



INDEPENDENT AUDITOR'S REPORT (Free translation)

To the Founder of MÁV Magyar Államvasutak Zrt.

Report on the financial statements

We have audited the accompanying financial statements of MÁV Magyar Államvasutak Zrt. ("the Company") which comprise the balance sheet as of 31 December 2014 (in which the balance sheet total is HUF 1,095,271 million, the profit per balance sheet is HUF 61,542 million, the related profit and loss account for the year then ended, and the notes to the financial statements including a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Accounting Act 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.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of MÁV Magyar Államvasutak Zrt.. as of 31 December 2014, and of the results of its operations for the year then ended in accordance with the provisions of the Accounting Act.

PricewaterhouseCoopers Könyvvizsgáló Kft., 1055 Budapest, Bajcsy-Zsilinszky út 78.
T: (+36) 1 461 9100, F: (+36) 1 461 9101, www.pwc.hu

Emphasis of matter

We draw attention to the following matters in connection with the financial statements of the Company:

- 1) We draw attention to note I.6.2 which states that the financing of the Company's operations, the repayment of its loans, and the return on its assets depend on whether the owner provides the financial resources for the operation in time and whether resources from the state budget are available to the extent necessary.
- 2) We draw attention to note I.6.2 which states that, in 2011, the Hungarian government and MÁV Zrt. signed a railtrack operation agreement to ensure the funding of the railtrack operation for the period between 2011 and 2015. The Company received a cost compensation amounting to HUF 21.05 billion in 2011, HUF 66.941 billion in 2012, HUF 65.62 billion in 2013 and HUF 66.83 billion in 2014. The reimbursement for 2013 and 2014 has not been settled with the Ministry for National Development, and the amounts might change.
- 3) We draw attention to note I.7.5.4.2 which states that, as a result of the amendment of Act CVI of 2007 on State Property as of 28 June 2013 and of the amendment of the Asset Management Agreement, as from this date, cost compensations are divided into the categories of compensation for operational costs to be accounted in profit/loss and compensation for renovation costs providing funds for capital expenditures on state owned assets. As a result, the railtrack operation agreement between MÁV Zrt. and the Ministry for National Development was amended in 2014. From the compensation available, the compensation used to cover losses amounted to HUF 34,449 million in 2014 (46,761 million in 2013), compensation for renovations amounted to HUF 23,790 million (19,827 million in 2013). The difference of HUF 8,986 million between the compensation available in the state budget and the compensation actually used is presented in the books as a liability to the state (HUF 395 million liability at 31 December 2013).
- 4) We draw attention to note I.6.3 which states that on 1 July 2007 the Company transferred the implementation of capital projects related to state owned assets and financed from government and EU funds to Nemzeti Infrastruktúra Fejlesztő Zrt. ("NIF Zrt"). NIF Zrt. handed over part of the capital projects it implemented after 1 July 2007 to MÁV Zrt, and MÁV Zrt. started using these assets without a legal and financial handover until 2013.

In connection with capital projects without a legal and financial handover the Company made provisions for unaccounted depreciation in the amount of depreciation for the period between 2007 and 27 June 2013. Pursuant to the amendment of Act CVI of 2007 on State Property ("State Property Act") and based on note I.6.3, MÁV Zrt. did not make any provisions after 27 June 2013 for the depreciation of capital projects that have been technically handed over and commissioned but have not been handed over legally and financially.

From the capital projects that were technically handed over by NIF Zrt. and used by the Company, 23 projects were legally and financially handed over and transferred for asset management through MNV Zrt. to MÁV Zrt. during 2013 in the amount of HUF 151.3 billion, and 9 projects in the amount of HUF 217.2 billion during 2014.

The estimated gross value of assets technically supplied and installed during 2014, but not yet taken over from a legal and financial perspective from NIF Zrt. and therefore not shown in the Company's books as at 31 December 2014 was HUF 51,476 million (HUF 109,854 million at 31 December 2013). The provision made for the estimated accumulated depreciation of these assets was HUF 0 million at 31 December 2014 (HUF 3,686 million at 31 December 2013).



- 5) We draw attention to note I.6.5 which states that the ownership status of certain properties is still unresolved between the Company and its Founder. The settlement's potential effect on the assets is at present unclear, and will be subject to future agreements between the Company and its Founder. Under the amendment of Act CVI of 2007 on State Property as of 28 June 2013, the settlement of the ownership status of the real property cannot result in a loss of capital for the Company.

Our opinion has not been qualified in respect of matters presented in points 1)-5).

Other reporting requirements regarding the business report

We have examined the accompanying business report of MÁV Magyar Államvasutak Zrt. ("the Company") for the financial year of 2014.

Management is responsible for the preparation and fair presentation of the business report in accordance with the provision of the Accounting Act. Our responsibility is to assess whether or not the accounting information disclosed in the business report is consistent with that contained in the financial statements. Our work in respect of the business report was limited to checking it within the aforementioned scope and did not include a review of any information other than that drawn from the audited accounting records of the Company. In our opinion the 2014 business report is consistent with the disclosures in the financial statements as of 31 December 2014.

Budapest, 30 April, 2015

Éva Barsi
Partner, Statutory auditor
Licence number:002945
PricewaterhouseCoopers Könyvvizsgáló Kft.
1055 Budapest, Bajcsy-Zsilinszky út 78.
License Number: 001464

Translation note:

Our report has been prepared in Hungarian and in English. In all matters of interpretation of information, views or opinions, the Hungarian version of our report takes precedence over the English version. The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in jurisdictions other than Hungary.

10856417-5221-114-01

Statistical code

01-10-042272

Registration number

MÁV HUNGARIAN STATE RAILWAYS

Private Company by Shares

1087 Budapest, Könyves Kálmán Krt 54-60.

Balance sheet and profit & loss account

31 December 2014

This is a translation of the Hungarian Financial Statements

Date: Budapest, 30 April 2015

Manager (representative) of the Company

Stamp

BALANCE SHEET Version "A" - Assets

31 December 2014

Figures in MHUF

No.	Description	Previous year	Previous year(s) adjustments	Current year
a	b	c	d	e
1	A. Non-current assets	815 273	0	1 009 923
2	I. INTANGIBLE ASSETS	1 766	0	1 895
3	Capitalised foundation/restructuring	0	0	0
4	Capitalised value of research and development	37	0	37
5	Concessions, licenses and similar rights	1 316	0	1 043
6	Trade-marks, patents and similar assets	413	0	815
6/b	of which: Managed state owned trade marks, patents and similar assets	0	0	0
7	Goodwill	0	0	0
8	Advance payments for intangible assets	0	0	0
9	Adjusted value of intangible assets	0	0	0
10	II. TANGIBLE ASSETS	690 080	0	884 238
11	Land and buildings and related property rights	512 794	0	685 817
11/b	of which: Managed state owned properties and related rights	419 560	0	628 736
12	Plant, machinery, equipment and vehicles	161 500	0	177 508
12/b	of which: Managed state owned technical equipment, machinery and vehicles	56 943	0	77 600
13	Other equipment, fixtures and fittings, vehicles	42	0	21
14	Breeding stock	0	0	0
15	Assets in the course of construction	15 077	0	19 691
15/b	of which: Managed state owned capital projects	12 575	0	11 511
16	Advance payments for AICC	667	0	1 201
17	Adjusted value of tangible assets	0	0	0
18	III. LONG-TERM FINANCIAL ASSETS	123 427	0	123 790
19	Long-term participation in related parties	121 234	0	121 468
20	Long-term loans granted to related parties	0	0	0
21	Other long-term investments	2 080	0	2 240
22	Long-term loans granted to other investments	0	0	0
23	Other long-term loans granted	113	0	82
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, 30 April 2015

Manager (representative) of the Company

Stamp

BALANCE SHEET Version "A" - Assets

31 December 2014

Data in HUF million

No.	Description	Previous year	Previous year(s) adjustments	Current year
a	b	c	d	e
27	B. Current assets	57 333	0	50 184
28	I. INVENTORIES	7 676	0	8 268
29	Raw materials and consumables	7 578	0	8 062
29/b	of which: Managed state owned raw material and consumables	1 638	0	1 917
30	Work in progress and semi-finished products	3	0	8
30/b	of which: Managed state owned work in progress and semi-finished products	0	0	0
31	Young, fattened and other livestock	0	0	0
32	Finished products	57	0	128
32/b	of which: Managed state owned finished products	1	0	18
33	Goods	38	0	70
34	Advance payments for inventories	0	0	0
35	II. RECEIVABLES	25 082	0	17 686
36	Trade debtors	4 186	0	3 703
37	Receivables from related parties	15 122	0	10 434
38	Receivables from other investments	6	0	9
39	Bills of exchange receivables	0	0	0
40	Other receivables	5 768	0	3 540
40/b	of which: Managed state owned other receivables	69	0	152
41	Gain/loss on the valuation of receivables	0	0	0
42	Gain on the valuation of derivatives	0	0	0
43	III. SECURITIES	0	0	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 on securities	0	0	0
49	IV. LIQUID ASSETS	24 575	0	24 230
50	Cash, cheques	5	0	8
51	Bank deposits	24 570	0	24 222
52	C. Prepaid expenses & accrued income	10 737	0	35 164
53	Accrued income	2 112	0	20 682
54	Prepaid expenses	314	0	4 318
55	Deffered expenses	8 311	0	10 164
56	Total assets	883 343	0	1 095 271

Date: Budapest, 30 April 2015

Manager (representative) of the Company

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BALANCE SHEET Version "A" - Equity and liabilities

31 December 2014

Data in HUF million

No.	Description	Previous year	Previous year(s) adjustments	Current year
a	b	c	d	e
57	D. Equity	96 523	0	127 461
58	I. SHARE CAPITAL	22 000	0	22 000
59	of which: treasury shares redeemed at face value	0	0	0
60	II. SUBSCRIBED, BUT UNPAID CAPITAL (-)	0	0	0
61	III. CAPITAL RESERVE	146 813	0	119 826
62	IV. RETAINED LOSSES	-81 230	0	-81 217
63	V. ALLOCATED RESERVES	8 541	0	5 310
64	VI. REVALUATION RESERVE	0	0	0
65	Valuation reserve for adjustments	0	0	0
66	Valuation reserve for mark to fair value	0	0	0
67	VII. PROFIT / LOSS FOR THE YEAR	399	0	61 542
68	E. Provisions	33 588	0	29 897
69	Provisions for contingent liabilities	22 579	0	21 633
70	Provisions for future expenses	7 585	0	3 373
71	Other provisions	3 424	0	4 891
72	F. Liabilities	726 662	0	907 953
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	613 853	0	813 470
78	Long-term borrowings	2 151	0	1 212
79	Convertible bonds	0	0	0
80	Debts from the issue of bonds	10 000	0	0
81	Investment and development loans	66 937	0	56 239
82	Other long-term loans	21 718	0	8 832
83	Long-term debts to related parties	0	0	0
84	Long-term debts to other investments	0	0	0
85	Other long-term liabilities	513 047	0	747 187
85/b	of which: Liabilities related to managed state owned assets	512 528	0	746 853

Date: Budapest, 30 April 2015

Manager (representative) of the Company

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BALANCE SHEET Version "A" - Equity and liabilities

31 December 2014

Data in HUF million

No.	Description	Previous year	Previous year(s) adjustments	Current year
a	b	c	d	e
86	III. SHORT-TERM LIABILITIES	112 809	0	94 483
87	Short-term borrowings	35 939	0	10 939
88	of which: Convertible bonds	0	0	0
89	Other short-term loans	25 884	0	27 382
90	Prepayments received from debtors	51	0	71
91	Creditors	18 389	0	19 581
92	Bills of exchange payable	0	0	0
93	Short-term debts to related parties	25 026	0	19 969
94	Short-term debts to other investments	5	0	33
95	Other short term liabilities	7 515	0	16 508
95/b	of which: Liabilities related to managed state owned assets	386	0	134
96	Gain/loss on the valuation of liabilities	0	0	0
97	Losses on the valuation of derivatives	0	0	0
98	G. Accrued expenses and deferred income	26 570	0	29 960
99	Deferred income	10 580	0	10 508
100	Accrued expenses	1 187	0	2 976
101	Deferred extraordinary revenues and negative goodwill	14 803	0	16 476
102	Total equity & liabilities	883 343	0	1 095 271

Date: Budapest, 30 April 2015

Stamp

Manager (representative) of the Company

PROFIT AND LOSS ACCOUNT Version "A" (total-cost method)

31 December 2014

Data in HUF million

No.	Description	Previous year	Previous year(s) adjustments	Current year
a	b	c	d	e
1	Net domestic sales revenues	160 640	0	157 280
2	Net export sales revenues	2 360	0	2 038
I.	Net sales (01+02)	163 000	0	159 318
3	Movement in self produced inventories	-17	0	76
4	Capitalised value of self produced assets	4 276	0	3 910
II.	Capitalised value of own performance (±03+04)	4 259	0	3 986
III.	Other revenue	79 413	0	53 822
	of which: impairment loss reversed	313	0	64
5	Material costs	14 572	0	13 870
6	Material type services utilised	47 821	0	47 190
7	Other services	1 393	0	1 419
8	Cost of goods sold	45 922	0	41 344
9	Cost of (consignment) services	1 903	0	1 689
IV.	Material-type expenditures (05+06+07+08+09)	111 611	0	105 512
10	Payroll cost	50 203	0	47 995
11	Other payments to personnel	7 555	0	7 295
12	Social security and other contributions	15 813	0	15 128
V.	Payments to personnel (10+11+12)	73 571	0	70 418
VI.	Depreciation charge	33 038	0	41 818
VII.	Other expenses	41 781	0	34 178
	Of which: impairment loss	30 237	0	18 653
A.	OPERATING PROFIT/LOSS (I±II±III-IV-V-VI-VII)	-13 329	0	-34 800

Date: Budapest, 30 April 2015

Manager (representative) of the Company

Stamp

PROFIT AND LOSS ACCOUNT Version "A" (total-cost method)

31 December 2014

Data in HUF million

No.	Description	Previous year	Previous year(s) adjustments	Current year
a	b	c	d	e
13	Dividends (due) received	1 266	0	22 401
	13. of which: from related parties	1 263	0	22 398
14	Foreign exchange gain on disposal of investments	0	0	17
	14. of which: from related parties	0	0	0
15	Interest and gains on long-term financial investments	0	0	0
	15. of which: from related parties	0	0	0
16	Other interest received (due) and similar income	940	0	389
	16. of which: from related parties	161	0	49
17	Other financial income	60	0	49
	17. of which: from related parties	0	0	0
VIII.	Financial revenues (13+14+15+16+17)	2 266	0	22 856
18	Foreign exchange loss of financial investments	0	0	0
	18. of which: towards related parties	0	0	0
19	Interest payable and similar charges	6 624	0	3 769
	19. of which: towards related parties	156	0	24
20	Impairment of shares, securities, bank deposits	-425	0	7 970
21	Other financial expenditures	1 792	0	2 238
	21. of which: valuation difference	0	0	0
IX.	Financial expenditures (18+19+20+21)	7 991	0	13 977
B.	FINANCIAL PROFIT (VIII-IX)	-5 725	0	8 879
C.	PROFIT FROM ORDINARY ACTIVITIES (±A±B)	-19 054	0	-25 921
X.	Extraordinary revenues	22 282	0	143 024
XI.	Extraordinary expenditures	2 829	0	55 561
D.	EXTRAORDINARY PROFIT (X-XI)	19 453	0	87 463
E.	PROFIT/LOSS BEFORE TAX (±C±D)	399	0	61 542
XII.	Tax liability	0	0	0
F.	PROFIT/LOSS AFTER TAX (± E-XII)	399	0	61 542
22	Dividends, profit sharing paid from retained earnings	0	0	0
23	Dividends and profit-sharings paid (approved)	0	0	0
G.	PROFIT/LOSS FOR THE YEAR (±F+22-23)	399	0	61 542

Date: Budapest, 30 April 2015

Manager (representative) of the Company

Stamp



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

**NOTES TO THE FINANCIAL
STATEMENTS FOR 2014**

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

Budapest, 30 April 2015

L.S.

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Director (representative) of the Company



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I General notes

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 (hereinafter: 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 towed vehicle 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 principles of MÁV Zrt's operations, organisation and governance structure are set out in the Articles of Incorporation. The Company's executive body is the Board of Directors; operations are directed by the Company's Chairman and CEO.

Authorised signatory of the financial statements: Ilona Dávid, domicile: 2040 Budaörs, Károly király utca 15-17. II. em. 1.

MÁV Zrt. commissioned MÁV Szolgáltató Központ Zrt. to perform the management and supervision of the accounting services and the compilation of the financial statements and of the consolidated financial statements as per Section 150 (2) of Act C of 2000 on Accounting (hereinafter: Accounting Act).

The person responsible for the management and supervision of the accounting services and compilation of the financial statements is: Andrea Kunné Porkoláb, Head of Accounting at MÁV Szolgáltató Központ Zrt., domicile: 2040 Budaörs Fém utca 5., Chamber membership number/registration number: MKVK 000819.

Based on Section 155 (2) of the Accounting Act, MÁV Zrt's annual financial statements are subject to audit. The Company's auditor is PricewaterhouseCoopers Könyvvizsgáló Kft.

The person responsible for the statutory audit is: Éva Barsi (permanent address: 1163 Budapest, Tiszakömlő utca 45.), chamber membership number: 002945)

Company name:

MÁV Magyar Államvasutak Zártkörűen Működő Részvénytársaság

In foreign languages:

English: MÁV Hungarian State Railways Private Company Limited by Shares

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

German: MÁV Ungarische Staatseisenbahnen Geschlossene Aktiengesellschaft



Abbreviated name:

MÁV Zrt.

In foreign languages:

English: MÁV Co.

French: MÁV S.A.

German: MÁV AG

The Company's registered office:

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

The Company's website:

www.mavcsoport.hu

The Company's founder:

The Company's founder is the Hungarian State.

Date of foundation: 30 June 1993

The Company's owner:

The Company's owner is the Hungarian State. Since 1 January 2014 to 31 December 2017, ownership rights is being exercised by the Ministry for National Development. Registered office: 1011 Budapest, Fő utca 44-50. Prior to 1 January 2014, the ownership rights were exercised by MNV Zrt.

Based on Section 3:109 (4) of the Civil Code, no general assembly operates at the Company, and matters that would otherwise fall to the competence of the general assembly are decided on by the Founder in writing.

The Company's share capital:

At 31 December 2014: HUF 22,000,000,000 consisting of 2,200,000 ordinary shares of HUF 10,000 face value each.

Company registration number: Cg 01-10-042272

Tax number: 10856417-2-44

Statistical code: 10856417-5221-114-01

Core activity:

52.21 Land transport support services

The Company's activities include railway network operations, railway passenger transport 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 other 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 The Company's Accounting Policy

In addition to the Accounting Act, MÁV Zrt's accounting policies also comply with the Railways Act and with joint decree 50/2007. (IV.26.) GKM-PM of the Ministry of Transport and the Ministry of Finance on the separation of the accounting records of the individual railway activities of rail 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 the effective regulations, MÁV Zrt. must prepare a set of financial statements and consolidated financial statements for each calendar year ending 31 December, including the preparation of a version "A" balance sheet as per Annex 1 of the Accounting Act and a version "A" profit and loss account as per Annex 2 of the Accounting Act. Except for the subcategories listed below, we do not apply any deleted or merged lines in the financial statements.

In respect of the various lines of the balance sheet, the following subcategories are applied:

- The line item "A/I. Intangible assets" "6. Trade-marks, patents and similar assets" is extended to include the subcategory "of which: Managed state owned trade-marks, patents and similar assets".
- The line item "A/II. Tangible assets" "1. Land and buildings and related property rights" is extended to include the subcategory "of which: Managed state owned properties and related rights".
- The line item "A/II. Tangible assets" "2. Plant, machinery, equipment and vehicles" is extended to include the subcategory "of which: Managed state owned technical equipment, machinery and vehicles".
- The line item "A/II. Tangible assets" "5. Assets in the course of construction" is extended to include the subcategory "of which: Managed state owned capital projects".
- The line item "B/I. Inventories" "1. Raw materials and consumables" is extended to include the subcategory "of which: Managed state owned raw materials and consumables".
- The line item "B/I. Inventories" "2. Work in progress and semi-finished products" is extended to include the subcategory "of which: Managed state owned work in progress and semi-finished products".
- The line item "B/I. Inventories" "4. Finished products" is extended to include the subcategory "of which: Managed state owned finished products".
- The line item "B/II. Receivables" "5. Other receivables" is extended to include the subcategory "of which: Managed state owned other receivables".
- The line item "F/II. Long-term liabilities" "8. Other long-term liabilities" is extended to include the subcategory "of which: Liabilities related to managed state owned assets".

- The line item “F/III. Short-term liabilities” “8. Other short-term liabilities” is extended to include the subcategory “of which: Liabilities related to managed state owned assets”.

The profit and loss account has been prepared on the basis of the total cost method, which does not include any added, merged or deleted lines, but the profit and loss account based on the turnover cost method is also presented in the notes (section I.8.8).

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 30 April of the year following the reporting year.

For accounting purposes, the following items are regarded as material:

- The aggregate effect of errors identified by an audit or self-correction for a financial year (separately by year) on the profit/ loss for the year or equity for that year is always considered material if it exceeds 5% of the equity of the audited/self-corrected year. Errors are always considered to be material if, in the year when disclosed by different reviews, the total of all errors (whether negative or positive) disclosed for the same financial year and the impacts thereof – increasing or decreasing the profit/loss for the year or equity – exceeds 2% of the balance sheet total of the reviewed financial year.
- In relation to **unbilled** non-current asset and inventory 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.
- **The Company regards all items accounted in connection with the capital projects managed by NIF Zrt. as material.**
- Residual value is determined only for assets with an individual acquisition cost exceeding HUF 10 million. The residual value thus determined is considered material if it exceeds 5% of the net value of the asset. In other cases, the Company considers the residual value to be zero.
- For the purposes of Section 52 (3) of the Accounting Act, the change in expenses taken into consideration when determining the annual depreciation charge is considered material if its effect on depreciation is equal to or exceeds **1%** of the gross value of the asset.
- When recognising or reversing impairment on equity **investments** and **debt securities**, the difference between the book value and the fair value is **classified as material based on individual valuation**, regardless of whether they are recognised under financial investments or current assets.
- For the impairment loss recognised on receivables outstanding at the balance sheet date and not settled until the balance sheet preparation date or the impairment loss reversed, the impairment loss or the reversal is considered significant if it affects the book value of the related receivable by at least 10%.
- Outstanding receivables from bad debtors over HUF 1 million and over one year are considered material debtors due over one year.

- For the **impairment of inventories** (and the reversal of any impairment loss), 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 they exceed HUF 1 million. With respect to fully consolidated subsidiaries, all items should be cut off at year-end. In this respect, an item is an amount under a certain title relating to a certain contracted 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 net 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 railtrack management and regional light railway passenger transport are considered material as set out in our service separation policy that constitutes a part of our accounting policies.

I.2.1 Accounting rules for state property

The provisions of Act CVI of 2007 on State Property (hereinafter: Act on State Property) were amended with effect from 28 June 2013. Based on the amended act, MÁV Zrt. is exempt from compensation liability arising from 28 June 2013. Due to the changes in legislation, the accounting policies were supplemented by the following:

Within liabilities related to state property, the Company recognises the following items separately:

- long-term liabilities financing state owned tangible assets,
- long-term liabilities financing materials from the disassembly of treasury assets, and
- compensation liability.

Special accounting rules for state owned assets:

Scrapping required due to capital projects is subject to the rules for scrapping performed for reasons attributable to MÁV Zrt. accounts ordinary and extraordinary depreciation for the state property it manages as specified in the measurement policy, accounted in relation to the compensation liability as follows:

- The ordinary depreciation for the period following 27 June 2013 and the extraordinary depreciation arising for reasons attributable to MÁV Zrt. (scrapping, shortfall, destruction) are charged to the profit/loss for the year by accounting (increasing) the compensation liability. Pursuant to Section 27 (8) and (9) of the Act on State Property, MÁV Zrt. accounts the compensation liability as forgiven liabilities. (Section 2.3.1 of the Asset Management Agreement)

- Ordinary depreciation known after 28 June 2013 but related to the period before 28 June 2013, and extraordinary depreciation arising for reasons attributable to MÁV Zrt. (scrapping, shortfall, destruction) are charged as of 28 June 2013 to the profit/loss for the year by accounting (increasing) the compensation liability.
- Extraordinary depreciation arising for reasons not attributable to MÁV Zrt. (scrapping, shortfall, destruction) is charged against the liabilities financing treasury assets; in this case, the compensation liability remains unaffected.
- For assets implemented by NIF Zrt., commissioned before 28 June 2013 and managed by MÁV Zrt. after 28 June 2013, depreciation for the period between the date of commissioning to 27 June 2013 is accounted and recorded by MÁV Zrt. as a compensation liability. (Section 2.1.6 of the Asset Management Agreement) For the period after 27 June 2013, ordinary and extraordinary depreciation is accounted as specified under point 1, i.e. the compensation liability arising from depreciation is accounted as forgiven liability.
- For the period between 28 June 2013 and 31 December 2013, capital projects implemented by MÁV Zrt., covered before 28 June 2013 by the reimbursement received based on the railtrack operation agreement as a compensation for depreciation is accounted as an item decreasing the compensation liability. (Section 2.2.2 of the Asset Management Agreement) The compensation liability may not be decreased on these grounds for the period after 1 January 2014.
MÁV Zrt. provides information to MNV Zrt. on capital projects, renovations, or development of new assets that increase the value of treasury assets.
- Materials from the disassembly of treasury assets are measured at the balance sheet date according to the measurement rules specified in the measurement policy for inventories owned by MÁV. Impairment losses are charged to MÁV Zrt.'s profit/loss for the year (against other expenses). The recognition of impairment losses result in a decrease of long-term liabilities financing materials from the disassembly of treasury assets and an increase of other short-term liabilities.
- MNV Zrt. increased the Company's share capital with share premium based on the founder's resolution no. 607/2013. (XI.29). As a result, the compensation liability arising until 27 June 2013 was derecognised against the receivables from the contribution in kind provided to MNV Zrt. (offsetting). The compensation liability arising after 28 June 2013 is recognised separately from the liabilities arising earlier.
- According to MNV Zrt.'s founder's resolution no. 607/2013. (XI.29), the amount of the compensation liability accounted as capital reserves due to the contribution in kind may be used only for asset settlement purposes. The Company keeps separate records on the use of capital reserves.

MÁV Zrt. provides information to MNV Zrt. on the carrying amount derecognised for each asset, the decrease of MÁV Zrt.'s equity and the capital not yet used for asset settlement purposes based on the founder's resolution.

MÁV Zrt. scraps and disposes of treasury tangible assets and inventories under the agreement concluded with MNV Zrt.

Expenses related to scrapping and not reimbursed by MNV Zrt. qualify as reasonable expenses for railtrack operation (demolition, storage and security expenses).

According to the agreement, MNV Zrt. is entitled to the revenues from the disposal of inventories and consideration is transferred by clients to MNV Zrt.'s bank account. The carrying amount of disposed inventories is derecognised at the date when transferred to clients against long-term liabilities financing materials from the disassembly of treasury assets. MÁV Zrt.'s books do not show any other accounting items in connection with the sales transaction.

Expenses related to disposal and not reimbursed by MNV Zrt. to MÁV Zrt. qualify as reasonable expenses for railtrack operation (valuation expenses).

Pursuant to Section 69/A. (4) of the Act on State Property, assets transferred to MÁV Zrt.'s ownership in the course of asset settlement are recognised as an increase in the capital reserve, and assets transferred to State ownership are recognised as a decrease in the capital reserve.

I.3 Additions to the accounting policy effective from 2014

Due to the introduction of electronic invoices, the concept of an accounting document has been modified as follows:

“Electronic documents may be used as accounting documents if the criteria specified in the Accounting Act are met. The conditions for the use of electronic documents as accounting documents, as well as the related authenticity and reliability requirements, may also be determined by other statutory regulations. MÁV Zrt. only accepts electronic invoices that comply with the provisions of Decree 46/2007 of the Ministry of Finance, and it issues electronic invoices in compliance with the statutory regulation referred to above. Each electronic invoice is signed electronically prior to being sent out.”

I.4 The Company's valuation methods

Non-current assets are classified, accounted and valued according to the provisions of the Accounting Act. Tangible and intangible assets are recorded at purchase or production cost in accordance with sections 47 to 51 of the Accounting Act.

The cost of tangible and intangible assets less their residual value is apportioned depending on their use over the years, in view of Section 52 (5)-(7) and Section 53 (5)-(6) of the Accounting Act, in which the asset is expected to be used. Ordinary depreciation is charged monthly based on the gross value, on a straight line basis over the expected useful life of the asset. Any residual value is determined as described earlier in this document.

Tangibles and intangibles **with an individual acquisition cost below HUF 100,000** are **immediately** expensed upon commissioning, except for properties and related property rights.

MÁV Zrt. does not use the option of recognising adjustments as provided in Section 58(5) of the Accounting Act.

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 Act.

Current assets are classified and valued in accordance with the following provisions of the Accounting Act:

- Inventories held in warehouses including any movements are carried at weighed average cost (standard cost). The standard cost used is the weighted 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 materially and permanently exceeds their fair market value known as at the time of preparation of the balance sheet, then the fair market 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 expressed in 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 1-3 years => 20 % impairment loss
 - within 3-5 years => 50 % impairment loss
 - over 5 years => 90 % impairment loss
 - did not move => 90 % impairment loss.
- The Company recognises impairment on receivables outstanding at the balance sheet date of the financial year and not settled until the date of balance sheet preparation on the basis of **the customer's and debtor's rating**, amounting to the - negative - difference between the carrying amount and the estimated recoverable amount, if this difference is permanent and its amount is material based on the individual valuation.

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 if the debtor is under liquidation, voluntary liquidation or solvency proceedings,
 - 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 that are due over 180 to 365 days and do not belong to any of the above categories and the debtor is not classified reliable.
- c) other receivables:
 - impairment loss is assessed on an individual basis upon preparation of the balance sheet.

Customers and debtors are **rated individually**, impairment is recognised for each amount of receivables in the subledger.

For impairment purposes, a debtor is classified as reliable if it has a creditor balance with MÁV and is typically classified as securely solvent. No impairment loss is recognised on receivables settled until the balance sheet preparation date.

If information or documents available upon the balance sheet preparation enable a more exact approximation of the expected recoverable value of certain receivables, any impairment loss should be recognised in view of such information and documents.

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.

Handling of foreign currency receivables before the year-end balance sheet preparation:

- The Company revalues the confirmed foreign currency amount at the Hungarian National Bank's official exchange rate valid at the balance sheet date, irrespective of the materiality of such revaluation on the profit/loss for the year.
- If receivables are impaired, impairment loss is recognised before the year-end revaluation. The impairment must be recognised at the carrying value translated at the FX rate prevailing as at the date of recognition of the impairment.
- If impairment loss is reversed, the reversed amount should be determined in FX and added to the receivable amount at the standard FX rate prior to any revaluation.

I.5 Accounting separation of the Company's railway activities

Pursuant to Section 7 of joint decree 50/2007. (IV.26.) GKM-PM of the Ministry of Transport and the Ministry of Finance on the separation of the accounting records of the individual railway activities of rail companies, MÁV Zrt. has, as a part of its accounting policy, a set of accounting separation regulations that are effective from 2015 but that, in respect of certain provisions thereof, were already applied in the course of preparing the financial statements for 2014. Principles of accounting separation of railway activities:

The following activities are separated:

- rail network operations,
- passenger transport,
- other activities.

The activities are separated 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 MÁV Zrt.'s assets and liabilities are separated based on their classification in the GL of rail network operation, regional transport, passenger transport and the central GL. When separating activities, (contracts, decisions, resolutions etc.), allocation is based on the GL unit where the transaction was launched. In all other cases, in which the transaction relates to future transactions (e.g. provisions, operational loan), it must be allocated to the GL unit which will be affected by

such future transaction. Costs, expenses and revenues are recognised in the GL based on the entities pursuing separable activities for the relevant entity and in the relevant GL account and activity line (in the case of railtrack activities based on the relevant stretch of track).

Internal settlements among MÁV Zrt's separable activities include services settled in accordance with the internal settlement policies (BTSZ) and direct internal services. Cost is recognised on the part of the separable activity which requested the other activity's service, and revenue is recognised on the part of the delivering activity. During the year, the charges applied are set out in BTSZ (in the case of open track access services, Network Statement (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 based on the cost calculation.

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 the Integrated Personnel Information System (IHIR), adjusted by the number of staff employed under the public works programme by MÁV Zrt. and its fully consolidated subsidiaries.

As part of the notes to the annual financial statements, an annual supervisory report also has to be prepared for each separated activity performed by MÁV Zrt. 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 average staff headcount, subsidies per title, revenues from related parties and related expenses for each related party and any accumulation due to internal settlements.

Major changes to the policy:

- Separation and assignment to a GL of real estate properties based on the 2014 rating
- Modification in the separation of inventories in the balance sheet
- Determination of management costs, and change in the division thereof
- Modification in the separation of liquid assets among GLs
- Separation of newly generated contribution expenses and environmental expenses

I.5.1 Separation and assignment to the GL of real estate properties based on the 2014 rating

In 2014 MÁV Zrt. completed the inventory of real estate properties owned by the Hungarian State and managed by MÁV Zrt. and the real estate properties owned by the Company less land, based on its effective Inventory Policy.

During the inventory process, real properties were rated for purposes of accounting separation as follows:

- PÜSZ – required for rail track operation,
- VÜSZ – required for railway operation,
- VÜNSZ – not required for railway operation.

During the inventory, real estate properties were clearly rated as either VÜSZ or VÜNSZ or PÜSZ (with the rating strictly referring to the status as at the time of the inventory) and were assigned to the appropriate GL based on this.

Any land area that includes at least one real property element with a PÜSZ rating, and any such real property element that is not rated as PÜSZ but is located on a rail track land area, receives a derived PÜSZ qualification.

Assets rated as PÜSZ in the inventory are presented in the Rail track GL.

In 2014 the assignment of assets to balance sheets based on rating was completed, with the following effects:

Figures in MHUF		
From	To	Amount
Centre	Rail track	17 900
Rail track	Centre	1 500

1. Table: Reclassification due to rating

The effect of the 2014 rating appears in the profit and loss account with effect from 2015.

I.5.2 Modification in the separation of inventories in the balance sheet

Due central inventory management, total inventories were earlier presented in the balance sheet in the Central GL, except for treasury inventories.

In addition to the outsourcing of inventory management activities to MÁV Szolgáltató Központ Zrt, the changes in technical inventory management in 2014 (provision of technical material to FKG) required that the issue of separation by GL be urgently resolved, given that the preparations for the settlement of central general material purchases at group level has also begun.

Inventories that can be directly assigned to rail track operation – rail track maintenance materials, TEB materials, gasoline – were transferred to the Rail track GL during the year-end closing of 31 December 2014.

In the case of inventories, each item number was classified, by type, in an accounting category, which is assigned to the appropriate GL.

Accounting category	General ledger
General materials	Centre
FLIRT, Talent spare parts	Centre
Uniforms, working and protective clothes	Centre
Special material for rail tracks (together with hauling fuel)	Rail track
TEB special materials	Rail track
Treasury inventories, total:	Rail track

2. Table: Inventory categories

The modification of the separation principles has caused the following change:

Figures in MHUF

General ledger	Balance for 2014 before settlement	Balance for 2014 after settlement	Change
Centre	6 180	649	-5 531
Rail track	2 088	7 619	5 531
Total:	8 268	8 268	0

3. Table: Effect of the modification of the separation principles

The changes concerning the separation of inventories only affected the presentation in the balance sheet. The effect of the used amounts on profit was already recorded in the appropriate GL in previous years.

I.5.3 Determination of management costs, and change in the division thereof

In line with the organisational and operational structure of 2014, three management organisational groups were established, and the total profit/loss generated by these organisational units during the business year was divided among the non-management organisational units in the following manner:

Governing organisation group	Primary division	Secondary division
Group leader organisations	-	-
Company and group leader organisations	Group headcount	Company headcount
Corporate governance organisations	Company headcount	-

4. Table: Determination of management costs

The group management and company management costs, expenses and revenues are shared in the ratio of the annual average statistical headcount of the fully consolidated subsidiaries and of MÁV Zrt. adjusted by the number of staff employed under the public works programme, and not on the basis of the previously applied average statistical headcount belonging to the Base portfolio.

The profit/loss of Group management organisations is still recorded in the Central GL.

I.5.4 Modification in the separation of liquid assets among GLs

MÁV Zrt. assigns its bank accounts to rail track operation and other activities and to regional passenger transport activities, thereby providing an opportunity for monitoring the use of government subsidies paid to Rail track operation.

Revenues are credited to, and liabilities are settled from, these bank accounts assigned to the various individual activities. Cases representing a departure from this may arise if external partners do not make payments to the appropriate account or as a result of corporate-wide operations (e.g. uniform wage payments). These differences, as well as the effects of central liquidity management, are reflected in the “Business-line settlements”.

During the compilation of the financial statements, the balance of “Business-line settlements” is adjusted by the effect of asset settlements on non-liquid assets, and the committed liquid assets are settled through the posting of a settlement entry in the general ledger.

During the 2014 year-end closing process, fixed deposits amounting to HUF 8.3 billion were settled through “Business-line settlements” in the Rail track GL.

The Central GL shows HUF 35 million receivables from Rail track less the settlements between general ledgers affecting equity.

I.5.5 Separation of newly generated contribution expenses and environmental expenses

Damage-related (employment-law) allowances from accidents involving persons

- If an employee is affected, this is accounted for in the GL of his/her employing organisation or, if a non-employee is involved, in the GL of the organisation that caused the accident.
- Central administration qualifies as other (remaining) activity affecting an organisation terminated after the outsourcing of an activity, and is accounted for in the general ledger.

The newly set-aside provisions for restoration of environmental damages are recorded in the GL of the maintenance organisation.

Costs related to environmental protection are presented in detail in Section II.1.

I.6 Important information regarding the Company's operations

I.6.1 Transformation of MÁV Zrt. and the MÁV Group

Since 1 January 2014 to 31 December 2017, the state's ownership rights over MÁV Zrt. have been exercised by the Ministry for National Development, and the ownership rights over state assets managed by MÁV Zrt. have been exercised by MNV Zrt.

In order to increase the efficiency of MÁV Group's rail network operations and passenger transport activity and to appropriately segregate the related processes, MÁV-TRAKCIÓ Zrt. and MÁV-GÉPÉSZET Zrt. merged with MÁV-START Zrt. with effect from 1 January 2014. The effect of this merger on the profit of MÁV Zrt. is MHUF 7,791, of which MHUF -50,923 came from the write-off of shares in the merging companies and MHUF +58,714 came from the increase in the value of the share in MÁV-START Zrt.

Effective from 31 October 2014, MÁV Vagyonkezelő Zrt., MÁV IK Kft. and MÁV VASÚTŐR Kft. merged with the legal successor MÁV KERT Kft., which continues its activities under the name MÁV Létesítményüzemeltető és Vasútőr Kft. The effect of this merger on the profit of MÁV Zrt. is MHUF 660, of which MHUF -2,789 came from the write-off of shares in the merging companies and MHUF +3,449 came from the increase in value of the share in MÁV Létesítményüzemeltető és Vasútőr Kft.

The effect of this transformation on the profit of MÁV Zrt. is shown in the table below:

Figures in MHUF

Name of the company:	Cancellation from the books of legal predecessor shareholdings Article 86 (6) e) of the Accounting Act	Entry of new shareholding into the register Article 86 (3) d) of the Accounting Act	Result of merger on profits
MÁV-START Zrt.	50 923	58 714	7 791
MÁV LV Kft.	2 789	3 449	660
Total:	53 712	62 163	8 451

5. Table: The effect of the transformation on the profit

The reason for the one-off, extraordinary profit and for the increase in share value is that the owner's decision on the withdrawable dividends that had accumulated at the companies that were being merged was not made by MÁV Zrt. until the close of the reporting year. The decision on dividends also affected the retained earnings of the companies, whereby in MÁV Zrt.'s books, in line with the dividend income, the value of the companies decreased by roughly the same extent as the above increase.

From 1 February 2014, training activities were outsourced from MÁV Zrt. to MÁV Szolgáltató Központ Zrt.

I.6.2 Government involvement in MÁV Zrt.'s operations

In 2011, the Hungarian government and MÁV Zrt. signed a public service contract for the rail infrastructure operations for the period between 2011 and 2015 in order to ensure the long term funding of the operation. The Company received cost compensation amounting to HUF 21.05 billion in 2011, HUF 66.941 billion in 2012, HUF 65.62 billion in 2013 and HUF 66.83 billion in 2014.

As a result of the change in Act CVI of 2007 on State Property effective 28 June 2013, and of the amendment to the railtrack operation agreement signed before the preparation of the balance sheet, since this date cost compensations have been divided into the categories of compensation for operational costs to be charged to profit and loss for the year and compensation for renovation costs, which finances capital expenditure on treasury assets and railtrack operation assets. Thus in 2014 MÁV Zrt. received compensation of HUF 42.292 billion for operational costs and compensation of HUF 24.538 billion for renovation expenses. The changes in cost compensation in the reporting year are shown in table 41.

On 10 June 2014, the bonds issued by MÁV Zrt. in 2011 under a rail track operation contract for river operation financing in the value of HUF 35 billion were assumed based on a debt assumption contract signed by the owner banks, the Government Debt Management Agency (ÁKK) representing the Hungarian State, and by MÁV Zrt. The bonds and the related accumulated interest were recognised as extraordinary profit/loss in the value of HUF 35.4 billion.

According to Chapter XVII, section 21, subsection 1, title groups 5, 6 and 8 of Act C of 2014 on Hungary's State Budget Act for 2015, HUF 72.97 billion is budgeted as compensation to cover the justified costs of rail network operations, HUF 154.4 billion is budgeted to compensate the costs of rail passenger transport services and HUF 12.072 billion is budgeted for earlier compensations of costs of rail passenger transport services. Based on Decree 5/2015 (II.9.) of the Ministry for National Development, MÁV Zrt. is entitled to claim cost compensation amounting to HUF 68.0329 billion for railtrack operations in 2015." Based on Government resolution 1081/2015.(III.3.), this amount has been increased by HUF 2.784 billion, and therefore railtrack operations may claim cost compensation of HUF 70.8169 billion in total.

According to Section 74 of the Act on the State Budget, the state may, with effect from 31 August 2014 at the latest, assume without consideration MÁV Zrt.'s debt in the principal amounts of at most EUR 3.6 million and at most HUF 12.33 billion and the related taxes and contributions, as well as its payment liabilities resulting from redemption of securities before maturity in an amount of at most HUF 10 billion, all of which occurred by the date of balance sheet preparation.

I.6.3 Capital projects taken over from NIF Zrt.

In 2007, the implementation of capital projects financed from government and EU funds was transferred to Nemzeti Infrastruktúra Fejlesztő Zrt. (National Infrastructure Development company) (NIF Zrt.). Therefore, significantly less grants for development projects are recorded in MÁV's books and capital projects are not shown in MÁV Zrt.'s books until the date of commissioning.

NIF Zrt. handed over, in technical terms, a significant portion of the capital projects it had implemented after 1 July 2007 to MÁV Zrt., and these assets MÁV Zrt. took into use, although a formal legal and financial handover did not take place prior to the 2013 business year. To present a true and fair view of the Company's actual asset and financial position for capital projects without a legal and financial handover, the Company made provisions for unaccounted depreciation in the amount of depreciation for the period between 2007 and 27 June 2013. Pursuant to the amendment of Act CVI of 2007 on State Property, MÁV Zrt. did not make any provisions after 27 June 2013 for the depreciation of capital projects that have been technically handed over and commissioned but have not been handed over legally and financially.

In 2014 the legal and financial handover of 9 projects took place in an amount of HUF 217.2 billion. The assets were accepted under the trilateral agreements between MNV Zrt., NIF Zrt. and MÁV Zrt.

For projects handed over, provisions for depreciation for the period between the date of commissioning and 27 June 2013 were released with effect from the date of handover, and alongside this, the Company recognised extraordinary depreciation for the period between the date of commissioning and the date of acceptance.

Movements in provisions for unaccounted-for depreciation are shown in the table below:

Figures in MHUF

Provisions made (+) / released (-)	Total historical cost	2007	2008	2009	2010	2011	2012	2013	2014	Balance of provisions 2014
Projects completed in 2013	151 362	41	599	1 994	6 730	6 579	6 531	-22 474	0	0
Projects completed in 2014	217 244						1 786	1 900	-3 686	0
Total:	368 606	41	599	1 994	6 730	6 579	8 317	-20 574	-3 686	0
Aggregate balance:		41	640	2 634	9 364	15 943	24 260	3 686	0	-

6. Table: Movements in provisions related to projects that were technically handed over by NIF Zrt.

I.6.4 Amendment of the Act on State Property and the related capital increase (in-kind contribution related to the compensation obligation) affecting the compensation obligation

As a result of the amendment of the Act on State Property of 2013, MNV Zrt. increased the Company's capital through a share premium based on founder's resolution no. 607/2013. (XI.29) in the amount of HUF 54,636 million, corresponding to the compensation liability as at 27 June 2013. The Company's share capital was increased by HUF 963 million, its capital reserves were increased by HUF 53,673 million. The capital increase was registered at the Court of Registration on 6 December 2013.

Based on MNV Zrt.'s founder's resolution no. 607/2013. (XI.29), the amount of the compensation liability accounted for as capital reserves due to the contribution in kind may be used only for asset settlement compensation purposes.

The amount available from the in-kind contribution for further asset settlement compensation is shown in the following table:

Figures in MHUF

Nr.	Item	Amount
A	Capital increase resulting from in-kind contribution provided as part of the compensation obligation:	54 636
1.	Asset value derecognised due to the 2013 NIF asset settlement	11 922
	Release of deferred income related to assets involved in the 2013 NIF asset settlement	-1 965
2.	Asset value derecognised due to the 2013 VÜNSZ asset settlement	5 089
	Release of deferred income related to assets involved in the 2013 VÜNSZ asset settlement	-100
3.	Asset value derecognised due to the 2014 NIF asset settlement	31 829
	Release of deferred income related to assets involved in the 2014 NIF asset settlement	-3 671
4.	Asset value derecognised due to the 2014 VÜNSZ asset settlement	2 644
	Release of deferred income related to assets involved in the 2014 VÜNSZ asset settlement	-199
5.	Modification of the compensation for the 2013 sports real property settlement (compensation obligation contribution in kind instead of compensation obligation forgiveness)	1 609
B	Asset value derecognised as asset settlement (1+2+3+4+5)	47 158
C	Amount remaining from contribution in kind to be used for further asset settlement (A-B)	7 478

7. Table: Amount available from the in-kind contribution for compensation of asset settlement as at 31 December 2014

As a result of the changes in the Act on State Property of 2013, the provisions of Act CVI of 2007 on State Property relating to asset management were amended with effect from 28 June 2013; according to the amendments, MÁV Zrt. is exempt from the compensation liability from 28 June 2013.

The value of the compensation liability as at 31 December 2014 results from the amount of the extraordinary depreciation affecting the assets taken into management by NIF Zrt. in 2013 and 2014 recognised for the period between the date of commissioning and 27 June 2013.

The accounting of the compensation liability is presented in the table below:

Figures in MHUF

Compensation liability	2013	2014
Compensation liability accounted before the amendment to the Act on State Property took effect (28 June 2013)		
Opening balance of compensation liability (A)	47 990	0
Total increase in compensation liability for the period before the amendment of the State Property Act (until 27 June 2013) (B)	11 705	0
Total decrease in compensation liability for the period before the amendment of the State Property Act (until 27 June 2013) (C)	5 059	0
Closing balance of compensation liability (27 June 2013) according to the rules in effect during the period before the amendment of the State Property Act (D=A+B-C)	54 636	0
Meeting the compensation obligation as at 27 June 2013 by means of a contribution in kind (-) (E)	-54 636	0
Compensation liability accounted from the date the amendment to the Act on State Property took effect (28 June 2013)		
Opening balance of compensation liability (E)	0	22 516
Ordinary amortisation recognised	7	-2
Extraordinary depreciation	24 592	4 557
Treasury investment, renovation from own funds (-)	27	0
Value of materials recovered from scrapping (-)	-126	0
Meeting the compensation obligation (-)	-1 984	0
Balance of compensation liability accounted after the amendment to the Act on State Property took effect, in accordance with the rules in effect before 28 June 2013 (F)	22 516	4 555
Ordinary amortisation recognised	12 744	32 733
Extraordinary depreciation	3 440	11 467
Net value of missing treasury assets	0	1 321
Net value of scrapped treasury assets on derecognition	1 258	509
Materials recovered from the scrapping of treasury assets (-)	-282	-607
Of which: Waiving the compensation obligation (-)	-17 160	-45 423
Balance of compensation liability accounted after the amendment to the Act on State Property took effect, in accordance with the rules in effect after 27 June 2013 (G)	0	0
Closing balance of compensation liability (H=D+E+F+G)	22 516	27 071

8. Table: Movements in compensation liability

I.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, in an effort to clarify the status of the Company's land holdings where there is any difference from the official land register, significant progress was made in 2014 as well.

Under the asset settlement, asset transfer and asset management agreement between NIF Zrt., MNV Zrt. and MÁV Zrt., the settlement of a significant number of real properties also took place simultaneously with the handover of the capital projects implemented by NIF Zrt. in 2014, as presented in section I.6.3. As part of this, real property owned by MÁV Zrt. in a total value of HUF 31.829 billion was transferred to state ownership, and then to MÁV Zrt. for asset management purposes.

MÁV Zrt. concluded an asset settlement agreement with MNV Zrt. for real properties that are not required for railway operations ("VÜNSZ") in the amount of HUF 2.644 billion.

Real properties were settled in accordance with Section 69/A (4) of Act CVI of 2007 on State Property, i.e. the Company accounted assets that were transferred to the state as a decrease in capital reserves.

The decrease in MÁV Zrt.'s equity in relation to asset settlement was compensated by the capital increase by MNV Zrt. in MÁV Zrt. based on founder's resolution no. 607/2013. (XI.29) (in-kind contribution due to compensation liability).

The asset settlement and its compensation is summarised for each title in the table below:

Figures in MHUF

Compensation for capital loss with in-kind contribution provided as part of the compensation obligation	
<i>Reduction of capital reserve</i>	<i>Amount of compensation</i>
Asset value derecognised due to VÜNSZ transfer	2 644
Release of deferred income due to VÜNSZ transfer	-199
Asset value derecognised due to NIF asset settlement	31 829
Release of deferred income related to assets in NIF asset settlement	-3 671
Total	30 603

9. Table: Compensation for capital loss resulting from the asset settlement

I.6.6 2014 real-estate property inventory

In 2014 MÁV Zrt. completed the inventory of real properties owned by the Hungarian State and managed by MÁV Zrt. and the real properties owned by the Company less land, based on its effective Inventory Policy.

The following was performed as part of the stock-taking:

1. Determination of the actual real property portfolio,
2. Rating of the real properties (PÜSZ, VÜSZ and VÜNSZ), thus assuring their separation for accounting purposes,
3. Linking of the assets and the related objects registered in the GIR tangible assets module to the assets and the related objects registered in the Geographic Information System,
4. Auditing of the descriptive data of the property register, making the necessary adjustments and supplementations.

The effective date of the stock-taking was 31 May 2014, and the results of the stock-taking were accounted for on 31 December 2014, the results of which are shown in the table below:

Figures in MHUF

Legal title	Asset number (number)	Value (million HUF)
Actually missing	379	285
Missing due to administrative error	860	1 068
Derecognised in total	1 239	1 353
Surplus treasury assets	1 795	786

10. Table: Presentation of the results of the real property inventory

I.6.7 Settlements related to the environmental activity of MÁV Zrt.

Under the Service Agreement between MÁV Zrt. and MÁV SZK Zrt., the Environmental unit of MÁV SZK Zrt.'s Procurement and Logistics Division reviewed, during the 2014 year-end closure procedure, the environmental obligations affecting MÁV Zrt., on which basis a non-distributable reserve in the amount of HUF 3.6 billion was transferred from the HUF 9.7 billion liability as at 31 December 2013 to capital reserves, and an amount of HUF 3.2 billion was released from the provisions of HUF 6.1 billion, due to loss of relevance or to completed work.

Figures in MHUF

Item	Opening	Growth	Decrease	Closing figure
Non-distributable reserve	3 617		3 617	0
Provisions - Railways General Ledger		5 763		5 763
Provisions - Central control and service GL	6 072	19	3 164	2 926
Total provisions	9 689	5 782	6 781	8 689

11. Table: Movements in environmental reserves in 2014

Due to the modification of MÁV Zrt.'s accounting separation policy related to railway transportation activities (Policy (12/2015. (III.27. MÁV Ért. 4.) EVIG) the environmental liabilities were settled between the Rail track GL and the Central GL in the course of the 2014 year-end close, in line with the results of the ratings (PÜSZ, VÜSZ, VÜNSZ) carried out during the real property stock-taking of 2014, as a result of which at the end of 2014 provisions in the amount of HUF 5.8 billion were recorded in the books of Rail track, partly due to the revaluation of ongoing projects and partly to the requirements regarding the recovery of any recently revealed cases of environmental pollution and damage. With this included, the provision for environmental liabilities as at 31 December 2014 was HUF 8.7 billion.

In 2015, the environmental strategy of the MÁV Group will be reviewed, as part of which a detailed environmental recovery schedule will be drawn up, taking into account the available resources, as well as the fact that the fulfilment of the environmental recovery obligations imposed on MÁV Zrt. in relation to the EU-subsidised railway capital projects implemented by NIF Zrt. may have a significant impact on the capital project schedule.

During the renewal of the rail track operation contract (for at least 5 years), and also in line with the Recast directives, environment protection and the fulfilment of the related obligations will be afforded a key role.

I.7 Notes to the Balance Sheet

The assets, equity and liabilities presented in the balance sheet were measured based on the year-end counts carried out as per the effective inventory policy and on valuation per item.

The balance sheet value of non-current assets increased by MHUF 194,650 million, representing a 23.88% increase on the previous year. This increase was the a result of a HUF 194,158 million increase in the net value of tangible assets and a HUF 363 million increase in the balance sheet value of financial investments and a HUF 129 million increase in the book value of intangible assets.

For tangible assets, the increase in the balance sheet value resulted from an increase of land and buildings and related property rights by HUF 173,023 million, technical and other equipment, machinery and vehicles by HUF 16,008 million, capital WIP and renovations by HUF 5,148 million and a decrease in the balance sheet value of advance payments on capital WIP and other equipment, fittings and vehicles by HUF 21 million.

Among the financial investments, long-term investments in related parties increased by HUF 234 million, and other long-term investments increased by HUF 160 million, whereas other long-term loans given decreased by HUF 31 million. The details are explained in the section “MÁV Zrt.’s investments”.

I.7.1 Non-current assets

I.7.1.1 Movements in intangible assets

The net value of intangible assets increased by HUF 129 million compared to the previous year. As against recognised depreciation of HUF 357 million, the value of intangible goods procured in 2014 was HUF 614 million.

The gross and net values of intangible assets are presented in the table below:

Figures in MHUF

ITEM	Capitalised value of foundation/restructuring	Capitalised value of R&D	Intangible property rights	Intellectual properties	Goodwill	Advance payments on intangible assets	Total
1. Gross value, opening	0	41	5 052	13 610	0	0	18 703
2. Additions in the reporting year (+)			139	475			614
3. Self-produced inventories (+)							0
4. Assets received free of charge (+)							0
5. Assets received (in return for receivables or ownership share) (+)							0
6. Count surplus (+)							0
7. Increase from contribution in kind (+)							0
8. Disposal (-)			-199	-130			-329
9. Transferred free of charge (-)							0
10. Scrapped (-)			-308	-553			-861
11. Missing (-)							0
12. Destroyed (-)							0
13. Provided as contribution in kind (-)							0
14. Reclassified (decrease in prepayment) (+/-)			-11	11			0
15. Gross value, closing	0	41	4 673	13 413	0	0	18 127
16. Amortisation, opening	0	4	3 736	13 197	0	0	16 937
17. Ordinary amortisation in reporting year (+)			288	69			357
18. Extraordinary amortisation (impairment) in the reporting year (+)							0
19. Reversal of extraordinary depreciation (impairment) (-)							0
20. Disposal (-)			-76	-126			-202
21. Transferred free of charge (-)							0
22. Scrapped (-)			-307	-553			-860
23. Missing (-)							0
24. Destroyed (-)							0
25. Provided as contribution in kind (-)							0
26. Reclassification (+/-)			-11	11			0
27. Amortisation, closing	0	4	3 630	12 598	0	0	16 232
28. Opening, net	0	37	1 316	413	0	0	1 766
29. Closing, net	0	37	1 043	815	0	0	1 895

12. Table: Movements in intangible assets in 2014

1.7.1.2 Changes in tangible assets

The main factors that affected the net value of tangible assets in 2014 are presented below:

Figures in MHUF

	ITEM	Real property and related rights	Technical equipment, machinery, vehicles	Other equipment, fittings, vehicles	Livestock	Capital WIP, renovations	Advances for capex	Total
1.	Gross value, opening	779 231	318 409	2 110	0	15 749	667	1 116 166
2.	Additions in the reporting year (+)					38 317	534	38 851
3.	Self-produced (+)							0
4.	Assets received free of charge (+)	99	3					102
5.	Assets received (in return for receivables or ownership share) (+)							0
6.	Count surplus (+)	914	8					922
7.	Increase from contribution in kind (+)							0
8.	Asset management of projects carried out by NIF Zrt.	193 370	22 922			952		217 244
9.	Other assets taken into management	14						14
10.	Increase due to asset settlement (+)	38 084	5					38 089
11.	Disposal (-)	-364	-1 602	-190				-2 156
12.	Transferred free of charge (-)		-67	-20				-87
13.	Scrapped (-)	-1 266	-2 479	-535				-4 280
14.	Missing (-)	-3 736	-213	-144				-4 093
15.	Destroyed (-)	-6						-6
16.	Provided as contribution in kind (-)							0
17.	Decrease due to asset settlement (-)	-54 179	-7					-54 186
18.	Relinquished asset management rights (-)	-20						-20
19.	Capitalised acquisitions (+/-)	25 667	8 713			-34 380		0
20.	Reclassified (decrease in prepayment) (+/-)	-33	34	-1				0
21.	Gross value, closing	977 775	345 726	1 220	0	20 638	1 201	1 346 560
22.	Amortisation, opening	266 437	156 909	2 068	0	672	0	426 086
23.	Ordinary amortisation in reporting year (+)	27 407	14 047	7				41 461
24.	Extraordinary amortisation (impairment) in the reporting year (+)	14 494	1 454			318		16 266
25.	Reversal of extraordinary depreciation (impairment) (-)					-43		-43
26.	Count surplus (+)	77						77
27.	Taken into management (+)							0
28.	Disposal (-)	-122	-1 515	-176				-1 813
29.	Transferred free of charge (-)		-67	-20				-87
30.	Scrapped (-)	-773	-2 413	-535				-3 721
31.	Missing (-)	-2 097	-208	-144				-2 449
32.	Destroyed (-)	-3						-3
33.	Provided as contribution in kind (-)							0
34.	Decrease due to asset settlement (-)	-13 430	-2					-13 432
35.	Relinquished asset management rights (-)	-20						-20
36.	Reclassification (+/-)	-12	13	-1				0
37.	Amortisation, closing	291 958	168 218	1 199	0	947	0	462 322
38.	Opening, net	512 794	161 500	42	0	15 077	667	690 080
39.	Closing, net	685 817	177 508	21	0	19 691	1 201	884 238

13. Table: Movements in tangible assets in 2014

The net value of tangible assets including capital expenditures and advance payments for capital projects increased by HUF 194,158 million on the previous year for the following reasons:

- increase of HUF 217,244 million (+) due to the asset management of capital projects implemented by NIF Zrt. presented in section I.6.3., as well as extraordinary depreciation of HUF 15,519 million (-),
- transfer of assets in relation to the asset settlement of VÜNSZ properties specified in section I.6.5. amounting to HUF 2,644 million gross (-),

Presentation of state owned tangible assets managed by the company:

Figures in MHUF

ITEM	Real property and related rights	Technical equipment, machinery, vehicles	Other equipment, fittings, vehicles	Livestock	Capital WIP, renovations	Total
1. Gross value, opening	657 765	127 791	0	0	12 922	798 478
2. Additions in the reporting year (+)					29 649	29 649
3. Self-produced (+)						0
4. Assets received free of charge (+)						0
5. Assets received (in return for receivables or ownership share) (+)						0
6. Count surplus (+)	707	8				715
7. Increase from contribution in kind (+)						0
8. Asset management of projects carried out by NIF Zrt.	193 370	22 922			952	217 244
9. Other assets taken into management	14					14
10. Increase due to asset settlement (+)	38 084	5				38 089
11. Disposal (-)						0
12. Transferred free of charge (-)						0
13. Scrapped (-)	-1 109	-705				-1 814
14. Missing (-)	-3 234	-1				-3 235
15. Destroyed (-)	-6					-6
16. Provided as contribution in kind (-)						0
17. Decrease due to asset settlement (-)	-6 280					-6 280
18. Relinquished asset management rights (-)	-20					-20
19. Capitalised acquisitions (+/-)	25 109	6 245			-31 354	0
20. Reclassified (decrease in prepayment) (+/-)	-29	29				0
21. Gross value, closing	904 371	156 294			12 169	1 072 834
22. Amortisation, opening	238 205	70 848			347	309 400
23. Ordinary amortisation in reporting year (+)	25 684	7 047				32 731
24. Extraordinary amortisation (impairment) in the reporting year (+)	14 280	1 433			312	16 025
25. Reversal of extraordinary depreciation (impairment) (-)					-1	-1
26. Count surplus (+)	77					77
27. Taken into management (+)						0
28. Disposal (-)						0
29. Transferred free of charge (-)						0
30. Scrapped (-)	-659	-646				-1 305
31. Missing (-)	-1 917					-1 917
32. Destroyed (-)	-3					-3
33. Provided as contribution in kind (-)						0
34. Decrease due to asset settlement (-)						0
35. Relinquished asset management rights (-)	-20					-20
36. Reclassification (+/-)	-12	12				0
37. Amortisation, closing	275 635	78 694	0	0	658	354 987
38. Opening, net	419 560	56 943	0	0	12 575	489 078
39. Closing, net	628 736	77 600	0	0	11 511	717 847

14. Table: Modification of state owned tangible assets in the reporting year

In addition to the change described under a) above, state owned assets increased by HUF 31,829 million as a result of the asset settlements detailed in section I.6.5.

The tables below present state owned tangible assets and the tangible assets that enable them to be operated.

Figures in MHUF

Treasury assets		Million HUF
Main category	Gross value	Net value
Land	22 469	22 469
Buildings	36 527	35 064
Structures	845 375	571 202
Machinery, equipment, vehicles	156 294	77 600
Construction in progress	12 169	11 511
Total	1 072 834	717 847

15. Table: State owned tangible assets

The tables below specify the assets necessary for operating state owned assets that are carried among the assets owned by MÁV Zrt. in the railtrack GL.

Figures in MHUF

Assets owned by MÁV Zrt. necessary for the operation of treasury assets		million HUF
Main category	Gross value	Net value
Intangible assets	9 346	696
Land	20	20
Buildings	37 357	30 540
Structures	16 720	9 100
Machinery, equipment, vehicles	29 980	9 753
Construction in progress	8 204	8 147
Grand total:	101 627	58 254

16. Table: Intangible and tangible assets necessary for the operation of state assets

I.7.1.3 Movements in capital expenditures

The movements in MÁV Zrt.'s capital expenditures are presented in the following table:

Figures in MHUF

Item	Ongoing investment (M HUF)	
	2013	2014
Opening	12 820	15 077
Increase in the year under review	182 416	255 561
Asset management of projects carried out by NIF Zrt. from expenses in the current year	-151 362	-216 292
Decrease due to commissioning	-28 924	-34 380
Extraordinary depreciation	-63	-318
Reversal of extraordinary depreciation	190	43
Sale	0	0
Missing	0	0
Assets received free of charge	0	0
Closing	15 077	19 691

17. Table: Capital expenditures

I.7.1.4 Impact of the settlement of depreciation in the reporting year

The ordinary and extraordinary amortisation/depreciation of intangible and tangible assets in 2014 is presented in the table below:

Figures in MHUF

Item	Total gross value	Ordinary Depreciation	Extraordinary Depreciation	Total pursuant to the Accounting Act	Depreciation Recognised pursuant to the Company Tax Law
Land	36 502		0	0	
Real estate properties (less land)	941 273	27 407	14 494	41 901	29 064
Technical machinery, equipment	345 726	14 047	1 454	15 501	29 048
Other machinery and equipment	1 220	7	0	7	0
Capital investments	20 638		275	275	
Total tangible assets:					
Advance payments on capital WIP	1 345 359	41 461	16 223	57 684	58 112
Intangible assets	18 127	357	0	357	399
Grand total:	1 363 486	41 818	16 223	58 041	58 511

18. Table: Amortisation/depreciation of tangible and intangible assets in the reporting year

Depreciation was recognised based on the straight-line method. No useful life or residual value was reassessed in relation to the recognised extraordinary depreciation.

I.7.1.5 Assets contributed/received free of charge

The effect of the 2014 net value of free-of-charge transfers on gross value is presented in the following table:

Figures in MHUF

Item	Transferred free of charge	Assets received free of charge
Intangible assets	0	0
Tangible assets	0	102
Capital investments	0	0
Total:	0	102

19. Table: Free-of-charge asset transfers

I.7.1.6 Managed treasury assets

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

The total net value of treasury assets was HUF 489,078 million at 31 December 2013 and increased to HUF 717,847 million by 31 December 2014, mostly as a result of movements during the year.

In 2014, the net value of treasury assets increased by 228,769 million, mostly due to the asset management of capital projects implemented by NIF Zrt. detailed in section I.6.3. The cost of assets taken over from NIF Zrt. is HUF 217,244 million, and on these assets the Company recognised extraordinary depreciation of HUF 15.5 million. The value of state owned assets received for management as a result of the asset settlement procedure described in section I.6.5. amounted to HUF 31,829 million.

In 2014, for treasury capital projects HUF 5,412 million was financed from the state budget and HUF 24,538 million from reimbursement for renovations from the effective date of the amendment to the State property Act. (Section I.6.2.)

The net value was significantly reduced by the ordinary depreciation of HUF 32,731 million and the extraordinary depreciation of HUF 16,024 million recognised in the reporting year.

Treasury tangible assets and their balance sheet funds are presented in the tables below.

Figures in MHUF

Item	2013	2014	Change
Land, total	17 987	22 469	4 482
Buildings, total	17 362	35 065	17 703
Structures, total	383 638	570 669	187 031
Property rights related to treasury properties	573	533	-40
Machinery, equipment and vehicles, total	56 943	77 600	20 657
Capital WIP and renovations related to treasury assets and properties	12 575	11 511	-1 064
Treasury assets, total:	489 078	717 847	228 769
Materials from the disassembly of treasury assets	1 607	1 897	290
Expected value, at year end, of materials from state-owned assets to be disassembled	31	20	-11
Self-produced treasury materials (from disassembly of assets)	1	18	17
Treasury inventories, total:	1 639	1 935	296
Treasury assets, total:	490 717	719 782	229 065
Long-term liabilities, opening at 30 September 2001, upon signing the asset management contract	275 578	275 578	0
Asset management of projects carried out by NIF Zrt.	151 362	368 606	217 244
Of which - State and EU funds	148 878	366 122	217 244
- EQUITY	1 645	1 645	0
- Other (local government) funds	299	299	0
- Funds provided by NIF	540	540	0
Assets taken into management	15 075	15 089	14
Asset settlement (revenue)	14 818	52 907	38 089
Investment, renovation from government funds (reimbursement for renovation)	18 717	42 432	23 715
of which pertaining to the previous year	0	4	4
Investment, renovation from EU funds/other budgetary resources	146 485	151 897	5 412
Acquisition from own funds	153 506	153 506	0
Improvements from borrowed capital	7 516	7 516	0
Surplus treasury assets	889	1 527	638
Net value of assets taken over from MÁV Zrt.	19	19	0
Materials from disassembly of treasury assets used to produce treasury assets	308	830	522
Settlement of funds related to previous years	211	211	0
Increases in treasury assets	508 906	794 540	285 634
Increase in materials from disassembly of treasury assets	2 205	2 970	765
Increases in treasury inventories	2 205	2 970	765
Increase in long-term liabilities, total:	511 111	797 510	286 399
Ordinary depreciation	233 855	266 586	32 731
Extraordinary depreciation	33 021	49 045	16 024
Sale	57	57	0
Scrapping	16 084	16 593	509
Missing	787	2 105	1 318
Net value of missing treasury assets (+)	0	3	3
Treasury assets transferred free of charge	1 656	1 656	0
Net value of assets contributed to MÁV Zrt.	1 819	1 819	0
Settlement of state owned land	2 690	8 970	6 280
Relinquished treasury asset management right	5 598	5 598	0
Settlement of previous year's shortage of treasury assets	-8	-8	0
Settlement of extraordinary depreciation recognised in the previous year	-155	-155	0
Decreases in treasury assets	295 404	352 269	56 865
Materials from the disassembly of treasury assets used	568	1 037	469
Decreases in treasury inventories	568	1 037	469
Decrease in long-term liabilities, total:	295 972	353 306	57 334
Funds of treasury assets, total:	490 717	719 782	229 065

20. Table: Treasury assets and their balance sheet funds

Movements in treasury assets in 2014 are described in detail in the table below:

Figures in MHUF

Changes in treasury assets	2 013	2 014	Change
Opening balance of treasury assets	353 546	490 717	137 171
Asset management of projects carried out by NIF Zrt.	151 362	217 244	65 882
Of which - State and EU funds	148 878	217 244	68 366
- EQUITY	1 645	0	-1 645
- Other (local government) funds	299	0	-299
Funds provided by NIF	540	0	-540
Investment, renovation from government funds (reimbursement for renovation)	18 717	23 711	4 994
Other assets taken into management	0	14	14
Asset settlement (revenue)	14 818	38 089	23 271
Treasury assets acquired from government subsidies	4 178	5 412	1 234
Treasury assets acquired from own funds	4 151	0	-4 151
Liquid assets received from external parties for treasury investments	0	0	0
Materials from disassembly of treasury assets used to produce treasury assets	283	522	239
Settlement of funds related to previous years	-31	4	35
Surplus treasury assets	353	638	285
Increase in tangible treasury assets, total	193 831	285 634	91 803
Increase in materials from disassembly of treasury assets	788	765	-23
Increase in treasury inventories, total	788	765	-23
Increase of treasury assets, total	194 619	286 399	91 780
Ordinary depreciation of treasury assets in the reporting year	-24 302	-32 731	-8 429
Depreciation of treasury assets in previous years	0	0	0
Extraordinary depreciation in the reporting year	-28 173	-16 024	12 149
Scrapped, destroyed	-1 320	-509	811
Missing	0	-1 321	-1 321
Settlement of state owned land	-2 561	-6 280	-3 719
Relinquished treasury asset management right	-699	0	699
Settlement of previous year's shortage of treasury assets	0	0	0
Settlement of extraordinary depreciation recognised in the previous year	0	0	0
Decrease in tangible treasury assets, total	-57 055	-56 865	190
Materials from the disassembly of treasury assets used	-393	-469	-76
Decrease in treasury inventories, total	-393	-469	-76
Decrease of treasury assets, total	-57 448	-57 334	114
Closing balance of treasury assets	490 717	719 782	229 065

21. Table: Movements in treasury assets in 2014

Subsidies for development purposes are presented in the following table:

Subsidy	Figures in MHUF		
	2013	2014	Change
Use of subsidies received for the renovation/investment of treasury assets			
Use of reimbursement for renovation related to treasury assets, funds	18 735	23 790	5 055
of which: reconstruction of treasury assets	18 706	23 701	4 995
Advances on treasury assets	10	0	-10
Preliminary financing of treasury assets	11	0	-11
Value-added activities of treasury assets	8	85	77
Reporting-year adjustment of the compensation liability for previous years	0	4	4
Refurbishment of railway bridges and steel structures (Bridge project)	3 396	4 926	1 530
KÖZOP subsidy for the implementation of "MÁV Zrt. Traffic safety projects" from the central budget (15%) – development of state assets	4	163	159
KÖZOP subsidy for "MÁV Zrt. Traffic safety projects (preparatory project)" from the central budget (15%) – development of state assets	6	1	-5
KÖZOP subsidy for the implementation of "MÁV Zrt. Station development and integrated customer service development programme at 26 locations" from the central budget (15%) - development of state-owned property (domestic part)	0	2	2
Improvement of public transport in Balatonfüred (15%)	8	12	4
Studies for the development of priority project no. 22 (TEN-T project) (50%)	42	28	-14
Use of central subsidies, total:	22 191	28 922	6 731
KÖZOP subsidy for the implementation of "MÁV Zrt. Traffic safety projects" from EU funds (85%) – development of state assets	24	925	901
KÖZOP subsidy for the implementation of "MÁV Zrt. Traffic safety projects (preparatory project)" from EU funds (85%) – development of state assets	35	4	-31
KÖZOP subsidy for the implementation of "MÁV Zrt. Station development and integrated customer service development programme at 26 locations" - development of state-owned property	0	8	8
Electrification of railway line 2 Rákospuszta-Esztergom (KÖZOP) - development of state-owned property (ERFA - 85%)	0	1	1
Renovation of right track Nagyút-Mezőkeresztes-Mezőnyárád (KÖZOP) - development of state-owned property (ERFA - 85%)	0	2	2
Improvement of public transport in Balatonfüred (85%)	45	65	20
Studies for the development of priority project no. 22 (TEN-T) (50%)	43	28	-15
Establishing P+R and B+R parking facilities in Gödöllő	36	-3	-39
Use of EU subsidies in total:	183	1 030	847
Use of subsidies received for the renovation of treasury assets in total	22 374	29 952	7 578
Use of subsidies received for the renovation/investment of assets owned by MÁV Zrt.			
Use of reimbursement for renovation of assets owned by MÁV	1 092	0	-1 092
Memorial Centre for the Child Victims of the Holocaust investment project	119	3 584	3 465
KÖZOP subsidy for the implementation of "MÁV Zrt. Station development and integrated customer service development programme at 26 locations" KÖZOP 0003 - MÁV Zrt. asset development (domestic part)	25	93	68
Asset purchases associated with public employment program		29	29
Use of central subsidies, total:	1 236	3 706	2 470
KÖZOP subsidy for the implementation of "MÁV Zrt. Station development and integrated customer service development programme at 26 locations" KÖZOP 0003 - MÁV Zrt. asset development	143	525	382
Improvement of Communal Transportation conditions in Sávár and the surrounding settlements (NYDOP progr.) - subsidy for developing MÁV Zrt. assets	0	21	21
Use of EU subsidies in total:	143	546	403
Use of subsidies received for the renovation/investment of assets owned by MÁV Zrt. in total	1 379	4 252	2 873

22. Table: Subsidies for development purposes

I.7.1.7 MÁV Zrt.'s investments

The carrying amounts of long-term investments presented in MÁV Zrt.'s balance sheet based on movements in the reporting year are set out as follows.

Figures in MHUF

Investment	2013	Growth	Decrease	2014	Index (%)
Fully consolidated	120 191	62 382	61 901	120 672	100.40
Entities treated as associated in consolidation	225	0	219	6	2.67
Associated companies	795	0	5	790	99.37
Other companies	2 103	160	23	2 240	106.51
Total:	123 314	62 542	62 148	123 708	100.32

23. Table: Book values of the MÁV Zrt.'s investments by categories

According to the Accounting Act, MÁV Zrt. included 7 of its subsidiaries in its consolidated financial statements for 2014 (each under a direct controlling influence), except for MÁV Vagon Kft. Compared to the consolidated financial statements for 2013, the number of fully consolidated entities decreased.

- The transformation by merger of MÁV-TRAKCIÓ Zrt., MÁV-GÉPÉSZET Zrt. and MÁV-START Zrt. (merger with the legal successor MÁV-START Zrt.) was registered in the company register on 1 January 2014 (HUF +58,714 million). MÁV-TRAKCIÓ Zrt. and MÁV-GÉPÉSZET Zrt. was terminated by the transformation and removed from the company register (HUF -50,923 million).
- The transformation by merger of MÁV Vagyonkezelő Zrt., MÁV IK Kft. and MÁV VASÚTŐR Kft. (merger with the legal successor MÁV KERT Kft., new name: MÁV Létesítményüzemeltető és Vasútőr Kft.) was registered in the company register on 31 October 2014 (HUF +3,449 million). MÁV Vagyonkezelő Zrt., MÁV IK Kft. and MÁV VASÚTŐR Kft. were terminated by the transformation and removed from the company register (HUF -2,789 million).
- Based on the decision of 20 March 2014 of MÁV Zrt.'s Chairman and CEO, with effect from 2014, MÁV VAGON Kft. was reclassified from the "equity circle" to a fully consolidated entity in the financial statements of MÁV Zrt. (HUF +219 million)

MÁV Zrt.'s quota of HUF 219.58 million face value representing a 90% ownership share in MÁV VAGON Kft. has been divided. The resulting quota of HUF 219.48 million face value was purchased – at face value – by MÁV-START Zrt. under a sale and purchase contract dated 11 April 2014. After the sale and purchase, MÁV Zrt. remained the owner of a quota of HUF 0.1 million face value (HUF -219 million).

MÁV Zrt. recognised impairment in the amount of HUF 7,094 million for its share in MÁV-START Zrt. and in the amount of HUF 876 million for its share in MÁV Létesítményüzemeltető és Vasútőr Kft. as a result of payment of dividends from retained earnings, which is compensated by the appreciation recognised at the time of the merger mentioned above.

Accordingly, the carrying amount of the fully consolidated subsidiaries increased by HUF 481 million in total.

The carrying amount of subsidiaries treated as associated companies in terms of consolidation decreased by HUF 219 million due to the reclassification of MÁV VAGON Kft.

MÁV Zrt. sold to Nitrokémia Zrt. the ordinary shares of MTMG Logisztikai Zrt. representing its 25.12% ownership share in the company, in a total amount of HUF 10.1 million face value. The

shares were transferred on 24 April 2014, and the quota was derecognised from our books. The carrying amount of associated companies decreased by HUF 5 million, also taking into account the previously recognised impairment.

The voluntary liquidation of MÁV Koncessziós Kft. v.a. was completed and the company was removed from the company register by an entry dated 18 March 2014 (HUF -23 million).

The liquidation of NGF Nemzetközi Gazdaságfejlesztési Közhasznú Társaság f.a. was completed and the company was removed from the company register on 12 February 2014.

The carrying amount of other companies treated as shareholdings in consolidation increased by HUF 160 million due to the price gain recognised in respect of Eurofima, BCC and HIT Rail.

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

I.7.1.8 Impairment of long-term financial assets

Figures in MHUF

Item	Impairment					
	Opening value	Adjustment to opening	Increase in the current year	Decrease in the current year	Write-back in the current year	Closing
Long-term investments in related companies	1 434	0	7 970	71	0	9 333
Long-term loans to related companies	0	0	0	0	0	0
Other long-term investments	1	0	0	1	0	0
Long-term loans given to other related parties	0	0	0	0	0	0
Other long-term loans given	811	0	25	0	54	782
Long-term debt securities	0	0	0	0	0	0
Total:	2 246	0	7 995	72	54	10 115

24. Table: Impairment loss of financial investments

MÁV Zrt. recognised impairment on long-term investments in the case of MÁV-START Zrt. and MÁV Létesítményüzemeltető és Vasútör Kft., as described in section I.7.1.7.

The impairment on long-term investments in related companies was derecognised in the value of HUF 71 million

- due to the merger of MÁV Vagyonkezelő Zrt., MÁV IK Kft. and MÁV VASÚTÖR Kft. with MÁV Létesítményüzemeltető és Vasútör Kft. (HUF 53 million),
- the sale of the ordinary shares of MTMG Zrt. to Nitrokémia Zrt. (HUF 10 million) and the completion of the voluntary liquidation of MÁV Koncessziós Kft. "v.a." (HUF 8 million).
-

The impairment recognised for other long-term investments decreased due to the completion of liquidation proceedings of NGF Kht. "f.a."

Within other long-term loans, the impairment recognised for the members' loan receivables from Grampet Debreceni Vagongyár was derecognised in the amount of HUF 33 million due to repayment of the loan.

Impairment on outstanding housing loan receivables and employee loans was reversed in the amount of HUF 21 million and a HUF 25 million impairment recognised in 2014.

I.7.2 Current assets

I.7.2.1 Movements in inventories

I.7.2.1.1 Inventories

Figures in MHUF

Inventories	Raw materials	WIP and semi-finished products	Young, fattened and other livestock	Finished products	Goods	Advance payments on inventories	Total
Opening, gross	7 591	3	-	57	38	-	7 689
Purchase	24 815				24 638		49 453
Assets received free of charge							-
Contribution in kind							-
Reclassification							-
Taken to inventories		5		814			819
Surplus	12						12
Materials from disassembled assets	611						611
Other increase							-
Total increase	25 438	5	-	814	24 638	-	50 895
Use (expensed)	6 470			224	45		6 739
Reclassification							-
Sale	18 473			519	24 560		43 552
Transferred free of charge					1		1
Contributed							-
Scrapping	4						4
Missing	13						13
Other decrease							-
Total decrease	24 960	-	-	743	24 606	-	50 309
Closing, gross	8 069	8	-	128	70	-	8 275
Impairment, opening	13	-	-	-	-	-	13
Impairment for the reporting year	7						7
Written off due to low stock levels	13						13
Reversed impairment							-
Impairment, closing	7	-	-	-	-	-	7
Opening, net	7 578	3	-	57	38	-	7 676
Closing, net	8 062	8	-	128	70	-	8 268

25. Table: Movements in inventories

Raw materials and finished goods and the resulting products include the value of materials from the scrapping of treasury assets in the amount of HUF 1,935 million.

Goods include products purchased for the purpose of resale, which mostly represents the value of any unbilled traction electricity.

I.7.2.1.2 Impairment of inventories

In 2014, MÁV Zrt. recognised impairment of HUF 7 million on its inventories, which comprise special materials required for railtrack equipment and the impairment of forms, clothes and general materials of other purposes that have otherwise depreciated in value.

I.7.2.2 Receivables

I.7.2.2.1 Reclassification of receivables and liabilities in the balance sheet

The following items have been reclassified in the balance sheet:

- From investment and development credits, instalments of HUF 14,495 million payable in 2015 and instalments of other long-term credits of HUF 12,887 million payable in 2015 were reclassified to short-term credits. HUF 939 million of long-term loans payable in 2015 and HUF 10,000 million payable in 2015 from the issue of bonds were reclassified to short-term loans. HUF 110 million of other long-term loans was reclassified to other receivables.
- An amount of HUF 2 million was reclassified from bank deposits to short-term loans.
- Short-term liabilities to the state budget in the value of HUF 306 million were reclassified from other short-term liabilities to other receivables.
- Liabilities to employees in the value of HUF 6 million were reclassified from other short-term liabilities to other receivables.
- Other receivables in the value of HUF 2 million were reclassified to other short-term liabilities, and in the value of HUF 1 million to other long-term loans given.
- An amount of HUF 2 million was reclassified from receivables from related companies to receivables from the supply of goods.
- As a result of overpayments from suppliers, HUF 24 million was reclassified from trade creditors to trade debtors, and HUF 210 million was reclassified from trade debtors to suppliers.
- Loans provided through the cash pool system to MÁV FKG Kft. in the amount of HUF 1,914 million and to MÁV Vagon Kft. in the amount of HUF 238 million were reclassified from short-term liabilities to receivables from related parties.

I.7.2.2.2 Receivables and their impairment loss

Receivables and impairment loss recognised on receivables in the reporting year (including receivables recognised as current assets and excluding loans provided recognised as financial investments) are summarised below:

Figures in MHUF

Debtor	Receivables						Impairment					Book value of receivables in 2014	Book value of receivables in 2013	Change in the book value of debtors
	Not overdue	1-90 days	91-180 days	181-365 days	over 365 days	Total	Opening	Reversed impairment	Impairment in the reporting year (862,2; 862,4)	Amount received in respect of reduced receivable (962,3; 962,5)	Closing			
Accounts receivable from supply of goods and services (trade debtors)	3 381	122	145	477	5 689	9 814	6 048	244	528	221	6 111	3 703	4 186	-483
Receivables from related companies	10 382	53	9	36	286	10 766	131	0	201	0	332	10 434	15 122	-4 688
from fully consolidated subsidiaries	10 305	41	1	1	1	10 349	1	0	0	0	1	10 348	14 491	-4 143
from NOT fully consolidated subsidiaries	7	0	0	31	281	319	130	0	176	0	306	13	538	-525
from associated companies	70	12	8	4	4	98	0	0	25	0	25	73	93	-20
Receivables from other associated companies	0	9	0	0	0	9	0	0	0	0	0	9	6	3
Bills of exchange receivable	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other receivables	3 402	31	22	30	254	3 739	187	5	26	9	199	3 540	5 768	-2 228
Total receivables:	17 165	215	176	543	6 229	24 328	6 366	249	755	230	6 642	17 686	25 082	-7 399

26. Table: Receivables and their impairment loss

Trade receivables totalling HUF 4,186 million in the previous year decreased to HUF 3,703. The decrease in outstanding receivables is mainly due to the decrease in receivables from Rail Cargo Hungaria Zrt. (HUF 561 million).

The value of receivables from related parties decreased by HUF 4,688 million compared to the previous year due to a decrease in receivables from MÁV-START Zrt. in the amount of HUF 4,108 million.

The most significant components of the decrease in other receivables was the derecognition of the HUF 1.6 billion receivables resulting from a waiver of compensation liability in 2013 due to compensation for asset settlement of sports facilities, which was settled under an agreement with MNV Zrt. to the debit of the reporting period, among extraordinary expenses. Pursuant to the agreement, the capital loss was not compensated from a waiver of compensation liability but from an in-kind contribution due to compensation liability.

Receivables over 365 days increased by HUF 284 million compared to the base period, while total receivables decreased by some HUF 7 billion.

In 2014 HUF 755 million impairment was recognised for open receivables.

I.7.2.2.3 Receivables in foreign exchange by currency

By currency	Receivable in foreign exchange	Exchange rate (foreign currency/HUF)	Receivable in MHUF	Year-end exchange gain or loss (in MHUF)
EUR	176 052.57	314.89	55.44	2.16
CHF	3 516.57	261.85	0.92	-0.19
Total:			56.36	1.98

27. Table: Receivables in foreign exchange

I.7.2.2.4 Receivables from related companies

Figures in MHUF

Item	Parent	Fully consolidated	Equity consolidated	Associates	Total
Advance payments on intangible assets	0	0	0	0	0
Advance payments on capital WIP	0	300	0	0	300
Long-term loans to related companies	0	0	0	0	0
Advance payments on inventories	0	0	0	0	0
Receivables from related companies	0	10 348	85	1	10 434
Total:	0	10 648	85	1	10 734

28. Table: Receivables from related companies

I.7.2.3 Prepaid expenses/accrued income

Accrued income increased by HUF 24,946 million compared to the previous year.

Prepaid expenses and accrued income at the balance sheet date:

Figures in MHUF

Legal title	Over 1 year	2013 Within 1 year	Total	Over 1 year	2014 Within 1 year	Total
Accrued income from completed but not invoiced services	0	1 593	1 593	0	1 088	1 088
Accrued cash pool interest (internal and external)	0	11	11	0	4	4
Accrued bank interest for the reporting period	0	22	22	0	13	13
Accrued late payment interest and penalties	0	209	209	0	21	21
Accrued dividend due	0	217	217	0	19 478	19 478
Accrued income booked for the upcoming period (based on GIR list)	0	0	0	0	20	20
Other revenues	0	60	60	0	58	58
Accrued income	0	2 112	2 112	0	20 682	20 682
Expenses, other	0	164	164	0	159	159
Dismissal wage and severance pay	0	68	68	0	39	39
Prepaid unbilled expenses (credit)	0	82	82	0	4 120	4 120
Prepaid expenses	0	314	314	0	4 318	4 318
Unrealised FX loss on EUR 45352822.58 loan	570	0	570	512	0	512
Unrealised FX loss on EUR 144.6 million loan	3 615	0	3 615	4 284	0	4 284
Deferred unrealised FX loss on Eurofima contract 13/a. (Nr. 2649)	708	0	708	963	0	963
Deferred unrealised FX loss on EUR 60 million EIB development loan	305	0	305	164	0	164
Deferred unrealised FX loss on EUR 141.6 million development loan	3 113	0	3 113	4 241	0	4 241
Deferred expenses	8 311	0	8 311	10 164	0	10 164
Total:	8 311	2 426	10 737	10 164	25 000	35 164

29. Table: Prepaid expenses/accrued income

Accrued income increased by HUF 18,570 million compared to the previous year. There were 3 main reasons for this change:

- the accrued income from performed but un-invoiced services decreased by HUF 505 million because the agreements were not amended in line with the timing of reorganisations affecting the MÁV Group in 2013 while services were provided continuously, although in 2014 a part of these were concluded and invoiced.
- Accrued late-payment interest, penalties and damages due in the reporting period decreased by HUF 188 million, since most of the amounts claimed under this title were settled in 2014, prior to the balance sheet date.
- and the accrued dividend due increased by HUF 19,216 million, since the supreme body of the subsidiaries had passed a decision on dividend payment by MÁV Zrt.'s balance sheet preparation date.

Prepaid costs and expenses increased by HUF 4,004 million compared to the previous year. This change was caused by an increase in the amount of prepayments of costs unbilled (crediting), which was a result of the following changes:

- credited costs against MÁV Szolgáltató Központ Zrt. were prepaid in the amount of HUF 3,045 million, of which HUF 2,016 million for general material warehousing and asset management services, HUF 573 million under the title of training and HR services, HUF 160 million for scrapping services and HUF 135 million for fleet operation. This change was also due to the fact that in 2014 MÁV Zrt. already settled accounts with related parties at prime cost,
- a HUF 749 million price adjustment was made in relation to MÁV FKG, concerning primarily the rail track maintenance services (HUF 682 million),
- HUF 256 million was prepaid in relation to a MÁV Létesítményüzemeltető és Vasútőr Kft., mainly for the purpose of crediting the costs of troubleshooting, cleaning and property utilisation services.
- HUF 52 million was accrued in relation to Vasútegészségügyi Nonprofit kiemelten Közhasznú Kft. for crediting the costs of other consignment services.

Deferred expenses increased by HUF 1,853 million compared to the previous year, all of which is the result of the increase in unrealised FX losses on long-term loans.

I.7.3 Equity

I.7.3.1 Movements in equity

Figures in MHUF

Item	Registered capital	Capital reserve	Retained earnings	Non-distributable reserve	Net profit/loss	Equity
Opening balance 2014	22 000	146 813	-81 230	8 541	399	96 523
Transfer of 2013 balance sheet profit/(loss)			399		-399	0
Allocated reserve related to unrealised FX losses			-557	557		0
Non-distributable reserves related to unrealised exchange losses, reversed			171	-171		0
Asset settlement		-30 603				-30 603
Release of reserves generated from the capital reserve for the purpose of remedying environmental damage		3 617		-3 617		0
Balance sheet profit/(loss) for 2014					61 542	61 542
Closing balance 2014	22 000	119 826	-81 217	5 310	61 542	127 461

30. Table: Movements in equity

I.7.3.2 Details of the changes in equity

- Equity is increased by the net profit for the year 2014 amounting to HUF 61,542 million.
- Pursuant to Section 38 (3) d) of the Accounting Act, tied-up reserves must be made for the difference between the accrued unrealised exchange loss and the provisions specified under Section 41 (4). As a result of the loan-asset allocation, MÁV Zrt. released tied-up reserves in the amount HUF 171 million to the credit of retained earnings, and created tied-up reserves in the amount HUF 557 million to the charge of retained earnings.
- Capital reserves decreased by HUF 30,603 million due to asset settlement (as presented in section I.6.5.).
- MÁV Zrt. released the tied-up reserves created from provisions for environmental damages in a value of HUF 3,617 million.

Figures in MHUF

Non-distributable reserve	Opening balance	Released in 2014	Accounted in 2014	Closing balance
Reserves for environmental damages	3 617	3 617	0	0
Difference between provisions for unrealised FX losses on FX loans and deferred expenses	4 887	171	557	5 273
Unexpensed part of R&D posted to allocated reserves	37	0	0	37
Additional capital contribution payable	0	0	0	0
Closing balance 2014	8 541	3 788	557	5 310

31. Table: Presentation of changes in allocated reserves by title

I.7.4 Provisions

I.7.4.1 Provision for contingent liabilities

MÁV Zrt. created provisions for any probable or certain liabilities outstanding as of the balance sheet date, the due date or the amount of which is uncertain and in respect of which the Company failed to provide for any other coverage (contingent liabilities), as shown in the table below:

Provisions for liabilities	Figures in MHUF			
	Opening	Released in 2014	Made in 2014	Closing
Liabilities related to redundancies	1 628	965	1 367	2 030
Environmental liability	6 072	3 165	5 782	8 689
Litigation	4 593	3 399	261	1 455
Welfare housing maintenance	408	408	0	0
Provision for claims for damages	133	126	69	76
Damage resulting from extreme weather conditions in 2010	239	186	0	53
Liabilities assumed from subsidiaries	46	0	0	46
In respect of liabilities vis-à-vis NKH	0	0	49	49
Damage caused by chemical disaster in the Ajka area	6	2	0	4
Working clothes and uniforms	509	116	175	568
Contribution payment liability	7 957	876	232	7 313
Late-payment interest	269	179	169	259
Bonus payment liability	618	342	717	993
Damage resulting from extreme weather conditions in 2013	60	60	0	0
Provisions for other liabilities	41	17	74	98
Total:	22 579	9 841	8 895	21 633
of which: provisions made for existing liabilities to related parties	115	54	50	111

32. Table: Provision for contingent liabilities

Based on the liabilities expected in the reporting year, a provision of HUF 1,367 million was made for redundancy costs in 2015 for which no government subsidy is expected.

In 2014, taking into account the newly revealed tasks, as well as the finalised anticipated liabilities related to ongoing projects, we set aside environmental reserves in the amount of HUF 5,782 million.

After a review of the environmental tasks to be implemented, we released the tied-up reserves as well as additional reserves in the amount of HUF 3,165 million, due to loss of relevance or to completed work.

Total provision of HUF 237 million was made for 13 new litigation cases and a further provision of HUF 24 million was made for (9) legal cases for which provisions had already been set aside.

In connection with the Holocaust suit, a provision was made only for litigation costs, in the value of HUF 29 million.

Provisions for legal cases amounting to HUF 3,399 million were released in 2014.

Back in 2007, a claim for damages totalling HUF 40 billion was raised against MÁV Zrt. in relation to properties sold and was recorded as an off-balance sheet contingent liability. Although MÁV Zrt. disputed the legal grounds for the claim, a HUF 3,189 million provision was nonetheless set aside and maintained for it in accordance with the principle of prudence, the amount of which we no longer keep available due to expiry of the statute of limitations.

In 2014 provisions in the amount of HUF 16 million were used for welfare housing maintenance. Agreement 1956/T/2006 concluded between MÁV Zrt. and KÜT for the use of proceeds from the sale of welfare properties was terminated on 1 November 2012. The termination of the agreement also entailed the termination of MÁV Zrt.'s obligations, as a result of which it was no longer

warranted to maintain the set-aside and unused HUF 408 million provision. The release was also justified by the fact that some of the provisions were related to properties that had in the meantime been sold or transferred to MNV Zrt.

Provisions for expected liabilities to subsidiaries were made in the amount of HUF 46 million, since MÁV Zrt. will assume the pro-rata amount of expenses plus contributions for the months of January-May 2013 for employees entitled to a bonus for their performance in 2013 and transferred to MÁV SZK Zrt. on 1 June 2013.

The Company made a provision of HUF 175 million for working clothes and uniforms that were not distributed in 2014, and released provisions of HUF 116 million in relation to the distributed working clothes.

Since 8 May 2006, MÁV Zrt. has been insured against accidental damages to passengers and accidents suffered by its employees for reasons attributable to the Company. Before the insured years, MÁV Zrt. had been liable for any accident suffered and the damages were paid typically as annuities. As, owing to the nature of annuities, these payments are not precisely quantifiable to MÁV Zrt., but qualify as certain future obligations, provisions were made for these liabilities amounting to HUF 1.9 billion in 2010, HUF 1.2 billion in 2011, HUF 5.04 billion in 2012, HUF 0.6 billion in 2013 and HUF 232 million in 2014. Provisions amounting to HUF 876 million were released as a result of annuity payments.

From 2012, MÁV Zrt. makes provisions for management bonuses as the amounts of bonuses will not be formally established until the approval of the Company's annual financial statements. Accordingly, the Company made a provision of HUF 717 million based on initial calculations for the bonuses payable based on the 2014 performances and the related taxes and contributions in line with Sections 41 (1), 44 (1) and 79 (2) of the Accounting Act.

The evaluation of the 2013 performances has been partly completed, and provisions in the amount of HUF 342 million have been released for the paid bonuses and the related taxes and contributions, proportionately to the disbursements.

I.7.4.2 Provision for future expenses

Provisions are made for expected and periodically recurring future expenses that will surely incur but the exact amount or the date of which is uncertain at the balance sheet preparation date (future expenses). Provisions made by MÁV Zrt. are presented as follows:

Figures in MHUF				
Provisions for future commitments	Opening	Released in 2014	Made in 2014	Closing
Provision for demolition costs	1 535	106	0	1 429
Provision for maintenance costs	2 257	313	0	1 944
Provision for depreciation of assets not contributed by NIF	3 686	3 686	0	0
Provision for commissioned but not capitalised assets	107	107	0	0
Total:	7 585	4 212	0	3 373

33. Table: Provision made for future commitments

Provision for demolition costs was made for the demolition of unused and dangerous buildings and structures belonging to the Railtrack Division and other assets involved in railway operations. From this amount, the Company released HUF 106 million for demolition performed in 2014.

From 2008 on, the Company makes a provision for unaccounted depreciation of capital projects implemented by NIF Zrt. but not handed over to MÁV Zrt by MNV Zrt. The rules for accounting provisions have changed due to the State Property Act effective from 28 June 2013 and the related amendment of the Asset Management Agreement (“VKSZ”). For assets commissioned before 28 June 2013 but not handed over by NIF Zrt., provisions can be made only for the depreciation for the period between the date of commissioning and 27 June 2013. Based on the asset settlement, asset transfer and asset management agreements, provisions of HUF 3,686 million were released due to the projects that were handed over by NIF Zrt. For details, please see section I.6.3.

I.7.4.3 Other provisions

As MÁV Zrt. defers unrealised accrued FX losses resulting from the year-end revaluation of long-term FX debts relating to tangible assets acquisitions not covered with foreign currency held on account and sufficient FX gains, the Company creates related provisions.

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

Item	Closing balance TEUR	Closing balance MHUF	Accumulated deferral Million HUF	Start date	End date	Provision MHUF opening	Released in 2014 MHUF	Made in 2014 Million HUF	Provision MHUF closing
OTP (Talent)	8 247	2 597	512	11.04.2006	31.12.2016	293	2	20	311
CA-CIB	69 156	21 776	4284	22.03.2006	16.06.2020	1 569	4	595	2 160
Eurofima 13/b	37 300	11 745	963	07.07.2006	07.04.2016	413	0	249	662
EIB 18 M	3 600	1 134	164	29.03.2005	15.09.2015	161	64	11	108
Raiffeisen	84 788	26 699	4241	28.11.2007	28.11.2021	988	0	662	1 650
Total:	203 091	63 951	10 164			3 424	70	1 537	4 891

Note: FX loans were converted at a 314.89 HUF/EUR rate (balance sheet date central bank rate); the above balances do not reflect the reclassification of instalments payable within one year to current liabilities.

*The Eurofima loan No. 13 contains four loan agreements ; hence the start date is that of the first agreement and the end date is that of the last agreement.

34. Table: Provisions for FX losses

The amount of the FX loss carried forward is HUF 10,164 million. The provisions set aside for the FX loss increased by HUF 1,467 million compared to the previous year. This increase is due to the unfavourable currency rate at year-end.

I.7.4.4 Movements in provisions presented in the balance sheet

Provisions as presented in the balance sheet for 2014:

Figures in MHUF

Item	Provision for contingent liabilities	Provision for future expenses	Provision for unrealised FX losses	Total:
Opening provisions	22 579	7 585	3 424	33 588
Provisions used in 2014	9 841	4 212	70	14 123
Made in 2014	8 895	0	1 537	10 432
Closing provisions	21 633	3 373	4 891	29 897

35. Table: Provisions in the balance sheet

I.7.5 Liabilities

I.7.5.1 Liabilities related to treasury assets and treasury funded projects

Further to Section 23 (2) of the Accounting Act, managed government or municipality assets (treasury assets) are to be shown under the assets of the asset manager, while according to Section 42 (5), liabilities related to treasury assets should be shown under long-term liabilities. The accounting treatment of treasury assets is governed by Government Decree No 254/2007 (X. 4.) on the management of treasury assets, Government Decree 457/2013 (XI. 29.) amending the latter, and by the asset management agreement between KVI and MÁV Zrt. as amended with effect from 13 December 2013.

In accordance with the asset management agreement, details of the settlement can be found in point I.2.1.

On 31 December 2014, HUF 746,853 million was recognised as long-term liabilities against HUF 719,782 million of treasury assets shown in MÁV Zrt.'s balance sheet; in addition, HUF 134 million in short-term liabilities and HUF 152 million in receivables were recognised, as presented in the table below:

Figures in MHUF

Liabilities associated with treasury property	2013	2014	Change
Long-term liabilities related to treasury assets	490 717	719 782	229 065
Compensation obligation	22 516	27 071	4 555
Long-term liabilities related to treasury assets, in total	513 233	746 853	233 620
Balance of settlement against the Hungarian State Treasury related to treasury investments	-705	45	750
<i>of which: - treasury investment invoices submitted to the treasury in the current year</i>	-4 178	-5 412	-1 234
<i>- payments made by the treasury in the current year,</i>	3 639	6 162	2 523
Change in the use of materials, recovered from the scrapping of treasury assets, for the purpose of maintenance and renovation	58	-70	-128
Liabilities from the refurbishment of railway bridges and steel structures (Bridge project)	319	89	-230
Advance provided for the renovation of treasury assets from the renovation reimbursement	9	0	-9
Short-term liabilities related to treasury assets, in total	-319	64	383
Liabilities related to treasury assets, in total	512 914	746 917	234 003
Treasury receivables	2013	2014	Change
Receivables from the settlement of projects funded by KÖZOP subsidies (ex-post financing)	69	82	13
<i>of which: - for the implementation of "MÁV Zrt. Traffic safety projects" – development of state assets – ex-post financing</i>	28	23	-5
<i>of which: - For "MÁV Zrt. Traffic safety projects (preparatory project)" – development of state assets – ex-post financing</i>	41	46	5
<i>of which: - KÖZOP subsidy for the implementation of "MÁV Zrt. Station development and integrated customer service development programme at 26 locations" - development of state-owned property</i>	0	10	10
Receivables related to treasury assets, in total	69	82	13

36. Table: Movements in liabilities related to treasury assets

Details of MÁV Zrt.'s liabilities related to the decrease in treasury assets are as follows:

Figures in MHUF			
Liabilities related to the decrease in treasury assets	2013	2014	Change
Compensation liability accounted before the amendment to the Act on State Property took effect (28 June 2013)			
Opening balance of compensation liability (A)	47 990	0	-47 990
Depreciation of treasury assets in the reporting year (+)	11 551	0	-11 551
Extraordinary depreciation (+)	92	0	-92
Net value of scrapped treasury assets (+)	62	0	-62
Total increase in compensation liability for the period before the amendment of the State Property Act (until 27 June 2013) (B)	11 705	0	-11 705
Treasury investment, renovation from own funds (-)	4 151	0	-4 151
Use of cash received from external parties for treasury investments (-)	-3	0	3
Use of materials from the scrapping of treasury assets (-)	364	0	-364
Meeting the compensation obligation (-)	547	0	-547
- Due to compensation for asset settlement of sports facilities	547	0	-547
Total decrease in compensation liability for the period before the amendment of the State Property Act (until 27 June 2013) (C)	5 059	0	-5 059
Closing balance of compensation liability (27 June 2013) according to the rules in effect during the period before the amendment of the State Property Act (D=A+B-C)	54 636	0	-54 636
Meeting the compensation obligation as at 27 June 2013 by means of a contribution in kind (-) (E)	-54 636	0	-54 636
Compensation liability accounted from the date the amendment to the Act on State Property took effect (28 June 2013)			
Opening balance of compensation liability (E)	0	22 516	22 516
Ordinary amortisation recognised	7	-2	-9
Extraordinary depreciation	24 592	4 557	-20 035
of which: - due to 22 projects taken over from NIF	23 209	0	-23 209
- due to the Cegléd pilot project taken over from NIF	1 432	0	-1 432
- Takeover in 2014 of NIF projects	0	4 557	4 557
Treasury investment, renovation from own funds (-)	27	0	-27
Value of materials recovered from scrapping (-)	-126	0	126
Meeting the compensation obligation (-)	-1 984	0	1 984
of which: - Setting off MNV claims assigned by NIF Zrt.	-1 645	0	1 645
- compensation for asset settlement due to the Cegléd pilot project	-339	0	339
Balance of compensation liability accounted after the amendment to the Act on State Property took effect, in accordance with the rules in effect before 28 June 2013 (F)	22 516	4 555	-17 961
Ordinary amortisation recognised	12 744	32 733	19 989
Extraordinary depreciation	3 440	11 467	8 027
of which: - due to 22 projects taken over from NIF	3 178	0	-3 178
- due to the Cegléd pilot project taken over from NIF	52	0	-52
- Takeover in 2014 of NIF projects	0	10 962	10 962
- From Investment and Scrapping of tangible assets	210	505	295
Net value of missing treasury assets	0	1 321	1 321
Net value of scrapped treasury assets on derecognition	1 258	509	-749
Materials recovered from the scrapping of treasury assets (-)	-282	-607	-325
Waiving the compensation obligation (-)	-17 160	-45 423	-28 263
Balance of compensation liability accounted after the amendment to the Act on State Property took effect, in accordance with the rules in effect after 27 June 2013 (G)	0	0	0
Closing balance of compensation liability (H=D+E+F+G)	22 516	27 071	4 555
Use of materials from the disassembly of treasury assets for maintenance and repair (I)	58	0	-58
Total liabilities related to the decrease in state assets (J=H+I)	22 574	27 071	4 497

37. Table: Liabilities related to the decrease in treasury assets

The compensation obligation had increased by HUF 22,516 million to HUF 27,071 million by 31 December 2014, due to the assets taken over in 2014.

Meeting the compensation obligation:

- The compensation liability incurred in relation to the ordinary and extraordinary depreciation recognised in the reporting period as per the rules valid after 28 June 2013 was waived in the amount of HUF 45,423 million, in accordance with the Act on State Property and the Asset Management Agreement (section I.6.4).

I.7.5.2 Subordinated liabilities

MÁV Zrt. does not have any subordinated liabilities.

I.7.5.3 Long-term liabilities

Long-term liabilities, including those related to treasury assets, totalled HUF 813,470 million on the balance sheet date, which is a HUF 199,617 million (32.52%) increase compared to the previous year. Long-term liabilities account for 74.00% of total equity, and 89.59% of liabilities.

Net of treasury liabilities, the year-end balance of long-term liabilities is HUF 66,617 million, which is a HUF 34,708 million (34.25%) decrease compared to the previous year.

1.7.5.3.1 Long-term loans

MÁV Zrt.'s long-term loans and borrowings and repayment instalments payable within one year at year-end were as follows:

Loan	Agreement dated at	Matures on	Government guarantee (no. of decree)	Secure d by assets	Curren- cy	Amount per agreement (millions, original currency)	Available facility (31/12/2014)		Reclassification under short-term liabilities	
							million FX	million HUF	million FX	Million HUF
Investment loans										
EIB-ISPA	03.09.2001	15.09.2015	1082/2001	-	EUR	18.00	3.6	1 134	3.6	1 134
EUROFIMA 11	31.12.2003	17.12.2018	1036/2003	yes	EUR	8.06	8.057	2 537	0	0
EUROFIMA 13 a	31.12.2005	06.03.2015	1113/2005	yes	EUR	4.00	4	1 260	4	1 260
EUROFIMA 13 b	03.10.2006	07.04.2016	1113/2005	yes	EUR	15.90	15.9	5 007	0	0
EUROFIMA 13 d	30.11.2007	07.04.2016	1113/2005	yes	EUR	17.40	17.4	5 479	0	0
Raiffeisen Bank Zrt. HUF 9.209 bn	26.04.2006	21.04.2016	1113/2005	-	HUF	9 209.00		4 245		2 837
OTP Bank Nyrt. (10 Talent)	23.03.2006	31.12.2016	-	yes	EUR	45.36	8.247	2 597	4.535	1 428
CA-CIB Consortium (30 Flirt)	22.03.2006	16.06.2020	-	yes	EUR	144.60	69.157	21 777	12.574	3 959
Raiffeisen Bank Zrt. (+30 Flirt)	25.09.2007	28.11.2021	-	yes	EUR	141.60	84.788	26 699	12.313	3 877
Total:								70 735		14 495
Operational loans										
OTP Bank Nyrt. HUF 5 bn	28.12.2012	28.12.2016	1546/2012	-	HUF	5 000		3 077		1 539
MFB Zrt. HUF 6.2 bn	27.12.2012	27.12.2016	1546/2012	-	HUF	6 200		3 815		1 908
MFB Zrt. HUF 6.8 bn	27.12.2012	27.12.2016	1546/2012	-	HUF	6 800		4 185		2 093
MFB Zrt. HUF 7.0 bn	27.12.2012	27.12.2017	1546/2012	-	HUF	7 000		4 941		1 647
Raiffeisen Bank Zrt. HUF 28.5 bn	27.12.2005	27.11.2015	1089/2005	-	HUF	28 500		5 700		5 700
Total:								21 718		12 887
Entrepreneurial loans										
Central traffic coordination system in Szeged - PROLAN	10.08.2007	27.06.2019	-	-	HUF	1 870		993		234
Central traffic coordination system in the South-Balaton area - PROLAN	20.05.2010	18.11.2016	-	-	HUF	2 260		904		452
Supply of electricity - PQ	08.07.2009	13.12.2015	-	-	HUF	1 267		253		253
Total:								2 150		939
Bonds										
MFB Zrt. HUF 10 bn	22.12.2010*	21.12.2015	1261/2010	-	HUF	10 000		10 000		10 000
Total:								10 000		10 000
Grand total:								104 603		38 321

Note: FX loans were revalued at 314.89 HUF/EUR (the exchange rate of the Hungarian National Bank at the balance sheet date). The following were recognised in the balance sheet among short-term borrowings: HUF 14,495 million in investment loans, HUF 12,887 million in other long-term loans, HUF 939 million in entrepreneurial loans, and HUF 10 billion in bonds.

* Date of bond origination

38. Table: MÁV Zrt.'s long-term loans and borrowings

The repayment schedule of long-term loans and borrowings shown in the balance sheet is as follows:

Figures in MHUF					
Description of the long-term facility	2015	2016	2017	2018 and after	Total
Investment loans					
EIB-ISPA *	1 134				1 134
EUROFIMA 11				2 537	2 537
EUROFIMA 13 a	1 260				1 260
EUROFIMA 13 b		5 007			5 007
EUROFIMA 13 d		5 479			5 479
Raiffeisen Bank Zrt. HUF 9.209 bn**	2 837	1 408			4 245
OTP Bank Nyrt. (10 Talent acquired)	1 428	1 169			2 597
CA-CIB Consortium (30 Flirt)	3 959	3 959	3 959	9 900	21 777
Raiffeisen Bank Zrt. (+30 Flirt motor coaches)	3 877	3 877	3 877	15 068	26 699
Total	14 495	20 899	7 836	27 505	70 735
Operational loans					
Raiffeisen Bank Zrt. HUF 28.5 bn	5 700				5 700
OTP Bank Nyrt. HUF 5 bn*	1 539	1 538			3 077
MFB Zrt. HUF 6.2 bn	1 908	1 907			3 815
MFB Zrt. HUF 6.8 bn	2 093	2 092			4 185
MFB Zrt. HUF 7.0 bn	1 647	1 647	1 647		4 941
Total	12 887	7 184	1 647	0	21 718
Entrepreneurial loans					
Central traffic coordination system in Szeged - PROLAN	234	234	234	291	993
Central traffic coordination system in the South-Balaton area - PROLAN	452	452			904
Supply of electricity - PQ	253				253
Total	939	686	234	291	2 150
Bonds					
MFB Zrt. HUF 10 bn	10 000				10 000
Total	10 000	0	0	0	10 000
Total	38 321	28 769	9 717	27 796	104 603

Note: FX loans were revalued at 314.89 HUF/EUR (the exchange rate of the Hungarian National Bank at the balance sheet date). The following were recognised in the balance sheet among short-term borrowings: HUF 14,495 million in investment loans, HUF 12,887 million in other long-term loans, HUF 939 million in entrepreneurial loans, and HUF 10 billion in bonds.

*Assumed in the first quarter of 2015, in accordance with the Act on the State Budget of 2015 (except for the interests due for the beginning of January and February).

**Assumed in 83.71% in the first quarter of 2015, in accordance with the Act on the State Budget of 2015.

39. Table: Repayment schedule of long-term loans

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 by currency

Long-term liabilities held in foreign exchange include FX loans and FX based financial leases and are detailed in section I.7.5.3.1.

I.7.5.4 Short-term liabilities

I.7.5.4.1 Short-term loans and borrowings

The following year's instalment of entrepreneurial loans (HUF 939 million) was reclassified to short-term borrowings, and all of MÁV Zrt.'s debts from bond issue (HUF 10,000 million) were reclassified. Short-term loans include the current part of long-term loans (HUF 27,382 million) and the year-end balance of overdrafts (HUF 1 million).

I.7.5.4.2 Short-term liabilities

The year-end balance of short-term liabilities is HUF 94,483 million, which is HUF 18,326 million (16.25%) less than in the previous year. Short-term liabilities make up 8.6% of equity and liabilities, and 10.40% of liabilities.

The HUF 18 billion decrease was due to the combined effect of a HUF 25 billion decrease in short-term borrowings and a HUF 5,057 million decrease in short-term liabilities towards related parties, as well as a HUF 1,498 million increase in short-term loans, a HUF 1,192 million in creditors and a HUF 8,993 million increase in other short-term liabilities.

The balance sheet line "Other short term liabilities" contains the following items:

Figures in MHUF			
Item	2013	2014	Change
Taxes payable	3 303	2 883	-420
Liabilities to the treasury	781	10 636	9 855
<i>Of which: liabilities due to reimbursement of expenses</i>	395	8 986	8 591
Wages and salaries	2 746	2 685	-61
Other liabilities deducted from employees	318	109	-209
Liabilities incurred but not yet invoiced	219	191	-28
Other liabilities from services	0	0	0
Late-payment interest payable	23	4	-19
Other liabilities	125	0	-125
Other liabilities in total	7 515	16 508	8 993

40. Table: Other short term liabilities

The value of other current liabilities increased by HUF 8,993 million, which is due to the HUF 8,591 million increase in liabilities resulting from the reimbursement of expenses detailed in section I.6.2. The details by title are shown in the table below:

Figures in MHUF			
Legal title of reimbursement	Subsidies received	Subsidies used	Available facility as at 31 Dec. 2014
Operational compensation	42 292	34 449	7 843
Reimbursement for renovation	24 538	23 790	748
2013 profit/(loss)			395
Total:	66 830	58 239	8 986

41. Table: Reimbursement components

I.7.5.4.3 Short-term liabilities by currency

By currency	Liability in foreign exchange	Exchange rate (foreign currency/HUF)	Liability in million HUF	Year-end exchange gain or loss (in MHUF)
EUR	558 906.69	314.89	175.99	8.99
USD	18 951.42	259.13	4.91	-
CHF	3 629.73	261.85	0.95	-0.08
Total:			181.86	8.91

42. Table: Short-term foreign exchange liabilities

I.7.5.5 Liabilities to related companies

Figures in MHUF

Item	Parent	Fully consolidated	Equity consolidated	Total
Subordinated liabilities to related companies	0	0	0	0
Long-term liabilities to related companies	0	0	0	0
Short-term liabilities to related companies	0	19 275	694	19 969
Total:	0	19 275	694	19 969

43. Table: Liabilities to related companies

I.7.5.6 Off-balance sheet liabilities

I.7.5.6.1 Hedging transactions

Financial market risks related to MÁV Zrt.'s activity are part of the Company's business operations. Such risks are actively mitigated by hedging transactions.

MÁV Zrt.'s FX balance at the end of 2014, expressed in both EUR and in HUF on an EUR basis, was EUR -12,579 thousand, which is EUR 1.957 thousand less than planned.

The total FX loss expressed in EUR was EUR 45,683 thousand, including the FX debt service related to the motor coaches, which the Company invoices to MÁV START Zrt. in HUF as part of the rental fee.

The budgeted FX loss was hedged using forward transactions in the amount of EUR 3.720 thousand (of which EUR 660 thousand was closed) and with spot purchases totalling EUR 39,600 thousand. Additionally, a transaction concluded in 2013 in the value of EUR 210 thousand has also been delivered. We have not concluded any transactions that span over to 2015. (The rest of the loss was due to other FX fluctuations.)

With the above transactions, the necessary FX cash flow was provided at 309.32 HUF/EUR (weighted average), which is more favourable than the MNB exchange rate (310.41 HUF/EUR).

During the financial year, two FX hedges were made totalling EUR 660 thousand, to mitigate the Company's EUR-based exposure (office rent). Both hedges were closed and recognised in 2014.

No hedge contracts were made in 2014 for the risks of changes in interest rates and in commodities (mainly gasoline) quotes.

I.7.5.6.2 Closed forward and option contracts

The profit and loss and cash flow effect of hedging contracts concluded in 2014 and known until the balance sheet preparation are shown in the table below.

		Figures in MHUF	
Transaction type		Effect on profit/loss	Effect on cash flow
Clearing transactions	Forward	6.3	6.3
	Swap	0	0
	Option	0	0
	Total:	6.3	6.3
Delivery transactions	Forward	18.3	18.3
	Swap	0	0
	Option	0	0
	Total:	0	0
Grand total:		18.3	18.3
of which	Hedging	24.6	24.6
	Non-hedging	0	0
	Total	24.6	24.6
of which	Stock exchange	0	0
	OTC	24.6	24.6
	Total	24.6	24.6

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

44. Table: Closed forwards and options in 2014

I.7.5.6.3 Forward, swap and option contracts in 2014

	Purchase part	Sales part	Value date	Forward rate	Closing rate	Profit or loss (HUF)	Settlement method	Comments
1.	210 000 EUR	61 769 400 HUF	02.01.2014	294.14	297.79	766 500	Recognised	Settlement of 2013 deal
2.	210 000 EUR	61 929 000 HUF	03.02.2014	294.9	311.5	3 486 000	Recognised	closed with the deal on line 3
3.	65 331 000 HUF	210 000 EUR	03.02.2014	311.1	311.5			
4.	110 000 EUR	33 768 900 HUF	05.05.2014	306.99	307.58	64 900	Recognised	closed with the deal on line 7
5.	110 000 EUR	33 768 900 HUF	02.06.2014	306.99	302.79	-462 000	Recognised	closed with the deal on line 11
6.	110 000 EUR	33 768 900 HUF	01.07.2014	306.99	309.83	312 400	Recognised	closed with the deal on line 14
7.	33 816 200 HUF	110 000 EUR	05.05.2014	307.42	307.58			
8.	110 000 EUR	33 709 500 HUF	01.08.2014	306.45	314.07	838 200	Recognised	closed with the deal on line 15
9.	110 000 EUR	33 767 800 HUF	01.09.2014	306.98	314.51	828 300	Recognised	closed with the deal on line 16
10.	110 000 EUR	33 709 500 HUF	01.10.2014	306.45	310.45	440 000	Recognised	closed with the deal on line 17
11.	33 292 600 HUF	110 000 EUR	02.06.2014	302.66	302.79			
12.	330 000 EUR	100 296 900 HUF	16.06.2014	303.93	307.48	1 171 500	delivery	
13.	210 000 EUR	63 609 000 HUF	20.06.2014	302.9	305.99	648 900	delivery	
14.	34 061 500 HUF	110 000 EUR	01.07.2014	309.65	309.83			
15.	34 496 000 HUF	110 000 EUR	01.08.2014	313.6	314.07			
16.	34 592 800 HUF	110 000 EUR	01.09.2014	314.48	314.51			
17.	34 111 000 HUF	110 000 EUR	01.10.2014	310.1	310.45			
18.	200 000 EUR	61 544 000 HUF	17.10.2014	307.72	307.36	-72 000	delivery	
19.	720 000 EUR	220 413 600 HUF	31.12.2014	306.13	314.89	6 307 200	delivery	
20.	800 000 EUR	246 608 000 HUF	31.12.2014	308.26	314.89	5 304 000	delivery	
21.	800 000 EUR	246 968 000 HUF	31.12.2014	308.71	314.89	4 944 000	delivery	

Note: The profit and loss impact was identified based on the official central bank (MNB) rate prevailing at the date of maturity.

45. Table: Forward, swap and option contracts in 2014

I.7.5.6.4 Joint and several liability and guarantee contracts

MÁV Zrt. has no joint and several liability contracts as at 31 December 2014. MÁV Zrt.'s guarantee contracts are shown in the table below:

Figures in MHUF

Company name	Type of guarantee	Contracting bank	Start date	End date	Amount of guarantee in million HUF
Bank guarantee					
National Tax and Customs Authority	excise guarantee	K&H Bank Zrt.	12 December 2014	11 December 2015	60
Ministry of National Development	budgeted and for the use of the residual value for the purposes of the TEN-T project	KDB Bank Európa Zrt.	01 November 2013	30 October 2015	948
National Transport Authority	accident	OTP	27 April 2009	31 December 2015	1 000
Bank guarantees in total:					2 008

46. Table: Guarantee contracts in effect at the balance sheet date

I.7.5.6.5 Lien and other non-contingent liabilities

Other liabilities related to mortgages are presented in detail below. The assessment of other encumbrances on properties and the rights to public utilities (electric cables, water and gas pipelines) and access rights, rights to place geodesic signs etc. started in the earlier years in line with relevant legislation. Cable and pipeline rights for the land beneath previously laid cables and pipelines is currently in progress.

Many of MÁV's properties (own or managed) have been encumbered on the grounds of permanent environmental damage. These properties are subject to restoration work before the encumbrance can be removed.

Figures in MHUF

Loan	Available facility as at 31 Dec. 2014	Security
EUROFIMA 11	2 537	rolling stock
EUROFIMA 13 a	1 260	rolling stock
EUROFIMA 13 b	5 007	rolling stock
EUROFIMA 13 d	5 479	rolling stock
OTP Bank Nyrt (10 Talent financing)	2 597	10 Talent multiple-unit trains
CA-CIB Consortium (30 Flirt financing)	21 777	30 Flirt multiple-unit trains
Raiffeisen Bank Zrt. (+30 Flirt financing)	26 699	30 Flirt multiple-unit trains
Total	65 356	

47. Table: Loans secured with lien

A lien has been established on 10 Talent motor coaches for OTP Bank, on 30 Flirt coaches for the consortium led by Crédit Agricole Corporate and Investment Bank, and on 30 additional Flirt coaches for Raiffeisen as lenders.

MÁV Zrt. issued a parent company comfort letter to Kreditanstalt für Wiederaufbau and to the European Investment Bank as the funders of 25 TRAXX engines for MÁV-TRAKCIÓ Zrt. (from 1 January 2014, MÁV-START Zrt.).

MÁV Zrt. holds CHF 18.2 million (0.7%) of the registered share capital of EUROFIMA, of which CHF 14.56 million (80% of the registered share capital) is not yet paid. It becomes payable based on the resolution of the Board of Directors of EUROFIMA in line with Article 5 and Article 21 paragraph 3 (6) of EUROFIMA's Articles of Incorporation. However, no request for payment has been made yet.

In addition to CHF 18.2 million of EUROFIMA's registered share capital held by MÁV Zrt., MÁV guarantees in an additional amount equalling the share capital holding of CHF 18.2 million the rolling stock financing arrangement in accordance with Article 26 of EUROFIMA's Articles of Incorporation. This guarantee can only be called if both the railway company and the shareholder state guaranteeing the loan fails to pay, and the guarantee fund specified in Article 29 of EUROFIMA's Articles of Incorporation (CHF 647 million according to the 2013 annual financial statements) does not cover the losses suffered. Amounts drawn from the shareholders' guarantee are refunded by EUROFIMA to the extent of the recoverable value from the disposal of the underlying rolling stock or from other receivables associated with the loan agreement.

1.7.5.6.6 Interests and similar charges payable in the future

The payment schedule of MÁV Zrt.'s liabilities (interests and similar charges) payable in the future in relation to its long-term loans and borrowings are as follows:

Figures in MHUF

Loan	2015	2016	2017	2018 and after	Total
Investment loans					
EIB-ISPA	1				1
EUROFIMA 11	5	6	8	12	31
EUROFIMA 13 a	1				1
EUROFIMA 13 b	9	6			15
EUROFIMA 13 d	10	7			17
Raiffeisen Bank Zrt. HUF 9.209 bn**	76	11			87
OTP Bank Nyrt. (10 Talent acquired)	23	9			32
CA-CIB Consortium (30 Flirt)	249	211	168	224	852
Raiffeisen Bank Zrt. (+30 Flirt motor coaches)	307	274	236	531	1 348
Investment loans, total:	681	524	412	767	2 384
Operational loans					
Raiffeisen Bank Zrt. HUF 28.5 bn	96				96
OTP Bank Nyrt. HUF 5 bn*	214	103			317
MFB Zrt. HUF 6.2 bn	154	65			219
MFB Zrt. HUF 6.8 bn	166	68			234
MFB Zrt. HUF 7.0 bn	208	131	52		391
Operational loans, total:	838	367	52	0	1 257
Entrepreneurial loans					
Central traffic coordination system in Szeged - PROLAN	31	24	17	10	82
Central traffic coordination system in the South-Balaton area - PROLAN	58	22		0	80
Supply of electricity - PQ	11			0	11
Entrepreneurial loans, total:	100	46	17	10	173
Bonds					
MFB Zrt. HUF 10 bn	659				659
Bonds total:	659	0	0	0	659
Grand total:	2 278	937	481	777	4 473

Note: FX loans were converted at a rate of 314.89 HUF/EUR.

*Assumed in the first quarter of 2015, in accordance with the Act on the State Budget of 2015 (except for the interests due for the beginning of January and February).

**Assumed in in 83.71% in the first quarter of 2015, in accordance with the Act on the State Budget of 2015.

48. Table: Payment schedule of liabilities (interest and related charges) payable in the future

I.7.5.6.7 Operating lease contracts in effect at the balance sheet date where the Company is the lessee

Figures in MHUF

Contracting party	Subject matter	Agreement dated at	Contract expiry	Contracted amount million HUF/month	Amount not recognised until the B/S date (million HUF)
Porsche Lizing	Vehicle rent	03.10.2011	03.10.2016	87	182
Raiffeisen Real Property Fund	Office rent	28.02.2009	06.05.2017	84	2 341
Magyar Telekom Nyrt	number of mutual infrastructure service framework contract: 67103-743999/2004.,	30.09.2004	<i>indefinite</i>	30	n/a
MKB Eurolizing	Vehicle rent	06.02.2012	05.02.2016	10	128
Forse	Real property lease fee (worker accomodation)	07.04.2012	06.04.2016	7	104
Győr-Sopron-Ebenfurti-Vasút Zrt	Telecom assets, equipment and premises commissioned	30.09.2013	30.09.2015	2	18
Invitel Zrt.	Invitel internet service no.: 275165/2014	26.06.2014	<i>indefinite</i>	2	n/a
Vasútépítők Kft.	Machine rental	21.08.2006	31.08.2014	1	n/a
Invitel Zrt.	Number of mutual infrastructure contract: IR/1089-05/2005.,	26.06.2005	<i>indefinite</i>	1	n/a
Other contracts in total		multiple contracts from 26.03.1969	definite/ <i>indefinite</i>	7	113
Total:				231	

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

I.7.6 Accrued expenses and deferred income:

Accrued expenses and deferred income increased by 12.76% (HUF 3,390 million) compared to the previous year. Movements in accrued expenses and deferred income are shown in the table below:

Legal title	2013			2014		
	Over 1 year	Within 1 year	Total	Over 1 year	Within 1 year	Total
Unbilled income (credit)	0	267	267	0	138	138
Pre-billed income	0	0	0	0	330	330
Invitel Kft. other deferred income	9 671	292	9 963	9 445	293	9 738
Other revenues	296	54	350	302	0	302
Deferred income	9 967	613	10 580	9 747	761	10 508
Unbilled costs	0	469	469	0	2 658	2 658
Accrued incoming invoices to be approved	0	22	22	0	5	5
Invoices related to the upcoming period	0	1	1	0	0	0
Other expenses	0	11	11	0	11	11
Accrued calculated unbilled utilities costs related to 2010	0	23	23	0	23	23
Accrued calculated unbilled utilities costs related to 2011	0	22	22	0	19	19
Accrued calculated unbilled utilities costs related to 2012	0	6	6	0	5	5
Accrued calculated unbilled utilities costs related to 2013	0	184	184	0	3	3
Accrued calculated unbilled utilities costs related to 2014	0	0	0	0	71	71
Interest	0	423	423	0	169	169
Accrued internal and external interest on Cash-pool - K&H Bank	0	18	18	0	2	2
Late-payment interest, penalty and damages due in the reporting period	0	8	8	0	10	10
Accrued expenses	0	1 187	1 187	0	2 976	2 976
Fixed assets received free of charge and as gifts	430	15	445	173	0	173
Surplus of fixed assets	552	0	552	548	0	548
Cash received from the government	6 175	1	6 176	9 715	0	9 715
Phare aid for development	967	2	969	450	0	450
EU funds and government subsidies	914	0	914	1 301	0	1 301
Reimbursement for renovation - assets owned by MÁV	1 092	0	1 092	1 092	0	1 092
Amounts received from local governments and from businesses free of charge	171	1	172	127	0	127
Debts arising from asset acquisitions assumed by the government	4 433	50	4 483	3 070	0	3 070
Deferred income	14 734	69	14 803	16 476	0	16 476
Total	24 701	1 869	26 570	26 223	3 737	29 960

50. Table: Change in accrued expenses and deferred income

Accrued expenses increased by HUF 3,390 million, for a number of reasons. In addition to smaller items, the following were more significant during the period: a HUF 2,189 million increase in the amount of deferrals of costs unbilled in this period by the balance sheet date, and a HUF 254 million reduction in the interest for the reporting period.

Deferred income increased by HUF 1,673 million compared to the previous year. The amount of other cash received from the central budget increased significantly, by HUF 3,539 million, compared to the previous year.

I.8 Notes to the profit and loss account

The last day when third party documents relating the reporting year are last accepted for booking was 27 February 2015.

I.8.1 Comparability

From 1 June 2013, the effect of the activities transferred from MÁV Zrt. to MÁV SZK Zrt. on profit was manifest throughout the year 2014.

The provisions of Act CVI of 2007 on State Property concerning asset management were amended with effect from 28 June 2013. As a result of these amendments, fiduciaries exercising public functions such as MÁV Zrt. are exempt from the compensation liability arising from this date.

The assets from the capital projects managed by NIF Zrt. has been transferred in the case of 23 projects by 31 December 2013. In relation to the transfer of these assets, in December 2013 the Asset Transfer and Asset Management Agreement was signed by NIF Zrt. as transferor, MNV Zrt. as transferee and MÁV Zrt. as asset manager. The amortisation cost in a gross value of HUF 151 billion taken over at the end of 2013 appears as a surplus among expenditures, although an extraordinary revenue from the waiver of the compensation liability (VPK) is recognised against it. The assets from the capital projects managed by NIF Zrt. continued in 2014. The gross value of the assets taken over from NIF Zrt. under the contract of 2014 is HUF 217 billion, and the extraordinary depreciation recognised for 2014 is HUF 15.5 billion, of which a HUF 11 billion extraordinary revenue was recognised due to the VPK waiver.

The minister responsible for transport acting on behalf of the government, in cooperation with MÁV Zrt. – with the consent of the minister responsible for the national economy – amended the rail track operation agreement (PMSZ) on 3 April 2014 primarily due to the amendment of the State Property Act referred to above, and the parties have been applying the amended agreement since 28 June 2013.

As a result of amendment 1 of the rail track operation agreement, the expenses required for the renovation of rail track assets and the related capital investments were included in the group of justified costs, whereby as from 28 June 2013 the rail track operator is entitled to the reimbursement of its justified costs not covered by the revenues recognised in the profit and loss account as well as to the renovation and capital investment expenses not covered by subsidies under other titles, in the former case under the title of operational compensation and in the latter case under the title of reimbursement for renovation.

Rail track operation's reimbursement memorandum for 2014 regarding the HUF 66.83 billion amount determined in Government Decree 35/2014. (II.19) was signed on 3 April 2014 by the minister for national development acting on behalf of the government, with the consent of the minister for national economy. In the reimbursement memorandum, in line with the provisions of amendment 1 of the rail track operation agreement, the operational compensation (HUF 42.292 billion) was determined separately from the reimbursement for renovation (HUF 24.538 billion).

MÁV Zrt.' training activity (Baross Gábor Training Centre) was outsourced to the HR Division of MÁV SZK Zrt. on 1 February 2014, with the same content and organisation and under the same conditions.

The transformation of the property management activity at group level had already begun in 2013, and continued in early 2014 by re-transferring the employees engaged in property management activities from Vagyonkezelő Zrt. to MÁV Zrt.'s Asset and Property Management Directorate.

A significant effect on costs was caused by the wage agreement concluded with trade unions during 2013 and at the beginning of 2014, which was reflected in the comparison to the base data.

Railtrack operation costs also include the costs of the public works programme launched from the end of 2013, which are backed by a subsidy and have no material effect on the profit or loss of railtrack operations.

In 2011 MÁV Zrt. was forced to issue bonds with a state guarantee in the amount of HUF 35 billion to compensate for the insufficient rail track operation reimbursement. Repayment of the bond in one lump sum was due in 2014, for which no sources were provided under the rail track operation agreement. The assumption by the government of the debt service due to the bond issue took place on 10 June 2014 as a result of negotiations conducted with NGM (on the interest payment date), and the HUF 35 billion extraordinary revenue recognised as a result of this appears as a surplus in the profit and loss account for rail track operations, although this has no effect on the reimbursement related to rail track operation. For the purpose of settling the services provided to MÁV Zrt. and its fully consolidated subsidiaries (MÁV Group) against a charge, General Terms of Contract (GTC) have been drawn up, the application of which is compulsory as from 19 December 2014 (date of publication). The members of the MÁV Group may conclude contracts at prime cost, in compliance with the provisions of the GTC. The precalculated service fees must be revised quarterly (price revision).

The material insurance system related to the activity of FKG Kft., the company performing the rail track maintenance, has changed. As from 1 July 2014 MÁV Zrt. does not sell to FKG Kft., but only transfers the assets owned by MÁV Zrt. into its responsible safekeeping, for the purpose of the execution of the maintenance and renovation works.

I.8.2 Net sales revenues

I.8.2.1 Net sales revenues per activity

Net sales revenues are shown in the table below:

Figures in MHUF

Activity	Net sales revenues		
	2013	2014	Change
Railtrack operations	132 240	131 913	-327
Of which: Transport service lines and transport	40 704	42 267	1 563
Traction energy and fuel supply	38 010	35 703	-2 307
Station use	34 103	35 074	971
Upper cables	3 913	4 075	162
Cargo car towing, arrangement	7 730	6 953	-777
Other rail operations services	7 780	7 841	61
Passenger transport	110	107	-3
Other activities	30 650	27 298	-3 352
Of which: Materials sold, inventory management	8 064	5 570	-2 494
Rail vehicle lease	8 690	8 902	212
Property lease and management	10 470	11 182	712
Other services (central services, etc.)	3 426	1 644	-1 782
Total:	163 000	159 318	-3 682

51. Table: Net sales revenues by activity

Net sales revenue remained flat overall, at close to the base level, alongside some internal restructuring. Since there were no significant changes in network access charges in the main revenue segments constituting the predominant share relative to the base period, the increase in proceeds from energy sales is a result of a rise in performance.

MÁV Zrt. had a valid network access agreement with 40 entities with access rights on 31 December 2014. When reviewing the distribution of accounted network access performance by each entity with access rights, we found that most of the revenues (93%) from network access charges are from MÁV-START Zrt. (which nearly completely covers the passenger rail transport segment) and from Rail Cargo Hungaria Zrt., which covers most of the rail cargo segment. The revenues from railway operations without traction fuel increased by HUF 1,980 million, which is mostly due to the increase in the gross tonnage-based transportation that can be related to the recovery in freight transportation.

Traction electricity is settled with the line owners directly by the Railtrack Division. The largest customer is MÁV START Zrt. Specific traction electricity volumes and fees decreased by 4.1% compared to the base period (base average: 26.7 HUF/kWh, actual average: 25.6 HUF/kWh). Despite a 2.7% drop in traction fuel used, the specific traction fuel charge also decreased by 2.5% compared to the base period (base: 317 HUF/l, actual average: 309 HUF/l).

In 2014, railtrack operation revenues were recognised from two railway companies: MÁV-START Zrt (HUF 99,712 million) and Rail Cargo Hungaria Zrt. (HUF (17,880 million).

Revenues from multiple-unit trains leased to MÁV-START Zrt. remained almost unchanged compared to the base year.

Revenues from other central activities decreased significantly as a result of reduced revenues from the sale of technical and general material on the inventory. In 2014 MÁV Szolgáltató Központ Zrt. already provided central services throughout the entire year, and thus the central revenues that had come from this in previous years ceased. Revenues from real property rental and operation (which include public utility charges for these properties) increased by HUF 712 million in 2014, and were recognised as follows: HUF 2,937 million from outside the company group, and HUF 4,600 million to MÁV-START Zrt. (by the merger of MÁV-TRAKCIÓ Zrt. and MÁV-GÉPÉSZET Zrt.), while the balance with MÁV Szolgáltató Központ Zrt. almost doubled to HUF 2,318 million.

I.8.2.2 Export and import sales revenues

Exports and imports by country are shown in the table below:

Figures in MHUF

Country	2013						2014					
	Export of goods	Export of services	Export, total	Import of goods	Imported services	Import, total	Export of goods	Export of services	Export, total	Import of goods	Imported services	Import, total
Germany	0	6	6	342	0	342	0	8	8	132	0	132
Austria	81	854	935	4	13	17	34	932	966	4	7	11
Italy	0	0	0	0	0	0	0	0	0	0	14	14
Slovakia	383	1 036	1 419	0	6	6	380	681	1 061	0	5	5
Czech Republic	0	0	0	1 256	0	1 256	0	0	0	853	0	853
Slovenia	0	0	0	0	0	0	0	0	0	0	0	0
Poland	0	0	0	228	0	228	0	0	0	11	0	11
France	0	0	0	0	118	118	0	0	0	0	97	97
Great Britain	0	0	0	0	0	0	0	0	0	0	0	0
Belgium	0	0	0	0	19	19	0	0	0	0	21	21
Netherlands	0	0	0	0	9	9	0	0	0	0	10	10
Romania	0	0	0	0	1	1	0	0	0	0	1	1
Total EU member states:	464	1 896	2 360	1 830	166	1 996	414	1 621	2 035	1 000	155	1 155
Serbia	0	0	0	0	11	11	0	0	0	122	0	122
Ukraine	0	0	0	0	19	19	0	0	0	0	7	7
Switzerland	0	0	0	0	0	0	0	3	3	0	0	0
Russia	0	0	0	0	3	3	0	0	0	0	1	1
Total non-EU member states:	0	0	0	0	33	33	0	3	3	122	8	130
Grand total:	464	1 896	2 360	1 830	199	2 029	414	1 624	2 038	1 122	163	1 285

52. Table: Export and import

Imports totalling HUF 853 million included steel tracks purchased from Moravia Steel. Exports of goods to Austria and Slovakia include fuel sales specified in the network access agreements, while services include, also under the network access agreements, income from network access charges and the supply of traction electricity.

I.8.3 Analysis of costs by type

MÁV Zrt.'s costs in 2014 were as follows:

Item	2013		2014	
	Amount	Distribution (%)	Amount	Distribution (%)
Material expenses in total:	111 611	51.15	105 512	48.46
Payments to personnel	73 571	33.71	70 418	32.34
Depreciation total:	33 038	15.14	41 818	19.20
Total:	218 220	100.00	217 748	100.00

53. Table: Movements in costs

Material expenditures decreased in both volume and share due to a reduction in recognised utility fees (especially the natural gas used) and the value of services used. The most significant factor causing the decrease is the reduction in the acquisition value of transmitted traction energy and technical materials sold.

Payments to personnel also decreased compared to the base year, partly as a result of outsourcing and the one-off payments made in the course of 2013, and partly due to the HUF 1 billion loss resulting from the fact that financial incentive allowances to railway workers were not paid in 2014. The most significant change was the increase in depreciation expense, which was primarily due to the inclusion of the capital projects managed by NIF Zrt.

I.8.3.1 Material type expenditures

Material-type expenditures decreased by 5.5%, i.e. HUF 6.1 billion relative to the previous year:

- most of the decrease was due to the HUF 2.4 billion reduction in the acquisition value of technical material sold,
- the HUF 1.4 billion reduction in the acquisition value of the traction electricity sold and the HUF 0.7 billion reduction in the traction fuel sold, as well as
- the HUF 0.7 billion reduction in material costs and the HUF 0.6 billion reduction in services used compared to the base period.

The most significant material-type expenses in the current year were: continued resale of traction electricity (21.1%), traction fuel (12.9%), railtrack maintenance, property management and maintenance services used (10.9-9.0%).

The movements in material type expenditures are set out below:

Figures in MHUF

Item	2013	2014	Change	Index (%)	Percentage of 2014 total costs
Electricity	3 772	3 636	-136	96.39	1.67
Gas	2 920	2 270	-650	77.74	1.04
Water and sewage	514	412	-102	80.16	0.19
Fuel	1 376	1 250	-126	90.84	0.57
Rail track materials	3 740	4 420	680	118.18	2.03
Clothes	755	541	-214	71.66	0.25
Other materials	1 495	1 341	-154	89.70	0.62
Material costs	14 572	13 870	-702	95.18	6.37
Track maintenance	12 098	11 530	-568	95.31	5.30
Traction, shunting	3 998	3 385	-613	84.67	1.55
Track metering, cleaning, welding	2 009	2 352	343	117.07	1.08
Leased wagons and cars	1 230	1 169	-61	95.04	0.54
Other railway services (wagon maintenance, cleaning, emergency service, ticket control, etc.)	1 057	873	-184	82.59	0.40
Building operations and maintenance	10 725	9 534	-1 191	88.90	4.38
Public utilities (sewage, district heating)	881	808	-73	91.71	0.37
Property rental	1 249	1 129	-120	90.39	0.52
Property utilisation services	1 338	616	-722	46.04	0.28
IT services	2 450	2 887	437	117.84	1.33
Security services	2 481	2 315	-166	93.31	1.06
Acquisition and stock management services	2 632	3 811	1 179	100.00	1.75
Postal and telephone charges	424	312	-112	73.58	0.14
Training, healthcare and other human activities	56	814	758	1453.57	0.37
Specialist tender charges	58	66	8	113.79	0.03
Legal services	102	74	-28	72.55	0.03
Other services used	5 033	5 515	482	109.58	2.53
Services used	47 821	47 190	-631	98.68	21.67
Administrative fees, duties	898	939	41	104.57	0.43
Banking charges	277	293	16	105.78	0.13
Insurance fees	218	187	-31	85.78	0.09
Other services	1 393	1 419	26	101.87	0.65
Cost of traction gasoline sold	14 371	13 643	-728	94.93	6.27
Traction energy sold	23 663	22 227	-1 436	93.93	10.21
Cost of other goods sold	7 888	5 474	-2 414	69.40	2.51
Cost of goods sold	45 922	41 344	-4 578	90.03	18.99
Other consignment services	1 903	1 689	-214	88.75	0.78
Consignment services	1 903	1 689	-214	88.75	0.78
Total material-type expenditures	111 611	105 512	-6 099	94.54	48.46

* The costs of external trainings are presented here in the Notes to the Financial Statements for 2014, the amount for 2013 was 22 MHUF

54. Table: Movements in material expenditures

A major factor causing the decrease in material expenditures was the reduction of fees achieved in the utility agreements concluded for 2014. The most important component of the reduction of utility fees is the favourable change in natural gas procurement starting from the second half of 2014, as a result of which the costs of the gas used decreased by HUF 650 million compared to the base period. The value of uniforms, working and protective clothing, as well as the value of the general materials used also decreased compared to the base period. The reduction was offset by the HUF 680 million increase in the value of the technical materials used for maintenance work.

Of electricity costs in 2014, HUF 1,871 million was incurred in relation to railtrack operations (lighting, switch heating, light barriers and other safety equipment, transformers, traction electricity) and HUF 1,765 million related to electricity used in buildings.

The costs of services used was HUF 47,190 million, which is close to the base level. The use of service activities outsourced to MÁV Szolgáltató Központ Zrt. significantly modified the structure of the individual cost components. There was an increase in the costs of procurement and logistics services (HUF +1.179 million), accounting services (HUF +603 million), HR services (HUF +164 million), and administrative services (HUF +264 million). The costs of IT services used increased by HUF 437 million. Due to the outsourcing of MÁV Zrt.'s training activities on 1 February 2014, training costs increased by HUF 758 million.

The most significant components of material expenses in 2014 are still railtrack maintenance (HUF 11,530 million), building operation and maintenance (HUF 9,534 million), traction and shunting (HUF 3,385 million), and the costs of services received from MÁV SZK Zrt. as mentioned above.

The costs of railtrack maintenance services used decreased by HUF 568 million and building operation and maintenance costs decreased by HUF 1,191 million compared to 2013.

There was an additional decrease of HUF 617 million in the costs of shunting services used compared to the base year, as MÁV-START Zrt. made an agreement on 1 May 2013 to receive shunting services directly from MÁV TRAKCIÓ Zrt.; in main railway stations, shunting services were provided fully, and in other train stations to a lesser extent.

Additional items causing the change included a HUF 112 million decrease in postal and telephone charges and a HUF 166 million decrease in the cost of security services used. The costs related to track metering, cleaning and welding increased by HUF 343 million.

Other services remained almost unchanged compared to the base year. The most significant items in 2014 were the HUF 603 million charge payable to VPE Kft. in accordance with Government Decree No. 269/2009 (XII. 1.), and the HUF 278 million in paid bank commissions and other costs.

The cost of goods sold decreased by HUF 4,578 million due to the following:

- The cost of traction fuel sold to railway companies decreased by HUF 728 million.
- As a result of a decrease in the cost and volume of re-sold traction electricity, by HUF 1,436 million.
- There was a reduction, compared to the base year, in the value of the services used by MÁV Zrt. for the activity of MÁV FKG Kft. performing railtrack work. This reduction is primarily due to the new settlement scheme applied as from 1 July 2014. As a result of this, the cost of goods sold decreased by HUF 1,473 million.
- Regarding general materials, the decrease compared to the base year is HUF 733 million, mainly due to the fall in procurement costs due to the introduction of a new collection of uniforms and working clothes.

In 2014, the cost of (consignment) services decreased by HUF 214 million compared to 2013, which was related to the decrease in the cost of security services used.

I.8.3.2 Payments to personnel

Figures in MHUF

Item	2013	2014	Change	Index (%)	Percentage of 2014 total costs
Wages	50 203	47 995	-2 208	95.60	22.04
Other payments to personnel	7 555	7 295	-260	96.56	3.35
Contributions on wages and salaries	15 813	15 128	-685	95.67	6.95
Total payments to personnel:	73 571	70 418	-3 153	95.71	32.34

55. Table: Payments to personnel

Wage costs and contributions decreased by HUF 3,153 billion compared to the base period, which was mainly due to the changes in the average headcount. The average staff headcount of MÁV Zrt. excluding workers engaged in public works programmes is 1,009 fewer than for 2013, which was primarily due to the prolonged effect of the service activities outsourced in 2013 and to the lower number of staff employed by the railtrack directorates. In addition to the decrease in the average headcount, there was a HUF 1 billion drop in payments to personnel due to the fact that no financial incentive allowances were paid to railway workers in 2014.

I.8.3.3 Depreciation charge

Figures in MHUF

Item	2013	2014	Change	Index (%)	Percentage of 2014 total costs
Depreciation of treasury assets	24 302	32 731	8 429	134.68	15.03
Depreciation of MÁV Zrt.'s assets	8 736	9 087	351	104.02	4.17
Depreciation total	33 038	41 818	8 780	126.58	19.20

56. Table: Depreciation

The increase in depreciation expenses (HUF +8.4 billion) related to state-owned assets was due to the inclusion of the assets of capital projects managed by NIF Zrt.

The HUF +0.3 billion increase in the depreciation expenses related to assets owned by MÁV Zrt. resulted from the capital projects implemented.

There was no change in the principles of recognising depreciation.

I.8.4 Other revenues

Other revenues in 2014 totalled HUF 53,822 million, which is a HUF 25,591 million decrease compared to 2013.

Changes between the two periods are shown in the table below:

Figures in MHUF

Item	2013	2014	Change	Index (%)
Tangible asset disposals	1 433	789	-644	55.06
Of which: MÁV Zrt.'s own fixed assets sold	1 155	789	-366	68.29
Reversal of impairment on inventories	373	328	-45	87.94
Profit increasing items	1 339	1 395	56	104.18
Of which: Damages received	450	319	-131	70.89
Other late-payment penalties received	611	223	-388	36.50
Damages received for MÁV real estate properties	38	444	406	1168.42
Penalties received	101	298	197	295.05
Use of provisions	26 729	14 122	-12 607	52.83
Of which: Provision for expected liabilities used	4 029	9 840	5 811	244.23
Use of provision for unrealised FX losses	22	70	48	318.18
Use of provision for future expenses	22 678	4 212	-18 466	18.57
Miscellaneous other income	72	178	106	247.22
Reversed deferred income due to costs and expenses reducing the operating profit	1 365	1 206	-159	88.35
Of which: reversed deferred subsidy	352	266	-86	75.57
Reversed deferred fixed assets received free of charge	164	192	28	117.07
Reversed debt owed to government, forgiven	797	708	-89	88.83
Non-refundable subsidies	48 101	35 783	-12 318	74.39
Of which: for public services (rail track operations)	46 761	34 449	-12 312	73.67
Memorial Centre for the Child Victims of the Holocaust	197	28	-169	100.00
public works	99	1 207	1 108	100.00
Subsidised incentive scheme for MÁV Zrt. employees	994	0	-994	0.00
Other revenues	1	21	20	2100.00
Total:	79 413	53 822	-25 591	67.77

57. Table: Other revenues

Significant items of the two periods:

- As a result of taking the capital projects implemented by NIF Zrt. into asset management, the provision made in previous years to cover the depreciation charges for these assets was released in 2013, in the amount of HUF 22,474 million, and we released provisions in the amount of HUF 3,686 million under this title in 2014. The details are presented in section I.6.3.
- After a review of the environmental tasks that are to be executed, we released provisions in the amount of HUF 3,165 million, due to loss of relevance or to completed work.
- In 2014 provisions created for maintenance costs in the amount of HUF 314 million were used.
- In 2014 MÁV Zrt. received HUF 319 million mostly from insurance companies to cover damage caused by natural disasters (flooding, rain, storms and sludge), which was HUF 131 million less than the amount received in the base period.
- Compensation for damages received for MÁV real estate properties was HUF 444 million in 2014, and the most important component of this was the HUF 365 million value of the compensation agreement concluded with MNV Zrt. in relation to the rental of the Multiplex property.
- Provisions used increased by HUF 5,812 million compared to the previous year as detailed below:

Figures in MHUF

Provisions for liabilities	2013 used	2014 used	Change
Staff, early retirement, severance pay	1 489	965	-524
Environmental liability	180	3 165	2 985
Litigation	332	3 399	3 067
Welfare housing maintenance	20	408	388
Provision for claims for damages	41	126	85
Damage resulting from extreme weather conditions in 2010	73	186	113
Damage caused by chemical disaster in the Ajka area	54	2	-52
Working clothes, uniforms	242	116	-126
Late-payment interest paid	31	179	148
Fines and penalties	84	0	-84
Amounts paid to LeasePlan Zrt.	60	0	-60
Provision for contribution payment liabilities	765	876	111
Provision for bonus obligations (accounts related to the previous year)	658	342	-316
Provision made for extreme weather conditions in 2013	0	60	60
Provisions for other liabilities	0	17	17
Total:	4 029	9 841	5 812

58. Table: Provisions for contingent liabilities

- The operational compensation for 2014 decreased by HUF 12,312 million compared to the base period.
- In the reporting year we received a HUF 1.2 billion government subsidy for participation in the public works programme.
- Based on Government Resolution 1447/2011. (XII: 21.) on the financial incentive allowance provided to MÁV railway employees in 2011-2013, MÁV Zrt. received a subsidy in the relevant years, but the 3-year agreement concluded between the government and MÁV expired on 2013.

I.8.5 Other expenditures

Other expenses totalled HUF 34,178 million in 2014, which represents a HUF 7,603 million decrease compared to 2013.

Changes between the two periods are shown in the table below:

Figures in MHUF

Item	2013	2014	Change	Index (%)
Settlement exp. related to sold, scrapped and missing assets	30 075	18 474	-11 601	61.43
Of which: Expenses on tangibles, projects and value adjustment of intangible assets	293	470	177	160.41
Net value of scrapped treasury assets (+)	1 320	509	-811	38.56
Re-entry of useful materials stripped from scrapped treasury assets	-275	-607	-332	220.73
Cost of scrapped tangibles, projects and intangibles	302	189	-113	62.58
Net value of missing fixed assets	0	1 318	1 318	100.00
Net value of missing fixed assets	5	326	321	6 520.00
Impairment loss on treasury assets, projects and intangibles	389	505	116	129.82
Impairment loss of own tangibles, projects and intangibles	170	242	72	142.35
Extraordinary depreciation on NIF assets received	27 871	15 519	-12 352	55.68
Impairment of inventories and receivables, inventory shortage, scrapping	653	805	152	123.28
Of which: Impairment of inventories	13	7	-6	53.85
Impairment of receivables	622	755	133	121.38
Profit decreasing items	3 585	2 351	-1 234	65.58
Of which: Bad debts written off	5	2	-3	40.00
Losses from damages	2 561	2 045	-516	79.85
Penalties	84	8	-76	9.52
Late-payment penalty paid	149	2	-147	1.34
Damages	287	23	-264	8.01
Self-revision fee	75	17	-58	22.67
Various other expenses	397	219	-178	55.16
Provisions	5 159	10 432	5 273	202.21
Of which: Provisions for termination liabilities	448	1 367	919	305.13
Provision for environmental obligations	19	5 782	5 763	30 431.58
Provision for litigation	151	261	110	172.85
Provision for claims for damages	39	69	30	176.92
Provisions for environmental liabilities	0	49	49	100.00
Provision made for extreme weather conditions in 2013	60	0	-60	0.00
Provision made for extreme weather conditions in 2014	0	0	0	100.00
Provision for working clothes and uniforms	246	175	-71	71.14
Provision for annuity payment obligations	597	232	-365	38.86
Provision for late payment penalties	252	169	-83	67.06
Provision for bonus liability	618	717	99	116.02
Provision for unrealised FX losses on development loans	646	1 537	891	237.93
Provision for the depreciation of assets not contributed by NIF	1 900	0	-1 900	0.00
Taxes, duties and VAT	1 083	927	-156	85.60
Building and land tax	894	814	-80	91.05
Contributions to government funds	1 226	1 189	-37	96.98
Public utility tax	915	870	-45	95.08
R&D contribution	306	313	7	102.29
Total:	41 781	34 178	-7 603	81.80

59. Table: Other expenditures

Significant items of the two periods:

- In 2014, the most significant item was the recognition of HUF 15,519 million in extraordinary depreciation related to the handover of capital projects implemented by NIF. In 2014 the net value of the tangible assets accounted for as a shortfall was HUF 1,644 million.
- The amount of the expenditures recognised in relation to the net value of scrapped treasury assets on derecognition decreased by HUF 811 million, but the value of usable materials associated with scrapping that was taken into inventory increased by HUF 332 million, which reduces the expenditures related to scrapping.
- The amount of impairment recognised on inventory and on receivables increased by HUF 152 million compared to the base period. In 2014, we recognised HUF 7 million of impairment related to the devaluation, scrapping and shortage of inventories, and HUF 755 million on receivables.
- Expenses due to damages decreased by HUF 516 million compared to the base period. Of the expenses for 2014, HUF 565 million was due to natural disasters, HUF 399 million was related to railway accidents, HUF 210 million due to environmental pollution, and HUF 509 million was accounted for as accident allowances, reimbursements, and damages.
- The decrease in other expenses was caused by an approximately HUF 172 million fall in the grants provided to MÁV Symphony Orchestra Foundation.
- Expenses related to provisioning increased by HUF 5,273 million compared to 2013. Provisions for environmental obligations increased by HUF 5,763 million in 2014 compared to the base year.
- Creation of provisions for the depreciation of assets not contributed by NIF was not necessary in the reporting year, which resulted in a decrease of HUF 1,900 million.
- A further increase was caused by the fact that in 2014 we set aside an additional HUF 919 million provision for liabilities related to redundancies and that the provision for unrealised FX losses on development loans increased by HUF 891 million.
- The building and land tax payable by MÁV Zrt. was HUF 814 million and the public utility tax was HUF 870 million, which is close to the base level.

I.8.6 Financial and extraordinary profit or loss

I.8.6.1 Revenues from financial transactions

Financial income in 2014 totalled HUF 22,856 million, which is a HUF 20,590 million increase compared to 2013.

Changes between the two periods are shown in the table below:

Figures in MHUF

Item	2013	2014	Change	Index (%)
Dividends, profit share received	1 266	22 401	21 135	1 769.43
Exchange gain on sale of investments	0	17	17	100.00
Interest and similar income received	940	389	-551	41.38
Of which: bank interest	739	282	-457	38.16
Interest received for cash pool overdraft (external interest)	31	36	5	116.13
Interest received from cash pool members (internal interest)	161	49	-112	30.43
Interest received from third parties	0	0	0	100.00
Other financial revenues	60	49	-11	81.67
Of which: Price gain realised in relation to receivables, liabilities associated with foreign cash value	58	12	-46	20.69
FX gain on the year-end revaluation of receivables and liabilities	2	6	4	300.00
Amount received (due) in relation to the joint operation of Korridor (RFC 6-7) in the reporting year	0	31	31	100.00
Total:	2 266	22 856	20 590	1 008.65

60. Table: Revenues from financial transactions

Changes in revenues from financial transactions

- The amount of dividend received increased by HUF 21,135 million compared to the base period. The distribution of the dividend by company is shown in the table below:

Figures in MHUF

Company	Dividend received	of which:	
		2013 dividend	2014 dividend
MAV-START Zrt.*	15 981	0	15 981
MÁV FKG Kft.	2 375	1 475	900
MÁV Létesítményüzemeltető és Vasúttör Kft.**	1 444	45	1 399
MÁV KfV Kft.	1 352	452	900
VAMAV Vasúti Berendezések Kft.	580	580	0
MÁV Szolgáltató Központ Zrt.	502	204	298
MÁV Vasúttör Kft.	105	105	0
MÁV-THERMIT Kft.	45	45	0
MÁV Nosztalgia Kft.	14	14	0
HIT Rail b.v.	3	3	0
Total:	22 401	2 923	19 478

* With effect from 1 January 2014, MÁV-TRAKCIÓ Zrt. and MÁV-GÉPÉSZET Zrt. merged into MÁV-START Zrt.

** MÁV Vagyonkezelő Zrt., MÁV IK Kft. and MÁV VASÚTÖR Kft. merged with the legal successor MÁV KERT Kft., which continues its activities under the name MÁV Létesítményüzemeltető és Vasúttör Kft.

61. Table: Distribution of the income from dividend

- The amount of interest and similar income received decreased by HUF 551 million, with the bulk of this being due to the HUF 457 million reduction in interest on fixed deposits received from credit institutions.
- The most significant item among other income from financial transactions is the HUF 31 million amount received for the joint operation of corridor no. 7 (RFC 7) – a rail freight corridor – in relation to the reporting year.

I.8.6.2 Financial expenses

In 2014, HUF 13,977 million was accounted for as financial expense, which is HUF 5,986 million more than in 2013.

Changes between the two periods are shown in the table below:

Item	Figures in MHUF			
	2013	2014	Change	Index (%)
FX losses on interest paid and on long-term financial assets	6 624	3 769	-2 855	56.90
Of which: interest paid to credit institutions	3 509	2 287	-1 222	65.18
interest on bonds	2 656	1 295	-1 361	48.76
Interest paid to third parties	303	163	-140	53.80
Impairment of investments, securities and bank deposits	-425	7 970	8 395	-1 875.29
Other financial expenditures	1 792	2 238	446	124.89
Of which: Price loss realised in relation to receivables, liabilities associated with foreign cash value	1 610	1 824	214	113.29
Price loss resulting from the year-end revaluation of receivables, liabilities	182	414	232	100.00
Total:	7 991	13 977	5 986	174.91

62. Table: Financial expenses

Significant changes in the expenses of financial transactions:

- Compared to the base year, the amount of interest paid decreased by HUF 2,855 million:
 - The amount of interest paid in relation to development loans decreased by HUF 352 million, while the amount of cash loans and other interest paid to credit institutions decreased by HUF 864 million compared to 2013.
 - A significant item is the HUF 1,361 million reduction, compared to the base period, of interest paid on bonds.
 - The amount of interest paid on long-term loans received from businesses also decreased by HUF 140 million.
- In the reporting year MÁV Zrt. recognised impairment in the amount of HUF 7,094 million on its share in MÁV-START Zrt. and in the amount of HUF 876 million on its share in MÁV Létesítményüzemeltető és Vasútör Kft. as a result of payment of dividend from retained earnings, which was determined by MÁV Zrt. based on the annual profits from ordinary operations of the companies. This is compensated by the increase in value recognised at the time of transformation of the companies.

- Realised FX losses incurred in connection with the repayment of development loans denominated in a foreign currency was HUF 1,824 million, and the price loss on the year-end revaluation of receivables and payables was HUF 414 million in 2014.

I.8.6.3 Extraordinary revenues

In 2014, HUF 143,024 million was recognised as extraordinary revenues, which exceeded the amount in the base period by HUF 120,742 million.

The most significant elements of this increase are:

- the HUF 58,714 million revenue from the shares in the merging companies recognised during the merger of MÁV-TRAKCIÓ Zrt. and MÁV-GÉPÉSZET Zrt. with MÁV-START Zrt., the HUF 3,448 million revenue recognised during the foundation of MÁV Létesítményüzemeltető és Vasútör Kft. in connection with the merger of MÁV Vagyonkezelő Zrt., MÁV Ingatlankezelő Kft. and MÁV Vasútör Kft. with MÁV Kert Kft. and the HUF 19 million revenue from the voluntary liquidation of MÁV Koncessziós Kft.;
- the HUF 45,424 million value of the compensation liability forgiven in relation to the amendments of the State Property Act in 2013 and to the assets taken over from NIF and
- the extraordinary revenue recognised in relation to the assumption by the Hungarian government of MÁV Zrt.'s HUF 35 billion bond and the related pro-rata accumulated interest.

Changes between the two periods are shown in the table below:

Figures in MHUF

Item	2013	2014	Change	Index (%)
<i>Revenues from assets received free of charge and from surplus assets</i>	13	15	2	115.38
<i>Gains on contributed assets</i>	2 628	62 181	59 553	2 366.10
Of which: Contracted value of tangibles contributed to the Company	626	0	-626	0.00
Merger of MÁV-TRAKCIÓ Zrt. and MÁV-GÉPÉSZET Zrt. with MÁV-START Zrt.	0	58 714	58 714	100.00
Merger of MÁV Vagyonkezelő Zrt., MÁV IK Kft., MÁV VASÚTÖR Kft. into MÁV LV Kft.	0	3 448	3 448	100.00
Residual amount received due to the completion of the voluntary liquidation of MÁV Koncessziós Kft. "v.a."	0	19		
Assets received for shares	2 002	0	-2 002	0.00
<i>Other extraordinary revenues</i>	19 641	80 828	61 187	411.53
Of which: Assumption by the state of HUF 35bn in bonds and the related interest liabilities	0	35 361	35 361	100.00
Waiver of compensation liability due to changes to the Act on State Property	17 160	32 733	15 573	190.75
Waiver of compensation liability due to asset settlements	2 480	11 467	8 987	462.38
Compensation liability waived due to the net value of scrapped treasury assets on derecognition, and materials recovered from scrapping	0	1 224	1 224	100.00
Waiver of compensation liability related to asset settlement (sports facilities)	0	35	35	100.00
Forgiven and lapsed liabilities	1	8	7	800.00
Total:	22 282	143 024	120 742	641.88
Total comp. liability waived, without the assumption of bonds	2 642	62 239	59 597	2 355.75

63. Table: Extraordinary revenues

I.8.6.4 Extraordinary expenditures

In 2014, we recognised HUF 55,561 million as extraordinary expenditures, which exceeded the amount in the base period by HUF 52,732 million, that is, the HUF 50,923 million expenditure on the write-off of the shares in the merging companies recognised during the merger of MÁV-TRAKCIÓ Zrt. and MÁV-GÉPÉSZET Zrt. with MÁV-START Zrt. on 1 January, the HUF 2,789 million expenditure recognised during the foundation of MÁV Létesítményüzemeltető és Vasútör Kft. in connection with the merger of MÁV Vagyonkezelő Zrt., MÁV Ingatlankezelő Kft. and MÁV Vasútör Kft. with MÁV Kert Kft. and the HUF 23 million expenditure generated during the voluntary liquidation of MÁV Koncessziós Kft.;

The most significant components of the current year's increase was the derecognition of the HUF 1.6 billion receivables resulting from a waiver of compensation liability in 2013 due to compensation for asset settlement of the sports facilities, which was settled under an agreement with MNV Zrt. to the charge of the reporting period, among extraordinary expenses. Pursuant to the agreement, the capital loss was not compensated from a waiver of compensation liability but from an in-kind contribution due to compensation liability.

Changes between the two periods are shown in the table below:

Item	2013	2014	Figures in MHUF	
			Change	Index (%)
Expenditures on assets and services received free of charge	162	178	16	109.88
Expenditures on contributed assets	2 657	53 734	51 077	2022.36
Of which: Net tangibles contributed to the Company	619	0	-619	-
Shares written off due to capital reduction and liquidation	2 038	53 734	51 696	2636.60
Other extraordinary expenditures	10	1 649	1 639	16490.00
Of which: Non-refundable housing grant to employees subsidy	4	4	0	100.00
Forgiven debts (domestic)	3	8	5	266.67
Modification of forgiven compensation liability in relation to the settlement of sports real estate	3	1 630	1 627	54333.33
Total:	2 829	55 561	52 732	1963.98

64. Table: Extraordinary expenditures

I.8.7 Related party revenues and expenses

Figures in MHUF

Item	Parent	Fully consolidated subsidiary	Not fully consolidated subsidiary	Affiliates	Related companies total	Grand total	Percentage of related
Revenues							
Net sales revenues		124 529	294	509	125 332	159 318	78.67
Other revenues		601	1	1	603	53 822	1.12
Revenues from financial transactions		21 808	14	625	22 447	22 856	98.21
Extraordinary revenues		62 162	19	0	62 181	143 024	43.48
Revenues, total:	0	209 100	328	1 135	210 563	379 020	55.55
Expenditures							
Material expenditures		36 185	4	1 085	37 274	105 512	35.33
Other expenditures		842	177	40	1 059	34 178	3.10
Financial expenses		7 995	0	0	7 995	13 977	57.20
Extraordinary expenditures		53 765	23	0	53 787	55 561	96.81
Expenses, total:	0	98 787	204	1 125	100 115	209 228	47.85

65. Table: Related party revenues and expenses

MÁV Zrt.'s related party transactions:

- 55.55% of revenues (MÁV-START Zrt.: 49.95%, MÁV Létesítményüzemeltető és Vasútőr Kft.: 1.41%, MÁV SZK Zrt.: 2.39%)
- 47.85% of specified expenses (MÁV-START Zrt.: 29.70%, MÁV Létesítményüzemeltető és Vasútőr Kft.: 7.71%, MÁV Szolgáltató Központ Zrt.: 5.05%, MÁV FKG Kft.: 4.14%).

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

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

Figures in MHUF

line	Item	2013	2014	Difference	Index (%)
01.	Net domestic sales revenues	160 640	157 280	-3 360	97.91
02.	Net export sales revenues	2 360	2 038	-322	86.36
I.	Net sales revenues, total	163 000	159 318	-3 682	97.74
03.	Direct cost of sales	129 351	134 921	5 570	104.31
04.	Cost of goods sold	45 922	41 344	-4 578	90.03
05.	Value of services sold	1 903	1 689	-214	88.75
II.	Direct costs of sales	177 176	177 954	778	100.44
III.	Gross profit on sales	-14 176	-18 636	-4 460	131.46
06.	Selling and distribution expenses	11	1	-10	9.09
07.	Administrative expenses	14 013	12 966	-1 047	92.53
08.	Other general expenses	22 761	22 841	80	100.35
IV.	Indirect costs of sales	36 785	35 808	-977	97.34
V.	Other revenues	79 413	53 822	-25 591	67.77
VI.	Other expenditures	41 781	34 178	-7 603	81.80
A.	Trading profit/(loss)	-13 329	-34 800	-21 471	261.08
VII.	Revenues from financial transactions	2 266	22 856	20 590	1008.65
VIII.	Financial expenditures	7 991	13 977	5 986	174.91
B	Financial profit/(loss)	-5 725	8 879	14 604	-155.09
C	Profit/loss from ordinary activities	-19 054	-25 921	-6 867	136.04
IX.	Extraordinary revenues	22 282	143 024	120 742	641.88
X.	Extraordinary expenditures	2 829	55 561	52 732	1 963.98
D.	Extraordinary profit/loss	19 453	87 463	68 010	449.61
E.	Pre-tax profit/loss	399	61 542	61 143	1 5424.06
XI.	Tax liability	0	0	0	-
F.	After-tax profit/loss	399	61 542	61 143	1 5424.06

66. Table: P&L turnover cost method

MÁV Zrt. achieved a profit of HUF 61,542 million in 2014, and a profit of HUF 399 million in 2013.

Due to the decrease in the volumes and specific fees of traction energy and fuel consumption and to the increase in the volume of transport service lines, the revenues from railtrack operations remained almost unchanged compared to the base year. The reduction in revenues was primarily a result of the decrease in revenues from the sale of materials and of the loss in revenues from service activities outsourced in the course of 2013.

The decrease in specific fees, however, did not appear in the reduction in the cost of goods sold, and it was also offset by the decrease in the acquisition value of technical materials sold.

The joint effect of these two factors generated a 31.5% decrease in the gross profit on sales.

Administration-related payments to personnel decreased primarily due to the decrease in payments to personnel that was related to the reduction in headcount.

Other general expenses remained at the base level.

Recognised direct and indirect costs of sales remained virtually unchanged compared to the base year. Recognised direct costs of sales increased by 0.44%, while indirect costs of sales dropped by 2.66% compared to 2013.

In 2014, from the reimbursement of HUF 42,292 million for operation according to the memorandum of the Railtrack Operation Agreement on the state budget, HUF 34,449 million was presented in the financial statements for the reporting year in line with the profit/loss from railtrack operations. The most significant portion of the decrease in other expenses is the HUF 12.4 billion decrease in the extraordinary depreciation on NIF assets received, which was offset by the joint effect of the HUF 5.8 billion increase in provisions for environmental liabilities.

The financial profit increased by HUF 14.6 billion compared to the base period, the most significant items being the HUF 22.4 billion income from dividends taken from the subsidiaries, which was reduced by the HUF 8 billion impairment recognised in respect of MÁV Zrt.'s shares in its subsidiaries.

In 2014, the Company recognised HUF 45,423 million in extraordinary revenues against the compensation liability waived under the amendments to the State Assets Act and related to the asset settlements, as well as HUF 35,361 million in extraordinary revenue represented by the bonds and accrued interests on bonds assumed by the government. The impact of the merger of MÁV-TRAKCIÓ Zrt. and MÁV-GÉPÉSZET Zrt. with MÁV-START Zrt. upon MÁV Zrt.'s profit was HUF 7,791 million in extraordinary profit.

I.9 Actual asset, financial and income positions

I.9.1 Value and composition of assets

The balance sheet value of MÁV Zrt.'s assets at 31 December 2014 was HUF 1,095,271 million, which is a HUF 211,928 million (24.00%) increase compared to the previous year. The overall HUF 194,650 million (23.88%) drop in the book value of fixed assets was due to a HUF 194,158 million (28.14%) drop in the net value of tangible assets.

Current assets decreased by HUF 7,149 million compared to the previous year, which is attributable to the decrease in receivables from related companies and in other receivables.

The increase in prepaid expenses and accrued income (HUF 24,427 million) was due to the combined growth of HUF 18,570 million in revenues, HUF 4,004 million in costs and expenses and HUF 1,853 million in deferred expenses.

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

I.9.1.1 Non-current assets ratio

The year-end balance of fixed assets is HUF 1,009,923 million, representing 92.21% of the assets stated in MÁV Zrt.'s balance sheet.

$$\frac{\text{Non-current assets}}{\text{Total assets}} = \frac{1,009,923}{1,095,271} = 92.21\% \quad (\text{base } 92.29\%)$$

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

I.9.1.2 Coverage of fixed assets

Equity, including treasury funds, covers 98.89% of non current tangible assets directly used in production, including treasury assets, while MÁV Zrt.'s equity covers 77.60% of its own tangible assets. Both indicators improved compared to the previous year.

$$\frac{\text{Equity}}{\text{Own tangible assets}} = \frac{127,461}{166,391} = 77.60\% \quad (\text{base } 48.02\%)$$

$$\frac{\text{Equity} + \text{Treasury funds}}{\text{Tangible assets}} = \frac{874,448}{884,238} = 98.89\% \quad (\text{base } 88.31\%)$$

I.9.1.3 Coverage of fixed assets

The facts described in the previous section on tangible assets also apply to fixed assets.

$$\frac{\text{Equity}}{\text{Own tangible assets}} = \frac{127,461}{292,076} = 43.64\% \quad (\text{base } 29.59\%)$$

$$\frac{\text{Equity} + \text{Treasury funds}}{\text{Non-current assets}} = \frac{874,448}{1,009,923} = 86.59\% \quad (\text{base } 74.75\%)$$

I.9.1.4 Current assets to non-current assets

$$\frac{\text{Current assets}}{\text{Non-current assets}} = \frac{50,184}{1,009,923} = 4.97\% \text{ (base 7.03\%)}$$

The indicator of the most important asset groups decreased compared to the previous year.

I.9.2 Value and composition of equity

At 31 December 2014, equity and liabilities totalled HUF 1,095,271 million (equalling total assets), which represents a HUF 211,928 million increase compared to the previous year.

Of equity components, retained earnings increased by HUF 13 million, the balance sheet profit/(loss) for the reporting year increased by HUF 61,143 million, while the capital reserve dropped by HUF 26,987 million, and allocated reserves for the year by HUF 3,231 million. Overall, all these changes increased equity by HUF 30,938 million.

The HUF 181,291 million increase in liabilities was due to a HUF 199,617 million (32.52%) increase in long-term liabilities and a HUF 18,326 million (16.25%) decrease in current liabilities. The change was particularly due to the acceptance for asset management of the capital projects managed by NIF Zrt. accounted against long-term liabilities and the reclassification of loan repayments due in 2015 to short-term liabilities.

The HUF 3,390 million (12.76%) growth in accrued expenses and deferred income was due to a HUF 72 million (0.68%) decrease in revenues, a HUF 1,789 million increase in accrued expenses, and to a HUF 1,673 million growth in deferred income.

I.9.2.1 Capitalisation

$$\frac{\text{Equity}}{\text{Total liabilities}} = \frac{127,461}{1,095,271} = 11.64\% \text{ (base 10.93\%)}$$

$$\frac{\text{Equity}}{\text{Equity and liabilities - Treasury funds}} = \frac{127,461}{348,284} = 36.60\% \text{ (base 26.06\%)}$$

The value of the indicator shows an improvement over last year in spite of the increase in long-term liabilities related to treasury assets.

I.9.2.2 Gearing ratio

$$\frac{\text{Borrowed capital}}{\text{Equity}} = \frac{967,810}{127,461} = 759.30\% \text{ (base 752.84\%)}$$

$$\frac{\text{Equity and liabilities - Treasury funds}}{\text{Equity}} = \frac{220,823}{127,461} = 173.25\% \text{ (base 221.45\%)}$$

I.9.2.3 Indebtedness ratio

$$\frac{\text{Borrowed capital}}{\text{Total liabilities}} = \frac{967,810}{1,095,271} = 88.36\% \text{ (base 82,26\%)}$$

This indicator shows that liabilities represent a burden on 88.36% of our assets, which results from the accounting mechanism of treasury assets, but does not result in financing difficulties due to the provision of public utility services.

I.9.2.4 Ratio of long-term liabilities

$$\frac{\text{Long-term liabilities}}{\text{Long-term liabilities + Equity}} = \frac{813,470}{940,931} = 86.45\% \text{ (base 86.41\%)}$$

$$\frac{\text{Long-term liabilities - Treasury liabilities}}{\text{Long-term liabilities - Treasury liabilities + Equity}} = \frac{66,617}{194,078} = 34.32\% \text{ (base 51.21\%)}$$

This indicator shows the company's long-term indebtedness. The lower the indicator, the better the company's reputation. The high indicator in the case of MÁV Zrt. is due to the fact that the source of the managed assets is shown as a long-term liability; however, stripped of this, it is clear that there has been a significant improvement in the value of the indicator, especially as a result of the government's debt assumption and the loan repayments from own sources.

I.9.2.5 Equity to share capital

$$\frac{\text{Equity}}{\text{Registered capital}} = \frac{127,461}{22,000} = 579.31\% \text{ (base 438.74\%)}$$

I.9.3 Profitability indicators

$EBITDA = \text{Operating profit} + \text{depreciation} = -34,800 + 41,818 = 7,018$ (base: 19,709)

$$EBITDA \text{ rate} = \frac{EBITDA}{\text{Net sales revenues}} = \frac{7,018}{159,318} = 4.41\% \quad (\text{base: } 12.09\%)$$

$$ROS = \frac{\text{Operating profit}}{\text{Net sales revenues}} = \frac{-34,800}{159,318} = -21.84\% \quad (\text{base: } -8.18\%)$$

I.9.4 Financial position (working capital and liquidity)

I.9.4.1 Net working capital

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

$$\begin{aligned} \text{Current assets} - \text{Short-term liabilities} &= \text{MHUF } 50,184 - \text{MHUF } 94,483 \\ &= \text{MHUF } -44,299 \quad (\text{base: } \text{MHUF } -55,476) \end{aligned}$$

The value of the indicator improved compared to the previous year.

I.9.4.2 Liquidity ratio

The liquidity position as at 31 December 2014 is reflected by the following indicators, to which the above statements also apply:

$$\frac{\text{Current assets}}{\text{Short-term liabilities}} = \frac{50,184}{94,483} = 53.11\% \quad (\text{base } 50.82\%)$$

The indicator slightly improved compared to the previous year.

I.9.4.3 Quick ratio

$$\frac{\text{Current assets} - \text{Inventories}}{\text{Short-term liabilities}} = \frac{41,916}{94,483} = 44.36\% \quad (\text{base } 44.02\%)$$

The quick ratio shows the ability of liquid and movable assets to cover current liabilities.

I.9.4.4 Cash liquidity ratio

$$\frac{\text{Liquid assets}}{\text{Short-term liabilities}} = \frac{24,230}{94,483} = 25.64\% \text{ (base 21.78\%)}$$

The cash liquidity ratio shows a slight improvement, thereby ensuring the basis for operations in 2015.

I.9.5 Changes in financial position

The cash flow statement in accordance with Section 51 (8) of the Accounting Act is presented in the tables below.

Nr.	Item	Figures in MHUF	
		2013	2014
I.	Operating cash-flows (lines 1-16)	49 821	42 844
1.	Profit before tax ±	399	61 542
	assumption of obligation associated with bond issuance	0	-35 361
	interest on assigned debt	0	0
	deferral of interest related to bond issue	0	361
	amounts received free of charge	-10	-6
	amounts granted free of charge, expensed	0	6
	dividend received	-1 266	-22 401
	amount realised in excess of the book value of loan given	0	-33
	dividends on previous years' profit	0	0
	profit/(loss) from changes in investment	36	-8 447
	surplus non-current assets	-2	0
2.	Previous years' profit/(loss)	0	0
3.	Revaluation of loans and investments	1 635	4 065
4.	Ordinary depreciation charge +	33 038	41 818
4/a.	Depreciation charge on previous year	0	0
5.	Recognised impairment, scrapping, shortage and reversal ±	29 308	26 559
6.	Changes in provisions ±	-21 569	-3 691
7.	Non-current asset disposals ±	-870	-336
8.	Change in liabilities related to managed state-owned assets	2 723	-17 732
9.	Movements in creditors ±	4 307	1 192
10.	Movements in other short-term liabilities ±	4 395	3 984
11.	Movements in accruals ±	-3 971	3 390
11/a.	Released deferred income related to asset settlement	2 064	3 870
11/b.	Accrued income associated with fixed assets received without compensation	0	-102
12.	Movements in debtors ±	-1 378	-43
13.	Current asset movements (less debtors and liquid assets) ±	2 626	8 635
	of which: changes in inventories	-897	9
	other receivables	3 520	8 629
	securities purchased for resale	0	0
14.	Movements in prepayments and accrued income ±	-1 644	-24 426
15.	Corporate income tax payable -	0	0
16.	Dividend and share payable -	0	0
II.	Change in liquid assets from investing activities (Lines 17-20)	-28 428	-16 015
17.	Non-current asset additions -	-30 886	-39 465
18.	Non-current asset disposals +	1 157	1 030
19.	Capital withdrawn from existing investment (subsidiary)	34	19
20.	Dividend received +	1 266	22 401
III.	Financing cash flows (lines 21-31)	1 289	-27 174
21.	Revenues from the issue of shares (capital addition) +	0	0
22.	Proceeds from issue of bonds and debt securities +	0	0
23.	Borrowings +	25 000	1
24.	Repayment, cancellation and redemption of long-term loans and bank deposits +	162	60
25.	Amounts received free of charge +	12	6
26.	Redemption of shares, capital reduction -	0	0
27.	Bond redemption -	0	0
28.	Loan repayment -	-23 896	-27 250
29.	Long-term loans and bank deposits +	0	0
30.	Amounts transferred free of charge -	0	-6
31.	Movements in payables to founders and in other long-term liabilities +	12	15
IV.	Change in cash and cash equivalents (±I/±II/±III) ±	22 682	-345

67. Table: Cash flow statement

The HUF 61,542 million pre-tax profit was adjusted by amounts received free of charge, which we have presented as part of the financing cash flow, and by dividends received, which we have presented as part of the cash flow from investment activity.

During the company's operation, the volume of liquid assets fell slightly, which resulted from changes in liquid assets from investment activity – high-value asset procurements – as well as changes in liquid assets from financial transactions – redemption and repayment of credit facilities and loans.

I.10 Report to the supervisory authority

In this chapter, we present information on the separated railway activities as required by the joint decree of the Ministry of Transport and the Ministry of Finance (No 50/2007 (IV.26.) GKM-PM) as specified in MÁV Zrt.'s accounting separation policy effective from 2015, but, in respect of certain parts, used when preparing the 2014 financial statements (B/S, P&L, cash flow statement, activity statement with narrative explanations, revenues from and costs of related parties, average annual statistical headcount, subsidies by title, and accumulated figures due to the separated activities).

Major changes to the policy:

- Separation and assignment to a GL of real estate properties based on the 2014 rating
- Modification in the separation of inventories in the balance sheet
- Determination of management costs, and change in the division thereof
- Modification in the separation of liquid assets among GLs
- Separation of newly generated contribution expenses and environmental expenses

The changes are described in detail in section I.5 entitled Accounting separation of the Company's railway activities.

All other statements (except staff headcount) are prepared in accordance with the accounting policies based on the Accounting Act and in million HUF.

According to MÁV Zrt.'s accounting separation policies effective from 2015, but, in respect of certain parts, used when preparing the financial statements for 2014:

- The balance sheets, cash flow statements, profit and loss accounts per activity as well as revenues from and payables to related parties are recorded by related party in accordance with the following records:
 - the railtrack GL for railtrack operations,
 - the regional light railways GL for passenger transport,
 - the central GL for other activities.
- The average annual statistical headcount adjusted by the number of staff employed under the public works programme by MÁV Zrt. and its fully consolidated subsidiaries is identified on the basis of staff employed by the various divisions (service lines) in the reporting year.

Of the various activities that are required to be separated from an accounting perspective under the Railways Act, MÁV Zrt. carried on the following activities in 2014:

- Railtrack operations
- Passenger transport
- Other activities

I.10.1 Railtrack operations

The balance sheet, profit and loss account, cash flow statement and activity statement prepared on the basis of the railtrack GL are shown in the following tables:

Figures in MHUF

Line	Description	2013.12.31	2014.12.31	Change
01	A. NON-CURRENT ASSETS (Lines 02+10+18)	550 835	778 432	227 597
02	I. INTANGIBLE ASSETS (03+...09)	1 605	1 880	275
03	Capitalised foundation/restructuring	0	0	0
04	Capitalised value of research and development	37	37	0
05	Concessions, licenses and similar rights	1 167	1 038	-129
06	Trade-marks, patents and similar assets	401	805	404
06/b	of which: Managed state owned trade marks, patents and similar assets	0	0	0
07	Goodwill	0	0	0
08	Advance payments for intangible assets	0	0	0
09	Adjusted value of intangible assets	0	0	0
10	II. TANGIBLE ASSETS (Lines 11+...17)	549 230	776 552	227 322
11	Land and buildings and related property rights	468 557	668 395	199 838
11/b	of which: Managed state owned properties and related rights	419 560	628 736	209 176
12	Plant, machinery, equipment and vehicles	65 404	87 334	21 930
12/b	of which: Managed state owned technical equipment, machinery and vehicles	56 943	77 600	20 657
13	Other equipment, fixtures and fittings, vehicles	23	19	-4
14	Breeding stock	0	0	0
15	Assets in the course of construction	14 634	19 654	5 020
15/b	of which: Managed state owned capital projects	12 575	11 511	-1 064
16	Advance payments for AICC	612	1 150	538
17	Adjusted value of tangible assets	0	0	0
18	III. LONG TERM FINANCIAL ASSETS (19+...25.)	0	0	0
19	Long-term participation in related parties	0	0	0
20	Long-term loans granted to related parties	0	0	0
21	Other long-term investments	0	0	0
22	Long-term loans granted to other investments	0	0	0
23	Other long-term loans granted	0	0	0
24	Long-term debt securities	0	0	0
25	Adjusted value of financial investments	0	0	0
26	B. CURRENT ASSETS (Lines 27+34+40+45)	19 985	24 838	4 853
27	I. INVENTORIES (28+...33)	1 823	7 619	5 796
28	Raw materials and consumables	1 795	7 464	5 669
28/b	of which: Managed state owned raw material and consumables	1 638	1 917	279
29	Work in progress and semi-finished products	3	8	5
29/b	of which: Managed state owned work in progress and semi-finished products	0	0	0
30	Young, fattened and other livestock	0	0	0
31	Finished products	1	128	127
31/b	of which: Managed state owned finished products	1	18	17
32	Goods	24	19	-5
33	Advance payments for inventories	0	0	0
34	II. RECEIVABLES (Lines 35+...39)	14 624	8 610	-6 014
35	Trade debtors	2 789	2 644	-145
36	Receivables from related parties	9 916	5 423	-4 493
37	Receivables from other investments	3	9	6
38	Bills of exchange receivables	0	0	0
39	Other receivables	1 916	534	-1 382
39/b	of which: Managed state owned other receivables	69	152	83
39/A	Receivables from settlements with divisions	0	0	0
40	III. SECURITIES (Lines 41+...44)	0	0	0
41	Participations in related parties	0	0	0
42	Other participations	0	0	0
43	Treasury shares and own participation	0	0	0
44	Marketable debt securities	0	0	0
45	IV. LIQUID ASSETS (Lines 46+...47)	3 538	8 609	5 071
46	Cash, cheques	0	0	0
47	Bank deposits	3 538	8 609	5 071
48	C. PREPAID EXPENSES /ACCRUED INCOME (Lines 49+...51)	1 025	4 661	3 636
49	Accrued income	553	667	114
50	Prepaid expenses	167	3 830	3 663
51	Deferred expenses	305	164	-141
52	TOTAL ASSETS (01.+26.+48.)	571 845	807 931	236 086

68. Table: Asset side of the balance sheet based on the railtrack GL

Figures in MHUF

Line	Description	2013.12.31	2014.12.31	Change
53	D. EQUITY (Lines 54+...60)	-74 660	-71 873	2 787
54	I. SHARE CAPITAL	5 795	5 723	-72
54/b	of which: treasury shares redeemed at face value	0	0	0
55	II. SUBSCRIBED BUT UNPAID CAPITAL	0	0	0
56	III. CAPITAL RESERVE	55 712	23 572	-32 140
57	IV. RETAINED LOSSES	-136 349	-136 261	88
58	V. ALLOCATED RESERVE	182	93	-89
59	VI. REVALUATION RESERVE	0	0	0
60	VII. PROFIT/LOSS FOR THE YEAR	0	35 000	35 000
61	E. PROVISIONS (Lines 62+...65)	10 749	12 841	2 092
62	1. Provision for contingent liabilities	3 014	9 360	6 346
63	2. Provision for future expenses	7 575	3 373	-4 202
64	3. Other provisions	160	108	-52
65	F. LIABILITIES (lines 67+71+80)	615 194	841 874	226 680
66	I. SUBORDINATED DEBT(Lines 68+..70)	0	0	0
67	Subordinated debts to related parties	0	0	0
68	Subordinated debts to other investments	0	0	0
69	Subordinated debts to third parties	0	0	0
70	II. LONG-TERM LIABILITIES (72.+...79.)	535 164	751 293	216 129
71	Long-term borrowings	2 151	1 212	-939
72	Convertible bonds	0	0	0
73	Debts from issue of bonds	10 000	0	-10 000
74	Investment and development loans	4 622	1 179	-3 443
75	Other long-term loans	5 525	1 907	-3 618
76	Long-term debts to related companies	0	0	0
77	Long-term debts to other investments	0	0	0
78	Other long-term liabilities	512 866	746 995	234 129
78/b	of which: Liabilities related to managed state-owned assets	512 528	746 853	234 325
79	III. SHORT-TERM LIABILITIES (Lines 81+...89)	80 030	90 581	10 551
80	Short-term borrowings	35 939	10 939	-25 000
81	of which: convertible bonds	0	0	0
82	Other short-term loans	7 061	7 126	65
83	Prepayments received from debtors	0	5	5
84	Creditors	12 040	12 840	800
85	Bills of exchange payable	0	0	0
86	Short-term debts to related parties	15 560	14 374	-1 186
87	Short-term debts to other investments	0	33	33
88	Other short-term liabilities	1 930	7 337	5 407
88/b	of which: Liabilities related to managed state-owned assets	386	134	-252
88/A.	Debts from settlements with divisions	7 500	37 927	30 427
89	G. ACCRUED EXPENSES/PREPAID INCOME (Lines 91+..93)	20 562	25 089	4 527
90	Deferred income	9 993	9 798	-195
91	Accrued expenses	345	2 482	2 137
92	Deferred extraordinary revenues and negative goodwill	10 224	12 809	2 585
93	TOTAL EQUITY & LIABILITIES (53.+61.+66.+90.)	571 845	807 931	236 086

69. Table: Liabilities side of the balance sheet based on the railtrack GL

Figures in MHUF

Line	Description	2013	2014
01	Net domestic sales revenues	129 880	129 875
02	Net export sales revenues	2 360	2 038
I.	Net sales (01+02)	132 240	131 913
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	618	3 647
I/A 4.	Internal revenues from rail track services	600	587
I/A 5.	Revenues from direct internal services	1 203	872
I/A 6.	Revenues from central administration	0	0
I/A.	Total internal revenue settled: (I/A 1+I/A 2+I/A 3+I/A 4+I/A 5)	2 421	5 106
03	Movement in self produced inventories	-271	-218
04	Capitalised value of self-manufactured assets	4 187	3 863
II.	Capitalised value of own performance (03+04)	3 916	3 645
III.	Other revenue	73 874	42 633
	of which: impairment reversed (962, 1-962, 2)	122	11
	Total operating yields (I+I/A +II+III)	212 451	183 297
05	Material costs	9 165	9 348
06	Material type services utilised	31 888	34 147
07	Other services	1 042	1 110
08	Cost of goods sold	38 059	35 872
09	Cost of (consignment) services	421	249
IV.	Material-type expenditures (05+06+07+08+09)	80 575	80 726
IV/A 1.	Internal costs of passenger transport	0	0
IV/A 2.	Internal costs of engineering services	0	0
IV/A 3.	Internal costs of central services	12 910	12 236
IV/A 4.	Internal costs of rail track services	24	40
IV/A 5.	Costs of direct internal services	504	24
IV/A 6.	Costs of central administration and property management	2 326	2 192
IV/A	Total recognised internal expenditures: (IV/A 1+IV/A 2+IV/A 3+IV/A 4+IV/A 5+IV/A 6)	15 764	14 492
10.	Payroll cost	45 125	46 195
11.	Other payments to personnel	6 733	6 978
12.	Social security and other contributions	14 322	14 538
V.	Payments to personnel (10.+11.+12.)	66 180	67 711
VI.	Depreciation charge	27 096	35 771
VII.	Other expenses	36 006	28 128
	of which: impairment loss(862)	29 576	17 884
	Total operational expenses: CURRENT ASSETS (IV+V+VI+VII)	225 621	226 828
A.	OPERATING PROFIT/(LOSS)	-13 170	-43 531
13.	Dividends (due) received	0	0
	13. of which: from related parties	0	0
14.	Foreign exchange gain on disposal of investments	0	0
	14. of which: from related parties	0	0
15.	Interest and gains on long-term financial investments	0	0
	15. of which: from related parties	0	0
16.	Other interest received (due) and similar income	20	29
	16. of which: from related parties	0	0
17.	Other financial income	6	34
VIII.	Financial Revenues (13+14+15+16+17)	26	63
18.	Foreign exchange loss of financial investments	0	0
	18. of which: towards related parties	0	0
19.	Interest payable and similar charges	3 889	1 928
	19. of which: towards related parties	0	0
20.	Impairment of shares, securities, bank deposits	0	0
21.	Other financial expenditures	373	275
IX.	Financial expenditures (18+19+20+21)	4 262	2 203
B.	FINANCIAL PROFIT/(LOSS) (VIII-IX)	-4 236	-2 140
C.	PROFIT FROM ORDINARY ACTIVITIES (±A±B)	-17 406	-45 671
X.	Extraordinary revenues	17 499	80 790
XI.	Extraordinary expenditures	93	119
D.	EXTRAORDINARY PROFIT/(LOSS) (X-XI)	17 406	80 671
E.	PROFIT/(LOSS) BEFORE TAX (±C±D)	0	35 000
XII.	TAX LIABILITY	0	0
F.	PROFIT/(LOSS) AFTER TAXATION (E-XII)	0	35 000
22.	Dividends, profit sharing paid from retained earnings	0	0
23.	Dividends and profit-sharings paid (approved)	0	0
G.	PROFIT/(LOSS) FOR THE YEAR (±F+22-23)	0	35 000

70. Table: Profit and loss statement based on the railtrack GL

Nr.	Item	Figures in MHUF	
		2013	2014
I.	Operating cash-flows (lines 1-16)	33 938	51 879
1.	Profit before tax ±	0	35 000
	assumption of obligation associated with bond issuance	0	-35 361
	interest on assigned debt	0	0
	deferral of interest related to bond issue	0	361
	amounts received free of charge	-7	-4
	amounts granted free of charge, expensed	0	0
	dividend received	0	0
	amount realised in excess of the book value of loan given	0	0
	dividends on previous years' profit	0	0
	profit/(loss) from changes in investment	0	0
	surplus non-current assets	-1	0
2.	Previous years' profit/(loss)	0	0
3.	Revaluation of loans and investments	75	130
4.	Ordinary depreciation charge +	27 096	35 771
4/a.	Depreciation charge on previous year	0	0
5.	Recognised impairment, scrapping, shortage and reversal ±	29 701	17 877
6.	Changes in provisions ±	-21 020	2 092
7.	Non-current asset disposals ±	-8	-14
8.	Change in liabilities related to managed state-owned assets	-2 266	-17 727
9.	Movements in creditors ±	5 091	800
10.	Movements in other short-term liabilities ±	5 122	-24 567
	of which: movements in balance of business line operations	-3 219	1 600
11.	Movements in accruals ±	-2 609	4 527
11/a.	Released deferred income related to asset settlement	1 925	3 687
11/b.	Accrued income associated with fixed assets received without compensation	0	-22
12.	Movements in debtors ±	-432	61
13.	Current asset movements (less debtors and liquid assets) ±	-8 269	32 904
14.	Movements in prepayments and accrued income ±	-462	-3 636
15.	Corporate income tax payable -	0	0
16.	Dividend and share payable -	0	0
II.	Change in liquid assets from investing activities (Lines 17-20)	-30 372	-38 750
17.	Non-current asset additions -	-30 386	-38 782
18.	Non-current asset disposals +	15	32
19.	Capital withdrawn from existing investment (subsidiary)	0	0
20.	Dividend received +	0	0
III.	Financing cash flows (lines 21-31)	-170	-8 058
21.	Revenues from the issue of shares (capital addition) +	0	0
22.	Proceeds from issue of bonds and debt securities +	0	0
23.	Borrowings +	6 200	0
24.	Repayment, cancellation and redemption of long-term loans and bank deposits +	0	0
25.	Amounts received free of charge +	7	4
26.	Redemption of shares, capital reduction -	0	0
27.	Bond redemption -	0	0
28.	Loan repayment -	-6 378	-8 066
29.	Long-term loans and bank deposits +	0	0
30.	Amounts transferred free of charge -	0	0
31.	Movements in payables to founders and in other long-term liabilities +	2	4
IV.	Change in cash and cash equivalents (±I±II±III) ±	3 397	5 071

71. Table: Cash flow statement based on the railtrack GL

The profit and loss account of railtrack operations is shown in the table below (in THUF):

Figures in THUF			
Line	Item	Base year 2013	Current year 2014
1	Net sales revenue	132 239 787	131 913 352
	of which: fee revenue	132 239 787	131 913 352
	of which: ticket-price subsidies	0	0
	paid by government	0	0
2	Internal revenues	2 421 132	5 106 278
3	Capitalised value of own performance	3 916 122	3 644 767
4	Other revenue	73 874 634	42 632 587
	of which: government compensation	46 760 688	34 448 927
	of which: government subsidy	1 441 054	1 516 356
5	OPERATING GAINS TOTAL	212 451 675	183 296 984
6	Material expenditures	80 574 678	80 726 461
	of which: infrastructure charge	0	0
7	Internal expenses	15 763 967	14 492 199
	of which: network access	23 599	40 118
	of which: traction	0	0
	of which: other railway services	503 869	23 988
	of which: central services	12 910 474	12 236 061
	of which: central control	2 326 025	2 192 032
8	Payments to personnel	66 180 166	67 710 718
9	Depreciation charge	27 096 244	35 770 598
10	Other expenditure	36 006 984	28 127 615
11	OPERATING EXPENSES TOTAL	225 622 038	226 827 591
12	OPERATING PROFIT	-13 170 363	-43 530 607
13	Financial revenues	26 050	62 893
14	Financial expenses	4 262 190	2 203 266
15	FINANCIAL LOSS	-4 236 140	-2 140 373
16	Extraordinary revenues	17 499 427	80 790 389
	of which: government subsidy	0	35 360 986
17	Extraordinary expenses	92 924	119 409
18	PROFIT ON EXTRAORDINARY EVENTS	17 406 503	80 670 980
19	Tax liability		
20	AFTER TAX PROFIT	0	35 000 000

72. Table: Activity statement of railtrack operations division

Railtrack operations generated a profit of HUF 35 billion also in the reporting year, as a consequence of the assumption of bonds by the state.

The operating profit of the railtrack division fell by HUF 30.4 billion compared to the base period, which is attributable to the decrease in operating yields (especially other revenues). A substantial element of the reduction is the HUF 12.4 billion decrease in extraordinary depreciation on NIF assets received compared to the base year, and the HUF 12.3 billion decrease in the operational compensation used, compared to the base period.

At the same time, the profit on extraordinary events increased by HUF 63.3 billion due to the amendments to the State Assets Act and the HUF 45.4 billion increase in the compensation liability waived in relation to asset settlement and the assumption of bonds by the state in the amount of HUF 35 billion.

Significant impacts in respect of the results of the reporting year:

The extraordinary depreciation recognised in relation to the takeover of the assets from the capital projects managed by NIF Zrt. in 2014 was HUF 15.5 billion, and, at the same time, HUF 11.8 billion in extraordinary revenue was recognised due to the waiving of the compensation obligation.

Effect of receiving the assets from the capital projects managed by NIF Zrt. on the operating profit:

Figures in MHUF

<i>Item</i>	<i>Amount</i>
Release of provision made for the depreciation of assets received from NIF Zrt.:	3 686
Extraordinary depreciation from the commissioning of assets received until 27 June 2013:	-4 557
Extraordinary depreciation on the assets received from 28 June 2013 until the day of transfer:	-10 962
<i>Effect of receiving the NIF assets on the operating profit</i>	<i>-11 833</i>

73. Table: Effect of assets received

The amendments of Act CVI of 2007 on State Property ("State Property Act") as of 28 June 2013 also had a significant effect. Under the Act, fiduciaries exercising public functions such as MÁV Zrt. are exempted from the compensation liability arising from this date, as well as the bonds assumed by the government in 2014 in the value of HUF 35 billion and the related HUF 361 million pro-rata accumulated interest.

Recognised extraordinary income:

Figures in MHUF

<i>Item</i>	<i>2013</i>	<i>2014</i>
Compensation liability waived due to ordinary depreciation of treasury assets	12 744	32 733
Compensation liability waived due to extraordinary depreciation recognised on NIF assets received	3 440	11 467
Compensation liability waived due to the net value of scrapped treasury assets on derecognition, and materials recovered from scrapping	976	1 224
Assumption of bonds and the related interest liabilities	0	35 361
Other extraordinary revenues	339	5
<i>Extraordinary revenues in total</i>	<i>17 499</i>	<i>80 790</i>

74. Table: Extraordinary revenues by title

As a result of the amendments to the State Assets Act, the Asset Management Agreement between MÁV Zrt. and MNV Zrt. had to be amended. The amended Agreement came into force on 13 December 2013 after it was signed by both parties.

The minister responsible for transport acting on behalf of the state, in cooperation with MÁV Zrt. – with the consent of the minister responsible for the national economy – amended the rail track operation agreement (PMSZ) on 3 April 2014 due to the amendment of the State Property Act referred to above, and the parties have been applying the amended agreement since 28 June 2013.

As a result of amendment 1 of the rail track operation agreement, the expenses required for the renovation of rail track assets and the related capital investments were included in the group of justified costs, whereby as from 28 June 2013 the rail track operator is entitled to the reimbursement of its justified costs not covered by the revenues recognised in the profit and loss account as well as to the renovation and capital investment expenses not covered by subsidies under other titles. In the former case under the title of operational compensation and in the latter case under the title of reimbursement for renovation.

According to the 2014 endorsement clause of the rail track operation agreement, MÁV Zrt.'s annual rail track operation reimbursement is HUF 66,830 million, in which the operational compensation (HUF 42.292 billion) is determined separately from the reimbursement for renovation (HUF 24.538 billion).

As a result of the amendments to the State Assets Act, actual reimbursement for operating losses according to the profit and loss account was HUF 34,449 million in 2014, and the reimbursement for the renovation of railtrack operation assets is HUF 23,790 million, with the use of these amounts in 2014 presented in the following table:

Legal title of reimbursement	Subsidies received	Subsidies used	Figures in MHUF
			Available facility as at 31 Dec. 2014
Operational compensation	42 292	34 449	7 843
Reimbursement for renovation	24 538	23 790	748
2013 profit/(loss)			395
Total:	66 830	58 239	8 986

75. Table: Reimbursement components

Railtrack operation costs also include the costs of the public works programme launched from the end of 2013, which are backed by a subsidy and have no material effect on the profit or loss of railtrack operations.

A predominant part of **net sales** in 2014 includes railtrack access revenues, which are presented separately from traction electricity and fuel sold:

Figures in BHUF

Purchaser	Year 2013	Year 2014	Difference
Network access net of traction electricity and fuel			
MÁV-START Zrt.	68.0	71.2	3.2
MÁV-TRAKCIÓ Zrt.	2.0	0.0	-2.0
<i>MÁV-START Zrt.+MÁV TRAKCIÓ Zrt. total:</i>	<i>70.0</i>	<i>71.2</i>	<i>1.2</i>
Rail Cargo Hungaria Zrt.	12.6	12.5	-0.1
Other railway companies	5.4	6.2	0.8
Traction electricity			
MÁV-START Zrt.	16.0	15.0	-1.0
MÁV-TRAKCIÓ Zrt.	0.2	0.0	-0.2
<i>MÁV-START Zrt.+MÁV TRAKCIÓ Zrt. total:</i>	<i>16.2</i>	<i>15.0</i>	<i>-1.2</i>
Rail Cargo Hungaria Zrt.	5.2	4.8	-0.4
Other railway companies	2.2	2.4	0.2
Traction fuel			
MÁV-START Zrt.	0.0	11.7	11.7
MÁV-TRAKCIÓ Zrt.	12.5	0.0	-12.5
<i>MÁV-START Zrt.+MÁV TRAKCIÓ Zrt. total:</i>	<i>12.5</i>	<i>11.7</i>	<i>-0.8</i>
Other railway companies	1.8	1.8	0.0
Total	125.9	125.6	-0.3

76. Table: Revenues from track access charges

Excluding revenues from the sale of traction energy and fuel, most of the revenues came from MÁV-START Zrt. (HUF 71.2 billion), 67% of revenues from other railway companies (HUF 12.5 billion) came from Rail Cargo Hungary Zrt., while the remaining part (HUF 6.2 billion) came from other railway companies. The growth of HUF 0.7 billion in these revenues is partly due to the increase in the volume of freight transport.

In addition to this increase in volume, the growth of revenues from re-sold traction electricity was also due to the fact that specific electricity fees decreased by 4.5% compared to the previous year (base average price: 26.7 HUF/kWh, the actual average price: 25.6 HUF/kWh). The decrease of revenues from the sale of traction fuel is partly due to the 2.5% decrease in fuel prices (base average price: 317 HUF/l, actual average: 309 HUF/l) and the 2.7% decline in volume.

The most significant components of internal revenues from core activities in 2014 were from corporate services provided to other organisational units in connection with the organisational changes (HUF 3 billion), revenues from HR partner services (HUF 1 billion) and revenues from railtrack access charges for light railways recognised at prime cost (HUF 0.4 billion). The HUF 2.6 billion increase is due to the increase in revenues from corporate services.

The capitalised value of self-completed capital projects and renovations (mainly improvements on buildings and structures and related planning) was the most significant item within capitalised own output in the current year (HUF 3.1 billion), which increased by (HUF 0.1 billion), as well as the HUF 0.4 billion increase in own performance related to damage recovery (HUF 0.7 billion). Capitalised value of own performance decreased by HUF 0.2 billion due to the change in self-manufactured inventories.

The most significant other income item in both years was the reimbursement of railtrack operation costs, which decreased from the HUF 46.76 billion of 2013 – partly as a result of the extraordinary revenue recognised due to the waiving of the compensation obligation – to HUF 34.4 billion (HUF - 12.3 billion). The reimbursement for 2014 is based on the reimbursement memorandum for 2014, which prescribes an annual operating reimbursement of HUF 42.29 billion.

Another significant item was the release of HUF 3.7 billion from the prior year's provision for the depreciation charge related to the handover of the capital projects implemented by NIF Zrt. in 2014 that was not accounted for in MÁV Zrt.'s books in the previous years.

Other main components in 2014:

- in the reporting year we received a HUF 1.2 billion government subsidy for participation in the public works programme.
- provisions released: provisions made for severance pay liabilities (HUF 0.8 billion), provisions made for extreme weather conditions (HUF 0.2 billion), provisions for paid bonuses (HUF 0.3 billion) and provisions for working clothes and uniforms (HUF 0.1 billion)
- penalty from MÁV FKG KFT: HUF 0.1 billion.

Material-type expenditures remained at the base level in the reporting year.

The components of the increase in the HUF 0.2 billion material expenses were the increased railtrack material costs of self-completed railtrack maintenance and renewal work in the amount of HUF 4.4 billion (HUF +0.7 billion). This increase was offset by the decrease of HUF 0.2 billion in public utility costs, HUF 0.2 billion in working clothes and uniforms costs and HUF 0.1 billion in the value of the general materials used in 2014.

The costs of services used significantly increased (HUF 2.3 billion) compared to the base period. The changes are due to the full-year effect in 2014 of services previously recorded as internal services (procurement of materials and services, inventory management, accounting, HR and administration services) that were outsourced to MÁV Szolgáltató Központ Zrt. from 1 June 2013. There was an increase in the costs of acquisition and inventory management services received from MÁV Szolgáltató Központ Zrt. (HUF +1.3 billion), the costs of IT services (HUF +1.0 billion) and, due to the outsourcing of the BGOK training activities to MÁV Szolgáltató Központ Zrt., the training costs (HUF +0.8 billion).

At the same time, the costs of the shunting/traction services received from MÁV-START Zrt. decreased (HUF -0.6 billion), as well as the rail track maintenance costs (HUF +0.6 billion) and the track diagnostics costs (HUF +0.5 billion).

The most significant components of material expenses are the HUF 13.6 billion material expense related to the sale of traction gasoline (HUF, -0.7 billion), and the HUF 22.2 billion material expense related to the re-sold traction and pre-heating/pre-cooling electricity (HUF -1.4 billion).

Similarly to the base year, internal expenses included mostly central services and central management costs. The value of internal expenses decreased by HUF 1.3 billion compared to the base period. The reason for the decrease compared to the base year is that the amendment of the Organisational and Operational Regulations (OOR) by MÁV Zrt. as from 1 June 2013 significantly affected the structure of internal services. With effect from 1 June 2013, the activities of BLI, Accounting, Health and Safety (EBK), as well as of the Management and Administration units, and also part of HR services, were outsourced to MÁV Szolgáltató Központ Zrt. As a result of the outsourcing of the activities of BGOK effective from 1 February 2014, the HR services were also terminated at the central units of MÁV Zrt.

The revenues from railtrack corporate management distributed in proportion to headcount (HR, security, IT and communication) increased by HUF 2.7 billion.

The most significant items of central services in the reporting period included property-related internal settlements (property management, energy supply, supervision and rental) totalling an aggregate of HUF 8.5 billion (HUF -0.2 billion).

Central management costs attributable to railtrack operations was HUF 2.2 billion, which is a HUF 0.1 billion increase over the previous year.

The increase in payments to personnel is primarily due to the wages and contributions paid to employees participating in the public works programme in 2014, as well as the wage-related measures.

Of the HUF 35.8 billion annual depreciation charge, HUF 32.7 billion was recognised on treasury assets. The increase in depreciation expense (HUF +8.7 billion) was primarily due to the inclusion of the capital projects managed by NIF Zrt.

Other expenses decreased by HUF 7.9 billion compared to the previous year. In relation to the takeover of the assets from the capital projects implemented by NIF Zrt. extraordinary depreciation of HUF 15.5 billion was recognised with respect to the previous years, which means a HUF 12.4 billion decrease compared to the base year. The HUF 5.8 billion provisions for environmental liabilities had the opposite effect to this.

The tangible assets inventory carried out in 2014 revealed missing state-owned tangible assets in the net value of HUF 1.3 billion, which increased the other expenditures in the Railtrack GL. There was, however, a HUF 1.3 billion decrease in the amount of expenses related to scrapping, and the losses from damages also decreased by HUF 0.5 billion.

Due to the cancellation of the compensation liability, setting aside provisions for the depreciation of assets not contributed by NIF was not necessary in the reporting year, in contrast to the HUF 1.9 billion provision set aside in 2013. Provisions for expected liabilities increased by HUF 6.6 billion compared to the base year. The most important component of the increase was the HUF 5.8 billion provision for environmental liabilities, although a significant portion of it was due to the HUF 0.9 billion increase in provisions made for severance pay liabilities.

Revenues from financial transactions increased by HUF 37 million compared to the base period.

Expenses of financial transactions decreased, in line with the decrease in available facilities, by HUF 2.2 billion compared to the previous year. We paid HUF 0.2 billion less interest on investment loans, HUF 0.2 billion less interest on liquidity loans and overdrafts, and HUF 1.4 billion less interest on the HUF 45 billion in bond debt.

Extraordinary revenue was recognised in the amount of HUF 80.8 billion, which is HUF 63.3 billion more than in the base period. Substantial parts of the increase were the assumption by the Hungarian government of MÁV Zrt.'s debts from bonds and the related pro-rata interest in the value of HUF 35.4 billion, as well as the fact that, as a result of the forgiven compensation liability due to the amendment of the act on state property, the recognised forgiven compensation liability increased by HUF 27.9 billion.

Extraordinary expenditures recognised in the reporting year remained at the base level (HUF 0.1 billion).

Overall, while railtrack operations remained a loss-making activity, owing to the reimbursement received from the government for the costs not covered by revenues and the forgiven compensation liability, and owing to the assumption by the government of bonds in the value of HUF 35 billion, the overall annual result is a profit of HUF 35 billion.

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

Figures in MHUF

Related company	Revenues			Costs and expenses			Total
	Net sales revenue	Other revenue	Total revenues	Costs	Other, financial and extraordinary expenses	Total costs and expenses	
Dunakeszi Járműjavító Kft.	25	0	25	0	0	0	25
EURO-METALL Kft.	14	0	14	0	0	0	14
MÁV FKG KFT	927	141	1 068	8 460	196	8 656	-7 588
MÁV KFTV Kft.	29	0	29	1 182	0	1 182	-1 153
MÁV Létesítményüzemeltető és Vasúttör KFT *	59	4	63	4 362	118	4 480	-4 417
MÁV NOSZTALGIA Kft.	263	1	264	0	0	0	264
MÁV Szolgáltató Központ Zrt.	419	1	420	8 955	10	8 965	-8 545
MÁV VAGON Kft.	1	0	1	0	0	0	1
MÁV VASJÁRMŰ Kft.	3	0	3	34	1	35	-32
MÁV-REC Kft.	11	0	11	0	0	0	11
MÁV-START Zrt.	99 712	78	99 790	3 832	200	4 032	95 758
MÁV-THERMIT Kft	3	1	4	929	11	940	-936
MÁVTI Kft.	0	0	0	4	131	135	-135
Multiszolg 97 Hídmérleg Kft.	2	0	2	50	3	53	-51
VAMAV Kft.	2	0	2	10	0	10	-8
VITECO Kft.	0	0	0	0	1	1	-1
ZÁHONY-PORT Zrt.	103	1	104	92	0	92	12
Total	101 573	227	101 800	27 910	671	28 581	73 219

* MÁV Vagyonkezelő Zrt., MÁV IK Kft. and MÁV VASÚTÖR Kft. merged with the legal successor MÁV KERT Kft., which continues its activities under the name MÁV Létesítményüzemeltető és Vasúttör Kft.

** With effect from 1 January 2014, MÁV-TRAKCIÓ Zrt. and MÁV-GÉPÉSZET Zrt. merged into MÁV-START Zrt.

77. Table: Related party balances (revenues and expenditures) related to railtrack operations

The effect of the asset settlement and the related compensation is presented in the following table:

Figures in MHUF

Item	Change in assets resulting from asset settlement (A)	Capital reserve correction resulting from separation (B)	Change in capital reserve resulting from asset settlement (C=A+B)	Settlement of registered capital increase resulting from compensation for asset settlement (D)	Increase of capital reserve resulting from compensation for asset settlement (E)	Total compensation for asset settlement (F=D+E=C)
NIF asset transfer (VÜSZ)	24 493					
Release of revenue deferred because of NIF asset handover (VÜSZ) in 2014	-3 488	7 153	28 158	495	27 663	28 158
2014 profit/(loss)	498					
Release of deferred income due to VÜNSZ transfer	-199	-299	0	0	0	0
Unused amount of contribution in kind due to compensation liability	0	0	0	132	7 346	7 478
Total:	21 304	6 854	28 158	627	35 009	35 636

78. Table: Effect of the asset settlement on the railtrack operations GL

I.10.2 Regional passenger transport

The balance sheet, the profit and loss account, the cash flow statement and the activity statement for regional passenger transport are presented in the following tables:

Figures in MHUF

Line	Description	2013.12.31	2014.12.31	Change
01	A. NON-CURRENT ASSETS (Lines 02+10+18)	125	153	28
02	I. INTANGIBLE ASSETS (03+...09)	0	0	0
03	Capitalised foundation/restructuring	0	0	0
04	Capitalised value of 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
06/b	of which: Managed state owned trade marks, patents and similar assets	0	0	0
07	Goodwill	0	0	0
08	Advance payments for intangible assets	0	0	0
09	Adjusted value of intangible assets	0	0	0
10	II. TANGIBLE ASSETS (Lines 11+...17)	125	153	28
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	118	153	35
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	7	0	-7
17	Adjusted value of tangible assets	0	0	0
18	III. LONG TERM FINANCIAL ASSETS (19+...25.)	0	0	0
19	Long-term participation in related parties	0	0	0
20	Long-term loans granted to related parties	0	0	0
21	Other long-term investments	0	0	0
22	Long-term loans granted to other investments	0	0	0
23	Other long-term loans granted	0	0	0
24	Long-term debt securities	0	0	0
25	Adjusted value of financial investments	0	0	0
26	B. CURRENT ASSETS (Lines 27+34+40+45)	2	2	0
27	I. INVENTORIES (28+...33)	0	0	0
28	Raw materials and consumables	0	0	0
28/b	of which: Managed state owned raw material and consumables	0	0	0
29	Work in progress and semi-finished products	0	0	0
29/b	of which: Managed state owned work in progress and semi-finished products	0	0	0
30	Young, fattened and other livestock	0	0	0
31	Finished products	0	0	0
31/b	of which: Managed state owned finished products	0	0	0
32	Goods	0	0	0
33	Advance payments for inventories	0	0	0
34	II. RECEIVABLES (Lines 35+...39)	0	1	1
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	1	1
39/b	of which: Managed state owned other receivables	0	0	0
39/A	Receivables from settlements with divisions	0	0	0
40	III. SECURITIES (Lines 41+...44)	0	0	0
41	Participations in related parties	0	0	0
42	Other participations	0	0	0
43	Treasury shares and own participation	0	0	0
44	Marketable debt securities	0	0	0
45	IV. LIQUID ASSETS (Lines 46+...47)	2	1	-1
46	Cash, cheques	1	0	-1
47	Bank deposits	1	1	0
48	C. PREPAID EXPENSES /ACCRUED INCOME (Lines 49+51)	0	2	2
49	Accrued income	0	0	0
50	Prepaid expenses	0	2	2
51	Deferred expenses	0	0	0
52	TOTAL ASSETS (01.+26.+48.)	127	157	30

79. Table: Assets in the balance sheet based on the regional passenger transport GL

Figures in MHUF

Line	Description	2013.12.31	2014.12.31	Change
53	D. EQUITY (Lines 54+...60)	-2 894	-3 390	-496
54	I. SHARE CAPITAL	0	0	0
	of which: treasury shares redeemed at face value	0	0	0
55	II. SUBSCRIBED BUT UNPAID CAPITAL	0	0	0
56	III. CAPITAL RESERVE	0	0	0
57	IV. RETAINED LOSSES	-2 485	-2 895	-410
58	V. ALLOCATED RESERVE	0	0	0
59	VI. REVALUATION RESERVE	0	0	0
60	VII. PROFIT/LOSS FOR THE YEAR	-409	-495	-86
61	E. PROVISIONS (Lines 62+...65)	0	0	0
62	1. Provision for contingent liabilities	0	0	0
63	2. Provision for future expenses	0	0	0
64	3. Other provisions	0	0	0
65	F. LIABILITIES (lines 67+71+80)	3 021	3 547	526
66	I. SUBORDINATED DEBT(Lines 68+..70)	0	0	0
67	Subordinated debts to related parties	0	0	0
68	Subordinated debts to other investments	0	0	0
69	Subordinated debts to third parties	0	0	0
70	II. LONG-TERM LIABILITIES (72.+...79.)	0	0	0
71	Long-term borrowings	0	0	0
72	Convertible bonds	0	0	0
73	Debts from 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 companies	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
79	III. SHORT-TERM LIABILITIES (Lines 81+...89)	3 021	3 547	526
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	3	4	1
85	Bills of exchange payable	0	0	0
86	Short-term debts to related parties	26	2	-24
87	Short-term debts to other investments	0	0	0
88	Other short-term liabilities	2	0	-2
88/b	of which: Liabilities related to managed state-owned assets	0	0	0
88/A.	Debts from settlements with divisions	2 990	3 541	551
89	G. ACCRUED EXPENSES/PREPAID INCOME (Lines 91+...93)	0	0	0
90	Deferred income	0	0	0
91	Accrued expenses	0	0	0
92	Deferred extraordinary revenues and negative goodwill	0	0	0
93	TOTAL LIABILITIES (53.+61.+66.+90.)	127	157	30

80. Table: Equity and liabilities side of the balance sheet based on the regional passenger transport GL

		Figures in MHUF	
Line	Description	2013	2014
01	Net domestic sales revenues	110	107
02	Net export sales revenues	0	0
I.	Net sales (01+02)	110	107
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 rail track services	0	0
I/A 5.	Revenues from direct internal services	0	0
I/A 6.	Revenues from central administration	0	0
I/A.	Total internal revenue settled: (I/A 1+I/A 2+I/A 3+I/A 4+I/A 5)	0	0
03	Movement in self produced inventories	0	0
04	Capitalised value of self-manufactured assets	0	0
II.	Capitalised value of own performance (3+04)	0	0
III.	Other revenues	1	0
	of which: impairment reversed (962,1-962,2)	0	0
	Total operating yields (I+I/A +II+III)	111	107
05	Material costs	37	38
06	Material type services utilised	64	57
07	Other services	1	2
08	Cost of goods sold	0	0
09	Cost of (consignment) services	0	0
IV.	Material-type expenditures (05+06+07+08+09)	102	97
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	4	4
IV/A 4.	Internal costs of rail track services	330	411
IV/A 5.	Costs of direct internal services	0	0
IV/A 6.	Costs of central administration and property management	1	1
IV/A	Total recognised internal expenditures: (IV/A 1+IV/A 2+IV/A 3+IV/A 4+IV/A 5+IV/A 6)	335	416
10.	Payroll cost	52	55
11.	Other payments to personnel	4	5
12.	Social security and other contributions	14	16
V.	Payments to personnel (10.+11.+12.)	70	76
VI.	Depreciation	9	14
VII.	Other expenses	4	0
	of which: impairment loss (862)	0	0
	Total operational expenses: CURRENT ASSETS (IV+V+VI+VII)	520	603
A.	TRADING PROFIT/(LOSS)	-409	-496
13.	Dividends (due) received	0	0
	13. of which: from related parties	0	0
14.	Foreign exchange gain on disposal of investments	0	0
	14. of which: from related parties	0	0
15.	Interest and gains on long-term financial investments	0	0
	15. of which: from related parties	0	0
16.	Other interest received (due) and similar income	0	0
	16. of which: from related parties	0	0
17.	Other financial income	0	0
VIII.	Revenues from financial transactions (13+14+15+16+17)	0	0
18.	Foreign exchange loss of financial investments	0	0
	18. of which: towards related parties	0	0
19.	Interest payable and similar charges	0	0
	19. of which: towards related parties	0	0
20.	Impairment of shares, securities, bank deposits	0	0
21.	Other financial expenditures	0	0
IX.	Financial expenditures (18+19+20+21)	0	0
B.	FINANCIAL PROFIT/(LOSS) (VIII-IX)	0	0
C.	PROFIT FROM ORDINARY ACTIVITIES (±C±B)	-409	-496
X.	Extraordinary revenues	0	1
XI.	Extraordinary expenditures	0	0
D.	EXTRAORDINARY PROFIT/(LOSS) (X-XI)	0	1
E.	PRE-TAX PROFIT/(LOSS) (±C±D)	-409	-495
XII.	TAX LIABILITY	0	0
F.	PROFIT/(LOSS) AFTER TAXATION (E-XII)	-409	-495
22.	Dividends, profit sharing paid from retained earnings	0	0
23.	Dividends and profit-sharings paid (approved)	0	0
G.	PROFIT/(LOSS) FOR THE YEAR (±F+22-23)	-409	-495

81. Table: Profit and loss statement based on the regional passenger transport GL

		Figures in MHUF	
Nr.	Item	2013	2014
I.	Operating cash-flows (lines 1-16)	45	42
1.	Profit before tax ±	-409	-495
	assumption of obligation associated with bond issuance	0	0
	interest on assigned debt	0	0
	deferral of interest related to bond issue	0	0
	amounts received free of charge	0	0
	amounts granted free of charge, expensed	0	0
	dividend received	0	0
	dividends on previous years' profit	0	0
	profit/(loss) from changes in investment	0	0
	surplus non-current assets	0	0
2.	Previous years' profit/(loss)	0	0
3.	Revaluation of loans and investments	0	0
4.	Ordinary depreciation charge +	9	14
4/a.	Depreciation charge on previous year	0	0
5.	Recognised impairment, scrapping, shortage and reversal ±	0	0
6.	Changes in provisions ±	0	0
7.	Non-current asset disposals ±	0	0
8.	Change in liabilities related to managed state-owned assets	0	0
9.	Movements in creditors ±	2	1
10.	Movements in other short-term liabilities ±	2	-26
	of which: movements in balance of business line operations	426	551
11.	Movements in accruals ±	0	0
11/a.	Released deferred income related to asset settlement	0	0
12.	Movements in debtors ±	0	0
13.	Current asset movements (less debtors and liquid assets) ±	441	550
14.	Movements in prepayments and accrued income ±	0	-2
15.	Corporate income tax payable -	0	0
16.	Dividend and share payable -	0	0
II.	Change in liquid assets from investing activities (Lines 17-20)	-46	-43
17.	Non-current asset additions -	-46	-43
18.	Non-current asset disposals +	0	0
19.	Capital withdrawn from existing investment (subsidiary)	0	0
20.	Dividend received +	0	0
III.	Financing cash flows (lines 21-31)	0	0
21.	Revenues from the issue of shares (capital addition) +	0	0
22.	Proceeds from issue of bonds and debt securities +	0	0
23.	Borrowings +	0	0
24.	Repayment, cancellation and redemption of long-term loans and bank deposits +	0	0
25.	Amounts received free of charge +	0	0
26.	Redemption of shares, capital reduction -	0	0
27.	Bond redemption -	0	0
28.	Loan repayment -	0	0
29.	Long-term loans and bank deposits +	0	0
30.	Amounts transferred free of charge -	0	0
31.	Movements in payables to founders and in other long-term liabilities +	0	0
IV.	Change in cash and cash equivalents (±I±II±III) ±	-1	-1

82. Table: Cash flow statement based on the regional passenger transport GL

The activity statement of the regional passenger transport activity is presented below:

Figures in THUF			
Line	Item	Base year 2013	Current year 2014
1	Net sales revenue	109 580	106 892
	of which: fee revenue	99 419	96 347
	of which: ticket-price subsidies	10 161	10 544
	paid by government	0	0
2	Internal revenues	0	0
3	Capitalised value of own performance	271	0
4	Other income	780	238
	of which: government compensation	0	0
	of which: government subsidy	471	0
5	OPERATING GAINS TOTAL	110 631	107 130
6	Material expenditures	101 802	96 588
	of which: infrastructure charge	0	0
7	Internal expenses	335 032	416 201
	of which: network access	329 650	410 567
	of which: traction	0	0
	of which: other railway services	271	0
	of which: central services	3 917	4 334
	of which: central control	1 194	1 300
8	Payments to personnel	69 808	75 537
9	Depreciation charge	9 149	14 347
10	Other expenditure	4 202	440
11	OPERATING EXPENSES TOTAL	519 993	603 113
12	OPERATING PROFIT	-409 362	-495 983
13	Financial revenues	0	0
14	Financial expenses	1	0
15	FINANCIAL LOSS	-1	0
16	Extraordinary revenues	0	522
	of which: government subsidy	0	0
17	Extraordinary expenses	0	0
18	PROFIT ON EXTRAORDINARY EVENTS	0	522
19	Tax liability	0	0
20	AFTER-TAX PROFIT/LOSS	-409 363	-495 461

83. Table: Activity statement of the regional passenger transport activity

MÁV Zrt's passenger transport services changed in the base schedule period of 2013/2014 and in the current schedule period of 2014/2015 as follows:

MÁV Zrt. performs regional passenger transport services only on the Children's Railway, which is a scheduled passenger service, but no longer a public service since the train schedule change of 13 December 2009. The regional passenger transport licences of the Kecskemét and Nyírvidek Light Railways, that have been suspended since 13 December 2009, were revoked by the National Transport Authority on 19 November 2012.

The **loss** on regional passenger transport activity was HUF 0.5 billion in 2014, because the **revenues** of HUF 0.1 billion (including revenues from ticket price subsidies) did not cover the expenses of HUF 0.6 billion.

The reason for the loss is that the rail track operation service provided to the Children's Railway passenger transport does not qualify as an open access service, and therefore no state involvement is taken into account among the costs of rail track operation. The network access recognised at prime cost is not covered by any passenger transport not qualifying as a public service.

Operational returns decreased by HUF 3.5 billion compared to the base value, which was primarily due to the unfavourable weather conditions. Although the weather conditions in the spring of 2014 were more favourable than in the spring of the base period, the reason for the decrease can be attributed to the 3-week long service interruption ordered because of the excessive ice build-up caused by the bad weather conditions in December.

The recognised costs were 16.0% higher compared to the base period.

A significant portion of the **costs** (HUF 0.42 billion) resulted from the accounting of internal services, the largest item of which was the internal railtrack charge of HUF 0.41 billion (25% higher than in the base period).

Payments to personnel increased by 8.21% compared to the base period.

The 5.12% decrease in the amount of material-type expenses was due to the fact that the amount allocated to traction and towed vehicles maintenance in the previous year decreased in the year under review.

The depreciation charge increased by HUF 5.2 million as a result of the depreciation of refurbished assets and the acquisition of machinery and equipment required for operation.

Other expenditures decreased by HUF 3.8 million compared to the base period.

Changes in the technical condition of towed vehicles:

- Of the 6 diesel locomotives, only 4 are fit for unlimited use in daily operations; a further 1 locomotive is only able to pull 2 railcars, and 1 is permanently unfit for service.
- The main test of the 4 light railway railcars launched in the spring of 2014 is almost complete; the expected time of contract conclusion is the beginning of 2015. The acquisition of the utility machines and equipment used for facilitating work is currently in progress.

Traction operations indicators are presented in the following table:

Item	2013		2014	
	train km	no. of trains	train km	no. of trains
Children's Railway	71 981	6 428	68 342	6 102

84. Table: Children's Railway - traction operations indicators

The number of paying passengers on the Children's Railway decreased by 2.5% compared to the base year, while gross revenues from fares decreased by 2.5%.

The reasons for this last year were complex: The number of passengers travelling with a family ticket increased by 3.4% (this is a volume discount, so the growth of revenues from fares is lower than the growth in passenger numbers), while the number of tickets with a 90-percent price discount for groups of preschool children decreased by 11.2%. Since the share of passengers who paid

discounted fares increased by 1.8% in 2014 compared to the previous year, revenues from fares were lower, despite the increasing number of passengers.

The traffic of the Nostalgia train declined by more than 50% compared to the base year.

In 2014, we again measured the number of passengers under the age of 6 (who travel free of charge) using a ticket registration system. The number of such passengers was 36,000, which accounts for 13% of the total number of passengers in both the current year and the base year.

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

Figures in MHUF

Related company	Revenues			Costs and expenses			Total
	Net sales revenue	Other revenue	Total revenues	Costs	Other, financial and extraordinary expenses	Total costs and expenses	
Dunakeszi Járműjavító Kft.	0	0	0	0	0	0	0
MÁV NOSZTALGIA Kft.	0	0	0	1	0	1	-1
MÁV Szolgáltató Központ Zrt.	0	0	0	8	0	8	-8
MÁV VASJÁRMŰ Kft.	0	0	0	23	0	23	-23
MÁV-START Zrt.	0	0	0	1	0	1	-1
MÁV Létesítményüzemeltető és Vasútor KFT *	0	0	0	3	0	3	-3
Total	0	0	0	36	0	36	-36

* MÁV Vagyongazdálkodó Zrt., MÁV IK Kft. and MÁV VASÚTŐR Kft. merged with the legal successor MÁV KERT Kft., which continues its activities under the name MÁV Létesítményüzemeltető és Vasútor Kft.

85. Table: Related party balances related to regional public passenger transport services

I.10.3 Other activity

The balance sheet, the profit and loss account, the cash flow statement and the activity statement for Central administration and services are presented in the following tables:

Figures in MHUF

Line	Description	2013.12.31	2014.12.31	Change
01	A. NON-CURRENT ASSETS (Lines 02+10+18)	264 313	231 338	-32 975
02	I. INTANGIBLE ASSETS (03+...09)	161	15	-146
03	Capitalised foundation/restructuring	0	0	0
04	Capitalised value of research and development	0	0	0
05	Concessions, licenses and similar rights	149	5	-144
06	Trade-marks, patents and similar assets	12	10	-2
06/b	of which: Managed state owned trade marks, patents and similar assets	0	0	0
07	Goodwill	0	0	0
08	Advance payments for intangible assets	0	0	0
09	Adjusted value of intangible assets	0	0	0
10	II. TANGIBLE ASSETS (Lines 11+...17)	140 725	107 533	-33 192
11	Land and buildings and related property rights	44 237	17 422	-26 815
11/b	of which: Managed state owned properties and related rights	0	0	0
12	Plant, machinery, equipment and vehicles	95 978	90 021	-5 957
12/b	of which: Managed state owned technical equipment, machinery and vehicles	0	0	0
13	Other equipment, fixtures and fittings, vehicles	19	2	-17
14	Breeding stock	0	0	0
15	Assets in the course of construction	443	37	-406
15/b	of which: Managed state owned capital projects	0	0	0
16	Advance payments for AICC	48	51	3
17	Adjusted value of tangible assets	0	0	0
18	III. LONG TERM FINANCIAL ASSETS (19+...25.)	123 427	123 790	363
19	Long-term participation in related parties	121 234	121 468	234
20	Long-term loans granted to related parties	0	0	0
21	Other long-term investments	2 080	2 240	160
22	Long-term loans granted to other investments	0	0	0
23	Other long-term loans granted	113	82	-31
24	Long-term debt securities	0	0	0
25	Adjusted value of financial investments	0	0	0
26	B. CURRENT ASSETS (Lines 27+34+40+45)	47 836	66 812	18 976
27	I. INVENTORIES (28+...33)	5 853	649	-5 204
28	Raw materials and consumables	5 783	598	-5 185
28/b	of which: Managed state owned raw material and consumables	0	0	0
29	Work in progress and semi-finished products	0	0	0
29/b	of which: Managed state owned work in progress and semi-finished products	0	0	0
30	Young, fattened and other livestock	0	0	0
31	Finished products	56	0	-56
31/b	of which: Managed state owned finished products	0	0	0
32	Goods	14	51	37
33	Advance payments for inventories	0	0	0
34	II. RECEIVABLES (Lines 35+...39)	20 948	50 543	29 595
35	Trade debtors	1 397	1 059	-338
36	Receivables from related parties	5 206	5 011	-195
37	Receivables from other investments	3	0	-3
38	Bills of exchange receivables	0	0	0
39	Other receivables	3 852	3 005	-847
39/b	of which: Managed state owned other receivables	0	0	0
39/A.	Receivables from settlements with divisions	10 490	41 468	30 978
40	III. SECURITIES (Lines 41+...44)	0	0	0
41	Participations in related parties	0	0	0
42	Other participations	0	0	0
43	Treasury shares and own participation	0	0	0
44	Marketable debt securities	0	0	0
45	IV. LIQUID ASSETS (Lines 46+...47)	21 035	15 620	-5 415
46	Cash, cheques	4	8	4
47	Bank deposits	21 031	15 612	-5 419
48	C. PREPAID EXPENSES /ACCRUED INCOME (Lines 49+51)	9 712	30 501	20 789
49	Accrued income	1 559	20 015	18 456
50	Prepaid expenses	147	486	339
51	Deferred expenses	8 006	10 000	1 994
52	TOTAL ASSETS (01.+26.+48.)	321 861	328 651	6 790

86. Table: Asset side of the balance sheet for other activities

Figures in MHUF

Line	Description	2013.12.31	2014.12.31	Change
53	D. EQUITY (Lines 54+...60)	174 077	202 724	28 647
54	I. SHARE CAPITAL	16 205	16 277	72
	of which: treasury shares redeemed at face value	0	0	0
55	II. SUBSCRIBED BUT UNPAID CAPITAL	0	0	0
56	III. CAPITAL RESERVE	91 101	96 254	5 153
57	IV. RETAINED LOSSES	57 604	57 939	335
58	V. ALLOCATED RESERVE	8 359	5 217	-3 142
59	VI. REVALUATION RESERVE	0	0	0
60	VII. PROFIT/LOSS FOR THE YEAR	808	27 037	26 229
61	E. PROVISIONS (Lines 62+...64)	22 839	17 056	-5 783
62	1. Provision for contingent liabilities	19 565	12 273	-7 292
63	2. Provision for future expenses	10	0	-10
64	3. Other provisions	3 264	4 783	1 519
65	F. LIABILITIES (lines 67+70+79)	118 937	104 000	-14 937
66	I. SUBORDINATED DEBT(Lines 67+...69)	0	0	0
67	Subordinated debts to related parties	0	0	0
68	Subordinated debts to other investments	0	0	0
69	Subordinated debts to third parties	0	0	0
70	II. LONG-TERM LIABILITIES (71.+...78.)	78 689	62 177	-16 512
71	Long-term borrowings	0	0	0
72	Convertible bonds	0	0	0
73	Debts from issue of bonds	0	0	0
74	Investment and development loans	62 315	55 060	-7 255
75	Other long-term loans	16 193	6 925	-9 268
76	Long-term debts to related companies	0	0	0
77	Long-term debts to other investments	0	0	0
78	Other long-term liabilities	181	192	11
78/b	of which: Liabilities related to managed state-owned assets	0	0	0
79	III. SHORT-TERM LIABILITIES (Lines 80+...88)	40 248	41 823	1 575
80	Short-term borrowings	0	0	0
81	of which: convertible bonds	0	0	0
82	Other short-term loans	18 823	20 256	1 433
83	Prepayments received from debtors	51	66	15
84	Creditors	6 346	6 737	391
85	Bills of exchange payable	0	0	0
86	Short-term debts to related parties	9 440	5 593	-3 847
87	Short-term debts to other investments	5	0	-5
88	Other short-term liabilities	5 583	9 171	3 588
88/b	of which: Liabilities related to managed state-owned assets	0	0	0
88/A.	Debts from settlements with divisions	0	0	0
89	G. ACCRUED EXPENSES/PREPAID INCOME (Lines 90+...92)	6 008	4 871	-1 137
90	Deferred income	587	710	123
91	Accrued expenses	842	494	-348
92	Deferred extraordinary revenues and negative goodwill	4 579	3 667	-912
93	TOTAL LIABILITIES (53.+61.+66.+89.)	321 861	328 651	6 790

87. Table: Equity and liabilities side of the balance sheet for other activities

Figures in MHUF

Line	Description	2013	2014	Change
01	Net domestic sales revenues	30 650	27 298	-3 352
02	Net export sales revenues	0	0	0
I.	Net sales (01+02)	30 650	27 298	-3 352
I/A 1.	Internal revenues from passenger transport	0	0	0
I/A 2.	Internal revenues from engineering services	0	0	0
I/A 3.	Internal revenues from central services	25 995	19 787	-6 208
I/A 4.	Internal revenues from rail track services	0	0	0
I/A 5.	Revenues from direct internal services	43	7	-36
I/A 6.	Revenues from central administration	2 441	2 212	-229
I/A.	Total internal revenue settled:(I/A 1+I/A 2+I/A 3+I/A 4+I/A 5)	28 479	22 006	-6 473
03	Movement in self produced inventories	254	294	40
04	Capitalised value of self-manufactured assets	89	47	-42
II.	Capitalised value of own performance (03+04)	343	341	-2
III.	Other revenue	5 538	11 189	5 651
	of which: impairment reversed (962,1-962,2)	191	53	-138
	Total operating yields (I+I/A +II+III)	65 010	60 834	-4 176
05	Material costs	5 370	4 484	-886
06	Material type services utilised	15 869	12 986	-2 883
07	Other services	350	307	-43
08	Cost of goods sold	7 863	5 472	-2 391
09	Cost of (consignment) services	1 482	1 440	-42
IV.	Material-type expenditures (05+06+07+08+09)	30 934	24 689	-6 245
IV/A 1.	Internal costs of passenger transport	0	0	0
IV/A 2.	Internal costs of engineering services	0	0	0
IV/A 3.	Internal costs of central services	13 699	11 194	-2 505
IV/A 4.	Internal costs of rail track services	246	136	-110
IV/A 5.	Costs of direct internal services	742	855	113
IV/A 6.	Costs of central administration and property management	114	19	-95
IV/A	Total recognised internal expenditures: (IV/A 1+IV/A 2+IV/A 3+IV/A 4+IV/A 5+IV/A 6)	14 801	12 204	-2 597
10.	Payroll cost	5 026	1 745	-3 281
11.	Other payments to personnel	818	312	-506
12.	Social security and other contributions	1 477	574	-903
V.	Payments to personnel (10.+11.+12.)	7 321	2 631	-4 690
VI.	Depreciation	5 933	6 033	100
VII.	Other expenditures	5 771	6 050	279
	of which: impairment (862)	661	769	108
	Total operational expenses: CURRENT ASSETS (IV+V+VI+VII)	64 760	51 607	-13 153
A.	TRADING PROFIT/(LOSS)	250	9 227	8 977
13.	Dividends (due) received	1 266	22 401	21 135
	13. of which: from related parties	1 263	22 398	21 135
14.	Foreign exchange gain on disposal of investments	0	17	17
	14. of which: from related parties	0	0	0
15.	Interest and gains on long-term financial investments	0	0	0
	15. of which: from related parties	0	0	0
16.	Other interest received (due) and similar income	920	360	-560
	16. of which: from related parties	161	49	-112
17.	Other financial income	54	15	-39
VIII.	Financial Revenues (13+14+15+16+17)	2 240	22 793	20 553
18.	Foreign exchange loss of financial investments	0	0	0
	18. of which: towards related parties	0	0	0
19.	Interest payable and similar charges	2 735	1 841	-894
	19. of which: towards related parties	156	24	-132
20.	Impairment of shares, securities, bank deposits	-425	7 970	8 395
21.	Other financial expenditures	1 419	1 963	544
IX.	Financial expenditures (18+19+20+21)	3 729	11 774	8 045
B.	FINANCIAL PROFIT/(LOSS) (VIII-IX)	-1 489	11 019	12 508
C.	PROFIT FROM ORDINARY ACTIVITIES (±A±B)	-1 239	20 246	21 485
X.	Extraordinary revenues	4 783	62 233	57 450
XI.	Extraordinary expenditures	2 736	55 442	52 706
D.	EXTRAORDINARY PROFIT/LOSS (X-XI)	2 047	6 791	4 744
E.	PROFIT/LOSS BEFORE TAX (±C±D)	808	27 037	26 229
XII.	TAX LIABILITY	0	0	0
F.	PROFIT/(LOSS) AFTER TAXATION (E-XII)	808	27 037	26 229
22.	Dividends, profit sharing paid from retained earnings	0	0	0
23.	Dividends and profit-sharings paid (approved)	0	0	0
G.	PROFIT/LOSS FOR THE YEAR (±F+22-23)	808	27 037	26 229

88. Table: Profit and loss statement of other activities

Figures in MHUF

Nr.	Item	2013	2014
I.	Operating cash-flows (lines 1-16)	15 838	-9 100
1.	Profit before tax ±	808	27 037
	assumption of obligation associated with bond issuance	0	0
	interest on assigned debt	0	0
	deferral of interest related to bond issue	0	0
	amounts received free of charge	-3	-2
	amounts granted free of charge, expensed	0	6
	dividend received	-1 266	-22 401
	amount realised in excess of the book value of loan given	0	-33
	dividends on previous years' profit	0	0
	profit/(loss) from changes in investment	36	-8 447
	surplus non-current assets	-2	0
2.	Previous years' profit/(loss)	0	0
3.	Revaluation of loans and investments	1 560	3 935
4.	Ordinary depreciation charge +	5 933	6 033
4/a.	Depreciation charge on previous year	0	0
5.	Recognised impairment, scrapping, shortage and reversal ±	-393	8 672
6.	Changes in provisions ±	-549	-5 783
7.	Non-current asset disposals ±	-863	-322
8.	Change in liabilities related to managed state-owned assets	4 989	-6
9.	Movements in creditors ±	-786	391
10.	Movements in other short-term liabilities ±	-729	-249
11.	Movements in accruals ±	-1 362	-1 137
11/a.	Released deferred income related to asset settlement	139	183
11/b.	Accrued income associated with fixed assets received without compensation	0	-79
12.	Movements in debtors ±	-946	-104
13.	Current asset movements (less debtors and liquid assets) ±	10 454	3 995
	of which: movements in balance of business line operations	-2 793	-2 151
14.	Movements in prepayments and accrued income ±	-1 182	-20 789
15.	Corporate income tax payable -	0	0
16.	Dividend and share payable -	0	0
II.	Change in liquid assets from investing activities (Lines 17-20)	1 989	22 778
17.	Non-current asset additions -	-454	-640
18.	Non-current asset disposals +	1 143	998
19.	Capital withdrawn from existing investment (subsidiary)	34	19
20.	Dividend received +	1 266	22 401
III.	Financing cash flows (lines 21-31)	1 459	-19 093
21.	Revenues from the issue of shares (capital addition) +	0	0
22.	Proceeds from issue of bonds and debt securities +	0	0
23.	Borrowings +	18 800	1
24.	Repayment, cancellation and redemption of long-term loans and bank deposits +	162	84
25.	Amounts received free of charge +	5	2
26.	Redemption of shares, capital reduction -	0	0
27.	Bond redemption -	0	0
28.	Loan repayment -	-17 518	-19 185
29.	Long-term loans and bank deposits +	0	0
30.	Amounts transferred free of charge -	0	-6
31.	Movements in payables to founders and in other long-term liabilities +	10	11
IV.	Change in cash and cash equivalents (±I±II±III) ±	19 286	-5 415

89. Table: Cash-flow statement of other activities (based on the Central general ledger)

The activity statement of other activities is presented below:

Figures in THUF

Line	Item	Base year 2013	Current year 2014
1	Net sales revenue	30 650 331	27 297 611
	of which: fee revenue	30 650 331	27 297 611
	of which: ticket-price subsidies	0	0
	paid by government	0	0
2	Internal revenues	28 478 388	22 005 980
3	Capitalised value of own performance	342 416	340 802
4	Other income	5 537 992	11 189 364
	of which: government compensation	0	0
	of which: government subsidy	1 038 416	726 139
5	OPERATING GAINS TOTAL	65 009 127	60 833 757
6	Material expenditures	30 933 710	24 688 613
	of which: infrastructure charge	0	0
7	Internal expenses	14 800 521	12 203 858
	of which: network access	246 426	135 732
	of which: traction	0	0
	of which: other railway services	741 894	855 311
	of which: central services	13 698 450	11 194 060
	of which: central control	113 751	18 754
8	Payments to personnel	7 320 800	2 631 384
9	Depreciation charge	5 933 209	6 032 770
10	Other expenditure	5 770 186	6 049 571
11	OPERATING EXPENSES TOTAL	64 758 426	51 606 196
12	OPERATING PROFIT	250 701	9 227 561
13	Financial revenues	2 240 034	22 792 512
14	Financial expenses	3 728 933	11 773 826
15	FINANCIAL LOSS	-1 488 899	11 018 686
16	Extraordinary revenues	4 783 283	62 233 280
	of which: government subsidy	0	0
17	Extraordinary expenses	2 736 378	55 441 882
18	PROFIT ON EXTRAORDINARY EVENTS	2 046 905	6 791 398
19	Tax liability	0	0
20	AFTER TAX PROFIT	808 707	27 037 645

90. Table: Activity statement of the Other activities

MÁV Zrt.'s other activities include primarily the following: wagon lease, property lease and management, materials sold and inventory management, central administration.

MÁV Zrt. had a profit of HUF 809 million in the base year and a profit of HUF 27.037 million from other activities in the reporting year. The growth in the profit is due to the decrease of operational expenses which decreased more than the operational return and to the increase in the extraordinary events, which is basically due to the effect of the merger of MÁV-TRAKCIÓ Zrt. and MÁV-GÉPÉSZET Zrt. into MÁV-START Zrt. upon MÁV Zrt.'s profit/loss, generating a HUF 7.8 million extraordinary profit. The transformation is presented in detail in section I.6.1.

The HUF 3.4 billion decline in the net sales revenue is caused by the joint effect of multiple factors.

Revenues from other central activities decreased significantly as a result of reduced revenues from the sale of technical and general material on the inventory. In 2014 MÁV Szolgáltató Központ Zrt. already provided central services throughout the entire year, and thus the central revenues that had

come from this in previous years ceased. Revenues from real property rental and operation (which include public utility charges for these properties) increased in 2014.

The growth in the profit is also due to the HUF 6.2 billion decrease in material-type expenditures and the HUF 4.7 billion decrease in payments to personnel related to outsourcing. The profit and price difference resulting from re-charges and internal services, as well as the balance of the divided management costs decreased by HUF 3.9 billion in total in the reporting year.

The main components of the net sales revenue are as follows:

Activity	Figures in bHUF	
	Year 2013	Year 2014
Materials sold, inventory management	8.1	5.6
Rail vehicle lease	8.7	8.9
Property lease and management	10.5	11.2
Other services (human, training, accounting and other central services)	3.4	1.6
Total	30.7	27.3

91. Table: Net sales revenue from other activities

The value of sales revenues from other activities decreased by HUF 3.4 billion compared to the base period. The most significant components of the decrease are the HUF 2.5 billion decrease in the revenue from materials sold and inventory management and the HUF 1.8 billion decrease in the value of other services used due to the outsourcing of the service activities to SZK Zrt.

The most important components of the value of other services used are as follows: recharged maintenance costs of multiple-unit trains rented by MÁV-START Zrt. (HUF 0.8 billion), intermediated public utility services related to leased properties (HUF 0.4 billion) and management fee paid by VAMAV (HUF 0.2 billion).

Revenues from wagon lease were close to base level.

As a result of outsourcing, the revenue from property lease and operation increased by HUF 0.7 billion, which also includes recharged utility costs. In 2014, property leasing produced revenues of HUF 5.9 billion, related public utility services HUF 1.9 billion and other property management services brought revenues of HUF 3.4 billion.

Internal revenues per activity:

Internal activity	Figures in bHUF:	
	Year 2013	Year 2014
Central administration	2.4	2.2
Property management, supervision, rental	21.8	19.7
Inventory management, purchases and other corporate services	1.1	0.0
Human services	2.0	0.1
Accounting	0.6	0.0
Administrative and documentation services	0.3	0.0
Other internal services	0.2	0.0
Total	28.4	22.0

92. Table: Internal revenues per activity

Internal revenues per activity is HUF 22 billion, which is 6.4 billion less than in 2013. The reason for the decrease in the revenues from internal services is that the amendment of the Organisational and Operational Regulations (OOR) by MÁV Zrt. as from 1 June 2013 significantly affected the structure of internal services. With effect from 1 June 2013, the activities of BLI, Accounting, Health and Safety (EBK), as well as of the Management and Administration units, and also part of HR services, were outsourced to MÁV Szolgáltató Központ Zrt. As a result of the outsourcing of the activities of BGOK effective from 1 February 2014, the HR services were also terminated at the central units of MÁV Zrt.

As in previous years, internal revenues were predominantly from the internal use of properties. The reason for the HUF 2.1 billion decrease in revenue compared to 2013 is the repossession of a large number of real properties due to organisational restructuring, as well as the decrease in the recognised rental fees owing to the transfer of properties to MNV Zrt. Another revenue-decreasing factor is the reduction in the revenue from the sale of traction energy.

Internal revenues from central administration remained at base level (HUF 2.2 billion).

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

- The revenue from own tangible assets sold was HUF 0.8 billion (HUF -0.4 billion) in 2014.
- reversed impairment on inventories and receivables in 2014: HUF 0.2 billion; in 2013: HUF 0.4 billion;
- late payment interest received in 2014: HUF 0.2 billion; in 2013: HUF 0.3 billion;
- the provision used in 2014 was HUF 2.0 billion, of which provisions for maintenance liabilities related to the sale of welfare properties were used in the amount of HUF 0.4 billion (HUF +0.4 billion), provisions for liabilities related to redundancies were released in the amount of HUF 0.2 billion (-0.3 billion), provisions for litigations were released in the amount of HUF 3.3 billion (HUF -3.1 billion), while provisions for annuity payment obligations were used in the amount of HUF 0.9 billion in 2014.
- after a review of the environmental tasks that are to be executed, we released the tied-up reserves as well as additional reserves in the amount of HUF 3.2 billion, due to loss of relevance or to completed work.
- revenues from amounts released from accrued debts forgiven by government in line with the depreciation of the underlying leased out railcars: HUF 0.6 billion in in the reporting year and HUF 0.7 billion in 2013.
- the government grant of HUF 0.2 billion for the construction costs and expenses of the memorial centre for the child victims of the Holocaust was recognised as a new income item in 2013, whereas in 2014 HUF 29 million was recognised in total.

Material-type expenses decreased by HUF 6.2 billion compared to the base year. The most significant items in 2014:

- Recognised material costs are HUF 0.9 billion behind the base period. A major factor causing the decrease was the reduction of fees achieved in the utility agreements concluded for 2014. The most important component of the reduction of utility fees is the favourable change in natural gas procurement starting from the second half of 2014, as a result of which the costs of the gas used decreased by HUF 639 million compared to the base period, and water charges also decreased by HUF 102 million.
- The value of services used decreased by HUF 2.9 billion compared to the base period. As a result of outsourcing the service activities to MÁV SZK Zrt., the costs of procurement and inventory services decreased by HUF 0.1 billion, and the property management services decreased by HUF 0.8 billion. The costs of IT services used decreased by HUF 0.6 billion, while surveillance and security costs decreased by HUF 0.2 billion.

- The most significant items of services used were property-related costs (operation, maintenance, utilities, lease fees) of HUF 10.5 billion, of which billed outsourced property utilisation costs amounted to HUF 0.6 billion.
- The HUF 2.4 billion decrease in the COGS compared to the base period is due to changes in material insurance. Railtrack technical materials sold to MÁV FKG Kft. (HUF 3.5 billion), materials sold to MÁV-Szolgáltató Központ Zrt. (HUF 0.1 billion), and a maintenance fee of HUF 1.2 billion re-invoiced to MÁV START Zrt. for the carriages leased.

Internal expenses related to other activities in 2014 included mostly central services used (HUF 11.2 billion), which decreased by HUF 2.5 billion due to the outsourced activities compared to the base period. The most important component of internal expenses is the cost of services related to properties (HUF 11.1 billion), which decreased by HUF 1.9 billion compared to 2013 due to the returned rented properties and real estate properties and to the reduced energy costs.

Payments to personnel decreased by HUF 4.7 billion compared to the HUF 7.3 billion amount recognised in 2013. The decrease is due to the fact that the payments to personnel related to the outsourced service activities were not incurred.

The depreciation charge related to other activities was recognised primarily in connection with the rolling stock and the properties. In 2014 recognised depreciation increased by HUF 0.1 billion compared to the base year, which is primarily due to the significant depreciation recognised as a result of the modified depreciation rates applied to certain vehicles leased out in December 2013.

Other expenses increased from HUF 5.8 billion in 2013 to HUF 6.0 billion in 2014. The most significant change occurred in relation to the provision created for unrealised FX losses on development loans (HUF +0.9 billion), while the provision for annuity payment obligations decreased (HUF -0.4 billion), as well as indemnifications (HUF -0.2 billion). Building and land tax has been paid since 2012, and the related expenditures were HUF 0.9 billion in the reporting year.

In 2014 financial revenues were recognised in the amount of HUF 22.8 billion as other activities, which increased by HUF 20.6 billion compared to the base period. Dividend was recognised in the reporting period in the amount of HUF 22.4 billion, as shown in table 61.

Other components of the increase were: interest on fixed deposits (HUF -0.6 billion) and income from dividend (HUF +1.7 billion).

Financial expenses on other activities in 2014 were HUF 11.8 billion, which is an increase primarily due to the impairment recognised as a result of the dividend withdrawn to the debit of the provisions for MÁV Zrt.'s shares in its subsidiaries. Out of the total financial expenses, HUF 1.1 billion interest payable and FX losses on operational loans that remained at MÁV Zrt., HUF 0.7 billion interest paid and foreign exchange loss on leased out trains, and HUF 0.4 billion foreign exchange loss on the year-end revaluation of receivables and payables.

Extraordinary revenues from other activities in 2014 increased by HUF 4.7 billion. Out of the HUF 62.23 billion recorded under extraordinary revenues HUF 58.7 billion is the contract value of the assets received in exchange for the share related to the merger of MÁV-TRAKCIÓ Zrt. and MÁV-GÉPÉSZET Zrt. into MÁV-START Zrt., HUF 3.5 billion is the contract value of the assets received in exchange for the share related to the foundation of MÁV Létesítményüzemeltető és Vasútör Kft. in connection with the merger of MÁV Vagyongkezelő Zrt., MÁV Ingatlankezelő Kft. and MÁV Vasútör Kft. into MÁV Kert Kft. and HUF 19 million is the revenue from the voluntary liquidation of MÁV Koncessziós Kft.;

The most significant items among extraordinary expenditures are the HUF 50.9 billion derecognised shareholding in MÁV-START Zrt. and the HUF 2.8 billion derecognised shareholding related to the foundation of MÁV Létesítményüzemeltető és Vasútör Kft., which is presented in detail in Section I.6.1.

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

Figures in MHUF

Related company	Revenues			Costs and expenses			Total
	Net sales revenue	Other revenue	Total revenues	Costs	Other, financial and extraordinary expenses	Total costs and expenses	
Dunakeszi Járműjavító Kft.	96	0	96	30	0	30	66
EURO-METALL Kft.	99	0	99	9	0	9	90
MÁV FKG KFT	140	2 410	2 550	521	1	522	2 028
MÁV KfV Kft.	25	1 352	1 377	0	5	5	1 372
MÁV Koncessziós Kft."v.a." (under final settlement)	0	19	19	0	23	23	-4
MÁV Létesítményüzemeltető és Vasútör KFT *	271	5 002	5 273	7 827	3 812	11 639	-6 366
MÁV NOSZTALGIA Kft.	28	14	42	0	0	0	42
MÁV Szolgáltató Központ Zrt.	7 836	789	8 625	1 368	229	1 597	7 028
MÁV VAGON Kft.	104	22	126	16	4	20	106
MÁV VASJÁRMŰ Kft.	33	0	33	0	24	24	9
MÁV-REC Kft.	6	0	6	0	0	0	6
MÁV-START Zrt.**	14 744	74 768	89 512	39	58 026	58 065	31 447
MÁV-THERMIT Kft	14	46	60	0	0	0	60
MÁVTI Kft.	3	0	3	0	45	45	-42
Multiszolg 97 Hídmérleg Kft.	3	0	3	0	0	0	3
VAMAV Kft.	199	580	779	0	0	0	779
ZÁHONY-PORT Zrt.	158	3	161	0	0	0	161
Total	23 759	85 005	108 764	9 810	62 169	71 979	36 785

* MÁV Vagyongkezelő Zrt., MÁV IK Kft. and MÁV VASÚTÖR Kft. merged with the legal successor MÁV KERT Kft., which continues its activities under the name MÁV Létesítményüzemeltető és Vasútör Kft.

** With effect from 1 January 2014, MÁV-TRAKCIÓ Zrt. and MÁV-GÉPÉSZET Zrt. merged into MÁV-START Zrt.

93. Table: Related party balances (revenues and expenditures) related to other activities

The effect of the asset settlement and the related compensation is presented in the following table:
figures in MHUF

Item	Change in assets resulting from asset settlement (A)	Capital reserve correction resulting from separation (B)	Change in capital reserve resulting from asset settlement (C=A+B)	Modification of the compensation for the 2003 sports real property settlement (compensation obligation contribution in kind instead of compensation obligation waiver) (D)	Settlement of registered capital increase resulting from compensation for asset settlement (E)	Increase of capital reserve resulting from compensation for asset settlement (F)	Total compensation for asset settlement (G=E+F=C+D)
NIF asset transfer (VÜSZ)	7 336						
Release of revenue deferred because of NIF asset handover (VÜSZ) in 2014	-183	-7 153	0	0	0	0	0
2014 profit/(loss)	2 146						
Release of deferred income due to VÜSZ transfer	0	299	2 445	1 609	72	3 983	4 055
Total:	9 299	-6 854	2 445	1 609	72	3 983	4 055

94. Table: Effect of the asset settlement on the central GL

I.10.4 Summary of activities

The average annual number of employees per type of operations is shown in the table below:

Activity	Headcount (persons)
Railtrack operations	16 803.6
Passenger transport	9.8
Other activities	280.1
MAV Zrt. total	17 093.5

95. Table: Annual average statistical headcount, per type of operations, of persons employed in the reporting year

Subsidies used for operations broken down by title are presented in the table below:

Figures in MHUF

Other subsidies accounted as revenues				
Item	Rail track	Passenger transport	Other activity	MÁV Zrt. Total
Operational compensation	34 449	0	0	34 449
Debts forgiven by the government	105	0	603	708
Allowances used for own assets	177	0	89	266
Incentive scheme for MÁV workers, 2011-2013	0	0	0	0
Subsidies received to cover the costs and expenses of establishing the Memorial Centre for the Child Victims of the Holocaust	0	0	28	28
Phare aid used	27	0	6	33
Support for public employment	1 207	0	0	1 207
Total government subsidies	35 965	0	726	36 691
Investment subsidies (state and EU)				
Item	Rail track	Passenger transport	Other activity	MÁV Zrt. Total
Use of reimbursement for renovation related to treasury assets, funds	23 790	0	0	23 790
Refurbishment of railway bridges and steel structures	4 926	0	0	4 926
Creation of the Child Victims of the Holocaust Memorial - European Educational Center	3 584	0	0	3 584
Asset purchases associated with public employment program	29	0	0	29
Portion of TEN-T budget for studies	56	0	0	56
KÖZOP subsidy MÁV Zrt. Traffic safety projects	1 106	0	0	1 106
Improvement of public transport in Balatonfüred	77	0	0	77
Building parking facilities (P+R, B+R)	-3	0	0	-3
Investment subsidies in total	33 565	0	0	33 565

96. Table: Subsidies used for operations by title

Accumulations due to the per-activity breakdown are presented in the table below:

Figures in MHUF

Internal services internal cost and internal income activities that bear them	Activities performing the internal service						Total
	Rail track		Other activity				
			Central services		Corporate governance		
	cost	income	cost	income	cost	income	
Rail track	0	-547	12 270	0	2 186	0	13 909
Regional passenger transport	411	0	4	0	1	0	416
Other activities	136	0	12 036	-24 310	18	-2 205	-14 325
TOTAL	547	-547	24 310	-24 310	2 205	-2 205	0

97. Table: 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 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 Supplementary notes

II.1 Environmental protection

II.1.1 Environmental protection 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, these deadlines were later 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 lifted.

Environmental provisions have been made based on the following principles:

- The Company assessed the status of environmental liabilities at the year-end and identified the difference between the provision already made and the required provision, which amount is the provision to be made/released in the current year.
- The underlying liabilities were unidentified based on environmental surveys and in view of mandatory work imposed by environmental authorities plus estimated expected environmental obligations.

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 at the end of 2013. After a review of the environmental tasks that are to be executed, tied-up reserves in the value of HUF 3,617 million were transferred to capital reserves.

Based on previous estimates, the Company made a HUF 6,533 million provision in 2002, HUF 7,805 million in 2006, HUF 1,911 million in 2008, HUF 388 million in 2009, HUF 83 million in 2010, HUF 42 million in 2011, HUF 340 million in 2012, HUF 19 million in 2013 and HUF 5,782 million in 2014 for newly identified tasks, taking into account the newly revealed tasks, as well as the finalised anticipated obligations related to the ongoing projects.

After a review of the environmental tasks that are to be executed, we released the tied-up reserves as well as additional reserves in the amount of HUF 3,164 million, due to loss of relevance or to completed work.

The available amount of provisions for environmental damages less used and released amounts is HUF 8,689 million.

Environmental expenses, provisions and allocated reserves in 2013 and in 2014 are presented in the table below:

Figures in MHUF		
Period	Year 2013	Year 2014
Environmental expenses	198	205

98. Table: Changes in environmental expenses related to environmental recovery

The review covered the revaluation of any ongoing projects and the assessment of any newly revealed environmental pollution damages, in relation to which provisions were made in the amount of HUF 5,782 million.

The available amount of provisions for environmental damages less used and released amounts is HUF 8,689 million at the end of 2014.

Movements in provisions and allocated reserves are presented in the table below:

Figures in MHUF

<i>Item</i>	<i>Opening</i>	<i>Growth</i>	<i>Decrease</i>	<i>Closing figure</i>
Non-distributable reserve	3 617		3 617	0
Provisions - Railways General Ledger		5 762		5 762
Provisions - Central control and service GL	6 072	19	3 164	2 927
Total provisions	9 689	5 781	6 781	8 689

99. Table: Movements in environmental reserves in the reporting year

As a result of the asset settlement and the rating of real properties in the inventory executed in 2014, the provision was created taking into account that the area affected by the environmental pollution has a treasury rating, as well as an MTR rating required for rail track operation. Accordingly, the necessity for new provisions resulting from the revaluation of the provision created for newly revealed pollutions and ongoing works was divided in accordance with the rating of the real property.

Existing environmental liabilities per title are presented in the table below:

Figures in MHUF

Remediation work	Liability			
	31.12.2013	Released	Made	31.12.2014
Obligations arising from soil and groundwater contamination	4 883	2 327	933	3 489
Remediation of the environmental damage of abandoned sites	2 011	2 011		0
Elimination of systems abandoned during heating modernisation	1 422	1 422		0
Remediation of the environmental damage of transformers	569	569		0
Owing to illegal waste	254	2	4 848	5 100
Survey of water and channel networks, preparation of utility maps	400	400		0
Survey of dead channel networks, preparation of utility maps	150	50		100
Total liabilities:	9 689	6 781	5 781	8 689

100. Table: Existing environmental liabilities by title

II.1.2 Assets directly serving environmental purposes

Movements in tangible assets used directly for environment protection are presented in the table below:

Figures in MHUF

Item	Opening	Change (Growth +, Decrease -)	Closing
Gross value	2 787	0	2 787
Depreciation on opening	663	50	713
Net value	2 124		2 074
Construction in progress	0	0	0
Total:	2 124		2 074

101. Table: Tangible assets used directly for environment protection

The assets used for environment protection are recorded among the technical equipment, and their depreciation is recognised based on the linear method.

For three sites: The architectural designs for the VH plant collectors have been prepared at the sites at Győr, Záhony and Pécs TLK. The construction of the buildings based on the licensed implementation plans is scheduled for the second half of 2015. Another environmental task for 2015 is the completion of the building design and the procurement of the licences related to the Szolnok and Budapest Istvántelek sites.

II.1.3 Waste values and quantities

Figures in THUF

EWC code	Item	Opening balance	Increase in 2014	Decrease in 2014	Closing balance
130205	Non-chloride lubricants	10	82	39	53
160601	Lead batteries	1 802	5 062	4 601	2 263
Total		1 812	5 144	4 640	2 316

102. Table: Movements in the value of dangerous and hazardous waste

EWC	Item	2014			
		Opening inventory (kg)	Amount gained (kg)	Closing inventory (kg)	Total provided (kg)
050103*	Sludge removed from the base of containers	0	450	0	450
060101*	Sulphuric acid and similar acids	10	0	0	10
060106*	Other acids	0	13	0	13
60203*	Ammonium hydroxide	0	0	0	0
060204*	Sodium and potassium hydroxide	0	0	0	0
060404*	Wastes containing mercury	0	7	1	6
060405*	Wastes containing other heavy metals	0	26	0	26
061301*	Inorganic pesticides	0	0	0	0
061302*	Spent activated carbon (except 06 07 02)	0	0	0	0
070107*	Other organic solvents, washing liquids and mother liquors	11	5	0	16
070214*	Wastes from additives containing dangerous substances	0	0	0	0
080111*	Waste paint and varnish containing organic solvents or other dangerous substances	118	311	260	169
080317*	Waste toner (hazardous paint)	1 326	1 775	1 008	2 093
080409*	Waste adhesives and fillers containing organic solvents or other dangerous substances	0	2	0	2
120109*	Machining emulsions and solutions free of halogens	2	6	6	2
120112*	Used wax and grease	60	130	130	60
130205*	Non-chloride lubricants	80	1 447	847	680
130206	Synthetic lubricants	0	0	0	0
130208*	Other lubricants	0	0	0	0
130307*	Mineral oil based, non-chloride insulation and heat transmission lubricants	471	1 587	505	1 553
130501*	Mixed waste from oil/water separator	600	10 384	600	10 384
130502*	Sludge from oil/water separator	512	57 893	1 485	56 920
130506*	Oil from oil/water separator	350	5	0	355
130507*	Oily water from oil/water separator	0	23 960	0	23 960
130508*	Mixed waste from oil/water separator	550	119 180	550	119 180
130701*	Heating and diesel oil	2 000	1 116	2 166	950
130899*	Other non-specified waste	0	0	0	0
140601*	Hydrochlorofluorocarbons, HCFC, HFC	0	0	0	0
140603*	Other solvent mixes	0	0	0	0
150110*	Packaging containing residues of or contaminated by dangerous substances	3 814	4 579	2 912	5 481
150111*	Metallic packaging containing a dangerous solid porous matrix (e.g. asbestos)	194	295	237	252
150202*	Absorbents, filter materials (including oil filters not otherwise specified), wiping cloths, protective clothing contaminated by hazardous substances	6 926	11 366	6 919	11 373
160107*	Oil filters	0	0	0	0
160111*	Asbestos-containing friction disks	0	0	0	0
160114*	Waste antifreeze containing hazardous materials	0	0	0	0
160121*	Hazardous spare parts	0	0	0	0
160209*	Transformers and capacitors containing PCBs	0	0	0	0
160213*	Equipment no longer in use	1 155	518	23	1 650
160303*	Inorganic wastes containing dangerous substances	25	46	23	48
160403*	Other waste explosives	0	0	0	0
160305*	Organic wastes containing dangerous substances	743	679	477	945
160410*	Cables containing oil, coal tar and other dangerous substances	0	0	0	0
160506*	Laboratory chemicals, consisting of or containing dangerous substances	0	0	0	0
160507*	Discarded inorganic chemicals consisting of or containing dangerous substances	0	0	0	0
160508*	Organic chemicals, consisting of or containing dangerous substances	0	0	0	0
160601*	Lead batteries	10 855	27 093	12 802	25 146
160606*	Separately collected electrolyte from batteries	0	0	0	0
160708	Wastes containing oil	0	0	0	0
160709*	Wastes containing other dangerous substances	6	0	0	6
161001*	Aqueous liquid waste containing dangerous substances	0	300	0	300
170106*	Fractions of concrete, bricks, tiles and ceramics containing dangerous substances	0	0	0	0
170204*	Glass, plastic and wood containing or contaminated with dangerous substances	740 263	2 701	249 546	493 418
170301*	Bituminous mixtures containing coal tar	0	0	0	0
170303*	Coal tar and tarred products	0	0	0	0
170410*	Cables containing oil, coal tar and other dangerous substances	160	1 365	0	1 525
170503*	Soil and stones containing dangerous substances	1 032	793 280	176	794 136
170507*	Track ballast containing dangerous substances	20	2 590	0	2 610
170601*	Insulation materials containing asbestos	16	0	0	16
170603*	Other insulation materials consisting of or containing dangerous substances	8	270	278	0
170901*	Construction and demolition wastes containing mercury	0	0	0	0
190813*	Sludge containing dangerous substances from other treatment of industrial waste water	0	0	0	0
180103*	Infectious waste	0	8	0	8
200121*	Fluorescent light bulbs and other mercury-containing wastes	41	265	186	120
200133*	Batteries and accumulators included in 16 06 01, 16 06 02 or 16 06 03 and unsorted batteries	3 333	2 760	2 044	4 049
200135*	Discarded electrical and electronic equipment other than those mentioned in 20 01 21 and 20 01 23 containing hazardous components	3 552	38 894	8 426	34 020
	Total	778 233	1 105 306	291 607	1 591 932

103. Table: Movements in the quantities of hazardous waste (kg)

II.2 Research and experimental development

The costs of R&D and other technical development are presented in the following table:

Figures in MHUF

Item	Year 2013	Year 2014	Difference
R&D costs	47	0	-47
Of which: Own R&D expensed in the reporting year	47	0	-47
Direct costs of technical development	47	11	-36
Of which: Technical information, propaganda and production management	33	8	-25
Type classification, standardisation, industrial design	14	0	-14
Non-capitalised, used innovation	0	3	3
R&D by third parties	184	33	-151
R&D by third parties	62	33	-29
Organisation, editing, inspection fee invoice of R&D activities	122	0	-122
Total costs incurred in relation to R&D activities:	278	44	-234

104. Table: R&D costs

In 2014 no R&D costs, either in respect of R&D work performed for itself or for third parties, were incurred by MÁV Zrt. The costs of R&D performed by third parties amounted to HUF 33 million during the year.

R&D activities capitalised and in progress in 2014 are presented in the following table:

Figures in MHUF

Item	Opening	Growth	Decrease	Closing
Gross value	4	0	0	4
Depreciation charge	4	0	0	4
Net value	0	0	0	0
R&D in progress	37	0	0	37

105. Table: R&D activities capitalised and in progress in 2014

II.3 Subsidies received

Subsidies and grants received to fund development projects and cover expenses, and details of the consumer price subsidy are presented in the following two tables:

Figures in MHUF

Item	2013	2014	Change
Ticket subsidy	10	11	1
Refunded excise tax	11	11	0
Project subsidy	23 753	34 204	10 451
of which: reimbursement for renovation	19 827	23 790	3 963
Operational compensation	46 761	34 449	-12 312
Support for public employment	99	1 207	1 108
Support for the Memorial Centre for the Child Victims of the Holocaust	197	28	-169
Incentive scheme for MÁV workers, 2011-2013	994	0	-994
Other subsidies	52	99	47
Total:	71 877	70 009	-1 868

*Note: Subsidies received for development projects are detailed in "Table 22: Use of investment-purpose government subsidies and grants"

106. Table: Subsidies accounted for in the reporting year

Figures in MHUF			
Ticket subsidy by type	2013	2014	Change
50% discount	10	11	1
90% discount	3	2	-1
Total:	13	13	0

107. Table: Ticket subsidy usage

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

Item	2013			2014		
	Average statistical headcount	Distribution (%)	of which: in public employment	Average statistical headcount	Distribution (%)	of which: in public employment
- blue collar	11 804.1	69.0	104.2	12 497.7	73.1	1 066.4
- white collar	5 311.1	31.0	1.4	4 596.0	26.9	27.1
Total:	17 115.2	100.0	105.6	17 093.7	100.0	1 093.5

108. Table: Employee headcount (number of persons)

Transaction type	Average pay (HUF/person/month)		Average pay for the category (HUF/person/month)	
	2013	2014	2013	2014
- blue collar	202 366	194 197	147 238	145 474
- white collar	318 499	327 377	274 676	284 589
Full-time	238 349	229 951	186 724	182 748

109. Table: Average and category-based wages and salaries with employees employed under the public works programme

Transaction type	Average pay (HUF/person/month)		Average pay for the category (HUF/person/month)	
	Year 2013	Year 2014	Year 2013	Year 2014
- blue collar	203 606	205 854	147 875	152 003
- white collar	318 560	328 750	274 725	285 716
Full-time	239 435	240 897	187 411	190 122

110. Table: Average and category-based wages and salaries without employees employed under the public works programme

Item	2013	Distribution (%)	of which: in public employment in 2013	2014	Distribution (%)	Index 2014/2013 (%)	of which: in public employment in 2014
Full-time	17 375	99.9	1 291	17 332	99.9	99.8	1 427
- blue collar	12 770	73.4	1 278	12 759	73.5	99.9	1 386
- white collar	4 605	26.5	13	4 573	26.4	99.3	41
Part-time	24	0.1	0	22	0.1	91.7	0
- blue collar	10	0.1	0	8	0.0	80.0	0
- white collar	14	0.1	0	14	0.1	100.0	0
Employees total	17 399	100.0	1 291	17 354	100.0	99.7	1 427

111. Table: Closing headcount at MÁV Zrt. in 2014

Personnel-related expenses payable by the employer are presented in the following table per staff category:

Item	2013					2014				
	Wages	Other payments to personnel	Social security	Total	Distribution	Wages	Other payments to personnel	Social security	Total	Distribution
Blue collar	34 448	5 165	10 837	50 450	69%	34 969	5 303	11 009	51 281	73%
White collar	15 502	2 324	4 876	22 702	31%	12 860	1 950	4 048	18 858	27%
Inactive	253	66	100	419	1%	166	42	71	279	0.4%
Total:	50 203	7 555	15 813	73 571	100%	47 995	7 295	15 128	70 418	100%

112. Table: Payments to personnel in 2014

II.5 Information on payments to senior officers, Board and Supervisory Board members, and the audit fee

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

Item	Figures in MHUF		
	2013	2014	Change
Board of Directors	13	13	0
Supervisory Board	17	20	3
Total:	30	33	3

113. Table: Remunerations paid in 2014

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

No loans were disbursed to or guarantees assumed on behalf of Board and Supervisory Board members in 2014.

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

The Company has no pension liabilities to former Board and Supervisory Board members.

II.5.4 The audit fee charged by the auditors

The cost of the annual audit was HUF 15 million, and other advisory services provided by the auditors totalled HUF 14 million.

II.6 MÁV Zrt.’s investments

Figures in HUF

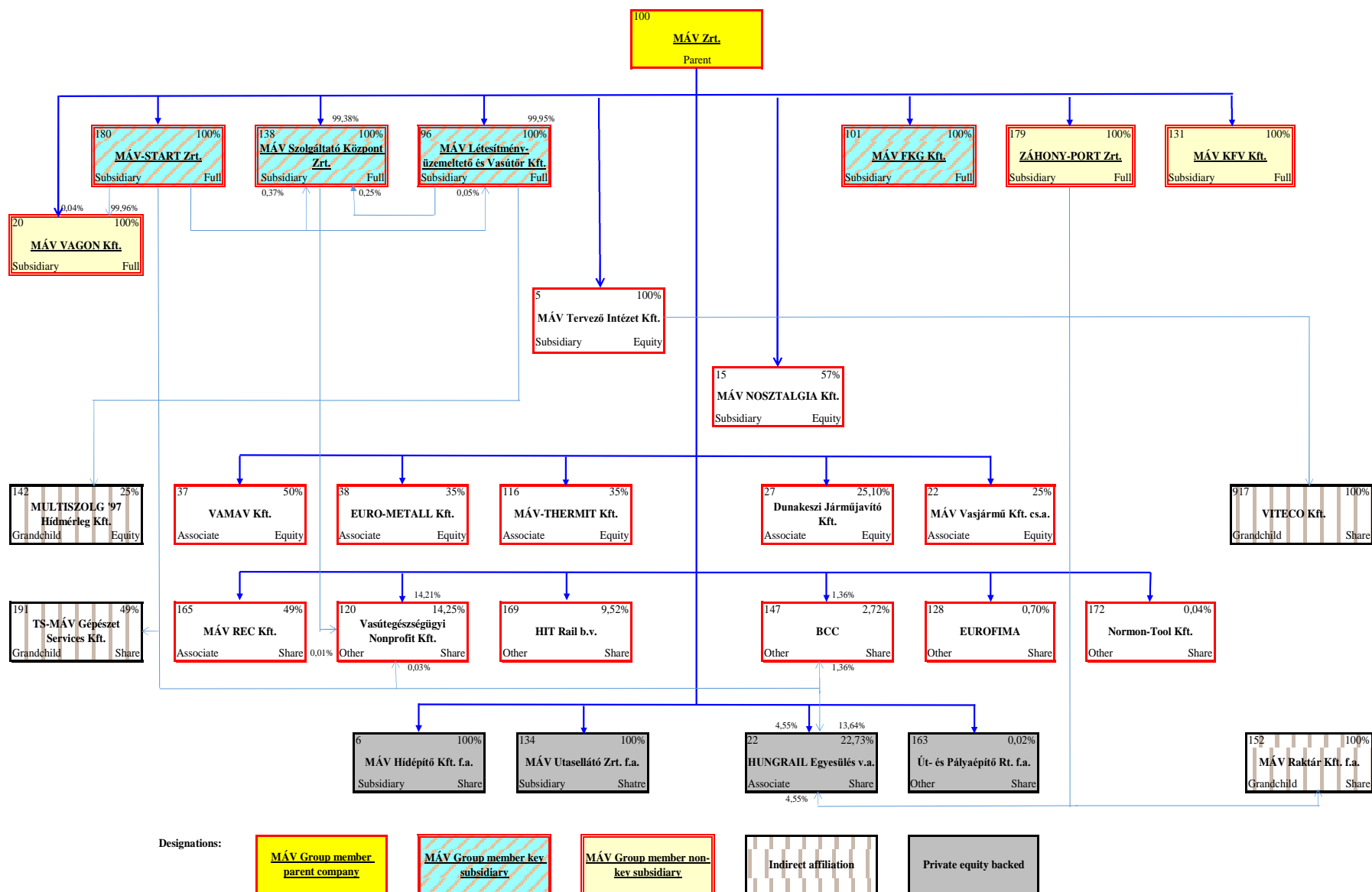
Scope of consolidation	Internal code	Name	CHANGE	MÁV % (01 Jan. 2014)	MÁV % (31 Dec. 2014)	Date of foundation	Postal cose	Registered office	Address	Registered capital 31 Dec. 2014	MÁV Zrt registered capital 31 Dec. 2014	Equity PRELIMINARY	Historical cost of shareholding 01 Jan. 2014 -1619-	Accumulated impairment on shareholdings 01 Jan. 2014 -1699-	Book value of receivables 01 Jan. 2014 -16-	Capital increase, injection 2014 -16111-	Foundatio n 2014 -16111-	Sharehol ding purchase 2014 -16112-	Increase in the historical cost of shareholdings, not involving cash-flow -16115-	Other increase in the book value of shareholdings -16114- owing to transformations
TK	180	MÁV-START Zrt.	0.00%	100.00%	100.00%	11.01.2007	1087	Budapest	Könyves Kálmán körút 54-60.	43 741 514 000	43 741 514 000	128 506 187 000	62 320 000 000	0	62 320 000 000					58 713 553 416
TK	186	MÁV-TRAKCIÓ Zrt.	-99.99%	99.99%	0.00%	10.10.2007	1087	Budapest	Könyves Kálmán körút 54-60.	0	0		40 312 111 000	0	40 312 111 000					
TK	187	MÁV-GÉPÉSZET Zrt.	-99.90%	99.90%	0.00%	12.11.2007	1087	Budapest	Könyves Kálmán körút 54-60.	0	0		10 610 464 000	0	10 610 464 000					
TK	101	MÁV FKG Kft.	0.00%	100.00%	100.00%	31.12.1993	5137	Jászkisér	Jászladányi út 10.	1 504 760 000	1 504 760 000	3 751 015 000	1 535 268 428	0	1 535 268 428					
TK	131	MÁV KFV Kft.	0.00%	100.00%	100.00%	01.09.1996	1097	Budapest	Péceli út 2.	569 400 000	569 400 000	2 877 150 000	569 400 000	0	569 400 000					
TK	179	ZÁHONY-PORT Zrt.	0.00%	100.00%	100.00%	31.08.2006	4625	Záhony	Európa tér 12.	10 000 000	10 000 000	629 184 000	975 617 000	-388 037 000	587 580 000					
TK	138	MÁV Szolgáltató Központ Zrt.	0.00%	99.38%	99.38%	01.11.1996	1087	Budapest	Könyves Kálmán körút 54-60.	801 000 000	796 000 000	2 244 500 000	1 421 332 417	0	1 421 332 417					
TK	139	MÁV VASÚTŐR Kft.	-99.81%	99.81%	0.00%	30.12.1996	1097	Budapest	H-1097 Budapest, Fék utca 8/a.	0	0		214 360 000	0	214 360 000					
TK	096	MÁV Létesítményüzemeltető és Vasútör Kft.	0.38%	99.57%	99.95%	01.04.1993	1087	Budapest	Könyves Kálmán körút 54-60.	903 292 000	902 853 000	4 009 326 000	46 070 000	0	46 070 000					3 448 292 940
TK	136	MÁV Ingatlankezelő Kft.	-99.85%	99.85%	0.00%	30.12.1996	1087	Budapest	Könyves Kálmán körút 54-60.	0	0		398 360 000	0	398 360 000					
TK	020	MÁV VAGON Kft.	-89.96%	90.00%	0.04%	30.12.1992	8000	Székesfehérvár	Takarodó utca 1.	243 980 000	100 000	256 336 000	0	0	0					
TK	149	MÁV Vagyonkezelő Zrt.	-100.00%	100.00%	0.00%	18.07.1997	1087	Budapest	Könyves Kálmán körút 54-60.	0	0		2 229 223 546	-52 846 495	2 176 377 051					
Total completely consolidated subsidiary										47 773 946 000	47 524 627 000	142 273 698 000	120 632 206 391	-440 883 495	120 191 322 896	0	0	0	0	62 161 846 356
EQL	015	MÁV NOSZTALGIA Kft.	0.00%	57.00%	57.00%	30.12.1992	1142	Budapest	Tatai út 95.	10 000 000	5 700 000	201 120 000	5 700 000	0	5 700 000					
EQL	005	MÁV Tervező Intézet Kft.	0.00%	100.00%	100.00%	01.07.1992	1016	Budapest	Mészáros utca 19.	80 000 000	80 000 000	-2 958 000	80 000 000	-80 000 000	0					
TK	020	MÁV VAGON Kft.	-89.96%	90.00%	0.04%	30.12.1992	8000	Székesfehérvár	Takarodó utca 1.	0	0		219 582 000	0	219 582 000					
Total subsidiaries treated with the equity method in the consolidation										90 000 000	85 700 000	198 162 000	305 282 000	-80 000 000	225 282 000	0	0	0	0	0
EQV	027	Dunakeszi Járműjavító Kft.	0.00%	25.10%	25.10%	30.12.1992	2120	Dunakeszi	Állomás sétány 19.	772 000 000	193 750 000		193 770 000	0	193 770 000					
EQV	116	MÁV-THERMIT Kft.	0.00%	35.00%	35.00%	28.02.1995	2030	Erd	Tolmács utca 18.	138 000 000	48 300 000		48 300 000	0	48 300 000					
EQV	022	MÁV VASJÁRMŰ Kft. cs.a.	0.01%	25.00%	25.01%	30.12.1992	9700	Szombathely	Szövő utca 85.	88 890 000	22 230 000		158 000 000	-158 000 000	0					
EQV	037	VAMAV Kft.	0.00%	50.00%	50.00%	26.11.1991	3200	Gyöngyös	Gyártelep utca 1.	1 400 000 000	700 000 000		480 000 000	0	480 000 000					
EQV	038	EURO-METALL Kft.	0.00%	34.99%	34.99%	23.01.1991	1045	Budapest	Elem utca 5-7.	50 590 000	17 700 000		17 700 000	0	17 700 000					
Total affiliates treated with the equity method in the consolidation										2 449 480 000	981 980 000	0	897 770 000	-158 000 000	739 770 000	0	0	0	0	0
RL	190	MÁV Koncessziós Kft. v.a. (under final settlement)	-100.00%	100.00%	0.00%	13.07.2011	1087	Budapest	Könyves Kálmán körút 54-60.	0	0		30 000 000	-7 404 000	22 596 000					
RL	134	MÁV Utasellátó Zrt. f.a.	0.00%	100.00%	100.00%	01.12.1996	1053	Budapest	Yeres Pálné utca 9.	137 000 000	137 000 000		137 000 000	-137 000 000	0					
RL	006	MÁV HIDÉPÍTŐ Kft. f.a.	0.00%	100.00%	100.00%	01.08.1992	1142	Budapest	Mexikói út 71.	3 100 000	3 100 000		600 000 000	-600 000 000	0					
Subsidiaries treated as a shareholding in the consolidation										140 100 000	140 100 000	0	767 000 000	-744 404 000	22 596 000	0	0	0	0	0
RV	178	HUNGRAIL Magyar Vasúti Egyesülés v.a. (under final settlement)	0.00%	4.55%	4.55%	24.03.2006	1066	Budapest	Feréz krt. 38.	4 400 000	200 000		200 000	0	200 000					
RV	165	MÁV-REC Kft.	0.00%	49.00%	49.00%	11.10.2001	1097	Budapest	Könyves Kálmán körút 16.	50 000 000	24 500 000		50 500 000	0	50 500 000					
RV	188	MTMG Logisztikai Zrt.	-25.12%	25.12%	0.00%	02.03.2006	1012	Budapest	Logodi utca 34/A.	0	0		15 150 000	-10 183 776	4 966 224					
Affiliates treated as a shareholding in the consolidation										54 400 000	24 700 000	0	65 850 000	-10 183 776	55 666 224	0	0	0	0	0
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	34 716 623	472 335		443 882	0	443 882					
RE	128	Eurofima Societe Europeenne Pour Le Financement de Material Ferroviaire (Vasúti Gördülőanyag-finanszírozási Európai Zrt.)	0.00%	0.70%	0.70%	01.06.1992	CH4001	Basel	Rittergasse 20.	680 810 000 000	4 765 670 000		1 915 191 801	0	1 915 191 801					
RE	120	Vasútegészségügyi Nonprofit Közhasznú Kft.	0.00%	14.21%	14.21%	31.07.1997	1062	Budapest	Podmaniczky utca 109.	701 020 000	99 600 000		99 600 000	0	99 600 000					
RE	169	HIT Rail B.V. IT services	0.00%	9.52%	9.52%	26.11.2001	3511 ER	Utrecht	Laan van Puntenburg 100	428 565 290	40 815 742		64 672 639	0	64 672 639					
RE	166	NGF Nemzetközi Gazdaságfejlesztési Kht. f.a.	-4.60%	4.60%	0.00%	25.03.2003	1036	Budapest	Lajos u 160-162.	0	0		200 000	-200 000	0					
RE	172	Normon-Tool Kft.	0.00%	0.04%	0.04%	14.03.2002	5600	Békéscsaba	Ipari út 1.	80 290 000	29 190		132 200	0	132 200					
RE	163	Út- és Pályaépítő Rt. f.a. (under liquidation)	0.00%	0.02%	0.02%	11.06.1991	1131	Budapest	Jász utca 156-158.	2 000 000 000	336 000		336 000	-336 000	0					
Other company treated as a shareholding in the consolidation										684 054 591 913	4 906 923 267	0	2 080 576 522	-536 000	2 080 040 522	0	0	0	0	0
	190	MÁV Koncessziós Kft. v.a. (under final settlement)	-100.00%	100.00%	0.00%	13.07.2011	1087	Budapest	Könyves Kálmán körút 54-60.	0	0				0					
	188	MTMG Logisztikai Zrt.	-25.12%	25.12%	0.00%	02.03.2006	1012	Budapest	Logodi utca 34/A.	40 200 000	0				0					
	166	NGF Nemzetközi Gazdaságfejlesztési Kht. f.a.	-4.60%	4.60%	0.00%	25.03.2003	1036	Budapest	Lajos u 160-162.	0	0				0					
Companies eliminated from the consolidation in 2014										40 200 000	0	0	0	0	0	0	0	0	0	0
Grand total:										734 602 717 913	53 664 030 267	142 471 860 000	124 748 684 913	-1 434 007 271	123 314 677 642	0	0	0	0	62 161 846 356

114. Table: MÁV Zrt.’s investments I



Scope of consolidation	Internal code	Name	Increase in the gross value of shareholdings, not involving cash-flow -16115-	Other increase in the gross value of shareholdings -16114- owing to STG,FM merger	Sale 2014 -16122-	Cancellation from the books owing to liquidation (final settlement) (includes the data of the STG,FM merger) 2014	Written off due to contribution in kind 2014 -16121-	Price gain 31 Dec. 2014 -16113-	Price loss -16123-	Reclassification 2014	Registered capital 31 Dec. 2014 -161-	Impairment loss recognised 2014 -1691-	Cancellation from the books of impairment owing to sale, contribution in kind and transformation	Recognition of impairment due to winding-up or voluntary liquidation 2014 -1695-	Reversal of impairment of receivables -1698-	Reclassification n 2014	Accumulated impairment loss 31 Dec. 2014 -169-	Carrying amount 31 Dec. 2014 -16-
TK	180	MÁV-START Zrt.		58 713 553 416							121 033 553 416	-7 094 445 928					-7 094 445 928	113 939 107 488
TK	186	MÁV-TRAKCIÓ Zrt.				-40 312 111 000					0						0	0
TK	187	MÁV-GÉPÉSZET Zrt.				-10 610 464 000					0						0	0
TK	101	MÁV FKG Kft.									1 535 268 428						0	1 535 268 428
TK	131	MÁV KfV Kft.									569 400 000						0	569 400 000
TK	179	ZÁHONY-PORT Zrt.									975 617 000						-388 037 000	587 580 000
TK	138	MÁV Szolgáltató Központ Zrt.									1 421 332 417						0	1 421 332 417
TK	139	MÁV VASÚTŐR Kft.				-214 360 000					0						0	0
TK	096	MÁV Lésitményüzemeltető és Vasútőr Kft.		3 448 292 940							3 494 362 940	-875 647 000					-875 647 000	2 618 715 940
TK	136	MÁV Ingatlankezelő Kft.				-398 360 000					0						0	0
TK	020	MÁV VAGON Kft.			-219 482 000					219 582 000	100 000						0	100 000
TK	149	MÁV Vagyongkezelő Zrt.				-2 229 223 546					0			52 846 495			0	0
Total completely consolidated subsidiary			0	62 161 846 356	-219 482 000	-53 764 518 546	0	0	0	219 582 000	129 029 634 201	-7 970 092 928	0	52 846 495	0	0	-8 358 129 928	120 671 504 273
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
TK	020	MÁV VAGON Kft.								-219 582 000	0						0	0
Total subsidiaries treated with the equity method in the consolidation			0	0	0	0	0	0	0	-219 582 000	85 700 000	0	0	0	0	0	-80 000 000	5 700 000
EQV	027	Dunakeszi Járműjavító Kft.									193 770 000						0	193 770 000
EQV	116	MÁV-THERMIT Kft.									48 300 000						0	48 300 000
EQV	022	MÁV VASJÁRMŰ Kft. cs.a.									158 000 000						-158 000 000	0
EQV	037	VAMAV Kft.									480 000 000						0	480 000 000
EQV	038	EURO-METALL Kft.									17 700 000						0	17 700 000
Total affiliates treated with the equity method in the consolidation			0	0	0	0	0	0	0	0	897 770 000	0	0	0	0	0	-158 000 000	739 770 000
RL	190	MÁV Koncessziós Kft. v.a. (under final settlement)								-30 000 000	0					7 404 000	-7 404 000	-7 404 000
RL	134	MÁV Utasellátó Zrt. f.a.									137 000 000						-137 000 000	0
RL	006	MÁV HIDÉPÍTŐ Kft. f.a.									600 000 000						-600 000 000	0
Subsidiaries treated as a shareholding in the consolidation			0	0	0	0	0	0	0	-30 000 000	737 000 000	0	0	0	0	7 404 000	-737 000 000	0
RV	178	HUNGRAIL Magyar Vasúti Egyesülés v.a. (under final settlement)									200 000						0	200 000
RV	165	MÁV-REC Kft.									50 500 000						0	50 500 000
RV	188	MTMG Logisztikai Zrt.								-15 150 000	0					10 183 776	-10 183 776	-10 183 776
Affiliates treated as a shareholding in the consolidation			0	0	0	0	0	0	0	-15 150 000	50 700 000	0	0	0	0	10 183 776	0	50 700 000
RE	147	Bureau Central de Clearing s.c.f.l. (BCC)						26 881			470 763						0	470 763
RE	128	Eurofina Societe Europeenne Pour Le Financement de Material Ferroviaire (Vasúti Gördülőanyag-finanszírozási Európai Zrt.)						155 895 062			2 071 086 863						0	2 071 086 863
RE	120	Vasútegészségügyi Nonprofit Közhasznú Kft.									99 600 000						0	99 600 000
RE	169	HIT Rail B.V. IT services						3 916 386			68 589 025						0	68 589 025
RE	166	NGF Nemzetközi Gazdaságfejlesztési Kht. f.a.								-200 000	0					200 000	-200 000	-200 000
RE	172	Normon-Tool Kft.									132 200						0	132 200
RE	163	Út- és Pályaépítő Rt. f.a. (under liquidation)									336 000						-336 000	0
Other company treated as a shareholding in the consolidation			0	0	0	0	0	159 838 329	0	-200 000	2 240 214 851	0	0	0	0	200 000	-336 000	2 239 878 851
	190	MÁV Koncessziós Kft. v.a. (under final settlement)				-30 000 000				30 000 000	0			7 404 000		-7 404 000	7 404 000	7 404 000
	188	MTMG Logisztikai Zrt.			-15 150 000					15 150 000	0		10 183 776			-10 183 776	10 183 776	10 183 776
	166	NGF Nemzetközi Gazdaságfejlesztési Kht. f.a.				-200 000				200 000	0			200 000		-200 000	200 000	200 000
Companies eliminated from the consolidation in 2014			0	0	-15 150 000	-30 200 000	0	0	0	45 350 000	0	0	10 183 776	7 604 000	0	-17 787 776	0	0
Grand total:			0	62 161 846 356	-234 632 000	-53 794 718 546	0	159 838 329	0	0	133 041 019 052	-7 970 092 928	10 183 776	60 450 495	0	0	-9 333 465 928	123 707 553 124

115. Table: MÁV Zrt.'s investments II





116. Table: Structure of the MÁV company group

II.7 Material transactions with related parties that were not made on an arm's length basis

From the perspective of MÁV Zrt. related parties are deemed to be the companies qualifying as subsidiaries, joint ventures and associated companies as defined in the Accounting Act – hereinafter together: related companies – as well as the members of the senior management and the senior officers. For the purposes of interpretation, related parties mean the Company's Chairman and CEO and his deputies, and senior officers mean the members of the Board of Directors and their close relatives.

Most of the transactions between MÁV Zrt. and its related parties under the Corporate Tax Act were conducted on an arm's length basis. Typically, rental agreements include contracts that are based on other than arm's length prices, and therefore such contracts are monitored and the related records have been adjusted for corporate tax purposes. In these contracts the contractual rent totalled HUF 414 million, whereas it would have been HUF 489 million on an arm's length basis, and thus we increased the pre-tax profit by HUF 75 million under this title.

II.8 The Company's shares

At 31 December 2014, the Company's share capital comprised 2,200,000 registered ordinary shares of HUF 10,000 face value each. The shares are non-convertible and non-transferable.

The Company's shares were dematerialised on 30 January 2012.

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

II.9 Tax liability and tax base

II.9.1 Corporate tax

The tax base adjusting items that have been considered for corporate tax purposes and the calculation of corporate tax liability are presented in the following table:

Figures in MHUF

Item	Increasing	Decreasing	Change in tax base
Pre-tax profit/loss			61 542
Adjustment due to provisions	8 893	14 052	-5 159
Adjustments due to depreciation	62 855	62 932	-77
Dividend received		22 401	-22 401
cancellation of shareholding from the books (preferential transformation)	4 101	8 450	-4 349
liability assumed or forgiven by the Hungarian State		35 361	-35 361
renovation of historical monument		872	-872
Trainees and interns employed		41	-41
Costs and expenses incurred beyond the company's revenue generating operations	147		147
Fines and penalties	9		9
Impairment of receivables / reversed	851	284	567
Forgiven debt	5		5
Expenses/revenues identified by tax audit or self-revision	410	284	126
Research and development		0	0
Donation to public-benefit organisations		15	-15
Adjustment due to transfer price other than the arm's-length price	92	17	75
Adjusting items, total	77 363	144 709	-67 346
Losses carried forward			0
Tax base			-5 804

117. Table: Calculation of corporate tax liability

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 the provisions made and used reduces the tax base;
- the depreciation calculated based on the Corporate Tax Act significantly exceeds the ordinary depreciation recognised based on the Accounting Act;
- a significant tax base increasing item in 2014 was the extraordinary depreciation of assets received from NIF, which also involved the release of provisions recognised in part as tax-base reduction;
- the tax base adjusting items related to the subsidised transformations in 2014 decrease the tax base by HUF 4 billion;
- due to the assumption of bond debt by the Hungarian State in 2014, the tax base decreased by HUF 35 billion;
- tax base increasing items include costs and expenses incurred outside the normal course of business such as lapsed receivables, as well as donations and services provided free of charge to foundations, associations and sports clubs;
- the balance of impairment loss on debtors recognised and reversed increases the tax base;
- the tax base is also increased by the balance of revenues, costs and expenses recognised in previous years.

The scope of material and immaterial items from prior years is defined in MÁV Zrt's accounting policies. According to the Corporate Tax Act, each item that relates to a prior period or periods qualifies as material. The balance sheet and profit and loss account included in the corporate tax return for the reporting year are the same as those prepared in accordance with the Accounting Act, as immaterial items from prior years will be adjusted among the corporate tax base adjusting items (immaterial revenues, tax base reducing as per Section 7 u); immaterial costs and expenses, tax base increasing under Section 8 p)). As a result, the corporate tax return for the reporting year will only contain items that relate to the reporting year. A self-corrected return will be filed with respect to material and immaterial items from prior years.

MÁV Zrt. does not have any corporate tax liability as a combined result of profit/loss before tax and the adjusting items.

The tax authority performed a comprehensive tax audit at the Company for each financial year up to and including the 2008 tax year. This comprehensive audit focuses on the years 2011-2012.

The Company's management is not aware of any circumstances which might result in a significant liability for the Company during a subsequent tax audit.

MÁV Zrt. does not have any corporate tax liability as a combined result of profit/loss before tax and the adjusting items.

II.10 MÁV Zrt.'s balance sheet and profit and loss account for previous years

The effect of errors identified in 2014 for previous years did not reach the thresholds specified in the accounting policy, and thus errors identified were not disclosed in a separate column but in profit/loss for the year. The effect of errors identified during self-revision on the financial statements of the reporting year are shown in the following balance sheet and profit and loss account:

Figures in MHUF							
	Description	2009 and previous years	2010	2011	2012	2013	Adjustments of prior year(s)
A.	Non-current assets	79	23	-1	-4	-88	9
I.	INTANGIBLE ASSETS	0	0	0	0	8	8
II.	TANGIBLE ASSETS	79	23	-1	-4	-96	1
III.	FINANCIAL INVESTMENTS	0	0	0	0	0	0
B.	Current assets	83	-71	38	84	221	355
I.	INVENTORIES	0	0	0	0	-25	-25
II.	RECEIVABLES	83	-71	38	84	246	380
III.	SECURITIES	0	0	0	0	0	0
IV.	LIQUID ASSETS	0	0	0	0	0	0
C.	Prepayments	0	0	0	-51	-106	-157
	Total assets	162	-48	37	29	27	207

118. Table: Assets in MÁV Zrt.'s balance sheet concerning previous years

Figures in MHUF

	Description	2009 and previous years	2010	2011	2012	2013	Adjustments of prior year(s)
D.	Equity	126	-55	35	-41	67	132
VII.	NET PROFIT/LOSS	126	-55	35	-41	67	132
E.	Provisions	0	0	0	0	0	0
F.	Liabilities	36	7	5	72	102	222
I.	SUBORDINATED LIABILITIES	0	0	0	0	0	0
II.	LONG-TERM LIABILITIES	-1	-1	0	0	0	-2
III.	CURRENT LIABILITIES	37	8	5	72	102	224
G.	Accruals	0	0	-3	-2	-142	-147
	Total liabilities	162	-48	37	29	27	207

119. Table: Liabilities in MÁV Zrt.'s balance sheet concerning previous years

Figures in MHUF

Description	2009 and previous years	2010	2011	2012	2013	Adjustments of prior year(s)
Net sales revenues (01+02)	50	7	13	42	189	301
Capitalised value of own performance (±03+04)	0	0	0	0	0	0
Other revenues	0	-65	0	0	38	-27
Material expenditures (05+06+07+08+09)	2	2	0	60	14	78
Payments to personnel (10+11+12)	6	-1	0	0	6	11
Depreciation charge	-80	0	0	2	122	44
Other expenditures	-5	-4	-22	-30	-20	-81
TRADING PROFIT/(LOSS) (I±II+III-IV-V-VI-VII)	127	-55	35	10	105	222
Revenues from financial transactions (13+14+15+16+17)	0	0	0	0	-6	-6
Expenditures of financial transactions (18+19±20+21)	1	0	0	51	32	84
FINANCIAL PROFIT/(LOSS) (VIII-IX)	-1	0	0	-51	-38	-90
ORDINARY PROFIT/LOSS (±A±B)	126	-55	35	-41	67	132
EXTRAORDINARY PROFIT/LOSS (X-XI)	0	0	0	0	0	0
PRE-TAX PROFIT/LOSS (±C±D)	126	-55	35	-41	67	132
PROFIT/(LOSS) AFTER TAXATION (±E-XII)	126	-55	35	-41	67	132
NET PROFIT/LOSS (±F+22-23)	126	-55	35	-41	67	132

120. Table: MÁV Zrt.'s profit and loss account concerning previous years

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