

This a translation of the Hungarian report

Independent Auditor's Report

to the founder of MÁV Magyar Államvasutak Zrt.

1.) We have audited the accompanying 2008 annual financial statements of MÁV Magyar Államvasutak Zrt. ("the Company"), which comprises the balance sheet as at 31 December 2008 - showing a balance sheet total of HUF 870,910 million and a profit for the year of HUF 41,550 million -, the related profit and loss account for the year then ended and the summary of significant accounting policies and other explanatory notes.

2.) On 22 April 2008, we issued an unqualified report on the Company's annual financial statements for 2007.

Management's Responsibility for the Financial Statements

3.) Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Hungarian Accounting Law and with generally accepted accounting principles in Hungary. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

4.) Our responsibility is to express an opinion on these financial statements based on the audit and to assess whether the business report is consistent with the financial statements. We conducted our audit in accordance with Hungarian National Auditing Standards and with applicable laws and regulations in Hungary. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

5.) An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Our work regarding the business report is restricted to assessing

whether the business report is consistent with the financial statements and does not include reviewing other information originated from non-audited financial records.

6.) We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

7). We have audited the elements of and disclosures in the annual financial statements, along with underlying records and supporting documentation, of MÁV Magyar Államvasutak Zrt. in accordance with Hungarian National Auditing Standards and have gained sufficient and appropriate evidence that, the annual financial statements have been prepared in accordance with the Hungarian accounting law and with generally accepted accounting principles in Hungary. In our opinion the annual financial statements give a true and fair view of the equity and financial position of MÁV Magyar Államvasutak Zrt. as at 31 December 2008 and of the results of its operations for the year then ended. The business report corresponds to the disclosures in the financial statements.

8.) Without qualifying our opinion, we draw the attention to note 1.6.2 to the financial statements which refers to the fact, that on 1 July 2007, the Company assigned the management of capital projects related mostly to treasury assets financed from EU funds to Nemzeti Infrastruktúra Fejlesztő Zrt. Under this arrangement Nemzeti Infrastruktúra Fejlesztő Zrt has to hand over these assets to MNV Zrt., the owner of the assets, who then assigns them to MÁV Zrt. within the framework of the asset management contract . A number of the projects under this management contracts have been completed and technically handed over by Nemzeti Infrastruktúrafejlesztő Zrt. to MÁV Zrt. and the Company has put the assets in use. However, the administrative and financial handover of these projects has not yet taken place and as a consequence the cost value of the assets and the related long term liability to the state arising from the asset management of the above referred assets are not reflected in the books of the Company. The value of these assets not yet financially recorded but in use by the Company is estimated at HUF 18,430 million. The Company provided for the related depreciation charge in an amount of HUF 640 million.

9.) Without qualifying our opinion, we draw the attention to the fact that, according to the Company's current practice, extraordinary depreciation on state owned properties is recognised only when approval from the responsible minister or MNV Zrt. has been obtained. This practice is not consistent with the provisions of the accounting law. Management believes that based on agreements if any such extraordinary depreciation were charged it would have no effect on the profit and loss statement as it would represent a reduction in liabilities to the state without any adjustment to the net income of the Company.

10.). Without qualifying our opinion, we draw the attention to the fact that the Company's ability to continue its operations in the future is subject to continued funding by the shareholders. At present, neither MÁV Group nor MÁV Magyar Államvasutak Zrt. has a business plan for 2009 as approved by their respective founders. The Company's annual financial statements as at 31 December 2008 were

drawn up on a going concern basis, and the validity of this basis depends on the availability of future funds.

11.) Without qualifying our opinion, we draw the attention to note 1.6.2 to the financial statements which refers to unsettled ownership status over the Company's properties.

Budapest, 28 April 2009

Ernst & Young Kft.
Registration No.: 001165

Ispánovity Mártonné
Registered Auditor
Chamber membership N.o: 003472

This is a translation of the Hungarian Financial Statement

Statistical code: 10856417-6321-114-01

Company registration No.: 01-10-042272

MÁV HUNGARIAN STATE RAILWAYS
Private Company by Shares

1062 Budapest, Andrássy u. 73-75.

Balance sheet and profit & loss account
for 2008

Date: Budapest, 28 April 2009

head (representative) of the company

P.H.

Statistical code: 10856417-6321-114-01

Company registration No.: 01-10-042272

BALANCE SHEET VERSION 'A' - Assets

31 December 2008

Figures in MHUF

Serial No.	Item		Prior year	Prior year adjustments	Reporting year
a		b	c	d	e
1	A.	Fixed assets	801 235	-664	742 322
2	I.	INTANGIBLE ASSETS	4 389	-42	3 728
3		Capitalised foundation/restructuring	0	0	0
4		Capitalised research and development	65	0	55
5		Concessions, licenses and similar rights	746	-23	1 465
6		Trade-marks, patents and similar assets	3 578	-19	2 208
7		Goodwill	0	0	0
8		Advance payments for intangible assets	0	0	0
9		Adjusted value of intangible assets	0	0	0
10	II.	TANGIBLE ASSETS	693 093	-622	617 324
11		Land and buildings and related property rights	426 040	-245	436 132
12		Plant, machinery, equipment and vehicles	200 448	-204	141 843
13		Other equipment, fixtures and fittings, vehicles	302	-15	195
14		Breeding stock	0	0	0
15		Assets in the course of construction	49 047	-158	25 019
16		Advance payments for AICC	17 256	0	14 135
17		Adjusted value of tangible assets	0	0	0
18	III.	LONG-TERM FINANCIAL ASSETS	103 753	0	121 270
19		Long-term participations in related parties	100 382	0	117 456
20		Long-term loans granted to related parties	8	0	44
21		Other long-term investments	1 397	0	3 117
22		Long-term loans granted to other investments	0	0	0
23		Other long-term loans granted	1 966	0	653
24		Long-term debt securities	0	0	0
25		Adjusted value of financial investments	0	0	0
26		Gain/loss on the valuation of financial investments	0	0	0

Date: Budapest, 28 April 2009

(stamp)

Statistical code: 10856417-6321-114-01

Company registration No.: 01-10-042272

BALANCE SHEET VERSION 'A' - Assets

31 December 2008

Figures in MHUF

Serial No.	Item	Prior year	Prior year adjustments	Reporting year
a	b	c		e
27	B. Current assets	73 361	1 306	101 262
28	I. INVENTORIES	7 575	-1	5 708
29	Raw materials and consumables	7 318	-1	5 499
30	Work in progress and semi-finished products	25	0	0
31	Animals for breeding, fattening and other livestock	0	0	0
32	Finished products	72	0	59
33	Goods	160	0	150
34	Advance payments for inventories	0	0	0
35	II. RECEIVABLES	54 707	1 262	29 425
36	Trade debtors	3 872	919	2 253
37	Receivables from related parties	47 326	239	23 544
38	Receivables from other investments	26	104	1 484
39	Bills of exchange receivables	0	0	0
40	Other receivables	3 483	0	2 144
41	Gain/loss on the valuation of receivables	0	0	0
42	Gain on the valuation of derivatives	0	0	0
43	III. SECURITIES	0	0	59 684
44	Participations in related parties	0	0	0
45	Other participations	0	0	0
46	Treasury shares and own participation	0	0	0
47	Marketable debt securities	0	0	59 684
48	Értékpapírok értékelési különbözete	0	0	0
49	IV. LIQUID ASSETS	11 079	45	6 445
50	Cash, cheques	12	1	10
51	Bank deposits	11 067	44	6 435
52	C. PREPAID EXPENSES & ACCRUED INCOME	23 518	224	27 326
53	Accrued income	4 790	224	4 492
54	Prepaid expenses	16 678	0	18 798
55	Deferred expenses	2 050	0	4 036
56	Total assets	898 114	866	870 910

Date: Budapest, 28 April 2009

(stamp)

Statistical code: 10856417-6321-114-01

Company registration No.: 01-10-042272

BALANCE SHEET VERSION 'A' - Equity & liabilities

31 December 2008

Figures in MHUF

Serial No.	Item	Prior year	Prior year adjustments	Reporting year
a	b	c		e
57	D. Equity	20 617	-1 320	125 423
58	I. ISSUED CAPITAL	20 250	0	21 000
59	of which: treasury shares redeemed at face value	0	0	0
60	II. Issued capital not paid	0	0	0
61	III. Capital reserve	46 785	0	110 642
62	IV. Retained losses	-61 630	0	-63 184
63	V. Allocated reserves	13 892	0	15 415
64	VI. Revaluation reserve	0	0	0
65	Valuation reserve for adjustments	0	0	0
66	Valuatio reserve for mark to fair value	0	0	0
67	VII. LOSS/PROFIT FOR THE YEAR	1 320	-1 320	41 550
68	E. Provisions	29 160	0	31 542
69	Provisions for contingent liabilities	20 926	0	23 967
70	Provisions for future committments	7 434	0	6 597
71	Other provisions	800	0	978
72	F. Liabilities	782 946	1 567	671 597
73	I. SUBORDINATED DEBT	0	0	0
74	Subordinated debts to related parties	0	0	0
75	Subordinated debts to other investments	0	0	0
76	Subordinated debts to third parties	0	0	0
77	II. LONG-TERM LIABILITIES	715 018	0	615 427
78	Long-term borrowings	0	0	403
79	Convertible bonds	0	0	0
80	Debts from the issue of bonds	0	0	0
81	Investment and development loans	120 836	0	93 153
82	Other long-term loans	121 500		113 500
83	Long-term detbs to related parties	64 600	0	0
84	Long-term debts to other investments	0	0	0
85	Other long-term liabilities	408 082	0	408 371

Date: Budapest, 28 April 2009

(stamp)

Statistical code: 10856417-6321-114-01

Company registration No.: 01-10-042272

BALANCE SHEET VERSION 'A' - Equity & liabilities

31 December 2008

Figures in MHUF

Serial No.	Item		Prior year	Prior year adjustments	Reporting year
a	b		c		e
86	III.	CURRENT LIABILITIES	67 928	1 567	56 170
87		Short-term borrowings	174	0	441
88		- of which: convertible bonds	0	0	0
89		Other short-term loans	4 513	0	13 489
90		Prepayments received from debtors	234	0	141
91		Creditors	26 635	1 526	16 216
92		Bills of exchange payable	0	0	0
93		Short-term debts to related parties	21 820	18	16 208
94		Short-term debts to other investments	169	0	313
95		Other current liabilities	14 383	23	9 362
96		Gain/loss on the valuation of liabilities	0	0	0
97		Losses on the valuation of derivatives	0	0	0
98	G.	Accrued expenses & deferred income	65 391	619	42 348
99		Deferred income	12 909	0	12 834
100		Accrued expenses	7 333	632	6 811
101		Deferred extraordinary revenues and negative goodwill	45 149	-13	22 703
102		Total equity & liabilities	898 114	866	870 910

Date: Budapest, 28 April 2009

(stamp)

Statistical code: 10856417-6321-114-01

Company registration No.: 01-10-042272

PROFIT & LOSS ACCOUNT VERSION 'A' (total cost method)

31 December 2008

Figures in MHUF

Serial no.	Item	Prior year	Prior year adjustments	Reporting year
a	b	c		e
01.	Domestic sales, net	174 942	741	199 623
02.	Export sales, net	4 146	33	2
I.	Net sales (01+02)	179 088	774	199 625
03.	Capitalised value of self produced assets	-7	0	-38
04.	Movement in self produced inventories	3 351	421	3 446
II.	Capitalised own performance (03+04)	3 344	421	3 408
III.	Other revenues	118 199	143	73 559
	Of which: impairment loss reversed	0	0	0
05.	Material cost	46 265	101	14 027
06.	Material type services utilised	51 912	1 283	52 788
07.	Other services	1 357	40	887
08.	Cost of goods sold	5 846	0	27 395
09.	Cost of (consignment) services	2 700	130	26 179
IV.	Material type expenditures (05+06+07+08+09)	108 080	1 554	121 276
10.	Payroll cost	82 643	-2	50 449
11.	Other payments to personnel	13 220	-80	8 040
12.	Social security and other contributions	28 615	0	17 844
V.	Payments to personnel (10+11+12)	124 478	-82	76 333
VI.	Depreciation charge	35 477	460	34 511
VII.	Other expenditures	33 038	144	66 800
	Of which: impairment loss	1 834	-16	1 970
A.	OPERATING PROFIT	-442	-738	-22 328

Date: Budapest, 28 April 2009

(stamp)

Statistical code: 10856417-6321-114-01

Company registration No.: 01-10-042272

PROFIT & LOSS ACCOUNT VERSION 'A' (total cost method)

31 December 2008

Figures in MHUF

Serial no.	Item	Prior year	Prior year adjustments	Reporting year
a	b	c		e
13.	Dividends (due) received	1 949	49	1 810
	Of 13: from related parties	1 916	0	664
14.	Foreign exchange gain on disposal of investments	66	0	68 185
	Of 14: from related parties	47	0	0
15.	Interest and gains on long-term financial investments	0	0	0
	Of 15: from related parties	0	0	0
16.	Other interest received (due) and similar income	1 156	0	839
	Of 16: from related parties	76	0	168
17.	Other financial income	1 034	7	1 321
	Of 17: from related parties	0	0	0
VIII.	Financial revenues (13+14+15+16+17)	4 205	56	72 155
18.	Foreign exchange loss of financial investments	0	17	42
	Of 18: towards related parties	0	0	0
19.	Interest payable and similar charges	18 745	0	17 241
	Of 19: towards related parties	28	0	46
20.	Impairment of shares, securities, bank deposits	1 614	0	1 577
21.	Other financial expenditures	2 059	3	1 993
	Of 21: valuation difference	0	0	0
IX.	Financial expenditures (18+19+20+21)	22 418	20	20 853
B.	FINANCIAL PROFIT (VIII-IX)	-18 213	36	51 302
C.	PROFIT FROM ORDINARY ACTIVITIES (+A+B)	-18 655	-702	28 974
X.	Extraordinary revenues	83 044	138	54 778
XI.	Extraordinary expenditures	63 069	756	40 838
D.	EXTRAORDINARY PROFIT (X-XI)	19 975	-618	13 940
E.	LOSS/PROFIT BEFORE TAX (+C+D)	1 320	-1 320	42 914
XII.	Tax liability	0	0	1 364
F.	LOSS/PROFIT AFTER TAX (+E-XI)	1 320	-1 320	41 550
22.	Dividends, profit sharing paid from retained earnings	0	0	0
23.	Dividends, profit sharing paid (approved)	0	0	0
G.	LOSS/PROFIT FOR THE YEAR (±F+22-23)	1 320	-1 320	41 550

Date: Budapest, 28 April 2009

(stamp)



**MÁV HUNGARIAN STATE RAILWAYS PRIVATE
COMPANY BY SHARES**

**NOTES TO
THE 2008 ANNUAL FINANCIAL
STATEMENTS**

28 APRIL 2009

Table of contents

I	General part	4
I.1	The company	4
I.2	Accounting policies	5
I.3	Changes in the accounting policies in 2008	7
I.4	Measurement processes	8
I.5	Accounting separation of the various railway activities pursued by the company	9
I.6	Changes in the company's operations in 2008	11
I.6.1	Disposal of MÁV-CARGO Zrt.	11
I.6.2	Subsidised projects (government, EU)	11
I.6.3	Outsourced passenger transport	12
I.6.4	Outsourced traction activity	12
I.6.5	Outsourced railcar maintenance and repairs	12
I.7	Notes to the balance sheet	13
I.7.1	Fixed assets	13
I.7.1.1	Movements in intangible assets	14
I.7.1.2	Movements in tangible assets	14
I.7.1.3	Treasury assets	15
I.7.1.4	Capital expenditures	19
I.7.1.5	Depreciation in 2008	19
I.7.1.6	Assets received/contributed free of charge	20
I.7.1.7	Treasury assets	20
I.7.1.8	MÁV Zrt's investments	23
I.7.1.9	Impairment loss of long-term financial assets	25
I.7.2	Current assets	25
I.7.2.1	Impairment of inventories	25
I.7.2.2	Receivables	26
I.7.2.2.1	Reclassification of receivables and liabilities	26
I.7.2.2.2	Receivables and impairment loss	26
I.7.2.2.3	Receivables in FX per currency	27
I.7.2.3	Securities and their impairment loss	27
I.7.2.4	Related party receivables	28
I.7.3	Prepaid expenses and accrued income	29
I.7.4	Equity	30
I.7.4.1	Movements in equity	30
I.7.4.2	Equity movements and their basis	31
I.7.5	Provisions	32
I.7.5.1	Provisions for future contingent liabilities	32
I.7.5.2	Provisions for future commitments	33
I.7.5.3	Provisions for FX losses	34
I.7.5.3.1	Provisions for FX losses	34
I.7.5.4	Other provisions	35
I.7.5.5	Provisions in the balance sheet for 2008	35
I.7.6	Liabilities	35
I.7.6.1	Liabilities related to Treasury assets and Treasury funded projects	35
I.7.6.2	Subordinated debt	36
I.7.6.3	Long-term liabilities	36
I.7.6.3.1	Long-term loans	37
I.7.6.3.2	Leases	39

1.7.6.3.3	Other long-term liabilities	40
1.7.6.3.4	Long-term liabilities in foreign exchange	40
1.7.6.4	Current liabilities	40
1.7.6.4.1	Current liabilities	40
1.7.6.4.2	Other current liabilities	40
1.7.6.4.3	Current liabilities by currency	41
1.7.6.5	Payables to related parties	41
1.7.6.6	Contingent liabilities	41
1.7.6.6.1	Hedging transactions	41
1.7.6.6.2	Guarantees	42
1.7.6.6.3	Lien	43
1.7.6.6.4	Contingent interests and similar charges	44
1.7.6.6.5	Contingent interests and similar charges	45
1.7.6.6.6	Operating leases – where the Company's is the lessee	48
1.7.7	Accrued expenses and deferred income	48
I.8	Notes to the profit and loss account	50
1.8.1	Comparability	50
1.8.2	Sales, net	50
1.8.2.1	Net sales per activity	50
1.8.2.2	Export and imports	51
1.8.3	Costs by type	52
1.8.3.1	Material-type expenses	53
1.8.3.2	Payments to personnel	55
1.8.3.3	Depreciation charge	56
1.8.4	Other revenues	56
1.8.5	Other expenses	58
1.8.6	Financial and extraordinary profit or loss	61
1.8.6.1	Financial income	61
1.8.6.2	Financial expenses	62
1.8.6.3	Extraordinary revenues	62
1.8.6.4	Extraordinary expenditures	63
1.8.7	Related party revenues and expenses	64
1.8.8	Profit and loss account based on the turnover cost method	65
I.9	Actual asset, financial and income positions	66
1.9.1	Assets	66
1.9.1.1	Fixed asset ratio	66
1.9.1.2	Tangible asset margin	66
1.9.1.3	Fixed asset margin	67
1.9.1.4	Current assets per fixed assets	67
1.9.2	Equity and liabilities	67
1.9.2.1	Capitalisation	68
1.9.2.2	Gearing	68
1.9.2.3	Indebtedness	68
1.9.2.4	Long-term liabilities ratio	69
1.9.2.5	Equity increase ratio	69
1.9.2.6	Fixed asset margin	69
1.9.2.7	Income ratios	70
1.9.3	Financial position	70
1.9.3.1	Working capital and liquidity	70
1.9.3.2	Financial position	72
1.9.4	MÁV Zrt's balance sheet and profit and loss account that affects previous years	73
I.10	Report to the supervision	78
1.10.1	Railtrack operations	78
1.10.2	Passenger transport, including public transport	86
1.10.3	Traction	93
1.10.4	Other activities	97
1.10.5	Activities presented in a joint schedule	105

II Informative part **108**

II.1	Environment protection	108
II.1.1	Environmental liabilities	108
II.1.2	Assets directly serving environmental purposes	110
II.1.3	Waste – values and quantities	110
II.2	Research and development	112
II.3	Subsidies and grants received	112
II.4	Average number of staff, payroll costs and other payments to personnel	113
II.5	Payments to senior officers, Board and Supervisory Board members	115
II.5.1	Remuneration paid to senior officers, Board and Supervisory Board members	115
II.5.2	Loans granted to senior officers, Board and Supervisory Board members and guarantees assumed	115
II.5.3	Pensions to former officers, Board and Supervisory Board members	115
II.5.4	Audit cost for 2008	115
II.6	MÁV Zrt's investments	116
II.7	Significant transactions with related parties under special terms and conditions	118
II.8	MÁV Zrt's shares	119
II.9	Tax liability and tax base	119
II.9.1	Corporate tax	119
II.9.2	Extra tax	121
III	Schedules	122

I General part

I.1 The company

Further to act LIII of 1992 on the management of permanent government businesses and their assets and to act XVI of 1991 on concessions, on 30 June 1993, the Ministry for Transport, Telecommunications and Water of the Republic of Hungary, representing the government as owner (the Founder), founded Magyar Államvasutak Részvénytársaságot (hereafter: MÁV Zrt., or the Company), as a one-man private company limited by shares. MÁV Zrt. was created following a transformation and was in charge of passenger and goods transport. As the goods transport (cargo) activity was outsourced as of 1 January 2006, passenger transport was outsourced as of 1 July 2007 and traction and tracted car maintenance were outsourced as of 1 January 2008 to separate entities, these activities no longer form part of the Company's operations. Since 2008, the Company's main activity has been the operations of the railtrack network.

The Company's deed of foundation contains the basic rules of MÁV Zrt's operations, organisation and management system. The Company's executive body is the Board of Directors; the work organisation is lead by the CEO.

The person authorised to sign off the Company's annual financial statements is: Heinczinger István, CEO, address: 1036 Budapest, Lajos u. 53-63.

Head of Accounting: Kunné Porkoláb Andrea (domicile: 2040 Budaörs, Fém utca 5.), chamber membership registration number: MKVK 000819.

Further to subsection 155(2) of the accounting law, MÁV Zrt. has to have its annual financial statements audited. The company's auditors are Ernst & Young Kft.

The auditor responsible for the audit is: Ispánovity Mártonné, registered auditor (chamber membership No.: 003472)

Company name:

MÁV Magyar Államvasutak Zártkörűen Működő Részvénytársaság.

In foreign languages:

English: MÁV Hungarian State Railways Company Private Company by Shares

Frenchs: MÁV Chemins de Fer de l'Etat Hongrois Société Anonyme privée

German: MÁV Ungarische Staatseisenbahnen Aktiengesellschaft betreibend in geschlossener Weise.

Abbreviated name:

MÁV Zrt.

Foreign abbreviations:

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

Seat:

1062 Budapest, Andrássy út 73-75. tel: 322-0660

Website:

www.mav.hu

Founder:

Ministry for Transport, Telecommunications and Water of the Republic of Hungary
Date of foundation: 30 June 1993

Holder of ownership rights: Ministry for Transport, Telecommunications and Water of the Republic of Hungary

Issued capital:

At 31 December 2008: HUF 21,000m, consisting of one share of HUF 20,000m face value, one share of HUF 750m face value and one share of HUF 250m face value in joint nomination.

Company reg. No.: Cg 01-10-042272

Tax ID: 10856417-2-44

Statistical code: 10856417-5221-114-01

Main activity:

52.21 Land transport supporting services

The Company's activities include railway network operations, railway passenger transport (including public transport services) and other services supporting rail transport. The substance of each activity is set out in the accounting separation policies.

Based on the company's contract with the government on the management of treasury assets, treasury assets, as well as the related long-term liabilities, are presented in the company's books. In relation to the management of treasury assets, MÁV Zrt's asset management practice is oriented towards efficient services supplied on behalf of the government, protection of the condition and value of the managed assets and to increasing the value of the managed assets.

I.2 Accounting policies

In addition to the accounting law, MÁV Zrt's accounting policies also comply with the railways act, the related agreement between the government of Hungary and MÁV Zrt. and with the joint decree of the Transport Ministry and the Ministry of Finance on the separation of the accounting for various railway activities within railway companies.

Standard use of the accounting policies is essential to ensure that MÁV Zrt's annual financial statements give a true and fair view not only of MÁV Zrt. as a whole but also of each separated activity.

According to effective regulations, MÁV Zrt. has to prepare a set of financial statements and consolidated financial statements of each calendar year ending 31 December, including the preparation of a version 'A' balance sheet and a version 'A' profit and loss account in order to ensure comparability with prior periods. The profit and loss account is prepared based on the total cost method, yet one based on the turnover cost method is also presented in the notes to the financial statements.

The figures in the financial statements are expressed in HUF millions (HUFm). Neither the balance sheet nor the profit and loss account is broken down to more lines nor abbreviated. Bookkeeping is based on the double-entry bookkeeping method.

The balance sheet preparation date of MÁV Zrt. is 20 April the year following the reporting year. The underlying trail balance is closed on 15 February (when documents relating the reporting year are last accepted for booking).

For accounting purposes:

- Any difference between the estimated carrying amount and the actual amount of an item, when the underlying invoices or similar document is received, is considered material.
- Any difference between the estimated and actual amount used in settlements with international railway companies is considered material.
- For impairment purposes, the difference between the cost and the fair value of the asset is assessed on an individual basis.
- Impairment loss is recognised on investments when there is a material and permanent difference between the book value and the fair value of the investment.
- With respect to the extra amortisation/depreciation of intangible and tangible assets, any permanent (over one year) difference between the book value and the fair value of an asset is considered material if it exceeds the annual depreciation charge.
- For the purposes of the Company's international settlements, any FX gain or loss resulting from the year-end revaluation of FX liabilities and receivables, FX denominated securities and liquid assets denominated in foreign exchange is always considered material, irrespective of the actual amount involved.
- Any errors and their effects identified by tax audits or self-audits are always considered material. Therefore we do not use the concept of immaterial error at all.
- An error has a material effect on the true and fair view (the aggregate of material errors have a significant effect on equity and therefore distorts already disclosed information on the entity's asset, financial and income positions) if the equity

presented for the previous year changes with at least 20% as a result of the adjustments.

- Services other than track network access and regional passenger transport are considered material as set out in our service separation policy which forms part of our accounting policies.
- In the case of the recognition of deferred income, each item is considered material and is recognised in the income category relevant to the costs and expenses incurred in relation to such income.

1.3 Changes in the accounting policies in 2008

The amendment of the accounting law, which took effect on 1 January 2008, does not contain provisions that would provide entities with alternatives. Therefore, all new and compulsory provisions of law have been reflected in the Company's accounting policies, including:

- The Company does not use the option to present as accrued expense the value assets contributed to their operator free of charge.
- The Company has opted to recognised deferred income as other revenue if the relating costs and expenses affect the operating profit or loss for the year.
- In line with historic practice so far and with the nature of receivables, the Company does not use the option provided by the accounting law to recognise and record small value impairment losses in one amount.

Other changes in the accounting policies due to changes in the accounting law as of 1 January 2008:

- In line with the definition of related parties, every party that qualifies as a subsidiary, joint venture or associate under the accounting law, members of senior management and senior officers are considered related parties. For the purposes of interpreting the concept of related parties, members of senior management include the company's managing director and his deputies, while senior officers are the members of the Board of Directors and the Supervisory Board.
- In the notes to the financial statements, we present all material transactions with related parties under special terms and conditions. Transactions with related parties are considered material if their aggregate value with respect of one related party totals at least HUF 100m.

Significant changes in the MÁV Zrt's organisation and internal policies:

- With the foundation of MÁV-START Zrt., MÁV-GÉPÉSZET Zrt. and MÁV-TRAKCIÓ Zrt., the policies pertaining to the accounting for passenger transport and traction have been deleted from MÁV Zrt's accounting policies and valuation policies.
- The accounting separation policies were approved once decree 50/2007. (IV.26.) GKM-PM took effect.

- Changes in the presentation of items affecting prior years: adjustments of previous years are presented retrospectively to up to five years in both the balance sheet and the profit and loss account.
- Our depreciation principles have been amended to reflect changes in legislation so that appraised assets can be written off over their expected useful lives. The expected useful lives as well as the terms of changing the applied depreciation rates have been determined.

I.4 Measurement processes

Fixed assets are classified, recognised and measured in accordance with the accounting law. Tangible and intangible assets are recorded at purchase or production cost in accordance with sections 47 to 51 of the accounting law.

All costs associated with the acquisition of an asset are recognised when they incur (the latest upon commissioning). The cost of tangible and intangible assets is apportioned over the years when the asset is expected to be used. Depreciation/amortisation is charged in accordance with instruction No. 27/2005. (VIII.19. MÁV Ért. 33.) PVH „Az értékcsökkenés elszámolásának módja és mértéke” (Depreciation method and rates). Ordinary depreciation is charged monthly on a straight line basis, with daily calculations.

As allowed by the accounting law, tangibles and intangibles that costs below HUF 100,000 are immediately expensed upon commissioning.

MÁV Zrt. does not use the option of recognising adjustments as provided in subsection 58(5) of the accounting law.

If the book value of a fixed asset permanently exceeds its fair value, extraordinary depreciation is recognised in line with section 53 of the accounting law.

In accordance with subsection 57(2) of the accounting law, if the book value is below the initial cost of the asset due to the extraordinary depreciation and the reasons for the extraordinary depreciation no longer exist, the previously recognised extraordinary depreciation should be reversed. Any such reversal should be recognised up to the fair value of the asset net of ordinary depreciation. Extraordinary depreciation can be reversed only for assets owned at the balance sheet date. No reversal is recognised for assets written off during the year.

Tangible and intangible assets are presented in the balance sheet at cost less ordinary and extraordinary depreciation plus any reversed impairment loss.

In addition to other relevant regulations, the accounting rules pertaining to treasury assets are also set out in the asset management agreement signed with the National Treasury Board and the related Asset Management Policies.

MÁV Zrt. does not apply the fair value method set out in sections 59/A-F of the accounting law.

Current assets are classified and valued in accordance with the following:

- Materials are measured at monthly standard cost calculated based on their weighed average. At the year-end, impairment loss is recognised based on the fair values of materials where the fair value remains over the book value for more than one year or any previously recognised impairment loss is reversed.
- Self-produced inventories are presented at direct prime cost that are directly attributable to the products and based on relevant indicators.
- Debtors, receivables from related parties and other receivables are presented at cost less any impairment loss plus any reversed impairment loss.

Recognition of impairment loss on debtors:

- 100% impairment loss is recognised on debtors under liquidation or in administration,
- 100% impairment loss is recognised on debtors over HUF 1m and due over one year and the debtor is not classified reliable,
- 100% impairment loss is recognised on debtors due over one year but do not belong to either of the above categories and the debtor is not classified reliable,
- 50% impairment loss is recognised on debtors due over 180 days and do not belong to any of the above categories and the debtor is not classified reliable,
- in the case of disposed of or contributed receivables, if such a decision is made by the balance sheet preparation date, impairment loss is recognised to the extent of the transferred amount of 100% is recognised if the debt is forgiven.

For impairment purposes, a debtor is classified reliable if it has a creditor balance with MÁV and typically classified securely solvent. No impairment loss is recognised on receivables received by the balance sheet preparation date. Any impairment loss on other receivables is identified per item upon preparation of the balance sheet.

Impairment of related party receivables:

- 100% impairment loss is recognised on related party debtors under liquidation or in administration,
- all other cases are subject to individual assessment.

At the year-end, foreign exchange balances (debtors, securities, liquid assets, receivables and payables) are revalued at the central bank's official FX rates and the resulting FX gain or loss is recognised as financial income or financial expense, respectively in accordance with the accounting law.

Any unrealised FX loss on FX development loans that are not covered with FX deposits are accrued while unrealised FX gains are recognised at financial income upon expensing any previously accrued related FX loss.

1.5 Accounting separation of the various railway activities pursued by the company

Further to section 7 of decree 50/2007.(IV.26.) GKM-PM of the Ministry of Transport and the Ministry of Finance on the separation of railway activities, MÁV ZRt. has a set of separate accounting policies for 2008 as part of its accounting policies.

The principles of separate accounting are as follows:

The following activities are separated:

- Rail network operations,
- Passenger transport, including passenger transport done as a public service,
- Other activities

Separation is done in a way that management/control (over activities, divisions and corporate) is equally allocated among the activities.

All assets and funds that relate to resources (assets, staff) are separated based on their classification in the GL of the relevant division and the central GL. In the case of base transactions (contracts, decisions, resolutions etc.), the GL unit where the transaction was launched is the basis of allocation. In all other cases, where the transaction relates to future transactions (e.g. provisions, operational loan), it should be allocated to the GL unit which will be affected by such future transaction. Costs, expenses and revenues are recognised in the GL based on the entities pursuing separable activities for the relevant entity and in the relevant GL account and activity line (in the case of railtrack activities based on the relevant stretch of track).

Internal settlements among MÁV ZRt's separable activities are accounted for in accordance with the internal settlement policies (BTSZ): cost is recognised on the part of the separable activity which requested the other's service, and revenue is recognised on the part of the delivering activity. During the year, the charges applied are those set out in BTSZ (in the case of open track access services, HÜSZ tariffs). At year-end, transactions based on HÜSZ tariffs are recognised at HÜSZ tariffs while business activities (profit oriented activities) are recognised at the lower of the BTSZ charge and the fair value. Internal services are not considered profit oriented where their budgeted external sales revenues remain below 10% of the Company's total budgeted annual sales revenues. In the case of these services, the difference between the actual calculated direct cost and the BTSZ tariff is recognised.

The cost of central management (over activities, divisions and corporate), including the internal costs of central services used) is allocated based on the extrapolation bases for the various activities. An extrapolation basis is determined based on the characteristics of the relevant activity i.e., for example, the expenses attributable to assets are allocated in view of the accounting law-based depreciation costs of the separable activities.

The number of staff attributable to each separable activity is calculated based on the annual average statistical number of staff allocated to units and teams in IHIR.

As part of the notes to the annual financial statements, an annual supervisory report also has to be prepared per separated activity. This report includes the following: the balance sheets, profit and loss accounts, cash flow statements and activity statements of each separated activity along with explanations, annual staff figures, subsidies per title, related party balances and any accumulation due to internal settlements. For the sake of completeness of comparative information, traction information for 2007 are also included in the report to the Supervision.

I.6 Changes in the company's operations in 2008

I.6.1 Disposal of MÁV-CARGO Zrt.

The most important transaction in 2008 was the conclusion of the disposal of MÁV Cargo Zrt. to Rail Cargo Austria AG. (RCA). The transaction started in 2007.

After signing the sale-purchase contract on 2 January 2008, the Competition Directorate of the EU did not approve the merger at first attempt and launched an investigation into possible harmful effects of the merger on an efficient competition. On 25 November, the European Commission finally approved the transaction subject to certain terms and conditions and thus RCA paid the selling price of 95% of MÁV Cargo's shares net of forfeit and earnest money paid earlier. The total price paid was HUF 97,368m. Once the consideration for the shares was received, the book value of the shares (HUF 29,204m) was written off and an FX gain of HUF 68,164m was recognised.

Five percent of MÁV Cargo Zrt's share package was offered to buy to MÁV Cargo employees. As the selling process of „employee shares” ended in February 2009, our existing shares have been presented in the annual balance sheet for 2008 among other long-term investments (HUF 1,537m) at book value. As a result of the disposal of MÁV Cargo Zrt., the second largest buyer of railtrack access and traction services became a third party.

I.6.2 Subsidised projects (government, EU)

In 2007, project funded by the government and by the EU were transferred to Nemzeti Infrastruktúra Fejlesztő Zrt., hence the significant decrease in development subsidies recorded with MÁV. Also, as a result, capital projects are not recorded in MÁV's books until the resulting asset is commissioned. Government and EU funded projects relating to rail network development had not been transferred into the Company's ownership or assigned to asset management. This fact has a significant impact on the Company's income position. According to information available by the balance sheet date, the following material balances are not presented in MÁV's balance sheet and profit and loss account.

figures in MHUF

	Gross	Deprec. 2007	Deprec. 2008	Total depr.	Net
Owned by MÁV	1 008	0	12	12	996
State owned	17 422	41	587	628	16 794
Total:	18 430	41	599	640	17 790

Schedule 1: Capital projects funded by the government and the EU, not taken over

In order to present a true and fair view of the Company's asset and financial position, provisions have been made for any unrealised depreciation charge.

The assets will be taken over subject to an agreement among MÁV, National Asset Management Zrt. (MNV) and NIF. The main reason for the delays in project take-overs is the serious uncertainties regarding the ownership of most of the properties contributed to MÁV upon its foundation in 1993 and properties taken over for asset management since 2001.

1.6.3 Outsourced passenger transport

MÁV Zrt's passenger transport activity (except light local railways) was outsourced to MÁV-START Zrt. in 2007. For comparison purposes, it is important to note that assets totalling HUF 62,100m were contributed to MÁV-START Zrt. and further tangible assets worth HUF 1,443m were sold to the new entity. As a result of the outsourcing, MÁV-START Zrt. pays to the Company for railtrack use while all encumbered assets remained property of MÁV Zrt. and are leased by MÁV-START Zrt. MÁV-START Zrt. also buys central services (e.g. human, accounting, acquisition) from MÁV Zrt.

1.6.4 Outsourced traction activity

As of 1 January 2008, MÁV Zrt.'s former engineering division has been outsourced into two separate entities: traction into MÁV-TRAKCIÓ Zrt.; maintenance and repairs of vehicles used in traction into MÁV-GÉPÉSZET Zrt. The impacts of the outsourced traction activity on the balance sheet and the profit or loss are presented below:

figures in MHUF

Event	Fixed assets	Shares	Other asset/liab.	Expense	Income
Capital increase (contribution in kind 1)					
cash contribution		6 000	-6 000		
contributed fixed assets (write off)	-25 844			25 844	
contributed fixed assets (shares)		23 792			23 792
deferred income released upon contribution			9 505		9 505
Fixed asset disposals					
write offs	-4 288		-520	4 808	
billed			4 620		4 620
Disposal of leased/mortgaged engines					
write offs	-39 352			39 352	
billed engines and loan write offs			37 792		37 792
deferred income released upon disposal			6 422		6 422
released deferred unrealised FX gain			-1 425	1 425	
released provision for unrealised FX losses			624		624
Capital increase (contribution in kind 2)					
contributed fixed assets (write off)	-10 939			10 939	
contributed fixed assets (shares)		10 503			10 503
deferred income released upon contribution			4 964		4 964
Total:	-80 423	40 295	55 982	82 368	98 222
Profit and loss impact:					15 854

Schedule 2 : Impacts of the outsourced traction activity

1.6.5 Outsourced railcar maintenance and repairs

The impacts of the outsourced railcar maintenance and repairs activity into MÁV-GÉPÉSZET Zrt. on the balance sheet and the profit or loss are presented below:

Event	figures in MHUF				
	Fixed assets	Shares	Other asset/liab.	Expense	Income
Contribution in kind					
cash contribution		4 978	-4 978		
contributed fixed assets (write off)	-1 341			1 341	
contributed fixed assets (shares)		1 583			1 583
Fixed asset disposals					
write offs	-73			73	
billed			228		228
Disposed of technical materials					
inventory write offs			-1 948	1 948	
billed			2 027		2 027
Merger of 'Északi és Szolnoki Járműjavító					
write off existing shares		-2 166		2 166	
increase in our shares in GÉPÉSZET Zrt.		4 033			4 033
Total:	-1 414	8 428	-4 671	5 528	7 871
Profit and loss impact:					2 343

Schedule 3 : Impacts of the outsourced railcar maintenance activity, specific notes

I.7 Notes to the balance sheet

The assets, equity and liabilities have been presented in the balance sheet based on year-end asset and inventory counts and on individual valuation. The balance sheet preparation date (the last day when accounting documents were accepted for reporting purposes) was 15 February 2009 as set out in the accounting policies. The last day when debtors and creditors related to 2007 are entered into the books was 30 January 2009.

I.7.1 Fixed assets

Fixed assets decreased by 7% (HUF 58,913m) on the previous year as a result of a HUF 75,769 (11 %) decrease in the net value of tangible assets and a HUF 661m (15%) decrease in the book value of intangibles, plus a HUF 17,517 (17%) increase in long-term financial assets.

With respect to tangible assets, the decrease is due to three factors. On the one hand, the net value of technical equipment, machinery and vehicles dropped by HUF 58,712m and advances for capital projects also reduced tangible assets by HUF 27,149m. On the other hand, improvements, properties and property rights increased by HUF 10,092m.

The main change in long-term financial assets was a HUF 18,794m increase in long-term investments. The details are explained in section 'MÁV Zrt's investments'.

1.7.1.1 Movements in intangible assets

Movements in the cost and the net value of tangible and intangible assets are set out below:

figures in MHUF								
MEGNEVEZÉS	Alapítás- átszerve- zés aktivált értéke	Kísérleti fejlesztés aktivált értéke	Vagyoni értékű jogok	Szellemi termé- kek	Üzleti vagy cégér- ték	Immateriá- lis javakra adott előlegek	Immateriá- lis javak értékhe- lyesbítése	Összesen
1. <i>Cost, opening</i>	0	155	1 872	13 981	0	0	0	16 008
2. Acquisitions, improvements (capitalised)	0	0	1 783	253	0	0	0	2 036
3. Other increase	0	0	0	0	0	0	0	0
4. Disposals	0	-10	-10	-42	0	0	0	-62
5. Capitalised from previous year	0	0	-27	-294	0	0	0	0
6. Reclassification (breakdown, aggregation)	0	0	-300	300	0	0	0	0
7. <i>Cost, closing</i>	0	145	3 318	14 198	0	0	0	17 661
8. <i>Amortisation, opening</i>	0	90	1 126	10 403	0	0	0	11 619
9. Ordinary amortisation	0	0	712	980	0	0	0	1 692
10. Extraordinary amortisation	0	0	0	629	0	0	0	629
11. Other increase	0	0	25	18	0	0	0	43
12. Extraordinary amortisation reversed	0	0	0	0	0	0	0	0
13. Other decrease	0	0	-10	-40	0	0	0	-50
14. Reclassification (breakdown, aggregation)	0	0	0	0	0	0	0	0
15. <i>Amortisation, closing</i>	0	90	1 853	11 990	0	0	0	13 933
16. <i>Opening, net</i>	0	65	746	3 578	0	0	0	4 389
16. <i>Closing, net</i>	0	55	1 465	2 208	0	0	0	3 728

Schedule 4: Movements in intangible assets in 2008

The net value of intangible assets decreased by HUF 661m on the previous year due to a HUF 629m extraordinary amortisation of software recorded among licences and similar rights relating to no longer usable ticket vending and seat booking system and Microsoft licences purchased earlier under an enterprise-wide software agreement (HUF 361m and HUF 268m, respectively).

The most important acquisition relates to software (including renewed Microsoft licences) totalling HUF 1,347m.

1.7.1.2 Movements in tangible assets

The main factors that affected the net value of tangible assets in 2008 are presented below:

figures in MHUF

ITEM	Properties and related rights	Technical equipment	Other equipment, fittings, vehicles	Livestock	Capex, improvements	Advances for capex	Tangible adjustments	Total
1. Cost, opening	572 797	315 123	5 192	0	50 373	17 256		960 741
2. Acquisitions, improvements (capitalised)	30 384	36 194	59		45 648	1 718		114 003
3. Received free of charge, surplus, etc.	1 043	66						1 109
4. Disposal, scrapped, shortage, cap.in prog.	-4 105	-119 940	-351		-69 813	-4 839		-199 048
5. Reclassification (breakdown, aggregation)	3	-3						0
6. Cost, closing	600 122	231 440	4 900	0	26 208	14 135	0	876 805
7. Depreciation, opening	146 757	114 675	4 890		1 326			267 648
8. Ordinary depreciation	17 832	14 841	146					32 819
9. Extraordinary depreciation	725				183			908
10. Prev. year depr., other	235	225	15					475
11. Extraordinary depreciation reversed					-320			-320
12. Disposal, scrapped, shortage etc.	-1 561	-40 142	-346					-42 049
13. Reclassification (breakdown, aggregation)	2	-2						0
14. Depreciation, closing	163 990	89 597	4 705	0	1 189	0	0	259 481
15. Opening, net	426 040	200 448	302	0	49 047	17 256	0	693 093
16. Closing, net	436 132	141 843	195	0	25 019	14 135	0	617 324

Schedule 5: Movements in tangible assets

Tangible assets net of capital expenditures and advances for capital projects fell by HUF 75,769m on the previous year. As additions and capitalisations exceeded depreciation (ordinary and extra) more than three times, the decrease in the net value is due mainly to the outsourced activities. The net value of contributed tangibles (mostly technical equipment) is HUF 38,235m. Tangible assets written off due to their disposal (technical equipment and AICC) also relate mostly to the new companies and total HUF 44,443m.

I.7.1.3 Treasury assets

figures in MHUF

ITEM	Properties and related rights	Technical equipment	Other equipment, fittings, vehicles	Capex, improvements	Total
1. Cost, opening	428 722	77 043		35 690	541 455
2. Acquisitions, improvements (capitalised)	25 744	11 878		23 028	60 650
3. Térítés nélküli átvétel, többlet, stb.	981	56		124	1 161
4. Disposal, scrapped, shortage, cap.in prog	-2 285	-819		-37 769	-40 873
5. Reclassification (breakdown, aggregation)	-114	-17			-131
6. Cost, closing	453 048	88 141	0	21 073	562 262
7. Depreciation, opening	127 624	34 773			162 397
8. Ordinary depreciation	16 085	5 151			21 236
9. Extraordinary depreciation					0
10. Taken to asset management	50	6			56
11. Extraordinary depreciation reversed					0
12. Disposal, scrapped, shortage etc.	-773	-302			-1 075
13. Reclassification (breakdown, aggregation)		-10			-10
14. Depreciation, closing	142 986	39 618	0	0	182 604
15. Opening, net	301 098	42 270	0	35 690	379 058
16. Closing, net	310 062	48 523	0	21 073	379 658

Schedule 6 : Treasury assets

The above schedule shows the value of treasury assets within the movements of all tangible assets (Schedule 5). The schedules below present treasury assets and assets that serve the operations of treasury assets.

figures in MHUF

Treasury assets		Gross	Net
Land		15 314	15 314
12201	Administrative buildings – listed	275	251
12411	Traffic buildings – listed	6643	5899
12415	Scale house	74	62
Buildings		6 992	6 212
21211	National railway network main structure	209 167	144 867
21212	National railway network sub-structure, ancillary	69 316	45 872
212127	Loading stations in the national railway network	693	508
212129	Other ancillary buildings of the national railway network	23 200	17 082
212131	Middle (1-35 kv) and high voltage wiring of the	1 648	711
212132	Low voltage (below 1 kv) wiring of the national railway	8 217	3 120
2121331100	Communication air cables and poles of the national	138	46
212133	Telecom cables of the national railway network	25 548	13 150
2121332	Other data cables of the national railway network	352	199
212134	Electric air wires of the national railway network	32 038	20 508
212135	Traction transformer station	4 963	4 038
212136	High and low voltage and air wires of the Ministry of	6	5
2122	Main and substructure of industrial tracks of the Ministry	264	158
21412	Bridges	43 547	29 455
2142	Culverts, subways, tunnels	11 567	8 779
242003	Air raid shelter	78	38
Structures		430 742	288 536
42	Loaders	21	3
442	Transformers and electric switchboards	2 105	1 440
443	Accumulators over 100 A/h	229	182
444	Telecommunication equipment	24 101	8 603
447	Meters	155	70
448566	IT equipment	3 077	917
4486	Rail traffic safety equipment	58 453	37 308
Machinery, equipment, vehicles		88 141	48 523
Assets in the course of construction		21 073	21 073
Total		562 262	379 658

Schedule 7 : Assets belonging to state ownership

figures in MHUF

Assets owned by MÁV Zrt. necessary for the operations of treasury assets		Gross	Net
111, 112, 113	Community buildings (worker's hostel, barracks etc.)	1 470	1 311
1211, 1212 (1230)	Commercial and service buildings	72	62
1220	Administrative buildings	2 021	1 789
12411	Station receiving buildings	23 898	21 604
124121	Telecom equipment buildings	2 259	2 011
124122	Controls and track brake buildings at junction stations	307	278
124123	Tramway traction substation buildings	260	232
124124	Track maintenance buildings	1 331	1 179
124125	Telegraph and telephone main buildings	215	193
124126,-27,-29	Traction and traffic operations buildings	2 595	2 347
12413	Motor coach and wagon barns	537	483
1242	Garages	156	137
12511, 12512	Operating buildings and workshops	1553	1295
12513	Engine room, boiler rooms	744	615
12515	Pump stations	219	163
12516	Fuel metering and filling station building	16	9
12517	Electric exchange transformation equipment building	1 211	1097
12521	Commercial warehouse	46	39
125213	Warehouses (at stations, railway terminals)	641	526
125214	Other warehouse	34	30
12526	Material barns	184	148
12527	Containers	62	52
1261-1263	Cultural and education buildings	911	757
1264, -65	Social and hostel-like buildings	244	215
1271	Farming buildings	12	10
1274	Other buildings	2 405	2 128
Buildings		43 403	38 710
2112	Roads, squares	5 741	4 510
21221	Industrial tracks (main network)	9 640	5 871
212221, -25	Industrial tracks (sub-network)	1 530	863
212226	Breast wall, footwall	53	33
212227	Railway loaders	5 453	3 960
212229	Railway crossing approach	529	398
21223	Industrial tracks – wires and cables	185	123
214124	Industrial tracks – bridges	853	557
214203	Industrial tracks – arches and culverts	62	27
21421	Tunnels, shafts and underground chambers	37	29
2221	Oil, gas and other pipelines	826	678
2222	Water supply structures	2 909	2 081
2223	Sewage and rain receivers	3 996	2 963
2304,2412, 2420	Other structures	2 085	1 601
2920	Property rights	59	17
Structures		33 958	23 711
4 ...	Other machinery, equipment	9 390	3 076
4485,8...	IT equipment	3 356	320
Machinery, equipment		12 746	3 396
6411,-12	Railway vehicles	5 033	3 307
6413,-15	Road vehicles	157	4
Vehicles		5 190	3 311
78-,79,797,8KF Intangibles		1468	523
Capital work in progress		1 135	1 135
Grand total		97 900	70 786

Schedule 8 : Own assets necessary for the operations of treasury assets

I.7.1.4 Capital expenditures

MÁV Zrt's capital expenditures are presented as follows:

Item	figures in MHUF	
	AICC	
	2007	2008
Opening	44 730	49 047
Exp. in 2008	89 388	45 648
Capitalised	-83 171	-66 637
Extra deprec.	-1 326	-183
Reverse extra depr.		320
Disposal	-574	-3 017
Scrapped		-1
Given free of charge		-158
Closing	49 047	25 019

Schedule 9 : Capital expenditures

I.7.1.5 Depreciation in 2008

The amortisation/depreciation of intangible and tangible assets is presented below:

figures in MHUF

Item	Gross	Depreciation			
		Ordinary	Extra	Accounting law, total	Tax law, total
Land	40 647		0	0	
Properties (less land)	559 475	17 832	725	18 557	21 996
Machinery, equipment	231 440	14 841		14 841	22 747
Other machinery, equipment	4 900	146		146	35
AICC	25 019		183	183	
Tangibles, total:	861 481	32 819	908	33 727	44 778
Intangibles	17 298	1 692	629	2 321	1 606
Grand total:	878 779	34 511	1 537	36 048	46 384

Schedule 10 : Amortisation/Depreciation of intangibles and tangibles in 2008

Impairment loss fell by HUF 966m on the previous year HUF 1,499m was due to a decrease in the ordinary depreciation of tangible assets, while the ordinary amortisation of intangibles increased by HUF 533m on 2007.

The increase in the amortisation of intangibles was due to increased capitalisations of concessions and similar rights (at 33%). An extraordinary depreciation of HUF 629m has been recognised for this asset group.

The HUF 1,499m decrease in tangible assets is due to changes in the gross values of machinery and equipment in relation to assets contributed to MÁV-GÉPÉSZET Zrt. and MÁV-TRAKCIÓ Zrt.

Extraordinary depreciation has been recognised for buildings which although were not demolished in 2008 but have been decided to be scrapped in view of their state of repair.

With respect to capital projects, a total of HUF 183m extraordinary depreciation was recognised in 2008.

I.7.1.6 Assets received/contributed free of charge

figures in MHUF

Item	Given	Received	P&L impact
Intangibles	0	0	0
Tangibles	1	23	22
AICC	0	0	0
Total:	1	23	22

Schedule 11 : Assets contributed free of charge

We donated assets to Gyermekvasutasokért Alapítvány totalling nearly HUF 1m. We received two level crosses free of charge from the Municipality of Debrecen. Treasury assets received free of charge are presented in Schedule 14.

I.7.1.7 Treasury assets

In accordance with the railways act, tangibles owned by the national treasury are carried separately in MÁV Zrt's books.

The total net value of treasury assets was HUF 379,058m at 31 December 2007 and increased to HUF 379,658m by 31 December 2008.

figures in MHUF

	2 007	2 008	Change
Land, total	15 157	15 314	157
Buildings, total	5 911	6 212	301
Structures, total	280 030	288 536	8 506
Machinery and equipment, total	42 270	48 523	6 253
AICC	35 690	21 073	-14 617
Treasury assets, total:	379 058	379 658	600
Long-term liabilities, opening at 30 Sept 2001, upon signing the asset management contract	275 578	275 578	
Acquisition from treasury funds	136 388	138 123	1 735
Acquisition from own funds	68 502	89 638	21 136
Treasury assets received free of charge	5 962	6 909	947
Surplus	412	412	0
Total increase:	211 264	235 082	23 818
Depreciation	97 568	118 804	21 236
Disposal	59	57	-2
Scrapping	6 487	8 277	1 790
Shortage	479	508	29
Treasury assets transferred free of charge	3 191	3 356	165
Total decrease:	107 784	131 002	23 218
Funds of treasury assets, total:	379 058	379 658	600

Schedule 12 : Treasury assets and their funds in the balance sheet

Movements in treasury assets in 2008:

figures in MHUF

	2007	2008	Change
Treasury assets, net	367 507	379 058	11 551
Treasury assets acquired from government grants	16 497	1 735	-14 762
Treasury assets acquired from own funds	16 312	21 136	4 824
Treasury assets received free of charge	117	913	796
Transferred to Treasury from MAV Zrt's own assets	131	34	-97
Surplus	312	0	-312
Total increase in the reporting year	33 369	23 818	-9 551
Treasury assets transferred free of charge	-8	-7	1
Annual depreciation	-19 746	-21 063	-1 317
Depreciation of treasury assets over the years	-92	-173	-81
Disposal	-22	2	24
Scrapped, destroyed	-1 781	-1 790	-9
Shortage	-169	-29	140
Transferred by the Treasury to MAV Zrt.	0	-158	-158
Impact of self-correction	0	0	0
Total decrease in the reporting year	-21 818	-23 218	-1 400
Treasury assets, net at 31 December 2007	379 058	379 658	600

Schedule 13 : Movements in treasury assets in 2008

The net value of treasury assets increased by HUF 600m during 2008 owing to capital expenditures well over the depreciation of HUF 21,236m in 2008. Capital expenditures were financed from government grants (HUF 1,735m) and from own funds (HUF 21,136m). The net value of treasury assets reduced by further HUF 1,982m for other reasons, the major reason being scrapping in a total of HUF 1,790m.

In the absence of permission from the owner, treasury assets that did not relate to capital projects could not be scrapped between 2004 and 2007. In 2008, 753 pieces of treasury assets were scrapped in relation to capital projects.

Uncertainties as to the ownership of treasury assets and our own assets remain an outstanding issue.

Asset	Transferer	AICC	figures in MHUF	
			Tangibles	Total
Restructured line: Bp-Cegléd-Lökösháza	Municipality of Békéscsaba	34	0	34
Restructured line: Bp-Cegléd-Lökösháza	Municipality of Békéscsaba	11	0	11
Zalaegerszeg Malom utca . Zala-bridge restructuring	Municipality of Zalaegerszeg	77	0	77
Balatonszepezd station - stairs covering	Municipality of Balatonszepezd	2	0	2
Culvert	Municipality of Győr	0	22	22
Concrete bridge	Municipality of Gödöllő	0	729	729
Level crossing	Municipality of Nyergesújfalu	0	8	8
AS 261 bar lights	Municipality of Nyergesújfalu	0	27	27
AS 86 bar lights	Mátra Erőmű Zrt.	0	3	3
From other companies:		124	789	913
LAN network	MÁV Zrt.	0	1	1
Unbuilt land	MÁV Zrt.	0	30	30
Public railway	MÁV Zrt.	0	2	2
Watchman's house	MÁV Zrt.	0	1	1
Received from MÁV Zrt.:		0	34	34
Grand total:		124	823	947

Schedule 14 : Treasury assets received free of charge

Subsidies for development purposes are presented in the following schedule:

figures in MHUF

Item	2007	2008	Change
Railway network development	720	0	-720
Free flow traffic	119	468	349
ISPA finances from central budget	0	432	432
Cohesion fund - government subsidy	5 161	13	-5 148
TEN-T government subsidy	420	595	175
KIOP government subsidy	279	157	-122
GSM-R government subsidy	5	0	-5
Subsidy to prepare for projects funded from the Cohesion Fund	1 375	0	-1 375
Costs not recognised by the Cohesion Fund	649	0	-649
Subsidy - complex logistic development project at Záhony	0	63	63
Schengen frontier building (KVJ net)	0	400	400
Reconst. of frontier building at Eperjeske (VAT)	0	56	56
Costs not recognised by ISPA	0	3	3
VAT on TEN-T subsidy	126	184	58
Costs not recognised by TEN-T	0	0	0
Subsidies total:	8 855	2 371	-6 484
Complex logistic development project at Záhony (paid by EU)	0	356	356
KIOP subsidy for treasury assets from ERFA	838	465	-373
Cohesion fund	4 083	51	-4 032
TEN-T fund	209	323	114
Schengen frontier building (paid by EU)	0	281	281
Total: (subsidy+EU funds)	13 985	3 847	-10 138
Of which: - used for treasury assets	13 249	2 495	-10 754
- used for MÁV assets	736	1 352	616

Schedule 15 : Subsidies used for capital projects

The HUF 1,735m presented in Schedule 12 shows an increase in treasury assets funded from subsidies, while the HUF 3,847m in Schedule 15 shows the amounts received from the National Treasury in 2008. The subsidy of HUF 3,847m does not fully attributable to asset additions in 2007 but also includes payments related to 2007 but made in 2008 as well as advance payments made in 2007 for future treasury projects which did not result in asset additions in 2008.

1.7.1.8 MÁV Zrt's investments

MÁV Zrt's long-term investments and movements in the reporting year are set out as follows:

figures in MHUF

Investment	1905.06.29	Increase	Decrease	1905.06.30	Index (%)
Fully consolidated subsidiaries	97 896	52 528	34 530	115 894	118,38
Consolidated associates	1 503	229	1 180	552	36,73
Associates	983	66	39	1 010	102,75
Other investments	1 396	1 740	19	3 117	223,28
Total:	101 778	54 563	35 768	120 573	118,47

Schedule 16 : MÁV Zrt's investments at book value per category

Further to the accounting law, MÁV Zrt. fully included 10 of its subsidiaries in its consolidated financial statements for 2007 (each under controlling influence). In comparison to the consolidated financial statements for 2007, fully consolidated entities in 2008 include MÁV KfV Kft. and ZÁHONY-PORT Zrt., which were reclassified by MÁV Zrt. into its basis portfolio. Based on the indicators used to determine the entities to be fully consolidated, MÁV VASÚTŐR Kft. and MÁV Debreceni Járműjavító Kft. were no longer fully consolidated in 2008. These entities have been equity consolidated into our consolidated financial statements for 2008.

The increase in the book values of fully consolidated subsidiaries was also due to capital increases, mostly via contribution in kind. The HUF 6,000m transferred to MÁV-TRAKCIÓ Zrt. and the contributed assets (mostly engines) increased the value of the investment by HUF 40,295m. As a result of capital increases in MÁV-GÉPÉSZET Zrt., the value of the investment increases by 6,561m in our books.

At 30 June 2008, MÁV Szolnoki Járműjavító Kft. and MÁV Északi Járműjavító Kft. merged into MÁV-GÉPÉSZET Zrt., thus reducing the number of fully consolidated entities by two. As a result of the mergers, MÁV-GÉPÉSZET Zrt's book value increased by HUF 4,033m while the shares of the merged entities totalling HUF 2,166m were written off.

The impacts of outsourced activities into MÁV-TRAKCIÓ Zrt. and MÁV-GÉPÉSZET Zrt. are presented in Schedule 2 „Impacts of outsourced traction” and Schedule 3 „Impacts of outsourced railcar maintenance”.

In the financial years of 2007 and 2008, MÁV Zrt. carried out a number of capital increases via share premium increase in MÁVGÉP Kft. totalling HUF 720m. These increases were registered by the Company Registrar in 2008. In relation to these increases, we recognised an impairment loss of HUF 450m, and HUF 270m was reclassified from impairment of other receivables to impairment of investments (as the amount had been transferred in 2007 but became effective only in 2008 after the registration). As a result, the net value of our investment in the company remained HUF 0 in 2008. We recognised HUF 959m impairment loss on Záhony-PORT Zrt. as its losses seem permanent and significant losses in its equity are expected.

On 2 December 2008, we disposed of 95% of our shares in MÁV Cargo Zrt. to Rail Cargo Austria AG for HUF 97,368m, as a result of which MÁV Cargo Zrt's book value sank from HUF 30,741m to HUF 1,537m. In line with our new 5% shareholding ratio in MÁV Cargo Zrt., the investment is presented at book value in the 2008 consolidated financial statements. In our stand-alone financial statements, MÁV Cargo has been reclassified from long-term investments in related parties to other long-term investments. Similarly, former 100% subsidiaries of MÁV Cargo Zrt., MÁVTRANSSPED Kft., BILK KOMBITERMINÁL Zrt, and MÁV-TISZAVAS Kft., are no longer fully consolidated entities.

There have been numerous changes in subsidiaries treated as associates. Our 100% investment in MÁV Jegynyomda Kft. was sold for HUF 81m (HUF 61m book value). Impairment losses totalling HUF 167m were recognised on a number of our subsidiaries due to unfavourable changes in their equities.

Two companies were added to associates in 2008: 49% of MÁV-REC Kft. purchased from MÁV Cargo Zrt. for HUF 51m; and 25.1% of MTMG Zrt. for HUF 15m.

As for associates, there were major changes in only two entities: the book value of associates was reduced by HUF 39m due to the disposal of two entities - MÁV Intel-Team Kft. and Carpatian Cargo s.r.o. The reduction caused HUF 35m losses to MÁV Zrt.

Of companies under liquidation, MÁV LIÁN Kft's and MM Cargo Kft's imposed liquidation and the voluntary liquidation of MÁV Egressy Garázs Kft., MÁVAUT Kft., ÉSZAK-TRANS Kft. and Vasútigazgatás-feljlesztési Tanácsadó Kft. finished in 2008. As all these companies had been fully impaired in previous years, the fact that these companies were written off from MÁV Zrt's books did not affect the book value of long-term investments.

The HUF 1,740m increase in other related parties was due to the reclassification of MÁV Cargo Zrt. and the year-end revaluations of companies carried in FX. The HUF 19m drop in the book value of other related parties is due to the disposals of AUTORAIL Kft., TÉKISZ Zrt., ZTF Kft, and Balaton-Boronka Kisvasút Kht.

Details of MÁV Zrt's long-term investments and their impairment are set out in section II.6.

I.7.1.9 Impairment loss of long-term financial assets

figures in MHUF

Item	Impairment loss				
	Opening	Increase	Decrease	Reversed	Closing
Long-term investment in associates	6 196	1 847	177	0	7 866
Long-term loans to associates	490	0	37	0	453
Other long-term investments	1	0	0	0	1
Long-term loans to other related parties	0	0	0	0	0
Other long-term loans granted	14	792	1	0	805
Long-term debt securities	0	0	0	0	0
Total:	6 701	2 639	215	0	9 125

Schedule 17 : Impairment loss of long-term financial assets

In addition to the impairment loss on investments (presented in the preceding section), impairment losses on service flats sold on instalments and loans granted to employees to but such flats totalled HUF 792m.

I.7.2 Current assets

I.7.2.1 Impairment of inventories

A total impairment loss of HUF 94m was recognised by MÁV Zrt. on inventories in 2008. This amount reflects the HUF 78m impairment loss on technically obsolete railtrack materials and HUF 16m related to general materials such as discounted prints and spare parts. Inventories discounted in 2007 had been contributed to MÁV-GÉPÉSZET Zrt. as part of the outsourcing process and thus were written off from our books.

I.7.2.2 Receivables

I.7.2.2.1 Reclassification of receivables and liabilities

The following items have been reclassified in the balance sheet:

- Extraordinary amortisation of capital projects in progress (HUF 361m) was posted to concessions, licences and similar rights.
- An overdraft of HUF 146m was posted from bank deposits to current liabilities.
- Of long-term loans, the following items have been reclassified: HUF 13,343m repayable in 2009 to current liabilities; of a long-term entrepreneurial loan HUF 161 repayable in 2009 has been reclassified to current entrepreneurial loans; HUF 208m of long-term loans granted due in 2009 has been posted other receivables; and HUF 1m158m lease payable in 2009 has been reclassified from other long-term liabilities to other current liabilities.
- Of other current liabilities, reclaimable VAT of HUF 319m, car tax of HUF 1m and HUF 234m development subsidy claim have been reclassified to other receivables.
- Of other receivables, HUF 348m has been posted to receivables from related parties.
- HUF 1m of other current liabilities (deducted from employees) has been posted to other receivables.

I.7.2.2.2 Receivables and impairment loss

Impairment loss recognised in the reporting year (less advances for tangibles, intangibles and inventories) is summarised below:

figures in MHUF

Debtor	Receivables					Impairment							
	Not due	due over 1-90 days	due over 91-180 days	due over 181-365 days	due over 365 days	Total	Opening	Impairment w/o	Impairment loss for 2007 (862,2; 862,4)	Bad debts received (962,3; 962,5)	Rewritten (962,2; 962,4)	Closing	BV of receivables
Debtors	1 480	524	146	381	5 757	8 288	6 565	379	682	833	0	6 035	2 233
Related parties	19 707	4 137	1 073	224	830	25 971	1 223	651	341	14	0	899	25 072
Of which: fully consolidated entities	18 808	3 175	863	55	6	22 907	3	0	0	0	0	3	22 904
equity consolidated entities	253	93	83	111	169	709	615	613	225	3	0	224	485
associates	125	31	16	26	2	200	0	0	1	0	0	1	199
Other receivables	3 171	80	41	95	315	3 702	144	28	796	7	0	905	2 797
Total:	24 358	4 741	1 260	700	6 902	37 961	7 932	1 058	1 819	854	0	7 839	30 122

Schedule 18 : Receivables and impairment loss

Debtors include mainly receivables from foreign entities in relation to rail cargo and passenger transport services provided by the Company in the past (HUF 4,103m). As most of these receivables were impaired in previous years, their book value is HUF 248m. In 2008, only HUF 38m impairment loss was recognised on receivables from foreign railway companies.

Domestic debtors (HUF 4,185m) mostly relate to property management. Receivables from railtrack services total HUF 562m. A total impairment loss of HUF 2,180m has been recognised on domestic debtors, of which HUF 644m was recognised in 2008.

Receivables from related parties include receivables from railtrack services (HUF 11,723m) and other delivery of goods and services (HUF 14,247m). A total impairment loss of HUF 899m has been recognised on these receivables. Material items of impairment loss recognised in 2008 total HUF 341m, including HUF 155m on receivables from MÁV Raktár Kft. and HUF 149m on MÁV Lokomotív Hotels Kft.

Of the total HUF 3,702m of other receivables, material items include long-term employee loans and receivables from the sale of service flats (HUF 1,441m), own funds set aside for ISPA projects (HUF 752m), VAT (HUF 348m) reclassified from other liabilities, the current part of long-term loans granted (HUF 208m) and current receivables from employees (HUF 191m). HUF 905m impairment loss has been recognised on other receivables, of which HUF 792m has been made for long-term loans granted.

I.7.2.2.3 Receivables in FX per currency

FX	Receivable in FX	FX rate	Receivable in MHUF	Year-end FX gain MHUF
EUR	46 871 341,00	264,78	12 411	617
CHF	408 898,50	177,78	73	3
Total	-	-	12 484	620

Schedule 19 : Receivables in FX per currency

Most receivables in FX include advances for Stadler made 'Flirt' type passenger motor coaches totalling HUF 11,248m.

I.7.2.3 Securities and their impairment loss

Debt securities held for trading include only the following discounted securities totalling nearly HUF 60 billion at face value:

figures in MHUF

Security						
Item	Purchased on	Matures on	Cost	Face value	Yield	Deferred interest at BS date
D090408_kh	2008.12.02	2009.04.08	1 447	1 500	10,35%	12
D090603_un	2008.12.02	2009.06.03	3 988	4 200	10,45%	34
D090603_kh	2008.12.02	2009.06.03	475	500	10,40%	4
D090729_un	2008.12.02	2009.07.29	2 899	3 100	10,45%	24
D090923_un	2008.12.02	2009.09.23	1 105	1 200	10,45%	9
D090923_kh	2008.12.02	2009.09.23	2 766	3 000	10,30%	23
D091118_un2	2008.12.02	2009.11.18	907	1 000	10,50%	8
D090408_un	2008.12.09	2009.04.08	967	1 000	10,05%	6
D090318_kh	2008.12.17	2009.03.18	4 569	4 677	9,37%	17
D091118_un	2008.12.17	2009.11.18	2 700	2 919	8,70%	9
D091118_un3	2008.12.17	2009.11.18	2 312	2 500	8,70%	8
D090114_kh	2008.12.31	2009.01.14	7 125	7 152	9,90%	0
MNB090114	2008.12.31	2009.01.14	18 620	18 692	9,95%	0
D090401_un	2008.12.31	2009.04.01	489	500	9,00%	0
D090401_un2	2008.12.31	2009.04.01	978	1 000	9,05%	0
D091118_kh	2008.12.31	2009.11.18	8 337	9 000	8,90%	0
Total:			59 684	61 940	-	154

Schedule 20 : Securities

No impairment loss was recognised on securities in 2008.

1.7.2.4 Related party receivables

figures in MHUF

Item	Parent	Fully consolidated subsidiary	Equity consolidated subsidiary	Associates	Total
Advances for intangibles	0	0	0	0	0
Advances for capital projects	0	0	43		43
Long-term loan to related parties	0	0	40	4	44
Advances for inventories	0	0	0	0	0
Receivables from related parties	0	22 904	445	195	23 544
Total:	0	22 904	528	199	23 631

Schedule 21 : Related party receivables

I.7.3 Prepaid expenses and accrued income

Prepaid expenses and accrued income increased by 16.19% (HUF 3,808m) on the previous year.

Prepaid expenses and deferred income:

GL account	end of 2007			end of 2008		
	over 1 year	within 1 year	Total	over 1 year	within 1 year	Total
Unsettled transactions with debtor balance	0	2 118	2 118	0	86	86
Accrued income	0	2 672	2 672	0	4 406	4 406
Accrued income	0	4 790	4 790	0	4 492	4 492
Other prepaid costs	0	82	82	0	195	195
Prepaid debt service (Viacom)	16 230	0	16 230	18 483	0	18 483
Prepaid mast use cost (Viacom)	38	0	38	35	0	35
Prepaid redundancy costs	0	328	328	0	85	85
Prepaid expenses	16 268	410	16 678	18 518	280	18 798
Deferred unrealised FX loss on EUR 30.7m loan	259	21	280	388	0	388
Deferred unrealised FX loss on an EUR 45352822.58 loan	0	12	12	435	0	435
Deferred unrealised FX loss on EUR 144.6m development loan	0	126	126	1 758	0	1 758
Deferred unrealised FX loss on Eurofima contract 10/a. (Nr. 2576)	216	9	225	0	0	0
Deferred unrealised FX loss on Eurofima contract 10/b. (Nr. 2576)	609	27	636	0	0	0
Deferred unrealised FX loss on Eurofima contract 11. (Nr. 2582)	332	37	369	177	0	177
Deferred unrealised FX loss on Eurofima contract 12. (Nr. 2604)	166	26	192	0	0	0
Deferred unrealised FX loss on Eurofima contract 13/a. (Nr. 2649)	40	29	69	56	0	56
Deferred unrealised FX loss on Eurofima contract 13/b. (Nr. 2662)	0	37	37	198	0	198
Deferred unrealised FX loss on Eurofima contract 13/c. (Nr. 2673)	0	8	8	0	0	0
Deferred unrealised FX loss on Eurofima contract 13/e. (Nr. 2673)	0	1	1	15	0	15
Deferred unrealised FX loss on Eurofima contract 13/d. (Nr. 2672)	0	8	8	207	0	207
Deferred unrealised FX loss on an EUR 60m EIB development loan	87	0	87	293	0	293
Deferred unrealised FX loss on EUR 141.6m development loan	0	0	0	509	0	509
Deferred expenses	1 709	341	2 050	4 036	0	4 036
Total:	17 977	5 541	23 518	22 554	4 772	27 326

Schedule 22 : Prepaid expenses and accrued income

Accrued income fell by HUF 298m on 2007 due partly to the outsourced activity to MÁV-START Zrt as of 1 July 2007. Unsettled transactions with debtor balances relating to previous periods were recognised (except for frontier settlements) and this resulted in a decrease of HUF 2,032m. At the same time, accrued income reflects a HUF 1,734m increase. Accrued income also includes track usage charge of HUF 2,307m payable by MÁV Cargo Zrt.

Prepaid expenses increased by HUF 2,120m due to costs prepaid to VIACOM Hungária Rt., a concession company established to make the existing railway network electric. Under an agreement between the Ministry for Transport and MÁV Zrt., MÁV Zrt. should separately record all equipment use charges relating to parts of the network that will go electric (both in the budget and in the books) and all such charges should be fully transferred to the concession company as set out in the underlying loan agreements. Under this agreement, MÁV Zrt. pays various amounts each year depending on its debt service obligations. The accounting law requires separate records of the debt service obligations and the amounts due to the Concession keeper. In accordance with the underlying agreement between MÁV Zrt. and VIACOM Rt., this separation is done within prepaid expenses and accrued income: the difference between the annual usage fee for the duration of the concession and the debt service obligation is recorded by MÁV Zrt. as prepaid expense and the same is booked as accrued income by VIACOM Rt. The increase in the prepaid amount was due to increase debt service obligations for 2008.

Prepaid expenses and accrued income increased by HUF 1,986m due to unrealised FX losses on various loans.

I.7.4 Equity

I.7.4.1 Movements in equity

MÁV Zrt's equity was negative at the end of 2006 owing to the massive annual loss. As a result, the Company did not comply with the capitalisation requirements of the companies act (act IV of 2006). In 2007, measures were taken by the shareholder to ensure compliance with statutory capitalisation requirements. As part of these measures, a total capital increase of HUF 111,600m was paid up – HUF 47,000m was registered in 2007 and HUF 64,600m on 4 January 2008.

Equity movements are set out in the schedule below:

	figures in MHUF					
Opening, 2008	20 250	46 785	-61 630	13 892	1 320	20 617
Loss for 2007 posted			1 320		-1 320	0
Capital increase based on resolution 3/2007. (01.30.) and 35/2007 (08.30.) of the sole shareholder	750					750
Capital reserve increase based on resolution 3/2007. (01.30.) and 35/2007 (08.30.) of the sole shareholder		63 850				63 850
Allocated reserve posted to retained earnings due to debts assumed by MÁV-TRAKCIÓ Zrt, difference between unrealised FX losses and provisions			801	-801		0
Additional capital to MÁV Rakszer Kft based on doc. K-5473/2007			-6			-6
Additional capital to Észak Trans Kft. Based on doc.K-5467/2007			-18			-18
Used from vocational training fund		7		-7		0
Allocated reserve made for unrealised FX losses			-2 332	2 332		0
Use of allocated reserve equal to R&D			1	-1		0
Profits for previous years			-1 320			-1 320
Profit for 2008					41 550	41 550
Closing, 2008	21 000	110 642	-63 184	15 415	41 550	125 423

Schedule 23 : Equity movements

I.7.4.2 Equity movements and their basis

- The HUF 1,320m loss for previous years is the aggregate of a profit of HUF 2,941m and a loss of HUF 4,261m and was posted to retained earnings.
- Equity is increased by the profit for 2008 (HUF 41,550m).
- Further to its resolution no. 3/2007. (01.30.) and its amendment of 35/2007. (08.30.), the Company's sole owner and founder raised the Company's capital by HUF 64,600m by the way of share premium payment. In accordance with the resolution, HUF 750m was booked to share capital and HUF 63,850m was posted to retained earnings. The capital increase was registered by the company court on 4 January 2008.
- Retained earnings increased by HUF 801m vs. allocated reserves and reflects a decrease in the difference of unrealised FX losses and the related provision owing to loans assumed by MÁV-TRAKCIÓ Zrt.

- Allocated reserves increased by HUF 2,332m vs. retained earnings and reflects an increase in the difference of unrealised FX losses and the related provision owing to the year-end revaluation of development loans.
- Additional capital payment of HUF 6m to MÁV Rakszer Kft. based on document no. K-4847/2008 (resolution 3/130/2008) from retained earnings to help liquidation.
- Additional capital payment of HUF 18m to Észak Trans Kft. based on document no. K-2582/2008 (resolution 3/31/2008) from retained earnings to help liquidation.
- Further to act LXXXVI of 2003 on vocational training contribution and government assistance to vocational education, HUF 7m has been reversed to capital reserve from vocational subsidy received and set aside as allocated reserve in previous years as the terms of the underlying education contracts were met.
- HUF 1m of allocated reserve was released and posted to retained earnings. This amount equals the annual amortisation charge of R&D.
- The opening balance of allocated reserves includes capital injection of HUF 8,994m based on founder's resolutions no. 2/2005. and 5/2005., HUF 3,617m for environmental restoration, HUF 1,251m difference between unrealised FX losses and the related provision, HUF 16m subsidy received from the vocational training fund and HUF 14m other items.
- The annual closing balance of allocated reserves includes a capital injection of HUF 8,994m based on founder's resolutions no. 2/2005. and 5/2005., HUF 3,617m for environmental restoration, HUF 2,782m difference between unrealised FX losses and the related provision, HUF 9m subsidy received from the vocational training fund and HUF 13m other items.

I.7.5 Provisions

I.7.5.1 Provisions for future contingnet liabilities

MÁV Zrt. has made the following provisions for are liabilities that are likely or sure to incur by the balance sheet date and the amounts of such liabilities are not established by the balance sheet preparation date, nor did the company provide the necessary funds for such in any other way (expected liabilities):

figures in MHUF

Provisions for liabilities	Opening	Released in 2007	Made in 2007	Closing
Redundancies	4 752	3 440	3 219	4 531
Guarantee liabilities (environmental)	7 780	1 119	1 910	8 571
Guarantees for Máv Kfts	26	0	0	26
Litigations	7 506	673	973	7 806
Hazardous chimnies	0	0	80	80
Welfare buildings maintenance	449	46	150	553
Accident at Szőny	413	413	0	0
Expected liabilities to subsidiaries	0	0	2 340	2 340
Mátra Sugar Factory demolition	0	0	60	60
Total:	20 926	5 691	8 732	23 967
of which: provisions for payables to associates	26	0	2 362	2 388

Schedule 24 : Provisions for future contingnet liabilities

Based on the liabilities expected in 2008, a provision of HUF 3,219m was made for redundancy costs in 2008 and no related government subsidy is expected. HUF 1,910m was made for environmental liabilities for a total of 13 restoration cases. Seven of these cases are in survey phase, while technical restoration works are in progress in six cases. HUF 973m was made for 136 new litigations. Back in 2007, a claim was placed against MÁV Zrt. for damages in relation to properties sold for a total of HUF 40 billion, which is recorded as contingent liability. We dispute the legal basis of the claim and no litigation has been launched as yet. However, on a prudent basis, we have made a HUF 3 billion provision for this case.

The provision made for future contingnet liabilities to subsidiaries equals the amount of expected capital contribution to permanently loss making subsidiaries in a total of HUF 895m. The most significant single amount (HUF 800m) relates to MÁVGÉP Kft. In addition, MÁV intends to assume restructuring liabilities associated with the merger of Északi Járműjavító Kft. into MÁV-GÉPÉSZET Zrt. Such assumed liabilities total HUF 1,445m and have been provided for.

I.7.5.2 Provisions for future commitments

Provisions are made for expected and periodically recurring future expenses that will surely incur but their exact amount or the date when they will incur is uncertain at the time when the balance sheet is prepared (future liabilities). Provisions thus made by MÁV Zrt. are presented as follows:

figures in MHUF

Provisions for future commitments	Opening	Released in 2008	Made in 2008	Closing
Demolition	3 515	613	179	3 081
Maintenance	2 765	297	0	2 468
Redundancies at subsidiaries	1 054	646	0	408
Depreciation of assets not contributed by NIF	0	0	640	640
MVH penalty	100	100	0	0
Total:	7 434	1 656	819	6 597

Schedule 25 : Provisions for future commitments

Provision has been made for demolition costs: typically for the demolition of unused and dangerous buildings and structures belonging to the Railtrack Division. The amount of provision reflected in the calculated but unrecognised depreciation of projects implemented from government and EU funds but not taken over (commissioned) by the balance sheet preparation date is another material item.

I.7.5.3 Provisions for FX losses

I.7.5.3.1 Provisions for FX losses

MÁV Zrt. makes provisions for unrealised accrued FX losses resulting from the year-end revaluation of long-term FX debts relating to fixed assets acquisitions and not covered with sufficient FX funds.

Other provisions include the provision for FX losses on project and development loans as presented below:

Item	Closing EUR'000	Closing HUFm	Accum. Def. HUFm	Start date	End date	Prov. HUFm opening	released in 2007 HUFm	Made in 2007 HUFm	Closing, HUFm
431,311 MFB 30,7 M	15 190	4 022	388	2002.07.01	2014.06.30	107	0	112	219
431,321 OTP (Talent)	35 458	9 389	435	2006.03.23	2016.12.31	2	0	109	111
431,331 Calyon	144 600	38 287	1758	2006.03.22	2020.06.16	16	0	327	343
431,3623 E.fima 10/a	0	0	0	2003.02.11	assumed	154	154	0	0
431,3624 E.fima 10/b	0	0	0	2003.02.11	assumed	311	311	0	0
431,3625 E.fima 11*	8 057	2 133	177	2003.11.05	2018.12.17	101	78	37	60
431,3626 E.fima 12	0	0	0	2004.11.02	assumed	64	64	0	0
431,3627 E.fima 13/a*	4 000	1 059	56	2005.12.19	2015.03.06	15	13	16	18
431,3628 E.fima 13/b*	15 900	4 210	198	2006.06.19	2016.04.07	6	3	48	51
431,381 EIB	18 000	4 766	293	2005.03.29	2015.09.15	23	0	82	105
431,3629 E.fima 13/c	0	0	0	2007.07.30	assumed	1	1	0	0
431,3629 E.fima 13/e	1 200	318	15	2007.11.07	2014.01.28	0	0	3	3
431,3630 E.fima 13/d	17 400	4 607	207	2007.11.07	2016.04.07	0	0	28	28
431,391 Caylon II.	46 690	12 363	509	2007.11.28	2021.11.28	0	0	40	40
Total:	306 495	81 154	4 036			800	624	802	978

Note: FX loans were translated at a 264.78 HUF/EUR rate (year end central bank rate) and the balances do not reflect the instalment reclassification to the current

*part of the loan has been assumed by MÁV-TRAKCIÓ Zrt.

Schedule 26 : Provisions for FX losses

The accumulated FX loss is HUF 4,036m. The amount of provision for the FX loss increased by HUF 178m compared to 2007 as a result of released provisions on the grounds of loans assumed by MÁV-TRAKCIÓ Zrt. and of further FX losses and further provisions having been made since the loans were taken out.

I.7.5.4 Other provisions

There were no other provisions.

I.7.5.5 Provisions in the balance sheet for 2008

Provisions as presented in the balance sheet for 2008:

figures in MHUF

Item	For expected liabilities	For future expenses	For unrealised FX losses	Total:
Opening provisions	20 926	7 434	800	29 160
Released in 2008	5 691	1656	624	7 971
Made in 2008	8 732	819	802	10 353
Closing provisions	23 967	6 597	978	31 542

Schedule 27 : Provisions in B/S

I.7.6 Liabilities

I.7.6.1 Liabilities related to Treasury assets and Treasury funded projects

Further to subsection 23(2) of the accounting law, managed government or municipality assets (Treasury assets) are to be disclosed among the assets of the asset manager, while, according to subsection 42(5), liabilities related to treasury assets should be disclosed among long-term liabilities. The accounting treatment of treasury assets is governed by government decree 254/2007. (X. 4.) on the management of treasury assets and by the asset management agreement between KVI and MÁV Zrt.

In accordance with the asset management agreement, certain changes cause movements in long-term liabilities, while other changes should not result in movements in long-term liabilities.

As a result of different movements in treasury assets and the related liabilities, long-term liabilities totalling HUF 408,142m (related to projects owned by MÁV Zrt. but financed from subsidies and EU funds) are connected to the HUF 379,658m balance of treasury assets at 31 December 2008.

Long-term liabilities towards the government exceeds the managed treasury asset portfolio by HUF 28,484m (including HUF 28,486m refunding obligation and HUF -2m accumulated balance of settlements with the National Treasury).

Changes in treasury assets are presented as follows:

figures in MHUF

Liabilities related to treasury assets	2007	2008	Change
Liabilities related to treasury assets	396 752	406 766	10 014
Increase in treasury assets	33 369	23 818	-9 551
Decrease in treasury assets	-21 818	-23 218	-1 400
Increase in mandatory refunding liability	1 405	111	-1 294
MÁK settlements in 2007	-2 942	665	3 607
of which: project invoices submitted to te Treasury	-17 115	-3 182	13 933
payments by the Treasury	13 985	3 847	-10 138
bills rel. to 2007 submitted to Treasury paid by MÁV	188	0	-188
Liabilities related to treasury assets - 31 Dec 2008	406 766	408 142	1 376

Schedule 28 : Liabilities related to treasury assets

Details of MÁV Zrt's mandatory refunding liability are as follows:

figures in MHUF

Refunds	2007	2008	Change
Opening liability	26 971	28 375	1 404
Depreciation of treasury assets in 2008 (+)	19 746	21 063	1 317
Depreciation of treasury assets in previous years (+)	92	173	81
Disposal of treasury assets (+)	11	0	-11
Re-used materials from scrapped treasury assets (+)	180	50	-130
Mandatory refund paid (-)	2 205	0	-2 205
Amounts received from thrid parties for treasury projects (+)	23	-5	-28
Treasury project funded from own funds in 2007 (-)	16 312	21 136	4 824
Assets contributed to the Treasury in 2007 (-)	131	34	-97
Closing liability	28 375	28 486	111

Schedule 29 : Mandatory refunds

I.7.6.2 Subordinated debt

MÁV Zrt. does not have any subordinated debt.

I.7.6.3 Long-term liabilities

Long-term liabilities, including those related to treasury assets, totalled HUF 615,427m at the end of 2008, which is a HUF 99,591m (13.93 %) decrease on the previous year. Long-term liabilities account for 70.67% of total equity and liabilities and 91.63% of liabilities.

Net of treasury liabilities, the year-end balance of long-term liabilities is HUF 207,285m, which is a HUF 100,967m (32.75%) decrease on 2007. This can be explained by the HUF 27,683 (22.9%) drop in development loans and a HUF 64,600m decrease in long-term liabilities towards related parties.

Long-term liabilities towards related parties include the HUF 64,600m capital increase done by the Ministry in 2007 but not registered by the Company Court by the end of 2007. The capital increase was registered on 4 January 2008.

I.7.6.3.1 Long-term loans

MÁV Zrt's long-term loans at the end of 2008 were as follows:

Loan	Loan agreement dated at	Matures on	Government guarantee	Currency	Maount per loan agreement (millions, original currency)	Available facility (31 Dec 2008)	
						FX m	HUF m
Capital project loans							
EIB-ISPA	2001.09.03	2015.09.15	1082/2001	EUR	18	18	4 766
EUROFIMA 11	2003.12.31	2018.12.17	1036/2003	EUR	8	8	2 133
EUROFIMA 13 a	2005.12.31	2015.03.06	1113/2005	EUR	4	4	1 059
EUROFIMA 13 b	2006.10.03	2016.04.07	1113/2005	EUR	16	16	4 210
EUROFIMA 13 c	2007.10.18	2014.01.28	1113/2005	EUR	1	1	318
EUROFIMA 13 d	2007.11.30	2016.04.07	1113/2005	EUR	17	17	4 607
Konzorcium 8,133 Mrd Ft	2006.04.21	2013.04.21	1113/2005	HUF	8 133		8 133
Raiffeisen 9,209 Mrd Ft	2006.04.26	2016.04.21	1113/2005	HUF	9 209		9 209
MFB (13 db Desiro)	2002.01.28	2014.06.30	-	EUR	31	15	4 022
OTP (10 db Talent)	2006.03.23	2016.12.31	-	EUR	45	35	9 389
Calyon-CIB (30 db Firt)	2006.03.22	2020.06.16	-	EUR	145	145	38 287
Raiffeisen (+30 db Flirt)	2007.09.25	2021.11.28	-	EUR	142	47	12 363
Total:							98 496
Operational loans							
ERSTE 8 Mrd Ft	2003.03.28	2009.06.30	1211/2002	HUF	8 000		8 000
KDB 4 Mrd Ft	2005.12.27	2010.11.27	1089/2005	HUF	4 000		4 000
CIB 6 Mrd Ft	2005.12.27	2010.11.27	1089/2005	HUF	6 000		6 000
M.Takarékszöv. 10 Mrd Ft	2005.12.27	2011.11.27	1089/2005	HUF	10 000		10 000
Konzorcium 10 Mrd Ft	2005.12.27	2012.11.27	1089/2005	HUF	10 000		10 000
Raiffeisen 28,5 Mrd Ft	2005.12.27	2015.11.27	1089/2005	HUF	28 500		28 500
Konzorcium 55 Mrd Ft	2006.10.09	2016.10.09	1075/2006	HUF	55 000		55 000
Total:							121 500
Enterpreneurial loans							
Enterpreneurial loan (MÁV IP network)	2008.05.20	2012.05.20	-	HUF	565		565
Total:							565
Grand total:							220 561

Note: FX loans were translated at a 264.78 HUF/EUR rate (year end central bank rate). Reclassified to short-term loans: HUF 5,343m from development loans and HUF 8,000m from operating loans. Reclassified to short-term borrowings: HUF 162m from entrepreneurial loans.

Schedule 30 : MÁV Zrt's long-term loans and borrowings

Long-term loans repayment schedule:

figures in MHUF

Loan	2009.	2010.	2011.	2012.	2013.	2014 and beyond	Total
Capital project loans							
EIB-ISPA			953	953	953	1 906	4 766
EUROFIMA 11						2 133	2 133
EUROFIMA 13 a						1 059	1 059
EUROFIMA 13 b						4 210	4 210
EUROFIMA 13 c						318	318
EUROFIMA 13 d						4 607	4 607
Konzorcium 8,133 Mrd Ft			4 628	2 337	1 168		8 133
Raiffeisen 9,209 Mrd Ft					2 127	7 082	9 209
MFB (13 db motorkocsi)	813	813	813	813	771		4 022
OTP (10 db Talent besz.)	1 201	1 201	1 201	1 201	1 201	3 384	9 389
Calyon (30 db Flirt motor coaches)	3 329	3 329	3 329	3 329	3 329	21 641	38 287
Raiffeisen (+30 db Flirt motor coaches)*		538	1 075	1 075	1 075	8 600	12 363
Total	5 343	5 881	11 999	9 708	10 624	54 941	98 496
Operational loans							
ERSTE 8 Mrd Ft	8 000						8 000
KDB 4 Mrd Ft		4 000					4 000
Takarékbank 10 Mrd Ft			10 000				10 000
CIB 6 Mrd Ft		6 000					6 000
Konzorcium 10 Mrd Ft				10 000			10 000
Raiffeisen 28,5 Mrd Ft			5 700	5 700	5 700	11 400	28 500
Konzorcium 55 Mrd Ft		1 000	14 000	14 000	14 000	12 000	55 000
Total	8 000	11 000	29 700	29 700	19 700	23 400	121 500
Entrepreneurial loan							
Ent. Loan (MÁV IP network)	161	161	161	82			565
Total	161	161	161	82	0	0	565
Grand total	13 504	17 042	41 860	39 490	30 324	78 341	220 561

Note: FX loans were converted at a 264.78 HUF/EUR rate (year-end central bank rate). Reclassified to short-term loans: HUF 5,343m from development loans and HUF 8,000m from operating loans. Reclassified to short-term borrowings: HUF 162m from entrepreneurial loans.

* Repayment obligation in view of the existing portfolio

Schedule 31 : Long-term loans repayment schedule

I.7.6.3.2 Leases

Financial leasing liabilities existed at the year-end with respect to 300 second hand passenger wagons as follows:

	Currency	2009	2010	Total
Lease payable	EUR th	4 373	655	5 028
	MHF	1 158	173	1 331

Note: Leases were converted at a 264.78 HUF/EUR rate (year-end central bank rate)

Schedule 32: Leases payable (net of interest)

I.7.6.3.3 Other long-term liabilities

We have a material balance of other long-term liabilities. These relate almost exclusively to the management of treasury assets. Liabilities from treasury asset management are detailed in section I.7.6.1 on page 37.

I.7.6.3.4 Long-term liabilities in foreign exchange

Long-term liabilities held in foreign exchange include FX loans and FX based financial leases and are detailed in sections I.7.6.3.1 and I.7.6.3.2 (pages 37 and 39).

I.7.6.4 Current liabilities

I.7.6.4.1 Current liabilities

Current liabilities include the current part of long-term loans (HUF 13,343m) and the year-end balance of overdrafts (HUF 146m).

I.7.6.4.2 Other current liabilities

The year-end balance of current liabilities is HUF 56,170m, which is a HUF 11,758m (17.31 %) decrease on the previous year. Current liabilities make up for 6.45 % of equity and liabilities and 8.36% of liabilities.

The nearly HUF 12 billion decrease was due to a HUF 10,419m drop in creditors, HUF 5,612m drop in related party payables, and a HUF 8,976m increase in other current liabilities.

The balance sheet line 'Other current liabilities' contains the following items:

Item	figures in MHUF		
	2007	2008	Change
Taxes payable	5 973	3 574	-2 399
Wages and salaries	4 092	2 518	-1 574
Development subsidy repayable to NÜF	353	141	-212
Unbilled compl. projects, late payment penalty, guarantees	2 134	932	-1 202
Other liabilities from services	0	295	295
Current part of leasing liability	1 025	1 158	133
Other liabilities	806	744	-62
Total other liabilities	14 383	9 362	-5 021

Schedule 33 : Other current liabilities

I.7.6.4.3 Current liabilities by currency

Currency	Amount in FX	FX rate (FX/HUF)	Amount in MHUF	FX loss at year-end
<i>EUR</i>	2 545 061,49	264,78	674	-1
<i>CHF</i>	23 823,30	159,28	4	0
BGN	8 018,71	135,39	1	0
Total:			679	-1

Schedule 34 : Current liabilities in FX

I.7.6.5 Payables to related parties

Item	Parent	Fully consolidated	Equity consolidated	Associates	Total
Subordinated related party loan	0	0	0	0	0
Long-term liab. toward related parties	0	0	0	0	0
Current liab. toward related parties	0	13 112	742	2 354	16 208
<i>Total:</i>	0	13 112	742	2 354	16 208

Schedule 35 : Payables to related parties

I.7.6.6 Contingent liabilities

I.7.6.6.1 Hedging transactions

MÁV Zrt's budgeted FX balance for 2008 showed a deficit of EUR 67,059 thousand, which is by 3.6% (EUR 2,403 thousand) over the budget. Early repayment was not used for FX loans. To hedge for FX transactions, MÁV Zrt. entered into a forward contract to buy EUR 5.8m and spot contracts (in compliance with the Company's foreign exchange transactions policy). Overall, the FX rate hedging transactions have achieved their goal and the necessary FX cash flows are now available at rates (251.47 HUF/EUR) that approximate the plan (253.35 HUF/EUR).

No hedging transactions were settled for interest rate risks in 2008. The profit and loss and cash flow effects of hedging transactions closed in 2008 are as follows:

figures in MHUF

Contract type		P&L impact	Cash-flow impact
Settlement contracts	Forward	0	0
	Option	0	0
	Total:	0	0
Delivery contracts*	Forward	2	2
	Option	0	0
	Total:	2	2
Grand total:		2	2
of which	Hedging	2	2
	Non hedging	0	0
	Total:	2	2
of which	SE	0	0
	OTC	2	2
	Total:	2	2

*Note: The impacts on the P&L and on the cash flows are based on central bank rates prevailing on the date of maturity

Schedule 36 : Closed forwards and options in 2008

At 31 December 2008, MÁV Zrt. had four open interest collar contracts totalling EUR 75m (the last interest settlement had been done earlier). Interest collar contracts hedge the interest risk of FX development and project loans and are adjusted to the interest payment periods of the related loans. The hedged percentage was between 39% and 96% in 2008.

No.	Bank	Principal (M EUR)	Floor	Cap	Result
1.	KHB	18,5	3,00%	5,86%	0
2.	Citibank	21	3,00%	6,65%	0
3.	Citibank	7,5	3,00%	6,80%	0
4.	WestLB	28	3,00%	6,40%	0
Total:		75			0

Schedule 37 : Interest collar contracts in 2008

No commodities hedge contract was made in 2008.

I.7.6.6.2 Guarantees

MÁV Zrt's guarantee liabilities at 31 December 2008:

figures in MHUF

Company	Guarantor	Start date	End date	Contract value	Guarantee at 31 Dec 2008
MÁVGÉP Kft.	Kereskedelmi és Hitelbank Nyrt.	2004. szeptember 27.	2009. szeptember 30.	625	625
MÁV FKG Kft.	Kereskedelmi és Hitelbank Nyrt.	2004. szeptember 22.	2010. szeptember 30.	775	775
MÁV Tiszavas Kft.*	Kereskedelmi és Hitelbank Nyrt.	1998. július 27.	2009. augusztus 31.	3 059	225
Guarantees, total:				4 459	1 625

* Note: in the case of MÁV Tiszavas Kft., the guarantee applies to the outstanding contracted amount only

Schedule 38 : Guarantees at 31 Dec 2008

figures in MHUF

Company	Type of guarantee	Contractor	Start date	End date	Amount in EUR	Amount in HUFm
Bank guarantees						
VEG Südost GmbH	payment	MKB	2006. április 19.	2010. július 31.	13 739 569	3 481
VPOP	secured income	KDB	2008. november 24.	2009. november 21.	0	1
VPOP	secured income	KDB	2008. december 11.	2009. december 11.	0	120
Regionális Fejlesztési Holding Zrt.	supervisory	KDB	2008. október 20.	2011. december 31.		2
Total:					13 739 569	3 604
Good performance guarantees						
MÁV FKG Kft.	Liability assumed by the owner	none	2005. február 14.	2010. december 31.	0	120
MÁV FKG Kft.	Liability assumed by the owner	none	2005. február 14.	2010. december 31.	0	35
MÁVGÉP Kft.	Liability assumed by the owner	none	2005. február 14.	2010. december 31.	0	68
MÁVGÉP Kft.	Liability assumed by the owner	none	2005. február 14.	2010. december 31.	0	42
MÁVGÉP Kft.	Liability assumed by the owner	none	2005. május 9.	2010. december 31.	0	40
Total:					0	305
Grand total:					13 739 569	3 909

Schedule 39 : Guarantee contracts

I.7.6.6.3 Lien

Loan	Loan outstanding at 31 Dec 2008 (MHUF)	Security
EUROFIMA 11	2 133 passenger cars	
EUROFIMA 13 a	1 059 passenger cars	
EUROFIMA 13 b	4 210 passenger cars	
EUROFIMA 13 c	318 passenger cars	
EUROFIMA 13 d	4 607 passenger cars	
OTP Bank (10 db Talent financing)	9 389 10 Talent engines (all)	
Calyon-CIB konz. (30 db Flirt financing)	38 287 30 Flirt engines (all)	
Raiffeisen Bank (+30 db Flirt financing)	12 363 30 Flirt engines (all)	

Schedule 40 : Loans encumbered with lien

The loans taken from EUROFIMA are secured by lien on the vehicles renovated from the loan until the loan is repaid. The same applies to loans assumed by the government but not yet repaid.

Lien has been placed on 10 Talent motor coaches for OTP, on 30 Flirt coaches for Calyon and on 30 Flirt coaches for Raiffeisen as lenders.

A HUF 23m mortgage has been recorded for the building of the Railtrack division at Kmetty u. 3., Budapest in connection with a government subsidy received on 27 July 1987 for the development of the metering system. The beneficiary of the mortgage is the Ministry for Transport, Communications and Water.

Based on the Environmental Fund agreement, HUF 2.5 billion mortgage was placed on the Company's property at Budapest, X. Kőbányai út 24. (hrsz: 38920) for the Ministry of Environment as beneficiary. Although the project was concluded in 2007, the mortgage has not been cancelled yet as the follow-up surveys are still in progress.

Many of MÁV's properties (own or managed) have been encumbered on the grounds of permanent environmental damage. These properties are subject to restoration work before the encumbrance can be removed. The number of encumbered properties is 45 on an affected area of land of 137 hectares (BV: HUF 71m, of which treasury properties: HUF 16m).

I.7.6.6.4 Contingent interests and similar charges

MÁV Zrt's contingent interests and similar charges relating to long-term liabilities are as follows:

figures in MHUF

Loans	2009.	2010.	2011.	2012.	2013.	2014 and beyond	Total
Development loans							
EIB-ISPA	202	222	211	170	126	115	1 046
EUROFIMA 11	81	89	89	91	92	462	905
EUROFIMA 13 a	50	44	44	45	46	69	297
EUROFIMA 13 b	204	176	176	179	182	457	1 373
EUROFIMA 13 c	12	13	13	14	14	7	73
EUROFIMA 13 d	223	192	192	196	199	500	1 502
EUROFIMA 7-8 commissions	46	46	46	46	46	52	282
Konzorcium 8.133 HUFb	799	558	231	192	92		1 872
Raiffeisen 9.209 HUFb	918	697	527	437	438	436	3 453
MFB (13 motor coaches)	158	142	103	66	28		498
OTP (10 Talent)	410	402	343	288	230	323	1 996
Calyon (30 motor coaches)	1 825	1 733	1 561	1 425	1 255	3 867	11 666
Raiffeisen (+30 motor coaches)*	943	1 786	1 777	1 650	1 485	5 685	13 326
Development loans, total:	5 872	6 102	5 314	4 798	4 233	11 971	38 290
Operational loans							
ERSTE 8 HUFb	396						396
KDB 4 HUFb	394	250					644
Takarékbank 10 HUFb	986	690	488				2 164
CIB Bank 6 HUFb	574	495					1 069
Konzorcium 10 HUFb	967	765	580	532			2 844
Raiffeisen 28,5 HUFb	2 890	2 186	1 628	1 004	692	592	8 992
Konzorcium 55 HUFb	5 322	4 059	3 006	1 827	1 107	880	16 201
Operational loans, total:	11 529	8 445	5 702	3 363	1 799	1 472	32 310
Financial lease:	55	6	0	0	0	0	61
Entrepreneurial loan	42	27	14	2	0	0	85
Total:	17 498	14 580	11 030	8 163	6 032	13 443	70 746

Note: FX interests were translated at a 264.78 HUF/EUR plan rate.

*: assuming that the total facility has been drawn by 2010

Schedule 41 : Repayment schedule of contingent interests and similar charges

1.7.6.6.5 Contingent interests and similar charges

The planned disbursement schedule of project and development loans based on the already signed loan agreements is as follows:

figures in MHUF

Financing	2009.	2010.	Total
OTP (10 Talent motor coaches)	218	0	218
Raiffeisen (+30 motor coaches)	18 082	7 048	25 130
Total	18 300	7 048	25 348

Note: FX loans were translated at a 264.78 HUF/EUR plan rate.

Schedule 42 : Development loans drawn by 31 Dec 2008

The planned disbursement schedule of entrepreneurial loans based on the already signed loan agreements is as follows:

figures in MHUF

Loan	2009.	2010.	Total
Enterpren.loan (Szeged reg. traffic contr.)	1 870	0	1 870
Total	1 870	0	1 870

Schedule 43 : Drawing schedule of loans signed by 31 December 2008

The repayment schedule of not fully disbursed loans based on agreements signed before 31 December 2008 is as follows:

figures in MHUF

Loan	2009.	2010.	2011.	2012.	2013.	2014 and beyond	Total
OTP (10 db Talent coaches)						218	218
Raiffeisen (+30 motor coaches)		1 092	2 185	2 185	2 185	17 482	25 130
Total	0	1 092	2 185	2 185	2 185	17 700	25 348

Note: FX loans were translated at a 264.78 HUF/EUR plan rate.

Schedule 44 : Repayment schedule of development loans

The repayment schedule of borrowings based on agreements signed before 31 December 2008 is as follows:

figures in MHUF

Loan	2009.	2010.	2011.	2012.	2013.	2014 and beyond	Total
Enterpren.loan (Szeged reg. traffic contr.)			117	234	234	1 285	1 870
Total	0	0	117	234	234	1 285	1 870

Schedule 45 : Repayment schedule of borrowings

The planned disbursement schedule of project and development loans planned to be signed in 2009 is as follows:

figures in MHUF

Loan	2009.	2010.	2011.	Total
EUROFIMA loan	13 000			13 000
Own risk development loan (5 HUFb)	5 000			5 000
Total	18 000	0	0	18 000

Note: FX loans were translated at a 264.78 HUF/EUR plan rate.

Schedule 46 : Repayment schedule of development loans based on agreements to be signed in 2009

figures in MHUF				
Loan	2009.	2010.	2011.	Total
Automatisation of mechanic traffic bars	900	880		1 780
South Balaton KÖFI	900	1 350		2 250
Electricity supply modernisation	700	600		1 300
Total	2 500	2 830	0	5 330

Schedule 47 : Drawing schedule of entrepreneurial loans based on agreements to be signed in 2009

	figures in MHUF					
Loan	2010.	2011.	2012.	2013.	2014 and beyond	Total
EUROFIMA loan					13 000	13 000
Own risk development loan (5 HUFb)					5 000	5 000
Total	0	0	0	0	18 000	18 000

* FX loans were translated at a 264.78 HUF/EUR plan rate

Schedule 48 : Repayment schedule of development loans based on agreements to be signed in 2009

figures in MHUF						
Loan	2010.	2011.	2012.	2013.	2014 and beyond	Total
Automatisation of mechanic traffic bars	268	356	356	356	444	1 780
South Balaton KÖFI	315	450	450	450	585	2 250
Electricity supply modernisation	200	260	260	260	320	1 300
Total	783	1 066	1 066	1 066	1 349	5 330

Schedule 49 : Repayment schedule of entrepreneurial loans based on agreements to be signed in 2009

I.7.6.6.6 Operating leases – where the Company's is the lessee

Figures in HUF					
Contractor(lessor)	Subject matter	Date of contract	End date	Amount involved	Unsettled by year-end
Danka Magyarország Kft.	copier rent and operations	2006.07.21	2011.12.22	12 014 387	150 310 667
Pannon Theta Kft.	copier rent and operations	2006.06.01	2012.06.01	163 000	3 941 000
LeasePlan Hungária Zrt.	Vehicle rent	2005.03.24	2013.02.20	114 993 362	1 163 579 146
Gestim Ingatlanhasznosító és Kereskedelmi Kft.	Property rent	2008.10.01	2009.07.01	1 759 728	50 298 668
NOWA-Ker Kft.	trailer rent	2008.05.05	2011.05.31	144 000	4 176 000
"RÖDNER" Kft	Security system rent	2007.02.01	2016.01.03	85 807	7 207 800
Vasútépítő Kft	Rail construction machine rent	2006.09.01	2010.09.30	1 556 217	32 680 557
Megaron Kft 2730 Albertirsa Győzelem köz 2.	Office furniture rent	2007.06.25	2010.06.30	85 889	1 546 000
Andrássy Palota Rt	office rent at Bp.Andrássy út 66.	2004.12.22	2009.03.13	6 782 222	16 955 555
GESTIM Kft	office rent at Nagymező u. 54-56.	2008.09.09	2009.07.01	12 347 660	74 085 960
RAIFFEISEN Ingatlan Alap RAIFFEISEN Befektetési Alapkezelő Zrt	Bp.Könyves Kálmán krt 54-60.	2008.10.30	2014.06.30	103 382 262	7 029 993 793
MÁVTRANSSPED	office rent at Bp. Bajcsy Zs.u.25.	1998.07.01	2009.04.30	4 762 519	19 050 076
Volánbusz	ticket office rent at Érd- Alsó station	2006.01.25	2010.08.31	336 960	7 814 944
Stadler Bussnang AG	land rent at Pusztaszabolcs 702/69 hrsz.	2006.03.28	2036.03.28	200 000	65 400 000
Budapest Airport	Footbridge rent at Bp.Ferihegy Airport	2007.07.01	2081.12.22	89 563	76 889 498
Total:				258 703 576	8 703 929 664

*In the case of certain customers, the figures refer to several contracts. In such cases, we have indicated the date of the first contract and the maturity of the last contract.

Schedule 50 : Operating lease contracts over HUF 1m at 31 December 2008

I.7.7 Accrued expenses and deferred income

Accrued expenses and deferred income dropped by 35.24% (HUF 23,043m) on the previous year.

Accrued expenses and deferred income:

figures in MHUF

GL account No.	GL account	end of 2007			end of 2008		
		over 1 year	within 1 year	Total	over 1 year	within 1 year	Total
481,8	PanTel Kft. other deferred income	11 606	0	11 606	11 317	0	11 317
481,9	Deferred other income	510	793	1303	455	1062	1517
Deferred income		12 116	793	12 909	11 772	1 062	12 834
475,21	Calculated early retirement	0	965	965	0	279	279
475,22	Pre-paid early retirement	0	8	8	0	0	0
482	Accrued expenses	0	879	879	0	2 369	2 369
483	Unsettled freight deliveries in cross-border operations (payable balance)	0	2 033	2 033	0	643	643
485	Unassessed damage claims	219	0	219	219	0	219
487	Accrued interest	0	2 600	2 600	0	2 191	2 191
488	Accrued bonuses and contributions	0	629	629	0	1 110	1 110
Accrued expenses		219	7 114	7 333	219	6 592	6 811
481,1	Fixed assets received free of charge and as gifts	564	19	583	553	4	557
481,2	Fixed asset surplus	350	0	350	348	7	355
481,3112	Other non-refundable government grants	8 164	99	8 263	8 353	26	8 379
481,3113	Phare aid for development	942	74	1 016	1 476	1	1 477
481,3114	EU funds and funds from government schemes	2 281	0	2 281	2 516	0	2 516
481,312	Amounts received from local government and from businesses free of charge	297	3	300	282	5	287
481,4	Debts arising from asset acquisitions assumed by the government	32 356	0	32 356	2 031	7 101	9 132
Deferred extraordinary revenues and subsidies		44 954	195	45 149	15 559	7 144	22 703
Total		57 289	8 102	65 391	27 550	14 798	42 348

Schedule 51 : Accrued expenses and deferred income

Deferred income decreased by HUF 75m compared to 2007. Other deferred income related to Pantel Kft. decreased by HUF 289m.

The nearly HUF 1.5 billion increase in accrued expenses (GL account no. 482) is due to the late receipt of traction energy invoices. In previous years, energy invoices were received before the balance sheet date, while a total of HUF 1,721m energy cost had to be presented in this line in 2008. Bonus accruals increased by HUF 481m as no bonus advances were paid for 2008 and thus the total amount has been accrued.

Unsettled transactions with creditor balance include transactions with international railway companies based on all available invoices. Upon settlement, the accrued amount is released and the actual and confirmed amount is charged on the railway companies. As a result of the outsourced transport activities, there were no new items and costs relating to previous years were mostly settled. This resulted in a HUF 1,390m drop in accrued expenses.

The HUF 22,446m decrease in deferred extraordinary income resulted mainly in released deferred income of HUF 20,891m in relation to the engineering activity outsourced during the year.

I.8 Notes to the profit and loss account

I.8.1 Comparability

MÁV Zrt. Engineering Division has been outsourced into two separate companies as of 1 January 2008: traction to MÁV-TRAKCIÓ Zrt., vehicle repairs and maintenance to MÁV-GÉPÉSZET Zrt. The figures for 2007 refer to MÁV Zrt's Engineering Division as well as to passenger transport on regular railways outsourced to MÁV-START Zrt as of 1 July 2007, re-loading outsourced to ZÁHONY-PORT Zrt in the Záhony area and property management figures outsourced to MÁV Vagyongkezelő Zrt. Any major differences on 2007 arising from outsourced activities are detailed at the relevant profit and loss categories.

Where the related costs and expenses decreased the operating profit for the period, any written off deferred extraordinary income was recognised as extraordinary revenue in 2007 and as other income in 2008, in accordance with the accounting policies for 2008. Other changes in our accounting policies did not have a material effect on comparability.

I.8.2 Sales, net

I.8.2.1 Net sales per activity

Net sales are presented as follows:

Operations	figures in MHUF		
	Prev. year	Rep. year	Change
Railtrack management	70 508	155 275	84 767
Of which: Transport service lines and transport	33 272	55 846	22 574
Traction energy and fuel supply	0	39 672	39 672
Station use	21 332	34 659	13 327
Upper cables	5 282	8 827	3 545
Cargo car towing, arrangement	9 088	7 558	-1 530
Other railtrack management	1 534	8 713	7 179
Passenger transport	31 968	120	-31 848
Traction	43 349	0	-43 349
Other activities	33 263	44 230	10 967
Of which: Selling materials, inventory management	7 361	13 077	5 716
Railcar lease	5 360	12 996	7 636
Property lease/rent and management	6 664	10 362	3 698
Vehicle maintenance	5 963	0	-5 963
Other services (central services etc. incl. car diagnostics and reloading in 2007)	7 915	7 795	-120
Total:	179 088	199 625	20 537

Schedule 52 : Net sales per activity

Sales increased by HUF 20,537m on 2007, while there were material changes due to the outsourced activities.

All traction energy and fuel was sold to MÁV-TRAKCIÓ Zrt., generating revenues of HUF 39,672m. Further increases in sales revenues were due to the foundation of MÁV-TRAKCIÓ Zrt., MÁV-GÉPÉSZET Zrt. and MÁV START Zrt. on 1 July 2007. In the first half of 2007, the related revenues had been recognised as internal revenues.

Sales in 2007 include regular passenger transport services for the first half of 2007 – this caused a HUF 31,848m decrease in passenger transport services.

We no longer provided traction services in 2008.

Significant materials were sold to the new companies in 2008 (MÁV-GÉPÉSZET Zrt: HUF 5,551m; MÁV START Zrt: HUF 1,130m, MÁV-TRAKCIÓ Zrt: HUF 727m). Materials sold to railtrack maintenance companies were also significant (HUF 4,172m).

Railcar lease in 2008 brought revenues of HUF 11,271m from MÁV START Zrt. and HUF 1,713m from MÁV-TRAKCIÓ Zrt. plus HUF 5,115m from MÁV-START Zrt. in the second half of 2007.

Increased revenues from property rent/lease and management and discontinued revenues from vehicle maintenance are due to the outsourced activities.

I.8.2.2 Export and imports

Export and import by country are presented below:

figures in MHUF

Country	2007					2008				
	Exported services	Total export	Imported goods	Import service	Total import	Exported services	Total export	Imported goods	Import service	Total import
Germany	490	490	581	674	1 255	2	2	183	475	658
Austria	1 298	1 298	7 749	1 757	9 506	0	0	53	429	482
Italy	160	160	0	142	142	0	0	0	12	12
Slovakia	304	304	81	316	397	0	0	0	105	105
Czech Republic	377	377	858	448	1 306	0	0	707	0	707
Slovenia	118	118	0	92	92	0	0	0	0	0
Poland	90	90	12	77	89	0	0	45	0	45
France	106	106	3	31	34	0	0	0	16	16
UK	11	11	3	5	8	0	0	0	0	0
Sweden	13	13	0	3	3	0	0	0	0	0
Belgium	4	4	0	3	3	0	0	0	0	0
Denmark	6	6	13	3	16	0	0	2	0	2
Finland	5	5	1	2	3	0	0	0	0	0
Greece	10	10	0	1	1	0	0	0	0	0
Holland	31	31	8	13	21	0	0	0	2	2
Ireland	3	3	0	1	1	0	0	0	0	0
Portugal	1	1	0	0	0	0	0	0	0	0
Spain	12	12	0	4	4	0	0	66	0	66
Romania	746	746	0	683	683	0	0	0	0	0
Bulgaria	18	18	0	35	35	0	0	0	0	0
EU total	3 803	3 803	9 309	4 290	13 599	2	2	1 056	1 039	2 095
Croatia	80	80	0	422	422	0	0	0	0	0
Serbia	62	62	52	85	137	0	0	53	0	53
Ukraine	49	49	0	43	43	0	0	0	1	1
Switzerland	62	62	1 563	27 275	28 838	0	0	304	0	304
Turkey	3	3	0	2	2	0	0	0	0	0
Belorussia	1	1	0	1	1	0	0	0	0	0
Bosnia-Herzegovina	15	15	0	14	14	0	0	0	0	0
Russia	24	24	0	20	20	0	0	0	0	0
Norway	4	4	0	1	1	0	0	0	0	0
US	29	29	0	0	0	0	0	0	0	0
Canada	9	9	0	0	0	0	0	0	0	0
Australia	5	5	0	0	0	0	0	0	0	0
Non-EU	343	343	1 615	27 863	29 478	0	0	357	1	358
Total:	4 146	4 146	10 924	32 153	43 077	2	2	1 413	1 040	2 453

Schedule 53 : Export and import

Dropped export sales are due to restructured operations. In 2007, the Company had passenger transport and traction operations which both ended after outsourcing. High imports in 2007 were due to railcar acquisitions (Flirt, Talent). As no railcar was acquired in 2008, imports fell accordingly.

I.8.3 Costs by type

MÁV Zrt's costs in 2008 were as follows:

figures in MHUF

Item	2007		2008	
	Amount	%	Amount	%
Material-type expenses	108 080	40,32	121 276	52,24
Payments to personnel	124 478	46,44	76 333	32,89
Depreciation charge	35 477	13,24	34 511	14,87
Total:	268 035	100,00	232 120	100,00

Schedule 54 : Expenses

MÁV Zrt.'s cost structure has changed as a result of the outsourced operations and to the traction services bought from MÁV-TRAKCIÓ Zrt. While payments to personnel were dominant in previous years, material-type expenditures gained dominance with 52.24% in 2008.

I.8.3.1 Material-type expenses

Material-type expenditures increased by 12.21% on the previous year due to the following:

- Traction energy used in 2007 was less than the cost of traction energy sold in consignment in 2008.
- The increase in traction fuel costs was due to the fact that the related excise tax of HUF 5,714m was reclaimed by MÁV Zrt. in 2008. In 2008, cost of goods sold include traction fuel inclusive of excise tax.
- The HUF 9,575m traction cost also increased material-type expenditures compared to the drops in materials and services used (owing to the outsourced engineering and passenger transport activities).

The movements in material-type expenditures are set out below.

figures in MHUF

Item	amount 2007	amount 2008	change	Index (%)	Compared to total costs in 2008 (%)
Traction electricity	19 036	0	-19 036	0,00	0,00
Traction fuel	13 839	35	-13 804	0,25	0,02
Refunded fuel tax on towing	-5 714	-11	5 703	0,19	0,00
Other fuel, energy	8 290	9 070	780	109,41	3,90
Engineering materials	3 752	4	-3 748	0,11	0,00
Railtrack materials	2 404	2 662	258	110,73	1,15
Clothes	795	503	-292	63,27	0,22
Other materials	3 863	1 764	-2 099	45,66	0,75
Materials	46 265	14 027	-32 238	30,32	6,04
Track maintenance	11 709	12 860	1 151	109,83	5,53
Airal cable usage charge	3 130	3 023	-107	96,58	1,30
Track metering, cleaning	755	966	211	127,95	0,42
Leased wagons and cars	3 494	1 607	-1 887	45,99	0,69
Wagon matenance	5 336	328	-5 008	6,15	0,14
Wagon cleaning	1 125	6	-1 119	0,53	0,00
Towing	724	9 575	8 851	1 322,51	4,13
Building operations and maintenance	10 714	11 209	495	104,62	4,83
IT services	3 603	2 987	-616	82,90	1,29
Secruity service	2 138	1 648	-490	77,08	0,71
Human activities	382	356	-26	93,19	0,15
Post and phone	923	720	-203	78,01	0,31
Specialist tender charges	625	976	351	156,16	0,42
Property utilisation services	532	1 196	664	224,81	0,52
Commissions	328	70	-258	21,34	0,03
Other material-type services	6 394	5 261	-1 133	82,28	2,26
Services used	51 912	52 788	876	101,69	22,73
Duties and charges	914	530	-384	57,99	0,23
Bank costs	252	134	-118	53,17	0,06
Insurance	191	223	32	116,75	0,10
Other services	1 357	887	-470	65,36	0,39
Cost of sold gasoline	416	16 192	15 776	3 892,31	6,98
Cost of other goods sold	5 430	11 203	5 773	206,32	4,83
COGS	5 846	27 395	21 549	468,61	11,81
Traction energy sold	0	22 767	22 767	-	9,80
Other consignment services	2 700	3 412	712	126,37	1,47
Consignment services	2 700	26 179	23 479	969,59	11,27
Total material-type expenditures	108 080	121 276	13 196	112,20	52,24

Schedule 55 : Material-type expenses

Material costs are only 30.32% of those in 2007 as a result of the following:

- Outsourced traction activity: traction energy and fuel were posted from material costs to COGS and to consignment services and the excise tax on traction fuel was reclaimed by MÁV-TRAKCIÓ Zrt. in 2008.
- As a result of the outsourced traction and maintenance activities, engineering materials acquired in 2007 were used in 2008 for the Children's Railways (Gyermekvasút) and the light railway at Balatonfenyves. The costs of work clothes and other materials also dropped.

The cost of services used increased by HUF 876m due to the following:

- Traction services purchased from MÁV-TRAKCIÓ Zrt. in 2008 accounted for 4.13% of the total costs and made traction the third largest component of material-type expenses.
- Railtrack maintenance increased by HUF 1,151m as a result of railtrack structures and junctions maintenance.
- Property management costs were billed by MÁV Vagyonkezelő Zrt. only in the second half of 2007, but the whole year in 2008. This resulted in a HUF 664m increase on 2007.
- As passenger transport and engineering activities were outsourced, wagon leasing was discontinued and thus vehicle maintenance and cleaning were limited to area railways in 2008.

- Other reductions in services used are also due to outsourcing.

Other services include a 42.01% drop in duties and tolls. The higher figure in 2007 was due to the preparation for the outsourcing of engineering, but no such costs incurred in 2008. The HUF 118m decrease in bank charges is also due to outsourcing.

Cost of goods sold (COGS) increased by HUF 21,549m due to the following:

- Sold traction gasoline costs increased by HUF 15,776m as MÁV-TRAKCIÓ Zrt. was founded.
- Material totalling HUF 5,233m were sold to MÁV-GÉPÉSZET Zrt. Of this, HUF 3,660m relate to engineering materials (for motorcars and passenger cars) purchased in January through April of 2008. The rest relates to general materials (lubricants, batteries etc.).
- One third of materials of HUF 422m sold to MÁV-TRAKCIÓ Zrt. relates to work clothes, protective clothing and uniforms.
- MÁV START Zrt. purchased materials totalling HUF 1,053m for its operations in 2008 (vs. only HUF 268m in the second half of 2007).
- Materials sold to third party railtrack maintenance companies decreased compared to 2007, hence the HUF 849m drop in COGS.

Consignment services increased by HUF 23,452m on 2007, of which:

- HUF 22,767m is re-sold traction energy ,
- HUF 685m is re-sold telecom and security services to the new companies and consignment vehicle maintenance and insurance services of vehicles leased to MÁV START Zrt.

1.8.3.2 Payments to personnel

figures in MHUF

Item	amount 2007	amount 2008	change	Index (%)	Compared to total costs (%)
Payroll	82 643	50 449	-32 194	61,04	21,74
Social security	28 615	17 844	-10 771	62,36	7,69
Other payments personnel	13 220	8 040	-5 180	60,82	3,46
Total	124 478	76 333	-48 145	61,32	32,89

Schedule 56 : Payments to personnel

Payments to personnel dropped by a total of 38.68% compared to the previous year.

The 38.96 % decrease in payroll costs was due to the combined effect of outsourcing and the ensuing rationalisations. Salary increases as of 1 January 2008 and extra costs incurred in relation to rationalisations (redundancy costs) increased payroll costs. Outsourcing and otherwise reduced full-time staff numbers (13,669.9 people; -39.9 %) reduced payroll costs.

As a result of the redundancies, the amount of health care contribution also decreased, which therefore reduced payroll-related contributions.

The changes in payroll costs compared to 2007 are as follows:

- Severance pay was by HUF 501m and the related social security costs were by HUF 307m less than in 2007,

- Early retirement was by HUF 1,587m less than in 2007,
- the overall VBKJ facility increased from 210,000 HUF/person to 250,000 HUF/person, yet the VBKJ cost increased by HUF 2,084m – as the fall in the average number of staff did not equal the effect of the increased quota.

I.8.3.3 Depreciation charge

figures in MHUF

Item	amount 2007	amount 2008	change	Index (%)	Compared to total costs (%)
Treasury assets	19 746	21 063	1 317	106,67	9,08
MÁV Zrt's assets	15 731	13 448	-2 283	85,49	5,79
Depreciation, total	35 477	34 511	-966	97,28	14,87

Schedule 57 : Depreciation

Depreciation charge decreased by HUF 966m on the previous year: the depreciation of treasury assets increased by HUF 1,317m, while the depreciation of MÁV Zrt's own assets fell by HUF 2,283m.

The increase in the depreciation of treasury assets was due primarily to the increased gross values of the assets following their improvement/refurbishment.

The new depreciation rates applied to wagons and motor coaches based on two underlying asset valuations (at two different times) increased the depreciation charge of MÁV Zrt's own assets. Yet, the number of wagons and locomotives and other assets fell when MÁV-START Zrt., MÁV-TRAKCIÓ Zrt. and MÁV-GÉPÉSZET Zrt. were established and when loading was outsourced to ZÁHONY-PORT Zrt. As the effect of these changes, i.e. the decrease in the number of assets, exceeded the increasing effect of the new depreciation rates, overall, the depreciation cost of MÁV Zrt's assets decreased.

I.8.4 Other revenues

Other revenues of HUF 73,559m in 2008 represent a HUF 44.640m decrease on 2007.

The differences between the two periods are presented below:

figures in MHUF

Item	Amount 2007	Amount 2008	Change	Index (%)
Fixed asset disposals	11 902	44 985	33 083	377,96
Of which: MÁV Zrt's own fixed assets sold	11 874	44 661	32 787	376,12
Reversed impairment losses (inventories and debtors)	112	853	741	761,61
Profit increasing items	706	982	276	139,09
of which: Damages received	304	70	-234	23,03
Late payment penalty received	182	797	615	437,91
Penalties received	125	20	-105	16,00
Use of provisions	9 951	7 970	-1 981	80,09
Of which: for expected liabilities	8 366	5 691	-2 675	68,03
for unrealised FX losses	348	624	276	179,31
for future expenses	1 237	1 655	418	133,79
Debtors sold	5	0	-5	-
Miscellaneous other income	199	399	200	200,50
Reversed deferred income due to costs and expenses reducing the operating profit*	0	9 264	9 264	-
Of which: reversed deferred subsidy	0	406	406	-
reversed deferred PHARE aid	0	75	75	-
reversed debt owed to government, forgiven	0	8 719	8 719	-
Non-refundable subsidies	95 324	9 106	-86 218	-
of which: for public services	94 409	9 106	-85 303	9,65
for redundancies	0	0	0	-
compensation for lost passenger service earnings	549	0	-549	0,00
damages for floods	352	0	-352	0,00
Total:	118 199	73 559	-44 640	62,23

Schedule 58 : Other revenues

* Reversed deferred revenues against operating costs and expenses were recognised as extraordinary revenue in 2007 and as other income in 2008.

Major differences between the two periods:

- Fixed asset disposals: assets sold to MÁV- TRAKCIÓ Zrt. increased revenues from trains and similar assets (HUF 42,153m); reduced income from land disposals in 2008 (primarily from land sold for the planned governmental buildings) resulted in a decrease of HUF 7,755m.
- Provisions used dropped by HUF 1,981m:
 - redundancy obligations (HUF 3,440m),
 - for environmental liabilities (HUF 1,119m),
 - for litigations (HUF 673m),
 - Accident at Szőny (HUF 413m),
 - unrealised FX losses on development loans (HUF 624m),
 - extra maintenance and demolition costs (HUF 955m).
 - to fund redundancies at the subsidiaries (HUF 646m), and
 - MVH penalty (HUF 100m).
- Reversed deferred revenues against operating costs and expenses were recognised as extraordinary revenue in 2007 and as other income in 2008 (an increase of HUF 9,264m) and mainly include deferred income released in line with the depreciation of sold and leased railcars (HUF 7,776m).

- Non-refundable subsidies decreased by HUF 86,218m in 2008. Passenger transport refunds fell by HUF 69,613 in 2008 as a result of the outsourced activity to MÁV START Zrt. in the second half of 2007. For the same reason, the compensation once received in relation to the Greater Budapest joint travel passes fell by HUF 549m. The compensation for railway network operations fell by HUF 15,577m in 2008, the compensation of light railways dropped by HUF 114m. As there was no flood compensation (unlike in 2007 – HUF 352m), no such subsidy was recognised in 2008.

I.8.5 Other expenses

Other expenses totalled HUF 66,800m in 2008 (a HUF 33,762m increase on 2007).

Changes between the two periods are set out below:

Item	figures in MHUF			
	Amount 2007	Amount 2008	Change	Index (%)
Disposals, scraping and missing assets	9 482	47 792	38 310	504,03
of which: Costs of disposed of tangibles, projects and intangibles	3 306	44 413	41 107	1 343,41
Costs of scrapped tangibles, projects and intangibles	886	1 601	715	180,70
Net value of missing fixed assets	74	233	159	314,86
Impairment loss of own tangibles, projects and intangibles	5 195	1 536	-3 659	29,57
Impairment of inventories and receivables, inventory shortage, scrapping	1 833	1 970	137	107,47
Of which: Impairment of inventories	406	94	-312	23,15
Impairment of receivables	1 349	1 818	469	134,77
Profit reducing items	6 904	6 579	-325	95,29
Of which: Bad debts	48	25	-23	52,08
Losses on damages	4 440	3 866	-574	87,07
Late payment penalty	477	270	-207	56,60
Damages paid	106	165	59	155,66
Tax identified by self-correction	70	269	199	384,29
Various other expenses	1 524	1 935	411	126,97
Provisions	14 654	10 353	-4 301	70,65
Of which: for early retirement, severance pay	4 752	3 219	-1 533	67,74
for environmental obligations	0	1 910	1 910	-
for litigations	1 410	973	-437	69,01
for chimney maintenance	0	80	80	-
for the maintenance of welfare building to be sold	449	150	-299	33,41
for the accident at Szőny	413	0	-413	0,00
for liabilities related to subsidiaries	1 054	2 340	1 286	-
for Mátra Cukorgyár	0	60	60	-
for unrealised FX losses on development loans	215	802	587	373,02
for demolition costs	3 501	179	-3 322	5,11
for maintenance costs	2 760	0	-2 760	0,00
for the depreciation of assets not contributed by NIF	0	640	640	0,00
for penalty imposed by the MVH	100	0	-100	0,00
BV of debtors sold	2	0	-2	-
Taxes, duties and VAT	11	10	-1	90,91
of which: vehicle tax	7	5	-2	71,43
soil pollution charge	0	4	4	-
Contributions to government funds	148	94	-54	63,51
or which: environmental charge (in product prices)	43	25	-18	58,14
Innovation contribution	94	61	-33	64,89
Expenses on other liabilities	4	2	-2	50,00

Schedule 59 : Other expenses

Reasons for the change:

The HUF 41,107m increase in the cost of fixed asset disposals was due to the significant decrease in expenses on railcar and related project sales to MÁV-TRAKCIÓ Zrt. in 2008 (HUF 43,580m) and in expenses on property sales compared to 2007 (HUF 1,544m).

Expenses on scrapped assets also increased as surplus assets totalling HUF 461m after outsourcing were scrapped in 2008. The impairment loss on tangibles and capital projects dropped by HUF 3,659m as main part of impairment losses had been recognised in 2007 prior to outsourcing. In 2008, railtrack buildings and similar assets were impaired by HUF 683m, while

assets belonging to the outsourced activities but remained with MÁV Zrt. were impaired by HUF 400m.

The impairment of inventories decreased by HUF 312m as MÁV Zrt's engineering materials (used for diesel and electric locomotives, and passenger wagons) totalled HUF 405m were impaired in 2007. Track maintenance materials were impaired by HUF 78m in 2008.

Impairment of debtors increased by HUF 469m. MÁV Zrt's receivables were written off by HUF 1,818m, of which HUF 110m related to MÁV Raktár Kft. and HUF 149m with respect to MÁV LOKOMOTIV HOTELS Zrt., receivables due over one year were impaired by HUF 793m.

Damages paid because of accidents increased in 2007, while damages for force majeure (flood, snow, rainfall etc.) and pollution decreased by a total of HUF 574m compared to 2007.

The increase in miscellaneous other expenses was due to the fact that MÁV Zrt. took over costs totalling HUF498m (other expenses) with respect to liabilities assumed in relation to redundancies at MÁV-GÉPÉSZET Zrt. and MÁV-TRAKCIÓ Zrt.

Provisions fell by HUF 4,301m as less provision was made for track disassembly costs and no provision has to be made for property maintenance in 2008.

I.8.6 Financial and extraordinary profit or loss

I.8.6.1 Financial income

Financial revenues totalled HUF 72,155m in 2008 – a HUF 67,950m increase on the previous year. The differences between the two periods are presented below:

Item	figures in MHUF			
	Amount 2007	Amount 2008	Change	Index (%)
<i>Dividends, profit sharing received</i>	<i>1 948</i>	<i>1 810</i>	<i>-138</i>	<i>92,92</i>
<i>Gain on the disposal of investments</i>	<i>66</i>	<i>68 185</i>	<i>68 119</i>	<i>-</i>
<i>Gain on investments and long-term financial assets</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-</i>
<i>Interest received and similar income</i>	<i>1 156</i>	<i>839</i>	<i>-317</i>	<i>72,58</i>
Of which: bank interest	1 031	136	-895	13,19
interest from third parties	78	168	90	215,38
interest on securities	0	502	502	-
Other financial revenues	1 035	1 321	286	127,63
Of which: realised FX gain on FX balances	928	556	-372	59,91
Gain on forward contracts	0	0	0	-
Year-end revaluation gains	0	756	756	-
Total:	4 205	72 155	67 950	1 715,93

Schedule 60 : Financial income

Dividends received: Dividends received from MÁV companies dropped in 2008 by HUF 138m based on the resolution of the shareholders. MÁV Cargo Zrt. paid dividends by HUF 379m less in 2008. This was counterbalanced by the HUF 199m dividends received from MÁV Informatika Kft. vs. The HUF 0m last year.

FX gain on investments held for portfolio management purposes: HUF 68,164m gain was recognised on the difference between the selling price and the face values of MÁV GARGO Zrt's shares. As a result of the disposal of MÁV Jegynyomda Kft., HUF 20m financial income was recognised in 2008.

Interest received and similar income:

- Bank interest received dropped by HUF 895m as part of the capital top-up payment and extraordinary reimbursement received in 2007 had been deposited and the deposit was cancelled in 2008.
- MÁV Zrt. received interest of HUF 107m from MÁV-TRAKCIÓ Zrt., hence the increase in interest received from other entities.
- On the MNB bond and discounted treasury bond purchased from the amount received for MÁV CARGO Zrt., revenues of HUF 502m were achieved in 2008.

Realised FX gains: the HUF/EUR exchange rate fluctuated more in 2008 than in 2007. This fluctuation reduced the resulting FX gains compared to 2007 (HUF 99m drop on loans and HUF 270m decrease on other liabilities).

FX gains on the year-end revaluation of FX receivables and payables: the EUR rate increased at the end of 2008 compared to 2007. This resulted in HUF 618m gain on the revaluation of project advance payments of HUF 11.8 billion.

1.8.6.2 Financial expenses

Financial expenses totalled HUF 20,853m in 2008 – a HUF 1,565m (7%) decrease on 2007.

Changes between the two periods are set out below:

figures in MHUF

Item	Amount 2007	Amount 2008	Change	Index (%)
<i>FX losses on interest paid and on long-term financial assets</i>	18 745	17 283	-1 462	92,20
Of which: bank interest	18 705	17 188	-1 517	91,89
<i>Impairment loss on shares, securities and bank deposits</i>	1 614	1 577	-37	97,71
<i>Other financial expenditures</i>	2 059	1 993	-66	96,79
Of which: realised FX loss on FX receivables and payables	1 990	1 978	-12	99,40
FX loss from the year-end revaluation of receivables and payables	54	0	-54	0,00
Total:	22 418	20 853	-1 565	93,02

Schedule 61 : Financial expenses

In 2008, bank interest paid changed the most: interest on operational loans decreased by HUF 1,586m as operational loans dropped.

The HUF 1,577m impairment loss on investments was due mainly to a HUF 450m capital increase in MÁV GÉP Kft. and an impairment loss of HUF 959m recognised on ZÁHONY-PORT Zrt.

FX losses on FX receivables and payables in 2008 include HUF 1,555m related to development loans and HUF 400m on other liabilities as a result of changes in the EUR/HUF rate in 2008.

1.8.6.3 Extraordinary revenues

Extraordinary revenues totalled HUF 54,778m in 2008, which is a HUF 28,266m decrease on the previous year.

Changes between the two periods are set out below:

figures in MHUF

Item	Amount 2007	Amount 2008	Change	Index (%)
<i>Revenues from assets received free of charge and from surplus</i>	387	202	-185	52,20
<i>Gains on contributed assets</i>	63 728	40 065	-23 663	62,87
of which: Contracted value of contributed fixed assets	62 518	36 007	-26 511	57,59
Financial assets contributed (as per articles of association)	1 210	0	-1 210	0,00
Assets received for shares	0	4 058	4 058	-
<i>Other extraordinary revenues</i>	18 929	14 511	-4 418	76,66
Of which: subsidy	449	6	-443	1,34
PHARE aid	182	0	-182	0,00
Amounts received free of charge	2 513	0	-2 513	0,00
Forgiven government debt	15 785	14 505	-1 280	91,89
Total:	83 044	54 778	-28 266	65,96

Schedule 62 : Extraordinary revenues

In 2007, contributed tangible assets included: MÁV-START Zrt. (HUF 62,100m) and ZÁHONY-PORT Zrt. (HUF 418m). In 2008: MÁV-TRAKCIÓ Zrt. (HUF 34,294m), MÁV-GÉPÉSZET Zrt. (HUF 1,583m) and ZÁHONY-PORT Zrt. (HUF 130m).

In 2007, contributed financial assets included our quota in MÁV-TISZAVAS Kft. contributed to MÁV Cargo Zrt.

The merger of the former three vehicle repair companies into one (MÁV-GÉPÉSZET Zrt.) resulted in HUF 4,033m extraordinary revenues as the value of the company thus increased.

The most significant item of extraordinary revenues remained the released deferred income from debts forgiven by the government with respect to the contributed railcars. The figures for 2007 include the deferred forgiven debts related to leased out railcars. In 2008, the resulting amounts were recognised as other income.

I.8.6.4 Extraordinary expenditures

Extraordinary expenditures totalled HUF 40,838m in 2008, which is a HUF 22,231m decrease on the previous year.

Changes between the two periods are set out below:

figures in MHUF

Item	Amount 2007	Amount 2008	Change	Index (%)
<i>Expenditures on asset received free of charge and surplus assets</i>	171	291	120	170,18
<i>Losses on contributed assets</i>	62 783	40 400	-22 383	64,35
of which: Net value of contributed fixed assets	62 323	38 235	-24 088	61,35
Carrying value of contributed financial assets	460	0	-460	0,00
Shares written off due to capital reduction and liquidation	0	2 165	2 165	-
<i>Other extraordinary expenditures</i>	115	147	32	127,83
Of which: Non-refundable employee housing grant	80	62	-18	77,50
Forgiven debts (domestic)	9	84	75	933,33
Amounts transferred free of charge	9	0	-9	0,00
Total:	63 069	40 838	-22 231	64,75

Schedule 63 : Extraordinary expenditures

Significant items of extraordinary expenditures include expenditures related to the contributed assets as detailed under 'Extraordinary revenues'.

The merger of the former three vehicle repair companies into one (MÁV-GÉPÉSZET Zrt.) resulted in extraordinary expenses of HUF 1,200m with respect to MÁV Szolnoki Járműjavító Kft. and HUF 965m with respect to MÁV Északi Járműjavító Kft.

I.8.7 Related party revenues and expenses

figures in MHUF

Item	Parent	Fully consolidated	Equity consolidated	Associate	Total
Revenues					
Sales, net		157 067	471	596	158 134
Other income		43 888	12	0	43 900
Financial income		359	84	389	832
Extraordinary revenues		40 041			40 041
Revenues, total		241 355	567	985	242 907
Expenses					
Material-type expenses		81 729	2 973	1 068	85 770
Payments to personnel			1	4	5
Other expenses		48 042	524	33	48 599
Financial expenses		1 455	167		1 622
Extraordinary expenditures		38 352	17		38 369
Expenditures, total		169 578	3 682	1 105	174 365

Schedule 64 : Related party revenues and expenses

Related party transactions account for:

- 60.71% of revenues (of which: from MÁV-TRAKCIÓ Zrt. 30.42%; from MÁV-START Zrt. 24.26 %)
- 53.57% of expenses (of which: to MÁV-TRAKCIÓ Zrt. 32.10 %).

I.8.8 Profit and loss account based on the turnover cost method

Further to the Company's accounting policies, a profit and loss account has been prepared both under the total cost and the turnover cost methods. The latter is presented below:

figures in MHUF

line	Item	2007 MHUF	2008 MHUF	Change	Index (%)
01.	Domestics sales, net	174 942	199 623	24 681	114,11
02.	Export sales, net	4 146	2	-4 144	0,05
I.	Sales, net	179 088	199 625	20 537	111,47
03.	Direct cost of sales	196 680	131 851	-64 829	67,04
04.	COGS	5 846	27 395	21 549	468,61
05.	Cost of services sold	2 700	26 179	23 479	969,59
II.	Direct costs of sales	205 226	185 425	-19 801	90,35
III.	Gross profit on sales (I-II.)	-26 138	14 200	40 338	-54,33
06.	Selling costs	502	307	-195	61,16
07.	Administrative costs	32 744	20 269	-12 475	61,90
08.	Other general costs	26 219	22 711	-3 508	86,62
IV	Indirect costs of sales	59 465	43 287	-16 178	72,79
V.	Other revenues	118 199	73 559	-44 640	62,23
VI.	Other expenditures	33 038	66 800	33 762	202,19
A.	Operating loss	-442	-22 328	-21 886	5051,58
VII.	Financial revenues	4 205	72 155	67 950	1715,93
VIII.	Financial expenditures	22 418	20 853	-1 565	93,02
B.	Financial loss	-18 213	51 302	69 515	-281,68
C.	Loss on ordinary activities	-18 655	28 974	47 629	-155,31
IX.	Extraordinary revenues	83 044	54 778	-28 266	65,96
X.	Extraordinary expenditures	63 069	40 838	-22 231	64,75
D.	Extraordinary profit	19 975	13 940	-6 035	69,79
E.	Pre-tax loss/profit	1 320	42 914	41 594	3251,06
XI.	Tax payable	0	1 364	1 364	0,00
F.	Net loss/profit	1 320	41 550	40 230	3147,73

Schedule 65 : P&L – turnover cost method

MÁV Zrt. had profits for 2008, as in 2007, primarily due to the sale of MÁV CARGO Zrt. and the resulting financial income of HUF 68,164m recognised in 2008.

Net sales increased as a result of the effects of the outsourced activities. Export sales fell as a result of the passenger transport activity outsourced to MÁV START Zrt.

Direct costs of sales decreased by HUF 19,801m as the combined effect of increased consignment services, traction energy and track maintenance costs and increased depreciation in relation to the outsourced activities and traction services provided by MÁV-TRAKCIÓ Zrt.

Direct costs of sales fell by HUF 16,178m as such costs attributable to the outsourced passenger transport and engineering divisions were posted to the new entities.

I.9 Actual asset, financial and income positions

I.9.1 Assets

The balance sheet value of MÁV Zrt's assets at 31 December 2008 was HUF 870,910m, which is a HUF 27,204m (3.03 %) decrease on the previous year. This decrease is due mainly to a drop in fixed assets and an increase in current assets and in prepaid expenses and accrued income.

The HUF 58,913m (7.35%) decrease in the book value of fixed assets was due to a HUF 75,769 (10.93%) decrease in the net value of tangibles and a HUF 17,074 (17.01%) increase in long-term investments.

Current assets increased by HUF 27,901m on 2007 due to a notable (HUF 56,684m) increase in securities, a HUF 27,149m increase in the book values of inventories and receivables, and to a HUF 4,634m decrease in liquid assets.

The change in prepaid expenses and accrued income was due to a HUF 2,120m (12.71%) increase in prepaid expenses and to a HUF 1,986m (96.88%) increase in deferred expenses.

MÁV Zrt's actual asset, financial and income positions are illustrated by the indicators presented on the following pages.

I.9.1.1 Fixed asset ratio

The year-end balance of fixed assets is HUF 742,322m, representing 85.24% of the assets disclosed in MÁV Zrt's balance sheet.

$$\frac{\text{Fixed assets}}{\text{Total assets}} = \frac{742,322}{870,910} = 85.24 \% \quad (\text{basis } 89.21 \%)$$

A change in this indicator is not quantifiable from the perspective of MÁV Zrt's operations.

I.9.1.2 Tangible asset margin

Equity, including treasury funds, covers 86.43% of long-term tangible assets directly used in production, including treasury assets. MÁV Zrt's equity covers 52.77% of its own tangible assets. Although both indicators improved on 2007, the current ratio (which should around 100-150% at its best) is still not satisfactory.

$$\frac{\text{Equity}}{\text{Total tangible assets}} = \frac{125.423}{239.377} = 52.77\% \quad (\text{basis } 6.57\%)$$

$$\frac{\text{Own tangibles}}{\text{Equity} + \text{Treasury funds}} = \frac{237.666}{533.565} = 86,43\% \quad (\text{basis } 61,66 \%)$$
$$\frac{\text{Tangible assets}}{\text{Fixed assets}} = \frac{617.324}{742.322} = 83,17\% \quad (\text{basis } 61,66 \%)$$

I.9.1.3 Fixed asset margin

What applies to tangibles also applies to fixed assets.

$$\frac{\text{Equity}}{\text{Own tangibles}} = \frac{125.423}{362.664} = 34,58\% \quad (\text{basis } 4,88\%)$$
$$\frac{\text{Equity} + \text{Treasury funds}}{\text{Fixed assets}} = \frac{533.565}{742.322} = 71,88\% \quad (\text{basis } 53,34 \%)$$

I.9.1.4 Current assets per fixed assets

$$\frac{\text{Current assets}}{\text{Fixed assets}} = \frac{101.262}{742.322} = 13,64\% \quad (\text{basis } 9,16 \%)$$

Though the indicator of the most important assets groups increased as receivables also increased, the index is still low. This, however, is absolutely normal for a service provider.

I.9.2 Equity and liabilities

At 31 December 2008, equity and liabilities totalled HUF 870,910m (equalling total assets), which represents a HUF 27,204m decrease on the previous year. This decrease is due to the HUF 107,188m increase in equity and provisions and the HUF 134,392m decrease in accruals and liabilities.

Increases in equity components include: HUF 63,857m in capital reserve; HUF 40,230m in the profit for the year; HUF 750m in share capital; and HUF 1,523m in allocated reserves. At the same time, retained earnings dropped by HUF 1,554m compared to 2007. All these changes had an aggregate increasing effect of HUF 104,806m on equity.

The HUF 111,349m decrease in liabilities is due to a HUF 99,591 (13.93%) decrease in long-term liabilities and a HUF 11,758 (17.31%) decrease in current liabilities.

The HUF 23,043m (35.24%) drop in accruals is due to reversed deferred extraordinary revenues of HUF 22,466.

I.9.2.1 Capitalisation

$$\frac{\text{Equity}}{\text{Equity \& liabs.}} = \frac{125.423}{870.910} = 14,40\% \text{ (basis 2,30 \%)}$$

$$\frac{\text{Equity}}{\text{Equity \& liabs.- Treasury funds}} = \frac{125.423}{462.768} = 27,10\% \text{ (basis 4,20\%)}$$

Although these indicators „improved” owing to the positive equity, they are nevertheless critical and, together with the other indicators, demonstrate an excessively high level of indebtedness.

I.9.2.2 Gearing

$$\frac{\text{Borrowed capital}}{\text{Equity}} = \frac{671.597}{125.423} = 535,46\% \text{ (basis 3.797,57 \%)}$$

$$\frac{\text{Borrowed capital - Treasury funds}}{\text{Equity}} = \frac{263.455}{125.423} = 210,05\% \text{ (basis 1.824,61 \%)}$$

These indicators remarkably improved after the capital increase was registered at 4 January 2008.

I.9.2.3 Indebtedness

$$\frac{\text{Borrowed capital}}{\text{Total assets}} = \frac{671.597}{870.910} = 77,11\% \text{ (basis 87,18 \%)}$$

The indicator shows that liabilities take up 77.11% of assets. Although indebtedness eased compared to 2007, this indicator remains poor.

I.9.2.4 Long-term liabilities ratio

$$\frac{\text{Long-term liabs.}}{\text{Long-term liabs.} + \text{Equity}} = \frac{615.427}{740.850} = 83,07 \% \quad (\text{basis } 97,20 \%)$$

$$\frac{\text{Long-term liabs.} - \text{Treasury liabs.}}{\text{Long-term liabs.} - \text{Treasury liabs.} + \text{Equity}} = \frac{207.285}{332.708} = 62,30\% \quad (\text{basis } 93,73 \%)$$

This indicator shows the long-term indebtedness of a company. The lower the indicator, the better is the company's reputation. With respect to MÁV Zrt., the sheer fact that both indicators improved on the previous year is already favourable, yet long-term indebtedness remains highly significant.

I.9.2.5 Equity increase ratio

$$\frac{\text{Equity}}{\text{Issued capital}} = \frac{125.423}{21.000} = 597,25\% \quad (\text{basis } 101,81)$$

I.9.2.6 Fixed asset margin

$$\frac{\text{Equity}}{\text{Fixed assets}} = \frac{125.423}{742.322} = 16,89\% \quad (\text{basis } 2,57\%)$$

$$\frac{\text{Equity}}{\text{Own fixed assets}} = \frac{125.423}{362.664} = 34,58\% \quad (\text{basis } 4,88\%)$$

Both indicators changed favourably on the previous year, although both are still very far from the 100%, which is considered good.

I.9.2.7 Income ratios

$EBITDA = \text{Operating profit} + \text{depreciation} = -22.328 + 34.511 = 12.183$ (basis 35.035)

$$EBITDA \text{ rate} = \frac{EBITDA}{Net \text{ sales}} = \frac{12.183}{199.625} = 6,10\% \text{ (basis } 19,56 \%)$$

$$Operating \text{ ratio} = \frac{Operating \text{ profit}}{Net \text{ sales}} = \frac{-22.328}{199.625} = -11,18\% \text{ (basis } -0,25 \%)$$

Profitability indicators deteriorated significantly on the previous year owing to a HUF 21,886m increase in operating loss.

I.9.3 Financial position

I.9.3.1 Working capital and liquidity

Net working capital

Probably the net working capital is the most important indicator of the financial position as it shows the company's short-term solvency position.

$$\begin{aligned} \text{Current assets} - \text{Current liabilities} &= 101.262 \text{ MHUF} - 56.170 \text{ MHUF} \\ &= 45.092 \text{ (basis } 5.433 \text{ MHUF)} \end{aligned}$$

This indicator not only improved significantly on the previous year but the positive value also indicates short-term solvency as not only fixed assets but also some of the current assets are now financed from long-term debts.

The liquidity position as at 31 December 2008 is illustrated by the following indicators:

Liquidity ratio

$$\frac{\text{Current assets}}{\text{Current liabilities}} = \frac{101.262}{56.170} = 180,28\% \text{ (basis } 107,00 \%)$$

Although this indicator has improved remarkably on the previous year, it is still far from the safe 150%.

Quick ratio

$$\frac{\text{Current assets - Inventories}}{\text{Current liabilities}} = \frac{95.554}{56.170} = 170,11\% \quad (\text{basis } 96,85 \%)$$

The quick ratio shows the ability of liquid and movable assets to cover current liabilities. This indicator shows a major improvement on the previous year and is near the safe 100%.

Cash liquidity ratio

$$\frac{\text{Liquid assets}}{\text{Current liabilities}} = \frac{6.445}{56.170} = 11,47\% \quad (\text{basis } 16,31 \%)$$

Although this indicator dropped compared to 2007, it is not material and is still in the range of 10-50% which is considered the safe zone by professionals.

I.9.3.2 Financial position

The cash flow statement in accordance with subsection 51(8) of the accounting law is presented below.

		figures in MHUF	
No.	Item	2007	2008
I.	I. Operating cash-flows 1-13	3 570	-64 167
1.	Profit before tax	1 320	42 914
	amounts received free of charge	-2 513	-13
	amounts granted free of charge, expensed	9	0
	dividends received	-1 949	-1 810
	previous years' profits/losses	4 051	-1 225
	dividends on prev. year profit	0	-49
	debts assumed	0	0
	revalued loans (base figure is for information only)	243	3 493
2.	Ordinary depreciation +	35 477	34 511
2/a.	Depreciation on previous year (from 2009)		460
3.	Recognised and reversed impairment loss	8 843	5 794
4.	Changes in provisions	4 703	2 382
5.	Fixed asset disposals	-10 528	-68 255
6.	Movements in creditors	1 360	-10 419
7.	Movements in other current liabilities	7 037	-10 082
8.	Movements in accruals	-24 807	-23 043
9.	Movements in debtors	674	1 776
10.	Current asset movements (less debtors and liquid assets) +	-28 431	-35 429
	of which: inventory movements	-1 991	1 715
	other receivables	-26 440	22 540
	held for sale securities	0	-59 684
11.	Movements in prepayments and accrued income +	8 324	-3 808
12.	Income taxes paid (payable) -	0	-1 364
13.	Dividends and profit-sharing paid or payable -	0	0
II.	Investing cash flows (14-16)	-58 522	49 225
14.	Fixed assets additions -	-70 690	-56 737
15.	Fixed asset disposals +	10 219	104 103
	of which: disposal of Cargo, cash received	0	96 868
16.	Dividends received +	1 949	1 859
III.	Financing cash flows (17 - 28)	46 987	10 308
17.	Revenues from the issue of shares (capital withdrawal)	111 600	0
18.	Issue of bonds	0	0
19.	Loans taken	48 861	12 777
20.	Movements in long-term borrowings, repayment/cancellation of bank deposits	426	488
21.	Amounts received free of charge -	2 513	13
22.	Equity movements	-173	0
23.	Shares withdrawn, capital reduction -	0	-24
24.	Repayment of bonds	0	0
25.	Repayment of loans	-116 231	-4 609
26.	Long-term lending and bank deposits -	0	-3
27.	Amounts transferred free of charge -	-9	0
28.	Movements in payables to founders and in other long-term liabilities	-531	1 666
IV.	Change in cash and cash equivalents (±I±II±III.)±	-8 496	-4 634

Schedule 66 : Cash-flow statement

The HUF 42,914m pre-tax profit was adjusted with amounts received free of charge (presented as part of financing cash flows) and dividends received (presented within investing cash flows).

The Company generated significant negative cash flows with its operations. These were somewhat counterbalanced by positive financing and investing cash flows. The positive

investing cash flow is due to the consideration for MÁV Cargo Zrt. received in 2008 – otherwise investing cash flows would have been seriously negative. The cash-flow statement reflects the fact that the proceeds from the disposal of MÁV Cargo Zrt. reduced funding from borrowed capital.

1.9.4 MÁV Zrt's balance sheet and profit and loss account that affects previous years

According to the accounting law, the adjustments of previous years' errors should be presented in the annual financial statements, if their effect on the financial statements is material, but in a separate manner. At MÁV Zrt., each error is considered material and is presented separately from reporting year figures ('middle column'). The accumulated absolute value of items that affect previous years' losses is HUF 7,202m and is presented in a separate manner as follows:

Loss reducing	HUF 2,941m,
Loss increasing	HUF 4,261m.

The effect of these items on the profit or loss has been recognised against retained earnings/losses and the overall balance resulted in a HUF 1,320m decrease.

The most significant items that affect previous years' profit or loss were as follows:

- In previous years, settlements with international railways after the annual closes companies were dominant. As cargo and passenger services were outsourced, only those items remained with MÁV, which could not have been clarified with the other railway companies. Such items were written off in 2008 due to erroneous administration, repeated migrations, and settlements with other railways after the BS date. As a result of such settlements, net sales increased by HUF 21m, and services used increased with HUF 1,046m.
- Most of the HUF 774m of net sales relate to billed performance. Of delayed billings, HUF 255m relate to telecom services (HUF 211m billed to MÁV-START Zrt.), HUF 134m to railtrack use charges, HUF 162m to property rents, and HUF 108m to public utilities (all late billings).
- Capitalised own assets include telecom services provided to MÁV Cargo Zrt. in 2006 and 2007 free of charge totalling HUF 279m. Differences between contracted rents with related parties and actual market rates, totalling HUF 142m, are also presented in this line as services provided free of charge.
- Other income includes the HUF 58m difference between BEB funds and performance in previous years; ticket sale commissions of HUF 24m received from MÁV-START Zrt.; and settled deferred Phare aid of HUF 13m. As MÁV Zrt.'s pension directorate was wound up, all balances that related to previous years and remained unsettled had to be revised. As a result of this revision, HUF 48m has been recognised as adjustment of other income.
- Of the HUF 101m of material costs, HUF 46m was VAT on protective beverage and HUF 55m delayed public utility bills.

- Services used total HUF 1,283m. Of this, HUF 1,046m relates to inter-railways settlements, HUF 127m to various maintenance, telecom, training, legal and other service costs, HUF 71m to specialist advisory services by MÁV Cargo Zrt., and HUF 39m to the VAT on the rent of BVSC's property.
- Other services comprise mostly of late settled insurance fees totalling HUF 39m.
- Consignment services sold include HUF 130m recharged on to MÁV-START Zrt. for the annual maintenance and insurance of the Flirt railcars.
- The main item of staff costs relating to previous years include HUF 61m as the adjustment of erroneously accrued early retirement payments in 2007.
- Depreciation relating to assets commissioned in previous years but recognised only in 2008 totals HUF 460m.
- Other expenses include tangible assets written off in previous years due mostly to disposals (HUF 45m), tax liabilities relating to the previous year (HUF 53m), and various penalties and damages (HUF 46m, net).
- Dividends received include HUF 49m received from Resti Zrt. for 2004.
- An agreement was drawn up in 2002 between ELMŰ and MÁV Zrt. on the development of the electricity network of the Budapesti Intermodális Logisztikai Központ (Budapest Intermodal Logistics Centre). In the agreement, MÁV agreed to build and commission the cable network necessary to replace the disassembled Csepel remote cable network. The cables were granted to ELMŰ free of charge in 2002 and 2003. However, the related settlements remained outstanding, hence the HUF 158m extraordinary expenditure and HUF 131m extraordinary revenue (released deferred income).
- Extraordinary expenditures also include telecom services provided to MÁV Cargo Zrt. free of charge in 2006 and 2007 (HUF 325m incl. VAT); the differences between contracted rents and market rates and the related VAT (HUF 168m); and the assumption of MÁV Raktár Kft's debt towards MÁV Cargo Zrt. by MÁV Zrt. (HUF 95m), which was settled only in 2008.

The balance sheets and profit and loss accounts for previous years as identified by self-correction are presented below:

Figures in THUF

Line	Item	2003	2004	2005	2006	2007	Total
.01.	A. Fixed assets	-191 381	-55 089	-83 466	-93 953	-240 102	-663 991
.02.	I. INTANGIBLE ASSETS	-55	-2 058	-4 806	-6 361	-28 498	-41 778
.03.	Capitalised foundation/restructuring	0	0	0	0	0	0
.04.	Capitalised research and development	0	0	0	0	0	0
.05.	Concessions, licenses and similar rights	0	0	0	-282	-22 694	-22 976
.06.	Trade-marks, patents and similar assets	-55	-2 058	-4 806	-6 079	-5 804	-18 802
.07.	Goodwill	0	0	0	0	0	0
.08.	Advance payments for intangible assets	0	0	0	0	0	0
.09.	Adjusted value of intangible assets	0	0	0	0	0	0
.10.	II. TANGIBLE ASSETS	-191 326	-53 031	-78 660	-87 434	-211 604	-622 055
.11.	Land and buildings and related property rights	-26 750	-13 720	-46 470	-40 659	-117 646	-245 245
.12.	Plant, machinery, equipment and vehicles	-12 441	-36 208	-21 812	-43 011	-90 194	-203 666
.13.	Other equipment, fixtures and fittings, vehicles	-504	-3 103	-3 672	-3 764	-3 764	-14 807
.14.	Breeding stock	0	0	0	0	0	0
.15.	Assets in the course of construction	-151 631	0	-6 706	0	0	-158 337
.16.	Advance payments for AICC	0	0	0	0	0	0
.17.	Adjusted value of tangible assets	0	0	0	0	0	0
.18.	III. LONG-TERM FINANCIAL ASSETS	0	0	0	-158	0	-158
.19.	Long-term participations in related parties	0	0	0	0	0	0
.20.	Long-term loans granted to related parties	0	0	0	0	0	0
.21.	Other long-term investments	0	0	0	0	0	0
.22.	Long-term loans granted to other investments	0	0	0	0	0	0
.23.	Other long-term loans granted	0	0	0	-158	0	-158
.24.	Long-term debt securities	0	0	0	0	0	0
.25.	Adjusted value of financial investments	0	0	0	0	0	0
.26.	B. Current assets	37 550	10 850	174 792	55 347	1 027 160	1 305 699
.27.	I. INVENTORIES	0	0	0	1 905	-3 012	-1 107
.28.	Raw materials and consumables	0	0	0	1 905	-2 945	-1 040
.29.	Work in progress and semi-finished products	0	0	0	0	0	0
.30.	Animals for breeding, fattening and other livestock	0	0	0	0	0	0
.31.	Finished products	0	0	0	0	0	0
.32.	Goods	0	0	0	0	-67	-67
.33.	Advance payments for stocks	0	0	0	0	0	0
.34.	II. RECEIVABLES	54 936	10 850	175 231	53 442	967 822	1 262 281
.35.	Trade debtors	54 936	-38 142	175 213	93 123	633 943	919 073
.36.	Receivables from related parties	0	0	18	-43 058	282 410	239 370
.37.	Receivables from other investments	0	48 992	0	3 722	51 252	103 966
.38.	Bills of exchange receivables	0	0	0	0	0	0
.39.	Other receivables	0	0	0	-345	217	-128
.40.	Receivables from division settlements	0	0	0	0	0	0
.41.	III. SECURITIES	0	0	0	0	0	0
.42.	Participations in related parties	0	0	0	0	0	0
.43.	Other participations	0	0	0	0	0	0
.44.	Treasury shares and own participation	0	0	0	0	0	0
.45.	Marketable debt securities	-17 386	0	-439	0	62 350	44 525
.46.	IV. LIQUID ASSETS	0	0	0	0	454	454
.47.	Cash, cheques	-17 386	0	-439	0	61 896	44 071
.48.	Bank deposits	131 452	0	8 215	64 251	20 123	224 041
.49.	C. PREPAID EXPENSES & ACCRUED INCOME	131 452	0	8 215	64 251	20 123	224 041
.50.	Accrued income	0	0	0	0	0	0
.51.	Prepaid expenses	0	0	0	0	0	0
.52.	Deferred expenses	-22 379	-44 239	99 541	25 645	807 181	865 749

Schedule 67 : Asset side of MÁV Zrt's BS for previous years

figures in THUF

Line	Item	2003	2004	2005	2006	2007	Total
.53	D. EQUITY (54.+...61.)	-303 113	-118 047	-254 006	-383 719	-260 962	-1 319 847
.54	I. ISSUED CAPITAL	0	0	0	0	0	0
.55	of which: treasury shares redeemed at face value	0	0	0	0	0	0
.56	II. Issued capital not paid (-)/	0	0	0	0	0	0
.57	III. Capital reserve	0	0	0	0	0	0
.58	IV. Retained earnings/(losses)	0	0	0	0	0	0
.59	V. Allocated reserves	0	0	0	0	-8	-8
.60	VI. Revaluation reserve	0	0	0	0	0	0
.61	VII. Profit or loss for the year	-303 113	-118 047	-254 006	-383 719	-260 954	-1 319 839
.62	E. PROVISIONS (62.+...65.)	0	0	0	0	0	0
.63	Provisions for contingent liabilities	0	0	0	0	0	0
.64	Provisions for future commitments	0	0	0	0	0	0
.65	Other provisions	0	0	0	0	0	0
.66	F. LIABILITIES (67.+71.+80.)	283 773	76 279	144 459	181 476	881 142	1 567 129
.67	I. SUBORDINATED DEBT	0	0	0	0	0	0
.68	Subordinated debts to related parties	0	0	0	0	0	0
.69	Subordinated debts to other investments	0	0	0	0	0	0
.70	Subordinated debts to third parties	0	0	0	0	0	0
.71	II. LONG-TERM LIABILITIES (72.+...79.)	0	0	0	165	-165	0
.72	Long-term borrowings	0	0	0	0	0	0
.73	Convertible bonds	0	0	0	0	0	0
.74	Debts from 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 debts to related parties	0	0	0	0	0	0
.78	Long-term debts to other investments	0	0	0	0	0	0
.79	Other long-term liabilities	0	0	0	165	-165	0
.80	III. CURRENT LIABILITIES (81-89)	283 773	76 279	144 459	181 311	881 307	1 567 129
.81	Short-term borrowings	0	0	0	0	0	0
.82	- of which: convertible bonds	0	0	0	0	0	0
.83	Other short-term loans	0	0	0	0	0	0
.84	Prepayments received from debtors	0	0	0	0	0	0
.85	Creditors	283 740	76 140	145 513	178 087	842 184	1 525 664
.86	Bills of exchange payable	0	0	0	0	0	0
.87	Short-term debts to related parties	0	0	0	0	17 989	17 989
.88	Short-term debts to other investments	0	0	0	0	0	0
.89	Other current liabilities	33	139	-1 054	3 224	21 134	23 476
.90	Amounts payable to divisions	-3 040	-2 471	209 088	227 888	187 002	618 467
.91	G.ACCRUED EXPENSES AND DEFERRED INCOME (91.+...94.)	0	0	0	0	0	0
.92	Deferred income	0	0	211 559	230 359	189 473	631 391
.93	Accrued expenses	-3 040	-2 471	-2 471	-2 471	-2 471	-12 924
.94	Deferred extraordinary revenues and negative goodwill	-22 380	-44 239	99 541	25 645	807 182	865 749

Schedule 68 : Equity and liabilities side of MÁV Zrt's BS for previous years

figures in THUF

Line	Item	2003	2004	2005	2006	2007	Total
=	Domestic sales, net	-2 856	1 431	9 905	13 365	718 775	740 620
.02.	Export sales, net	-185 951	-77 526	113 634	110 709	72 178	33 044
I.	Salesn, net (01.+02.)	-188 807	-76 095	123 539	124 074	790 953	773 664
.03.	Internal revenues from passenger transport	0	0	0	0	0	0
.04.	Internal revenues from engineering services	250	862	957	140 591	278 517	421 177
II	Internal revenues from central services	250	862	957	140 591	278 517	421 177
III.	Internal revenues from railtrack services	6 472	7 724	10 733	18 606	99 542	143 077
	Revenues from direct internal services	0	0	0	0	147	147
.05.	Revenues from central administration and property management	951	1 435	1 234	19 186	78 565	101 371
.06.	Internal revenues:(I/A 1+I/A 2+I/A 3+I/A 4+I/A 5)	41 854	42 733	306 626	383 567	508 205	1 282 985
.07.	Changes in self-produced inventories	13	3	161	-47	39 836	39 966
.08.	Capitalised self-produced inventories	0	0	0	0	95	95
.09.	Capitalies self-performance (03.+04.)	0	0	0	0	130 006	130 006
IV.	Other revenues	42 818	44 171	308 021	402 706	756 707	1 554 423
.10.	of which: reversed impairment loss (962,1-962,2)	0	0	0	75	-2 148	-2 073
.11.	Operating yields (I+I/A +II+III)	0	0	-1 199	-2 180	-77 115	-80 494
.12.	Materials	0	0	0	156	304	460
V.	Services used	0	0	-1 199	-1 949	-78 959	-82 107
VI.	Other services	32 723	55 089	44 258	88 272	240 103	460 445
VII.	COGS	25 032	-726	41 571	7 559	70 289	143 725
	Consignment services	0	-82	354	-82	-15 714	-15 524
A.	Material-type expenditures (05.+06.+07.+08.+09.)	-282 658	-166 043	-257 422	-213 317	180 872	-738 568
.13.	Internal costs of passenger transport	0	48 992	0	0	0	48 992
	Internal costs of engineering services	0	0	0	0	0	0
.14.	Internal costs of central services	0	0	0	0	0	0
	Internal costs of railtrack services	0	0	0	0	0	0
.15.	Costs of direct internal services	0	0	0	0	0	0
	Costs of central administration and property management	0	0	0	0	0	0
.16.	Internal expenditures:(IV/A 1+IV/A 2+IV/A 3+IV/A 4+IV/A 5+IV/A 6)	0	0	0	0	79	79
	Payroll costs	0	0	0	0	0	0
.17.	Othe rppayments to personnel	4	8	4 291	1 302	1 467	7 072
VIII.	Social security	4	49 000	4 291	1 302	1 546	56 143
.18.	Payments to personnel (10.+11.+12.)	0	0	0	0	16 520	16 520
	Depreciation	0	0	0	0	0	0
.19.	Other expenditures	0	0	0	0	0	0
	of which: impairment loss (862)	0	0	0	0	0	0
.20..	Operating expenses: (IV+IV/A+V+VI+VII)	0	0	0	0	0	0
	OPERATING LOSS	0	0	0	0	0	0
.21.	Dividends received	0	13	-305	3 029	271	3 008
IX.	from related parties	0	13	-305	3 029	16 791	19 528
B.	Gains on share disposals	4	48 987	4 596	-1 727	-15 245	36 615
C.	from related parties	-282 654	-117 056	-252 826	-215 044	165 627	-701 953
X.	Interest and FX gains on fixed assets	131 452	0	6 626	0	0	138 078
XI.	from related parties	151 911	991	7 806	168 675	426 581	755 964
D.	Interest received and similar income	-20 459	-991	-1 180	-168 675	-426 581	-617 886
E.	from related parties	-303 113	-118 047	-254 006	-383 719	-260 954	-1 319 839
XII.	Other financial income	0	0	0	0	0	0
F.	Financial revenues (13.+14.+15.+16.+17.)	-303 113	-118 047	-254 006	-383 719	-260 954	-1 319 839
.22.	FX losses on fixed assets	0	0	0	0	0	0
.23.	to related parties	0	0	0	0	0	0
G.	Interest paid and similar charges	-303 113	-118 047	-254 006	-383 719	-260 954	-1 319 839

Schedule 69: MÁV Zrt's profit and loss account for previous years

I.10 Report to the supervision

In this chapter, we present required information on the separated railway activities as required by the joint decree of the Transport Ministry and the Ministry of Finance (50/2007. (IV.26.) GKM-PM) as based on MÁV Zrt's accounting separation policies for 2008 (B/S, P&L, Cash flow statement, activity statement with narrative explanations, revenues from and costs of related parties, average annual statistical number of staff, subsidies by title, accumulated figures due to separated activities).

The activity statements are prepared in accordance with the pertaining decree in HUF thousands. All other statements (except staff numbers) are prepared in accordance with the accounting policies based on the accounting law and in HUF millions (MHUF/HUFm).

Further to MÁV Zrt's accounting separation policies for 2008:

- The balance sheets, cash flows statements, and profit and loss accounts per activity as well as revenues from and payables to related parties are recorded by related party in accordance with the accounting separation policies.
 - railtrack GL for railtrack operations,
 - light railways GL for passenger transport (qualifying as public service),
 - central GL for other activities (including the temporary passenger and engineering GLs).

The average annual statistical number of staff in 2008 has been identified on the basis of staff employed by the various divisions.

I.10.1 Railtrack operations

The balance sheet for the railtrack operations activity is set out in schedules 70 and 71. The related profit and loss account is presented in schedule 72, the cash flow statement is in schedule 73.

figures in MHUF

Line	Item	31/12/2007	31/12/2008	Change
01	A. Fixed assets	452 978	451 281	-1 697
02	I. INTANGIBLE ASSETS	372	523	151
03	Capitalised foundation/restructuring	0	0	0
04	Capitalised research and development	19	9	-10
05	Concessions, licenses and similar rights	104	259	155
06	Trade-marks, patents and similar assets	249	255	6
07	Goodwill	0	0	0
08	Advance payments for intangible assets	0	0	0
09	Adjusted value of intangible assets	0	0	0
10	II. TANGIBLE ASSETS	452 606	450 758	-1 848
11	Land and buildings and related property rights	362 906	372 483	9 577
12	Plant, machinery, equipment and vehicles	49 003	55 179	6 176
13	Other equipment, fixtures and fittings, vehicles	80	51	-29
14	Breeding stock	0	0	0
15	Assets in the course of construction	38 602	22 208	-16 394
16	Advance payments for AICC	2 015	837	-1 178
17	Adjusted value of tangible assets	0	0	0
18	III. LONG-TERM FINANCIAL ASSETS	0	0	0
19	Long-term participations in related parties	0	0	0
20	Long-term loans granted to related parties	0	0	0
21	Other long-term investments	0	0	0
22	Long-term loans granted to other investments	0	0	0
23	Other long-term loans granted	0	0	0
24	Long-term debt securities	0	0	0
25	Adjusted value of financial investments	0	0	0
26	B. Current assets	16 787	14 271	-2 516
27	I. INVENTORIES	197	234	37
28	Raw materials and consumables	197	221	24
29	Work in progress and semi-finished products	0	0	0
30	Animals for breeding, fattening and other livestock	0	0	0
31	Finished products	0	0	0
32	Goods	0	13	13
33	Advance payments for stocks	0	0	0
34	II. RECEIVABLES	16 584	14 035	-2 549
35	Trade debtors	621	690	69
36	Receivables from related parties	3 763	11 256	7 493
37	Receivables from other investments	2	885	883
38	Bills of exchange receivables	0	0	0
39	Other receivables	1 629	1 204	-425
39/A.	Receivables from division settlements	10 569	0	-10 569
40	III. SECURITIES	0	0	0
41	Participations in related parties	0	0	0
42	Other participations	0	0	0
43	Treasury shares and own participation	0	0	0
44	Marketable debt securities	0	0	0
45	IV. LIQUID ASSETS	6	2	-4
46	Cash, cheques	1	0	-1
47	Bank deposits	5	2	-3
48	C. PREPAID EXPENSES & ACCRUED INCOME	18 729	22 706	3 977
49	Accrued income	2 157	3 690	1 533
50	Prepaid expenses	16 485	18 723	2 238
51	Deferred expenses	87	293	206
52	TOTAL ASSETS	488 494	488 258	-236

Schedule 70 : Asset side of the balance sheet based on the Railtrack GL

		figures in MHUF		
Line	Item	31/12/2007	31/12/2008	Change
53.	D. EQUITY (54.+...61.)	-19 506	-34 973	-15 467
54.	I. ISSUED CAPITAL	4 780	4 897	117
	of which: treasury shares redeemed at face value	0	0	0
55	II. Issued capital not paid (-)/	0	0	0
56	III. Capital reserve	7 288	17 241	9 953
57	IV. Retained earnings/(losses)	-22 326	-31 787	-9 461
58	V. Allocated reserves	65	188	123
59	VI. Revaluation reserve	0	0	0
60	VII. Profit or loss for the year	-9 313	-25 512	-16 199
61	E. PROVISIONS (62.+...65.)	8 449	8 491	42
62	Provisions for contingent liabilities	2 124	2 201	77
63	Provisions for future commitments	6 302	6 185	-117
64	Other provisions	23	105	82
65	F. LIABILITIES (67.+71.+80.)	472 981	486 292	13 311
66	I. SUBORDINATED DEBT	0	0	0
67	Subordinated debts to related parties	0	0	0
68	Subordinated debts to other investments	0	0	0
69	Subordinated debts to third parties	0	0	0
70	II. LONG-TERM LIABILITIES (72.+...79.)	451 453	453 063	1 610
71	Long-term borrowings	0	0	0
72	Convertible bonds	0	0	0
73	Debts from the issue of bonds	0	0	0
74	Investment and development loans	14 967	15 173	206
75	Other long-term loans	29 650	29 650	0
76	Long-term debts to related parties	0	0	0
77	Long-term debts to other investments	0	0	0
78	Other long-term liabilities	406 836	408 240	1 404
79	III. CURRENT LIABILITIES (81-89)	21 528	33 229	11 701
80	Short-term borrowings	0	0	0
81	- of which: convertible bonds	0	0	0
82	Other short-term loans	248	0	-248
83	Prepayments received from debtors	24	16	-8
84	Creditors	7 607	5 024	-2 583
85	Bills of exchange payable	0	0	0
86	Short-term debts to related parties	10 843	8 154	-2 689
87	Short-term debts to other investments	1	57	56
88	Other current liabilities	2 805	2 445	-360
88/A.	Amounts payable to divisions	0	17 533	17 533
89	G.ACCRUED EXPENSES AND DEFERRED INCOME (91.+.	26 570	28 448	1 878
90	Deferred income	11 606	11 564	-42
91	Accrued expenses	1 208	3 103	1 895
92	Deferred extraordinary revenues and negative goodwill	13 756	13 781	25
93	EQUITY & LIABILITIES. (53.+61.+66.+90.)	488 494	488 258	-236

Schedule 71 : Equity and liabilities side of the BS prepared based on the railtrack GL

figures in MHUF

Line	Item	Railtrack op.		Other		Total	
		Prev. Y.	Rep. Y.	Prev. Y.	Rep. Y.	Prev. Y.	Rep. Y.
.01.	Domestic sales, net	70 508	155 274	3 784	0	74 292	155 274
.02.	Export sales, net	0	1	17	0	17	1
I.	Sales, net (01.+02.)	70 508	155 275	3 801	0	74 309	155 275
I/A 1.	Internal revenues from passenger transport	0	0	0	0	0	0
I/A 2.	Internal revenues from engineering services	0	0	0	0	0	0
I/A 3.	Internal revenues from central services	0	0	0	0	0	0
I/A 4.	Internal revenues from railtrack services	42 613	600	380	0	42 993	600
I/A 5.	Revenues from direct internal services	0	404	590	0	590	404
I/A 6.	Revenues from central administration and property management	0	0	0	0	0	0
I/A	Internal revenues: (I/A 1+I/A 2+I/A 3+I/A 4+I/A 5)	42 613	1 004	970	0	43 583	1 004
.03.	Changes in self-produced inventories	-4	-187	-72	0	-76	-187
.04.	Capitalised self-produced inventories	0	2 992	2 454	0	2 454	2 992
II.	Capitalised self-performance (03.+04.)	-4	2 805	2 382	0	2 378	2 805
III.	Other revenues	28 084	12 263	137	0	28 221	12 263
	of which: reversed impairment loss (962,1-962,2)	0	0	0	0	0	0
	Operating yields (I+II+III)	141 201	171 347	7 290	0	148 491	171 347
.05.	Materials	4 682	7 415	1 893	0	6 575	7 415
.06.	Services used	22 176	34 378	1 242	0	23 418	34 378
.07.	Other services	422	610	3	0	425	610
.08.	COGS	0	15 943	18	0	18	15 943
.09.	Consignment services	0	22 963	167	0	167	22 963
IV.	Material-type expenditures (05.+06.+07.+08.+09.)	27 280	81 309	3 323	0	30 603	81 309
IV/A 1.	Internal costs of passenger transport	4	0	0	0	4	0
IV/A 2.	Internal costs of engineering services	8 277	0	565	0	8 842	0
IV/A 3.	Internal costs of central services	11 960	14 816	1 102	0	13 062	14 816
IV/A 4.	Internal costs of railtrack services	0	0	0	0	0	0
IV/A 5.	Costs of direct internal services	243	361	190	0	433	361
IV/A 6.	Costs of central administration and property management	8 097	7 267	357	0	8 454	7 267
IV/A	Internal expenditures: (IV/A 1+IV/A 2+IV/A 3+IV/A 4+IV/A 5+IV/A 6)	28 581	22 444	2 214	0	30 795	22 444
.10.	Payroll costs	36 259	39 135	2 085	0	38 344	39 135
.11.	Other payments to personnel	6 091	6 340	302	0	6 393	6 340
.12.	Social security	12 416	13 530	725	0	13 141	13 530
V.	Payments to personnel (10.+11.+12.)	54 766	59 005	3 112	0	57 878	59 005
VI.	Depreciation	21 743	23 409	339	0	22 082	23 409
VII.	Other expenditures	12 565	7 110	410	0	12 975	7 110
	of which: impairment loss (862)	160	76	11	0	171	76
	Operating expenses: (IV+IV/A+V+VI+VII)	144 935	193 277	9 398	0	154 333	193 277
A.	OPERATING LOSS	-3 734	-21 930	-2 108	0	-5 842	-21 930
.13.	Dividends received	0	0	0	0	0	0
	from related parties	0	0	0	0	0	0
.14.	Gains on share disposals	0	0	0	0	0	0
	from related parties	0	0	0	0	0	0
.15.	Interest and FX gains on fixed assets	0	0	0	0	0	0
	from related parties	0	0	0	0	0	0
.16.	Interest received and similar income	0	0	0	0	0	0
	from related parties	0	0	0	0	0	0
.17.	Other financial income	533	88	23	0	556	88
VIII.	Financial revenues (13.+14.+15.+16.+17.)	533	88	23	0	556	88
.18.	FX losses on fixed assets	0	0	0	0	0	0
	to related parties	0	0	0	0	0	0
.19.	Interest paid and similar charges	4 401	3 546	0	0	4 401	3 546
	to related parties	0	0	0	0	0	0
.20.	Impairment loss on shares and securities	0	0	0	0	0	0
.21.	Other financial expenses	479	76	21	0	500	76
IX.	Financial expenses (18.+19.+20.+21.)	4 880	3 622	21	0	4 901	3 622
B.	FINANCIAL LOSS (VIII-IX)	-4 347	-3 534	2	0	-4 345	-3 534
C.	LOSS ON ORDINARY ACTIVITIES (A+B)	-8 081	-25 464	-2 106	0	-10 187	-25 464
X.	Extraordinary revenues	875	20	11	0	886	20
XI.	Extraordinary expenditures	12	68	0	0	12	68
D.	EXTRAORDINARY PROFIT (X-XI)	863	-48	11	0	874	-48
E.	PRE-TAX LOSS (C+D)	-7 218	-25 512	-2 095	0	-9 313	-25 512
XII.	TAX PAYABLE	0	0	0	0	0	0
F.	LOSS AFTER TAX (E-XII)	-7 218	-25 512	-2 095	0	-9 313	-25 512
.22.	Dividends paid from retained earnings	0	0	0	0	0	0
.23.	Dividends (paid) approved	0	0	0	0	0	0
G.	LOSS FOR THE YEAR (F+.22-.23.)	-7 218	-25 512	-2 095	0	-9 313	-25 512

Schedule 72 : Profit and loss account prepared based on the railtrack GL

		figures in MHUF	
No.	Item	2007	2008
I.	I. Operating cash-flows 1-13	35 930	21 713
1.	Profit before tax	-9 313	-25 512
	- of which: amounts received free of charge	-234	-7
	+ amounts granted free of charge, expensed	0	0
	- dividends received	0	0
	+ losses of previous years	11	-26
	± revaluation of loans at year-end	0	206
2.	Ordinary depreciation +	22 082	23 409
2/a.	Depreciation on previous year (from 2009)		270
3.	Recognised and reversed impairment loss	1 395	945
4.	Changes in provisions	5 399	42
5.	Fixed asset disposals	7	-80
6.	Movements in creditors	-1 413	-2 584
7.	Movements in other current liabilities	3 587	-3 001
8.	Movements in accruals	-465	1 878
9.	Movements in debtors	170	20
10.	Current asset movements (less debtors and liquid assets) +	-2 190	-8 043
	of which: inventory increase	-8	-44
	held for sale securities	0	0
	other receivables (less budget)	-2 182	-7 999
10/a.	Movements in balance of business line operations	19 666	38 173
11.	Movements in prepayments and accrued income +	-2 772	-3 977
12.	Income taxes paid (payable) -	0	0
13.	Dividends and profit-sharing paid or payable -	0	0
II.	Investing cash flows (14-16)	-18 135	-24 274
14.	Fixed assets additions -	-18 202	-24 406
15.	Fixed asset disposals +	67	132
16.	Dividends received +	0	0
III.	Financing cash flows (17-27)	-18 146	2 557
17.	Revenues from the issue of shares (capital withdrawal)	7 327	0
18.	Issue of bonds	0	0
19.	Loans taken	3 969	0
20.	Repayment, cancellation of long-term loan and bank deposits +	0	0
21.	Assets received free of charge +	234	7
22.	Equity movements	0	0
23.	Redemption of shares, capital reduction -	0	0
24.	Repayment of bonds	0	0
25.	Repayment of loans	-29 688	-247
26.	Assets transferred free of charge -	0	0
27.	Movements in payables to founders and in other long-term liabilities +	12	2 797
IV.	Change in cash and cash equivalents (±I±II±III) ±	-351	-4

Schedule 73 : Cash-flow statements based on the railtrack GL

The profit and loss account of the railtrack operations activity is presented below (in HUF thousands):

figures in THUF

<i>Line</i>	<i>Item</i>	<i>Basis</i>	<i>Reporting year</i>
1	Net sales	70 508 368	155 275 370
	tickets	70 508 368	155 275 370
	subsidy (compensation)	0	0
	paid by government	0	0
2	Internal revenues	42 613 824	1 003 680
3	Capitalised own performance	-4 664	2 805 123
4	Other revenues	28 084 032	12 262 926
	gov. refund	24 402 528	8 825 600
	gov. subsidy	352 175	478 757
5	TOTAL BUSINESS YIELD	141 201 560	171 347 099
6	Material-type expenditures	27 280 715	81 309 738
	track network access charge	0	0
7	Internal expenses	28 581 402	22 444 782
	track network access charge	0	0
	traction	7 805 925	0
	other railway services	718 770	361 192
	central services	11 959 926	14 816 328
	central administration	8 096 781	7 267 262
8	Payments to personnel	54 765 365	59 004 646
9	Depreciation	21 743 486	23 408 630
10	Other expenses	12 564 413	7 109 681
11	TOTAL	144 935 381	193 277 477
12	OPERATING LOSS	-3 733 821	-21 930 378
13	Financial income	532 758	87 711
14	Financial expenses	4 880 339	3 621 229
15	FINANCIAL LOSS	-4 347 581	-3 533 518
16	Extraordinary revenues	874 540	20 254
	gov. subsidy	619 996	0
17	Extraordinary expenditures	10 736	68 645
18	EXTRAORDINARY PROFIT	863 804	-48 391
19	Tax	0	0
20	LOSS AFTER TAX	-7 217 598	-25 512 287

Schedule 74 : P&L of the railtrack operations division

The substance of railway network operations was different in 2008. On the one hand, track access services governed by the HÜSZ changed:

- As traction was outsourced from 2008, traction energy and traction fuel were sold as parts of HÜSZ services (these were parts of internal tractions services in 2007);
- Since July 2007, non-public area light railway use is no longer governed by HÜSZ and thus the related internal fee also changed.

In addition to a change in the substance of operations, the settlement of railtrack services also changed due to the outsourced engineering activity (i.e. the incorporation of MÁV-TRAKCIÓ Zrt. and MÁV-GÉPÉSZET Zrt. as of 1 January 2008) according to the following:

- Revenues from track access services provided to MÁV-TRAKCIÓ Zrt. have been reclassified from internal railtrack income but as sales revenues.
- The cost of services provided by MÁV-TRAKCIÓ Zrt. and MÁV-GÉPÉSZET Zrt. to railtrack operations (traction, accident prevention) have been reclassified from internal railtrack expenses to material-type services provided by third parties.

The differences between cost and revenues generators in 2007 and 2008 are due to the above reasons while there is no significant difference in performance in the two years.

Railway network operations had a loss of HUF 7.2 billion in 2007 which increased to a loss of HUF 25.5 billion in 2008 as a result of reduced public service subsidies by HUF 15.6 billion.

Net sales in 2008 were mostly from access fees, within which traction energy and fuel sales are presented separately as new items:

HUF billions		
Debtor	2007	2008
<i>Railtrack access net of traction electricity and fuel</i>		
MÁV-START Zrt.	38,8	77,5
MÁV-TRAKCIÓ Zrt.	0	1,9
MÁV Cargo Zrt.	29,5	26,9
Private railways	1,6	2,2
<i>Traction electricity</i>		
MÁV-TRAKCIÓ Zrt.	0	22,4
Private railways	0	0,3
<i>Traction fuel</i>		
MÁV-TRAKCIÓ Zrt.	0	16,2
Private railways	0	0,8
Total	69,9	148,2

Schedule 75 : Revenues from track access charges

More than half of track access revenues is from passenger trains used by MÁV-START Zrt. (HUF 77.5b) – twice as much as in 2007 as MÁV-START Zrt. has been doing passenger transport since the second half of 2007. Sales revenues from MÁV Cargo Zrt. dropped in line with changed market conditions. The overall increase in sales on the basis year was also due to outsourcing and traction energy services billed to MÁV Trakció Zrt. and to private railways.

Of internal revenues for 2008, track access costs of light railways treated as direct costs is HUF 0.6 billion. The rest of revenues is from network access services provided to TÁSZ (storage of scrapped vehicles) and from direct internal services. In the basis year, use of the railway network by motor coaches was recognised as internal income – and so were recognised services provided to passenger service operations in the first half of 2008.

In both periods, other income includes primarily the reimbursement of public services (HUF 24.4 billion and HUF 8.8 billion, respectively). In both years, nearly HUF 0.4 billion subsidy was recognised from previously received and deferred subsidies received for railtrack improvement and overhauls.

Other revenues include, apart from government reimbursement and subsidies, redundancy provisions of HUF 1.6b released in 2008 of a total HUF 2.1b made in 2007.

The most significant material-type expense items in 2008 were the following: traction energy and fuel billed to MÁV Trakció Zrt. (HUF 22.8b and HUF 15.2b, respectively); shunting cost paid to MÁV Trakció Zrt. (HUF 9.3b). Within maintenance for third parties, the maintenance cost of outsourced track structures and high voltage equipment totalled HUF 9.6b and further HUF 3.3b maintenance cost incurred with respect to the whole rail infrastructure. Asset use costs charged by Viacom Zrt. (for the use of electric equipment installed at electric railway lines under

a concession agreement) amounted to HUF 3.0b for 2008. Additional expenses recognised included maintenance and operating materials (HUF 1.6b), overhead, fuel and energy (HUF 2.9b) miscellaneous material-type expenses (such as transport, weeding, track welding, maintenance and rental costs of track operating assets etc.) (HUF 4.1b) and non-material type services (IT, security, track diagnostics, training etc.) (HUF 3.7b). The most significant items that caused the increase are traction energy and fuel, and shunting costs.

As the activities were outsourced, internal shunting costs no longer incur while the internal cost of other railway services fell significantly. Internal expenses included mostly central services and central management costs in 2008. Central services included: acquisitions of assets and inventories (HUF 2.1b – of which HUF 1.0b is a new component: traction energy agents); human services used on a headcount basis (HUF 1.4b); accounting services (HUF 1.0b); and other central services (administration, environment protection, work safety – HUF 0.9b). Internal expenses recognised on properties total HUF 9.4b – of which internal rent of HUF 1.9b is a new component. Internal expenses were reduced by rationalised administration compared to the previous year.

Payments to personnel increased by cca. 2% in 2008 due to the combined effect of pay increases and staff reductions by nearly 5.3% (-981 people).

HUF 21.1b of the total annual depreciation was charged on treasury assets. Owing to treasury projects completed in previous years and in the reporting year and capitalised in 2007, depreciation costs increased by nearly HUF 1.3b on 2007.

A significant other expense item in both years related to damage repair works on treasury assets due to accidents, force majeure and similar incidents (HUF 1.7b). Although, fortunately, there was no flood damage (as opposed to flood related expenses of HUF 0.5b in 2007), the value of damages caused by accidents and vandalism increased.

Provisions made and recognised in 2008 amount to HUF 2.6b (by HUF 5.8b less than in 2007). Of this HUF 1.6b is for early retirement and HUF 0.6b is for the depreciation of assets not given over by NIF Zrt.

Railtracks weeding was done as part of a social work programme and cost HUF 0.5b in 2008.

In both periods, financial expenses included mostly interest incurred on liquidity and development loans which are managed centrally.

Overall, although the losses suffered by the track operations activity in both periods were materially reduced by subsidies, revenues (including subsidies) from this activity did not cover the related incurring expenses.

Related party balances of the railtrack operations activity are presented below.

figures in MHUF

Related party	Revenues			Expenditures			Grand total
	Net sales	Other rev.	Total	Costs	Other expenses	Total	
005 MÁVTI Kft	4	0	4	9	0	9	-5
015 MÁV Nosztalgia Kft	104	0	104	70	0	70	34
020 MÁV VAGON Kft	1	0	1	0	0	0	1
022 MÁV Vasjármű Kft	3	0	3	1	0	1	2
027 Bombardier MÁV Kft	15	0	15	4	0	4	11
034 MÁV Debreceni JJ Kft	6	0	6	0	0	0	6
037 VAMAV Kft	6	0	6	2	0	2	4
038 EURO-METALL Kft	6	0	6	0	0	0	6
096 MÁV KERT Kft	3	0	3	480	90	570	-567
101 MÁV FKG Kft	343	2	345	4 313	116	4 429	-4 084
102 MÁV GÉP Kft	270	14	284	3 401	146	3 547	-3 263
116 MÁV THERMIT Kft	4	0	4	548	66	614	-610
131 MÁV KfV Kft	69	0	69	770	5	775	-706
136 MÁV IK Kft	35	0	35	1 740	517	2 257	-2 222
138 MÁV INFORMATIKA Kft	29	0	29	955	67	1 022	-993
139 MÁV Vasúttör Kft	5	0	5	654	0	654	-649
141 VIACOM Rt	150	0	150	3 023	0	3 023	-2 873
142 MÁV MULTISZOLG Kft	1	0	1	74	1	75	-74
144 Záhony HŐTÁV Kft	1	0	1	0	0	0	1
152 MÁV Raktár Kft	2	0	2	52	45	97	-95
158 VBSZ Vasutas Kft	1	0	1	0	1	1	0
165 MÁV REC Kft.	8	0	8	0	0	0	8
174 MÁV LOKOMOTIV HOTELS Zrt.	0	0	0	2	0	2	-2
178 HUNGEAIL Egyesülés	0	0	0	2	0	2	-2
179 ZÁHONY-PORT Zrt.	137	14	151	116	3	119	32
180 MÁV-START Zrt.	78 909	14	78 923	31	9	40	78 883
186 MÁV-TRAKCIÓ Zrt. Zrt.	40 560	1	40 561	46 957	6	46 963	-6 402
187 MÁV-GÉPÉSZET Zrt.	418	1	419	393	87	480	-61
Grand total	121 090	46	121 136	63 597	1 159	64 756	56 380

Schedule 76 : Related party balances – railtrack operations

I.10.2 Passenger transport, including public transport

In 2008 and in H2 2007, MÁV Zrt.'s passenger transport activity was limited to light railways. In H1 2007, passenger transport services were provided on both regular and light railways.

The balance sheet prepared based on the GL of the passenger transport activity (including the GL of the light railway activity) is set out schedules 77 and 78, the related profit and loss account is in schedule 79, and the related cash flow statement is in schedule 80. The area passenger transport P&L and the area public service P&L are presented in schedules 81 and 82. All these schedules reflect

- Regular and light railway passenger transport for H1 2007,
- light railway passenger transport for H2 2007 and settlements in H2 2007 from regular railway passenger transport done in H1 2007
- light railway passenger transport for 2008.

		figures in MHUF		
Line	Item	31/12/2007	31/12/2008	Change
01	A. Fixed assets	653	15	-638
02	I. INTANGIBLE ASSETS	370	0	-370
03	Capitalised foundation/restructuring	0	0	0
04	Capitalised research and development	0	0	0
05	Concessions, licenses and similar rights	0	0	0
06	Trade-marks, patents and similar assets	370	0	-370
07	Goodwill	0	0	0
08	Advance payments for intangible assets	0	0	0
09	Adjusted value of intangible assets	0	0	0
10	II. TANGIBLE ASSETS	283	15	-268
11	Land and buildings and related property rights	0	0	0
12	Plant, machinery, equipment and vehicles	0	15	15
13	Other equipment, fixtures and fittings, vehicles	0	0	0
14	Breeding stock	0	0	0
15	Assets in the course of construction	54	0	-54
16	Advance payments for AICC	229	0	-229
17	Adjusted value of tangible assets	0	0	0
18	III. LONG-TERM FINANCIAL ASSETS	0	0	0
19	Long-term participations in related parties	0	0	0
20	Long-term loans granted to related parties	0	0	0
21	Other long-term investments	0	0	0
22	Long-term loans granted to other investments	0	0	0
23	Other long-term loans granted	0	0	0
24	Long-term debt securities	0	0	0
25	Adjusted value of financial investments	0	0	0
26	B. Current assets	1 398	3	-1 395
27	I. INVENTORIES	9	0	-9
28	Raw materials and consumables	9	0	-9
29	Work in progress and semi-finished products	0	0	0
30	Animals for breeding, fattening and other livestock	0	0	0
31	Finished products	0	0	0
32	Goods	0	0	0
33	Advance payments for stocks	0	0	0
34	II. RECEIVABLES	1 388	3	-1 385
35	Trade debtors	211	0	-211
36	Receivables from related parties	1 041	2	-1 039
37	Receivables from other investments	0	0	0
38	Bills of exchange receivables	0	0	0
39	Other receivables	136	1	-135
39/A.	Receivables from division settlements	0	0	0
40	III. SECURITIES	0	0	0
41	Participations in related parties	0	0	0
42	Other participations	0	0	0
43	Treasury shares and own participation	0	0	0
44	Marketable debt securities	0	0	0
45	IV. LIQUID ASSETS	1	0	-1
46	Cash, cheques	0	0	0
47	Bank deposits	1	0	-1
48	C. PREPAID EXPENSES & ACCRUED INCOME	2 118	0	-2 118
49	Accrued income	2 118	0	-2 118
50	Prepaid expenses	0	0	0
51	Deferred expenses	0	0	0
52	TOTAL ASSETS	4 169	18	-4 151

* Basis year information includes aggregate passenger and area rail transport GL figures.

Schedule 77 : Asset side of the BS based on the area passenger transport GL

		figures in MHUF		
Line	Item	31/12/2007	31/12/2008	Change
53.	D. EQUITY (54.+...61.)	-73 083	-912	72 171
54.	I. ISSUED CAPITAL	4 365	0	-4 365
	of which: treasury shares redeemed at face value	0	0	0
55	II. Issued capital not paid (-)/	0	0	0
56	III. Capital reserve	39 462	0	-39 462
57	IV. Retained earnings/(losses)	-114 683	-1	114 682
58	V. Allocated reserves	0	0	0
59	VI. Revaluation reserve	0	0	0
60	VII. Profit or loss for the year	-2 227	-911	1 316
61	E. PROVISIONS (62.+...65.)	0	0	0
62	Provisions for contingent liabilities	0	0	0
63	Provisions for future commitments	0	0	0
64	Other provisions	0	0	0
65	F. LIABILITIES (67.+71.+80.)	74 601	930	-73 671
66	I. SUBORDINATED DEBT	0	0	0
67	Subordinated debts to related parties	0	0	0
68	Subordinated debts to other investments	0	0	0
69	Subordinated debts to third parties	0	0	0
70	II. LONG-TERM LIABILITIES (72.+...79.)	1	1	0
71	Long-term borrowings	0	0	0
72	Convertible bonds	0	0	0
73	Debts from the issue of bonds	0	0	0
74	Investment and development loans	0	0	0
75	Other long-term loans	0	0	0
76	Long-term debts to related parties	0	0	0
77	Long-term debts to other investments	0	0	0
78	Other long-term liabilities	1	1	0
79	III. CURRENT LIABILITIES (81-89)	74 600	929	-73 671
80	Short-term borrowings	0	0	0
81	- of which: convertible bonds	0	0	0
82	Other short-term loans	0	0	0
83	Prepayments received from debtors	9	0	-9
84	Creditors	266	9	-257
85	Bills of exchange payable	0	0	0
86	Short-term debts to related parties	99	89	-10
87	Short-term debts to other investments	0	0	0
88	Other current liabilities	33	3	-30
88/A.	Amounts payable to divisions	74 193	828	-73 365
89	G.ACCRUED EXPENSES AND DEFERRED INCOME (91.+..)	2 651	0	-2 651
90	Deferred income	594	0	-594
91	Accrued expenses	2 057	0	-2 057
92	Deferred extraordinary revenues and negative goodwill	0	0	0
93	EQUITY & LIABILITIES. (53.+61.+66.+90.)	4 169	18	-4 151

* Basis year information includes aggregate passenger and area rail transport GL figures.

Schedule 78 : Equity & liabilities side of the BS based on the area passenger transport GL

figures in MHUF

Line	Item	Passenger		of which: public transport		Other		Total	
		prior year	rep. Year	prior year	rep. Year	prior year	rep. Year	prior year	rep. Year
.01.	Domestic sales, net	27 953	120	27 387	120	268	0	28 221	120
.02.	Export sales, net	4 015	0	0	0	0	0	4 015	0
I.	Sales, net (01.+02.)	31 968	120	27 387	120	268	0	32 236	120
I/A 1.	Internal revenues from passenger transport	11	0	0	0	0	0	11	0
I/A 2.	Internal revenues from engineering services	0	0	0	0	0	0	0	0
I/A 3.	Internal revenues from central services	0	0	0	0	0	0	0	0
I/A 4.	Internal revenues from railtrack services	0	0	0	0	0	0	0	0
I/A 5.	Revenues from direct internal services	0	7	0	7	0	0	0	7
I/A 6.	Revenues from central administration and property management	0	0	0	0	0	0	0	0
I/A	Internal revenues:(I/A 1+I/A 2+I/A 3+I/A 4+I/A 5)	11	7	0	7	0	0	11	7
.03.	Changes in self-produced inventories	0	0	0	0	0	0	0	0
.04.	Capitalised self-produced inventories	0	0	0	0	196	0	196	0
II.	Capitales self-performance (03.+04.)	0	0	0	0	196	0	196	0
III.	Other revenues	72 956	280	72 771	280	3	0	72 959	280
	of which: reversed impairment loss (962,1-962,2)	0	0	0	0	0	0	0	0
	Operating yields (I+I/A +II+III)	104 935	407	100 158	407	467	0	105 402	407
.05.	Materials	565	42	470	42	2	0	567	42
.06.	Services used	9 248	541	6 257	541	30	0	9 278	541
.07.	Other services	234	0	215	0	0	0	234	0
.08.	COGS	0	0	0	0	7	0	7	0
.09.	Consignment services	770	0	537	0	9	0	779	0
IV.	Material-type expenditures (05.+06.+07.+08.+09.)	10 817	583	7 479	583	48	0	10 865	583
IV/A 1.	Internal costs of passenger transport	0	0	0	0	0	0	0	0
IV/A 2.	Internal costs of engineering services	32 519	0	31 327	0	0	0	32 519	0
IV/A 3.	Internal costs of central services	1 114	11	928	11	3	0	1 117	11
IV/A 4.	Internal costs of railtrack services	40 815	597	40 158	597	0	0	40 815	597
IV/A 5.	Costs of direct internal services	53	9	48	9	196	0	249	9
IV/A 6.	Costs of central administration and property management	1 932	48	1 547	48	6	0	1 938	48
IV/A	Internal expenditures:(IV/A 1+IV/A 2+IV/A 3+IV/A 4+IV/A 5+IV/A 6)	76 433	665	74 008	665	205	0	76 638	665
.10.	Payroll costs	5 969	49	5 164	49	7	0	5 976	49
.11.	Other payments to personnel	1 135	4	908	4	8	0	1 143	4
.12.	Social security	2 096	16	1 791	16	3	0	2 099	16
V.	Payments to personnel (10.+11.+12.)	9 200	69	7 863	69	18	0	9 218	69
VI.	Depreciation	3 557	1	3 525	1	0	0	3 557	1
VII.	Other expenditures	1 814	0	1 774	0	1	0	1 815	0
	of which: impairment loss (862)	27	0	23	0	0	0	27	0
	Operating expenses: (IV+IV/A+V+VI+VII)	101 821	1 318	94 649	1 318	272	0	102 093	1 318
A.	OPERATING LOSS	3 114	-911	5 509	-911	195	0	3 309	-911
.13.	Dividends received	0	0	0	0	0	0	0	0
	from related parties	0	0	0	0	0	0	0	0
.14.	Gains on share disposals	0	0	0	0	0	0	0	0
	from related parties	0	0	0	0	0	0	0	0
.15.	Interest and FX gains on fixed assets	0	0	0	0	0	0	0	0
	from related parties	0	0	0	0	0	0	0	0
.16.	Interest received and similar income	2	0	2	0	0	0	2	0
	from related parties	0	0	0	0	0	0	0	0
.17.	Other financial income	194	0	155	0	1	0	195	0
VIII.	Financial revenues (13.+14.+15.+16.+17.)	196	0	157	0	1	0	197	0
.18.	FX losses on fixed assets	0	0	0	0	0	0	0	0
	to related parties	0	0	0	0	0	0	0	0
.19.	Interest paid and similar charges	6 557	0	6 557	0	0	0	6 557	0
	to related parties	0	0	0	0	0	0	0	0
.20.	Impairment loss on shares and securities	0	0	0	0	0	0	0	0
.21.	Other financial expenses	422	0	338	0	1	0	423	0
IX.	Financial expenses (18.+19.+20.+21.)	6 979	0	6 895	0	1	0	6 980	0
B.	FINANCIAL LOSS (VIII-IX)	-6 783	0	-6 738	0	0	0	-6 783	0
C.	LOSS ON ORDINARY ACTIVITIES (A+B)	-3 669	-911	-1 229	-911	195	0	-3 474	-911
X.	Extraordinary revenues	1 247	0	1 230	0	0	0	1 247	0
XI.	Extraordinary expenditures	0	0	0	0	0	0	0	0
D.	EXTRAORDINARY PROFIT (X-XI)	1 247	0	1 230	0	0	0	1 247	0
E.	PRE-TAX LOSS (C+D)	-2 422	-911	1	-911	195	0	-2 227	-911
XII.	TAX PAYABLE	0	0	0	0	0	0	0	0
F.	LOSS AFTER TAX (E-XII)	-2 422	-911	1	-911	195	0	-2 227	-911
.22.	Dividends paid from retained earnings	0	0	0	0	0	0	0	0
.23.	Dividends (paid) approved	0	0	0	0	0	0	0	0
G.	LOSS FOR THE YEAR (F+22.-23.)	-2 422	-911	1	-911	195	0	-2 227	-911

* Basis year information includes aggregate passenger and area rail transport GL figures.

Schedule 79 : P&L based on the area passenger transport GL

figures in MHUF

No.	Item	2007	2008
I.	I. Operating cash-flows 1-13	46 915	13
1.	Profit before tax	-2 227	-911
	- of which: amounts received free of charge	-63	0
	+ amounts granted free of charge, expensed	0	0
	- dividends received	0	0
	+ losses of previous years	-151	-1
	± revaluation of loans at year-end	0	0
2.	Ordinary depreciation +	3 557	1
3.	Recognised and reversed impairment loss	251	0
4.	Changes in provisions	-1 349	0
5.	Fixed asset disposals	-273	0
6.	Movements in creditors	-1 763	9
7.	Movements in other current liabilities	-5 041	22
8.	Movements in accruals	-29 314	0
9.	Movements in debtors	579	0
10.	Current asset movements (less debtors and liquid assets) +	680	8
	of which: inventory increase	54	0
	held for sale securities	0	0
	other receivables (less budget)	626	8
10/a	Movements in balance of business line operations	70 184	885
11.	Movements in prepayments and accrued income +	11 845	0
12.	Income taxes paid (payable) -	0	0
13.	Dividends and profit-sharing paid or payable -	0	0
II.	Investing cash flows (14-16)	115 924	-15
14.	Fixed assets additions -	114 471	-15
15.	Fixed asset disposals +	1 453	0
16.	Dividends received +	0	0
III.	Financing cash flows (17-27)	-163 212	1
17.	Revenues from the issue of shares (capital withdrawal)	39 673	0
18.	Issue of bonds	0	0
19.	Loans taken	0	0
20.	Repayment, cancellation of long-term loan granted and bank deposits +	315	0
21.	Assets received free of charge +	63	0
22.	Equity movements	-601	0
23.	Redemption of shares, capital reduction -	0	0
24.	Repayment of bonds	0	0
25.	Repayment of loans	-200 984	0
26.	Assets transferred free of charge -	0	0
27.	Movements in payables to founders and in other long-term liabilities +	-1 678	1
IV.	Change in cash and cash equivalents (±I±II±III) ±	-373	-1

* Basis year information includes aggregate passenger and area rail transport GL figures.

Schedule 80 : Cash-flow statement based on the area passenger transport GL

The profit and loss account of the passenger transport activity is set out below:

figures in THUF

Line	Item	Basis	Reporting year
1	Net sales	31 967 538	119 996
	tickets	21 286 084	107 320
	subsidy (compensation)	10 681 454	12 676
	paid by government	0	0
2	Internal revenues	11 174	7 477
3	Capitalised own performance	0	0
4	Other revenues	72 956 662	280 283
	gov. refund	70 006 722	280 000
	gov. subsidy	549 362	0
5	TOTAL BUSINESS YIELD	104 935 374	407 756
6	Material-type expenditures	10 816 802	583 427
	track network access charge	0	0
7	Internal expenses	76 432 813	664 543
	track network access charge	40 452 674	597 225
	traction	26 116 715	0
	other railway services	6 817 418	9 366
	central services	1 114 037	10 749
	central administration	1 931 969	47 203
8	Payments to personnel	9 200 170	68 875
9	Depreciation	3 556 199	1 390
10	Other expenses	1 814 351	355
11	TOTAL	101 820 335	1 318 590
12	OPERATING LOSS	3 115 039	-910 834
13	Financial income	196 583	211
14	Financial expenses	6 979 878	0
15	FINANCIAL LOSS	-6 783 295	211
16	Extraordinary revenues	1 246 979	0
	gov. subsidy	1 163 197	0
17	Extraordinary expenditures	0	0
18	EXTRAORDINARY PROFIT	1 246 979	0
19	Tax	0	0
20	LOSS AFTER TAX	-2 421 277	-910 623

* Basis year information includes aggregate passenger and area rail transport GL figures.

Schedule 81 : Area passenger transport P&L

In the first half of 2007, MÁV Zrt. supplied nationwide passenger transport services, which was outsourced to MÁV-START Zrt. as of 1 July 2007. As of August, MÁV Zrt. carried on with regional passenger transport services on regional railway networks as licensed by MVH and approved by the Ministry for Economy and Transport.

The losses from passenger transport reduced from HUF 2.4 billion in 2007 to HUF 0.9 billion in 2008 due to the above. The loss for 2007 is from non-public service passenger transport (mainly international operations).

Most of the revenues from area rail transport in 2008 were from subsidies (HUF 0.3b), which was not enough for the related expenses: HUF 0.6b vehicle maintenance and HUF 0.6b internal railtrack access charges. Ticket sales totalled HUF 0.1b in the same period.

The figures of the public passenger transport services division are presented below in THUF:

figures in THUF

<i>line</i>	<i>Item</i>	<i>Basis</i>	<i>Rep. Year</i>
1	Net sales	27 386 533	119 996
	tickets	16 705 079	107 320
	subsidy (compensation)	10 681 454	12 676
	paid by government	0	0
2	Internal revenues	0	7 477
3	Capitalised own performance	0	0
4	Other revenues	72 770 868	280 283
	gov. refund	70 006 722	280 000
	gov. subsidy	549 301	0
5	TOTAL BUSINESS YIELD	100 157 401	407 756
6	Material-type expenditures	7 479 043	583 427
	track network access charge	0	0
7	Internal expenses	74 008 839	664 543
	track network access charge	39 795 795	597 225
	traction	25 353 061	0
	other railway services	6 384 662	9 366
	central services	928 397	10 749
	central administration	1 546 924	47 203
8	Payments to personnel	7 862 787	68 875
9	Depreciation	3 524 759	1 390
10	Other expenses	1 774 042	355
11	TOTAL	94 649 470	1 318 590
12	OPERATING LOSS	5 507 931	-910 834
13	Financial income	157 269	211
14	Financial expenses	6 895 424	0
15	FINANCIAL LOSS	-6 738 155	211
16	Extraordinary revenues	1 230 224	0
	gov. subsidy	1 163 197	0
17	Extraordinary expenditures	0	0
18	EXTRAORDINARY PROFIT	1 230 224	0
19	Tax	0	0
20	LOSS AFTER TAX	0	-910 623

* Basis year information includes aggregate passenger and area rail transport GL figures.

Schedule 82 : P&L of the area public service activity

In the first half of 2007, MÁV Zrt. provided passenger transport services as a public service. This activity was outsourced to MÁV-START Zrt. as of 1 July 2007. In the third quarter of 2007, after obtaining regional licence from MVH and approval of the Ministry for Economy and Transport (GKM), the Company provided area public transport services on regional tracks.

Public passenger service reached a break even point in 2007 due to subsidies received for passenger based on the central budget act and the applicable government decree No. 244/2007.(IX.25.). An analysis of the loss for 2008 is set out in the section on passenger services.

In the case of passenger transport traction (including public passenger services), related party revenues and payables are presented in the schedule below:

figures in MHUF

Related party	Revenues			Expenditures			Grand total
	Net sales	Other rev.	Total	Costs	Other expenses	Total	
015 MÁV Nosztalgia Kft	4	0	4	3	0	3	1
022 MÁV Vasjármű Kft	0	0	0	17	0	17	-17
139 MÁV Vasútőr Kft	0	0	0	1	0	1	-1
180 MÁV-START Zrt.	0	0	0	148	0	148	-148
186 MÁV-TRAKCIÓ Zrt.	0	0	0	308	0	308	-308
187 MÁV-GÉPÉSZET Zrt.	0	0	0	34	0	34	-34
Total	4	0	4	511	0	511	-507

Schedule 83 : Related party balances – passenger transport

I.10.3 Traction

In 2008, MÁV Zrt. did not have separable traction activities. For the sake of comparison, we presented the following schedules:

The balance sheet prepared based on the engineering GL for 2007 is set out in schedules 84 and 85. The profit and loss account of traction activity is set out in schedule 86. As traction was discontinued as of 2008, no cash flow statement has been prepared.

figures in MHUF				
Line	Item	31/12/2007	31/12/2008	Change
01	A. Fixed assets	179 946	0	-179 946
02	I. INTANGIBLE ASSETS	146	0	-146
03	Capitalised foundation/restructuring	0	0	0
04	Capitalised research and development	0	0	0
05	Concessions, licenses and similar rights	0	0	0
06	Trade-marks, patents and similar assets	146	0	-146
07	Goodwill	0	0	0
08	Advance payments for intangible assets	0	0	0
09	Adjusted value of intangible assets	0	0	0
10	II. TANGIBLE ASSETS	179 800	0	-179 800
11	Land and buildings and related property rights	8 660	0	-8 660
12	Plant, machinery, equipment and vehicles	147 469	0	-147 469
13	Other equipment, fixtures and fittings, vehicles	6	0	-6
14	Breeding stock	0	0	0
15	Assets in the course of construction	8 653	0	-8 653
16	Advance payments for AICC	15 012	0	-15 012
17	Adjusted value of tangible assets	0	0	0
18	III. LONG-TERM FINANCIAL ASSETS	0	0	0
19	Long-term participations in related parties	0	0	0
20	Long-term loans granted to related parties	0	0	0
21	Other long-term investments	0	0	0
22	Long-term loans granted to other investments	0	0	0
23	Other long-term loans granted	0	0	0
24	Long-term debt securities	0	0	0
25	Adjusted value of financial investments	0	0	0
26	B. Current assets	28 725	0	-28 725
27	I. INVENTORIES	648	0	-648
28	Raw materials and consumables	518	0	-518
29	Work in progress and semi-finished products	0	0	0
30	Animals for breeding, fattening and other livestock	0	0	0
31	Finished products	0	0	0
32	Goods	130	0	-130
33	Advance payments for stocks	0	0	0
34	II. RECEIVABLES	28 069	0	-28 069
35	Trade debtors	310	0	-310
36	Receivables from related parties	27 672	0	-27 672
37	Receivables from other investments	0	0	0
38	Bills of exchange receivables	0	0	0
39	Other receivables	87	0	-87
39/A.	Receivables from division settlements	0	0	0
40	III. SECURITIES	0	0	0
41	Participations in related parties	0	0	0
42	Other participations	0	0	0
43	Treasury shares and own participation	0	0	0
44	Marketable debt securities	0	0	0
45	IV. LIQUID ASSETS	8	0	-8
46	Cash, cheques	0	0	0
47	Bank deposits	8	0	-8
48	C. PREPAID EXPENSES & ACCRUED INCOME	2 026	0	-2 026
49	Accrued income	48	0	-48
50	Prepaid expenses	15	0	-15
51	Deferred expenses	1 963	0	-1 963
52	TOTAL ASSETS	210 697	0	-210 697

Schedule 84 : Asset side of the balance sheet prepared based on the engineering GL in the basis year

figures in MHUF

Line	Item	31/12/2007	31/12/2008	Change
53.	<i>D. EQUITY (54.+...61.)</i>	27 535	0	-27 535
54.	<i>I. ISSUED CAPITAL</i>	2 820	0	-2 820
	of which: treasury shares redeemed at face value	0	0	0
55	II. Issued capital not paid (-)/	0	0	0
56	III. Capital reserve	0	0	0
57	IV. Retained earnings/(losses)	25 410	0	-25 410
58	V. Allocated reserves	1 186	0	-1 186
59	VI. Revaluation reserve	0	0	0
60	VII. Profit or loss for the year	-1 881	0	1 881
61	<i>E. PROVISIONS (62.+...65.)</i>	2 087	0	-2 087
62	Provisions for contingent liabilities	426	0	-426
63	Provisions for future commitments	884	0	-884
64	Other provisions	777	0	-777
65	<i>F. LIABILITIES (67.+71.+80.)</i>	150 451	0	-150 451
66	<i>I. SUBORDINATED DEBT</i>	0	0	0
67	Subordinated debts to related parties	0	0	0
68	Subordinated debts to other investments	0	0	0
69	Subordinated debts to third parties	0	0	0
70	<i>II. LONG-TERM LIABILITIES (72.+...79.)</i>	106 029	0	-106 029
71	Long-term borrowings	0	0	0
72	Convertible bonds	0	0	0
73	Debts from the issue of bonds	0	0	0
74	Investment and development loans	104 869	0	-104 869
75	Other long-term loans	0	0	0
76	Long-term debts to related parties	0	0	0
77	Long-term debts to other investments	0	0	0
78	Other long-term liabilities	1 160	0	-1 160
79	<i>III. CURRENT LIABILITIES (81-89)</i>	44 422	0	-44 422
80	Short-term borrowings	0	0	0
81	- of which: convertible bonds	0	0	0
82	Other short-term loans	3 069	0	-3 069
83	Prepayments received from debtors	0	0	0
84	Creditors	7 788	0	-7 788
85	Bills of exchange payable	0	0	0
86	Short-term debts to related parties	3 292	0	-3 292
87	Short-term debts to other investments	0	0	0
88	Other current liabilities	2 781	0	-2 781
88/A.	Amounts payable to divisions	27 492	0	-27 492
89	<i>G. ACCRUED EXPENSES AND DEFERRED INCOME (91.+..)</i>	30 624	0	-30 624
90	Deferred income	0	0	0
91	Accrued expenses	1 780	0	-1 780
92	Deferred extraordinary revenues and negative goodwill	28 844	0	-28 844
93	<i>EQUITY & LIABILITIES. (53.+61.+66.+90.)</i>	210 697	0	-210 697

Schedule 85 : Equity and liabilities side of the balance sheet prepared based on the engineering GL in 2007

figures in MHUF

Line	Item	Traction		Other		Total	
		Prev. year	Rep. year	Prev. year	Rep. year	Prev. year	Rep. year
.01.	Domestic sales, net	43 349	0	12 681	0	56 030	0
.02.	Export sales, net	0	0	61	0	61	0
I.	Sales, net (01.+02.)	43 349	0	12 742	0	56 091	0
I/A 1.	Internal revenues from passenger transport	0	0	0	0	0	0
I/A 2.	Internal revenues from engineering services	35 162	0	15 912	0	51 074	0
I/A 3.	Internal revenues from central services	0	0	0	0	0	0
I/A 4.	Internal revenues from railtrack services	0	0	0	0	0	0
I/A 5.	Revenues from direct internal services	0	0	277	0	277	0
I/A 6.	Revenues from central administration and property management	0	0	0	0	0	0
I/A	Internal revenues: (I/A 1+I/A 2+I/A 3+I/A 4+I/A 5)	35 162	0	16 189	0	51 351	0
.03.	Changes in self-produced inventories	0	0	-187	0	-187	0
.04.	Capitalised self-produced inventories	0	0	388	0	388	0
II.	Capitals self-performance (03.+04.)	0	0	201	0	201	0
III.	Other revenues	440	0	1 370	0	1 810	0
	of which: reversed impairment loss (962,1-962,2)	0	0	0	0	0	0
	Operating yields (I+I/A +II+III)	78 951	0	30 502	0	109 453	0
.05.	Materials	26 149	0	7 168	0	33 317	0
.06.	Services used	1 722	0	1 225	0	2 947	0
.07.	Other services	67	0	111	0	178	0
.08.	COGS	0	0	0	0	0	0
.09.	Consignment services	0	0	143	0	143	0
IV.	Material-type expenditures (05.+06.+07.+08.+09.)	27 938	0	8 647	0	36 585	0
IV/A 1.	Internal costs of passenger transport	0	0	7	0	7	0
IV/A 2.	Internal costs of engineering services	8 953	0	653	0	9 606	0
IV/A 3.	Internal costs of central services	2 479	0	4 410	0	6 889	0
IV/A 4.	Internal costs of railtrack services	2 157	0	17	0	2 174	0
IV/A 5.	Costs of direct internal services	550	0	-289	0	261	0
IV/A 6.	Costs of central administration and property management	2 656	0	1 585	0	4 241	0
IV/A	Internal expenditures: (IV/A 1+IV/A 2+IV/A 3+IV/A 4+IV/A 5+IV/A 6)	16 795	0	6 383	0	23 178	0
.10.	Payroll costs	17 133	0	8 525	0	25 658	0
.11.	Other payments to personnel	1 774	0	1 773	0	3 547	0
.12.	Social security	5 769	0	2 909	0	8 678	0
V.	Payments to personnel (10.+11.+12.)	24 676	0	13 207	0	37 883	0
VI.	Depreciation	4 327	0	3 104	0	7 431	0
VII.	Other expenditures	1 694	0	3 619	0	5 313	0
	of which: impairment loss (862)	11	0	4	0	15	0
	Operating expenses: (IV+IV/A+V+VI+VII)	75 430	0	34 960	0	110 390	0
A.	OPERATING LOSS	3 521	0	-4 458	0	-937	0
.13.	Dividends received	0	0	0	0	0	0
	from related parties	0	0	0	0	0	0
.14.	Gains on share disposals	0	0	0	0	0	0
	from related parties	0	0	0	0	0	0
.15.	Interest and FX gains on fixed assets	0	0	0	0	0	0
	from related parties	0	0	0	0	0	0
.16.	Interest received and similar income	0	0	0	0	0	0
	from related parties	0	0	0	0	0	0
.17.	Other financial income	7	0	245	0	252	0
VIII.	Financial revenues (13.+14.+15.+16.+17.)	7	0	245	0	252	0
.18.	FX losses on fixed assets	0	0	0	0	0	0
	to related parties	0	0	0	0	0	0
.19.	Interest paid and similar charges	1 743	0	1 389	0	3 132	0
	to related parties	0	0	0	0	0	0
.20.	Impairment loss on shares and securities	0	0	0	0	0	0
.21.	Other financial expenses	0	0	993	0	993	0
IX.	Financial expenses (18.+19.+20.+21.)	1 743	0	2 382	0	4 125	0
B.	FINANCIAL LOSS (VIII-IX)	-1 736	0	-2 137	0	-3 873	0
C.	LOSS ON ORDINARY ACTIVITIES (A+B)	1 785	0	-6 595	0	-4 810	0
X.	Extraordinary revenues	1 464	0	1 465	0	2 929	0
XI.	Extraordinary expenditures	0	0	0	0	0	0
D.	EXTRAORDINARY PROFIT (X-XI)	1 464	0	1 465	0	2 929	0
E.	PRE-TAX LOSS (C+D)	3 249	0	-5 130	0	-1 881	0
XII.	TAX PAYABLE	0	0	0	0	0	0
F.	LOSS AFTER TAX (E-XII)	3 249	0	-5 130	0	-1 881	0
.22.	Dividends paid from retained earnings	0	0	0	0	0	0
.23.	Dividends (paid) approved	0	0	0	0	0	0
G.	PROFIT/LOSS FOR THE YEAR (F+22.-23.)	3 249	0	-5 130	0	-1 881	0

Schedule 86 : Profit and loss account prepared based on the engineering GL in the basis year

Figures of the traction activity are presented below in THUF:

figures in THUF

<i>Line</i>	<i>Item</i>	<i>Basis</i>	<i>Rep. year</i>
1	Net sales	43 349 239	0
	tickets	43 349 239	0
	subsidy (compensation)	0	0
	paid by government	0	0
2	Internal revenues	35 162 091	0
3	Capitalised own performance	0	0
4	Other revenues	439 554	0
	gov. refund	0	0
	gov. subsidy	0	0
5	TOTAL BUSINESS YIELD	78 950 884	0
6	Material-type expenditures	27 937 838	0
	track network access charge	0	0
7	Internal expenses	16 796 036	0
	track network access charge	2 156 829	0
	traction	21 668	0
	other railway services	9 482 025	0
	central services	2 479 032	0
	central administration	2 656 483	0
8	Payments to personnel	24 676 269	0
9	Depreciation	4 326 919	0
10	Other expenses	1 694 205	0
11	TOTAL	75 431 267	0
12	OPERATING LOSS	3 519 617	0
13	Financial income	6 621	0
14	Financial expenses	1 743 253	0
15	FINANCIAL LOSS	-1 736 632	0
16	Extraordinary revenues	1 463 799	0
	gov. subsidy	1 463 891	0
17	Extraordinary expenditures	96	0
18	EXTRAORDINARY PROFIT	1 463 703	0
19	Tax	0	0
20	PROFIT AFTER TAX	3 246 688	0

Schedule 87 : P&L of the Traction Division in the basis year

I.10.4 Other activities

The balance sheet as compiled based on the central GL (including temporary passenger transport and engineering balances) is shown in schedules 88 and 89; the profit and loss account of other activities is shown in schedule 90, while the cash flow statements based on the central GL is shown in schedule 91.

		figures in MHUF		
Line	Item	31/12/2007	31/12/2008	Change
01	A. FIXED ASSETS	167 657	291 026	123 369
02	I. INTANGIBLE ASSETS	3 500	3 205	-295
03	Capitalised foundation/restructuring	0	0	0
04	Capitalised research and development	45	46	1
05	Concessions, licenses and similar rights	642	1 206	564
06	Trade-marks, patents and similar assets	2 813	1 953	-860
07	Goodwill	0	0	0
08	Advance payments for intangible assets	0	0	0
09	Adjusted value of intangible assets	0	0	0
10	II. TANGIBLE ASSETS	60 404	166 551	106 147
11	Land and buildings and related property rights	54 475	63 649	9 174
12	Plant, machinery, equipment and vehicles	3 975	86 649	82 674
13	Other equipment, fixtures and fittings, vehicles	216	144	-72
14	Breeding stock	0	0	0
15	Assets in the course of construction	1 738	2 811	1 073
16	Advance payments for AICC	0	13 298	13 298
17	Adjusted value of tangible assets	0	0	0
18	III. LONG-TERM FINANCIAL ASSETS	103 753	121 270	17 517
19	Long-term participations in related parties	100 382	117 456	17 074
20	Long-term loans granted to related parties	8	44	36
21	Other long-term investments	1 397	3 117	1 720
22	Long-term loans granted to other investments	0	0	0
23	Other long-term loans granted	1 966	653	-1 313
24	Long-term debt securities	0	0	0
25	Adjusted value of financial investments	0	0	0
26	B. Current assets	128 068	123 853	-4 215
27	I. INVENTORIES	6 721	5 474	-1 247
28	Raw materials and consumables	6 594	5 278	-1 316
29	Work in progress and semi-finished products	25	0	-25
30	Animals for breeding, fattening and other livestock	0	0	0
31	Finished products	72	59	-13
32	Goods	30	137	107
33	Advance payments for stocks	0	0	0
34	II. RECEIVABLES	110 283	52 252	-58 031
35	Trade debtors	2 731	1 563	-1 168
36	Receivables from related parties	14 840	12 287	-2 553
37	Receivables from other investments	24	599	575
38	Bills of exchange receivables	0	0	0
39	Other receivables	1 630	939	-691
39/A.	Receivables from division settlements	91 058	36 864	-54 194
40	III. SECURITIES	0	59 684	59 684
41	Participations in related parties	0	0	0
42	Other participations	0	0	0
43	Treasury shares and own participation	0	0	0
44	Marketable debt securities	0	59 684	59 684
45	IV. LIQUID ASSETS	11 064	6 443	-4 621
46	Cash, cheques	11	10	-1
47	Bank deposits	11 053	6 433	-4 620
48	C. PREPAID EXPENSES & ACCRUED INCOME	645	4 620	3 975
49	Accrued income	467	802	335
50	Prepaid expenses	178	75	-103
51	Deferred expenses	0	3 743	3 743
52	TOTAL ASSETS	296 370	419 499	123 129

Schedule 88 : Asset side of the BS based on the Central GL

figures in MHUF

Line	Item	31/12/2007	31/12/2008	Change
53.	<i>D. EQUITY (54.+...61.)</i>	85 670	161 308	75 638
54.	<i>I. ISSUED CAPITAL</i>	8 285	16 103	7 818
	of which: treasury shares redeemed at face value	0	0	0
55	II. Issued capital not paid (-)/	0	0	0
56	III. Capital reserve	35	93 401	93 366
57	IV. Retained earnings/(losses)	49 969	-31 396	-81 365
58	V. Allocated reserves	12 640	15 227	2 587
59	VI. Revaluation reserve	0	0	0
60	VII. Profit or loss for the year	14 741	67 973	53 232
61	<i>E. PROVISIONS (62.+...65.)</i>	18 623	23 052	4 429
62	Provisions for contingent liabilities	18 375	21 766	3 391
63	Provisions for future commitments	248	413	165
64	Other provisions	0	873	873
65	<i>F. LIABILITIES (67.+71.+80.)</i>	186 530	221 240	34 710
66	<i>I. SUBORDINATED DEBT</i>	0	0	0
67	Subordinated debts to related parties	0	0	0
68	Subordinated debts to other investments	0	0	0
69	Subordinated debts to third parties	0	0	0
70	<i>II. LONG-TERM LIABILITIES (72.+...79.)</i>	157 535	162 363	4 828
71	Long-term borrowings	0	403	403
72	Convertible bonds	0	0	0
73	Debts from the issue of bonds	0	0	0
74	Investment and development loans	1 000	77 980	76 980
75	Other long-term loans	91 850	83 850	-8 000
76	Long-term debts to related parties	64 600	0	-64 600
77	Long-term debts to other investments	0	0	0
78	Other long-term liabilities	85	130	45
79	<i>III. CURRENT LIABILITIES (81-89)</i>	28 995	58 877	29 882
80	Short-term borrowings	174	441	267
81	- of which: convertible bonds	0	0	0
82	Other short-term loans	1 197	13 489	12 292
83	Prepayments received from debtors	201	125	-76
84	Creditors	10 974	11 184	210
85	Bills of exchange payable	0	0	0
86	Short-term debts to related parties	7 516	7 965	449
87	Short-term debts to other investments	169	256	87
88	Other current liabilities	8 764	6 914	-1 850
88/A.	Amounts payable to divisions	0	18 503	18 503
89	<i>G. ACCRUED EXPENSES AND DEFERRED INCOME (91.+..)</i>	5 547	13 899	8 352
90	Deferred income	709	1 269	560
91	Accrued expenses	2 288	3 708	1 420
92	Deferred extraordinary revenues and negative goodwill	2 550	8 922	6 372
93	<i>EQUITY & LIABILITIES. (53.+61.+66.+90.)</i>	296 370	419 499	123 129

Schedule 89 : Liabilities side of the BS based on the Central GL

figures in MHUF

Line	Item	Other activities central		Other activities railtrack		Other activities passenger transport		Other activities engineering		Other activities Total MÁV ZRT.	
		Prev. Y.	Rep. Y.	Prev. Y.	Rep. Y.	Prev. Y.	Rep. Y.	Prev. Y.	Rep. Y.	Prev. Y.	Rep. Y.
.01.	Domestic sales, net	16 399	44 228	3 784	0	268	0	12 681	0	33 132	44 228
.02.	Export sales, net	53	1	17	0	0	0	61	0	131	1
I.	Sales, net (01.+02.)	16 452	44 229	3 801	0	268	0	12 742	0	33 263	44 229
I/A 1.	Internal revenues from passenger transport	0	0	0	0	0	0	0	0	0	0
I/A 2.	Internal revenues from engineering services	0	0	0	0	0	0	15 912	0	15 912	0
I/A 3.	Internal revenues from central services	30 340	29 260	0	0	0	0	0	0	30 340	29 260
I/A 4.	Internal revenues from railtrack services	0	0	380	0	0	0	0	0	380	0
I/A 5.	Revenues from direct internal services	715	356	590	0	0	0	277	0	1 582	356
I/A 6.	Revenues from central administration and property management	17 112	9 307	0	0	0	0	0	0	17 112	9 307
I/A	Internal revenues:(I/A 1+I/A 2+I/A 3+I/A 4+I/A 5)	48 167	38 923	970	0	0	0	16 189	0	65 326	38 923
.03.	Changes in self-produced inventories	256	149	-72	0	0	0	-187	0	-3	149
.04.	Capitalised self-produced inventories	313	454	2 454	0	196	0	388	0	3 351	454
II.	Capitales self-performance (03.+04.)	569	603	2 382	0	196	0	201	0	3 348	603
III.	Other revenues	15 208	61 016	137	0	3	0	1 370	0	16 718	61 016
	of which: reversed impairment loss (962,1-962,2)	0	0	0	0	0	0	0	0	0	0
	Operating yields (I+II+III)	80 396	144 771	7 290	0	467	0	30 502	0	118 655	144 771
.05.	Materials	5 806	6 570	1 893	0	2	0	7 168	0	14 869	6 570
.06.	Services used	16 268	17 869	1 242	0	30	0	1 225	0	18 765	17 869
.07.	Other services	520	276	3	0	0	0	111	0	634	276
.08.	COGS	5 821	11 452	18	0	7	0	0	0	5 846	11 452
.09.	Consignment services	1 611	3 216	167	0	9	0	143	0	1 930	3 216
IV.	Material-type expenditures (05.+06.+07.+08.+09.)	30 026	39 383	3 323	0	48	0	8 647	0	42 044	39 383
IV/A 1.	Internal costs of passenger transport	0	0	0	0	0	0	7	0	7	0
IV/A 2.	Internal costs of engineering services	107	0	565	0	0	0	653	0	1 325	0
IV/A 3.	Internal costs of central services	9 272	14 433	1 102	0	3	0	4 410	0	14 787	14 433
IV/A 4.	Internal costs of railtrack services	4	3	0	0	0	0	17	0	21	3
IV/A 5.	Costs of direct internal services	639	397	190	0	196	0	-289	0	736	397
IV/A 6.	Costs of central administration and property management	2 479	1 992	357	0	6	0	1 585	0	4 427	1 992
IV/A	Internal expenditures:(IV/A 1+IV/A 2+IV/A 3+IV/A 4+IV/A 5+IV/A 6)	12 501	16 825	2 214	0	205	0	6 383	0	21 303	16 825
.10.	Payroll costs	12 665	11 265	2 085	0	7	0	8 525	0	23 282	11 265
.11.	Other payments to personnel	2 137	1 696	302	0	8	0	1 773	0	4 220	1 696
.12.	Social security	4 697	4 298	725	0	3	0	2 909	0	8 334	4 298
V.	Payments to personnel (10.+11.+12.)	19 499	17 259	3 112	0	18	0	13 207	0	35 836	17 259
VI.	Depreciation	2 407	11 101	339	0	0	0	3 104	0	5 850	11 101
VII.	Other expenditures	12 936	59 690	410	0	1	0	3 619	0	16 966	59 690
	of which: impairment loss (862)	1 621	1 894	11	0	0	0	4	0	1 636	1 894
	Operating expenses: (IV+IV/A+V+VI+VII)	77 369	144 258	9 398	0	272	0	34 960	0	121 999	144 258
A.	OPERATING B40/PROFIT	3 027	513	-2 108	0	195	0	-4 458	0	-3 344	513
.13.	Dividends received	1 948	1 810	0	0	0	0	0	0	1 948	1 810
	from related parties	1 916	664	0	0	0	0	0	0	1 916	664
.14.	Gains on share disposals	66	68 185	0	0	0	0	0	0	66	68 185
	from related parties	47	0	0	0	0	0	0	0	47	0
.15.	Interest and FX gains on fixed assets	0	0	0	0	0	0	0	0	0	0
	from related parties	0	0	0	0	0	0	0	0	0	0
.16.	Interest received and similar income	1 154	839	0	0	0	0	0	0	1 154	839
	from related parties	76	168	0	0	0	0	0	0	76	168
.17.	Other financial income	31	1 233	23	0	1	0	246	0	301	1 233
VIII.	Financial revenues (13.+14.+15.+16.+17.)	3 199	72 067	23	0	1	0	246	0	3 469	72 067
.18.	FX losses on fixed assets	0	42	0	0	0	0	0	0	0	42
	to related parties	0	0	0	0	0	0	0	0	0	0
.19.	Interest paid and similar charges	4 655	13 695	0	0	0	0	1 389	0	6 044	13 695
	to related parties	28	46	0	0	0	0	0	0	28	46
.20.	Impairment loss on shares and securities	1 613	1 577	0	0	0	0	0	0	1 613	1 577
.21.	Other financial expenses	142	1 917	21	0	1	0	993	0	1 157	1 917
IX.	Financial expenses (18.+19.+20.+21.)	6 410	17 231	21	0	1	0	2 382	0	8 814	17 231
B.	FINANCIAL LOSS/PROFIT (VIII-IX)	-3 211	54 836	2	0	0	0	-2 136	0	-5 345	54 836
C.	LOSS ON ORDINARY ACTIVITIES (A+B)	-184	55 349	-2 106	0	195	0	-6 594	0	-8 689	55 349
X.	Extraordinary revenues	77 982	54 758	11	0	0	0	1 465	0	79 458	54 758
XI.	Extraordinary expenditures	63 057	40 770	0	0	0	0	0	0	63 057	40 770
D.	EXTRAORDINARY PROFIT (X-XI)	14 925	13 988	11	0	0	0	1 465	0	16 401	13 988
E.	PRE-TAX LOSS (C+D)	14 741	69 337	-2 095	0	195	0	-5 129	0	7 712	69 337
XII.	TAX PAYABLE	0	1 364	0	0	0	0	0	0	0	1 364
F.	PROFIT+B65 AFTER TAX (E-XII)	14 741	67 973	-2 095	0	195	0	-5 129	0	7 712	67 973
.22.	Dividends paid from retained earnings	0	0	0	0	0	0	0	0	0	0
.23.	Dividends (paid) approved	0	0	0	0	0	0	0	0	0	0
G.	PROFIT FOR THE YEAR (F+22.-23.)	14 741	67 973	-2 095	0	195	0	-5 129	0	7 712	67 973

Schedule 90 : P&L of other activities

figures in MHUF

sorsz.	Megnevezés	2007. év	2008. év
I.	I. Operating cash-flows 1-13	-107 314	-85 894
1.	Profit before tax	14 741	69 337
	- of which: amounts received free of charge	-2 211	-6
	+ amounts granted free of charge, expensed	9	0
	- dividends received	-1 948	-1 810
	+ profit or loss of previous years	1 052	-1 199
	+ dividends from prev. years profits		-49
	+ debts assumed	0	0
	± revaluation of loans at year-end (basis year, information only)	-225	3 287
2.	Ordinary depreciation +	2 407	11 101
2/a.	Depreciation on previous year (from 2009)		190
3.	Recognised and reversed impairment loss	3 964	4 849
4.	Changes in provisions	86	2 340
5.	Fixed asset disposals	-10 245	-68 175
6.	Movements in creditors	-1 145	-7 844
7.	Movements in other current liabilities	5 691	-7 103
8.	Movements in accruals	648	-24 921
9.	Movements in debtors	25	1 756
10.	Current asset movements (less debtors and liquid assets) +	-2 543	-27 394
	of which: inventory increase	-1 895	1 759
	other receivables	-648	30 531
	held for sale securities	0	-59 684
10/a	Movements in balance of business line operations	-117 806	-39 058
11.	Movements in prepayments and accrued income +	-39	169
12.	Income taxes paid (payable) -	0	-1 364
13.	Dividends and profit-sharing paid or payable -	0	0
II.	Investing cash flows (14-16)	-54 448	73 514
14.	Fixed assets additions -	-65 070	-32 316
15.	Fixed asset disposals +	8 674	103 971
	of which: disposal of Cargo, cash received	0	96 868
16.	Dividends received +	1 948	1 859
III.	Financing cash flows (17 - 28)	154 165	7 750
17.	Revenues from the issue of shares (capital withdrawal)	64 600	0
18.	Issue of bonds	0	0
19.	Loans taken	151 250	12 777
20.	Movements in long-term borrowings, repayment/cancellation of bank deposits	111	488
21.	Amounts received free of charge -	2 211	6
22.	Shares withdrawn, capital reduction -	0	-24
23.	Repayment of bonds	0	0
24.	Repayment of loans	-64 005	-4 362
25.	Long-term lending and bank deposits -	0	-3
26.	Amounts transferred free of charge -	-9	0
27.	Movements in payables to founders and in other long-term liabilities	7	-1 132
IV.	Change in cash and cash equivalents (±I±II±III)±	-7 597	-4 630

Note: As traction was discontinued as of 2008, no cash-flow statement had been prepared. Yet, related changes in cash flows have been presented as the cash flows of other activities.

Schedule 91 : Cash-flow statement based on the Central GL

Other activities are presented in THUF below:

figures in THUF

<i>Line</i>	<i>Item</i>	<i>Basis</i>	<i>Rep. year</i>
1	Net sales	33 262 957	44 229 307
	tickets	33 262 957	44 229 307
	subsidy (compensation)	0	0
	paid by government	0	0
2	Internal revenues	65 326 122	38 922 746
3	Capitalised own performance	3 348 304	603 032
4	Other revenues	16 718 487	61 015 508
	gov. refund	0	0
	gov. subsidy	1	8 720 702
5	TOTAL BUSINESS YIELD	118 655 870	144 770 593
6	Material-type expenditures	42 044 905	39 382 462
	track network access charge	0	0
7	Internal expenses	21 302 960	16 824 578
	track network access charge	4 320	2 627
	traction	1 217 783	0
	other railway services	866 522	396 900
	central services	14 787 154	14 433 013
	central administration	4 427 181	1 992 038
8	Payments to personnel	35 835 707	17 259 299
9	Depreciation	5 850 329	11 101 141
10	Other expenses	16 965 255	59 689 545
11	TOTAL	121 999 156	144 257 025
12	OPERATING LOSS	-3 343 286	513 568
13	Financial income	3 469 282	72 066 611
14	Financial expenses	8 814 392	17 231 335
15	FINANCIAL LOSS	-5 345 110	54 835 276
16	Extraordinary revenues	79 458 736	54 757 734
	gov. subsidy	13 168 276	14 510 675
17	Extraordinary expenditures	63 057 883	40 769 514
18	EXTRAORDINARY PROFIT	16 400 853	13 988 220
19	Tax	0	1 364 212
20	LOSS AFTER TAX	7 712 457	67 972 852

Schedule 92 : Other activities

Net revenues from MÁV Zrt's other activities include primarily the following activities (in order of significance): wagon lease/rent out, property lease out, property management, materials sold and inventory management, human and accounting services, central administration in both years as well as wagon testing and loading (in H1 2007) and train maintenance (in 2007).

Other activities produced a profit of HUF 7.7. billion in 2007 and HUF 67.9 billion in 2008. The main reason for the profits achieved in 2008 was due to the disposal of MÁV CARGO Zrt. and the resulting financial income of HUF 68.2 billion

Net sales (HUF billions):

Activity	2007	2008
Materials sold, inventories	7,4	13,1
Railcar lease/rent-out	5,3	13,0
Property maintenance and rent-out	6,8	9,9
Vehicle maintenance	6,0	0,0
Other services (loading, wagon test in 2007, central services etc.)	7,8	8,2
Total	33,3	44,2

Schedule 93 : Net sales revenues from other activities

Materials sold to the new companies were significant in 2008 (MÁV-GÉPÉSZET Zrt.: HUF 5.6b; MÁV START Zrt.: HUF 1.1b; and MÁV-TRAKCIÓ Zrt.: HUF 0.7b). Materials sold to railtrack maintenance companies were also notable (HUF 4.2b). The increase in revenues from materials sold are due to sales to MÁV-GÉPÉSZET Zrt.

Of railcar lease revenues in 2008, HUF 11.3b is from MÁV START Zrt., HUF 1.7b from MÁV-TRAKCIÓ Zrt. In H2 2007, railcar lease revenues totalled HUF 5.1b from MÁV-START Zrt.

The increase in revenues from property lease and management and the discontinued revenues from vehicle maintenance are both due to the outsourced activities.

Internal revenues per activity (HUF billions):

Internal activity	2007	2008
Central administration	17,1	9,3
Vehicle maintenance	13,0	0,0
Wagon testing	2,0	0,0
Property management and supervision	17,9	21,8
Inventory management, purchase and other corporate services	4,8	2,3
Human services	3,4	1,7
Accounting	2,6	2,4
Administrative services	1,5	0,7
Other internal services	3,0	0,7
Total	65,3	38,9

Schedule 94 : Internal revenues from other activities

Internal revenues dropped by HUF 26.4b compared to 2007:

- As passenger transport and engineering were outsourced, internal settlements from wagon testing and vehicle maintenance discontinued in 2008 (HUF 15.0b decrease).
- Internal revenues from central administration dropped by HUF 7.8b, primarily because of the outsourced activities and to new accounting separation rules applicable from 2008:
 - ⇒ Separable central administration activities no longer include the costs of portfolio management and other non-controlling activities (e.g. property management), the management costs of wound up organisations due to outsourcing (e.g. Pensions) and settlements related to the MÁV Group (expenses and revenues related to dividends, contribution in kind, investments etc.).
 - ⇒ The number of staff of the companies in the basis portfolio accounts for 48.7% of the total staff number of MÁV Zrt. and these companies. Accordingly, the management costs attributable to these companies do not form part of central administration costs to be shared.
- In 2008, internal renting became a part of internal settlements, hence the HUF 3.9b increase in property-related internal settlements despite the outsourced activities.

The main items within other revenues of HUF 61b in 2008 (the key drivers of growth on 2007) were: railcars and related projects sold to MÁV-TRAKCIÓ Zrt. (HUF 42.2b); recognised deferred income from sold and leased railcars (HUF 7.8b). In 2007, deferred income was recognised among extraordinary revenues.

Significant material-type expenditures in 2008:

- materials sold to MÁV-GÉPÉSZET Zrt. (HUF 5.1b), railtrack technical materials sold (HUF 3.5b),
- property management (energy, maintenance, rent/lease, cleaning and other communal services, heating improvement, utilities operation) totalling HUF 16.4b, and billed property utilisation costs of HUF 1.2b,
- material-type expenditures incurred during material and inventory purchase (operating and maintenance costs of the related assets, billed material deliveries, other related services) totalling HUF 1.3b,
- other expenditures incurred in relation to central activities: IT services (HUF 2.0b), consignment telecom services (HUF 0.3b), consignment maintenance of lease-out railcars (HUF 0.9b) and car rental (HUF 0.1b).

The decrease in material-type expenditures incurred in relation to other activities was attributable, among others, to the outsourced railcar maintenance and re-loading activities.

Internal expenditures related to other activities include mostly central services (HUF 14.4 billion): of which management of lease-out properties (HUF 9.3b), central administration and accounting services (HUF 1.3 billion).

Central administration costs of HUF 2 billion attributed to other activities include central services of HUF 1.8 billion.

Wagons to be disassembled are stored on tracks, hence the internal track usage charge on other activities.

Payments to personnel (HUF 17.3 billion) include central services (HUF 8.2 billion) and central administration (HUF 3.3 billion), group management (HUF 3.2 billion), and other central activities (HUF 2.6 billion). The decrease on 2007 is due primarily to the outsourced railcar maintenance and re-loading activities.

The depreciation charge related to other activities more than doubled in 2008 as a result of the wagons leased to MÁV-START Zrt. in H2 2007 were leased out in the entire year of 2008. Traction rented out to MÁV-TRAKCIÓ Zrt. in January through April 2008 also increased the related depreciation costs.

Other expenses of HUF 59.7b in 2008: vehicles sold to MÁV-TRAKCIÓ Zrt. and related projects (HUF 39.3b), sale of other assets necessary for its operations (HUF 4.3b) and provisions of HUF 7.8b.

The largest item of financial income from other operations in 2008 was HUF 68.2b from the sale of MÁV CARGO Zrt.'s shares. Financial income also include HUF 1.8b dividends received.

The increase in financial expenses on other activities was due mostly to HUF 7.9b interest received in 2008 on liquidity loans that remained with MÁV Zrt. after the outsourcing of the passenger transport activity.

In 2008, the contracted and book values of tangible assets contributed to MÁV-TRAKCIÓ Zrt. and MÁV-GÉPÉSZET Zrt. and the outsourcing of the vehicle repair activity from three entities into one company increased the value of MÁV-GÉPÉSZET Zrt. in terms of extraordinary revenues and expenses.

The released deferred income from debts forgiven by the government with respect to the contributed railcars resulted in extraordinary revenues of HUF 14.5b.

figures in MHUF

Related party	Revenues					Expenditures					Grand total
	Net sales	Other rev.	Financial income	Extra rev.	Total	Costs	Other exp.	Financial exp.	Extra exp.	Total	
005 MÁV TI Kft	53	0	0	0	53	3	0	0	1	4	49
015 MÁV Nosztalgia Kft	14	2	17	0	33	10	0	0	1	11	22
020 MÁV VAGON Kft	98	0	9	0	107	19	0	0	9	28	79
022 MÁV Vasjármű Kft	87	0	0	0	87	25	0	0	54	79	8
027 Bombardier MÁV Kft	124	0	0	0	124	40	0	0	47	87	37
034 MÁV Debreceni JJ Kft	62	7	38	0	107	0	4	0	0	4	103
037 VAMAV Kft	35	0	271	0	306	0	7	0	0	7	299
038 EURO-METALL Kft	130	0	43	0	173	25	0	0	12	37	136
096 MÁV KERT Kft	20	0	0	0	20	4	0	0	3	7	13
101 MÁV FKG Kft	2 038	0	0	0	2 038	1 881	0	0	0	1 881	157
102 MÁV GÉP Kft	2 348	0	0	0	2 348	2 028	800	450	5	3 283	-935
116 MÁV THERMIT Kft	13	0	0	0	13	2	0	0	1	3	10
131 MÁV KfV Kft	10	0	50	0	60	2	0	0	2	4	56
136 MÁV IK Kft	128	0	0	0	128	7 868	409	0	6	8 283	-8 155
138 MÁV INFORMATIKA Kft	157	220	199	0	576	1 655	220	22	7	1 904	-1 328
139 MÁV Vasútor Kft	18	0	0	0	18	1 363	0	0	2	1 365	-1 347
141 VIACOM Rt	0	0	75	0	75	0	0	0	0	0	75
142 MÁV MULTISZOLG Kft	5	0	0	0	5	5	5	0	4	14	-9
144 Záhonyi HŐTÁV Kft	1	0	0	0	1	1	0	35	0	36	-35
149 MÁV Vagyonkezelő Zrt.	80	0	0	0	80	994	0	24	0	1 018	-938
152 MÁV Raktár Kft	42	0	0	0	42	4	110	0	0	114	-72
165 MÁV REC Kft.	7	0	0	0	7	0	0	0	0	0	7
170 Férihegy Expressz Kft.	0	0	0	0	0	0	0	24	0	24	-24
174 MÁV LOKOMOTIV HOTELS	33	0	12	0	45	16	149	27	1	193	-148
178 HUNGRAIL Egyesülés	0	0	0	0	0	5	0	0	0	5	-5
179 ZÁHONY-PORT Zrt.	315	0	2	130	447	54	0	959	110	1 123	-676
180 MÁV-START Zrt.	17 643	393	0	0	18 036	1 941	157	0	0	2 098	15 938
181 Rákospuszta Pályaudvar Kft	0	0	6	0	6	8	103	18	0	129	-123
182 Józsefváros Pályaudvar Kft.	0	0	1	0	1	4	23	23	0	50	-49
183 PRUDENT-INVEST Kft.	0	0	1	0	1	272	0	0	0	272	-271
184 Kelenföld Pályaudvar Kft.	0	0	0	0	0	0	0	20	0	20	-20
185 Déli Pályaudvar Zrt.	0	0	0	0	0	0	0	20	0	20	-20
186 MÁV-TRAKCIÓ Zrt.	4 487	42 265	107	34 294	81 153	745	43 637	0	36 783	81 165	-12
187 MÁV-GÉPÉSZET Zrt.	9 092	843	1	5 616	15 552	5 394	1 887	0	1 372	8 653	6 899
Total	37 040	43 730	832	40 040	121 642	24 368	47 511	1 622	38 420	111 921	9 721

Schedule 95 : Related party balances – other activities

I.10.5 Activities presented in a joint schedule

The average statistical number of employees per staff category and per activity are presented as follows:

Activity	Staff
Railtrack	17 424
Passenger transport	14
Of which: public transport	14
Other activities	30 128
MÁV Zrt. Total	20 566

Schedule 96 : Average statistical number of employees per activity

Government grants used for operations per title:

figures in MHUF

Grants recognised as revenue				
Item	Railtrack	Public transport	Other	MÁV ZRt. Total
Gov. Refund for public services	8 826	280	0	9 106
Debts forgiven by government	108	0	23 115	23 223
Ticket subsidy	0	13	0	13
Refunded excise tax	0	11	0	11
Subsidies for own assets	299	0	113	412
Aid for floods	0	0	0	0
Phare aid	71	0	4	75
Government grants	9 304	304	23 232	32 840
Development funds				
Item	Railtrack	Public transport	Other	MÁV ZRt. Total
Free flow traffic	0	0	468	468
ISPA fund - government subsidy	432	0	0	432
Cohesion fund - government subsidy	13	0	0	13
TEN-T government subsidy for treasury assets	595	0	0	595
KIOP subsidy for treasury assets (local part 25%)	110	0	0	110
KIOP subsidy for MÁV Zrt. assets (local part 25%)	47	0	0	47
Záhonyi térség komplex logisztikai fejlesztése projekt előkészítése	63	0	0	63
Schengen rail frontier (KVJ net)	400	0	0	400
SA Eperjeske frontier reconstruction (VAT)	56	0	0	56
Costs not recognised by ISPA	3	0	0	3
VAT on TEN-T subsidy (treasury assets)	184	0	0	184
Támogatás a záhonyi térség komplex logisztikai fejlesztése projekt előkészítésére - állami vagyon fejlesztése (EU hányad)	356	0	0	356
Cohesion Fund financing	51	0	0	51
TEN-T fund for treasury assets	323	0	0	323
KIOP fund for treasury assets from ERFA funds (EU part 75%)	325	0	0	325
KIOP fund for MÁV Zrt. assets from ERFA funds (EU part 75%)	140	0	0	140
Schengen rail frontier (EU part)	281	0	0	281
Total development funds	3 379	0	468	3 847

Schedule 97 : Government grants used for operations per title

Accumulation due to the per-activity breakdown:

figures in MHUF

Internal service providers and users	Internal services								Total
	Railtrack		Public service		Other activities				
					Central services		Corporate govern.		
	cost	income	cost	income	cost	income	cost	income	
Railtrack	4	-1004	4	0	15 169	0	7 267	0	21 440
Public service transport	606	0	0	-7	11	0	48	0	658
Other activities	394	0	3	0	14 436	-29616	1 992	-9 307	-22 098
TOTAL	1 004	-1 004	7	-7	29 616	-29 616	9 307	-9 307	0

Schedule 98 : Accumulation due to the per-activity breakdown

The columns refer to internal service providers, the rows refer to the separable activities that use the internal services. The negative numbers refer to internal revenues, the positive numbers refer to internal costs. Correspondence between internal costs and internal revenues is indicated by zero in the bottom line and by the matching revenue and expense figures. The figures in the

'Total' column show the differences between the internal revenues and internal expenses of the separated activities.

Railtrack operations, traction and other engineering activities (vehicle repairs, testing etc.) and central services deliver higher value internal services than they use (including central services), hence the negative numbers in the Total column for these activities.

Railtrack operations use all the internal services as indicated by the high positive numbers of the 'Total' column.

II Informative part

II.1 Environment protection

II.1.1 Environmental liabilities

Further to act LIV of 1992 and in line with the requirements of the Environmental Ministry, the Environmental Restoration Plan („Környezeti Károk Rendezési Terve” (KKRT)) was prepared based on the results of an environmental survey of the railways. The Plan has since been used as the basis of the Railways Sub-programme of the National Restoration Programme. The deadline for the restoration has been set by the Ministry for Transport and Water to 2010.

Environmental provisions have been made based on the following principles:

- We assessed the status of environmental liabilities at the year-end and identified the difference between already made and the necessary provision, which amount is the provision to be made in 2008.
- The underlying liabilities were unidentified based on environmental surveys and in view of mandatory work imposed by environmental authorities plus estimated expected environmental obligations.
- Only costs that are not funded from other resources have been provided for.

To cover ERP expenses, upon transformation into a private limited company by shares, HUF 5.4 billion was set aside from capital reserve based on initial estimates, which was posted to allocated reserves on 1 January 2001. This reserve has been gradually phased out by the amounts used and the currently available reserve is HUF 3,617m. Based on previous estimates, we made a HUF 6,533m provision in 2002, further HUF 7,805m in 2006 and HUF 1,911m in 2008. The available amount until 2010, less used and released amounts, is HUF 12,189m.

Allocated reserves for environmental purposes and provisions for environmental liabilities are presented below.

figures in MHUF

Allocated reserves	3 617
Provision made in 2002	6 533
Provision used in 2003	-1 093
Provision released in 2003 due to Havária	-700
Provision used in 2004	-1 087
Provision used in 2005	-1 112
Provision used in 2006	-1 517
Provision made in 2006	7 805
Provision used in 2007	-1 049
Provision used in 2008	-1 119
Provision made in 2008	1 911
Total provisions at 31 Dec 2008	8 572
Total environmental reserves	12 189

Schedule 99 : Environmental reserves

Environmental expenses, provisions and allocated reserves in 2007 and in 2008 are presented below:

figures in MHUF		
Period	2007	2008
Environmental expenses	1 149	740

Schedule 100 : Environmental expenses

figures in MHUF				
Item	Opening	Increase	Decrease	Closing
Allocated reserves	3 617	0	0	3 617
Provisions	7 780	1 911	1 119	8 572
Reserves, total	11 397	1 911	1 119	12 189

Schedule 101 : Movements in environmental reserves in 2008

Provisions used exceeded environmental expenses by HUF 379m as properties affected by environmental liabilities were disposed of and, in a number of cases, provisions became groundless as a result of completed general restoration programmes.

Existing environmental liabilities:

figures in MHUF	
Item	Liability
Soil and soil water pollution	8 192
Polluting heating systems	1 440
Cost of surveys and follow-up reviews	1 390
Illegal waste	619
Other environmental liabilities	548
Environmental liabilities, total	12 189

Schedule 102 : Existing environmental liabilities

II.1.2 Assets directly serving environmental purposes

Movements in assets directly serving environmental purposes:

figures in MHUF

Item	Opening	Increase	Closing
Cost	2 232	516	2 748
Depreciation	333	119	452
Net	1 899	397	2 296
AICC		22	22
Total:	1 899	419	2 318

Schedule 103 : Assets directly serving environmental purposes

The opening figures include projects REKO I. and REKO II. (fuel supply improvement) capitalised between 2004 and 2006 and their accumulated depreciation. No similar items relate to 2007. No capitalisation took place in relation to the REKO projects in 2007. Although the REKO III. contract was signed on 26 September 2007, actual work and capitalisation took place only in 2008 as presented in the above schedule

In 2008, new environmental assets (concrete trays, oil traps and oil channels/drains), implemented in relation to the construction of gasoline pump wells, totalled HUF 492m. All these assets were also capitalised in 2008. In addition, noise protection walls were also built by NIF and three hazardous waste collection sites started to be built (at Szombathely, Kiskunhalas and Balassagyarmat). At four sites (Debrecen(2), Szombathely(2), Záhony, Istvántelek), the blueprints of industrial hazardous waste collection site construction were completed. Only the hazardous waste collection site at Szombathely was capitalised in 2008. Assets were added also to the Company's laboratory. These include laboratory equipment received from Egészségügyi KHT and the meters (geodesic equipment, gas analyser) and other technical equipment necessary to retain the Company's accreditation. These assets were also capitalised.

II.1.3 Waste – values and quantities

figures in THUF

EWC code	Item	Opening	Increase	Decrease	Closing
130205	used fuel	1 365	1 069	2 164	269
160601	acid battery	1 246	4 948	5 667	528
Total		2 611	6 017	7 831	797

Schedule 104 : Dangerous and hazardous waste

<i>EWC code</i>	<i>Item</i>	<i>Opening (kg)</i>	<i>Increase (kg)</i>	<i>Decrease (kg)</i>	<i>Closing (kg)</i>
60204	NaOH and KOH	21	383	404	0
80111	paint stained package	192	200	337	55
80317	office equip.	1 391	2 960	3 810	541
130205	used fuel	27 306	21 365	43 286	5 385
130307	transformator oil	0	1 069	663	406
130502	leválasztó iszap	60	31 778	31 688	150
130508	Leválasztó keverék	130	87 878	88 008	0
130701	heating and diesel oil	260	12 451	12 711	0
150110	packaging	2 156	16 273	17 513	916
150111	spray container	285	548	780	53
150202	oily cloth	14 169	31 334	34 703	10 800
150203	absorbents	277	1 350	1 627	0
160107	oil filter	161	338	499	0
160114	fagyálló	200	0	200	0
160213	Használatból kivont berendezés	0	0	0	0
160305	oily leather	340	3 841	3 632	549
160506	chemicals	0	59	59	0
160601	acid battery	27 692	89 963	103 029	14 626
170204	stained wood	103 951	1 510 599	1 568 065	46 485
170503	soil and stone	1 732	15 111 867	15 113 489	110
170507	Pálya kavicságy	0	29 880	29 880	0
170601	asbestos insulation	20	416	125	311
180103	other pollutants	0	10	10	0
200121	neon lights	818	1 128	1 585	361
200133	battery	7 354	8 414	14 511	1 257
200135	electronic equip.	5 321	52 388	55 123	2 586
Total		193 836	17 016 492	17 125 737	84 591

Schedule 105 : Quantities of dangerous and hazardous waste

II.2 Research and development

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

figures in MHUF

Item	2007	2008	Diff.
R&D costs	282	376	94
Own R&D to be capitalised	0	0	0
Own R&D expensed in 2008	282	376	94
R&D fr third parties	0	0	0
Direct costs of technical development	207	165	-42
Cost of development arrangements, management and testing	105	93	-12
Technical information, proaganda and production management	56	49	-7
Type classification, standardisation, industrial design	23	23	0
Technical tenders	0	0	0
Non-capitalised or unused innovation	22	0	-22
Non-capitalised, used innovation	1	0	-1
Non-capitalised, used other intellectual output	0	0	0

Schedule 106 : R&D costs

Mostly as a result of increased railtrack research activities, MÁV Zrt's R&D costs increased by HUF 94m on 2007.

R&D costs in 2008 totalled HUF 376m for the following purposes:

- traffic safety (HUF 153m),
- service quality improvement (HUF 151m),
- environment protection (HUF 12m),
- technological, quality control, reconstructing and business management etc. improvements necessary to retain MÁV's competitiveness (HUF 60m).

R&D capitalised and in progress in 2008 are presented as follows:

figures in MHUF

Item	Opening	Increase	Decrease	Closing
Cost	91	0	0	91
Amortisation	90	1	0	91
Net	1	0	1	0
R&D in progress*	64	4	13	55

Schedule 107 : Capitalised R&D

No complete R&D activity is recorded as a result of depreciation. R&D in progress dropped by HUF9m in 2008 mainly because a railway network measuring software worth HUF 13m was capitalised during the year.

II.3 Subsidies and grants received

Subsidies and grants received to fund project and expenses including details of the consumer price subsidy are presented in the two schedules below.

figures in MHUF			
Item	2007	2008	Change
Ticket subsidy	10 681	13	-10 668
Refunded excise tax	5 714	11	-5 703
Project subsidy*	13 985	3 847	-10 138
Production subsidy (public service refunds)	94 409	9 106	-85 303
Compensation for lost earnings on passenger transport(BEB)	549	0	-549
Force majeure (fire, flood)	352	0	-352
NFI subsidy for language training	0	0	0
Support received from job centres	0	0	0
Redundancy subsidy	0	0	0
Other subsidies	12	0	-12
Total:	125 702	12 977	-112 725

* Note: Project subsidies are detailed in Schedule 15 : Subsidies used for capital projects ”

Schedule 108 : Subsidies recognised in the reporting year

figures in MHUF			
Ticket compensation per category	2007	2008	Change
50%	2 557	7	-2 550
67,50%	3 575	0	-3 575
90%	1 977	5	-1 972
Pupils and students	2 558	3	-2 555
OAPS over 70 (65)	2 123	0	-2 123
Total:	12 790	15	-12 775

Schedule 109 : Ticket compensation

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

Staff	2007		2008	
	Average statistical number of staff	%	Average statistical number of staff	%
blue collar	20 242,2	59,1	9 864,0	48,0
white collar	13 993,9	40,9	10 702,1	52,0
Full-time	34 236,1	100,0	20 566,1	100,0

Schedule 110 : Average number of staff

Staff	Average pay (HUF/m/pers)		Of which: base pay (HUF/m/p)	
	2007	2008	2007	2008
blue collar	168 391	138 325	103 591	90 236
white collar	232 118	251 294	151 148	168 260
Full-time	194 824	197 485	123 177	131 096

Schedule 111 : Average and base wages and salaries

Category	2007	%	2008	%	Index
					2008/2007 (%)
Full-time	28 818	98,4	20 061	98,9	69,6
blue collar	16 903	57,7	9 525	46,9	56,4
white collar	11 915	40,7	10 536	51,9	88,4
Part-time	478	1,6	229	1,1	47,9
blue collar	354	1,2	176	0,9	49,7
white collar	124	0,4	53	0,3	42,7
Total employees	29 296	100,0	20 290	100,0	69,3
Apprentices	-	-	-	-	-
Total staff	29 296	100,0	20 290	100,0	69,3

Note: pensioners employed are presented among full time and part time staff in accordance with the guidelines of the Statistics Office (KSH).

Schedule 112 : MÁV Zrt's closing number of staff at the end of 2008

Payments and other allowances/contributions payable by the employer with respect to the statistical number of staff are presented below:

figures in MHUF										
Staff	2007					2008				
	Payroll	Other payments to staff	Social security	Total	%	Payroll	Other payments to staff	Social security	Total	%
Blue collar	41 478	7 411	14 375	63 264	51%	16 723	3 696	6 207	26 626	35%
White collar	40 597	5 621	14 024	60 242	48%	33 209	4 229	11 457	48 895	64%
Inactive	568	188	216	972	1%	517	115	180	812	1%
Total:	82 643	13 220	28 615	124 478	100%	50 449	8 040	17 844	76 333	100%

Schedule 113 : Payments to personnel

II.5 Payments to senior officers, Board and Supervisory Board members

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

figures in MHUF			
Category	2007	2008	Change
Board	49	51	2
Supervisory Boar	33	46	13
Total:	82	97	15

Schedule 114 : Remunerations paid in 2008

II.5.2 Loans granted to senior officers, Board and Supervisory Board members and guarantees assumed

No loan was disbursed to or guarantees were assumed on behalf of Board and Supervisory Board members in 2008.

II.5.3 Pensions to former officers, Board and Supervisory Board members

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

II.5.4 Audit cost for 2008

The cost of the annual audit is HUF 20 million. Other services provided by the auditors total HUF 49 million.

II.6 MÁV Zrt's investments

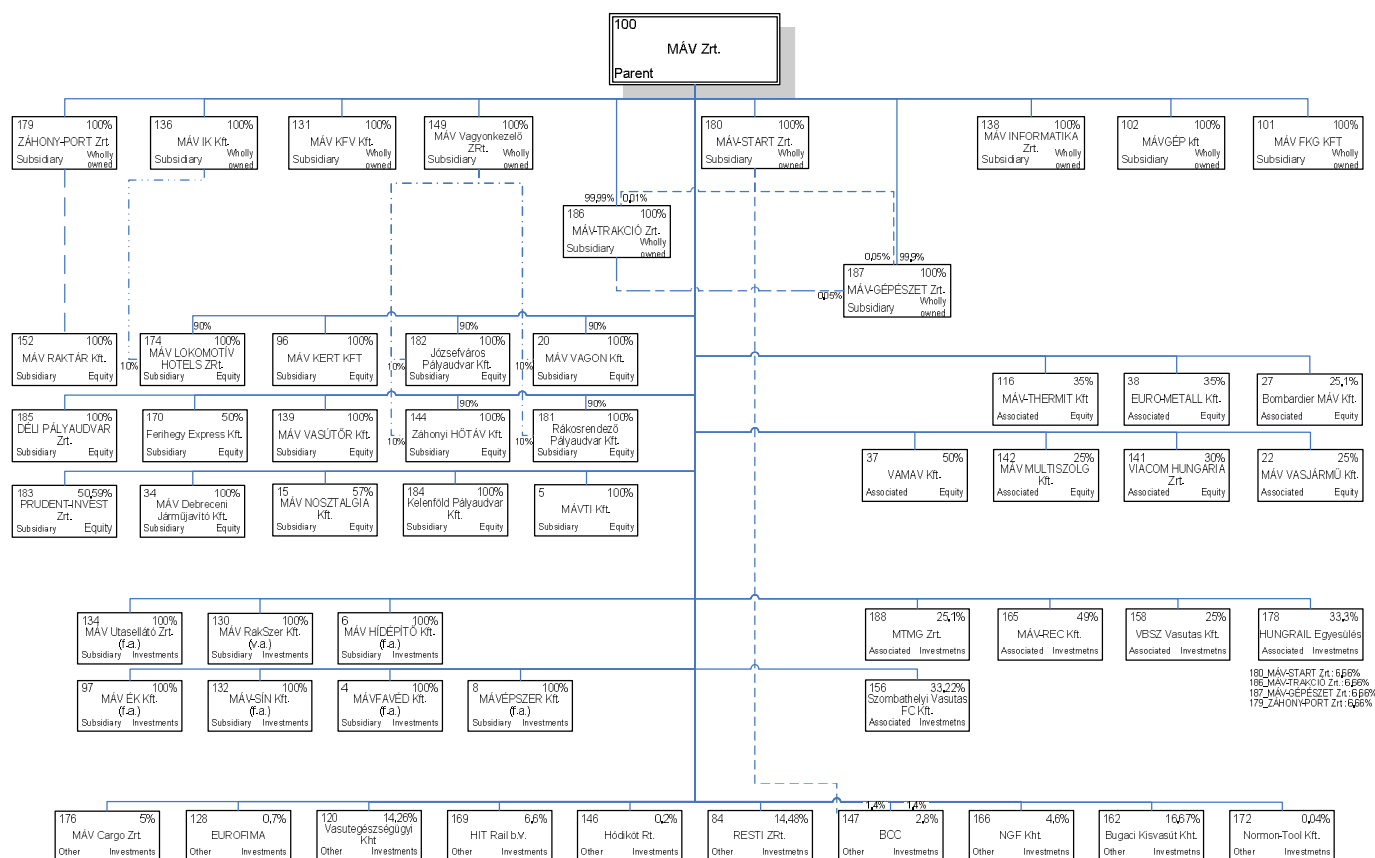
Figures in HUF

Cen- turies	inter- code	Name	MÁV % (2008.12. 31.)	Founded on	Postcod e	Seat	Address	Capital at 31 Dec 2008	Issued capital at 31 Dec 2008 MÁV	Profit or loss for 2008	Equit at 31 Dec 2008	Reserves at 31 Dec 2008	Recorded capital at 31 Dec 2008	Accumulated depreciation at 31 Dec 2008	Book value at 31 Dec 2008
TK	028	MÁV Szolnoki Járműjavító Kft.	0.00%	1992.12.30	5000	Szolnok	Kőrösi út 1-3.	0	0				1 200 000 000	0	1 200 000 000
TK	033	MÁV Eszaki Járműjavító Kft.	0.00%	1992.12.30	1101	Budapest	Kőbányai út 30.	0	0				965 570 000	0	965 570 000
TK	101	MÁV FKG Kft.	100.00%	1994.01.01	5137	Jászkesér	Jászladányi út 10.	1 504 760 000	1 504 760 000	35 056 000	857 015 000	-682 801 000	1 504 760 000	-687 868 000	816 892 000
TK	102	MAVGÉP Kft.	100.00%	1994.01.01	1103	Budapest	Kőér utca 2/d.	11 000 000	11 000 000	-1 014 629 000	-997 951 000	5 678 000	954 510 000	-954 510 000	0
TK	131	MÁV KfV Kft.*	100.00%	1996.08.31	1097	Budapest	Péceli út 2.	180 400 000	180 400 000	219 670 000	987 676 000	587 606 000	180 400 000	0	180 400 000
TK	136	MÁV Ingatlankezelő Kft.	100.00%	1996.12.30	1086	Budapest	Fiumei út 22.	398 960 000	398 960 000	104 645 000	852 436 000	348 831 000	398 960 000	0	398 960 000
TK	138	MÁV INFORMATIKA Zrt.	100.00%	1996.11.01	1012	Budapest	Krisztina körút 37/a.	800 000 000	800 000 000	61 949 000	1 151 608 000	289 659 000	800 000 000	0	800 000 000
TK	149	MÁV Vagyongépző Zrt.	100.00%	1997.07.18	1136	Budapest	Pannónia utca 11.	549 328 000	549 328 000	32 782 000	472 776 000	-109 334 000	549 328 000	-111 131 000	438 197 000
TK	179	ZÁHONY-PORT Zrt.*	100.00%	2006.08.31	4625	Záhony	Európa tér 12.	323 070 000	323 070 000	-161 284 000	672 810 000	511 024 000	737 590 000	0	737 590 000
TK	180	MÁV-START Zrt.	100.00%	2007.01.11	1082	Budapest	Kerepesi út 1-5.	10 000 000 000	10 000 000 000	7 836 369 000	70 543 369 000	52 707 000 000	62 320 000 000	0	62 320 000 000
TK	186	MÁV-TRAKCIO Zrt.	99.99%	2007.10.10	1062	Budapest	Andrássy út 73-75.	29 814 674 000	29 812 674 000	319 322 000	40 633 075 000	10 499 079 000	18 000 000	0	18 000 000
TK	187	MÁV-GEFÉSZET Zrt.	99.90%	2007.11.12	1062	Budapest	Andrássy út 73-75.	3 932 840 000	3 928 840 000	435 533 000	11 046 843 000	6 678 470 000	16 000 000	0	16 000 000
FULLY CONSOLIDATED ENTITIES, TOTAL:								47 515 032 000	47 509 032 000	7 869 413 000	126 219 657 000	70 835 212 000	69 645 118 000	-1 753 509 000	67 891 609 000
EQL	005	MAVTI Kft.	100.00%	1992.07.01	1016	Budapest	Mészáros utca 19.	80 000 000	80 000 000	401 090 000	499 044 000	17 954 000	80 000 000	-80 000 000	0
EQL	015	MÁV NOSZTALGIA Kft.	57.00%	1992.12.30	1142	Budapest	Tatai út 95.	10 000 000	5 700 000	7 608 000	32 572 000	14 964 000	5 700 000	0	5 700 000
EQL	016	MÁV Jéggyomdai Kft.	0.00%	1992.12.31	1062	Budapest	Podmaniczky u. 32.		0				61 000 000	0	61 000 000
EQL	020	MÁV VAGON Kft.	90.00%	1992.12.30	8002	Székesfehérvár	Takarodó utca 1.	243 980 000	219 582 000	24 701 000	314 587 000	45 906 000	219 582 000	0	219 582 000
EQL	034	MÁV Debreceni Járműjavító Kft.*	100.00%	1992.12.30	4034	Debrecen	Hét vezér utca 24/b.	4 500 000	4 500 000	114 698 000	603 716 000	484 518 000	2 626 520 000	-2 626 520 000	0
EQL	096	MÁV KERT Kft.	100.00%	1993.04.01	1102	Budapest	Kolozsvári utca	46 270 000	46 270 000	82 095 509	153 304 509	24 939 000	46 270 000	0	46 270 000
EQL	139	MÁV VASÚTŐR Kft.*	100.00%	1996.12.30	1087	Budapest	Kerepesi út 14.	214 760 000	214 760 000	6 604 000	250 049 000	28 685 000	214 760 000	0	214 760 000
EQL	144	Záhonyi HÓTÁV Kft.	90.00%	1997.04.18	4625	Záhony	Baross utca 11.	86 660 000	77 990 000	-24 328 000	56 953 000	-5 379 000	78 313 000	0	78 313 000
EQL	170	Ferihegy Expressz Kft.	50.00%	2001.07.31	1062	Budapest	Nyugati tér 1.	81 000 000	40 500 000				40 500 000	-16 872 000	23 628 000
EQL	174	MÁV LOKOMOTÍV HOTELS Zrt.	90.00%	2004.05.01	1142	Budapest	Teleki Blanka út 15-17.	6 000 000	5 400 000	-161 637 000	5 522 000	161 159 000	18 000 000	0	18 000 000
EQL	181	Rákosszentérsi Pályaudvar Kft.	90.00%	2007.02.14	1142	Budapest	Szinyai út 2.	1 000 000	900 000	-42 362 136	-41 271 584	-18 909 448	18 000 000	0	18 000 000
EQL	182	Józsefvárosi Pályaudvar Kft.	90.00%	2007.02.14	1071	Budapest	Városligeti fasor 47-49.	1 000 000	900 000	-18 627 000	-17 251 000	376 000	18 000 000	0	18 000 000
EQL	183	PRUDENT-INVEST Zrt.	50.59%	2007.07.25	1122	Budapest	Moszkva tér 15.	85 000 000	43 000 000	7 679 040	108 274 040	15 595 000	22 816 090	0	22 816 090
EQL	184	Kelenföldi Pályaudvar Kft.	100.00%	2007.07.16	1062	Budapest	Andrássy út 73-75.	20 000 000	20 000 000	-22 193 000	-9 251 000	-7 058 000	20 000 000	0	20 000 000
EQL	185	DELI PÁLYAUDVAR Zrt.	100.00%	2007.10.16	1062	Budapest	Andrássy út 73-75.	20 000 000	20 000 000	-32 831 000	-16 794 000	-3 965 000	20 000 000	0	20 000 000
EQUITY CONSOLIDATED SUBSIDIARIES (TREATED AS ASSOCIATES)								900 170 000	779 502 000	342 497 413	1 939 453 965	758 786 552	3 489 461 090	-2 723 392 000	766 069 090
EQT	022	MÁV VASJÁRMŰ Kft.	25.00%	1992.12.30	9700	Szombathely	Szövő utca 85.	631 990 000	158 000 000				158 000 000	0	158 000 000
EQT	027	Bombardier MÁV Kft.	25.10%	1992.12.30	2120	Dunaeszkő	Alomás sétány 19.	772 000 000	193 750 000				193 770 000	0	193 770 000
EQT	037	VAMAV Kft.	50.00%	1991.11.26	3201	Gyöngyös	Gyár út 1.	1 400 000 000	700 000 000				480 000 000	0	480 000 000
EQT	038	EURO-METALL Kft.	35.00%	1991.05.01	1045	Budapest	Elem utca 5-7.	50 590 000	17 700 000				17 700 000	0	17 700 000
EQT	113	MÁV Intel - Team Kft.	0.00%	1995.04.01	3502	Miskolc	Tiszai pu.	0	0				1 600 000	0	1 600 000
EQT	116	MÁV-THERMIT Kft.	35.00%	1995.02.28	2030	Erd	Tolmács utca 18.	138 000 000	48 300 000				48 300 000	0	48 300 000
EQT	141	VIACOM HUNGARIA Zrt.	30.00%	1997.01.01	2093	Budapest	Füzes utca 1.	100 000 000	30 000 000				30 000 000	0	30 000 000
EQT	142	MÁV MULTISZOLG Kft.	25.00%	1997.04.15	1088	Budapest	Múzeum utca 11.	61 280 000	15 320 000				15 320 000	0	15 320 000
EQUITY CONSOLIDATED ASSOCIATES (TREATED AS ASSOCIATES)								3 153 860 000	1 163 070 000	0	0	0	944 702 000	0	944 702 000
RL	004	MÁVFAVED Kft. fa.	100.00%	1992.07.01	1132	Budapest	Visegrádi utca 9.	6 000 000	6 000 000				296 220 000	-296 220 000	0
RL	006	MÁV HIDEPÍTŐ Kft. fa.	100.00%	1992.08.01	1142	Budapest	Mexikói út 71.	3 100 000	3 100 000				600 000 000	-600 000 000	0
RL	008	MAVEPSZER Kft. fa.	100.00%	1992.10.01	1045	Budapest	Madridi út 9.	234 330 000	234 330 000				234 330 000	-234 330 000	0
RL	013	MÁV Egressy Garázs Kft. v.a.	0.00%	1992.12.30	1149	Budapest	Teleki Blanka u. 15	0	0				58 590 000	-58 590 000	0
RL	029	MAVAUT Kft. v.a.	0.00%	1992.12.30	9500	Céldomok	Nagy Sándor tér 16	0	0				41 760 000	-41 760 000	0
RL	031	ESZAK-TRANS Kft. v.a.	0.00%	1992.12.30	3527	Miskolc	Tiszai pu. Szirma út 14.	0	0				25 900 000	-25 900 000	0
RL	090	MÁV LIAN Kft. fa.	0.00%	1993.04.01	8263	Budaörs	MÁV állomás	0	0				4 257 000	-4 257 000	0
RL	097	MÁV EK Kft.	90.00%	1993.04.01	6725	Szeged	Indóház tér 11.	44 510 000	40 060 000				42 788 000	-42 788 000	0
RL	130	MÁV RakSzer Kft. v.a.	100.00%	1996.11.01	9700	Szombathely	Pályva utca 1.	21 810 000	21 810 000				21 810 000	-21 810 000	0
RL	132	MÁV-SIN Kft. fa.	100.00%	1996.09.01	3200	Gyöngyös	Gyár út 1.	199 900 000	199 900 000				199 900 000	-199 900 000	0
RL	134	MÁV Utasellátó Zrt. fa.	100.00%	1996.12.01	1053	Budapest	Veres Pálné utca 9.	137 000 000	137 000 000				137 000 000	-137 000 000	0
RL	145	MM Cargo Kft. fa.	0.00%	1997.03.03	1142	Budapest	Teleki B. u. 15-17.	0	0				43 275 000	-43 275 000	0
RL	175	Vasútgazgatás-fejlesztési Tanácsadó Kft.	0.00%	2005.09.22	1088	Budapest	Múzeum utca 11.	0	0				2 700 000	-2 700 000	0
KONSZOLIDÁCIÓBAN RÉSZVEDESKENT KEZELT LEÁNYVÁLLALAT ÖSSZESEN:								646 650 000	642 200 000	0	0	0	1 708 530 000	-1 708 530 000	0
RT	156	Szombathelyi Vasutas FC Kft. fa.	33.22%	1998.10.01	9700	Szombathely	Rohonci utca 3.	30 100 000	10 000 000				10 000 000	-10 000 000	0
RT	158	VBSZ Kft.	25.00%	1999.08.03	1062	Budapest	Andrássy út 66.	5 000 000	1 250 000				1 250 000	0	1 250 000
RT	165	MÁV-REC Kft.	49.00%	1990.01.01	1087	Budapest	Kerepesi út 1-3.	50 000 000	24 500 000				0	0	0
RT	177	Carpathian Cargo s.r.o.	0.00%	2005.09.27	81105	Bratislava	Kyevského 5.	0	0				36 946 000	0	36 946 000
RT	178	HUNGARAIL Egyesülés	6.67%	2006.03.24	1138	Budapest	Népfürdő utca 22. B épület	3 000 000	200 000				100 000	0	100 000
RT	188	MTMG Zrt.	25.12%	2006.03.02	1012	Budapest	Logodói utca 34/A.	40 200 000	10 100 000				0	0	0
ASSOCIATES TRATED AS INVESTMENTS								128 300 000	46 050 000	0	0	0	48 296 000	-10 000 000	38 296 000
RE	007	AUTORAIL Kft.	0.00%	1992.08.01	6728	Szeged	Napos út 3.	0	0				187 000	-187 000	0
RE	058	TEKISZ Zrt.	0.00%	1988.10.17	4623	Tuzser	Meszes diób. 11.	0	0				5 200 000	0	5 200 000
RE	084	RESTI Zrt.	14.48%	1994.01.01	2040	Budaörs	Szabodási utca 52-54.	104 112 000	15 077 000				15 077 000	0	15 077 000
RE	120	Vasútegés													

Figures in HUF

Cons. internal Entit- ies	Name	Capital increase	Foundation	Acquisition	Disposal	Liquidated	Written off due to merger	FX rate diff. at the end of 2008	Capital recorded at 31 Dec 2007	Impairment loss	Impairment recorded as receivable in 2007 posted upon registered capital increase	Written off due to disposal, contribution	Written off due to liquidation	Accumulated deprec. At 31 Dec 2008	Book value at 31 Dec 2008
TK 028	MÁV Szolnoki Járműjavító Kft.						-1 200 000 000		0					0	0
TK 033	MÁV Eszaki Járműjavító Kft.						-965 570 000		0					0	0
TK 101	MÁV FKG Kft.								1 504 760 000					-687 868 000	816 892 000
TK 102	MAVGEPE Kft.	720 000 000							1 674 510 000	-450 000 000	-270 000 000			-1 674 510 000	0
TK 131	MÁV KÉV Kft.								180 400 000					0	180 400 000
TK 136	MÁV Ingatlankezelő Kft.								398 960 000					0	398 960 000
TK 138	MÁV INFORMATIKA Zrt.								800 000 000					0	800 000 000
TK 149	MÁV Vagonkezelő Zrt.								549 328 000					-111 131 000	438 197 000
TK 179	ZAHOVY-PORT Zrt.	238 027 000							975 617 000	-959 303 000				-959 303 000	16 314 000
TK 180	MÁV-START Zrt.								62 320 000 000					0	62 320 000 000
TK 186	MÁV-TRAKCIO Zrt.	40 294 111 000							40 312 111 000					0	40 312 111 000
TK 187	MÁV-GÉPÉSZET Zrt.	10 594 464 000							10 610 464 000					0	10 610 464 000
TK TOTAL:		51 846 602 000	0	0	0	0	-2 165 570 000	0	119 326 150 000	-1 409 303 000	-270 000 000	0	0	-3 432 812 000	115 893 338 000
EQL 005	MÁVTI Kft.								80 000 000					-80 000 000	0
EQL 015	MÁV NOSZTALGIA Kft.								5 700 000					0	5 700 000
EQL 016	MÁV Jegymondó Kft.				-61 000 000				0			0		0	0
EQL 020	MÁV VAGON Kft.								219 582 000					0	219 582 000
EQL 034	MÁV Debreceni Járműjavító Kft.								2 626 520 000					-2 626 520 000	0
EQL 096	MÁV KERT Kft.								46 270 000					0	46 270 000
EQL 139	MÁV VASÚTOR Kft.								214 760 000					0	214 760 000
EQL 144	Záhonyi HŐTÁV Kft.								78 313 000	-35 227 000				-35 227 000	43 086 000
EQL 170	Ferihegyi Expressz Kft.								40 500 000	-23 628 000				-40 500 000	0
EQL 174	MÁV LOKOMOTIV HOTELS Zrt.	9 000 000							27 000 000	-27 000 000				-27 000 000	0
EQL 181	Rakosrendező Pályaudvar Kft.								18 000 000	-18 000 000				-18 000 000	0
EQL 182	Józsefváros Pályaudvar Kft.	5 400 000							23 400 000	-23 400 000				-23 400 000	0
EQL 183	PRUDENT-INVEST Zrt.								22 816 090					0	22 816 090
EQL 184	Kelenföldi Pályaudvar Kft.								20 000 000	-20 000 000				-20 000 000	0
EQL 185	DELI PÁLYAUDVAR Zrt.								20 000 000	-20 000 000				-20 000 000	0
EQL TOTAL:		14 400 000	0	0	-61 000 000	0	0	0	3 442 861 090	-167 255 000	0	0	0	-2 890 647 000	552 214 090
EQT 022	MÁV VASÁRMŰ Kft.								158 000 000					0	158 000 000
EQT 027	Bombardier MÁV Kft.								193 770 000					0	193 770 000
EQT 037	VAMAV Kft.								480 000 000					0	480 000 000
EQT 038	EURO-METALL Kft.								17 700 000					0	17 700 000
EQT 113	MÁV Intel - Team Kft.				-1 600 000				0					0	0
EQT 116	MÁV-THERMIT Kft.								48 300 000					0	48 300 000
EQT 141	VIACOM HUNGARIA Zrt.								30 000 000					0	30 000 000
EQT 142	MÁV MULTISZOLG Kft.								15 332 000					0	15 332 000
EQT TOTAL:		0	0	0	-1 600 000	0	0	0	943 102 000	0	0	0	0	0	943 102 000
RL 004	MAVFAVED Kft. f.a.								296 220 000					-296 220 000	0
RL 006	MÁV HIDEPTŐ Kft. f.a.								600 000 000					-600 000 000	0
RL 008	MAVÉPSZER Kft. f.a.								234 330 000					-234 330 000	0
RL 013	MÁV Egressy Garázs Kft. v.a.					-58 590 000			0			58 590 000		0	0
RL 029	MAVAUT Kft. v.a.					-41 760 000			0			41 760 000		0	0
RL 031	ÉSZAK-TRANS Kft. v.a.					-25 900 000			0			25 900 000		0	0
RL 090	MÁV LIANKft. f.a.					-4 257 000			0			4 257 000		0	0
RL 097	MÁV EK Kft.								42 788 000					-42 788 000	0
RL 130	MÁV RakSzer Kft. v.a.								21 810 000					-21 810 000	0
RL 132	MÁV-SIN Kft. f.a.								199 900 000					-199 900 000	0
RL 134	MÁV Utasellátó Zrt. f.a.								137 000 000					-137 000 000	0
RL 145	MM Cargo Kft. f.a.					-43 275 000			0			43 275 000		0	0
RL 175	Vasútgazdálkodási Igazgatóság Kft. v.a.					-2 700 000			0			2 700 000		0	0
RL TOTAL:		0	0	0	0	-176 482 000	0	0	1 532 048 000	0	0	0	176 482 000	-1 532 048 000	0
RT 156	Szombathelyi Vasutas FC Kft. f.a.								10 000 000					-10 000 000	0
RT 158	VBSZ Kft.								1 250 000					0	1 250 000
RT 165	MÁV-REC Kft.			50 500 000					50 500 000					0	50 500 000
RT 177	Carpathian Cargo s.r.o.				-36 946 000				0					0	0
RT 178	HUNGRAIL Egyesülés	100 000							200 000					0	200 000
RT 188	MTMG Zrt.			15 150 000					15 150 000					0	15 150 000
RT TOTAL:		100 000	0	65 650 000	-36 946 000	0	0	0	77 100 000	0	0	0	0	-10 000 000	67 100 000
RE 007	AUTORAIL Kft.				-187 000				0			187 000		0	0
RE 058	TEKISZ Zrt.				-5 200 000				0					0	0
RE 084	RESTI Zrt.								15 077 000					0	15 077 000
RE 120	Vasútegkezelési Kft.								100 000 000					0	100 000 000
RE 122	Díszgőzös Szerszámgépgyártó Kft. f.a.					-40 333			0			40 333		0	0
RE 128	EUROHIMA							200 583 398	1 406 140 243					0	1 406 140 243
RE 146	Hódiköt Zrt. f.a.								605 000					-605 000	0
RE 147	Bureau Central de Clearing s.c.f.l. (BCC)							17 138	395 846					0	395 846
RE 151	ZTF Kft.				-13 750 000				0					0	0
RE 162	Bugaci Kisvasút Kft.								500 000					0	500 000
RE 166	NGF Kft.								200 000	-200 000				-200 000	0
RE 169	HIT Rail B.V.							2 489 671	57 674 115					0	57 674 115
RE 171	Balaton-Boronka Kisvasút Kft.				-500 000				0					0	0
RE 172	Normon-Tool Kft.								132 200					0	132 200
RE 176	MÁV Cargo Zrt.				-29 203 986 008				1 537 159 992					0	1 537 159 992
RE TOTAL:		0	0	0	-29 223 623 008	-40 333	0	203 090 207	3 117 884 396	-200 000	0	187 000	40 333	-805 000	3 117 079 396
GRAND TOTAL:		51 861 102 000	0	65 650 000	-29 323 169 008	-176 522 333	-2 165 570 000	203 090 207	128 439 145 486	-1 576 758 000	-270 000 000	187 000	176 522 333	-7 866 312 000	120 572 833 486

Schedule 116 : Changes in MÁV Zrt's shares in 2008



Schedule 117 : MÁV Group's organisation chart

II.7 Significant transactions with related parties under special terms and conditions

Related parties of MÁV Zrt. include associates, the Company's managing director and his deputies as well as members of the Board of Directors and the Supervisory Board. For presentation purposes, transactions over HUF 100m and conducted on an arm's length basis are considered material. Most of the transactions between MÁV Zrt. and its related parties were conducted on an arm's length basis. Typically, rental transactions and telecom services include contracts that are based on other than arm's length prices. Such contracts are monitored and the related records have been adjusted for VAT and corporate tax purposes.

The number of affected rental contracts is 57, where the contractual rent totals HUF 597m, whereas it would be HUF 699m on an arm's length basis.

The number of affected telecom contracts is three with a contractual total of HUF 17m, whereas it would be HUF 74m on an arm's length basis.

A material, not arm's length based contract is a property rental contract with MÁV-GÉPÉSZET Zrt. as presented in detail below:

Amendment No. 2 of 2006 to the contract contains an agreement between the parties on a annually declining discount over the span of three years. The discount is aimed to strengthen the business partnership. In 2006, the initial discount was 30%. The annual rent for 2009 under the contract is HUF 272m, whereas it would be HUF 303m (as calculated) on an arm's length basis. The contract is being revised and MÁV Zrt. does not wish to charge rent below arm's length rates in the future.

II.8 MÁV Zrt's shares

The Company's share capital comprises two subscribed ordinary shares: one of HUF 20,000m and one of HUF 250m at face value. The shares are non-convertible and non-transferable.

The Company's shares are printed as one share with aggregate face value in accordance with regulations pertaining to securities.

Under the companies act, all shareholder rights are attributable to the founder.

II.9 Tax liability and tax base

II.9.1 Corporate tax

The following tax base adjusting items have been considered for corporate tax purposes:

Figures in MHUF

Item	increasing	decreasing	tax base change
Pre-tax profit			42 914
Adjustment due to provisions	9 551	7 346	2 205
Adjustments due to depreciation	36 048	46 384	-10 336
Net values of fixed assets written off	84 486	29 261	55 225
Dividends received		1 810	-1 810
Penalties and fines	34		34
Impairment loss of debtors / reversed	1 819	854	965
Forgiven debt	84	0	84
Related party interest diff.		4	-4
Amounts and assets received/contributed free of charge	1 472	150	1 322
Expenses/revenues identified by tax audit or self-correction	1		1
Research and development		40	-40
Donations	313	328	-15
Losses carried forward		90 545	-90 545
Adjusting items, total	133 808	176 722	-42 914
Tax base			0
Tax payable			0

Schedule 118: Corporate tax base increasing and reducing items

The most significant corporate tax base adjusting items are the annual depreciation charge and adjustments due to the write-offs of tangible and intangible assets. The depreciation rates used by MÁV are typically lower than those provided by the corporate tax law. Therefore, adjustments relating to depreciation reduce the tax base, while adjustments relating to the asset write-offs increase it. Details of depreciation/amortisation are set out Schedule 10. The details of write-offs are set out Schedule 2 and Schedule 3 (impacts of the outsourced activities).

Tax base adjusting items include significant ones such as the adjustment due to provisions used and made and the impairment loss of debtors. Movements in provisions are presented in section I.7.5 (page 321), the impairment of debtors is presented in section I.7.2.2.2 (page 26) in detail.

Another significant tax base reducing item is an adjustment of HUF 1,810m due to dividends received – more than half from MÁV Cargo Zrt

Assets contributed/received free of charge and non-refundable grants increase the tax base by HUF 1,472m and reduce it by HUF 150m, respectively. Grants include services provided free of charge and not re-charged VAT on services (HUF 291m), and housing grants to employees (HUF 62m). Non-refundable grants include financial aid to trade unions and worker councils (HUF 170m), expenses assumed under the MÁV Years scheme (HUF 148m), assistance to the Railworkers National Cultural Association (HUF 205m), costs assumed on behalf of subsidiaries and other entities in relation to the outsourced activities (HUF 498m), and other grants (HUF 98m). Grants received include land reclassified from treasury assets to MÁV Zrt's land (HUF 150m).

Donations to foundations (HUF 313m) increased the tax base, while HUF 328m reduced it as one and a half times of the amount of donations to high priority foundations can be deducted from the tax base. The most significant donations include HUF 275m to MÁV Symphonic

Orchestra Foundation, HUF 30m to the Railway for Children Foundation (a high priority foundation) and HUF 7m to the Gyermekvasutakért alapítvány (children's railway foundation).

In order to avoid a tax liability to incur, MÁV Zrt. had to use HUF 90,545m of its brought forward losses. The remaining loss that can be carried forward is still HUF 168,658m.

II.9.2 Extra tax

Adjustments of the extra corporate tax base and the tax calculation are presented below:

Figures in MHUF

Item	increasing	decreasing	tax base change
Pre-tax profit			42 914
Dividends received		1 810	-1 810
Grants received/given to cover expenses	1 679	9 106	-7 427
Donations	313		
Amounts received/contributed free of charge	1	0	1
BV of assets received/contributed free of charge incl. VAT	1	150	-149
Liabilities assumed/services supplied free of charge	279	0	279
Research and development		16	-16
Adjusting items, total	2 273	11 082	-8 809
Tax base			34 105
Tax payable			1 364

Schedule 119 : Extra tax calculation

After adjustments, the extra tax base is by HUF 8,809m less than the pre-tax profit.

The most significant reducing item is the HUF 9,106m reimbursement of railtrack network operation costs (being a public service) and dividends of HUF 1,810m received for 2008.

Important increasing items include: assumed redundancy costs expensed in 2008 (HUF 647m), financial assistance to the social work programme (HUF 499m), grants to the National Railway Workers' Cultural Association and to other organisations (HUF 472m) and housing aid paid to employees (HUF 61m).

Of the total HUF 313m donations, the most significant item was HUF 275m donated to the MÁV Symphonic Orchestra Foundation. Services provided free of charge include rents unpaid by subsidiaries.

III Schedules

Schedule 1: Capital projects funded by the government and the EU, not taken over.....	11
Schedule 2 : Impacts of the outsourced traction activity.....	12
Schedule 3 : Impacts of the outsourced railcar maintenance activity, specific notes.....	13
Schedule 4: Movements in intangible assets in 2008.....	14
Schedule 5: Movements in tangible assets.....	15
Schedule 6 : Treasury assets.....	16
Schedule 7 : Assets belonging to state ownership.....	17
Schedule 8 : Own assets necessary for the operations of treasury assets.....	18
Schedule 9 : Capital expenditures.....	19
Schedule 10 : Amortisation/Depreciation of intangibles and tangibles in 2008.....	19
Schedule 11 : Assets contributed free of charge.....	20
Schedule 12 : Treasury assets and their funds in the balance sheet.....	21
Schedule 13 : Movements in treasury assets in 2008.....	21
Schedule 14 : Treasury assets received free of charge.....	22
Schedule 15 : Subsidies used for capital projects.....	23
Schedule 16 : MÁV Zrt's investments at book value per category.....	23
Schedule 17 : Impairment loss of long-term financial assets.....	25
Schedule 18 : Receivables and impairment loss.....	26
Schedule 19 : Receivables in FX per currency.....	27
Schedule 20 : Securities.....	28
Schedule 21 : Related party receivables.....	28
Schedule 22 : Prepaid expenses and accrued income.....	29
Schedule 23 : Equity movements.....	31
Schedule 24 : Provisions for future contingent liabilities.....	33
Schedule 25 : Provisions for future commitments.....	34
Schedule 26 : Provisions for FX losses.....	34
Schedule 27 : Provisions in B/S.....	35
Schedule 28 : Liabilities related to treasury assets.....	36
Schedule 29 : Mandatory refunds.....	36
Schedule 30 : MÁV Zrt's long-term loans and borrowings.....	38
Schedule 31 : Long-term loans repayment schedule.....	39
Schedule 32: Leases payable (net of interest).....	39
Schedule 33 : Other current liabilities.....	40
Schedule 34 : Current liabilities in FX.....	41
Schedule 35 : Payables to related parties.....	41
Schedule 36 : Closed forwards and options in 2008.....	42
Schedule 37 : Interest collar contracts in 2008.....	42
Schedule 38 : Guarantees at 31 Dec 2008.....	42
Schedule 39 : Guarantee contracts.....	43
Schedule 40 : Loans encumbered with lien.....	43
Schedule 41 : Repayment schedule of contingent interests and similar charges.....	45
Schedule 42 : Development loans drawn by 31 Dec 2008.....	45
Schedule 43 : Drawing schedule of loans signed by 31 December 2008.....	46
Schedule 44 : Repayment schedule of development loans.....	46
Schedule 45 : Repayment schedule of borrowings.....	46
Schedule 46 : Repayment schedule of development loans based on agreements to be signed in 2009.....	46
Schedule 47 : Drawing schedule of entrepreneurial loans based on agreements to be signed in 2009.....	47
Schedule 48 : Repayment schedule of development loans based on agreements to be signed in 2009.....	47
Schedule 49 : Repayment schedule of entrepreneurial loans based on agreements to be signed in 2009.....	47
Schedule 50 : Operating lease contracts over HUF 1m at 31 December 2008.....	48
Schedule 51 : Accrued expenses and deferred income.....	49
Schedule 52 : Net sales per activity.....	50
Schedule 53 : Export and import.....	52
Schedule 54 : Expenses.....	53
Schedule 55 : Material-type expenses.....	54
Schedule 56 : Payments to personnel.....	55
Schedule 57 : Depreciation.....	56

Schedule 58 : Other revenues.....	57
Schedule 59 : Other expenses.....	59
Schedule 60 : Financial income.....	61
Schedule 61 : Financial expenses.....	62
Schedule 62 : Extraordinary revenues.....	63
Schedule 63 : Extraordinary expenditures.....	64
Schedule 64 : Related party revenues and expenses.....	64
Schedule 65 : P&L – turnover cost method.....	65
Schedule 66 : Cash-flow statement.....	72
Schedule 67 : Asset side of MÁV Zrt's BS for previous years.....	75
Schedule 68 : Equity and liabilities side of MÁV Zrt's BS for previous years.....	76
Schedule 69 : MÁV Zrt's profit and loss account for previous years.....	77
Schedule 70 : Asset side of the balance sheet based on the Railtrack GL.....	79
Schedule 71 : Equity and liabilities side of the BS prepared based on the railtrack GL.....	80
Schedule 72 : Profit and loss account prepared based on the railtrack GL.....	81
Schedule 73 : Cash-flow statements based on the railtrack GL.....	82
Schedule 74 : P&L of the railtrack operations division.....	83
Schedule 75 : Revenues from track access charges.....	84
Schedule 76 : Related party balances – railtrack operations.....	86
Schedule 77 : Asset side of the BS based on the area passenger transport GL.....	87
Schedule 78 : Equity & liabilities side of the BS based on the area passenger transport GL.....	88
Schedule 79 : P&L based on the area passenger transport GL.....	89
Schedule 80 : Cash-flow statement based on the area passenger transport GL.....	90
Schedule 81 : Area passenger transport P&L.....	91
Schedule 82 : P&L of the area public service activity.....	92
Schedule 83 : Related party balances – passenger transport.....	93
Schedule 84 : Asset side of the balance sheet prepared based on the engineering GL in the basis year.....	94
Schedule 85 : Equity and liabilities side of the balance sheet prepared based on the engineering GL in 2007.....	95
Schedule 86 : Profit and loss account prepared based on the engineering GL in the basis year.....	96
Schedule 87 : P&L of the Traction Division in the basis year.....	97
Schedule 88 : Asset side of the BS based on the Central GL.....	98
Schedule 89 : Liabilities side of the BS based on the Central GL.....	99
Schedule 90 : P&L of other activities.....	100
Schedule 91 : Cash-flow statement based on the Central GL.....	101
Schedule 92 : Other activities.....	102
Schedule 93 : Net sales revenues from other activities.....	103
Schedule 94 : Internal revenues from other activities.....	103
Schedule 95 : Related party balances – other activities.....	105
Schedule 96 : Average statistical number of employees per activity.....	105
Schedule 97 : Government grants used for operations per title.....	106
Schedule 98 : Accumulation due to the per-activity breakdown.....	106
Schedule 99 : Environmental reserves.....	109
Schedule 100 : Environmental expenses.....	109
Schedule 101 : Movements in environmental reserves in 2008.....	109
Schedule 102 : Existing environmental liabilities.....	109
Schedule 103 : Assets directly serving environmental purposes.....	110
Schedule 104 : Dangerous and hazardous waste.....	110
Schedule 105 : Quantities of dangerous and hazardous waste.....	111
Schedule 106 : R&D costs.....	112
Schedule 107 : Capitalised R&D.....	112
Schedule 108 : Subsidies recognised in the reporting year.....	113
Schedule 109 : Ticket compensation.....	113
Schedule 110 : Average number of staff.....	113
Schedule 111 : Average and base wages and salaries.....	114
Schedule 112 : MÁV Zrt's closing number of staff at the end of 2008.....	114
Schedule 113 : Payments to personnel.....	114
Schedule 114 : Remunerations paid in 2008.....	115
Schedule 115 : MÁV Zrt's investments and their opening balances.....	116
Schedule 116 : Changes in MÁV Zrt's shares in 2008.....	117
Schedule 117 : MÁV Group's organisation chart.....	118
Schedule 118 : Corporate tax base increasing and reducing items.....	120

<i>Schedule 119 : Extra tax calculation</i>	<i>121</i>
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