

This is a translation of the Hungarian Report

## **Independent Auditors' Report**

To the authority exercising Founder's rights over MÁV Magyar Államvasutak Zrt.

### **Report on financial statements**

1.) We have audited the accompanying 2011 annual financial statements of MÁV Magyar Államvasutak Zrt. ("the Company"), which comprise the balance sheet as at 31 December 2011 - showing a balance sheet total of HUF 792 468 million and a profit for the year of HUF 12 898 million -, the related profit and loss account for the year then ended and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

2.) Management is responsible for the preparation and presentation of financial statements that give a true and fair view in accordance with the Hungarian Accounting Law and generally accepted accounting principles in Hungary, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' responsibility**

3.) Our responsibility is to express an opinion on these financial statements based on our audit. 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 about whether the financial statements are free from material misstatement.

4.) 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 of financial statements that give a true and fair view 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.

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

## Opinion

6.) 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 2011 and of the results of its operations for the year then ended.

## Emphasis of matter

7.) As presented in point I.6.1 of the supplementary notes, the Company's ability to continue its operations, its ability to repay its loans and the recoverability of its assets depends on the continued willingness of the Company's owner to fund operations and on the continued availability of the necessary government funding.

8.) As presented in point I.6.4 of the supplementary notes on 1 July 2007, the Company assigned to Nemzeti Infrastruktúra Fejlesztő Zrt. the implementation of EU funded projects related mostly to the development of treasury assets. According to the underlying co-operation agreement and the treasury asset management agreement, Nemzeti Infrastruktúra Fejlesztő Zrt. was to assign the thus developed assets to the owner, MNV Zrt., that then re-assigns the assets received to MÁV Magyar Államvasutak Zrt. for use. Some of the assets developed as part of the projects were technically assigned by Nemzeti Infrastruktúra Fejlesztő Zrt. to MÁV Magyar Államvasutak Zrt. and the assets were taken into use. However, these treasury and own assets have not been assigned from an administrative and financial perspective, and therefore the cost of these assets, the related deferred extraordinary revenues and the long-term liability related to these assets cannot be recognized under the existing legislation in the Company's accounts. The estimated gross value of the assets not presented in the Company's books was HUF 162 190 million at 31 December 2011 (HUF 138 672 million in 2010). The Company made a provision of HUF 15 943 million (HUF 9 364 million in 2010) for the estimated accumulated depreciation of these assets. The provision for annual depreciation recognized in the income statement for 2011 is HUF 6 579 million (HUF 6 730 million for 2010).

9.) As presented in point 1.6.5 of the supplementary notes, the ownership status of some of the Company's properties since the time of the foundation of the Company, is not yet settled between the Company and the Founder. The impact of the settlement of the ownership of properties on the Company's assets, if any, is currently unknown and is subject to future arrangements between the Company and the Founder.

10.) As presented in point 1.6.1 of the supplementary notes, in 2011, the Company signed the rail infrastructure operating contract with the Minister for National Development. According to this contract, the Company is entitled to cost compensation with respect to its justifiable costs incurred in relation to the contracted services which are not covered with related revenues. Based on its plan figures, the Company was refunded HUF 21 050 million for 2011 which is presented among other revenues in the annual financial statements. The final settlement with

respect to the year of 2011 is still in ongoing with the Ministry for National Development and therefore the amount refunded may be subject to change.

Our opinion is not modified in respect of matters presented in points 7.) - 10.).

**Other reporting requirement - The business report**

11.) We have reviewed the business report of MÁV Magyar Államvasutak Zrt. for 2011. Management is responsible for the preparation of the business report in accordance with the Hungarian Accounting Law and generally accepted accounting principles in Hungary. Our responsibility is to assess whether the business report is consistent with the financial statements for the same financial year. Our work regarding the business report has been restricted to assessing whether the business report is consistent with the financial statements and did not include reviewing other information originated from non-audited financial records. In our opinion, the business report of MÁV Magyar Államvasutak Zrt. for 2011 corresponds to the disclosures in the 2011 financial statements of MÁV Magyar Államvasutak Zrt.

Budapest, 18 April 2012

Ispánovity Mártonné  
Ernst & Young Kft.  
Registration No.: 001165

Ispánovity Mártonné  
Registered auditor  
Chamber membership No.: 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**  
**31 December 2011**

**THIS IS A TRANSLATION OF THE HUNGARIAN FINANCIAL STATEMENTS**

Date: Budapest, 18 April 2012.

Manager (representative) of the Company

P.H.

Statistical code 10856417-5221-114-01

Company registration 01-10-042272

**Balance Sheet version 'A' - Assets**

figures in MHUF

Serial No.	Item	Prior year	Prior year(s) adjustments	Reporting year
a	b	c	d	e
1	<b>A. FIXED ASSETS</b>	729 414	1	706 614
2	<b>I. INTANGIBLE ASSETS</b>	1 986	37	1 625
3	Capitalised foundation/restructuring	0	0	0
4	Capitalised research and development	77	0	82
5	Concessions, licenses and similar rights	902	37	1 014
6	Trade-marks, patents and similar assets	1 007	0	529
7	Goodwill	0	0	0
8	Advance payments for intangible assets	0	0	0
9	Adjusted value of intangible assets	0	0	0
10	<b>II. TANGIBLE ASSETS</b>	608 255	-34	585 184
11	Land and buildings and related property rights	425 324	8	413 450
11/b	of which Managed state owned properties and related rights	301 694	23	295 611
12	Plant, machinery, equipment and vehicles	167 748	-43	157 634
12/b	of which: managed state owned technical equipment, machinery and vehicles	45 074	-13	42 092
13	Other equipment, fixtures and fitting, vehicles	93	0	83
14	Breeding stock	0	0	0
15	Assets in the course of construction	14 105	82	12 403
15/b	of which: managed state owned capital projects	12 584	0	12 024
16	Advance payments for AICC	985	-81	1 614
17	Adjusted value of tangible assets	0	0	0
18	<b>III. LONG-TERM FINANCIAL ASSETS</b>	119 173	-2	119 805
19	Long-term participations in related parties	117 144	0	117 529
20	Long-term loans granted to related parties	0	0	0
21	Other long-term investments	1 937	0	2 208
22	Long-term loans granted to other investments	0	0	0
23	Other long-term loans granted	92	-2	68
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, 18 April 2012.

Manager (representative) of the Company

P.H.

Statistical code 10856417-5221-114-01

Company registration 01-10-042272

**Balance Sheet version 'A' - Assets**

figures in MHUF

Serial No.	Item	Prior year	Prior year(s) adjustments	Reporting year
a	b	c	d	e
27	<b>B. CURRENT ASSETS</b>	41 890	118	52 582
28	<b>I. INVENTORIES</b>	4 908	-1	5 708
29	Raw materials and consumables	4 834	-36	5 593
30	Work in progress and semi-finished products	3	0	5
31	Animals for breeding, fattening and other livestock	0	0	0
32	Finished products	28	0	89
33	Goods	43	35	21
34	Advance payments for inventories	0	0	0
35	<b>II. RECEIVABLES</b>	26 619	119	30 669
36	Trade debtors	1 768	50	3 595
37	Receivables from related parties	22 948	-77	23 233
38	Receivables from other investments	46	0	49
39	Bills of exchange receivables	0	0	0
40	Other receivables	1 857	146	3 792
41	Revaluation difference of receivables	0	0	0
42	Positive valuation difference of derivative transactions	0	0	0
43	<b>III. SECURITIES</b>	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	<b>IV. LIQUID ASSETS</b>	10 363	0	16 205
50	Cash, cheques	5	0	6
51	Bank depositis	10 358	0	16 199
52	<b>C. PREPAID EXPENSES &amp; OTHER INCOME</b>	26 438	-93	33 272
53	Accrued income	821	-94	517
54	Prepaid expenses	18 257	1	16 370
55	Deferred expenses	7 360	0	16 385
56	<b>TOTAL ASSETS</b>	797 742	26	792 468

Date: Budapest, 18 April 2012.

Manager (representative) of the Company

P.H.

Statistical code 10856417-5221-114-01

Company registration 01-10-042272

**Balance Sheet version 'A' - Equity&Liabilities**

figures in MHUF

Serial No.	Item	Prior year	Prior year(s) adjustments	Reporting year
a	b	c	d	e
57	<b>D. EQUITY</b>	52 319	230	61 840
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	110 652	0	107 023
62	IV. RETAINED LOSSES	-51 756	0	-92 133
63	V. ALLOCATED RESERVES	8 251	0	13 052
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	-35 828	230	12 898
68	<b>E. PROVISIONS</b>	37 060	0	47 135
69	Provisions for contingent liabilities	20 064	0	19 833
70	Provisions for future commitments	14 267	0	20 350
71	Other provisions	2 729	0	6 952
72	<b>F. LIABILITIES</b>	672 838	37	651 450
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	591 972	-41	566 471
78	Long-term borrowings	2 767	0	4 029
79	Convertible bonds	0	0	0
80	Debts from the issue of bonds	10 000	0	45 000
81	Investment and development loans	101 188	0	97 899
82	Other long-term loans	72 800	0	17 100
83	Long-term debts to related parties	81	0	0
84	Long-term debts to other investments	0	0	0
85	Other long-term liabilities	405 136	-41	402 443
85/b	of which: Liabilities related to managed state owned assets	404 873	41	402 173

Date: Budapest, 18 April 2012.

Manager (representative) of the Company

P.H.

Statistical code 10856417-5221-114-01

Company registration 01-10-042272

**Balance Sheet version 'A' - Equity&Liabilities**

figures in MHUF

Serial No.	Item	Prior year	Prior year(s) adjustments	Reporting year
a	b	c	d	e
86	III. CURRENT LIABILITIES	80 866	78	84 979
87	Short-term borrowings	370	0	939
88	of which: convertible bonds	0	0	0
89	Other short-term loans	47 878	0	45 380
90	Prepayments received from debtors	75	0	77
91	Creditors	13 504	103	14 959
92	Bills of exchange payable	0	0	0
93	Short-term debts to related parties	12 040	26	16 825
94	Short-term debts to other investments	27	0	139
95	Other current liabilities	6 972	-51	6 660
96	Revaluation difference of liabilities	0	0	0
97	Negative valuation difference on derivative transactions	0	0	0
98	<b>G. ACCRUED EXPENSES &amp; DEFERRED INCOME</b>	35 525	-241	32 043
99	Deferred income	11 273	-3	11 118
100	Accrued expenses	4 074	-218	2 551
101	Deferred extraordinary revenues and negative goodwill	20 178	-20	18 374
102	<b>TOTAL EQUITY&amp;LIABILITIES</b>	797 742	26	792 468

Date: Budapest, 18 April 2012.

Manager (representative) of the Company

P.H.



Statistical code 10856417-5221-114-01

Company registration 01-10-042272

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

figures in MHUF

Serial No.	Item	Prior year	Prior year(s) adjustments	Reporting year
a	b	c	d	e
01.	Domestic sales, net	170 428	59	172 593
02.	Export sales, net	0	-40	565
<b>I.</b>	<b>Net sales (01+02)</b>	170 428	19	173 158
03.	Capitalised value of self produced assets	-34	0	63
04.	Movements in self produced inventories	2 650	0	2 760
<b>II.</b>	<b>Capitalised own performance (03+04)</b>	2 616	0	2 823
<b>III.</b>	<b>Other revenues</b>	34 639	26	33 811
	of which: impairment loss reversed	75	0	58
05.	Material cost	11 951	81	11 937
06.	Material type services used	47 541	-209	49 088
07.	Other services	1 197	11	1 104
08.	Cost of goods sold	17 566	0	21 609
09.	Cost of (consignment) services	22 643	64	21 799
<b>IV.</b>	<b>Material type expenses (05+06+07+08+09)</b>	100 898	-53	105 537
10.	Payroll cost	50 417	0	50 948
11.	Other payments to personnel	9 141	0	8 241
12.	Social security and other contributions	15 575	1	15 707
<b>V.</b>	<b>Payments to personnel (10+11+12)</b>	75 133	1	74 896
<b>VI.</b>	<b>Depreciation charge</b>	35 511	26	34 421
<b>VII.</b>	<b>Other expenses</b>	22 844	-185	23 447
	of which: impairment loss	1 029	0	995
<b>A.</b>	<b>Operating profit (I+II+III-IV-V-VI-VII)</b>	-26 703	256	-28 509

Date: Budapest, 18 April 2012.

Manager (representative) of the Company

P.H.

Statistical code 10856417-5221-114-01

Company registration 01-10-042272

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

figures in MHUF

Serial No.	Item	Prior year	Prior year(s) adjustments	Reporting year
a	b	c	d	e
13.	Dividends (due) received	1 469	0	1 577
	of which: from related parties	1 386	0	1 495
14.	Foreign exchange gain on disposal of investments	0	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	483	-53	800
	of which: from related parties	29	0	104
17.	Other financial income	213	0	233
	of which: revaluation difference	0	0	0
<b>VIII.</b>	<b>Financial revenues (13+14+15+16+17)</b>	2 165	-53	2 610
18.	Foreign exchange loss of financial investments	0	0	0
	of which: to related parties	0	0	0
19.	Interest payable and similar charges	9 339	0	10 706
	of which: to related parties	28	0	24
20.	Impairment of shares, securities, bank deposits	623	0	0
21.	Other financial expenditures	700	0	1 121
	of which: revaluation difference	0	0	0
<b>IX.</b>	<b>Financial expenses (18+19± 20+ 21)</b>	10 662	0	11 827
<b>B.</b>	<b>FINANCIAL PROFIT (VIII-IX)</b>	-8 497	-53	-9 217
<b>C.</b>	<b>PROFIT FROM ORDINARY ACTIVITIES (±A±B)</b>	-35 200	203	-37 726
<b>X.</b>	<b>Extraordinary revenues</b>	337	18	51 501
<b>XI.</b>	<b>Extraordinary expenses</b>	965	-9	877
<b>D.</b>	<b>EXTRAORDINARY LOSS/PROFIT (X-XI)</b>	-628	27	50 624
<b>E.</b>	<b>LOSS/PROFIT BEFORE TAX (±C±D)</b>	-35 828	230	12 898
<b>XII.</b>	<b>Tax liability</b>	0	0	0
<b>F.</b>	<b>LOSS/PROFIT AFTER TAX (±E-XII)</b>	-35 828	230	12 898
22.	Dividends, profit sharing paid from retained earnings	0	0	0
23.	Dividends, profit sharing paid (approved)	0	0	0
<b>G.</b>	<b>LOSS/PROFIT FOR THE YEAR (±F+22-23)</b>	-35 828	230	12 898

Date: Budapest, 18 April 2012.

Manager (representative) of the Company

P.H.



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

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**NOTES TO THE 2011 ANNUAL  
FINANCIAL STATEMENTS**

(THIS IS A TRANSLATION OF THE HUNGARIAN FINANCIAL STATEMENTS)

Budapest, 18 April 2012

(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 Részvénytársaság (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](http://www.mav.hu)

**Founder:**

Founder: the Hungarian State  
Date of foundation: 30 June 1993

**Owner:**

The Company's owner is the State of Hungary. Holder of ownership rights: Magyar Nemzeti Vagyonkezelő Zrt. (Hungarian National Asset Management Zrt.)

**Issued capital:**

At 31 December 2011: HUF 21,000 million, consisting of one share of HUF 20,000 million face value, one share of HUF 750 million face value and one share of HUF 250 million face value in joint nomination.

<b>Company reg. No.:</b>	<b>Cg 01-10-042272</b>
<b>Tax ID:</b>	<b>10856417-2-44</b>
<b>Statistical code:</b>	<b>10856417-5221-114-01</b>

**Main activity:****52.21 Land transport supporting services**

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

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

## **I.2 Accounting policies**

In addition to the accounting law, MÁV Zrt's accounting policies also comply with the railways act 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 (MHUF). 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 16 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.
- A residual value is established only for assets with an initial cost over HUF 10 million. The residual value is considered material if it exceeds 5% of the net book value of the asset at the time when the residual value is identified. In all other cases, residual value is considered to be zero.
- 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.
- For the purposes of subsection 52(3) of the accounting law, for annual depreciation calculation purposes, a movement is considered material if its impact on the annual depreciation equals or exceeds 1% of the gross value of the asset.
- Any impairment loss recognised on outstanding receivables at the balance sheet date or reversed impairment loss is considered significant is the amount of such impairment loss or the reversal affects the book value of the related receivable by at least 50%.
- Outstanding receivables from not trustworthy debtors over HUF 1 million and over one year are considered material debtors due over one year.
- For the impairment of inventories, the difference between the cost and the fair value of the asset is assessed on an individual basis.
- Invoice based prepayments and accruals, typically items affecting revenues and expenses, are considered material and accrued/deferred only if exceed HUF 1 million. In this respect, an item is an identifiable amount incurred for a certain accounting period (contracted billing period). With respect to fully consolidated subsidiaries, all items should be cut off at the year-end. In this respect, an item is an amount under a certain title relating to a certain billing period (typically a month). Other billed items that relate to more than one period (e.g. public utilities), the net billed amounts of invoices over HUF 1 million 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 3 million 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.

### **I.3 Changes in the accounting policies in 2011**

The amendment of the accounting law and related laws, which took effect in 2011, only required minor adjustments and additions to MÁV Zrt's existing accounting policies:

- As of 2011, additional materiality limits were set as follows:
  - ❖ A residual value is identified only for assets with a historic cost over HUF 10 million. A residual value is considered material if it equals or exceeds 5% of the net value of the asset at the time when its residual value is identified; in all other cases, the residual value is zero.
  - ❖ For the purposes of applying subsection 52(3) of the accounting law to identify the annual depreciation, movements in expenses are considered material if their effect equals or exceeds 1% of the gross value of the asset.
  - ❖ Doubtful debtors owing more than HUF 1 million for over one year are considered material debtors with a debt due over one year.
- The conditions of effective hedges and the definition of hedging effectiveness are laid down in the Hedging transactions chapter of the specimen Accounting Policies.
- In the profit and loss account, with respect to sales revenues, the definitions of domestic and export sales have been clarified.
- In the Costs and expenses chapter, we have elaborated the segregation of material costs and services used within public utility expenses, the calculation and recognition of later payment penalties and damages as well as the principles of making provisions for litigations and their release.

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

- The relevant parts of the Accounting Policies Instruction (the accounting documenting process, requirements as to the contents and form of accounting documents) have been built into the Accounting Policies.

## I.4 Measurement processes

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

All costs associated with the acquisition of an asset are recognised when they incur (the latest upon commissioning). The cost of tangible and intangible assets is apportioned over the years when the asset is expected to be used. 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:

- Inventories held in warehouses including any movements are carried at weighed average cost (standard cost). The standard cost used is the weighed average of the opening balance of inventories and monthly additions of the relevant article supported by invoices. If the acquisition cost or the book value of inventories permanently exceed their actual fair value known at the preparation of the balance sheet, then the actual fair value should be presented in the balance sheet. Inventories, the use of which is uncertain (obsolete and slow moving items) are measured based on the following obsolescence monitoring approach. The impairment loss percentages of articles classified based on inventory information for the past five years are as follows:
  - within 1 year => no impairment loss is recognised
  - within 2-3 years => 20 % impairment loss
  - within 4-5 years => 50 % impairment loss
  - over 6 years => 90 % impairment loss
  - did not move => 90 % impairment loss

- 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 owing more than HUF 1 million 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 to 365 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, irrespective of the materiality of such revaluation on the profit or loss;
- 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.

## **I.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 2011 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). The settlements between MÁV Zrt. as owner and the companies that belong to the railtrack portfolio (participations, dividends etc.) are recognised in the railtrack general ledger.

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 the average statistical number of staff in 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.

## **I.6 Important information regarding the company's operations**

### **I.6.1 MÁV Zrt's liquidity position**

In 2011, the Hungarian government and MÁV Zrt. signed a railtrack infrastructure operations contract for the period of 2011 to 2015 in order to ensure the long term funding of the operation. The Company's related costs were compensated in 2011 in a total of HUF 21.05 billion. Further to the State Budget Act for 2012, government decree 15/2012 (II.16) has allocated HUF 41.882 billion as financial compensation for the railtrack operation cost incurred by MÁV Zrt., plus HUF 144 billion as 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.

Another material event in terms of MÁV Zrt's liquidity position was the issue of bonds totalling HUF 35 billion in 2011 to fund continuous operations. The bonds will be redeemable in 2014.

### **I.6.2 Railway lines transferred to GYSEV Zrt.**

Further to a decision of the Ministry for National Development included in memorandum NFM/16391/2/2011 and to MNV Zrt's decision No. 258/2011. (IX.08) in its capacity as Founder, MÁV Zrt. transferred railway lines on 214 km in the West Transdanubia area to GYSEV Zrt. GYSEV Zrt. has been the operator of the railway lines in this area as of 1 October 2011 based on a contract for train operations signed with MÁV Zrt. and, as of 1 January 2012, based on an asset management agreement signed with MNV Zrt.

As part of the transfer of the lines to GYSEV Zrt., assets formerly owned by MÁV worth HUF 3.6 billion were transferred to GYSEV Zrt. as asset settlement. This transaction reduced MÁV's equity in 2011. According to subsection 106(2) of act CLXXII of 2010 on the amendment of various transportation laws, an asset settlement should not cause loss of equity to MÁV Zrt. Therefore, the founder increased MÁV's share capital by contributing the reimbursement receivable from MÁV at 27 January 2012. The effects of the capital increase by the way of share premium will become apparent in the financial statements for 2012, in which the issued capital will increase by HUF 36.59 million and HUF 3,622.41 million will be recognised in the capital reserve. In relation to the transfer of train services, assets formerly managed by MÁV in a total



of HUF 4.9 billion were also transferred to GYSEV, and MÁV's other long-term liabilities were reduced to the same extent.

As a result of the decision of the Founder, profit generating assets were also transferred to GYSEV. However, the proportionate part of operating loans from prior years totalling HUF 1,289 million and related to incurred railtrack operations expenses which were not covered by revenues or reimbursed by the state, was not compensated for MÁV. In addition, nearly HUF 40 million expense also incurred to MÁV in relation to the service and asset transfer and but these were not confirmed by the recipient, These items have been presented for both MNV Zrt., as the entity that exercised Fonder rights and for the Ministry for National Development that ordered the transfer.

The receivable arising from the asset management agreement in relation to the treasury assets totals HUF 1,042 million. According to the negotiations with the Ministry, this will be set off against MÁV's liability to the state arising from the asset management contract related to other assets during the year of 2012 subject to a decision of the Founder. Development loans taken out for the construction and maintenance of the transferred assets totalled HUF 546 million as the time of the transfer.

### 1.6.3 Assigned debt

Further to government decision 1451/2011. (XII. 22.) made based on the Budget Act for 2011, the Hungarian State assumed HUF 50.6 billion of MÁV Zrt's debts as follows:

figures in MHUF

Loan	Contract date	Matures on	Government guarantee (decision No.)	Original contracted amount	Existing at the time of assignment	Assigned amount	Assigned accumulated interest
				HUF million			
<b>Operational loans</b>							
Consortium HUF 10bn	27.12.2005	27.11.2012	1089/2005	10 000	10 000	10 000	126.9
Consortium HUF 55bn	09.10.2006	09.10.2016	1075/2006	55 000	40 000	40 000	494.6
<b>Total:</b>						<b>50 000</b>	<b>621.5</b>

Schedule 1: Loans assigned to the government in 2011

These loans were purely operational loans, therefore the result of the above transaction increased the Company's extraordinary profit in 2011.

### 1.6.4 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	Dpn for 2007	Dpn for 2008	Dpn for 2009	Dpn for 2010	Dpn for 2011	Total dpn	Net value
Owned by MÁV	3 993	0	12	29	148	156	345	3 648
State owned	158 197	41	587	1 965	6 582	6 423	15 598	142 599
<b>Total:</b>	<b>162 190</b>	<b>41</b>	<b>599</b>	<b>1 994</b>	<b>6 730</b>	<b>6 579</b>	<b>15 943</b>	<b>146 247</b>

Schedule 2: 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.

#### **1.6.5 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. As a result of this project, further to a decision of MÁV Zrt's Board of Directors No. 39/2012. (03.08.) regarding the clarification of status of the Company's plots of land where there is any difference from the official land register, shortages and surpluses were recognised with respect to land owned by MÁV and the Treasury, respectively, according to the following:

Treasury assets of HUF 254 million net book value were written off against long-term liabilities to the state. Of the properties owned by MÁV Zrt., HUF 522 million was written off as count shortage against the profit for 2011. Additional properties totalling HUF 89 million were also recognised as count surplus based on the official land register where MÁV Zrt. is indicated as the rightful owner. As the surplus had to be deferred, it did not have any impact on the profit for 2011.

In accordance with the decision of MÁV Zrt's Board of Directors, properties owned by MÁV Zrt. but their management was assigned to another party by legislation or upon decision of the owner, and where adjustment of the initially incorrect contribution in kind value was necessary, in a total of HUF 1.8 billion, any settlement is subject to the approval of the founder. As such an approval was not available at the balance sheet preparation date, these properties were not recognised in the 2011 annual financial statements and a decision of the founder is still pending. 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 or taken on MÁV Zrt's books as a result of the settlement should be recognised in the capital reserve in a way that MÁV Zrt. must not suffer losses of equity as a result of the settlement process.

### **I.6.6 Scrapping state owned properties**

The Railtrack Division requested the approval of MNV Zrt., who exercises the ownership rights, over state owned tangible assets managed by MÁV, to scrap certain managed assets that can no longer be used for railway operations due to the fact that they are technically obsolete. MÁV Zrt. had not received the approval by the balance sheet preparation date, therefore extraordinary depreciation of HUF 462 million was recognised for the affected assets until they can be scrapped. This extraordinary depreciation has reduced MÁV Zrt's profit for 2011.

In the case of state owned properties that had to be scrapped or demolished in order to construct or refurbish state owned assets, HUF 1 billion in 2011 was recognized in the profit and loss account for 2011. In the previous years, MÁV accounted for scrapping or demolishing these assets against long-term liabilities to the state arising from the asset management contract.

### **I.6.7 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 transferred to another company. 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 in 2010 and, based on our experience and on information available, an additional provision of HUF 1.2 billion was made for 2011.

## **I.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 16 February 2012 as set out in the accounting policies.

Fixed assets decreased by 3.1% (HUF 22,800 million) on the previous year as a result of a HUF 23,071 million decrease in the net value of tangible assets, plus a HUF 361 million decrease in the book value of intangibles and a HUF 632 million increase in long-term financial assets.

With respect to tangible assets, the decrease is due to a HUF 10,124 million decrease in the net value of technical equipment, machinery and vehicles combined and a HUF 11,874 million 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 1,073 million.

Among long-term financial assets, other long-term investments in related parties fell by HUF 385 million, while other long-term investments increased by HUF 271 million and other long-term loans granted dropped by HUF 24 million. 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 361 million compared to the previous year. Against an amortisation charge of HUF 849 million, the overall effect of capitalised assets and projects in progress was a HUF 488 million increase.

figures in MHUF

ITEM	Capita- lised found./ restruct.	Cap. R&D	Concess- ions and similar rights	Intel- lectual property	Good- will	Advan- ces for intan- gibles	Adjust- ment of intan- gibles	Total
<b>1. Cost, opening</b>		<b>85</b>	<b>4 058</b>	<b>14 287</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18 430</b>
2. Acquisition, renewal (capitalised)		0	386	81	0	0	0	467
3. Changes in AICC		5	17	-1	0	0	0	21
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	-96	0	0	0	-96
8. Scrapping, obsolescence		0	-33	-9	0	0	0	-42
9. Missing		0	0	0	0	0	0	0
10. Destroyed		0	0	0	0	0	0	0
11. Reclassified (break-down, aggregated)		0	0	0	0	0	0	0
<b>12. Cost, closing</b>	<b>0</b>	<b>90</b>	<b>4 428</b>	<b>14 262</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18 780</b>
<b>13. Amortisation, opening</b>	<b>0</b>	<b>8</b>	<b>3 156</b>	<b>13 280</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16 444</b>
14. Ordinary amortisation in current year		0	289	562	0	0	0	851
15. Ordinary amortisation in prior year		0	2	-4	0	0	0	-2
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	-96	0	0	0	-96
23. Scrapping		0	-33	-9	0	0	0	-42
24. Missing		0	0	0	0	0	0	0
25. Destroyed		0	0	0	0	0	0	0
26. Reclassified (break-down, aggregated)		0	0	0	0	0	0	0
<b>27. Amortisation, closing</b>	<b>0</b>	<b>8</b>	<b>3 414</b>	<b>13 733</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>17 155</b>
<b>28. Opening, net</b>	<b>0</b>	<b>77</b>	<b>902</b>	<b>1 007</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1 986</b>
<b>29. Closing, net</b>	<b>0</b>	<b>82</b>	<b>1 014</b>	<b>529</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1 625</b>

Schedule 3: Movements in intangible assets in 2011

### I.7.1.2 Movements in tangible assets

The main factors that affected the net value of tangible assets in 2011 are presented below:

figures in MHUF

ITEM	Properties and related rights	Technical equipment	Other equipment, fittings, vehicles	Live-stock	Capex, improvements	Advances for capex	Tangible adjustments	Total
<b>1. Cost, opening</b>	<b>625 662</b>	<b>285 389</b>	<b>4 603</b>	<b>0</b>	<b>14 662</b>	<b>985</b>	<b>0</b>	<b>931 301</b>
2. Acquisition, renewal (capitalised)	17 905	5 362	17	0	-1 516	629	0	<b>22 397</b>
3. Received free of charge	6	0	0	0	0	0	0	<b>6</b>
4. Count surplus	264	1	0	0	0	0	0	<b>265</b>
5. Contributed to GYSEV	-11 660	-1 345	0	0	0	0	0	<b>-13 005</b>
6. Granted free of charge	-1	0	0	0	-5	0	0	<b>-6</b>
7. Contribution in kind	0	-842	0	0	0	0	0	<b>-842</b>
8. Sold	-341	-132	-4	0	-15	0	0	<b>-492</b>
9. Scrapped	-1 469	-623	-819	0	0	0	0	<b>-2 911</b>
10. Missing	-966	-6	0	0	0	0	0	<b>-972</b>
11. Destroyed	0	0	0	0	0	0	0	<b>0</b>
12. Reclassified (break-down, aggregated)	0	0	0	0	0	0	0	<b>0</b>
<b>13. Cost, closing</b>	<b>629 400</b>	<b>287 804</b>	<b>3 797</b>	<b>0</b>	<b>13 126</b>	<b>1 614</b>	<b>0</b>	<b>935 741</b>
<b>14. Depreciation, opening</b>	<b>200 338</b>	<b>117 641</b>	<b>4 510</b>	<b>0</b>	<b>557</b>	<b>0</b>	<b>0</b>	<b>323 046</b>
15. Ordinary depreciation in current year	19 913	13 630	27	0	0	0	0	<b>33 570</b>
16. Ordinary depreciation in prior year	-12	42	0	0	0	0	0	<b>30</b>
17. Extraordinary depreciation in current year	528	178	0	0	224	0	0	<b>930</b>
18. Extraordinary depreciation reversed	0	0	0	0	-58	0	0	<b>-58</b>
19. Received free of charge	0	0	0	0	0	0	0	<b>0</b>
20. Count surplus	0	0	0	0	0	0	0	<b>0</b>
21. Contributed to GYSEV	-3 891	-586	0	0	0	0	0	<b>-4 477</b>
22. Contribution in kind	0	-291	0	0	0	0	0	<b>-291</b>
23. Disposal	-174	-97	-4	0	0	0	0	<b>-275</b>
24. Scrapping	-653	-341	-819	0	0	0	0	<b>-1 813</b>
25. Missing	-99	-6	0	0	0	0	0	<b>-105</b>
26. Destroyed	0	0	0	0	0	0	0	<b>0</b>
27. Reclassified (break-down, aggregated)	0	0	0	0	0	0	0	<b>0</b>
<b>28. Depreciation, closing</b>	<b>215 950</b>	<b>130 170</b>	<b>3 714</b>	<b>0</b>	<b>723</b>	<b>0</b>	<b>0</b>	<b>350 557</b>
<b>29. Opening, net</b>	<b>425 324</b>	<b>167 748</b>	<b>93</b>	<b>0</b>	<b>14 105</b>	<b>985</b>	<b>0</b>	<b>608 255</b>
<b>30. Closing, net</b>	<b>413 450</b>	<b>157 634</b>	<b>83</b>	<b>0</b>	<b>12 403</b>	<b>1 614</b>	<b>0</b>	<b>585 184</b>

Schedule 4: Movements in tangible assets in 2011

The net value of tangible assets including capital expenditures and advances for capital projects decreased by HUF 23,071 million on the previous year for the following reasons:

- Ordinary and extraordinary depreciation totalled HUF 34,530 million, while asset improvements and acquisitions totalled only HUF 21,768 million.
- The net value of assets assigned to GYSEV, presented in a separate line, reduced tangible assets by HUF 8,528 million. The details of the settlement are presented in section I.6.2.
- Net scrapped assets totalled HUF 1,098 million, typically because of asset improvements related to treasury assets as detailed in section I.6.6.
- The shortage in properties is another significant change and represents a net decrease of HUF 867 million in properties. The details are presented in section I.6.5.

We note that, due to the reasons detailed in section I.6.4., 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 managed by MÁV Zrt.**

figures in MHUF

ITEM		Properties and related rights	Technical equipment	Other equipment, fittings, vehicles	Capex, improvements	Total
<b>1.</b>	<b>Cost, opening</b>	<b>475 989</b>	<b>95 196</b>	<b>0</b>	<b>12 584</b>	<b>583 769</b>
2.	Acquisition, renewal (capitalised)	17 314	3 437	0	-336	20 415
3.	Received free of charge	1	0	0	0	1
4.	Count surplus	0	0	0	0	0
5.	Contributed to GYSEV	-7 299	-1 345	0	0	-8 644
6.	Granted free of charge	-9	0	0	0	-9
7.	Contribution in kind	0	0	0	0	0
8.	Scrapped	-1 321	-438	0	0	-1 759
9.	Missing	-139	0	0	0	-139
10.	Asset settlement	-254	0	0	0	-254
11.	Destroyed	0	0	0	0	0
12.	Reclassified (break-down, aggregated)	0	0	0	0	0
<b>13.</b>	<b>Cost, closing</b>	<b>484 282</b>	<b>96 850</b>	<b>0</b>	<b>12 248</b>	<b>593 380</b>
<b>14.</b>	<b>Depreciation, opening</b>	<b>174 295</b>	<b>50 122</b>	<b>0</b>	<b>0</b>	<b>224 417</b>
<b>15.</b>	<b>Depreciation, opening</b>	<b>17 774</b>	<b>5 243</b>	<b>0</b>	<b>0</b>	<b>23 017</b>
16.	Ordinary depreciation in current year	0	-9	0	0	-9
17.	Ordinary depreciation in prior year	420	153	0	224	797
18.	Extraordinary depreciation in current year	0	0	0	0	0
19.	Extraordinary depreciation reversed	0	0	0	0	0
20.	Received free of charge	0	0	0	0	0
21.	Count surplus	-3 159	-586	0	0	-3 745
22.	Contributed to GYSEV	0	0	0	0	0
23.	Contribution in kind	0	0	0	0	0
24.	Sold	0	0	0	0	0
25.	Scrapped	-575	-165	0	0	-740
26.	Missing	-84	0	0	0	-84
27.	Asset settlement	0	0	0	0	0
28.	Destroyed	0	0	0	0	0
29.	Reclassified (break-down, aggregated)	0	0	0	0	0
<b>30.</b>	<b>Depreciation, closing</b>	<b>188 671</b>	<b>54 758</b>	<b>0</b>	<b>224</b>	<b>243 653</b>
<b>31.</b>	<b>Opening, net</b>	<b>301 694</b>	<b>45 074</b>	<b>0</b>	<b>12 584</b>	<b>359 352</b>
<b>32.</b>	<b>Closing, net</b>	<b>295 611</b>	<b>42 092</b>	<b>0</b>	<b>12 024</b>	<b>349 727</b>

## Schedule 5: Managed treasury assets

The schedules below present treasury assets and assets that serve the operations of treasury assets.

figures in MHUF

Treasury assets		Gross	Net
<i>Areas</i>		15 515	15 515
12201	Administrative buildings – listed	275	251
12411	Traffic buildings – listed	6713	5968
12415	Scale house	71	57
<i>Buildings, total</i>		7 059	6 276
2112	Roads and squares	489	473
21211	National railway network main structure	229 210	142 017
21212	National railway network sub-structure, ancillary structures, track blocks	72 161	41 323
212127	Loading stations in the national railway network	692	455
212129	Other ancillary buildings of the national railway network	25 862	17 229
212131	Middle (1-35 kv) and high voltage wiring of the national railway network	1 635	558
212132	Low voltage (below 1 kv) wiring of the national railway network	8 051	2 574
2121331100	Communication air cables and poles of the national railway network	144	16
212133	Telecom cables of the national railway network	25 561	11 076
2121332	Other data cables of the national railway network	620	299
212134	Electric air wires of the national railway network	32 620	17 522
212135	Traction transformer station	5 699	4 405
212136	High and low voltage and air wires of the Ministry of Defence	1	1
2122	Main and substructure of industrial tracks of the Ministry	494	365
21412	Bridges	46 713	27 592
2142	Culverts, subways, tunnels	11 544	7 759
242003	Air raid shelter	78	37
2223	Sewage and precipitation structures	81	74
242003	Other structures	53	45
<i>Structures, total</i>		461 708	273 820
42	Loaders	21	0
442	Transformers and electric switchboards	2 453	1 563
443	Accumulators over 100 A/h	235	164
444	Telecommunication equipment	26 595	6 150
447	Meters	168	49
448566	IT equipment	3 967	932
4486	Rail traffic safety equipment	63 411	33 234
<i>Machinery, equipment, vehicles</i>		96 850	42 092
<i>Assets in the course of construction</i>		12 248	12 024
<i>Total</i>		593 380	349 727

Schedule 6: Assets belonging to state ownership (treasury assets)



figures in MHUF

<b>Assets owned by MÁV Zrt. necessary for the operations of treasury assets</b>		<b>Gross</b>	<b>Net</b>
111, 112, 113	Community buildings (worker's hostel, barracks etc.)	1 356	1 167
1211, 1212 (1230)	Commercial and service buildings	67	55
1220	Administrative buildings	1 865	1 592
12411	Station receiving buildings	22 600	19 533
124121	Telecom equipment buildings	2 144	1 839
124122	Controls and track brake buildings at junction stations	267	235
124123	Tramway traction substation buildings	319	277
124124	Track maintenance buildings	1 316	1 128
124125	Telegraph and telephone main buildings	217	187
124126,-27,-29	Traction and traffic operations buildings	2 570	2 245
12413	Motor coach and wagon barns	537	467
1242	Garages	148	125
12511, 12512	Operating buildings and workshops	1551	1239
12513	Engine room, boiler rooms	714	515
12515	Pump stations	218	153
12516	Fuel metering and filling station building	15	8
12517	Electric exchange transformation equipment building	1 188	1040
12521	Commercial warehouse	46	36
125213	Warehouses (at stations, railway terminals)	644	503
125214	Other warehouse	33	25
12526	Material barns	183	135
12527	Containers	60	37
1261-1263	Cultural and education buildings	912	733
1264, -65	Social and hostel-like buildings	244	208
1271	Farming buildings	11	9
1274	Other buildings	2 386	2 022
<i>Buildings, total</i>		41 611	35 513
2112	Roads, squares	5 616	3 895
21221	Industrial tracks (main network)	9 798	5 390
212221, -25	Industrial tracks (sub-network)	1 403	692
212226	Breast wall, footwall	49	28
212227	Railway loaders	5 231	3 355
212229	Railway crossing approach	639	472
21223	Industrial tracks – wires and cables	230	140
214124	Industrial tracks – bridges	841	451
214203	Industrial tracks – arches and culverts	86	43
2221	Tunnels, shafts and underground chambers	824	605
2222	Oil, gas and other pipelines	2 822	1 822
2223	Water supply structures	3 987	2 660
2304,2412, 2420	Other structures	2 359	1 753
2920	Property rights	1590	344
<i>Structures, total</i>		35 475	21 650
4 ...	Other machinery, equipment	9 930	2 100
4485,8...	IT equipment	4 861	907
<i>Machinery, equipment</i>		14 791	3 007
6411,-12	Railway vehicles	4 265	2 356
6413,-15	Road vehicles	134	3
<i>Vehicles</i>		4 399	2 359
78-,79,797,8KF	<i>Intangibles</i>	2674	1182
<i>Capital work in progress</i>		298	298
<i>Grand total</i>		99 248	64 009

Schedule 7: 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	
	2010	2011
<b>Opening</b>	<b>15 893</b>	<b>14 105</b>
Reporting year expenditure	18 772	21 768
Capitalised	-20 653	-23 284
Extra deprec.	0	-224
Reverse extra depr.	75	58
Disposal	0	-15
Scrapped	0	0
Received free of charge	99	0
Given free of charge	-81	-5
<b>Closing</b>	<b>14 105</b>	<b>12 403</b>

Schedule 8: Capital expenditures

An extraordinary depreciation of HUF 723 million was recognised for assets in the course of construction, of which HUF 224 million relates to treasury assets based on an underlying scrapping plan.

#### I.7.1.5 Depreciation in 2011

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

figures in MHUF

Depreciation					
Item	Cost	Ordinary	Extra	Acc. law, total	Tax law, total
Land	40 208		0	0	
Properties (less land)	589 192	19 913	528	20 441	21 981
Machinery, equipment	287 804	13 630	178	13 808	23 722
Other machinery, equipment	3 797	27	0	27	13
AICC	13 126		224	224	
<b>Tangibles, total:</b>	<b>934 127</b>	<b>33 570</b>	<b>930</b>	<b>34 500</b>	<b>45 716</b>
Intangibles	18 780	851		851	770
<b>Grand total:</b>	<b>952 907</b>	<b>34 421</b>	<b>930</b>	<b>35 351</b>	<b>46 486</b>

Schedule 9: Amortisation/Depreciation of intangibles and tangibles in 2011

Impairment loss fell by HUF 1,090 million on the previous year, of which HUF 371 million was due to a decrease in the ordinary depreciation of tangible assets, while the ordinary amortisation of intangibles decreased by HUF 719 million on 2010.

An extraordinary depreciation of HUF 930 million 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

<b>Item</b>	<b>Given</b>	<b>Received</b>	<b>P&amp;L impact</b>
Intangibles	0	0	0
Tangibles	1	6	5
AICC	5	0	-5
<b>Total:</b>	<b>6</b>	<b>6</b>	<b>0</b>

Schedule 10: Assets contributed/received free of charge

#### **I.7.1.7 Managed 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 359,352 million at 31 December 2010 and dropped to HUF 349,727 million by 31 December 2011 as a result of movements during the year.

The net value of treasury assets decreased by HUF 9,625 million during 2011 owing to a significant fall in capital expenditures. Capital expenditures were financed from government grants (HUF 1,463 million) and from own funds of HUF 18,508 million. The net value of treasury assets was also reduced by other changes totalling HUF 7,032 million, the major reason being the value of derecognised assets assigned to GYSEV totalling HUF 4,899 million.

Extraordinary depreciation of HUF 224 million recognised based on the assets recommended for scrapping in relation to an asset development project.

The HUF 1,463 million presented in Schedule 11 above (Treasury assets and their funds in the balance sheet) shows an increase in treasury assets funded from subsidies, while Schedule 14 (Subsidies used for capital projects) shows the amounts received from the National Treasury in 2011 (HUF 2,196 million). The subsidy of HUF 2,196 million is not fully attributable to asset additions in 2011 and also includes payments related to 2010 but made in 2011.

figures in MHUF

Item	2 010	2 011	Change
Land, total	15 716	15 515	-201
Buildings, total	6 280	6 276	-4
Structures, total	279 698	273 820	-5 878
Machinery and equipment, total	45 074	42 092	-2 982
AICC	12 584	12 024	-560
<b>Treasury assets, total:</b>	<b>359 352</b>	<b>349 727</b>	<b>-9 625</b>
<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	139 384	140 847	1 463
Settlement of funds related to previous years	466	466	0
Acquisition from own funds	115 991	134 499	18 508
Treasury assets received free of charge	7 050	7 494	444
Surplus	536	536	0
Net value of assets taken over from MÁV Rt	19	19	0
<b>Total increase:</b>	<b>263 446</b>	<b>283 861</b>	<b>20 415</b>
Depreciation	163 659	186 667	23 008
Extraordinary depreciation	0	797	797
Disposal	57	57	0
Scrapping	11 981	13 000	1 019
Shortage	508	688	180
Treasury assets transferred free of charge	1 656	1 656	0
Net value of assets contributed to MÁV Zrt	1 810	1 819	9
Settlement of state owned land	0	129	129
Relinquished treasury asset management right	0	4 899	4 899
<b>Total decrease:</b>	<b>179 672</b>	<b>209 712</b>	<b>30 040</b>
<b>Funds of treasury assets, total:</b>	<b>359 352</b>	<b>349 727</b>	<b>-9 625</b>

Schedule 11: Treasury assets and their funds in the balance sheet

Movements in treasury assets in 2011:

figures in MHUF

Movements in Treasury assets in 2011	2010	2011	Change
<b>Treasury assets, net (opening)</b>	<b>370 423</b>	<b>359 352</b>	<b>-11 071</b>
Treasury assets acquired from government grants	936	1 463	527
Treasury assets acquired from own funds	11 654	18 508	6 854
AICC from borrowed capital	99	444	345
Transferred to Treasury from MÁV Zrt's own assets	19	0	-19
Settlement of funds relating to previous years	466	0	-466
<i>Total increase in the reporting year</i>	<i>13 174</i>	<i>20 415</i>	<i>7 241</i>
Treasury assets transferred free of charge	-81	0	81
Annual depreciation of treasury assets	-22 566	-23 017	-451
Depreciation of treasury assets over the years	43	9	-34
Extraordinary depreciation	0	-797	-797
Scrapped, destroyed	-1 615	-1 019	596
Shortage	0	-180	-180
Transferred by the Treasury to MÁV Zrt.	-25	-9	16
Relinquished treasury asset management right	0	-4 899	-4 899
Settlement of state owned land	0	-129	-129
<i>Total decrease in the reporting year</i>	<i>-24 245</i>	<i>-30 040</i>	<i>-5 795</i>
<b>Treasury assets, net (closing)</b>	<b>359 352</b>	<b>349 727</b>	<b>-9 625</b>

Schedule 12: Movements in treasury assets in 2011

figures in MHUF

Asset	AICC	Tangible assets	Total
<b>From third parties, total:</b>	<b>0</b>	<b>0</b>	<b>0</b>
12311 Structures owned by the Treasury (catenary wire)	0	1	1
<b>Taken over from MÁV Zrt., total:</b>	<b>0</b>	<b>1</b>	<b>1</b>
1211 Land (public railway)	0	-9	-9
<b>Contributed to MÁV Zrt., total:</b>	<b>0</b>	<b>-9</b>	<b>-9</b>
<b>Contributed to third parties, total:</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand total:</b>	<b>0</b>	<b>-8</b>	<b>-8</b>

Schedule 13: Treasury assets received/granted free of charge

Subsidies for development purposes are presented in the following schedule:

figures in MHUF

Government subsidies for projects	2010	2011	Change
Railway network development	93	1 211	1 118
Free flow traffic	182	153	-29
Cohesion fund - government subsidy	0	118	118
Szajol - Záhony line planning works (TEN-T subsidised tasks) subsidised from the central budget	85	10	-75
Costs not recognised by ISPA	0	11	11
<b>Subsidies total:</b>	<b>360</b>	<b>1 503</b>	<b>1 143</b>
Complex logistic development project at Záhony (paid by EU)		0	0
Parking lots and junctions in the area of BKSZ along railway lines No. 70., 100a., and 120a.	0	491	491
P+R and B+R parking at Budapest railway stations	0	111	111
Parking lots ( P+R, B+R ) and junctions at Tápiószecső Phase II	0	2	2
Parking lots ( P+R, B+R ) in Albertirsa	0	60	60
Parking lots ( P+R, B+R at Süllyáp Phase II	0	29	29
<b>Total: (subsidy+EU funds)</b>	<b>360</b>	<b>2 196</b>	<b>1 836</b>
Of which: - used for treasury assets	110	1989	1 879
- used for MÁV assets	250	207	-43

Schedule 14: 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	2010	Increase	Decrease	2011	Index (%)
Fully consolidated subsidiaries	115 664	419	4	116 079	100.36
Consolidated associates	509			509	100.00
Associates	971		30	941	96.91
Other investments	1 938	270	0	2 208	113.93
<b>Total:</b>	<b>119 082</b>	<b>689</b>	<b>34</b>	<b>119 737</b>	<b>100.55</b>

Schedule 15: MÁV Zrt's investments at book value per category

Further to the accounting law, MÁV Zrt. fully included 11 of its subsidiaries in its consolidated financial statements for 2011 (each under direct controlling influence). Compared to the consolidated financial statements for 2010, the scope of fully consolidated entities increased by

one company, MÁV Koncessziós Kft. MÁV Koncessziós Kft. was created on 12 July 2011 by the way of demerger from VIACOM Hungária Zrt.

The book value of fully consolidated subsidiaries increased by HUF 415 million. The increase is due to the foundation of the new company (+ HUF 30 million) and to a capital increase in MÁV KfV Kft. (+ HUF 389 million). The capital increase was effected via contribution in kind by MÁV Zrt. The slight decrease is due to the derecognition of shares in MÁV Informatika Zrt. sold to subsidiaries.

Compared to previous year's consolidated financial statements, there was no change in the scope of equity consolidated subsidiaries in 2011. However, the voluntary liquidations of Rákospályaudvar Kft. (v.a.), Józsefváros Pályaudvar Kft. (v.a.), Kelenföldi Pályaudvar Kft. (v.a.) and DÉLI PÁLYAUDVAR Zrt. (v.a.) started in 2011. 100% impairment loss has been recognised for all these companies, therefore only their detailed records were taken from the equity consolidated entities into the scope of subsidiaries treated as investments.

The carrying value of associates was reduced by the derecognition of the investment in VIACOM Hungária Zrt.

The book value of other investments included in the consolidation increased by HUF 270 million as a result of foreign exchange gain on Eurofima HIT Rail and BCC (Bureau Central de Clearing).

During the course of 2011, the liquidation proceedings of MÁVFAVÉD Kft., MÁVÉPSZER Kft., MÁV LOKOMOTÍV HOTELS Zrt. and Szombathelyi Haladás Vasutas Futball Kft. ended. All these companies had been impaired at 100% in the previous periods, therefore the decrease had no impact on the profit or loss.

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					
	Open. value	Open. adj.	Increase	Decrease	Reversed	Closing value
Long-term investment in associates	6 341	0	0	568	0	5 773
Long-term loans to associates	0	0	0	0	0	0
Other long-term investments	1	0	0	0	0	1
Long-term loans to other related parties	0	0	0	0	0	0
Other long-term loans granted	1 274	228	0	0	277	1 225
Long-term debt securities	0	0	0	0	0	0
<b>Total:</b>	<b>7 616</b>	<b>228</b>	<b>0</b>	<b>568</b>	<b>277</b>	<b>6 999</b>

Schedule 16: Impairment loss of long-term financial assets

The impairment losses recognised on long-term investments in related parties were written off as the liquidation proceedings of the following entities ended:

- MÁV Favéd HUF 296 million
- Mávépszer HUF 235 million
- MÁV Lokomotív Hotels HUF 27 million
- Szombathelyi Haladás Vasutas HUF 10 million

With respect to other long-term loans, the impairment loss previously recognised on a loan receivable from Debreceni Jármű Javító was reversed. The opening adjustment reflects the impairment loss on housing loans that were fully impaired in previous years but are still receivable.

## **I.7.2 Current assets**

### **I.7.2.1 Impairment of inventories**

HUF 154 million impairment loss was recognised on MÁV Zrt's inventories and reflects the HUF 61 million impairment loss on technically obsolete railtrack materials and HUF 93 million impairment loss on general materials (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 1,114 million was posted from bank deposits to current liabilities.
- HUF 19,266 million long-term loans repayable in 2012 to current liabilities; HUF 81 million long-term debt to related parties payable in 2012 to current liabilities to related parties; HUF 127 million of long-term loans granted and due in 2012 to other receivables; HUF 939 million repayable in 2012 from other long-term liabilities to other current liabilities.
- Other current liabilities include HUF 2,341 million reclaimable VAT and other taxes totalling HUF 7 million were reclassified to other receivables.
- Other current liabilities deducted from employees (HUF 2 million) were reclassified to other receivables and Ro-La subsidy due from the Ministry for Economic Development totalling HUF 78 million was reclassified to other receivable.
- From debtors, receivables from entities with participation in MÁV were reclassified with the value of HUF 6 million to receivables from related parties and to receivables from other investments.
- A loan of HUF 1,162 million granted to MÁV – GÉPÉSZET Zrt. via the cash-pool system was reclassified from current liabilities to receivables from related parties.

### I.7.2.2.2 Receivables and impairment loss

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

figures in MHUF

Debtor	Receivables						Impairment							BV of receivable 2011	BV of receivable 2011	Change in the BV of debtors
	Not overdue	1-90 days	91-180 days	181-365 days	over 365 days	Total	Opening	Reclass. due to change in the scope of entities	Written off impairment	Impairment loss in 2011 (862,2; 862,4)	Amount paid after impairment (962,3; 962,5)	Reversed (962,2; 962,4)	Closing			
<b>Debtors</b>																
	2 417	985	236	372	5 530	9 540	6 118	78	372	613	492	0	5 945	3 595	1 768	1 827
<b>Receivables from related parties</b>																
	13 298	9 902	188	80	188	23 656	595	-159	0	0	62	0	374	23 282	22 994	288
fully consolidated	13 070	9 750	156	28	23	23 027	304	0	0	0	60	0	244	22 783	22 591	192
equity consolidated	150	129	32	52	13	376	128	-128	0	0	0	0	0	376	200	176
associates	39	12	0	0	21	72	1	0	0	0	0	0	1	71	157	-86
<b>Other receivables</b>	3 756	16	13	24	145	3 954	141	81	152	95	2	0	162	3 792	1 857	1 935
<b>Total receivables:</b>	19 471	10 903	437	476	5 863	37 150	6 854	0	524	708	556	0	6 481	30 669	26 619	4 050

Schedule 17: Receivables and impairment losses

Debtor of HUF 1,768 million in 2010 increased to HUF 3,595 million in 2011 due partly to the disposal of assets related to the services assigned to GYSEV (HUF 783 million) and to an increased on the Company's receivables from Rail Cargo Hungaria Zrt. (HUF 702 million).

There was no significant change in receivables from related parties in 2011.

Other receivables increased to HUF 3,791 million from the HUF 1,857 million in 2010 due to the fact that reclaimable VAT of HUF 2,341 million was reclassified as opposed to only HUF 360 million last year.

### I.7.2.2.3 Receivables in FX per currency

FX	Receivable in FX	FX rate	Receivable in MHUF	Year-end FX gain MHUF
<b>EUR</b>	5 333 845.37	311.13	1 660	174
<b>CHF</b>	59 512.76	255.91	15	2
<b>Total:</b>			<b>1 675</b>	<b>176</b>

Schedule 18: 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	656	0	0	656
Long-term loan to related parties	0	0	0	0	0
Advances for inventories	0	0	0	0	0
Receivables from related parties	0	22 783	376	74	23 233
<b>Total:</b>	<b>0</b>	<b>23 439</b>	<b>376</b>	<b>74</b>	<b>23 889</b>

Schedule 19: Related party receivables



### I.7.2.4 Prepaid expenses and accrued income

Prepaid expenses and accrued income increased by HUF 6,834 million (25.84 %) on the previous year.

Movements in prepaid expenses and deferred income are presented below:

figures in MHUF

GL account No.	GL account	end of 2010			end of 2011		
		over 1 year	within 1 year	Total	over 1 year	within 1 year	Total
393	Accrued unsettled transactions	0	84	84	0	20	20
397,1	Accrued income from completed but not invoiced services	0	294	294	0	255	255
397,21	Accrued interest income (less later payment interest)	34	68	102	0	110	110
397,22	Accrued cash pool interest (internal and external)	0	0	0	0	3	3
397,3	Accrued late payment interest and penalties	0	196	196	0	53	53
397,6	Accrued unbilled income	0	1	1	0	30	30
397,9	Accrued other income	0	144	144	0	46	46
<b>Total</b>	<b>Accrued income</b>	<b>34</b>	<b>787</b>	<b>821</b>	<b>0</b>	<b>517</b>	<b>517</b>
391,2	Other prepaid costs	0	215	215	0	305	305
391,31	Prepaid debt service (Viacom)	17 895	0	17 895	13 931	2 000	15 931
391,32	Prepaid mast use cost (Viacom)	28	0	28	20	4	24
391,4	Prepaid redundancy costs	0	110	110	0	51	51
391,5	Prepaid cost and expense from cash and bank	0	9	9	0	0	0
391,6	Prepaid unbilled expenses (credit) (year-end, as posted by controlling)	0	0	0	0	59	59
<b>Total</b>	<b>Prepaid expenses</b>	<b>17 923</b>	<b>334</b>	<b>18 257</b>	<b>13 951</b>	<b>2 419</b>	<b>16 370</b>
394,311	Deferred unrealised FX loss on EUR 30.7m loan	345	0	345	413	0	413
394,321	Deferred unrealised FX loss on an EUR 45352822.58 loan	654	0	654	1 217	0	1 217
394,331	Deferred unrealised FX loss on EUR 144.6m development loan	2 946	0	2 946	5 943	0	5 943
394,3625	Deferred unrealised FX loss on Eurofima contract 11. (Nr. 2582)	278	0	278	527	0	527
394,3627	Deferred unrealised FX loss on Eurofima contract 13/a. (Nr. 2649)	106	0	106	230	0	230
394,3628	Deferred unrealised FX loss on Eurofima contract 13/b. (Nr. 2662)	397	0	397	889	0	889
394,3629	Deferred unrealised FX loss on Eurofima contract 13/e. (Nr. 2673 )	30	0	30	67	0	67
394,3630.	Deferred unrealised FX loss on Eurofima contract 13/d. (Nr. 2672)	424	0	424	963	0	963
394,381	Deferred unrealised FX loss on an EUR 60m EIB development loan	518	0	518	860	0	860
394,3911	Deferred unrealised FX loss on EUR 141.6m development loan	1 662	0	1 662	5 276	0	5 276
<b>Total</b>	<b>Deferred expenses</b>	<b>7 360</b>	<b>0</b>	<b>7 360</b>	<b>16 385</b>	<b>0</b>	<b>16 385</b>
	<b>Total:</b>	<b>25 317</b>	<b>1 121</b>	<b>26 438</b>	<b>30 336</b>	<b>2 936</b>	<b>33 272</b>

Schedule 20: Prepaid expenses and accrued income

Accrued income fell by HUF 304 million on 2010 as penalty interest, other penalties and damages due from RCH and from MÁV-Start Zrt. dropped by HUF 143 million, and accrued non-recharged public utility revenues dropped by HUF 101 million.

Prepaid expenses decreased by HUF 1,887 million. 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. As of 12 July 2011, MÁV Koncessziós Kft. replaced VIACOM HUNGÁRIA Zrt. as legal successor.

Deferred expenses increased by HUF 9,025 million due to an increase in deferred unrealised FX losses suffered owing to unfavourable HUF exchange rates.

### I.7.3 Equity

#### I.7.3.1 Movements in equity

Equity movements in 2011 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
<b>Opening, 2011</b>	<b>21 000</b>	<b>110 652</b>	<b>-51 756</b>	<b>8 251</b>	<b>-35 828</b>	<b>52 319</b>
Loss for 2010 posted			-35 828		35 828	0
Allocated reserve related to unrealised FX losses			-4 801	4 801		0
Asset settlement (related to railtracks transferred to GYSEV)		-3 629				-3 629
Result of tax audit and self correction (middle column)			230			230
Refunded additional contribution from PRUDENT-INVEST Zrt.			23			23
Profit for 2011					12 898	12 898
<b>Profit for 2011, closing</b>	<b>21 000</b>	<b>107 023</b>	<b>-92 133</b>	<b>13 052</b>	<b>12 898</b>	<b>61 840</b>

Schedule 21: Equity movements

#### I.7.3.2 Equity movements and their basis

- Equity is increased by the profit for 2011 (HUF 12,898 million).
- As part of a self-correction exercise, a total profit of HUF 230 million was recognised in 2011 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 4,801 million from retained earnings in 2011.

figures in MHUF

Item	Opening	Decrease	Increase	Closing
environmental damages	3 617	0	0	3 617
difference btwn. unrealised FX losses and the related provision	4 632	0	4 801	9 433
additional capital contribution payable	2	0	0	2
<b>Closing at the end of 2011</b>	<b>8 251</b>	<b>0</b>	<b>4 801</b>	<b>13 052</b>

Schedule 22: Allocated reserves

## I.7.4 Provisions

### I.7.4.1 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 2011	Made in 2011	Closing
Redundancies	1 940	1 832	1 323	1 431
Guarantee liabilities (environmental)	6 861	739	42	6 164
Guarantees for Máv Kfts	26	0	0	26
Litigations	7 313	756	477	7 034
Maintenance of disp. welfare building	574	116	0	458
Damages	91	64	32	59
Owing to excentric weather in 2010	795	419	50	426
Disaster in the Ajka area	76	5	0	71
Working clothes and uniforms	494	440	402	456
Annuities payable	1 894	0	1 189	3 083
Late payment penalty	0	0	125	125
Penalties	0	0	500	500
<b>Total:</b>	<b>20 064</b>	<b>4 371</b>	<b>4 140</b>	<b>19 833</b>
of which: existing liabilities to related parties	32	6	37	63

Schedule 23: Provisions for contingent liabilities

Based on the liabilities expected in 2011, a provision of HUF 1,323 million was made for redundancy costs in 2011 and no related government subsidy is expected.

A total provision of HUF 255 million was made for 19 new legal cases and further provisions of HUF 222 million 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 was made for it on a prudent basis and prevails.

A provision of HUF 402 million was made for working clothes and uniforms undistributed in 2011.

Additional HUF 1.2 billion provision was made for annuities from the profit for 2011.

In January 2008, the Fair Competition Office launched an investigation against MÁV Zrt., GYSEV Zrt. and RCH Zrt. As the investigation was still in progress at the balance sheet preparation date, MÁV Zrt. made a provision of HUF 500 million for the expected penalty.

#### **I.7.4.2 Provisions for future commitments**

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

figures in MHUF

<b>Provisions for future commitments</b>	<b>Opening</b>	<b>Released in 2011</b>	<b>Made in 2011</b>	<b>Closing</b>
Demolition	2 435	485	0	1 950
Maintenance	2 468	11	0	2 457
Depreciation of assets not contributed by NIF	9 364	0	6 579	15 943
Commissioned but not capitalised assets	0	0	0	0
<b>Total:</b>	<b>14 267</b>	<b>496</b>	<b>6 579</b>	<b>20 350</b>

Schedule 24: 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 not clarified for accounting purposes.

Another material item is the amount of provision made for the yet unrecognised but technically effected assignment of assets and equals the calculated - uncharged – depreciation. For details see note I.6.4.

#### **I.7.4.3 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.d eferr. MHUF	Start date	End date	Prov. MHUF opening	Released in 2011 MHUF	Made in 2011 MHUF	Prov. MHUF closing
431,311 MFB 30,7 M	5 980	1 860	413	15.07.2002	31.12.2013	254	0	87	341
431,321 OTP (Talent)	21 853	6 799	1217	11.04.2006	31.12.2016	288	0	362	650
431,331 Calyon	106 878	33 253	5943	22.03.2006	16.06.2020	989	0	1422	2411
431,3625 E.fima 11*	8 057	2 507	527	05.11.2003	17.12.2018	131	0	153	284
431,3627 E.fima 13/a*	4 000	1 245	230	19.12.2005	06.03.2015	58	0	92	150
431,3628 E.fima 13/b*	15 900	4 947	889	07.07.2006	07.04.2016	183	0	317	500
431,381 EIB	14 400	4 480	860	29.03.2005	15.09.2015	285	0	270	555
431,3629 E.fima 13/c	1 200	373	67	07.11.2007	28.01.2014	15	0	30	45
431,3630 E.fima 13/d	17 400	5 414	963	07.11.2007	07.04.2016	159	0	316	475
431,391 Calyon II.	121 727	37 873	5276	28.11.2007	28.11.2021	367	0	1174	1541
<b>Total:</b>	<b>317 395</b>	<b>98 751</b>	<b>16 385</b>			<b>2729</b>	<b>0</b>	<b>4 223</b>	<b>6 952</b>

Note: FX loans were converted at a 311.13 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 25: Provisions for FX losses

The accumulated FX loss is HUF 16,385 million. The amount of provision for the FX loss increased by HUF 4,223 million compared to 2010 as a result of released provisions for FX losses and due to the exceptionally high FX rate at the balance sheet date and the time elapsed since the loan was taken.

#### I.7.4.4 Other provisions

There were no other provisions.

#### I.7.4.5 Provisions in the balance sheet for 2011

Provisions as presented in the balance sheet for 2011:

figures in MHUF

Item	For expected liabilities	For future expenses	For unrealised FX losses	Total:
<b>Opening provisions</b>	<b>20 064</b>	<b>14 267</b>	<b>2729</b>	<b>37 060</b>
Released in 2011	4 371	496	0	<b>4 867</b>
Made in 2011	4 140	6579	4223	<b>14 942</b>
<b>Closing provisions</b>	<b>19 833</b>	<b>20 350</b>	<b>6 952</b>	<b>47 135</b>

#### Schedule 26: Provisions in the balance sheet

### I.7.5 Liabilities

#### I.7.5.1 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 402,173 million (related to projects owned by MÁV Zrt. but financed from subsidies and EU funds) are connected to the HUF 349,727 million balance of treasury assets at 31 December 2011.

Long-term liabilities towards the government exceed the managed treasury asset portfolio by HUF 52,446 million (including HUF 52,789 million refunding obligation and HUF -527 million accumulated balance of settlements with the National Treasury).

Changes in treasury assets are presented as follows:

figures in MHUF

<b>Liabilities related to treasury assets</b>	<b>2010</b>	<b>2011</b>	<b>Change</b>
<i>Liabilities related to treasury assets</i>	<b>406 001</b>	<b>404 873</b>	<b>-1 128</b>
Opening adjustment	-174	0	174
Increase in treasury assets	13 174	20 415	7 241
Decrease in treasury assets	-24 244	-30 040	-5 796
Increase in mandatory refunding liability	10 987	6 397	-4 590
MÁK settlements in 2011	-871	527	1 398
of which: project invoices submitted to te Treasury	-1185	-1669	-484
payments by the Treasury	360	2196	1 836
bills rel. to 2010 submitted to Treasury paid by MÁV	-46	0	46
<b>Liabilities related to treasury assets (closing)</b>	<b>404 873</b>	<b>402 173</b>	<b>-2 700</b>

Schedule 27: Liabilities related to treasury assets

The refunding obligation related to treasury assets increased by HUF 6,397 million in 2011 due a HUF 23,008 million depreciation of treasury assets and treasury assets and to the replacement of treasury assets worth HUF 18,508 million in 2011.

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

figures in MHUF

Refunds	2010	2011	Change
<b>Opening liability</b>	<b>35 556</b>	<b>46 392</b>	<b>10 836</b>
Depreciation of treasury assets in 2011	22 566	23 017	451
Depreciation of treasury assets in previous years	-43	-9	34
Extraordinary depreciation, scrapped, missing	0	1 866	1 866
Re-used materials from scrapped treasury assets	65	30	-35
Amounts received from third parties for treasury projects	72	446	374
<b>Increase, total:</b>	<b>22 660</b>	<b>25 350</b>	<b>2 690</b>
Opening adjustment	151	0	-151
Treasury project funded from own funds	11 654	18 508	6 854
Third party funds used for treasury projects	0	444	444
Assets contributed to the Treasury	19	1	-18
<b>Decrease, total:</b>	<b>11 824</b>	<b>18 953</b>	<b>7 129</b>
<b>Closing liability</b>	<b>46 392</b>	<b>52 789</b>	<b>6 397</b>

Schedule 28: Mandatory refunds

The refunding obligation had increased by HUF 6,397 million to HUF 52,789m by 31 December 2011. Currently, negotiations are ongoing with MNV Zrt. as to the settlement of the repayment obligation.

### I.7.5.2 Subordinated debt

MÁV Zrt. does not have any subordinated debt.

### I.7.5.3 Long-term liabilities

Long-term liabilities, including those related to treasury assets, totalled HUF 566,471 million at the end of 2011, which is a HUF 25,501 million (4.3%) decrease on the previous year. Long-term liabilities account for 71.48% of total equity and liabilities and 86.96% of liabilities.

Net of treasury liabilities, the year-end balance of long-term liabilities is HUF 164,298 million, which is a HUF 22,801 million (12.19%) decrease on 2010. There have been no significant changes in long-term liabilities.

### I.7.5.3.1 Long-term loans

MÁV Zrt's long-term loans and borrowings at the end of 2011 were as follows:

Long-term funds in 2011								
Loan	Loan agreement dated at	Matures on	Government guarantee	Secured by assets	Currency	Amount per loan agreement (millions, original)	Available facility (31 Dec 2011)	
							FX m	HUF m
<b>Project loans</b>								
EIB-ISPA	03.09.2001	15.09.2015	1082/2001	-	EUR	18.00	14.4	4 480
EUROFIMA 11	31.12.2003	17.12.2018	1036/2003	yes	EUR	8.06	8.057	2 507
EUROFIMA 13 a	31.12.2005	06.03.2015	1113/2005	yes	EUR	4.00	4.	1 245
EUROFIMA 13 b	03.10.2006	07.04.2016	1113/2005	yes	EUR	15.90	15.9	4 947
EUROFIMA 13 c	18.10.2007	28.01.2014	1113/2005	yes	EUR	1.20	1.2	373
EUROFIMA 13 d	30.11.2007	07.04.2016	1113/2005	yes	EUR	17.40	17.4	5 414
Konzorcium HUF 8.133bn	21.04.2006	21.04.2013	1113/2005	-	HUF	8 133		3 506
Raiffeisen Bank Zrt HUF 9.209bn	26.04.2006	21.04.2016	1113/2005	-	HUF	9 209		9 209
MFB Zrt (13 Desiro)	28.01.2002	30.12.2013	-	-	EUR	30.70	5.98	1 861
OTP Bank Nyrt (10 Talent)	23.03.2006	31.12.2016	-	yes	EUR	45.35	21.85	6 799
CA-CIB Konzorcium (30 Flirt)	22.03.2006	16.06.2020	-	yes	EUR	144.60	106.88	33 253
Raiffeisen Bank Zrt (+30 Flirt)	25.09.2007	28.11.2021	-	yes	EUR	141.60	121.73	37 873
<b>Total:</b>								<b>111 466</b>
<b>Operational loans:</b>								
Raiffeisen Bank Zrt HUF 28.5bn	27.12.2005	27.11.2015	1089/2005	-	HUF	28 500		22 800
<b>Total:</b>								<b>22 800</b>
<b>Entrepreneurial loans:</b>								
ip hálózat - MÁVI	10.10.2007	20.05.2012	-	-	HUF	646		81
szegedi köfi - PROLAN	10.08.2007	27.06.2019	-	-	HUF	1 870		1 695
dél-bal. köfi - PROLAN	20.05.2010	31.07.2016	-	-	HUF	2 260		2 260
electricity supply - PQ	08.07.2009	13.12.2015	-	-	HUF	1 267		1 014
<b>Total:</b>								<b>5 050</b>
<b>Bonds</b>								
MFB Zrt HUF 10bn	22.12.2010*	21.12.2015	1261/2010	-	HUF	10 000		10 000
CA-CIB -Takszöv. - Gránit HUF 35bn	07.09.2011*	05.09.2014	1290/2011	-	HUF	35 000		35 000
<b>Total:</b>								<b>45 000</b>
<b>Grand total:</b>								<b>184 316</b>

Note: FX loans were converted at a 311.13 HUF/EUR rate (MNB rate at the balance sheet date). Reclassified to short-term loans: HUF 13,567m from development loans and HUF 5,700 million from operating loans. Reclassified to short-term borrowings: HUF 939 million from entrepreneurial loans, HUF 81 million is presented among amounts payable to related parties in the balance sheet.

\* date of bond issue

### Schedule 29: MÁV Zrt's long-term loans and borrowings

Loans assumed by the government in 2011 are presented in section I.6.3.



Long-term loans repayment schedule:

figures in MHUF

Loan	2012	2013	2014	2015	2016 and beyond	Total
<b>Investment and development loans</b>						
EIB-ISPA	1 120	1 120	1 120	1 120	0	4 480
EUROFIMA 11					2 507	2 507
EUROFIMA 13 a				1 245		1 245
EUROFIMA 13 b					4 947	4 947
EUROFIMA 13 c			373			373
EUROFIMA 13 d					5 414	5 414
Konzorcium HUF 8.133bn	2 337	1 169				3 506
Raiffeisen Bank Zrt HUF 9.209bn		2 127	2 837	2 837	1 408	9 209
MFB Zrt (13 Desiro)	955	905				1 861
OTP Bank Nyrt (10 Talent)	1 411	1 411	1 411	1 411	1 155	6 799
CA-CIB Konzorcium (30 Flirt)	3 912	3 912	3 912	3 912	17 605	33 253
Raiffeisen Bank Zrt (+30 Flirt)	3 831	3 831	3 831	3 831	22 549	37 873
<b>Total</b>	<b>13 566</b>	<b>14 475</b>	<b>13 485</b>	<b>14 356</b>	<b>55 584</b>	<b>111 466</b>
<b>Operational loans</b>						
Raiffeisen Bank Zrt HUF 28.5bn	5 700	5 700	5 700	5 700	0	22 800
<b>Total</b>	<b>5 700</b>	<b>5 700</b>	<b>5 700</b>	<b>5 700</b>	<b>0</b>	<b>22 800</b>
<b>Entrepreneurial loans</b>						
ip network - MÁVI	81	0	0	0	0	81
szegedi köfi - PROLAN	234	234	234	234	759	1 695
dél-balatoni köfi - PROLAN	452	452	452	452	452	2 260
electricity - PQ	254	253	253	254	0	1 014
<b>Total</b>	<b>1 021</b>	<b>939</b>	<b>939</b>	<b>940</b>	<b>1 211</b>	<b>5 050</b>
<b>Bonds</b>						
MFB Zrt HUF 10bn				10 000		10 000
CA-CIB -Takszöv. -Gránit HUF 35bn			35 000			35 000
<b>Total</b>	<b>0</b>	<b>0</b>	<b>35 000</b>	<b>10 000</b>	<b>0</b>	<b>45 000</b>
<b>Grand total</b>	<b>20 287</b>	<b>21 114</b>	<b>55 124</b>	<b>30 996</b>	<b>56 795</b>	<b>184 316</b>

Note: FX loans were converted at a 311.13 HUF/EUR rate (MNB rate at the balance sheet date). Reclassified to short-term loans: HUF 13,566 million from development loans and HUF 5,700 million from operating loans. Reclassified to short-term borrowings: HUF 939 from entrepreneurial loans, HUF 81 million is presented among amounts payable to related parties in the balance sheet.

#### Schedule 30: Long-term loans repayment schedule

### I.7.5.3.2 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.7.5.1.

### **I.7.5.3.3 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.7.5.3.1.

### **I.7.5.4 Current liabilities**

#### **I.7.5.4.1 Short-term loans**

Short-term loans include the current part of long-term loans (HUF 19,266 million) and the year-end balance of overdrafts (HUF 1,114 million) as well as short-term restructuring loans taken out in 2011 as follows:

<b>Loan</b>	<b>Date of contract</b>	<b>Matures on</b>	<b>Government guarantee</b>	<b>Currency</b>	<b>Contracted amount HUF million</b>	<b>At 31 Dec 2011 HUF million</b>
<b>Restructuring loans</b>						
MFB HUF 11.2bn	17.11.2011	17.07.2012	-	HUF	11 200	11 200
MFB HUF 13.8bn	09.12.2011	09.08.2012	-	HUF	13 800	13 800
<b>Total:</b>						<b>25 000</b>

Schedule 31: Short-term restructuring loans maturing in 2011

#### **I.7.5.4.2 Current liabilities**

The year-end balance of current liabilities is HUF 84,979 million, which is a HUF 4,113 million (5.09 %) increase on the previous year. Current liabilities make up for 10.72% of equity and liabilities and 13.04% of liabilities.

The nearly HUF 4 billion increase was due to the combined effect of an increase of HUF 4,785 million increase in current liabilities to related parties and to a HUF 1,455 million increase creditors and to a HUF 2,498 million decrease in short-term loans.

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

figures in MHUF			
<b>Item</b>	<b>2010</b>	<b>2011</b>	<b>Change</b>
Taxes payable	3 558	3 341	-217
Wages and salaries	2 667	2 773	106
Other liabilities deducted from employees	328	311	-17
Other liabilities from services	419	0	-419
Amounts payable based on decisions of authorities	0	143	143
Late payment penalty payable	0	48	48
Other payables	0	44	44
<b>Total other liabilities</b>	<b>6 972</b>	<b>6 660</b>	<b>-312</b>

Schedule 32: Other current liabilities

**I.7.5.4.3 Current liabilities by currency**

Currency	Amount in FX	FX rate (FX/HUF)	Amount in MHUF	FX loss at year-end
<b>EUR</b>	458 196.23	311.13	143	7
<b>CHF</b>	2 755.2	255.91	1	0
<b>Total:</b>			<b>144</b>	<b>7</b>

Schedule 33: Current liabilities in FX

**I.7.5.4.4 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		0	0	0
Current liab. toward related parties	0	15 477	1 348	0	16 825
<b>Total:</b>	<b>0</b>	<b>15 477</b>	<b>1 348</b>	<b>0</b>	<b>16 825</b>

Schedule 34: Payables to related parties

**I.7.5.5 Contingent liabilities****I.7.5.5.1 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 2011 showed a deficit of EUR 49,305 thousand, which is by 10.5% (EUR 5,163 thousand) below the plan. Early repayment was not used for FX loans. To hedge for planned FX transactions, MÁV Zrt. entered into a forward contracts totalling EUR 23,590 thousand and spot contracts totalling EUR 22,910 thousand in compliance with the Company's foreign exchange transactions policy.

FX rate hedging transactions have been made above the plan rate (274.50 HUF/EUR) on 280.97 HUF/EUR (weighted average), but below the central bank's average rate (central bank's weighted average 281.37 HUF/EUR).

No hedge contracts were made in 2011 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 2011 are shown in the schedule below.

**I.7.5.5.2 Closed forward and option contracts**

figures in MHUF

<b>Contract type</b>		<b>P&amp;L impact</b>	<b>Cash-flow impact</b>
Settlement contracts	Forward	0	0
	Option	0	0
	<b>Total:</b>	<b>0</b>	<b>0</b>
Delivery contracts*	Forward	17	17
	Option	0	0
	<b>Total:</b>	<b>17</b>	<b>17</b>
<b>Grand total:</b>		<b>17</b>	<b>17</b>
of which	Hedging	17	17
	Non hedging	0	0
	<b>Total:</b>	<b>17</b>	<b>17</b>
of which	SE	0	0
	OTC	17	17
	<b>Total:</b>	<b>17</b>	<b>17</b>

\*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 35: Closed forwards and options in 2011**
**I.7.5.5.3 Guarantees**

MÁV Zrt's joint and several and guarantee liabilities at 31 December 2011:

figures in MHUF

<b>Company</b>	<b>Beneficiary, contract No.</b>	<b>Guarantee start date</b>	<b>Guarantee end date</b>	<b>Contract value HUFm</b>	<b>Guarantee liabilities at 31 Dec 2011</b>
MÁVGÉP Kft.	Kereskedelmi és Hitelbank Nyrt. NSF/SFI-2007-1117/KK	27 September 2004	30 January 2013	625	625
MÁV FKG Kft.	Kereskedelmi és Hitelbank Nyrt. NSF/SFI-2007-1118/KK	22 September 2004	30 January 2013	775	775
<b>Total guarantees:</b>				<b>1 400</b>	<b>1 400</b>

**Schedule 36: Joint and several liability contracts at 31 December 2011**

figures in MHUF

<b>Company</b>	<b>Type of guarantee</b>	<b>Contractor</b>	<b>Start date</b>	<b>End date</b>	<b>Amount in MHUF</b>
<b>Bank guarantees</b>					
VPOP	excise	KDB	12 December 2010	11 December 2012	60
Regionális Fejlesztési Holding	supervision	KDB	20 October 2008	31 December 2011	2
Nemzeti Közlekedési Hatóság	accident	OTP	27 April 2009	31 December 2012	1 000
<b>Total bank guarantees:</b>					<b>1 062</b>

**Schedule 37: Guarantee contracts at 31 December 2011**

#### I.7.5.5.4 Lien

Loan	Loan outstanding at 31 Dec 2011 (MHUF)	Security
EUROFIMA 11	2 507	passenger cars
EUROFIMA 13 a	1 245	passenger cars
EUROFIMA 13 b	4 947	passenger cars
EUROFIMA 13 c	373	passenger cars
EUROFIMA 13 d	5 414	passenger cars
OTP Bank (10Talent financing)	6 799	10 db Talent engines
Credit Agricole-CIB konz. (30 Firt)	33 253	30 db Flirt engines
Raiffeisen Bank (+30 Flirt financing)	37 873	30 db Flirt engines
Total	92 410	

Schedule 38: Loans secured 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.

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 49.

Further to the public procurement act, MÁV Zrt. ensured direct collection rights for contractors under existing contracts signed between 15 September 2010 and 31 December 2011.

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
Hetvehely	61/1	OTP Bank Nyrt.	36	Hungarian state
Küngös	1101	K&H Bank Zrt.	31 000	Hungarian state
Záhony	600/9	K&H Bank Zrt.	65 000	MÁV Zrt.

Schedule 39: Mortgaged properties

#### I.7.5.5.5 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	2012	2013	2014	2015	2016 and beyond	Total
<b>Development loans</b>						
EIB-ISPA	79	71	48	20		218
EUROFIMA 11	42	47	50	50	149	337
EUROFIMA 13 a	21	23	24	13		81
EUROFIMA 13 b	86	91	97	97	51	423
EUROFIMA 13 c	6	7	4			16
EUROFIMA 13 d	94	100	107	107	55	462
Konzorcium HUF 8.133bn	153	14				167
Raiffeisen Bank Zrt HUF 9.209bn	638	588	407	215	29	1 876
MFB Zrt (13 Desiro motor coaches)	36	16				52
OTP Bank Nyrt (10 Talent motor coaches)	157	131	99	60	22	470
CA-CIB Konzorcium (30 Flirt)	777	735	649	543	1 133	3 837
Raiffeisen Bank Zrt (+30 Flirt motor coaches)	889	859	776	673	1 869	5 066
<b>Development loans, total:</b>	<b>2 978</b>	<b>2 681</b>	<b>2 260</b>	<b>1 778</b>	<b>3 308</b>	<b>13 005</b>
<b>Operational loans</b>						
Raiffeisen Bank Zrt HUF 28.5bn	1 418	1 042	652	265		3 377
<b>Operational loans, total:</b>	<b>1 418</b>	<b>1 042</b>	<b>652</b>	<b>265</b>	<b>0</b>	<b>3 377</b>
<b>Entrepreneurial loans</b>						
ip hálózat - MÁVI	1	0	0	0	0	1
szegedi köfi - PROLAN	128	107	89	71	104	499
dél-balatoni köfi - PROLAN	258	198	143	89	34	722
áramellátás - PQ	103	74	46	18	0	241
<b>Entrepreneurial loans, total:</b>	<b>490</b>	<b>379</b>	<b>278</b>	<b>178</b>	<b>138</b>	<b>1 463</b>
<b>Bonds</b>						
MFB Zrt HUF 10bn	661	659	659	659		2 638
CA-CIB -Takszöv. -Gránit HUF 35bn	2 651	2 703	2 048			7 401
<b>Bonds total:</b>	<b>3 312</b>	<b>3 362</b>	<b>2 707</b>	<b>659</b>	<b>0</b>	<b>10 039</b>
<b>Grand total:</b>	<b>8 197</b>	<b>7 464</b>	<b>5 896</b>	<b>2 880</b>	<b>3 446</b>	<b>27 883</b>

Note: FX loans were converted at a 300 HUF/EUR rate

Schedule 40: MÁV Zrt's contingent interests and similar charges relating to long-term liabilities

#### 1.7.5.5.6 Long-term loans and borrowings and repayment schedule

The planned disbursement schedule of project and development loans based on loan agreements to be signed in 2012 is as follows:

figures in MHUF

Loan	2012	2013	2014	Total
HUF 27.22 bn gov. guarantee loan	27 220	0	0	27 220
HUF 36 bn gov. guarantee loan	36 314	0	0	36 314
<b>Total</b>	<b>63 534</b>	<b>0</b>	<b>0</b>	<b>63 534</b>

Schedule 41: Drawing schedule of development and current asset replacement loans to be signed in 2012

figures in MHUF

Loan	2012	2013	2014	2015	Total
HUF 27.22 bn gov. guarantee loan	0	0	0	27 220	27 220
HUF 36 bn gov. guarantee loan	0	0	0	36 314	36 314
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>63 534</b>	<b>63 534</b>

Schedule 42: Repayment schedule of development and current asset replacement loans to be signed in 2012

#### I.7.5.5.7 Operating leases – where the Company's is the lessee (figures in HUF):

Lessor	Subject matter	Date of agreement	Matures on	Monthly instalment	Outstanding at the year-end
LeasePlan Hungária Zrt.	car rent	27.12.2004	30.06.2012	36 127 500	216 765 000
X-Rent Kft.	car rent	01.02.2005	indefinite	2 770 373	n/a
VASÚTÉPÍTŐK KFT	machine rent	01.01.2006	indefinite	1 011 823	n/a
Raiffeisen Ingatlan Alap	office rent	30.10.2008	30.06.2014	112 561 800	3 376 854 004
DÉMÁSZ Hálózati Elosz.	rented masts, transformers,	26.03.1969	indefinite	2 950 000	n/a
Porsche Kft.	car rent	03.10.2011	30.09.2016	100 200 000	5 711 400 000
Magyar Telekom Nyrt.	service contract	July 2004, July 2005	indefinite	11 622 660	n/a
Other contracts, total		from 26.03.1969 different contracts	indefinite/definite	6 451 272	88 378 566
<b>Total:</b>					<b>9 393 397 570</b>

Schedule 43: Operating lease contracts over HUF 1m at 31 December 2011

#### I.7.6 Accrued expenses and deferred income

Accrued expenses and deferred income dropped by 9.8% (HUF 3,482 million) on the previous year.

Deferred income decreased by HUF 155 million compared to 2010. Other deferred income related to Invitel Kft. decreased by HUF 248 million.

Accrued expenses declined by HUF 1,523 million due to decreases in the following items: accrued interest by HUF 584 million, unbilled items by HUF 117 million, invoices under confirmation by HUF 253 million and accrued bonuses by HUF 267 million.

Deferred income dropped by HUF 1,804 million on the previous year in line with the depreciation of the underlying assets and HUF 451 million as the related deferred income on assets transferred for GYSEV was released and recognised.

Movements in accrued expenses and deferred income are presented below:

figures in MHUF

GL account No.	GL account	end of 2010			end of 2011		
		over 1 year	within 1 year	Total	over 1 year	within 1 year	Total
481.6	Unbilled income	0	0	0	0	74	74
481.7	Pre-billed income	0	110	110	0	20	20
481.8	Invitel Kft. other deferred income	10 450	302	10 752	10 214	290	10 504
481.9	Deferred other income	322	89	411	298	222	520
<b>Deferred income</b>		<b>10 772</b>	<b>501</b>	<b>11 273</b>	<b>10 512</b>	<b>606</b>	<b>11 118</b>
475.21	Calculated early retirement	0	549	549	0	167	167
482.1	Unbilled costs	0	313	313	0	196	196
482.6	Accrued incoming invoices to be approved	0	268	268	0	15	15
482.7	Accrued invoices booked for the next accounting period	0	5	5	0	0	0
482.9	Other accrued expenses	0	15	15	0	21	21
486.09	Accrued calculated unbilled utilities costs related to 2009	0	9	9	0	0	0
486.10	Accrued calculated unbilled utilities costs related to 2010	0	631	631	0	52	52
486.11	Charges of public utilities not invoiced during 2011	0	0	0	0	667	667
487.1	Accrued interest	0	1 432	1 432	0	847	847
487.2	Accrued internal and external cash pool interest	0	0	0	0	1	1
488	Accrued bonuses and contributions	0	852	852	0	585	585
<b>Accrued expenses</b>		<b>0</b>	<b>4 074</b>	<b>4 074</b>	<b>0</b>	<b>2 551</b>	<b>2 551</b>
481.11	Fixed assets received free of charge and as gifts	697	273	970	597	175	772
481.21	Surplus of fixed assets	341	12	353	588	10	598
481.3112	Other cash received from the government	8 112	63	8 175	7 053	294	7 347
481.3113	Phare aid for development	1 073	163	1 236	1 108	64	1 172
481.3114	EU funds and funds from government schemes	1 413	519	1 932	1 856	38	1 894
481.312	Amounts received from local government and from businesses free of charge	261	0	261	256	14	270
481.4	Debts arising from asset acquisitions assumed by the government	6 333	918	7 251	5 454	867	6 321
<b>Deferred extraordinary revenues and subsidies</b>		<b>18 230</b>	<b>1 948</b>	<b>20 178</b>	<b>16 912</b>	<b>1 462</b>	<b>18 374</b>
<b>Total</b>		<b>29 002</b>	<b>6 523</b>	<b>35 525</b>	<b>27 424</b>	<b>4 619</b>	<b>32 043</b>

Schedule 44: Accrued expenses and deferred income

## I.8 Notes to the profit and loss account

### I.8.1 Comparability

The government took over some of MÁV Zrt's operating loans taken out in 2005 and in 2006. The compensation of regional passenger transport costs that was due to MÁV Zrt. based on its passenger transport public service contracts for 2009 and 2010 was transferred by MÁV Start Zrt. in one sum in November 2011.

As one-off settlements have a material impact on the profit or loss, their impact is presented in the financial statements separately as well.

### I.8.2 Sales, net

#### I.8.2.1 Net sales per activity

Net sales are presented as follows:



figures in MHUF

Operations	Sales, net		
	Prior year	Rep. year	Change
Railtrack management	139 339	139 890	551
Of which: Transport service lines and transport	51 832	41 833	-9 999
Traction energy and fuel supply	33 975	36 179	2 204
Station use	33 207	42 252	9 045
Upper cables	8 272	3 827	-4 445
Cargo car towing, arrangement	5 208	3 975	-1 233
Other railtrack management	6 845	11 824	4 979
Passenger transport	92	105	13
Other activities	30 997	33 163	2 166
Of which: Selling materials, inventory management	5 163	6 223	1 060
Railcar lease	8 898	10 009	1 111
Property lease/rent and management	9 759	10 336	577
Other services (central services etc.)	7 177	6 595	-582
<b>Total:</b>	<b>170 428</b>	<b>173 158</b>	<b>2 730</b>

#### Schedule 45: Net sales per activity

In the case of railtrack operations, certain access charges (such as track access for service, catenary wire) changed significantly primarily as a result of the new tariff system introduced as of 1 January 2011, while servicer types and contents also changed. The railtrack division discontinued cargo car shunting and switching services where the utilisation of shunting engines was low, hence the resulting decrease in revenues. Despite all these, and in view of the pricing methodology and the amount of subsidy considered for setting the new tariffs, the volume of revenues did not change significantly. The unit price of sold traction diesel significantly increased as a result of unfavourable market circumstances (from HUF 257.2 per litre to HUF 306.0 per litre) and thus contributed to a HUF 2,154 increase in the revenues from traction diesel sales.

Railtrack operation revenues in 2011 came from the following three railway companies: MÁV START Zrt. (HUF 78,255 million), MÁV-TRAKCIÓ Zrt. (HUF 32,738 million) and MÁV CARGO Zrt. (HUF 19,521 million).

Revenues from materials and inventories sold increased on the previous years as the companies that operate (maintain, refurbish and restore) the railtrack network purchased materials through MÁV Zrt. for their work by HUF 1,060 more than in the previous year. In 2011, nearly two thirds (HUF 3,995 million) of revenues from materials sold were from MÁVGÉP Kft. and from MÁV FKG Kft.

Revenues from Flirt railcars leased to MÁV START Zrt. increased by HUF 994 million as a result of changes in the leasing fees.

Revenues from property leasing and operations in 2011 were as follows: HUF 4,299 million from third parties; HUF 2,757 million from MÁV-GÉPÉSZET Zrt. and HUF 1,534 million from MÁV START Zrt.

**I.8.2.2 Export and import**

Exports and imports by country are presented below:

figures in MHUF

Country	2010			2011				
	Import products	Import services	Total import	Export services	Total export	Import product	Import services	Total import
Germany	61	452	513	0	0	145	12	157
Austria	0	670	670	124	124	0	21	21
Italy	0	0	0	0	0	0	7	7
Slovakia	0	2	2	441	441	0	2	2
Czech Republic	687	0	687	0	0	820	0	820
Slovenia	0	1	1	0	0	0	0	0
Poland	25	0	25	0	0	118	0	118
France	0	86	86	0	0	50	61	111
UK	0	1	1	0	0	0	0	0
Sweden	0	0	0	0	0	0	0	0
Belgium	0	19	19	0	0	0	16	16
Holland	0	9	9	0	0	0	9	9
Romania	0	0	0	0	0	0	1	1
<b>Total EU:</b>	<b>773</b>	<b>1 240</b>	<b>2 013</b>	<b>565</b>	<b>565</b>	<b>1 133</b>	<b>129</b>	<b>1 262</b>
Croatia	0	0	0	0	0	0	5	5
Serbia	9	0	9	0	0	0	0	0
Ukraine	0	2	2	0	0	0	4	4
Switzerland	10 495*	1	10 496	0	0	0	0	0
USA	0	29	29	0	0	0	2	2
Russia	0	2	2	0	0	0	2	2
<b>Total Non-EU:</b>	<b>10 504*</b>	<b>34</b>	<b>10 538</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13</b>	<b>13</b>
<b>Grand total:</b>	<b>11 277*</b>	<b>1 274</b>	<b>12 551</b>	<b>565</b>	<b>565</b>	<b>1 133</b>	<b>142</b>	<b>1 275</b>

\*Of which HUF 5,110 million relates to 2009

\*\* Gasoline sold to foreign customers

Schedule 46: Export and import

Imports totalling HUF 820 million included “48-system” steel tracks purchased mainly from Moravia Steel, Czech Republic. Exported services of HUF 565 million include railtrack usage and related traction electricity.

### I.8.3 Costs by type

MÁV Zrt's costs in 2011 were as follows:

figures in MHUF

Item	2010		2011	
	Amount	%	Amount	%
Material-type expenses	100 898	47.70	105 537	49.12
Payments to personnel	75 133	35.52	74 896	34.86
Depreciation charge	35 511	16.78	34 421	16.02
<b>Total:</b>	<b>211 542</b>	<b>100.00</b>	<b>214 854</b>	<b>100.00</b>

Schedule 47: Movements in costs and expenses

Both the ratio and amount of material-type expenses increased as a result of increased gasoline and electricity costs.

#### I.8.3.1 Material-type expenses

Material-type expenditures increased by 4.59% on the previous year due to the following:

- Railtrack maintenance services increased by 28.79% in order to reduce traffic on tracks where speed must be reduced for technical reasons. Public utility costs also increased and their effect was not offset by reduced traction, shunting and catenary wire usage charges.
- A significant increase in traction gasoline costs increased the cost of re-sold traction gasoline by 14.85%.

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

figures in MHUF

Item	amount 2010	amount 2011	change	Index (%)	Compared to total costs in 2011 (%)
Electricity	3 369	2 949	-420	87.53	1.37
Gas	2 386	2 321	-65	97.28	1.08
Water and sewage	1 335	637	-698	47.72	0.30
Fuel	1 369	1 472	103	107.52	0.69
Railtrack materials	1 749	2 632	883	150.49	1.23
Clothes	203	592	389	291.63	0.28
Remote heating	280	0	-280	0	0.00
Other materials	1 260	1 334	74	105.87	0.62
<b>Material costs</b>	<b>11 951</b>	<b>11 937</b>	<b>-14</b>	<b>99.88</b>	<b>5.57</b>
Track maintenance	12 677	16 327	3 650	128.79	7.60
Traction, shunting	7 546	4 458	-3 088	59.08	2.07
Catenary cable usage charge	3 450	2 262	-1 188	65.57	1.05
Track metering, cleaning, welding	1 879	1 826	-53	97.18	0.85
Leased wagons and cars	1 426	543	-883	38.08	0.25
Other railway services (wagon maintenance, cleaning, emergency service, ticket control etc.)	767	604	-163	78.75	0.28
Building operations and maintenance	8 748	9 701	953	110.89	4.52
Public utilities (not consumption dependent)	0	1 799	1 799	0	0.84
Property rental	1 493	1 486	-7	99.53	0.69
Property utilisation services	858	802	-56	93.47	0.37
IT services	3 228	3 244	16	100.50	1.51
Security service	1 394	1 565	171	112.27	0.73
Post and phone	479	660	181	137.79	0.31
Training, health care and other human actvts.	504	74	-430	14.68	0.03
Specialist tender charges	180	110	-70	61.11	0.05
Legal services	102	180	78	176.47	0.08
Other material-type services	2 810	3 447	637	122.67	1.60
<b>Services used</b>	<b>47 541</b>	<b>49 088</b>	<b>1 547</b>	<b>103.25</b>	<b>22.83</b>
Duties and charges	785	668	-117	85.10	0.31
Bank costs	142	190	48	133.8	0.09
Insurance	270	246	-24	91.11	0.11
<b>Other services</b>	<b>1 197</b>	<b>1 104</b>	<b>-93</b>	<b>92.23</b>	<b>0.51</b>
Cost of sold traction gasoline	13 407	15 398	1 991	114.85	7.17
Traction energy sold (not consumption depend)	0	1 111	1 111	0	0.52
Cost of other goods sold	4 159	5 100	941	122.63	2.37
<b>COGS</b>	<b>17 566</b>	<b>21 609</b>	<b>4 043</b>	<b>123.02</b>	<b>10.06</b>
Traction energy sold	19 788	18 855	-933	95.29	8.78
Other consignment services	2 855	2 944	89	103.12	1.37
<b>Consignment services</b>	<b>22 643</b>	<b>21 799</b>	<b>-844</b>	<b>96.27</b>	<b>10.15</b>
<b>Total material-type expenditures</b>	<b>100 898</b>	<b>105 537</b>	<b>4 639</b>	<b>104.59</b>	<b>49.12</b>

#### Schedule 48: Material-type expenses

In 2011, public utility costs (electricity, gas and water) that are not related to consumption were posted from material costs to services along with sewage and remote heating costs in a total of HUF 1,799 million. The unit price of other electricity dropped by 1.5 HUF/kWh and thus contributed to reduced electricity costs. Of railtrack materials, the cost of materials used for railtrack maintenance and renewals increased by HUF 883 million in total.

Of consumption-related electricity costs in 2011, HUF 1,681 million incurred in relations to railtrack operations (lighting, switch heating, bar lights and other safety equipment, transformers) and HUF 1,130 million related to electricity used in buildings. Consumption-related gas costs incurred mostly in relation to use in buildings.

The increase in services used was due partly to an increase in not consumption-related public utility costs and mainly to a HUF 3,650 million increase in railtrack maintenance services as well

as a HUF 3,088 million decrease in shunting services and a HUF 1,188 million decrease in catenary wire usage costs. As unprofitable shunting services were discontinued by MÁV Zrt. in certain locations, this service, provided by MÁV-TRAKCIÓ Zrt. was used less frequently. The reduced catenary wire costs were due to the following changes: there is no more principal repayment, there was no release related to the accumulated FX gain recognised in 2010, there the service supplier is another company and there was less catenary wire maintenance service). In 2011, the three most important components of material-type services were: railtrack maintenance at HUF 16,327m; building management and maintenance at HUF 9,701m; and traction and shunting at HUF 4,458.

Other services in 2011 include HUF 612 million payable to VPE Kft. further to government decree 249/2008.(X.14.).

Cost of goods sold (COGS) increased by HUF 4,043 million due to the following:

- Traction gasoline selling costs increased by HUF 1,991 million in line with an increase in sales revenues.
- Re-sold traction electricity costs were reclassified to cost of goods sold upon switching to the new timetable for 2011 and increased COGS by HUF 1,111 million as a result.
- As the MÁV group companies used more materials through MÁV Zrt. for their operations (including railtrack work), the cost of goods sold increased by HUF 829 million accordingly.

Consignment services decreased by HUF 844 million in 2011 compared to 2010, primarily due to changes in the settlement of such services.

### I.8.3.2 Payments to personnel

figures in MHUF

Item	amount 2010	amount 2011	change	Index (%)	Compared to total costs (%)
Payroll	50 417	50 948	531	101.05	23.71
Social security	9 141	8 241	-900	90.15	3.84
Other payments personnel	15 575	15 707	132	100.85	7.31
<b>Total</b>	<b>75 133</b>	<b>74 896</b>	<b>-237</b>	<b>99.68</b>	<b>34.86</b>

Schedule 49: Payments to personnel

The increase in payroll costs and related contributions was due to bonus payment from a government subsidy of HUF 0.5 billion for employee incentive purposes based on government decision No. 1447/2011.(XII.21.).

Payments to personnel decreased overall on the previous year as a result of positive changes in other payments to personnel.

Early retirement insurance contribution increased from 9.75% in 2010 to 13.00% in 2011 and resulted in a HUF 109 million increase in such costs.

The main changes in payroll costs in 2011 compared to 2010 are as follows:

- early retirement decreased by HUF 681 million in 2011,

- the personal income tax paid on fringe benefits dropped by HUF 238 million as a result of changes in pertaining legislation (the tax on eased benefits was reduced from 25% to 19.04%),
- the overall Cafeteria costs less taxes increased by HUF 206 million also as a result of changes in staff numbers.

### **I.8.3.3 Depreciation charge**

figures in MHUF

<b>Item</b>	<b>amount 2010</b>	<b>amount 2011</b>	<b>change</b>	<b>Index (%)</b>	<b>Compared to total costs (%)</b>
Treasury assets	22 565	23 017	452	102.00	10.71
MÁV Zrt's assets	12 946	11 404	-1 542	88.09	5.31
<b><i>Depreciation, total</i></b>	<b>35 511</b>	<b>34 421</b>	<b>-1 090</b>	<b>96.93</b>	<b>16.02</b>

#### Schedule 50: Depreciation

Depreciation charge decreased by 1,090 million on the previous year: the depreciation of treasury assets increased by HUF 452 million, while the depreciation of MÁV Zrt's own assets decreased by HUF 1,542 million.

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 2011 owing to new depreciation rates applied to wagons and motor coaches based on underlying leasing agreements.

#### I.8.4 Other revenues

Other revenues of HUF 33,811 million recognised in 2011 represent a HUF 828 million decrease on 2010.

The differences between the two periods are presented below:

figures in MHUF

Item	Amount 2010	Amount 2011	Change	Index (%)
<b>Fixed asset disposals</b>	<b>821</b>	<b>670</b>	<b>-151</b>	<b>81.61</b>
Of which: MÁV Zrt's own fixed assets sold	732	612	-120	83.61
<b>Reversed impairment losses (inventories and debtors)</b>	<b>991</b>	<b>829</b>	<b>-162</b>	<b>83.65</b>
<b>Profit increasing items</b>	<b>2 379</b>	<b>2 255</b>	<b>-124</b>	<b>94.79</b>
of which: Damages received	479	1 086	607	226.72
Late payment penalty received from tax authority	256	0	-256	0
Other late payment penalties received	933	803	-130	86.07
Damages received for MÁV properties	61	311	250	509.84
Penalties received	479	22	-457	4.59
<b>Use of provisions</b>	<b>5 426</b>	<b>4 867</b>	<b>-559</b>	<b>89.70</b>
Of which: for expected liabilities	5 223	4 371	-852	83.69
for future expenses	203	496	293	244.33
<b>Miscellaneous other income</b>	<b>301</b>	<b>894</b>	<b>593</b>	<b>297.01</b>
<b>Reversed deferred income due to costs and expenses reducing the operating profit*</b>	<b>1 721</b>	<b>1 891</b>	<b>170</b>	<b>109.88</b>
Of which: reversed deferred subsidy	340	681	341	200.29
reversed deferred PHARE aid	164	64	-100	39.02
reversed debt owed to government, forgiven	918	909	-9	99.02
<b>Non-refundable subsidies</b>	<b>23 000</b>	<b>22 402</b>	<b>-598</b>	<b>97.40</b>
of which: for public services (railtrack operations)	23 000	21 050	-1 950	91.52
for public services (regional pass.transport)	0	854	854	0
<b>Other revenues</b>	<b>0</b>	<b>3</b>	<b>3</b>	<b>-</b>
of which: tax refunds related to previous years	0	0	0	-
<b>Total:</b>	<b>34 639</b>	<b>33 811</b>	<b>-828</b>	<b>97.61</b>

Schedule 51: Other revenues

#### Major differences between the two periods:

- Funds for restoration received by MÁV Zrt. after acts of force majeure (floods, heavy rainfall, storm and sludge disaster) was by HUF 725 million higher than in 2010 predominantly due to a HUF 710 million compensation received from insurers in 2011.
- In 2010, default penalties of HUF 433 million were charged on STADLER in respect of the late delivery of the first 30 motor coaches.
- In 2011, MÁV Zrt. recognised damages of HUF 240 million received from MNV Zrt. in relation to assigned land usage rights to third parties with respect to land managed by MÁV Zrt.

Provisions used decreased by HUF 852 million on the previous year according to the following:

figures in MHUF

<b>Provisions for liabilities</b>	<b>Used in 2010</b>	<b>Used in 2011</b>	<b>Change</b>
Staff, early retirement, severance pay	2 453	1 832	-621
Environmental liability	637	739	102
Related to subsidiaries	536	0	-536
Litigations	1 597	756	-841
Welfare building maintenance	0	116	116
Damages	0	64	64
Due to freak weather in 2010	0	419	419
Red sludge disaster in the Ajka area	0	5	5
Working clothes, uniforms	0	440	440
<b>Total:</b>	<b>5 223</b>	<b>4 371</b>	<b>-852</b>

Schedule 52: Provisions for contingent liabilities

- The companies in charge of railtrack refurbishment, maintenance and restoration (MÁV GÉP Kft. and MÁV FKG Kft.) granted a retrospective discount of HUF 711 million on the work done for MÁV Zrt. This discount increased miscellaneous other revenues.
- A government grant of HUF 497 million was received for employee incentive purposes in 2011 based on government decision No. 1447/2011.(XII.21.).
- With respect to public service light railway operations, the related refund of HUF 854 million due for 2009 and 2010 were received from MÁV START Zrt. in 2011. Non-refundable grants (refund of railtrack operation costs as public service) received in 2011 to cover costs dropped by HUF 1,950 million compared to grants received in 2010.

### **I.8.5 Other expenses**

Other expenses totalled HUF 23,447 million in 2011 (a HUF 603 million increase on 2010).

Reasons for the change:

In 2011, treasury assets of HUF 1,019 million were scrapped with respect to capital projects and extraordinary depreciation was recognised with respect to abandoned treasury capital projects (HUF 224 million), treasury assets waiting for scrapping since 2004 (HUF 462 million). Properties owned by MÁV Zrt. were written off in a total of HUF 522 million as a result of assets count shortage due to administrative errors.

Damages paid decreased by HUF 2,087 million in 2011 mostly due to restoration work done in 2010 in the wake of acts of force majeure in previous years (floods, heavy rainfall, storm, sludge disaster, blizzards and icing). In 2011, expenses incurred in relation to damage events included HUF 727 million due to force majeure, HUF 466 million related to pollution, HUF 312 million to railway accidents and HUF 536 million to accident-related annuities, refunds and damages paid.



In 2010, NKH imposed a HUF 200 million market supervision related penalty and the public procurement panel imposed a HUF 57 million penalty on MÁV Zrt. As a result, penalties paid in 2011 dropped by HUF 272 million compared to 2010. Half of the HUF 255 million decrease in late payment penalties related to MÁV Group companies.

Damages totalling HUF 481 million were recognised in 2011 in relation to the termination of a rental contract between MÁV Zrt. and Új Multiplex Kft.

The decrease in miscellaneous other expenses was due to positive changes in donations for public labour programmes and to sports clubs.

Provisions increased by a total of HUF 1,451 million compared to 2010 as more provisions had to be made in 2011 for FX losses on development loans due to worsening HUF rates and HUF 500 million was set aside for expected penalties in relation to proceedings by the Fair Competition Office. However, provisions made for the consequences of freak weather in 2010 (damages and annuities) decreased.

Changes between the two periods are set out below:

figures in MHUF

Item	Amount 2010	Amount 2011	Change	Index (%)
<b>Disposals, scrapped and missing assets</b>	<b>1 137</b>	<b>2 927</b>	<b>1 790</b>	<b>257.43</b>
of which: Costs of disposed of tangibles, projects and intangibles	360	207	-153	57.50
Expenses of scrapped treasury tangible assets, constructions and intangible assets	1	1 043	1 042	104 300.00
Costs of scrapped tangibles, projects and intangibles	474	137	-337	28.90
Net value of missing fixed assets	11	551	540	5009.09
Impairment loss on treasury assets, projects and intangibles	0	797	797	-
Impairment loss of own tangibles, projects and intangibles	291	133	-158	45.70
<b>Impairment of inventories and receivables, inventory shortage, scrapping</b>	<b>756</b>	<b>871</b>	<b>115</b>	<b>115.21</b>
Of which: Impairment of inventories	122	154	32	126.23
Impairment of receivables	616	708	92	114.94
<b>Profit reducing items</b>	<b>7 238</b>	<b>4 458</b>	<b>-2 780</b>	<b>61.59</b>
Of which: Bad debts written off	18	61	43	338.89
Losses on damages	4 676	2 589	-2 087	55.37
Penalties	286	14	-272	4.89
Late payment penalty	543	288	-255	53.04
Damages paid	89	486	397	546.07
Tax identified by self-correction	17	22	5	129.41
Various other expenses	1 573	951	-622	60.46
<b>Provisions</b>	<b>13 491</b>	<b>14 942</b>	<b>1 451</b>	<b>110.76</b>
Of which: for early retirement, severance pay	1 321	1 323	2	100.15
for environmental obligations	83	42	-41	50.60
for litigations	852	477	-375	55.99
for the maintenance of welfare building to be sold	83	0	-83	0
for damage claims	91	32	-59	35.16
due to extreme weather conditions in 2010	795	50	-745	6.29
for damage prevention due to the chemical disaster in the Ajka area	76	0	-76	0
for working clothes and uniforms	494	402	-92	81.38
for annuity payment obligations	1 894	1 189	-705	62.78
for late payment penalties	0	125	125	-
for penalties	0	500	500	-
for unrealised FX losses on development loans	1 072	4 223	3 151	393.94
for the depreciation of assets not contributed by NIF	6 730	6 579	-151	97.76
<b>BV of debtors sold</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>Taxes, duties and VAT</b>	<b>14</b>	<b>18</b>	<b>4</b>	<b>128.57</b>
<b>Contributions to government funds</b>	<b>208</b>	<b>231</b>	<b>23</b>	<b>111.06</b>
Innovation contribution	201	226	25	112.44
<b>Total:</b>	<b>22 844</b>	<b>23 447</b>	<b>603</b>	<b>102.64</b>

Schedule 53: Other expenses

## I.8.6 Financial and extraordinary profit or loss

### I.8.6.1 Financial income

Financial revenues totalled HUF 2,610 million in 2011 – a HUF 445 million increase on the previous year. The differences between the two periods are presented below:

figures in MHUF

Item	Amount 2010	Amount 2011	Change	Index (%)
<i>Dividends, profit sharing received</i>	1 469	1 577	108	107.35
<i>Gain on the disposal of marketable investments</i>	0	0	0	0
<i>Gain on investments and long-term financial assets</i>	0	0	0	-
<i>Interest received and similar income</i>	483	800	317	165.63
Of which: bank interest	405	627	222	154.81
interest from third parties	58	91	33	156.90
interest on securities	13	0	-13	0
<i>Other financial revenues</i>	213	233	20	109.39
Of which: realised FX gain on FX balances	180	231	51	128.33
<b>Total:</b>	<b>2 165</b>	<b>2 610</b>	<b>445</b>	<b>120.55</b>

Schedule 54: Financial income

Dividends received: Dividends received from the MÁV companies increased by HUF 108 million compared to 2010 further to a decision of the owner. Significant dividends received in 2011 included: MÁV Ingatlankezelő Kft. HUF 548 million; MÁV Informatika Kft. HUF 349m; VAMAV Kft. HUF 304 million; and MÁV KERT Kft. HUF 133 million.

Interest received and similar income:

- Bank interest received increased by HUF 222 million as part of the cash inflows from the issue of bonds (HUF 10 billion in 2010 and HUF 35 billion in 2011) were deposited.
- Interest on member's loans received increased by HUF 33 million.

Realised FX gains on the year-end revaluation of FX receivables and payables: FX gains of HUF 166 million were recognised in 2011 on the development loans of leased out railcars.

### I.8.6.2 Financial expenses

Financial expenses totalled HUF 11,827 million in 2011 – a HUF 1,165 million increase on 2010.

Changes between the two periods are set out below:

figures in MHUF

Item	Amount 2010	Amount 2011	Change	Index (%)
<b><i>FX losses on interest paid and on long-term financial assets</i></b>	<b>9 339</b>	<b>10 706</b>	<b>1 367</b>	<b>114.64</b>
Of which: bank interest	9 176	9 227	51	100.56
interest on bonds	0	1 167	1 167	0
<b><i>Impairment loss on shares, securities and bank deposits</i></b>	<b>623</b>	<b>0</b>	<b>-623</b>	<b>0</b>
<b><i>Other financial expenditures</i></b>	<b>700</b>	<b>1 121</b>	<b>421</b>	<b>160.14</b>
Of which: realised FX loss on FX receivables and payables	699	1 121	422	160.37
<b>Total:</b>	<b>10 662</b>	<b>11 827</b>	<b>1 165</b>	<b>110.93</b>

#### Schedule 55: Financial expenses

Interest totalling HUF 1,167 million was paid in 2011 on bonds and thus caused most of the increase in financial expenses.

The HUF 623 million impairment loss on investments in 2010 was due primarily to an impairment loss of HUF 600 million on our quota in MÁV GÉP Kft.

Receivables and payables expressed in foreign exchange: in 2011, realised FX losses amounting to HUF 881 million on development loans and HUF 229 million on other liabilities were recognised as a result of fluctuations in the HUF/EUR exchange rate during the year. Two thirds of the HUF 422 million increase in FX losses relate to development loans.

### I.8.6.3 Extraordinary revenues

Extraordinary revenues totalled HUF 51,501 million in 2011, of which HUF 50,621 million reflects debts assumed by the government as detailed in section I.6.3. Without regard to this extraordinary item, the increase is HUF 543 million on 2010.

The changes between the two periods are set out below:

figures in MHUF

Item	Amount 2010	Amount 2011	Change	Index (%)
<i>Revenues from assets received free of charge and from surplus assets</i>	49	21	-28	42.86
<i>Gains on contributed assets</i>	269	419	150	155.76
Of which: Contracted value of tangibles contributed to the Company	0	389	389	-
Assets received for shares	269	30	-239	11.15
<i>Other extraordinary revenues</i>	19	51 061	51 042	
Of which: Subsidies used	0	392	392	
Forgiven and lapsed liabilities	18	48	30	266.67
Debts assumed by government	0	50 621	50 621	
<b>Total:</b>	<b>337</b>	<b>51 501</b>	<b>51 164</b>	<b>15 282.20</b>
<b>Total net of restructured loans</b>	<b>337</b>	<b>880</b>	<b>543</b>	<b>261.13</b>

Schedule 56: Extraordinary revenues

Dynamometer cars at a contracted cost of HUF 389 million were contributed to MÁV KfV Kft. and a government grant of HUF 392 million apportioned to depreciation was recognised in relation to the contributed assets.

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

#### I.8.6.4 Extraordinary expenditures

Extraordinary expenditures totalled HUF 877 million in 2011, which is a HUF 88 million decrease on the previous year.

The changes between the two periods are set out below:

figures in MHUF

Item	Amount 2010	Amount 2011	Change	Index (%)
<i>Expenditures on asset received free of charge and surplus assets</i>	135	232	97	171.85
<i>Losses on contributed assets</i>	230	582	352	-
Of which: Net tangibles contributed to the Company	0	552	552	-
Shares written off due to capital reduction and liquidation	230	30	-200	-
<i>Other extraordinary expenditures</i>	600	63	-537	10.50
Of which: Non-refundable employee housing grant	138	19	-119	13.77
Forgiven debts (domestic)	459	40	-419	-
<b>Total:</b>	<b>965</b>	<b>877</b>	<b>-88</b>	<b>90.88</b>

Schedule 57: Extraordinary expenditures

The book value of dynamometer cars contributed to MÁV KfV Kft. in 2011 was HUF 552 million.

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 459 million 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 250 million), to MÁV START Zrt. (HUF 134 million), to MÁV-TRAKCIÓ Zrt. (HUF 38 million) and to MÁV GÉPÉSZET Zrt. (HUF 37 million).

### 1.8.7 Related party revenues and expenses

figures in MHUF

Item	Parent	Fully consolidated	Equity consolidated	Associate	Total related parties	Grand total	% of relation
<b>Revenues</b>							
Sales, net		139 349	333	368	140 050	173 158	80.88
Other income		1 579	2	9	1 590	33 811	4.70
Financial income		1 036	187	378	1 601	2 610	61.34
Extraordinary revenues		419	0	0	419	51 501	0.81
<b>Revenues, total</b>	0	<b>142 383</b>	<b>522</b>	<b>755</b>	<b>143 660</b>	<b>261 080</b>	<b>55.03</b>
<b>Expenses</b>							
Material-type expenses		66 246	2 297	1 033	69 576	105 537	65.93
Other expenses		798	7	106	911	23 447	3.89
Financial expenses		24	0	1	25	11 827	0.21
Extraordinary expenditures		703	17	0	720	877	82.09
<b>Expenses, total</b>	0	<b>67 771</b>	<b>2 321</b>	<b>1 140</b>	<b>71 232</b>	<b>141 688</b>	<b>50.27</b>

Schedule 58: Related party revenues (less restructured debt) and expenses

MÁV Zrt's related party transactions:

- 68.26% of its revenues less restructured debts (of which: from MÁV-START Zrt: 44.75%, from MÁV-TRAKCIÓ Zrt.: 16.58%)
- 50.27% of its specified expenses (of which: on MÁV-TRAKCIÓ Zrt.: 24.91%, on MÁV Ingatlankezelő Kft.: 5.94%).

### 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	2010 MHUF	2011 MHUF	Change	Index (%)
01.	Domestics sales, net	170 428	172 593	2 165	101.27
02.	Export sales, net	0	565	565	-
I.	<i>Sales, net</i>	170 428	173 158	2 730	101.60
03.	Direct cost of sales	127 646	130 021	2 375	101.86
04.	COGS	17 566	21 609	4 043	123.02
05.	Cost of services sold	22 643	21 799	-844	96.27
II.	<i>Direct costs of sales</i>	167 855	173 429	5 574	103.32
III.	<i>Gross profit on sales (I-II.)</i>	2 573	-271	-2 844	-10.53
06.	Selling costs	60	4	-56	6.67
07.	Administrative costs	18 329	16 082	-2 247	87.74
08.	Other general costs	22 682	22 516	-166	99.27
IV	<i>Indirect costs of sales</i>	41 071	38 602	-2 469	93.99
V.	<i>Other revenues</i>	34 639	33 811	-828	97.60
VI.	<i>Other expenditures</i>	22 844	23 447	603	102.64
<b>A.</b>	<b>Operating loss</b>	<b>-26 703</b>	<b>-28 509</b>	<b>-1 806</b>	<b>106.76</b>
VII.	Financial revenues	2 165	2 610	445	120.55
VIII.	Financial expenditures	10 662	11 827	1 165	110.93
<b>B.</b>	<b>Financial loss</b>	<b>-8 497</b>	<b>-9 217</b>	<b>-720</b>	<b>108.47</b>
<b>C.</b>	<b>Loss on ordinary activities</b>	<b>-35 200</b>	<b>-37 726</b>	<b>-2 526</b>	<b>107.18</b>
IX.	Extraordinary revenues	337	51 501	51 164	15282.20
IX.	Restructured extraordinary revenues	0	50 621	50 621	0
X.	Extraordinary expenditures	965	877	-88	90.88
<b>D.</b>	<b>Extraordinary loss/profit</b>	<b>-628</b>	<b>50 624</b>	<b>51 252</b>	<b>-8061.15</b>
	<i>Extraordinary loss/profit net of restructuring</i>	<b>-628</b>	<b>3</b>	<b>631</b>	<b>-0.48</b>
<b>E.</b>	<b>Pre-tax loss/profit</b>	<b>-35 828</b>	<b>12 898</b>	<b>48 726</b>	<b>-36.00</b>
	<i>Pre-tax loss/profit net of restructuring</i>	<b>-35 828</b>	<b>-37 723</b>	<b>-1 895</b>	<b>105.29</b>
XI.	Tax payable	0	0	0	0
<b>F.</b>	<b>Net loss/profit</b>	<b>-35 828</b>	<b>12 898</b>	<b>48 726</b>	<b>-36.00</b>
	<i>Net loss/profit net of restructuring</i>	<b>-35 828</b>	<b>-37 723</b>	<b>-1 895</b>	<b>105.29</b>

Schedule 59: P&L – turnover cost method

Without considering the effect of the assigned debt, MÁV Zrt. had losses of HUF 37,723 million for 2011 (HUF 35,828 million for 2010) which represents a 5.29% increase in losses. The increase in losses without considering the effect of the assigned debt is due to a HUF 2,375 million increase in direct costs as the Company's revenues do not cover its expenses.

Both domestic sales and the cost of goods sold increased as a result of traction gasoline and electricity sales. The decrease in the cost of consignment services is related to the new settlement method of traction electricity introduced upon switching to the timetable for 2011. Under the new method, consumption based charges were reclassified to cost of goods sold.

Recognised direct costs of sales increased by HUF 5,574 million as both material-type expenditures and payments to personnel increased. Both railtrack maintenance services used and railtrack management staff costs increased.

Administration related payments to personnel decreased owing to a positive trend in one-off redundancy costs and certain benefits (holiday vouchers to pensioners, aids etc.).

## **I.9 Actual asset, financial and income positions**

### **I.9.1 Assets**

The balance sheet value of MÁV Zrt's assets at 31 December 2011 was HUF 792,468 million, which is a HUF 5,274 million (0.66 %) drop on the previous year. The HUF 22,800 million (3.13%) decrease in the book value of fixed assets was due to a HUF 23,071 million (3.79%) decrease in tangible assets.

Current assets increased by HUF 10,692 million on 2010 due to a HUF 4,050 million increase in receivables, a HUF 5,842 million increase in liquid assets and a HUF 800 million increase in inventories.

The total HUF 6,834 million increase in prepaid expenses and accrued income was due to a HUF 9,025 million increase in deferred expenses incurred in relation to unrealised FX losses on loans.

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

#### **I.9.1.1 Fixed asset ratio**

The year-end balance of fixed assets is HUF 706,614 million, representing 89.17% of the assets disclosed in MÁV Zrt's balance sheet.

$$\frac{\text{Fixed assets}}{\text{Total assets}} = \frac{706,614}{792,468} = 89.17 \% \quad (\text{basis } 91.43 \%)$$

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

#### **I.9.1.2 Tangible asset margin**

Equity, including treasury funds, covers 79.29% of long-term tangible assets directly used in production, including treasury assets. MÁV Zrt's equity covers 26.26% of its own tangible assets. Both indicators improved compared to 2010 but the current ratio (which should be around 100-150% at best) is still not satisfactory.

$$\frac{\text{Equity}}{\text{Own tangibles}} = \frac{61,840}{235,457} = 26.26 \% \quad (\text{basis } 21.02 \%)$$



$$\frac{\text{Equity} + \text{Treasury funds}}{\text{Tangible assets}} = \frac{464,013}{585,184} = 79.29\% \quad (\text{basis } 75.16\%)$$

### I.9.1.3 Fixed asset margin

What applies to tangibles also applies to fixed assets.

$$\frac{\text{Equity}}{\text{Own fixed assets}} = \frac{61,840}{356,887} = 17.33\% \quad (\text{basis } 14.14\%)$$

$$\frac{\text{Equity} + \text{Treasury funds}}{\text{Fixed assets}} = \frac{464,013}{706,614} = 65.67\% \quad (\text{basis } 62.68\%)$$

### I.9.1.4 Current assets per fixed assets

$$\frac{\text{Current assets}}{\text{Fixed assets}} = \frac{52,582}{706,614} = 7.44\% \quad (\text{basis } 5.75\%)$$

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

## I.9.2 Equity and liabilities

At 31 December 2011, equity and liabilities totalled HUF 792,468 million (equalling total assets), which represents a HUF 5,274 million decrease on the previous year. This decrease is due to a HUF 24,870 million decrease in liabilities and accruals and a HUF 9,521 million increase in equity and HUF 10,075 million increase in provisions.

Of equity components, the valuation reserve and the issued capital remained unchanged while allocated reserves increased by HUF 4,801 million and the last year's loss turned into a profit that represents an increase of HUF 48,726 million. Retained losses declined by HUF 40,377 million and the capital reserve also dropped by HUF 3,629m. Overall, these changes increased the balance sheet value of equity by HUF 9,521 million.

The HUF 21,388 million decrease in liabilities is due to a HUF 25,501 million (4.31%) decrease in long-term liabilities and a HUF 4,113 million (5.1%) increase in current liabilities.

The HUF 3,482 million (9.8%) drop in accruals is due to a HUF 1,804 million drop in deferred income and to a HUF 1,523 million decline in accrued expenses.

**I.9.2.1 Capitalisation**

$$\frac{\text{Equity}}{\text{Equity \& liabilities}} = \frac{61,840}{792,468} = 7.8\% \text{ (basis 6.56\%)}$$

$$\frac{\text{Equity}}{\text{Equity \& liabilities - Treasury funds}} = \frac{61,840}{390,295} = 15.84\% \text{ (basis 13.32\%)}$$

Both indicators were on the decline for years but showed improvement in 2011. Yet, these indicators are still critical and, along with the other indicators, demonstrate a significantly high level of indebtedness.

**I.9.2.2 Gearing**

$$\frac{\text{Borrowed capital}}{\text{Equity}} = \frac{651,450}{61,840} = 1053.44\% \text{ (basis 1286.03\%)}$$

$$\frac{\text{Borrowed capital - Treasury funds}}{\text{Equity}} = \frac{249,277}{61,840} = 403.1\% \text{ (basis 512.18\%)}$$

**I.9.2.3 Indebtedness**

$$\frac{\text{Borrowed capital}}{\text{Total assets}} = \frac{651,450}{792,468} = 82.21\% \text{ (basis 84.34\%)}$$

The indicator shows that liabilities take up 82.21% of assets. Although indebtedness improved compared to 2010, the indicator remains extremely poor.

**I.9.2.4 Long-term liabilities ratio**

$$\frac{\text{Long-term liabs.}}{\text{Long-term liabs. + Equity}} = \frac{566,471}{628,311} = 90.16\% \text{ (basis 91.88\%)}$$

$$\frac{\text{Long-term liabs. - Treasury liabs}}{\text{Long-term liabs. - Treasury liabs + Equity}} = \frac{164,298}{226,138} = 72.65\% \text{ (basis 78.15\%)}$$

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

$$\frac{\text{Equity}}{\text{Issued capital}} = \frac{61,840}{21,000} = 294.48\% \quad (\text{basis } 249.14\%)$$

#### I.9.2.6 Fixed asset margin

$$\frac{\text{Equity}}{\text{Fixed assets}} = \frac{61,840}{706,614} = 8.75\% \quad (\text{basis } 7.17\%)$$

$$\frac{\text{Equity}}{\text{Own fixed assets}} = \frac{61,840}{356,887} = 17.33\% \quad (\text{basis } 14.14\%)$$

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

#### I.9.2.7 Income ratios

$$\text{EBITDA} = \text{Operating loss} + \text{depreciation} = -28,509 + 34,421 = 5,912 \quad (\text{basis } 8.808 \quad )$$

$$\text{EBITDA rate} = \frac{\text{EBITDA}}{\text{Sales, net}} = \frac{5,912}{173,158} = 3.41\% \quad (\text{basis } 5.17\%)$$

$$\text{Operational rate} = \frac{\text{Operating loss}}{\text{Sales, net}} = \frac{-28,509}{173,158} = -16.46\% \quad (\text{basis } -15.67\%)$$

Profitability indicators did not change significantly on the previous year owing to a HUF 1,806 million reduction in operating loss and a HUF 2,730 million increase 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.

$$\begin{aligned} \text{Current assets} - \text{Current liabilities} &= 52,582 \text{ M Ft} - 84,979 \text{ M Ft} \\ &= -32,397 \text{ M Ft} \quad (\text{basis } -38,976 \text{ M Ft}) \end{aligned}$$

This indicator slightly improved compared to the previous year.

The liquidity position as at 31 December 2011 is illustrated by the following indicators:

##### Liquidity ratio

$$\frac{\text{Current assets}}{\text{Current liabilities}} = \frac{52,582}{84,979} = 61.88\% \quad (\text{basis } 51.80\%)$$

This indicator improved on the previous year but is still below 150% which is perceived as safe.

##### Quick ratio

$$\frac{\text{Current assets} - \text{Inventories}}{\text{Current liabilities}} = \frac{46,874}{84,979} = 55.16\% \quad (\text{basis } 45.73\%)$$

The quick ratio shows the ability of liquid and movable assets to cover current liabilities. This indicator improved on the previous year but is still below 150% which is perceived as safe.

##### Cash liquidity ratio

$$\frac{\text{Liquid assets}}{\text{Current liabilities}} = \frac{16,205}{84,979} = 19.07\% \quad (\text{basis } 12.82\%)$$

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

Line	Item	31/12/2010	31/12/2011
<b>I.</b>	<b>Operating cash-flows (I-15)</b>	<b>3 202</b>	<b>9 236</b>
1.	Profit before tax ±	-35 828	12 898
	assigned debt	0	-50 621
	interest on assigned debt	0	621
	amounts received free of charge	-12	-14
	amounts granted free of charge, expensed	3	0
	dividends received	-1 469	-1 577
	dividends on prev. year profit	0	0
	debts assumed	0	0
2.	Previous years' profits/losses	-824	230
3.	Revalued loans (base figure is for information only)	3 079	10 120
4.	Ordinary depreciation +	35 511	34 421
4/a.	Depreciation on previous year	188	-36
5.	Recognised and reversed impairment loss ±	592	2 611
6.	Changes in provisions ±	8 065	10 075
7.	Fixed asset disposals ±	-425	-207
8.	Movements in creditors ±	-7 034	1 455
9.	Movements in other current liabilities ±	-11 067	4 585
10.	Movements in accruals ±	-2 865	-3 482
11.	Movements in debtors ±	2 084	-1 870
12.	Current asset movements (less debtors and liquid assets) ±	11 678	-3 139
	of which: movements in balance of business line operations	-938	-962
	other receivables	12 616	-2 176
	securities purchased for re-sale	0	0
13.	Movements in prepayments and accrued income ±	1 526	-6 834
14.	Income taxes paid (payable) -	0	0
15.	Dividends and profit-sharing paid or payable -	0	0
<b>II.</b>	<b>Investing cash flows (16-19)</b>	<b>-12 909</b>	<b>-18 452</b>
16.	Fixed assets additions -	-15 123	-20 646
17.	Fixed asset disposals +	746	616
18.	Capital withdrawn from existing investment (subsidiary)	0	0
19.	Dividends received +	1 469	1 577
<b>III.</b>	<b>Financing cash flows (20-30)</b>	<b>4 609</b>	<b>15 058</b>
20.	Revenues from the issue of shares (capital withdrawal) +	2	0
21.	Issue of bonds +	10 000	35 000
22.	Loans taken +	12 800	27 260
23.	Repayment, cancellation of long-term loan granted and bank deposits +	335	141
24.	Assets received free of charge +	12	37
25.	Redemption of shares, capital reduction -	0	0
26.	Repayment of bonds -	0	0
27.	Repayment of loans -	-18 489	-47 386
28.	Long-term loans granted and bank deposits -	0	0
29.	Assets transferred free of charge -	-25	0
30.	Movements in payables to founders and in other long-term liabilities +	-26	7
<b>IV.</b>	<b>Change in cash and cash equivalents (±I±II±III) ±</b>	<b>-5 097</b>	<b>5 842</b>

Schedule 60: Cash-flow statement

The HUF 12,898 million pre-tax profit was adjusted with amounts received free of charge (presented as part of financing cash flows) and dividends received (presented within investing cash flows).

The Company generated significant positive cash flows due to cash movements during ordinary operations. The negative investing and financing cash flows are due to material asset acquisitions and to the repayment of loans and borrowings.

#### **I.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 3,404 million and is presented in a separate manner as follows:

Prior year's profit      HUF 1,817 million,

Prior year's loss        HUF 1,587 million.

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 230 million increase.

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

- After signing the agreement of the resolution of settlement disputes at 13 December 2011, the invoices of Leaseplan Hungária Zrt. (J/20090347, J/20090348) that contain the disputed retrospective discount of the leasing fee for 2010 were settled and had a profit improving effect of HUF 291,299,550.
- The HUF 203,089,922 difference between late payment interest actually billed in respect to items paid before 31 December 2010 and late payment interest accrued based on a calculation was released as a prior year item. This difference improved the annual profit and was due mainly to the fact that the late payment interest was billed based on the prevailing central bank base rate (as set out in the older contracts), the accrual was made based on the statutory late payment interest rate (central bank rate +7%) as is set out in MÁV Group's accrual policy.
- The invoices issued to MÁV-START Zrt. based on amendment 3 to the Property Rent and Operations Agreement in November 2011 contain rental fee settlements. This amendment regulates the settlement of the rental fees of offices returned in 2009 as well as the 10% rental discount for the period between 1 January and 31 December 2010. The aggregate effect of these invoices reduced the annual profit by HUF 83,634,239.
- Invoices issued to AUDI HUNGARIA MOTOR Kft. with respect to previous years (201002044502, 201002044516, 201002044517) related to previously unbilled service charges for the period between 1 April 2008 and 31 December 2010 in accordance with an agreement between MÁV Zrt. and Audi Kft. One invoice was issued to AUDI Kft. for each year and improved the annual profit by HUF 39,963,330.

- Raiffeisen Ingatlan Üzemeltető Kft. issued the invoice (2011/00037/PW) on the public utilities costs of Parkway Offices for 2010 in April 2011. The related office rent had been prepaid in 2010 (HUF 36,000,000), thus prior year items only reflect the difference between the total billed amount of HUF 52,629,973 and the prepaid amount of HUF 36,000,000. This invoice had a profit reducing effect of HUF 16,629,973 (also in absolute value).
- Further to an agreement between Raiffeisen Ingatlan Alap and MÁV Zrt. on the operating costs of Parkway Offices, Raiffeisen bills a lump sum on a monthly basis. The actual costs should be settled by April the following year. Raiffeisen's settlement invoice for 2010 (No. 2011/00041/PW) was received in April 2011 and improved the annual profit by HUF 15,939,007.

Public utility cost settlements related to 2010 were as follows:

- Gas services supplied in the second half of 2010 were billed late by Metropolitan Gas Works company (Fővárosi Gázművek Zrt.) and the invoices were received after 21 January 2011 when public utility invoices were closed in the IKRSZ accounting system. Accordingly, these invoices were recorded for 2011. These late invoices reduced the profit by HUF 375,958,106 (HUF 496,746,650 in absolute value). In addition, due to a simultaneous error in the IKSZR system, a profit improving item of HUF 282,108,650 in absolute value was generated by accident.
- Erroneously booked consignment services for 2011 had an absolute value of HUF 71,366,244 that reduced the annual profit by HUF 64,383,328.
- Invoice No. 17452SZC11 of the Metropolitan Sewage Works company (Fővárosi Csatornázási Művek Zrt.) for the periods of October, November and December 2010 plus January 2011 was issued only on 21 February 2011. The absolute value of this late invoice that affects 2010 was HUF 21,776,972 and reduced the annual profit by HUF 21,776,410. Of the invoiced amount, HUF 1,301,524 has been accrued.

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

figures in THUF

Line	Item	2006 and prior years	2007	2008	2009	2010	Total
.01.	<b>A. Fixed assets</b>	-24 118	16 368	16 052	22 476	-30 275	504
.02.	<b>I. INTANGIBLE ASSETS</b>	-1 071	-98	1 277	1 855	35 242	37 205
.03.	Capitalised foundation/restructuring	-1 071	-98	1 277	2 147	-2 352	-97
.04.	Capitalised research and development	0	0	0	0	0	0
.05.	Concessions, licenses and similar rights	0	0	0	0	37 594	37 594
.06.	Trade-marks, patents and similar assets	0	0	0	-292	0	-292
.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.	<b>II. TANGIBLE ASSETS</b>	-23 047	16 466	14 776	22 451	-65 517	-34 872
.11.	Land and buildings and related property rights	3 351	23 043	22 038	32 885	-73 793	7 524
	of which Managed state owned properties and related rights	4 109	22 386	22 145	36 160	-62 200	22 601
.12.	Plant, machinery, equipment and vehicles	-26 636	-6 576	-7 261	-7 222	4 785	-42 910
	of which: managed state owned technical equipment, machinery and vehicles	0	0	-1 528	-3 069	-8 721	-13 318
.13.	Other equipment, fixtures and fittings, vehicle	-290	-1	-1	-76	-9	-377
.14.	Breeding stock	0	0	0	0	0	0
.15.	Assets in the course of construction	81 820	0	0	-3 136	3 500	82 184
	of which: managed state owned capital proj	0	0	0	0	0	0
.16.	Advance payments for AICC	-81 293	0	0	0	0	-81 293
.17.	Adjusted value of tangible assets	0	0	0	0	0	0
.18.	<b>III. LONG-TERM FINANCIAL ASSETS</b>	0	0	0	-1 830	0	-1 830
.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	-1 830	0	-1 830
.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>B. Current assets</b>	16 095	11 087	38 447	17 438	35 786	118 853
.27.	<b>I. INVENTORIES</b>	951	0	563	5 767	-8 606	-1 325
.28.	Raw materials and consumables	0	0	0	0	-36 129	-36 129
.29.	Work in progress and semi-finished products	0	0	0	0	0	0
.30.	Animals for breeding, fattening and other lives	0	0	0	0	0	0
.31.	Finished products	0	0	0	0	0	0
.32.	Goods	951	0	563	5 767	27 523	34 804
.33.	Advance payments for stocks	0	0	0	0	0	0
.34.	<b>II. RECEIVABLES</b>	15 145	11 087	37 884	11 671	44 391	120 178
.35.	Trade debtors	11 150	11 358	14 588	-88 461	102 067	50 702
.36.	Receivables from related parties	0	0	271	-31 551	-45 306	-76 586
.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	3 995	-271	23 026	131 683	-12 370	146 063
.40.	<b>III. SECURITIES</b>	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.	<b>IV. LIQUID ASSETS</b>	0	0	0	0	0	0
.46.	Cash, cheques	0	0	0	0	0	0
.47.	Bank deposits	0	0	0	0	0	0
.48.	<b>C. PREPAID EXPENSES &amp; ACCRUED INCOME</b>	-40 478	0	0	-24 618	-27 620	-92 716
.49.	Accrued income	-40 478	0	0	-24 618	-28 874	-93 970
.50.	Prepaid expenses	0	0	0	0	1 254	1 254
.51.	Deferred expenses	0	0	0	0	0	0
.52.	<b>TOTAL ASSETS</b>	-48 500	27 455	54 500	15 296	-22 109	26 641

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



figures in THUF

Line	Item	2006 and prior years	2007	2008	2009	2010	Total
.53	<b>D. EQUITY (54.+...61.)</b>	-43 640	21 682	49 047	32 966	169 590	229 646
.54	<b>I. ISSUED CAPITAL</b>	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	-43 640	21 682	49 047	32 966	169 590	229 646
.62	<b>E. PROVISIONS (62.+...65.)</b>	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	<b>F. LIABILITIES (67.+71.+80.)</b>	13 050	6 526	6 965	-9 425	20 758	37 874
.67	<b>I. SUBORDINATED DEBT</b>	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	<b>II. LONG-TERM LIABILITIES (72.+...79.)</b>	-41 302	380	0	0	0	-40 923
.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	-41 302	380	0	0	0	-40 923
	of which: Liabilities related to managed state owned assets	41 334	0	0	0	0	41 334
.80	<b>III. CURRENT LIABILITIES (81-89)</b>	54 353	6 146	6 965	-9 425	20 758	78 797
.81	Short-term borrowings	0	0	0	0	0	0
.82	- of which: convertible bonds	0	0	0	0	0	0
.83	Other short-term loans	0	0	0	0	0	0
.84	Prepayments received from debtors	0	0	0	0	0	0
.85	Creditors	43 410	4 355	4 479	-676	51 603	103 171
.86	Bills of exchange payable	0	0	0	0	0	0
.87	Short-term debts to related parties	0	0	0	0	26 885	26 885
.88	Short-term debts to other investments	0	0	0	0	0	0
.89	Other current liabilities	10 942	1 792	2 486	-8 748	-57 730	-51 259
.90	<b>G.ACCRUED EXPENSES AND DEFERRED INCOME (91.+...93.)</b>	-17 911	-754	-1 513	-8 246	-212 457	-240 880
.91	Deferred income	0	0	0	0	-2 633	-2 633
.92	Accrued expenses	0	0	0	-8 023	-209 746	-217 769
.93	Deferred extraordinary revenues and negative goodwill	-17 911	-754	-1 513	-223	-78	-20 478
.94	<b>EQUITY &amp; LIABILITIES. (53.+61.+66.+90.)</b>	-48 500	27 455	54 500	15 296	-22 109	26 641

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

figures in THUF

Line	Item	2006 and prior years	2007	2008	2009	2010	Total
.01.	Domestic sales, net	9 776	9 259	25 749	2 420	12 105	59 307
.02.	Export sales, net	-40 478	0	0	0	0	-40 478
<i>I.</i>	<i>Sales, net (01.+02.)</i>	<i>-30 702</i>	<i>9 259</i>	<i>25 749</i>	<i>2 420</i>	<i>12 105</i>	<i>18 829</i>
.03.	Changes in self-produced inventories	0	0	0	0	0	0
.04.	Capitalised self-produced inventories	0	0	0	0	0	0
<i>II</i>	<i>Capitalised self-performance (03.+04.)</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>III.</i>	<i>Other revenues</i>	<i>3 254</i>	<i>853</i>	<i>7 587</i>	<i>5 312</i>	<i>9 080</i>	<i>26 085</i>
	of which: reversed impairment loss (962,1-962,2)	0	0	0	0	0	0
.05.	Materials	0	0	0	-874	81 940	81 066
.06.	Services used	8 855	4 898	3 785	51	-226 583	-208 994
.07.	Other services	0	0	0	-8 811	19 343	10 532
.08.	COGS	0	0	0	0	0	0
.09.	Consignment services	0	0	-563	-1 767	66 869	64 539
<i>IV.</i>	<i>Material-type expenditures (05.+06.+07.+08.+09.)</i>	<i>8 855</i>	<i>4 898</i>	<i>3 222</i>	<i>-11 401</i>	<i>-58 431</i>	<i>-52 857</i>
.10.	Payroll costs	0	0	0	0	0	0
.11.	Other payments to personnel	0	0	0	-121	616	495
.12.	Social security	0	0	0	279	357	636
<i>V.</i>	<i>Payments to personnel (10.+11.+12.)</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>158</i>	<i>973</i>	<i>1 131</i>
<i>VI.</i>	<i>Depreciation</i>	<i>24 152</i>	<i>-15 309</i>	<i>-15 926</i>	<i>-30 811</i>	<i>63 594</i>	<i>25 700</i>
<i>VII.</i>	<i>Other expenditures</i>	<i>-1 456</i>	<i>-101</i>	<i>-2 695</i>	<i>-7 800</i>	<i>-172 960</i>	<i>-185 012</i>
	of which: impairment loss (862)	0	0	0	0	0	0
<i>A.</i>	<i>OPERATING LOSS</i>	<i>-58 999</i>	<i>20 623</i>	<i>48 735</i>	<i>57 584</i>	<i>188 008</i>	<i>255 952</i>
.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	-24 618	-28 455	-53 073
	from related parties	0	0	0	0	0	0
.17.	Other financial income	0	0	0	0	0	0
<i>VIII.</i>	<i>Financial revenues (13.+14.+15.+16.+17.)</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-24 618</i>	<i>-28 455</i>	<i>-53 073</i>
.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	0	0
	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	0	0
<i>IX.</i>	<i>Financial expenses (18.+19.+20.+21.)</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>B.</i>	<i>FINANCIAL LOSS (VIII-IX)</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-24 618</i>	<i>-28 455</i>	<i>-53 073</i>
<i>C.</i>	<i>PROFIT OR LOSS ON ORDINARY ACTIVITIES (A+B)</i>	<i>-58 999</i>	<i>20 623</i>	<i>48 735</i>	<i>32 966</i>	<i>159 553</i>	<i>202 879</i>
<i>X.</i>	<i>Extraordinary revenues</i>	<i>15 360</i>	<i>1 059</i>	<i>312</i>	<i>0</i>	<i>1 189</i>	<i>17 919</i>
<i>XI.</i>	<i>Extraordinary expenditures</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-8 848</i>	<i>-8 848</i>
<i>D.</i>	<i>EXTRAORDINARY PROFIT (X-XI)</i>	<i>15 360</i>	<i>1 059</i>	<i>312</i>	<i>0</i>	<i>10 037</i>	<i>26 768</i>
<i>E.</i>	<i>PRE-TAX LOSS (C+D)</i>	<i>-43 640</i>	<i>21 682</i>	<i>49 047</i>	<i>32 966</i>	<i>169 590</i>	<i>229 646</i>
<i>XII.</i>	<i>TAX PAYABLE</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>F.</i>	<i>PROFIT OR LOSS AFTER TAX (E-XII)</i>	<i>-43 640</i>	<i>21 682</i>	<i>49 047</i>	<i>32 966</i>	<i>169 590</i>	<i>229 646</i>
.22.	Dividends paid from retained earnings	0	0	0	0	0	0
.23.	Dividends (paid) approved	0	0	0	0	0	0
<i>G.</i>	<i>PROFIT OR LOSS FOR THE YEAR (F+22.-23.)</i>	<i>-43 640</i>	<i>21 682</i>	<i>49 047</i>	<i>32 966</i>	<i>169 590</i>	<i>229 646</i>

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

## I.10 Report to the supervision

In this chapter, we present required information on the separated railway activities as required by the joint decree of the Transport Ministry and the Ministry of Finance (50/2007. (IV.26.) GKM-PM) as based on MÁV Zrt's accounting separation policies for 2011 (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 2011:

- 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 of the entity that pursues the relevant activity.
- 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 2011:

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

In 2011, the government assumed some of MÁV Zrt's operating debts related to 2005 and 2006. The assigned debt was recognised in the profit or loss of railtrack operations and of other activities. The effects of this one-off transaction are also presented separately in the financial statements for each operating segment.

MÁV Zrt. retained in 2011 its licence for passenger service in the four area light railways operated in 2010.

Of these four lines, the Children's Railway and the Balatonfenyves business railway line were operated continuously in 2011. The other two services did not run in 2011, yet passenger

transport costs incurred in relation 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 2011 on the Balatonfenyves business railway line. MÁV Start Zrt. transferred to MÁV Zrt. the compensation of area passenger transport costs due based on the passenger transport public service contract for 2010 in one sum. The effect is presented separately for passenger transport services and for public transport services.

### **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	31/12/2010	31/12/2011	Change
<b>01</b>	<b>A. Fixed assets (02.+10.+18.)</b>	<b>429 035</b>	<b>417 290</b>	<b>-11 745</b>
<b>02</b>	<b>I. INTANGIBLE ASSETS (03.+...09.)</b>	<b>1 035</b>	<b>1 182</b>	<b>147</b>
03	Capitalised foundation/restructuring	0	0	0
04	Capitalised research and development	32	37	5
05	Concessions, licenses and similar rights	572	817	245
06	Trade-marks, patents and similar assets	431	328	-103
07	Goodwill	0	0	0
08	Advance payments for intangible assets	0	0	0
09	Adjusted value of intangible assets	0	0	0
<b>10</b>	<b>II. TANGIBLE ASSETS (11.+...17.)</b>	<b>428 000</b>	<b>414 117</b>	<b>-13 883</b>
11	Land and buildings and related property rights	362 257	352 774	-9 483
11/b	of which Managed state owned properties and related rigths	301 693	295 611	-6 082
12	Plant, machinery, equipment and vehicles	51 895	47 430	-4 465
12/b	of which: managed state owned technical equipment, machinery and vehicles	45 074	42 092	-2 982
13	Other equipment, fixtures and fittings, vehicles	17	27	10
14	Breeding stock	0	0	0
15	Assets in the course of construction	12 893	12 323	-570
15/b	of which: managed state owned capital projects	12 584	12 024	-560
16	Advance payments for AICC	938	1 563	625
17	Adjusted value of tangible assets	0	0	0
<b>18</b>	<b>III. LONG-TERM FINANCIAL ASSETS (19.+...25.)</b>	<b>0</b>	<b>1 991</b>	<b>1 991</b>
19	Long-term participations in related parties	0	1 991	1 991
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
<b>26</b>	<b>B. Current assets (27.+34.+40.+45.)</b>	<b>25 762</b>	<b>20 409</b>	<b>-5 353</b>
<b>27</b>	<b>I. INVENTORIES (28.+...33.)</b>	<b>150</b>	<b>184</b>	<b>34</b>
28	Raw materials and consumables	149	183	34
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	1	1	0
33	Advance payments for stocks	0	0	0
<b>34</b>	<b>II. RECEIVABLES (35.+...39/A.)</b>	<b>15 607</b>	<b>17 761</b>	<b>2 154</b>
35	Trade debtors	601	1 804	1 203
36	Receivables from related parties	13 927	14 762	835
37	Receivables from other investments	0	0	0
38	Bills of exchange receivables	0	0	0
39	Other receivables	1 079	1 195	116
39/A.	Receivables from division settlements	0	0	0
<b>40</b>	<b>III. SECURITIES (41.+...44.)</b>	<b>0</b>	<b>0</b>	<b>0</b>
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
<b>45</b>	<b>IV. LIQUID ASSETS (46.+47.)</b>	<b>10 005</b>	<b>2 464</b>	<b>-7 541</b>
46	Cash, cheques	0	0	0
47	Bank deposits	10 005	2 464	-7 541
<b>48</b>	<b>C. PREPAID EXPENSES &amp; ACCRUED INCOME (49.+...51.)</b>	<b>18 851</b>	<b>17 107</b>	<b>-1 744</b>
49	Accrued income	346	193	-153
50	Prepaid expenses	17 987	16 054	-1 933
51	Deferred expenses	518	860	342
<b>52</b>	<b>TOTAL ASSETS (01.+26.+48.)</b>	<b>473 648</b>	<b>454 806</b>	<b>-18 842</b>

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

figures in MHUF

Line	Item	31/12/2010	31/12/2011	Change
<b>53.</b>	<b>D. EQUITY (54.+...61.)</b>	<b>-99 700</b>	<b>-116 238</b>	<b>-16 538</b>
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	15 033	-2 208
57	IV. Retained earnings/(losses)	-95 918	-121 953	-26 035
58	V. Allocated reserves	233	305	72
59	VI. Revaluation reserve	0	0	0
60	VII. Profit or loss for the year	-26 153	-14 520	11 633
<b>61</b>	<b>E. PROVISIONS (62.+...65.)</b>	<b>16 779</b>	<b>22 979</b>	<b>6 200</b>
62	Provisions for contingent liabilities	2 232	2 074	-158
63	Provisions for future commitments	14 262	20 350	6 088
64	Other provisions	285	555	270
<b>65</b>	<b>F. LIABILITIES (67.+71.+80.)</b>	<b>531 639</b>	<b>524 870</b>	<b>-6 769</b>
<b>66</b>	<b>I. SUBORDINATED DEBT</b>	<b>0</b>	<b>0</b>	<b>0</b>
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
<b>70</b>	<b>II. LONG-TERM LIABILITIES (72.+...79.)</b>	<b>449 278</b>	<b>467 903</b>	<b>18 625</b>
71	Long-term borrowings	2 767	4 029	1 262
72	Convertible bonds	0	0	0
73	Debts from the issue of bonds	10 000	45 000	35 000
74	Investment and development loans	12 886	11 457	-1 429
75	Other long-term loans	18 640	5 130	-13 510
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	404 985	402 287	-2 698
78/b	of which: Liabilities related to managed state owned assets	404 873	402 173	-2 700
<b>79</b>	<b>III. CURRENT LIABILITIES (81-89)</b>	<b>82 361</b>	<b>56 967</b>	<b>-25 394</b>
80	Short-term borrowings	370	939	569
81	- of which: convertible bonds	0	0	0
82	Other short-term loans	10 329	10 105	-224
83	Prepayments received from debtors	0	3	3
84	Creditors	6 557	7 588	1 031
85	Bills of exchange payable	0	0	0
86	Short-term debts to related parties	9 237	12 979	3 742
87	Short-term debts to other investments	14	6	-8
88	Other current liabilities	2 808	2 293	-515
88/A.	Amounts payable to divisions	53 046	23 054	-29 992
<b>89</b>	<b>G. ACCRUED EXPENSES AND DEFERRED INCOME (91.+..93.)</b>	<b>24 930</b>	<b>23 195</b>	<b>-1 735</b>
90	Deferred income	10 768	10 731	-37
91	Accrued expenses	1 373	821	-552
92	Deferred extraordinary revenues and negative goodwill	12 789	11 643	-1 146
<b>93</b>	<b>EQUITY &amp; LIABILITIES. (53.+61.+66.+90.)</b>	<b>473 648</b>	<b>454 806</b>	<b>-18 842</b>

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

figures in MHUF

Line	Item	2010	2011
.01.	Domestic sales, net	139 339	139 324
.02.	Export sales, net	0	565
<b>I.</b>	<b>Sales, net (01.+02.)</b>	<b>139 339</b>	<b>139 889</b>
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	683	803
I/A 5.	Revenues from direct internal services	365	669
I/A 6.	Revenues from central administration and property management	0	0
<b>I/A</b>	<b>Internal revenues: (I/A 1+I/A 2+I/A 3+I/A 4+I/A 5)</b>	<b>1 048</b>	<b>1 472</b>
.03.	Changes in self-produced inventories	-103	-102
.04.	Capitalised self-produced inventories	2 465	2 611
<b>II.</b>	<b>Capitalised self-performance (03.+04.)</b>	<b>2 362</b>	<b>2 509</b>
<b>III.</b>	<b>Other revenues</b>	<b>25 624</b>	<b>26 595</b>
	of which: reversed impairment loss (962, 1-962,2)	51	30
	<b>Operating yields (I+I/A +II+III)</b>	<b>168 373</b>	<b>170 465</b>
.05.	Materials	6 045	7 294
.06.	Services used	33 521	32 981
.07.	Other services	978	940
.08.	COGS	13 409	16 511
.09.	Consignment services	19 907	19 137
<b>IV.</b>	<b>Material-type expenditures (05.+06.+07.+08.+09.)</b>	<b>73 860</b>	<b>76 863</b>
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	14 465	14 356
IV/A 4.	Internal costs of railtrack services	0	0
IV/A 5.	Costs of direct internal services	186	312
IV/A 6.	Costs of central administration and property management	4 752	4 146
<b>IV/A</b>	<b>Internal expenditures: (IV/A 1+IV/A 2+IV/A 3+IV/A 4+IV/A 5+IV/A 6)</b>	<b>19 403</b>	<b>18 814</b>
.10.	Payroll costs	39 782	40 538
.11.	Other payments to personnel	7 250	6 762
.12.	Social security	12 344	12 599
<b>V.</b>	<b>Payments to personnel (10.+11.+12.)</b>	<b>59 376</b>	<b>59 899</b>
<b>VI.</b>	<b>Depreciation</b>	<b>25 555</b>	<b>26 070</b>
<b>VII.</b>	<b>Other expenditures</b>	<b>13 788</b>	<b>12 476</b>
	of which: impairment loss (862)	410	145
	<b>Operating expenses: (IV+IV/A+V+VI+VII)</b>	<b>191 982</b>	<b>194 122</b>
<b>A.</b>	<b>OPERATING LOSS</b>	<b>-23 609</b>	<b>-23 657</b>
.13.	Dividends received	0	517
	from related parties	0	517
.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	15	362
	from related parties	0	64
.17.	Other financial income	5	17
<b>VIII.</b>	<b>Financial revenues (13.+14.+15.+16.+17.)</b>	<b>20</b>	<b>896</b>
.18.	FX losses on fixed assets	0	0
	to related parties	0	0
.19.	Interest paid and similar charges	2 486	3 654
	to related parties	0	0
.20.	Impairment loss on shares and securities	0	0
.21.	Other financial expenses	4	124
<b>IX.</b>	<b>Financial expenses (18.+19.+20.+21.)</b>	<b>2 490</b>	<b>3 778</b>
<b>B.</b>	<b>FINANCIAL LOSS (VIII-IX)</b>	<b>-2 470</b>	<b>-2 882</b>
<b>C.</b>	<b>LOSS ON ORDINARY ACTIVITIES (A+B)</b>	<b>-26 079</b>	<b>-26 539</b>
X.	Extraordinary revenues	26	12 758
XI.	Extraordinary expenditures	100	739
<b>D.</b>	<b>EXTRAORDINARY PROFIT (X-XI)</b>	<b>-74</b>	<b>12 019</b>
<b>E.</b>	<b>PRE-TAX LOSS (C+D)</b>	<b>-26 153</b>	<b>-14 520</b>
XII.	TAX PAYABLE	0	0
<b>F.</b>	<b>LOSS AFTER TAX (E-XII)</b>	<b>-26 153</b>	<b>-14 520</b>
.22.	Dividends paid from retained earnings	0	0
.23.	Dividends (paid) approved	0	0
<b>G.</b>	<b>LOSS FOR THE YEAR (F+22.-23.)</b>	<b>-26 153</b>	<b>-14 520</b>

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



figures in MHUF

Line	Item	31/12/2010	31/12/2011
<b>I.</b>	<b><i>Operating cash-flows (1-15)</i></b>	<b><i>14 814</i></b>	<b><i>-19 672</i></b>
1.	Profit before tax ±	-26 153	-14 520
	assigned debt	0	-11 947
	interest on assigned debt	0	147
	amounts received free of charge	-7	-7
	amounts granted free of charge, expensed	0	0
	dividends received	0	-517
	dividends on prev. year profit	0	0
	debts assumed	0	0
2.	Previous years' profits/losses	-573	217
3.	Revalued loans (base figure is for information only)	142	454
4.	Ordinary depreciation +	25 555	26 070
4/a.	Depreciation on previous year	112	-7
5.	Recognised and reversed impairment loss ±	400	2 039
6.	Changes in provisions ±	7 981	6 200
7.	Fixed asset disposals ±	-23	122
8.	Movements in creditors ±	-1 283	1 031
9.	Movements in other current liabilities ±	88	3 219
10.	Movements in accruals ±	-1 248	-1 734
11.	Movements in debtors ±	1 464	-1 198
12.	Current asset movements (less debtors and liquid assets) ±	5 329	-30 985
	<i>of which: movements in balance of business line operations</i>	5 769	-29 992
13.	Movements in prepayments and accrued income +	3 030	1 744
14.	Income taxes paid (payable) -	0	0
15.	Dividends and profit-sharing paid or payable -	0	0
<b>II.</b>	<b><i>Investing cash flows (16-19)</i></b>	<b><i>-12 836</i></b>	<b><i>-20 864</i></b>
16.	Fixed assets additions -	-12 869	-21 520
17.	Fixed asset disposals +	33	139
18.	Capital withdrawn from existing investment (subsidiary)	0	0
19.	Dividends received +	0	517
<b>III.</b>	<b><i>Financing cash flows (20-30)</i></b>	<b><i>8 021</i></b>	<b><i>32 996</i></b>
20.	Revenues from the issue of shares (capital withdrawal) +	26	-26
21.	Issue of bonds +	10 000	35 000
22.	Loans taken +	1 267	8 760
23.	Repayment, cancellation of long-term loans granted and bank deposits +	0	0
24.	Assets received free of charge +	7	7
25.	Redemption of shares, capital reduction -	0	0
26.	Repayment of bonds -	0	0
27.	Repayment of loans	-3 220	-10 745
28.	Long-term loans granted and bank deposits -	0	0
29.	Assets transferred free of charge -	0	0
30.	Movements in payables to founders and in other long-term liabilities +	-59	1
<b>IV.</b>	<b><i>Change in cash and cash equivalents (±I±II±III) ±</i></b>	<b><i>10 000</i></b>	<b><i>-7 541</i></b>

Schedule 67: Cash-flow statement based on the railtrack GL



The profit and loss account of the railtrack operations activity is presented below (in HUF thousands) including and without the effect of the assigned debt in 2011.

figures in THUF			
Line	Item	2010	2011
1	Net sales	139 339 006	139 889 918
	tickets	139 339 006	139 889 918
	subsidy (compensation)	0	0
	paid by government	0	0
2	Internal revenues	1 047 954	1 471 648
3	Capitalised own performance	2 362 449	2 509 163
4	Other revenues	25 624 100	26 594 763
	gov. refund	23 000 000	21 050 000
	gov. subsidy	487 380	1 193 115
<b>5</b>	<b>TOTAL BUSINESS YIELD</b>	<b>168 373 509</b>	<b>170 465 492</b>
6	Material-type expenditures	73 860 006	76 863 279
	track network access charge	0	0
7	Internal expenses	19 402 822	18 814 525
	track network access charge	0	0
	traction	0	0
	other railway services	186 128	312 257
	central services	14 464 577	14 356 526
	central administration	4 752 117	4 145 742
8	Payments to personnel	59 376 380	59 899 073
9	Depreciation	25 555 260	26 069 661
10	Other expenses	13 787 743	12 475 625
<b>11</b>	<b>TOTAL BUSINESS EXPENDITURE</b>	<b>191 982 211</b>	<b>194 122 163</b>
<b>12</b>	<b>OPERATING LOSS</b>	<b>-23 608 702</b>	<b>-23 656 671</b>
13	Financial income	19 432	895 989
14	Financial expenses	2 489 658	3 779 126
<b>15</b>	<b>FINANCIAL LOSS</b>	<b>-2 470 226</b>	<b>-2 883 137</b>
16	Extraordinary revenues	25 907	12 758 123
	gov. subsidy	0	391 622
17	Extraordinary expenditures	100 381	738 359
<b>18</b>	<b>EXTRAORDINARY PROFIT OR LOSS</b>	<b>-74 474</b>	<b>12 019 764</b>
19	Tax	0	0
<b>20</b>	<b>LOSS AFTER TAX</b>	<b>-26 153 402</b>	<b>-14 520 044</b>
	Assigned debt as extraordinary revenue	0	11 946 885
<b>20</b>	<b>NET LOSS WITHOUT THE EFFECT OF ASSIGNED DEBT</b>	<b>-26 153 402</b>	<b>-26 466 929</b>

Schedule 68: P&L of the railtrack operations division

Railtrack operations had a loss of HUF 26.2 billion in 2010. The loss for the period was affected by the HUF 11.9 billion extraordinary revenue recognised with respect to the operational loans for 2005 and 2006 assumed by the government and attributable to railtrack operations. Railtrack operations had losses of HUF 26.5 billion for 2011 net of the impact of the extraordinary revenue and was HUF 14.5 billion inclusive of the extraordinary revenue.

Operating expenses increased by HUF 2.1 billion while public service compensation dropped by HUF 2.0 billion. This was counterbalanced by a HUF 3.4 billion increase in operating revenues and a HUF 0.7 billion increase in other grants.

A predominant part of **net sales** in 2011 includes railtrack access revenues and is presented separately from traction electricity and fuel sale:

figures in HUF billions

<b>Debtor</b>	<b>2010</b>	<b>2011</b>	<b>Change</b>
<b><i>Network access net of traction electricity and fuel</i></b>			
MÁV-START Zrt.	75.7	76.9	1.2
MÁV-TRAKCIÓ Zrt.	1.3	1.2	-0.1
Rail Cargo Hungary Zrt.	21.4	16.7	-4.7
Private railways	3.0	3.6	0.6
<b><i>Traction electricity</i></b>			
MÁV-START Zrt.	0	0.8	0.8
MÁV-TRAKCIÓ Zrt.	17.5	16.2	-1.3
Private railways	2.2	2.8	0.6
<b><i>Traction fuel</i></b>			
MÁV-TRAKCIÓ Zrt.	13.3	15.2	1.9
Private railways	0.9	1.2	0.3
<b>Total</b>	<b>135.3</b>	<b>134.6</b>	<b>2.2</b>

#### Schedule 69: Revenues from track access charges

In the most important revenue generating segments, network access charges changed significantly in certain respects (e.g. track availability for service) compared to 2010, primarily due to the new tariff system that took effect as of 12 December 2010. Service types and contents also changed. Despite all this, as a result of the pricing methodology and the extent of government subsidy considered for pricing purposes, the overall volume of revenues did not change significantly. More than 80% of revenues from private railways less traction electricity and traction gasoline (HUF 16.7 billion) is from Rail Cargo Hungary Zrt., while the remaining 20% (HUF 3.6 billion) is from other private railway companies. The reduced scope of traction services also contributed to the drop in revenues. The volume of traction gasoline use dropped by only 3% but the new tariffs resulted in a nearly 20% increased in revenues (and costs).

Of the internal revenues in 2011, 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 increase on the previous year was due to a new charge for the use of the electricity network.

The main component of other revenues in both years was the compensation for public services but dropped from HUF 23.0 billion in 2010 to HUF 21.1 billion in 2011. The public service report of the railtrack operations division for 2011 has not been approved as yet. The other material components in 2011 were as follows:

- revenues from the disposal of assets related to the transfer of services to GySEV Zrt. (HUF 0.1 billion);
- damages received from insurers in relation to natural disasters in the previous years (floods, storms, red sludge disaster at Ajka etc.) (HUF 0.6 billion);
- released provisions: for early retirement and severance pay (HUF 0.8 billion), for the extreme weather in 2010 (HUF 0.4 billion), for untaken work clothes (HUF 0.4 billion), for the disassembly of redundant assets (HUF 0.5 billion);
- retrospective discount received from railway construction companies HUF 0.7 billion;
- subsidy for the incentive of railtrack workers in 2011 based on government decision 1447/2011.(XII.21.) (HUF 0.4 billion);

- revenue recognised from deferred subsidies received in previous years in line with ordinary depreciation (HUF 0.8 billion).

Material-type expenses increased by HUF 3.0 billion in 2011, of which HUF 2.0 billion related to traction gasoline sold, extra costs of HUF 0.2 billion related to traction electricity and the cost of work clothes and uniforms increased by HUF 0.4 billion as a result of cost allocations for 2011. The use of railtrack materials increased by HUF 0.9 billion, railtrack maintenance cost related to third parties increased by 3.6 billion on the previous year, while traction costs dropped by HUF 3.1 billion. This is due to traction was discontinued as a service where the utilisation of traction engines was low, therefore the engines did not generate any cost. Naturally, there was no traction revenue at the affected places. Catenary wire use fees dropped by HUF 1.2 billion as the contents of the fees changed (principal repayment cost no longer incurs, the effect of the release of the accumulated FX difference in 2010 no longer applies, the service provider has changed and the scope of catenary wire maintenance was reduced).

The most significant material-type expense items in the reporting year were the following: traction electricity and fuel billed to MÁV TRAKCIÓ Zrt. and to private railway companies (HUF 19.9 billion and HUF 15.4 billion); shunting cost paid to MÁV TRAKCIÓ Zrt. (HUF 4.5 billion). Within maintenance for third parties, the maintenance cost of outsourced track structures and high voltage equipment totalled HUF 16.3 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 2.3 billion for 2011. Additional expenses recognised included maintenance, project materials and operating fuel (HUF 3.6 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 6.7 billion) and non-material type services (IT, security, track diagnostics, training etc.) (HUF 5.2 billion).

As in 2010, internal expenses included mostly central services and central management costs also in 2011.

The most significant item of central services in 2011 included property related internal settlements (property management and energy supply, supervision, rents) totalling an aggregate of HUF 9.1 billion. Central services in 2011 included: acquisitions of inventories and materials (HUF 1.5 billion); human services used on a headcount basis (HUF 2.2 billion); accounting services (HUF 0.5 billion); and other central services (administration, environment protection, work safety) (HUF 0.75 billion).

The internal cost of central administration apportioned to railtrack operations totalled HUF 4.1 billion in 2011. The decrease compared to 2010 was due to changes in central management costs as described under internal revenues from other operations.

Payments to personnel increased as a result of HUF 0.4 billion received based on government decision No. 1447/2011.(XII.21.) as an incentive for railtrack workers in 2011.

Of the annual depreciation charge, HUF 23.0 billion was recognised on treasury assets, which reflects a slight increase of HUF 0.5 billion on the previous year.

Other expenses dropped by HUF 1.3 billion on 2010 mostly in relation to the amount of damage caused by natural disasters and the related provision, and to reduced public work subsidy.

In 2011, the cost of restoration work after events of force majeure reduced by HUF 1.7 billion (floods, snowstorms and the red sludge disaster triggered material restoration costs in 2010). As a result of better weather conditions in 2011, only minor provisions had to be made for natural disaster related costs (as opposed to HUF 0.8 billion in 2010).

Public work related expenses dropped by HUF 0.3 billion while provisions for early retirement increased by HUF 0.3 billion in 2011.

The cost of scrapping assets related to treasury projects was HUF 1.0 billion. Abandoned treasury projects were impaired by HUF 0.2 billion and treasury assets awaiting scrapping since 2004 were impaired by HUF 0.5 billion.

The reclassification of companies from the railtrack portfolio to the railtrack operations portfolio resulted in a significant increase in financial income as railtrack division received dividends of HUF 0.5 billion from these companies in 2011. Temporarily deposited liquid assets from the issue of bonds to cover railtrack projects generated an interest income of HUF 0.3 billion.

2009).

In both periods, financial expenses included mostly interest incurred on liquidity and development loans which are managed centrally and the interest paid on bonds issued to cover railtrack projects and everyday operations (HUF 1.2 billion) was also recognised.

Extraordinary revenues totalled HUF 11.9 billion and related to the operating loans taken in 2005 and 2006, as apportioned to railtrack operations, and assumed by the government in 2011.

With respect to a dynamometer car contributed to MÁV Központi Felépítményvizsgáló Kft. HUF 0.4 billion contracted amount and HUF 0.4 billion reversed government grant was recognised as extraordinary revenue (released deferred income) and HUF 0.6 billion extraordinary expense was recognised in 2011.

Overall, railtrack operations remained a loss making activity. The HUF 11.9 billion debt assumed by the government and the 21.1 billion government subsidy received (compensation) only managed to reduce the losses. The purpose of the operational loans was to reduce the outstanding debts accumulated in the previous year. The fact that these debts were taken over by the government is practically a form of subsidy and improved the profits in 2011.

Related party balances (revenues and liabilities) of the railtrack operations activity are presented below.

figures in MHUF

Related party	Revenues					Expenses				Grand tota
	Net sales	Other rev.	Financial income	Extraordinar y revenues	Total	Costs	Other expenses	Extraordinary expenses	Total	
005 MÁVTI Kft	1	0	45	0	47	0	0	0	0	47
015 MÁV Nostalgia Kft	80	0	0	0	80	46	0	0	46	34
020 MÁV VAGON Kft	1	0	0	0	1	0	0	0	0	1
022 MÁV Vasjármű Kft	8	0	0	0	8	5	0	0	5	3
027 Bombardier MÁV Kft	23	3	0	0	27	0	0	0	0	26
037 VAMAV Kft	5	0	304	0	309	9	0	0	9	300
038 EURO-METALL Kft	10	0	0	0	10	0	0	0	0	10
096 MÁV KERT Kft	4	0	133	0	137	783	7	0	790	-653
101 MÁV FKG Kft	365	372	0	0	736	4 600	143	0	4 744	-4 007
102 MÁV GÉP Kft	374	394	64	0	833	4 144	412	20	4 576	-3 743
116 MÁV THERMIT Kft	1	0	35	0	36	866	33	0	899	-863
131 MÁV KfV Kft	43	0	0	389	432	974	1	551	1 526	-1 095
136 MÁV IK Kft	11	0	0	0	11	1 509	83	0	1 592	-1 580
138 MÁV INFORMATIKA Kft	39	1	0	0	40	1 294	1	0	1 296	-1 256
139 MÁV Vasúttör Kft	3	0	0	0	3	765	0	0	765	-762
142 MÁV MULTISZOLG Kft	2	0	0	0	2	44	1	0	45	-44
149 MÁV Vagyongkezelő Zrt.	8	0	0	0	8	6	0	0	6	2
152 MÁV Raktár Kft	0	0	0	0	0	0	0	0	0	0
165 MÁV REC Kft	11	0	0	0	11	0	1	0	1	10
179 ZÁHONY-PORT Zrt.	212	11	0	0	222	180	2	0	182	40
180 MÁV-START Zrt.	78 255	75	0	0	78 330	1 052	20	0	1 072	77 257
186 MÁV-TRAKCIÓ Zrt. Zrt.	32 738	103	0	0	32 841	34 799	26	132	34 957	-2 116
187 MÁV-GÉPÉSZET Zrt.	326	7	0	0	333	414	38	0	452	-120
188 - MTMG Zrt.	0	0	0	0	0	0	0	0	0	0
190 - MÁV Koncessziós Kft.	0	0	0	30	30	1 012	0	0	1 012	-982
190 MÁV Koncessziós Kft	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>112 518</b>	<b>967</b>	<b>581</b>	<b>419</b>	<b>114 485</b>	<b>52 503</b>	<b>769</b>	<b>703</b>	<b>53 975</b>	<b>60 510</b>

## 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	31/12/2010	31/12/2011	Change
<b>01</b>	<b>A. Fixed assets (02.+10.+18.)</b>	<b>51</b>	<b>90</b>	<b>39</b>
<b>02</b>	<b>I. INTANGIBLE ASSETS (03.+...09.)</b>	<b>0</b>	<b>0</b>	<b>0</b>
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
<b>10</b>	<b>II. TANGIBLE ASSETS (11.+...17.)</b>	<b>51</b>	<b>90</b>	<b>39</b>
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	51	51	0
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	39	39
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
<b>18</b>	<b>III. LONG-TERM FINANCIAL ASSETS (19.+...25.)</b>	<b>0</b>	<b>0</b>	<b>0</b>
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
<b>26</b>	<b>B. Current assets (27.+34.+40.+45.)</b>	<b>14</b>	<b>3</b>	<b>-11</b>
<b>27</b>	<b>I. INVENTORIES (28.+...33.)</b>	<b>0</b>	<b>0</b>	<b>0</b>
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
<b>34</b>	<b>II. RECEIVABLES (35.+...39/A.)</b>	<b>0</b>	<b>0</b>	<b>0</b>
35	Trade debtors	0	0	0
36	Receivables from related parties	0	0	0
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
<b>40</b>	<b>III. SECURITIES (41.+...44.)</b>	<b>0</b>	<b>0</b>	<b>0</b>
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
<b>45</b>	<b>IV. LIQUID ASSETS (46.+47.)</b>	<b>14</b>	<b>3</b>	<b>-11</b>
46	Cash, cheques	1	1	0
47	Bank deposits	13	2	-11
<b>48</b>	<b>C. PREPAID EXPENSES &amp; ACCRUED INCOME (49.+...51.)</b>	<b>0</b>	<b>0</b>	<b>0</b>
49	Accrued income	0	0	0
50	Prepaid expenses	0	0	0
51	Deferred expenses	0	0	0
<b>52</b>	<b>TOTAL ASSETS (01.+26.+48.)</b>	<b>65</b>	<b>93</b>	<b>28</b>

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

figures in MHUF

Line	Item	31/12/2010	31/12/2011	Change
<b>53.</b>	<b>D. EQUITY (54.+...61.)</b>	<b>-2 463</b>	<b>-2 083</b>	<b>380</b>
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)	-1 987	-2 463	-476
58	V. Allocated reserves	0	0	0
59	VI. Revaluation reserve	0	0	0
60	VII. Profit or loss for the year	-476	380	856
<b>61</b>	<b>E. PROVISIONS (62.+...65.)</b>	<b>0</b>	<b>0</b>	<b>0</b>
62	Provisions for contingent liabilities	0	0	0
63	Provisions for future commitments	0	0	0
64	Other provisions	0	0	0
<b>65</b>	<b>F. LIABILITIES (67.+71.+80.)</b>	<b>2 528</b>	<b>2 176</b>	<b>-352</b>
<b>66</b>	<b>I. SUBORDINATED DEBT</b>	<b>0</b>	<b>0</b>	<b>0</b>
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
<b>70</b>	<b>II. LONG-TERM LIABILITIES (72.+...79.)</b>	<b>0</b>	<b>0</b>	<b>0</b>
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	0
<b>79</b>	<b>III. CURRENT LIABILITIES (81-89)</b>	<b>2 528</b>	<b>2 176</b>	<b>-352</b>
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	11	11	0
85	Bills of exchange payable	0	0	0
86	Short-term debts to related parties	20	44	24
87	Short-term debts to other investments	0	0	0
88	Other current liabilities	4	4	0
88/A.	Amounts payable to divisions	2 493	2 117	-376
<b>89</b>	<b>G.ACCRUED EXPENSES AND DEFERRED INCOME (91</b>	<b>0</b>	<b>0</b>	<b>0</b>
90	Deferred income	0	0	0
91	Accrued expenses	0	0	0
92	Deferred extraordinary revenues and negative goodwill	0	0	0
<b>93</b>	<b>EQUITY &amp; LIABILITIES. (53.+61.+66.+90.)</b>	<b>65</b>	<b>93</b>	<b>28</b>

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



figures in MHUF

Line	Item	2 010	2 011
.01.	Domestic sales, net	92	105
.02.	Export sales, net	0	0
<b>I.</b>	<b>Sales, net (01.+02.)</b>	<b>92</b>	<b>105</b>
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	0	0
I/A 6.	Revenues from central administration and property management	0	0
<b>I/A</b>	<b>Internal revenues: (I/A 1+I/A 2+I/A 3+I/A 4+I/A 5)</b>	<b>0</b>	<b>0</b>
.03.	Changes in self-produced inventories	0	0
.04.	Capitalised self-produced inventories	0	0
<b>II.</b>	<b>Capitales self-performance (03.+04.)</b>	<b>0</b>	<b>0</b>
<b>III.</b>	<b>Other revenues</b>	<b>7</b>	<b>854</b>
	of which: reversed impairment loss (962,1-962,2)	0	0
	<b>Operating yields (I+I/A +II+III)</b>	<b>99</b>	<b>959</b>
.05.	Materials	32	44
.06.	Services used	72	63
.07.	Other services	3	1
.08.	COGS	0	0
.09.	Consignment services	0	0
<b>IV.</b>	<b>Material-type expenditures (05.+06.+07.+08.+09.)</b>	<b>107</b>	<b>108</b>
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	3
IV/A 4.	Internal costs of railtrack services	369	379
IV/A 5.	Costs of direct internal services	9	0
IV/A 6.	Costs of central administration and property management	7	3
<b>IV/A</b>	<b>Internal expenditures: (IV/A 1+IV/A 2+IV/A 3+IV/A 4+IV/A 5+IV/A 6)</b>	<b>391</b>	<b>385</b>
.10.	Payroll costs	54	59
.11.	Other payments to personnel	5	5
.12.	Social security	16	18
<b>V.</b>	<b>Payments to personnel (10.+11.+12.)</b>	<b>75</b>	<b>82</b>
<b>VI.</b>	<b>Depreciation</b>	<b>1</b>	<b>3</b>
<b>VII.</b>	<b>Other expenditures</b>	<b>1</b>	<b>1</b>
	of which: impairment loss (862)	0	0
	<b>Operating expenses: (IV+IV/A+V+VI+VII)</b>	<b>575</b>	<b>579</b>
<b>A.</b>	<b>OPERATING LOSS</b>	<b>-476</b>	<b>380</b>
.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
<b>VIII.</b>	<b>Financial revenues (13.+14.+15.+16.+17.)</b>	<b>0</b>	<b>0</b>
.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
<b>IX.</b>	<b>Financial expenses (18.+19.+20.+21.)</b>	<b>0</b>	<b>0</b>
<b>B.</b>	<b>FINANCIAL LOSS (VIII-IX)</b>	<b>0</b>	<b>0</b>
<b>C.</b>	<b>LOSS OR PROFIT BEFORE ORDINARY ACTIVITIES (A+B)</b>	<b>-476</b>	<b>380</b>
X.	Extraordinary revenues	0	0
XI.	Extraordinary expenditures	0	0
<b>D.</b>	<b>EXTRAORDINARY PROFIT (X-XI)</b>	<b>0</b>	<b>0</b>
<b>E.</b>	<b>PRE-TAX LOSS OR PROFIT (C+D)</b>	<b>-476</b>	<b>380</b>
<b>XII.</b>	<b>TAX PAYABLE</b>	<b>0</b>	<b>0</b>
<b>F.</b>	<b>LOSS OR PROFIT AFTER TAX (E-XII)</b>	<b>-476</b>	<b>380</b>
.22.	Dividends paid from retained earnings	0	0
.23.	Dividends (paid) approved	0	0
<b>G.</b>	<b>LOSS OR PROFIT FOR THE YEAR (F+22.-23.)</b>	<b>-476</b>	<b>380</b>

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



figures in MHUF

Line	Item	31/12/2010	31/12/2011
<b>I.</b>	<b>Operating cash-flows (1-15)</b>	<b>38</b>	<b>31</b>
1.	Profit before tax ±	-476	380
	assigned debt	0	0
	interest on assigned debt	0	0
	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 +	1	3
4/a.	Depreciation on previous year	0	0
5.	Recognised and reversed impairment loss ±	0	0
6.	Changes in provisions ±	0	0
7.	Fixed asset disposals ±	-3	0
8.	Movements in creditors ±	10	0
9.	Movements in other current liabilities ±	-31	24
10.	Movements in accruals ±	0	0
11.	Movements in debtors ±	0	0
12.	Current asset movements (less debtors and liquid assets) ±	538	-376
	<i>of which: movements in balance of business line operations</i>	494	-376
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
<b>II.</b>	<b>Investing cash flows (16-19)</b>	<b>-36</b>	<b>-41</b>
16.	Fixed assets additions -	-40	-41
17.	Fixed asset disposals +	4	0
18.	Capital withdrawn from existing investment (subsidiary)	0	0
19.	Dividends received +	0	0
<b>III.</b>	<b>Financing cash flows (20-30)</b>	<b>0</b>	<b>0</b>
20.	Revenues from the issue of shares (capital withdrawal) +	0	0
21.	Issue of bonds +	0	0
22.	Loans taken +	0	0
23.	Repayment, cancellation of long-term loan and bank deposits +	0	0
24.	Assets received free of charge +	0	0
25.	Redemption of shares, capital reduction -	0	0
26.	Repayment of bonds -	0	0
27.	Repayment of loans -	0	0
28.	Long-term loans granted and bank deposits -	0	0
29.	Assets transferred free of charge -	0	0
30.	Movements in payables to founders and in other long-term liabilities +	0	0
<b>IV.</b>	<b>Change in cash and cash equivalents (±I±II±III) ±</b>	<b>2</b>	<b>-11</b>

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	2010	2011
1	Net sales	92 164	104 713
	tickets	87 660	99 401
	subsidy (compensation)	4 504	5 312
	paid by government	0	0
2	Internal revenues	10	5
3	Capitalised own performance	235	29
4	Other revenues	7 061	854 237
	gov. refund	0	853 565
	gov. subsidy	0	316
<b>5</b>	<b>TOTAL BUSINESS YIELD</b>	<b>99 470</b>	<b>958 984</b>
6	Material-type expenditures	106 528	108 467
	track network access charge	0	0
7	Internal expenses	391 456	385 316
	track network access charge	368 790	379 532
	traction	0	0
	other railway services	9 210	0
	central services	6 564	2 827
	central administration	6 892	2 957
8	Payments to personnel	75 137	82 195
9	Depreciation	1 463	2 914
10	Other expenses	1 117	619
<b>11</b>	<b>TOTAL BUSINESS EXPENDITURE</b>	<b>575 701</b>	<b>579 511</b>
<b>12</b>	<b>OPERATING LOSS</b>	<b>-476 231</b>	<b>379 473</b>
13	Financial income	89	100
14	Financial expenses	0	0
<b>15</b>	<b>FINANCIAL LOSS</b>	<b>89</b>	<b>100</b>
16	Extraordinary revenues	0	0
	gov. subsidy	0	0
17	Extraordinary expenditures	0	0
<b>18</b>	<b>EXTRAORDINARY PROFIT OR LOSS</b>	<b>0</b>	<b>0</b>
19	Tax	0	0
<b>20</b>	<b>LOSS AFTER TAX</b>	<b>-476 142</b>	<b>379 573</b>
	Assigned debt as extraordinary revenue	0	853 565
<b>20</b>	<b>NET LOSS WITHOUT THE EFFECT OF ASSIGNED DEBT</b>	<b>-476 142</b>	<b>-473 992</b>

#### Schedule 75: Area passenger transport P&L

MÁV Zrt's passenger transport services changed according to the following in the basis timetable period of 2009/2010 and in the reporting timetable period of 2010/2011:

- **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 both the Children's Railway and the Balatonfenyves business railway lines in both 2010 and 2011 for regional passenger transport. MÁV Zrt. holds passenger transport licences also for the suspended lines and incurred costs and expenses in the reporting year in this regard.

Area passenger transport **in 2011** appeared to be **profitable** owing to the fact that MÁV Zrt. received from MÁV Start Zrt. the compensation for area passenger transport due based on the public passenger transport contracts for 2009 and 2010 (2009: HUF 775 million, 2010: HUF 79 million) only in November 2011 in one sum. In 2009, all the four regional lines were used for passenger transport and only the Balatonfenyves business railway line operated in 2010.

Most of the loss (HUF 398 million), net of any previous compensation, related to the Children's Railway. The previously experienced decline in the number of passengers stopped in 2010 and, in 2011, the number of paying passengers increased by 5.3% on 2010. On the one hand, there was a marked increase (22%) in the use of family tickets and the number of passenger over 14 year of age in the nostalgia stream train increased by 45%. Besides, other events during the year (e.g. Museum Night, agility tours, Children's Day events, no-cars day, hiking) also contributed to the increased use. As the number of passengers increased, ticket revenues increased by 7.9% compared to 2010. 27% of the passengers used some type of discount and 73% paid a full fare. The spread of short distance and full service tickets was around 50-50 and there was a significant increase in family tickets sold.

Most of the related **costs** were from internal services (HUF 385 million), of which internal railtrack usage charge was the most outstanding at HUF 380 million.

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 6 diesel motorcars, only three was fit for unlimited use in daily operations, two other motorcars could cope with only two railcars and the remaining one was unfit for service and needed engine replacement. This causes great difficulties on busy weekend days and results in crowded trains and missed passengers.
- The situation was somewhat improved due to the engine replacement in two of the motorcars in 2010 and in 2011. Obtaining the final licences is currently in progress.
- As the scheduled maintenance works were outstanding in the previous years, the car cases are in a very bad state of repair and a number of cars need to be re-licensed. Yet, all the railway cars were fit for service from in terms of traffic safety.

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

figures in MHUF

KTL,KEL,K_T	91-94 fk	96-98 fk		51,81 fk	86-88 fk		
Related party	Revenues			Expenditures			Grand total
	Net sales	Other rev.	Total	Costs	Other expenses	Total	
015 MÁV Nosztalgia Kft	0	0	0	8	0	8	-8
022 MÁV Vasjármű Kft	0	0	0	28	0	28	-28
139 MÁV Vasútőr 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	1	0	1	-1

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 and the Balatonfenyves light railway passenger transport activity records.

figures in MHUF

Line	Item	31/12/2010	31/12/2011	Change
<b>01</b>	<b>A. Fixed assets (02.+10.+18.)</b>	<b>1</b>	<b>1</b>	<b>0</b>
<b>02</b>	<b>I. INTANGIBLE ASSETS (03.+...09.)</b>	<b>0</b>	<b>0</b>	<b>0</b>
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
<b>10</b>	<b>II. TANGIBLE ASSETS (11.+...17.)</b>	<b>1</b>	<b>1</b>	<b>0</b>
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	1	1	0
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
<b>18</b>	<b>III. LONG-TERM FINANCIAL ASSETS (19.+...25.)</b>	<b>0</b>	<b>0</b>	<b>0</b>
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
<b>26</b>	<b>B. Current assets (27.+34.+40.+45.)</b>	<b>0</b>	<b>776</b>	<b>776</b>
<b>27</b>	<b>I. INVENTORIES (28.+...33.)</b>	<b>0</b>	<b>0</b>	<b>0</b>
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
<b>34</b>	<b>II. RECEIVABLES (35.+...39/A.)</b>	<b>0</b>	<b>776</b>	<b>776</b>
35	Trade debtors	0	0	0
36	Receivables from related parties	0	0	0
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	776	776
<b>40</b>	<b>III. SECURITIES (41.+...44.)</b>	<b>0</b>	<b>0</b>	<b>0</b>
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
<b>45</b>	<b>IV. LIQUID ASSETS (46.+47.)</b>	<b>0</b>	<b>0</b>	<b>0</b>
46	Cash, cheques	0	0	0
47	Bank deposits	0	0	0
<b>48</b>	<b>C. PREPAID EXPENSES &amp; ACCRUED INCOME (49.+...51.)</b>	<b>0</b>	<b>0</b>	<b>0</b>
49	Accrued income	0	0	0
50	Prepaid expenses	0	0	0
51	Deferred expenses	0	0	0
<b>52</b>	<b>TOTAL ASSETS (01.+26.+48.)</b>	<b>1</b>	<b>777</b>	<b>776</b>

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

figures in MHUF

Line	Item	31/12/2010	31/12/2011	Change
<b>53.</b>	<b><i>D. EQUITY (54.+...61.)</i></b>	<b>-79</b>	<b>777</b>	<b>856</b>
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)	0	0	0
58	V. Allocated reserves	0	0	0
59	VI. Revaluation reserve	0	0	0
60	VII. Profit or loss for the year	-79	777	856
<b>61</b>	<b><i>E. PROVISIONS (62.+...65.)</i></b>	<b>0</b>	<b>0</b>	<b>0</b>
62	Provisions for contingent liabilities	0	0	0
63	Provisions for future commitments	0	0	0
64	Other provisions	0	0	0
<b>65</b>	<b><i>F. LIABILITIES (67.+71.+80.)</i></b>	<b>80</b>	<b>0</b>	<b>-80</b>
<b>66</b>	<b><i>I. SUBORDINATED DEBT</i></b>	<b>0</b>	<b>0</b>	<b>0</b>
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
<b>70</b>	<b><i>II. LONG-TERM LIABILITIES (72.+...79.)</i></b>	<b>0</b>	<b>0</b>	<b>0</b>
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	0
<b>79</b>	<b><i>III. CURRENT LIABILITIES (81-89)</i></b>	<b>80</b>	<b>0</b>	<b>-80</b>
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	0	0	0
85	Bills of exchange payable	0	0	0
86	Short-term debts to related parties	0	0	0
87	Short-term debts to other investments	0	0	0
88	Other current liabilities	0	0	0
88/A.	Amounts payable to divisions	80	0	-80
<b>89</b>	<b><i>G.ACCRUED EXPENSES AND DEFERRED INCOME (91.+...</i></b>	<b>0</b>	<b>0</b>	<b>0</b>
90	Deferred income	0	0	0
91	Accrued expenses	0	0	0
92	Deferred extraordinary revenues and negative goodwill	0	0	0
<b>93</b>	<b><i>EQUITY &amp; LIABILITIES. (53.+61.+66.+90.)</i></b>	<b>1</b>	<b>777</b>	<b>776</b>

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

figures in MHUF

Line	Item	2 010	2 011
.01.	Domestic sales, net	6	6
.02.	Export sales, net	0	0
<b>I.</b>	<b>Sales, net (01.+02.)</b>	<b>6</b>	<b>6</b>
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	0	0
I/A 6.	Revenues from central administration and property management	0	0
<b>I/A</b>	<b>Internal revenues: (I/A 1+I/A 2+I/A 3+I/A 4+I/A 5)</b>	<b>0</b>	<b>0</b>
.03.	Changes in self-produced inventories	0	0
.04.	Capitalised self-produced inventories	0	0
<b>II.</b>	<b>Capitalised self-performance (03.+04.)</b>	<b>0</b>	<b>0</b>
<b>III.</b>	<b>Other revenues</b>	<b>2</b>	<b>854</b>
	of which: reversed impairment loss (962,1-962,2)	0	0
	<b>Operating yields (I+I/A +II+III)</b>	<b>8</b>	<b>860</b>
.05.	Materials	5	4
.06.	Services used	7	5
.07.	Other services	1	0
.08.	COGS	0	0
.09.	Consignment services	0	0
<b>IV.</b>	<b>Material-type expenditures (05.+06.+07.+08.+09.)</b>	<b>13</b>	<b>9</b>
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	2	1
IV/A 4.	Internal costs of railtrack services	56	57
IV/A 5.	Costs of direct internal services	0	0
IV/A 6.	Costs of central administration and property management	1	1
<b>IV/A</b>	<b>Internal expenditures: (IV/A 1+IV/A 2+IV/A 3+IV/A 4+IV/A 5+IV/A 6)</b>	<b>59</b>	<b>59</b>
.10.	Payroll costs	9	9
.11.	Other payments to personnel	2	2
.12.	Social security	3	3
<b>V.</b>	<b>Payments to personnel (10.+11.+12.)</b>	<b>14</b>	<b>14</b>
<b>VI.</b>	<b>Depreciation</b>	<b>0</b>	<b>0</b>
<b>VII.</b>	<b>Other expenditures</b>	<b>1</b>	<b>1</b>
	of which: impairment loss (862)	0	0
	<b>Operating expenses: (IV+IV/A+V+VI+VII)</b>	<b>87</b>	<b>83</b>
<b>A.</b>	<b>OPERATING LOSS</b>	<b>-79</b>	<b>777</b>
.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
<b>VIII.</b>	<b>Financial revenues (13.+14.+15.+16.+17.)</b>	<b>0</b>	<b>0</b>
.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
<b>IX.</b>	<b>Financial expenses (18.+19.+20.+21.)</b>	<b>0</b>	<b>0</b>
<b>B.</b>	<b>FINANCIAL LOSS (VIII-IX)</b>	<b>0</b>	<b>0</b>
<b>C.</b>	<b>LOSS OR PROFIT BEFORE ORDINARY ACTIVITIES (A+B)</b>	<b>-79</b>	<b>777</b>
X.	Extraordinary revenues	0	0
XI.	Extraordinary expenditures	0	0
<b>D.</b>	<b>EXTRAORDINARY PROFIT (X-XI)</b>	<b>0</b>	<b>0</b>
<b>E.</b>	<b>PRE-TAX LOSS OR PROFIT (C+D)</b>	<b>-79</b>	<b>777</b>
XII.	TAX PAYABLE	0	0
<b>F.</b>	<b>LOSS OR PROFIT AFTER TAX (E-XII)</b>	<b>-79</b>	<b>777</b>
.22.	Dividends paid from retained earnings	0	0
.23.	Dividends (paid) approved	0	0
<b>G.</b>	<b>LOSS OR PROFIT FOR THE YEAR (F+22.-23.)</b>	<b>-79</b>	<b>777</b>

Schedule 79: P&amp;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

line	Item	Prior year	Rep. year
1	Net sales	5 532	5 457
	tickets	4 369	4 370
	subsidy (compensation)	1 163	1 087
	paid by government	0	0
2	Internal revenues	10	5
3	Capitalised own performance	0	0
4	Other revenues	2 044	853 828
	gov. refund	0	853 565
	gov. subsidy	0	105
<b>5</b>	<b>TOTAL BUSINESS YIELD</b>	<b>7 586</b>	<b>859 290</b>
6	Material-type expenditures	13 293	9 022
	track network access charge	0	0
7	Internal expenses	59 281	58 725
	track network access charge	56 392	56 580
	traction	0	0
	other railway services	0	0
	central services	1 913	983
	central administration	976	1 162
8	Payments to personnel	13 323	14 070
9	Depreciation	121	121
10	Other expenses	403	0
<b>11</b>	<b>TOTAL BUSINESS EXPENDITURE</b>	<b>86 421</b>	<b>81 938</b>
<b>12</b>	<b>OPERATING LOSS</b>	<b>-78 835</b>	<b>777 352</b>
13	Financial income	1	8
14	Financial expenses	0	0
<b>15</b>	<b>FINANCIAL LOSS</b>	<b>1</b>	<b>8</b>
16	Extraordinary revenues	0	0
	gov. subsidy	0	0
17	Extraordinary expenditures	0	0
<b>18</b>	<b>EXTRAORDINARY PROFIT OR LOSS</b>	<b>0</b>	<b>0</b>
19	Tax	0	0
<b>20</b>	<b>LOSS OR PROFIT AFTER TAX</b>	<b>-78 834</b>	<b>777 360</b>
	Assigned debt as extraordinary revenue	0	853 565
<b>20</b>	<b>NET LOSS WITHOUT THE EFFECT OF ASSIGNED DEBT</b>	<b>-78 834</b>	<b>-76 205</b>

#### Schedule 80: Public service area passenger transport P&L

In both years, area public transport service was provided only along the Balatonfenyves business railway line upon an order by MÁV START Zrt. Area passenger transport **in 2011** appeared to be **profitable** owing to the fact that MÁV Zrt. received from MÁV Start Zrt. the compensation for area passenger transport due based on the passenger transport public service contracts for 2009 and 2010

Public service area passenger transport activities experienced a 2% increase in turnover and 4% decrease in ticket revenues as compared to the same period of 2010. In the summer, the light railway was popular with tourists and holidaymakers in the Lake Balaton area. In the periods between January and May, passenger service in the Balatonfenyves area is used mostly by the inhabitants and pupils of Balatonfenyves-Imremajor and a few schoolchildren in Somogyszénpál. From spring to autumn, there would be demand for passenger cars that can



carry bicycles, but our current trains are not suited to carry foreign tourist groups of 20 – 30 people and their bicycles.

Currently, we are preparing for the take-over of the area passenger transport activity on the Balatonfenyves business railway line by MÁV-START Zrt. as of 1 April 2012 as the Ministry for National Development signed a contract for public rail transport services only with MÁV-START Zrt.

The main components of the related **costs** were railtrack use internal charge of HUF 56 million and payments to personnel of HUF 14 million.

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 Vasútőr 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
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>-1</b>

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.

Line	Item	31/12/2010	31/12/2011	Change
<b>01</b>	<b>A. Fixed assets (02.+10.+18.)</b>	<b>300 328</b>	<b>289 234</b>	<b>-11 094</b>
<b>02</b>	<b>I. INTANGIBLE ASSETS (03.+...09.)</b>	<b>951</b>	<b>443</b>	<b>-508</b>
03	Capitalised foundation/restructuring	0	0	0
04	Capitalised research and development	45	45	0
05	Concessions, licenses and similar rights	330	197	-133
06	Trade-marks, patents and similar assets	576	201	-375
07	Goodwill	0	0	0
08	Advance payments for intangible assets	0	0	0
09	Adjusted value of intangible assets	0	0	0
<b>10</b>	<b>II. TANGIBLE ASSETS (11.+...17.)</b>	<b>180 204</b>	<b>170 977</b>	<b>-9 227</b>
11	Land and buildings and related property rights	63 067	60 676	-2 391
11/b	of which Managed state owned properties and related rights	0	0	0
12	Plant, machinery, equipment and vehicles	115 802	110 153	-5 649
12/b	of which: managed state owned technical equipment, machinery and vehicles	0	0	0
13	Other equipment, fixtures and fittings, vehicles	76	56	-20
14	Breeding stock	0	0	0
15	Assets in the course of construction	1 212	41	-1 171
15/b	of which: managed state owned capital projects	0	0	0
16	Advance payments for AICC	47	51	4
17	Adjusted value of tangible assets	0	0	0
<b>18</b>	<b>III. LONG-TERM FINANCIAL ASSETS (19.+...25.)</b>	<b>119 173</b>	<b>117 814</b>	<b>-1 359</b>
19	Long-term participations in related parties	117 144	115 538	-1 606
20	Long-term loans granted to related parties	0	0	0
21	Other long-term investments	1 937	2 208	271
22	Long-term loans granted to other investments	0	0	0
23	Other long-term loans granted	92	68	-24
24	Long-term debt securities	0	0	0
25	Adjusted value of financial investments	0	0	0
<b>26</b>	<b>B. Current assets (27.+34.+40.+45.)</b>	<b>71 653</b>	<b>57 341</b>	<b>-14 312</b>
<b>27</b>	<b>I. INVENTORIES (28.+...33.)</b>	<b>4 758</b>	<b>5 524</b>	<b>766</b>
28	Raw materials and consumables	4 685	5 410	725
29	Work in progress and semi-finished products	3	5	2
30	Animals for breeding, fattening and other livestock	0	0	0
31	Finished products	28	89	61
32	Goods	42	20	-22
33	Advance payments for stocks	0	0	0
<b>34</b>	<b>II. RECEIVABLES (35.+...39/A.)</b>	<b>66 551</b>	<b>38 079</b>	<b>-28 472</b>
35	Trade debtors	1 167	1 791	624
36	Receivables from related parties	9 021	8 471	-550
37	Receivables from other investments	46	49	3
38	Bills of exchange receivables	0	0	0
39	Other receivables	778	2 597	1 819
39/A.	Receivables from division settlements	55 539	25 171	-30 368
<b>40</b>	<b>III. SECURITIES (41.+...44.)</b>	<b>0</b>	<b>0</b>	<b>0</b>
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
<b>45</b>	<b>IV. LIQUID ASSETS (46.+47.)</b>	<b>344</b>	<b>13 738</b>	<b>13 394</b>
46	Cash, cheques	4	5	1
47	Bank deposits	340	13 733	13 393
<b>48</b>	<b>C. PREPAID EXPENSES &amp; ACCRUED INCOME (49.+...51.)</b>	<b>7 587</b>	<b>16 165</b>	<b>8 578</b>
49	Accrued income	475	324	-151
50	Prepaid expenses	270	316	46
51	Deferred expenses	6 842	15 525	8 683
<b>52</b>	<b>TOTAL ASSETS (01.+26.+48.)</b>	<b>379 568</b>	<b>362 740</b>	<b>-16 828</b>

Schedule 82: Asset side of the BS for other activities

figures in MHUF

Line	Item	31/12/2010	31/12/2011	Change
<b>53.</b>	<b>D. EQUITY (54.+...61.)</b>	<b>154 482</b>	<b>180 161</b>	<b>25 679</b>
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	93 411	91 990	-1 421
57	IV. Retained earnings/(losses)	46 149	32 283	-13 866
58	V. Allocated reserves	8 018	12 747	4 729
59	VI. Revaluation reserve	0	0	0
60	VII. Profit or loss for the year	-9 199	27 038	36 237
<b>61</b>	<b>E. PROVISIONS (62.+...65.)</b>	<b>20 281</b>	<b>24 156</b>	<b>3 875</b>
62	Provisions for contingent liabilities	17 832	17 759	-73
63	Provisions for future commitments	5	0	-5
64	Other provisions	2 444	6 397	3 953
<b>65</b>	<b>F. LIABILITIES (67.+71.+80.)</b>	<b>194 210</b>	<b>149 575</b>	<b>-44 635</b>
<b>66</b>	<b>I. SUBORDINATED DEBT</b>	<b>0</b>	<b>0</b>	<b>0</b>
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
<b>70</b>	<b>II. LONG-TERM LIABILITIES (72.+...79.)</b>	<b>142 694</b>	<b>98 568</b>	<b>-44 126</b>
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	88 302	86 442	-1 860
75	Other long-term loans	54 160	11 970	-42 190
76	Long-term debts to related parties	81	0	-81
77	Long-term debts to other investments	0	0	0
78	Other long-term liabilities	151	156	5
78/b	of which: Liabilities related to managed state owned assets	0	0	0
<b>79</b>	<b>III. CURRENT LIABILITIES (81-89)</b>	<b>51 516</b>	<b>51 007</b>	<b>-509</b>
80	Short-term borrowings	0	0	0
81	- of which: convertible bonds	0	0	0
82	Other short-term loans	37 549	35 275	-2 274
83	Prepayments received from debtors	75	74	-1
84	Creditors	6 936	7 360	424
85	Bills of exchange payable	0	0	0
86	Short-term debts to related parties	2 783	3 802	1 019
87	Short-term debts to other investments	13	133	120
88	Other current liabilities	4 160	4 363	203
88/A.	Amounts payable to divisions	0	0	0
<b>89</b>	<b>G.ACCRUED EXPENSES AND DEFERRED INCOME (91</b>	<b>10 595</b>	<b>8 848</b>	<b>-1 747</b>
90	Deferred income	505	387	-118
91	Accrued expenses	2 701	1 730	-971
92	Deferred extraordinary revenues and negative goodwill	7 389	6 731	-658
<b>93</b>	<b>EQUITY &amp; LIABILITIES. (53.+61.+66.+90.)</b>	<b>379 568</b>	<b>362 740</b>	<b>-16 828</b>

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

figures in MHUF

Line	Item	2 010	2 011
.01.	Domestic sales, net	30 997	33 164
.02.	Export sales, net	0	0
<b>I.</b>	<b>Sales, net (01.+02.)</b>	<b>30 997</b>	<b>33 164</b>
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	24 674	24 768
I/A 4.	Internal revenues from railtrack services	0	0
I/A 5.	Revenues from direct internal services	185	311
I/A 6.	Revenues from central administration and property management	5 842	4 596
<b>I/A</b>	<b>Internal revenues: (I/A 1+I/A 2+I/A 3+I/A 4+I/A 5)</b>	<b>30 701</b>	<b>29 675</b>
.03.	Changes in self-produced inventories	69	165
.04.	Capitalised self-produced inventories	185	149
<b>II.</b>	<b>Capitalised self-performance (03.+04.)</b>	<b>254</b>	<b>314</b>
<b>III.</b>	<b>Other revenues</b>	<b>9 008</b>	<b>6 362</b>
	of which: reversed impairment loss (962, 1-962, 2)	24	28
	<b>Operating yields (I+I/A +II+III)</b>	<b>70 960</b>	<b>69 515</b>
.05.	Materials	5 874	4 599
.06.	Services used	13 948	16 044
.07.	Other services	216	163
.08.	COGS	4 157	5 098
.09.	Consignment services	2 736	2 662
<b>IV.</b>	<b>Material-type expenditures (05.+06.+07.+08.+09.)</b>	<b>26 931</b>	<b>28 566</b>
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	10 203	10 409
IV/A 4.	Internal costs of railtrack services	314	424
IV/A 5.	Costs of direct internal services	355	668
IV/A 6.	Costs of central administration and property management	1 083	447
<b>IV/A</b>	<b>Internal expenditures: (IV/A 1+IV/A 2+IV/A 3+IV/A 4+IV/A 5+IV/A 6)</b>	<b>11 955</b>	<b>11 948</b>
.10.	Payroll costs	10 581	10 351
.11.	Other payments to personnel	1 886	1 474
.12.	Social security	3 215	3 090
<b>V.</b>	<b>Payments to personnel (10.+11.+12.)</b>	<b>15 682</b>	<b>14 915</b>
<b>VI.</b>	<b>Depreciation</b>	<b>9 955</b>	<b>8 348</b>
<b>VII.</b>	<b>Other expenditures</b>	<b>9 055</b>	<b>10 970</b>
	of which: impairment loss (862)	619	850
	<b>Operating expenses: (IV+IV/A+V+VI+VII)</b>	<b>73 578</b>	<b>74 747</b>
<b>A.</b>	<b>OPERATING LOSS</b>	<b>-2 618</b>	<b>-5 232</b>
.13.	Dividends received	1 469	1 060
	from related parties	1 386	978
.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	468	438
	from related parties	29	40
.17.	Other financial income	208	216
<b>VIII.</b>	<b>Financial revenues (13.+14.+15.+16.+17.)</b>	<b>2 145</b>	<b>1 714</b>
.18.	FX losses on fixed assets	0	0
	to related parties	0	0
.19.	Interest paid and similar charges	6 853	7 052
	to related parties	28	24
.20.	Impairment loss on shares and securities	623	0
.21.	Other financial expenses	696	997
<b>IX.</b>	<b>Financial expenses (18.+19.+20.+21.)</b>	<b>8 172</b>	<b>8 049</b>
<b>B.</b>	<b>FINANCIAL LOSS (VIII-IX)</b>	<b>-6 027</b>	<b>-6 335</b>
<b>C.</b>	<b>LOSS OR PROFIT BEFORE ORDINARY ACTIVITIES (A+B)</b>	<b>-8 645</b>	<b>-11 567</b>
X.	Extraordinary revenues	311	38 743
XI.	Extraordinary expenditures	865	138
<b>D.</b>	<b>EXTRAORDINARY PROFIT (X-XI)</b>	<b>-554</b>	<b>38 605</b>
<b>E.</b>	<b>PRE-TAX LOSS OR PROFIT (C+D)</b>	<b>-9 199</b>	<b>27 038</b>
XII.	TAX PAYABLE	0	0
<b>F.</b>	<b>LOSS OR PROFIT AFTER TAX (E-XII)</b>	<b>-9 199</b>	<b>27 038</b>
.22.	Dividends paid from retained earnings	0	0
.23.	Dividends (paid) approved	0	0
<b>G.</b>	<b>LOSS OR PROFIT FOR THE YEAR (F+22.-23.)</b>	<b>-9 199</b>	<b>27 038</b>

Schedule 84: Profit and loss account of Other activities

figures in MHUF

Line	Item	31/12/2010	31/12/2011
<b>I.</b>	<b>Operating cash-flows (1-15)</b>	<b>-11 650</b>	<b>28 879</b>
1.	Profit before tax ±	-9 199	27 038
	assigned debt	0	-38 675
	interest on assigned debt	0	475
	amounts received free of charge	-5	-7
	amounts granted free of charge, expensed	3	0
	dividends received	-1 469	-1 060
	dividends on prev. year profit	0	0
	debts assumed	0	0
2.	Previous years' profits/losses	-251	13
3.	Revalued loans (base figure is for information only)	2 937	9 666
4.	Ordinary depreciation +	9 955	8 348
4/a.	Depreciation on previous year	76	-29
5.	Recognised and reversed impairment loss ±	192	572
6.	Changes in provisions ±	84	3 875
7.	Fixed asset disposals ±	-399	-329
8.	Movements in creditors ±	-5 761	424
9.	Movements in other current liabilities ±	-11 125	1 342
10.	Movements in accruals ±	-1 617	-1 749
11.	Movements in debtors ±	620	-672
12.	Current asset movements (less debtors and liquid assets) ±	5 812	28 226
	<i>of which: movements in balance of business line operations</i>	-6 263	-30 368
13.	Movements in prepayments and accrued income +	-1 504	-8 578
14.	Income taxes paid (payable) -	0	0
15.	Dividends and profit-sharing paid or payable -	0	0
<b>II.</b>	<b>Investing cash flows (16-19)</b>	<b>-37</b>	<b>2 453</b>
16.	Fixed assets additions -	-2 214	916
17.	Fixed asset disposals +	709	477
18.	Capital withdrawn from existing investment (subsidiary)	0	0
19.	Dividends received +	1 469	1 060
<b>III.</b>	<b>Financing cash flows (20-30)</b>	<b>-3 412</b>	<b>-17 938</b>
20.	Revenues from the issue of shares (capital withdrawal) +	-24	26
21.	Issue of bonds +	0	0
22.	Loans taken +	11 533	18 500
23.	Repayment, cancellation of long-term loan and bank deposits +	335	141
24.	Assets received free of charge +	5	30
25.	Redemption of shares, capital reduction -	0	0
26.	Repayment of bonds -	0	0
27.	Repayment of loans -	-15 269	-36 641
28.	Long-term loans granted and bank deposits -	0	0
29.	Assets transferred free of charge -	-25	0
30.	Movements in payables to founders and in other long-term liabilities +	33	5
<b>IV.</b>	<b>Change in cash and cash equivalents (±I±II±III) ±</b>	<b>-15 099</b>	<b>13 394</b>

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

The statement of other activities is presented in THUF below:

figures in THUF

line	Item	Prior year	Rep. year
1	Net sales	30 996 497	33 163 722
	tickets	30 996 497	33 163 722
	subsidy (compensation)	0	0
	paid by government	0	0
2	Internal revenues	30 700 539	29 675 548
3	Capitalised own performance	253 572	313 773
4	Other revenues	9 008 108	6 361 822
	gov. refund	0	0
	gov. subsidy	934 431	958 671
<b>5</b>	<b>TOTAL BUSINESS YIELD</b>	<b>70 958 716</b>	<b>69 514 865</b>
6	Material-type expenditures	26 931 270	28 565 710
	track network access charge	0	0
7	Internal expenses	11 954 225	11 947 360
	track network access charge	314 082	423 677
	traction	0	0
	other railway services	354 549	667 253
	central services	10 203 192	10 408 960
	central administration	1 082 402	447 470
8	Payments to personnel	15 682 031	14 914 701
9	Depreciation	9 954 517	8 348 329
10	Other expenses	9 054 504	10 970 112
<b>11</b>	<b>TOTAL BUSINESS EXPENDITURE</b>	<b>73 576 547</b>	<b>74 746 212</b>
<b>12</b>	<b>OPERATING LOSS</b>	<b>-2 617 831</b>	<b>-5 231 347</b>
13	Financial income	2 144 806	1 714 063
14	Financial expenses	8 172 393	8 049 317
<b>15</b>	<b>FINANCIAL LOSS</b>	<b>-6 027 587</b>	<b>-6 335 254</b>
16	Extraordinary revenues	310 922	38 743 037
	gov. subsidy	0	38 674 614
17	Extraordinary expenditures	864 406	138 273
<b>18</b>	<b>EXTRAORDINARY PROFIT OR LOSS</b>	<b>-553 484</b>	<b>38 604 764</b>
19	Tax	0	0
<b>20</b>	<b>LOSS OR PROFIT AFTER TAX</b>	<b>-9 198 902</b>	<b>27 038 163</b>
	Assigned debt as extraordinary revenue	0	38 674 614
<b>20</b>	<b>NET LOSS WITHOUT THE EFFECT OF ASSIGNED DEBT</b>	<b>-9 198 902</b>	<b>-11 636 451</b>

#### 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 and a profit of HUF 27.0 billion in 2011. The profits were due to extraordinary revenues of HUF 38.7 billion earned from the debts related to 2005 and 2006 and assumed by the government in 2011 and attributable to outsourced passenger transport. Without the effect of this one-off event, other activities would have had a loss of HUF 11.6 billion.

The increase in losses was due to a reduced use of provisions (by HUF 0.8 billion less was released for litigations, HUF 0.6 billion less for early retirement and HUF 0.5 billion less was used for liabilities assumed from subsidiaries) and also to less income from penalties.

The main components of the loss for 2011 included interest of HUF 4.4 billions settled in relation to the outsourced passenger transport activity and HUF 2.7 billion loss from group control not covered with dividends.

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

figures in HUF billions

<b>Activity</b>	<b>2010</b>	<b>2011</b>
Materials sold, inventory management	5.2	6.2
Railcar lease, rent	8.9	10.0
Property lease, rent and operating	9.8	10.3
Other services (human, training, accounting, other central services)	7.1	6.7
<b>Total</b>	<b>31.0</b>	<b>33.2</b>

Schedule 87: Net sales revenues from other activities

The increase in materials sold was due to the fact that more materials were sold to MÁV companies for railtrack works.

Sales revenues in 2011 included mostly sales to railtrack maintenance companies (HUF 4.0 billion) and materials worth HUF 0.9 billion were sold to MÁV-GÉPÉSZET Zrt.

Passenger transport vehicle leasing brought revenues of HUF 10.0 billion in 2011. The increase on the previous year is due to an increase in the number of rented/leased out railway cars.

In 2011, property leasing produced revenues of HUF 5.8 billion, related public utility services HUF 2.1 billion and other property management services brought revenues HUF 2.2 billion.

Internal revenues per activity:

figures in HUF billions

<b>Internal activity</b>	<b>2010</b>	<b>2011</b>
Central administration	5.8	4.6
Property management and supervision	17.1	18.0
Inventory management, purchase and other corporate services	2.1	1.9
Human services	2.5	2.5
Accounting	1.8	1.5
Administrative services	0.8	0.5
Other internal services	0.6	0.7
<b>Total</b>	<b>30.7</b>	<b>29.7</b>

Schedule 88: Internal revenues from other activities

As in 2010, more than half of the internal revenues in 2011 was from the internal use of properties and this area experienced the most growth as building supervisory works outstanding since 2010 were completed in 2011.

Internal revenues from central administration dropped from HUF 5.8 billion in 2010 to HUF 4.6 billion in 2011 and reflect the aggregate of the costs of central administration and expenses not offset by revenues. This decreased as a result of changes in settlements. As part of central



administration, the provision for annuity payments was reclassified in 2011 to activities „retained” from the previous years in line with the underlying unbundling policies.

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

In 2011: provisions used (HUF 2.7 billion); reversed impairment of debtors (HUF 0.8 billion); deferred income related to the debt forgiven by the government and released in line with the depreciation of the underlying leased rail carriages (HUF 0.7 billion); late payment interest paid by MÁVGÉP Kft. (HUF 0.3 billion); and HUF 0.2 billion reimbursement by MNV Zrt. to MÁV Zrt. in relation to the assignment of land usage right on certain properties managed by MÁV to third parties.

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.

Significant material-type expenditures in 2011:

- railtrack technical materials sold (HUF 3.4 billion), materials sold to MÁV-GÉPÉSZET Zrt. (HUF 0.8 billion),
- property management (energy, maintenance, rent/lease, cleaning and other communal services, heating improvement, utilities operation, security services) totalling HUF 17.0 billion, and billed outsourced property utilisation costs of HUF 0.8 billion,
- other expenditures incurred in relation to central activities: IT services (HUF 1.7 billion), consignment maintenance of lease-out railcars (HUF 1.1 billion) and car rental (HUF 0.1 billion).

The increase in material-type expenditures compared to 2010 was due to among others: a HUF 0.6 billion increase in billed building maintenance and management costs and a HUF 1.1 billion increase in the cost of materials sold.

Internal expenditures related to other activities in 2011 included mostly central services (HUF 10.4 billion): of which management and energy costs of leased-out properties represented HUF 6.3 billion central administration, accounting services used for other activities totalled HUF 0.9 billion.

Central services used by other activities decreased by HUF 0.7 billion as internal revenues dropped.

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 2011, hence appear railtrack access service expenses among other activities.

Payments to personnel (HUF 14.9 billion) in 2011 included central services (HUF 8.6 billion) and central administration (HUF 3.0 billion), group management (HUF 2.4 billion), and other central activities (HUF 0.9 billion). One-off costs related to layoffs dropped by HUF 0.3 billion compared to 2010.

The depreciation charge related to other activities related to leased out railcars in both 2010 (HUF 7.1 billion) and 2011 (HUF 6.4 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 and the new rates contributed to a decrease in depreciation.



Other expenses increased from HUF 9.1 billion in 2010 to HUF 11.0 billion in 2011. Properties owned by MÁV Zrt. totalling HUF 0.5 billion were written off as count shortage due to clerical errors. The impairment loss on debtors increased by HUF 0.2 billion, mostly in relation to amounts outstanding for over one year, while late payment penalties and similar charges paid. decreased nearly to the same extent. HUF 0.5 billion damages were also paid in 2011 in relation to the termination of a leasing contract. Overall, provisions made in 2011 for other activities increased by HUF 2.1 billion on 2010. Significant decreases in provisions affected the provision for litigations (HUF -0.4 billion), for early retirement (HUF -0.3 billion) and for annuity obligations (HUF -0.7 billion). At the same time, provisions for foreign exchange losses grew significantly, by HUF 3.0 billion and HUF 0.5 billion was set aside in 2011 for penalties payable.

Financial income from other activities in 2011 included HUF 1.1 billion of dividends received and HUF 0.3 billion interest on deposited available cash.

Financial expenses on other activities included HUF 4.4 billion interest payable on operational loans related remained with MÁV Zrt. after outsourcing the passenger transport activity and HUF 2.9 billion interest paid and foreign exchange loss on leased out trains.

Extraordinary revenues from other activities in 2011 included the HUF 38.7 billion from the operational loans for 2005 and 2006 assumed by the government and attributable to outsourced passenger transport.

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.	Finan- cial	Extra rev.	Total	Costs	Other exp.	Finance exp.	Extra exp.	Total	
005 MAVTI Kft	56	0	0	0	56	3	0	0	0	3	53
015 MÁV Nosztalgia Kft	26	0	8	0	34	6	0	0	0	6	28
020 MÁV VAGON Kft	130	0	0	0	130	40	0	0	17	57	73
022 MÁV Vasjármű Kft	59	0	0	0	59	2	0	0	0	2	57
027 Bombardier MÁV Kft	97	3	0	0	100	14	71	0	0	85	15
037 VAMAV Kft	41	0	0	0	41	0	0	0	0	0	41
038 EURO-METALL Kft	95	0	38	0	133	49	0	0	0	49	84
096 MÁV KERT Kft	14	1	0	0	15	2	0	0	0	2	13
101 MÁV FKG Kft	1 978	0	0	0	1 978	1 706	2	0	0	1 708	270
102 MÁV GÉP Kft	2 219	300	0	0	2 519	1 668	-2	0	0	1 666	853
116 MÁV THERMIT Kft	11	0	0	0	11	0	0	1	0	1	10
131 MÁV KFV Kft	11	0	0	0	11	8	0	16	0	24	-13
136 MÁV IK Kft	136	2	548	0	686	6 786	45	0	0	6 831	-6 145
138 MÁV INFORMATIKA Kft	211	1	349	0	561	1 177	19	7	0	1 203	-642
139 MÁV Vasútor Kft	18	0	0	0	18	642	0	0	0	642	-624
141 VIACOM Rt	0	0	0	0	0	0	0	0	0	0	0
142 MÁV MULTISZOLG Kft	2	0	0	0	2	0	0	0	0	0	2
149 MÁV Vagyonkezelő Zrt.	67	0	35	0	102	826	0	0	0	826	-724
165 MÁV-REC Kft.	3	2	0	0	5	0	0	0	0	0	5
178 HUNGRAIL Egyesülés	0	0	0	0	0	15	0	0	0	15	-15
179 ZÁHONY-PORT Zrt.	234	86	27	0	347	64	0	0	0	64	283
180 MÁV-START Zrt.	15 677	181	1	0	15 859	2 041	7	1	0	2 049	13 810
182 Józsefváros Pályaudvar Kft.	0	0	0	0	0	0	0	0	0	0	0
186 MÁV-TRAKCIÓ Zrt.	2 038	7	0	0	2 045	446	0	0	0	446	1 599
187 MÁV-GÉPÉSZET Zrt.	4 407	40	13	0	4 460	1 537	0	0	0	1 537	2 923
188 MTMG Zrt	0	0	0	0	0	0	0	0	0	0	0
190 MÁV Koncessziós Kft.	1	0	0	0	1	0	0	0	0	0	1
<b>Grand total</b>	<b>27 531</b>	<b>623</b>	<b>1 019</b>	<b>0</b>	<b>29 173</b>	<b>17 032</b>	<b>142</b>	<b>25</b>	<b>17</b>	<b>17 216</b>	<b>11 957</b>

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:

<b>Activity</b>	<b>No. of staff</b>
Railtrack	15 950
Passenger transport	13
Of which: public service	5
Other activities	2 458
<b>MÁV Zrt. total</b>	<b>18 421</b>

Schedule 90: Average annual statistical number of employees per activity in 2011

Government grants used for operations per purpose:

figures in MHUF

<b>Grants recognised as revenue</b>					
<b>Item</b>	<b>Railtrack</b>	<b>Passenger transport</b>	<b>Public passenger service</b>	<b>Other</b>	<b>MÁV Zrt. total</b>
Gov. Refund for public services	21 050	854	854	0	21 904
Debts assigned to government	11 946	0	0	38 675	50 621
Debts forgiven by government	106	0	0	804	910
Ticket subsidy	0	5	1	0	5
Refunded excise tax	0	12	1	0	12
Subsidies for own assets	990	0	0	83	1 073
MÁV railway workers incentive scheme for 2011 - 2013	433	0	0	64	497
Phare aid used	57	0	0	7	64
<b>Government grants</b>	<b>34 582</b>	<b>871</b>	<b>856</b>	<b>39 633</b>	<b>75 086</b>
<b>Development funds</b>					
<b>Item</b>	<b>Railtrack</b>	<b>Public passenger service</b>	<b>Public passenger service</b>	<b>Other</b>	<b>MÁV Zrt. total</b>
Railway network development	1 211	0	0	0	1 211
Free flow traffic	0	0	0	153	153
Parking lots (P+R, B+R)	693	0	0	0	693
TEN-T government subsidy for treasury assets	139	0	0	0	139
<b>Total development funds</b>	<b>2 043</b>	<b>0</b>	<b>0</b>	<b>153</b>	<b>2 196</b>

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	-1472	0	0	14 667	0	4 146	0	17 342
Public service transport	379	0	0	0	3	0	3	0	385
Other activities	1 092	0	0	0	10 409	-25 079	447	-4 596	-17 727
TOTAL	1 472	-1 472	0	0	25 079	-25 079	4 596	-4 596	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 significant 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 (ERP) [„Környezeti Károk Rendezési Terve”] 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 2011.
- 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 3,617 million. Based on previous estimates, we made a HUF 6,533 million provision in 2002, further HUF 7,805 million in 2006, HUF 1.911 million in 2008 and HUF 388 million in 2009, HUF 83 million in 2010 and HUF 42 million in 2011. The available amount less used and released amounts is HUF 9,781 million.

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

figures in MHUF

<b>Allocated reserves</b>	<b>3 617</b>
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
Provision used in 2011	-739
Provision made in 2011	42
<b>Total provisions at 31 Dec 2011</b>	<b>6 164</b>
<b>Total environmental reserves</b>	<b>9 781</b>

Schedule 93: Environmental reserves

Environmental expenses, provisions and allocated reserves in 2010 and in 2011 are presented below:

figures in MHUF

<b>Period</b>	<b>2010</b>	<b>2011</b>
Environmental expenses	583	459

Schedule 94: Environmental expenses

figures in MHUF

<b>Item</b>	<b>Opening</b>	<b>Increase</b>	<b>Decrease</b>	<b>Closing</b>
Allocated reserves	3 617	0	0	3 617
Provisions	6 861	42	739	6 164
<b>Reserves, total</b>	<b>10 478</b>	<b>42</b>	<b>739</b>	<b>9 781</b>

Schedule 95: Movements in environmental reserves in 2011

Existing environmental liabilities:

figures in MHUF

<b>Item</b>	<b>Liability</b>
Soil and soil water pollution	4 935
Environment restoration at abandoned sites	2 048
Abandoned polluting heating systems	1 422
Eliminating pollution caused by transformers	569
Illegal waste	257
Water and sewage network assessment, mapping	400
Dead sewage branch assessment, mapping	150
<b>Environmental liabilities, total</b>	<b>9 781</b>

Schedule 96: Existing environmental liabilities

## II.1.2 Assets directly serving environmental purposes

Movements in assets directly serving environmental purposes:

figures in MHUF

<b>Item</b>	<b>Opening</b>	<b>Increase/ Decrease</b>	<b>Closing</b>
Cost	2 776		2 776
Depreciation on opening	510	50	560
Depreciation of additions in the reporting year	1		1
<b>Net</b>	<b>2 265</b>		<b>2 215</b>
AICC	2	-2	0
<b>Total:</b>	<b>2 267</b>		<b>2 215</b>

Schedule 97: Assets directly serving environmental purposes

The building project of hazardous waste containers was abandoned in 2010 owing to failure by the planning contractor to deliver the planning and the ensuing dispute. This item was classified as AICC in 2010 but did not realise for the above reasons and the related project documentation has been closed.

In 2011, an equipment acquisition project of HUF 11 million and a hazardous waste container planning and building project totalling HUF 38 million were approved. Both the acquisition and the building process started in 2011, involving a Dutch auction and a public procurement process plus a Dutch auction, respectively, but neither project was capitalised in 2011.

### II.1.3 Waste – values and quantities

figures in THUF

EWC code	Item	Opening	Increase	Decrease	Closing
130205*	non-chloride lubricants	65	119	82	102
160601* note	lead battery	3 335	5 794	8 254	875
<b>Total</b>		<b>3 400</b>	<b>5 913</b>	<b>8 336</b>	<b>977</b>

Note: The opening value of lead batteries was considered at a 146 HUF/kg unit price for 2011 as opposed to HUF 99.33 HUF/kg in 2010.

Schedule 98: Dangerous and hazardous waste

EWC	Item		MÁV Zrt.	2 011	
		Opening	Made	Closing	Total
050103*	Tank bottom sludge	0	14 165	0	14 165
060101*	Sulphuric acid and similar acids	0	120	120	0
060106*	Other acids	134	0	0	0
60203*	Ammonium-hidroxid	0	153	92	61
060204*	Natrium-hidroxid and potassium-hidroxid	0	0	0	0
060404*	Mercurial waste	0	155	0	155
060405*	Other heavy metal containing waste	2	1	2	1
061301*	Inorganis pesticides	0	13	0	13
061302*	Depleted activated carbon (except 06 07 02)	0	1 010	0	1 010
070107*	Other organic dilutants, detergents and alkali materials	0	7	7	0
070214*	Hazardous auxiliary materials	0	0	0	0
	Paint and varnish containing detergents and similar hazardous materials	92	292	61	323
080317*	Waste toner (hazardous paint)	407	3 692	1 112	2 987
080409*	Waste adhesives and fillers with orgnaic dilutant content	0	703	0	703
120109*	Non-halogenous lubricants and emulsions, solutions	0	12	12	4
120112*	Used wax and grease	0	0	0	0
130205*	Non-chloride lubricants	1 298	2 374	2 031	1 641
130206	Synthetic lubricants	0	27	27	0
130208*	Other lubricants	0	0	0	0
130506*	Oil from oil/water separators	0	10 865	0	10 865
130307*	mineral oil based, non-chloride insulation and heat transmission lubricants	0	4 894	3 716	1 574
130501*	Solid particles from sand reservoirs and from oil/water separators	0	0	0	0
130502*	sludge from oil/water separator	599	114 449	0	115 048
130507*	Water from oil/water separators	0	119 046	260	118 786
130508*	mixed waste from oil/water separator	0	137 215	0	137 215
130701*	heating fuel and diesel	36	0	0	36
130899*	Other non-specified waste	0	0	0	0
140601*	HCFC, HFC	0	0	0	0
140603*	Other dilutant mixes	0	0	0	0
150110*	stained packaging	1 139	9 391	328	10 202
150111*	asbestos containing metal packaging, including empty gas	88	411	41	458
150202*	Stained absorbents, filters, cloths, protective clothing	9 763	19 796	4 745	24 814
160107*	Oil filters	0	0	0	0
160111*	Asbestos containing friction disks	0	0	0	0
160114*	hazardous antifreeze	5	0	0	5
160121*	Hazardous spare parts	0	0	0	0
160209*	PCB containing transformers and condensers	0	0	0	0
160213*	Equipment no longer in use	0	122	0	122
160303*	Hazardous inorganic waste	0	4 001	9	3 992
160403*	Other explosive waste	1	0	0	1
160305*	Organic hazardous waste	79	602	42	639
160410*	Oil, carbonolite containing and other hazardous cables	0	1 832	660	1 172
160506*	Laboratory chemicals	0	23	0	23
	Inorganic hazardous chemicals and polluted chemicals no longer in use	0	1	1	0
160508*	Organic hazardous chemicals and polluted chemicals	0	330	0	330
160601*	Lead battery	22 840	39 688	5 991	56 537
160606*	Separately collected electrolyte from batteries	0	0	0	0
160708	Oil stained waste	0	0	0	0
160709*	Other waste with hazardous contents	0	0	0	0
161001*	Hazardous fluids	0	6 800	0	6 800
170106*	Stained concrete, brick, ceramics	0	238 077	100 797	137 280
170204*	Contaminated glass, plastic, wood	629 767	546 086	1 140 819	35 034
170410*	Oil, carbonolite containing and other hazardous cables	0	420	420	0
170503*	Stained soil and stone	0	2 555 262	600 714	1 954 548
170507*	Track ballast containing hazardous materials	0	283 447	30	283 417
170601*	Asbestos containing insulators	20	0	20	0
	Other insulation materials made of or containing hazardous materials	0	0	0	0
190813*	Toxic sludge	0	0	0	0
180103*	Infectious waste	0	0	0	0
200121*	Neon lights and other mercury containing materials	151	414	143	422
200133*	Batteries including those under 16 06 01, 16 06 02 or 16 06 03	4 021	6 874	1 068	9 827
200135*	Scrapped electric and electronic equipment other than those under 20 01 21 and 20 01 23	908	17 086	1 451	16 543
	<b>Total</b>	<b>671 350</b>	<b>4 139 856</b>	<b>1 864 719</b>	<b>2 946 753</b>

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	2010	2011	Change
<b>R&amp;D gross value</b>	<b>168</b>	<b>169</b>	<b>1</b>
Of which: own R&D to be capitalised	1	0	-1
own R&D expensed in the reporting period	167	169	2
R&D for third parties	0	0	0
<b>Direct costs of technical development</b>	<b>117</b>	<b>108</b>	<b>-9</b>
Of which: cost of development arrangements, management and testing	56	33	-23
technical information, propaganda and production management	49	60	11
type classification, standardisation, industrial design	11	15	4
technical tenders	0	0	0
non-capitalised or unused innovation	1	0	-1
non-capitalised, used innovation	0	0	0
non-capitalised, used other intellectual output	0	0	0

Schedule 100: R&D costs

R&D costs for MÁV Zrt. in 2011 totalled HUF 169 million for the following purposes:

- traffic safety (HUF 23 million),
- service quality improvement (HUF 32 million),
- environment protection (HUF 11 million),
- technological, quality control, reconstructing and business management etc. improvements necessary to retain MÁV's operations (HUF 103 million).

R&D capitalised and in progress in 2011 are presented as follows:

figures in MHUF

Item	Opening	Increase	Decrease	Closing
Gross value	9	0	0	9
Amortisation	9	0	0	9
Net value	0	0	0	0
R&D in progress*	77	5	0	82

Schedule 101: Capitalised R&D

R&D in progress at railtrack operations increased by HUF 5 million in relation to 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.

figures in MHUF

<b>Item</b>	<b>2010</b>	<b>2011</b>	<b>Change</b>
Ticket subsidy	6	5	-1
Refunded excise tax	12	12	0
Project subsidy*	360	2 196	1 836
Production subsidy (public service refunds)	23 000	21 904	-1 096
Incentive scheme for MÁV workers 2011-2013	0	497	497
Other subsidy	0	1	1
<b>Total:</b>	<b>23 378</b>	<b>24 615</b>	<b>1 237</b>

\* Note: Project subsidies are detailed in „Schedule 14: Subsidies used for capital projects ”.

Schedule 102: Subsidies recognised in the reporting year

figures in MHUF

<b>Ticket compensation per category</b>	<b>2010</b>	<b>2011</b>	<b>Change</b>
50%	3	4	1
90%	2	2	0
Pupils and students	1	1	0
<b>Total:</b>	<b>6</b>	<b>7</b>	<b>1</b>

Schedule 103: Use of ticket compensation

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

<b>Staff</b>	<b>2010</b>		<b>2011</b>	
	<b>Average statistical number of staff</b>	<b>%</b>	<b>Average statistical number of staff</b>	<b>%</b>
- blue collar	12 464.4	65.9	12 239.9	66.4
- white collar	6 464.9	34.2	6 181.5	33.6
<b>Total</b>	<b>18 929.3</b>	<b>100</b>	<b>18 421.4</b>	<b>100</b>

Schedule 104: Average number of staff

<b>Staff</b>	<b>Average pay (HUF/p/month)</b>		<b>Average pay for the category (HUF/p/month)*</b>	
	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>
- blue collar	173 733	184 119	131 481	137 456
- white collar	292 529	305 414	259 011	265 902
<b>Full-time</b>	<b>214 406</b>	<b>224 844</b>	<b>175 144</b>	<b>180 553</b>

Schedule 105: Average and category based wages and salaries

Category	2010	%	2011	%	Index 2011/2010 (%)
<b>Full-time</b>	<b>18 484</b>	<b>99.6</b>	<b>17 937</b>	<b>99.7</b>	<b>97.04</b>
blue collar	12 150	65.5	11 881	66.1	97.8
white collar	6 334	34.1	6 056	33.7	95.6
<b>Part-time</b>	<b>76</b>	<b>0.4</b>	<b>48</b>	<b>0.3</b>	<b>63.2</b>
blue collar	61	0.3	22	0.1	36.1
white collar	15	0.1	26	0.1	173.3
<b>Total employees</b>	<b>18 560</b>	<b>100</b>	<b>17 985</b>	<b>100</b>	<b>96.9</b>

Schedule 106: MÁV Zrt's closing number of staff at the end of 2011

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

figures in MHUF

Staff	2010					2011				
	Payroll	Other payments to staff	Social security	Total	%	Payroll	Other payments to staff	Social security	Total	%
Blue collar	32 916	5 928	10 143	48 987	65%	33 548	5 388	10 323	49 259	66%
White collar	17 073	3 075	5 261	25 408	34%	16 976	2 727	5 223	24 926	33%
Inactive	428	138	172	738	1%	424	126	161	711	1%
<b>Total:</b>	<b>50 417</b>	<b>9 141</b>	<b>15 575</b>	<b>75 134</b>	<b>100%</b>	<b>50 948</b>	<b>8 241</b>	<b>15 707</b>	<b>74 896</b>	<b>100%</b>

Schedule 107: Payments to personnel in 2011

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

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

figures in MHUF

Category	2010	2011	Change
Board	17	14	-3
Supervisory Board	16	21	5
<b>Total:</b>	<b>33</b>	<b>35</b>	<b>2</b>

Schedule 108: Remunerations paid in 2011

**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 2011.

**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 2011**

The cost of the annual audit is HUF 19 million. Other services provided by the auditors total HUF 6 million.

## II.6 MÁV Zrt's investments

figures in HUF

Scope of cons.	Internal code	Company	CHANGE	MÁV % a Jan 2011	MÁV % 31 Dec 2011	Founded at	Postcode	Seat	Address
TK	180	MÁV-START Zrt.	0.00%	100.00%	100.00%	11.01.2007	1087	Budapest	Könyves Kálmán körút 54-60.
TK	186	MÁV-TRAKCIÓ Zrt.	0.00%	99.99%	99.99%	10.10.2007	1087	Budapest	Könyves Kálmán körút 54-60.
TK	187	MÁV-GÉPÉSZET Zrt.	0.00%	99.90%	99.90%	12.11.2007	1087	Budapest	Könyves Kálmán körút 54-60.
TK	101	MÁV FKG KFT	0.00%	100.00%	100.00%	31.12.1993	5137	Jászkesér	Jászladányi út 10.
TK	138	MÁV INFORMATIKA Zrt.	-0.50%	100.00%	99.50%	01.11.1996	1012	Budapest	Krisztina körút 37/a.
TK	131	MÁV KÉV Kft.	0.00%	100.00%	100.00%	01.09.1996	1097	Budapest	Péceli út 2.
TK	136	MÁV IK Kft.	0.00%	100.00%	100.00%	30.12.1996	1087	Budapest	Könyves Kálmán körút 54-60.
TK	149	MÁV Vagyonkezelő Zrt.	0.00%	100.00%	100.00%	18.07.1997	1087	Budapest	Könyves Kálmán körút 54-60.
TK	190	MÁV Koncessziós Kft.	100.00%	0.00%	100.00%	13.07.2011	1087	Budapest	Könyves Kálmán körút 54-60.
TK	179	ZÁHONY-PORT Zrt.	0.00%	100.00%	100.00%	31.08.2006	4625	Záhony	Európa tér 12.
TK	102	MÁV GÉP Kft.	0.00%	100.00%	100.00%	31.12.1993	1103	Budapest	Kőér utca 2/d.
<b>Fully consolidated subsidiaries</b>									
EQL	020	MÁV VAGON Kft.	0.00%	90.00%	90.00%	30.12.1992	8000	Székesfehérvár	Takarodó utca 1.
EQL	139	MÁV VASÚTŐR Kft.	0.00%	100.00%	100.00%	30.12.1996	1097	Budapest	Fék utca 8/a.
EQL	096	MÁV KERT Kft.	0.00%	100.00%	100.00%	01.04.1993	1102	Budapest	Kolozsvári utca 39205/3 hrsz.
EQL	183	PRUDENT-INVEST Zrt. "v.a."	0.00%	50.59%	50.59%	25.07.2007	1122	Budapest	Széll Kálmán tér 15.
EQL	015	MÁV NOSZTALGIA Kft.	0.00%	57.00%	57.00%	30.12.1992	1142	Budapest	Tatai út 95.
EQL	005	MÁV TI Kft.	0.00%	100.00%	100.00%	01.07.1992	1016	Budapest	Mészáros utca 19.
<b>Equity consolidated subsidiaries</b>									
EQT	037	VAMAV Kft.	0.00%	50.00%	50.00%	26.11.1991	3200	Gyöngyös	Gyártelep utca 1.
EQT	027	Bombardier MÁV Kft.	0.00%	25.10%	25.10%	30.12.1992	2120	Dunakeszi	Állomás sétány 19.
EQT	022	MÁV VASÁRMŰ Kft.	0.00%	25.00%	25.00%	30.12.1992	9700	Szombathely	Szövő utca 85.
EQT	116	MÁV-THERMIT Kft.	0.00%	35.00%	35.00%	28.02.1995	2030	Érd	Tolmács utca 18.
EQT	038	EURO-METALL Kft.	0.00%	34.99%	34.99%	23.01.1991	1045	Budapest	Elem utca 5-7.
EQT	141	VIACOM HUNGARIA Zrt.	-30.00%	30.00%	0.00%	01.01.1997	2093	Budapest	Fűzes utca 1.
<b>Equity consolidated associates</b>									
RL	185	DÉLI PÁLYAUDVAR Zrt. "v.a."	0.00%	100.00%	100.00%	16.10.2007	1013	Budapest	Krisztina körút 37/a.
RL	182	Józsefváros Pályaudvar Kft. "v.a."	0.00%	90.00%	90.00%	14.02.2007	1087	Budapest	Könyves Kálmán körút 54-60.
RL	184	Kelenföldi Pályaudvar Kft. "v.a."	0.00%	100.00%	100.00%	16.07.2007	1013	Budapest	Krisztina körút 37/a.
RL	181	Rákospalota Pályaudvar Kft. "v.a."	0.00%	90.00%	90.00%	14.02.2007	1136	Budapest	Pannónia utca 11.
RL	134	MÁV Utasellátó Zrt. "f.a."	0.00%	100.00%	100.00%	01.12.1996	1053	Budapest	Veres Pálné utca 9.
RL	006	MÁV HÍDÉPÍTŐ Kft. "f.a."	0.00%	100.00%	100.00%	01.08.1992	1142	Budapest	Mexikói út 71.
RL	008	MÁV ÉPÍTŐ Kft. "f.a."	-100.00%	100.00%	0.00%	01.10.1992	1045	Budapest	Madridi út 9.
RL	004	MÁV FÁVÉD Kft. "f.a."	-100.00%	100.00%	0.00%	01.07.1992	1132	Budapest	Visegrádi utca 9.
RL	174	MÁV LOKOMOTÍV HOTELS Zrt. "f.a."	-90.00%	90.00%	0.00%	01.05.2004	1142	Budapest	Telek Blanka út 15-17.
<b>Subsidiaries consolidated as investments</b>									
RT	178	HUNGARAIL Egyesülés	-0.30%	5.56%	5.26%	24.03.2006	1138	Budapest	Népfürdő utca 22. B épület 9. emelet 1.
RT	165	MÁV-REC Kft.	0.00%	49.00%	49.00%	23.04.2008	1097	Budapest	Könyves Kálmán körút 16.
RT	188	MTMG Zrt.	0.00%	25.12%	25.12%	02.03.2006	1012	Budapest	Logodi utca 34/A.
RT	156	Szombathelyi Haladás Vasutas Futball Kft. "f.a."	-33.22%	33.22%	0.00%	01.10.1998	9700	Szombathely	Rohonci utca 3.
<b>Associates consolidated as investments</b>									
RE	147	Bureau Central de Clearing s.c.f.l. (BCC)	0.00%	1.36%	1.36%	28.01.1997	40-B-1060	Bruxelles	Avenue de la Porte de Hal
RE	128	Eurofima Societe Europeenne Pour Le Financement de Material Ferroviaire (Vasúti Gőrdülőanyag-finanszírozási Európai Zrt.)	0.00%	0.70%	0.70%	01.06.1992	CH4001	Basel	Rittergasse 20.
RE	120	Vasútegépészeti Nonprofit Kiemelten Közhatalmi Kft.	0.00%	14.26%	14.26%	31.07.1997	1062	Budapest	Podmaniczky utca 109.
RE	162	Bugaci Kisvasút Kft. "v.a."	0.00%	16.67%	16.67%	18.05.2001	6114	Bugac	Béke utca 10.
RE	169	HIT Rail B.V. (Informatikai Szolgáltató)	0.00%	9.52%	9.52%	26.11.2001	3511 ER	Utrecht	Laan van Puntenburg 100
RE	166	NGF Kft. "f.a."	0.00%	4.60%	4.60%	25.03.2003	1036	Budapest	Lajos u 160-162.
RE	172	Normon-Tool Kft.	0.00%	0.04%	0.04%	14.03.2002	5600	Békéscsaba	Ipari út 1.
RE	084	Resti Zrt.	0.00%	14.48%	14.48%	01.01.1994	2040	Budaörs	Szabadság út 50/A. 1. em.
RE	146	Hódiköt Rt. "f.a."	0.00%	0.20%	0.20%	14.02.1997	4024	Debrecen	Piac utca 22. 2. emelet 6.
RE	163	Út- és Pályáépítő Rt. "f.a."	0.00%	0.02%	0.02%	11.06.1991	1131	Budapest	Jász utca 156-158.

Schedule 109: MÁV Zrt's investments

figures in HUF

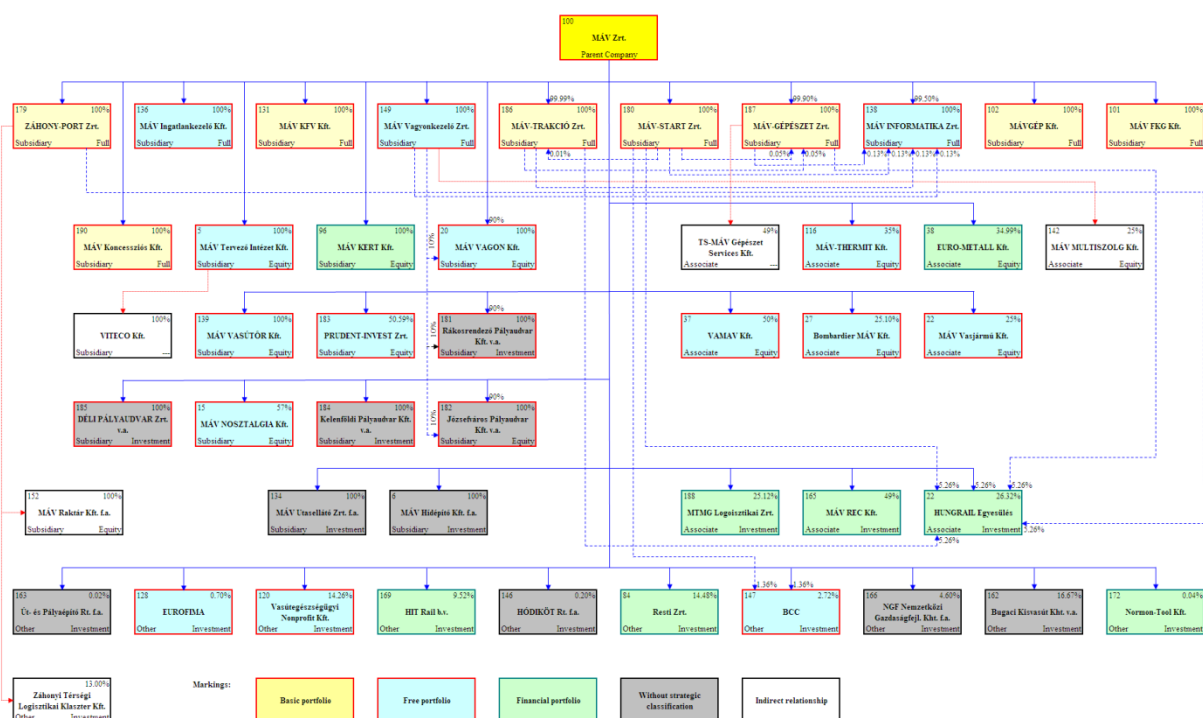
Scope of consolidation	Internal code	Company	Issued capital 31 Dec 2011	Issued capital MÁV 31 Dec 2011	After tax profit opr loss (COGNOS) expected December 2011	Equity (COGNOS) expected December 2011	Reserves (COGNOS) expected December 2011	Recorded capital (GIR) 1 Jan 2011 - 161 -	Accumulated impairment loss (GIR) 1 Jan 2011 - 169 -	Recorded value (GIR) 1 Jan 2011 - 16 -
TK	180	MAV-START Zrt.	10 000 000 000	10 000 000 000	-5 591 558 000	57 226 694 000	52 818 252 000	62 320 000 000	0	62 320 000 000
TK	186	MAV-TRAKCIÓ Zrt.	29 814 674 000	29 812 674 000	391 762 000	41 452 952 000	11 246 516 000	40 312 111 000	0	40 312 111 000
TK	187	MAV-GÉPÉSZET Zrt.	3 932 840 000	3 928 840 000	11 153 000	11 006 350 000	7 062 357 000	10 610 464 000	0	10 610 464 000
TK	101	MAV FKG Kft.	1 504 760 000	1 504 760 000	1 358 650 000	2 455 378 000	-408 032 000	1 504 760 000	-687 868 000	816 892 000
TK	138	MAV INFORMATIKA Zrt.	800 000 000	796 000 000	308 320 000	1 627 245 000	518 925 000	800 000 000	0	800 000 000
TK	131	MAV KfV Kft.	569 400 000	569 400 000	379 147 000	2 103 381 000	1 154 834 000	180 400 000	0	180 400 000
TK	136	MAV Ingatlankezelő Kft.	398 960 000	398 960 000	36 570 000	825 401 000	389 871 000	398 960 000	0	398 960 000
TK	149	MAV Vagyonkezelő Zrt.	243 902 000	243 902 000	32 140 000	280 164 000	4 122 000	261 223 777	-52 846 495	208 377 282
TK	190	MAV Koncessziós Kft.	30 000 000	30 000 000				0	0	0
TK	179	ZÁHONY-PORT Zrt.	10 000 000	10 000 000	189 489 000	371 358 000	171 869 000	975 617 000	-959 303 000	16 314 000
TK	102	MAVGEP Kft.	13 000 000	13 000 000	60 120 000	146 948 000	73 828 000	3 034 510 000	-3 034 510 000	0
<b>Fully consolidated subsidiaries</b>			<b>47 317 536 000</b>	<b>47 307 536 000</b>	<b>-2 824 207 000</b>	<b>117 495 871 000</b>	<b>73 032 542 000</b>	<b>120 398 045 777</b>	<b>-4 734 527 495</b>	<b>115 663 518 282</b>
EQL	020	MAV VAGON Kft.	243 980 000	219 582 000	3 152 000	306 399 000	59 267 000	219 582 000	0	219 582 000
EQL	139	MAV VASÚTOR Kft.	214 760 000	214 760 000	1 584 000	250 844 000	34 500 000	214 760 000	0	214 760 000
EQL	096	MAV KERT Kft.	46 270 000	46 270 000	108 179 000	244 488 000	90 039 000	46 270 000	0	46 270 000
EQL	183	PRUDENT-INVEST Befektetési Alapkezelő Zrt.	5 000 000	2 529 500				22 816 090	0	22 816 090
EQL	015	MAV NOSZTALGIA Kft.	10 000 000	5 700 000	16 354 000	87 437 000	61 083 000	5 700 000	0	5 700 000
EQL	005	MAV Tervező Intézet Kft.	80 000 000	80 000 000	2 173 000	220 225 000	138 052 000	80 000 000	-80 000 000	0
<b>Equity consolidated subsidiaries</b>			<b>600 010 000</b>	<b>568 841 500</b>	<b>131 442 000</b>	<b>1 109 393 000</b>	<b>382 941 000</b>	<b>589 128 090</b>	<b>-80 000 000</b>	<b>509 128 090</b>
EQT	037	VAMAV Kft.	1 400 000 000	700 000 000				480 000 000	0	480 000 000
EQT	027	Bombardier MÁV Kft.	772 000 000	193 750 000				193 770 000	0	193 770 000
EQT	022	MAV VASJÁRMŰ Kft.	631 990 000	158 000 000				158 000 000	-22 463 000	135 537 000
EQT	116	MAV-THERMIT Kft.	138 000 000	48 300 000				48 300 000	0	48 300 000
EQT	038	EURO-METALL Kft.	50 590 000	17 700 000				17 700 000	0	17 700 000
EQT	141	VIACOM HUNGARIA Zrt.	30 000 000	0				30 000 000	0	30 000 000
<b>Equity consolidated associates</b>			<b>2 992 580 000</b>	<b>1 117 750 000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>927 770 000</b>	<b>-22 463 000</b>	<b>905 307 000</b>
RL	185	DÉLI PÁLYAUDVAR Zrt. v.a.	6 000 000	6 000 000				60 000 000	-60 000 000	0
RL	182	Józsefváros Pályaudvar Kft. v.a.	1 000 000	900 000				23 400 000	-23 400 000	0
RL	184	Kelenföldi Pályaudvar Kft. v.a.	1 000 000	1 000 000				26 500 000	-26 500 000	0
RL	181	Rákospuszta Pályaudvar Kft. v.a.	2 000 000	1 800 000				88 200 000	-88 200 000	0
RL	134	MAV Utasellátó Zrt. f.a.	137 000 000	137 000 000				137 000 000	-137 000 000	0
RL	006	MAV HIDEPÍTŐ Kft. f.a.	3 100 000	3 100 000				600 000 000	-600 000 000	0
RL	008	MAVÉPSZER Kft. f.a.	0	0				234 330 000	-234 330 000	0
RL	004	MAVFAVED Kft. f.a.	0	0				296 220 000	-296 220 000	0
RL	174	MAV LOKOMOTÍV HOTELS Zrt. f.a.	0	0				27 000 000	-27 000 000	0
<b>Subsidiaries consolidated as investment</b>			<b>150 100 000</b>	<b>149 800 000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1 492 650 000</b>	<b>-1 492 650 000</b>	<b>0</b>
RT	178	HUNGARAIL Magyar Vasúti Fuvarozó Egyesülés	3 800 000	200 000				200 000	0	200 000
RT	165	MAV-REC Kft.	50 000 000	24 500 000				50 500 000	0	50 500 000
RT	188	MTMG Logisztikai Zrt.	40 200 000	10 100 000				15 150 000	0	15 150 000
RT	156	Szombathelyi Haladás Vasutas Football Kft. f.a.	0	0				10 000 000	-10 000 000	0
<b>Associates consolidated as investment</b>			<b>94 000 000</b>	<b>34 800 000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>75 850 000</b>	<b>-10 000 000</b>	<b>65 850 000</b>
RE	147	Bureau Central de Clearing s.c.f.l. (BCC)	34 302 083	466 695				416 732	0	416 732
RE	128	Eurofima Societe Europeenne Pour Le Financement de Material Ferroviaire (Vasúti Gőrdülőanyag-finanszírozási Európai Zrt.)	665 366 000 000	4 657 562 000				1 761 274 099	0	1 761 274 099
RE	120	Vasútegészségügyi Szolgáltató Nonprofit Kiemelten Közhazsnú Kft.	701 020 000	100 000 000				100 000 000	0	100 000 000
RE	162	Bugaci Kisvasút Kht. v.a.	3 000 000	500 000				500 000	-500 000	0
RE	169	HIT Rail B.V. (Informatikai Szolgáltató)	423 447 930	40 328 374				60 717 046	0	60 717 046
RE	166	NGF Nemzetközi Gazdaságfejlesztési Kht. f.a.	4 350 000	200 000				200 000	-200 000	0
RE	172	Normon-Tool Kft.	363 000 000	132 200				132 200	0	132 200
RE	084	Resti Zrt.	104 112 000	15 077 000				15 077 000	0	15 077 000
RE	146	Hódiköt Rt. f.a.	284 000 000	568 000				605 000	-605 000	0
RE	163	Út- és Pályáépítő Rt. f.a.	2 000 000 000	336 000				336 000	-336 000	0
<b>Other investments consolidated as investment</b>			<b>669 283 232 013</b>	<b>4 815 170 269</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1 939 258 077</b>	<b>-1 641 000</b>	<b>1 937 617 077</b>
			<b>720 437 458 013</b>	<b>53 993 897 769</b>	<b>-2 692 765 000</b>	<b>118 605 264 000</b>	<b>73 415 483 000</b>	<b>125 422 701 944</b>	<b>-6 341 281 495</b>	<b>119 081 420 449</b>

## Schedule 110: MÁV Zrt's investments II

figures in HUF

Scope of consolidation	Internal code	Company	Capital increase, contribution 2011 - 16115 -	Change due to VIACOM Zrt's transformation - 16115 - - 16124 -	Sold 2011 - 16122 -	Written off due to liquidation 2011. - 16124 -	FX gain/loss 31 Dec 2011- 16113 - - 16123 -	Recorded capital 31 Dec 2011- 161 -	Impairment loss written off due to liquidation 2011 - 1695 -	Accumulated impairment loss 31 Dec 2011 - 169 -	Recorded value 31 Dec 2011 - 16 -
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	138	MÁV INFORMATIKA Zrt.			-4 000 000			796 000 000		0	796 000 000
TK	131	MÁV KfV Kft.	389 000 000					569 400 000		0	569 400 000
TK	136	MÁV Ingatlankezelő Kft.						398 960 000		0	398 960 000
TK	149	MÁV Vagyonkezelő Zrt.						261 223 777		-52 846 495	208 377 282
TK	190	MÁV Koncessziós Kft.		30 000 000				30 000 000		0	30 000 000
TK	179	ZAHONY-PORT Zrt.						975 617 000		-959 303 000	16 314 000
TK	102	MÁVGÉP Kft.						3 034 510 000		-3 034 510 000	0
<b>Fully consolidated subsidiaries</b>			<b>389 000 000</b>	<b>30 000 000</b>	<b>-4 000 000</b>	<b>0</b>	<b>0</b>	<b>120 813 045 777</b>	<b>0</b>	<b>-4 734 527 495</b>	<b>116 078 518 282</b>
EQL	020	MÁV VAGON Kft.						219 582 000		0	219 582 000
EQL	139	MÁV VASÚTOR Kft.						214 760 000		0	214 760 000
EQL	096	MÁV KERT Kft.						46 270 000		0	46 270 000
EQL	183	PRUDENT-INVEST Befektetési Alapkezelő Zrt.						22 816 090		0	22 816 090
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
<b>Equity consolidated subsidiaries</b>			<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>589 128 090</b>	<b>0</b>	<b>-80 000 000</b>	<b>509 128 090</b>
EQT	037	VIAMAV Kft.						480 000 000		0	480 000 000
EQT	027	Bombardier MÁV Kft.						193 770 000		0	193 770 000
EQT	022	MÁV VASJÁRMŰ Kft.						158 000 000		-22 463 000	135 537 000
EQT	116	MÁV-THERMIT Kft.						48 300 000		0	48 300 000
EQT	038	EURO-METALL Kft.						17 700 000		0	17 700 000
EQT	141	VIACOM HUNGARIA Zrt.		-30 000 000				0		0	0
<b>Equity consolidated associates</b>			<b>0</b>	<b>-30 000 000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>897 770 000</b>	<b>0</b>	<b>-22 463 000</b>	<b>875 307 000</b>
RL	185	DELI PÁLYAUDVAR Zrt. v.a.						60 000 000		-60 000 000	0
RL	182	Józsefváros Pályaudvar Kft. v.a.						23 400 000		-23 400 000	0
RL	184	Kelenföldi Pályaudvar Kft. v.a.						26 500 000		-26 500 000	0
RL	181	Rákospuszta Pályaudvar Kft. v.a.						88 200 000		-88 200 000	0
RL	134	MÁV Utasellátó Zrt. f.a.						137 000 000		-137 000 000	0
RL	006	MÁV HÍDÉPÍTŐ Kft. f.a.						600 000 000		-600 000 000	0
RL	008	MÁVÉPSZER Kft. f.a.				-234 330 000		0	234 330 000	0	0
RL	004	MÁVFAVÉD Kft. f.a.				-296 220 000		0	296 220 000	0	0
RL	174	MÁV LOKOMOTIV HOTELS Zrt. f.a.				-27 000 000		0	27 000 000	0	0
<b>Equity consolidated subsidiaries</b>			<b>0</b>	<b>0</b>	<b>0</b>	<b>-557 550 000</b>	<b>0</b>	<b>935 100 000</b>	<b>557 550 000</b>	<b>-935 100 000</b>	<b>0</b>
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		0	10 000 000	0	0
<b>Associates consolidated as investment</b>			<b>0</b>	<b>0</b>	<b>0</b>	<b>-10 000 000</b>	<b>0</b>	<b>65 850 000</b>	<b>10 000 000</b>	<b>0</b>	<b>65 850 000</b>
RE	147	Bureau Central de Clearing s.c.f.l. (BCC)					48 408	465 140		0	465 140
RE	128	Eurofima Societe Europeenne Pour Le Financement de Material Ferroviaire (Vasúti Gördülőanyag-finanszírozási Európai Zrt.)					262 830 691	2 024 104 790		0	2 024 104 790
RE	120	Vasútegészsegügyi Szolgáltató Nonprofit Kiemelten Közhatalmú Kft.						100 000 000		0	100 000 000
RE	162	Bugaci Kisvasút Kht. v.a.						500 000		-500 000	0
RE	169	HIT Rail B.V. (Informatikai Szolgáltató)					7 052 979	67 770 025		0	67 770 025
RE	166	NGF Nemzetközi Gazdaságfejlesztési Kht. f.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 Rt. f.a.						605 000		-605 000	0
RE	163	Út- és Pályaépítő Rt. f.a.						336 000		-336 000	0
<b>Other investments consolidated as investment</b>			<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>269 932 078</b>	<b>2 209 190 155</b>	<b>0</b>	<b>-1 641 000</b>	<b>2 207 549 155</b>
			<b>389 000 000</b>	<b>0</b>	<b>-4 000 000</b>	<b>-567 550 000</b>	<b>269 932 078</b>	<b>125 510 084 022</b>	<b>567 550 000</b>	<b>-5 773 731 495</b>	<b>119 736 352 527</b>

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, every transaction over HUF 100 million and conducted on an arm's length basis is 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 267 million, whereas it would be HUF 328 million on an arm's length basis.

## II.8 MÁV Zrt's shares

At 31 December 2011, the Company's share capital comprised three subscribed ordinary shares: one of HUF 20,000 million, one of HUF 250 million at face value and one of HUF 750 million at face value. The shares are non-convertible and non-transferable.

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



The Company's shares were dematerialised on 30 January 2012. Currently, the Company's share capital is HUF 21,000 million, consisting of dematerialised subscribed ordinary shares of HUF 10,000 face value each.

According to a resolution of the founder dated 27 January 2012, MNV Zrt. increased MÁV Zrt's share capital through share premium. The effects of the capital increase will be reflected in the financial statements for 2012: accordingly, the share capital will increase by HUF 36.59 million and HUF 3,622.41 million will be recognised in the capital reserve.

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
<b>Pre-tax profit</b>			<b>12 898</b>
Adjustment due to provisions	10 719	4 868	5 851
Adjustments due to depreciation	37 789	47 963	-10 174
Dividends received		1 577	-1 577
Apprentices		96	-96
Costs and expenses incurred beyond the company's revenue generating operations	835		835
Penalties and fines	32		32
Impairment loss of debtors / reversed	708	829	-121
Forgiven debt	40	0	40
Expenses/revenues identified by tax audit or self-correction	93	216	-123
Research and development			0
Adjustment due to transfer price other than the arm's length price	61	0	61
<b>Adjusting items, total</b>	<b>50 277</b>	<b>55 549</b>	<b>-5 272</b>
<b>Losses carried forward</b>		<b>7 626</b>	<b>-7 626</b>
<b>Tax base</b>			<b>0</b>

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 profit:

- the balance of provisions made and released increase the tax base;
- if the depreciation calculated in accordance with the corporate tax act significantly exceeds the depreciation recognised based on the accounting law;
- tax base increasing items include costs incurred outside the normal course of business such as lapsed receivables, entertainment and business gift costs, as well as donations and free of charge services to foundations, alliances and sport clubs;

- the balance of impairment loss on debtors recognised and reversed reduce the tax base;
- the tax base is also reduced by the balance of revenues, costs and expenses recognised in previous years as immaterial errors;
- of the available HUF 279 billion carried forward loss, we use an amount that sets off any positive tax base that may remain after considering the above tax base adjusting items.

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 2011.

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