

THIS IS A TRANSLATION OF THE HUNGARIAN REPORT

Independent Auditor's Report

to the authority exercising Founder rights over MÁV Magyar Államvasutak Zrt. on the consolidated annual financial statements

1.) We have audited the accompanying 2010 consolidated annual financial statements of MÁV Magyar Államvasutak Zrt. ('the Company'), which comprises the consolidated balance sheet as at 31 December 2010 - showing a balance sheet total of HUF 875,553 million and a loss for the year of HUF 30,942 million-, the related consolidated profit and loss account for the year then ended and the summary of significant accounting policies and other explanatory notes.

2.) On 20 May 2010, we issued an unqualified report on the Company's consolidated annual financial statements for 2009.

Management's Responsibility for the consolidated financial statements

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

Auditor's Responsibility

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

5.) An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements. Our work regarding the consolidated business report is restricted to assessing whether the consolidated business report is consistent with the consolidated financial statements and does not include reviewing other information originated from non-audited financial records.

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

Opinion

7.) We have audited the elements of and disclosures in the consolidated annual consolidated financial statements, along with underlying records and supporting documentation, of MÁV Magyar Államvasutak Zrt. in accordance with Hungarian National Auditing Standards and have gained sufficient and appropriate evidence that, the consolidated annual consolidated financial statements have been prepared in accordance with the Hungarian accounting law and with generally accepted accounting principles in Hungary. In our opinion the consolidated annual consolidated financial statements give a true and fair view of the equity and financial position of MÁV Magyar Államvasutak Zrt. as at 31 December 2010 and of the results of its operations for the year then ended. The consolidated business report corresponds to the disclosures in the consolidated financial statements.

8.) Without qualifying our opinion, we draw the attention to: -

8.1) - note II.1.5.3. to the consolidated financial statements which refers to the fact that, on 1 July 2007, the Company assigned the management of capital projects related mostly to treasury assets financed from EU funds to Nemzeti Infrastruktúra Fejlesztő Zrt. Under this arrangement, Nemzeti Infrastruktúra Fejlesztő Zrt. has to hand over these assets to MNV Zrt., the owner of the assets, which will then assigns these assets to MÁV Zrt. as part of the underlying asset management contract. A number of the projects under this management contract have been completed and technically handed over to MÁV Zrt. by Nemzeti Infrastruktúrafejlesztő Zrt. and the Company has put the assets in use. However, the administrative and financial handover of these projects has not yet taken place and, as a result, the cost value of the assets and the related long term liability to the state arising from the management of the above referred assets and deferred income are not reflected in the Company's books. The estimated value of such assets financially yet unrecorded but in use by the Company is estimated at HUF 138,672 million as at 31 December 2010 (HUF 71,226 million as at 31 December 2009). The Company has made a provision of HUF 9,364 million for the related depreciation charge as at 31 December 2010 (HUF 2,634 million as at 31 December 2009). The depreciation charge in the profit and loss account for the year ended 31 December 2010 amounts to HUF 6,730 million (HUF 1,994 million for the year ended 31 December 2009).

8.2) - note II.1.1.3. to the consolidated financial statements which refers to the fact that, according to the Company's current practice, extraordinary depreciation of state

owned properties is recognised only when approval from the responsible minister or MNV Zrt. has been obtained. This practice is not consistent with the provisions of the accounting law. Management believes that, based on agreements, if any such extraordinary depreciation were charged it would have no effect on the profit and loss account as it would represent a reduction in liabilities to the state without any adjustment to the net income of the Company.

8.3) - note II.3.1. to the consolidated financial statements which refers to the funding of the Company's operations in 2011. The Company's ability to continue its operations in the future and the recoverability of its assets are subject to continued funding by the shareholders and on the continued availability of state funding to the extent necessary. At present, MÁV Magyar Államvasutak Zrt. and MÁV-START Zrt. does not have a business plan for 2011 approved by its founder. The Company's consolidated annual consolidated financial statements as at 31 December 2010 were drawn up on a going concern basis and the validity of this basis depends on the availability of future funds.

8.4.) - note II.1.1.3. to the consolidated financial statements which refers to unsettled ownership status over the Company's properties.

8.5) - note II.1.5.2. to the consolidated financial statements which refers to a significant uncertainty with respect to the amount of provision made for compensations for accidents and for damages.

8.6) - note III.6. to the consolidated financial statements which refers to the fact that the business crimes department of the Metropolitan Police has launched an investigation at MÁV INFORMATIKA Zrt. against unknown suspects. As the investigation is still ongoing, the consolidated financial statements as at 31 December 2010 do not reflect the effects of any related potential future findings.

8.7) - note II.1.6.2. to the consolidated financial statements which refers to the fact that MÁV-TRAKCIÓ Zrt. needs to find a solution to repay the EUROFIMA loans starting as of 2013 as MÁV-TRAKCIÓ Zrt. was unable to set aside funds for this purpose.

8.8) - note II.3.1. to the consolidated financial statements which refers to cost refunds for 2009 and 2010. In 2009 and in 2010, the Company signed public services contracts for passenger transport with the Minister for Transport, Communication and Energy. According to this contract, the Company is entitled to cost refunds with respect of its justifiable costs incurred in relation to the contracted public services and not covered with related revenues. Based on its plan figures, the Company was refunded HUF 163,448 million for 2009 and HUF 148,003 million for 2010 based on a clause to this effect in the public service contract plus additional HUF 2,778 million to refund justifiable costs incurred in relation to the contracted public services and are not covered with related revenue, i.e. a total of HUF 150,781 million which is presented among other revenues in the consolidated annual financial statements. Settlements with respect to the years 2009 and 2010 are still in ongoing with the Ministry for National Development and therefore the amounts to be refunded in both years may be subject to change.

Budapest, 26 May 2011

Ernst & Young Kft.
Registration No.: 001165

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

Statistical code 10856417-5221-114-01

Company registration 01-10-042272

MÁV HUNGARIAN STATE RAILWAYS
Private Company by Shares

1087. Budapest, Könyves Kálmán krt. 54-60.

Consolidated
Balance Sheet&Profit and Loss Account
2010.12.31

THIS A TRANSLATION OF THE HUNGARIAN FINANCIAL STATEMENTS

Date: Budapest, 26 May 2011

Manager (representative) of the Company

P.H.

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Company registration No.

Balance Sheet date: 31 December 2010

Balance Sheet version 'A' - Assets

figure in MHUF

Serial No.	Item	Prior year	Prior year adjustments	Reporting year
a	b	c	d	e
A.	FIXED ASSETS	764 530	3 034	744 377
I.	INTANGIBLE ASSETS	4 004	-103	2 898
01.	Capitalised foundation/restructuring	137	0	153
02.	Capitalised research and development	54	0	80
03.	Concessions, licenses and similar rights	1 700	-53	1 301
04.	Trade-marks, patents and similar assets	2 113	-50	1 364
05.	Goodwill	0	0	0
06.	Advance payments for intangible assets	0	0	0
07.	Adjusted value of intangible assets	0	0	0
II.	TANGIBLE ASSETS	753 975	2 742	733 932
01.	Land and buildings and related property rights	435 597	13	425 825
02.	Plant, machinery, equipment and vehicles	295 312	-174	284 296
03.	Other equipment, fixtures and fitting, vehicles	641	0	470
04.	Breeding stock	0	0	0
05.	Assets in the course of construction	16 817	5 203	14 983
06.	Advance payments for AICC	5 608	-2 300	8 358
07.	Adjusted value of tangible assets	0	0	0
III.	LONG-TERM FINANCIAL ASSETS	6 551	395	7 547
01.	Long-term participations in related parties	4 788	395	5 460
02.	Long-term loans granted to related parties	0	0	0
03.	Other long-term investments	1 619	0	1 939
04.	Long-term loans granted to other investments	0	0	0
05.	Other long-term loans granted	144	0	148
06.	Long-term debt securities	0	0	0
07.	Adjusted value of financial investments	0	0	0
08.	Gain/Loss on the valuation of financial investments	0	0	0
09.	Goodwill arising on equity consolidation	0	0	0
	- Subsidiaries	0	0	0
	- Associates	0	0	0

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Company registration No.

Balance Sheet date: 31 December 2010

Balance Sheet version 'A' - Assets

figure in MHUF

Serial No.	Item	Prior year	Prior year adjustments	Reporting year
a	b	c	d	e
B.	CURRENT ASSETS	92 349	-304	74 571
I.	INVENTORIES	14 820	-77	15 191
01.	Raw materials and consumables	11 234	-97	11 165
02.	Work in progress and semi-finished products	2 151	0	2 391
03.	Animals for breeding, fattening and other livestock	0	0	0
04.	Finished products	912	0	727
05.	Goods	512	20	620
06.	Advance payments for inventories	11	0	288
II.	RECEIVABLES	54 419	-232	33 060
01.	Trade debtors	10 507	-286	9 217
02.	Receivables from related parties	1 248	59	430
03.	Receivables from other investments	30	0	46
04.	Bills of exchange receivables	0	0	0
05.	Other receivables	38 080	-5	21 286
06.	Corporate tax asset (calculated) arising on consolidation	4 554	0	2 081
III.	SECURITIES	152	0	86
01.	Participations in related parties	0	0	0
02.	Other participations	0	0	0
03.	Treasury shares and own participation	0	0	0
04.	Marketable debt securities	152	0	86
IV.	LIQUID ASSETS	22 958	5	26 234
01.	Cash, cheques	132	0	131
02.	Bank deposits	22 826	5	26 103
C.	PREPAID EXPENSES & OTHER INCOME	54 349	47	56 605
01.	Accrued income	25 083	-86	26 307
02.	Prepaid expenses	20 168	133	18 660
03.	Deferred expenses	9 098	0	11 638
	TOTAL ASSETS	911 228	2 777	875 553

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Company registration No.

Balance Sheet date: 31 December 2010

Balance Sheet version 'A' - Equity&Liabilities

figure in MHUF				
Seria I No.	Item	Prior year	Prior year adjustments	Reporting year
a	b	c	d	e
D.	EQUITY	59 848	-326	28 560
I.	ISSUED CAPITAL	21 000	0	21 000
	of which: treasury shares redeemed at face value	0	0	0
II.	ISSUED CAPITAL NOT PAID	0	0	0
III.	CAPITAL RESERVE	110 648	0	110 652
IV.	RETAINED LOSSES	-14 980	0	-53 572
V.	ALLOCATED RESERVES	9 044	0	10 069
VI.	REVALUATION RESERVE	0	0	0
VII.	LOSS/PROFIT FOR THE YEAR	-27 909	-326	-30 942
VIII.	CHANGES IN THE EQUITY OF SUBSIDIARIES (±)	-376	0	418
VIII.A	CHANGES IN THE INVESTMENTS IN ASSOCIATES	4 248	0	3 630
IX.	CHANGES DUE TO CONSOLIDATION (±)	-41 827	0	-32 695
	Debt consolidation	176	0	1 546
	Intercompany profit or loss	-42 003	0	-34 241
X.	Non-controlling Interests	0	0	0
E.	PROVISIONS	34 698	-21	43 271
01.	Provisions for contingent liabilities	22 910	-4	23 290
02.	Provisions for future commitments	7 979	-17	14 639
03.	Other provisions	3 809	0	5 342
F.	LIABILITIES	742 590	3 413	739 375
I.	SUBORDINATED DEBT	98	0	98
01.	Subordinated debts to related parties	0	0	0
02.	Subordinated debts to other investments	0	0	0
03.	Subordinated debts to third parties	0	0	0
04.	Goodwill arising on the equity consolidation of subsidiaries	98	0	98

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Company registration No.

Balance Sheet date: 31 December 2010

Balance Sheet version 'A' - Equity&Liabilities

figure in MHUF

Seria l No.	Item	Prior year	Prior year adjustments	Reporting year
a	b	c	d	e
II.	LONG-TERM LIABILITIES	660 033	-97	644 522
01.	Long-term borrowings	3 298	0	3 538
02.	Convertible bonds	0	0	0
03.	Debts from the issue of bonds	0	0	10 000
04.	Investment and development loans	147 492	0	152 774
05.	Other long-term loans	102 808	0	72 916
06.	Long-term debts to related parties	0	0	0
07.	Long-term debts to other investments	0	0	0
08.	Other long-term liabilities	406 435	-97	405 294
III.	CURRENT LIABILITIES	82 459	3 510	94 755
01.	Short-term borrowings	657	0	1 027
	of which: convertible bonds	0	0	0
02.	Other short-term loans	24 772	0	51 073
03.	Prepayments received from debtors	391	-21	83
04.	Creditors	30 315	3 329	23 170
05.	Bills of exchange payable	0	0	0
06.	Short-term debts to related parties	2 409	320	2 599
07.	Short-term debts to other investments	152	0	28
08.	Other current liabilities	23 763	-118	16 775
09.	Corporate tax payable (calculated) arising on consolidation	0	0	0
G.	ACCRUED EXPENSES & DEFERRED INCOME	74 092	-289	64 347
01.	Deferred income	15 261	-15	11 617
02.	Accrued expenses	10 993	-274	10 029
03.	Deferred extraordinary revenues and negative goodwill	47 838	0	42 701
	TOTAL EQUITY & LIABILITIES	911 228	2 777	875 553

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Company registration No.

Balance Sheet date: 31 December 2010

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

figures in MHUF

Seria I No.	Item	Prior year	Prior year adjustments	Reporting year
a	b	c	d	e
01.	Domestic sales, net	111 193	-478	116 326
02.	Export sales, net	10 264	19	10 585
I.	Net sales (01+02)	121 457	-459	126 911
03.	Capitalised value of self produced assets	911	0	54
04.	Movements in self produced inventories	23 712	0	20 017
II.	Capitalised own performance (03+04)	24 623	0	20 071
III.	Other revenues	207 469	141	191 593
	of which: impairment loss reversed	746	14	121
III/A.	Goodwill arising on debt consolidation	0		0
05.	Material cost	66 215	160	55 846
06.	Material type services used	55 638	-252	56 094
07.	Other services	2 234	-81	2 502
08.	Cost of goods sold	312	-138	862
09.	Cost of (consignment) services	6 441	0	4 517
IV.	Material type expenses (05+06+07+08+09)	130 840	-311	119 821
10.	Payroll cost	108 101	0	104 886
11.	Other payments to personnel	18 358	-62	17 876
12.	Social security and other contributions	37 593	-17	34 329
V.	Payments to personnel (10+11+12)	164 052	-79	157 091
VI.	Depriciation charge	48 385	177	49 269
VII.	Other expenses	22 627	622	30 758
	of which: impairment loss	2 711		3 887
VII/A.	Negative goodwill arising on debt consolidation	0		0
A.	Operating profit (I+II+III+III/a-IV-V-VI-VII-VII/a)	-12 355	-727	-18 364

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Company registration No.

Balance Sheet date: 31 December 2010

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

Seria I No.	Item	Prior year	Prior year adjustments	Reporting year
a	b	c	d	e
13.	Dividends (due) received	190	0	83
	of which: from related parties	0	0	0
14.	Foreign exchange gain on disposal of investments	1 033	0	0
	of which: from related parties	0	0	0
15.	Interest and gains on long-term financial investments	31	0	0
	of which: from related parties	0		0
16.	Other interest received (due) and similar income	2 636	0	989
	of which: from related parties	37	0	1
17.	Other financial income	2 428	392	1 424
VIII.	Financial revenues (13+14+15+16+17)	6 318	392	2 496
18.	Foreign exchange loss of financial investments	602	0	0
	of which: to related parties	0		0
19.	Interest payable and similar charges	17 812	-3	10 717
	of which: to related parties	62	0	0
20.	Impairment of shares, securities, bank deposits	11	-7	1
21.	Other financial expenditures	2 169	1	1 445
IX.	Financial expenses (18+19+20+21)	20 594	-9	12 163
B.	FINANCIAL PROFIT (VIII-IX)	-14 276	401	-9 667
C.	PROFIT FROM ORDINARY ACTIVITIES (±A±B)	-26 631	-326	-28 031
X.	Extraordinary revenues	51	0	116
XI.	Extraordinary expenses	230	1	349
D.	EXTRAORDINARY LOSS/PROFIT (X-XI)	-179	-1	-233
E.	LOSS/PROFIT BEFORE TAX (±C±D)	-26 810	-327	-28 264
XII.	Tax liability	154	-1	205
XII/A.	Deferred tax	945	0	2 473
F.	LOSS/PROFIT AFTER TAX (±E-XII)	-27 909	-326	-30 942
22.	Dividends, profit sharing paid from retained earnings	0	0	0
23.	Dividends, profit sharing paid (approved)	0	0	0
24.	Non-controlling interests	0	0	0
G.	LOSS/PROFIT FOR THE YEAR (±F-F/1)	-27 909	-326	-30 942



**MÁV MAGYAR ÁLLAMVASUTAK ZÁRTKÖRŰEN MŰKÖDŐ
RÉSZVÉNYTÁRSASÁG**

NOTES TO THE 2010 CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

(THIS IS A TRANSLATION OF THE HUNGARIAN FINANCIAL STATEMENTS)

26 MAY 2011

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I GENERAL PART

I.1 THE GROUP

I.1.1 The parent company

The Company's name (in Hungarian):

MÁV Magyar Államvasutak Zártkörűen Működő Részvénytársaság.

The Company's name in various languages:

English: MÁV Hungarian State Railways Company Private Company by Shares

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

German: MÁV Ungarische Staatseisenbahnen Aktiengesellschaft betreibend in geschlossener Weise.

Abbreviated name (in Hungarian):

MÁV Zrt.

In foreign languages:

English: MÁV Co,

French: MÁV S.A.,

German: MÁV AG.

Registered seat:

1087 Budapest, Könyves Kálmán krt. 54-60. tel: 06-1/322-0660

Website:

www.mav.hu

Founder:

Ministry for Transport, Broadcasting and Water or the Republic of Hungary

Date of foundation: 30 June 1993

Holder of ownership rights as of May 20, 2011: Hungarian State Holding Company (MNV Zrt.)

Issued capital:

At 31 December 2010: HUF 21,000m, consisting of one share of HUF 20,000m total face value, one share of HUF 750m total face value and one share of HUF 250m total face value in joint nomination.

Company registration number: Cg 01-10-042272

Tax ID: 10856417-2-44




Statistical number: 10856417-5221-114-01

The person authorised to sign the Company's consolidated annual financial statements is: Szarvas Ferenc president-CEO (domicile: 1022 Budapest, Detrekő utca 7/B. I. em. 2.).

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

Statutory signing auditor: Ispánovity Mártonné (Ernst & Young Kft., chamber membership number: 003472)

Audit fees charged for 2010:

-  Audit of MÁV Zrt's stand-alone and consolidated financial statements: HUF 20m
-  Audits of the financial statements of MÁV Zrt's fully consolidated subsidiaries: HUF 42m
-  Additional services other than auditing: HUF 26m.

I.1.2 The parent company

The parent company (MÁV Zrt.) was transformed into a company limited by shares on 30 Jun 1993 as the legal successor of Hungarian State Railways, a state owned company. The Company's equity upon the foundation was HUF 411,801 million.

The Company's issued capital consist of one share of HUF 20,000m total face value, one share of HUF 750m total face value and one share of HUF 250m total face value in joint nomination and cannot be converted into another type of share nor assigned to other parties. The Company's shares are printed as one share of cumulative denomination in accordance with regulations pertaining to securities. The founder is entitled to all the rights of a shareholder as stipulated in the companies act.

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

The Company's key balance sheet figures (MHUF):

Item	2009	2010	Index
Balance sheet total	841 348	797 742	95%
Equity	88 991	52 319	59%
Issued capital	21 000	21 000	100%
Sales, net	180 020	170 428	95%
Payroll costs	51 302	50 417	98%
Pre-tax loss/profit	-33 932	-35 828	106%

Schedule 1: Parent company key balance sheet figures

The Company's main activity used to be land transport supporting services (railway access services). As of 1 January 2008, railcar maintenance and traction services have been outsourced to

other MÁV Group companies. In addition to railway access services, the Company also has material selling, inventory management, passenger railcar rent/leasing, property rent/leasing and property management activities, primarily for its subsidiaries.

I.1.3 Fully consolidated entities

In 2010, MÁV Zrt. included a total of 10 subsidiaries into full scope consolidation.

1. MÁV-START Vasúti Személyszállító Zártkörűen Működő Részvénytársaság

Date of foundation: 15 October 2006

Seat: 1087, Budapest, Könyves Kálmán krt. 54-60.

Main indicators (MHUF):

Item	2009	2010	Index
Balance sheet total	100 596	94 923	94%
Equity	62 280	62 573	100%
Issued capital	10 000	10 000	100%
Sales, net	64 971	68 058	105%
Payroll costs	16 708	17 112	102%
Pre-tax loss/profit	157	226	144%

Schedule 2 : Main figures of MÁV-START Zrt.

Main activities: passenger rail transport on regular (non-light) railway (mostly based on a public service agreement).

2. MÁV Vasútépítő-Gépellátó és Szolgáltató Korlátolt Felelősségű Társaság

Date of foundation: 1 January 1994

Seat: 1103, Budapest, Kőér u.2./d

Main indicators (MHUF):

Item	2009	2010	Index
Balance sheet total	4 550	7 187	158%
Equity	-582	87	-15%
Issued capital	12	13	108%
Sales, net	9 267	9 419	102%
Payroll costs	1 432	1 345	94%
Pre-tax loss/profit	-600	69	-12%

Schedule 3 : Main figures of MÁVGÉP Kft.

Main activities: scheduled maintenance and renovation work on the public railtrack network.

3. MÁV Felépítménykarbantartó és Gépjavító Korlátolt Felelősségű Társaság

Date of foundation: 1 January 1994
 Seat: 5137, Jászkisér, Jászladányi u. 10.
 Main indicators (MHUF):

Item	2009	2010	Index
Balance sheet total	4 964	4 930	99%
Equity	888	1 076	121%
Issued capital	1 505	1 505	100%
Sales, net	8 839	8 174	92%
Payroll costs	1 720	1 736	101%
Pre-tax loss/profit	62	209	337%

Schedule 4 : Main figures of MÁV FKG Kft.

Main activities: railtrack renovation and maintenance, operating, repairs and overhaul of special machine chains.

4. MÁV INFORMATIKA Kereskedelmi, Szolgáltató és Tanácsadó Zártkörűen Működő Részvénytársaság

Date of foundation: 1 November 1996
 Seat: 1012, Budapest, Krisztina krt. 37/a.
 Main indicators (MHUF):

Item	2009	2010	Index
Balance sheet total	3 756	3 334	89%
Equity	1 319	1 615	122%
Issued capital	800	800	100%
Sales, net	7 487	5 619	75%
Payroll costs	2 054	2 044	100%
Pre-tax loss/profit	272	602	221%

Schedule 5 : Main figures of MÁV INFORMATIKA Zrt.

Main activities: system development, procurement, assembly and installation of IT assets, warranty services, maintenance, repair, provision of special materials and spare parts / components.

5. MÁV Ingatlankezelő Korlátolt Felelősségű Társaság

Date of foundation: 30 December 1996

Seat: 1086, Budapest, Fiumei út 22.

Main indicators (MHUF):

Item	2009	2010	Index
Balance sheet total	5 434	3 352	62%
Equity	1 029	1 336	130%
Issued capital	399	399	100%
Sales, net	10 575	8 358	79%
Payroll costs	2 221	2 100	95%
Pre-tax loss/profit	303	584	193%

Schedule 6: Main figures of MÁV IK Kft.

Main activities: management and operation of MÁV Zrt's properties, addressing technical matters and performance/co-ordination of scheduled renovation work a MÁV Zrt.

6. MÁV Vagyonkezelő Zártkörűen Működő Részvénytársaság

Date of foundation: 18 July 1997

Seat: 1136, Budapest, Pannónia u. 11.

Main indicators (MHUF):

Item	2009	2010	Index
Balance sheet total	803	483	60%
Equity	513	283	55%
Issued capital	549	244	44%
Sales, net	955	878	92%
Payroll costs	416	403	97%
Pre-tax loss/profit	44	40	91%

Schedule 7 : Main figures of MÁV Vagyonkezelő Kft.

Main activities: property trading and asset management.

7. MÁV-TRAKCIÓ Vasúti Vontatási Zártkörűen Működő Részvénytársaság.

Date of foundation: 10 October 2007

Seat: 1087, Budapest, Könyves Kálmán krt. 54-60.

Main indicators (MHUF):

Item	2009	2010	Index
Balance sheet total	103 735	111 062	107%
Equity	40 599	41 042	101%
Issued capital	29 815	29 815	100%
Sales, net	90 203	84 534	94%
Payroll costs	19 521	17 717	91%
Pre-tax loss/profit	71	461	649%

Schedule 8: Main figures of MÁV-TRAKCIÓ Zrt.

Main activities: rail traction, operating tracting vehicles.

8. MÁV-GÉPÉSZET Vasúti jármű Fenntartó és Javító Zártkörűen Működő Részvénytársaság

Date of foundation: 12 November 2007

Seat: 1087, Budapest, Könyves Kálmán krt. 54-60.

Main indicators (MHUF):

Item	2009	2010	Index
Balance sheet total	23 133	21 849	94%
Equity	10 835	10 995	101%
Issued capital	3 933	3 933	100%
Sales, net	42 956	42 760	100%
Payroll costs	11 482	10 705	93%
Pre-tax loss/profit	44	170	386%

Schedule 9: Main figures of MÁV-GÉPÉSZET Zrt.

Main activities: repair and maintenance of passenger and freight wagons, passenger car pre-heaters, chemical pollution and partly accident prevention.

9. MÁV Központi Felépítményvizsgáló Korlátolt Felelősségű Társaság

Date of foundation: 1 September 1996

Seat: 1097 Budapest, IX. Péceli út 2.

Main indicators (MHUF):

Item	2009	2010	Index
Balance sheet total	1 685	1 705	101%
Equity	1 263	1 335	106%
Issued capital	180	180	100%
Sales, net	1 503	1 346	90%
Payroll costs	400	415	104%
Pre-tax loss/profit	342	394	115%

Schedule 10 : Main figures of MÁV KfV Kft.

Main activities: railtrack monitoring and testing, geometric testing of tracks, developing meters and metering tools.

10. ZÁHONY-PORT Záhonyi Logisztikai és Rakománykezelési Szolgáltató Zártkörűen Működő Részvénytársaság

Date of foundation: 31 August 2006

Seat: 4625 Záhony Európa tér 12.

Main indicators (MHUF):

Item	2009	2010	Index
Balance sheet total	1 258	1 404	112%
Equity	221	182	82%
Issued capital	323	323	100%
Sales, net	1 817	2 466	136%
Payroll costs	845	893	106%
Pre-tax loss/profit	282	-39	-14%

Schedule 11 : Main figures of ZÁHONY-PORT Zrt.

Main activities: Cargo handling, warehousing, storage, shipment.

I.1.4 Consolidation scope and scope changes in 2010

There has been no change in the scope of MÁV Zrt's fully consolidated and equity consolidated entities (associates) on the previous year. The indicators considered for determining the consolidation scope are set out in appendix 1.

The Group's organisation chart is included in appendix 4.

Classification of the group companies and their final classification for consolidation purposes are set out in appendix 5.

GROUP ACCOUNTING POLICIES

I.1.5 Additional principles and explanation

The Group's accounting policies are based on act C of 2000 on accounting (accounting law). The Group applies the basic accounting principles in accordance with the provisions of the law.

During the consolidation the Group interprets the principle of materiality which is not specified as such in the accounting law but is permitted in the amendment as follows:

Both the parent company and the subsidiaries are fully consolidated in the consolidated financial statements. Subsidiaries are exempted from full consolidated if they meet at least two of the following three criteria upon their first inclusion in the consolidation:

- the balance sheet total of the subsidiary is below 1% of the aggregate balance sheet total of the parent and the subsidiaries,
- the annual net sales revenues of the subsidiary are below 1% of the aggregate net sales revenues of the parent and the subsidiaries,
- the annual payroll costs of the subsidiary are below 1% of the aggregate annual payroll costs of the parent and the subsidiaries.

These indicators may not exceed 5% on an aggregate basis for all the subsidiaries.

Companies that belong in MÁV Zrt's basis portfolio and those that hold a stake in any of the fully consolidated entities may not be exempted.

The classification for consolidation purposes can only be changed subject to a material change in the circumstances.

Such material changes include:

- the acquisition of a new group entity or spin-off of a previously existing group entity,
- the group entity undergoes voluntary or imposed liquidation and therefore is reclassified to the outer circle,
- increase in the stake of an already existing investment or decrease due to changes in its portfolio or its value (e.g. disposal) and the classification of the entity changes as a result,
- any change in the nature or size of the operations any of the existing group companies that calls for a reclassification (in this case, reclassification is effected on an individual basis)
- the company's intra-portfolio classification changes as a result of a change in MÁV Zrt's portfolio management strategy.

During **debt consolidation**, when differences are eliminated, and depending on the values of the receivables and liabilities, the Group ignores immaterial differences, the accumulated value of which does not exceed the lower of 0.1% of the receivables and liabilities to be eliminated or HUF 50m.

When **eliminating income and expenses**, immaterial differences arising during netting-off are not settled but their accumulated value may not exceed 0.05% of the income and expense to be eliminated or HUF 50m.

MÁV Zrt. has prepared MÁV Group's consolidation policies. In addition to setting out standard financial statements preparation principles, also contains so called specimen accounting policies and

valuation policies which prescribe the mandatory contents of these policies for fully consolidated subsidiaries. As a result, the parent company is able to ensure that financial statements which serve as basis for the preparation of the consolidated financial statements are prepared along the same guidelines and procedures. The standard policies had been completed with company-specific policies and have been used for fully consolidated subsidiaries effective as of 1 January 2009.

With the new consolidation policies, new reporting schedules and a specimen set of notes to the financial statements (with standard contents and structure) have been introduced.

I.1.6 Balance sheet date and compilation

In accordance with the accounting law, the parent company set the reporting date for the consolidated financial statements as 31 December of the reporting year.

I.1.7 General additional rules pertaining to the compilation of the consolidated balance sheet and profit and loss account

MÁV Zrt. compiles the consolidated balance sheet in accordance with the provisions of Section I/A of Schedule 6 to the accounting law, with the additional rules that:

- ✚ items marked with Arabic numerals are not combined or omitted,
- ✚ any equity changes resulting from changes in the quota held of associates and which constitute part of the profit reserve within equity are recognised in a separate balance sheet row marked D/VIII/A,
- ✚ under equity, the non-controlling interests shows the non-controlling shareholders share of the subsidiaries' equity

MÁV Zrt. compiles the consolidated profit and loss account in accordance with the provisions of Section II/2/A of Schedule 6 to the accounting law, with the additional rules that:

- ✚ the figures in rows 13/a and 13/b are not shown separately, they are included in row 13, highlighting the dividends and profit shares received (due) from related companies – including subsidiaries not consolidated fully and joint ventures not consolidated due to the size of their ownership quota held,
- ✚ row 23 reflects the amount of dividends paid or payable from retained earnings,
- ✚ row 24 shows the profit for 2010 attributable to third party shareholders.

The figures in the consolidated financial statements are given in millions of forints. The consolidation itself is done in HUF thousands in view of the fact that the companies in the hard core and the light core of the group compile their financial statements in HUF thousands. The consolidated financial statements of the Group are compiled based on:

- + the annual stand-alone balance sheets, profit and loss accounts and other data tables of the fully consolidated subsidiaries and joint ventures are consolidated based on their ownership percentage, and
- + the stand-alone balance sheets and profit and loss accounts of associates.

The accounting documentation requested and received for consolidation purposes is processed by MÁV Zrt. in a system segregated per consolidation task and designed specifically for this purpose. MÁV Zrt. compiles the consolidated balance sheet and profit and loss account based on Section 122 (2) of the law to ensure the assertion of the principle of unity. But MÁV Zrt. takes advantage of the option provided in Section 123 (3) of the accounting law and refrains from this standardisation if the consolidated companies compiled their balance sheets and profit and loss accounts in accordance with the rules of the accounting law. Accordingly:

- + for domestic entities the classification, recognition and valuation rules applied by the companies may only be changed if such do not comply with the provisions of the accounting law and this is approved by the general or members' meeting. In this case the differences are settled in the preparatory phase for the consolidation – by correcting the stand-alone balance sheets and profit and loss accounts – and presented separately in the notes to the financial statements.
- + for foreign entities any deviations to the accounting law are settled during the balance sheet review and measurement standardisation carried out in the consolidation preparatory phase.

I.1.8 Methods used to compile the consolidated balance sheet and the consolidated profit and loss account

I.1.8.1 Consolidation method

When preparing the consolidation MÁV Zrt. determines the group of consolidated companies and performs the balance sheet reviews, standardised measurements and currency conversions as necessary.

- a) When establishing the consolidation groups and revising such each year, MÁV Zrt. adheres to the rules prescribed in the accounting law, with the following additions:
 - + exemption is granted to fully consolidated subsidiaries and joint ventures to be consolidated based on their ownership quota held if the share of their individual values remains below 1% for at least two of the key indicators used when assessing exemption, while the exempted companies do not reduce the share of the remaining companies in the gross – accumulated – values of the Group below 95% in any of the indicators,
 - + exemption is granted from quota-based consolidation to associated entities that do not qualify material for the purposes of the true and fair view of the Group as their equity

upon their first inclusion in the consolidation does not exceed 5% of the aggregate equity of the associated entities.

- b) MÁV Zrt. carries out balance sheet reviews and standardised measurements for all foreign subsidiaries and joint ventures which are consolidated fully when establishing and revising the various consolidation groups. In the case of domestic subsidiaries and joint ventures, these reviews are only carried out if it is suspected during the consolidation procedures – based on differences arising from netting figures – that the given company committed an error in measuring its assets and related changes and in compiling its balance sheet and profit and loss account.
- c) Currency conversions are carried out by MÁV Zrt. for the balance sheets and profit and loss accounts of fully consolidated foreign subsidiaries and joint ventures as well as for changes to the equity of foreign subsidiaries, joint ventures and associates that are consolidated to lesser degrees, if it has such entities.

Fully consolidated entities have their balance sheets converted into HUF based on the rules recorded in Section 123 (6) a) of the accounting law, while their profit and loss accounts are converted in accordance with Subsection (8) of the same section.

When converting the balance sheet the historical exchange rate – for first consolidations – is taken to be the official rate published by the National Bank of Hungary as at the date of full consolidation.

When converting the profit and loss account the retained profit for the year is converted using the official rate published by the National Bank of Hungary, while the items designated in Subsection (8) c) are converted using the official rates published by the National Bank of Hungary for the given dates.

In the case of equity consolidated companies, changes to equity are converted using the official exchange rate published by the National Bank of Hungary as of the reporting date.

1.1.8.2 Equity consolidation by netting off quotas held

Equity consolidation by netting off quotas held is carried out by MÁV Zrt. for the fully consolidated subsidiaries and joint ventures. During equity consolidation by netting off quotas held, the following applies in respect of changes to the scope of companies consolidated in full or based on ownership ratios:

- ✚ if the scope expands with a company previously not part of the Group (including associates) then the value of equity pertaining to the quota held to be eliminated is eliminated at the value as at the date of acquisition, if the conditions for this prevail, otherwise the capital is consolidated as of the reporting date; both cases apply the book value,
- ✚ if the scope expands with the reclassification of an associate into the scope of fully consolidated entities then the equity consolidation by eliminating quotas held is carried out as of the first day of the previous year, regardless of when the reason for the reclassification arose in the reporting year; the elimination of the quota held and the equity pertaining to the quota held ensues at book value as well by adding the equity consolidation asset or liability

arising as the equity difference pertaining to the growth in the quotas held to the equity consolidation asset or liability recorded for associates.

Given that MÁV Rt. gives priority to the book value method when consolidating capital by eliminating quotas held, any equity consolidation asset or liability arising upon the elimination of the quota held is not converted into hidden reserves or hidden liabilities, if it proves to be material, i.e. it exceeds 10% of the book value of the quota held, or falls more than 10% short of said value. Extraordinary amortisation is recognised on the goodwill arising on equity consolidation if a subsequent review shows that the book value of goodwill significantly (by 20% or at least HUF 50m) and permanently exceeds the market value of the investment or if the investment is written off from our books.

When consolidating capital by eliminating quotas held the consolidation may involve several steps if the fully consolidated companies have subsidiaries of their own or these companies have other quotas held. In this case, equity consolidation by eliminating quotas held is expanded with the chain method.

1.1.8.3 Equity consolidation by measuring participations

Associates are consolidated by MÁV Zrt. by measuring the quota held in the associate. In this case the quota held is valued based on the equity pertaining to the quota held.

In the event of changes in the scope of associates the quota held is measured as follows:

- ✚ if the scope is expanded by a company not previously part of the Group (including other investments) the valuation ensues using the book value method as of the reporting date,
- ✚ if the scope changes with the reclassification of a fully consolidated subsidiary into the associated scope (because part of the quota held – influencing the rating – was sold outside of the Group for example), then the quota held is valued as of the beginning of the reporting period and using the book value method, taking into account any equity consolidation asset or liability recorded in the fully consolidated scope.

Given that consolidating capital using the equity method always ensues using the book value method, when the initial and subsequent quota held acquisitions are measured an equity consolidation asset or liability may arise. The parent company includes the equity consolidation asset in the consolidated balance sheet with a parallel reduction in the value of the quota held to ensure a true and fair view and clear procedures. On the other hand, negative goodwill and its changes are presented only in the notes to the financial statements (as required by the accounting law).

By contrast, the equity consolidation liability and any changes thereto are only presented in the notes to the financial statements in accordance with the provisions of the accounting law.

- ✚ portion pertaining to the quota held in the reporting year equity growth at the associate,
- ✚ portion pertaining to the quota held of dividends payable on the reporting year but not accounted for by the investor,

The value of the quota held is reduced with the:

- + decrease in the associate's equity attributable to the quota held in the reporting year,
- + the dividend consolidated in the previous year and included in the value of the quota held,

The reporting year impacts of the quota held valuation are accounted by the parent company under other income from or other expenses on financial transactions, thus these are included in the Group's profit or loss for the year. On the other hand, the impacts of revaluation before the reporting year will not affect the profit or loss and will be reflected in the Group's equity in balance sheet line VIII – Changes in the values of the entities treated as associates.

1.1.8.4 Debt consolidation methods

The debt consolidation (whereby the receivables and liabilities of the individual fully consolidated companies are netted and eliminated) is performed by MÁV Zrt. in line with section 125 of the accounting law.

Any differences arising from the netting of receivables and liabilities are considered immaterial (insignificant) if the difference does not exceed the lower of 0.1% of the receivables and liabilities to be netted off at Group level or maximum HUF 50m. In this case, receivables and liabilities are eliminated at the lower value.

In the case of a material difference, the reasons for the difference are first explored and then, in view of the identified reasons, an asset or liability should be recorded or written off against the balance sheet or profit and loss item which is attributable to the difference. If no reason for the difference can be identified, the recording or write-off if the related asset or liability should be recognised as other revenues from or other expenses arising from debt consolidation.

Assets and liabilities of matching value that remain after the settlement of differences should be netted off in the relevant balance sheet lines.

Prior year differences do not affect the profit or loss in the opening balance and are reflected as goodwill arising from debt consolidation within equity. However, any change in these differences during the reporting year, i.e. in the year when the difference 'turns round', should be treated in a profit effective manner and is therefore reflected in the profit or loss for the reporting year and will only affect the goodwill arising from debt consolidation within equity in the next financial period, after opening.

Deferred tax is recognised on material differences that affect the profit or loss and are expected to turn around in the foreseeable future.

1.1.8.5 Consolidation of income and expenses

Income and expenses are consolidated by MÁV Zrt. for the companies fully consolidated (hard core).

As a result of transactions in the hard core, the group incurs and accumulates yields and expenses that cannot be considered the effects of changes in the realised assets further to subsection 120(5) of the accounting law. Therefore, such items should be netted of in line with section 127 of the accounting law.

To prepare the elimination of income and expenses derived from internal transactions, MÁV Zrt. – as the parent company – first of all nets the income and expenses reported by the individual fully consolidated companies. Any differences arising during this process are removed through reconciliation and by applying the principle of materiality.

A difference is not considered material by MÁV Zrt. if it remains below 0.05% of the revenues to be eliminated at group level or maximum HUF 50m. In the event of an immaterial difference, the elimination ensues based on figures excluding the difference. If the profit recognised by the issuer of the asset exceeds the value reported by the recipient, then the profit of the issuer and the related expense are reduced to the value at the receiver. Material differences, if any, are settled based on the underlying reasons or items are generated to eliminate the differences.

After reconciliations and the clarification of differences, gains and expenses are eliminated in accordance with the following:

- **Services recorded by the recipient as cost:** net sales and the related recognised costs and expenses are eliminated in the value of the output.
- **Services recorded by the recipient as assets:** net sales are eliminated against capitalised self-produced assets in a value equal to the direct prime cost of the output. The difference between the price and the direct prime cost (margin) is eliminated from the value of the asset as part of the interim profit and loss consolidation whereby net sales are reduced by value of the asset.
- **Assets recorded by the recipient as assets:** the relevant revenue and expense are netted off against each other at the book value recorded by the seller. The difference between the price and the direct prime cost (margin) is eliminated from the value of the asset as part of the interim profit and loss consolidation whereby net sales are reduced by value of the asset.
- **Gains recognised by one of the members and costs expensed by the other member:** the gains and expenses are netted off in the income and expense categories specified by the seller and the recipient for per transaction.
- **In the case of gains or expenses which are accounted for only by one group member,** the settlement is eliminated. This action affects the profit or loss and if it has any deferred tax implications, the deferred tax asset or liability changes accordingly.

The parent company eliminates those transactions which are accounted for only by one group member. Such cases exert an impact on the reporting year profit. For this reason, the impacts of previous year eliminations are included in the balance sheet as part of equity – not influencing the profit – against the consolidation induced changes row – and within that the changes from interim results row, then monitoring the changes in value of previous year eliminations these are released or left unchanged in accordance with movements in the reporting year. If there is a change, because 1) a member discontinued the unilateral settlement method or 2) the asset itself ceased to exist or no longer belongs to the hard core, then case 1) should be treated as a unilateral settlement in the reporting period. However, in case 2), the eliminated interim profit or loss from unilateral settlements should be released. These movements all affect the profit or loss in the reporting period

and any related deferred tax impact also needs to be addressed. Any change in the interim profit or loss, recorded within equity, is automatically settled upon opening the next financial year as a result of the distribution of the net profit or loss for the year.

I.1.8.6 Netting off interim profit or loss

Interim profit or loss is eliminated by MÁV Zrt. based on section 126 of the accounting law during the compilation of the consolidated financial statements if fully consolidated companies have concluded transactions between each other which have an impact on the profit in their stand-alone statements. When eliminating interim profit or loss, the income accounted by the transferring party is reduced by the value of the received asset or the cost.

As a result of this method, the movements of assets containing interim profit or loss must be monitored and any net off should be released or settled accordingly.

Interim profit or loss may result from recording internal performance among fixed assets or inventories.

Any interim profit or loss eliminated and kept on record in the previous year will be treated by the parent company as follows:

- ✚ interim profit or loss eliminated and kept on record in the previous year should be recorded in the opening balance sheet without any profit or loss impact, i.e. as a separately treated change from the elimination of interim profit or loss within equity (bearing in mind the deferred tax asset or liability from that relates to the elimination),
- ✚ the movements of assets that contain interim profit or loss eliminated in the previous years must be monitored in the reporting year and the inherent interim profit or loss should be rolled forward and/or released in line with the description of the interim profit or loss eliminated in the reporting year.

Interim profit or loss based on internal transactions in the reporting year is eliminated against the received asset or recognised cost, then monitoring the asset or the cost these are transferred to profit/loss and/or reversed, or left in the consolidation. Eliminated interim profit or loss is definitively released if the asset causing the eliminated interim result is transferred outside of the fully consolidated group because it was sold, or if it was written off against the profit.

I.1.8.7 Accounting for deferred tax assets and liabilities

Deferred tax is allocated and reversed by MÁV Zrt. during consolidation if the fully consolidated companies or those consolidated based on their ownership quota held execute internal transactions whose impact on the profit is expected to turn around in the foreseeable future. Such transactions are considered during the elimination of interim results. For debt consolidation purposes (yield and expenses consolidation), these transactions are only considered if their impact is material.

With respect to eliminating interim profit or loss, deferred tax may be made or released during the reporting year based on the rolled forward eliminated interim profit or loss. In the case of debt consolidation the settlement of genuine differences may trigger the allocation and then reversal of deferred tax. During the consolidation of income and expenses the elimination of unilateral income or unilateral expense can have implications resulting in the allocation and then reversal of deferred tax.

Deferred tax is quantified by MÁV Zrt. based on the tax that incurs to the company which receives the asset that contains an interim profit or loss.

The implications of any changes in tax rates is re-calculated. The result of such re-calculation is accounted through profit or loss. Deferred taxes are reversed using the rates in the corporate tax law valid in the year they are reversed.

The Group may not have deferred tax assets and deferred tax liabilities at the same time, therefore any existing balance needs to be considered and duly netted off before their release.

II SPECIFIC PART

II.1 NOTES TO THE BALANCE SHEET

II.1.1 Fixed asset movements

II.1.1.1 Movements in tangible and intangible assets

Major movements in tangible and intangible assets:

Figures in MHUF

ITEM	Capitalised found./restruct.	Cap. R&D	Concessions and similar rights	Intellectual property	Goodwill	Advances for intangibles	Adjustment of intangibles	Total
1. Cost, opening	154	68	4 837	15 061	0	0	0	20 120
2. Acquisition, renewal (capitalised)	78	26	621	442	0	0	0	1 167
3. Assets received free of charge	0	0	0	0	0	0	0	0
4. Count surplus	0	0	0	0	0	0	0	0
5. Contributed free of charge	0	0	0	0	0	0	0	0
6. Contribution in kind	0	0	0	0	0	0	0	0
7. Disposal	0	0	0	-319	0	0	0	-319
8. Scrapping, obsolescence	0	-4	-26	-31	0	0	0	-61
9. Missing	0	0	0	-8	0	0	0	-8
10. Destroyed	0	0	0	0	0	0	0	0
11. Reclassified	0	0	-39	4	0	0	0	-35
12. Closing, gross	232	90	5 393	15 149	0	0	0	20 864
13. Amortisation, opening	17	14	3 137	12 948	0	0	0	16 116
14. Ordinary amortisation in 2010	62	0	1 004	1 010	0	0	0	2 076
15. Ordinary amortisation in 2009	0	0	10	49	0	0	0	59
16. Extraordinary amortisation in 2010	0	0	0	0	0	0	0	0
17. Extraordinary amortisation reversed	0	0	0	0	0	0	0	0
18. Received free of charge	0	0	0	0	0	0	0	0
19. Count surplus	0	0	0	0	0	0	0	0
20. Contributed free of charge	0	0	0	0	0	0	0	0
21. Contribution in kind	0	0	0	0	0	0	0	0
22. Disposal	0	0	0	-181	0	0	0	-181
23. Scrapping	0	-4	-26	-31	0	0	0	-61
24. Missing	0	0	0	-8	0	0	0	-8
25. Destroyed	0	0	0	0	0	0	0	0
26. Reclassified	0	0	-33	-2	0	0	0	-35
27. Amortisation, closing	79	10	4 092	13 785	0	0	0	17 966
28. Opening, net	137	54	1 700	2 113	0	0	0	4 004
29. Closing, net	153	80	1 301	1 364	0	0	0	2 898

Schedule 12 : Movements in intangible assets

Capitalised foundation-restructuring reflects the relocation of the Northern repairs workshop (Északi Járműjavító üzem) to Szolnok.

Figures in MHUF

ITEM	Properties and related rights	Technical equipment	Other equipment, fittings, vehicles	Livestock	Capex, improvements	Advances for capex	Tangible adjustments	Total
1. Cost, opening	618 451	510 916	6 249	0	18 042	5 608	0	1 159 266
2. Acquisition, renewal (capitalised)	11 415	19 226	67	0	-1 043	2 750	0	32 415
3. Assets received free of charge	0	0	0	0	99	0	0	99
4. Count surplus	42	8	0	0	0	0	0	50
5. Contributed free of charge	0	0	0	0	-81	0	0	-81
6. Contribution in kind	0	0	0	0	0	0	0	0
7. Disposal	-363	-20	-8	0	0	0	0	-391
8. Scrapping, obsolescence	-2 782	-2 499	-217	0	-850	0	0	-6 348
9. Missing	-17	-43	-8	0	0	0	0	-68
10. Destroyed	0	0	0	0	0	0	0	0
11. Assets acquired in 2010 capitalised	0	0	0	0	0	0	0	0
12. Assets acquired in 2009 capitalised	0	0	0	0	0	0	0	0
13. Reclassified	-1	-119	-28	0	-6	0	0	-154
14. Cost, closing	626 745	527 469	6 055	0	16 161	8 358	0	1 184 788
15. Amortisation, opening	182 854	215 604	5 608	0	1 225	0	0	405 291
16. Ordinary depreciation in 2010	19 210	27 755	228	0	0	0	0	47 193
17. Ordinary depreciation in 2009	-54	172	0	0	0	0	0	118
18. Extraordinary depreciation in 2010	201	1 969	3	0	37	0	0	2 210
19. Extraordinary depreciation reversed	0	0	0	0	-75	0	0	-75
20. Received free of charge	0	0	0	0	0	0	0	0
21. Count surplus	0	0	0	0	0	0	0	0
22. Contributed free of charge	0	0	0	0	0	0	0	0
23. Contribution in kind	0	0	0	0	0	0	0	0
24. Disposal	-90	-20	-5	0	0	0	0	-115
25. Scrapping	-1 196	-2 148	-216	0	-9	0	0	-3 569
26. Missing	-5	-30	-8	0	0	0	0	-43
27. Destroyed	0	0	0	0	0	0	0	0
28. Reclassified	0	-129	-25	0	0	0	0	-154
29. Depreciation, closing	200 920	243 173	5 585	0	1 178	0	0	450 856
30. Opening, net	435 597	295 312	641	0	16 817	5 608	0	753 975
31. Closing, net	425 825	284 296	470	0	14 983	8 358	0	733 932

Schedule 13: Movements in tangible assets

The depreciation of MÁV Zrt's newly acquired motor coaches was set to 5% in the year of acquisition. In 2010, following the end of the warranty period, the operational and technical aspects of the assets were revised including their applicable depreciation rates. In accordance with the operational parameters after the warranty period, the useful lives of the motor coaches were set to the useful life determined by the manufacturer. Accordingly, the depreciation rate of 70 motor coaches were set to 3.3% effective as of 2010. This change resulted in a HUF 1.4bn decrease in the annual depreciation charge.

II.1.1.2 Assets transferred/received free of charge

Figures in MHUF

Item	Trans.	Receipt
Intangibles	0	0
Tangibles	0	0
Capex	81	99
Total:	81	99

Schedule 14 : Assets transferred/received free of charge (own assets)

Constructions in progress (P+R parking lots) were handed over to the municipalities of Süllyás, Szentmártonkát, Tápiószecső, Üllő, Gyömrő, Vecsés, Cegléd, Kismaros, Nagykáta, Pilis and Verőce in a total of HUF 81m.

Assets in the course of construction (P+R parking lots) were taken over from Parking Kft., from the municipality of Cegléd and from BKSZ in a total of HUF 72m. Road crossing construction in progress was received in a total of HUF 13m and a construction work in progress taken over from the municipality of Göd totalled HUF 14m.

Treasury assets granted and received free of charge are as follows:

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

Schedule 15: Treasury assets granted and received free of charge

II.1.1.3 Managed Treasury assets

Only MÁV Zrt. has state owned treasury assets within the Group.

In accordance with the railways act, tangible assets that qualify as treasury assets are carried separately in MÁV Zrt's books.

The net value of treasury assets at 31 December 2009 was HUF 370,423m. As a result of changes during 2010, this amount dropped to HUF 359,352m by 31 December 2010.

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

Schedule 16: Treasury assets and their position in the balance sheet

Changes in treasury assets in 2010 are presented below:

	Figures in MHUF		
Changes in treasury assets in 2010	2009	2010	Change
Treasury assets, net 01 January 2010	379 658	370 423	-9 235
Treasury assets acquired from government grants	360	936	576
Settlement of funds relating to previous years	-35	466	501
Treasury assets acquired from own funds	14 698	11 654	-3 044
Treasury assets received free of charge	43	99	56
Transferred to Treasury from MAV Zrt's own assets	0	19	19
Surplus	124	0	-124
Total increase in the reporting year	15 190	13 174	-2 016
Treasury assets transferred free of charge	0	-81	-81
Annual depreciation	-22 269	-22 566	-297
Depreciation of treasury assets over the years	-63	43	106
Disposal	0	0	0
Scrapped, destroyed	-2 089	-1 615	473,6
Shortage	0	0	0
Transferred by the Treasury to MAV Zrt.	-4	-25	-21,4
Asset transfers relating to prev. year found by self-correction	0	0	0
Total decrease in the reporting year	-24 425	-24 245	180
Treasury assets, net at 31 December 2010	370 423	359 352	-11 071

Schedule 17 : Changes in treasury assets in 2010

The net value of treasury assets decreased by HUF 11,071m during 2010 owing to a significant drop in capital expenditures in 2010. Capital expenditures were financed from government grants (HUF 936m) and from own funds (HUF 11,654m). In addition to the depreciation cost in 2010, the net value of treasury assets was reduced by further HUF 1,722m for other reasons, the largest item being scrapped (demolition) assets related to capital projects totalling HUF 1,615m and affecting 748 treasury assets.

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

The HUF 936m shown in Schedule 16: Treasury assets and their position in the balance sheet illustrates the increase in treasury assets from state budget, while Schedule 18: Subsidies used for capital projects reflects the HUF 360m received from the Hungarian Treasury in 2010. The subsidy of HUF 360m does not reflect purely the financial settlement of the increase in treasury assets in 2010 but also includes invoices relating to 2009 and settled in 2010.

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

In order to clarify the ownership status of its property portfolio, MÁV Zrt. has launched a robust project that involves significant resources. Besides, based on the support and approval of the ministers for transport and the financial minister, MÁV Zrt. and MNV Zrt. made an agreement to review and for the long-term settlement of MÁV Zrt's property portfolio in a way that no loss should incur to MÁV Zrt. as a result of the process. According to section 106 of act CLXXII of 2010 on the amendment of various transport laws, effective as of 1 January 2011, the properties that will be cancelled from or added to MÁV Zrt's records as a result of the settlement should be recognised within capital reserve as the settlement may not cause loss to the overall wealth of MÁV Zrt. As a result of ongoing projects, the yet unsettled property portfolio is continuously shrinking. No doubt, there is still a large number of properties the status of which is different in the Company's books and in the property register. In addition to settling the status of properties that serve railway operations, the status of properties that are not essential for railway operations also need to be sorted out. Again, the settlement of missing properties will take place in a manner that should cause no losses to MÁV Zrt.

In line with the property management agreement signed with MNV Zrt., MÁV Zrt. manages the assigned state owned properties. As part of this task, MÁV Zrt. makes recommendations as to the valuation of certain state owned properties which may become scrapped as a result. Scrapped properties are written off from the managed property portfolio and this reduces any related liability on the equity and liabilities side of the balance sheet. Although the portfolio of properties to be scrapped is material (HUF 0.5b), changes in the managed properties do not affect MÁV Zrt's profit or loss owing to the nature of its property manager role. If the scrapping or disassembly of existing treasury assets is necessary for the creation or refurbishment of treasury assets, the related costs and expenses are settled as part of the related project.

Subsidies received for development purposes are presented in the following schedule:

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

Schedule 18: Subsidies used for capital projects

II.1.1.4 MÁV Group's investments

The gross values of investments presented in MÁV Group's balance sheet and any related accumulated impairment loss are presented in the schedules below:

Figures in MHUF

Equity consolidated companies (associates)				
Code	Company	Value in F/S		Change
		2009	2010	
5	MÁVTI Kft.	89	249	160
15	MÁV NOSZTALGIA Kft.	19	53	34
20	MÁV VAGON Kft.	278	301	23
22	MÁV VASJÁRMŰ Kft.	140	227	87
27	Bombardier MÁV Kft.	895	938	43
37	VAMAV Kft.	1 584	1 565	-19
38	EURO-METALL Kft.	245	284	39
96	MÁV KERT KFT	148	268	120
116	MÁV-THERMIT Kft	215	233	18
139	MÁV VASÚTŐR Kft.	246	250	4
141	VIACOM HUNGARIA Zrt.	815	995	180
142	MÁV MULTISZOLG Kft.	22	23	1
181	Rákosrendező Pályaudvar Kft.	5	1	-4
182	Józsefváros Pályaudvar Kft.	6	2	-4
183	PRUDENT-INVEST Zrt.	0	1	1
184	Kelenföld Pályaudvar Kft.	0	3	3
185	DÉLI PÁLYAUDVAR Zrt.	15	1	-14
Total:		4 722	5 394	672

Schedule 19: Equity consolidated entities

The value of equity consolidated entities increased by HUF 672m on the previous year.

The value of investments increased by HUF 936m due to the realised profit and loss of the consolidated entities attributable to MÁV Group and by HUF 395m due to the recognition in prior year's profit and loss of the differences between the final and initial equity movements available for the consolidation and attributable to the group.

The balance sheet value of investment was reduced by HUF 657m due to the elimination of dividends due for the prior year but recognised by MÁV Zrt. in the reporting year and by HUF 2m in relation to settlements with associates without a profit and loss impact (tax audits, self-corrections, additional tax payments).

Figures in MHUF

Related parties treated as investments for consolidation purposes								
Code	Company	2009			2010			Change (BV)
		Gross value	Accum. Impairm.	Book value	Gross value	Accum. Impairm.	Book value	
4	MÁVFAVÉD Kft. (f.a.)	296	296	0	296	296	0	0
6	MÁV HÍDÉPÍTŐ Kft. (f.a.)	600	600	0	600	600	0	0
8	MÁVÉPSZER Kft. (f.a.)	234	234	0	234	234	0	0
132	MÁV-SÍN Kft. (f.a.)	200	200	0	0	0	0	0
134	MÁV Utasellátó Zrt. (f.a.)	137	137	0	137	137	0	0
152	MÁV RAKTÁR Kft. (f.a.)	138	138	0	138	138	0	0
156	Szombathelyi Vasutas Futball Kft. (f.a.)	10	10	0	10	10	0	0
165	MÁV-REC Kft.	50	0	50	50	0	50	0
174	MÁV LOKOMOTÍV HOTELS Zrt. (f.a.)	27	27	0	27	27	0	0
178	HUNGRAIL Egyesülés	1	0	1	1	0	1	0
188	MTMG Zrt	15	0	15	15	0	15	0
Total:		1 708	1 642	66	1 508	1 442	66	0

Schedule 20: Related parties treated as investments in the consolidation

Figures in MHUF

Other related parties								
Code	Company	2009			2010			Change (BV)
		Gross value	Accum., impairm.	Book value	Gross value	Accum., impairm.	Book value	
84	RESTI Zrt.	15	0	15	15	0	15	0
120	Vasutegészségügyi NKK Kft.	100	0	100	100	0	100	0
128	EUROFIMA	1 443	0	1 443	1 762	0	1 762	319
146	Hódiköt Rt. (f.a.)	1	1	0	1	1	0	0
147	BCC	1	0	1	1	0	1	0
162	Bugaci Kisvasút Kht. (v.a.)	1	0	1	1	1	0	-1
163	Út és Pályaépítő Rt. (f.a.)	0	0	0	0	0	0	0
166	NGF Kht. (va.)	0	0	0	0	0	0	0
169	HIT Rail b.v.	59	0	59	61	0	61	2
172	Normon-Tool Kft.	0	0	0	0	0	0	0
Total:		1 620	1	1 619	1 941	2	1 939	320

Schedule 21: Other related parties

The balance sheet value of other related parties increased by HUF 321m as a result of the year-end revaluation of FX balances (EUROFIMA, BCC, HIT Rail b.v.), and was reduced by HUF 1m by the impairment loss on Bugaci Kisvasút Kht.

II.1.1.5 Goodwill arising on full consolidation

No goodwill arising on the consolidation of fully consolidated subsidiaries is presented in MÁV Group's consolidated financial statements.

II.1.1.6 Negative goodwill arising on full consolidation

Figures in MHUF

Company		Negative goodwill					Closing
Code	Name	Opening	Change			Change in scope	
			Investment acquisition	Investment disposal	Merger		
101	MÁV FKG Kft.	3	0	0	0	0	3
102	MÁVGÉP Kft.	2	0	0	0	0	2
138	MÁV Informatika Zrt.	3	0	0	0	0	3
187	MÁV-GÉPÉSZET Zrt.	90	0	0	0	0	90
Total:		98	0	0	0	0	98

Schedule 22: Negative goodwill arising on full consolidation

II.1.1.7 Goodwill arising on equity consolidation

There was no goodwill arisen on the equity consolidation of MÁV entities.

II.1.1.8 Negative goodwill arising on equity consolidation

Figures in MHUF

Company			Negative goodwill			
Code	Name	Opening	Change			Change in scope
			Investment acquisition	Investment disposal	Merger	
5	MÁVTI Kft.	14	0	0	0	14
20	MÁV VAGON Kft.	2	0	0	0	2
22	MÁV VASJÁRMŰ Kft.	5	0	0	0	5
27	Bombardier MÁV Kft.	13	0	0	0	13
37	VAMAV Kft.	111	0	0	0	111
38	EURO-METALL Kft.	121	0	0	0	121
96	MÁV KERT KFT	2	0	0	0	2
116	MÁV-THERMIT Kft	13	0	0	0	13
141	VIACOM HUNGARIA Zrt.	46	0	0	0	46
183	PRUDENT-INVEST Zrt.	28	0	0	0	28
Total:		355	0	0	0	355

Schedule 23: Negative goodwill arising on equity consolidation

II.1.2 Receivables and impairment loss

Receivables and impairment loss recognised in the reporting year are summarised below:

Figures in MHUF

Debtor	Receivables						Impairment							BV of receivables 2010	BV of receivables 2009	Changes in BV of receivables
	Not due	due over 1-90 days	due over 91-180 days	due over 181-365 days	due over 365 days	Total	Opening	Impairment w/o	Impairment loss for 2010	Bad debts received	Rewritten	Closing				
Debtors	6 675	1 780	644	632	6 011	15 742	6 552	227	686	478	8	6 525	9 217	10 507	-1 290	
Related parties	219	144	38	15	143	559	161	7	10	35	0	129	430	1 248	-818	
equity consolidated entities	170	64	38	8	116	396	153	0	10	35	0	128	268	1 085	-817	
associates	49	80	0	7	27	163	8	7	0	0	0	1	162	163	-1	
Other related parties	42	3	0	1	161	207	168	6	0	1	0	161	46	30	16	
Other receivables	21 254	82	50	62	337	21 785	352	52	220	21	0	499	21 286	38 080	-16 794	
Deferred tax	2 081	0	0	0	0	2 081	0	0	0	0	0	0	2 081	4 554	-2 473	
Total:	30 271	2 009	732	710	6 652	40 374	7 233	292	916	535	8	7 314	33 060	54 419	-21 359	

Schedule 24: Receivables and impairment loss

The HUF 1,290m decrease in debtors was due an agreement signed by MÁV Zrt. and Rail Cargo Hungária Zrt. in January 2011, as a result of which HUF 763m was credited to RCH. Besides, a new collection management system was implemented at a number of group companies and the willingness of debtor to pay has noticeably improved as a result of periodic payment demands.

Of the HUF 16,794m decrease in other receivables, HUF 12,292m is due to the fact that reclaimable VAT related to VAT apportioning in 2004 and 2005 was recorded in this balance sheet line last year. Another significant item is the decrease in receivables from the state budget (VAT, refund of public services, ticket compensation).

Of the HUF 2,473m calculated corporate tax asset related to consolidation HUF 2,197m is the effect of a change in the corporate tax rate.

II.1.3 Prepaid expenses and accrued income

figures in MHUF

Item	2009	2010	Change
Accrued income			
Reimbursement for public services	19 725	21 447	1 722
RIC wagon rent	3 408	3 526	118
Accrued sales revenues	1 330	450	-880
Late payment interest, penalties, damages	66	130	64
Receivables from unsettled deliveries	147	108	-39
Interest received	36	76	40
Other accrued income	371	570	199
<i>Accrued income</i>	25 083	26 307	1 224
Prepaid expenses			
Prepaid usage fee (debt service part) (VIACOM Zrt.)	19 401	17 895	-1 506
Insurance	12	285	273
Software updates	2	123	121
Prepaid severance pay and lay-off costs	205	115	-90
Prepaid mast usage charge (VIACOM Zrt.)	154	28	-126
Rents	38	9	-29
Subscriptions	4	4	0
Utilities	0	2	2
Other	352	199	-153
<i>Prepaid expenses</i>	20 168	18 660	-1 508
Deferred expenses			
Deferred unrealised FX losses	9 098	11 638	2 540
<i>Deferred expenses:</i>	9 098	11 638	2 540
<i>Total:</i>	54 349	56 605	2 256

Schedule 25: Prepaid expenses and accrued income

II.1.4 Equity

II.1.4.1 Movements in equity

Equity movements within the group are presented as follows:

Figures in MHUF

Item	Issued capital	Capital reserve	Retained losses	Allocated reserve	Loss/Profit for the year	Change in subsidiaries' equity	Changes due to		Change in investment in associate	Third party investment	Total
							Goodwill on debt consolidation	Interim profit or loss			
<i>Equity in 2009</i>	21 000	110 648	-14 980	9 044	-27 909	-376	176	-42 003	4 248	0	59 848
Loss for the previous year			-34 004		27 909	823	1 370	4 913	-1 011		0
Prior year adjustments			-3 541			-29	0	2 849	395		-326
Additional capital paid in			-20	2							-18
Released amount from vocational training reserve		4		-4							0
Allocated reserve made for foundation/restructuring			-16	16							0
Allocated reserve made/released for unrealised FX losses			-1 011	1 011							0
Adjustment of associates without impact on the profit or loss									-2		-2
Loss for 2010					-30 942						-30 942
<i>Equity in 2010</i>	21 000	110 652	-53 572	10 069	-30 942	418	1 546	-34 241	3 630	0	28 560

Schedule 26: Movements in equity

Prior year adjustments include the aggregate of prior year's profit or loss affecting items totalling HUF 326m and the adjustment of the allocation of prior years consolidated profit or loss within equity.

II.1.5 Provisions made and released

II.1.5.1 Provisions in the balance sheet for 2010

At MÁV Group level, provisions total HUF 43,271 million, of which provisions for contingent liabilities is HUF 23,290 million, for provisions for future obligations is HUF 14,639 million, and other provisions amount to HUF 5,342 million.

II.1.5.2 Provisions for contingent liabilities

Provisions for contingent liabilities total HUF 23,290 million at Group level at the end of 2010. The most significant items include provisions for redundancies, contingent environmental liabilities and for litigations.

Figures in MHUF				
Provisions for liabilities	Opening	Released in 2010	Made in 2010	Closing
Environmental liability	7 428	650	83	6 861
Litigations	8 793	2 155	1 119	7 757
Lay-offs, early retirement, severance pay	5 290	4 141	1 781	2 930
Contingent liabilities to subsidiaries	72	72	0	0
Maintenance commitment related to the disposal of welfare buildings	491	0	83	574
Provision for damages	419	182	265	502
Contingent industrial, and construction industry liabilities	98	98	170	170
Contracted guarantee liabilities	268	207	100	161
Working clothes and uniforms	0	0	1 038	1 038
Annuities (damages)	0	0	1 894	1 894
NKH supervisory charge	0	0	531	531
Because of extreme weather in 2010	0	0	795	795
Other	51	27	53	77
Total:	22 910	7 532	7 912	23 290

Schedule 27: Provisions for contingent liabilities

A claim was placed against MÁV Zrt. for damages in 2007 in relation to properties sold for a total of HUF 40 billion, which is recorded as contingent liability. We dispute the legal basis of the claim and no litigation has been launched as yet. However, on a prudent basis, we have made and maintain a HUF 3 billion provision for this case.

HUF 795m provision was made for the repair of damage caused across MÁV Zrt's network by freak weather in 2010 and HUF 76m was set aside for the protracted restoration work at in the Ajka-Devecser area following the disaster in October 2010.

In 2010, a total provision of HUF 1,038m was made at Group level for working clothes and uniforms.

MÁV Zrt. has had employer indemnity insurance since 1 September 2006 and had indemnity insurance for accidental damage caused to passengers from 8 May 2006 until 30 June 2007, when passenger transport was outsourced. Prior to being insured, MÁV Zrt. used to incur liabilities to pay

damages to both passengers and employees (as annuities), if the Company was to blame for the accident.

As these payments cannot be reliably calculated by the Company owing to their nature, but will certainly incur at a point in time, HUF 1.9bn provision was made for the related future expenses. The underlying calculation was prepared based on our best estimate on the basis of currently available information and experiences. These estimates carry a high degree of uncertainty and therefore the actually payable future liability may significantly differ from the amount of provision which was calculated on a present value basis (i.e. may be three times less or twice as much).

II.1.5.3 Provisions for future commitments

Provisions for future commitments totalled HUF 14,639 million at MÁV Group level. The three most significant items are for demolition costs, maintenance costs and for the depreciation of assets not handed over by NIF.

Figures in MHUF				
Provisions for future commitments	Opening	Released in 2010	Made in 2010	Closing
Demolition	2 600	165	354	2 789
Maintenance	2 468	0	0	2 468
Redundancies at subsidiaries	0	0	0	0
Depreciation of assets not contributed by NIF	2 634	0	6 730	9 364
MVH penalty	0	0	0	0
Work in progress	0	0	0	0
Self-correction for 2009	19	19	0	0
Expected engineering cost of metering trains*	28	60	32	0
Északi Járműjavító (Northern Repair Workshop) site shut-down	180	180	0	0
Other	50	50	18	18
Total:	7 979	474	7 134	14 639

Schedule 28: Provisions for future commitments

In 2007, the management of projects funded by the EU was transferred to Nemzeti Infrastruktúra Fejlesztő Zrt. As a result, development subsidies presented in MÁV's accounts significantly dropped and only the already completed and commissioned projects appear in MÁV's books. As none of the government or EU funded rail network projects had been completed or commissioned by the time of the preparation of the financial statements, this fact seriously affects the way the Company's asset and income positions may be viewed. According to information available upon the preparation of the financial statements, the following material items are not presented in MÁV's balance sheet and profit and loss account.

Figures in MHUF							
	Gross	Depr.2007	Depr.2008	Depr.2009	Depr.2010	Total depr.	Net
Owned by MÁV	3 429	0	12	29	148	189	3 240
State owned	135 243	41	587	1 965	6 582	9 175	126 068
Total:	138 672	41	599	1 994	6 730	9 364	129 308

Schedule 29: Outstanding state and EU funded projects

In order to present a true and fair view of our asset and financial positions, we have made a provision for the unrecognised amount of depreciation.

The assets will be commissioned to MÁV on the basis of a trilateral agreement among Magyar Nemzeti Vagyongazdálkodó Zrt. (MNV), NIF and MÁV. The main reason for the delays in commissioning is the material uncertainties surrounding the ownership of land and buildings contributed to MÁV upon its foundation in 1993 and taken over for property management in 2001.

II.1.5.4 Other provisions

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

Figures in MHUF				
Other provisions	Opening	Released in 2009	Made in 2010	Closing
Provision for FX losses on investment and development loans	3 809	375	1 908	5 342
Total:	3 809	375	1 908	5 342

Schedule 30: Other provisions

Provisions as presented in the balance sheet for 2010:

Figures in MHUF				
Item	For contingent liabilities	For future expenses	For unrealised FX losses	Total:
Opening	22 910	7 979	3809	34 698
Released in 2010	7 532	474	375	8 381
Made in 2010	7 912	7134	1908	16 954
Closing:	23 290	14 639	5 342	43 271

Schedule 31: Provisions in the balance sheet

II.1.6 Liabilities

II.1.6.1 Liabilities relating to treasury assets and treasury funded projects

Further to subsection 23(2) of the accounting law, managed treasury assets (assets owned by the central government or by local governments assigned for management to MÁV) should be recorded among the asset manager's own assets, while, further to subsection 42(5) of the law, the related liabilities should be recorded among long-term liabilities. The accounting treatment of treasury assets is governed by Government decree 254/2007. (X. 4.) on the management, disposal of treasury assets and on other related liabilities and obligations, and by an Asset Management Contract drawn up between the Treasury Asset Management Directorate (Kincstári Vagyoni Igazgatóság [KVI]) and MÁV Zrt.

The Asset Management Contract defines the types of asset movements that affect the related long-term liabilities and those movements that should leave the related long-term liabilities unaffected.

As a result of the differences between movements in treasury asset and in the related liabilities, at 31 December 2010, long-term liabilities related to treasury assets and projects financed from EU funds but assigned to MÁV Zrt. totalled HUF 404,873 million while treasury assets presented in the balance sheet totalled HUF 359,352 million.

Long-term liabilities owed to the government thus exceed the value of managed treasury assets by HUF 45,521 million (HUF 46,392 million being subsidy refund liability and the HUF -871 million difference is due to the accumulated balance of settlements (receivables vs. payables) towards the Hungarian National Treasury.

The movements in treasury assets are presented below:

Figures in MHUF			
<i>Liabilities related to treasury assets</i>	2008	2009	Change
<i>Opening liabilities related to treasury assets</i>	408 142	406 001	-2 141
Opening adjustment	0	-174	-174
Additions during the year	15 191	13 174	-2 017
Disposals during the year	-24 425	-24 244	181
Increase in mandatory refunding requirement for current year	7 070	10 987	3 917
Settlements with the Treasury for the year	23	-871	-894
of which: capex bills submitted to the Treasury in current year	-499	-1 185	-686
disbursements by the Treasury in current year	562	360	-202
bills submitted to the Treasury related to prior year paid by MÁV	-34	-46	-12
<i>Closing liabilities related to treasury assets</i>	406 001	404 873	-1 128

Schedule 32: Changes in the funding of treasury assets

The refunding obligation related to treasury assets increased by HUF 10,987m in 2010 due mainly to the fact that the Company recognised a HUF 22,523m depreciation on treasury assets and treasury assets worth HUF 11,654m were replaced from MÁV's own funds in 2010.

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

Figures in MHUF			
Refund	2009	2010	Change
<i>Refunding liability - opening</i>	28 486	35 556	7 070
Opening adjustment	0	-151	-151
Depreciation of treasury assets in current year	22 269	22 566	297
Depreciation of treasury assets in previous years	63	-43	-106
Gains on the disposal of treasury assets	1	0	-1
Materials used from scrapped treasury assets	339	65	-274
Refunding liability paid	-952	0	952
Cash received from third parties for treasury projects, used	48	72	24
Treasury development project from own funds 31 Dec 2010	-14 698	-11 654	3 044
Own assets contributed to the treasury by Dec 2010	0	-19	-19
<i>Refunding liability - closing</i>	35 556	46 392	10 836

Schedule 33: Refunding obligation

II.1.6.2 Long-term Group loans

The Group's long-term loans and borrowings as well as their repayment schedule are presented as follows:

Loan	Loan agreement date	Maturity	Government guarantee	Currency	Contracted facility (millions, original currency)	Available facility at 31 Dec 2010	
						FX m	HUF m
Development loans							
EIB-ISPA	2001.09.03	2015.09.15	1082/2001	EUR	18	18	5 018
EUROFIMA 10 b	2003.02.11	2013.02.11	1211/2002.	EUR	26	26	7 206
EUROFIMA 11	2003.12.31	2018.12.17	1036/2003	EUR	35	35	9 757
EUROFIMA 12	2004.11.02	2014.05.12	1037/2004.	EUR	25	25	6 969
EUROFIMA 13 a	2005.12.31	2015.03.06	1113/2005	EUR	28	28	7 805
EUROFIMA 13 b	2006.10.03	2016.04.07	1113/2005	EUR	35	35	9 756
EUROFIMA 13 c	2007.10.18	2014.01.28	1113/2005	EUR	7	7	2 119
EUROFIMA 13 d	2007.11.30	2016.04.07	1113/2005	EUR	17	17	4 850
Konzorcium 8,133 Mrd Ft	2006.04.21	2013.04.21	1113/2005	HUF	8 133		8 133
Raiffeisen 9,209 Mrd Ft	2006.04.26	2016.04.21	1113/2005	HUF	9 209		9 209
MFB (13 db Desiro)	2002.01.28	2013.12.30	-	EUR	31	9	2 523
OTP (10 db Talent)	2006.03.23	2016.12.31	-	EUR	45	26	7 356
Credit Agricole-CIB (30 db Firt	2006.03.22	2020.06.16	-	EUR	145	119	33 296
Raiffeisen (+30 db Flirt)	2007.09.25	2021.11.28	-	EUR	142	134	37 363
KfW - EIB (TRAXX)	2009.12.03	2024.05.15		EUR	80	24	6 664
MFB	2009.10.27	2024.09.30		HUF	2 800		2 702
Raiffeisen loan	2006.04.26	2016.04.21	1113/05/1027/08	HUF	400		400
Consortium loan	2006.04.21	2013.04.19	1113/05/1027/08	HUF	2 824		2 824
MFB global development	2008.12.23	2018.12.23		HUF	3 000		2 909
UniCredit - MFB loan	2008.09.10	2023.12.31		HUF	2 376		2 025
Total:							168 884
Operational loans, leases							
M.Takarékszbv. 10 Mrd Ft	2005.12.27	2011.11.27	1089/2005	HUF	10 000		10 000
Konzorcium 10 Mrd Ft	2005.12.27	2012.11.27	1089/2005	HUF	10 000		10 000
Raiffeisen 28,5 Mrd Ft	2005.12.27	2015.11.27	1089/2005	HUF	28 500		28 500
Konzorcium 55 Mrd Ft	2006.10.09	2016.10.09	1075/2006	HUF	55 000		54 000
E-ticket infrastructure FX loan	2008.09.08	2013.09.01	nincs	CHF	1	0	13
IP project funding FX loan	2008.05.18	2012.06.30	nincs	CHF	4	2	347
Total:							102 860
Entrepreneurial loans							
szegedi köfi - PROLAN	2007.08.10	2019.06.27	-	HUF	1 870		1 870
dél-bal. köfi - PROLAN*	2010.05.20	2016.07.31	-	HUF	2 260		0
electricity supply - PQ	2009.07.08	2015.12.13	-	HUF	1 267		1 267
UniCredit - (Prolan)	2003.02.11	2013.12.31		HUF	1 255		941
UniCredit - (Prolan)	2008.05.19	2012.05.14		HUF	1 030		486
Total:							4 564
Bond	2010.12.22**	2015.12.21	1261/2010	HUF	10 000		10 000
Grand total:							286 308

Of the above presented amount of development loans, HUF 16,110m and HUF 29,944m of operational loans are recorded among short-term loans I the balance sheet and entrepreneurial loans of HUF 1,026m are recorded among short-term borrowings.

*will be drawn in 2011

**bond start date

Schedule 34: Long-term Group loans and borrowings

Figures in MHUF

Loan	2011.	2012.	2013.	2014.	2015	2016 and beyond	Total
Development loans							
EIB-ISPA	1 004	1 004	1 004	1 004	1 002		5 018
EUROFIMA 10/b			7 206				7 206
EUROFIMA 11						9 757	9 757
EUROFIMA 12				6 969			6 969
EUROFIMA 13 a					7 805		7 805
EUROFIMA 13 b					5 324	4 432	9 756
EUROFIMA 13 c				2 119			2 119
EUROFIMA 13 d						4 850	4 850
Konzorcium 8,133 Mrd Ft	4 628	2 337	1 168				8 133
Raiffeisen 9,209 Mrd Ft			2 127	2 837	2 837	1 408	9 209
MFB (13 db Desiro)	856	856	811				2 523
OTP (10 db Talent)	1 264	1 264	1 264	1 264	1 264	1 036	7 356
Credit Agricole-CIB (30 db Firt)	3 505	3 505	3 505	3 505	3 505	15 771	33 296
Raiffeisen (+30 db Flirt)	3 432	3 432	3 432	3 432	3 432	20 203	37 363
KfW - EIB (TRAXX)		92	93	92	93	6 294	6 664
MFB	196	196	196	196	196	1722	2 702
Raiffeisen loan			92	123	123	62	400
Consortium loan	706	1 412	706				2 824
MFB global development	363	364	363	364	363	1 092	2 909
UniCredit - MFB loan	156	156	156	156	156	1 245	2 025
Total:	16 110	14 618	22 123	22 061	26 100	67 872	168 884
Operational loans, leases							
M. Takarékszőv. 10 Mrd Ft	10 000						10 000
Konzorcium 10 Mrd Ft		10 000					10 000
Raiffeisen 28,5 Mrd Ft	5 700	5 700	5 700	5 700	5 700		28 500
Konzorcium 55 Mrd Ft	14 000	14 000	14 000	4 000	4 000	4 000	54 000
E-ticket infrastructure FX loan	13						13
IP project funding FX loan	231	116					347
Total:	29 944	29 816	19 700	9 700	9 700	4 000	102 860
Entrepreneurial loans							
szegedi köfi - PROLAN	117	234	234	234	234	817	1870
dél-bal. köfi - PROLAN*							
áramellátás - PQ	253	254	253	253	254		1 267
UniCredit - (Prolan)	314	313	314				941
UniCredit - (Prolan)	342	144					486
Total:	1 026	945	801	487	488	817	4 564
Bond:					10 000		10 000
Grand total:	47 080	45 379	42 624	32 248	36 288	72 689	286 308

Schedule 35: Long-term loans repayment schedule

MÁV-TRAKCIÓ Zrt. needs to find a solution to repay the EUROFIMA and other loans taken over from MÁV Zrt. (totalling nearly HUF 39 billion at 31 December 2010) starting as of 2013 as no funds could have been set aside for such purposes.

II.1.6.3 Leases

MÁV Group's the leasing liabilities per maturity are set out below:

Lease	Currency	2011.	2012.	2013.	2014.	2015.	Total
5 vehicles	HUF	17	1	0	0	0	18
Mercantil Car Zrt.	HUF	6	7	7	1	0	21
Lombard Lízing Zrt.	HUF	1	1	2	1	0	5
PSA Finance Hungária Zrt.	HUF	1	1	1	0	0	3
4 Liugong shovel loaders	HUF	18	17	0	0	0	35
1 MTZ tractor	HUF	1	1	1	0	0	3
Total	MFt	44	28	11	2	0	85

Schedule 36: Assets leased by MÁV Group

II.1.6.4 Other current liabilities

Other current liabilities by item are as follows:

Figures in MHUF

Item	2 009		2 010		Change
	Amount	%	Amount	%	
Taxes payable	11 393	47,9%	9 585	57,1%	-1 808
Wages and salaries	5 371	22,6%	5 693	33,9%	322
Other liabilities from services	14	0,1%	419	2,5%	405
Unbilled compl. projects, late payment penalty, guarantees	5 573	23,5%	83	0,5%	-5 490
Current part of leasing liability	184	0,8%	44	0,3%	-140
Other liabilities	1 228	5,2%	951	5,7%	-277
Total other liabilities	23 763	100,0%	16 775	100,0%	-6 988

Schedule 37: Details of other current liabilities

II.1.7 Accrued expenses and deferred income

Figures in MHUF

Item	2009	2010	Change
Deferred income			
Invitel Kft. other deferred income	11 028	10 752	-276
Deferred other income	4 233	865	-3 368
Deferred income	15 261	11 617	-3 644
Accrued expenses			
Accrued interest	1 829	1 334	-495
Unsettled freight deliveries in cross-border operations (payable balance)	774	304	-470
RIC wagon rent	3 285	3 131	-154
Accrued bonus and related social security	1 494	2 180	686
Accrued expenses	246	36	-210
Early retirement	1 726	849	-877
Accrued expense related to mutual replacement of motor coach services	255	137	-118
Other accrued expenses	1 384	2 058	674
Accrued expenses	10 993	10 029	-964
Deferred extraordinary revenues and subsidies			
Debts arising from asset acquisitions assumed by the government	33 786	29 707	-4 079
EU funds and funds from government schemes	2 450	1 932	-518
Phare aid for development	1 400	1 236	-164
Fixed assets received free of charge and as gifts	1 242	970	-272
Fixed asset surplus	367	353	-14
Amounts received from local government and from businesses free of charge	260	249	-11
Other non-refundable government grants	8 239	8 175	-64
Tendering subsidy	94	79	-15
Deferred extraordinary revenues and subsidies	47 838	42 701	-5 137
Total	74 092	64 347	-9 745

Schedule 38: Accrued expenses and deferred income

II.1.8 Contingencies

II.1.8.1 Hedging transactions

Only the parent company had hedging transactions in 2010.

Financial market risks form integral part of MÁV Zrt's normal course of business and such risks are proactively mitigated with hedging contracts.

MÁV Zrt's FX balance at the end of 2010 was EUR 48,035 thousand deficit, which is a 4.4% (EUR 2,010 thousand) increase on the plan. No FX based loan was bullet paid. The planned FX transactions were hedged in line with our FX management policies, via future, forward and spot contracts.

The FX hedging contracts ensured the necessary FX cash flows at a rate that approximated the plan rate (plan: 272.10 HUF/EUR; average rate: 274.82 HUF/EUR; MNB average rate: 275.41 HUF/EUR).

No hedging contracts were made in 2010 for the risks from changes in interest rates and in bulk commodity rates (mainly gasoline).

The profit and loss and cash flow impacts of hedging contracts closed in 2010 are reflected below:

Figures in MHUF

Contract type		P&L impact	Cash-flow impact
Settlement contracts	Forward	0	0
	Option	0	0
	Total:	0	0
Delivery contracts*	Forward	40	40
	Option	0	0
	Total:	40	40
Grand total:		40	40
of which	Hedging	40	40
	Non hedging	0	0
	Total:	40	40
of which	SE	0	0
	OTC	40	40
	Total:	40	40

*Note.: The profit and loss impact and the cash-flow impact were determined based on the official central bank rates prevailing on the date of maturity

Schedule 39: Closed forwards and options in 2010

We had no commodities hedging contract in 2010.

II.1.8.2 Joint and several liabilities and guarantees given

The Group's guarantee liabilities existing at 31 December 2010 were as follows:

Entity	Type of guarantee	Contractor	Start date	End date	Amount in EUR	Amount in HUFm
Bank guarantees						
Ministry for the economy and transport	Non-refundable subsidy	KDB Bank (Magyarország) Zrt.	2009.01.26	2010.12.31	0	15
Geislinger G.M.B.H.	Bank guarantee to pay purchase price(69.562,65 EUR)	KDB Bank (Magyarország) Zrt.	2010.12.23	2011.02.28	0	23
Chief Customs Office	Customs guarantee for operations	K&H Bank	2010.03.18	2011.03.17	0	130
MOL Nyrt	Bank guarantee for payment	Citibank Europe plc Hungary Branch	2009.03.25	2011.05.10	0	5
MOL-LUB Kft	Bank guarantee to pay purchase price	KDB Bank (Magyarország) Zrt.	2010.06.08	2011.06.07	0	45
NHH	bank guarantee	Raiffeisen Bank	2008.11.04	2011.08.10	0	25
CAF Construcciones S.A	Bank guarantee to pay the purchase price (726.700 EUR)	KDB Bank (Magyarország) Zrt.	2010.10.20	2011.08.31	0	244
Customs	Excise guarantee	KDB	2010.12.12	2011.12.11	0	60
NA	Indemnity guarantee	Budapest Bank Zrt	2011.01.01	2011.12.31	0	1 100
Regionális Fejlesztési Holding Zrt.	Supervisory	KDB	2008.10.20	2011.12.31	0	2
National Transport Authority	Accidental damage	OTP	2009.04.27	2011.12.31	0	1 000
Southern Alföld Regional Job Centre	Non-refundable subsidy	Citibank Europe plc Hungary Branch	2008.08.08	2011.12.31	0	19
Southern Alföld Regional Job Centre	Non-refundable subsidy	Citibank Europe plc Hungary Branch	2008.08.08	2012.01.31	0	10
Southern Alföld Regional Job Centre	Non-refundable subsidy	Citibank Europe plc Hungary Branch	2008.08.08	2012.06.30	0	26
Ministry for National Development and Economy	Non-refundable subsidy	Citibank Europe plc Hungary Branch	2008.08.14	2012.09.30	0	85
Slovenian Railways	Good performance	K&H Bank	2009.08.24	2014.01.10	92 137	26
Assumed bank guarantees, total:					92 137	2 815
Good performance guarantees						
UAB "Vilnius Lokomotyvu Remonto Depas"	for delivery on contract	MKB Bank Zrt	2007.11.21	2010.12.31	0	51
Good performance guarantees, total:					0	51
Guarantees, total:					92 137	2 866

Schedule 40: Guarantee contracts valid at the balance sheet date

II.1.8.3 Lien

Loan	Loan outstanding at 31 Dec 2010 (MHUF)	Security
EUROFIMA 10/b	7 206	tracting and tracted railcars
EUROFIMA 11	9 757	tracting and tracted railcars
EUROFIMA 12	6 969	tracting and tracted railcars
EUROFIMA 13 a	7 805	tracting and tracted railcars
EUROFIMA 13 b	9 756	tracting and tracted railcars
EUROFIMA 13 c	2 119	tracting and tracted railcars
EUROFIMA 13 d	4 850	tracting and tracted railcars
OTP Bank (10 pcs Talent financing)	7 356	10 pcs Talent engines
Credit Agricole-CIB konz. (30 pcs Flirt)	33 296	30 pcs Flirt engines
Raiffeisen Bank (+30 pcs Flirt financing.)	37 363	30 pcs Flirt engines
Total	126 477	

Schedule 41: Loans encumbered with lien

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

Lien has been placed on 10 Talent motor coaches for OTP, on 30 Flirt coaches for Crédit Agricole Corporate and Investment Bank and on 30 Flirt coaches for Raiffeisen as lenders.

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

Many of MÁV's properties (own or managed) have been encumbered on the grounds of permanent environmental damage. These properties are subject to restoration work before the encumbrance can be removed. The number of encumbered properties is 53.

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

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

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

The Group's mortgaged properties are as follows:

Location	Topographic number	Beneficiary	Figures in HUF	
			Amount	Owner
Bieske	1	FEJÉR COUNTY DUTIES OFFICE	22	MÁV
Budapest VI.ker.	28545	ENVIRONMENT MINISTRY	5 868	MÁV
Budapest VI.ker.	28545	ENVIRONMENT MINISTRY	2 934	MÁV
Budapest X.ker.	38920	ENVIRONMENT MINISTRY	2 500 000	MÁV
Dunakeszi	5068/12	PEST COUNTY JOB CENTRE	10 893	MÁV
Hetvehely	61/1	OTP RT.	36	HUNGARIAN GOV.
Küngös	1101	MAGYAR HITEL BANK RT. VESZPRÉMI IGAZGATÓSÁG	31 000	HUNGARIAN GOV.
Záhony	600/9	ABN AMRO /MAGYAR/BANK RT	65 000	MÁV

Schedule 42: Mortgaged properties

II.1.8.4 Long-term loans – draws and repayments

The planned disbursement and repayment schedules of MÁV Group's long-term loans and borrowings are presented in the following schedules:

Loan	Figures in MHUF						
	2011	2012	2013	2014	2015	2016 and beyond	Total
Entrepreneurial loan (Dél-Balatoni KÖFI)	2 260	0	0	0	0	0	2 260
HUF 40bn project loan	40 000	0	0	0	0	0	40 000
HUF 45bn gov. guaranteed operational loan	45 000	0	0	0	0	0	45 000
Acquisition of 25 TRAXX engines	8 606	6 455	0	0	0	0	15 061
Total:	95 866	6 455	0	0	0	0	102 321

Schedule 43: Disbursement schedule of long-term loans

Loan	Figures in MHUF						
	2011	2012	2013	2014	2015	2016 and beyond	Total
Entrepreneurial loan (Dél-Balatoni KÖFI)	113	452	452	452	452	339	2 260
HUF 40bn project loan	0	0	0	4 000	8 000	28 000	40 000
HUF 45bn gov. guaranteed operational loan	0	0	7 500	15 000	15 000	7 500	45 000
Acquisition of 25 TRAXX engines	0	603	1 205	1 205	1 205	10 843	15 061
Total:	113	1 055	9 157	20 657	24 657	46 682	102 321

Schedule 44: Repayment schedule of long-term loans

II.2 NOTES TO THE PROFIT AND LOSS ACCOUNT

II.2.1 Net sales per activity

Figures in MHUF

Activity	2009		2010		Change
	Amount	%	Amount	%	
Passenger transport	44 800	36,9%	47 867	37,7%	3 067
Railtrack operations	27 366	22,5%	30 109	23,7%	2 743
Rail ticket subsidy	19 952	16,4%	20 106	15,8%	154
Traction, towing	15 983	13,2%	15 082	11,9%	-901
Property rent and management, supervision, demolition	4 697	3,9%	4 609	3,6%	-88
Machinery and vehicle repairs, production, operations and m	1 995	1,6%	2 163	1,7%	168
IT services	1 584	1,3%	2 094	1,6%	510
Rail cargo	1 503	1,2%	1 928	1,5%	425
Materials and goods sold	1 095	0,9%	967	0,8%	-128
Other services	2 482	2,0%	1 986	1,6%	-496
Total:	121 457	100,0%	126 911	100,0%	5 454

Schedule 45: Details of net sales

In 2010, revenues from passenger transport and the related ticket compensation increased by HUF 3,221m on 2009. Revenues from railtrack operations significantly increased at group level typically as a result of increased demand by RAIL CARGO Hungaria Zrt. Revenues from towing and traction were by HUF 901m less than in 2009. These revenues are affected by changes in electricity prices which declined in 2010. MÁV Group's revenues from IT services increased by nearly one third (HUF 510m) as well as revenues from cargo transport, loading and logistic services (HUF 425m).

A retrospective review of reporting for 2009 revealed that certain revenue items were wrongly presented. As those items would have materially distorted the changes in the reporting year, some items relating to certain activities in 2009 (railtrack operations, property rent and operations, supervision and demolition; selling materials, goods and finished products; other services) had to be adjusted to ensure the true and fair view. The adjustments affected the classification only and left the Group's net sales revenue figure unaffected.

II.2.2 Export sales and imports

Exports and import by country are presented below:

Country	2009		2010	
	Export	Import	Export	Import
Austria	2 942	4 957	3 395	6 172
Belgium	24	10	12	29
Bulgaria	22	76	0	42
Cyprus	0	0	0	0
Czech Republic	942	1 806	1 087	2 343
Denmark	20	60	15	256
Estonia	0	0	0	0
Finland	14	3	10	3
France	255	89	312	160
Greece	48	8	0	1
Holland	23	25	144	21
Ireland	5	2	0	0
Poland	164	219	175	179
Latvia	0	0	0	0
Lithuania	3	2	2	0
Luxemburg	90	20	2	0
Malta	0	0	0	0
UK	24	28	68	20
Germany	1 191	2 882	1 376	2 788
Italy	444	550	338	537
Portugal	6	1	5	0
Romania	1 667	1 504	1 339	1 362
Spain	23	128	16	43
Sweden	46	16	33	11
Slovakia	913	1 099	854	1 230
Slovenia	438	448	409	484
EU total:	9 305	13 932	9 592	15 681
Albania	0	0	0	0
Australia	7	1	2	0
Bosnia-Hecegovina	38	33	37	25
Other	0	0	0	1
USA	52	5	0	56
Belorussia	4	5	0	0
Croatia	358	317	354	298
Canada	8	1	14	0
Kazakhstan	0	0	0	0
Macedonia	1	2	1	1
Moldavia	0	0	0	0
Montenegro	1	2	0	0
Norway	12	3	12	2
Russia	79	73	79	68
Switzerland	104	182	102	10 661
Serbia	213	279	301	391
Turkey	3	3	13	1
Turkeminstan	0	0	0	0
Ukraine	78	108	78	81
Uzbekistan	0	0	0	0
Non-EU total:	958	1 014	993	11 585
Grand total:	10 264	14 946	10 585	27 266

Schedule 46: Export sales per market segment

II.2.3 Material-type expenses

Figures in MHUF

Item	2009		2010		Change
	Amount	%	Amount	%	
Material costs					
Maintenance and operational materials	21 870	16,7%	19 134	16,0%	-2 736
Traction electricity	24 205	18,5%	17 406	14,5%	-6 799
Traction fuel	9 378	7,2%	10 540	8,8%	1 162
Public utilities	9 961	7,6%	8 337	7,0%	-1 624
Protective clothing, beverages	801	0,6%	429	0,4%	-372
Total:	66 215	50,6%	55 846	46,6%	-10 369
Services used					
Track operations	28 318	21,6%	28 420	23,7%	102
Rents	12 772	9,8%	13 558	11,3%	786
Public sanitation	2 744	2,1%	2 763	2,3%	19
IT services	1 597	1,2%	1 276	1,1%	-321
Traction	1 296	1,0%	1 144	1,0%	-152
Post, advertising, market survey	1 309	1,0%	906	0,8%	-403
Specialists, advisory costs, membership	1 153	0,9%	672	0,6%	-481
Training	784	0,6%	652	0,5%	-132
Transport and loading	401	0,3%	558	0,5%	157
R&D	94	0,1%	157	0,1%	63
Health care services	41	0,0%	20	0,0%	-21
Other services used	5 130	3,9%	5 968	5,0%	838
Total:	55 639	42,5%	56 094	46,8%	455
Egyéb szolgáltatások					
Tolls and duties	1 161	0,9%	1 233	1,0%	72
Insurance	745	0,6%	869	0,7%	124
Bank costs and charges	319	0,2%	376	0,3%	57
Other non-specified services	9	0,0%	24	0,0%	15
Total other services:	2 234	1,7%	2 502	2,1%	268
COGS:	312	0,2%	862	0,7%	550
Consignment services:	6 441	4,9%	4 517	3,8%	-1 924
Total material-type expenses:	130 841	100,0%	119 821	100,0%	-11 020

Schedule 47: Material-type expenses

Material-type expenses decreased materially in 2010, typically as a result of lower material costs. We managed to save considerable traction electricity costs as electricity prices fell. In the case of operational, maintenance and other materials, the drop is due more to the lower volume of material demanding major engine overhauls than to decreased material prices. Besides, less railtrack materials were used in 2010 than in 2009. Fuel prices soared in Hungary in 2010 for a number of reasons. Significant savings were achieved in public utility costs due partly to lower electricity prices and to the shut-down of the Northern Repair Workshop (Északi Járműjavító).

II.2.4 Other revenues

Figures in MHUF

Item	2009		2010		Change
	Amount	%	Amount	%	
Fixed asset and intangible asset disposals	1 822	0,9%	662	0,3%	-1 160
Reversed impairment losses (inventories and debtors)	746	0,4%	927	0,5%	181
Profit increasing items	5 757	2,8%	1 675	0,9%	-4 082
<i>of which: Late payment penalty received</i>	5 371	2,6%	712	0,4%	-4 659
<i>Penalties received</i>	34	0,0%	482	0,3%	448
Use of provisions	14 087	6,8%	8 362	4,4%	-5 725
<i>Of which: for contingencies</i>	13 009	6,3%	7 530	3,9%	-5 479
<i>for unrealised FX losses</i>	0	0,0%	375	0,2%	375
<i>for future expenses</i>	1 078	0,5%	457	0,2%	-621
Debtors sold	65	0,0%	0	0,0%	-65
Miscellaneous other income	14 465	7,0%	399	0,2%	-14 066
Reversed deferred income due to costs and expenses reducing the operating profit*	4 471	2,2%	4 879	2,5%	408
<i>Of which: reversed deferred subsidy</i>	385	0,2%	340	0,2%	-45
<i>reversed deferred PHARE aid</i>	76	0,0%	164	0,1%	88
<i>reversed debt owed to government, forgiven</i>	3 777	1,8%	4 076	2,1%	299
Non-refundable subsidies	166 056	80,0%	174 689	91,2%	8 633
<i>Of which: for public services</i>	163 837	79,0%	173 781	90,7%	9 944
<i>for redundancies</i>	0	0,0%	0	0,0%	0
<i>compensation for lost passenger service earnings</i>	2 043	1,0%	856	0,4%	-1 187
<i>damages for floods</i>	0	0,0%	0	0,0%	0
Total:	207 469	100,0%	191 593	100,0%	-15 876

Schedule 48: Other revenues

The HUF 15,876m decrease in Group revenues was due to the following reasons:

- In relation to the VAT apportioning in 2004 and 2005, HUF 14,297m refunded tax and the related HUF 4,630m late payment interest was received from the tax authority in 2009 and these items no longer appeared in the profit and loss account for 2010.
- A HUF 9,944m increase in government refund of public services and a HUF 1,187m decrease in government compensation for unearned passenger transport revenues reduced the Group's overall losses by HUF 8,633m, in aggregate. Refunds for public services also include a subsidy of HUF 22,611m received as a refund of railtrack operation costs.

II.2.5 Other expenses

Figures in MHUF

Item	2009		2010		Change
	Amount	%	Amount	%	
Disposals, scrapping and missing assets	1 657	7,3%	2 795	9,1%	1 138
Impairment of inventories and receivables, inventory shortage, scrapping	2 731	12,1%	1 844	6,0%	-887
Of which: Inventory write offs	1 056	4,7%	757	2,5%	-299
Impairment of debtors	1 590	7,0%	918	3,0%	-672
Profit reducing items	6 296	27,8%	6 158	20,0%	-138
Of which: Late payment interest, penalties, damages paid	610	2,7%	460	1,5%	-150
Losses on damages	3 339	14,8%	3 562	11,6%	223
Tax identified by self-correction	108	0,5%	58	0,2%	-50
Provisions made	9 083	40,1%	16 955	55,1%	7 872
Of which: for early retirement, severance pay	2 516	11,1%	1 781	5,8%	-735
for environmental liabilities	400	1,8%	83	0,3%	-317
for litigations	2 033	9,0%	1 119	3,6%	-914
for the unrealised FX loss on development loans	1 413	6,2%	1 908	6,2%	495
for the depreciation of assets not contributed by NIF	1 994	8,8%	6 730	21,9%	4 736
for extreme weather conditions in 2010	0	0,0%	795	2,6%	795
for working clothes and uniforms	0	0,0%	1 038	3,4%	1 038
for annuity liabilities	0	0,0%	1 894	6,2%	1 894
for NKH supervision charge	0	0,0%	531	1,7%	531
for demolition costs	0	0,0%	354	1,2%	354
BV of debtors sold	0	0,0%	0	0,0%	0
Taxes, duties and VAT	2 286	10,1%	2 270	7,4%	-16
Contributions to government funds	513	2,3%	529	1,7%	16
or which: environmental charge (in product prices)	32	0,1%	0	0,0%	-32
Innovation contribution	454	2,0%	426	1,4%	-28
Expenses on other liabilities	61	0,3%	207	0,7%	146
Total:	22 627	100,0%	30 758	100,0%	8 131

Schedule 49: Other expenses

Other expenses at group level exceeded prior year's other expenses by HUF 10,328m. The most significant changes were as follows:

- At the end of the year, a decision was made as to the decommissioning of 154 engines. As the first step, extraordinary depreciation of HUF 1,823m was recognised in 2010.
- Expenses related to provisions made increased by HUF 7,872m compared to 2009. HUF 5,231m more provision was made for the depreciation of assets not handed over by NIF and for the unrealised deferred FX losses on project loans. At the same time, HUF 1,966m less was expended on early retirement, severance pays, environmental liabilities and litigations. New items included provisions for annuity liabilities, for NHK supervision charge, for undistributed working clothes and uniforms and for extreme weather conditions in 2010. For the details of provisions, see section II.1.5.

II.2.6 Financial and extraordinary profit or loss

II.2.6.1 Financial income

Figures in MHUF

Item	2009		2010		Change
	Amount	%	Amount	%	
Dividends, profit sharing received	190	3,0%	83	3,3%	-107
Gain on the disposal of investments	1 033	16,3%	0	0,0%	-1 033
Interest received and similar income	2 667	42,2%	989	39,6%	-1 678
Of which: bank interest	2 546	40,3%	940	37,7%	-1 606
interest from third parties	64	1,0%	30	1,2%	-34
Other financial revenues	2 428	38,4%	1 424	57,1%	-1 004
Of which: Profit of equity consolidated entities attributable to the Group	611	9,7%	969	38,8%	358
realised FX gain on FX balances	1 787	28,3%	412	16,5%	-1 375
Total:	6 318	100,0%	2 496	100,0%	-3 822

Schedule 50: Financial income

II.2.6.2 Financial expenses

Figures in MHUF

Item	2009		2010		Change
	Amount	%	Amount	%	
FX losses on interest paid and on long-term financial as	602	2,9%	0	0,0%	-602
Interest paid	17 812	86,5%	10 717	88,1%	-7 095
Of which: bank interest	17 421	84,6%	10 357	85,2%	-7 064
Impairment loss on shares, securities and bank deposits	11	0,1%	1	0,0%	-10
Other financial expenditures	2 169	10,5%	1 445	11,9%	-724
Of which: Loss of equity consolidated entities attributable to the Group	321	1,6%	33	0,3%	-288
FX loss from the year-end revaluation of receivables and payables	1 767	8,6%	1 353	11,1%	-414
Total:	20 594	100,0%	12 163	100,0%	-8 431

Schedule 51: Financial expenses

II.2.6.3 Extraordinary revenues

Figures in MHUF

Item	2009		2010		Change
	Amount	%	Amount	%	
Revenues from assets received free of charge and from surplus assets	27	52,3%	71	61,2%	44
Gains on contributed assets	1	2,0%	0	0,0%	-1
Other extraordinary revenues	23	45,7%	45	38,8%	22
Of which: Subsidy used	0	0,0%	0	0,0%	0
PHARE aid	0	0,0%	0	0,0%	0
Amounts received free of charge	0	0,0%	1	0,9%	1
Forgiven debt	7	14,2%	29	25,0%	22
Total:	51	100,0%	116	100,0%	65

Schedule 52: Extraordinary revenues

II.2.6.4 Extraordinary expenditures

Figures in MHUF

Item	2009		2010		Change
	Amount	%	Amount	%	
Expenditures on assets contributed free of charge	178	77,5%	145	41,5%	-33
Losses on contributed assets	0	0,0%	0	0,0%	0
Other extraordinary expenditures	52	22,5%	204	58,5%	152
Of which: Non-refundable employee housing grant	41	17,9%	138	39,5%	97
Forgiven debts (domestic)	0	0,1%	0	0,0%	0
Amounts transferred free of charge	7	3,3%	45	12,9%	38
Total:	230	100,0%	349	100,0%	119

Schedule 53: Extraordinary expenditures

II.2.7 Consolidated profit and loss

The details of MÁV Group's consolidated profit are presented below:

Figures in MHUF

<i>Item</i>	<i>Amount</i>
Aggregate group loss of fully consolidated subsidiaries	-33 319
Total pre-consolidation loss for the year	-33 319
Rewritten impairment loss of subsidiaries	600
Dividends from subsidiaries eliminated	-730
Elimination of the profit and loss impact of capital reduction by capital withdrawal	-39
Profit and loss impact of equity net-offs	-169
Rewritten impairment loss of associates	22
Dividends from associates eliminated	-656
Profits of associates for 2010	969
Losses of associates for 2010	-33
Profit and loss impact of equity consolidation	302
Reversed impairment loss on debtors	-151
Unilaterally recognised late payment interest, penalty and damages netted off on a prudent basis	625
Unilaterally recognised other items eliminated on a prudent basis	23
Profit from netted off receivables and payables	497
Eliminated intra-group provisions made	315
Eliminated intra-group provisions released	-575
Elimination of unilaterally recognised late payment penalty, other penalties and damages paid on a prudent basis which did not appear as a difference in the debt consolidation as the related liabilities were recognised	-111
Treatment of differences due to bookings in differing periods	-96
Profit and loss impact of the treatment of other differences	19
Loss from the consolidation of yields and expenses	-448
Interim profit or loss effect of disposals of other tangibles	1 590
Deferred income reversed during the consolidation released in line with depreciation recognised for 2010	3 158
Adjustment of other provisions released as a result of intercompany FX loans assumed	233
Adjustment of deferred expenses released as a result of intercompany FX loans assumed	-226
Other provisions made for intercompany FX loans assumed	-183
Reversed intercompany year-end revaluation with profit and loss impact (due to FX loans)	58
P&L impact of netting off and releasing interim gains and losses recognised in inventories	38
Impact of interim profits and losses netted off on the consolidated loss for the year	4 668
(Calculated) change in corporate tax asset from consolidation due to changed tax rate	-2 197
Profit or loss impact of deferred tax due to consolidation entries in the reporting year	-276
Deferred tax impact on the profit or loss	-2 473
Consolidated loss for 2010	-30 942

Schedule 54: Consolidated Group profit

II.3 ACTUAL ASSET, FINANCIAL AND INCOME POSITIONS

II.3.1 MÁV Group's liquidity position

Based the budget act for 2011, government decree 32/2011 (III.17) has ensured a refund of HUF 21,050m for MÁV Zrt's justified railtrack operation costs and a HUF 152,382m refund for MÁV-START Zrt's passenger transport costs.

In order to receive the refunds, the cash flow plan of both companies must first be approved by the Ministry for National Development and the Ministry for National Economy.

A railtrack operations agreement is currently under finalisation. This will ensure both a contractual basis for railtrack operations and secured funding.

Based on a clause in the passenger transport public service contract for 2010-2012, MÁV Group was entitled to a government refund of HUF 167,756m for 2010 (MÁV Zrt.: HUF 23,000m; MÁV-START Zrt.: HUF 144,756m) plus HUF 3,247m repayable refund relating to 2008. In the 2010 annual consolidated financial statements of MÁV Zrt. an additional refund need of HUF 2,778m was presented in addition to the amount stipulated in the aforesaid clause to cover justifiable costs.

The Company's Public Service Reports for 2009 and for 2010 are yet unapproved by the Ministry. Following discussions and the ensuing calculated adjustments, the cost refund for 2009 is expected to be HUF 162,174m (MÁV Zrt.: HUF 389m; MÁV-START Zrt.: HUF 161,785m), which is by HUF 1,663m less than in the clause for 2009.

We expect the difference to be settled in accordance with the public service contract clause for 2011.

II.3.2 Cash flow statement

Figures in MHUF

No.	Item	2009	2010
I.	Cash-flows from ordinary activities (Operating cash-flows)	43 074	27 832
1.	Profit before tax	-27 000	-28 347
2.	Ordinary depreciation	48 385	49 269
2/b	Depreciation on previous years	1 067	177
3.	Recognised and reversed impairment loss	1 349	5 036
4.	Movements in provisions	-4 791	8 573
4/b	Forgiven debt	0	0
5.	Gains on fixed asset disposals	20	-250
6.	Movements in creditors	955	-7 145
7.	Movements in current liabilities	2 504	-7 230
8.	Movements in accruals	-6 877	-9 745
9.	Movements in debtors	-5 797	1 317
10.	Current asset movements (less debtors and liquid assets)	47 762	20 579
11.	Movements in prepayments and accrued income	-12 659	-2 256
12.	Income taxes paid (payable)	-1 099	-2 678
13.	Dividends and profit-sharing paid or payable	0	0
13/b	Assets transferred/received free of charge	-27	33
13/c	Capitalised interest	0	0
13/d	Prior year adjustments	-2 786	-326
13/e	Changes in deferred tax arising on consolidation	-945	-2 473
13/f	Adjustment arising on consolidation without actual money movement	442	-672
13/g	FX gains at year-end	2 571	3 970
II.	Investment cash-flows	-61 522	-32 836
14.	Fixed asset additions	-74 125	-30 832
15.	Fixed asset disposals	1 206	662
15/b	Movements in long-term financial assets	2 635	0
15/c	Movements in prepayments for capital expenditures	8 572	-2 749
16.	Dividends received	190	83
III.	Financing cash-flows	11 233	8 280
17.	Revenues from the issue or redemption of shares	0	0
18.	Revenues from the issue of bonds and debt securities	0	10 000
19.	Borrowings	25 676	22 077
20.	Movements in long-term borrowings	256	335
21.	Assets received free of charge	107	12
22.	Redemption of shares, capital reduction	0	0
23.	Repayment of bonds and debt securities	0	0
24.	Loan repayment	-14 808	-24 066
25.	Long-term borrowings and bank deposits	0	0
26.	Assets transferred free of charge	-56	-65
27.	Movements in payable to founders and in other long-term liabilities	58	-13
IV.	Change in cash and cash equivalents (±I±II±III)	-7 215	3 276

Schedule 55: Cash flow statement

II.3.3 Asset ratios

Asset ratios						
Fixed asset ratio						
	<i>Fixed assets</i>	=	744 377	=	85,02%	(basis: 83,90%)
	<i>Total assets</i>		875 553			
Tangible asset margin						
	<i>Equity</i>	=	28 560	=	7,62%	(basis: 15,60%)
	<i>Own tangibles</i>		374 580			
	<i>Equity + Treasury funds</i>	=	433 433	=	59,06%	(basis: 61,79%)
	<i>Tangible assets</i>		733 932			
Fixed asset margin						
	<i>Equity</i>	=	28 560	=	7,42%	(basis: 15,19%)
	<i>Owned fixed assets</i>		385 025			
	<i>Equity + Treasury funds</i>	=	433 433	=	58,23%	(basis: 60,93%)
	<i>Fixed assets</i>		744 377			
Current assets per fixed assets						
	<i>Current assets</i>	=	74 571	=	10,02%	(basis: 12,08%)
	<i>Fixed assets</i>		744 377			
Equity and liabilities rates						
Capitalisation						
	<i>Equity</i>	=	28 560	=	3,26%	(basis: 6,57%)
	<i>Total liabilities</i>		875 553			
	<i>Equity</i>	=	28 560	=	6,07%	(basis: 11,85%)
	<i>Total liabilities - Treasury funds</i>		470 680			
Gearing						
	<i>Borrowed capital</i>	=	739 375	=	2588,85%	(basis: 1240,79%)
	<i>Equity</i>		28 560			
	<i>Borrowed capital - Treasury funds</i>	=	334 502	=	1171,23%	(basis: 562,41%)
	<i>Equity</i>		28 560			

<u>Indebtedness</u>									
<u>Borrowed capital</u>			=	<u>739 375</u>	=	84,45%	(basis: 81,49%)		
<u>Total assets</u>				875 553					
<u>Long-term liabilities ratio</u>									
<u>Long-term liabilities</u>			=	<u>644 522</u>	=	95,76%	(basis: 91,69%)		
<u>Long-term liabilities + Equity</u>				673 082					
<u>Long-term liabilities - Treasury bonds</u>			=	<u>239 649</u>	=	89,35%	(basis: 80,93%)		
<u>Long-term liabilities - Treasury bonds + Equity</u>				268 209					
<u>Equity increase ratio</u>									
<u>Equity</u>	=	<u>28 560</u>	=	136,00%	(basis: 284,99%)				
<u>Issued capital</u>		21 000							
<u>Fixed asset margin</u>									
<u>Equity</u>	=	<u>28 560</u>	=	3,84%	(basis: 7,83%)				
<u>Fixed assets</u>		744 377							
<u>Equity</u>	=	<u>28 560</u>	=	7,42%	(basis: 15,19%)				
<u>Owned fixed assets</u>		385 025							
<u>Income ratios</u>									
<u>EBITDA = Operating loss + depreciation=</u>			-18 364	+	49 269	=	30 905	(basis: 36 030)	
<u>EBITDA rate =</u>			<u>EBITDA</u>	=	<u>30 905</u>	=	24,35%	(basis: 29,66%)	
			Net sales		126 911				
<u>Operational rate=</u>			<u>Operating loss</u>	=	<u>-18 364</u>	=	-14,47%	(basis: -10,17%)	
			Net sales		126 911				
<u>Financial position</u>									
<u>Working capital and liquidity</u>									
<u>Net working capital</u>									
<u>Current assets - Current liabilities</u>			=	74 571	-	94 755	=	-20 184	(basis: 9 890)
<u>Liquidity ratio</u>									
<u>Current assets</u>			=	<u>74 571</u>	=	78,70%	(basis: 111,99%)		
<u>Current liabilities</u>				94 755					
<u>Quick ratio</u>									
<u>Current assets - Inventories</u>			=	<u>59 380</u>	=	62,67%	(basis: 94,02%)		
<u>Current liabilities</u>				94 755					
<u>Cash liquidity ratio</u>									
<u>Liquid assets</u>			=	<u>26 234</u>	=	27,69%	(basis: 27,84%)		
<u>Current liabilities</u>				94 755					

II.3.4 Group items affecting previous years

MÁV Group's balance sheet and profit and loss account affecting previous years are presented below:

Figures in MHUF

No.	Item	2005	2006	2007	2008	2009	SUM
.01.	A. FIXED ASSETS	12	-61	7	-49	3 125	3 034
.02.	I. INTANGIBLE ASSETS	0	0	-2	-3	-98	-103
.03	Capitalised foundation/restructuring	0	0	0	0	0	0
.04	Capitalised research and development	0	0	0	0	0	0
.05	Concessions, licenses and similar rights	0	0	-1	-3	-49	-53
.06	Trade marks, patents and similar assets	0	0	-1	0	-49	-50
.07	Goodwill	0	0	0	0	0	0
.08	Advance payments for intangible assets	0	0	0	0	0	0
.09	Adjusted value of intangible assets	0	0	0	0	0	0
.10	II. TANGIBLE ASSETS	12	-61	9	-46	2 828	2 742
.11	Land and buildings and related property rights	34	-41	13	13	-6	13
.12	Plant, machinery, equipment and vehicles	-36	-20	-16	-60	-42	-174
.13	Other equipment, fixtures and fittings, vehicles	0	0	0	0	0	0
.14	Breeding stock	0	0	0	0	0	0
.15	Assets in the course of construction	14	0	12	1	5 176	5 203
.16	Prepayments for capital expenditures	0	0	0	0	-2 300	-2 300
.17	Adjusted value of tangible assets	0	0	0	0	0	0
.18	III. LONG TERM FINANCIAL ASSETS	0	0	0	0	395	395
.19	Long-term participations in related-parties	0	0	0	0	395	395
.20	Long-term loans granted to related-parties	0	0	0	0	0	0
.21	Other long-term investments	0	0	0	0	0	0
.22	Long-term loans granted to other investments	0	0	0	0	0	0
.23	Other long-term loans granted	0	0	0	0	0	0
.24	Long-term debt securities	0	0	0	0	0	0
.25	Adjusted value of financial investments	0	0	0	0	0	0
.26	B. CURRENT ASSETS	3	4	-179	-40	-92	-304
.27	I. STOCKS	0	0	0	0	-77	-77
.28	Raw materials and consumables	0	0	0	0	-97	-97
.29	Work in progress and semi-finished products	0	0	0	0	0	0
.30	Animals for breeding, flattening and other livestock	0	0	0	0	0	0
.31	Finished products	0	0	0	0	0	0
.32	Goods	0	0	0	0	20	20
.33	Advance payments for stocks	0	0	0	0	0	0
.34	II. RECEIVABLES	3	4	-184	-40	-15	-232
.35	Trade debtors	-44	-7	-195	-35	-5	-286
.36	Receivables from related parties	0	0	0	-5	64	59
.37	Receivables from other investments	0	0	0	0	0	0
.38	Bills of exchange receivables	0	0	0	0	0	0
.39	Other receivables	47	11	11	0	-74	-5
.40	III. SECURITIES	0	0	0	0	0	0
.41	Participation in related parties	0	0	0	0	0	0
.42	Other participations	0	0	0	0	0	0
.43	Treasury shares and own participations	0	0	0	0	0	0
.44	Marketable debt securities	0	0	0	0	0	0
.45	IV. LIQUID ASSETS	0	0	5	0	0	5
.46	Cash, cheques	0	0	0	0	0	0
.47	Bank deposits	0	0	5	0	0	5
.48	C. PPREPAID EXPENSES AND OTHER INCOME	0	0	0	0	47	47
.49	Accrued income	0	0	0	0	-86	-86
.50	Prepaid expenses	0	0	0	0	133	133
.51	Deferred expenses	0	0	0	0	0	0
.52	TOTAL ASSETS	15	-57	-172	-89	3 080	2 777

Schedule 56: Asset side of the balance sheet of prior year adjustments

Figures in MHUF

No.	Item	2005	2006	2007	2008	2009	SUM
53.	D EQUITY	22	-86	-65	-107	-90	-326
54.	I. ISSUED CAPITAL	0	0	0	0	0	0
55.	of which: treasury shares redeemed at face value	0	0	0	0	0	0
56.	II. ISSUED CAPITAL NOT PAID	0	0	0	0	0	0
57.	III. CAPITAL RESERVE	0	0	0	0	0	0
58.	IV. RETAINED EARNINGS	0	0	0	0	0	0
59.	V. ALLOCATED RESERVES	0	0	0	0	0	0
60.	VI. REVALUATION RESERVES	0	0	0	0	0	0
61.	VII. PROFIT OR LOSS FOR THE YEAR	22	-86	-65	-107	-90	-326
	IX. CHANGES DUE TO CONSOLIDATION	0	0	0	0	0	0
	Debt consolidation difference	0	0	0	0	0	0
	Interim profit or loss difference	0	0	0	0	0	0
	Impairment loss of goodwill on consolidation	0	0	0	0	0	0
	Valuation of investments in associates	0	0	0	0	0	0
	Deferred tax	0	0	0	0	0	0
62.	E PROVISIONS	0	0	0	0	-21	-21
63.	1. Provisions for contingent liabilities	0	0	0	0	-4	-4
64.	2. Provisions for future commitments	0	0	0	0	-17	-17
65.	3. Other provisions	0	0	0	0	0	0
66.	F LIABILITIES	-1	30	-106	43	3 447	3 413
67.	I. SUBORDINATED DEBTS	0	0	0	0	0	0
68.	Subordinated debts to related parties	0	0	0	0	0	0
69.	Subordinated debts to other investments	0	0	0	0	0	0
70.	Subordinated debts to third parties	0	0	0	0	0	0
71.	Amount owned to founders	0	0	0	0	0	0
72.	Other subordinated debts	0	0	0	0	0	0
73.	II. LONG-TERM LIABILITIES	0	0	-97	0	0	-97
74.	Long-term borrowings	0	0	0	0	0	0
75.	Convertible bonds	0	0	0	0	0	0
76.	Debts from the issue of bonds	0	0	0	0	0	0
77.	Investment and development loans	0	0	0	0	0	0
78.	Other long-term loans	0	0	0	0	0	0
79.	Long-term debts to related parties	0	0	0	0	0	0
80.	Long-term debts to other investments	0	0	0	0	0	0
81.	Other long-term liabilities	0	0	-97	0	0	-97
82.	III. CURRENT LIABILITIES	-1	30	-9	43	3 447	3 510
83.	Short-term borrowings	0	0	0	0	0	0
84.	of which: convertible bonds	0	0	0	0	0	0
85.	Other short-term loans	0	0	0	0	0	0
86.	Prepayments received from debtors	0	0	0	0	-21	-21
87.	Creditors	-2	-1	-7	17	3 322	3 329
88.	Bills of exchange payable	0	0	0	0	0	0
89.	Short-term debts to related parties	0	0	0	10	310	320
90.	Short-term debts to other investments	0	0	0	0	0	0
91.	Other current liabilities	1	31	-2	16	-164	-118
92.	G ACCRUED EXPENSES AND DEFERRED INCOME	-8	-1	-2	-7	-271	-289
93.	Deferred income	-8	-1	-1	-1	-4	-15
94.	Accrued expenses	0	0	-1	-6	-267	-274
95.	Deferred extraordinary revenues and negative goodwill	0	0	0	0	0	0
96.	TOTAL EQUITY&LIABILITIES	13	-57	-173	-71	3 065	2 777

Schedule 57: Equity and liabilities side of the balance sheet of prior year adjustments

Figures in MHUF

No.	Item	2005	2006	2007	2008	2009	Összesen
01.	Domestic sales, net	0	0	-159	-73	-246	-478
02.	Export sales, net	0	0	0	10	9	19
	Settled intra-group income	0	0	0	0	0	0
I.	TOTAL SALES, NET	0	0	-159	-63	-237	-459
03.	Movements in self-produced stocks	0	0	0	0	0	0
04.	Capitalised self-manufactured assets	0	0	0	0	0	0
II.	CAPITALISED OWN PERFORMANCE	0	0	0	0	0	0
III.	OTHER INCOME	22	1	96	1	21	141
	<i>of which: reversed diminution in value</i>	14	0	0	0	0	14
05.	Material cost	-2	-1	1	3	159	160
06.	Services used	0	7	-20	7	-246	-252
07.	Other services	0	0	0	-18	-63	-81
08.	Cost of goods sold	0	0	0	0	-138	-138
09.	Provision of consignment services	0	0	0	0	0	0
	Recognised internal expenditures	0	0	0	0	0	0
IV.	MATERIAL-TYPE EXPENDITURES	-2	6	-19	-8	-288	-311
10.	Payroll	0	0	0	0	0	0
11.	Other payments to personnel	0	0	-1	-6	-55	-62
12.	Social security and similar deductions	0	0	-6	0	-11	-17
V.	PAYMENTS TO PERSONNEL	0	0	-7	-6	-66	-79
VI.	DEPRECIATION	38	14	5	48	72	177
VII.	OTHER EXPENDITURES	-38	66	25	31	538	622
	<i>of which: diminution in value</i>	0	0	0	0	0	0
A	OPERATING PROFIT/LOSS	24	-85	-67	-127	-472	-727
13.	Dividends and profit-sharing (received or due)	0	0	0	0	0	0
	<i>of which: dividends from related parties</i>	0	0	0	0	0	0
14.	Exchange gains from disposal of shares	0	0	0	0	0	0
	<i>of which: from related parties</i>	0	0	0	0	0	0
15.	Interest and capital gains on long-term financial assets	0	0	0	0	0	0
	<i>of which: from related parties</i>	0	0	0	0	0	0
16.	Other interest and similar income (received or due)	0	0	0	0	0	0
	<i>of which: from related parties</i>	0	0	0	0	0	0
17.	Other revenues from financial transactions	0	0	0	0	392	392
VIII.	FINANCIAL REVENUES	0	0	0	0	392	392
18.	Exchange losses on long-term financial assets	0	0	0	0	0	0
	<i>of which: to related parties</i>	0	0	0	0	0	0
19.	Interest payable and similar charges	0	0	0	0	-3	-3
	<i>of which: to related parties</i>	0	0	0	0	0	0
20.	Diminution in the value of shares, securities and bank deposits	0	0	0	0	-7	-7
	<i>of which: to related parties</i>	0	0	0	0	0	0
21.	Other expenditures on financial transactions	0	0	0	0	1	1
IX.	FINANCIAL EXPENDITURES	0	0	0	0	-9	-9
B	FINANCIAL PROFIT OR LOSS	0	0	0	0	401	401
C	PROFIT OR LOSS OF ORDINARY ACTIVITIES	24	-85	-67	-127	-71	-326
X.	EXTRAORDINARY REVENUES	0	0	0	0	0	0
XI.	EXTRAORDINARY EXPENDITURES	1	0	0	0	0	1
D	EXTRAORDINARY PROFIT OR LOSS	-1	0	0	0	0	-1
E	PROFIT BEFORE TAX	23	-85	-67	-127	-71	-327
XII.	TAX PAYABLE	0	0	0	0	-1	-1
	TAX DIFFERENCE ±	0	0	0	0	0	0
F	PROFIT AFTER TAX	23	-85	-67	-127	-70	-326
	Dividends and profit-sharing paid from retained earnings	0	0	0	0	0	0
22.	Dividends and profit-sharing paid (payable)	0	0	0	0	0	0
23.	Dividends and profit-sharing paid from retained earnings	0	0	0	0	0	0
24.	Non-controlling interests	0	0	0	0	0	0
G	PROFIT OR LOSS FOR THE YEAR	23	-85	-67	-127	-70	-326

Schedule 58: Profit or loss for previous years

The most important items that affect prior years' profit or loss are as follows:

- The HUF 459m presented as net sales revenues is made up of two major items:
In December 2010, further to a decision by NKH, MÁV Zrt. refunded to RCH rail network access charges recognised with respect of its own network. The refund resulted in an error of HUF 534m (absolute value). This item increased the annual loss by HUF 490m.
Motor coach rent of HUF 118m was invoiced to Stadler Bussnang A.G in relation to the triple synchronised tests of FLIRT motor coaches in 2008. The invoice was booked in 2010, As no such revenues were recognised in previous years, this amount was recognised as an improvement to the previous year.
An invoice raised to EURAIL GROUP GIE in relation to fares settlement for 2009 based on reported information received in 2010 increased the annual loss by HUF 64m.
- A HUF 97m performance guarantee taken over from CIB Bank in 2007 but only recognised in December 2010 reduced the annual loss. The underlying contract relates to the rebuilding of the Békéscsaba - Lökösháza line and the guarantee was received as a result of non-performance on the part of MÁV Hajdú Kft.
- The turnover logging system (FOR00) and the integrated customer relations system (IÜR) were capitalised retrospectively in 2010 to the wrong dates of 18 February 2008. The correct capitalisation date (23 March 2009) was adjusted in both systems. The wrong capitalisation and its adjustment increased the annual loss by HUF 51m.
- Further to the findings of a tax review for the years 2006 to 2008, a loss increasing item of HUF 89m had to be recognised.
- Other expenses include the HUF 26m cost of damage restoration work carried out by Stadler Magyarország Vasúti Karbantartó Kft. in 2009 but booked only in 2010.
- The electricity bills relating to settlements for 2009 were received from E-On Kft. only in March, May and August of 2010. All the bills were processed in the month when received. The absolute error effect of these electricity bills was HUF 163m and increased carried forward losses by HUF 78m as these costs were not accrued upon closing the year 2009.
- Settlements with ÖBB Personenverkehr AG for the years of 2007, 2008 and 2009 were actually settled in 2010. The resulting reversal of accruals, costs and revenues had a combined effect of reducing the annual loss by HUF 78m.
- The HUF 388m loss reducing effect of other financial revenues is explained by adjustments to the values of associates in the previous year:
 - Financial losses were reduced by HUF 237m, being the difference between figures available during the preparation of the consolidated financial statements and actual figures. Of this difference, HUF 155m was from the “retrospective” release of provisions at MÁVTI Kft. MÁV Vasjármű Kft. re-disclosed its financial statements for 2009 as the court annulled the tax authority’s decision on unpaid taxes. This reduced MÁV Group’s financial losses by HUF 82m.

- During the consolidation of the financial year of 2009, the quota in MÁV KERT Kft. was measured based on post-dividends net profits. As the dividends received were recognised as revenue by MÁV Zrt. only in 2010, the consolidated value of this investment was misstated in 2009. The resulting impact is a HUF 111m reduction in the annual losses for the previous year (the same as the amount of dividends).

III INFORMATIVE PART

III.1 Remuneration to officers of the parent company

Figures in MHUF

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

Schedule 59: Remuneration of parent company officers

No loan was granted or disbursed to Board and Supervisory Board members in 2010 and no pension liability incurred.

III.2 Subsidies received

Figures in MHUF

Item	2009		2010		Change
	Amount	%	Amount	%	
Ticket subsidy	19 963	10,4%	20 106	10,0%	143
Refunded excise tax	4 857	2,5%	5 050	2,5%	193
Project subsidy	556	0,3%	360	0,2%	-196
Production subsidy (public service refunds)	163 837	85,6%	173 781	86,8%	9 944
Compensation for lost earnings on passenger transport(I	2 043	1,1%	856	0,4%	-1 187
Force majeure (fire, flood)	0	0,0%	0	0,0%	0
NFI subsidy for language training	0	0,0%	0	0,0%	0
Support received from job centres	0	0,0%	0	0,0%	0
Redundancy subsidy	0	0,0%	0	0,0%	0
Other subsidies	152	0,1%	52	0,0%	-100
Total:	191 407	100,0%	200 205	100,0%	8 798

Schedule 60: Subsidies received

Figures in MHUF

Item	2009		2010		Change
	Amount	%	Amount	%	
50%	5 946	29,8%	5 445	27,1%	-501
90%	3 944	19,8%	4 177	20,8%	233
Pupils and students	6 282	31,5%	6 619	32,9%	337
OAPS over 70 (65)	3 797	19,0%	3 872	19,3%	75
Total:	19 969	100,0%	20 113	100,0%	144

Schedule 61: Ticket compensation

More than 85% of subsidies received by the Group are reimbursed public service costs related to passenger transport.

III.3 Environment protection

III.3.1 Environmental liabilities

Further to act LIV of 1992 and in line with the requirements of the Environmental Ministry, the Environmental Restoration Plan („Környezeti Károk Rendezési Terve” (KKRT)) was prepared based on the results of an environmental survey of the railways. The Plan has since been used as the basis of the Railways Sub-programme of the National Restoration Programme (OKKP). The related deadlines were initially set by the Ministry for Transport and Water to 2010. However, later these deadlines were adjusted to the National Programme and the deadlines set for 2010 no longer apply and the final deadline to implement the national restoration programme has been cancelled.

Environmental provisions have been made based on the following principles:

- We assessed the status of environmental liabilities at the year-end and identified the difference between already made and the necessary provision, which amount is the provision to be made in 2010.
- The underlying liabilities were unidentified based on environmental surveys and in view of mandatory work imposed by environmental authorities plus estimated expected environmental obligations.
- Only costs that are not funded from other resources have been provided for.

To cover ERP expenses, upon transformation into a private limited company by shares, HUF 5.4 billion was set aside by MÁV Zrt. from capital reserve based on initial estimates, which was posted to allocated reserves on 1 January 2001. This reserve has been gradually phased out by the amounts used and the currently available reserve is HUF 3,617m. Based on previous estimates, we made a HUF 6,533m provision in 2002, further HUF 7,805m in 2006, HUF 1,911m in 2008 and HUF 388m in 2009 and HUF 83m in 2010. The available amount less used and released amounts is HUF 10,478m.

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

figures in MHUF				
Item	Opening	Increase	Decrease	Closing
Allocated reserves	3 617	0	0	3 617
Provisions	7 428	83	650	6 861
<i>Total:</i>	11 045	83	650	10 478

Schedule 62: Environmental reserves (allocated and provisions)

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

Item	Figures in MHUF		
	2009	2010	Change
Environmental expenses	1 278	753	-525

Schedule 63: Environmental expenses

III.3.2 Tangible assets serving environmental purposes

Movements in tangible assets serving environmental purposes:

Item	Figures in MHUF			
	Opening	Additions	Disposals	Closing
Cost	2 821	39	0	2 860
Depreciation	493	37	0	530
Net	2 328			2 330
A/CC	2	0	0	2
Total:	2 330			2 332

Schedule 64: Movements in environmental assets

III.3.3 Hazardous waste quantities

EWC code	Item	Opening (kg)	Closing (kg)
050103*	Tank bottom sludge	0	1 200
060101*	Sulphuric acid and similar acids	0	40
060106*	Other acids	0	24
060204	Battery alkaline	40	0
060404*	Mercurial waste	0	9
060405*	Other heavy metal containing waste	0	27
061302*	Depleted activated carbon (except 06 07 02)	0	1 470
070214*	Hazardous auxiliary materials	0	1 699
070610	Oil stained wood sprinkle	479	179
080409	Adhesives with organic dilutants or other hazardous chemicals	179	0
080111	Stained packaging	1 974	1 666
080113	Paint and varnish cont. detergents and similar materials	0	0
080312*	waste toner (hazardous paint)	0	3
080317	Office technical waste	1 476	3 442
090101	water-based developing solutions	20	0
090104	fixing solutions	20	0
100402	primary and secondary cinder	208	0
120112	Lubricant grease waste	213	180
120116	Sandblast waste with hazardous content	5 770	0
120118	Oily metal sludge	6 839	0
130205	Exhaust oil	33 864	10 485
130307	mineral oil based, non-chloride insulation and heat trm. lub.	2 994	350
130501	Oily sludge	3 000	0
130502	Separator sludge	1 100	123 286
130506*	sludge from oil/water separator	0	4 017
130507*	Oily water from oil/water separator	0	85 580
130508	Waste from desander and oil/water separator	1 000	126 448
130701	heating oil and diesel oil	1 276	8 344
130703	Other fuel (incl. mixes)	0	0
130899*	Other non-specified waste	0	1 790
140603	Other dilutants and their mixes	300	0
140604	Halogenous dilutant stained sludge and solid waste	374	0
150110	Hazardous packaging materials	11 296	26 120
150111	Empty spray can	1 088	421
150202	Stained protective clothing	22 886	28 094
150203	Stained absorbents, filters, cloths, protective clothing	172	0
160107	Oil filters	1 777	147
160114	hazardous antifreeze	407	82
160121	Oil stained tyres	920	964
160209*	PCB containing transformers and condensers	0	1 475
160213*	Equipment no longer in use	0	49 955
160303*	Hazardous inorganic waste	0	41
160305	Hazardous organic waste	2 562	2 510
160403*	Other explosive waste	0	6
160410*	Oil, carbonolite containing and other hazardous cables	0	310
160506	Laboratory chemicals	230	6
160507*	Inorganic hazardous chemicals and polluted chemicals no	0	33
160508*	Organic hazardous chemicals and polluted chemicals	0	2 445
160601	Used batteries	37 872	19 194
160602	Nickel, kadmium batteries	4 075	0
160707	Oil filters	177	125
161001	hazardous fluids	0	19 380
170106*	stained concrete, brick, ceramics	0	160 100
170204	contaminated wood	97 465	1 481 109
170410*	Oil, carbonolite containing and other hazardous cables	0	880
170503	stained soil and stone	1 729	2 027 684
170507*	Track ballast containing hazardous materials		297 437
170601	Asbestos containing insulators	99	288
170603	Other hazardous insulators	160	0
170903	Other hazardous demolition waste (asphalt)	62 700	0
190813	Industrial sewage sludge	96 924	0
200121	Neon lights and other mercury containing materials	426	556
200133	Dry battery	3 241	5 912
200135	Hazardous electric and electronic equipment	8 982	42 091
Total:		416 314	4 537 604

Schedule 65: Closing quantities of hazardous waste at the end of 2010

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

The payroll costs and average statistical numbers of staff of MÁV Group are set out below:

Figures in MHUF

Item	2009					2010				
	Payroll costs	Payments to personnel	Social security and similar	Total	%	Payroll costs	Payments to personnel	Social security and similar	Total	%
Blue collar	62 072	11 170	22 124	95 366	58,13%	67 684	11 852	22 682	102 218	65,07%
White collar	45 144	7 038	15 178	67 361	41,06%	36 357	5 876	11 381	53 614	34,13%
Inactive	884	150	291	1 325	0,81%	845	148	266	1 259	0,80%
Total:	108 101	18 358	37 593	164 052	100,00%	104 886	17 876	34 329	157 091	100,00%

Schedule 66: Group staff costs

Item	2009		2010	
	Average statistical number of staff	%	Average statistical number of staff	%
Blue collar	27 434	67,48%	25 323	66,61%
White collar	13 020	32,03%	12 535	32,97%
Inactive	199	0,49%	156	0,41%
Total:	40 654	100,00%	38 014	100,00%

Schedule 67: Average number of staff at Group level

III.5 Research and development

MÁV Group's research and development costs recognised in 2010 are set out in the schedule below:

Figures in MHUF

Item	2009	2010	Change
R&D costs	343	334	-9
Of which: To be capitalised for own purposes	0	1	1
For own purposes, expensed	281	190	-91
R&D for third parties	62	143	81
Other direct costs of technical development	153	117	-36
Of which: Cost of development arrangements, management and testing	85	56	-29
Technical information, propaganda and production management	54	49	-5
Type classification, standardisation, industrial design	14	11	-3
Technical tenders	0	0	0
Non-capitalised or unused innovation	0	1	1
Non-capitalised, used innovation	0	0	0
Non-capitalised, used other intellectual output	0	0	0
Total:	496	451	-45

Schedule 68: Costs of research and development in 2010

The main purposes of the research and development activity of the MÁV Group are to raise traffic safety and service quality standards, to improve cost efficiency and protection of the environment.

R&D costs for MÁV Zrt. in 2010 totalled HUF 451m for the following purposes:

- ✚ traffic safety (HUF 29m), service quality improvement (HUF 39m) and environment protection (HUF 25m).
- ✚ technological, quality control, reconstructing and business management etc. improvements necessary to retain operations (HUF 75m).
- ✚ Further development of M47 series diesel engines (remote radio control) in order to improve the safety and efficiency of shunting.
- ✚ Exploring the possible ways of improved emission, efficiency and fuel consumption of shunting engines.
- ✚ Compliance testing of M41 and M47 series engines with emission laws as well as with Stage IIIB emission standards while maintaining efficiency.
- ✚ A detailed study prepared by the Budapest University of Technical and Business Sciences about „Improving the conditions of railway access and use for people living with disabilities and impaired ability to move” for MÁV-START Zrt.
- ✚ R&D activity carried out by UNIVERSITAS-Győr Nonprofit Kft. to support the reformation of passenger services.

III.6 Additional other information

The business crimes department of the Metropolitan Police has launched an investigation at MÁV INFORMATIKA Zrt. against unknown suspects. The investigation was still ongoing at the time of closing and preparing the financial statements and the end of the proceedings is currently unknown.

The (calculated) corporate tax asset due to the consolidation fell by HUF 2,473m compared to the previous year. This major fall was due to a change in the corporate tax rate (HUF 2,197m) and also to the balance of deferred tax after the elimination of deferred tax made and released upon the consolidation (HUF 276m).

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APPENDICES

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Appendix 2 – Consolidated entities

Appendix 3 – Changes in the consolidated entities

Appendix 4 – Relationship chart of the consolidated entities

Appendix 5 – Required level of consolidation and actual method of consolidation applied

Appendix 6 – Items posted as part of the consolidation

Appendix 1
Key indicators for non-inclusion into the consolidation

No.	Company		Assets		Total sales, net		Payroll	
	Code	Name	Value	%	Value	%	Value	%
1	100	MÁV Zrt.	797 742	75,87%	170 428	41,68%	50 417	47,04%
2	101	MÁV FKG Kft.	4 931	0,47%	8 174	2,00%	1 736	1,62%
3	102	MÁVGÉP Kft.	7 187	0,68%	9 419	2,30%	1 345	1,25%
4	131	MÁV KfV Kft.	1 705	0,16%	1 346	0,33%	415	0,39%
5	136	MÁV IK Kft.	3 352	0,32%	8 358	2,04%	2 100	1,96%
6	138	MÁV INFORMATIKA Zrt.	3 334	0,32%	5 619	1,37%	2 044	1,91%
7	149	MÁV Vagyongazdálkodó Zrt.	483	0,05%	878	0,21%	403	0,38%
8	179	ZÁHONY-PORT Zrt.	1 404	0,13%	2 466	0,60%	893	0,83%
9	180	MÁV-START Zrt.	94 923	9,03%	68 058	16,65%	17 112	15,97%
10	186	MÁV-TRAKCIÓ Zrt.	111 062	10,56%	84 534	20,68%	17 716	16,53%
11	187	MÁV-GÉPÉSZET Zrt.	21 849	2,08%	42 760	10,46%	10 705	9,99%
Fully consolidated subsidiaries, Total			1 047 972	99,67%	402 040	98,33%	104 886	97,86%
12	005	MÁV TI Kft.	887	0,08%	1 091	0,27%	531	0,50%
13	015	MÁV NOSZTALGIA Kft.	274	0,03%	803	0,20%	143	0,13%
14	020	MÁV VAGON Kft.	750	0,07%	1 088	0,27%	336	0,31%
15	096	MÁV KERT KFT	778	0,07%	898	0,22%	217	0,20%
16	139	MÁV VASÚTŐR Kft.	748	0,07%	2 929	0,72%	1 049	0,98%
17	181	Rákosrendező Pályaudvar Kft.	2	0,00%	0	0,00%	1	0,00%
18	182	Józsefváros Pályaudvar Kft.	2	0,00%	0	0,00%	1	0,00%
19	183	PRUDENT-INVEST Zrt.	6	0,00%	1	0,00%	0	0,00%
20	184	Kelenföld Pályaudvar Kft.	3	0,00%	0	0,00%	5	0,00%
21	185	DÉLI PÁLYAUDVAR Zrt.	2	0,00%	0	0,00%	12	0,01%
Equity consolidated subsidiaries (Treated as associates)			3 452	0,33%	6 810	1,67%	2 295	2,14%
Total			1 051 424	100,00%	408 850	100,00%	107 181	100,00%

Appendix 2

Consolidated entities

Fully consolidated subsidiaries			
Parent company		Subsidiaries	
100	MÁV Zrt.	101	MÁV FKG Kft.
		102	MÁVGÉP Kft.
		131	MÁV KFV Kft.
		136	MÁV IK Kft.
		138	MÁV INFORMATIKA Zrt.
		149	MÁV Vagyonkezelő Zrt.
		179	ZÁHONY-PORT Zrt.
		180	MÁV-START Zrt.
		186	MÁV-TRAKCIÓ Zrt.
		187	MÁV-GÉPÉSZET Zrt.

Equity consolidated entities (treated as associates)			
Subsidiaries		Associates	
005	MÁVTI Kft.	022	MÁV VASJÁRMŰ Kft.
015	MÁV NOSZTALGIA Kft.	027	Bombardier MÁV Kft.
020	MÁV VAGON Kft.	037	VAMAV Kft.
096	MÁV KERT Kft.	038	EURO-METALL Kft.
139	MÁV VASÚTŐR Kft.	116	MÁV-THERMIT Kft.
181	Rákosrendező Pályaudvar Kft.	141	VIACOM HUNGÁRIA Zrt.
182	Józsefváros Pályaudvar Kft.	142	MÁV MULTISZOLG Kft.
183	PRUDENT INVEST Zrt.		
184	Kelenföldi Pályaudvar Kft.		
185	DÉLI PÁLYAUDVAR Zrt.		

Entities treated as investments					
Subsidiaries		Associates		Other investments	
004	MÁVFAVÉD Kft. (f.a.)	156	Szombathelyi Vasutas Futball Kft. (f.a.)	084	RESTI Zrt.
006	MÁV HÍDÉPÍTŐ Kft. (f.a.)	165	MÁV-REC Kft.	120	Vasutegészségügyi NKK Kft.
008	MÁVÉPSZER Kft. (f.a.)	178	HUNGRAIL Egyesülés	128	EUROFIMA
134	MÁV Utasellátó Zrt. (f.a.)	188	MTMG Zrt.	146	Hódiköt Zrt. (f.a.)
152	MÁV RAKTÁR Kft. (f.a.)			147	BCC
174	MÁV LOKOMOTIV HOTELS Zrt. (f.a.)			162	Bugaci Kisvasút Kht. (v.a.)
				163	Út és Pályaépítő Rt. (f.a.)
				166	NGF Kht. (v.a.)
				169	HIT Rail b.v.
				172	Normon-Tool Kft.

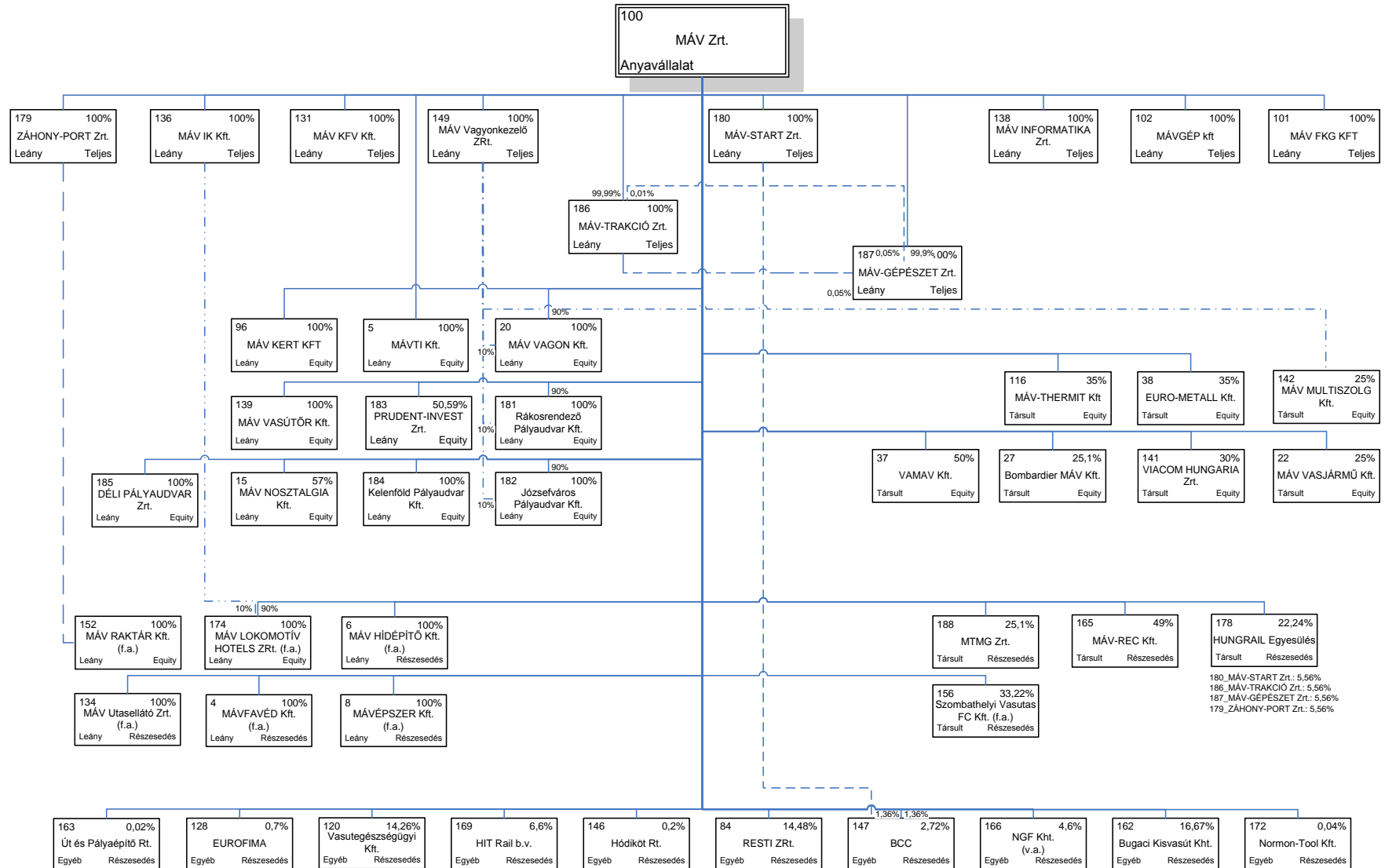
Appendix 3

Changes in the scope of fully-consolidated subsidiaries			
Added	Reason	Excluded	Reason
There was no change			

Changes in the scope of equity consolidated entities (treated as associates)			
Added	Reason	Excluded	Reason
There was no change			

Changes in the scope of entities treated as investments			
Added	Reason	Excluded	Reason
		132 MÁV-SÍN Kft. (f.a.)	Liquidation process has been completed

Appendix 4 Organisation chart



Appendix 5
Required level of consolidation and actual method of consolidation applied

No.	Entity		Classification	Basis of classification	Consolidation method based on classification	Actual method of consolidation
	Code	Name				
1	100	MÁV Zrt.	parent company	voting right	full	full
2	101	MÁV FKG Kft.	subsidiary	voting right	full	full
3	102	MÁVGÉP Kft.	subsidiary	voting right	full	full
4	131	MÁV KfV Kft.	subsidiary	voting right	full	full
5	136	MÁV IK Kft.	subsidiary	voting right	full	full
6	138	MÁV INFORMATIKA Zrt.	subsidiary	voting right	full	full
7	149	MÁV Vagyonkezelő Zrt.	subsidiary	voting right	full	full
8	179	ZÁHONY-PORT Zrt.	subsidiary	voting right	full	full
9	180	MÁV-START Zrt.	subsidiary	voting right	full	full
10	186	MÁV-TRAKCIÓ Zrt.	subsidiary	voting right	full	full
11	187	MÁV-GÉPÉSZET Zrt.	subsidiary	voting right	full	full
12	005	MÁVTI Kft.	subsidiary	voting right	full	equity
13	015	MÁV NOSZTALGIA Kft.	subsidiary	voting right	full	equity
14	020	MÁV VAGON Kft.	subsidiary	voting right	full	equity
15	096	MÁV KERT Kft.	subsidiary	voting right	full	equity
17	139	MÁV VASÚTŐR Kft.	subsidiary	voting right	full	equity
16	181	Rákosrendező Pályaudvar Kft.	subsidiary	voting right	full	equity
17	182	Józsefváros Pályaudvar Kft.	subsidiary	voting right	full	equity
18	183	PRUDENT INVEST Zrt.	subsidiary	voting right	full	equity
19	184	Kelenföldi Pályaudvar Kft.	subsidiary	voting right	full	equity
20	185	DÉLI PÁLYAUDVAR Zrt.	subsidiary	voting right	full	equity
21	022	MÁV VASJÁRMŰ Kft.	associated	voting right	equity	equity
22	027	Bombardier MÁV Kft.	associated	voting right	equity	equity
23	037	VAMAV Kft.	associated	voting right	equity	equity
24	038	EURO-METALL Kft.	associated	voting right	equity	equity
25	116	MÁV-THERMIT Kft.	associated	voting right	equity	equity
26	141	VIACOM HUNGÁRIA Zrt.	associated	voting right	equity	equity
27	142	MÁV MULTISZOLG Kft.	associated	voting right	equity	equity

No.	Entity		Classification	Basis of classification	Consolidation method based on classification	Actual method of consolidation
	Code	Name				
28	004	MÁVFAVÉD Kft. (f.a.)	subsidiary	voting right	full	investment
29	006	MÁV HÍDÉPÍTŐ Kft. (f.a.)	subsidiary	voting right	full	investment
30	008	MÁVÉPSZER Kft. (f.a.)	subsidiary	voting right	full	investment
32	134	MÁV Utasellátó Zrt. (f.a.)	subsidiary	voting right	full	investment
33	152	MÁV RAKTÁR Kft. (f.a.)	subsidiary	voting right	full	investment
34	174	MÁV LOKOMOTÍV HOTELS Zrt. (f.a.)	subsidiary	voting right	full	investment
35	156	Szombathelyi Vasutas Futball Kft. (f.a.)	associate	voting right	equity	investment
36	165	MÁV-REC Kft.	associate	voting right	equity	investment
37	178	HUNGRAIL Egyesülés	associate	voting right	equity	investment
38	188	MTMG Zrt.	associate	voting right	equity	investment
39	084	RESTI Zrt.	other	voting right	investment	investment
40	120	Vasutegészségügyi NKK Kft.	other	voting right	investment	investment
41	128	EUROFIMA	other	voting right	investment	investment
42	146	Hódiköt Zrt. (f.a.)	other	voting right	investment	investment
43	147	BCC	other	voting right	investment	investment
44	162	Bugaci Kisvasút Kht. (v.a.)	other	voting right	investment	investment
45	163	Út és Pályaépítő Rt. (f.a.)	other	voting right	investment	investment
46	166	NGF Kht. (v.a.)	other	voting right	investment	investment
47	169	HIT Rail b.v.	other	voting right	investment	investment
48	172	Normon-Tool Kft.	other	voting right	investment	investment

6 Appendix 6

Items posted for consolidation

No.	Item	Aggregate BS figure for 2010		Total opening	Effects of consolidation posting 2010					Total consolidation in 2010		Consolidated amount 2010	
		Prior year adjustment	Reporting year		Reclassified opening balance	Total equity consolidati	Total debt consolidati	Gains and expenses consolidation	Interim profits net off	Prior year net off	Reporting year net off	Prior year adjustment	Reporting year
01.	A FIXED ASSETS	2 621	870 330	-128 351	0	924	-128	0	1 602	413	2 398	3 034	744 377
02.	I INTANGIBLE ASSETS	-106	2 974	-99	0	0	0	0	23	3	23	-103	2 898
03.	Capitalised foundation/restructuring	0	153	0	0	0	0	0	0	0	0	0	153
04.	Capitalised research and development	0	80	0	0	0	0	0	0	0	0	0	80
05.	Concessions, licenses and similar rights	-53	1 338	-41	0	0	0	0	4	0	4	-53	1 301
06.	Trade-marks, patents and similar assets	-53	1 403	-58	0	0	0	0	19	3	19	-50	1 364
07.	Goodwill	0	0	0	0	0	0	0	0	0	0	0	0
08.	Advance payments for intangible assets	0	0	0	0	0	0	0	0	0	0	0	0
09.	Adjusted value of intangible assets	0	0	0	0	0	0	0	0	0	0	0	0
10.	II. TANGIBLE ASSETS	2 727	747 991	-15 591	0	0	-47	0	1 579	15	1 532	2 742	733 932
11.	Land and buildings and related property rights	13	427 211	-855	0	0	0	0	-531	0	-531	13	425 825
12.	Plant, machinery, equipment and vehicles	-189	296 918	-14 739	0	0	0	0	2 117	15	2 117	-174	284 296
13.	Other equipment, fixtures and fittings, vehicles	0	474	-5	0	0	0	0	1	0	1	0	470
14.	Breeding stock	0	0	0	0	0	0	0	0	0	0	0	0
15.	Assets in the course of construction	5 203	14 983	8	0	0	0	0	-8	0	-8	5 203	14 983
16.	Prepayments for capital expenditures	-2 300	8 405	0	0	0	-47	0	0	0	-47	-2 300	8 358
17.	Adjusted value of tangible assets	0	0	0	0	0	0	0	0	0	0	0	0
18.	III. LONG-TERM FINANCIAL ASSETS	0	119 365	-112 661	0	924	-81	0	0	395	843	395	7 547
19.	Long-term participations in related parties	0	117 197	-112 661	0	924	0	0	0	395	924	395	5 460
20.	Long-term loans granted to related parties	0	81	0	0	0	-81	0	0	0	-81	0	0
21.	Other long-term investments	0	1 939	0	0	0	0	0	0	0	0	0	1 939
22.	Long-term loans granted to other investments	0	0	0	0	0	0	0	0	0	0	0	0
23.	Other long-term loans granted	0	148	0	0	0	0	0	0	0	0	0	148
24.	Long-term debt securities	0	0	0	0	0	0	0	0	0	0	0	0
25.	Adjusted value of financial investments	0	0	0	0	0	0	0	0	0	0	0	0
26.	Goodwill arising on consolidation	0	0	0	0	0	0	0	0	0	0	0	0
27.	from subsidiaries	0	0	0	0	0	0	0	0	0	0	0	0
28.	from associates	0	0	0	0	0	0	0	0	0	0	0	0
29.	B CURRENT ASSETS	-71	121 256	5 183	0	-2 505	-49 138	-268	43	-233	-51 868	-304	74 571
30.	I. STOCKS	-45	15 277	-97	0	-32	0	0	43	-32	11	-77	15 191
31.	Raw materials and consumables	-65	11 251	-86	0	-32	0	0	32	-32	0	-97	11 165
32.	Work in progress and semi-finished products	0	2 391	0	0	0	0	0	0	0	0	0	2 391
33.	Animals for breeding, fattening and other livestock	0	0	0	0	0	0	0	0	0	0	0	0
34.	Finished products	0	727	0	0	0	0	0	0	0	0	0	727
35.	Goods	20	620	-11	0	0	0	0	11	0	11	20	620
36.	Advance payments for stocks	0	288	0	0	0	0	0	0	0	0	0	288
37.	II. RECEIVABLES	-31	79 659	5 280	0	-2 473	-49 138	-268	0	-201	-51 879	-232	33 060
38.	Trade debtors	-286	9 208	0	0	0	9	0	0	0	9	-286	9 217
39.	Receivables from related parties	5	49 330	472	0	0	-49 358	-14	0	54	-49 372	59	430
40.	Receivables from other investments	0	46	0	0	0	0	0	0	0	0	0	46
41.	Bills of exchange receivables	0	0	0	0	0	0	0	0	0	0	0	0
42.	Other receivables	250	21 075	254	0	0	211	-254	0	-255	-43	-5	21 286
43.	(Calculated) corporate tax arising on consolidation	0	0	4 554	0	-2 473	0	0	0	0	-2 473	0	2 081
44.	III. SECURITIES	0	86	0	0	0	0	0	0	0	0	0	86
45.	Participations in related parties	0	0	0	0	0	0	0	0	0	0	0	0
46.	Other participations	0	0	0	0	0	0	0	0	0	0	0	0
47.	Treasury shares and own participations	0	0	0	0	0	0	0	0	0	0	0	0
48.	Marketable debt securities	0	86	0	0	0	0	0	0	0	0	0	86
49.	IV. LIQUID ASSETS	5	26 234	0	0	0	0	0	0	0	0	5	26 234
50.	Cash, cheques	0	131	0	0	0	0	0	0	0	0	0	131
51.	Bank deposits	5	26 103	0	0	0	0	0	0	0	0	5	26 103
52.	C PREPAID EXPENSES AND ACCRUED INCOME	-113	56 387	1 290	0	0	-1 042	138	-168	160	-1 072	47	56 605
53.	Accrued income	-109	26 891	3	0	0	-587	0	0	23	-587	-86	26 307
54.	Prepaid expenses	-4	19 115	-138	0	0	-455	138	0	137	-317	133	18 660
55.	Deferred expenses	0	10 381	1 425	0	0	0	0	-168	0	-168	0	11 638
56.	TOTAL ASSETS	2 437	1 047 973	-121 878	0	-1 581	-50 308	-130	1 477	340	-50 542	2 777	875 553

No.	Item	Aggregate BS figure for 2010		Total opening	Effects of consolidation posting 2010					Total consolidation in 2010		Consolidated amount 2010	
		Prior year adjustment	Reporting year		Reclassified opening balance	Total equity consolidati	Total debt consolidati	Gains and expenses consolidatio	Interim profits net off	Prior year net off	Reporting year net of	Prior year adjustment	Reporting year
57.	D SHAREHOLDER'S EQUITY	-775	172 843	-147 507	0	-1 581	440	-321	4 686	449	3 224	-326	28 560
58.	I. ISSUED CAPITAL	0	68 212	-47 516	0	304	0	0	0	0	304	0	21 000
59.	of which: treasury shares redeemed at face value	0	0	0	0	0	0	0	0	0	0	0	0
60.	II. ISSUED CAPITAL NOT PAID	0	0	0	0	0	0	0	0	0	0	0	0
61.	III. CAPITAL RESERVE	0	181 008	-69 757	0	-599	0	0	0	0	-599	0	110 652
62.	IV. RETAINED EARNINGS (LOSSES)	0	-54 008	857	0	-488	-51	0	118	0	-421	0	-53 572
63.	V. ALLOCATED RESERVES	0	10 950	-570	0	-193	0	0	-118	0	-311	0	10 069
64.	VI. REVALUATION RESERVE	0	0	0	0	0	0	0	0	0	0	0	0
65.	VII. PROFIT OR LOSS FOR THE YEAR	-775	-33 319	0	0	-2 340	497	-448	4 668	449	2 377	-326	-30 942
66.	VIII. CHANGE IN THE EQUITY OF SUBSIDIARY	0	0	-1 414	0	1 832	0	0	0	0	1 832	0	418
67.	IX. CHANGES DUE TO CONSOLIDATION	0	0	-29 107	0	-97	-6	127	18	0	42	0	-29 065
68.	debt consolidation difference	0	0	1 546	0	-225	-6	231	0	0	0	0	1 546
	interim profit or loss difference	0	0	-33 891	0	-264	0	-104	18	0	-350	0	-34 241
	impairment loss of goodwill on consolidation	0	0	0	0	0	0	0	0	0	0	0	0
	valuation of associates in investments	0	0	3 238	0	392	0	0	0	0	392	0	3 630
69.	deferred tax	0	0	0	0	0	0	0	0	0	0	0	0
70.	X. NON-CONTROLLING INTERESTS	0	0	0	0	0	0	0	0	0	0	0	0
71.	E PROVISIONS	0	42 258	824	0	0	0	238	-49	-21	189	-21	43 271
72.	1. Provisions for contingent liabilities	0	23 625	-617	0	0	0	282	0	-4	282	-4	23 290
73.	2. Provisions for future commitments	0	14 698	-15	0	0	0	-44	0	-17	-44	-17	14 639
74.	3. Other provisions	0	3 935	1 456	0	0	0	0	-49	0	-49	0	5 342
75.	F LIABILITIES	3 516	789 305	-216	0	0	-49 680	-34	0	-103	-49 714	3 413	739 375
76.	I. SUBORDINATED DEBTS	0	0	98	0	0	0	0	0	0	0	0	98
77.	Subordinated debts to related parties	0	0	0	0	0	0	0	0	0	0	0	0
78.	Subordinated debts to other investments	0	0	0	0	0	0	0	0	0	0	0	0
79.	Subordinated debts to third parties	0	0	0	0	0	0	0	0	0	0	0	0
80.	Among owned to founders	0	0	0	0	0	0	0	0	0	0	0	0
81.	Other long-term liabilities	0	0	0	0	0	0	0	0	0	0	0	0
82.	Negative goodwill on the consolidation of subsidiaries	0	0	98	0	0	0	0	0	0	0	0	98
83.	II. LONG-TERM LIABILITIES	-97	644 603	0	0	0	-81	0	0	0	-81	-97	644 522
84.	Long-term borrowings	0	3 538	0	0	0	0	0	0	0	0	0	3 538
85.	Convertible bonds	0	0	0	0	0	0	0	0	0	0	0	0
86.	Debts from the issue of bonds	0	10 000	0	0	0	0	0	0	0	0	0	10 000
87.	Investments and development loans	0	152 774	0	0	0	0	0	0	0	0	0	152 774
88.	Other long-term loans	0	72 916	0	0	0	0	0	0	0	0	0	72 916
89.	Long-term debts to related parties	0	81	0	0	0	-81	0	0	0	-81	0	0
90.	Long-term debts to other investments	0	0	0	0	0	0	0	0	0	0	0	0
	Other long-term liabilities	-97	405 294	0	0	0	0	0	0	0	-97	405 294	
	Corporate tax payable due to consolidation	0	0	0	0	0	0	0	0	0	0	0	0
	III. CURRENT LIABILITIES	3 613	144 702	-314	0	0	-49 599	-34	0	-103	-49 633	3 510	94 755
91.	Short-term borrowings	0	1 027	0	0	0	0	0	0	0	0	0	1 027
92.	of which: convertible bonds	0	0	0	0	0	0	0	0	0	0	0	0
93.	Other short-term loans	0	51 073	0	0	0	0	0	0	0	0	0	51 073
94.	Prepayments received from debtors	-21	83	0	0	0	0	0	0	0	0	-21	83
95.	Creditors	3 329	23 170	0	0	0	0	0	0	0	0	3 329	23 170
96.	Bills of exchange payable	0	0	0	0	0	0	0	0	0	0	0	0
97.	Short-term debts to related parties	423	52 595	-351	0	0	-49 645	0	0	-103	-49 645	320	2 599
98.	Short-term debts to other investments	0	28	0	0	0	0	0	0	0	0	0	28
99.	Other current liabilities	-118	16 726	37	0	0	46	-34	0	0	12	-118	16 775
100.	G ACCRUED EXPENSES AND DEFERRED INCOME	-304	43 567	25 021	0	0	-1 068	-13	-3 160	15	-4 241	-289	64 347
101.	Deferred income	-15	11 867	0	0	0	-250	0	0	0	-250	-15	11 617
102.	Accrued expenses	-289	11 443	-596	0	0	-818	0	0	15	-818	-274	10 029
103.	Deferred extraordinary revenues and negative goodwill	0	20 257	25 617	0	0	0	-13	-3 160	0	-3 173	0	42 701
104.	TOTAL EQUITY&LIABILITIES	2 437	1 047 973	-121 878	0	-1 581	-50 308	-130	1 477	340	-50 542	2 777	875 553

No.	Item	Aggregate BS figure for 2010		Total opening	Effects of consolidation posting 2010					Total consolidation in 2010		Consolidated amount 2010	
		Prior year adjustment	Reporting year		Reclassified opening balance	Total equity consolidati	Total debt consolidati	Gains and expenses consolidati	Interim profits net off	Prior year net off	Reporting year net of	Prior year adjustment	Reporting year
01.	Domestic sales, net	-489	391 454	0	0	0	21	-253 664	-21 485	11	-275 128	-478	116 326
02.	Export sales, net	19	10 585	0	0	0	0	0	0	0	0	19	10 585
	Settled intra-group income	0	0	0	0	0	0	0	0	0	0	0	0
I.	TOTAL SALES, NET	-470	402 039	0	0	0	21	-253 664	-21 485	11	-275 128	-459	126 911
03.	Movements in self-produced stocks	0	54	0	0	0	0	0	0	0	0	0	54
04.	Capitalised self-manufactured assets	0	3 298	0	0	0	0	0	16 719	0	16 719	0	20 017
II.	CAPITALISED OWN PERFORMANCE	0	3 352	0	0	0	0	0	16 719	0	16 719	0	20 071
III.	OTHER INCOME	101	190 813	0	0	0	-560	-1 888	3 228	40	780	141	191 593
	of which: reversed diminution in value	14	121	0	0	0	0	0	0	0	0	14	121
III/A	DIFFERENCE ARISING CONSOLIDATION DUE TO	0	0	0	0	0	0	0	0	0	0	0	0
	- DEBT CONSOLIDATION (PROFIT INCREASING)	0	0	0	0	0	0	0	0	0	0	0	0
05.	Material costs	127	58 643	0	0	0	0	-2 368	-429	33	-2 797	160	55 846
06.	Services used	-185	261 138	0	0	0	-2	-205 042	0	-67	-205 044	-252	56 094
07.	Other services	-81	2 892	0	0	0	0	-390	0	0	-390	-81	2 502
08.	Cost of goods sold	0	17 796	0	0	0	0	-13 590	-3 344	-138	-16 934	-138	862
09.	Provision of (consignment) services	0	34 815	0	0	0	0	-30 133	-165	0	-30 298	0	4 517
	Intra-group cost recognised	0	0	0	0	0	0	0	0	0	0	0	0
IV.	MATERIAL TYPE EXPENDITURES	-139	375 284	0	0	0	-2	-251 523	-3 938	-172	-255 463	-311	119 821
10.	Payroll	0	104 886	0	0	0	0	0	0	0	0	0	104 886
11.	Other payments to personnel	-62	17 901	0	0	0	0	-25	0	0	-25	-62	17 876
12.	Social security and similar deductions	-17	34 329	0	0	0	0	0	0	0	0	-17	34 329
V.	PAYMENTS TO PERSONNEL	-79	157 116	0	0	0	0	-25	0	0	-25	-79	157 091
VI.	DEPRECIATION	190	51 508	0	0	0	0	0	-2 239	-13	-2 239	177	49 269
VII.	OTHER EXPENDITURES	440	35 538	0	0	0	-1 034	-3 550	-196	182	-4 780	622	30 758
	of which: diminution in value	0	4 109	0	0	0	0	0	-222	0	-222	0	3 887
VII/A	DIFFERENCE ARISING CONSOLIDATION DUE TO	0	0	0	0	0	0	0	0	0	0	0	0
	- DEBT CONSOLIDATION (PROFIT REDUCING)	0	0	0	0	0	0	0	0	0	0	0	0
A	OPERATING PROFIT/(LOSS)	-781	-23 242	0	0	0	497	-454	4 835	54	4 878	-727	-18 364
13.	Dividends and profit-sharing (received or due)	0	1 469	0	0	-1 386	0	0	0	0	-1 386	0	83
	of which: dividends from related parties	0	1 386	0	0	-1 386	0	0	0	0	-1 386	0	0
13/a	Dividends (received or due) from associates	0	0	0	0	0	0	0	0	0	0	0	0
13/b	Dividends (received or due) from other investments	0	0	0	0	0	0	0	0	0	0	0	0
14.	Exchange gains from disposal of shares	0	0	0	0	0	0	0	0	0	0	0	0
	of which: from related parties	0	0	0	0	0	0	0	0	0	0	0	0
15.	Interest and capital gains on long-term financial assets	0	14	0	0	0	0	-14	0	0	-14	0	0
	of which: from related parties	0	14	0	0	0	0	-14	0	0	-14	0	0
16.	Other interest and similar income (received or due)	0	1 030	0	0	0	0	-41	0	0	-41	0	989
	of which: from related parties	0	42	0	0	0	0	-41	0	0	-41	0	1
17.	Other revenues from financial transactions	4	461	0	0	969	0	4	-10	388	963	392	1 424
VIII.	FINANCIAL REVENUES	4	2 974	0	0	-417	0	-51	-10	388	-478	392	2 496
18.	Exchange losses on long-term financial assets	0	0	0	0	0	0	0	0	0	0	0	0
	of which: from related parties	0	0	0	0	0	0	0	0	0	0	0	0
19.	Interest payable and similar charges	-3	10 774	0	0	0	0	-57	0	0	-57	-3	10 717
	of which: from related parties	0	57	0	0	0	0	-57	0	0	-57	0	0
20.	Diminution in the value of shares, securities and bank deposits	0	623	0	0	-622	0	0	0	-7	-622	-7	1
21.	Other expenditures on financial transactions	1	1 255	0	0	33	0	0	157	0	190	1	1 445
IX.	FINANCIAL EXPENDITURES	-2	12 652	0	0	-589	0	-57	157	-7	-489	-9	12 163
B	FINANCIAL PROFIT OR LOSS	6	-9 678	0	0	172	0	6	-167	395	11	401	-9 667
C	PROFIT OR LOSS FOR ORDINARY ACTIVITIES	-775	-32 920	0	0	172	497	-448	4 668	449	4 889	-326	-28 031
X.	EXTRAORDINARY REVENUES	0	843	0	0	-269	0	-458	0	0	-727	0	116
XI.	EXTRAORDINARY EXPENDITURES	1	1 037	0	0	-230	0	-458	0	0	-688	1	349
D	EXTRAORDINARY PROFIT OR LOSS	-1	-194	0	0	-39	0	0	0	0	-39	-1	-233
E	PROFIT BEFORE TAX	-776	-33 114	0	0	133	497	-448	4 668	449	4 850	-327	-28 264
XII.	TAX PAYABLE	-1	205	0	0	0	0	0	0	0	0	-1	205
XII/A	(CALCULATED) CORPORATE TAX DIFFERENCE ARISING ON	0	0	0	0	2 473	0	0	0	0	2 473	0	2 473
	TAX DIFFERENCE ±	0	0	0	0	0	0	0	0	0	0	0	0
F	PROFIT AFTER TAX	-775	-33 319	0	0	-2 340	497	-448	4 668	449	2 377	-326	-30 942
22.	Dividends and profit-sharing paid from retained earnings	0	0	0	0	0	0	0	0	0	0	0	0
23.	Dividends and profit-sharing paid (payable)	0	0	0	0	0	0	0	0	0	0	0	0
24.	Non-controlling interests	0	0	0	0	0	0	0	0	0	0	0	0
G	PROFIT OR LOSS FOR THE YEAR	-775	-33 319	0	0	-2 340	497	-448	4 668	449	2 377	-326	-30 942