% reduction in current assets.

This liquidity ratio shows that current assets – such as inventories, receivables and liquid assets – only cover 83.59% of short-term payment liabilities (within one year). It can be noted that the ratio changed unfavourably. In international practice the ratio is acceptable when it is around 200%.

Liquidity ratio II (Quick ratio)

$$\frac{\text{Current assets} - \text{Inventories}}{\text{Short-term liabilities}} = \frac{\text{MHUF } 41,147}{\text{MHUF } 58,063} = 0.71 \quad \text{Base: } 0.89$$

Liquidity ratio II shows to what extent the assets that can be made liquid cover short-term payment liabilities. This ratio shows some deterioration in comparison with the previous year. 1.3 represents a safe ratio value in Company's point of view.

Liquidity ratio III

$$\frac{\text{Current assets} - \text{Inventories} - \text{Receivables}}{\text{Short-term liabilities}} = \frac{\text{MHUF } 9,523}{\text{MHUF } 58,063} = 16.4\% \quad \text{Base: } 18\%$$

Liquidity ratio III shows short-term liquidity, i.e. the proportion of liquid assets (liquid assets + securities) to short-term liabilities. This ratio basically shows the current solvency of the Company. It is favourable when it is above 100%.

Liquidity ratio IV (Cash liquidity ratio)

$$\frac{\text{Liquid assets}}{\text{Short-term liabilities}} = \frac{\text{MHUF 9,523}}{\text{MHUF 58,063}} = 16.4\% \quad \text{Base: 18\%}$$

Liquidity ratio IV shows the proportion of fully liquid assets to short-term liabilities. Liquid assets cover 16.4% of short-term liabilities. This ratio has deteriorated, meaning that the Company's solvency changed unfavourably. The ratio is acceptable when it is around 160-180%.

Liquidity ratio III and liquidity ratio IV are identical, since current assets include no securities.

V.3.2. Changes in financial situation

The cash flow statement is included in the following table, which has been prepared in accordance with Section 51 para (8) of the Act on Accounting. The data for 2000 and 2001 have been compiled on the basis of the balance sheet, profit and loss account and subledgers.

Data in MHUF

No	Description	Base year	Reported year	Change
I.	Cash flow from operating activities (Operating cash flow, 1-13)	-4,616	131,445	136,061
1.	Net profit before taxation ±	-28,991	13,113	42,104
2.	Depreciation charged +	20,377	44,030	23,653
3.	Impairment loss recognised on invested assets +	3,419	3,688	269
4.	Impairment loss charged and written back -	0	-752	-752
5.	Difference between provisions made and used ±	-2,334	6,065	8,399
6.	Proceeds from sale of invested assets ±	-1,754	-1,583	171
7.	Change in trade accounts payable ±	-602	3,766	4,368
8.	Change in other short term liabilities ±	208	-373	-581
9.	Change in accrued expenses/prepaid income ±	3,918	60,938	57,020
10.	Change in trade accounts receivable ±	-3,907	6,249	10,156
11.	Change in current assets (net of trade accounts receivable and liquid assets) ±	-3,012	-1,234	1,778
12.	Change in prepaid expenses/accrued income ±	8,253	-2,433	-10,686
13.	Corporate tax paid -	-191	-29	162
14.	Dividend paid -	0	0	0
II.	Cash flow from investing activities (14-16)	-51,363	-71,729	-20,366
15.	Purchase of invested assets -	-56,394	-72,140	-16,386
16.	Sale of invested assets +	5,031	4,062	-969
17.	Advance payments on capital VIP ±	-640	-3,651	-3,011
18.	Dividends received +	0	0	0
III.	Cash flow from financing activities (17-25)	60,221	-59,780	-120,001
19.	Proceeds from issue of shares (capital involvement) +	0	0	0
20.	Proceeds from issue of bonds +	0	0	0
21.	Borrowing +	50,168	53,393	3,225
22.	Cash received +	17	19	2
23.	Other change in capital -	-522	-12,396	-11,874
24.	Bond redemption -	0	0	0
25.	Loan repayment -	-15,227	-135,287	-120,060
26.	Cash transferred -	-48	0	48
27.	Change in liabilities towards the owners and in other long term liabilities -	25,833	34,491	8,658
	Of this: capital increase related to Russian rail-cars	0	3,159	3,159
IV.	Total changes in cash and cash equivalents (±I±II±III) ±	4,242	-64	-4,306

Table 58: Cash flow statement

Interpretation of the changes of certain items:

The impairment loss recognised on invested assets is MHUF 3,688 (line 3), which contains, stock losses of tangible assets, destruction, extraordinary depreciation as well as elimination due to scrapping.

The change in other short-term liabilities (line 8) contains advance payments received from customers, bills of exchange payable, liabilities to associated and other related companies, as well as other liabilities.

Cash received (line 22) includes the increase in capital reserve (liquid assets from the Vocational Training Fund totalling MHUF 19).

Other changes in capital (line 23) are made up of the amount of items modifying prior years' result (losses of MHUF 12,396).

Loan repayment (line 25) includes the exchange gain on foreign exchange loans and the elimination of loans assumed by the state (HUF 121.1 billion).

Change in liquid assets (line IV) shows changes in item B. IV. of the balance sheet. Considering the above, the change in liquid assets shows a decrease of MHUF 64 in 2002, which means as compared to the increase of MHUF 4,242 in the prior year that cash outflow due to the increase of profit after taxation was counterbalanced by other cash income from current operation.

Operating cash flow shows cash income of MHUF 131,445 in 2002, which represents an increase as compared to cash outflow of MHUF 4,616 in the prior year. The most important reason for the increase in cash income is the MHUF 57,020 growth of the change in accrued expenses, the MHUF 42,104 increase in profit before taxation, the MHUF 23,653 increase in depreciation accounted for and the MHUF 8,399 increase in the provisions made. The MHUF 10,686 increase in the change in prepaid expenses could not appropriately cover cash income.

The change in cash used in investing activities reduced the balance of liquid assets by MHUF 71,729, of which the purchase of invested assets represents MHUF 72,140, while the sale of invested assets increased liquid assets by MHUF 4,062.

The cash flow of the purchase of invested assets is shown in the following table:

Data in MHUF	
Purchase of tangible assets by the state	32,294
Purchase of tangible assets by the Company	34,266
Purchase of intangible assets	230
Purchase of financial investments	2,810
Assets received free of charge	2,540
Total:	72,140

Table 59: Impact of the purchase of invested assets on cash flow

The change in cash flow provided by financial activities is primarily due to the MHUF 53,393 borrowing, the MHUF 29,212 central budget funding received for state assets, as well as the MHUF 135,287 loan repayment.

The cash flow of borrowings and loan repayment is shown in the following table:

Data in MHUF

Description	Borrowing +	Loan repayment -	Cash flow
World Bank	0	766	-766
HUF loans from MKB Rt.	2,496	7,082	-4,586
Foreign currency loans from KFW	7,475	0	7,475
Foreign currency loans from MKB Rt.	0	695	-695
GIR-MHR	388	12,091	-11,703
Eurofima	0	49,121	-49,121
EBRD loan	4,426	359	4,067
EIB loan	9,593	0	9,583
OTP	1,366	2,783	-1,417
Postabank	0	249	-249
Investment loans from CIB Rt.	0	683	-683
Investment loans from Erste Bank Rt.	2,500	0	2,500
Investment loans from MFB	2,269	553	1,716
Liquidity loans	13,300	38,000	-24,700
Other long term credits and loans	0	37	-37
Short term credits and loans	9,580	5,800	3,780
Total:	53,393	135,287	-81,894

Table 60: Impact of changes in loans on cash flow

V.3.3. Valuation of the cash flow of MÁV Rt. in 2002

Table 61 contains the actual cash flow in 2002.

The Company planned HUF 251.7 billion cash income in 2002 of which HUF 12 billion less, HUF 239.7 billion was realised. The cash income computed without the EUROFIMA funds remains by HUF 3.2 billion behind the plan. As compared to the planned cash outflow amounting to HUF 279.4 billion, actually HUF 17.4 billion less, HUF 262 billion was paid. The actual outflow calculated without the use of EUROFIMA remains by HUF 11.4 billion behind the plan.

In 2002 the Company expected a funds deficit totalling HUF 27.7 billion which actually became HUF 22.3 billion.

The main reason for the shortfall in revenues is the weaker performance of goods transport as compared to the plan, which resulted in the decrease in cash flow of the reported year by HUF 7.1 billion. The considerable decrease in the funds as a result of the missing revenues from this source could be compensated only partially by the amount received from the Hungarian State Treasury to pay the costs of own investments in excess of the planned figures.

In spite of the shortfall in revenues the Company managed to keep the balance of trade creditors on a manageable level, primarily by cost reduction, so the balance of average trade creditors totalled HUF 17.4 billion in 2002. An extraordinary high creditor balance was experienced in December 2002 only since the occurrence of higher trade creditors, which is typical of the year-end balances, exceeded the Company's plans, which is primarily due to the significant shortfall in revenues from goods transport at year-end, the considerable non-performance of property utilisation activity and the unplanned increase in inventories. As a result of the above, the balance of trade creditors increased by HUF 4.5 billion as at 31 December 2002 as compared to the year-end balance in 2001. Overdue trade creditors increased by HUF 3.6 billion in comparison to the balance as at 31 December 2001.

The revenues from property utilisation are behind the plan, consequently the investments from this source could not be realised according to the plan either.

The effects of the long lasting approval procedure regarding the investment plan could be felt on the expense side of the cash flow too. In the reported year the Company received one month more production subsidy as compared to the plan since it also happened in 2002 that the income normally paid in the first days of the second month following the reported month was already transferred in the last days of the month following the reported month. These amounts represent the basis funds of the wages.

The shortfall in the cash flow during the year was financed by involving external sources (bank loans, increasing the balance of trade creditors), thus the operation of MÁV Rt. as a going concern was not endangered. In the business plan 2002 the Company determined a loan totalling HUF 16 billion to finance its liquidity deficit, of which the Government undertook surety for the second HUF 8 billion according the decree No 1211/2002 (XII. 21.) in December 2002, therefore the amount could be drawn in 2003 only. Accordingly, the liquidity required MÁV Rt. to involve additional sources and bank loans in the second half year. The shortfall in funds till receiving the security was replaced by short term loans taken up within the Company's own competence (two times HUF 2.8 billion and one time HUF 2.9 billion totalling HUF 8.5 billion).

The dynamic interim changes in financial situation, the source and use of free liquid assets are included in a monthly breakdown in the following table.

Data in MHUF

Actual 2002	January	February	March	April	May	June	July	August	September	October	November	December	Total actual	Total budget	Total actual - budget
Opening	336	307	322	1,809	326	320	409	347	369	193	332	291			
Revenues															
Revenues from passenger transport	2,381	4,570	3,934	2,513	2,995	2,576	3,059	3,133	2,526	2,973	2,521	2,634	35,817	38,111	2,294
Revenues from goods transport	6,926	3,360	4,044	7,629	6,124	5,724	5,601	6,579	5,899	8,579	6,759	6,071	73,295	80,444	-7,149
Revenues from other sales	524	789	703	682	2,336	1,098	1,117	621	940	980	1,940	3,610	17,340	15,089	2,251
Production price subsidies	4,266	0	9,306	0	9,306	4,653	0	4,653	4,653	9,306	4,653	4,651	55,389	50,708	4,681
Liquid assets received from the state budget	3,420	3,020	3,853	2,654	4,001	4,702	5,628	4,191	3,592	3,288	4,385	6,380	49,114	44,040	5,074
EUROFIMA funds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-MAV customs duty	577	459	476	386	358	452	408	401	450	501	356	337	5,161	6,977	-1,816
Revenues from property usage	280	0	1,076	292	109	60	70	15	0	60	50	50	2,062	5,573	-3,511
Other operating revenues	21	14	321	30	338	115	195	158	121	58	83	121	1,567	2,057	-990
Total	18,339	12,212	23,713	14,186	25,557	19,380	16,078	19,751	18,181	25,745	20,747	25,856	239,745	251,748	-12,003
Taking of short term loans	9,938	8,229	8,138	11,524	5,447	12,400	17,350	11,722	13,380	9,964	12,819	14,068			
Withdrawal of deposits and sales of securities	7,187	492	579	1,635	0	1,045	2,289	511	0	310	0	0			
Total revenues	35,464	20,933	32,430	27,245	31,004	32,825	35,717	31,984	31,761	36,019	33,566	39,924			
Total liquid assets	35,800	21,240	32,752	29,154	31,330	33,145	36,126	32,231	32,131	36,212	31,888	40,215			
Expenditures															
Payments to personnel	4,522	4,449	4,420	5,208	4,494	4,878	6,683	5,376	4,543	4,781	4,678	6,040	60,072	59,387	685
Social insurance fee	2,510	2,185	2,000	2,324	2,230	2,305	3,370	2,230	2,185	2,175	2,160	2,280	27,954	26,735	1,219
Taxes and additional payments paid to the budget	1,840	1,432	1,413	1,346	1,464	1,822	2,824	1,596	1,528	1,440	1,265	1,465	19,435	22,627	-3,192
Paying of trade creditors	6,939	6,315	8,566	10,270	9,394	8,401	10,071	9,596	9,815	9,605	10,795	9,527	109,294	109,786	-492
VACOM	0	0	405	2,301	520	85	0	255	255	732	167	165	4,630	4,585	45
Customs office (VFOF)	0	0	0	0	143	247	4	1	5	6	26	42	474	550	-76
Non-MAV customs duty	696	414	498	615	631	448	595	497	394	854	260	389	6,281	7,236	-955
Investment from property usage	798	310	253	452	302	0	320	161	0	48	380	369	3,395	6,200	-2,805
Revolving to MAK	0	0	0	222	197	233	330	214	270	340	680	2,300	4,806	6,038	-1,232
VAT of investment loans	922	226	247	297	156	271	296	678	356	457	304	594	4,804	6,178	-1,374
EUROFIMA use	1,082	492	344	246	132	686	423	181	320	1,113	219	35	5,273	11,327	-6,054
Redemption of development loans	1,364	333	274	672	333	326	1,455	333	601	672	333	1,341	8,037	7,782	255
Interest paid on loans	334	120	402	244	283	593	262	88	554	403	332	911	4,526	6,986	-2,460
Other payment liabilities	64	239	597	184	97	271	224	228	288	445	179	257	3,073	4,058	-985
Total	21,071	16,515	19,419	24,381	20,366	20,586	26,857	21,181	21,114	23,071	21,778	25,715	262,054	279,475	-17,421
Repayment of the liquidity loan	8,229	3,681	11,524	4,447	10,600	12,150	1,790	4,064	3,840	6,674	7,254	10,345			
Short term loan revolving + property usage +							7,132	6,716	6,124	6,145	3,914	3,564			
EUROFIMA VII															
EUROFIMA, property usage as loan revolving															
Paying of deposit and purchase of securities	6,193	722	0	0	44	0	0	0	860	0	651	116			
Total costs	35,093	20,918	30,943	28,828	31,010	32,736	35,779	31,961	31,938	35,890	33,597	39,740			
Closing	307	322	1,809	326	320	409	347	369	193	332	291	475			
Planned new trade liabilities	2,980	6,868	7,487	11,151	12,407	10,018	10,543	9,424	9,135	9,460	10,574	15,919	115,482	113,529	1,953
Actual balance of trade creditors as at balance sheet date on 31 December 2001 <i>MHUF</i>															
19,700	16,742	16,498	13,782	15,161	18,046	19,492	18,590	16,895	16,827	17,478	17,930	24,231			
Actual balance of overdue trade creditors as at balance sheet date on 31 December 2001 <i>MHUF</i>															
8,114	9,738	10,509	8,147	8,610	9,918	10,240	11,314	9,726	9,438	10,461	10,429	11,727			
Total loans	27,500	27,500	27,500	27,500	28,500	30,300	35,500	38,300	41,100	41,100	41,100	26,000			
Loans used	19,271	23,819	15,976	23,053	17,900	18,150	26,578	27,520	31,136	28,281	29,932	31,136	12,091		
Loans not used as at the end of the month	8,229	3,681	11,524	4,447	10,600	12,150	8,922	10,780	9,964	12,819	11,168	13,969			
Fixed deposit	6,184	6,414	5,835	4,200	4,244	3,199	910	399	1,259	949	1,000	1,716			

Table 61: Changes in the cash flow of MÁV Rt. in 2002

VI. Introduction of the balance sheet and profit and loss account of the business lines

In 2002, according to the internal management rule of the Company, we identified three different business lines based on the balance sheet: state railways (in line with the previous organisation that does not include the routing organisation, which belongs to the “operating” railways yet), the goods transport railway and the other entrepreneurial railways (including passenger transport, mechanical engineering, routing and central management and services).

In the following we present the assets and liabilities, revenues and expenditures as well as the development of the profit and loss account of the different business lines.

VI.1. Track railways

VI.1.1. Valuation of the state railways' equity and financial position and changes in assets and liabilities

VI.1.1.1. Track railway assets

Total assets of the track railway amounted to MHUF 382,206 as at 31 December 2001. Assets increased by MHUF 25,438 to MHUF 407,644 as compared to the base year.

Invested assets amounted to MHUF 361,014 as at 31 December 2001 and to MHUF 367,260 as at 31 December 2002, which represents a rise of MHUF 6,246 as compared to the prior year.

Within invested assets tangible assets rose by MHUF 6,324. The value of advance payments on capital WIP is MHUF 1,103, which increased by MHUF 77. Capital WIP was MHUF 31,830, which is a MHUF 18,248 growth as compared to prior year. However the value of properties, technical and other equipment fell by MHUF 12,001.

Receivables increased by MHUF 19,041 to MHUF 33,866. Of the MHUF 33,866 receivables stated in the balance sheet MHUF 32,151 are receivables from track usage fee, which is the amount of track usage fee recorded in 2002 not yet settled by the entrepreneurial railway. The consolidated balance sheet total of MÁV Rt. exceeds the aggregate balance sheet total of the separate balance sheets of the track railway and the entrepreneurial railway, since the above amount is recorded as liabilities from track usage fee by the entrepreneurial railway. Receivables from track usage fee increased by MHUF 19,521 as compared to prior year.

VI.1.1.2. Track railway liabilities

Liabilities amounted to MHUF 382,206 as at 31 December 2001. Liabilities increased by MHUF 25,438 to MHUF 407,644 as compared to the corrected base year.

The proportion of equity was 10.57% as compared to total liabilities, which means a decrease of MHUF 12,640 as compared to the prior year. The equity fell below the amount of share capital.

The value of short-term liabilities is MHUF 7,280, which shows a MHUF 1,302 decrease as compared to prior year. Of short-term liabilities the MHUF 1,409 decrease in purchase of materials and services and the MHUF 505 reduction in other short-term liabilities are the most significant items.

The value of accrued expenses was MHUF 23,527 as at 31 December 2001 and MHUF 31,617 as at 31 December 2002, which means a MHUF 8,090 increase. The increase was due primarily to the accrual of liabilities amounting to MHUF 7,062 related to the purchase of assets, which was assumed by the state.

VI.1.1.3. Profit of the entrepreneurial railway

In 2001 the profit per balance sheet of the entrepreneurial railway was MHUF 609, while in 2002 MHUF 281, which means a MHUF 328 decrease. The result comes from the balance of the MHUF 45 trading loss and the MHUF 316 extraordinary profit.

Net sales revenues of the entrepreneurial railway amounted to MHUF 2,158 in 2002, which are primarily related to domestic sales revenues. The decrease in net sales revenues totals MHUF 255 as compared to 2001.

In 2001 track usage fee totalling MHUF 44,747 was re-invoiced as compared to MHUF 54,042 in 2002, which means an increase by MHUF 9,295. The shared welfare sales revenues from joint railway activities decreased by MHUF 88 as compared to MHUF 110 in prior year.

Other revenues amounted to MHUF 847 in 2001 and MHUF 718 in 2002, which means a decrease by MHUF 129. The decline can be explained by the fall of other revenues by MHUF 415 and the increase in revenues by MHUF 286 from the compensation of damages caused by MÁV Rt. in the assets of the state railways recharged by the entrepreneurial railways.

Capitalised value of own performance was MHUF 6,544 in 2001 and MHUF 8,381 in 2002. The increase was made up of the capitalised value of self-manufactured assets.

The amount of material-type expenditures was MHUF 22,711 in the base year, which increased to MHUF 26,482. The most significant items among material-type expenditures are the MHUF 13,561 value of services used, the MHUF 6,984 value of the cost of raw materials and the MHUF 5,348 costs of joint railway activities.

The material requirements associated with a significant number of extraordinary renovation projects increased the costs of material consumption, which was repaid among the capitalised costs. Certain part within the growth of other material type expenditures is also related to the renovation works above the plan. The other part of the rise is due to the authorised large machine projects.

The value of payments to personnel increased by MHUF 2,076 (MHUF 20,761), of which significant part is made up of wages, and which increased by MHUF 1,565 as compared to prior year. The increase in wages is in line with the wage development plans for 2002. The overtime allowance and stand by fee paid for the works related to flood control and prevention resulted in additional wage outflow.

The amount of depreciation was MHUF 16,054 in 2002. Among the costs depreciation rose most significantly. The audit 2001 found that the depreciation rates applied to the state owned assets are lower than it would be justified from technical point of view. In order to maintain the company's operation as a going concern the Management decided to use depreciation rates that are justified from technical point of view. In the case of the state railways the higher depreciation was repaid through the track usage fee.

Other expenditures totalling MHUF 3,428 in the base year decreased to MHUF 2,069 in 2002, of which MHUF 591 were recharged by the entrepreneurial railway. (The amount of recharged other expenditures is received by deducting expenditures due to damages caused by the entrepreneurial railway from the ordinary costs of joint railway activities.)

Extraordinary revenues amounted to MHUF 1,034 in the base year and MHUF 320 in 2002, of which extraordinary revenues from joint railway activities amounting to MHUF 10 were recharged by the entrepreneurial railway.

Extraordinary expenditures amounted to MHUF 1,471 in the corrected base year and MHUF 4 in 2002, of which extraordinary revenues from joint railway activities amounting to MHUF 2 were recharged by the entrepreneurial railway.

The track railways provided services to the entrepreneurial railways and to the goods transport railway worth of MHUF 36,256 and MHUF 17,786 respectively.

VI.1.2. Balance sheet and profit and loss account of the track railways

No	Description of item	01/01/2002	Profit/loss of prior year	31/12/2002
01	A. INVESTED ASSETS (02.+10.+18.)	361,014	-2,987	367,260
02	I. INTANGIBLE ASSETS (03.+...09.)	481	0	403
03	Capitalised value of foundation and restructuring costs	0		0
04	Capitalised value of research and development costs	110		90
05	Concessions and similar rights and assets	1		1
06	Intellectual property	370		312
07	Goodwill	0		0
08	Advance payments on intangible assets	0		0
09	Revaluation of intangible assets	0		0
10	II. TANGIBLE ASSETS (11.+...17.)	360,533	-3,013	366,857
11	Land and buildings and related concessions and similar rights	299,209	-2,834	288,745
12	Technical equipment, machinery and vehicles	45,727	-175	44,413
13	Other equipment, fittings and vehicles	989	-4	766
14	Breeding stock	0		0
15	Capital WIP, renovations	13,582		31,830
16	Advance payments on capital WIP	1,026		1,103
17	Revaluation of tangible assets	0		0
18	III. FINANCIAL INVESTMENTS (19.+...25.)	0	26	0
19	Long term investments in associated companies	0	0	0
20	Long term loans given to associated companies	0	0	0
21	Other long term investments	0	0	0
22	Long term loans given to other related companies	0	0	0
23	Other long term loans given	0	26	0
24	Securities representing long term loans	0	0	0
25	Revaluation of financial investments	0	0	0
26	B. Current assets (27.+34.+40.+45.)	17,576	96	36,856
27	I. INVENTORIES (28.+...33.)	2,136	95	2,450
28	Raw materials and consumables	2,115	95	2,412
29	Work in progress and semi-finished products	1		22
30	Animals	0		0
31	Finished goods	13		11
32	Goods	7		5
33	Advance payments on inventories	0		0
34	II. RECEIVABLES (35.+...39.)	14,825	1	33,866
35	Trade accounts receivable	371	3	1,182
36	Receivables from associated companies	306		154
37	Receivables from other related companies	1,347		211
38	Bills of exchange receivable	0		0
39	Other receivables	171		168
39/A.	Receivables from business line settlements	12,630	-2	32,151
40	III. SECURITIES (41.+...44.)	0	0	0
41	Investments in associated companies	0	0	0
42	Other investments	0	0	0
43	Own shares, own quotas	0	0	0
44	Securities representing loans held for sale	0	0	0
45	IV. LIQUID ASSETS (46.+...47.)	615	0	540
46	Cash in hand, cheques	12		23
47	Bank deposits	603		517
48	C. PREPAID EXPENSES/ACCRUED INCOME (49.+...51.)	3,616	0	3,528
49	Accrued income	47		35
50	Prepaid expenses	3,569		3,493
51	Deferred expenses	0		0
52	TOTAL ASSETS (01.+26.+48.)	382,206	-2,891	407,644

Table 62: Balance sheet of the track railway, assets

No	Description of item	01/01/2002	Profit/loss of of prior year	31/12/2002
53.	D. Equity (54.+...60.)	55,716	-12,923	43,076
54.	I. ISSUED CAPITAL	49,319		49,319
	thereof: treasury shares repurchased at face value	0		0
55	II. ISSUED BUT NOT PAID CAPITAL (-)	0		0
56	III. CAPITAL RESERVES	6,147		6,147
57	IV. ACCUMULATED PROFIT RESERVE	-359		-12,671
58	V. NON-DISTRIBUTABLE RESERVES	0		0
59	VI. REVALUATION RESERVE	0		0
60	VII. PROFIT PER BALANCE SHEET	609	-12,923	281
61	E. Provisions (62.+...65.)	0	0	0
62	D. Equity (54.+...60.)	0	0	0
63	I. ISSUED CAPITAL	0	0	0
64	thereof: treasury shares repurchased at face value	0	0	0
65	F. LIABILITIES (lines 67.+71.+80.)	302,963	11,731	332,951
66	I. SUBORDINATED LIABILITIES (68.+..70)	0	0	0
67	Subordinated liabilities to associated companies	0	0	0
68	Subordinated liabilities to other related companies	0	0	0
69	Subordinated liabilities to other enterprises	0	0	0
70	II. LONG-TERM LIABILITIES (72.+...79.)	294,381	9,994	325,671
71	Long term credits	0		0
72	Convertible bonds	0		0
73	Debts on the issue of bonds	0		0
74	Investment and development loans	0		0
75	Other long term loans	16		1
76	Long term liabilities to associated companies	0		0
77	Long term liabilities to other related companies	0		0
78	Other long term liabilities	294,365	9,994	325,670
79	III. SHORT-TERM LIABILITIES (81.+...89.)	8,582	1,737	7,280
80	Short term credits	8		0
81	- thereof: Convertible bonds	0		0
82	Short term loans	24		10
83	Advance payments received from customers	0		3
84	Trade accounts payable	5,162	18	4,113
85	Bills of exchange payable	0		0
86	Short term liabilities to associated companies	2,135		2,406
87	Short term liabilities to other related companies	2		2
88	Other short term liabilities	1,251	1,719	746
88/A	Liabilities to business line settlements	0	0	0
89	G. ACCRUED EXPENSES (91.+..93.)	23,527	-1,699	31,617
90	Deferred revenues	21,655	-1,504	30,866
91	Accrued expenses and deferred income	1,872	-195	751
92	Deferred income	0		0
93	TOTAL LIABILITIES AND SHAREHOLDERS EQUITY (53.+61.+66.+90.)	382,206	-2,891	407,644

Table 63: Balance sheet of the track railway, liabilities

No	Description of item	01/01/2002	Profit/loss of prior year	31/12/2002
.01.	Net domestic sales revenues	1,894	2	2,154
.02.	Net export sales revenues	9		4
I.	Net sales revenues (01.+02.)	1,903	2	2,158
I/A.	Recharged track usage fee	44,747		54,042
I/B.	Shared welfare revenues from joint railway activities	110		22
I/C.	Station and haulage fee and vehicle maintenance	0		0
.03.	Change in self-manufactured inventories	2		9
.04.	Capitalised value of self-manufactured assets	5,983		8,568
II.	Capitalised value of own performance (03.+04.)	5,985	0	8,577
II/A.	Other recharges between the railways (591)	559		-196
III.	Other revenues	481		66
	of which: reversal of impairment loss provision (962)	325		1
III/A.	Recharged other revenues	366		652
.05.	Cost of raw materials	5,722	-95	6,984
.06.	Value of services used	12,367	11	13,561
.06/A.	Recharged track usage fee	0		0
.06/B.	Costs of joint railways activity	4,170		5,348
.06/C.	Station and haulage fee and vehicle maintenance	0		0
.07.	Value of other services	70		68
.08.	Cost of goods sold	108		186
.09.	Value of recharged services	274		335
IV.	Material-type expenditures (05.+06.+07.+08.+09.)	22,711	-84	26,482
.10.	Wages	12,193		13,758
.11.	Other payments to personnel	1,596		1,789
.12.	Personnel related contributions	4,896		5,214
V.	Payments to personnel (10.+11.+12.)	18,685	0	20,761
VI.	Depreciation charge	8,291	14,719	16,054
VII.	Other expenses	2,491	-101	1,478
	of this: impairment loss (862)	6		3
VII/A.	Recharged other expenses	937		591
A.	OPERATING PROFIT (I+II+III-IV-V-VI-VIII)	1,036	-14,532	-45
.13.	Dividend received	0		0
	of which: received from associated companies	0		0
.14.	Gain on sale of investment	0		0
	of which: received from associated companies	0		0
.15.	Interest received and gain on financial investments	0		0
	of which: received from associated companies	0		0
.16.	Other interest received	0		0
	of which: received from associated companies	0		0
.17.	Other revenues from financial transactions	52		51
VIII.	Revenues from financial transactions (13.+14.+15.+16.+17.)	52	0	51
.18.	Loss on financial investments	0		0
	of which: given to associated companies	0		0
.19.	Interest paid	5	6	5
	of which: given to associated companies	0		0
.20.	Impairment loss of financial investment, securities and bank deposits	0		0
.21.	Other expenditures of financial transactions	37	4	36
IX.	Expenditures of financial transactions (18.+19.+20.+21.)	42	10	41
B.	FINANCIAL PROFIT (VIII-IX)	10	-10	10
C.	PROFIT ON ORDINARY BUSINESS (A+B)	1,046	-14,542	-35
X.	Extraordinary revenues	932	1,619	310
X/A.	Recharged extraordinary revenues	102		10
XI.	Extraordinary expenditures	1,463		2
XI/A.	Recharged extraordinary expenditures	8		2
D.	EXTRAORDINARY PROFIT (X-XI)	-437	1,619	316
E.	NET PROFIT BEFORE TAXATION (C+D)	609	-12,923	281
XIII.	TAX LIABILITY			0
F.	PROFIT AFTER TAX (E-XII)	609	-12,923	281
.22.	Dividends paid out of accumulated profit reserve	0		0
.23.	Dividends paid (approved) out of current year profits	0		0
G.	PROFIT PER BALANCE SHEET (F+22.-23.)	609	-12,923	281

Table 64: Profit and loss account of the track railway

No	Description	01-12. 2002
I.	Change in cash provided by operating activities (Operating cash flow, total of lines 1-13)	20,412
1.	Profit or loss before tax ±	281
	<i>of this: cash received stated among the revenues</i>	11
	<i>cash transferred stated among the expenditures</i>	-2
2.	Ordinary depreciation charged +	30,773
3.	Impairment loss recognised on invested assets +	1,784
4.	Impairment loss charged and written back -	-1
5.	Change in provisions made and used ±	0
6.	Proceeds from sale of invested assets ±	33
7.	Change in trade accounts payable ±	-1,049
8.	Change in other short term liabilities ±	-231
9.	Change in accrued expenses/prepaid income ±	8,089
10.	Change in trade accounts receivable ±	-811
11.	Change in current assets (net of trade accounts receivable and liquid assets) ±	977
	<i>of this: increase in inventories</i>	-313
	<i>receivables from the state budget</i>	0
	<i>bonds purchased for sale</i>	0
	<i>other receivables (excl. budget)</i>	1,290
11/a.	Change in the balance of business line settlements	-19,521
12.	Change in prepaid expenses/accrued income ±	88
13.	Corporate tax -	0
14.	Dividends paid-	
II.	Cash flow from investing activities (total of lines 15-18)	-38,832
15.	Purchase of invested assets -	-38,799
16.	Sale of invested assets +	44
17.	Advance payments on capital VIP ±	-77
18.	Dividends received +	0
III.	Cash flow from financing activities (total of lines 19-28)	18,345
19.	Proceeds from issue of shares (capital involvement) +	0
20.	Proceeds from issue of bonds +	0
21.	Borrowing +	0
22.	Cash received +	0
23.	Other change in capital -	-12,923
24.	Share withdrawal (capital decrease) -	0
25.	Bond redemption -	0
26.	Loan repayment -	-37
	<i>of this: research and development loans (432,1)</i>	-29
	<i>long term loans (433)</i>	-8
27.	Cash transferred (not influencing the profit/loss) -	0
28.	Change in liabilities towards the owners and in other long term liabilities -	31,305
	Of this: liability account of the treasury	29,212
	capital increase related to Russian rail-cars	0
IV.	Total changes in cash and cash equivalents (±I±II±III) ±	-75

Table 65: Cash flow statement of the track railway

VI.2. Goods transport railway

VI.2.1. Valuation of the equity and financial position of the goods transport railway, changes in assets and liabilities

VI.2.1.1. Assets of the goods transport railway

Total assets of the goods transport railway amounted to MHUF 64,872 as at 31 December 2002, which means an increase by MHUF 7,714 as compared to the base year.

Invested assets amounted to MHUF 56,193 as at 1 January 2002 and to MHUF 53,470 as at 31 December 2002, which represents a decrease of MHUF 2,723 as compared to the prior year. The decrease affected the tangible assets.

Current assets total MHUF 10,750, of which receivables represent MHUF 10,367.

Prepaid expenses/accrued income increased by MHUF 162 as compared to the opening balance.

VI.2.1.2. Liabilities of the goods transport railway

Liabilities amounted to MHUF 64,872 as at 31 December 2002. This means a rise by MHUF 7,714, which is identical with that of the assets.

The equity decreased by MHUF 9,329 as compared to prior year. The proportion of equity is 69.2% as compared to total liabilities.

The equity fell below the share capital, which can be explained by the loss by balance sheet totalling MHUF 9,754.

The value of liabilities is MHUF 15,537, which includes short term liabilities amounting to MHUF 15,443. The value of short term liabilities is increased by the trade liabilities (MHUF 6,822) and the liabilities resulting from the settlements between the business lines (MHUF 6,649).

The value of accrued expenses was MHUF 4,444, which means a rise by MHUF 1,779 as compared to the opening balance.

VI.2.1.3. Profit of the goods transport railway

The goods transport railway was founded on 1 January 2002. The loss per balance sheet 2002 amounts to MHUF 9,754, which represents the negative balance of the operating profit and the loss on financial transactions totalling MHUF 9,972 and MHUF 6 respectively, as well as the profit of extraordinary revenues totalling MHUF 224.

In 2002, sales revenues totalled MHUF 76,732, of which MHUF 71,249 are related to domestic and MHUF 5,483 to export sales revenues.

The performance of goods transport is behind the plans for several years and fewer goods were transported in 2002 too. In addition to the weak performance, the value of specific revenues also changed unfavourably.

As a result of this, MHUF 6,700 less revenues were realised on goods transport. The negative trend in goods transport is typical of the inland traffic.

Shared welfare revenues totalling MHUF 31 were recharged by the entrepreneurial railway.

Other revenues total MHUF 1,030.

The capitalised value of own performance was MHUF 1,030 in 2002, of which 61.75% represent recharges between the railways.

Material type expenditures totalled MHUF 70,262 in 2002, of which the recharged track usage fee amounting to MHUF 17,786 is recognised as expenditure among the value of services used. Another major item among the material type expenditures are the station and haulage fee and the amount of vehicle maintenance totalling MHUF 30,168.

Relating to the track usage fee (similarly to the entrepreneurial railway) it can be established that the increased depreciation rates of the track railway assets represent an additional burden for the goods transport railway.

Payments to personnel amounted to MHUF 11,295 in 2002, of which 66% represent wages.

Depreciation charge totalled MHUF 3,703 in 2002.

Other expenditures totalled MHUF 1,898, of which MHUF 453 were recharged by the entrepreneurial railway. (The amount of recharged other expenditures is received by deducting expenditures due to damages caused by the entrepreneurial railway from the ordinary costs of joint railway activities.)

Extraordinary revenues amount to MHUF 231. Recharged extraordinary revenues total MHUF 6.

Extraordinary expenditures amount to MHUF 12. Recharged extraordinary expenditures total MHUF 1.

VI.2.2. Balance sheet and profit and loss account of the goods transport railway

No	Description of item	01/01/2002	Profit/loss of prior year	31/12/2002
01	A. INVESTED ASSETS (02.+10.+18.)	56,193	2	53,470
02	I. INTANGIBLE ASSETS (03.+...09.)	64	0	56
03	Capitalised value of foundation and restructuring costs	0		0
04	Capitalised value of research and development costs	0		0
05	Concessions and similar rights and assets	0		0
06	Intellectual property	64		56
07	Goodwill	0		0
08	Advance payments on intangible assets	0		0
09	Revaluation of intangible assets	0		0
10	II. TANGIBLE ASSETS (11.+...17.)	56,129	2	53,414
11	Land and buildings and related concessions and similar rights	12,590	3	12,877
12	Technical equipment, machinery and vehicles	42,499	-1	40,188
13	Other equipment, fittings and vehicles	167		127
14	Breeding stock	0		0
15	Capital WIP, renovations	873		222
16	Advance payments on capital WIP	0		0
17	Revaluation of tangible assets	0		0
18	III. FINANCIAL INVESTMENTS (19.+...25.)	0	0	0
19	Long term investments in associated companies	0		0
20	Long term loans given to associated companies	0		0
21	Other long term investments	0		0
22	Long term loans given to other related companies	0		0
23	Other long term loans given	0		0
24	Securities representing long term loans	0		0
25	Revaluation of financial investments	0		0
26	B. Current assets (27.+34.+40.+45.)	476	479	10,750
27	I. INVENTORIES (28.+...33.)	11	-1	26
28	Raw materials and consumables	4	-1	15
29	Work in progress and semi-finished products	0		1
30	Animals	0		0
31	Finished goods	0		0
32	Goods	7		10
33	Advance payments on inventories	0		0
34	II. RECEIVABLES (35.+...39.)	118	480	10,367
35	Trade accounts receivable	112	246	8,551
36	Receivables from associated companies	3		1,341
37	Receivables from other related companies	0		91
38	Bills of exchange receivable	0		0
39	Other receivables	3	234	384
39/A.	Receivables from business line settlements	0		0
40	III. SECURITIES (41.+...44.)	0	0	0
41	Investments in associated companies	0		0
42	Other investments	0		0
43	Own shares, own quotas	0		0
44	Securities representing loans held for sale	0		0
45	IV. LIQUID ASSETS (46.+...47.)	347	0	357
46	Cash in hand, cheques	1		8
47	Bank deposits	346		349
48	C. PREPAID EXPENSES/ACCRUED INCOME (49.+...51.)	489		652
49	Accrued income	1		2
50	Prepaid expenses	488	0	650
51	Deferred expenses	0	0	0
52	TOTAL ASSETS (01.+26.+48.)	57,158	481	64,872

Table 66: Balance sheet of the goods transport railway, assets

No	Description of item	01/01/2002	Profit/loss of prior year	31/12/2002
53.	D. Equity (54.+...60.)	54,220	425	44,891
54.	I. ISSUED CAPITAL	53,360		54,220
	thereof: treasury shares repurchased at face value	0		0
55	II. ISSUED BUT NOT PAID CAPITAL (-)	0		0
56	III. CAPITAL RESERVES	0		0
57	IV. ACCUMULATED PROFIT RESERVE	0		425
58	V. NON-DISTRIBUTABLE RESERVES	0		0
59	VI. REVALUATION RESERVE	0		0
60	VII. PROFIT PER BALANCE SHEET	860	425	-9,754
61	E. Provisions (62.+...65.)	0	0	0
62	D. Equity (54.+...60.)	0		0
63	I. ISSUED CAPITAL	0		0
64	thereof: treasury shares repurchased at face value	0		0
65	F. LIABILITIES (lines 67.+71.+80.)	273	56	15,537
66	I. SUBORDINATED LIABILITIES (68.+..70)	0	0	0
67	Subordinated liabilities to associated companies	0		0
68	Subordinated liabilities to other related companies	0		0
69	Subordinated liabilities to other enterprises	0		0
70	II. LONG-TERM LIABILITIES (72.+...79.)	0	0	94
71	Long term credits	0		0
72	Convertible bonds	0		0
73	Debts on the issue of bonds	0		0
74	Investment and development loans	0		0
75	Other long term loans	0		0
76	Long term liabilities to associated companies	0		0
77	Long term liabilities to other related companies	0		0
78	Other long term liabilities	0		94
79	III. SHORT-TERM LIABILITIES (81.+...89.)	273	56	15,443
80	Short term credits	0		4
81	- thereof: Convertible bonds	0		0
82	Short term loans	0		0
83	Advance payments received from customers	0		813
84	Trade accounts payable	4	32	3,806
85	Bills of exchange payable	0		66
86	Short term liabilities to associated companies	0		3,016
87	Short term liabilities to other related companies	0		14
88	Other short term liabilities	269	24	1,075
88/A	Liabilities to business line settlements	0		6,649
89	G. ACCRUED EXPENSES (91.+..93.)	2,665		4,444
90	Deferred revenues	2,283		4,052
91	Accrued expenses and deferred income	382		392
92	Deferred income	0		0
93	TOTAL LIABILITIES AND SHAREHOLDERS EQUITY (53.+61.+66.+90.)	57,158	481	64,872

Table 67: Balance sheet of the goods transport railway, liabilities

No	Description of item	01/01/2002	Profit/loss of prior year	31/12/2002
.01.	Net domestic sales revenues	1,079	171	71,249
.02.	Net export sales revenues	0	69	5,483
I.	Net sales revenues (01.+02.)	1,079	240	76,732
I/A.	Recharged track usage fee	0		0
I/B.	Shared welfare revenues from joint railway activities	0		31
I/C.	Station and haulage fee and vehicle maintenance			0
.03.	Change in self-manufactured inventories	0		1
.04.	Capitalised value of self-manufactured assets	0		28
II.	Capitalised value of own performance (03.+04.)	0	0	29
II/A.	Other recharges between the railways (591)	-1		-636
III.	Other revenues	33	77	617
	of which: reversal of impairment loss provision (962)	0		5
III/A.	Recharged other revenues	0		413
.05.	Cost of raw materials	9		1,476
.06.	Value of services used	49	29	14,225
.06/A.	Recharged track usage fee	0		17,786
.06/B.	Costs of joint railways activity	0		3,723
.06/C.	Station and haulage fee and vehicle maintenance			30,168
.07.	Value of other services	13		347
.08.	Cost of goods sold	0		10
.09.	Value of recharged services	59		2,527
IV.	Material-type expenditures (05.+06.+07.+08.+09.)	130	29	70,262
.10.	Wages	79		7,530
.11.	Other payments to personnel	12		947
.12.	Personnel related contributions	31		2,818
V.	Payments to personnel (10.+11.+12.)	122	0	11,295
VI.	Depreciation charge	15	1	3,703
VII.	Other expenses	2	1	1,445
	of this: impairment loss (862)	0		0
VII/A.	Recharged other expenses	0		453
A.	OPERATING PROFIT (I+II+III-IV-V-VI-VIII)	842	286	-9,972
.13.	Dividend received	0		0
	of which: received from associated companies	0		0
.14.	Gain on sale of investment	0		0
	of which: received from associated companies	0		0
.15.	Interest received and gain on financial investments	0	150	0
	of which: received from associated companies	0		0
.16.	Other interest received	17	1	5
	of which: received from associated companies	0		0
.17.	Other revenues from financial transactions	0		252
VIII.	Revenues from financial transactions (13.+14.+15.+16.+17.)	17	151	257
.18.	Loss on financial investments	0	14	0
	of which: given to associated companies	0		0
.19.	Interest paid	0	1	5
	of which: given to associated companies	0		0
.20.	Impairment loss of financial investment, securities and bank deposits	0		0
.21.	Other expenditures of financial transactions	0		258
IX.	Expenditures of financial transactions (18.+19.+20.+21.)	0	15	263
B.	FINANCIAL PROFIT (VIII-IX)	17	136	-6
C.	PROFIT ON ORDINARY BUSINESS (A+B)	859	422	-9,978
X.	Extraordinary revenues	1	3	231
X/A.	Recharged extraordinary revenues	0		6
XI.	Extraordinary expenditures	0		12
XI/A.	Recharged extraordinary expenditures	0		1
D.	EXTRAORDINARY PROFIT (X-XI)	1	3	224
E.	NET PROFIT BEFORE TAXATION (C+D)	860	425	-9,754
XIII.	TAX LIABILITY	0		0
F.	PROFIT AFTER TAX (E-XII)	860	425	-9,754
.22.	Dividends paid out of accumulated profit reserve	0		0
.23.	Dividends paid (approved) out of current year profits	0		0
G.	PROFIT PER BALANCE SHEET (F+22.-23.)	860	425	-9,754

Table 68: Profit and loss account of the goods transport railway

No	Description	01-12. 2002
I.	Change in cash provided by operating activities (Operating cash flow, total of lines 1-13)	395
1.	Profit or loss before tax ±	-9,754
	<i>of this: cash received stated among the revenues</i>	10
	<i>cash transferred stated among the expenditures</i>	0
2.	Ordinary depreciation charged +	3,703
3.	Impairment loss recognised on invested assets +	53
4.	Impairment loss charged and written back -	-6
5.	Difference between provisions made and used ±	0
6.	Proceeds from sale of invested assets ±	-122
7.	Change in trade accounts payable ±	3,802
8.	Change in other short term liabilities ±	4,717
9.	Change in accrued expenses/prepaid income ±	1,780
10.	Change in trade accounts receivable ±	-8,439
11.	Change in current assets (net of trade accounts receivable and liquid assets) ±	-1,825
	<i>of this: increase in inventories</i>	-16
	<i>receivables from the state budget</i>	0
	<i>bonds purchased for sale</i>	0
	<i>other receivables (excl. budget)</i>	-1,809
11/a.	Change in the balance of business line settlements	6,649
12.	Change in prepaid expenses/accrued income ±	-163
13.	Corporate tax -	0
14.	Dividends paid-	0
II.	Cash flow from investing activities (total of lines 15-18)	-904
15.	Purchase of invested assets -	-1,097
16.	Sale of invested assets +	193
17.	Advance payments on capital VIP ±	0
18.	Dividends received +	0
III.	Cash flow from financing activities (total of lines 19-28)	519
19.	Proceeds from issue of shares (capital involvement) +	0
20.	Proceeds from issue of bonds +	0
21.	Borrowing +	0
22.	Cash received +	0
23.	Other change in capital -	425
24.	Share withdrawal (capital decrease) -	0
25.	Bond redemption -	0
26.	Loan repayment -	0
27.	Cash transferred (not influencing the profit/loss) -	0
28.	Change in liabilities towards the owners and in other long term liabilities -	94
	Of this: liability account of the treasury	0
	capital increase related to Russian rail-cars	0
IV.	Total changes in cash and cash equivalents (±I±II±III) ±	10

Table 69: Cash flow statement of the goods transport railway

VI.3. Other entrepreneurial railway

VI.3.1. Valuation of the equity and financial position of the other entrepreneurial railway, changes in assets and liabilities

VI.3.1.1. Assets of the other entrepreneurial railway

Total assets of the entrepreneurial railway amounted to MHUF 246,496 as at 1 January 2002, which increased by MHUF 10,068 to MHUF 256,564 till year-end.

Intangible assets total MHUF 3,844, of which the capitalised value of the GIR software represents MHUF 3,778.

Invested assets amounted to MHUF 193,914 as at 1 January 2002 and to MHUF 216,736 as at 31 December 2002, which represents a rise of MHUF 22,822.

Within invested assets tangible assets rose by MHUF 21,565 to MHUF 194,104, of which the value of technical equipment grew by MHUF 18,598, the capital WIP and renovations by MHUF 1,037 and the advance payments on capital WIP by MHUF 3,574. However, the value of lands and buildings and other equipment fell by MHUF 1,666.

Current assets fell by MHUF 15,112 as compared to the base year, which can be explained by the decrease in receivables.

Prepaid expenses/accrued income increased by MHUF 2,358 as compared to prior year.

VI.3.1.2. Liabilities of the other entrepreneurial railway

Liabilities of the entrepreneurial railway amounted to MHUF 246,496 as at 1 January 2002, which increased, similarly to the assets, by MHUF 10,068 to MHUF 259,564.

The equity increased by MHUF 22,676 as compared to prior year. The proportion of equity is 34.28% as compared to total liabilities. The increase in equity results from the balance of the growth of capital reserve and net profit per balance sheet by MHUF 1,038 and MHUF 53,208 respectively and the decrease in tied-up reserve and profit reserve by MHUF 2,162 and MHUF 28,548 respectively.

The proportion of share capital is 96.03% as compared to the equity.

The value of provisions increased by MHUF 6,065 as compared to prior year. The growth is due to the provisions for future costs totalling MHUF 1,077 (for main repair and extraordinary maintenance of wagons cancelled in 2002) and for the elimination of environmental damages amounting to MHUF 6,533.

The value of liabilities decreased by MHUF 69,742. The decrease can be explained by the reorganisation of the long term loans taken up. The Company recognises MHUF 3,159 among the long term liabilities, which was received for capital increase purposes to purchase twin motor carriages to the account of Russia's state debts since this has not been registered by the Registry Court.

The value of short-term liabilities increased by MHUF 10,195. Among the other liabilities the track usage fee debt, which totalled MHUF 12,630 in 2001 and MHUF 25,502 in 2002, can be considered quite significant. This change represents a growth by MHUF 12,872.

The value of accrued expenses was MHUF 79,914, which means an increase by MHUF 51,069. The rise is related to the recognition of loans remitted by the government.

VI.3.1.3. Profit of the other entrepreneurial railway

The change in profit as compared to the base year is influenced by the fact that the Company's operation changed in 2002. The goods transport railway does not constitute part of the entrepreneurial railway as far as its balance sheet and profit and loss account are concerned. The comparison with the base year does not give a true picture of the changes in the profit of the entrepreneurial railway. Analysing the year 2002 it can be established that the net profit per balance sheet of the entrepreneurial railway total MHUF 22,557, which is the balance of the trading loss amounting to MHUF 29,574 and the loss from financial transactions totalling MHUF 1,605 as well as the extraordinary profit amounting to MHUF 53,765.

Sales revenues totalled MHUF 117,447 in 2002, of which MHUF 112,293 are related to domestic and MHUF 5,154 to export sales revenues.

The development of revenues is basically influenced by the passenger transport activity. The performance of the passenger transport activity changed favourably in 2002. As a result of this, revenues from fares were also realised on the expected level.

The passenger carriage fee recognised on the international passenger wagons and trains fell back considerably as compared to prior year. The reason for this is that the passenger wagons running in international trains so far have been moved to the crowded national IC trains.

Another reason for the falling performance of the cars running internationally is that the line of certain international trains within the Company's sphere of interest was shortened or the train was cancelled.

Shared welfare sales revenues from joint railway activities totalling MHUF 53 were recharged to the state railway and the goods transport railway.

Other revenues total MHUF 4,443, of which recharged revenues amount to MHUF -1,065.

The capitalised value of own performance total MHUF 2,679, of which MHUF 832 represent recharges between the railways, and MHUF 636 is charged to the goods transport railway and MHUF 196 to the state railway.

The other entrepreneurial railway provided services worth of MHUF 30,168 to the goods transport railway.

Within this, the activities performed were the following:

- provision of services to the delivers at the stations
- haulage performance
- vehicle maintenance.

Material type expenditures totalled MHUF 86,073 in 2002. The recharged track usage fee amounting to MHUF 36,256 is recognised as expenditure among the value of services used.

The track usage fee of passenger and goods transport was stated separately in prior years too. In 2002, that part of the track usage fee is charged to the entrepreneurial railway only, which fall on the passenger transport. Comparing the portion of the track usage fee falling on the passenger transport with the amount of prior year it can be established that it increased by MHUF 4,114. The significant rise is due to the increase of the depreciation rate of the track railway assets. Further major item among the material type expenditures represents the cost of raw materials totalling MHUF 28,387, of which considerable part is charged to the vehicle maintenance.

Recharging the costs of the joint railway totalling MHUF 9,071 to the track railway (MHUF 5,348) and to the goods transport railway (MHUF 3,723) is recognised among the disposals.

Payments to personnel amounted to MHUF 76,340 in 2002, of which 67.09% represent wages.

Depreciation charge totalled MHUF 9,554 in 2002.

Other expenditures totalled MHUF 12,270, of which MHUF 1,044 were recharged by the entrepreneurial railway. (The amount of recharged other expenditures is received by deducting expenditures due to damages caused by the entrepreneurial railway from the ordinary costs of joint railway activities.)

Extraordinary revenues amount to MHUF 55,768, which also include the amount of loan reorganisations totalling MHUF 469.

Extraordinary expenditures amount to MHUF 1,990.

VI.3.1. Balance sheet and profit and loss account of the other entrepreneurial railway

No	Description of item	01/01/2002	Profit/loss of prior year	31/12/2002
01	A. INVESTED ASSETS (02.+10.+18.)	193,914	0	216,736
02	I. INTANGIBLE ASSETS (03.+...09.)	5,275	0	3,844
03	Capitalised value of foundation and restructuring costs	0		0
04	Capitalised value of research and development costs	47		66
05	Concessions and similar rights and assets	0		0
06	Intellectual property	5,228		3,778
07	Goodwill	0		0
08	Advance payments on intangible assets	0		0
09	Revaluation of intangible assets	0		0
10	II. TANGIBLE ASSETS (11.+...17.)	172,539	-1	194,104
11	Land and buildings and related concessions and similar rights	65,550		64,505
12	Technical equipment, machinery and vehicles	97,600	-1	116,198
13	Other equipment, fittings and vehicles	2,242		1,643
14	Breeding stock	0		0
15	Capital WIP, renovations	6,343		7,380
16	Advance payments on capital WIP	804		4,378
17	Revaluation of tangible assets	0		0
18	III. FINANCIAL INVESTMENTS (19.+...25.)	16,100	1	18,788
19	Long term investments in associated companies	10,873	1	11,843
20	Long term loans given to associated companies	7		49
21	Other long term investments	2,186		3,348
22	Long term loans given to other related companies	0		0
23	Other long term loans given	3,033		3,547
24	Securities representing long term loans	1		1
25	Revaluation of financial investments	0		0
26	B. Current assets (27.+34.+40.+45.)	48,191	320	33,079
27	I. INVENTORIES (28.+...33.)	4,099	0	4,911
28	Raw materials and consumables	3,976		4,775
29	Work in progress and semi-finished products	26		27
30	Animals	0		0
31	Finished goods	13		16
32	Goods	84		93
33	Advance payments on inventories	0		0
34	II. RECEIVABLES (35.+...39.)	35,467	305	19,542
35	Trade accounts receivable	16,247	161	748
36	Receivables from associated companies	1,931		680
37	Receivables from other related companies	144		38
38	Bills of exchange receivable	0		0
39	Other receivables	17,145	144	18,076
39/A.	Receivables from business line settlements	0		0
40	III. SECURITIES (41.+...44.)	0	0	0
41	Investments in associated companies	0		0
42	Other investments	0		0
43	Own shares, own quotas	0		0
44	Securities representing loans held for sale	0		0
45	IV. LIQUID ASSETS (46.+...47.)	8,625	15	8,626
46	Cash in hand, cheques	119		116
47	Bank deposits	8,506	15	8,510
48	C. PREPAID EXPENSES/ACCRUED INCOME (49.+...51.)	4,391	12	6,749
49	Accrued income	141		82
50	Prepaid expenses	4,250	12	6,667
51	Deferred expenses	0	0	0
52	TOTAL ASSETS (01.+26.+48.)	246,496	332	256,564

Table 70: Balance sheet of the other entrepreneurial railway, assets

No	Description of item	01/01/2002	Profit/loss of prior year	31/12/2002
53.	D. Equity (54.+...60.)	65,271	102	87,947
54.	I. ISSUED CAPITAL	85,321		84,461
	thereof: treasury shares repurchased at face value	0		0
55	II. ISSUED BUT NOT PAID CAPITAL (-)	0		0
56	III. CAPITAL RESERVES	5,764		6,802
57	IV. ACCUMULATED PROFIT RESERVE	-989		-29,537
58	V. NON-DISTRIBUTABLE RESERVES	5,826		3,664
59	VI. REVALUATION RESERVE	0		0
60	VII. PROFIT PER BALANCE SHEET	-30,651	102	22,557
61	E. Provisions (62.+...65.)	1,546	0	7,611
62	D. Equity (54.+...60.)	0		6,533
63	I. ISSUED CAPITAL	1,035		1,077
64	thereof: treasury shares repurchased at face value	511		1
65	F. LIABILITIES (lines 67.+71.+80.)	151,034	309	81,292
66	I. SUBORDINATED LIABILITIES (68.+..70)	0	0	0
67	Subordinated liabilities to associated companies	0		0
68	Subordinated liabilities to other related companies	0		0
69	Subordinated liabilities to other enterprises	0		0
70	II. LONG-TERM LIABILITIES (72.+...79.)	93,738	0	13,801
71	Long term credits	0		0
72	Convertible bonds	0		0
73	Debts on the issue of bonds	0		0
74	Investment and development loans	68,958		10,629
75	Other long term loans	24,700		0
76	Long term liabilities to associated companies	0		3,159
77	Long term liabilities to other related companies	0		0
78	Other long term liabilities	80		13
79	III. SHORT-TERM LIABILITIES (81.+...89.)	57,296	309	67,491
80	Short term credits	4		0
81	- thereof: Convertible bonds	0		0
82	Short term loans	16,012		17,183
83	Advance payments received from customers	1,096		48
84	Trade accounts payable	14,207	293	15,220
85	Bills of exchange payable	41		0
86	Short term liabilities to associated companies	6,579		2,930
87	Short term liabilities to other related companies	117		116
88	Other short term liabilities	6,610	16	6,492
88/A	Liabilities to business line settlements	12,630		25,502
89	G. ACCRUED EXPENSES (91.+..93.)	28,645	-79	79,714
90	Deferred revenues	24,689	-79	73,966
91	Accrued expenses and deferred income	3,956		5,748
92	Deferred income	0		0
93	TOTAL LIABILITIES AND SHAREHOLDERS EQUITY (53.+61.+66.+90.)	246,496	332	256,564

Table 71: Balance sheet of the other entrepreneurial railway, liabilities

No	Description of item	01/01/2002	Profit/loss of prior year	31/12/2002
.01.	Net domestic sales revenues	173,299	134	112,293
.02.	Net export sales revenues	11,250	146	5,154
I.	Net sales revenues (01.+02.)	184,549	280	117,447
I/A.	Recharged track usage fee	0		0
I/B.	Shared welfare revenues from joint railway activities	-110		-53
I/C.	Station and haulage fee and vehicle maintenance	0		30,168
.03.	Change in self-manufactured inventories	8		15
.04.	Capitalised value of self-manufactured assets	2,385		1,832
II.	Capitalised value of own performance (03.+04.)	2,393	0	1,847
II/A.	Other recharges between the railways (591)	-559		832
III.	Other revenues	15,071	2	4,443
	of which: reversal of impairment loss provision (962)	8,042		746
III/A.	Recharged other revenues	-366		-1,065
.05.	Cost of raw materials	30,260	14	28,387
.06.	Value of services used	42,267	271	28,231
.06/A.	Recharged track usage fee	44,747	1	36,256
.06/B.	Costs of joint railways activity	-4,170		-9,071
.06/C.	Station and haulage fee and vehicle maintenance	0		0
.07.	Value of other services	716		697
.08.	Cost of goods sold	759		679
.09.	Value of recharged services	3,105		894
IV.	Material-type expenditures (05.+06.+07.+08.+09.)	117,684	286	86,073
.10.	Wages	52,686		51,215
.11.	Other payments to personnel	6,136	1	5,980
.12.	Personnel related contributions	20,982	2	19,145
V.	Payments to personnel (10.+11.+12.)	79,804	3	76,340
VI.	Depreciation charge	12,071		9,554
VII.	Other expenses	14,920	-72	12,270
	of this: impairment loss (862)	6,612		746
VII/A.	Recharged other expenses	-937		-1,044
A.	OPERATING PROFIT (I+II+III-IV-V-VI-VIII)	-22,564	65	-29,574
.13.	Dividend received	641		425
	of which: received from associated companies	491		411
.14.	Gain on sale of investment	462		2
	of which: received from associated companies	435		0
.15.	Interest received and gain on financial investments	3	19	1
	of which: received from associated companies	0		0
.16.	Other interest received	176	1	269
	of which: received from associated companies	27		19
.17.	Other revenues from financial transactions	2,489		4,050
VIII.	Revenues from financial transactions (13.+14.+15.+16.+17.)	3,771	20	4,747
.18.	Loss on financial investments	10	2	13
	of which: given to associated companies	0		13
.19.	Interest paid	5,736	8	3,965
	of which: given to associated companies	0		0
.20.	Impairment loss of financial investment, securities and bank deposits	453		669
.21.	Other expenditures of financial transactions	8,926	-15	1,705
IX.	Expenditures of financial transactions (18.+19.+20.+21.)	15,125	-5	6,352
B.	FINANCIAL PROFIT (VIII-IX)	-11,354	25	-1,605
C.	PROFIT ON ORDINARY BUSINESS (A+B)	-33,918	90	-31,179
X.	Extraordinary revenues	3,918	12	55,768
.X/A.	Recharged extraordinary revenues	-102		-16
XI.	Extraordinary expenditures	366		1,990
XI/A.	Recharged extraordinary expenditures	-8		-3
D.	EXTRAORDINARY PROFIT (X-XI)	3,458	12	53,765
E.	NET PROFIT BEFORE TAXATION (C+D)	-30,460	102	22,586
XIII.	TAX LIABILITY	191		29
F.	PROFIT AFTER TAX (E-XII)	-30,651	102	22,557
.22.	Dividends paid out of accumulated profit reserve	0		0
.23.	Dividends paid (approved) out of current year profits	0		0
G.	PROFIT PER BALANCE SHEET (F+22.-23.)	-30,651	102	22,557

Table 72: Profit and loss account of the other entrepreneurial railway

No	Description	01-12. 2002
I.	Change in cash provided by operating activities (Operating cash flow, total of lines 1-13)	110,638
1.	Profit or loss before tax ±	22,586
	<i>of this: cash received stated among the revenues</i>	3
	<i>cash transferred stated among the expenditures</i>	-23
2.	Ordinary depreciation charged +	9,554
3.	Extraordinary depreciation charged +	
3.	Impairment loss recognised on invested assets +	1,851
4.	Impairment loss charged and written back -	-745
5.	Difference between provisions made and used ±	6,065
6.	Proceeds from sale of invested assets ±	-1,494
7.	Change in trade accounts payable ±	1,013
8.	Change in other short term liabilities ±	-4,859
9.	<i>of this: liability account of treasury property</i>	
9.	Change in accrued expenses/prepaid income ±	51,069
10.	Change in trade accounts receivable ±	15,499
11.	Change in current assets (net of trade accounts receivable and liquid assets) ±	-386
	<i>of this: increase in inventories</i>	-812
	<i>receivables from the state budget</i>	-1,242
	<i>bonds purchased for sale</i>	0
	<i>other receivables (excl. budget)</i>	1,668
11/a.	Change in the balance of business line settlements	12,872
12.	Change in prepaid expenses/accrued income ±	-2,358
13.	Corporate tax -	-29
14.	Dividends paid-	0
II.	Cash flow from investing activities (total of lines 15-18)	-31,993
15.	Purchase of invested assets -	-32,244
16.	Sale of invested assets +	3,825
17.	Advance payments on capital VIP ±	-3,574
18.	Dividends received +	0
III.	Cash flow from financing activities (total of lines 19-28)	-78,644
19.	Proceeds from issue of shares (capital involvement) +	0
20.	Proceeds from issue of bonds +	0
21.	Borrowing +	53,393
	<i>of this: MKB Rt. HUF loan (431,2)</i>	2,496
	<i>MFB Rt. foreign exchange loan (431,31)</i>	2,269
	<i>KFW 31 M EUR (431,33)</i>	7,475
	<i>GIR-MHR network loan (431,35)</i>	388
	<i>EBRD loan (431,37)</i>	4,426
	<i>EIB loan (431,38)</i>	9,593
	<i>OTP and Ker. Bank Rt. loan (431,4)</i>	1,366
	<i>Loans of Erste Bank Rt. (431,7)</i>	2,500
	<i>Liquidity loans (432,2)</i>	13,300
	<i>Short term loan and credit (45)</i>	5,700
	<i>Current account loans</i>	3,880
22.	Cash received +	19
23.	Other change in capital (profit of prior years) -	102
24.	Share withdrawal (capital decrease) -	0
25.	Bond redemption -	0
26.	Loan repayment -	-135,250
	<i>of this: World bank loan (431,1)</i>	-766
	<i>MKB Rt. HUF loan (431,2)</i>	-7,082
	<i>MFB Rt. foreign exchange loan (431,31)</i>	-553
	<i>KFW 31 M EUR (431,33)</i>	-7,475
	<i>MKB Rt. foreign exchange loans (431,34)</i>	-695
	<i>GIR-MHR network loan (431,35)</i>	-12,091
	<i>Eurofima loan (431,36)</i>	-49,121
	<i>EBRD loan (431,37)</i>	-359
	<i>EIB loan (431,38)</i>	-9,593
	<i>OTP and Ker. Bank Rt. loan (431,4)</i>	-2,783
	<i>Postabank Rt. loan (431,5)</i>	-249
	<i>Loans of CIB Rt. (431,6)</i>	-683
	<i>Liquidity loans (432,2)</i>	-38,000
	<i>Short term loan and credit (45)</i>	-5,800
27.	Cash transferred (not influencing the profit/loss) -	0
28.	Change in liabilities towards the owners and in other long term liabilities -	3,092
	<i>Of this: liability account of the treasury</i>	0
	<i>capital increase related to Russian rail-cars</i>	3,159
IV.	Total changes in cash and cash equivalents (±I±II±III) ±	1

Table 73: Cash flow statement of the other entrepreneurial railway

VII. Additional information

VII.1. Average staff number, wages, payments to personnel

Description of staff categories (according to FEOR)	Staff
- Service-like	10,219
- Industrial, building industry	13,036
- Machine operator, driver	6,203
- Requiring no qualification	2,169
Total blue-collar	31,627
- Management	1,258
- Production controller	8,566
- Senior administrator	3,739
- Other administrator	3,898
- Administrative employee	4,032
Total white-collar	21,492
TOTAL FULL-TIME EMPLOYEES	53,119
- Part-time blue-collar	376
- Part-time white-collar	209
Total part-time employees	585
- Pensioner blue-collar	41
- Pensioner white-collar	21
Total pensioners	62
TOTAL EMPLOYEES	53,766
Trainees	-
TOTAL STAFF NUMBER	53,766
BLUE-COLLAR	
Total master skilled workers	1,353
- of this travelling	373
Total other skilled workers	15,363
- of this travelling	4,920
Total semi-skilled workers	13,769
- of this travelling	3,439
Unskilled workers	1,142
TOTAL BLUE-COLLAR	31,627
- of this travelling	8,731

Table 74: Staff number of MÁV Rt. in 2001

Description	Average wage (HUF/person/month)		Base salary (HUF/person/month)	
	2001	2002	2001	2002
- blue-collar	85,187	97,147	62,925	70,061
- white-collar	116,988	131,069	91,799	103,187
Full-time employees	97,770	110,872	74,350	83,464

Table 75: Changes in average and base salaries

Description	2001	Breakdown	2002	Breakdown	Index (%)
Full-time employees	54,287	98.99	53,119	98.80	97.8
- blue-collar	32,807	59.82	31,627	58.82	96.4
- white-collar	21,480	39.17	21,492	39.97	100.1
Part-time employees	502	0.92	585	1.09	116.5
- blue-collar	332	0.61	376	0.70	113.3
- white-collar	170	0.31	209	0.39	122.9
Pensioners	50	0.09	62	0.12	124.0
- blue-collar	36	0.07	41	0.70	113.9
- white-collar	14	0.03	21	0.39	150.0
Total employees	54,839	100.00	53,766	100.00	98.0
Trainees	-	-	-	-	-
Total staff number	54,839	100.00	53,766	100.00	98.0

Table 76: Average staff number (person)

The development of payments to personnel by staff category is shown in the following table.

EVES												
B é r f a j t a												
	m.szakm	nem utazó fizikálak	s.munk	m.szakm	utazó fizikálak	bet.munk	fizikai összesen	szolg. fogl.	ip.ép.lp fogl.	g.kezelő járművez	szak.nem igénylő vezető	
ALAP ES IDOBER	869,124	7,765,598	5,837,421	537,231	383,601	5,026,779	2,030,444	6,123,780	9,394,927	5,830,741	1,120,750	2,617,912
TULORA ALAPDIJ	7,530	93,761	87,032	2,238	21,334	256,755	43,106	117,011	110,493	279,940	4,312	4,484
TELJESITMENYBER	3,387	136,967	107,173	72,299	91	11,767	1	16	143,152	109,536	78,981	428
ALLAS+ESOSIDO	0	0	0	0	0	0	0	0	0	0	0	0
TORZSBER O.	880,041	8,016,326	6,031,626	611,768	405,026	5,295,301	2,073,551	6,240,807	9,648,572	6,220,217	1,204,043	2,622,824
TULORA POT. 50%	974	12,786	15,677	543	2,304	32,534	8,952	22,872	14,765	35,045	1,088	370
TULORA POT. 75%	1,601	28,017	27,631	532	11,822	135,538	14,834	40,019	30,772	148,172	1,012	459
TULORA POT. 100%	174	4,580	3,182	54	590	7,860	853	3,019	5,655	8,558	81	68
MUSZAK POT. 30%	69,039	839,929	1,195,329	62,295	116,890	1,419,590	597,251	1,719,893	872,794	1,579,347	128,289	4,497
MUSZAK POT EGY%	4,508	74,016	62,027	18,065	354	4,979	1,152	35,164	69,792	27,913	32,232	3,211
EJSZAKAI P. 40%	3,153	39,831	18,097	1,714	120	6,192	0	69,097	151	60,178	6,544	9,058
PIHENONAPI POT.	3,080	26,657	17,055	185	495	10,113	5,143	62,728	16,929	34,634	10,709	1,696
ATH. PIHENONAP	514	7,057	5,834	176	395	3,838	1,068	18,882	4,754	9,374	4,333	421
NYELV POTLEK	0	25	29	0	0	37	1,294	1,385	25	32	0	45,605
EGYEB POTLEK	8,780	79,052	27,955	20,652	1,116	22,330	1,986	161,871	86,871	27,853	30,695	23,255
KESZENLET 25%	13,456	103,265	11,918	18	148	15,825	3	144,633	110	127,628	16,788	107
KESZENLET 50%	16,158	105,447	12,725	77	196	14,892	465	149,960	745	132,856	16,113	246
KESZENLET 65%	16,838	105,116	12,678	48	256	8,917	8	143,861	26	134,146	9,339	350
VARAKOZAS 50%	8	43	87	0	3,930	37,671	25,364	67,103	27,693	52	39,336	22
VARAKOZAS 110%	0	0	35	0	1,398	7,307	757	9,497	827	0	8,670	0
OSZT.MIDO 50%	11	585	62,209	1,132	0	927	270	65,134	59,415	505	2,478	1,505
OSZT.MIDO 110%	1	180	6,525	274	0	125	19	7,124	185	130	303	157
FIZETETT UNNEP	3,145	45,681	52,072	4,848	5,083	59,380	29,133	199,342	45,402	70,178	8,240	182
UGYELET 30%	0	269	114	0	0	24	18	425	58	269	28	70
UGYELET 60%	0	2	1	0	0	2	15	20	15	2	2	1
JUTALEK	0	17	958	342	0	15,811	243,838	260,966	17	10	370	1,467
SZIR POTLEK 10%	0	0	1	0	0	0	0	0	0	30	0	174
HOMUNKA DIJ	7	590	431	2	0	30	0	1,060	1,010	38	12	0
KESES 50%	11	21	37	0	44	1,263	493	1,869	67	1,293	1	30
2.MK SZUN.	380	11,475	11,240	321	678	4,955	233	29,282	11,143	10,708	6,091	1,340
BELF UTI	121	1,704	854	0	0	100	62	2,841	522	2,202	111	6
ATIRANYITAS	23	208	920	17	0	66	287	1,521	44	70	92	118
POTLEK OSSZ	141,982	1,486,553	1,545,621	111,295	145,819	1,810,346	933,498	6,175,114	1,639,953	2,019,211	210,394	263,917
SZABADSAG M30%	9,103	110,637	153,558	7,940	15,070	181,676	74,506	552,490	115,191	201,173	17,124	779
SZABADSAG	2,708	29,138	27,938	5,696	1,191	19,659	7,388	93,718	25,208	30,734	28,436	9,340
TAVOLLET VALTOZ	385	3,704	2,458	142	998	9,321	2,178	19,186	3,840	10,986	314	98
ATLAGKER VALTOZ	1,106	10,156	10,684	333	2,891	26,197	9,647	61,014	18,558	11,426	30,485	545
ATLAG+TAV ALAP	170,317	1,480,327	1,025,107	96,302	70,370	915,928	360,946	4,119,297	1,809,079	1,070,643	199,953	469,434
BERTOMEK KIFIZ	0	135	1,458	180	0	25	5	1,803	135	225	438	2,028
KIESO UNNEP	512	4,254	1,003	104	38	2,427	316	8,654	741	4,941	2,668	304
EGYEB KIEG FIZ.	1,482	1,815	281	0	0	0	3	3,581	3,347	1	59	8
ATVEZ 530 FT	99	1,297	5,768	173	1,266	13,400	3,026	25,029	8,710	1,355	14,597	367
ATVEZ 700 FT	29	459	1,559	23	212	1,896	1,369	2,915	483	2,089	60	5
KIEGBERFEJ01-02	846	10,467	19,035	315	1,177	15,623	6,019	53,482	22,472	12,698	17,155	1,157
UZEMV KOCSISER	284	5,755	112	2	5	109	30	6,297	46	6,016	229	6
SZALLA OK.KAR.	0	2	0	0	0	10	0	12	2	10	0	0
BALESET ELH.J.	57	563	325	14	57	742	165	1,923	383	742	768	30
ELTUL FELF JUT	0	77	52	0	0	29	67	225	97	55	73	0
IG+SZAKIG DIOS	300	1,590	1,030	60	60	780	120	3,940	1,150	1,770	960	60
VEZ DIOS+VAS SZ	70	300	300	0	70	540	0	1,280	300	370	610	0
ALLAMI KITUNT	0	0	0	0	0	350	0	350	0	350	0	3,290
EGYEB EVK JUT.	40	1,080	674	0	0	577	255	2,626	402	1,437	770	17
VASUTASNAPI JUT	40,937	360,473	257,698	25,486	18,008	233,320	88,377	1,024,299	432,401	271,704	51,706	26,177
TEL+BALESM JUT	2,161	70,124	159,110	65	17,535	205,172	3,406	457,573	161,728	70,457	224,861	123,143
KIV. UJIT JUT.	0	120	0	0	0	0	0	120	0	120	0	0
VEZ+MENEDZS JUT	0	0	0	0	0	0	0	0	0	0	0	392,527

Table 77: Wage costs of MÁV Rt. in 2002 by staff category I.

teljes munkaidős nem fizikailak		nem fiz		teljes m.		részsmunkaidős		nyugdíjas		szakm. iflományoi		foglalkoz	
term.ir	fels.ül	egyb.ül	ügypitel	összesen	összesen	fizikai	nem fiz	fizikai	nem fiz	tanuló	kívül	összesen	összesen
8,835,679	4,736,074	3,400,723	2,779,965	22,370,353	44,840,551	145,209	91,231	26,792	36,128	0	158,466	45,296,377	
209,395	11,129	17,361	27,830	270,199	781,955	568	60	120	171	0	1,692	784,566	
58,852	2,012	11,034	1,014	73,340	405,025	240	234	27	166	0	807	406,499	
83	15	0	0	98	98	0	0	0	0	0	0	98	
9,104,009	4,749,230	3,429,118	2,808,809	22,713,990	46,027,629	146,017	91,525	26,939	36,465	0	158,965	46,487,540	
26,615	1,488	4,610	5,720	38,803	112,573	144	19	28	32	0	369	113,165	
76,965	2,361	5,086	7,415	92,306	312,281	263	3	31	34	0	560	313,172	
16,117	2,141	518	457	19,301	36,614	0	0	0	0	0	6	36,650	
1,515,764	30,878	229,969	331,451	2,112,559	6,412,882	6,757	752	4,158	1,115	0	21,286	6,446,950	
26,763	3,895	35,691	66,866	136,446	301,547	510	109	115	45	0	437	302,763	
15,572	1,795	951	668	28,044	97,141	355	5	86	8	0	133	97,728	
40,340	1,917	3,628	5,305	52,886	115,614	127	7	23	30	0	261	116,062	
7,178	525	2,256	2,315	12,581	31,463	53	4	23	57	0	56	31,656	
1,997	55,872	2,764	2,773	109,011	110,396	0	1,480	0	0	0	1,349	113,225	
32,120	53,331	7,625	10,527	126,858	288,729	831	32	17	210	0	1,501	291,320	
120,330	33,447	4,571	414	216,848	361,281	138	180	19	1,132	0	492	363,242	
58,805	6,151	3,866	379	71,852	221,812	29	32	2	3	0	384	222,262	
51,664	3,352	2,300	324	59,130	202,991	6	0	0	0	0	355	203,352	
209	0	65	108	403	67,506	57	0	7	0	0	164	67,734	
75	0	2	50	127	9,624	0	0	0	0	0	7	9,631	
105,095	558	9,702	43,320	160,180	225,314	136	0	25	21	0	240	225,736	
15,990	0	765	911	17,823	24,947	39	5	0	2	0	4	24,997	
77,509	1,175	8,213	18,510	105,589	304,931	148	8	128	32	0	572	305,819	
21,014	34,100	1,022	2	161,240	161,665	0	7	0	430	0	0	162,102	
3,321	8,904	126	12	16,493	16,513	0	3	0	609	0	0	17,125	
34,898	3,359	3,019	57,226	99,969	360,935	275	111	0	44	0	2,702	364,067	
6,613	345	11	1	7,144	7,175	0	0	0	0	0	0	7,175	
47	0	6	1	54	1,114	0	0	0	0	0	4	1,118	
26	36	3	14	109	1,978	0	0	0	0	0	5	1,983	
51,285	285	3,371	1,769	56,776	86,058	17	3	24	31	0	101	86,234	
3,068	2,409	878	515	7,302	10,143	73	49	0	0	0	5	10,270	
2,710	515	500	255	4,098	5,619	0	19	0	0	0	48	5,686	
2,312,110	248,839	331,538	557,328	3,713,732	9,888,846	9,958	2,828	4,686	3,865	0	31,041	9,941,224	
190,855	4,525	31,146	47,794	275,099	827,589	594	43	446	82	0	6,827	835,551	
29,855	5,702	9,533	15,986	74,615	168,333	668	183	388	561	0	19,976	190,109	
8,985	257	1,169	1,618	12,127	31,313	80	0	1	0	0	8,076	39,470	
32,024	2,544	4,944	6,991	48,351	109,365	135	12	4	2	0	17,869	127,387	
1,687,585	904,674	645,381	530,381	4,237,455	8,356,752	30,756	17,352	4,264	7,326	0	236,852	8,653,302	
1,541	224	310	345	4,448	6,251	62	20	0	0	0	1,116	7,449	
2,534	591	408	628	10,439	19,093	40	7	2	2	0	539	19,683	
619	55	5	8	695	4,276	0	0	0	0	0	5	4,281	
4,518	75	1,093	2,109	7,804	32,833	56	5	5	3	0	91	32,993	
1,355	19	301	615	2,295	7,842	13	1	3	1	0	15	7,875	
24,877	15,513	9,032	8,274	66,971	120,453	196	118	24	44	0	812	121,647	
121	4	324	94	544	6,841	1	0	22	2	0	103	6,969	
0	0	0	0	0	12	0	0	0	0	0	0	12	
506	321	39	24	1,074	2,997	0	0	16	0	42	1,670	4,725	
BALESET ELH J.						0	0	0	0	0	830	1,200	
ELTULT FElf JUT	73	11	61	145	370	0	0	0	0	0	808	16,268	
IG+SZAKIG DICS	4,340	3,580	720	950	15,460	0	0	0	0	0	3,590	13,430	
VEZ DICS+VAS SZ	2,330	2,290	510	0	9,700	0	0	0	140	0	200	3,160	
ALLAMI KITUNT	180	300	150	0	2,610	0	0	0	0	0	0	200	
EGYEB EVK JUT.	1,511	8,318	1,335	71	37,412	40,038	20	0	0	0	4,653	44,711	
VASUTASNAPI JUT	410,750	220,711	156,314	129,037	1,039,955	2,064,254	4,583	3,334	522	1,629	113	37,701	2,112,136
TELJ+BALESN JUT	167,756	697	1,901	1,143	171,497	629,070	534	0	100	0	5,447	635,151	
KIV. UJT. JUT.	220	0	0	0	340	0	0	0	0	0	0	340	
VEZ+MENEDZS JUT	1,879	90,220	349	442	485,417	485,417	0	228	0	0	6,840	492,485	

Table 78: Wage costs of MÁV Rt. in 2002 by staff category II.

EVES B é r f a j t a	nem utazó fizikaiak		utazó fizikaiak		fizikai összesen	szolg. fogl.	lp.ép.lp fogl.	g.kezelő járművez	szak.nem igénylő	vezető
	m.szakm	e.szakm	s.munk	m.szakm	e.szakm					
ERDEKELTSEGIR	0	0	0	0	1,106	0	0	0	0	5,966
MOZGOBER	18,887	203,353	193,051	21,473	7,595	64,438	1,131	250,480	122,533	42,440
INFILACIO KOMP.	11,298	104,431	81,087	7,145	6,061	31,211	193,819	123,919	89,950	14,424
SAJAT BERMEGTAK	30	475	5,177	213	0	1,452	91,079	487	489	383
KORABBI MV. BER	0	27	19	0	25	0	6,672	27	0	19
TISZTELETDIJ	0	2,380	125	0	0	0	44	664	3,817	0
TAGI KEPVISELET	0	0	0	0	2,101	0	125	0	0	7,340
TOV. MUNKAVISZ	2	442	144	0	0	0	0	0	0	29,684
ELOADOI D SZAK.	20	284	0	0	20	0	0	568	40	0
ELOADOI DIJ	88	52	3	0	23	0	0	304	0	1,541
POLG. VED. TUZ.	0	19	157	8	0	0	166	143	23	6,086
SZAKERTOIIDIJ	0	0	0	0	0	0	77	107	0	0
FELMENT UT. KIF.	1,570	21,938	31,349	5,738	1,125	7,422	0	0	97	0
SZM TAN OSZT D.	0	0	0	0	0	0	26,079	25,212	24,082	11,301
NEM MKORBE MB	1,402	6,307	2,453	258	867	451	0	0	0	86,174
KOT SZAKMAI GY	0	0	0	0	0	0	13,690	9,543	1,131	430
ALKALMI M. BER	0	0	2	0	0	0	0	0	0	0
NEM MAV ALK. MB	80	334	403	58	232	1,424	2	2	0	23
IDKF SZAKERTOIID	0	0	0	0	0	0	1,629	689	1,629	301
521. Össz.	1,285,836	11,935,394	9,559,364	894,794	8,934,597	3,671,280	10,644,435	14,207,473	10,362,274	1,765,723
EGYEB TB JELL	1,177	11,745	15,381	4,265	7,592	4,411	45,632	15,991	10,602	5,639
BETEGSZABADSAG	21,435	217,301	169,359	19,171	8,068	58,866	599,554	172,240	127,240	35,350
TP HOZZAJARULAS	9,827	98,604	80,732	11,116	3,066	24,841	72,241	264,823	122,652	54,451
ONK NYDPT V HJ	19,939	148,252	94,529	9,083	14,734	42,700	74,158	122,652	54,451	6,155
EGPT VALL HJ	11,298	75,297	52,304	4,395	6,507	29,299	114,909	174,899	176,912	18,177
ONSPT VALL HJ	11,519	143,808	119,351	12,578	76,882	38,416	70,053	84,975	9,040	50,373
VEGKIEG KSZ	499	3,583	10,348	3,391	0	477	119,654	174,348	76,683	23,249
VEGKIEG MT	4,390	40,691	46,316	11,114	889	6,352	20,037	3,766	6,442	6,555
SEGELY	863	12,442	14,758	2,158	418	3,141	125,178	33,615	25,758	19,917
EGYEB KLF SZEMK	37	1,174	9	0	15	0	38,445	12,431	6,099	3,842
KORENG NYD	0	9,919	5,029	0	0	0	1,235	0	15	0
SZOCIAL OSSZES	80,984	762,816	608,116	77,271	39,144	210,503	5,033	9,915	0	416
SZMKKOT+TANOSZT	0	0	0	0	0	0	621,851	918,406	569,177	142,308
SZAKOKT OSSZES	0	0	0	0	0	0	0	0	0	0
ALBERLETI HJ	545	1,657	3,831	226	144	2,444	0	0	0	0
ETK HOZZAJARUL	25,346	276,959	267,482	28,653	9,601	87,097	5,631	2,544	1,719	484
UDULESI HJ	1,471	10,496	6,923	631	380	2,466	265,797	341,043	163,461	57,774
MUNKABAJARAS	1,224	29,855	21,907	1,758	402	3,772	7,276	13,122	7,502	1,433
GKV UZEMA MEGT	993	10,333	536	3	0	43	15,261	32,973	12,651	9,173
AJANDEK UT	6	17	15	2	0	11,407	23,315	11,451	11,857	6
TKM KTSZ	7,562	107,413	61,394	777	10,281	83,601	65	34	3	5
MAV SZJA	4,288	45,453	44,036	4,671	1,573	14,395	407,181	163,978	143,912	3,238
KIKULDETES	5,675	107,308	44,741	6,903	304	15,847	136,737	56,263	27,136	9,605
EGYEB JOV OSSZ	47,110	589,491	450,865	43,624	22,685	339,463	32,133	122,632	16,657	26,347
KOLTSEGTERITES	468	1,599	431	0	0	209,673	1,702,911	744,040	384,898	108,065
RUHA MEGVALT	0	1	65	0	16	2	3,613	2,169	720	21
EGYEB SZEM JELL	284	1,132	0	0	180	0	61	5	14	4
REPREZENTACIO	0	0	0	0	0	0	1,638	0	3	0
VEDOITAL	0	4	0	0	0	0	0	0	0	0
sz.jell. össz.	128,846	1,355,043	1,059,477	120,895	61,871	813,503	3,959,992	1,665,259	954,812	250,398
O S Z E S	1,414,682	13,290,437	10,618,841	1,015,689	760,511	9,748,100	40,939,897	11,732,968	15,873,732	2,016,121
										4,772,007

Table 79: Wage costs of MÁV Rt. in 2002 by staff category III.

B é r f a j t a	teljes munkaidős nem fizetialak term.jr	fels.ül	egyéb ül	nem fiz összesen	teljes m. összesen	rész munkaidős		nyugdíjas		szakm. illományor		összesen
						fizikai	nem fiz	fizikai	nem fiz	tanuló	kívül	
ERDEKELTSEGR	978	20,072	878	216	28,110	29,503	0	0	0	0	479	29,982
MOZGÓBER	171,700	72,154	76,881	79,972	412,989	1,022,261	3,636	2,485	384	566	0	8,989
INFLACIO KOMP.	124,713	55,874	40,959	36,992	293,644	613,016	1,199	857	209	489	52	12,203
SAJÁT BERMEGTAK	25,591	42,271	8,549	4,585	136,038	144,069	0	261	10	217	0	203
KORÁBBI M.V. BER	253	0	12	0	284	355	0	0	31	6	217	8,733
TISZTELETDIJ	8,342	9,844	3,252	43	28,821	33,427	0	0	0	0	0	9,342
TAGI KEPVISELET	0	3,669	0	180	33,533	33,533	0	0	0	0	0	49,550
TOV. MUNKAVISZ	779	2,338	949	150	5,185	5,793	715	0	0	0	0	1,049
ELOADOI D SZAK.	1,656	3,925	4,015	64	11,201	11,505	0	18	0	0	0	15,649
ELOADOI DIJ	5,303	11,907	12,902	291	36,489	36,655	0	56	0	74	0	5,560
POLG. VED. TUZ.	0	0	27	0	27	211	0	0	0	0	0	148
SZAKERTOI DIJ	88	2,142	528	0	2,758	2,855	0	0	0	0	0	9,494
FELMENT. UT KIF.	40,554	21,765	12,934	14,459	175,886	262,560	648	704	1,487	2,365	0	52,053
SZM.TAN OSZT.D.	0	0	0	0	0	0	0	0	0	0	0	18
NEM MKORBE MB	18,090	38,341	18,159	4,069	106,925	120,615	226	600	69	138	290	19,381
KOT SZAKMAI GY	150	0	0	0	150	150	0	0	0	0	658	2,352
ALKALMI M. BER	12	60	13	0	108	110	0	0	0	0	0	187
NEM MAV ALK. MB	4,087	1,209	386	316	10,948	15,184	0	0	0	0	2,001	146,751
IDKF SZAKERTOID	40	1,285	100	0	3,655	3,655	0	0	0	0	0	0
521. össz.	14,392,869	6,545,556	4,806,205	4,253,984	34,213,686	71,193,491	200,107	120,637	39,612	53,977	3,373	892,100
EGYEB TB JELL	5,191	1,725	1,763	3,501	12,622	58,254	122	0	0	0	0	1,967
BETEGSZABADSAG	141,006	75,134	68,974	65,762	371,364	971,018	3,276	1,944	313	341	389	7,838
TP HOZZAJARULAS	52,323	23,489	25,270	30,023	137,260	409,060	1,301	411	1	0	19	64,240
ONK NYDPT V.HJ	254,362	121,399	83,239	69,879	612,240	1,336	59	580	0	0	0	15,110
EGPT VALL HJ	136,779	81,271	55,670	45,308	369,401	625,383	1,397	1,128	44	164	0	9,171
ONSPT VALL HJ	118,318	28,606	39,789	44,559	240,976	634,910	1,095	865	58	218	0	9,687
VEGKIEG KSZ	16,003	10,772	5,844	4,073	91,377	111,414	48	0	0	0	0	14,302
VEGKIEG MT	61,964	28,378	18,691	19,344	224,437	349,615	1,556	0	0	0	0	77,998
SEGELY	7,525	4,027	5,794	5,930	23,941	62,386	349	225	12	0	0	23,054
EGYEB KLF SZEMK	186	652	171	26	9,828	11,063	0	0	1	5	0	8,342
KORENG NYD	80,814	6,369	22,206	17,096	126,901	141,849	0	0	0	0	0	523,837
SZOCIAL OSSZES	874,471	381,822	327,411	305,501	2,220,347	4,472,089	10,738	5,909	488	1,308	408	755,546
SZMKKOT+TANOSZT	590	3	195	0	888	888	0	0	0	0	0	86,281
SZAKOKT OSSZES	590	3	195	0	888	888	0	0	0	0	0	86,281
ALBERLETI HJ	2,447	2,586	1,412	1,485	8,264	18,642	84	90	0	0	0	1,011
ETK HOZZAJARUL	222,616	97,145	108,373	104,341	565,412	1,393,487	8,536	3,889	1,227	794	920	14,491
UDULESI HJ	26,179	27,013	15,159	8,032	79,857	109,190	379	607	0	14	0	140,200
MUNKABAJARAS	37,627	16,147	30,694	6,626	125,205	195,263	333	183	1	0	1,611	1,870
GKV UZEMA MEGT	3,163	404	982	114	5,954	29,259	10	17	0	8	0	13
AJANDEK UT	6	0	2	3	11	76	0	0	0	0	0	787
TKM KTSZ	24,311	6,401	5,266	1,182	37,769	444,950	1,228	101	79	123	0	5,915
MAV SZJA	40,271	23,897	20,719	18,280	145,613	282,350	1,385	730	194	133	0	51,317
KIKULDETES	28,194	47,591	40,326	13,746	171,891	369,680	802	272	27	32	0	32,710
EGYEB JOV.OSSZ	384,814	221,184	222,933	153,809	1,139,976	2,842,887	12,757	5,889	1,528	1,104	2,531	248,314
KOLTSÉGTERITES	6,538	5,771	2,423	107	30,152	33,765	39	13	0	52	20	148
RUHA MEGVALT	186	201	109	93	595	679	0	57	0	0	0	139
EGYEB SZEM JELL	4,072	14,344	2,283	0	23,427	25,065	0	24	0	0	0	60,481
REPREZENTACIO	5	1,280	827	32	52,754	52,754	0	0	0	0	0	2,351
VEDOITAL	0	0	0	0	0	4	0	0	0	0	0	0
sz.jell. össz.	1,270,776	624,605	556,181	459,642	3,468,139	7,428,131	23,534	11,892	2,016	2,464	95,095	1,153,260
O S Z E S	15,663,645	7,170,161	5,362,386	4,713,626	37,681,725	78,621,622	223,641	132,529	41,628	56,441	98,468	2,045,360
												81,219,689

Table 80: Wage costs of MÁV Rt. in 2002 by staff category IV.

VII.2. Presentation of MÁV Rt.'s investments by company

The changes in MÁV Rt.'s investments are shown in a breakdown by categories of changes and within that by companies as follows.

Development of **impairment loss** of investments by groups and companies

There were no impairment losses recognised at fully consolidated companies in 2002.

The development of impairment loss of subsidiaries managed as associated companies is shown in the following table:

in MHUF

Impairment loss of investments by companies	Increase	Decrease
MÁV Favéd Kft.	17	
MÁV EIFFEL Kft.	20	
Ferihegy Express Kft.	11	
Total subsidiary companies: (S02)	48	

Table 81: Impairment loss of subsidiaries (S02)

Changes in impairment loss of other investments (in MHUF)

Impairment loss of investments by companies	Increase	Decrease
Pan-Tel Rt.	622	
Total other companies: (S06)	622	

Table 82: Impairment loss of other investments

Impairment loss is recognised in accordance with § 54 para (2) c of the Act on Accounting.

The detailed development of **changes in share capital** of investments is shown in the following tables.

There were no changes in the share capital recognised at fully consolidated subsidiaries in the reported period.

The detailed development of changes in the share capital of subsidiaries managed as associated companies (in MHUF)

Investment	Increase	Decrease	Reason
MÁV Boglárka Kft.		0.6	impairment loss
MÁV Nosztalgia Kft.	0.6	0.0	contribution in-kind
MÁV Vagon Kft.		24.3	sale of business quota
MÁV Eiffel Kft.		4.3	sale of business quota
MÁV Lián Kft.		0.5	sale of business quota
MÁV ÉK Kft.		4.5	sale of business quota
MÁV Rakszer Kft.	5.0		contribution in cash
Záhonyi Hőtvár Kft.		8.7	sale of business quota
MÁV Vagyonkezelő Rt.	300.0	0.0	contribution in cash and contribution in-kind
Ferihegy Express Kft.	15.5	0.0	contribution in cash
Bilk -Logisztika Rt.	1,783.2		contribution in cash and contribution in-kind
Total subsidiaries: (S02)	2,104.3	42.9	

Table 83: Changes in share capital of subsidiaries

The detailed development of changes in the share capital of associated companies is shown in the following table:

(in MHUF)

Investment	Increase	Decrease	Reason
MÁV Multiszolg Kft.		12.2	sale of business quota
VAMAV Kft.	220.0		from the profit reserve
Ornament 2000 Kft.	-5.4	24.2	sale of business quota
Euro-Metall Kft.	3.5	0.0	contribution in cash
Bilk Kombiterminal Kft.	794.1	0.0	contribution in cash and contribution in-kind
Total associated companies: (S05)	1,012.2	36.4	

Table 84: Changes in the share capital of associated companies

The detailed development of changes in the share capital of other related companies

(in MHUF)

Investment	Increase	Decrease	Reason
Balaton-Boronka Kisvasút Kht.	0.5		purchase of business quota
Normon-Tool Kft.	0.1		purchase of business quota
Betka -Mavdac Kft.	0.0	2.4	liquidation
Euro-Phoenix Kft.	0.0	3.7	sale
Postabank Rt.	0.0	200.0	sale of shares
Total other companies: (S06)	0.6	206.1	

Table 85: Changes in the share capital of other related companies

Share capital was increased in the amount of MHUF 544.6 at the following companies:

(in MHUF)

Investment	Contribution in cash	Contribution in-kind
Nosztalgia Kft.	0.0	0.6
VAMAV Kft.	220.0	0.0
MÁV Rakszer Kft.	5.0	0.0
MÁV Vagyongezelő Rt.	100.0	200.0
Ferihegy Express Kft.	15.5	0.0
Eurometall Kft.	3.5	0.0
Total:	344.0	200.6

Table 86: Capital increases

New business quota were acquired in the amount of MHUF 2,577.7:

(in MHUF)

Investment	Contribution in cash	Contribution in-kind
Balaton-Boronka Kisvasút Kht.	0.5	0.0
Bilk-Log Rt.	1.8	1,781.3
Bilk Kombiterminal Rt.	200.0	594.0
Normon - Tool Kft.	0.1	0.0
Total:	202.4	2,375.3

Table 87: Foundation of companies

The following companies were sold:

(in MHUF)

Business quota sold	Share capital	Book value
MÁV Vagon Kft.	24.3	24.3
MÁV Eiffel Kft.	4.2	4.2
MÁV Boglárka Kft.	0.6	0.0
MÁV Lán Kft.	0.4	0.4
MÁV ÉK Kft.	4.4	1.7
Záhonyi Hőtvár Kft.	8.6	8.3
Ornament 2000 Kft.	24.1	16.3
MÁV Multiszoig Kft.	12.2	45.9
Total:	78.8	101.1

Table 88: Sales

Companies terminated by liquidation process:

(in MHUF)

Investments terminated	Share capital	Book value
Euro-Phoenix Kft.	3.7	0.0
Postabank Rt.	200.0	0.1
Betka-Mavdac Kft.	2.4	0.0
PTN Kft.	0.16	0
Total:	206.26	0.1

Table 89: Investments terminated

The detailed data of MÁV Rt.'s investments are shown in the following tables.

MÁV Rt. tulajdonosi társaságok 2002. 12.31-i lellára előtérítési csoportosításában

No	Name	Seat	Internal code	MÁV %	General ledger No	Share capital opening balance	Change in share capital					Share capital closing balance
							Share capital as at 01.01.2002 according to the Registry Court	Change in contribution in cash	Disposals of share capital	Change in contribution in kind	Sales	
1	MÁVTRANSPEED Kft	Budapest	1	100	161.1	300,000,000	0	0	0	0	0	300,000,000
2	MÁVFAVED Kft	Budapest	4	100	161.1	375,720,000	0	0	0	0	0	375,720,000
3	MÁVITI Kft	Budapest	5	100	161.1	80,000,000	0	0	0	0	0	80,000,000
4	MÁV Hídépítő Kft	Budapest	6	100	161.1	500,000,000	0	0	0	0	0	500,000,000
5	AUTÓRAIL Kft	Szeged	7	1	161.1	187,000	0	0	0	0	0	187,000
6	MÁVÉPSZER Kft	Budapest	8	100	161.1	234,330,000	0	0	0	0	0	234,330,000
7	MÁV-KO Kft	Budapest	9	33.3	161.1	11,000,000	0	0	0	0	0	11,000,000
8	MÁV Egressy Garázs Kft	Budapest	13	100	161.1	58,590,000	0	0	0	0	0	58,590,000
9	MÁV Nostalgia Kft	Budapest	15	57	161.1	5,037,000	0	0	663,000	0	663,000	5,700,000
10	MÁV Jégnyomda Kft	Budapest	16	100	161.1	51,000,000	0	0	0	0	0	51,000,000
11	MÁV VAGON Kft	Székesfehérvár	20	90	161.1	243,980,000	0	0	0	-24,398,000	-24,398,000	219,582,000
12	MÁV BIFEL Kft	Pácseny	21	98	161.1	42,760,000	0	0	0	-4,276,000	-4,276,000	38,484,000
13	MÁV Vasmű Kft	Szombathely	22	25	161.1	158,000,000	0	0	0	0	0	158,000,000
14	MÁV TISZAVAS Kft	Miskolc	23	100	161.1	662,050,000	0	0	0	0	0	662,050,000
15	Bombardier MÁV Kft	Dunaújváros	27	25.1	161.1	193,770,000	0	0	0	0	0	193,770,000
16	MÁV Szolnoki Jt Kft	Szolnok	28	100	161.1	1,200,000,000	0	0	0	0	0	1,200,000,000
17	MÁVAUT Kft	Celldömök	29	100	161.1	41,760,000	0	0	0	0	0	41,760,000
18	ESZAK-TRANS Kft	Miskolc	31	100	161.1	25,900,000	0	0	0	0	0	25,900,000
19	MÁV Eszaki J.J. Kft	Budapest	33	100	161.1	965,570,000	0	0	0	0	0	965,570,000
20	MÁV Debrecenti Jt Kft	Debrecen	34	100	161.1	406,520,000	0	0	0	0	0	406,520,000
21	VAMAV Kft	Gyöngyös	37	50	161.1	480,000,000	220,000,000	0	0	0	220,000,000	700,000,000
22	EURO-METAL Kft	Budapest	38	35	161.1	14,200,000	3,500,000	0	0	0	3,500,000	17,700,000
23	TRANSFER-R Kft	Záhony	40	28.5	161.1	19,000,000	0	0	0	0	0	19,000,000
24	TEKISZ Rt	Tuzsér	58	0.69	161.1	5,200,000	0	0	0	0	0	5,200,000
25	Hungarokombi Kft	Budapest	60	14.81	161.1	2,800,000	0	0	0	0	0	2,800,000
26	LOULEMPEX Kft	Bátonyterenye	62	7.8	161.1	24,320,000	0	0	0	0	0	24,320,000
27	RESTRI Rt	Budapest	84	14.48	161.1	15,077,000	0	0	0	0	0	15,077,000
28	MÁV ÉHK Kft	Kaposvár	86	100	161.1	44,520,000	0	0	0	0	0	44,520,000
29	MÁV BOGLÁRKA Kft	Bátaszék	88	90	161.1	6,320,000	0	0	0	-640,000	-640,000	5,680,000
30	MÁV LÁN Kft	Bátaszéknyírd.	90	90	161.1	4,700,000	0	0	0	-470,000	-470,000	4,230,000
31	ORNAMENT 2000 Kft	Miskolc	93	45.01	161.1	53,720,000	0	0	5,370,000	-24,170,000	-23,540,000	24,180,000
32	MÁV ÉP Kft Győr	Győr	94	100	161.1	24,600,000	0	0	0	0	0	24,600,000
33	MÁV KERT Kft	Budapest	96	100	161.1	46,270,000	0	0	0	0	0	46,270,000
34	MÁV ÉK Kft Szeged	Szeged	97	90	161.1	44,510,000	0	0	0	-4,450,000	-4,450,000	40,060,000
35	MÁV FK Kft	Jászberény	101	100	161.1	1,504,760,000	0	0	0	0	0	1,504,760,000
36	MÁV GEP Kft	Budapest	102	100	161.1	954,510,000	0	0	0	0	0	954,510,000
37	LOCO COMBI Kft	Oroszlány	108	9.6	161.1	130,000	0	0	0	0	0	130,000
38	Agrochimtranspac Kft	Budapest	111	30	161.1	82,000,000	0	0	0	0	0	82,000,000
39	MÁV Inet - Team Kft	Miskolc	113	48.48	161.1	1,600,000	0	0	0	0	0	1,600,000
40	MÁV THERMIT Kft	Erd	118	35	161.1	48,300,000	0	0	0	0	0	48,300,000
41	Vasutegeszéjségi Kft	Budapest	120	14.41	161.1	100,000,000	0	0	0	0	0	100,000,000
42	Hydra-Steel Gyógyár Kft	Székesfehérvár	121	0.011	161.1	13,445	0	0	0	0	0	13,445
43	Diágyár Sz. Gyár Kft	Miskolc	122	0.01	161.1	40,333	0	0	0	0	0	40,333
44	Diágyár Al. Szolg. Kft	Miskolc	123	0.01	161.1	23,527	0	0	0	0	0	23,527
45	Diágyár Vagyon Kft	Miskolc	124	0.01	161.1	82,657	0	0	0	0	0	82,657
46	Diágyár Mű. Al. Kft	Miskolc	125	0.01	161.1	30,250	0	0	0	0	0	30,250

Table 90: Changes in the share capital of MÁV Rt.'s investments I.

MÁV Rt. tulajdonú társaságok 2002.12.31-i leltára főkönyvi csoportosításban

No	Name	Seat	Internal code	MÁV %	General ledger No	Change in share capital					Share capital closing balance
						Share capital opening balance as at 01.01.2002 according to the Registry Court	Changes in share capital in 2002	Changes in share capital in 2001	Changes in share capital in 2000	Changes in share capital in 1999	
47	EUROFIMA Rt.	Budapest	128	0.2	161.1	88 680 800	0	0	0	0	88 680 800
48	Zed Linc Rt.	Budapest	129	50.2	161.1	25 100 000	0	0	0	0	25 100 000
49	MÁV RakSzr Kft.	Szombathely	130	100	161.1	16 810 000	0	0	0	5 000 000	21 810 000
50	MÁV KEV Kft.	Budapest	131	100	161.1	180 400 000	0	0	0	0	180 400 000
51	MÁVSN Kft.	Gyöngyös	132	100	161.1	198 300 000	0	0	0	0	198 300 000
52	MÁV KombiTerminal Kft.	Budapest	133	100	161.1	307 000 000	0	0	0	0	307 000 000
53	MÁV Úrszállító Rt.	Budapest	134	100	161.1	137 000 000	0	0	0	0	137 000 000
54	LOGISZTAR Kft.	Székesfehérvár	135	28.52	161.1	242 100 000	0	0	0	0	242 100 000
55	MÁV IK Kft.	Budapest	136	100	161.1	398 960 000	0	0	0	0	398 960 000
56	LOGISZOL Kft.	Szolnok	137	2	161.1	300 000	0	0	0	0	300 000
57	MÁV INFORMATIKA Kft.	Budapest	138	100	161.1	900 000 000	0	0	0	0	900 000 000
58	MÁV Vasúti Kft.	Budapest	139	100	161.1	214 760 000	0	0	0	0	214 760 000
59	VIACOM Rt.	Budapest	140	30	161.1	30 000 000	0	0	0	0	30 000 000
60	MÁV MLL TISZOLG Kft.	Budapest	141	26	161.1	61 280 000	0	0	0	0	61 280 000
61	PROLOG Kft.	Szeged	142	10	161.1	600 000	0	0	0	0	600 000
62	Záhonyi HOTAV Kft.	Záhony	143	90	161.1	86 680 000	0	0	0	0	86 680 000
63	MM CARGO Kft.	Budapest	144	100	161.1	48 990 000	0	0	0	0	48 990 000
64	Hodolai Rt.	Hódmezővásárhely	145	0.2	161.1	605 000	0	0	0	0	605 000
65	BCC	Budapest	146	3.5	161.1	860 864	0	0	0	0	860 864
66	MÁV Vagontekarélt Rt.	Budapest	147	100	161.1	248 328 000	0	0	0	0	248 328 000
67	EAST - RAIL Kft.	Triest	148	32	161.1	9 042 000	0	0	0	0	9 042 000
68	ZTF Kft.	Nyíregyháza	149	3.15	161.1	13 750 000	0	0	0	0	13 750 000
69	MÁV Rakár Kft.	Záhony	150	100	161.1	3 000 000	0	0	0	0	3 000 000
70	BVSC Zupló FC Kft.	Budapest	151	34.48	161.1	10 000 000	0	0	0	0	10 000 000
71	KOMBWEST Kft.	Győr	152	9	161.1	1 980 000	0	0	0	0	1 980 000
72	Pantei Rt.	Budapest	153	10.1	161.1	3 020 000 000	0	0	0	0	3 020 000 000
73	Szombathely Vasutas F.C.	Szombathely	154	33.2	161.1	10 000 000	0	0	0	0	10 000 000
74	MÁV Dent Kft.	Budapest	155	52.77	161.1	2 000 000	0	0	0	0	2 000 000
75	VBSZ Kft.	Budapest	156	25	161.1	1 250 000	0	0	0	0	1 250 000
76	Mozak Rt.	Mézőkovácsháza	157	0.1	161.1	300 000	0	0	0	0	300 000
77	EUROMETRO Kft.	Budapest	158	5	161.1	500 000	0	0	0	0	500 000
78	UniverTrans Kft.	Budapest	159	24.5	161.1	12 130 000	0	0	0	0	12 130 000
79	Bugaci Kivásztó Kft.	Bugac	160	16.66	161.1	500 000	0	0	0	0	500 000
80	ICA Austria Kft.	Austria	161	10	161.1	10 780 000	0	0	0	0	10 780 000
81	MÁV - REC Kft.	Budapest	162	48	161.1	24 500 000	0	0	0	0	24 500 000
82	BILK KombiTerminal Rt.	Budapest	163	33.03	161.1	0	0	0	0	0	0
83	BILK LOG Rt.	Budapest	164	98.89	161.1	0	0	0	0	0	0
84	HIT Rail B.V.	Hollandia, Utrecht	165	6.66	161.1	54 840 000	0	0	0	0	54 840 000
85	Freiburg Express Kft.	Budapest	166	50	161.1	25 000 000	0	0	0	0	25 000 000
86	Relaton-Bucarka Kivásztó Kft.	Kapuvár	167	8.93	161.1	0	0	0	0	0	0
87	NORMON-TOOL Kft.	Béácscsaba	168	0.1	161.1	132 200	0	0	0	0	132 200
88	KONZUM Ürekezőpont	Tatabánya	169	27	161.1	100 000	0	0	0	0	100 000
89	MAOV KONZULT Kft.	Budapest	170	3	161.1	510 000	0	0	0	0	510 000
90	EURO PHOENIX Kft.	Budapest	171	7.42	161.1	3 720 000	0	0	0	0	3 720 000
91	Postabank Rt.	Budapest	172	0.01	161.1	200 000 000	0	0	0	0	200 000 000
						15 537 007 876	546 508 200	-1 610 000 000	2 570 667 400	-283 054 000	16 761 129 476

Table 91: Changes in the share capital of MÁV Rt.'s investments II.

MÁV Rt. tulajdonú láraságok 2002.12.31-i lejárta főkönyvi csoportosításban

No	Name	székhely	Internal code	MÁV %	Book value opening balance	Changes in book value					Book value closing balance	Revenues from dividends for the year 2001
						Change in contribution capital	Change in share premium	Change in reserves	Change in other equity	Total changes in the reported year		
1	MÁVTRANSPED Kft	Budapest	1	100	111 200 000						111 200 000	39 232 000
2	MÁV FÁVED Kft	Budapest	4	100	17 259 000					-17 259 000	0	0
3	MÁV TI Kft	Budapest	5	100	80 000 000						80 000 000	0
4	MÁV Hídlépő Kft	Budapest	6	100	500 000 000						500 000 000	8 270 000
5	AUTORAIL Kft	Szeged	7	1	0						0	0
6	MÁVÉPSZER Kft	Budapest	8	100	159 764 000						159 764 000	0
7	MÁV-KO Kft	Budapest	9	33,3	2 757 000						2 757 000	0
8	MÁV Egressy/Carbus Kft	Budapest	13	100	54 611 000	683 000				683 000	54 611 000	9 777 000
9	MÁV Noszra Kft	Budapest	15	57	5 037 000						5 037 000	2 508 000
10	MÁV Jégnyomda Kft	Budapest	16	100	81 000 000						81 000 000	17 299 000
11	MÁV VAGON Kft	Székesfehérvár	20	96	243 980 000					-24 398 000	219 582 000	5 458 000
12	MÁV EFFEK Kft	Pácsont	21	34	12 760 000					-4 276 000	16 558 000	0
13	MÁV Vasúti Kft	Szombathely	22	25	159 000 000					-19 925 000	158 000 000	0
14	MÁV TISZAYAS Kft	Miskolc	23	100	459 428 000					0	459 428 000	0
15	Bombardier MÁV Kft	Dunaújváros	27	25,1	130 111 000					0	130 111 000	0
16	MÁV Szolnoki JJ Kft	Szolnok	28	100	1 200 000 000					0	1 200 000 000	16 210 000
17	MÁV ALUT Kft	Celldömök	29	100	41 760 000					0	41 760 000	0
18	ÉSZAK-TRANS Kft	Miskolc	31	100	15 778 000					0	15 778 000	28 900 000
19	MÁV Északi JJ Kft	Budapest	33	100	965 570 000					0	965 570 000	19 976 241
20	MÁV Debreceni JJ Kft	Debrecen	34	100	406 520 000					0	406 520 000	43 400 000
21	VAMAV Kft	Gyöngyös	37	56	480 000 000					0	480 000 000	123 272 473
22	EURO-METALL Kft	Budapest	38	35	14 200 000	3 500 000				3 500 000	17 700 000	0
23	TRANSFER-R Kft	Záhony	40	28,5	19 000 000					0	19 000 000	0
25	TEKISZ Rt	Tuzsár	58	0,69	5 200 000					0	5 200 000	7 000 000
26	Hungarokombi Kft	Budapest	60	14,81	800 000					0	800 000	0
27	JOULEIMPEX Kft	Bátányternye	62	16	0					0	0	0
28	RESTIRI	Budapest	84	14,48	15 077 000					0	15 077 000	0
29	MÁV ÉK Kft	Kaposvár	86	100	0					0	0	0
30	MÁV BOGLÁRKA Kft	Bátányboglár	86	100	0					0	0	0
31	MÁV LIÁN Kft	Budaörs	90	90	4 435 000					0	4 435 000	0
32	ORNAMENT 2000 Kft	Miskolc	93	60	37 825 000					-443 000	37 382 000	3 000 000
33	MÁV ÉP Kft Győr	Győr	94	100	0					-16 321 000	0	0
34	MÁV KERT Kft	Budapest	96	100	46 270 000					0	46 270 000	12 354 000
35	MÁV ÉK Kft Szeged	Szeged	97	90	17 215 000					0	17 215 000	0
36	MÁV FKGN Kft	Jászberény	101	100	1 504 760 000					-15 454 000	1 504 760 000	12 703 000
37	MÁV GEP Kft	Budapest	102	100	954 510 000					0	954 510 000	15 231 000
38	LOCO COMBI Kft	Orchida	108	9,6	130 000					-1 722 000	0	0
39	Agrohimnospack Kft	Budapest	111	30	76 332 100					0	76 332 100	0
40	MÁV Intel Team Kft	Miskolc	113	48,48	1 500 000					0	1 500 000	0
41	MÁV THERMIT Kft	Erd	116	35	48 300 000					0	48 300 000	0
42	Vasútegépítő Kft	Budapest	120	14,41	87 665 300					0	87 665 300	0
43	Hydro-Szelelő Kft	Szécsény	121	0,011	0					0	0	0
44	Dőssyvízi Sz. gyár Kft	Miskolc	122	0,01	0					0	0	0
45	Dőssyvízi Áll. Szolg. Kft	Miskolc	123	0,01	0					0	0	0
46	Dőssyvízi Végző Kft	Miskolc	124	0,01	0					0	0	0
47	Dőssyvízi Metall Kft	Miskolc	125	0,01	0					0	0	0

Table 92: Changes in the book value of MÁV Rt.'s investments I.

MÁV Rt. tulajdonú társaságok 2002.12.31-i lellára tékényvi csoportosításban

No	Name	székhely	Internal code	MÁV %	Book value opening balance	Changes in book value					Book value closing balance	Revenues from dividends for the year 2001
						Change in contribution in cash	Change in contribution in kind	Share sales	Impairment losses recognised in 2002	Total changes in the reporting year		
48	EUROFIMA Rt.	Budapest	128	0,2	88 680 000					0	88 680 000	6 937 990
49	Zold Line Rt.	Budapest	129	50,2	0					0	0	0
50	MÁV Rakész Rt.	Szombathely	130	100	16 910 000	5 000 000				5 000 000	21 910 000	0
51	MÁV KEV Rt.	Budapest	131	100	180 400 000					0	180 400 000	0
52	MÁVSN Rt.	Gyöngyös	132	100	199 900 000					0	199 900 000	0
53	MÁV Kombiterminal Kft.	Budapest	133	100	307 000 000					0	307 000 000	0
54	MÁV Utazási Rt.	Budapest	134	100	137 000 000					0	137 000 000	384
55	LOGISZTAR Kft.	Székesfehérvár	135	28,52	239 975 400					0	239 975 400	12 227 674
56	MÁV IK Rt.	Budapest	136	100	388 960 000					0	388 960 000	0
57	LOGISZOL Kft.	Szolnok	137	2	0					0	0	0
58	MÁV INFORMATIKA Kft.	Budapest	138	100	800 000 000					0	800 000 000	39 676 962
59	MÁV Vasúti Rt.	Budapest	139	100	214 760 000					0	214 760 000	0
60	VIA COM Rt.	Budapest	141	30	30 000 000					0	30 000 000	0
61	MÁV MULTISZOLG Kft.	Budapest	142	26	67 280 000			-45 946 000		-45 946 000	15 332 000	0
62	PRAELOG Kft.	Szeged	143	10	0			-8 347 000		-8 347 000	75 119 000	3 534 418
63	Záhonyi HŐTÁV Kft.	Záhony	144	90	83 466 000			8 085 000		8 085 000	91 551 000	0
64	MM CARGO Kft.	Budapest	145	100	9 085 000			605 000		605 000	9 690 000	0
65	Hódmező Rt.	Hódmezővásárhely	146	0,2	605 000					0	605 000	0
66	BCC	Bruxelles	147	3,5	860 864					0	860 864	0
67	MÁV Vagyonkezelő Rt.	Budapest	149	100	224 133 000	100 000 000	200 000 000			300 000 000	824 133 000	0
68	EAST - RAIL Kft.	Triest	150	32	9 042 000					0	9 042 000	0
69	ZTF Kft.	Nyíregyháza	151	3,15	13 750 000					0	13 750 000	0
70	MÁV Rakár Kft.	Záhony	152	100	2 000 000					0	2 000 000	0
71	BUSC Zsigó FC Kft.	Budapest	153	34,48	0					0	0	0
72	KOMBWEST Kft.	Győr	154	9	0					0	0	0
73	Pantel Rt.	Budapest	155	10,1	1 904 714 016					-621 855 016	1 282 859 016	0
74	Szombathely Vasutas F.C.	Szombathely	156	33,2	0					0	0	0
75	MÁV Dent Kft.	Budapest	157	52,77	2 000 000					0	2 000 000	0
76	VBSZ Kft.	Budapest	158	25	1 250 000					0	1 250 000	0
77	Mozak Rt.	Mezőkövesd	159	0,1	300 000					0	300 000	0
78	EUROMETRO Kft.	Budapest	160	5	500 000					0	500 000	0
79	UniverTrans Kft.	Budapest	161	24,5	48 044 037					0	48 044 037	0
80	Bugac Kisvasút Kft.	Bugac	162	16,66	500 000					0	500 000	0
81	ICA Austria Kft.	Ausztria	164	10	10 780 000					0	10 780 000	0
82	MÁV - REC Kft.	Budapest	165	49	24 500 000					0	24 500 000	0
83	BILK Kombiterminal Rt.	Budapest	167	33,03	0	200 000 000	594 073 200			784 073 200	784 073 200	0
84	BILK-LOG Rt.	Budapest	168	99,98	54 840 000	1 876 000	1 781 301 200			1 783 177 200	1 783 177 200	0
85	HIT Rail B.V.	Hollandia, Utrecht	169	6,66	25 000 000	15 500 000				5 042 000	40 542 000	0
86	Ferret Express Kft.	Budapest	170	50	0					-10 468 000	-10 468 000	0
87	Balaton-Boronka Kisvasút Kft.	Kaposvár	171	8,93	0	500 000				500 000	500 000	0
88	NORMON-TOOL Kft.	Békéscsaba	172	0,1	0	132 200				132 200	132 200	0
89	KONZUM Üzemeltető Kft.	Tatabánya	59	27	0					0	0	0
91	MÁV KONZULT Kft.	Budapest	3	51	0					0	0	0
92	EURO-PRÓDEX Kft.	Budapest	140	7,42	100 000					0	100 000	0
93	Postabank Rt.	Budapest	81	0,01	13 059 293 517	327 171 200	2 575 374 400	-101 555 000	-100 000	-666 468 000	15 190 786 117	424 967 642

Table 93: Changes in the book value of MÁV Rt.'s investments II.

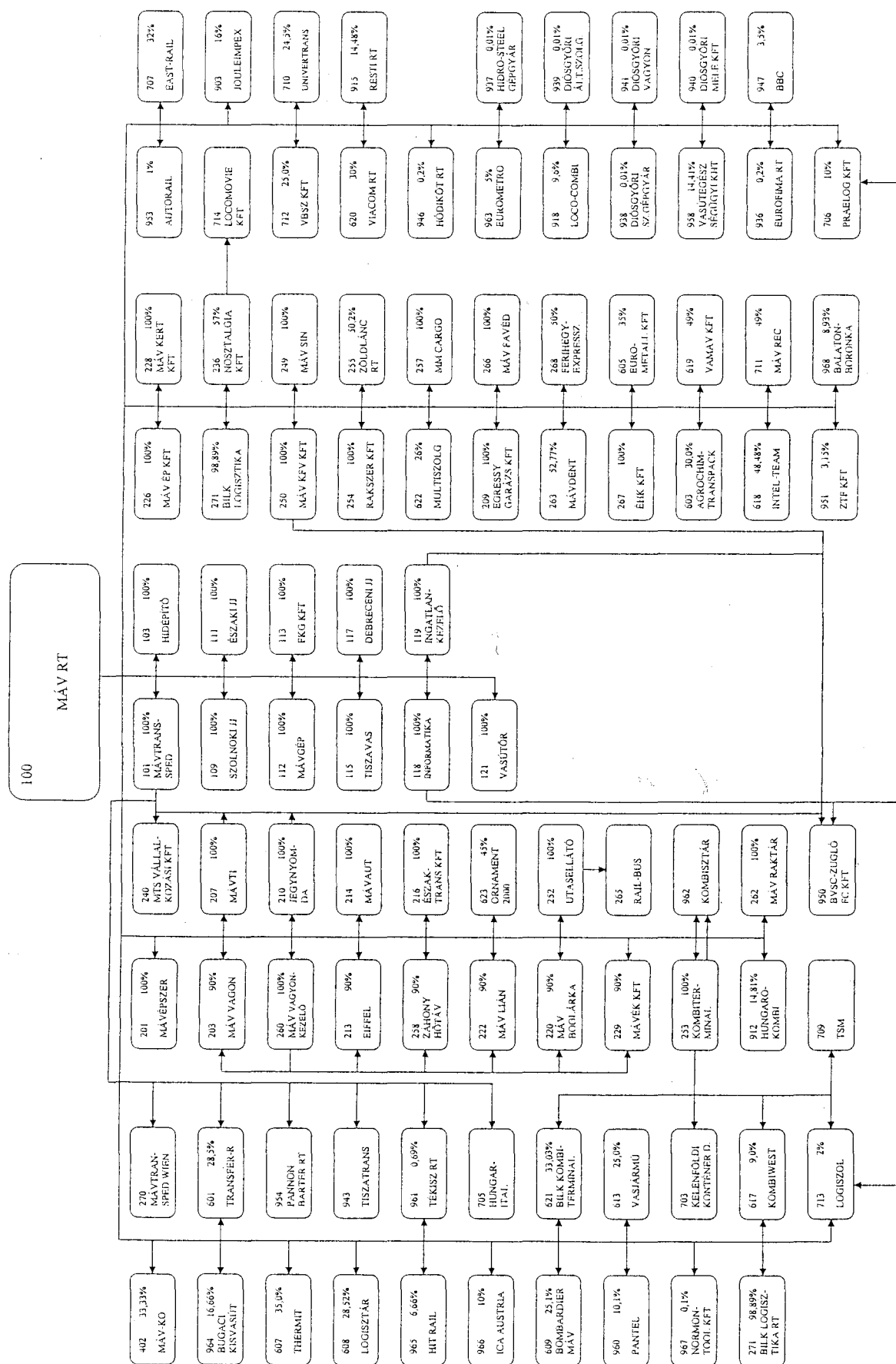


Table 94: Structure of the MÁV group

VII.3. Emoluments paid to the members of the Board of Directors, Management and the Supervisory Board

Description	Emolument in MHUF
Board of Directors	37
Management	335
Supervisory Board	16
Total	388

Table 95: Emoluments

In 2002, loans were granted to the senior executives of MÁV Rt. in the amount of MHUF 1.9.

VII.4. Shares of MÁV Rt.

The share capital of the Company consists of 18,800,000 pieces of registered shares with a par value of HUF 10,000 each. The shares may not be transferred into any other type of shares and may not be assigned.

The shares of the Company are printed as shares of cumulative denomination in accordance with the rules on securities.

The founder is entitled to exercise all shareholders' rights in accordance with the Act on Business Associations.

VII.5. Items affecting prior years' balance sheets and profit and loss statements of MÁV Rt.

No	Description of item	1997	1998	1999	2000	2001	Total
.01.	A. NON-CURRENT ASSETS	-664	25,890	-825,937	-961,978	-1,222,263	-2,984,952
.02.	I. INTANGIBLE ASSETS	0	0	0	0	0	0
.03	Capitalised value of foundation and restructuring costs	0	0	0	0	0	0
.04	Capitalised value of research and development costs	0	0	0	0	0	0
.05	Concessions and similar rights and assets	0	0	0	0	0	0
.06	Intellectual property	0	0	0	0	0	0
.07	Goodwill	0	0	0	0	0	0
.08	Advance payments on intangible assets	0	0	0	0	0	0
.09	Revaluation of intangible assets	0	0	0	0	0	0
.10	II. TANGIBLE ASSETS	-1,101	363	-825,937	-961,978	-1,222,915	-3,011,568
.11	Land and buildings and related concessions and similar rights	-1,101	2,452	-776,037	-903,023	-1,153,026	-2,830,735
.12	Technical equipment, machinery and vehicles	0	-2,089	-48,685	-57,334	-68,444	-176,552
.13	Other equipment, fittings and vehicles	0	0	-1,215	-1,621	-1,445	-4,281
.14	Breeding stock	0	0	0	0	0	0
.15	Capital WIP, renovations	0	0	0	0	0	0
.16	Advance payments on capital WIP	0	0	0	0	0	0
.17	Revaluation of tangible assets	0	0	0	0	0	0
.18	III. FINANCIAL INVESTMENTS	437	25,527	0	0	663	26,627
.19	Long term investments in associated companies	0	0	0	0	663	663
.20	Long term loans given to associated companies	0	0	0	0	0	0
.21	Other long term investments	0	0	0	0	0	0
.22	Long term loans given to other related companies	0	0	0	0	0	0
.23	Other long term loans given	437	25,527	0	0	0	25,964
.24	Securities representing long term loans	0	0	0	0	0	0
.25	Revaluation of financial investments	0	0	0	0	0	0
.26	B. Currents assets	0	5,133	-382	127,104	763,029	894,884
.27	I. INVENTORIES	0	0	0	-739	94,726	93,987
.28	Raw materials and consumables	0	0	0	-739	95,005	94,266
.29	Work in progress and semi-finished products	0	0	0	0	0	0
.30	Animals	0	0	0	0	0	0
.31	Finished goods	0	0	0	0	0	0
.32	Goods	0	0	0	0	-279	-279
.33	Advance payments on inventories	0	0	0	0	0	0
.34	II. RECEIVABLES	0	5,133	-382	127,920	653,132	785,803
.35	Trade accounts receivable	0	-174	-1,431	1,962	409,197	409,554
.36	Receivables from associated companies	0	0	0	0	0	0
.37	Receivables from other related companies	0	0	0	0	0	0
.38	Bills of exchange receivable	0	0	0	0	0	0
.39	Other receivables	0	5,307	1,049	125,958	243,935	376,249
.40	III. SECURITIES	0	0	0	0	0	0
.41	Investments in associated companies	0	0	0	0	0	0
.42	Other investments	0	0	0	0	0	0
.43	Own shares, own quotas	0	0	0	0	0	0
.44	Securities representing loans held for sale	0	0	0	0	0	0
.45	IV. LIQUID ASSETS	0	0	0	-77	15,171	15,094
.46	Cash in hand, cheques	0	0	0	-77	115	38
.47	Bank deposits	0	0	0	0	15,056	15,056
.48	C. PREPAID EXPENSES AND ACCRUED INCOME	0	6,232	5,658	0	0	11,890
.49	Accrued income	0	6,232	5,658	0	0	11,890
.50	Prepaid expenses	0	0	0	0	0	0
.51	Deferred expenses	0	0	0	0	0	0
.52	TOTAL ASSETS	-664	37,255	-820,661	-834,874	-459,223	-2,078,167

Table 96: Assets side of MAV Rt.'s middle column (THUF)

No	Description of item	1997	1998	1999	2000	2001	Total
.53	D. Equity (54+...61.)	-3	312,400	-4,044,431	-4,703,068	-3,961,257	-12,396,359
.54	I. ISSUED CAPITAL	0	0	0	0	0	0
.55	thereof: treasury shares repurchased at face value	0	0	0	0	0	0
.56	II. ISSUED BUT NOT PAID CAPITAL (-)	0	0	0	0	0	0
.57	III. CAPITAL RESERVES	0	0	0	0	0	0
.58	IV. ACCUMULATED PROFIT RESERVE	0	0	0	0	0	0
.59	V. NON-DISTRIBUTABLE RESERVES	0	0	0	0	0	0
.60	VI. REVALUATION RESERVE	0	0	0	0	0	0
.61	VII. PROFIT PER BALANCE SHEET	-3	312,400	-4,044,431	-4,703,068	-3,961,257	-12,396,359
.62	E. Provisions (63+...65.)	0	0	0	0	0	0
.63	1. Provisions for expected liabilities	0	0	0	0	0	0
.64	2. Provisions for future expenses	0	0	0	0	0	0
.65	3. Other provision	0	0	0	0	0	0
.66	F. LIABILITIES (lines 67+71+80)	-355	6,874	3,582,700	3,989,560	4,517,532	12,096,311
.67	I. SUBORDINATED LIABILITIES	0	0	0	0	0	0
.68	Subordinated liabilities to associated companies	0	0	0	0	0	0
.69	Subordinated liabilities to other related companies	0	0	0	0	0	0
.70	Subordinated liabilities to other enterprises	0	0	0	0	0	0
.71	II. LONG-TERM LIABILITIES	0	0	3,065,719	3,357,970	3,570,798	9,994,487
.72	Long term credits	0	0	0	0	0	0
.73	Convertible bonds	0	0	0	0	0	0
.74	Debts on the issue of bonds	0	0	0	0	0	0
.75	Investment and development loans	0	0	0	0	0	0
.76	Other long term loans	0	0	0	0	0	0
.77	Long term liabilities to associated companies	0	0	0	0	0	0
.78	Long term liabilities to other related companies	0	0	0	0	0	0
.79	Other long term liabilities	0	0	3,065,719	3,357,970	3,570,798	9,994,487
.80	III. SHORT-TERM LIABILITIES	-355	6,874	516,981	631,590	946,734	2,101,824
.81	Short term credits	0	0	0	0	0	0
.82	of this: convertible bonds	0	0	0	0	0	0
.83	Short term loans	0	0	0	0	0	0
.84	Advance payments received from customers	0	0	0	0	0	0
.85	Trade accounts payable	0	7,478	4,106	37,692	293,728	343,004
.86	Bills of exchange payable	0	0	0	0	0	0
.87	Short term liabilities to associated companies	0	0	0	0	0	0
.88	Short term liabilities to other related companies	0	0	0	0	0	0
.89	Other short term liabilities	-355	-604	512,875	593,898	653,006	1,758,820
.90	G. ACCRUED EXPENSES	-306	-282,019	-358,930	-121,366	-1,015,498	-1,778,119
.91	Deferred revenues	0	-203,349	-267,442	-103,404	-930,216	-1,504,411
.92	Accrued expenses and deferred income	-306	-78,670	-91,488	-17,962	-85,282	-273,708
.93	Deferred income	0	0	0	0	0	0
.94	TOTAL LIABILITIES	-664	37,255	-820,661	-834,874	-459,223	-2,078,167

Table 97: Liabilities side of MÁV Rt.'s middle column (in THUF)

Profit and loss account (in THUF)

No	Description of item	1997	1998	1999	2000	2001	Total
.01	Net domestic sales revenues	211	-627	-8891	188	315,949	306,830
.02	Net export sales revenues	0	0	0	125,900	88,871	214,771
I.	Net sales revenues (01.+02.)	211	-627	-8,891	126,088	404,820	521,601
.03	Change in self-manufactured inventories	0	0	0	0	0	0
.04	Capitalised value of self-manufactured assets	0	0	0	0	0	0
II	Capitalised value of own performance (-+03.+04.)	0	0	0	0	0	0
III.	Other revenues	581	1,183	1,123	-429	76,469	78,927
	of which: reversal of impairment loss provision (962)	0	0	0	0	0	0
.05	Cost of raw materials	0	5,522	3,709	4,457	-95,011	-81,323
.06	Value of services used	0	53	293	29,642	280,854	310,842
.07	Value of other services	0	0	0	0	1,392	1,392
.08	Cost of goods sold	0	0	0	0	0	0
.09	Value of recharged services	0	0	0	0	0	0
IV.	Material-type expenditures (05.+06.+07.+08.+09.)	0	5,575	4,002	34,099	187,235	230,911
.10	Wages	0	0	0	0	318	318
.11	Other payments to personnel	0	0	0	0	805	805
.12	Personnel related contributions	0	0	0	1,585	228	1,813
V.	Payments to personnel (10.+11.+12.)	0	0	0	1,585	1,351	2,936
.VI	Depreciation charge	0	7	4,396,849	4,908,986	5,414,742	14,720,584
VII	Other expenses	1101	-101,433	981	2,467	-75,268	-172,152
	of which: impairment loss provision (862)	0	0	0	0	0	0
A.	OPERATING PROFIT (I+-II+III-IV-V-VI-VII)	-309	96,407	-4,409,600	-4,821,478	-5,046,771	-14,181,751
.13	Dividend received	0	0	0	0	0	0
	of which: received from associated companies	0	0	0	0	0	0
.14	Gain on sale of investment	0	0	0	0	0	0
	of which: received from associated companies	0	0	0	0	0	0
.15	Interest received and gain on financial investments	0	5,307	924	-190	163,383	169,424
	of which: received from associated companies	0	0	0	0	0	0
.16	Other interest received	0	0	0	0	1,726	1,726
	of which: received from associated companies	0	0	0	0	0	0
.17	Other revenues from financial transactions	0	0	0	0	0	0
VIII.	Revenues from financial transactions (13.+14.+15.+16.+17.)	0	5,307	924	-190	165,109	171,150
.18	Loss on financial investments	0	1,903	254	1,723	12,145	16,025
	of which: given to associated companies	0	0	0	0	0	0
.19	Interest paid	0	0	89	1,043	13,855	14,987
	of which: given to associated companies	0	0	0	0	0	0
.20.	Impairment loss of financial investment, securities and bank deposits	0	0	0	0	0	0
	of which: given to associated companies	0	0	0	0	0	0
.21.	Other expenditures of financial transactions	0	0	0	0	-11,011	-11,011
IX.	Expenditures of financial transactions (18.+19.+20.+21.)	0	1,903	343	2,766	14,989	20,001
B.	FINANCIAL PROFIT (VIII-IX)	0	3,404	581	-2,956	150,120	151,149
C.	PROFIT ON ORDINARY BUSINESS (+-A+-B)	-309	99,811	-4,409,019	-4,824,434	-4,896,651	-14,030,602
X	Extraordinary revenues	306	212,589	364,588	121,366	935,394	1,634,243
XI.	Extraordinary expenditures	0	0	0	0	0	0
D.	EXTRAORDINARX PROFIT (X-XI)	306	212,589	364,588	121,366	935,394	1,634,243
E.	NET PROFIT BEFORE TAXATION (+-C+-D)	-3	312,400	-4,044,431	-4,703,068	-3,961,257	-12,396,359
XII.	TAX LIABILITY	0	0	0	0	0	0
F.	PROFIT AFTER TAX (+-E-XIII)	-3	312,400	-4,044,431	-4,703,068	-3,961,257	-12,396,359
.22	Dividends paid out of accumulated profit reserve	0	0	0	0	0	0
.23	Dividends paid (approved) out of current year profits	0	0	0	0	0	0
G.	PROFIT PER BALANCE SHEET (+-F+22.-23.)	-3	312,400	-4,044,431	-4,703,068	-3,961,257	-12,396,359

Table 98: Profit and loss statement of MÁV Rt.'s middle column (in THUF)

VII.6. Breakdown of MÁV Rt.'s export sales revenues by market segments

MARKET SEGMENTS	DATA in MHUF
ENGLAND	27
BELGIUM	26
BELARUS	2
BULGARIA	167
BOSNIA	2
CZECH REPUBLIC	569
DENMARK	11
FINLAND	7
FRANCE	112
GREECE	65
THE NETHERLANDS	27
CROATIA	302
IRAN	1
IRELAND	12
YUGOSLAVIA	362
POLAND	449
LATVIA	0
LITHUANIA	-1
LUXEMBURG	1
MACEDONIA	49
MOLDAVIA	1
GERMANY	971
NORWAY	20
ITALY	1,936
RUSSIA	8
AUSTRIA	2,186
PORTUGAL	1
ROMANIA	1,544
SWITZERLAND	94
SWEDEN	32
SLOVAKIA	895
SLOVENIA	516
TURKEY	81
UKRAINE	68
MIXED	98
Total book of accounts	10,641

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