

THIS IS A TRANSLATION OF THE HUNGARIAN REPORT

Independent Auditor's Report

to the authority exercising Founder rights over MÁV Magyar Államvasutak Zrt.

1.) We have audited the accompanying 2010 annual financial statements of MÁV Magyar Államvasutak Zrt. ('the Company'), which comprises the balance sheet as at 31 December 2010 - showing a balance sheet total of HUF 797,742 million and a loss for the year of HUF 35,828 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 15 April 2010, we issued an unqualified report on the Company's annual financial statements for 2009.

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 2010 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: -

8.1) - note I.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, which will then assigns these assets to MÁV Zrt. as part of the underlying asset management contract. A number of the projects under this management contract have been completed and technically handed over to MÁV Zrt. by Nemzeti Infrastruktúrafejlesztő 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 result, the cost value of the assets and the related long term liability to the state arising from the management of the above referred assets and deferred income are not reflected in the Company's books. The estimated value of such assets financially yet unrecorded but in use by the Company is estimated at HUF 138,672 million as at 31 December 2010 (HUF 71,226 million as at 31 December 2009). The Company has made a provision of HUF 9,364 million for the related depreciation charge as at 31 December 2010 (HUF 2,634 million as at 31 December 2009). The depreciation charge in the profit and loss account for the year ended 31 December 2010 amounts to HUF 6,730 million (HUF 1,994 million for the year ended 31 December 2009).

8.2) - note I.6.4 to the financial statements which refers to the fact that, according to the Company's current practice, extraordinary depreciation of 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 account as it would

represent a reduction in liabilities to the state without any adjustment to the net income of the Company.

8.3) - note 1.6.1 to the financial statements which refers to funding of the Company's operations in 2011. The Company's ability to continue its operations in the future and the recoverability of its assets are subject to continued funding by the shareholders and on the continued availability of state funding to the extent necessary. At present, MÁV Magyar Államvasutak Zrt. does not have a business plan for 2011 approved by its founder. The Company's annual financial statements as at 31 December 2010 were drawn up on a going concern basis and the validity of this basis depends on the availability of future funds.

8.4.) - note 1.6.3 to the financial statements which refers to unsettled ownership status over the Company's properties.

8.5) - note 1.6.5 to the financial statements which refers to a significant uncertainty with respect to the amount of provision made for compensations for accidents and for damages.

Budapest, 14 April 2011

Ernst & Young Kft.
Registration No.: 001165

Ispánovity Mártonné
Chamber member auditor
Chamber membership N.o: 003472

Statistical code 10856417-5221-114-01

Company registration 01-10-042272

MÁV HUNGARIAN STATE RAILWAYS
Private Company by Shares

1087 Budapest, Könyves Kálmán Krt 54-60.

Balance Sheet&Profit and Loss Account
2010.12.31

THIS A TRANSLATION OF THE HUNGARIAN FINANCIAL STATEMENTS

Date: Budapest, 14 April 2011.

Manager (representative) of the Company

P.H.

Statistical code10856417-5221-114-01

Company registration01-10-042272

Balance Sheet version 'A' - Assets

figure in MHUF

Serial No.	Item	Prior year	Prior year adjustments	Reporting year
a	b	c	d	e
1	A. FIXED ASSETS	752 871	2 647	729 414
2	I. INTANGIBLE ASSETS	3 186	-103	1 986
3	Capitalised foundation/restructuring	0	0	0
4	Capitalised research and development	55	0	77
5	Concessions, licenses and similar rights	1 100	-47	902
6	Trade-marks, patents and similar assets	2 031	-56	1 007
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	630 589	2 750	608 255
11	Land and buildings and related property rights	434 954	13	425 324
11/b	of which Managed state owned properties and related rights	309 025	53	301 694
12	Plant, machinery, equipment and vehicles	173 959	-162	167 748
12/b	of which: managed state owned technical equipment, machinery and vehicles	48 078	-11	45 074
13	Other equipment, fixtures and fitting, vehicles	137	0	93
14	Breeding stock	0	0	0
15	Assets in the course of construction	15 893	5 199	14 105
15/b	of which: managed state owned capital projects	13 320		12 584
16	Advance payments for AICC	5 646	-2 300	985
17	Adjusted value of tangible assets	0	0	0
18	III. LONG-TERM FINANCIAL ASSETS	119 096	0	119 173
19	Long-term participations in related parties	117 396	0	117 144
20	Long-term loans granted to related parties	0	0	0
21	Other long-term investments	1 618	0	1 937
22	Long-term loans granted to other investments	0	0	0
23	Other long-term loans granted	82	0	92
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, 14 April 2011.

Manager (representative) of the Company

P.H.

Statistical code10856417-5221-114-01

Company registration01-10-042272

Balance Sheet version 'A' - Assets

figure in MHUF

Serial No.	Item	Prior year	Prior year adjustments	Reporting year
a	b	c	d	e
27	B. CURRENT ASSETS	60 513	-273	41 890
28	I. INVENTORIES	4 108	-44	4 908
29	Raw materials and consumables	4 024	-65	4 834
30	Work in progress and semi-finished products	1	0	3
31	Animals for breeding, fattening and other livestock	0	0	0
32	Finished products	64	0	28
33	Goods	19	21	43
34	Advance payments for inventories	0	0	0
35	II. RECEIVABLES	40 945	-234	26 619
36	Trade debtors	3 956	-441	1 768
37	Receivables from related parties	22 766	5	22 948
38	Receivables from other investments	30	0	46
39	Bills of exchange receivables	0	0	0
40	Other receivables	14 193	202	1 857
41	Revaluation difference of receivables	0	0	0
42	Positive valuation difference of derivative transactions	0	0	0
43	III. SECURITIES	0	0	0
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	0
48	Revaluation difference of securities	0	0	0
49	IV. LIQUID ASSETS	15 460	5	10 363
50	Cash, cheques	6	0	5
51	Bank depositis	15 454	5	10 358
52	C. PREPAID EXPENSES & OTHER INCOME	27 964	-114	26 438
53	Accrued income	2 688	-109	821
54	Prepaid expenses	19 996	-5	18 257
55	Deferred expenses	5 280	0	7 360
56	TOTAL ASSETS	841 348	2 260	797 742

Date: Budapest, 14 April 2011.

Manager (representative) of the Company

P.H.

Statistical code10856417-5221-114-01

Company registration01-10-042272

Balance Sheet version 'A' - Equity&Liabilities

figure in MHUF

Serial No.	Item	Prior year	Prior year adjustments	Reporting year
a	b	c	d	e
57	D. EQUITY	88 991	-824	52 319
58	I. ISSUED CAPITAL	21 000	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	110 648	0	110 652
62	IV. RETAINED LOSSES	-15 970	0	-51 756
63	V. ALLOCATED RESERVES	7 245	0	8 251
64	VI. REVALUATION RESERVE	0	0	0
65	Revaluation reserve on value adjustments	0	0	0
66	Revaluation reserve on fair value	0	0	0
67	VII. LOSS/PROFIT FOR THE YEAR	-33 932	-824	-35 828
68	E. PROVISIONS	28 995	0	37 060
69	Provisions for contingent liabilities	19 598	0	20 064
70	Provisions for future commitments	7 740	0	14 267
71	Other provisions	1 657	0	2 729
72	F. LIABILITIES	684 972	3 359	672 838
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	615 760	-97	591 972
78	Long-term borrowings	1 870	0	2 767
79	Convertible bonds	0	0	0
80	Debts from the issue of bonds	0	0	10 000
81	Investment and development loans	104 858	0	101 188
82	Other long-term loans	102 500		72 800
83	Long-term debts to related parties	242	0	81
84	Long-term debts to other investments	0	0	0
85	Other long-term liabilities	406 290	-97	405 136
85/b	of which: Liabilities related to managed state owned assets	406 001	0	404 873

Date: Budapest, 14 April 2011.

Manager (representative) of the Company

P.H.

Statistical code10856417-5221-114-01

Company registration01-10-042272

Balance Sheet version 'A' - Equity&Liabilities

figure in MHUF

Serial No.	Item	Prior year	Prior year adjustment s	Reporting year
a	b	c	d	e
86	III. CURRENT LIABILITIES	69 212	3 456	80 866
87	Short-term borrowings	0	0	370
88	of which: convertible bonds	0	0	0
89	Other short-term loans	18 224	0	47 878
90	Prepayments received from debtors	391	-21	75
91	Creditors	20 538	3 273	13 504
92	Bills of exchange payable	0	0	0
93	Short-term debts to related parties	16 653	246	12 040
94	Short-term debts to other investments	151	0	27
95	Other current liabilities	13 255	-42	6 972
96	Revaluation difference of liabilities	0	0	0
97	Negative valuation difference on derivative transactions	0	0	0
98	G. ACCRUED EXPENSES & DEFERRED INCOME	38 390	-275	35 525
99	Deferred income	11 879	-15	11 273
100	Accrued expenses	4 383	-260	4 074
101	Deferred extraordinary revenues and negative goodwill	22 128	0	20 178
102	TOTAL EQUITY&LIABILITIES	841 348	2 260	797 742

Date: Budapest, 14 April 2011.

Manager (representative) of the Company

P.H.

THIS A TRANSLATION OF THE HUNGARIAN REPORT

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Company registration01-10-042272

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

figure in MHUF

Serial No.		Item	Prior year	Prior year adjustments
a	b	c	d	e
01.	Domestic sales, net	180 020	-586	170 428
02.	Export sales, net	0	0	0
I.	Net sales (01+02)	180 020	-586	170 428
03.	Capitalised value of self produced assets	6	0	-34
04.	Movements in self produced inventories	2 926	0	2 650
II.	Capitalised own performance (03+04)	2 932	0	2 616
III.	Other revenues	37 528	102	34 639
	of which: impairment loss reversed	0	14	75
05.	Material cost	13 801	115	11 951
06.	Material type services used	50 505	-214	47 541
07.	Other services	1 198	-50	1 197
08.	Cost of goods sold	17 937	0	17 566
09.	Cost of (consignment) services	27 865	0	22 643
IV.	Material type expenses (05+06+07+08+09)	111 306	-149	100 898
10.	Payroll cost	51 302	0	50 417
11.	Other payments to personnel	8 499	-43	9 141
12.	Social security and other contributions	16 952	-6	15 575
V.	Payments to personnel (10+11+12)	76 753	-49	75 133
VI.	Depriciation charge	36 357	157	35 511
VII.	Other expenses	17 922	383	22 844
	of which: impairment loss	2 435	0	1 029
A.	Operating profit (I+II+III-IV-V-VI-VII)	-21 858	-826	-26 703

Date: Budapest, 14 April 2011.

Manager (representative) of the Company

P.H.

THIS A TRANSLATION OF THE HUNGARIAN REPORT

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Statistical code10856417-5221-114-01

Company registration01-10-042272

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

figure in MHUF

Serial No.		Item	Prior year	Prior year adjustments
a	b	c	d	e
13.	Dividends (due) received	1 022	0	1 469
	of which: from related parties	830	0	1 386
14.	Foreign exchange gain on disposal of investments	1 105	0	0
	of which: from related parties	0	0	0
15.	Interest and gains on long-term financial investments	0	0	0
	of which: from related parties	0	0	0
16.	Other interest received (due) and similar income	2 090	0	483
	of which: from related parties	14	0	29
17.	Other financial income	1 006	0	213
	of which: revaluation difference	0	0	0
VIII.	Financial revenues (13+14+15+16+17)	5 223	0	2 165
18.	Foreign exchange loss of financial investments	43	0	0
	of which: to related parties	0	0	0
19.	Interest payable and similar charges	15 290	-3	9 339
	of which: to related parties	62	0	28
20.	Impairment of shares, securities, bank deposits	840	0	623
21.	Other financial expenditures	927	0	700
	of which: revaluation difference	0	0	0
IX.	Financial expenses (18+19± 20+ 21)	17 100	-3	10 662
B.	FINANCIAL PROFIT (VIII-IX)	-11 877	3	-8 497
C.	PROFIT FROM ORDINARY ACTIVITIES (±A±B)	-33 735	-823	-35 200
X.	Extraordinary revenues	22	0	337
XI.	Extraordinary expenses	219	1	965
D.	EXTRAORDINARY LOSS/PROFIT (X-XI)	-197	-1	-628
E.	LOSS/PROFIT BEFORE TAX (±C±D)	-33 932	-824	-35 828
XII.	Tax liability	0	0	0
F.	LOSS/PROFIT AFTER TAX (±E-XII)	-33 932	-824	-35 828
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)	-33 932	-824	-35 828

Date: Budapest, 14 April 2011.

Manager (representative) of the Company

P.H.



**MÁV MAGYAR ÁLLAMVASUTAK ZÁRTKÖRŰEN MŰKÖDŐ
RÉSZVÉNYTÁRSASÁG**

NOTES

**TO THE 2010 ANNUAL
FINANCIAL STATEMENTS**

(THIS IS A TRANSLATION OF THE HUNGARIAN FINANCIAL STATEMENTS)

Budapest, 14 April 2011

(stamp)

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Manager (representative) of the Company

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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 on standard railtracks was outsourced as of 1 July 2007, 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 president-CEO.

The person authorised to sign off the Company's annual financial statements is: Szarvas Ferenc, domicile: 1022 Budapest, Detrekő u. 7/b.

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

French: 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:

1087 Budapest, Könyves Kálmán krt. 54-60. tel: 322-0660

Website:

www.mav.hu

Owner:

Owner (founder): The Hungarian State

Date of foundation: 30 June 1993

Holder of ownership rights: Minister for National Development (Ministry of National Development)

Issued capital:

At 31 December 2010: 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.

1.2 Accounting policies

In addition to the accounting law, MÁV Zrt's accounting policies also comply with the railways act 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.

The following sublines have been added to the balance sheet lines:

- Under „II. Tangible assets”, and „1. Land and buildings and related property rights” we have added the following line: „of which: Managed state owned properties and related property rights”.
- Under „II. Tangible assets”, and „2. Plant, machinery, equipment and vehicles” we have added the following line: „of which: Managed state owned technical equipment, machinery and vehicles”.
- Under „II. Tangible assets”, and „5. Assets in the course of construction” we have added the following line: „of which: Managed state owned capital projects”.
- Under „II. Long-term liabilities”, and „8. Other long-term liabilities” we have added the following line: „of which: Liabilities related to managed treasury assets”.

The profit and loss account (version 'A') 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 profit and loss account is prepared under the total cost method (Version 'A'). This format does not include added or merged lines but the profit and loss account based on the turnover cost method is also presented in the notes.

The figures in the financial statements are expressed in HUF millions (HUFm). 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).

Material items for accounting purposes:

- In relation to **unbilled fixed asset acquisitions**, the difference between the historic cost identified based on documents and the actual (invoice based) value may **significantly** affect the historic cost of the asset if this difference exceeds **1%** of the historic cost.
- For the purposes of the **extraordinary depreciation and amortisation** of tangible and intangible assets, the difference between the book value and the fair value of an asset is considered material if it exceeds **5%** of the book value of the asset.
- Upon capitalisation, a residual value is determined if the expected useful life of the asset is shorter than its technical life and may be used by another party for its intended purpose after its expected useful life. The residual value thus determined is considered material if it exceeds 10% of the capitalised gross value. In all other cases, residual value is not considered material.
- With respect to the impairment/impairment reversal of equity **investments** and **debt securities**, the difference between the book value and the market value is always **tested for materiality on an individual basis** irrespective of whether or not these items are presented under long-term financial assets or current assets.
- Any impairment loss recognised on outstanding receivables at the balance sheet date or reversed impairment loss is considered significant if the amount of such impairment loss or the reversal affects the book value of the related receivable by at least 50%.
- For the impairment of inventories, the difference between the cost and the fair value of the asset is assessed on an individual basis.
- The differences arising on the year-end revaluation of liabilities and receivables (including amount receivable or denominated in foreign currencies), securities and liquid assets held in foreign currencies are considered material irrespective of the amount involved.
- Invoice based prepayments and accruals, typically items affecting revenues and expenses, are considered material and accrued/deferred only if exceed HUF 1m. In this respect, an item is an identifiable amount incurred for a certain accounting period (contracted billing period). Other billed items that relate to more than one period (e.g. public utilities), the net billed amounts of invoices over HUF 1m gross are considered material. In the case of other, unbilled items (i.e. where the payment is based on a documents other than an invoice such as a resolution, payment notice etc.) each item is considered material.
- With respect to provisions to be made, expected liabilities over HUF 3m related to legal cases are considered material.
- Each deferred income item is considered material and are recognised against other revenues, financial income or extraordinary revenues depending on the related compensated cost or expense.
- Extraordinary revenues and expenditures are always considered material and are presented in the notes by title.

- 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.

1.3 Changes in the accounting policies in 2010

The amendment of the accounting law and related laws, which took effect in 2010, only required minor adjustments and additions to MÁV Zrt's existing accounting policies:

- in line with decree 1606/2002/EC or the European Parliament and the European Council and further to decree 26/2008/EC on accepting certain international accounting standards, the notion of 'related party' has changed.
- The amount of unbilled retrospective discount received (due) in a business year in indirect relation to a specific contract-based product, material, good or service should be presented among other revenues.
- The amount of unbilled retrospective discount given (payable) in a business year in indirect relation to a specific contract-based product, material, good or service should be presented among other expenditures.
- Every tax-like payroll charge identified based on payments to personnel or on the number of employees should be recognised as payroll contributions.
- In the case of transformation, a final transformation balance sheet and the related final transformation asset list for both the transforming and the new, post-transformation entity should be prepared within 90 days following the transformation and submitted to the companies court.

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

- MÁV Zrt's accounting function has changed effective as of 1 March 2010 but still three separate general ledgers are kept per activity: railtrack operations, regional passenger transport, central management and services.
- The Company's accounting function includes three divisions: Accounting, Reporting and Taxation, and Operations Support.

Accounting allocated routine and standardised accounting tasks to specific subdivisions:

- booking incoming invoices,
- issuing and booking outgoing invoices,
- booking cash movements,
- booking tangible assets, and
- booking property rights (including related billings).

The Company's financial statements and tax returns, including the financial statements of the separated operations (railtrack, regional transport and central management and services) are prepared by the same function, Reporting and Taxation.

Accounting operations support is in charge of supervising the accounting systems, user support as well as developing and supporting the accounting processes and the structure of the accounting function.

- As of 1 January 2010 the aggregate of errors identified by a tax audit or self-correction related to a financial year is not always considered material. Items relating to previous years are treated as the same items in the reporting year but are separated in view of the period to which they relate. Items that affect previous years and qualify material are posted to retained earnings upon each month-end closing.
- As of 2010, tangible assets are commissioned and then capitalised based on a so called eTEV document (electronic tangible asset change document). Based on this eTEV documents, tangible assets are recognised, commissioned and the related projects are identified in the eTEV module of the GIR system.

1.4 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. 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.
- Based on the **rating of a debtor**, every amount receivable at the balance sheet date and still outstanding on the balance sheet preparation date is **impaired** to the extent of the difference between the book value of the receivable and the expected recoverable amount if such a difference is permanent and is assessed to be material.

Impairment loss is recognised **based on the following principles**:

Recognition of impairment loss on debtors as at the balance sheet date:

a) receivables from related parties:

- 100% impairment loss is recognised if the debtor is under liquidation or solvency proceedings,
- in all other cases, debtors are rated individually and impaired accordingly.

b) other debtors:

- 100% impairment loss is recognised on debtors under liquidation or in administration,
- 100% impairment loss is recognised on material debtors 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 the above category 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.

c) in the case of other debtors:

- impairment loss is assessed on an individual basis upon preparation of the balance sheet.

Receivables and debtors are **always rated** on an individual basis and any related impairment loss is presented in the debtor subledger by debtor.

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.

If, based on the debtor rating, the expected recoverable amount significantly exceeds the book value, any previously recognised impairment loss should be reduced accordingly up to the original receivable amount recorded upon initial recognition.

Amounts receivable in foreign currencies:

- are revalued in the confirmed amount at the central bank's FX rate prevailing at the balance sheet date.
- if impaired, impairment loss is recognised before the year-end revaluation at its carrying value translated at the FX rate prevailing on the date of impairment.
- if impairment loss is reversed, the reversed amount should be added to the receivable amount at the standard FX rate prior to any revaluation.

before the preparation of the year-end balance sheet.

Any FX gain/ loss on amounts payable in foreign currencies directly related to a capital project or property rights but not covered with foreign currency held on account and **incurred until the underlying asset is commissioned** should be included in the historic cost of the asset if attributable to the acquired individual asset.

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 2010 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. Control over only one separable activity is recognised for that activity.

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 relating to a number of various separable activities (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.

1.6 Important information regarding the company's operations

1.6.1 MÁV Zrt's liquidity position

Further to the State Budget Act for 2011, government decree 32/2011 (III.17) has allocated HUF 21 billion to grant financial compensation for the railtrack operation cost incurred by MÁV Zrt., and in addition HUF 153 billion to grant financial compensation for MÁV-START Zrt. for cost incurred in relation to providing passenger rail transport services.

This ensures that MÁV-START Zrt, the most significant customer of MÁV Zrt., will remain solvent in case it continuously receives the financial compensation. In order to receive the compensation the cash flow plans of both companies must be approved by both the Ministry of National Development and the Ministry for National Economy. A new railtrack operation contract is currently under finalisation. This new contract would provide a contractual basis to railtrack operations and would also ensure adequate financial background.

1.6.2 Government grants for assets

In 2007, projects financed by the national government and by the EU funds were transferred to Nemzeti Infrastruktúra Fejlesztő Zrt. (National Infrastructure Development company) (NIF Zrt.), hence the significant decrease in grants received for assets recorded in the books of MÁV. Also, as a result, capital projects are not recorded in MÁV's books until the resulting assets are not put in use. Government and EU funded projects relating to rail network development had not been transferred to the Company or assigned to asset management. This fact has a significant impact on the Company's equity and financial 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 value	Depreciation for 2007	Depreciation for 2008	Depreciation for 2009	Depreciation for 2010	Total depreciation	Net value
Owned by MÁV	3 429	0	12	29	148	189	3 240
State owned	135 243	41	587	1 965	6 582	9 175	126 068
Total:	138 672	41	599	1 994	6 730	9 364	129 308

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 an amount which equals the unrecorded depreciation charge.

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

1.6.3 Unsettled ownership status of properties

In order to clarify the ownership status of its property portfolio, MÁV Zrt. has launched a robust project that involves significant resources. Besides, based on the support and approval of the Minister for transportation and the Minister of Finance , MÁV Zrt. and MNV Zrt. made an agreement to review and to settle on the longer-term MÁV Zrt's property portfolio in a way that no loss of equity should occur to MÁV Zrt. as a result of the process. According to section 106 of act CLXXII of 2010 on the amendment of various transport acts, effective as of 1 January 2011, the values of properties that will be written off from or taken on MÁV Zrt's books as a result of the settlement of the status of these properties should be recognised in capital reserve in a way that MÁV Zrt. must not suffer losses of equity as a result of the settlement process. As a result of ongoing projects, the yet unsettled property portfolio is continuously shrinking. No doubt, there is still a large number of properties of which ownership status is different in the Company's books and in the Property Register. In addition to settling the status of properties that serve railway operations, the status of properties that are not necessary for railway operations also need to be sorted out. Again, the settlement of missing properties will take place in a manner that should cause no loss of equity to MÁV Zrt.

1.6.4 Scrapping state owned properties

MÁV Zrt. manages the assigned state owned properties in line with the property management agreement signed with MNV Zrt. As part of this task, MÁV Zrt. makes recommendations as to the valuation of certain state owned properties which may become scrapped as a result. Scrapped properties are written off from the managed property portfolio and this reduces the liability to the state on the balance sheet. Although the value of the portfolio of properties to be scrapped is material (HUF 0.5b), changes in the managed properties do not affect MÁV Zrt's profit or loss owing to the nature of its property manager role. If any state owned assets need to be scrapped or disassembled in order to create a new state owned assets or to capitalize cost associated with

improvements on existing treasury assets, the Company straps the assets as part of the related capital projects.

1.6.5 Provision for compensation related to accidents and for damages

MÁV Zrt. has had indemnity insurance as an employer since 1 September 2006 and was insured against damage caused to passengers from 8 May 2006 until 30 June 2007, when the passenger transport activity was outsourced. In the pre-insurance period, MÁV Zrt. was liable for any accident suffered by its employees or passengers if such accident was attributable to the Company – such damages are typically paid by MÁV Zrt. as annuities.

As, owing to the nature of these payments, the exact amounts payable are not reliably quantifiable but will certainly incur to an extent, a provision of HUF 1.9 billion was accounted for such future payments. The underlying calculation was prepared based on information available at present and on our best estimate. Yet, this calculation carries a large degree of uncertainty and, therefore, the liabilities that may actually incur in the future may significantly depart from the calculated value of the provision (i.e. may be significantly lower or may exceed twice the calculated amount).

1.6.6 Changes in the depreciation rates of the motor coaches

The depreciation rate of MÁV Zrt's new motor coaches was set to 5% in the year of acquisition. After the warranty period, the technical and operational specifications of these assets that affect their useful lives were reviewed in 2010 including the related depreciation rates. In accordance with the revised operational parameters of the motor coaches after the warranty period, their useful lives were determined in line with the useful life guaranteed by the manufacturers. As a result, the depreciation rate of a total of 70 modern motor coaches were set to 3.3% effective as of 2010. As a result of this change, the annual depreciation charge decreased by HUF 1.4 billion.

1.7 Notes to the balance sheet

The assets, equity and liabilities have been presented in the balance sheet based on year-end asset an 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 2010 as set out in the accounting policies.

1.7.1 Fixed assets

Fixed assets decreased by 3.1% (HUF 23,457m) on the previous year as a result of a HUF 22,334m decrease in the net value of tangible assets, and a HUF 1,200m increase in the book value of intangibles and a HUF 77m increase in long-term financial assets.

With respect to tangible assets, the decrease is due to a HUF 6,255m decrease in the net value of technical equipment, machinery and vehicles combined and a HUF 9,630m decrease in properties and related rights.

The decrease in the book value of capital projects and advances for capital projects reduced the value of tangible assets in the balance sheet by HUF 6,449m.

Among long-term financial assets, other long-term investments in related parties fell by HUF 252m, other long-term investments dropped by HUF 319m and other long-term loans granted increased by HUF 10m. The details are explained in section 'MÁV Zrt's investments'.

I.7.1.1 Movements in intangible assets

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

The net value of intangible assets decreased by HUF 1,200m on the previous year. Against an amortisation charge of HUF 1,623m, the overall effect of capitalised assets and projects in progress was a HUF 561m increase. The impact of disposals and scrappings on the net value is a total decrease of HUF 139m.

figures in MHUF

ITEM	Capitalised found./r.estruct.	Cap. R&D	Concessions and similar rights	Intellectual property	Good will	Advances for intangibles	Adjustment of intangibles	Total
1. Cost, opening		67	3 622	14 553	0	0	0	18 242
2. Acquisition, renewal (capitalised)		0	153	373	0	0	0	526
3. Changes in AICC		22	300	-287	0	0	0	35
4. Count surplus		0	0	0	0	0	0	0
5. Contributed free of charge		0	0	0	0	0	0	0
6. Contribution in kind		0	0	0	0	0	0	0
7. Disposal		0	0	-319	0	0	0	-319
8. Scrapping, obsolescence		-4	-17	-30	0	0	0	-51
9. Missing		0	0	-3	0	0	0	-3
10. Destroyed		0	0	0	0	0	0	0
11. Reclassified (break-down, aggregated)		0	0	0	0	0	0	0
12. Cost, closing	0	85	4 058	14 287	0	0	0	18 430
13. Amortisation, opening	0	12	2 522	12 522	0	0	0	15 056
14. Ordinary amortisation in current year		0	650	920	0	0	0	1 570
15. Ordinary amortisation in prior year		0	1	52	0	0	0	53
16. Extraordinary amortisation in current year		0	0	0	0	0	0	0
17. Extraordinary amortisation reversed		0	0	0	0	0	0	0
18. Received free of charge		0	0	0	0	0	0	0
19. Count surplus		0	0	0	0	0	0	0
20. Contributed free of charge		0	0	0	0	0	0	0
21. Contribution in kind		0	0	0	0	0	0	0
22. Disposal		0	0	-181	0	0	0	-181
23. Scrapping		-4	-17	-30	0	0	0	-51
24. Missing		0	0	-3	0	0	0	-3
25. Destroyed		0	0	0	0	0	0	0
26. Reclassified (break-down, aggregated)		0	0	0	0	0	0	0
27. Amortisation, closing	0	8	3 156	13 280	0	0	0	16 444
28. Opening, net	0	55	1 100	2 031	0	0	0	3 186
29. Closing, net	0	77	902	1 007	0	0	0	1 986

Schedule 2: Movements in intangible assets in 2010

I.7.1.2 Movements in tangible assets

The main factors that affected the net value of tangible assets in 2010 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	617 321	278 800	4 768	0	16 535	5 646	0	923 070
2. Acquisition, renewal (capitalised)	11 460	9 193	0	0	-1 881	-4 661	0	14 111
3. Changes in AICC	0	0	0	0	99	0	0	99
4. Count surplus	42	8	0	0	0	0	0	50
5. Contributed free of charge	0	0	0	0	-81	0	0	-81
6. Contribution in kind	0	0	0	0	0	0	0	0
7. Disposal	-363	-141	0	0	0	0	0	-504
8. Scrapping, obsolescence	-2 780	-2 434	-164	0	-10	0	0	-5 388
9. Missing	-17	-38	-1	0	0	0	0	-56
10. Destroyed	0	0	0	0	0	0	0	0
11. Reclassified (break-down, aggregated)	-1	1	0	0	0	0	0	0
12. Cost, closing	625 662	285 389	4 603	0	14 662	985	0	931 301
13. Depreciation, opening	182 367	104 841	4 631	0	642	0	0	292 481
14. Ordinary depreciation in current year	19 124	14 773	44	0	0	0	0	33 941
15. Ordinary depreciation in prior year	-53	160	0	0	0	0	0	107
16. Extraordinary depreciation in current year	191	100	0	0	0	0	0	291
17. Extraordinary depreciation reversed	0	0	0	0	-75	0	0	-75
18. Received free of charge	0	0	0	0	0	0	0	0
19. Count surplus	0	0	0	0	0	0	0	0
20. Contributed free of charge	0	0	0	0	0	0	0	0
21. Contribution in kind	0	0	0	0	0	0	0	0
22. Disposal	-90	-127	0	0	0	0	0	-217
23. Scrapping	-1 196	-2 080	-164	0	-10	0	0	-3 450
24. Missing	-5	-26	-1	0	0	0	0	-32
25. Destroyed	0	0	0	0	0	0	0	0
26. Reclassified (break-down, aggregated)	0	0	0	0	0	0	0	0
27. Depreciation, closing	200 338	117 641	4 510	0	557	0	0	323 046
28. Opening, net	434 954	173 959	137	0	15 893	5 646	0	630 589
29. Closing, net	425 324	167 748	93	0	14 105	985	0	608 255

Schedule 3: Movements in tangible assets in 2010

The net value of tangible assets including capital expenditures and advances for capital projects decreased by HUF 22,334m on the previous year. Ordinary and extraordinary depreciation totalled HUF 34,339m and extraordinary depreciation in an amount of HUF 75m was reversed. The aggregate amount of change in the gross value of tangible assets, capital expenditures and advances for capital projects (capitalisations, count surplus) in 2010 was HUF 14,260m.

The effect of assets granted free of charge, disposals, scrappings and shortages on the net value resulted in a HUF 2,249m decrease due mostly to scrapped properties (HUF 1,584m) and scrapped machinery and equipment (HUF 354m).

We note that MÁV Zrt's asset reflect a distorted picture due to assets implemented by NIF Zrt. but not given over to MÁV by MNV Zrt.

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	467 367	93 014	0	13 320	573 701
2. Acquisition, renewal (capitalised)	11 136	2 673	0	-754	13 055
3. Changes in AICC	0	0	0	99	99
4. Count surplus	0	0	0	0	0
5. Contributed free of charge	0	0	0	-81	-81
6. Contribution in kind	0	0	0	0	0
7. Disposal	-1	0	0	0	-1
8. Scrapping, obsolescence	-2 506	-492	0	0	-2 998
9. Missing	0	0	0	0	0
10. Destroyed	0	0	0	0	0
11. Reclassified (break-down, aggregate)	-7	1	0	0	-6
12. Cost, closing	475 989	95 196	0	12 584	583 769
13. Depreciation, opening	158 342	44 936	0	0	203 278
14. Ordinary depreciation in current year	17 090	5 476	0	0	22 566
15. Ordinary depreciation in prior year	-53	10	0	0	-43
16. Extraordinary depreciation in current year	0	0	0	0	0
17. Extraordinary depreciation reversed	0	0	0	0	0
18. Received free of charge	0	0	0	0	0
19. Count surplus	0	0	0	0	0
20. Contributed free of charge	0	0	0	0	0
21. Contribution in kind	0	0	0	0	0
22. Disposal	-1	0	0	0	-1
23. Scrapping	-1 083	-300	0	0	-1 383
24. Missing	0	0	0	0	0
25. Destroyed	0	0	0	0	0
26. Reclassified (break-down, aggregate)	0	0	0	0	0
27. Depreciation, closing	174 295	50 122	0	0	224 417
28. Opening, net	309 025	48 078	0	13 320	370 423
29. Closing, net	301 694	45 074	0	12 584	359 352

Schedule 4: Treasury assets

The above schedule shows the value of treasury assets within the movements in tangible assets (Schedule 4). The schedules below present treasury assets and assets that serve the operations of treasury assets.

figures in MHUF

Treasury assets		Gross	Net
<i>Lands</i>		15 716	15 716
12201	Administrative buildings – listed	275	251
12411	Traffic buildings – listed	6713	5969
12415	Scale house	74	60
<i>Buildings, total</i>		7 062	6 280
2112	Roads and squares	419	414
21211	National railway network main structure	221 801	142 089
21212	National railway network sub-structure, ancillary structures, track blocks	72 121	43 432
212127	Loading stations in the national railway network	693	474
212129	Other ancillary buildings of the national railway network	25 267	17 407
212131	Middle (1-35 kv) and high voltage wiring of the national railway network	1 663	615
212132	Low voltage (below 1 kv) wiring of the national railway network	8 213	2 743
2121331100	Communication air cables and poles of the national railway network	144	38
212133	Telecom cables of the national railway network	25 784	11 920
2121332	Other data cables of the national railway network	580	341
212134	Electric air wires of the national railway network	32 637	18 778
212135	Traction transformer station	5 593	4 447
212136	High and low voltage and air wires of the Ministry of Defence	6	5
2122	Main and substructure of industrial tracks of the Ministry of Defence	541	409
21412	Bridges	46 026	28 372
2142	Culverts, subways, tunnels	11 544	8 078
242003	Air raid shelter	78	37
2223	Sewage and precipitation structures	58	57
242003	Other structures	43	42
<i>Structures, total</i>		453 211	279 698
42	Loaders	21	0
442	Transformers and electric switchboards	2 269	1 440
443	Accumulators over 100 A/h	233	172
444	Telecommunication equipment	26 277	7 228
447	Meters	171	59
448566	IT equipment	3 806	1 033
4486	Rail traffic safety equipment	62 419	35 142
<i>Machinery, equipment, vehicles</i>		95 196	45 074
<i>Assets in the course of construction</i>		12 584	12 584
<i>Total</i>		583 769	359 352

Schedule 5: Assets belonging to state ownership (treasury assets)

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.)	1 412	1 228
1211, 1212 (1230)	Commercial and service buildings	68	56
1220	Administrative buildings	2 007	1 736
12411	Station receiving buildings	24 031	21 153
124121	Telecom equipment buildings	2 258	1 962
124122	Controls and track brake buildings at junction stations	316	281
124123	Tramway traction substation buildings	320	282
124124	Track maintenance buildings	1 324	1 149
124125	Telegraph and telephone main buildings	215	188
124126,-27,-29	Traction and traffic operations buildings	2 595	2 294
12413	Motor coach and wagon barns	537	473
1242	Garages	155	132
12511, 12512	Operating buildings and workshops	1553	1257
12513	Engine room, boiler rooms	717	526
12515	Pump stations	219	156
12516	Fuel metering and filling station building	16	8
12517	Electric exchange transformation equipment building	1 198	1062
12521	Commercial warehouse	46	37
125213	Warehouses (at stations, railway terminals)	664	540
125214	Other warehouse	34	28
12526	Material barns	184	139
12527	Containers	59	37
1261-1263	Cultural and education buildings	912	741
1264, -65	Social and hostel-like buildings	244	210
1271	Farming buildings	12	9
1274	Other buildings	2 407	2 065
<i>Buildings, total</i>		43 503	37 749
2112	Roads, squares	5 698	4 055
21221	Industrial tracks (main network)	9 774	5 448
212221, -25	Industrial tracks (sub-network)	1 474	747
212226	Breast wall, footwall	52	29
212227	Railway loaders	5 379	3 601
212229	Railway crossing approach	651	483
21223	Industrial tracks – wires and cables	230	151
214124	Industrial tracks – bridges	850	485
214203	Industrial tracks – arches and culverts	89	48
2221	Tunnels, shafts and underground chambers	828	631
2222	Oil, gas and other pipelines	2 963	1 989
2223	Water supply structures	4 074	2 825
2304,2412, 2420	Other structures	2 404	1 833
2920	Property rights	1590	489
<i>Structures, total</i>		36 056	22 814
4 ...	Other machinery, equipment	10 012	2 655
4485,8...	IT equipment	5 060	1165
<i>Machinery, equipment</i>		15 072	3 820
6411,-12	Railway vehicles	5 045	3 013
6413,-15	Road vehicles	135	5
<i>Vehicles</i>		5 180	3 018
78-,79,797,8KF	<i>Intangibles</i>	2222	1036
<i>Capital work in progress</i>		222	222
<i>Grand total</i>		102 255	68 659

Schedule 6: Own assets necessary for the operations of treasury assets

I.7.1.4 Capital expenditures

MÁV Zrt's capital expenditures are presented as follows:

figures in MHUF

Item	AICC	
	2009	2010
Opening	25 019	15 893
Reporting year expenditure	58 037	18 772
Capitalised	-68 010	-20 653
Extra deprec.	0	0
Reverse extra depr.	905	75
Disposal	-43	0
Scrapped	-2	0
Received free of charge	0	99
Given free of charge	-13	-81
Closing	15 893	14 105

Schedule 7: Capital expenditures

I.7.1.5 Depreciation in 2010

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

figures in MHUF

Depreciation					
Item	Cost	Ordinary	Extra	Accounting law, total	Tax law, total
Land	40 747		0	0	
Properties (less land)	584 915	19 124	191	19 315	22 191
Machinery, equipment	285 389	14 773	100	14 873	26 105
Other machinery, equipment	4 603	44	0	44	10
AICC	14 662		0	0	
Tangibles, total:	930 316	33 941	291	34 232	48 306
Intangibles	18 431	1 570		1 570	1476
Grand total:	948 747	35 511	291	35 802	49 782

Schedule 8: Amortisation/Depreciation of intangibles and tangibles in 2010

Impairment loss fell by HUF 846m on the previous year, of which HUF 746m was due to a decrease in the ordinary depreciation of tangible assets, while the ordinary amortisation of intangibles decreased by HUF 100m on 2009.

An extraordinary depreciation of HUF 291m has been recognised for obsolete properties and technical equipment to be disassembled.

I.7.1.6 Assets contributed/received free of charge

figures in MHUF

Item	Given	Received	P&L impact
Intangibles	0	0	0
Tangibles	0	0	0
AICC	81	99	18
Total:	81	99	18

Schedule 9: Assets contributed/received free of charge

P+R parking lot projects in progress were given over to the municipalities of Süllysáp, Szentmártonkáta, Tápiószecső, Üllő, Gyömrő, Vecsés, Cegléd, Kismaros, Nagykáta, Pilis and Verőce in a total of HUF 81m.

In relation to P+R parking lot projects, projects in progress were taken over from Parking Kft., from the municipality of Cegléd and from BKSZ in a total of HUF 72m. A passage way refurbishment project in progress was taken over in a value of HUF13m and a project in progress worth HUF 14m was taken over from the municipality of Göd.

Treasury assets received free of charge are presented in Schedule 12.

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 370,423m at 31 December 2009 and dropped to HUF 359,352m by 31 December 2010 as a result of movements during the year.

The net value of treasury assets decreased by HUF 11,071m during 2010 owing to a significant fall in capital expenditures. Capital expenditures were financed from government grants (HUF 936m) and from own funds of HUF 11,654m. The net value of treasury assets was also reduced by other changes totalling HUF 1,722m, the major reason being scrapping 748 treasury assets in a total of HUF 1,615m.

In the absence of permission from the owner, treasury assets that did not relate to capital projects could not be scrapped between 2004 and 2010.

The HUF 936m presented in Schedule 10 above (Treasury assets and their funds in the balance sheet) shows an increase in treasury assets funded from subsidies, while Schedule 13 (Subsidies used for capital projects) shows the amounts received from the National Treasury in 2010 (HUF 360m). The subsidy of HUF 360m is not fully attributable to asset additions, but also includes payments related to 2009 but made in 2010 as well as advance payments made in 2010 for future treasury projects.

Item	figures in MHUF		
	2 009	2 010	Change
Land, total	15 565	15 716	151
Buildings, total	6 227	6 280	53
Structures, total	287 233	279 698	-7 535
Machinery and equipment, total	48 078	45 074	-3 004
AICC	13 320	12 584	-736
Treasury assets, total:	370 423	359 352	-11 071
<i>Long-term liabilities, opening at 30 Sept 2001, upon signing the asset management contract</i>	<i>275 578</i>	<i>275 578</i>	<i>0</i>
Acquisition from treasury funds	138 483	139 384	901
Settlement of funds related to previous years	-35	466	501
Acquisition from own funds	104 337	115 991	11 654
Treasury assets received free of charge	6 951	7 050	99
Surplus	536	536	0
MÁV Rt-től átvett eszközök nettó értéke	0	19	19
Total increase:	250 272	263 446	13 174
Depreciation	141 136	163 659	22 523
Disposal	57	57	0
Scrapping	10 366	11 981	1 615
Shortage	508	508	0
Treasury assets transferred free of charge	1 575	1 656	81
MAV Zrt-nek átadott kincstári eszközök nettó értéke	1 785	1 810	25
Total decrease:	155 427	179 672	24 245
Funds of treasury assets, total:	370 423	359 352	-11 071

Schedule 10: Treasury assets and their funds in the balance sheet

Movements in treasury assets in 2010:

Movements in Treasury assets in 2010	figures in MHUF		
	2009	2010	Change
Treasury assets, net (opening)	379 658	370 423	-9 235
Treasury assets acquired from government grants	360	936	576
Settlement of funds relating to previous years	-35	466	501
Treasury assets acquired from own funds	14 698	11 654	-3 044
Treasury assets received free of charge	43	99	56
Transferred to Treasury from MÁV Zrt's own assets	0	19	19
Surplus	124	0	-124
Total increase in the reporting year	15 190	13 174	-2 016
Treasury assets transferred free of charge	0	-81	-81
Annual depreciation	-22 269	-22 566	-297
Depreciation of treasury assets over the years	-63	43	106
Disposal	0	0	0
Scrapped, destroyed	-2 089	-1 615	474
Shortage	0	0	0
Transferred by the Treasury to MÁV Zrt.	-4	-25	-21
Impact of self-correction	0	0	0
Total decrease in the reporting year	-24 425	-24 245	180
Treasury assets, net (closing)	370 423	359 352	-11 071

Schedule 11: Movements in treasury assets in 2010

Uncertainties as to the ownership of treasury assets and our own assets remain an outstanding issue as set out in detail under I.6.3.

		figures in MHUF		
Asset	Transferred	AICC	Tangible assets	Total
Road crossing renewals in South Hungary	Linde Gáz Rt	5	0	5
Road crossing renewals in South Hungary	Municipality of Répcelak	8	0	8
P+R parking lots	Subsidy in progress (BKSZ Bp.)	54	0	54
P+R and B+R parking developments (Parking)	Subsidy in progress (Parking Kft.)	13	0	13
P+R and B+R parking lots	Subsidy in progress (Municipality of Cegléd)	5	0	5
Északi Duna bridge refurbishment	Municipality of Göd (2011)	14	0	14
<i>Received from third parties:</i>		99	0	99
Land	MNV Zrt	0	19	19
<i>Received from MÁV Zrt:</i>		0	19	19
Land	MÁV Zrt.	0	-25	-25
<i>Transferred to MÁV Zrt.:</i>		0	-25	-25
P+R parking lots (M:09009-02)	Municipality of Süllyás	-14	0	-14
P+R parking lots (M:09009-02)	Municipality of Szentmártonkát	-9	0	-9
P+R parking lots (M:09009-02)	Municipality of Tápiószecső	-2	0	-2
P+R parking lots (M:09009-02)	Municipality of Úllő	-2	0	-2
P+R parking lots (M:09009-02)	Municipality of Gyömrő	-12	0	-12
P+R parking lots (M:09009-02)	Municipality of Vecsés	-9	0	-9
P+R parking lots (M:09009-02)	Municipality of Cegléd	-7	0	-7
P+R parking lots (M:09009-02)	Municipality of Kismaros	-1	0	-1
P+R parking lots (M:09009-02)	Municipality of Nagykáta	-6	0	-6
P+R parking lots (M:09009-02)	Municipality of Pilis	-2	0	-2
P+R parking lots (M:09009-02)	Municipality of Verőce	-17	0	-17
<i>Transferred to third parties</i>		-81	0	-81
Grand total		18	-6	12

Schedule 12: Treasury assets received/granted free of charge

Subsidies for development purposes are presented in the following schedule:

				figures in MHUF
Government subsidies for projects	2009	2010	Change	
Railway network development	63	93	30	
Free flow traffic	199	182	-17	
ISPA finances from central budget	0	0	0	
Cohesion fund - government subsidy	0	0	0	
TEN-T government subsidy	70	0	-70	
Szajol - Záhony line planning works (TEN-T subsidised tasks) subsidised from the central budget	0	85	85	
KIOP government subsidy	0	0	0	
GSM-R government subsidy	0	0	0	
Subsidy to prepare for projects funded from the Cohesion Fund	0	0	0	
Costs not recognised by the Cohesion Fund	0	0	0	
Subsidy - complex logistic development project at Záhony	34	0	-34	
Schengen frontier building (KVJ net)	0	0	0	
Reconst. of frontier building at Eperjeske (VAT)	0	0	0	
Costs not recognised by ISPA	0	0	0	
VAT on TEN-T subsidy	0	0	0	
Costs not recognised by TEN-T	0	0	0	
Subsidies total:	366	360	-6	
Complex logistic development project at Záhony (paid by EU)	190	0	-190	
ISPA segély	0	0	0	
Cohesion fund subsidy	0	0	0	
TEN-T fund	0	0	0	
KIOP subsidy for treasury assets from ERFA	0	0	0	
Cohesion fund	0	0	0	
Schengen frontier building (paid by EU)	0	0	0	
Total: (subsidy+EU funds)	556	360	-196	
Of which: - used for treasury assets	357	110	-247	
- used for MÁV assets	199	250	51	

Schedule 13: Subsidies used for capital projects

I.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	y 2009	Increase	Decrease	y 2010	Index (%)
Fully consolidated subsidiaries	115 894	858	1 088	115 664	99,80
Consolidated associates	509	7	7	509	100,00
Associates	993	0	22	971	97,78
Other investments	1 618	321	1	1 938	119,78
Total:	119 014	1 186	1 118	119 082	100,06

Schedule 14: 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 2010 (each under controlling influence). There has been no change in the scope of fully consolidated entities compared to 2009.

The book value of fully consolidated subsidiaries decreased by HUF 230m due to an impairment loss of HUF 58m recognised on MÁV Vagyonkezelő Zrt. along with a related capital reduction of HUF 288m. The HUF 600m capital increase in MÁVGÉP Kft. was written off as impairment loss during the year.

In 2010, our quota and the 100% impairment loss of MÁV-SÍN Kft. under liquidation was written off from our books as the liquidation process ended.

Compared to previous year's consolidated financial statements, there was no change in the scope of equity consolidated subsidiaries in 2010. The book value of equity consolidated subsidiaries remained unchanged as the HUF 7m capital increase in Kelenföldi Pályaudvar Kft. was impaired during 2010.

The carrying value of associated was reduced by the HUF 22m impairment loss on MÁV Vasjármű Kft.

The book value of other investments included in the consolidation increased by HUF 320m as a result of a HUF 321m foreign exchange gain on Eurofima and HIT Rail and a HUF 1m impairment loss on the Bugac light railway.

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	5 970	629	258	0	6 341
Long-term loans to associates	453	0	453	0	0
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	1 166	453	345	0	1 274
Long-term debt securities	0	0	0	0	0
Total:	7 590	1 082	1 056	0	7 616

Schedule 15: Impairment loss of long-term financial assets

The HUF 453m impairment loss on Debreceni Jármű Javító presented among long-term loans granted was posted to other long-term loans in 2010.

A total impairment loss of HUF 345m was recognised on other long-term loans.

I.7.2 Current assets

I.7.2.1 Impairment of inventories

A total impairment loss of HUF 122m was recognised by MÁV Zrt. on inventories in 2010. This amount reflects the HUF 120m impairment loss on technically obsolete railtrack materials and HUF 2m related to general materials such as discounted prints and spare parts.

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:

- An overdraft of HUF 3,489m was posted from bank deposits to current liabilities.
- HUF 44,388m long-term loans repayable in 2011 to current liabilities; HUF 161m long-term debt to related parties payable in 2010 to current liabilities to related parties; HUF 134m of long-term loans granted and due in 2011 to other receivables; HUF 370m repayable in 2011 from other long-term liabilities to other current liabilities.
- Other current liabilities include HUF 360m reclaimable VAT and other taxes totalling HUF 8m were reclassified to other receivables.

- Other current liabilities deducted from employees (HUF 2m) were reclassified 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	Not due	due over 1-90 days	Receivables due over 91-180 days	due over 181-365 days	due over 365 days	Total	Opening	Impairment w/o	Impairment loss for 2009 (862,2; 862,4)	Bad debts received (962,3; 962,5)	Rewritten (962,2; 962,4)	Closing	BV of receivables	BV of receivables in 2009	Change in the BV of receivables
Debtors	1 072	443	340	417	5 614	7 886	6 225	210	556	453	0	6 118	1 768	3 956	-2 188
Related parties	10 943	9 928	1 218	557	942	23 588	792	21	10	187	0	595	22 994	22 796	198
Of which: fully consolidated entities	10 734	9 784	1 198	541	638	22 895	463	8	0	151	0	304	22 591	22 375	216
equity consolidated entities	123	61	20	8	116	328	153	0	10	35	0	128	200	253	-53
associates	44	80	0	7	27	158	8	7	0	0	0	1	157	138	19
Other receivables	1 839	21	11	14	114	1 999	148	50	51	7	0	141	1 857	14 193	-12 336
Total:	13 854	10 392	1 569	988	6 670	33 473	7 165	281	617	647	0	6 854	26 619	40 945	-14 326

Schedule 16: Receivables and impairment loss

Debtor of HUF 3,956m in 2009 dropped to HUF 1,768m in 2010 due partly to an agreement between MÁV Zrt. and Rail Cargo Hungaria Zrt. signed in January 2011, as a result of which HUF 763m was credited to Rail Cargo. In addition, our debtors' willingness to pay has significantly improved as a result of our collection system and regularly posted payment demands.

There was no significant change in receivables from related parties in 2010.

Other receivables dropped to HUF 1,857m from the HUF 14,193m in 2009. Last year, this line contained reclaimable VAT of HUF 12,292m in relation to VAT apportioning related to the years 2004 and 2005.

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	5 635 532,30	278,75	1 571	45
CHF	60 938,91	222,68	13	2
Total:			1 584	47

Schedule 17: Receivables in FX

I.7.2.3 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	1	0	0	1
Long-term loan to related parties	0	0	0	0	0
Advances for inventories	0	0	0	0	0
Receivables from related parties	0	22 591	200	157	22 948
Total:	0	22 592	200	157	22 949

Schedule 18: Related party receivables

I.7.3 Prepaid expenses and accrued income

Prepaid expenses and accrued income dropped 5.45% (HUF 1,526m) on the previous year.

Movements in prepaid expenses and deferred income:

figures in MHUF

GL account No.	GL account	over 1 year	end of 2009 within 1 year	Total	over 1 year	end of 2010 within 1 year	Total
392	Unsettled transactions with debtor balance	85	0	85	0	0	0
393	Accrued unsettled transactions	0	0	0	0	84	84
397,1	Accrued income from completed and invoiced services	0	780	780	0	294	294
397,2	Accrued interest income (less later payment interest)	0	36	36	34	68	102
397,3	Accrued late payment interest and penalties	0	1 479	1 479	0	196	196
397,6	Accrued unbilled income	0	0	0	0	1	1
397,9	Accrued other income	0	308	308	0	144	144
Total	Accrued income	85	2 603	2 688	34	787	821
391,2	Other prepaid costs	0	361	361	0	215	215
391,31	Prepaid debt service (Viacom)	19 401	0	19 401	17 895	0	17 895
391,32	Prepaid mast use cost (Viacom)	31	0	31	28	0	28
391,4	Prepaid redundancy costs	0	203	203	0	110	110
391,5	Prepaid cost and expense from cash and bank	0	0	0	0	9	9
Total	Prepaid expenses	19 432	564	19 996	17 923	334	18 257
394,311	Deferred unrealised FX loss on EUR 30.7m loan	378	0	378	345	0	345
394,321	Deferred unrealised FX loss on an EUR 45352822.58 loan	553	0	553	654	0	654
394,331	Deferred unrealised FX loss on EUR 144.6m development loan	2 348	0	2 348	2 946	0	2 946
394,3625	Deferred unrealised FX loss on Eurofima contract 11. (Nr. 2582)	222	0	222	278	0	278
394,3627	Deferred unrealised FX loss on Eurofima contract 13/a. (Nr. 2649)	78	0	78	106	0	106
394,3628	Deferred unrealised FX loss on Eurofima contract 13/b. (Nr. 2662)	288	0	288	397	0	397
394,3629	Deferred unrealised FX loss on Eurofima contract 13/e. (Nr. 2673)	22	0	22	30	0	30
394,3630	Deferred unrealised FX loss on Eurofima contract 13/d. (Nr. 2672)	305	0	305	424	0	424
394,381	Deferred unrealised FX loss on an EUR 60m EIB development loan	394	0	394	518	0	518
394,3911	Deferred unrealised FX loss on EUR 141.6m development loan	692	0	692	1 662	0	1 662
394,3630	Deferred unrealised FX loss on Eurofima contract 13/d. (Nr. 2672)	5 280	0	5 280	7 360	0	7 360
Total:		24 797	3 167	27 964	25 317	1 121	26 438

Schedule 19: Prepaid expenses and accrued income

Accrued income fell by HUF 1,867m on 2009 due to the fact that traction electricity, telecom bills and rental fees for 2010 were billed rather than accrued as it took more time to process the basic documents in the subledger modules in 2010 than in the previous years.

Accrued late payment penalties, late performance penalties and damages dropped by HUF 1,283m in 2010 as a significant amount of late payment penalty of HUF 1,228m of MÁV-Start Zrt. was accrued in 2009 and then was gradually recovered in 2010 as a result of continuous billings.

Prepaid expenses decreased by HUF 1,739m. Under an agreement between the Ministry for Transport and MÁV Zrt., 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 HUNGÁRIA Zrt., 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 HUNGÁRIA Zrt. As the loan agreement terminated in April 2010, all previously accrued amounts are proportionately released until the end of the concession agreement.

Deferred expenses increased by HUF 2,080m due to an increase in deferred unrealised FX losses.

I.7.4 Equity

I.7.4.1 Movements in equity

Equity movements in 2010 are set out in the schedule below:

figures in MHUF

Item	Issued capital	Capital reserve	Retained losses/earnings	Allocated reserve	Loss for the year	Equity
Opening, 2010	21 000	110 648	-15 970	7 245	-33 932	88 991
Loss for 2009 posted			-33 932		33 932	0
Release of cash allocated from vocational training fund contribution		4		-4		0
Allocated reserve related to unrealised FX losses			-1 008	1 008		0
Result of tax audit and self correction (middle column)			-824			-824
Additional capital to Kelenföldi Pályaudvar Kft.			-10			-10
Additional capital to Déli Pályaudvar Zrt.			-8			-8
Additional capital to Józsefvárosi Pályaudvar			-4	2		-2
Loss for 2010					-35 828	-35 828
Closing, 2010	21 000	110 652	-51 756	8 251	-35 828	52 319

Schedule 20: Equity movements

I.7.4.2 Equity movements and their basis

- Equity is decreased by the loss for 2010 (HUF 35,828m).
- A total loss of HUF 824m was recognised in 2010 as relating to previous years.
- Further to subsection 38(3)d. of the accounting law, an allocated reserve should be made for the difference between any deferred unrealised foreign exchange loss and the amount of provision made in accordance with subsection 41(4) of the accounting law. Accordingly, MÁV Zrt. made an allocated reserve of HUF 1,008m from retained earnings in 2010.

figures in MHUF

Item	Opening	Increase	Decrease	Closing
environmental damages	3 617	0	0	3 617
difference btwn. unrealised FX losses and the related provision	3 624	1 008	0	4 632
additional capital contribution to Józsefváros Pályaudvar Kft.	0	2	0	2
subsidy from the vocational training fund	4	0	4	0
Closing at the end of 2010	7 245	1 010	4	8 251

Schedule 21: Allocated reserves

I.7.5 Provisions

I.7.5.1 Provisions for contingent 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 2010	Made in 2010	Closing
Redundancies	3 072	2 453	1 321	1 940
Guarantee liabilities (environmental)	7 415	637	83	6 861
Guarantees for Máv Kfts	26	0	0	26
Litigations	8 058	1 597	852	7 313
Maintenance of disp. welfare building	491	0	83	574
Damages	0	0	91	91
Owing to excentric weather	0	0	795	795
Expected liabilities to subsidiaries	536	536	0	0
Disaster in the Ajka area	0	0	76	76
Working clothes and uniforms	0	0	494	494
Annuities payable	0	0	1 894	1 894
Total:	19 598	5 223	5 689	20 064
of which: existing liabilities to related parties	561	536	7	32

Schedule 22: Provisions for contingent liabilities

Based on the liabilities expected in 2010, a provision of HUF 1,940m was made for redundancy costs in 2010 and no related government subsidy is expected.

HUF 83m was made for environmental liabilities for a total of 6 restoration cases. Each is currently in the technical restoration phase.

A total provision of HUF 465m was made for 18 new legal cases and further provisions of HUF 387m were made for litigations already provided for in previous years.

Back in 2007, a claim for damages totalling HUF 40 billion was raised against MÁV Zrt. in relation to properties sold and is recorded as a contingent liability. Although MÁV Zrt. disputes

and has challenged the legal ground of the claim, a HUF 3 billion provision has been made for it on a prudent basis.

The provision for claims for damages totals HUF 91m and related to damages caused by the railtrack operations business line already submitted to MÁV Zrt. and uncovered by our effective indemnity insurance.

A provision of HUF 795m was made for damages to the railway network caused by eccentric weather conditions during the course of 2010 and a provision of HUF 76m was made for restoration work prolonged to 2011 in relation to the red sludge disaster in the Ajka-Devecser area in October 2010.

A provision of HUF 494m was made for working clothes and uniforms undistributed in 2010.

The details of provisions for annuities are set out in note I.6.4.

Provisions for future contingent liabilities made in previous years in relation to subsidiaries were released including a material amount of HUF 464m made in 2009 to remedy the equity position of MÁV-Gép Kft.

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:

Provisions for future commitments	Opening	figures in MHUF		
		Released in 2009	Made in 2009	Closing
Demolition	2 600	165	0	2 435
Maintenance	2 468	0	0	2 468
Depreciation of assets not contributed by NIF	2 634	0	6 730	9 364
Commissioned but not capitalised assets	38	38	0	0
Total:	7 740	203	6 730	14 267

Schedule 23: 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 and other assets involved in railway operations. Another significant item is the provision for assets technically completed by the balance sheet date but unclarified for accounting purposes. The amount of provision equals the calculated - uncharged – depreciation. For details see note I.6.1.

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 gains.

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

Item	Closing balance TEUR	Closing Balance MHUF	Accum. deferr. MHUF	Start date	End date	Prov. MHUF openin g	Released in 2010 MHUF	Made in 2010 MHUF	Prov. MHUF closing
431,311 MFB 30,7 M	9 050	2 523	345	2002.07.15	2013.12.31	246	0	8	254
431,321 OTP (Talent)	26 388	7 356	653	2006.04.11	2016.12.31	192	0	96	288
431,331 Calyon	119 452	33 297	2946	2006.03.22	2020.06.16	623	0	366	989
431,3625 E.fima 11*	8 057	2 246	278	2003.11.05	2018.12.17	91	0	40	131
431,3627 E.fima 13/a*	4 000	1 115	106	2005.12.19	2015.03.06	34	0	24	58
431,3628 E.fima 13/b*	15 900	4 432	397	2006.07.07	2016.04.07	103	0	80	183
431,381 EIB	18 000	5 018	518	2005.03.29	2015.09.15	179	0	106	285
431,3629 E.fima 13/c	1 200	334	30	2007.11.07	2014.01.28	8	0	7	15
431,3630 E.fima 13/d	17 400	4 850	425	2007.11.07	2016.04.07	78	0	81	159
431,391 Caylon II.	134 040	37 364	1662	2007.11.28	2021.11.28	103	0	264	367
Total:	353 487	98 535	7 360			1657	0	1 072	2 729

Note: FX loans were converted at a 278.75 HUF/EUR rate (year-end central bank rate); the above balances do not reflect the reclassification of instalments payable within one year to current liabilities.

Schedule 24: Provisions for FX losses

The accumulated FX loss is HUF 7,360m. The amount of provision for the FX loss increased by HUF 1,072m compared to 2009 as a result of released provisions for FX losses and due to further provisions 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 2010

Provisions as presented in the balance sheet for 2010:

figures in MHUF

Item	For expected liabilities	For future expenses	For unrealised FX losses	Total:
Opening provisions	19 598	7 740	1657	28 995
Released in 2010	5 223	203	0	5 426
Made in 2010	5 689	6730	1072	13 491
Closing provisions	20 064	14 267	2 729	37 060

Schedule 25: 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 359,352m (related to projects owned by MÁV Zrt. but financed from subsidies and EU funds) are connected to the HUF 404,873m balance of treasury assets at 31 December 2010.

Long-term liabilities towards the government exceed the managed treasury asset portfolio by HUF 45,521m (including HUF 46,392m refunding obligation and HUF -871m accumulated balance of settlements with the National Treasury).

Changes in treasury assets are presented as follows:

figures in MHUF

Liabilities related to treasury assets	2009	2010	Change
<i>Liabilities related to treasury assets</i>	408 142	406 001	-2 141
Opening adjustment	0	-174	-174
Increase in treasury assets	15 191	13 174	-2 017
Decrease in treasury assets	-24 425	-24 244	181
Increase in mandatory refunding liability	7 070	10 987	3 917
MÁK settlements in 2009	23	-871	-894
of which: project invoices submitted to te Treasury	-499	-1 185	-686
payments by the Treasury	562	360	-202
bills rel. to 2008 submitted to Treasury paid by MÁV	-34	-46	-12
<i>Liabilities related to treasury assets (closing)</i>	406 001	404 873	-1 128

Schedule 26: Liabilities related to treasury assets

The refunding obligation related to treasury assets increased by HUF 10,987m in 2010 due a HUF 22,523m depreciation of treasury assets and treasury assets and to the replacement of treasury assets worth HUF 11,654m in 2010.

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

figures in MHUF

Refunds	2009	2010	Change
Opening liability	28 486	35 556	7 070
Opening adjustment	0	-151	-151
Depreciation of treasury assets in 2010	22 269	22 566	297
Depreciation of treasury assets in previous years	63	-43	-106
Disposal of treasury assets	1	0	-1
Re-used materials from scrapped treasury assets	339	65	-274
Mandatory refund paid	-952	0	952
Amounts received from third parties for treasury projects	48	72	24
Treasury project funded from own funds at 31 Dec 2010	-14 698	-11 654	3 044
Assets contributed to the Treasury at 31 Dec 2010	0	-19	-19
Closing liability	35 556	46 392	10 836

Schedule 27: 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 591,972m at the end of 2010, which is a HUF 23,788m (3.87%) decrease on the previous year. Long-term liabilities account for 74.2% of total equity and liabilities and 87.98% of liabilities.

Net of treasury liabilities, the year-end balance of long-term liabilities is HUF 187,099m, which is a HUF 22,660m (10.8%) decrease on 2009. There have been no significant changes in long-term liabilities on.

I.7.6.3.1 Long-term loans

MÁV Zrt's long-term loans and borrowings at the end of 2010 were as follows:

Long-term loans in 2010

Loan	Loan agreement dated at	Matures on	Government guarantee	Currency	Amount per loan agreement (millions, original currency)	Available facility (31 Dec 2010)	
						FX m	HUF m
Project loans							
EIB-ISPA	2001.09.03	2015.09.15	1082/2001	EUR	18,00	18	5 018
EUROFIMA 11	2003.12.31	2018.12.17	1036/2003	EUR	8,06	8,057	2 246
EUROFIMA 13 a	2005.12.31	2015.03.06	1113/2005	EUR	4,00	4	1 115
EUROFIMA 13 b	2006.10.03	2016.04.07	1113/2005	EUR	15,90	15,9	4 432
EUROFIMA 13 c	2007.10.18	2014.01.28	1113/2005	EUR	1,20	1,2	335
EUROFIMA 13 d	2007.11.30	2016.04.07	1113/2005	EUR	17,40	17,4	4 850
Konzorcium 8,133 Mrd Ft	2006.04.21	2013.04.21	1113/2005	HUF	8 133,00		8 133
Raiffeisen 9,209 Mrd Ft	2006.04.26	2016.04.21	1113/2005	HUF	9 209,00		9 209
MFB (13 pc Desiro motor coa	2002.01.28	2013.12.30	-	EUR	30,70	9,05	2 523
OTP (10 pc Talent motor coa	2006.03.23	2016.12.31	-	EUR	45,35	26,39	7 356
Credit Agricole-CIB (30 pc Fli	2006.03.22	2020.06.16	-	EUR	144,60	119,45	33 297
Raiffeisen (+30 pc Flirt motor	2007.09.25	2021.11.28	-	EUR	141,60	134,04	37 364
Total:							115 877
Operational loans:							
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		54 000
Total:							102 500
Entrepreneurial loans							
IP network - MÁVI	2007.10.10	2012.05.20	-	HUF	646		242
szegedi köfi - PROLAN	2007.08.10	2019.06.27	-	HUF	1 870		1 870
dél-bal. köfi - PROLAN*	2010.05.20	2016.07.31	-	HUF	2 260		0
electricity supply - PQ	2009.07.08	2015.12.13	-	HUF	1 267		1 267
Total:							3 379
Bonds	2010.12.22**	2015.12.21	1261/2010	HUF	10 000		10 000
Gran total:							231 756

Note: FX loans were translated at a 278.75 HUF/EUR rate (MNB rate at the balance sheet date). Reclassified to short-term loans: HUF 14,689m from development loans and HUF 29,700m from operating loans. Reclassified to short-term borrowings: HUF 370m from entrepreneurial loans, HUF 161m is presented among amounts payable to related parties in the balance sheet.

*top be drawn in 2011

**date of bond issue

Schedule 28: MÁV Zrt's long-term loans and borrowings

Long-term loans repayment schedule:

figures in MHUF

Loan	2011.	2012.	2013.	2014.	2015.	2016 and beyond	Total
Project loans							
EIB-ISPA	1 003,5	1 003,5	1 003,5	1 003,5	1 003,5	0	5 018
EUROFIMA 11						2 246	2 246
EUROFIMA 13 a					1 115		1 115
EUROFIMA 13 b						4 432	4 432
EUROFIMA 13 c				335			335
EUROFIMA 13 d						4 850	4 850
Konzorcium 8,133 Mrd Ft	4 628	2 337	1 168				8 133
Raiffeisen 9,209 Mrd Ft			2 127	2 837	2 837	1 408	9 209
MFB (13 pc Desiro motor coaches)	856	856	811				2 523
OTP (10 pc Talent motor coaches)	1 264	1 264	1 264	1 264	1 264	1 035	7 356
Credit Agricole (30 pc Flirt motor co.)	3 505	3 505	3 505	3 505	3 505	15 772	33 297
Raiffeisen (+30 pc Flirt motor coach)	3 432	3 432	3 432	3 432	3 432	20 202	37 364
Total	14 689	12 398	13 311	12 376	13 157	49 946	115 877
Operational loans							
Takarékbank 10 Mrd Ft	10 000						10 000
Konzorcium 10 Mrd Ft		10 000					10 000
Raiffeisen 28,5 Mrd Ft	5 700	5 700	5 700	5 700	5 700	0	28 500
Konzorcium 55 Mrd Ft	14 000	14 000	14 000	4 000	4 000	4 000	54 000
Total	29 700	29 700	19 700	9 700	9 700	4 000	102 500
Entrepreneurial loans							
IP network - MÁV	161	81	0	0	0	0	242
szegedi köfő - PROLAN	117	234	234	234	234	817	1 870
electricity supply - PQ	253	254	253	253	254	0	1 267
Total	531	569	487	487	488	817	3 379
Bonds					10 000		10 000
Grand total	44 920	42 667	33 498	22 563	33 345	54 763	231 756

Note: FX loans were converted at a 278.75 HUF/EUR rate (year-end central bank rate). Reclassified to short-term loans: HUF 14,689m from development loans and HUF 29,700m from operating loans. Reclassified to short-term borrowings: HUF 370m from entrepreneurial loans, HUF 161m is presented among amounts payable to related parties in the balance sheet.

Schedule 29: Long-term loans repayment schedule

I.7.6.3.2 Leases

The financial leasing liabilities related to 300 second hand passenger wagons were fully repaid in 2010.

I.7.6.3.3 Other long-term liabilities

MÁV has 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.

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.

I.7.6.4 Current liabilities

I.7.6.4.1 Short-term loans

Current liabilities include the current part of long-term loans (HUF 44,389m) and the year-end balance of overdrafts (HUF 3,489m).

I.7.6.4.2 Current liabilities

The year-end balance of current liabilities is HUF 80,866m, which is a HUF 11,654m (16.84 %) increase on the previous year. Current liabilities make up for 10.14% of equity and liabilities and 12.02% of liabilities.

The nearly HUF 12 billion increase was due to the combined effect of an increase of HUF 29,654m increase in short-term loans and to a HUF 7,034m increase creditors and to a HUF 4,737 decrease in current liabilities to related parties and a HUF 6,283m decrease in other current liabilities. The significant decrease in other current liabilities is due to posting received but yet unbilled capital projects to creditors.

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

figures in MHUF

Item	2009	2010	Change
Taxes payable	4 852	3 558	-1 294
Wages and salaries	2 551	2 667	116
Other liabilities deducted from employees	313	328	15
Unbilled compl. projects, late payment penalty, guarantees	5 348	0	-5 348
Other liabilities from services	14	419	405
Current part of leasing liability	177	0	-177
Total other liabilities	13 255	6 972	-6 283

Schedule 30: 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
EUR	829 285,96	278,75	231	-6
CHF	13 826,71	222,68	3	0
Total:			234	-6

Schedule 31: Current liabilities in FX

I.7.6.5 Payables to related parties

figures in MHUF

Item	Parent	Fully consolidated	Equity consolidated	Associates	Total
Subordinated related party loan	0	0	0	0	0
Long-term liab. toward related parties	0	242	0	0	242
Current liab. toward related parties	0	10 823	1 208	9	12 040
Total:	0	11 065	1 208	9	12 282

Schedule 32: Payables to related parties

I.7.6.6 Contingent liabilities

I.7.6.6.1 Hedging transactions

Financial market risks are part of MÁV Zrt's business operations. Such risks are actively mitigated by hedging transactions.

MÁV Zrt's FX balance for 2010 showed a deficit of EUR 48,035 thousand, which is by 4.4% (EUR 2,010 thousand) over the budget. Early repayment was not used for FX loans. To hedge for planned FX transactions, MÁV Zrt. entered into a forward and sport contract in compliance with the Company's foreign exchange transactions policy.

FX rate hedging transactions have achieved their goal and the necessary FX cash flows are now available at rates (274.82 HUF/EUR) that approximate the plan (272.10 HUF/EUR) (MNB average rate: 275.41 HUF/EUR).

No hedge contracts were made in 2010 for the risks of changes in interest rates and in commodities (mainly gasoline) quotes.

The profit and loss and cash flow effect of hedging contracts closed in 2010 are shown in the schedule below.

I.7.6.6.2 Closed forward and option contracts

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	40	40
	Option	0	0
	Total:	40	40
Grand total:		40	40
of which	Hedging	40	40
	Non hedging	0	0
	Total:	40	40
of which	SE	0	0
	OTC	40	40
	Total:	40	40

*Note: The profit and loss impact and the cash flow impact were identified based on the official central bank rate prevailing at the date of maturity

Schedule 33: Closed forwards and options in 2010

No commodities hedge contract was made in 2010.

1.7.6.6.3 Securities transactions

Parts of our available liquid assets were invested in securities, depending on our liquidity position, and in bank deposits, respectively, in line with the diversification requirements of our Founder.

Typically, we deposited cash for a few days (cumulated amount: HUF 328 billion and EUR 36m, average deposited amount: HUF 760m and EUR 550,000) and gained interest income of HUF 312m and EUR 10,000 as a result.

The details of our securities transactions were as follows:

figures in THUF

Serial No.	Item	Purchased on	Sold/ Matured on	Purchased for	Sold for	Gain
1.	MNB101117	2010.11.05	2010.11.17	2 339 997	2 343 780	3 783
2.	MNB101201	2010.11.17	2010.12.01	999 998	1 002 020	2 022
3.	MNB101201	2010.11.23	2010.12.01	2 100 003	2 102 360	2 357
4.	MNB101208	2010.11.24	2010.12.08	1 100 006	1 102 230	2 224
5.	MNB101215	2010.12.01	2010.12.15	1 002 016	1 004 140	2 124
Total:						12 510

Schedule 34: Securities transactions in 2010

Our securities matured in 2010 and a total gain of HUF 12,510 thousand was realised on these transactions.

1.7.6.6.4 Guarantees

MÁV Zrt's guarantee liabilities at 31 December 2010:

figures in MHUF

Company	Beneficiary, contract No.	Guarantee start date	Guarantee end date	Contract value HUFm	Related liability 31 Dec 2010
MÁVGÉP Kft.	Kereskedelmi és Hitelbank Nyrt. NSF/SFI-2007-1117/KK	27 September 2004	30 September 2011	625	625
MÁV FKG Kft.	Kereskedelmi és Hitelbank Nyrt. NSF/SFI-2007-1118/KK	22 September 2004	30 September 2011	775	775
Total guarantees:					

Schedule 35: Guarantee contracts at 31 December 2010

figures in MHUF

Company	Type of guarantee	Contractor	Start date	End date	Amount in MHUF
Bank guarantees					
VPOP	excise	KDB	12 December 2010	11 December 2011	60
Regionális Fejlesztési Holding	supervision	KDB	20 October 2008	31 December 2011	2
Nemzeti Közlekedési Hatóság	accident	OTP	27 April 2009	31 December 2011	1000
Total bank guarantees:					1062
Good performance guarantees					
MÁV FKG Kft.	good perf.	none	14 February 2005	December 2010	120
MÁV FKG Kft.	good perf.	none	14 February 2005	December 2010	35
MÁVGÉP Kft.	good perf.	none	14 February 2005	December 2010	68
MÁVGÉP Kft.	good perf.	none	14 February 2005	December 2010	42
MÁVGÉP Kft.	good perf.	none	9 May 2005	December 2010	40
Total good performance guarantees:					305
Gran total:					1367

Schedule 36: Guarantee contracts

I.7.6.6.5 Lien

Loan	Loan outstanding at 31 Dec 2010 (MHUF)	Security
EUROFIMA 11	2 246	passenger cars
EUROFIMA 13 a	1 115	passenger cars
EUROFIMA 13 b	4 432	passenger cars
EUROFIMA 13 c	334	passenger cars
EUROFIMA 13 d	4 850	passenger cars
OTP Bank (10 db Talent financing)	7 356	10 db Talent engines
Credit Agricole-CIB konz. (30 db Firt)	33 297	30 db Flirt engines
Raiffeisen Bank (+30 db Flirt financing)	37 364	30 db Flirt engines
Total	90 994	

Schedule 37: 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 Crédit Agricole Corporate and Investment Bank and on 30 Flirt coaches for Raiffeisen as lenders.

Based on the Environmental Fund agreement, HUF 2.5 billion mortgage was placed on the Company's property at Budapest, X. Kőbányai út 24. (hrs: 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 53.

An erroneous mortgage of HUF 5,868,000 is recorded on the building at Bajnok u. 4. , Budapest VI. ker., for a non-refundable KAC subsidy HUF 2,934,000 from the Environmental Ministry. The related project has been completed as has been confirmed by the State Treasury after a post-completion survey. A request to cancel the mortgage has been filed with the Treasury and the treasury has requested a confirmation as to the reclaimability of the related VAT from MÁV Zrt. In a letter dated 23 August 2010 (No.: XX/737-1/2010), the Budget and Management department of the Ministry for Rural Development informed us that action had been taken to cancel the mortgage on the property at Bajnok u. 1. The mortgage had not been cancelled until the balance sheet date.

In its public procurement contracts, MÁV Zrt. grants a collection order right to its contractors based on the public procurement act.

MÁV Zrt. issued a parent company comfort letter to Kreditanstalt für Wiederaufbau and to the European Development Bank as the funders of 25 TRAXX engines for MÁV-TRAKCIÓ Zrt.

Mortgaged properties are as follows:

figures in THUF

Place	Topology No.	Beneficiary	Amount	Owner
Bicske	1	Fejér county duties bureau	22	MÁV
Budapest VI.ker.	28545	Environment Ministry	5 868	MÁV
Budapest VI.ker.	28545	Environment Ministry	2 934	MÁV
Budapest X.ker.	38920	Environment Ministry	2 500 000	MÁV
Dunakeszi	5068/12	Pest county job centre	10 893	MÁV
Hetvehely	61/1	OTP RT.	36	Hungarian state
Küngös	1101	MAGYAR HITEL BANK RT. VESZPRÉMI IGAZGATÓSÁ	31 000	Hungarian state
Záhony	600/9	ABN AMRO /MAGYAR/BANK RT	65 000	MÁV

Schedule 38: Mortgaged properties

I.7.6.6.6 Contingent interests and similar charges

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

	figures in MHUF						
Loan	2011.	2012.	2013.	2014.	2015.	2016 and beyond	Total
Development loans							
EIB-ISPA	67	75	78	61	29		310
EUROFIMA 11	29	35	54	68	80	277	543
EUROFIMA 13 a	13	17	27	33	17		107
EUROFIMA 13 b	55	68	106	133	157	93	612
EUROFIMA 13 c	4	5	8	5			22
EUROFIMA 13 d	60	74	116	145	172	101	668
Konzorcium 8,133 Mrd Ft	309	129	13				451
Raiffeisen 9,209 Mrd Ft	536	545	516	355	188	25	2 165
MFB (13 PC motor coaches)	42	30	16				88
OTP (10 PC motor coaches)	144	133	141	123	84	35	660
Calyon (30 PC motor coaches)	681	743	909	851	854	1 891	5 929
Raiffeisen (+30 PC motor coaches)*	762	848	1 059	1 020	1 060	3 125	7 874
Development loans, total:	2 702	2 702	3 043	2 794	2 641	5 547	19 429
Operational loans							
M.Takarékszöv. 10 Mrd Ft	538						538
Konzorcium 10 Mrd Ft	585	664					1 249
Raiffeisen 28,5 Mrd Ft	1 574	1 256	911	570	232		4 543
Konzorcium 55 Mrd Ft	3 014	2 252	1 421	612	376	141	7 816
Operational loans	5 711	4 172	2 332	1 182	608	141	14 146
Entrepreneurial loans							
ip hálózat - MÁVI	8	1	0	0	0	0	9
szegedi köfi - PROLAN	128	104	84	64	48	69	497
dél-balatoni köfi - PROLAN	65	210	160	220	113	83	851
áramellátás - PQ	133	129	122	119	113	0	616
Entrepreneurial loans total:	334	444	366	403	274	152	1 973
Bonds:	657	661	659	659	659		3 295
Grand total:	9 404	7 979	6 400	5 038	4 182	5 840	38 843

Note: FX loans were converted at a 278.75 HUF/EUR rate.

Schedule 39: MÁV Zrt's contingent interests and similar charges relating to long-term liabilities are as follows:

I.7.6.6.7 Long-term loans and borrowings and repayment schedule

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

Loan	figures in MHUF			
	2011.	2012.	2013.	Total
Entrepreneurial loan (Dél-Balatoni KÖFI)	2 260	0	0	2 260
Total	2 260	0	0	2 260

Schedule 40: Drawing schedule of loans signed by 31 December 2010

The repayment schedule of not fully disbursed loans based on agreements signed before 31 December 2010 is as follows:

figures in MHUF

Loan	2011.	2012.	2013.	2014.	2015.	2016 and beyond	Total
Entrepreneurial loan (Dél-Balatoni KÖFI)	113	452	452	452	452	339	2 260
Total	113	452	452	452	452	339	2 260

Schedule 41: Repayment schedule of entrepreneurial loans taken but not fully drawn in 2010

The planned disbursement schedule of project and current asset replacement loans planned to be signed in 2011 is as follows:

figures in MHUF

Loan	2011.	2012.	2013.	Total
HUF 40bn project loan	40 000	0		40 000
HUF 45bn gov. guaranteed operational loan	45 000			45 000
Total	85 000	0	0	85 000

Schedule 42: disbursement schedule of project and current asset replacement loans planned to be signed in 2011

figures in MHUF

Loan	2012.	2013.	2014.	2015.	2016 and beyond	Total
HUF 40bn project loan		0	4 000	8 000	28 000	40 000
HUF 45bn gov. guaranteed operational loan		7 500	15 000	15 000	7 500	45 000
Total	0	7 500	19 000	23 000	35 500	85 000

Schedule 43: disbursement schedule of project and current asset replacement loans planned to be signed in 2011

I.7.6.6.8 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
Budapest Főváros Terézváros Önkormányzata	car par rent	2004.07.01	2014.12.31	887 040	42 577 920
Raiffeisen Ingatlan Alap	office building rent	2008.10.30	2014.06.30	109 816 393	4 173 022 934
Magyar Telekom Nyrt	FLEX-COM service (SZÍR. Line rent)	2005.05.03	határozatlan	7 097 001	n/a
LeasePlan Hungária Zrt.	car rental	2004.12.27	2011.10.31	96 908 000	969 080 000
Danka Magyarország Kft.	copier rents	2006.07.21	2011.06.30	12 014 387	72 086 322
X-Rent Kft.	car rental	2005.02.01	indefinite	7 768 000	n/a
Other contracts, total		various contracts since 26 March 1969	indefinite/definite	12 924 713	10 972 000
Total:					5 267 739 176

Schedule 44: Operating lease contracts over HUF 1m at 31 December 2010

I.7.7 Accrued expenses and deferred income

Accrued expenses and deferred income dropped by 7.46% (HUF 2,865m) on the previous year.

Deferred income decreased by HUF 606m compared to 2009. Other deferred income related to Invitel Kft. decreased by HUF 276m, and by HUF 370m in relation to various rents.

Accrued expenses declined by HUF 309m due to the following factors: an accrued item of HUF 643m recorded as unsettled goods turnover was written off following settlement with the relevant foreign railways. An unjudged damage claim of HUF 219m was reversed as MÁV Zrt. may no longer incur a liability with respect to the activities pursued before 31 December 2005. Accrued payable interest dropped by HUF 344m. Accrued public utilities costs increased by HUF 466m and other accrued costs and expenses increased by HUF 206m. Accrued bonuses increased by HUF 231m on the previous year. No bonus advance was paid either in 2009 or in 2010.

Deferred income dropped by HUF 1,950 on the previous year in line with the depreciation of the underlying assets.

Movements in accrued expenses and deferred income:

figures in MHUF

GL account No.	GL account	over 1 year	end of 2009 within 1 year	Total	over 1 year	end of 2010 within 1 year	Total
481,7	Pre-billed income	0	0	0	0	110	110
481,8	Invitel Kft. other deferred income	11 028	0	11 028	10 450	302	10 752
481,9	Deferred other income	376	475	851	322	89	411
Deferred income		11 404	475	11 879	10 772	501	11 273
475,21	Calculated early retirement	494	81	575	0	549	549
482	Accrued expenses	0	375	375	0	0	0
482,1	Unbilled costs	0	0	0	0	313	313
482,6	Accrued incoming invoices to be approved	0	0	0	0	268	268
482,7	Accrued invoices booked for the next accounting period	0	0	0	0	5	5
482,9	Other accrued expenses	0	0	0	0	15	15
484	Unsettled freight deliveries in cross-border operations (payable balance)	643	0	643	0	0	0
485	Unassessed damage claims	219	0	219	0	0	0
486,09	Accrued calculated utilities costs related to 2009	0	174	174	0	9	9
486,10	Accrued calculated utilities costs related to 2010	0	0	0	0	631	631
487	Accrued interest	0	1 776	1 776	0	1 432	1 432
488	Accrued bonuses and contributions	0	621	621	0	852	852
Accrued expenses		1 356	3 027	4 383	0	4 074	4 074
481,1	Fixed assets received free of charge and as gifts	1 114	128	1 242	697	273	970
481,2	Other non-refundable government grants	111	255	366	341	12	353
481,3112	EU funds and funds from government schemes	7 049	1 190	8 239	8 112	63	8 175
481,3113	Phare aid for development	998	402	1 400	1 073	163	1 236
481,3114	EU funds and funds from government schemes	2 450	0	2 450	1 413	519	1 932
481,3115	Subsidies (post-project financing) deferred until the amounts become available	0	1	1	0	0	0
481,312	Amounts received from local government and from businesses free of charge	204	56	260	261	0	261
481,4	Debts arising from asset acquisitions assumed by the government	1 958	6 212	8 170	6 333	918	7 251
Deferred extraordinary revenues and subsidies		13 884	8 244	22 128	18 230	1 948	20 178
Total		26 644	11 746	38 390	29 002	6 523	35 525

Schedule 45: Accrued expenses and deferred income

1.8 Notes to the profit and loss account

1.8.1 Comparability

Passenger transport in the light railways in the Kecskemét and Nyíregyháza areas no longer operate effective as of the annual train schedule for 2009/2010. The resulting changes compared to 2009 are detailed under the relevant used railway services.

1.8.2 Sales, net

1.8.2.1 Net sales per activity

Net sales are presented as follows:

figures in MHUF

Operations	Sales, net		
	Prev. year	Adjusted prev. year*	Rep. year
Railtrack management	143 961	139 339	-4 622
Of which: Transport service lines and transport	52 846	51 832	-1 014
Traction energy and fuel supply	37 513	33 975	-3 538
Station use	33 795	33 207	-588
Upper cables	8 396	8 272	-124
Cargo car towing, arrangement	5 599	5 208	-391
Other railtrack management	5 812	6 845	1 033
Passenger transport	113	92	-21
Other activities	35 946	30 997	-4 949
Of which: Selling materials, inventory management	6 627	5 163	-1 464
Railcar lease	11 264	8 898	-2 366
Property lease/rent and management	10 409	9 759	-650
Other services (central services etc.)	7 646	7 177	-469
Total:	180 020	170 428	-9 592

Schedule 46: Net sales per activity

In the case of railtrack operations, the HUF 4,622m drop in sales revenues was due to a 24.1% decline in the annual unit price of traction electricity. Revenues from guaranteed line and cancellations dropped by 6,8% and contributed to decline in sales by HUF 1,014m. Other decreasing factors included a 8.5% drop in rail kilometre output of diesel engine passenger trains as certain lines were closed temporarily which was exceeded by a 18.3% increase in diesel fuel unit price: traction fuel revenues increased by HUF 1,374m. Railtrack operation revenues in 2010 came from the following three railway companies: MÁV START Zrt. (HUF 76,234m), MÁV-TRAKCIÓ Zrt. (HUF 32,322m) and MÁV CARGO Zrt. (HUF 23,381m).

In 2010, the MÁV group companies acquired less material through MÁV Zrt. than in 2009 and, as a result, revenues from material sales and material inventories reduced:

- by HUF 686m from MÁV-GÉPÉSZET Zrt. (lubricants and auxiliary materials and other all purpose materials),
- b HUF 215m from MÁV START Zrt. (mainly clothing) and
- by HUF 160m from MÁV-TRAKCIÓ Zrt. (mainly clothing).

The decline in materials sold to the railtrack maintenance companies (mainly rails) was also significant (HUF 399m less in 2010 than in 2009).

Revenues from railcar leasing dropped by HUF 2,371m as engines were leased to MÁV START Zrt. due to favourable changes in the depreciation rate and the capex interest rate.

Revenues from property leasing and operations in 2010 were as follows: HUF 3,722m from third parties; HUF 2,711m from MÁV-GÉPÉSZET Zrt. and HUF 1,503m from MÁV START Zrt.

I.8.2.2 Export and import

Export and import by country are presented below:

Country	2009			2010		
	Export Services	Total export	Export Products	Export Services	Total export	Export Products
Germany	58	13	71	61	452	513
Austria	1	31	32	0	670	670
Slovakia	0	0	0	0	2	2
Czech Republic	354	0	354	687	0	687
Slovenia	0	0	0	0	1	1
Poland	32	0	32	25	0	25
France	0	0	0	0	86	86
UK	8	0	8	0	1	1
Holland	0	0	0	0	9	9
Belgium	0	0	0	0	19	19
Total EU:	453	44	497	773	1 240	2 013
Serbia	49	0	49	9	0	9
Ukraine	0	8	8	0	2	2
Switzerland	1	0	1	10 495	1	10 496
USA	0	0	0	0	29	29
Russia	1	0	1	0	2	2
Total Non-EU:	51	8	59	10 504	34	10 538
Grand total:	504	52	556	11 277	1 274	12 551

Schedule 47: Export and import

There was no export in 2010. While imports in 2009 included 48-system railtracks purchased mainly from Moravia Steel, Czech Republic, in 2010, 30 railcars were purchased from Stadler, Switzerland in addition to the railtracks.

Imported services include HUF 1,274m billed by ÖBB PERSONENVERKEHR AG for cross-border transport and the co-operation contribution to Railnet Europe in an amount of HUF 670m. Imports from Germany include the project invoices of Funkwerk Information Technologies in relation to the installation of a FORIF interface at Budapest-Hegyeshalom KÖFE.

I.8.3 Costs by type

MÁV Zrt's costs in 2010 were as follows:

Item	figures in MHUF			
	2009		2010	
	Amount	%	Amount	%
Material-type expenses	111 306	49,60	100 898	47,70
Payments to personnel	76 753	34,20	75 133	35,52
Depreciation charge	36 357	16,20	35 511	16,78
Total:	224 416	100,00	211 542	100,00

Schedule 48: Movements in costs and expenses

The ratio of material-type expenses decreased as a result of lower electricity charges and lower building management/maintenance costs.

I.8.3.1 Material-type expenses

Material-type expenditures decreased by 9.40% on the previous year due to the following:

- Electricity costs dropped with respect to both traction and other use (by 20.10 % and 20.18%, respectively).
- Building management and maintenance costs also dropped (by 19.71%).

Material costs decreased by HUF 1,850m on the previous year. The cost of electricity used for other purposes decreased by 6.9 HUF/kWh which resulted in a HUF 852m drop in electricity costs. Within railtrack technical materials, the cost of materials used for the renewal of main and sub-structures along the railway network fell by HUF 386m.

Of the total electricity cost for 2010, HUF 1,647m related to railtrack operations (area lighting, switch heating, bar lights and other safety equipment), HUF 1,308m to electricity used in buildings. Gas cost relates primarily to the overhead cost of buildings.

The cost of services used fell by HUF 2,964m due mainly to a HUF 2,147m decrease in building management and maintenance services used. Of this decrease, HUF 1,174m was saved in maintenance costs in relation to protracted public procurement processes and HUF 442m was spared on general building management costs paid to third parties. As the light railways in the Kecskemét and Nyíregyháza areas were cancelled, traction costs were reduced by HUF 256m. The cost of towing services used to access the railtrack network also decreased.

In 2010, the repayment of the loans taken by VIACOM HUNGARIA Zrt. in relation to railway lines between Balatonszentgyörgy and Murakeresztúr, Székesfehérvár and Szombathely, and between Rákospalota and Vácátót made electric under a concession agreement. Accordingly, the air cable usage charge paid by MÁV Zrt. in 2010 included the foreign exchange losses on the related loans accrued in previous years (HUF 873m) to ensure that the accrued amounts equal the depreciation expense of the related assets starting as of 2011. The one-off surplus recognised in 2010 and the decrease in the usage charge in line with the project interest altogether increased air cable usage costs by HUF 770m compared to 2009.

The HUF 312m decrease in the cost of other railway related services was due to the fact that one-off items recognised only in 2009 included HUF 122m billed railway escort services used by the regional light railways at Kecskemét and at Nyírvidék and HUF 74m for the repair of stone and rail transport cargo railcars.

The three most significant items within material-type expenditures in 2010 were: railtrack maintenance at HUF 12,677m, building operations and maintenance at HUF 8,748m and traction and towing at HUF 7,546m.

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

figures in MHUF

Item	amount 2009	amount 2010	change	Index (%)	Compared to total costs in 2009 (%)
Electricity	4 221	3 369	-852	79,82	1,59
Gas	2 375	2 386	11	100,46	1,13
Water and sewage	1 481	1 335	-146	90,14	0,63
Fuel	1 115	1 369	254	122,78	0,65
Railtrack materials	2 134	1 749	-385	81,96	0,83
Clothes	542	203	-339	37,45	0,10
Távhőszolgáltatás	276	280	4	101,45	0,13
Other materials	1 657	1 260	-397	76,04	0,60
Material costs	13 801	11 951	-1 850	86,60	5,66
Track maintenance	12 490	12 677	187	101,50	5,99
Traction, towing	7 887	7 546	-341	95,68	3,57
Airal cable usage charge	2 680	3 450	770	128,73	1,63
Track metering, cleaning, welding	1 668	1 879	211	112,65	0,89
Leased wagons and cars	1 591	1 426	-165	89,63	0,67
Other railway services (wagon maintenance, cleaning, emergency service,	1 079	767	-312	71,08	0,36
Building operations and maintenance	10 895	8 748	-2 147	80,29	4,13
Property rental	1 146	1 493	347	130,28	0,71
Property utilisation services	992	858	-134	86,49	0,41
IT services	3 186	3 228	42	101,32	1,53
Security service	1 612	1 394	-218	86,48	0,66
Post and phone	642	479	-163	74,61	0,23
Training, health care and other human	579	504	-75	87,05	0,24
Specialist tender charges	415	180	-235	43,37	0,09
Legal services	281	102	-179	36,30	0,05
Other material-type services	3 362	2 810	-552	83,58	1,33
Services used	50 505	47 541	-2 964	94,13	22,49
Duties and charges	798	785	-13	98,37	0,37
Bank costs	126	142	16	112,70	0,07
Insurance	274	270	-4	98,54	0,13
Other services	1 198	1 197	-1	99,92	0,57
Cost of sold traction gasoline	12 246	13 407	1 161	109,48	6,33
Cost of other goods sold	5 691	4 159	-1 532	73,08	1,96
COGS	17 937	17 566	-371	97,93	8,29
Traction energy sold	24 767	19 788	-4 979	79,90	9,34
Other consignment services	3 098	2 855	-243	92,16	1,35
Consignment services	27 865	22 643	-5 222	81,26	10,69
Total material-type expenditures	111 306	100 898	-10 408	90,64	47,70

Schedule 49: Material-type expenses

Other services in 2010 include HUF 624m payable to VPE Kft. further to government decree 249/2008.(X.14.).

Cost of goods sold (COGS) decreased by HUF 371m due to the following:

- Traction gasoline selling costs increased by HUF 1,161m in line with an increase in sales revenues.
- As the MÁV group companies used less materials through MÁV Zrt. for their operations (including railtrack work), the cost of goods sold decreased by HUF 1,532m accordingly.

Consignment services decreased by HUF 5,222m in 2010 compared to 2009, of which:

- Re-sold traction energy decreased by HUF 4,979m as a result of a 7.6 HUF/kWh decrease in electricity costs.
- The HUF 243m decrease in other consignment services was due primarily to lower electricity prices for other purposes which, combined with a slight drop in quantities, resulted in HUF 181m savings in transferred electricity costs.

I.8.3.2 Payments to personnel

figures in MHUF

Item	amount 2009	amount 2010	change	Index (%)	Compared to total costs (%)
Payroll	51 302	50 417	-885	98,27	23,83
Social security	16 952	15 575	-1 377	91,88	7,36
Other payments personnel	8 499	9 141	642	107,55	4,33
Total	76 753	75 133	-1 620	97,89	35,52

Schedule 50: Payments to personnel

Payments to personnel fell by HUF 1,620m compared to the previous year.

The 1.73% drop in payroll costs was due to the combined effect of salary reviews in 2010 and rationalisation (-937.8 people).

As of 1 July 2009, the percentage of health care contribution payable by employees was reduced from 4.5% to 1.5% and the employer's contribution dropped from 3% to 1% where the basis of the contribution equals twice the minimum wage. However, as of 1 January 2010 the general employer's contribution of 27% significantly reduced the amount of contributions paid. The employer's contribution no longer exist effective as of 1 January 2010, but the rehabilitation contribution increased from 177,600 HUF/year/person to 964,500 HUF/year/person. Vocational training contribution increased as a result of the related law becoming stricter. The early retirement contribution increased from 6.5% in 2009 to 9.75% in 2010. These factors had a favourable impact on payroll related contributions.

The main changes in payroll costs in 2010 compared to 2009 are as follows:

- the personal income tax paid on fringe benefits increased by HUF 1,209m as a result of changes in pertaining legislation (most VBKJ benefits became taxable),
- severance pay increased by HUF 120m less in 2010,
- early retirement decreased by HUF 391m in 2010,
- social security costs also dropped by HUF 176m (as fewer staff were on sick leave and the number of new sick staff did not increase)
- the overall VBKJ costs less taxes decreased by HUF 147m also as a result of changes in staff numbers.

I.8.3.3 Depreciation charge

figures in MHUF

Item	amount 2009	amount 2010	change	Index (%)	Compared to total costs (%)
Treasury assets	22 269	22 565	296	101,33	10,66
MÁV Zrt's assets	14 088	12 946	-1 142	91,89	6,12
Depreciation, total	36 357	35 511	-846	97,67	16,78

Schedule 51: Depreciation

Depreciation charge decreased by HUF 846m on the previous year: the depreciation of treasury assets increased by HUF 296m, while the depreciation of MÁV Zrt's own assets decreased by HUF 1,142m.

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

The depreciation charge of MÁV Zrt's assets decreased in 2010 owing to new depreciation rates applied to wagons and motor coaches based on underlying leasing agreements as detailed under I.6.5.

I.8.4 Other revenues

Other revenues of HUF 34,639m in 2010 represent a HUF 2,889m decrease on 2009.

The differences between the two periods are presented below:

figures in MHUF

Item	Amount 2009	Amount 2010	Change	Index (%)
Fixed asset disposals	2 065	821	-1 244	39,76
Of which: MÁV Zrt's own fixed assets sold	1 695	732	-963	43,19
Reversed impairment losses (inventories and debtors)	530	991	461	186,98
Profit increasing items	9 220	2 379	-6 841	25,80
of which: Damages received	247	479	232	193,93
Late payment penalty received from tax authority	4 630	256	-4 374	5,53
Other late payment penalties received	4 202	933	-3 269	22,20
Penalties received	53	479	426	903,77
Use of provisions	9 191	5 426	-3 765	59,04
Of which: for expected liabilities	8 301	5 223	-3 078	62,92
for future expenses	889	203	-686	22,83
Miscellaneous other income	178	301	123	169,10
Reversed deferred income due to costs and expenses reducing the operating profit*	1 658	1 721	63	103,80
Of which: reversed deferred subsidy	385	340	-45	88,31
reversed deferred PHARE aid	76	164	88	215,79
reversed debt owed to government, forgiven	964	918	-46	95,23
Non-refundable subsidies	389	23 000	22 611	5 912,60
of which: for public services	389	23 000	22 611	5 912,60
Other revenues	14 297	0	-14 297	-
of which: tax refunds related to previous years	14 297	0	-14 297	-
Total:	37 528	34 639	-2 889	92,30

Schedule 52: Other revenues

Major differences between the two periods:

- Fixed asset disposals fell by HUF 1,244m in 2010 including unearned revenues of HUF 963m related to the disposal of land and other properties (other than dwellings).
- Late payment interests received fell significantly in 2010 compared to 2009. In relation to the VAT apportioning in 2004 and 2005, HUF 4,630m late payment interest was received from the tax authority in 2009 in addition to the VAT reclaimed in 2009. The cost reimbursement system to MÁV START Zrt. was changed in 2009 based on the underlying public service agreement. The Group experienced liquidity strains which resulted in late payment penalties of HUF 3,763 charged on MÁV START Zrt., MÁV-TRAKCIÓ Zrt. and MÁV-GÉPÉSZET Zrt. in 2009.
- In 2010, default penalties of HUF 433m were charged on STADLER in respect of the late delivery of the first 30 motor coaches.
- Provisions used decreased by HUF 3,765m in 2010:
 - early retirement and severance pay: HUF 2,453m
 - litigations: HUF 1,597m
 - environmental liabilities: HUF 637m
 - financial assistance to the subsidiaries (liabilities assumed): HUF 535m
 - extra costs over the maintenance and demolition budget: HUF 165m
- The increase in miscellaneous other revenues was due to HUF 219m received in 2010 in relation to unjudged damages for outsourced rail cargo services.
- Non-repayable grants received to compensate for costs and expenses increased by HUF 22,611m in 2010 compared to grants received in 2009 as refund of railtrack operation costs

as public services. No refund in relation to public service light railway operation costs was received by MÁV Zrt. in either year.

- HUF 14,297m VAT was reimbursed to MÁV Zrt. in 2009 in relation to VAT apportioning in 2004 and 2005.

I.8.5 Other expenses

Other expenses totalled HUF 22,844m in 2010 (a HUF 4,922m increase on 2009).

Reasons for the change:

The impairment loss was recognised in 2010 was by HUF 200m less on railtrack related tangible assets and by HUF 89m less on scrapped trains. Railtrack operations recognised an impairment loss of HUF 186m on the heavy oil flow-through buildings and equipment at Záhony in 2010.

The write-down expense of railtrack inventories reduced by HUF 363m compared to 2009.

The impairment of debtors was by HUF 1,229m less than in 2009 due partly to an increased willingness of our debtors to pay has significantly improved as a result of our collection system and regularly posted payment demands.

Changes between the two periods are set out below:

figures in MHUF

Item	Amount 2009	Amount 2010	Change	Index (%)
Disposals, scrapped and missing assets	1 704	1 137	-567	66,73
of which: Costs of disposed of tangibles, projects and intangibles	587	360	-227	61,33
Costs of scrapped tangibles, projects and intangibles	504	474	-30	94,05
Net value of missing fixed assets	21	11	-10	52,38
Impairment loss of own tangibles, projects and intangibles	581	291	-290	50,09
Impairment of inventories and receivables, inventory shortage, scrapping	2 435	756	-1 679	31,05
Of which: Impairment of inventories	558	122	-436	21,86
Impairment of receivables	1 812	616	-1 196	34,00
Profit reducing items	6 927	7 238	311	104,49
Of which: Bad debts written off	17	18	1	105,88
Losses on damages	3 859	4 676	817	121,17
Penalties	607	286	-321	47,12
Late payment penalty	915	543	-372	59,34
Damages paid	101	89	-12	88,12
Tax identified by self-correction	87	17	-70	19,54
Various other expenses	1 308	1 573	265	120,26
Provisions	6 643	13 491	6 848	203,09
Of which: for early retirement, severance pay	1 198	1 321	123	110,27
for environmental obligations	388	83	-305	21,39
for litigations	1 882	852	-1 030	45,27
for the maintenance of welfare building to be sold	0	83	83	-
for damage claims	0	91	91	-
due to extreme weather conditions in 2010	0	795	795	-
for liabilities related to subsidiaries	464	0	-464	-
for damage prevention due to the chemical disaster in the Ajka area	0	76	76	-
for working clothes and uniforms	0	494	494	-
for annuity payment obligations	0	1 894	1 894	-
for unrealised FX losses on development loans	679	1 072	393	157,88
for the depreciation of assets not contributed by NIF	1 994	6 730	4 736	337,51
for the unrecognised depreciation of commissioned but not capitalised assets	38	0	-38	-
BV of debtors sold	0	0	0	-
Taxes, duties and VAT	6	14	8	233,33
Contributions to government funds	207	208	1	100,48
Innovation contribution	200	201	1	100,50
Total:	17 922	22 844	4 922	127,46

Schedule 53: Other expenses

Events of force majeure in 2010 (floods, storm, heavy rainfall, red sludge disaster) increased prevention and restoration costs by HUF 1,476m compared to 2009. However, expenses on railway accidents and environmental damage nearly halved. In 2010, expenses due to damage incurred in relation to force majeure (HUF 2,507m), environment pollution (HUF 593m), railway accidents (HUF 587m) and accident-related annuities, refunds and damages paid (HUF 512m).

In 2009, the Fair Competition Office imposed a HUF 560m penalty on MÁV in relation to fair competition. NKH imposed a HUF 200m market supervision related penalty in 2010. As a result of these, penalties halved in 2010 compared to 2009.

The increase in miscellaneous other expenses was due to donations to sports clubs in 2010.

Provisions increased by a total of HUF 6,848m compared to 2009 as more provisions had to be made in 2010 for the following: the depreciation of assets not received from NIF Zrt., damage caused by freak weather in 2010, restoration of chemical disaster in the Ajka area, early retirement and severance pays and for the foreign exchange losses on development loans. At the same time, provisions for litigations, for environmental obligations and for liabilities taken over from subsidiaries decreased. New provisions first made in 2010 include the provision for annuity liabilities is a new item and is detailed under I.6.4. and for undistributed working clothes and uniforms.

I.8.6 Financial and extraordinary profit or loss

I.8.6.1 Financial income

Financial revenues totalled HUF 2,165m in 2010 – a HUF 3,058m decrease on the previous year. The differences between the two periods are presented below:

figures in MHUF

Item	Amount 2009	Amount 2010	Change	Index (%)
<i>Dividends, profit sharing received</i>	1 022	1 469	447	143,74
<i>Gain on the disposal of marketable investments</i>	1 105	0	-1 105	0,00
<i>Gain on investments and long-term financial assets</i>	0	0	0	-
<i>Interest received and similar income</i>	2 090	483	-1 607	23,11
Of which: bank interest	304	405	101	133,22
interest from third parties	69	58	-11	84,06
interest on securities	1 698	13	-1 685	0,77
<i>Other financial revenues</i>	1 006	213	-793	21,17
Of which: realised FX gain on FX balances	1 002	180	-822	17,96
Total:	5 223	2 165	-3 058	41,45

Schedule 54: Financial income

Dividends received: Dividends received from the MÁV companies increased by HUF 447m compared to 2009 further to a decision of the owner. Significant dividends received in 2010 included: VAMAV Kft. HUF 322m; MÁV KfV Kft. HUF 290m; MÁV Ingatlankezelő Kft. HUF 240m; and MÁV Informatika Kft. HUF 200m.

FX gain on investments held for portfolio management purposes: in 2009, HUF 1,026m gain was recognised on the difference between the selling price and the face values of MÁV CARGO Zrt's shares and a financial revenue of HUF 73m was recognised on the disposal of MÁV Debreceni Járnyújtó Kft.

Interest received and similar income:

- Bank interest received increased by HUF 101m as part of the cash inflows from the HUF 10 billion bond issue were deposited.
- On the MNB bond and discounted treasury bond purchased from the amount received for MÁV CARGO Zrt., revenues of HUF 1,698m in 2009, and hence the significant decrease in revenues.

Realised FX gains on the year-end revaluation of FX receivables and payables: HUF 931m foreign exchange gain was recognised mainly in relation to the acquisition of Flirt motor coaches in 2009 among other liabilities – a factor that largely contributed to a significant fall in revenues in 2010.

I.8.6.2 Financial expenses

Financial expenses totalled HUF 10,662m in 2010 – a HUF 6,438m (37.65%) decrease on 2009. Changes between the two periods are set out below:

Item	figures in MHUF			
	Amount 2009	Amount 2010	Change	Index (%)
<i>FX losses on interest paid and on long-term financial assets</i>	15 333	9 339	-5 994	60,91
Of which: bank interest	15 077	9 176	-5 901	60,86
<i>Impairment loss on shares, securities and bank deposits</i>	840	623	-217	74,17
<i>Other financial expenditures</i>	927	700	-227	75,51
	920	699	-221	75,98
Of which: realised FX loss on FX receivables and payables				
Total:	17 100	10 662	-6 438	62,35

Schedule 55: Financial expenses

In 2010, bank interest paid changed the most: the interest on development loans decreased by HUF 1,039m, on non-development loans decreased by HUF 4,545m compared to 2009.

HUF interest rates fell significantly from 2009 to 2010: the 3-month BUBOR, which applies to HUF-based loans, fell from an average of 8.64% in 2009 to an average of 5.50% in 2010. As all of our operational (i.e. not development) loans are HUF-based and the related principal amounts hardly changed, the decrease in interests paid is due nearly exclusively to the fall of the BUBOR rates.

The decrease in the interest expense on development loans was due to two factors. On the one hand, less interest had to be paid on HUF-based development loans as a result of the lower BUBOR rates as explained above. On the other hand, the basis of EUR-based loan interest rates, the EURIBOR index also fell on average and also resulted in reduced interest expense. Although our EUR-based development loans were continuously drawn on in 2009 and in the first half of 2010, the resulting increase in payable interest was counterbalanced by the lower EURIBOR rates.

The HUF 623m impairment loss on investments in 2010 was due primarily to an impairment loss of HUF 600m on our quota in MÁV GÉP Kft. Impairment losses were by HUF 217m less than in 2009 because the impairment loss on MÁV GÉP Kft. was HUF 760m last year.

Receivables and payables expressed in foreign exchange: in 2010, realised FX losses amounting to HUF 643m on development loans and HUF 56m on other liabilities were recognised as a result of changes in the HUF/EUR exchange rate during the year. The HUF 221m decrease in FX losses relate predominantly to other liabilities.

I.8.6.3 Extraordinary revenues

Extraordinary revenues totalled HUF 337m in 2010, which is a HUF 315m increase on the previous year.

The changes between the two periods are set out below:

figures in MHUF

Item	Amount 2009	Amount 2010	Change	Index (%)
Revenues from assets received free of charge and from su	21	49	28	233,33
Gains on contributed assets	1	269	268	26 900,00
Assets received for shares	1	269	268	-
Other extraordinary revenues	0	19	19	-
Of which: forgiven government debt	0	18	18	-
Total:	22	337	315	1 531,82

Schedule 56: Extraordinary revenues

In 2010, the line Assets received for participations include a capital reduction of HUF 269m from MÁV Vagyonkezelő Kft. in relation to the compensation of a member's loan.

I.8.6.4 Extraordinary expenditures

Extraordinary expenditures totalled HUF 965m in 2010, which is a HUF 746m increase on the previous year.

Participations written off in 2010 included the expense incurred on the compensation of a member's loan from MÁV Vagyonkezelő Kft.

Extraordinary expenses also increased due to a forgiven debt of HUF 459m in 2010 in order to increase the efficiency of MÁV Group. The forgiven debt was recognised in relation to a 10% drop in the fees of certain central services provided by MÁV Zrt. (property management, security, HR and accounting) with respect to Záhony-Port Zrt. (HUF 250m), to MÁV START Zrt. (HUF 134m), to MÁV-TRAKCIÓ Zrt. (HUF 38m) and to MÁV GÉPÉSZET Zrt. (HUF 37m).

The changes between the two periods are set out below:

figures in MHUF

Item	Amount 2009	Amount 2010	Change	Index (%)
Expenditures on asset received free of charge and surp.	178	135	-43	75,84
Losses on contributed assets	0	230	230	-
Shares written off due to capital reduction and liquidation	0	230	230	-
Other extraordinary expenditures	41	600	559	1 463,41
Of which: Non-refundable employee housing grant	41	138	97	336,59
Forgiven debts (domestic)	0	459	459	-
Total:	219	965	746	440,64

Schedule 57: Extraordinary expenditures

I.8.7 Related party revenues and expenses

figures in MHUF

Item	Parent	Fully consolidated	Equity consolidated	Associate	Total related parties	Grand total	% of relation
Revenues							
Sales, net		134 640	286	533	135 459	170 428	79,48
Other income		1 639	108	0	1 747	34 639	5,04
Financial income		759	204	453	1 416	2 165	65,40
Extraordinary revenues		269	0	0	269	337	79,82
Revenues, total		137 307	598	986	138 891	207 569	66,91
Expenses							
Material-type expenses		63 913	2 046	4 319	70 278	100 898	69,65
Other expenses		1 755	146	96	1 997	22 844	8,74
Financial expenses		628	0	22	650	10 662	6,10
Extraordinary expenditures		697	0	0	697	965	72,23
Expenditures, total		66 993	2 192	4 437	73 622	135 369	54,39

Schedule 58: Related party revenues and expenses

MÁV Zrt's related party transactions:

- 66.91% of its revenues (of which: from MÁV-START Zrt: 44.03%, from MÁV-TRAKCIÓ Zrt.: 16.62%)
- 54.39% of its specified expenses (of which: on MÁV-TRAKCIÓ Zrt.: 28.22%, on MÁV Ingatlankezelő Kft.: 6.02%).

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	2009 MHUF	2010 MHUF	Change	Index (%)
01.	Domestics sales, net	180 020	170 428	-9 592	94,67
02.	Export sales, net	0	0	0	-
I.	<i>Sales, net</i>	<i>180 020</i>	<i>170 428</i>	<i>-9 592</i>	<i>94,67</i>
03.	Direct cost of sales	132 409	127 646	-4 763	96,40
04.	COGS	17 937	17 566	-371	97,93
05.	Cost of services sold	27 865	22 643	-5 222	81,26
II.	<i>Direct costs of sales</i>	<i>178 211</i>	<i>167 855</i>	<i>-10 356</i>	<i>94,19</i>
III.	<i>Gross profit on sales (I-II.)</i>	<i>1 809</i>	<i>2 573</i>	<i>764</i>	<i>142,23</i>
06.	Selling costs	39	60	21	153,85
07.	Administrative costs	18 670	18 329	-341	98,17
08.	Other general costs	24 564	22 682	-1 882	92,34
IV	<i>Indirect costs of sales</i>	<i>43 273</i>	<i>41 071</i>	<i>-2 202</i>	<i>94,91</i>
V.	Other revenues	37 528	34 639	-2 889	92,30
VI.	Other expenditures	17 922	22 844	4 922	127,46
A.	Operating loss	-21 858	-26 703	-4 845	122,17
VII.	Financial revenues	5 223	2 165	-3 058	41,45
VIII.	Financial expenditures	17 100	10 662	-6 438	62,35
B.	Financial loss	-11 877	-8 497	3 380	71,54
C.	Loss on ordinary activities	-33 735	-35 200	-1 465	104,34
IX.	Extraordinary revenues	22	337	315	1531,82
X.	Extraordinary expenditures	219	965	746	440,64
D.	Extraordinary profit	-197	-628	-431	318,78
E.	Pre-tax loss/profit	-33 932	-35 828	-1 896	105,59
XI.	Tax payable	0	0	0	0,00
F.	Net loss	-33 932	-35 828	-1 896	105,59

Schedule 59: P&L – turnover cost method

MÁV Zrt. had losses of HUF 35,828m for 2010 (HUF 33,932m for 2009) which represent a 5.59% increase in losses.

The drop in domestic net sales was due primarily to decreasing revenues from railtrack operations and from railcar rents.

Direct costs of sales decreased by HUF 10,356m as the combined effect of a decrease in the cost of resold materials and traction diesel fuel, cost savings due to the protracted public procurement process for building supervision services and reduced payroll-related social security contributions.

Within indirect costs of sales, general overhead costs fell significantly due mainly to the combined effect of lower average headcount and salary increases.

1.9 Actual asset, financial and income positions

1.9.1 Assets

The balance sheet value of MÁV Zrt's assets at 31 December 2010 was HUF 797,742m, which is a HUF 43,606m (5.18 %) decrease on the previous year. This decrease is due mainly to a drop in tangible assets and other receivables on the asset side and to the loss for the year and development loan repayments on the liabilities side.

The HUF 23,457m (3.11%) decrease in the book value of fixed assets was due to a HUF 22,334 (3.54%) decrease in the net value of tangibles.

Current assets decreased by HUF 18,623m on 2009 due to a HUF 14,326m decrease in receivables, a HUF 5,097m decrease in liquid assets and a HUF 800m increase in the book value of inventories.

The total HUF 1,526m decrease in prepaid expenses and accrued income was due to a HUF 1,867m (69.45%) fall in accrued income and a HUF 1,739 drop in prepaid expenses while deferred expenses increased by HUF 2,080m.

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

1.9.1.1 Fixed asset ratio

The year-end balance of fixed assets is HUF 729,414m, representing 91.43% of the assets disclosed in MÁV Zrt's balance sheet.

$$\frac{\text{Fixed assets}}{\text{Total assets}} = \frac{729,414}{797,742} = 91.43 \% \quad (\text{basis } 89.48 \%)$$

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

1.9.1.2 Tangible asset margin

Equity, including treasury funds, covers 75.16% of long-term tangible assets directly used in production, including treasury assets. MÁV Zrt's equity covers 21.02% of its own tangible assets. Both indicators deteriorated compared to 2009 and the current ratio (which should be around 100-150% at best) is still not satisfactory.

$$\frac{\text{Equity}}{\text{Own tangibles}} = \frac{52,319}{248,903} = 21.02\% \quad (\text{basis } 34.21\%)$$

$$\frac{\text{Equity} + \text{Treasury funds}}{\text{Tangible assets}} = \frac{457,192}{608,255} = 75.16\% \quad (\text{basis } 78.49 \%)$$

I.9.1.3 Fixed asset margin

What applies to tangibles also applies to fixed assets.

$$\frac{\text{Equity}}{\text{Own fixed assets}} = \frac{52,319}{370,062} = 14.14\% \quad (\text{basis } 23.27\%)$$

$$\frac{\text{Equity} + \text{Treasury funds}}{\text{Fixed assets}} = \frac{457,192}{729,414} = 62.68\% \quad (\text{basis } 65.75\%)$$

I.9.1.4 Current assets per fixed assets

$$\frac{\text{Current assets}}{\text{Fixed assets}} = \frac{41,890}{729,414} = 5.75\% \quad (\text{basis } 8.04\%)$$

The indicator of the most important asset groups decreased compared to the previous year and the index is still low. This, however, is absolutely normal for a service provider.

I.9.2 Equity and liabilities

At 31 December 2010, equity and liabilities totalled HUF 797,742m (equalling total assets), which represents a HUF 43,606m decrease on the previous year. This decrease is due to a HUF 51,671m decrease in accruals and a HUF 8,065m decrease in provisions.

Of equity components, the valuation reserve and the issued capital remained unchanged while allocated reserves increased by HUF 1,006m and capital reserve by HUF 4m. Retained losses reduced by HUF 35,786m and the loss for the year exceeds prior year's loss by HUF 1,896m. Overall, these changes reduced the balance sheet value of equity by HUF 36,672m.

The HUF 12,134m decrease in liabilities is due to a HUF 23,788m (3.86%) decrease in long-term liabilities and a HUF 11,654 (16.84%) increase in current liabilities.

The HUF 2,865m (7.46%) drop in accruals is due to a HUF 1,950m drop in accrued expenses.

I.9.2.1 Capitalisation

$$\frac{\text{Equity}}{\text{Total liabilities}} = \frac{52,319}{797,742} = 6.56\% \quad (\text{basis } 10.58\%)$$

$$\frac{\text{Equity}}{\text{Total liabilities - Treasury funds}} = \frac{52,319}{392,869} = 13.32\% \text{ (basis 20.44\%)}$$

Both indicators have been declining for years to a critical level and, along with the other indicators, demonstrate an excessively high level of indebtedness.

I.9.2.2 Gearing

$$\frac{\text{Borrowed capital}}{\text{Equity}} = \frac{672,838}{52,319} = 1286.03\% \text{ (basis 769.71\%)}$$

$$\frac{\text{Borrowed capital - Treasury funds}}{\text{Equity}} = \frac{267,965}{52,319} = 512.18\% \text{ (basis 313.48\%)}$$

I.9.2.3 Indebtedness

$$\frac{\text{Borrowed capital}}{\text{Total assets}} = \frac{672,838}{797,742} = 84.34\% \text{ (basis 81.41\%)}$$

The indicator shows that liabilities take up 84.34% of assets. Indebtedness increased compared to 2009 and the indicator remains extremely poor.

I.9.2.4 Long-term liabilities ratio

$$\frac{\text{Long-term liabs.}}{\text{Long-term liabs + Equity}} = \frac{591,972}{644,291} = 91.88\% \text{ (basis 87.37 \%)}$$

$$\frac{\text{Long-term liabs. - Treasury bonds}}{\text{Long-term liabs. - Treasury bonds + Equity}} = \frac{187,099}{239,418} = 78.15\% \text{ (basis 70.21 \%)}$$

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. long-term indebtedness remains highly significant.

I.9.2.5 Equity increase ratio

$$\frac{\text{Equity}}{\text{Issued capital}} = \frac{52,319}{21,000} = 249.14\% \quad (\text{basis } 423.77\%)$$

I.9.2.6 Fixed asset margin

$$\frac{\text{Equity}}{\text{Fixed assets}} = \frac{52,319}{729,414} = 7.17\% \quad (\text{basis } 11.82\%)$$

$$\frac{\text{Equity}}{\text{Own fixed assets}} = \frac{52,319}{370,062} = 14.14\% \quad (\text{basis } 23.27\%)$$

Both indicators decreased compared to the previous year and both are still very far from the 100%, which is considered good.

I.9.2.7 Income ratios

$$EBITDA = \text{Operating loss} + \text{depreciation} = -26,703 + 35,511 = 8,808 \quad (\text{basis } 14,499)$$

$$EBITDA \text{ rate} = \frac{EBITDA}{\text{Sales, net}} = \frac{8,808}{170,428} = 5.17\% \quad (\text{basis } 8.05 \%)$$

$$\text{Operational rate} = \frac{\text{Operating loss}}{\text{Sales, net}} = \frac{-26,703}{170,428} = -15.67\% \quad (\text{basis } -12.14\%)$$

Profitability indicators did not change significantly on the previous year owing to a HUF 4,845m increase in operating loss and a HUF 9,592m decrease in net sales.

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.

Current assets - Current liabilities = HUF 41,890m – HUF 80,866m

= -38,976 (basis HUF -8,699m)

This indicator has significantly deteriorated compared to the previous year.

The liquidity position as at 31 December 2010 is illustrated by the following indicators:

Liquidity ratio

$$\frac{\text{Current assets}}{\text{Current liabilities}} = \frac{41,890}{80,866} = 51.80\% \quad (\text{basis } 87.43\%)$$

This indicator has significantly deteriorated compared to the previous year and it is below 150% which is perceived as safe.

Quick ratio

$$\frac{\text{Current assets} - \text{Inventories}}{\text{Current liabilities}} = \frac{36,982}{80,866} = 45.73\% \quad (\text{basis } 81.50\%)$$

The quick ratio shows the ability of liquid and movable assets to cover current liabilities. This indicator shows significant deterioration on the previous year and is below the safe 100%.

Cash liquidity ratio

$$\frac{\text{Liquid assets}}{\text{Current liabilities}} = \frac{10,363}{80,866} = 12.82\% \quad (\text{basis } 22.34\%)$$

This indicator increased on the previous year and is 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

serial No.	Item	2009	2010
I.	Operating cash-flows 1-15	52 053	3 202
1.	Profit before tax ±	-33 932	-35 828
	amounts received free of charge	-27	-12
	amounts granted free of charge, expensed	0	3
	dividends received	-1 022	-1 469
	dividends on prev. year profit	-2	0
	debts assumed	0	0
2.	Previous years' profits/losses	-2 524	-824
3.	Revalued loans (base figure is for information only)	1 731	3 079
4.	Ordinary depreciation +	36 358	35 511
4/a.	Depreciation on previous year	985	188
5.	Recognised and reversed impairment loss ±	3 808	592
6.	Changes in provisions ±	-2 548	8 065
7.	Fixed asset disposals ±	-2 356	-425
8.	Movements in creditors ±	4 322	-7 034
9.	Movements in other current liabilities ±	3 995	-11 067
10.	Movements in accruals ±	-3 957	-2 865
11.	Movements in debtors ±	-2 137	2 084
12.	Current asset movements (less debtors and liquid assets) ±	49 997	11 678
	of which: inventory movements	977	-938
	other receivables	-10 663	12 616
	held for sale securities	59 684	0
13.	Movements in prepayments and accrued income ±	-638	1 526
14.	Income taxes paid (payable) -	0	0
15.	Dividends and profit-sharing paid or payable -	0	0
II.	Investing cash flows (16-18)	-48 812	-12 909
16.	Fixed assets additions -	-54 431	-15 123
17.	Fixed asset disposals +	4 596	746
18.	Dividends received +	1 023	1 469
III.	Financing cash flows (19 - 29)	5 774	4 609
19.	Revenues from the issue of shares (capital withdrawal) +	0	2
20.	Issue of bonds +	0	10 000
21.	Loans taken +	19 117	12 800
22.	Movements in long-term borrowings, repayment/cancellation of bank	254	335
23.	Amounts received free of charge +	104	12
24.	Equity movements -	0	0
25.	Repayment of bonds -	0	0
26.	Repayment of loans -	-13 710	-18 489
27.	Long-term lending and bank deposits -	-53	0
28.	Amounts transferred free of charge -	0	-25
29.	Movements in payables to founders and in other long-term liabilities	62	-26
IV.	Change in cash and cash equivalents (±I±II±III.)±	9 015	-5 097

Schedule 60: Cash-flow statement

The HUF -35,828m pre-tax loss 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 positive cash flows with its operations and with financing. The negative investing cash flows are due to the material asset acquisitions.

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 7,380m and is presented in a separate manner as follows:

Loss reducing HUF 3,278m,

Loss increasing HUF 4,102m

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 824m decrease.

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

- In December 2010, further to a decision by NKH, MÁV Zrt. refunded to RCH rail network access charges recognised with respect of its own network. The refund resulted in an error of HUF 534m (absolute value). This item increases the annual loss by HUF 490m.
- The electricity bills relating to settlements for 2009 were received from E-On Kft. only in March, May and August of 2010. All the bills were processed in the month when received. The absolute error effect of these electricity bills was HUF 163m and increased carried forward losses by HUF 78m as these costs were not accrued upon closing the year 2009.
- A HUF 97m performance guarantee taken over from CIB Bank in 2007 but only recognised in December 2010 reduced the annual loss. The underlying contract relates to the rebuilding of the Békéscsaba - Lökösháza line and the guarantee was received as a result of non-performance on the part of MÁV Hajdú Kft.
- The turnover logging system (FOR00) and the integrated customer relations system (IÜR) were capitalised retrospectively in 2010 to the wrong dates of 18 February 2008. The correct capitalisation date (23 March 2009) was adjusted in both systems. The wrong capitalisation and its adjustment increased the annual loss by HUF 51m.
- Further to the findings of a tax review for the years 2006 to 2008, a loss increasing item of HUF 89m had to be recognised.

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

Figures in THUF

Line	Item	2005 and prior years	2006	2007	2008	2009	Total
.01.	A. Fixed assets	11 294	-60 816	5 742	-35 167	2 726 676	2 647 729
.02.	I. INTANGIBLE ASSETS	-325	-46	-1 858	-238	-99 727	-102 194
.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	-935	-7	-45 880	-46 822
.06	Trade-marks, patents and similar assets	-325	-46	-923	-231	-53 847	-55 372
.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	11 619	-60 770	7 600	-34 929	2 826 403	2 749 923
.11	Land and buildings and related property rights	33 934	-40 699	12 542	13 734	-6 347	13 164
	of which Managed state owned properties and related rights	0	2 620	13 102	13 481	23 802	53 005
.12	Plant, machinery, equipment and vehicles	-36 336	-20 071	-16 437	-48 663	-40 599	-162 106
	of which: managed state owned technical equipment, machinery and vehicles	0	-32	-3 915	-2 742	-3 811	-10 500
.13	Other equipment, fixtures and fittings, vehicles	-352	0	-5	0	0	-357
.14	Breeding stock	0	0	0	0	0	0
.15	Assets in the course of construction	14 373	0	11 500	0	5 172 925	5 198 798
	of which: managed state owned capital projects	0	0	0	0	0	0
.16	Advance payments for AICC	0	0	0	0	-2 299 576	-2 299 576
.17	Adjusted value of tangible assets	0	0	0	0	0	0
.18	III. LONG-TERM FINANCIAL ASSETS	0	0	0	0	0	0
.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	0	0	0
.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	2 646	3 895	-180 472	-215 727	116 374	-273 284
.27	I. INVENTORIES	0	0	0	0	-44 640	-44 640
.28	Raw materials and consumables	0	0	0	0	-65 024	-65 024
.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	20 384	20 384
.33	Advance payments for stocks	0	0	0	0	0	0
.34	II. RECEIVABLES	2 646	3 895	-185 838	-215 598	161 040	-233 855
.35	Trade debtors	-44 328	-6 713	-196 776	-192 527	11	-440 333
.36	Receivables from related parties	0	0	0	-4 800	9 653	4 853
.37	Receivables from other investments	0	0	0	0	0	0
.38	Bills of exchange receivables	0	0	0	0	0	0
.39	Other receivables	46 974	10 608	10 938	-18 271	151 376	201 625
.40	III. SECURITIES	0	0	0	0	0	0
.41	Participations in related parties	0	0	0	0	0	0
.42	Other participations	0	0	0	0	0	0
.43	Treasury shares and own participation	0	0	0	0	0	0
.44	Marketable debt securities	0	0	0	0	0	0
.45	IV. LIQUID ASSETS	0	0	5 366	-129	-26	5 211
.46	Cash, cheques	0	0	0	-129	-26	-155
.47	Bank deposits	0	0	5 366	0	0	5 366
.48	C. PREPAID EXPENSES & ACCRUED INCOME	0	0	0	0	-114 186	-114 186
.49	Accrued income	0	0	0	0	-108 670	-108 670
.50	Prepaid expenses	0	0	0	0	-5 516	-5 516
.51	Deferred expenses	0	0	0	0	0	0
.52	TOTAL ASSETS	13 940	-56 921	-174 730	-250 894	2 728 864	2 260 259

Schedule 61: Asset side of MÁV Zrt's BS for previous years

Figures in THUF

Line	Item	2005 and prior years	2006	2007	2008	2009	Total
.53	D. EQUITY (54.+...61.)	21 697	-85 761	-73 550	-255 330	-431 109	-824 053
.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	0	0
.60	VI. Revaluation reserve	0	0	0	0	0	0
.61	VII. Profit or loss for the year	21 697	-85 761	-73 550	-255 330	-431 109	-824 053
.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.)	-197	29 680	-99 397	10 813	3 418 634	3 359 533
.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	-96 695	0	0	-96 695
.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	-96 695	0	0	-96 695
	of which: Liabilities related to managed state owned assets	0	0	0	0	0	0
.80	III. CURRENT LIABILITIES (81-89)	-197	29 680	-2 702	10 813	3 418 634	3 456 228
.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	-489	0	-20 100	-20 589
.85	Creditors	-1 609	-1 193	170	10 876	3 265 181	3 273 425
.86	Bills of exchange payable	0	0	0	0	0	0
.87	Short-term debts to related parties	0	0	0	0	245 438	245 438
.88	Short-term debts to other investments	0	0	0	0	0	0
.89	Other current liabilities	1 412	30 873	-2 383	-63	-71 885	-42 046
.90	G. ACCRUED EXPENSES AND DEFERRED INCOME (91.+...93.)	-7 560	-840	-1 783	-6 377	-258 661	-275 221
.91	Deferred income	-7 560	-840	-840	-840	-4 856	-14 936
.92	Accrued expenses	0	0	-943	-5 537	-253 805	-260 285
.93	Deferred extraordinary revenues and negative goodwill	0	0	0	0	0	0
.94	EQUITY & LIABILITIES. (53.+61.+66.+90.)	13 940	-56 921	-174 730	-250 894	2 728 864	2 260 259

Schedule 62: Equity and liabilities side of MÁV Zrt's BS for previous years

Figures in THUF

Line	Item	2005 and prior years	2006	2007	2008	2009	Total
.01.	Domestic sales, net	0	0	-159 636	-193 770	-232 670	-586 076
.02.	Export sales, net	0	0	-16	0	0	-16
I.	Sales, net (01.+02.)	0	0	-159 652	-193 770	-232 670	-586 092
.03.	Changes in self-produced inventories	0	0	0	0	0	0
.04.	Capitalised self-produced inventories	0	0	0	0	0	0
II.	Capitalised self-performance (03.+04.)	0	0	0	0	0	0
III.	Other revenues	21 933	840	97 535	1 445	-20 236	101 517
	of which: reversed impairment loss (962,1-962,2)	14 373	0	0	0	0	14 373
.05.	Materials	-1 609	-597	688	2 695	114 202	115 379
.06.	Services used	0	6 778	-11 500	2 157	-211 458	-214 023
.07.	Other services	0	0	0	115	-50 000	-49 885
.08.	COGS	0	0	0	0	0	0
.09.	Consignment services	0	0	0	0	0	0
IV.	Material-type expenditures (05.+06.+07.+08.+09.)	-1 609	6 181	-10 812	4 967	-147 256	-148 529
.10.	Payroll costs	0	0	0	0	0	0
.11.	Other payments to personnel	0	0	-943	-5 523	-36 762	-43 228
.12.	Social security	0	-36	-5 400	-43	45	-5 434
V.	Payments to personnel (10.+11.+12.)	0	-36	-6 343	-5 566	-36 717	-48 662
VI.	Depreciation	38 287	14 422	5 081	32 051	66 699	156 540
VII.	Other expenditures	-37 854	66 174	23 607	32 149	298 444	382 520
	of which: impairment loss (862)	0	0	0	0	0	0
A.	OPERATING LOSS	23 109	-85 901	-73 650	-255 926	-434 076	-826 444
.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	0	0	0	0	0	0
VIII.	Financial revenues (13.+14.+15.+16.+17.)	0	0	0	0	0	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	0	0	0	0	-2 907	-2 907
	to related parties	0	0	0	0	0	0
.20..	Impairment loss on shares and securities	0	0	0	0	0	0
	to related parties	0	0	0	0	0	0
.21.	Other financial expenses	0	0	0	0	-90	-90
IX.	Financial expenses (18.+19.+20.+21.)	0	0	0	0	-2 997	-2 997
B.	FINANCIAL LOSS (VIII-IX)	0	0	0	0	2 997	2 997
C.	LOSS ON ORDINARY ACTIVITIES (A+B)	23 109	-85 901	-73 650	-255 926	-431 079	-823 447
X.	Extraordinary revenues	0	140	100	0	-30	210
XI.	Extraordinary expenditures	1 412	0	0	0	0	1 412
D.	EXTRAORDINARY PROFIT (X-XI)	-1 412	140	100	0	-30	-1 202
E.	PRE-TAX LOSS (C+D)	21 697	-85 761	-73 550	-255 926	-431 109	-824 649
XII.	TAX PAYABLE	0	0	0	-596	0	-596
F.	LOSS AFTER TAX (E-XII)	21 697	-85 761	-73 550	-255 330	-431 109	-824 053
.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.)	21 697	-85 761	-73 550	-255 330	-431 109	-824 053

Schedule 63: MÁV Zrt's profit and loss account for previous years

1.10 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 2010 (B/S, P&L, Cash flow statement, activity statement with narrative explanations, revenues from and costs of related parties, average annual statistical number of staff, subsidies by title, accumulated figures due to the separated activities).

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

Further to MÁV Zrt's accounting separation policies effective as of 2010:

- The balance sheets, cash flow statements, and profit and loss accounts per activity as well as revenues from and payables to related parties are recorded by related party correspond to the following records:
 - the railtrack GL for railtrack operations,
 - the regional light railways GL for passenger transport,
 - the central GL for other activities.
- In the case of public service passenger transport
 - the operating entity's tangible assets are presented in the balance sheet based on the tangible asset subledger; its profit or loss for the year is based on the profit and loss account; and its liabilities from inter-business line settlements equal the difference of the above two items,
 - the cash-flow statement cannot be interpreted based on a balance sheet with the above contents,
 - the profit and loss account, the statement of activities and the related party balances correspond to the GL per related party.
- The average annual statistical number of staff is identified on the basis of staff employed by the various divisions in the reporting year.

MÁV Zrt. had the following separable activities under the railways act in 2010:

- Railtrack operations
- Passenger transport
- Passenger transport as a public service
- Other activities

MÁV Zrt. retained in 2010 its licence for passenger service in the four area light railways operated in 2009.

Of these four lines, the Children's Railway and the Balatonfenyves business railway line were operated continuously in 2010. The other two services did not run in 2010, yet passenger transport costs incurred in relation to the related business policies, to ensuring railway service as required by regulations and in relation to the relevant railcars. (The railtrack costs of unused

services are presented under railtrack operations without any corresponding railtrack access revenues.)

As ordered by the Ministry, passenger transport was provided as a public service in 2010 on the Balatonfenyves business railway line.

According to the above, the statement for passenger transport service for 2010 reflect the figures of the four area lines, while the statement of public service passenger transport activities for 2010 reflect the figures of the Balatonfenyves business railway line. Back in 2009, passenger transport services were available as public service along all the four area lines.

I.10.1 Railtrack operations

The balance sheet for the railtrack operations activity is set out in schedules 64 and 65. The related profit and loss account is presented in schedule 66, and the cash flow statement is set out in schedule 67.

figures in MHUF

Line	Item	31/12/2009	31/12/2010	Change
01	A. Fixed assets (02.+10.+18.)	443 333	429 035	-14 298
02	I. INTANGIBLE ASSETS (03.+...09.)	871	1 035	164
03	Capitalised foundation/restructuring	0	0	0
04	Capitalised research and development	9	32	23
05	Concessions, licenses and similar rights	286	572	286
06	Trade-marks, patents and similar assets	576	431	-145
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 (11.+...17.)	442 462	428 000	-14 462
11	Land and buildings and related property rights	371 031	362 257	-8 774
11/b	of which Managed state owned properties and related rights	309 025	301 693	-7 332
12	Plant, machinery, equipment and vehicles	55 972	51 895	-4 077
12/b	of which: managed state owned technical equipment, machinery and vehicles	48 078	45 074	-3 004
13	Other equipment, fixtures and fittings, vehicles	31	17	-14
14	Breeding stock	0	0	0
15	Assets in the course of construction	14 547	12 893	-1 654
15/b	of which: managed state owned capital projects	13 320	12 584	-736
16	Advance payments for AICC	881	938	57
17	Adjusted value of tangible assets	0	0	0
18	III. LONG-TERM FINANCIAL ASSETS (19.+...25.)	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 (27.+34.+40.+45.)	16 825	25 762	8 937
27	I. INVENTORIES (28.+...33.)	257	150	-107
28	Raw materials and consumables	246	149	-97
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	11	1	-10
33	Advance payments for stocks	0	0	0
34	II. RECEIVABLES (35.+...39/A.)	16 562	15 607	-955
35	Trade debtors	2 135	601	-1 534
36	Receivables from related parties	13 387	13 927	540
37	Receivables from other investments	0	0	0
38	Bills of exchange receivables	0	0	0
39	Other receivables	1 040	1 079	39
39/A.	Receivables from division settlements	0	0	0
40	III. SECURITIES (41.+...44.)	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 (46.+47.)	6	10 005	9 999
46	Cash, cheques	0	0	0
47	Bank deposits	6	10 005	9 999
48	C. PREPAID EXPENSES & ACCRUED INCOME (49.+...51.)	21 881	18 851	-3 030
49	Accrued income	1 947	346	-1 601
50	Prepaid expenses	19 540	17 987	-1 553
51	Deferred expenses	394	518	124
52	TOTAL ASSETS (01.+26.+48.)	482 039	473 648	-8 391

Schedule 64: Asset side of the balance sheet based on the Railtrack GL

		figures in MHUF		
Line	Item	31/12/2009	31/12/2010	Change
53.	D. EQUITY (54.+...61.)	-73 000	-99 700	-26 700
54.	I. Issued Capital	4 897	4 897	0
	of which: treasury shares redeemed at face value	0	0	0
55	II. Issued capital not paid (-)/	0	0	0
56	III. Capital reserve	17 241	17 241	0
57	IV. Retained earnings/(losses)	-59 538	-95 918	-36 380
58	V. Allocated reserves	215	233	18
59	VI. Revaluation reserve	0	0	0
60	VII. Profit or loss for the year	-35 815	-26 153	9 662
61	E. PROVISIONS (62.+...65.)	8 798	16 779	7 981
62	Provisions for contingent liabilities	891	2 232	1 341
63	Provisions for future commitments	7 728	14 262	6 534
64	Other provisions	179	285	106
65	F. LIABILITIES (67.+71.+80.)	520 063	531 639	11 576
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.)	449 755	449 278	-477
71	Long-term borrowings	1 870	2 767	897
72	Convertible bonds	0	0	0
73	Debts from the issue of bonds	0	10 000	10 000
74	Investment and development loans	15 282	12 886	-2 396
75	Other long-term loans	26 430	18 640	-7 790
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	406 173	404 985	-1 188
78/b	of which: Liabilities related to managed state owned assets	406 001	404 873	-1 128
79	III. CURRENT LIABILITIES (81-89)	70 308	82 361	12 053
80	Short-term borrowings	0	370	370
81	- of which: convertible bonds	0	0	0
82	Other short-term loans	3 220	10 329	7 109
83	Prepayments received from debtors	20	0	-20
84	Creditors	7 840	6 557	-1 283
85	Bills of exchange payable	0	0	0
86	Short-term debts to related parties	9 668	9 237	-431
87	Short-term debts to other investments	0	14	14
88	Other current liabilities	2 283	2 808	525
88/A.	Amounts payable to divisions	47 277	53 046	5 769
89	G.ACCRUED EXPENSES AND DEFERRED INCOME (91.	26 178	24 930	-1 248
90	Deferred income	11 110	10 768	-342
91	Accrued expenses	1 182	1 373	191
92	Deferred extraordinary revenues and negative goodwill	13 886	12 789	-1 097
93	EQUITY & LIABILITIES. (53.+61.+66.+90.)	482 039	473 648	-8 391

Schedule 65: Equity and liabilities side of the BS prepared based on the railtrack GL

figures in MHUF

Line	Item	2009	2010
.01.	Domestic sales, net	143 961	139 339
.02.	Export sales, net	0	0
I.	<i>Sales, net (01.+02.)</i>	143 961	139 339
I/A 1.	Internal revenues from passenger transport	0	0
I/A 2.	Internal revenues from engineering services	0	0
I/A 3.	Internal revenues from central services	0	0
I/A 4.	Internal revenues from railtrack services	863	683
I/A 5.	Revenues from direct internal services	276	365
I/A 6.	Revenues from central administration and property management	0	0
I/A	<i>Internal revenues: (I/A 1+I/A 2+I/A 3+I/A 4+I/A 5)</i>	1 139	1 048
.03.	Changes in self-produced inventories	-158	-103
.04.	Capitalised self-produced inventories	2 315	2 465
II.	<i>Capitalised self-performance (03.+04.)</i>	2 157	2 362
III.	<i>Other revenues</i>	7 456	25 624
	<i>of which: reversed impairment loss (962, 1-962,2)</i>	0	51
	<i>Operating yields (I+I/A +II+III)</i>	154 713	168 373
.05.	Materials	7 068	6 045
.06.	Services used	32 725	33 521
.07.	Other services	911	978
.08.	COGS	12 248	13 409
.09.	Consignment services	24 903	19 907
IV.	<i>Material-type expenditures (05.+06.+07.+08.+09.)</i>	77 855	73 860
IV/A 1.	Internal costs of passenger transport	0	0
IV/A 2.	Internal costs of engineering services	0	0
IV/A 3.	Internal costs of central services	12 068	14 465
IV/A 4.	Internal costs of railtrack services	0	0
IV/A 5.	Costs of direct internal services	281	186
IV/A 6.	Costs of central administration and property management	4 416	4 752
IV/A	<i>Internal expenditures: (IV/A 1+IV/A 2+IV/A 3+IV/A 4+IV/A 5+IV/A 6)</i>	16 765	19 403
.10.	Payroll costs	39 922	39 782
.11.	Other payments to personnel	6 908	7 250
.12.	Social security	13 161	12 344
V.	<i>Payments to personnel (10.+11.+12.)</i>	59 991	59 376
VI.	<i>Depreciation</i>	25 058	25 555
VII.	<i>Other expenditures</i>	7 042	13 788
	<i>of which: impairment loss (862)</i>	530	410
	<i>Operating expenses: (IV+IV/A+V+VI+VII)</i>	186 711	191 982
A.	OPERATING LOSS	-31 998	-23 609
.13.	<i>Dividends received</i>	0	0
	<i>from related parties</i>	0	0
.14.	<i>Gains on share disposals</i>	0	0
	<i>from related parties</i>	0	0
.15.	<i>Interest and FX gains on fixed assets</i>	0	0
	<i>from related parties</i>	0	0
.16.	<i>Interest received and similar income</i>	0	15
	<i>from related parties</i>	0	0
.17.	<i>Other financial income</i>	18	5
VIII.	<i>Financial revenues (13.+14.+15.+16.+17.)</i>	18	20
.18.	<i>FX losses on fixed assets</i>	0	0
	<i>to related parties</i>	0	0
.19.	<i>Interest paid and similar charges</i>	3 820	2 486
	<i>to related parties</i>	0	0
.20.	<i>Impairment loss on shares and securities</i>	0	0
.21.	<i>Other financial expenses</i>	2	4
IX.	<i>Financial expenses (18.+19.+20.+21.)</i>	3 822	2 490
B.	FINANCIAL LOSS (VIII-IX)	-3 804	-2 470
C.	LOSS ON ORDINARY ACTIVITIES (A+B)	-35 802	-26 079
X.	Extraordinary revenues	0	26
XI.	Extraordinary expenditures	13	100
D.	EXTRAORDINARY PROFIT (X-XI)	-13	-74
E.	PRE-TAX LOSS (C+D)	-35 815	-26 153
XII.	TAX PAYABLE	0	0
F.	LOSS AFTER TAX (E-XII)	-35 815	-26 153
.22.	Dividends paid from retained earnings	0	0
.23.	Dividends (paid) approved	0	0
G.	LOSS FOR THE YEAR (F+22.-23.)	-35 815	-26 153

Schedule 66: Profit and loss account prepared based on the railtrack GL

figures in MHUF

Line	Item	31/12/2009	31/12/2010
I.	Operating cash-flows (1-15)	18 595	14 814
1.	Profit before tax ±	-35 815	-26 153
	amounts received free of charge	-22	-7
	amounts granted free of charge, expensed	0	0
	dividends received	0	0
	dividends on prev. year profit	0	0
	debts assumed	0	0
2.	Previous years' profits/losses	-2 211	-573
3.	Revalued loans (base figure is for information only)	109	142
4.	Ordinary depreciation +	25 058	25 555
4/a.	Depreciation on previous year	849	112
5.	Recognised and reversed impairment loss	1 030	400
6.	Changes in provisions	307	7 981
7.	Fixed asset disposals	-83	-23
8.	Movements in creditors	2 817	-1 283
9.	Movements in other current liabilities	1 299	88
10.	Movements in accruals	-2 270	-1 248
11.	Movements in debtors	-1 851	1 464
12.	Current asset movements (less debtors and liquid assets) ±	28 553	5 329
	<i>of which: movements in balance of business line operations</i>	29 743	5 769
13.	Movements in prepayments and accrued income +	825	3 030
14.	Income taxes paid (payable) -	0	0
15.	Dividends and profit-sharing paid or payable -	0	0
II.	Investing cash flows (16-18)	-20 574	-12 836
16.	Fixed assets additions -	-20 720	-12 869
17.	Fixed asset disposals +	146	33
18.	Dividends received +	0	0
III.	Financing cash flows (19-29)	1 983	8 021
19.	Revenues from the issue of shares (capital withdrawal)	0	26
20.	Issue of bonds	0	10 000
21.	Loans taken	1 870	1 267
22.	Repayment, cancellation of long-term loan granted and bank deposits +	0	0
23.	Assets received free of charge +	22	7
24.	Equity movements	0	0
25.	Redemption of shares, capital reduction -	0	0
26.	Repayment of bonds	0	-3 220
27.	Repayment of loans	0	0
28.	Assets transferred free of charge -	0	0
29.	Movements in payables to founders and in other long-term liabilities +	91	-59
IV.	Change in cash and cash equivalents (±I±II±III) ±	4	9 999

Schedule 67: 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

Line	Item	2009	2010
1	Net sales	143 960 866	139 339 006
	tickets	143 960 866	139 339 006
	subsidy (compensation)	0	0
	paid by government	0	0
2	Internal revenues	1 138 721	1 047 954
3	Capitalised own performance	2 157 431	2 362 449
4	Other revenues	7 455 859	25 624 100
	gov. refund	389 000	23 000 000
	gov. subsidy	418 496	487 380
5	TOTAL BUSINESS YIELD	154 712 877	168 373 509
6	Material-type expenditures	77 855 024	73 860 006
	track network access charge	0	0
7	Internal expenses	16 764 567	19 402 822
	track network access charge	0	0
	traction	0	0
	other railway services	280 308	186 128
	central services	12 067 918	14 464 577
	central administration	4 416 341	4 752 117
8	Payments to personnel	59 990 859	59 376 380
9	Depreciation	25 058 266	25 555 260
10	Other expenses	7 042 394	13 787 743
11	TOTAL BUSINESS EXPENDITURE	186 711 110	191 982 211
12	OPERATING LOSS	-31 998 233	-23 608 702
13	Financial income	17 635	19 432
14	Financial expenses	3 821 373	2 489 658
15	FINANCIAL LOSS	-3 803 738	-2 470 226
16	Extraordinary revenues	12	25 907
	gov. subsidy	0	0
17	Extraordinary expenditures	13 113	100 381
18	EXTRAORDINARY PROFIT	-13 101	-74 474
19	Tax	0	0
20	LOSS AFTER TAX	-35 815 072	-26 153 402

Schedule 68: P&L of the railtrack operations division

Railtrack operations closed 2009 with a loss of HUF 35.8 billion. However, in 2010, as a result of a government subsidy of HUF 23 billion for 2010, the annual loss was reduced to HUF 26.2 billion.

A predominant part of net sales in 2010 includes railtrack access revenues and is presented separately from traction electricity and fuel sales (new items in 2010):

Figures in HUF billions

Debtor	2009	2010	Change
Network access net of traction electricity and fuel			
MÁV-START Zrt.	77,8	75,7	-2,1
MÁV-TRAKCIÓ Zrt.	1,4	1,3	-0,1
MÁV Cargo Zrt.	20,1	21,4	1,3
Private railways	3,0	3,0	0,0
Traction electricity			
MÁV-TRAKCIÓ Zrt.	24,0	17,5	-6,5
Private railways	0,6	2,2	1,6
Traction fuel			
MÁV-TRAKCIÓ Zrt.	12,0	13,3	1,3
Private railways	0,9	0,9	0,0
Total	139,8	135,3	-4,5

Schedule 69: Revenues from track access charges

Railtrack access revenues decreased by HUF 4.5 billion compared to 2009 as railtrack use by MÁV START Zrt. also dropped as a result of its reduced passenger transport output and electricity unit prices were lower. These factors were counterbalanced in part by the increased railtrack access charges to and electricity consumed by cargo trains.

Of the internal revenues in 2010, railtrack access charge to area light railways totalled HUF 0.4 billion, the rest related to the storage of scrapped vehicles for TÁSZ (corporate services), plus recharged costs and internal revenues from other railtrack services. The decrease in internal revenues compared to the relevant quarters of 2009 is clearly due to the discontinued passenger services on two area light railway lines.

Other revenues increased materially in 2010 as a result of a HUF 23 billion government subsidy for railtrack operations.

The other main other revenue item was a provision of HUF 0.8 billion used for early retirement and severance pays in 2010.

Material-type expenses dropped by HUF 4.0 billion in 2010 due to two significant factors. On the one hand, as a result of MÁV Zrt's public procurement process for electricity for 2010, the unit price of electricity fell significantly from 29.31 HUF/kWh to 22.42 HUF/kWh – a fact that contributed to the HUF 5.0 billion reduction in consignment traction electricity costs. On the other hand, the cost of sold traction fuel increased by HUF 1.2 billion in relation to a drop in rail kilometre output of diesel engine passenger trains as certain lines were closed temporarily which was exceeded by an increase in diesel fuel unit prices.

The most significant material-type expense items in the reporting quarter were the following: traction electricity and fuel billed to MÁV TRAKCIÓ Zrt. and to private railway companies (HUF 19.8 billion and HUF 13.4 billion); shunting cost paid to MÁV TRAKCIÓ Zrt. (HUF 7.5 billion). Within maintenance for third parties, the maintenance cost of outsourced track structures and high voltage equipment totalled HUF 13.3 billion. 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 3.5 billion for 2010. Additional expenses recognised included maintenance, project materials and operating fuel (HUF 2.7 billion), overhead, fuel and energy (HUF 3.0 billion), miscellaneous material-type expenses (such as transport, weeding, track welding, maintenance and rental costs of track operating assets etc.) (HUF 4.9b) and non-material type services (IT, security, track diagnostics, training etc.) (HUF 5.1 billion).

As in 2009, **internal expenses** included mostly central services and central management costs also in 2010.

The cost of central property management services used increased by HUF 2.4 billion on 2009.

The most significant item of central services in 2010 included property related internal settlements (property management and energy supply, supervision, rents) totalling an aggregate of HUF 8.7 billion. Central services in 2010 included: acquisitions of inventories and materials (HUF 1.9 billion); human services used on a headcount basis (HUF 2.2 billion); accounting services (HUF 0.6 billion); and other central services (administration, environment protection, work safety) (HUF 1.1 billion).

The internal cost of central administration apportioned to railtrack operations based on the related material-type expenses and staff costs increased by HUF 0.3 billion on the previous year.

Of the annual **depreciation charge**, HUF 22.5 billion was recognised on treasury assets, which is a mere HUF 0.3 billion increase on the previous year.

A material item and one of the increasing factors of **other expenses** in 2010 related to a provision of HUF 6.7 billion made for the depreciation of assets not given over by NIF Zrt. (HUF 2.0 billion in 2009).

Another material item was the expenses on damage caused by the weather and the red sludge disaster in a total of HUF 2.5 billion. The related expenses incurred in 2010 exceed similar expenses in 2009 by nearly HUF 1.6 billion and an additional provision of HUF 0.8 billion was also made in 2010 for further restoration work. Additional provisions made included HUF 0.5 billion for working clothes and uniforms and HUF 0.7 billion for early retirement and severance pays. HUF 0.4 billion was paid in 2010 to support the public labour scheme (HUF 0.5 billion in 2009).

In both periods, **financial expenses** included mostly interest incurred on liquidity and development loans which are managed centrally. The HUF 1.4 billion decrease in interest paid on loans was due to two factors. On the one hand, savings were achieved as a result of lower BUBOR rates and EURIBOR rates also dropped on average.

Extraordinary expenditures totalled HUF 70m in 2010 and relate to forgiven debts.

Overall, railtrack operations remained a loss making activity and is worth HUF 26.2 billion. The HUF 23 billion government subsidy received (reimbursement) only managed to reduce the losses.

Related party balances (revenues and liabilities) 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	1	0	1	0	1	1	0
015 MÁV Nosztalgia Kft	78	22	100	53		53	47
020 MÁV VAGON Kft	1	0	1	0		0	1
022 MÁV Vasjármű Kft	1	0	1	2		2	-1
027 Bombardier MÁV Kft	23	0	23	1		1	22
037 VAMAV Kft	6	0	6	6		6	0
038 EURO-METALL Kft	9	0	9			0	9
096 MÁV KERT Kft	3	0	3	580	134	714	-711
101 MÁV FKG Kft	359	59	418	3 461	256	3 717	-3 299
102 MÁV GÉP Kft	304	1	305	3 361	1 016	4 377	-4 072
116 MÁV THERMIT Kft	1		1	625	47	672	-671
131 MÁV KfV Kft	37		37	884	25	909	-872
132 MÁV-SIN Kft			0			0	0
136 MÁV IK Kft	10		10	1 650	144	1 794	-1 784
138 MÁV INFORMATIKA Kft	39	23	62	1 319	1	1 320	-1 258
139 MÁV Vasútor Kft	2		2	652		652	-650
141 VIACOM Rt	165		165	2 576		2 576	-2 411
142 MÁV MULTISZOLG Kft	1		1	78		78	-77
149 MÁV Vagyonkezelő Zrt.	2		2			0	2
152 MÁV Raktár Kft			0	6		6	-6
165 MÁV REC Kft.	9		9			0	9
179 ZÁHONY-PORT Zrt.	182	35	217	152	71	223	-6
180 MÁV-START Zrt.	76 234	125	76 359	59	31	90	76 269
186 MÁV-TRAKCIÓ Zrt. Zrt.	32 323	159	32 482	37 745	54	37 799	-5 317
187 MÁV-GÉPÉSZET Zrt.	366	5	371	365	62	427	-56
Grand total	110 156	429	110 585	53 575	1 842	55 417	55 168

Schedule 70: Related party balances – railtrack operations

I.10.2 Area passenger transport

The balance sheet of the area passenger transport activity (including the GL of the light railway activity) is set out in schedules 71 and 72, the related profit and loss account is in schedule 73, cash-flow statement is in schedule 74. and the statement of area passenger transport (light railway) activities is set out in schedule 75.

		figures in MHUF		
Line	Item	31/12/2009	31/12/2010	Change
01	A. Fixed assets (02.+10.+18.)	13	51	38
02	I. INTANGIBLE ASSETS (03.+...09.)	0	0	0
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	0	0	0
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 (11.+...17.)	13	51	38
11	Land and buildings and related property rights	0	0	0
11/b	of which Managed state owned properties and related rights	0	0	0
12	Plant, machinery, equipment and vehicles	13	51	38
12/b	of which: managed state owned technical equipment, machinery and vehicles	0	0	0
13	Other equipment, fixtures and fittings, vehicles	0	0	0
14	Breeding stock	0	0	0
15	Assets in the course of construction	0	0	0
15/b	of which: managed state owned capital projects	0	0	0
16	Advance payments for AICC	0	0	0
17	Adjusted value of tangible assets	0	0	0
18	III. LONG-TERM FINANCIAL ASSETS (19.+...25.)	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 (27.+34.+40.+45.)	55	14	-41
27	I. INVENTORIES (28.+...33.)	0	0	0
28	Raw materials and consumables	0	0	0
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 (35.+...39/A.)	44	0	-44
35	Trade debtors	0	0	0
36	Receivables from related parties	44	0	-44
37	Receivables from other investments	0	0	0
38	Bills of exchange receivables	0	0	0
39	Other receivables	0	0	0
39/A.	Receivables from division settlements	0	0	0
40	III. SECURITIES (41.+...44.)	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 (46.+47.)	11	14	3
46	Cash, cheques	0	1	1
47	Bank deposits	11	13	2
48	C. PREPAID EXPENSES & ACCRUED INCOME (49.+...51.)	0	0	0
49	Accrued income	0	0	0
50	Prepaid expenses	0	0	0
51	Deferred expenses	0	0	0
52	TOTAL ASSETS (01.+26.+48.)	68	65	-3

Schedule 71: Asset side of the BS based on the area passenger transport GL

		figures in MHUF		
Line	Item	31/12/2009	31/12/2010	Change
53.	<i>D. EQUITY (54.+...60.)</i>	-1 987	-2 463	-476
54.	I. ISSUED CAPITAL	0	0	0
	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)	-912	-1 987	-1 075
58	V. Allocated reserves	0	0	0
59	VI. Revaluation reserve	0	0	0
60	VII. Profit or loss for the year	-1 075	-476	599
61	<i>E. PROVISIONS (62.+...65.)</i>	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	<i>F. LIABILITIES (67.+71.+80.)</i>	2 055	2 528	473
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>	0	0	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	0	0	0
78/b	of which: Liabilities related to managed state owned assets		0	0
79	<i>III. CURRENT LIABILITIES (81-89)</i>	2 055	2 528	473
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	0	0	0
84	Creditors	1	11	10
85	Bills of exchange payable	0	0	0
86	Short-term debts to related parties	52	20	-32
87	Short-term debts to other investments	0	0	0
88	Other current liabilities	3	4	1
88/A.	Amounts payable to divisions	1 999	2 493	494
89	<i>G.ACCRUED EXPENSES AND DEFERRED INCOME (91.+.</i>	0	0	0
90	Deferred income	0	0	0
91	Accrued expenses	0	0	0
92	Deferred extraordinary revenues and negative goodwill	0	0	0
93	<i>EQUITY & LIABILITIES. (53.+61.+66.+90.)</i>	68	65	-3

Schedule 72: Equity & liabilities side of the BS based on the area passenger transport GL

figures in MHUF

Line	Item	2009	2010
.01.	Domestic sales, net	113	92
.02.	Export sales, net	0	0
I.	Sales, net (01.+02.)	113	92
I/A 1.	Internal revenues from passenger transport	0	0
I/A 2.	Internal revenues from engineering services	0	0
I/A 3.	Internal revenues from central services	0	0
I/A 4.	Internal revenues from railtrack services	0	0
I/A 5.	Revenues from direct internal services	2	0
I/A 6.	Revenues from central administration and property management	0	0
I/A	Internal revenues: (I/A 1+I/A 2+I/A 3+I/A 4+I/A 5)	2	0
.03.	Changes in self-produced inventories	0	0
.04.	Capitalised self-produced inventories	0	0
II.	Capitales self-performance (03.+04.)	0	0
III.	Other revenues	0	7
	of which: reversed impairment loss (962,1-962,2)	0	0
	Operating yields (I+I/A +II+III)	115	99
.05.	Materials	44	32
.06.	Services used	480	72
.07.	Other services	0	3
.08.	COGS	0	0
.09.	Consignment services	0	0
IV.	Material-type expenditures (05.+06.+07.+08.+09.)	524	107
IV/A 1.	Internal costs of passenger transport	0	0
IV/A 2.	Internal costs of engineering services	0	0
IV/A 3.	Internal costs of central services	6	6
IV/A 4.	Internal costs of railtrack services	555	369
IV/A 5.	Costs of direct internal services	9	9
IV/A 6.	Costs of central administration and property management	23	7
IV/A	Internal expenditures: (IV/A 1+IV/A 2+IV/A 3+IV/A 4+IV/A 5+IV/A 6)	593	391
.10.	Payroll costs	49	54
.11.	Other payments to personnel	4	5
.12.	Social security	15	16
V.	Payments to personnel (10.+11.+12.)	68	75
VI.	Depreciation	2	1
VII.	Other expenditures	3	1
	of which: impairment loss (862)	0	0
	Operating expenses: (IV+IV/A+V+VI+VII)	1 190	575
A.	OPERATING LOSS	-1 075	-476
.13.	Dividends received	0	0
	from related parties	0	0
.14.	Gains on share disposals	0	0
	from related parties	0	0
.15.	Interest and FX gains on fixed assets	0	0
	from related parties	0	0
.16.	Interest received and similar income	0	0
	from related parties	0	0
.17.	Other financial income	0	0
VIII.	Financial revenues (13.+14.+15.+16.+17.)	0	0
.18.	FX losses on fixed assets	0	0
	to related parties	0	0
.19.	Interest paid and similar charges	0	0
	to related parties	0	0
.20.	Impairment loss on shares and securities	0	0
.21.	Other financial expenses	0	0
IX.	Financial expenses (18.+19.+20.+21.)	0	0
B.	FINANCIAL LOSS (VIII-IX)	0	0
C.	LOSS ON ORDINARY ACTIVITIES (A+B)	-1 075	-476
X.	Extraordinary revenues	0	0
XI.	Extraordinary expenditures	0	0
D.	EXTRAORDINARY PROFIT (X-XI)	0	0
E.	PRE-TAX LOSS (C+D)	-1 075	-476
XII.	TAX PAYABLE	0	0
F.	LOSS AFTER TAX (E-XII)	-1 075	-476
.22.	Dividends paid from retained earnings	0	0
.23.	Dividends (paid) approved	0	0
G.	LOSS FOR THE YEAR (F+22.+23.)	-1 075	-476

Schedule 73: P&L based on the area passenger transport GL

figures in MHUF

Line	Item	31/12/2009	31/12/2010
I.	Operating cash-flows 1-15	12	38
1.	Profit before tax ±	-1 075	-476
	amounts received free of charge	0	0
	amounts granted free of charge, expensed	0	0
	dividends received	0	0
	dividends on prev. year profit	0	0
	debts assumed	0	0
2.	Previous years' profits/losses	0	0
3.	Revalued loans (base figure is for information only)	0	0
4.	Ordinary depreciation +	0	1
4/a.	Depreciation on previous year	2	0
5.	Recognised and reversed impairment loss	0	0
6.	Changes in provisions	0	0
7.	Fixed asset disposals	0	-3
8.	Movements in creditors	-8	10
9.	Movements in other current liabilities	-37	-31
10.	Movements in accruals	0	0
11.	Movements in debtors	0	0
12.	Current asset movements (less debtors and liquid assets) ±	1 130	538
	<i>of which: movements in balance of business line operations</i>	<i>1 171</i>	<i>494</i>
13.	Movements in prepayments and accrued income +	0	0
14.	Income taxes paid (payable) -	0	0
15.	Dividends and profit-sharing paid or payable -	0	0
II.	Investing cash flows (14-16)	0	-36
16.	Fixed assets additions -	0	-40
17.	Fixed asset disposals +	0	4
18.	Dividends received +	0	0
III.	Financing cash flows (17-27)	-1	0
19.	Revenues from the issue of shares (capital withdrawal)	0	0
20.	Issue of bonds	0	0
21.	Loans taken	0	0
22.	Repayment, cancellation of long-term loan and bank deposits +	0	0
23.	Assets received free of charge +	0	0
24.	Equity movements	0	0
25.	Redemption of shares, capital reduction -	0	0
26.	Repayment of bonds	0	0
27.	Repayment of loans	0	0
28.	Assets transferred free of charge -	0	0
29.	Movements in payables to founders and in other long-term liabilities +	-1	0
IV.	Change in cash and cash equivalents (±I±II±III) ±	11	3

Schedule 74: Cash-flow statement based on the area passenger transport GL

The statement of the area passenger transport activity is set out below (in THUF):

Figures in THUF

Line	Item	2009	2010
1	Net sales	113 037	92 164
	tickets	101 978	87 660
	subsidy (compensation)	11 059	4 504
	paid by government	0	0
2	Internal revenues	2 127	10
3	Capitalised own performance	0	235
4	Other revenues	275	7 061
	gov. refund	0	0
	gov. subsidy	0	0
5	TOTAL BUSINESS YIELD	115 439	99 470
6	Material-type expenditures	524 372	106 528
	track network access charge	0	0
7	Internal expenses	593 605	391 456
	track network access charge	554 673	368 790
	traction	0	0
	other railway services	9 417	9 210
	central services	6 260	6 564
	central administration	23 255	6 892
8	Payments to personnel	68 244	75 137
9	Depreciation	1 483	1 463
10	Other expenses	3 298	1 117
11	TOTAL BUSINESS EXPENDITURE	1 191 002	575 701
12	OPERATING LOSS	-1 075 563	-476 231
13	Financial income	532	89
14	Financial expenses	0	0
15	FINANCIAL LOSS	532	89
16	Extraordinary revenues	0	0
	gov. subsidy	0	0
17	Extraordinary expenditures	0	0
18	EXTRAORDINARY PROFIT	0	0
19	Tax	0	0
20	LOSS AFTER TAX	-1 075 031	-476 142

Schedule 75: Area passenger transport P&L

MÁV Zrt's passenger transport services changed according to the following in the timetable period of 2009/2010:

- Balatonfenyves business railway: public service passenger transport as part of MÁV-START Zrt's public service contract;
- Children's Railway: regular passenger transport but no longer as a public service as of the timetable change on 13 December 2009;
- Nyíregyháza and Kecske-mét light railways: in the absence of an order for public services, passenger transport has been suspended as of 13 December 2009.

Thus MÁV Zrt. operated all the four lines for passenger transport in 2009 and only the Children's Railway and the Balatonfenyves business railway lines were operated in 2010. However, MÁV Zrt. holds passenger transport licences also for the suspended lines and incurred costs and expenses in the reporting quarter in this regard. The losses on this activity were reduced from HUF 1,075m to HUF 476m as passenger transport on two lines were suspended.

Area passenger transport incurred losses of HUF 476m in 2010 as ticket sales (including ticket compensation) of HUF 92m and gains on the disposal of railcars of HUF 4m plus the HUF 3m non-performance penalties received were not enough to cover the related costs of HUF 576m. Most of the loss was due to the Children's Railway (HUF 396m as no subsidy is available for MÁV's reasonable related costs and expenses uncovered with revenues).

The total number of light railway passengers was 281,022 in 2010 and reflected 2,123 thousand passenger kilometres. 87.3% of the paying passengers travelled on the Children's Railway. Overall, the total number of passengers dropped by 12.5% compared to 2009 (14.6% decrease on the Children's Railway and a 5.5% increase in passenger numbers on the Balatonfenyves area light railway).

The ticket prices remained unchanged on the light railways in 2010 and only the regulatory prices of student and worker passes increased on the Balatonfenyves line as of 1 February 2010.

Most of the related costs were from internal services (HUF 391m), of which internal railtrack usage charge was the most outstanding at HUF 369m.

The relative decrease in internal railtrack usage charges and material-types expenses (traction, ticket inspection, maintenance etc.) compared to 2009 was due to the suspended light railway services in the Kecskemét and Nyírvidek areas.

The austerity measures of the past years combined with a delay in the subsidy for 2009 and the discontinuation of the subsidy for the Children's Railway as of 2010, have had a negative impact on the rolling stock of the Children's Railway:

- Out of 7 diesel motorcars, only two was fit for unlimited use in daily operations, three motorcars could cope with only two railcars and the remaining two were unfit for service and needed engine replacement.
- The situation was somewhat improved by the engine replacement in one of the diesel motorcars in 2010. Currently, engine replacement is due in another motorcar as the result of a public procurement process.

Related party balances (revenues and liabilities) related to public passenger transport services are presented below.

figures in MHUF

Related party	Revenues			Expenditures			Grand total
	Net sales	Other rev.	Total	Costs	Other expenses	Total	
015 MÁV Nosztalgia Kft	1	0	1	10	0	10	-9
022 MÁV Vasjármű Kft	0	0	0	25	0	25	-25
139 MÁV Vasútör Kft	0	0	0	4	0	4	-4
180 MÁV-START Zrt.	0	0	0	0	0	0	0
186 MÁV-TRAKCIÓ Zrt. Zrt.	0	0	0	0	0	0	0
187 MÁV-GÉPÉSZET Zrt.	0	0	0	9	0	9	-9
Grand total	1	0	1	48	0	48	-47

Schedule 76: Related party balances related to area public passenger transport services

I.10.3 Area passenger transport as a public service

The balance sheet of public service passenger transport is set out in Schedules 77 and 78, the related profit and loss account is presented in Schedule 79, the statement of activity is in Schedule 80. The figures included in these statements reflect the area passenger GL for 2009 and the Balatonfenyves light railway passenger transport activity records for 2010.

figures in MHUF

Line	Item	31/12/2009	31/12/2010	Change
01	A. Fixed assets (02.+10.+18.)	13	1	-12
02	I. INTANGIBLE ASSETS (03.+...09.)	0	0	0
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	0	0	0
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 (11.+...17.)	13	1	-12
11	Land and buildings and related property rights	0	0	0
11/b	of which Managed state owned properties and related rigths	0	0	0
12	Plant, machinery, equipment and vehicles	13	1	-12
12/b	of which: managed state owned technical equipment, machinery and vehicles	0	0	0
13	Other equipment, fixtures and fittings, vehicles	0	0	0
14	Breeding stock	0	0	0
15	Assets in the course of construction	0	0	0
15/b	of which: managed state owned capital projects	0	0	0
16	Advance payments for AICC	0	0	0
17	Adjusted value of tangible assets	0	0	0
18	III. LONG-TERM FINANCIAL ASSETS (19.+...25.)	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 (27.+34.+40.+45.)	55	0	-55
27	I. INVENTORIES (28.+...33.)	0	0	0
28	Raw materials and consumables	0	0	0
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 (35.+...39/A.)	44	0	-44
35	Trade debtors	0	0	0
36	Receivables from related parties	44	0	-44
37	Receivables from other investments	0	0	0
38	Bills of exchange receivables	0	0	0
39	Other receivables	0	0	0
39/A.	Receivables from division settlements	0	0	0
40	III. SECURITIES (41.+...44.)	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 (46.+47.)	11	0	-11
46	Cash, cheques	0	0	0
47	Bank deposits	11	0	-11
48	C. PREPAID EXPENSES & ACCRUED INCOME (49.+...51.)	0	0	0
49	Accrued income	0	0	0
50	Prepaid expenses	0	0	0
51	Deferred expenses	0	0	0
52	TOTAL ASSETS (01.+26.+48.)	68	1	-67

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

figures in MHUF

Line	Item	31/12/2009	31/12/2010	Change
53.	D. EQUITY (54.+...60.)	-1 987	-79	1 908
54.	I. ISSUED CAPITAL	0	0	0
	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)	-912	0	912
58	V. Allocated reserves	0	0	0
59	VI. Revaluation reserve	0	0	0
60	VII. Profit or loss for the year	-1 075	-79	996
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.)	2 055	80	-1 975
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.)	0	0	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	0	0	0
78/b	of which: Liabilities related to managed state owned assets		0	0
79	III. CURRENT LIABILITIES (81-89)	2 055	80	-1 975
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	0	0	0
84	Creditors	1	0	-1
85	Bills of exchange payable	0	0	0
86	Short-term debts to related parties	52	0	-52
87	Short-term debts to other investments	0	0	0
88	Other current liabilities	3	0	-3
88/A.	Amounts payable to divisions	1 999	80	-1 919
89	G. ACCRUED EXPENSES AND DEFERRED INCOME (91.+)	0	0	0
90	Deferred income	0	0	0
91	Accrued expenses	0	0	0
92	Deferred extraordinary revenues and negative goodwill	0	0	0
93	EQUITY & LIABILITIES. (53.+61.+66.+90.)	68	1	-67

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

figures in MHUF

Line	Item	2 009	2 010
.01.	Domestic sales, net	113	6
.02.	Export sales, net	0	0
I.	Sales, net (01.+02.)	113	6
I/A 1.	Internal revenues from passenger transport	0	0
I/A 2.	Internal revenues from engineering services	0	0
I/A 3.	Internal revenues from central services	0	0
I/A 4.	Internal revenues from railtrack services	0	0
I/A 5.	Revenues from direct internal services	2	0
I/A 6.	Revenues from central administration and property management	0	0
I/A	Internal revenues: (I/A 1+I/A 2+I/A 3+I/A 4+I/A 5)	2	0
.03.	Changes in self-produced inventories	0	0
.04.	Capitalised self-produced inventories	0	0
II.	Capitales self-performance (03.+04.)	0	0
III.	Other revenues	0	2
	of which: reversed impairment loss (962,1-962,2)	0	0
	Operating yields (I+I/A +II+III)	115	8
.05.	Materials	44	5
.06.	Services used	480	7
.07.	Other services	0	1
.08.	COGS	0	0
.09.	Consignment services	0	0
IV.	Material-type expenditures (05.+06.+07.+08.+09.)	524	13
IV/A 1.	Internal costs of passenger transport	0	0
IV/A 2.	Internal costs of engineering services	0	0
IV/A 3.	Internal costs of central services	6	2
IV/A 4.	Internal costs of railtrack services	555	56
IV/A 5.	Costs of direct internal services	9	0
IV/A 6.	Costs of central administration and property management	23	1
IV/A	Internal expenditures: (IV/A 1+IV/A 2+IV/A 3+IV/A 4+IV/A 5+IV/A 6)	593	59
.10.	Payroll costs	49	9
.11.	Other payments to personnel	4	2
.12.	Social security	15	3
V.	Payments to personnel (10.+11.+12.)	68	14
VI.	Depreciation	2	0
VII.	Other expenditures	3	1
	of which: impairment loss (862)	0	0
	Operating expenses: (IV+IV/A+V+VI+VII)	1 190	87
A.	OPERATING LOSS	-1 075	-79
.13.	Dividends received	0	0
	from related parties	0	0
.14.	Gains on share disposals	0	0
	from related parties	0	0
.15.	Interest and FX gains on fixed assets	0	0
	from related parties	0	0
.16.	Interest received and similar income	0	0
	from related parties	0	0
.17.	Other financial income	0	0
VIII.	Financial revenues (13.+14.+15.+16.+17.)	0	0
.18.	FX losses on fixed assets	0	0
	to related parties	0	0
.19.	Interest paid and similar charges	0	0
	to related parties	0	0
.20.	Impairment loss on shares and securities	0	0
.21.	Other financial expenses	0	0
IX.	Financial expenses (18.+19.+20.+21.)	0	0
B.	FINANCIAL LOSS (VIII-IX)	0	0
C.	LOSS ON ORDINARY ACTIVITIES (A+B)	-1 075	-79
X.	Extraordinary revenues	0	0
XI.	Extraordinary expenditures	0	0
D.	EXTRAORDINARY PROFIT (X-XI)	0	0
E.	PRE-TAX LOSS (C+D)	-1 075	-79
XII.	TAX PAYABLE	0	0
F.	LOSS AFTER TAX (E-XII)	-1 075	-79
.22.	Dividends paid from retained earnings	0	0
.23.	Dividends (paid) approved	0	0
G.	LOSS FOR THE YEAR (F+22.-23.)	-1 075	-79

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

The statement of public services area passenger transport activities is set out below in THUF:

		Figures in THUF	
No.	Item	2009	2010
1	Net sales	113 037	5 532
	tickets	101 978	4 369
	subsidy (compensation)	11 059	1 163
	paid by government	0	0
2	Internal revenues	2 127	10
3	Capitalised own performance	0	0
4	Other revenues	275	2 044
	gov. refund	0	0
	gov. subsidy	0	0
5	TOTAL BUSINESS YIELD	115 439	7 586
6	Material-type expenditures	524 372	13 293
	track network access charge	0	0
7	Internal expenses	593 605	59 281
	track network access charge	554 673	56 392
	traction	0	0
	other railway services	9 417	0
	central services	6 260	1 913
	central administration	23 255	976
8	Payments to personnel	68 244	13 323
9	Depreciation	1 483	121
10	Other expenses	3 298	403
11	TOTAL BUSINESS EXPENDITURE	1 191 002	86 421
12	OPERATING LOSS	-1 075 563	-78 835
13	Financial income	532	1
14	Financial expenses	0	0
15	FINANCIAL LOSS	532	1
16	Extraordinary revenues	0	0
	gov. subsidy	0	0
17	Extraordinary expenditures	0	0
18	EXTRAORDINARY PROFIT	0	0
19	Tax	0	0
20	LOSS AFTER TAX	-1 075 031	-78 834

Schedule 80: Public service area passenger transport P&L

While in 2009 all the four area railway lines were operated, in 2010 only the business railway in the Balatonfenyves area was operated for public service passenger transport purposes upon order by MÁV START Zrt. As a result of these significant changes, the losses of this activity reduced from HUF 1,075m to HUF 79m.

Public service area passenger transport activities made a total loss of HUF 79m in 2010 as ticket revenues of HUF 6m (inclusive of the government subsidy) and the HUF 2m revenue from railcar sales were unable to cover the related costs of HUF 86m. The losses were also due to the fact that the government subsidy (remuneration) for public services was not included in our records in the reporting period. In 2010, MÁV Zrt's public service passenger transport activity was funded by the government via compensating MÁV-START Zrt. Although the related agreement was signed by both companies, the amount owed to MÁV Zrt. will only be transferred by MÁV START Zrt. once its public service report is approved by the ministry.

The business railway line in the Balatonfenyves area produced a 5.5% increase in turnover (35,716 passengers) and a minimal (0.7%) increase in ticket revenues in 2010. In the summer, the light railway was popular with tourists and holidaymakers in the Lake Balaton area: in the three summer months, the number of passengers was over 18,000, which is a 1,000 passengers increase compared to the summer months of 2009. In conjunction with a programme launched by the entrepreneurs in the area (Cellar party), various groups of people were transported between Balatonfenyves and Pálmajor as part of our co-operation with the organisers.

In the periods between January and April, and then between the end of October and December, passenger service in the Balatonfenyves area is used mostly by the inhabitants and pupils of Balatonfenyves-Imremajor and a few schoolchildren in Somogyszénpál. In the school season, 20-26 pupil passes are sold on average every month and 2-6 worker's passes are sold every month of the year.

The current timetable fails the needs of tourists and visitors and meeting demand would require more staff.

The main components of the related costs were railtrack use internal charge of HUF 56m and payments to personnel of HUF 13m.

Related party balances (revenues and liabilities) related to public passenger transport services are presented below.

figures in MHUF

Related party	Revenues			Expenditures			Grand total
	Net sales	Other rev.	Total	Costs	Other expenses	Total	
015 MÁV Nosztalgia Kft	0	0	0	0	0	0	0
022 MÁV Vasjármű Kft	0	0	0	0	0	0	0
139 MÁV Vasútör Kft	0	0	0	0	0	0	0
180 MÁV-START Zrt.	0	0	0	0	0	0	0
186 MÁV-TRAKCIÓ Zrt. Zrt.	0	0	0	0	0	0	0
187 MÁV-GÉPÉSZET Zrt.	0	0	0	1	0	1	-1
Total	0	0	0	1	0	1	-1

Schedule 81: Related party balances related to public service area passenger transport

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 82 and 83; the profit and loss account of other activities is shown in schedule 84, while the cash flow statements based on the central GL is shown in schedule 85.

figures in MHUF

Line	Item	2009.12.31	2010.12.31	Change
01	A. Fixed assets (02.+10.+18.)	309 525	300 328	-9 197
02	I. INTANGIBLE ASSETS (03.+...09.)	2 315	951	-1 364
03	Capitalised foundation/restructuring	0	0	0
04	Capitalised research and development	46	45	-1
05	Concessions, licenses and similar rights	814	330	-484
06	Trade-marks, patents and similar assets	1 455	576	-879
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 (11.+...17.)	188 114	180 204	-7 910
11	Land and buildings and related property rights	63 923	63 067	-856
11/b	of which Managed state owned properties and related rights	0	0	0
12	Plant, machinery, equipment and vehicles	117 974	115 802	-2 172
12/b	of which: managed state owned technical equipment, machinery and vehicles	0	0	0
13	Other equipment, fixtures and fittings, vehicles	106	76	-30
14	Breeding stock	0	0	0
15	Assets in the course of construction	1 346	1 212	-134
15/b	of which: managed state owned capital projects	0	0	0
16	Advance payments for AICC	4 765	47	-4 718
17	Adjusted value of tangible assets	0	0	0
18	III. LONG-TERM FINANCIAL ASSETS (19.+...25.)	119 096	119 173	77
19	Long-term participations in related parties	117 396	117 144	-252
20	Long-term loans granted to related parties	0	0	0
21	Other long-term investments	1 618	1 937	319
22	Long-term loans granted to other investments	0	0	0
23	Other long-term loans granted	82	92	10
24	Long-term debt securities	0	0	0
25	Adjusted value of financial investments	0	0	0
26	B. Current assets (27.+34.+40.+45.)	92 909	71 653	-21 256
27	I. INVENTORIES (28.+...33.)	3 851	4 758	907
28	Raw materials and consumables	3 778	4 685	907
29	Work in progress and semi-finished products	1	3	2
30	Animals for breeding, fattening and other livestock	0	0	0
31	Finished products	64	28	-36
32	Goods	8	42	34
33	Advance payments for stocks	0	0	0
34	II. RECEIVABLES (35.+...39/A.)	73 615	66 551	-7 064
35	Trade debtors	1 821	1 167	-654
36	Receivables from related parties	9 335	9 021	-314
37	Receivables from other investments	30	46	16
38	Bills of exchange receivables	0	0	0
39	Other receivables	13 153	778	-12 375
39/A.	Receivables from division settlements	49 276	55 539	6 263
40	III. SECURITIES (41.+...44.)	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 (46.+47.)	15 443	344	-15 099
46	Cash, cheques	6	4	-2
47	Bank deposits	15 437	340	-15 097
48	C. PREPAID EXPENSES & ACCRUED INCOME (49.+...51.)	6 083	7 587	1 504
49	Accrued income	741	475	-266
50	Prepaid expenses	456	270	-186
51	Deferred expenses	4 886	6 842	1 956
52	TOTAL ASSETS (01.+26.+48.)	408 517	379 568	-28 949

Schedule 82: Asset side of the BS for other activities

figures in MHUF

Line	Item	31/12/2009	31/12/2010	Change
53.	D. EQUITY (54.+...60.)	163 978	154 482	-9 496
54.	I. ISSUED CAPITAL	16 103	16 103	0
	of which: treasury shares redeemed at face value	0	0	0
55	II. Issued capital not paid (-)/	0	0	0
56	III. Capital reserve	93 407	93 411	4
57	IV. Retained earnings/(losses)	44 480	46 149	1 669
58	V. Allocated reserves	7 030	8 018	988
59	VI. Revaluation reserve	0	0	0
60	VII. Profit or loss for the year	2 958	-9 199	-12 157
61	E. PROVISIONS (62.+...65.)	20 197	20 281	84
62	Provisions for contingent liabilities	18 707	17 832	-875
63	Provisions for future commitments	12	5	-7
64	Other provisions	1 478	2 444	966
65	F. LIABILITIES (67.+71.+80.)	212 130	194 210	-17 920
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.)	166 005	142 694	-23 311
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	89 576	88 302	-1 274
75	Other long-term loans	76 070	54 160	-21 910
76	Long-term debts to related parties	242	81	-161
77	Long-term debts to other investments	0	0	0
78	Other long-term liabilities	117	151	34
78/b	of which: Liabilities related to managed state owned assets	0	0	0
79	III. CURRENT LIABILITIES (81-89)	46 125	51 516	5 391
80	Short-term borrowings	0	0	0
81	- of which: convertible bonds	0	0	0
82	Other short-term loans	15 004	37 549	22 545
83	Prepayments received from debtors	371	75	-296
84	Creditors	12 697	6 936	-5 761
85	Bills of exchange payable	0	0	0
86	Short-term debts to related parties	6 933	2 783	-4 150
87	Short-term debts to other investments	151	13	-138
88	Other current liabilities	10 969	4 160	-6 809
88/A.	Amounts payable to divisions	0	0	0
89	G.ACCRUED EXPENSES AND DEFERRED INCOME (91.	12 212	10 595	-1 617
90	Deferred income	769	505	-264
91	Accrued expenses	3 201	2 701	-500
92	Deferred extraordinary revenues and negative goodwill	8 242	7 389	-853
93	EQUITY & LIABILITIES. (53.+61.+66.+90.)	408 517	379 568	-28 949

Schedule 83: Equity and liabilities side of the BS for other activities

figures in MHUF

Line	Item	2 009	2 010
.01.	Domestic sales, net	35 946	30 997
.02.	Export sales, net	0	0
I.	Sales, net (01.+02.)	35 946	30 997
I/A 1.	Internal revenues from passenger transport	0	0
I/A 2.	Internal revenues from engineering services	0	0
I/A 3.	Internal revenues from central services	27 853	24 674
I/A 4.	Internal revenues from railtrack services	0	0
I/A 5.	Revenues from direct internal services	277	185
I/A 6.	Revenues from central administration and property management	5 574	5 842
I/A	Internal revenues: (I/A 1+I/A 2+I/A 3+I/A 4+I/A 5)	33 704	30 701
.03.	Changes in self-produced inventories	164	69
.04.	Capitalised self-produced inventories	611	185
II.	Capitales self-performance (03.+04.)	775	254
III.	Other revenues	30 072	9 008
	of which: reversed impairment loss (962,1-962,2)	0	24
	Operating yields (I+I/A +II+III)	100 497	70 960
.05.	Materials	6 689	5 874
.06.	Services used	17 300	13 948
.07.	Other services	287	216
.08.	COGS	5 689	4 157
.09.	Consignment services	2 962	2 736
IV.	Material-type expenditures (05.+06.+07.+08.+09.)	32 927	26 931
IV/A 1.	Internal costs of passenger transport	0	0
IV/A 2.	Internal costs of engineering services	0	0
IV/A 3.	Internal costs of central services	15 779	10 203
IV/A 4.	Internal costs of railtrack services	308	314
IV/A 5.	Costs of direct internal services	265	355
IV/A 6.	Costs of central administration and property management	1 135	1 083
IV/A	Internal expenditures: (IV/A 1+IV/A 2+IV/A 3+IV/A 4+IV/A 5+IV/A 6)	17 487	11 955
.10.	Payroll costs	11 331	10 581
.11.	Other payments to personnel	1 587	1 886
.12.	Social security	3 776	3 215
V.	Payments to personnel (10.+11.+12.)	16 694	15 682
VI.	Depreciation	11 297	9 955
VII.	Other expenditures	10 877	9 055
	of which: impairment loss (862)	1 905	619
	Operating expenses: (IV+IV/A+V+VI+VII)	89 282	73 578
A.	OPERATING LOSS	11 215	-2 618
.13.	Dividends received	1 022	1 469
	from related parties	830	1 386
.14.	Gains on share disposals	1 105	0
	from related parties	0	0
.15.	Interest and FX gains on fixed assets	0	0
	from related parties	0	0
.16.	Interest received and similar income	2 090	468
	from related parties	14	29
.17.	Other financial income	988	208
VIII.	Financial revenues (13.+14.+15.+16.+17.)	5 205	2 145
.18.	FX losses on fixed assets	43	0
	to related parties	0	0
.19.	Interest paid and similar charges	11 470	6 853
	to related parties	62	28
.20.	Impairment loss on shares and securities	840	623
.21.	Other financial expenses	925	696
IX.	Financial expenses (18.+19.+20.+21.)	13 278	8 172
B.	FINANCIAL LOSS (VIII-IX)	-8 073	-6 027
C.	LOSS ON ORDINARY ACTIVITIES (A+B)	3 142	-8 645
X.	Extraordinary revenues	22	311
XI.	Extraordinary expenditures	206	865
D.	EXTRAORDINARY PROFIT (X-XI)	-184	-554
E.	PRE-TAX LOSS (C+D)	2 958	-9 199
XII.	TAX PAYABLE	0	0
F.	LOSS AFTER TAX (E-XII)	2 958	-9 199
.22.	Dividends paid from retained earnings	0	0
.23.	Dividends (paid) approved	0	0
G.	LOSS FOR THE YEAR (F+22.-23.)	2 958	-9 199

Schedule 84: Profit and loss account of Other activities

figures in MHUF

Line	Item	31/12/2009	31/12/2010
I.	Operating cash-flows 1-15	33 446	-11 650
1.	Profit before tax ±	2 958	-9 199
	amounts received free of charge	-5	-5
	amounts granted free of charge, expensed	0	3
	dividends received	-1 022	-1 469
	dividends on prev. year profit	-2	0
	debts assumed	0	0
2.	Previous years' profits/losses	-313	-251
3.	Revalued loans (base figure is for information only)	1 622	2 937
4.	Ordinary depreciation +	11 298	9 955
4/a.	Depreciation on previous year	136	76
5.	Recognised and reversed impairment loss	2 778	192
6.	Changes in provisions	-2 855	84
7.	Fixed asset disposals	-2 273	-399
8.	Movements in creditors	1 513	-5 761
9.	Movements in other current liabilities	2 733	-11 125
10.	Movements in accruals	-1 687	-1 617
11.	Movements in debtors	-286	620
12.	Current asset movements (less debtors and liquid assets) +	20 314	5 812
	<i>of which: inventory movement</i>	-38 442	-6 263
13.	Movements in prepayments and accrued income +	-1 463	-1 504
14.	Income taxes paid (payable) -	0	0
15.	Dividends and profit-sharing paid or payable -	0	0
II.	Investing cash flows (16-18)	-28 238	-37
16.	Fixed assets additions -	-33 711	-2 214
17.	Fixed asset disposals +	4 450	709
18.	Dividends received +	1 023	1 469
III.	Financing cash flows (19-29)	3 792	-3 412
19.	Revenues from the issue of shares (capital withdrawal)	0	-24
20.	Issue of bonds	0	0
21.	Loans taken	17 247	11 533
22.	Repayment, cancellation of long-term loan granted and bank deposits +	254	335
23.	Assets received free of charge +	82	5
24.	Equity movements	0	0
25.	Redemption of shares, capital reduction -	0	0
26.	Repayment of bonds	-13 710	-15 269
27.	Repayment of loans	-53	0
28.	Assets transferred free of charge -	0	-25
29.	Movements in payables to founders and in other long-term liabilities +	-28	33
IV.	Change in cash and cash equivalents (±I±II±III) ±	9 000	-15 099

Schedule 85: Cash-flow statement based on the Central GL

The statement of other activities is presented in THUF below:

Figures in THUF

<i>Line</i>	<i>Item</i>	<i>2009</i>	<i>2010</i>
1	Net sales	35 946 477	30 996 497
	tickets	35 946 477	30 996 497
	subsidy (compensation)	0	0
	paid by government	0	0
2	Internal revenues	33 704 529	30 700 539
3	Capitalised own performance	774 536	253 572
4	Other revenues	30 071 948	9 008 108
	gov. refund	0	0
	gov. subsidy	1 005 958	934 431
5	TOTAL BUSINESS YIELD	100 497 490	70 958 716
6	Material-type expenditures	32 926 592	26 931 270
	track network access charge	0	0
7	Internal expenses	17 487 206	11 954 225
	track network access charge	307 959	314 082
	traction	0	0
	other railway services	265 154	354 549
	central services	15 779 227	10 203 192
	central administration	1 134 866	1 082 402
8	Payments to personnel	16 693 637	15 682 031
9	Depreciation	11 297 702	9 954 517
10	Other expenses	10 876 677	9 054 504
11	TOTAL BUSINESS EXPENDITURE	89 281 814	73 576 547
12	OPERATING LOSS	11 215 676	-2 617 831
13	Financial income	5 204 789	2 144 806
14	Financial expenses	13 278 518	8 172 393
15	FINANCIAL LOSS	-8 073 729	-6 027 587
16	Extraordinary revenues	21 767	310 922
	gov. subsidy	0	0
17	Extraordinary expenditures	205 941	864 406
18	EXTRAORDINARY PROFIT	-184 174	-553 484
19	Tax	0	0
20	LOSS AFTER TAX	2 957 773	-9 198 902

Schedule 86: Other activities

MÁV Zrt's other activities of include primarily the following activities (in order of significance based on net sales): wagon lease/rent out, property lease out, materials sold and inventory management, human and accounting services, central administration.

MÁV Zrt's other activities made losses HUF 9.2 billion for 2010 as opposed to the HUF 3.0 billion profit for 2009. In 2009, HUF 14.3b VAT plus HUF 4.6b late payment interest was recovered as other revenues as a result of VAT apportioning in previous years.

The loss for 2010 was also due to the following reasons: interest and foreign exchange losses totalling HUF 4.8 billion were recognised on the operational loans of the outsourced passenger transport activity; losses on controlling the group not covered with dividends amounted to HUF 2.6 billion.

The main components of net sales revenues are as follows (HUF billions):

Activity	2009	2010
Materials sold, inventory management	6,6	5,2
Railcar lease, rent	11,3	8,9
Property lease, rent and operating	10,6	9,8
Other services (human, training, accounting, other central se	7,4	7,1
Total	35,9	31,0

Schedule 87: Net sales revenues from other activities

In 2010, the MÁV companies purchased less materials via MÁV Zrt. and therefore income from materials sold reduced by HUF 1.4 billion compared to 2009. Sales revenues in 2010 include mostly sales to railtrack maintenance companies (HUF 2.9 billion) and materials worth HUF 1.0 billion were sold to MÁV-GÉPÉSZET Zrt.

Passenger transport vehicle leasing brought revenues of HUF 8.9 billion in 2010. The decrease on the previous year is due to reduced depreciation rates and lower interests on development loans.

In 2010, property leasing produced revenues of HUF 6.0 billion, related public utility services HUF 1.7 billion and other property management services brought revenues HUF 2.1 billion.

Internal revenues per activity (HUF billions):

Internal activity	2009	2010
Central administration	5,6	5,8
Property management and supervision	19,9	17,1
Inventory management, purchase and other corporate service	1,8	2,1
Human services	2,5	2,5
Accounting	2,3	1,8
Administrative services	0,9	0,8
Other internal services	0,7	0,6
Total	33,7	30,7

Schedule 88: Internal revenues from other activities

As in 2009, more than half of the internal revenues in 2010 was from the internal use of properties and this area suffered the most setback as a result of the protracted public procurement processes necessary for the use of third party services for this activity.

Internal revenues from central administration increased from HUF 5.6 billion in 2009 to HUF 5.8 billion in 2010 and reflect the aggregate of the costs of central administration and expenses not offset by revenues. The main reasons for the changes were as follows:

- the percentage of MÁV Zrt's staff within the total number of staff of MÁV Zrt. and the group companies in the basis portfolio increased to 52.0% in 2010 from the 50.9% in 2009, i.e. more were attributable to central administration from Group administration at MÁV Zrt's level,

- we made a provision of HUF 1.9 billion in 2010 for annuity obligations which was shared by the separated activities as the cost of central management,
- the personnel costs of controlling entities decreased as a result of lower staff numbers and reduced social security contributions of which HUF 0.2 billion was attributable to central administration based on the headcount of MÁV Zrt. and the group entities in the basis portfolio,
- internal revenues of central administration were also reduced, on a headcount apportioned basis, by HUF 0.1 billion (specialists of administrative bodies), plus by HUF 0.1 billion (provision for litigations), and by HUF 0.2 billion due to lower late payment interests paid.

As more than 90% of revenues from human services come from headcount-based services, the drop in the number of staff compared to 2009 had a negative impact on internal revenues from human services.

The decrease in accounting services is due to the restructured services that resulted in staff cuts and IT cost cuts.

The most significant other revenue items in the two periods were:

In 2010: HUF 4.4 billion of provisions used; HUF 0.9 billion reversed impairment loss; and HUF 0.4 billion received from STADLER in relation to the delayed delivery of the first 30 motor coaches.

In 2009: HUF 14.3b VAT plus HUF 4.6b late payment interest was recovered as other revenues as a result of VAT apportioning in previous years and provisions of HUF 6.5 billion were used.

Significant material-type expenditures in 2010:

- railtrack technical materials sold (HUF 2.5 billion), materials sold to MÁV-GÉPÉSZET Zrt. (HUF 0.9 billion),
- property management (energy, maintenance, rent/lease, cleaning and other communal services, heating improvement, utilities operation) totalling HUF 14.5 billion, and billed outsourced property utilisation costs of HUF 0.9 billion,
- other expenditures incurred in relation to central activities: IT services (HUF 1.7 billion), consignment maintenance of lease-out railcars (HUF 1.2 billion) and car rental (HUF 0.4b).

The decrease in material-type expenditures compared to 2009 was due to among others: a HUF 1.6 billion decrease in billed building maintenance and management costs and a HUF 1.7 billion decrease in the cost of materials sold.

Internal expenditures related to other activities in 2010 included mostly central services (HUF 13.0 billion): of which management and energy costs of lease-out properties represented HUF 8.7 billion central administration and accounting services totalled HUF 1.2 billion.

The decrease in central services used by other activities related to property services and was due primarily to lower internal costs on let and unused properties.

Wagons to be disassembled are stored on tracks, hence the internal track usage charge on other activities. The cost of trainers and examiners provided by railtrack operations for training purposes as well as telecom costs supplied to central organisations were settled in 2010, hence appear railtrack access service expenses among other activities.

Payments to personnel (HUF 15.7 billion) in 2010 included central services (HUF 8.2 billion) and central administration (HUF 2.5 billion), group management (HUF 2.5 billion), and other central activities (HUF 2.1 billion). The decrease on 2009 is due primarily to a favourable change in payroll related contributions in 2009.

The depreciation charge related to other activities related to leased out railcars in both 2009 (HUF 8.3 billion) and 2010 (HUF 7.1 billion). With respect to passenger railcars and motor coaches, new depreciation rates were set in 2010 based on the useful lives determined based on the underlying leasing agreements. The new rates contributed to a decrease in depreciation in 2010.

Other expenses fell from the HUF 10.9 billion in 2009 to HUF 9.1 billion in 2010. The impairment loss on debtors dropped by HUF 0.8 billion: in 2009 HUF 0.4 billion was recognised with respect to ZÁHONY-PORT Zrt. and HUF 0.4 billion was recognised for receivables due over one year. Overall, provisions for other activities increased by HUF 0.8 billion in 2010. While significant reductions were achieved in relation to provisions for litigations (HUF -1.0 billion), HUF 1.9 billion was made for annuity liabilities in 2010.

Financial income from other activities dropped from HUF 5.2 billion to HUF 2.1 billion due to three items recognised in 2009:

- HUF 1.0 billion financial income was recognised on the sale of MÁV CARGO Zrt. shares as the difference between the consideration received and the face value of the shares.
- HUF 1,7 billion was earned on the MNB bonds and discounted treasury bonds purchased from the revenues from the sale of MÁV CARGO Zrt's shares.
- Foreign exchange gains of HUF 0.9 billion were realised in relation to the acquisition of Flirt motor coaches among other liabilities.

The most significant financial revenue item in 2010 was the dividends of HUF 1.5 billion received.

Financial expenses on other activities included a HUF 4.1 billion decrease interest payable on project loans related to railcars remained with and rented out by MÁV Zrt. after outsourcing the passenger transport activity as a result of lower EURIBOR rates that serve as the basis of loan interest rates.

The most significant extraordinary expenses on other activities in 2010 included: forgiven debts of HUF 0.4 billion in order to increase MÁV Group's efficiency and HUF 0.2 billion to compensate the member's loan of MÁV Vagyonkezelő Zrt.

Related party balances (revenues and liabilities) related to other activities are presented below.

figures in MHUF

Related party	Revenues					Expenditures					Grand total
	Net sales	Other rev.	Financial income	Extra rev.	Total	Costs	Other exp.	Finance exp.	Extra exp.	Total	
005 MÁVTI Kft	56	0	80	0	136	58	0	0	0	58	78
015 MÁV Nostalgia Kft	26	6	12	0	44	3	0	0	0	3	41
020 MÁV VAGON Kft	74	0	0	0	74	18	0	0	0	18	56
022 MÁV Vasjármű Kft	67	0	0	0	67	3	0	23	0	26	41
027 Bombardier MÁV Kft	123	0	0	0	123	57	49	0	0	106	17
037 VAMAV Kft	32	0	323	0	355	0	0	0	0	0	355
038 EURO-METALL Kft	83	0	15	0	98	40	0	0	0	40	58
096 MÁV KERT Kft	16	0	112	0	128	37	0	0	0	37	91
101 MÁV FKG Kft	1 605	2	0	0	1 607	1 428	101	0	0	1 529	78
102 MÁV GÉP Kft	1 531	464	0	0	1 995	1 134	420	600	0	2 154	-159
116 MÁV THERMIT Kft	10	0	24	0	34	0	0	0	0	0	34
131 MÁV KfV Kft	5	0	290	0	295	5	-7	0	0	-2	297
136 MÁV IK Kft	124	11	240	0	375	6 223	184	0	0	6 407	-6 032
138 MÁV INFORMATIKA Kft	142	0	200	0	342	1 344	117	16	0	1 477	-1 135
139 MÁV Vasúti Kft	19	0	0	0	19	625	0	0	0	625	-606
141 VIACOM Rt	0	0	90	0	90	0	0	0	0	0	90
142 MÁV MULTISZOLG Kft	2	0	0	0	2	3	0	0	0	3	-1
149 MÁV Vagyongazdálkodó Zrt.	62	0	0	269	331	897	28	11	230	1 166	-835
178 HUNGRAIL Egyesülés	0	0	0	0	0	31	0	0	0	31	-31
179 ZÁHONY-PORT Zrt.	279	120	29	0	428	78	0	0	179	257	171
180 MÁV-START Zrt.	14 637	295	0	0	14 932	1 762	8	0	134	1 904	13 028
182 Józsefváros Pályaudvar Kft.	0	23	0	0	23	0	0	0	0	0	23
186 MÁV-TRAKCIÓ Zrt.	1 854	144	0	0	1 998	319	30	0	38	387	1 611
187 MÁV-GÉPÉSZET Zrt.	4 536	31	0	0	4 567	1 552	13	0	36	1 601	2 966
Gand total	25 283	1 096	1 415	269	28 063	15 617	943	650	617	17 827	10 236

Schedule 89: Related party balances (revenues and liabilities) related to 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	No. of staff
Railtrack	16 325
Passenger transport	13
Of which: public service	5
Other activities	2 591
MAV Zrt. total	18 929

Schedule 90: Average annual statistical number of employees per activity in 2010

Government grants used for operations per purpose:

figures in MHUF

Grants recognised as revenue					
Item	Railtrack	Passenger transport	Public passenger service	Other	MÁV ZRt. total
Gov. Refund for public services	23 000	0	0	0	23 000
Debts forgiven by government	68	0	0	850	918
Ticket subsidy	0	5	1	0	5
Refunded excise tax	0	12	1	0	12
Subsidies for own assets	263	0	0	76	339
Phare aid used	156	0	0	8	164
Government grants	23 487	17	2	934	24 438
Development funds					
Item	Railtrack	Public passenger service	Public passenger service	Other	MÁV ZRt. total
Railway network development	93	0	0	0	93
Free flow traffic	0	0	0	182	182
TEN-T government subsidy for treasury assets	85	0	0	0	85
Total development funds	178	0	0	182	360

Schedule 91: Government grants used for operations per purpose

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	1	-1 048	0	0	14 650	0	4 752	0	18 355
Public service transport	378	0	0	0	6	0	7	0	391
Other activities	669	0	0	0	10 203	-24 859	1 083	-5 842	-18 746
TOTAL	1 048	-1 048	0	0	24 859	-24 859	5 842	-5 842	0

Schedule 92: 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.

Other services (central services and control) 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 (OKKP). The related deadlines were initially set by the Ministry for Transport and Water to 2010, However, later these deadlines were adjusted to the National Programme and the deadlines set for 2010 no longer apply. The final deadline to implement the national restoration programme has been cancelled.

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 2010.
- 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, HUF 1,911m in 2008 and HUF 388m in 2009 and HUF 83m in 2010. The available amount less used and released amounts is HUF 10,478m.

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
Provision used in 2009	-1 544
Provision made in 2009	388
Provision used in 2010	-637
Provision made in 2010	83
Total provisions at 31 Dec 2010	6 861
Total environmental reserves	10 478

Schedule 93: Environmental reserves

Environmental expenses, provisions and allocated reserves in 2009 and in 2010 are presented below:

figures in MHUF

Period	2009	2010
Environmental expenses	1 178	583

Schedule 94: Environmental expenses

figures in MHUF

Item	Opening	Increase	Decrease	Closing
Allocated reserves	3 617	0	0	3 617
Provisions	7 415	83	637	6 861
Reserves, total	11 032	83	637	10 478

Schedule 95: Movements in environmental reserves in 2010

Existing environmental liabilities:

figures in MHUF

Item	Liability
Soil and soil water pollution	5 522
Environment restoration at abandoned sites	2 099
Abandoned polluting heating systems	1 423
Eliminating pollution caused by transformers	569
Illegal waste	315
Water and sewage network assessment, mapping	400
Dead sewage branch assessment, mapping	150
Environmental liabilities, total	10 478

Schedule 96: Existing environmental liabilities

II.1.2 Assets directly serving environmental purposes

Movements in assets directly serving environmental purposes:

figures in MHUF

Item	Opening	Increase/Decrease	Closing
Cost	2 768	8	2 776
Depreciation on opening	480	30	510
Depreciation of additions in the reporting year	1		1
Net	2 287		2 265
AICC	2		2
Total:	2 289		2 267

Schedule 97: Assets directly serving environmental purposes

In 2010, we acquired a railway noise and tremor meter and a gas chromatograph to meter the concentration of hydrocarbons for EBK's Environmental Technical Service Centre accredited by the National Accreditation Body in a total of HUF 8m. In 2009, assets in the course of construction totalling HUF 2m were recorded in respect to the building of hazardous waste containers. As the related planning works were not concluded due to a contractual dispute with the contractor in 2010, the HUF 2m AICC was also presented in 2010.

II.1.3 Waste – values and quantities

Figures in THUF

EWC code	Item	Opening	Increase	Decrease	Closing
130205*	non-chloride lubricants	135	348	381	102
160601*	lead battery	1 106	2 182	1 446	1 842
Total		1 241	2 530	1 827	1 944

Schedule 98: Dangerous and hazardous waste

EWC code	Item	Opening (kg)	Increase (kg)	Decrease (kg)	Closing (kg)
050103*	Tank bottom sludge	0	0	0	1 200
060101*	Sulphuric acid and similar acids	40	0	0	40
060106*	Other acids	0	24	134	24
060404*	Mercurial waste	0	0	0	9
060405*	Other heavy metal containing waste	0	29	2	27
061302*	Depleted activated carbon (except 06 07 02)	0	1 470	0	1 470
070214*	Hazardous auxiliary materials	0	1 699	0	1 699
080111*	Paint and varnish containing detergents and similar hazardous materials	135	1 618	92	1 661
080317*	waste toner (hazardous paint)	422	2 858	286	3 004
120112*	Used wax and grease	0	0	0	180
130205*	non-chloride lubricants	2 694	6 960	1 298	7 617
130206*	Synthetic lubricants	0	0	0	0
130208*	Other lubricants	0	0	0	0
130506*	Oil from oil/water separators	600	4 017	0	4 017
130307*	mineral oil based, non-chloride insulation and heat transmission lubricants	0	350	0	350
130502*	sludge from oil/water separator	0	123 885	599	123 286
130507*	Water from oil/water separators	0	85 580	0	85 580
130508*	mixed waste from oil/water separator	0	126 448	0	126 448
130701*	heating fuel and diesel	1 216	8 380	36	8 344
130899*	Other non-specified waste	0	0	0	1 180
150110*	stained packaging	6 499	20 392	1 139	25 447
150111*	asbestos containing metal packaging, including empty gas cylinders	257	222	88	408
150202*	Stained absorbents, filters, cloths, protective clothing	7 417	29 036	9 763	26 710
160107*	Oil filters	0	0	0	147
160114*	hazardous antifreeze	0	5	5	0
160209*	PCB containing transformers and condensers	0	1 475	0	1 475
160213*	Equipment no longer in use	0	49 765	0	49 890
160303*	Hazardous inorganic waste	3	39	0	41
160403*	Other explosive waste	0	7	1	6
160305*	Organic hazardous waste	1 343	1 575	79	2 510
160410*	Oil, carbonolite containing and other hazardous cables	0	310	0	310
160506*	Laboratory chemicals	0	6	0	6
160507*	Inorganic hazardous chemicals and polluted chemicals no longer in use	0	33	0	33
160508*	Organic hazardous chemicals and polluted chemicals	0	2 445	0	2 445
160601*	Lead battery	14 185	27 974	22 840	18 544
161001*	hazardous fluids	0	19 380	0	19 380
170106*	stained concrete, brick, ceramics	0	160 100	0	160 100
170204*	contaminated glass, plastic, wood	97 465	2 056 981	673 337	1 481 109
170410*	Oil, carbonolite containing and other hazardous cables	0	880	0	880
170503*	stained soil and stone	0	2 026 294	0	2 027 684
170507*	Track ballast containing hazardous materials	0	297 178	0	297 437
170601*	Asbestos containing insulators	43	265	20	288
200121*	Neon lights and other mercury containing materials	174	975	794	473
200133*	Batteries including those under 16 06 01, 16 06 02 or 16 06 03	1 065	7 249	3 362	4 800
200135*	Scrapped electric and electronic equipment other than those under 20 01 21 and 20 01 23	7 691	34 401	908	41 059
Total		141 249	5 100 305	714 783	4 527 318

Schedule 99: Quantities of dangerous and hazardous waste (kg)

II.2 Research and development

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

figures in MHUF

Item	2009	2010	Change
R&D costs	234	168	-66
Of which: own R&D to be capitalised	0	1	1
own R&D expensed in 2008	234	167	-67
R&D for third parties	0	0	0
Direct costs of technical development	153	117	-36
Of which: cost of development arrangements, management and testing	85	56	-29
technical information, propaganda and production management	54	49	-5
type classification, standardisation, industrial design	14	11	-3
technical tenders	0	0	0
non-capitalised or unused innovation	0	1	1
non-capitalised, used innovation	0	0	0
non-capitalised, used other intellectual output	0	0	0

Schedule 100: R&D costs

Mostly as a result of reduced research activities in relation to other activities, MÁV Zrt's R&D costs decreased by HUF 66m in 2010 compared to 2009.

R&D costs for MÁV Zrt. in 2010 totalled HUF 168m for the following purposes:

- traffic safety (HUF 29m),
- service quality improvement (HUF 39m),
- environment protection (HUF 25m),
- technological, quality control, reconstructing and business management etc. improvements necessary to retain MÁV's operations (HUF 75m).

R&D capitalised and in progress in 2010 are presented as follows:

figures in MHUF

Item	Opening	Increase	Decrease	Closing
Cost	13	0	4	9
Amortisation	13	0	4	9
Net	0	0	0	0
R&D in progress*	55	22	0	77

Schedule 101: Capitalised R&D

Capitalised R&D worth HUF 4m was scrapped by railtrack operations in relation to changes in the basic electricity grid. R&D in progress at railtrack operations increased by HUF 22m in relation to railway metering car software development and testing switch-operating mechanisms.

II.3 Subsidies received

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

Item	figures in MHUF		
	2009	2010	Change
Ticket subsidy	11	6	-5
Refunded excise tax	11	12	1
Project subsidy*	556	360	-196
Production subsidy (public service refunds)	389	23 000	22 611
Total:	967	23 378	22 411

* Note: Project subsidies are detailed in „Schedule 13: Subsidies used for capital projects ”

Schedule 102: Subsidies recognised in the reporting year

Ticket compensation per category	figures in MHUF		
	2009	2010	Change
50%	7	3	-4
90%	5	2	-3
Pupils and students	2	1	-1
Total:	14	6	-8

Schedule 103: Use of ticket compensation

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

Staff	2009		2010	
	Average statistical number of staff	%	Average statistical number of staff	%
- blue collar	13 133,1	66,1	12 464,4	65,8
- white collar	6 734,7	33,9	6 464,9	34,2
Full-time	19 867,8	100,0	18 929,3	100,0

Schedule 104: Average number of staff

Staff	Average pay (HUF/p/month)		Average pay for the category	
	2009	2010	2009	2010
- blue collar	167 352	173 733	127 691	131 481
- white collar	294 912	292 529	255 126	259 011
Full-time	210 750	214 406	171 046	175 144

* Note: In 2010, the average pay per category is presented instead of the base pay

Schedule 105: Average and base wages and salaries

Category	2009	%	2010	%	Index 2010/2009 (%)
Full-time	18 919	99,4	18 484	99,6	97,7
blue collar	12 503	65,7	12 150	65,5	97,2
white collar	6 416	33,7	6 334	34,1	98,7
Part-time	112	0,6	76	0,4	67,9
blue collar	94	0,5	61	0,3	64,9
white collar	18	0,1	15	0,1	83,3
Total employees	19 031	100,0	18 560	100,0	97,5

Schedule 106: MÁV Zrt's closing number of staff at the end of 2010

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

figures in MHUF

Staff	2009					2010				
	Payroll	Other payments to staff	Social security	Total	%	Payroll	Other payments to staff	Social security	Total	%
Blue collar	24 824	4 099	8 198	37 121	48%	32 916	5 928	10 143	48 987	65%
White collar	25 962	4 288	8 574	38 824	51%	17 073	3 075	5 261	25 408	34%
Inactive	516	112	180	808	1%	428	138	172	738	1%
Total:	51 302	8 499	16 952	76 753	100%	50 417	9 141	15 575	75 133	100%

Schedule 107: 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	2009	2010	Change
Board	30	17	-13
Supervisory Board	34	16	-18
Total:	64	33	-31

Schedule 108: Remunerations paid in 2010

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 2010.

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 2010

The cost of the annual audit is HUF 20 million. Other services provided by the auditors total HUF 17 million.

II.6 MÁV Zrt's investments

figures in HUF

Cons. Entities	Internal code	Name	MÁV % (30 Nov 2010)	Founded on	Postcode	Seat	Address	Capital at 31 Dec 2010	Issued capital at 31 Dec 2010 MÁV
TK	180	MÁV-START Zrt.	100,00%	2007.01.11	1087	Budapest	Köny ves Kálmán körút 54-60.	10 000 000 000	10 000 000 000
TK	186	MÁV-TRAKCIÓ Zrt.	99,99%	2007.10.10	1087	Budapest	Köny ves Kálmán körút 54-60.	29 814 674 000	29 812 674 000
TK	187	MÁV-GÉPÉSZET Zrt.	99,90%	2007.11.12	1087	Budapest	Köny ves Kálmán körút 54-60.	3 932 840 000	3 928 840 000
TK	101	MÁV FKG Kft.	100,00%	1993.12.31	5137	Jászkisér	Jászlándányi út 10.	1 504 760 000	1 504 760 000
TK	131	MÁV KÉV Kft.	100,00%	1996.09.01	1097	Budapest	Péceli út 2.	180 400 000	180 400 000
TK	102	MÁVGÉP Kft.	100,00%	1993.12.31	1103	Budapest	Kőér utca 2/d.	13 000 000	13 000 000
TK	179	ZÁHONY-PORT Zrt.	100,00%	2006.08.31	4625	Záhony	Európa tér 12.	323 070 000	323 070 000
TK	138	MÁV INFORMATIKA Zrt.	100,00%	1996.11.01	1013	Budapest	Krisztina körút 37/a.	800 000 000	800 000 000
TK	136	MÁV Ingatlankezelő Kft.	100,00%	1996.12.30	1086	Budapest	Fiumei út 22.	398 960 000	398 960 000
TK	149	MÁV Vagyongépző Zrt.	100,00%	1997.07.18	1136	Budapest	Pannónia utca 11.	243 902 000	243 902 000
Fully consolidated entities, Total								47 211 606 000	47 205 606 000
EQL	185	DÉLI PÁLYAUDVAR Zrt.	100,00%	2007.10.16	1013	Budapest	Krisztina körút 37/a.	6 000 000	6 000 000
EQL	182	Józsefváros Pályaudvar Kft.	90,00%	2007.02.14	1087	Budapest	Köny ves Kálmán körút 54-60.	1 000 000	900 000
EQL	184	Kelenföldi Pályaudvar Kft.	100,00%	2007.07.16	1013	Budapest	Krisztina körút 37/a.	1 000 000	1 000 000
EQL	015	MÁV NOSZTALGIA Kft.	57,00%	1992.12.30	1142	Budapest	Tatai út 95.	10 000 000	5 700 000
EQL	005	MÁV Tervező Intézet Kft.	100,00%	1992.07.01	1016	Budapest	Mészáros utca 19.	80 000 000	80 000 000
EQL	020	MÁV VAGON Kft.	90,00%	1992.12.30	8000	Székesfehérvár	Takarodó utca 1.	243 980 000	219 582 000
EQL	139	MÁV VASÚTŐR Kft.	100,00%	1996.12.30	1097	Budapest	Fék utca 8/a.	214 760 000	214 760 000
EQL	183	PRUDENT-INVEST Befektetési Alapkezelő Zrt.	50,59%	2007.07.25	1122	Budapest	Moszkva tér 15.	5 000 000	2 529 500
EQL	181	Rákosszenté Pályaudvar Kft.	90,00%	2007.02.14	1136	Budapest	Pannónia utca 11.	2 000 000	1 800 000
EQL	096	MÁV KERT Kft.	100,00%	1993.04.01	1102	Budapest	Kolozsvári utca 39205/3 hrsz.	46 270 000	46 270 000
Equity consolidated subsidiaries (Treated as associate)								610 010 000	578 541 500
EQT	027	Bombardier MÁV Kft.	25,10%	1992.12.30	2120	Dunakeszi	Állomás sétány 19.	772 000 000	193 750 000
EQT	116	MÁV-THERMIT Kft.	35,00%	1995.02.28	2030	Érd	Tolmács utca 18.	138 000 000	48 300 000
EQT	022	MÁV VASJÁRMŰ Kft.	25,00%	1992.12.30	9700	Szombathely	Szövő utca 85.	631 990 000	158 000 000
EQT	037	VAMAV Kft.	50,00%	1991.11.26	3200	Gyöngyös	Gyár út 1.	1 400 000 000	700 000 000
EQT	038	EURO-METALL Kft.	34,99%	1991.01.23	1045	Budapest	Elem utca 5-7.	50 590 000	17 700 000
EQT	141	VIACOM Zrt.	30,00%	1997.01.01	2093	Budajenő	Fűzes utca 1.	100 000 000	30 000 000
Equity consolidated subsidiaries (Treated as associate)								3 092 580 000	1 147 750 000
RL	134	MÁV Utasellátó Zrt. f.a.	100,00%	1996.12.01	1053	Budapest	Veres Pálné utca 9.	137 000 000	137 000 000
RL	006	MÁV Hídepítő Kft. f.a.	100,00%	1992.08.01	1142	Budapest	Mexikói út 71.	3 100 000	3 100 000
RL	008	MÁVÉPSZER Kft. f.a.	100,00%	1992.10.01	1045	Budapest	Madridi út 9.	234 330 000	234 330 000
RL	004	MÁVFAVÉD Kft. f.a.	100,00%	1992.07.01	1132	Budapest	Visevárdai utca 9.	6 000 000	6 000 000
RL	132	MÁV-SÍN Kft. f.a.	0,00%	1996.09.01	3200	Gyöngyös	Gyár út 1.	199 900 000	199 900 000
RL	174	MÁV LOKOMOTÍV HOTELS Zrt. f.a.	90,00%	2004.05.01	1142	Budapest	Teleki Blanka út 15-17.	6 000 000	5 400 000
Other related parties								386 430 000	385 830 000
RT	178	HUNGRAIL Magyar Vasúti Fuvarozó Egyesülés	5,56%	2006.03.24	1138	Budapest	Népfürdő utca 22. B épület 9/11.	3 600 000	200 000
RT	165	MÁV-REC Kft.	49,00%	2008.04.23	1097	Budapest	Köny ves Kálmán körút 16.	50 000 000	24 500 000
RT	188	MTMG Logisztikai Zrt.	25,12%	2006.03.02	1012	Budapest	Logodi utca 34/A.	40 200 000	10 100 000
RT	156	Szombathelyi Haladás Vasutas Futball Kft. f.a.	33,22%	1998.10.01	9700	Szombathely	Rohonci utca 3.	30 100 000	10 000 000
Associates treated as investment								123 900 000	44 800 000
RE	147	Bureau Central de Clearing s.c.f.l. (BCC)	1,36%	1997.01.28	D-B-1060	Bruxelles	Avenue de la Porte de Hal	30 732 188	418 125
RE	128	Eurofima Societe Europeenne Pour Le Financement de Material Ferroviaire (Vasúti Gőrdülőanyag-finanszírozási Európai Zrt.)	0,70%	1992.06.01	CH4001	Basel	Rittergasse 20.	578 968 000 000	4 052 776 000
RE	120	Vasúteg-szolgáltatás Szolgáltató Nonprofit Kiemelten Közhasznú Kft.	14,26%	1997.07.31	1062	Budapest	Podmaniczky utca 109.	701 020 000	100 000 000
RE	162	Bugaci Kisvasút Kht. v.a.	16,67%	2001.05.18	6114	Bugac	Béke utca 10.	3 000 000	500 000
RE	169	HIT Rail B.V. (Informatikai Szolgáltató)	9,52%	2001.11.26	3511 ER	Utrecht	Laan van Puntenburg 100	379 378 750	36 131 310
RE	166	NGF Nemzetközi Gazdaságfejlesztési Kht. v.a.	4,60%	2003.03.25	1036	Budapest	Lajos u 160-162.	4 350 000	200 000
RE	172	Normon-Tool Kft.	0,04%	2002.03.14	5600	Békéscsaba	Ipari út 1.	363 000 000	132 200
RE	084	Resti Zrt.	14,48%	1994.01.01	2040	Budaörs	Szabadság utca 52-54.	104 112 000	15 077 000
RE	146	Hódiköt Zrt. f.a.	0,20%	1997.02.14	4024	Debrecen	Piac utca 22. 2. emelet 6.	284 000 000	568 000
RL	163	Út- és Pályaépítő Rt. f.a.	0,02%	1991.06.11	1131	Budapest	Jász utca 156-158.	2 000 000 000	336 000
Other investments								582 837 592 938	4 206 138 635
Total								634 262 118 938	53 568 666 135

Schedule 109: MÁV Zrt's investments I

figures in HUF

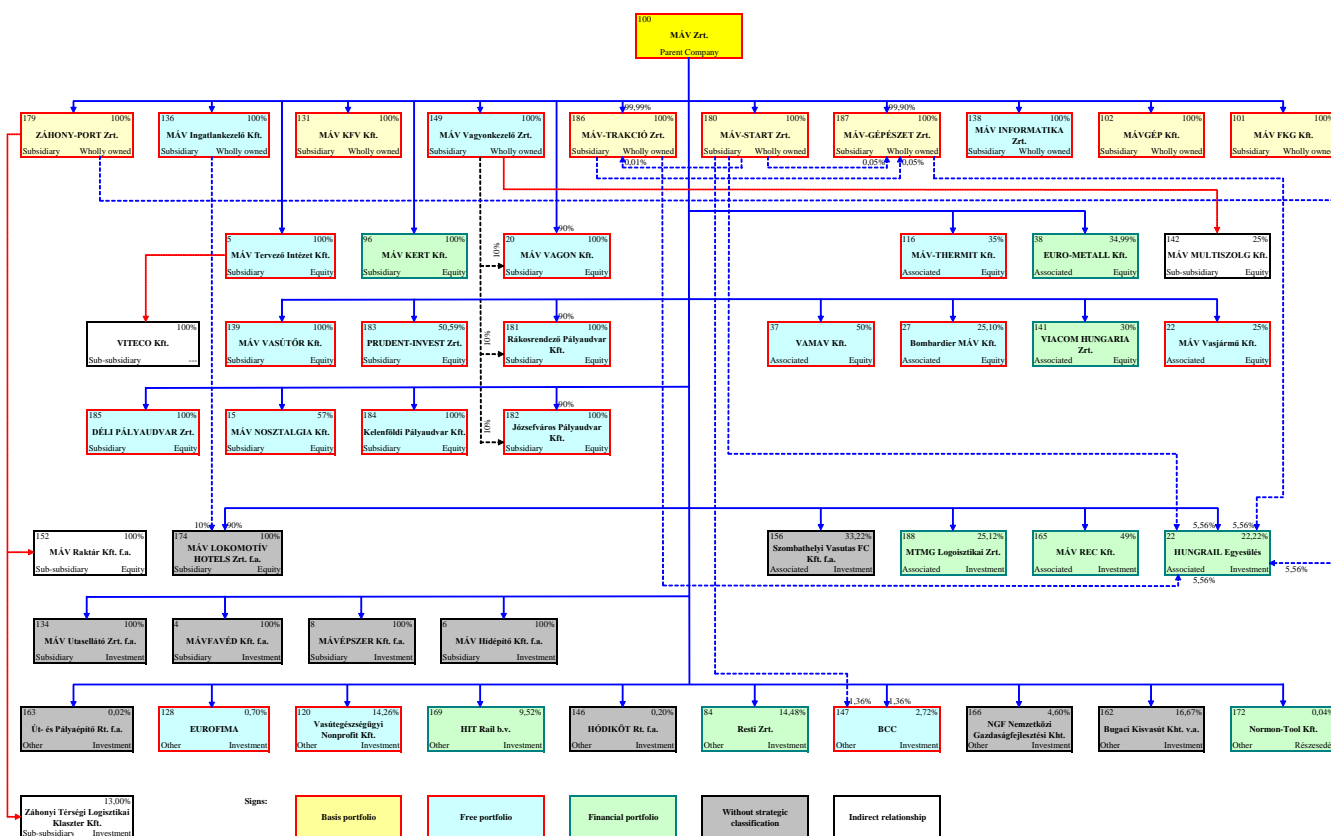
Cons. Entities	Internal code	Name	Recorded capital at 1 Jan 2010	Cumulated impairment at 1 Jan 2010	Recorded value at 1 Jan 2010	Capital increase 2010	Capital decrease 2010	Liquidated 2010.
TK	180	MÁV-START Zrt.	62 320 000 000	0	62 320 000 000			
TK	186	MÁV-TRAKCIÓ Zrt.	40 312 111 000	0	40 312 111 000			
TK	187	MÁV-GÉPÉSZET Zrt.	10 610 464 000	0	10 610 464 000			
TK	101	MÁV PKG Kft.	1 504 760 000	-687 868 000	816 892 000			
TK	131	MÁV KfV Kft.	180 400 000	0	180 400 000			
TK	102	MÁVGÉP Kft.	2 434 510 000	-2 434 510 000	0	600 000 000		
TK	179	ZÁHONY-PORT Zrt.	975 617 000	-959 303 000	16 314 000			
TK	138	MÁV INFORMATIKA Zrt.	800 000 000	0	800 000 000			
TK	136	MÁV Ingatlankezelő Kft.	398 960 000	0	398 960 000			
TK	149	MÁV Vagyongépző Zrt.	549 328 000	-111 131 000	438 197 000		-288 104 223	
Fully consolidated entities, Total			120 086 150 000	-4 192 812 000	115 893 338 000	600 000 000	-288 104 223	0
EQL	185	DÉLI PÁLYAUDVAR Zrt.	60 000 000	-60 000 000	0			
EQL	182	Józsefváros Pályaudvar Kft.	23 400 000	-23 400 000	0			
EQL	184	Kelenföldi Pályaudvar Kft.	20 000 000	-20 000 000	0	6 500 000		
EQL	015	MÁV NOSZTALGIA Kft.	5 700 000	0	5 700 000			
EQL	005	MÁV Tervező Intézet Kft.	80 000 000	-80 000 000	0			
EQL	020	MÁV VAGON Kft.	219 582 000	0	219 582 000			
EQL	139	MÁV VASÚTÓR Kft.	214 760 000	0	214 760 000			
EQL	183	PRUDENT-INVEST Befektetési Alapkezelő Zrt.	22 816 090	0	22 816 090			
EQL	181	Rákospuszta Pályaudvar Kft.	88 200 000	-88 200 000	0			
EQL	096	MÁV KERT Kft.	46 270 000	0	46 270 000			
Equity consolidated subsidiaries (Treated as associate)			780 728 090	-271 600 000	509 128 090	6 500 000	0	0
EQT	027	Bombardier MÁV Kft.	193 770 000	0	193 770 000			
EQT	116	MÁV-THERMIT Kft.	48 300 000	0	48 300 000			
EQT	022	MÁV VASÁRMŰ Kft.	158 000 000	0	158 000 000			
EQT	037	VAMAV Kft.	480 000 000	0	480 000 000			
EQT	038	EURO-METALL Kft.	17 700 000	0	17 700 000			
EQT	141	VIAKOM Zrt.	30 000 000	0	30 000 000			
Equity consolidated subsidiaries (Treated as associate)			927 770 000	0	927 770 000	0	0	0
RL	134	MÁV Utasellátó Zrt. f.a.	137 000 000	-137 000 000	0			
RL	006	MÁV Hidéptő Kft. f.a.	600 000 000	-600 000 000	0			
RL	008	MÁVÉPSZER Kft. f.a.	234 330 000	-234 330 000	0			
RL	004	MÁVFAVÉD Kft. f.a.	296 220 000	-296 220 000	0			
RL	132	MÁV-SÍN Kft. f.a.	199 900 000	-199 900 000	0			-199 900 000
RL	174	MÁV LOKOMOTÍV HOTELS Zrt. f.a.	27 000 000	-27 000 000	0			
Other related parties			1 494 450 000	-1 494 450 000	0	0	0	-199 900 000
RT	178	HUNGRAIL Magyar Vasúti Fuvarozó Egyesülés	200 000	0	200 000			
RT	165	MÁV-REC Kft.	50 500 000	0	50 500 000			
RT	188	MTMG Logisztikai Zrt.	15 150 000	0	15 150 000			
RT	156	Sombathelyi Haladás Vasúti Futball Kft. f.a.	10 000 000	-10 000 000	0			
Associates treated as investment			75 850 000	-10 000 000	65 850 000	0	0	0
RE	147	Bureau Central de Clearing s.c.f.l. (BCC)	404 906	0	404 906			
RE	128	Eurofima Société Européenne Pour Le Financement de Matériel Ferroviaire (Vasúti Gépjárműjavító- és Finaszírozási Európai Zrt.)	1 442 207 289	0	1 442 207 289			
RE	120	Vasútegészségügyi Szolgálat Nonprofit Kiemelten Közhatalmi Kft.	100 000 000	0	100 000 000			
RE	162	Bugaci Kisvasút Kht. v.a.	500 000	0	500 000			
RE	169	HIT Rail B.V. (Informatikai Szolgáltató)	58 994 098	0	58 994 098			
RE	166	NGF Nemzetközi Gazdaságfejlesztési Kht. v.a.	200 000	-200 000	0			
RE	172	Normon-Tool Kft.	132 200	0	132 200			
RE	084	Resti Zrt.	15 077 000	0	15 077 000			
RE	146	Hódiköt Zrt. f.a.	605 000	-605 000	0			
RL	163	Út- és Pályaépítő Rt. f.a.	336 000	-336 000	0			
Other investments			1 618 456 493	-1 141 000	1 617 315 493	0	0	-199 900 000
Total				-5 970 003 000	119 013 401 583	606 500 000	-288 104 223	-199 900 000

Schedule 110: MÁV Zrt's investments II

figures in HUF

Cons. Entities	Internal code	Name	FX rate diff. at the end of 2010	Recorded capital at 31/12/2010.	Current year impairment	nt loss	Written off due to liquidation	Cumulated impairment az 31/12/2010	Recorded value az 31/12/2010
TK	180	MÁV-START Zrt.		62 320 000 000				0	62 320 000 000
TK	186	MÁV-TRAKCIÓ Zrt.		40 312 111 000				0	40 312 111 000
TK	187	MÁV-GÉPÉSZET Zrt.		10 610 464 000				0	10 610 464 000
TK	101	MÁV FKG Kft.		1 504 760 000				-687 868 000	816 892 000
TK	131	MÁV KfV Kft.		180 400 000				0	180 400 000
TK	102	MÁVGÉP Kft.		3 034 510 000	-600 000 000			-3 034 510 000	0
TK	179	ZÁHONY-PORT Zrt.		975 617 000				-959 303 000	16 314 000
TK	138	MÁV INFORMATIKA Zrt.		800 000 000				0	800 000 000
TK	136	MÁV Ingatlankezelő Kft.		398 960 000				0	398 960 000
TK	149	MÁV Vagyongkezelő Zrt.		261 223 777		58 284 505		-52 846 495	208 377 282
Fully consolidated entities, Total			0	120 398 045 777	-600 000 000	58 284 505	0	-4 734 527 495	115 663 518 282
EQL	185	DÉLI PÁLYAUDVAR Zrt.		60 000 000				-60 000 000	0
EQL	182	Józsefváros Pályaudvar Kft.		23 400 000				-23 400 000	0
EQL	184	Kelenföldi Pályaudvar Kft.		26 500 000	-6 500 000			-26 500 000	0
EQL	015	MÁV NOSZTALGIA Kft.		5 700 000				0	5 700 000
EQL	005	MÁV Tervező Intézet Kft.		80 000 000				-80 000 000	0
EQL	020	MÁV VAGON Kft.		219 582 000				0	219 582 000
EQL	139	MÁV VASÚTŐR Kft.		214 760 000				0	214 760 000
EQL	183	PRUDENT-INVEST Befektetési Alapkezelő Zrt.		22 816 090				0	22 816 090
EQL	181	Rákospuszta Pályaudvar Kft.		88 200 000				-88 200 000	0
EQL	096	MÁV KERT Kft.		46 270 000				0	46 270 000
Equity consolidated subsidiaries (Treated as associate)			0	787 228 090	-6 500 000	0	0	-278 100 000	509 128 090
EQT	027	Bombardier MÁV Kft.		193 770 000				0	193 770 000
EQT	116	MÁV-THERMIT Kft.		48 300 000				0	48 300 000
EQT	022	MÁV VASJÁRMŰ Kft.		158 000 000	-22 463 000			-22 463 000	135 537 000
EQT	037	VAMAV Kft.		480 000 000				0	480 000 000
EQT	038	EURO-METALL Kft.		17 700 000				0	17 700 000
EQT	141	VIACOM Zrt.		30 000 000				0	30 000 000
Equity consolidated subsidiaries (Treated as associate)			0	927 770 000	-22 463 000	0	0	-22 463 000	905 307 000
RL	134	MÁV Utasellátó Zrt. f.a.		137 000 000				-137 000 000	0
RL	006	MÁV Hidéphő Kft. f.a.		600 000 000				-600 000 000	0
RL	008	MÁVÉPSZER Kft. f.a.		234 330 000				-234 330 000	0
RL	004	MÁVFAVÉD Kft. f.a.		296 220 000				-296 220 000	0
RL	132	MÁV-SÍN Kft. f.a.		0			199 900 000	0	0
RL	174	MÁV LOKOMOTÍV HOTELS Zrt. f.a.		27 000 000				-27 000 000	0
Other related parties			0	1 294 550 000	0	0	199 900 000	-1 294 550 000	0
RT	178	HUNGRAIL Magyar Vasúti Fuvarozó Egyesülés		200 000				0	200 000
RT	165	MÁV-REC Kft.		50 500 000				0	50 500 000
RT	188	MTMG Logisztikai Zrt.		15 150 000				0	15 150 000
RT	156	Szombathelyi Haladás Vasutas Futball Kft. f.a.		10 000 000				-10 000 000	0
Associates treated as investment			0	75 850 000	0	0	0	-10 000 000	65 850 000
RE	147	Bureau Central de Clearing s.c.f.l. (BCC)	11 826	416 732				0	416 732
RE	128	Eurofima Societe Europeenne Pour Le Financement de Material Ferroviaire (Vasúti Gőrdülőanyag-finanszírozási Európai Zrt.)	319 066 810	1 761 274 099				0	1 761 274 099
RE	120	Vasútegészségügyi Szolgáltató Nonprofit Kiemelten Közhatalmi Kft.		100 000 000				0	100 000 000
RE	162	Bugaci Kisvasút Kht. v.a.		500 000	-500 000			-500 000	0
RE	169	HIT Rail B.V. (Informatikai Szolgáltató)	1 722 948	60 717 046				0	60 717 046
RE	166	NGF Nemzetközi Gazdaságfejlesztési Kht. v.a.		200 000				-200 000	0
RE	172	Normon-Tool Kft.		132 200				0	132 200
RE	084	Resti Zrt.		15 077 000				0	15 077 000
RE	146	Hódiköt Zrt. f.a.		605 000				-605 000	0
RL	163	Út- és Pályaépítő Rt. f.a.		336 000				-336 000	0
Other investments			320 801 584	1 939 258 077	-500 000	0	199 900 000	-1 641 000	1 937 617 077
Total			320 801 584	125 422 701 944	-629 463 000	58 284 505	199 900 000	-6 341 281 495	119 081 420 449

Schedule 111: MÁV Zrt's investments III



Schedule 112: MÁV Group 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 46, where the contractual rent totals HUF 327m, whereas it would be HUF 403m on an arm's length basis.

11.8 MÁV Zrt's shares

The Company's share capital comprises three subscribed ordinary shares: one of HUF 20,000m, one of HUF 250m at face value and one of HUF 750m 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 loss			-35 828
Adjustment due to provisions	12 419	5 426	6 993
Adjustments due to depreciation	36 493	52 117	-15 624
Dividends received		1 469	-1 469
Apprentices		95	-95
Costs and expenses incurred beyond the company's revenue generating operations	604		604
Penalties and fines	402		402
Impairment loss of debtors / reversed	616	991	-375
Forgiven debt	458	0	458
Expenses/revenues identified by tax audit or self-correction	213	123	90
Research and development		10	-10
Adjustment due to transfer price other than the arm's length price	76	0	76
Adjusting items, total	51 281	60 231	-8 950
Tax base			-44 778

Schedule 113: Corporate tax base calculation

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

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

- tax base increasing items include costs incurred outside the normal course of business such as lapsed receivables, entertainment and business gift costs, and the amounts billed by sport clubs for the management of the facilities they rent – the latter is a result of a general tax audit by the tax authority that qualified these items to have incurred outside the normal course of business.
- The most significant penalties that increase the tax base are: tax penalties levied as a result of the general tax audit by the tax authority, the late payment penalty difference incurred on VAT apportioning, the market supervision penalty levied by NKH and other penalties as specified in a decision of the Public Procurement Panel.
- One of the goals defined in the business plan for 2010 was to reduce the price of internal services by 10% in order to reduce taxes and to increase internal efficiency. Such internal services included the services of ÜDSZSZ, security, HR, and accounting. As there was

no room to amend the underlying contracts for these services, some of the debts of MÁV-START Zrt., MÁV-TRAKCIÓ Zrt. and MÁV-GÉPÉSZET Zrt. were forgiven instead but such forgiven debt increased the corporate tax base.

The scope of material and immaterial prior year items is defined in MÁV Zrt's accounting policies. According to the corporate tax act, each item that relate to a prior period or periods qualifies material. The balance sheet and profit and loss account included in the corporate tax return for the reporting year are the same as the balance sheet and profit and loss account prepared in accordance with the accounting law and included in the notes to the financial statements as immaterial prior year items will be adjusted among the corporate tax base adjusting items (immaterial GL account 9, tax base reducing as per subsection 7.§u. of the tax law; immaterial GL accounts 5 and 8, tax base increase as per subsection 8.§p. of the tax law). As a result, the corporate tax return for 2010 will contain items that relate to the tax year only and a self-corrected return will be filed with respect to prior years' material and immaterial items.

As the aggregate effect of MÁV Zrt's pre-tax loss and the loss adjusting items, no corporate tax liability has incurred to MÁV Zrt for 2010.

If both the pre-tax profit or loss and the adjusted tax base are below the expected income, it is at the taxpayer's discretion to pay corporate tax based on the minimum tax base or to submit a declaration of the reasons for less than expected income and thus pay no corporate tax. MÁV Zrt. has opted to submit such a declaration.

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