

This is a translation of the Hungarian Report

Independent Auditors' Report

To the Founder of MÁV Magyar Államvasutak Zrt.

Report on consolidated financial statements

1.) We have audited the accompanying 2012 consolidated annual financial statements of MÁV Magyar Államvasutak Zrt. ("the Company"), which comprise the balance sheet as at 31 December 2012 - showing a balance sheet total of HUF 848,703 million and a profit for the year of HUF 2,341 million -, the related profit and loss account for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditors' responsibility

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

4.) 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 of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

6.) In our opinion the consolidated annual financial statements give a true and fair view of the equity and financial position of MÁV Magyar Államvasutak Zrt. as at 31 December 2012 and of the results of its operations for the year then ended in accordance with the Hungarian Accounting Law.

Emphasis of matter

7.) As presented in the points 1.2.2 and 1.2.9 of the consolidated supplementary notes, the Company's and its consolidated subsidiaries ability to continue its operations, its ability to repay its loans and the recoverability of its assets depends on the continued willingness of the Company's owner to fund operations and on the continued availability of the necessary government funding.

8.) As presented in point 1.2.3 of the consolidated supplementary notes on 1 July 2007, the Company assigned to Nemzeti Infrastruktúra Fejlesztő Zrt. the implementation of EU funded projects related mostly to the development of treasury assets, and also some own assets. According to the underlying co-operation agreement and the treasury asset management agreement, Nemzeti Infrastruktúra Fejlesztő Zrt. was to assign the thus developed assets to the owner, MNV Zrt., that then re-assigns the assets received to MÁV Magyar Államvasutak Zrt. for use. Some of the assets developed as part of the projects were technically assigned by Nemzeti Infrastruktúra Fejlesztő Zrt. to MÁV Magyar Államvasutak Zrt. and the assets were taken into use. However, these treasury and own assets have not been assigned from an administrative and financial perspective, and therefore the cost of these assets, the related deferred extraordinary revenues and the long-term liability related to these assets cannot be recognized under the existing legislation in the Company's accounts. The estimated gross value of the assets not presented in the Company's books was HUF 236,180 million at 31 December 2012 (HUF 162,190 million in 2011). The Company made a provision of HUF 24,260 million (HUF 15,943 million in 2011) for the estimated accumulated depreciation of these assets. The provision for annual depreciation recognized in the income statement for 2012 is HUF 8,317 million (HUF 6,579 million for 2011).

9.) As presented in point 1.2.5 of the consolidated supplementary notes, the ownership status of some of the Company's properties since the time of the foundation of the Company, is not yet settled between the Company and the Founder. The impact of the settlement of the ownership of properties on the Company's assets, if any, is currently unknown and is subject to future arrangements between the Company and the Founder.

10.) As presented in point 1.2.2 of the consolidated supplementary notes, in 2011, the Company signed the rail infrastructure operating contract for 5 years with the Minister for National Development. According to this contract, the Company is entitled to cost compensation with respect to its justifiable costs incurred in relation to the contracted services which are not covered with related revenues. Based on the clause to the rail

infrastructure operating contract the Company was compensated HUF 21,050 million for 2011 which is presented among other revenues in the 2011 consolidated annual financial statements. Based on the clause to the rail infrastructure operating contract the Company was compensated HUF 66,941 million for 2012 of which HUF 65,578 million is presented among other revenues in the 2012 consolidated annual financial statements. Based on the justifiable costs recorded in the 2012 consolidated annual financial statement and not covered with related revenues the Company has received surplus cost compensation of HUF 1,363 million, which is presented as accrual in the consolidated annual financial statement. The final settlement with respect to the years of 2011 and 2012 is still in ongoing with the Ministry for National Development and therefore the amount compensated may be subject to change.

11.) As presented in point I.2.2 of the consolidated supplementary notes, in 2010, the MÁV-START Zrt. signed public service contract for passenger transport with the Minister of Transportation, Telecommunication and Energy. According to this contract, the Company is entitled to cost compensation with respect of its justifiable costs incurred in relation to the contracted public services which are not covered with related revenues. The Company was compensated HUF 144,000 million for 2012 based on the clause to the public service contract. In addition HUF 10,162 million was recorded as receivable as refund of justifiable costs incurred in relation to the contracted public services which are not covered with related revenue. Therefore a total of HUF 154,162 million is presented among other revenues in the annual financial statements. With respect to the years of 2009-2011 the Company was compensated additional HUF 11,516 million in relation to the contracted public services, which is recognized as other receivables in the Company's books. This amount is already approved by Ministry for National Development, but not yet financially settled. The final settlement with respect to the year of 2012 is still ongoing with the Ministry of National Development and therefore the amounts compensated and claimed as refundable in 2012 may be subject to change.

12.) We draw attention to point 1.2.10 of the consolidated supplementary notes, which describes the basis of the provision recorded by MÁV-TRAKCIÓ Zrt. for periodic maintenance cost of newly purchased locomotives. Considering the nature of the provision the provision may be subject to future changes.

13.) We draw the attention to point III.6 of the consolidated supplementary notes, which describes that both the Business Misconduct Department of the Metropolitan Police Constabulary and the Central Investigation Department of the Criminal Proceedings Division of the National Tax and Customs Authority are currently leading an investigation against an unidentified offender in relation to MÁV INFORMATIKA Zrt's operations. As the investigations are still in progress it is not possible at this stage to determine whether the outcome of these investigations will have any impact on the financial statements of the Company.

Our opinion is not modified in respect of matters presented in points 7.) - 13.).

Other reporting requirement - Report on the consolidated business report

14.) We have reviewed the consolidated business report of MÁV Magyar Államvasutak Zrt. for 2012. Management is responsible for the preparation of the consolidated business report in accordance with the Hungarian Accounting Law. Our responsibility is to assess whether the consolidated business report is consistent with the consolidated annual financial statements for the same financial year. Our work regarding the consolidated business report has been restricted to assessing whether the consolidated business report is consistent with the consolidated annual financial statements and did not include reviewing other information originated from non-audited financial records. In our opinion, the consolidated business report of MÁV Magyar Államvasutak Zrt. for 2012 corresponds to the disclosures in the 2012 consolidated financial statements of MÁV Magyar Államvasutak Zrt.

Budapest, 28 May 2013

Ispánovity Mártonné
Ernst & Young Kft.
Registration No. 001165

Ispánovity Mártonné
Registered auditor
Chamber membership No.: 003472

Statistical code 10856417-5221-114-01

Company registration 01-10-042272

MÁV HUNGARIAN STATE RAILWAYS
Private Company by Shares

1087 Budapest, Könyves Kálmán krt. 54-60.

Consolidated
Balance Sheet & Profit and Loss Account
31 December 2012

THIS IS A TRANSLATION OF THE HUNGARIAN CONSOLIDATED FINANCIAL STATEMENTS

Date: Budapest, 28 May 2013

Manager (representative) of the Company

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Company registration No.

Balance Sheet date: 31 December 2012

Balance Sheet version 'A' - Assets

figures in HUF millions

Seria l No.	Item	Prior year	Prior year(s) adjustments	Reporting year
a	b	c	d	e
A.	FIXED ASSETS (I.+II.+III.)	744 184	0	718 241
I.	INTANGIBLE ASSETS	2 547	0	3 218
01.	Capitalised foundation/restructuring	82	0	11
02.	Capitalised research and development	120	0	237
03.	Concessions, licenses and similar rights	1 493	0	1 882
04.	Trade-marks, patents and similar assets	852	0	1 088
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	734 709	0	706 262
01.	Land and buildings and related property rights	424 379	0	413 374
02.	Plant, machinery, equipment and vehicles	292 021	0	277 517
03.	Other equipment, fixtures and fitting, vehicles	494	0	480
04.	Breeding stock	0	0	0
05.	Assets in the course of construction	13 233	0	13 196
06.	Advance payments for AICC	4 582	0	1 695
07.	Adjusted value of tangible assets	0	0	0
III.	LONG-TERM FINANCIAL ASSETS	6 928	0	8 761
01.	Long-term participations in related parties	4 593	0	5 355
02.	Long-term loans granted to related parties	0	0	0
03.	Other long-term investments	2 209	0	2 072
04.	Long-term loans granted to other investments	0	0	0
05.	Other long-term loans granted	126	0	165
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	1 169
	- Subsidiaries	0	0	0
	- Associates	0	0	1 169

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Company registration No.

Balance Sheet date: 31 December 2012

Balance Sheet version 'A' - Assets

figures in HUF millions

Seria I No.	Item	Prior year	Prior year(s) adjustments	Reporting year
a	b	c	d	e
B.	CURRENT ASSETS (I.+II.+III.+IV.)	95 265	0	88 692
I.	INVENTORIES	17 042	0	20 602
01.	Raw materials and consumables	12 960	0	16 115
02.	Work in progress and semi-finished products	1 820	0	1 991
03.	Animals for breeding, fattening and other livestock	0	0	0
04.	Finished products	863	0	1 045
05.	Goods	724	0	914
06.	Advance payments for inventories	675	0	537
II.	RECEIVABLES	54 287	0	58 503
01.	Trade debtors	10 179	0	9 586
02.	Receivables from related parties	524	0	1 134
03.	Receivables from other investments	49	0	24
04.	Bills of exchange receivables	0	0	0
05.	Other receivables	41 593	0	46 066
06.	Corporate tax asset (calculated) arising on consolidation	1 942	0	1 693
III.	SECURITIES	0	0	0
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	0	0	0
IV.	LIQUID ASSETS	23 936	0	9 587
01.	Cash, cheques	174	0	160
02.	Bank depositis	23 762	0	9 427
C.	PREPAID EXPENSES & OTHER INCOME	47 996	0	41 770
01.	Accrued income	21 372	0	26 154
02.	Prepaid expenses	743	0	787
03.	Deferred expenses	25 881	0	14 829
	TOTAL ASSETS (A.+B.+C.)	887 445	0	848 703

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Company registration No.

Balance Sheet date: 31 December 2012

Balance Sheet version 'A' - Equity&Liabilities

figures in HUF millions

Serial No.	Item	Prior year	Prior year(s) adjustments	Reporting year
a	b	c	d	e
D.	EQUITY	43 449	0	49 388
I.	ISSUED CAPITAL	21 000	0	21 037
	of which: treasury shares redeemed at face value	0	0	0
II.	ISSUED CAPITAL NOT PAID (-)	0	0	0
III.	CAPITAL RESERVE	107 023	0	110 581
IV.	RETAINED LOSSES	-96 879	0	-79 008
V.	ALLOCATED RESERVES	17 790	0	12 813
VI.	REVALUATION RESERVE	0	0	0
VII.	LOSS/PROFIT FOR THE YEAR	17 091	0	2 341
VIII.	CHANGES IN THE EQUITY OF SUBSIDIARIES (±)	1 535	0	5 288
VIII./A	CHANGES IN THE INVESTMENTS IN ASSOCIATES	3 907	0	3 082
IX.	CHANGES DUE TO CONSOLIDATION (±)	-28 018	0	-26 746
	Debt consolidation	3 407	0	2 101
	Intercompany profit or loss	-31 425	0	-28 847
X.	Non-controlling interests	0	0	0
E.	PROVISIONS	55 688	0	64 417
01.	Provisions for contingent liabilities	21 950	0	27 594
02.	Provisions for future commitments	20 855	0	29 319
03.	Other provisions	12 883	0	7 504
F.	LIABILITIES	729 686	0	680 605
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 2012

Balance Sheet version 'A' - Equity&Liabilities

figures in HUF millions

Serial No.	Item	Prior year	Prior year(s) adjustments	Reporting year
a	b	c	d	e
II.	LONG-TERM LIABILITIES	626 345	0	594 694
01.	Long-term borrowings	4 343	0	3 090
02.	Convertible bonds	0	0	0
03.	Debts from the issue of bonds	45 000	0	45 000
04.	Investment and development loans	157 316	0	133 401
05.	Other long-term loans	17 100	0	11 400
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	402 586	0	401 803
III.	CURRENT LIABILITIES	103 243	0	85 813
01.	Short-term borrowings	1 396	0	1 253
	of which: convertible bonds	0	0	0
02.	Other short-term loans	52 247	0	34 766
03.	Prepayments received from debtors	77	0	49
04.	Creditors	27 119	0	23 927
05.	Bills of exchange payable	0	0	0
06.	Short-term debts to related parties	2 667	0	2 391
07.	Short-term debts to other investments	249	0	92
08.	Other current liabilities	19 488	0	23 335
09.	Corporate tax payable (calculated) arising on consolidation	0	0	0
G.	ACCRUED EXPENSES & DEFERRED INCOME	58 622	0	54 293
01.	Deferred income	11 484	0	12 510
02.	Accrued expenses	8 683	0	7 418
03.	Deferred extraordinary revenues and negative goodwill	38 455	0	34 365
	TOTAL EQUITY & LIABILITIES (D.+E.+F.+G.)	887 445	0	848 703

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Company registration No.

Balance Sheet date: 31 December 2012

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

figures in HUF millions

Seria I No.	Item	Prior year	Prior year(s) adjustments	Reporting year
a	b	c	d	e
01.	Domestic sales, net	119 318	0	114 488
02.	Export sales, net	12 065	0	14 983
I.	Net sales (01+02)	131 383	0	129 471
03.	Movements in self produced inventories	-434	0	353
04.	Capitalised value of self produced assets	23 095	0	22 706
II.	Capitalised own performance (03+04)	22 661	0	23 059
III.	Other revenues	196 972	0	255 343
	of which: impairment loss reversed	297	0	227
III/A.	Goodwill arising on debt consolidation	0	0	0
05.	Material cost	60 386	0	62 975
06.	Material type services used	60 061	0	50 649
07.	Other services	2 782	0	2 828
08.	Cost of goods sold	1 544	0	8 579
09.	Cost of (consignment) services	5 201	0	2 811
IV.	Material type expenses (05+06+07+08+09)	129 974	0	127 842
10.	Payroll cost	106 385	0	108 847
11.	Other payments to personnel	16 586	0	15 521
12.	Social security and other contributions	35 372	0	37 043
V.	Payments to personnel (10+11+12)	158 343	0	161 411
VI.	Depreciation charge	50 018	0	50 901
VII.	Other expenses	32 666	0	52 863
	of which: impairment loss	2 374	0	9 507
VII/A.	Negative goodwill arising on debt consolidation	0	0	0
A.	Operating profit (I+II+III+III/a-IV-V-VI-VII-VII/a)	-19 985	0	14 856

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Company registration No.

Balance Sheet date: 31 December 2012

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

ures in HUF millions

Serial No.	Item	Prior year	Prior year(s) adjustments	Reporting year
a	b	c	d	e
13.	Dividends (due) received	82	0	11
	of which: from related parties	0	0	8
14.	Foreign exchange gain on disposal of investments	0	0	0
	of which: from related parties	0	0	0
15.	Interest and gains on long-term financial investments	0	0	0
	of which: from related parties	0		0
16.	Other interest received (due) and similar income	1 003	0	1 350
	of which: from related parties	0	0	0
17.	Other financial income	1 308	0	2 032
VIII.	Financial revenues (13+14+15+16+17)	2 393	0	3 393
18.	Foreign exchange loss of financial investments	0	0	0
	of which: to related parties	0		0
19.	Interest payable and similar charges	12 676	0	12 716
	of which: to related parties	0	0	1
20.	Impairment of shares, securities, bank deposits	0	0	7
21.	Other financial expenditures	1 806	0	2 751
IX.	Financial expenses (18+19+20+21)	14 482	0	15 474
B.	FINANCIAL LOSS (VIII-IX)	-12 089	0	-12 081
C.	LOSS/PROFIT FROM ORDINARY ACTIVITIES (±A±B)	-32 074	0	2 775
X.	Extraordinary revenues	50 776	0	101
XI.	Extraordinary expenses	1 194	0	103
D.	EXTRAORDINARY PROFIT/LOSS (X-XI)	49 582	0	-2
E.	PROFIT BEFORE TAX (±C±D)	17 508	0	2 773
XII.	Tax liability	278	0	183
XII/A.	Deferred tax	139	0	249
F.	PROFIT AFTER TAX (±E-XII)	17 091	0	2 341
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.	PROFIT FOR THE YEAR (±F-F/1)	17 091	0	2 341



MÁV Hungarian State Railways Company Private Company by Shares

NOTES TO THE 2012 CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

THIS IS A TRANSLATION OF THE HUNGARIAN CONSOLIDATED FINANCIAL STATEMENTS

28 MAY 2013

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Head (representative) of the Company

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



MÁV Hungarian State Railways Company Private Company by Shares

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MÁV Hungarian State Railways Company Private Company by Shares



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



MÁV Hungarian State Railways Company Private Company by Shares

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I GENERAL PART

I.1 THE GROUP

I.1.1 The parent company

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

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

The 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:

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www.mav.hu

Founder:

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

Owner:

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

Issued capital:

At 31 December 2012: HUF 21,036,590,000 consisting 2,103,659 ordinary shares of HUF 10,000 face value each.

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

Tax ID: 10856417-2-44

Statistical code: 10856417-5221-114-01

Core activity: 52.21 Land transport supporting services

The person authorised to sign the Company's consolidated annual financial statements is:

Dávid Ilona president-CEO (domicile: 2040 Budaörs, Károly király utca 15-17. II. em. 1.).

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 2012:

- Audit of MÁV Zrt's stand-alone financial statements for 2012: HUF 17 million; audit fee for the previous year: HUF 2 million.

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-  Audits of the financial statements of MÁV Zrt's fully consolidated subsidiaries: HUF 37 million
-  Additional services other than auditing: HUF 11 million

1.1.2 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 2,103,659 ordinary shares of HUF 10,000 face value each and cannot be converted into another type of share nor assigned to other parties. The Company's shares were dematerialised on 30 January 2012.

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	2011	2012	Index
Balance sheet total	792 468	748 464	94%
Equity	61 840	58 926	95%
Issued capital	21 000	21 037	100%
Net sales	173 158	167 313	97%
Payroll cost	50 948	52 419	103%
Pre-tax profit/loss	12 898	-6 504	-50%

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.

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I.1.3 Fully consolidated entities

In 2012, MÁV Zrt. included a total of 10 subsidiaries into full scope consolidation. The key figures of the consolidated entities are presented below.

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	2011	2012	Index
Balance sheet total	107 990	111 426	103%
Equity	64 342	66 753	104%
Issued capital	10 000	10 000	100%
Net sales	72 252	72 611	100%
Payroll costs	17 807	18 172	102%
Pre-tax profit/loss	1 235	2 411	195%

Schedule 2.: Main figures of MÁV-START Zrt.

*The aggregate effect of prior year errors identified during the preparation of the consolidated financial statements for 2012 is not material. Accordingly, the figures which should have been presented in a third column in the P&L under „prior year adjustments” were posted to retained earnings in 2012.

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

2. MÁV Felépítménykarbantartó és Gépjavító Korlátolt Felelősségű Társaság

Date of foundation: 1 January 1994

Seat: 5137 Jászkisér, Jászládányi u. 10.

Main indicators (MHUF):

Item	2011	2012	Index
Balance sheet total	7 706	12 945	168%
Equity	2 112	3 143	149%
Issues capital	1 505	1 505	100%
Net sales	13 837	20 828	151%
Payroll costs	2 152	3 730	173%
Pre-tax profit/loss	1 202	1 044	87%

Schedule 3.: Main figures of MÁV FKG Kft.

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

3. MÁV INFORMATIKA Kereskedelmi, Szolgáltató és Tanácsadó Zártkörűen Működő Részvénytársaság (as of 1 April 2013: MÁV Szolgáltató Központ Zrt.)

Date of foundation: 1 November 1996

Seat: 1012 Budapest, Krisztina krt. 37/a.

Main indicators (MHUF):

Item	2011	2011 final*	2012	Index
Balance sheet total	3 263	3 283	2 982	91%
Equity	1 672	1 692	1 675	99%
Issued capital	800	800	800	100%
Net sales	5 097	5 097	4 994	98%
Payroll costs	1 981	1 981	1 801	91%
Pre-tax profit/loss	402	402	305	76%

Schedule 4.: Main figures of MÁV INFORMATIKA Zrt.

* The balance sheet total and equity in 2011 changed after the preparation of the consolidated financial statements for 2011. The amount of equity presented above also reflects the approved dividends.

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

4. MÁV Ingatlankezelő Korlátolt Felelősségű Társaság

Date of foundation: 30 December 1996

Seat: 1087 Budapest Könyves Kálmán Krt. 54-60

Main indicators (MHUF):

Item	2011	2012	Index
Balance sheet total	3 051	3 659	120%
Equity*	828	849	103%
Issued capital	399	399	100%
Net sales	8 584	9 661	113%
Payroll costs	2 254	2 703	120%
Pre-tax profit/loss	47	71	151%

Schedule 5.: Main figures of MÁV IK Kft.

* The amount of equity presented above also reflects the approved dividends.

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

5. MÁV Vagyonkezelő Zártkörűen Működő Részvénytársaság

Date of foundation: 18 July 1997

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

Main indicators (MHUF):

Item	2011	2012	Index
Balance sheet total	471	454	96%
Equity*	296	303	102%
Issued capital	244	244	100%
Net sales	824	821	100%
Payroll costs	374	347	93%
Pre-tax profit/loss	48	59	123%

Schedule 6.: Main figures of MÁV Vagyonkezelő Zrt.

* The amount of equity presented above also reflects the approved dividends.

Core activities: property trading and asset management.

6. 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	2011	2012	Index
Balance sheet total	126 260	124 753	99%
Equity	41 523	44 037	106%
Issued capital	29 815	29 815	100%
Net sales	86 437	70 033	81%
Payroll costs	17 468	17 128	98%
Pre-tax profit/loss	501	2 515	502%

Schedule 7.: Main figures of MÁV TRAKCIÓ Zrt.

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Core activities: rail traction, operating tracting vehicles.

7. 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	2011	2012	Index
Balance sheet total	21 452	23 203	108%
Equity	11 071	11 393	103%
Issued capital	3 933	3 933	100%
Net sales	41 705	41 281	99%
Payroll costs	10 630	11 031	104%
Pre-tax profit/loss	91	328	360%

Schedule 8.: Main figures of MÁV-GÉPÉSZET Zrt.

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

8. MÁV Központi Felépítményvizsgáló Korlátolt Felelősségű Társaság

Date of foundation: 1 September 1996

Seat: 1097 Budapest, Péceli út 2.

Main indicators (MHUF):

Item	2011	2012	Index
Balance sheet total	2 603	2 748	106%
Equity	2 126	2 425	114%
Issued capital	569	569	100%
Net sales	1 355	1 574	116%
Payroll costs	405	409	101%
Pre-tax profit/loss	421	492	117%

Schedule 9.: Main figures of MÁV KfV Kft.

* The amount of equity presented above also reflects the approved dividends.

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

9. 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	2011	2012	Index
Balance sheet total	1 355	1 004	74%
Equity	368	503	137%
Issued capital	10	10	100%
Net sales	2 894	2 479	86%
Payroll costs	905	874	97%
Pre-tax profit/loss	186	135	73%

Schedule 10.: Main figures of ZÁHONY-PORT Zrt.

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

10. MÁV Koncessziós Korlátolt Felelősségű Társaság

Date of foundation: 13 July 2011

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

Main indicators (MHUF):

Item	2011	2012	Index
Balance sheet total	15 978	35	0%
Equity	35	23	66%
Issued capital	30	30	100%
Net sales	957	2 021	211%
Payroll costs	2	3	150%
Pre-tax profit/loss	5	-11	-220%

Schedule 11.: Main figures of MÁV Koncessziós Kft.

Main activity: Operating concession assets/equipment.

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At 28 December 2012, further to an agreement made by the Ministry for National Development, MNV Zrt., MÁV Zrt. and MÁV Koncessziós Kft., the concession agreement signed on 18 December 1996 to make three MÁV Zrt. services electric was terminated and the voluntary liquidation of MÁV Koncessziós Kft. started on 1 February 2013.

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I.1.4 Consolidation scope and scope changes in 2012

Of the fully consolidated entities MÁVGÉP Kft. fully merged into MÁV FKG Kft. at 29 February 2012.

By buying 85.52% of the shares of RESTI Zrt., MÁV Zrt. has become the sole owner of RESTI Zrt. Accordingly, RESTI Zrt. was reclassified from other related parties to equity consolidated subsidiaries.

The Companies Court launched liquidation proceedings against PRUDENT-INVEST Zrt. Accordingly, this company was reclassified from equity consolidated subsidiaries to subsidiaries treated as participations for consolidation purposes.

The liquidation of Hódiköt Rt."f.a." ended in 2012 and, accordingly, was written off from subsidiaries treated as participations for consolidation purposes.

The voluntary liquidation of Rákosrendező Pályaudvar Kft. "v.a." ended in 2012 and, accordingly, was written off from subsidiaries treated as participations for consolidation purposes.

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.

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1.2 IMPORTANT INFORMATION REGARDING THE GROUP'S OPERATIONS

1.2.1 MÁV Group's restructuring

In order to increase the efficiency of MÁV Group's rail network operations and passenger transport activity and to properly segregate the related processes, railtrack operations are expected to be gradually transferred to Nemzeti Vasúti Pályaműködtető Zrt. (National Railtrack Operations Zrt.) in various steps over the course of 2013 and 2014 along with an integration of the operations of MÁV-START Zrt., MÁV-TRAKCIÓ Zrt. and MÁV-GÉPÉSZET Zrt. The exact timing of the transfer of operations and the integration as well as the most suitable form of operations will be determined by the Company's owner after the balance sheet preparation date based on a due consideration of both internal and external factors.

1.2.2 Government involvement in MÁV Group

The government subsidy for the justified costs of public services (passenger transport and railtrack operations) not covered with revenues is paramount to the Group's liquidity position. The subsidy is available in two forms: compensation and government guaranteed loans.

The public services cost compensation settlement procedure for the years 2009-2010 and 2011 were concluded. The Ministry for National Development approved an additional compensation of HUF 3,556 million to set off the overcompensation in 2009 and the underfunding in 2010. Upon assessing the 2011 annual report on public services, the Ministry concluded that MÁV-START Zrt. is entitled to an additional compensation of HUF 7,960 million, and simultaneously confirmed that the balance of settlements for 2009-2011 is HUF 11,516 million. The Ministry had not made a decision regarding the fulfilment date of the compensation for 2009-2011 by the time of finalizing the 2012 annual financial statements. In addition a compensation request for HUF 79 million in relation to the narrow line rail passenger transport is being accounted for in the financial statements.

A maximum compensation of HUF 144,000 million was budgeted for in MÁV-START Zrt's public service contract for passenger rail transport with the government for 2012. Additional HUF 10,162 million compensation request was recognised in addition to the budgeted subsidy for reasonable cost incurred in relation to the ordered and public passenger rail service and which are not covered by revenues. Thus a total compensation receivable of HUF 154,162 million was presented in the financial statements. Further to the decision of the Ministry for National Development, additional HUF 1,415 million compensation was recognised in the 2012 financial statements as other income in relation to 2011 public services. As the annual public service report for 2012 has not yet been approved by the ministry, the amounts accounted for in the 2012 financial statements may be subject to change.

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In 2011, the Hungarian government and MÁV Zrt. signed a public service contract for the rail infrastructure operations for the period of 2011 to 2015 in order to ensure the long term funding of the operation.

MÁV Zrt. received compensation of HUF 21,050 million in 2011 and HUF 66,941 million in 2012. Related reasonable operational costs not covered by revenues totalling HUF 66,941 million were compensated in 2011 and HUF 66,941 million was compensated in 2012.

In 2012, the MÁV Zrt. recognised compensation totalling HUF 65,578 million as other revenue while excess compensation of HUF 1,363 million was deferred. The annual compensation settlement process for 2011 and 2012 with the Ministry for National Development is still in progress and the amounts involved may change accordingly.

In chapter XVII of the national budget act 2013 (section 21, subsection 1, title groups 3 and 4) HUF 70,000 million has been set aside as compensation to cover the reasonable costs of railtrack network operations and HUF 190,492 million has been set aside to cover the costs of area passenger transport services. The railways cost compensation decree (66/2013) was announced on 8 March 2013 and contains the following compensations: for MÁV Zrt's rail infrastructure operation costs: HUF 65,620 million; for MÁV-START Zrt's passenger transport services: after blocking 10% of the initial plan, HUF 129,683 million until the block is released.

The availability and the timing of compensation impacts on the liquidity positions of MÁV Zrt. and MÁV-START Zrt. and hence on the liquidity of MÁV Group.

In addition to the above, further to subsection 39(2) of the national budget act 2013, the government may approve the involvement of further funds totalling HUF 50,000 million for the year of 2013 subject to government guarantee under section 28/A of the railways act (act CLXXXIII of 2005). Further to chapter XVII (section 20, subsection 31, title group 6) of the same act, HUF 5,814 million has been set aside for the refurbishment of railway bridges and steel structures.

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I.2.3 Government grant for assets

In 2007, projects financed by the national government and by the EU funds were transferred to Nemzeti Infrastruktúra Fejlesztő Zrt. (National Infrastructure Development company) (NIF Zrt.), hence the significant decrease in grants received for assets recorded in the books of MÁV. Also, as a result, capital projects are not recorded in MÁV's books until the resulting assets are not put in use. Government and EU funded projects relating to rail network development had not been transferred to the Company or assigned to asset management. This fact has a significant impact on the Company's equity and financial position. According to information available by the balance sheet date, the following material balances are not presented in MÁV's balance sheet and profit and loss account.

Figures in MHUF

	Gross value 2011.	Gross value 2012.	2007. annual depreciation	2008. annual depreciation	2009. annual depreciation	2010. annual depreciation	2011. annual depreciation	2012. annual depreciation	Total depreciation	Net book value
Property of MÁV	3 993	3 968	0	12	29	148	156	143	488	3 480
Property of the State	158 197	232 212	41	587	1 965	6 582	6 423	8 174	23 772	208 440
Total:	162 190	236 180	41	599	1 994	6 730	6 579	8 317	24 260	211 920

Schedule 12.: Uncommissioned capital projects from state and EU subsidies

In order to present a true and fair view of the Company's asset and financial position, provisions have been made for an amount which equals the unrecorded depreciation charge.

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

I.2.4 Provisions for accidental damages and indemnity

From 8 May 2006 to 30 June 2007, when passenger transport was outsourced, MÁV Zrt. had been insured against accidental damages to passengers, and has had indemnity insurance as an employer since 1 September 2006. Before the insured years, MÁV Zrt. had been liable for any accident suffered by either employees or passengers and damages were paid typically as annuities. Damages uncovered by MÁV Zrt's insurance policies are also settled in a similar manner while the Company consistently aims to settle for a one-off payment of damages.

As these payments cannot be precisely quantified, owing to the nature of annuities, yet are nearly certain future commitments, a provision of HUF 1.9 billion was made for such commitments and

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contingencies in 2010, further HUF 1.2 billion was made in 2011 and additional HUF 5.042 billion was provided for in 2012.

In the past years, the discount rate used to calculate the present value of commitments equalled the interest rates payable by MÁV for borrowed capital. However, the planned restructuring of MÁV Zrt. may bring substantial changes to its operations and this has called for a review of the discount rates used. MÁV Zrt's revenues are expected to come from a different structure in the future (as opposed to the current structure of compensation and extraordinary refunds/capital injections based on underlying public service contracts). Therefore, the Company took a prudent approach and made a provision equalling the nominal value of our annuity liabilities, i.e. HUF 8.1 billion in 2012.

I.2.5 Unsettled ownership status of properties

In order to clarify the ownership status of its property portfolio, MÁV Zrt. has launched a robust project that involves significant resources. As a result of this project, further to a decision of MÁV Zrt's Board of Directors No. 39/2012. (03.08.) regarding the clarification of status of the Company's plots of land where there is any difference from the official land register, shortages and surpluses were recognised in 2011 with respect to land owned by MÁV and the Treasury, respectively.

In accordance with the decision of MÁV Zrt's Board of Directors, properties owned by MÁV Zrt. but their management was assigned to another party by legislation or upon decision of the shareholder or where adjustment of the initially incorrect contribution in kind value was necessary, in a total of HUF 1.8 billion, any settlement is subject to the approval of the founder. As decision by the founder was still outstanding at the balance sheet preparation date for 2011, these shortages and value adjustments were not recognised in the 2011 annual financial statements.

Although no decision was made in this regard by MNV Zrt., in its shareholder capability in 2012 either, MNV Zrt. informed MÁV Zrt's management in a letter about its inability to compensate the Company for loss of equity. Accordingly, HUF 1,145 billion was accounted for as shortages and HUF 0.6 billion extraordinary depreciation was accounted for against profit and loss in the 2012 annual financial statements.

Apart from certain items settled in 2011 and in 2012, the ownership status of some of MÁV Zrt's properties is still unresolved.

I.2.6 Scrapping state owned properties and extraordinary depreciation

The Railtrack Division requested the approval of MNV Zrt., who exercises the ownership rights, over state owned tangible assets managed by MÁV, to scrap certain managed assets that can no longer be

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used for railway operations due to the fact that they are technically obsolete. MÁV Zrt. had not received the approval by the balance sheet preparation date, therefore extraordinary depreciation of HUF 462 million was recognised for the affected assets until they can be scrapped. This extraordinary depreciation has reduced MÁV Zrt's profit for 2011.

In the case of state owned properties that had to be scrapped or demolished in order to construct or refurbish state owned assets, assets totalling HUF 1.8 billion were scrapped and extraordinary depreciation of HUF 4.0 billion was recognised against MÁV Zrt's profit or loss for 2012.

In the years before 2011, MÁV Zrt. had accounted for scrapping or demolishing these assets against long-term liabilities to the state arising from the asset management contract. As of 2011, the scrapping and extraordinary depreciation method of applied to state owned assets was changed upon approval of MNV Zrt.

I.2.7 Capital increase due to railway lines transferred to GYSEV Zrt.

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

As part of the transfer of certain railway lines to GYSEV Zrt., assets formerly owned by MÁV worth HUF 3.6 billion were transferred to GYSEV Zrt. as asset settlement. This transaction reduced MÁV's equity in 2011. According to subsection 106(2) of act CLXXII of 2010 on the amendment of various transportation laws, an asset settlement should not cause loss of equity to MÁV Zrt. Therefore, the founder increased MÁV's share capital by the same amount by contribution of the the long-term liabilities to the state arising from the asset management contract at 27 January 2012. The effects of the capital increase with share premium are accounted for in the financial statements for 2012, in which the issued capital is increased by HUF 36.59 million and HUF 3,622.41 million is recognised in the capital reserve.

I.2.8 MÁV Koncessziós Kft's assets taken under management

At 28 December 2012, further to an agreement made by the Ministry for National Development, MNV Zrt., MÁV Zrt. and MÁV Koncessziós Kft., the concession agreement signed on 18 December 1996 to make three MÁV Zrt. services electric was terminated.

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Accordingly, the state owned assets produced as a result of the concession agreement, in a value of HUF 12 billion, were given for asset management to MÁV Zrt. as of 31 December 2012.

MÁV Koncessziós Kft. assigned to MÁV Zrt. the debt of HUF 17.7 billion owed by MNV Zrt. in return for the terminated concession right. Of this amount, HUF 13.8 billion (net of VAT) was set off by MÁV Zrt. against its long term liabilities to the state arising from the asset management contract

I.2.9 Development loans of MÁV-TRAKCIÓ Zrt.

MÁV-TRAKCIÓ Zrt. met its debt service for capital expenditure bank loans drawn in line with related loan agreement. In addition to the debt service of instalment loans, the Company managed to meet the principal repayment obligations on interest only loan from EUROFIMA assumed from MÁV Zrt. (nearly HUF 3 billion in 2009 and HUF 7.6 billion in February 2013). Based on the operationing cash flow projections, the Company is able to meet the repayment obligations arising from capital expenditure loans guaranteed by the state provided that the debtors and creditors payments meets the underlying contracts and an overdraft facility is available as in 2011. Meeting contractual debt service obligations on capital expenditure loans is a high priority for both the Company and MÁV Group.

I.2.10 Provision made by MÁV-TRAKCIÓ Zrt. for maintenance costs

The Company set up a provision for the future periodic(long term) maintenance costs of the new and technologically advanced TRAXX engines. For provisioning purposes, we estimated the expected maintenance expenses based on the pre-set long-term maintenance schedule of the engines determined by the Supplier and the amount thus calculated is presented in the financial statements. The underlying model calculation is based on the expenses estimated by the Supplier and which is considered a reasonable estimate by the Company. Nonetheless, the actual amount of maintenance costs is uncertain and the actual future costs may difer from the calculation. A total provision of HUF 474 million was made for the long-term periodic (long term) maintenance costs of TRAXX engines from the profit for 2012.

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I.3 A GROUP ACCOUNTING POLICIES

I.3.1 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.

Decision regarding the inclusion of a related party in the consolidation scope is typically made by MÁV Zrt. upon first consolidation in view of the significance and the impact of the entity to be included on the consolidated financial statements. The factors considered are:

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 even for all the non-consolidated 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, in absolute value, does not exceed the lower of 0.1% of the receivables and liabilities to be eliminated or HUF 50 million.

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

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.

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I.3.2 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.3.3 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 current year's 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

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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.

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I.3.4 Methods used to compile the consolidated balance sheet and the consolidated profit and loss account

I.3.4.1 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.

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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.

I.3.4.2 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,
- ✚ upon reclassification from equity consolidated entities, previous years' information pertaining to the reclassified former associate should be considered for the purposes of first inclusion in equity consolidation. Accordingly, both the investment and the equity attributable to the investment are set off at book value by adding the positive or negative goodwill attributable to the increase in the quotas held to the positive or negative goodwill previously carried for the entity as an associate

Given that MÁV Zrt. 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 50 million) 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.

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I.3.4.3 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.

Upon equity consolidation, the initial quota held is measured by MÁV Zrt. according to the following:

- + new associates are equity consolidated at its book value prevailing on the date when recognised as an associate,
- + in any other case, the entity is equity consolidated at its book value at the date of acquisition – but in these cases, the first day of the financial year is considered the date of acquisition which is therefore the same as the last day of the previous financial year.

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).

Upon equity consolidation, in view of the values prevailing on the date of acquisition, the value of the investment should be:

- + increased by the growth in equity attributable to the investment and the amount of dividends payable attributable to the investments but not recognised by the investor for the reporting year,
- + reduced by the decrease in equity attributable to the investment and the amount of dividends received in the previous year during consolidation and therefore reflected in the value of the investment.

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/A Changes in the values of the entities treated as associates.

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I.3.4.4 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 50 million. 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.

I.3.4.5 Consolidation of income and expenses

Income and expenses are consolidated by MÁV Zrt. for the fully consolidated companies.

As a result of transactions among the fully consolidated companies, 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 off 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

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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, in absolute value, below 0.05% of the revenues to be eliminated at group level or maximum HUF 50 million. 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 in the fully consolidated scope, 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.

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I.3.4.6 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 subsequent 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.3.4.7 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.

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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.

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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	Adjustments of intangibles	Total
1. Opening gross value	214	130	6 068	15 262	0	0	0	21 674
2. Acquisition, refurbishment (capitalised)	0	162	446	318	0	0	0	926
3. Assets received free of charge	0	0	445	356	0	0	0	801
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	-9	-189	0	0	0	-198
8. Scrapping, obsolescence	0	0	-46	-4	0	0	0	-50
9. Missing	0	0	-9	0	0	0	0	-9
10. Destroyed	0	0	0	0	0	0	0	0
11. Reclassified	0	0	-28	-2	0	0	0	-30
12. Closing gross value	214	292	6 867	15 741	0	0	0	23 114
13. Opening amortization	132	10	4 575	14 410	0	0	0	19 127
14. Ordinary amortization 2012	71	0	502	438	0	0	0	1 011
15. Ordinary amortization 2011	0	0	0	0	0	0	0	0
16. Extraordinary amortization 2012	0	45	0	0	0	0	0	45
17. Reversal of extraordinary amortization	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. Contributed in kind	0	0	0	0	0	0	0	0
22. Disposal	0	0	-9	-189	0	0	0	-198
23. Scrapping	0	0	-46	-4	0	0	0	-50
24. Missing	0	0	-9	0	0	0	0	-9
25. Destroyed	0	0	0	0	0	0	0	0
26. Reclassified	0	0	-28	-2	0	0	0	-30
27. Closing amortization	203	55	4 985	14 653	0	0	0	19 896
28. Opening net book value	82	120	1 493	852	0	0	0	2 547
29. Closing net book value	11	237	1 882	1 088	0	0	0	3 218

Schedule 13.: Movements in intangible assets

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Figures in MHUF

ITEM	Properties and related rights	Technical equipment	Other equipment, fittings, vehicles	Livestock	Capex, refurbishments	Advances for capex	Adjustment of tangibles	Total
1. Opening Gross value	641 552	562 128	5 413	0	14 577	4 582	0	1 228 252
2. Acquisition, refurbishment (capitalised)	0	0	0	0	31 927	9	0	31 936
3. Assets received free of charge	12 997	2 078	0	0	0	0	0	15 075
4. Property settlement	-69	0	0	0	0	0	0	-69
5. Count surplus	43	5	0	0	0	0	0	48
6. Disposal	-13 356	-4 697	-5	0	-55	0	0	-18 113
7. Scrapping	-3 281	-772	-226	0	-11	0	0	-4 290
8. Missing	-1 711	-37	-12	0	-91	0	0	-1 851
9. Destroyed	-5	-1	0	0	0	0	0	-6
10. Contributed free of charge	-2	-121	-70	0	0	0	0	-193
11. Received free of charge	0	0	0	0	23	0	0	23
12. Assets acquired 2012 capitalised	15 136	14 965	257	0	-30 358	0	0	0
13. Assets acquired 2011 capitalised	201	754	4	0	-959	0	0	0
14. Reclassified	-26	12	-2	0	0	-2 896	0	-2 912
15. Closing gross value	651 479	574 314	5 359	0	15 053	1 695	0	1 247 900
16. Opening depreciation	217 173	270 107	4 919	0	1 344	0	0	493 543
17. Ordinary depreciation 2012	21 527	28 091	272	0	0	0	0	49 890
18. Ordinary depreciation 2011	0	0	0	0	0	0	0	0
19. Extraordinary depreciation 2012	4 052	513	0	0	601	0	0	5 166
20. Reversal of extraordinary depreciation	-92	-45	0	0	-88	0	0	-225
21. Property settlement	-4	0	0	0	0	0	0	-4
22. Count surplus	0	0	0	0	0	0	0	0
23. Disposal	-2 489	-1 092	-4	0	0	0	0	-3 585
24. Scrapping	-1 593	-626	-225	0	0	0	0	-2 444
25. Missing	-452	-28	-11	0	0	0	0	-491
26. Destroyed	-2	-1	0	0	0	0	0	-3
27. Contributed free of charge	-2	-121	-70	0	0	0	0	-193
28. Received free of charge	0	0	0	0	0	0	0	0
29. Reclassified	-13	-1	-2	0	0	0	0	-16
30. Closing depreciation	238 105	296 797	4 879	0	1 857	0	0	541 638
31. Opening net book value	424 379	292 021	494	0	13 233	4 582	0	734 709
32. Closing net book value	413 374	277 517	480	0	13 196	1 695	0	706 262

Schedule 14.: Movements in tangible assets

The net value of tangible assets including capital expenditures and advances for capital projects decreased by HUF 28,447 million on the previous year for the following reasons:

- ✚ The aggregate of ordinary and extraordinary depreciation for the year was HUF 55,056 million, while refurbishment and additions totalled only HUF 31,927 million.
- ✚ The economic event presented in note I.2.9 was presented at Group level both as a HUF 13,831 million decrease (MÁV Koncessziós Kft's assets sold to MNV Zrt.) and as a HUF 11,997 million increase (assets taken into management by MÁV Zrt.). Other assets taken into management include HUF 3,078 million, which is the value of a connecting railway from the Győr-Gönyű harbour to the national and international rail network.
- ✚ Advance payments for capital projects at MÁV-TRAKCIÓ Zrt. dropped by HUF 2,803 billion, i.e. the projects were completed.
- ✚ Net scrapped assets by MÁV Zrt. totalled HUF 1,841 million, typically because of asset improvements related to treasury assets.
- ✚ The shortage in properties was another significant change at MÁV Zrt. and represents a net decrease of nearly HUF 1,259 million in properties.

We note that from 2007 onwards, projects financed by the national government and by the EU funds were transferred to Nemzeti Infrastruktúra Fejlesztő Zrt. (National Infrastructure Development company) (NIF Zrt.), hence the significant decrease in grants received for assets recorded in the books of MÁV.

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II.1.1.2 Assets transferred/received free of charge

figures in MHUF

Item	Transfer out	Receipt	P&L effect
Intangibles	0	0	0
Tangibles	0	0	0
CAPEX	0	23	23
Total:	0	23	23

Schedule 15.: Assets transferred/received free of charge (own assets)

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 total net value of treasury assets was HUF 349,727 million at 31 December 2011 and increased to HUF 352,303 million by 31 December 2012 as a result of movements during the year. The value of state owned assets was also increased HUF 1,243 million, which is the value of the materials gained from the disassembly of treasury assets.

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Item	figures in MHUF		
	2011.	2012.	Change
Land, total	15 515	15 697	182
Buildings, total	6 276	6 262	-14
Structures, total	273 820	277 951	4 131
Concessions and similar rights related to treasury properties	0	619	619
Machinery and equipment, total	42 092	40 061	-2 031
AICC	12 024	11 713	-311
<i>Tangible treasury assets, total:</i>	<i>349 727</i>	<i>352 303</i>	<i>2 576</i>
State-owned, reusable raw material stocks	0	1 240	1 240
Warehouse account state-owned, self-produced raw materials	0	3	3
<i>Treasury stocks, total:</i>	<i>0</i>	<i>1 243</i>	<i>1 243</i>
Treasury assets, total:	349 727	353 546	3 819
<i>Long-term liabilities, opening at 30 Sept 2001, upon signing the asset management contract</i>	<i>275 578</i>	<i>275 578</i>	<i>0</i>
Acquisition from treasury funds	140 847	142 307	1 460
Acquisition from own funds	134 499	149 355	14 856
Capex funded with cash and cash equivalents received from external parties	7 494	7 516	22
Surplus treasury assets	536	536	0
Net value of assets taken over from MÁV Rt.	19	19	0
Utilization of reusable (state-owned) raw materials for treasury assets	0	25	25
Settlement of funds relating to previous years	466	242	-224
Received for property management purposes	0	15 075	15 075
Increase in reusable (state-owned) raw materials	0	1 417	1 417
Total increase:	283 861	316 492	32 631
Depreciation	186 667	209 553	22 886
Extraordinary depreciation	797	4 848	4 051
Disposal	57	57	0
Scrapping	13 000	14 764	1 764
Missing	688	787	99
Treasury assets transferred free of charge	1 656	1 656	0
Net value of treasury assets transferred to MÁV Rt.	1 819	1 819	0
Settlement of treasury land	129	129	0
Relinquished treasury property management rights	4 899	4 899	0
Settlement of treasury deficit written off in the prior year	0	-8	-8
Settlement of extraordinary depreciation booked during the prior year	0	-155	-155
Utilization of reusable (state-owned) raw materials	0	175	175
Total decrease:	209 712	238 524	28 812
Total funds of treasury assets:	349 727	353 546	3 819

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

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Changes in treasury assets in 2012 are presented below:

figures in MHUF			
Changes in treasury assets in 2012	2011.	2012.	Change
<i>Opening net value of treasury assets 01 Jan. 2012</i>	<i>359 352</i>	<i>349 727</i>	<i>-9 625</i>
Treasury assets acquired from government grants	1 463	1 460	-3
Treasury assets acquired from own funds	18 508	14 856	-3 652
Capex funded by cash and cash equivalents from external parties	444	22	-422
Utilization of reusable (state-owned) raw materials for treasury assets	0	25	25
Settlement of funds relating to prior years	0	-224	-224
Receipt of assets for property management purposes	0	15 075	15 075
Increase in reusable (state-owned) raw materials	0	1 417	1 417
<i>Total increase in the current fiscal year:</i>	<i>20 415</i>	<i>32 631</i>	<i>12 216</i>
Annual depreciation of treasury assets 2012	-23 017	-22 942	75
Depreciation of treasury assets related to prior years	9	56	47
Extraordinary depreciation for 2012	-797	-4 051	-3254
Scrapping, destruction of assets	-1 019	-1 764	-745
Missing assets	-180	-99	81
Transferred from the treasury to MÁV Zrt.	-9	0	9
Settlement of funds relating to treasury-owned land	-129	0	129
Relinquished treasury property management rights	-4 899	0	4899
Settlement of treasury deficit written off during the prior year	0	8	8
Settlement of extraordinary depreciation booked during the prior year	0	155	155
Current year utilization of reusable (state-owned) raw materials	0	-175	-175
<i>Total current year decrease:</i>	<i>-30 040</i>	<i>-28 812</i>	<i>1 228</i>
<i>Closing net value of treasury assets at 30 Dec. 2012</i>	<i>349 727</i>	<i>353 546</i>	<i>3 819</i>

Schedule 17.: Changes in treasury assets in 2012

Reclassification of assets between the treasury and MÁV Zrt. no longer possible as of 2012 nor was any state owned asset taken over from third parties.

The net value of treasury assets increased by HUF 3,819 million during 2012 owing mainly to the value of assets received for management, namely: HUF 3,078 million for building connecting railway from the Győr-Gönyű harbour to the national and international rail network and the net value of assets taken over from MÁV Koncessziós Kft. (HUF 11,997 million). The value of materials gained from the scrapping and disassembly of state owned assets carried as MÁV Zrt. inventories is carried separately from MÁV Zrt's own inventories and are presented as state owned materials as of 30 November 2012.

Capital projects were financed from government grants (HUF 1,460 million) and from own funds (HUF 14,856 million).

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The net value of treasury assets was reduced by ordinary depreciation and other events such as extraordinary depreciation, scrapping and shortage, totalling HUF 5,906 million.

Extraordinary depreciation increased by HUF 513 million recognised based on the assets recommended for scrapping in relation to a treasury asset development project.

The HUF 1,460 million presented in Schedule 16 above (Treasury assets and their funds in the balance sheet) shows an increase in treasury assets funded from subsidies, while Schedule 18 (Subsidies used for capital projects) shows government and EU grants received from the National Treasury in 2012 (HUF 1,658 million) upon instruction by the Ministry for National Development and the National Development Agency. Based on an agreement signed with the Ministry for National Development in 2012, HUF 1,543 million was drawn in 2012 from the subsidy available for the „Refurbishment of railway bridges and steel structures” project and reflects the assets recorded in 2011 but the related invoices were recognised only 2012.

The subsidy of HUF 1,658 million is not fully attributable to asset additions in 2012 and also includes invoices related to 2011 but paid in 2012.

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. As a result of this project, further to a decision of MÁV Zrt's Board of Directors No. 39/2012. (03.08.) regarding the clarification of status of the Company's plots of land where there is any difference from the official land register, shortages and surpluses were recognised in 2011 with respect to land owned by MÁV and the Treasury, respectively.

In accordance with the decision of MÁV Zrt's Board of Directors, properties owned by MÁV Zrt. but their management was assigned to another party by legislation or upon decision of the shareholder or where adjustment of the initially incorrect contribution in kind value was necessary, in a total of HUF 1.8 billion, any settlement is subject to the approval of the founder. As decision by the founder was still outstanding at the balance sheet preparation date for 2011, these shortages and value adjustments were not recognised in the 2011 annual financial statements.

Although no decision was made in this regard by MNV Zrt., in its shareholder capability in 2012 either, MNV Zrt. informed MÁV Zrt's management in a letter about its inability to compensate the Company for loss of equity. Accordingly, HUF 1.145 billion was accounted for as shortages and HUF 0.6 billion extraordinary depreciation was accounted for against profit and loss in the 2012 annual financial statements.

Apart from certain items settled in 2011 and in 2012, the ownership status of some of MÁV Zrt's properties is still unresolved.

The Railtrack Division requested the approval of MNV Zrt., who exercises the ownership rights, over state owned tangible assets managed by MÁV, to scrap certain managed assets that can no longer be used for railway operations due to the fact that they are technically obsolete or physically reached the

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end of their useful life. MÁV Zrt. had not received the approval by the balance sheet preparation date, therefore extraordinary depreciation of HUF 462 million was recognised for the related assets until they can be scrapped. This extraordinary depreciation has reduced MÁV Zrt's profit for 2011.

In the case of state owned properties that had to be scrapped or demolished in order to construct or refurbish state owned assets, assets totalling HUF 1.8 billion were scrapped and extraordinary depreciation of HUF 4.0 billion was recognised against MÁV Zrt's profit or loss for 2012.

In the years before 2011, MÁV had accounted for scrapping or demolishing these assets against long-term liabilities to the state arising from the asset management contract. As of 2011, the scrapping and extraordinary depreciation method of applied to state owned assets was changed upon approval of MNV Zrt.

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

	figures in MHUF		
Utilization of government subsidies for capex projects	2011.	2012.	Change
Railway network development	1 211	1 543	332
Free flow traffic	153	0	-153
Cohesion fund - government subsidy	118	0	-118
Szajol-Záhony line planning works (TEN-T subsidised tasks) subsidised from the central budget	10	0	-10
Costs not recognized by ISPA	11	0	-11
Studies related to high importance project no.: 22. (TEN-T Project, government subsidy)	0	3	3
Subsidies total:	1 503	1 546	43
Parking lots and junctions in the area of BKSZ along railway lines No. 70., 100a, and 120a.	491	0	-491
P+R and B+R parking lots at Budapest railway stations	111	0	-111
Parking lots (P+R, B+R) construction, development at Cegléd Phase II	0	41	41
Parking lots (P+R, B+R) construction and junction development at Tápiószecső	2	1	-1
Parking lots (P+R, B+R) construction Albertirsa	60	2	-58
Parking lots (P+R, B+R) construction at Süllyáp Phase II	29	0	-29
P+R és B+R parking lot construction in Gödöllő	0	64	64
Studies for high importance project no.: 22. (TEN-T subsidies)	0	4	4
Total: (government subsidy + EU funds)	2 196	1 658	-538
Of which: - used for treasury assets	1 989	1 658	-331
- used for MÁV assets	207	0	-207

Schedule 18.: Subsidies used for capitalised projects

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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 name	Value in F/S		Change
		2011	2012	
5	MAVTI Kft.	119	117	-2
15	MÁV NOSZTALGIA Kft.	46	67	21
20	MÁV VAGON Kft.	304	323	19
22	MÁV VASJÁRMŰ Kft.	235	153	-82
27	Bombardier MÁV Kft.	1 094	853	-241
37	VAMAV Kft.	1 710	1 731	21
38	EURO-METALL Kft.	269	287	18
84	RESTI Zrt.	0	846	846
96	MÁV KERT KFT	207	326	119
116	MÁV-THERMIT Kft	260	259	-1
139	MÁV VASÚTŐR Kft.	254	285	31
142	MÁV MULTISZOLG Kft.	23	26	3
183	PRUDENT-INVEST Zrt.	6	0	-6
Total:		4 527	5 273	746

Schedule 19.: Equity consolidated entities

The value of equity consolidated entities increased by HUF 746 million on the previous year.

The value of investments increased by HUF 501 million due to the realised profit and loss attributable to MÁV Group and by HUF 15 million 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 598 million due to the elimination of dividends due for the prior year but recognised by MÁV Zrt. in the reporting year and by HUF 12 million in relation to settlements with associates without a profit and loss impact (tax audits, self-corrections, additional tax payments).

The value of equity consolidated entities increased by HUF 846 million due to the reclassification of RESTI Zrt. to associates and was reduced by HUF 6 million due to the reclassification of PRUDENT INVEST Zrt. to other investments.

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figures in MHUF

Related parties treated as investments for consolidation purposes								
Code	Company name	2011			2012			Change (book value)
		Gross value	Accum. Impairment	Book value	Gross value	Accum. Impairment	Book value	
6	MAV HIDEPÍTŐ Kft. (f.a.)	600	600	0	600	600	0	0
134	MÁV Utasellátó Zrt. (f.a.)	137	137	0	137	137	0	0
152	MÁV RAKTAR Kft. (f.a.)	138	138	0	138	138	0	0
165	MÁV-REC Kft.	50	0	50	50	0	50	0
178	HUNGRAIL Egyesülés	1	0	1	1	0	1	0
181	Rákosszentimre Pályaudvar Kft. (v.a.)	88	88	0	0	0	0	0
182	Józsefváros Pályaudvar Kft. (v.a.)	23	23	0	23	23	0	0
183	PRUDENT INVEST Zrt.	0	0	0	23		23	23
184	Kelenföldi Pályaudvar Kft. (v.a.)	27	27	0	27	27	0	0
185	DÉLI PÁLYAUDVAR Zrt. (v.a.)	60	60	0	60	60	0	0
188	MTMG Zrt	15	0	15	15	7	8	-7
191	TS-MÁV Gépészet Services Kft.	0	0	0	0	0	0	0
Total:		1 139	1 073	66	1 074	992	82	16

Schedule 20.: Related parties treated as investments in for consolidation purposes

figures in MHUF

Other related parties								
Code	Company name	2011			2012			Change (Book value)
		Gross value	Accum. Impairm.	Book value	Gross value	Accum. Impairm.	Book value	
84	RESTI Zrt.	15	0	15	0	0	0	-15
120	Vasutegészségügyi NKK Kft.	100	0	100	100	0	100	0
128	EUROFIMA	2 025	0	2 025	1 907	0	1 907	-118
146	Hódiköt Rt. (f.a.)	1	1	0	0	0	0	0
147	BCC	1	0	1	1	0	1	0
162	Bugaci Kisvasút Kht. (v.a.)	1	1	0	1	1	0	0
163	Út és Pályaépítő Rt. (f.a.)	0	0	0	0	0	0	0
166	NGF Kht. (f.a.)	0	0	0	0	0	0	0
169	HIT Rail b.v.	68	0	68	64	0	64	-4
172	Normon-Tool Kft.	0	0	0	0	0	0	0
Total:		2 211	2	2 209	2 073	1	2 072	-137

Schedule 21.: Other related parties táblázat: Egyéb részesedési viszonyban lévő vállalkozások

The balance sheet value of other related parties decreased by HUF 122 million as a result of the year-end revaluation of FX balances (EUROFIMA, BCC, HIT Rail b.v.).

Owing to the acquisition of further shares in RESTI Zrt., it was reclassified from other investments to related parties, hence the HUF 15 million drop in other investments.

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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 arising from full consolidation					Closing value
Code	Company name	Opening value	Change				
			Investment acquisition	Investment disposal	Merger	Change in scope	
101	MÁV FKG Kft.	3	0	0	2	0	5
102	MÁVGÉP Kft.	2	0	0	-2	0	0
138	MÁV Informatika Zrt.	3	0	0	0	0	3
187	MÁV-GEPÉSZET Zrt.	90	0	0	0	0	90
Total:		98	0	0	0	0	98

Schedule 22.: Negative goodwill arising from full consolidation

On 29 February 2012, MÁVGÉP Kft. 2012. merged into MÁV FKG Kft., as a result of which negative goodwill arisen n equity consolidation of HUF 2 million carried by MÁVGÉP Kft. was posted to MÁV FKG Kft.

II.1.1.7 Goodwill arising on equity consolidation

figures in MHUF

Company		Goodwill arising from equity consolidation					Closing value
Code	Name	Opening value	Change			Change in scope	
			Investment acquisition	Investment disposal	Merger		
84	RESTI Zrt.	0	1 169	0	0	0	1 169
Total:		0	1 169	0	0	0	1 169

Schedule 23.: Goodwill arising on equity consolidation

By buying 85.52% of the shares of RESTI Zrt., MÁV Zrt. has become the sole owner of RESTI Zrt. Accordingly, RESTI Zrt. was reclassified from other related parties to equity consolidated subsidiaries. In accordance with the Group's consolidation policies, the investment was measured at the book value of the investment as at the date of initial equity consolidation. The resulting goodwill of HUF 1,169 million is presented in the balance sheet separately.

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II.1.1.8 Negative goodwill arising on equity consolidation

figures in MHUF

Company		Negative goodwill arising from equity consolidation				Closing value
Code	Name	Opening value	Change			
			Investment acquisition	Investment disposal	Other	
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
183	PRUDENT-INVEST Zrt.	28	0	0	-28	0
Total:		309	0	0	-28	281

Schedule 24.: Negative goodwill arising from equity consolidation

The Companies Court launched liquidation proceedings against PRUDENT-INVEST Zrt. Accordingly, this company was reclassified from equity consolidated subsidiaries to subsidiaries treated as participations for consolidation purposes.

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II.1.2 Inventories and impairment loss

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

figures in MHUF

Item	Materials	WIP	Livestock	Finished goods	Salable goods	Advances on stocks
Gross opening value	14 524	1 911	0	993	724	675
Acquisition	64 760	0	0	0	20 846	0
Transfer inwards free of charge	0	0	0	0	0	0
Contribution inwards in kind	0	0	0	0	0	0
Reclassified	0	0	0	0	0	0
Booked to inventory	0	3 763	0	6 266	0	0
Sufficit	23	0	0	0	0	0
Other increases	208	-24	0	1	-1	128
Utilization (booked as a cost)	60 546	3 648	0	5 829	10 720	0
Reclassified	0	0	0	0	0	0
Disposal	1 455	0	0	267	9 935	0
Transfer outward free of charge	0	0	0	0	0	0
Contributed outwards in kind	0	0	0	0	0	0
Scrapped	176	0	0	20	0	0
Missing	21	0	0	0	0	0
Other decreases	0	3	0	0	0	247
Gross closing value	17 317	1 999	0	1 144	914	556
Opening impairment	1 564	91	0	130	0	0
Current year impairment	42	0	0	33	0	19
Delisting due to inventory decrease	398	83	0	61	0	0
Reversal of impairments	6	0	0	3	0	0
Closing impairments	1 202	8	0	99	0	19
Opening net value	12 960	1 820	0	863	724	675
Closing net value	16 115	1 991	0	1 045	914	537

Schedule 25.: Movements in stocks and impairments

II.1.3 Receivables and impairment loss

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

figures in MHUF

Item	Receivables						Impairment							figures in million		
	Not overdue	1-90 days past due	91-180 days past due	181-365 days past due	over 365 days past due	Total	Opening	Impairment write-off	Impairment loss 2012	Written off debt recovered	Reversal	Closing	Book value of receivable 2012	Book value of receivables 2011	Change in the book value of receivables	
Debtors	7 778	1 186	311	758	5 602	15 635	6 387	396	646	356	32	6 049	9 586	10 179	-593	
Receivables from related parties	542	453	130	6	134	1 265	130	0	1	0	0	131	1 134	524	610	
not fully consolidated subsidiaries	222	190	29	6	134	581	130	0	1	0	0	131	450	452	-2	
associates	320	263	101	0	0	684	0	0	0	0	0	0	684	72	612	
Receivables from other related parties	10	14	0	0	0	24	0	0	0	0	0	0	24	49	-25	
Other receivables	46 065	85	70	124	684	47 028	670	17	322	13	0	962	46 066	41 593	4 473	
Deferred tax	1 693	0	0	0	0	1 693	0	0	0	0	0	0	1 693	1 942	-249	
Total receivables:	56 088	1 738	511	888	6 420	65 645	7 187	413	969	569	32	7 142	58 503	54 287	4 216	

Schedule 26.: Receivables and impairment loss

Previous year's debtors of HUF 10,179 million dropped to HUF 9,586 million. The decrease in receivable was due to a marked improvement in our collection methods which include sending regular payment notices to debtors.




Additional HUF 10,162 million compensation was recognised in addition to the budgeted subsidy for ordered public service costs confirmed by the buyer and are not covered with earnings.

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Other receivables increased from HUF 41,593 million last year to HUF 46,066 million and include the following key items:

-  The compensation receivable for public services totalled HUF 23,851 million which reflects the amount of compensation approved but financially not yet settled for the years of 2008 through 2011 as well as the additional compensation claimed for justifiable costs incurred in relation to the public service contract which are not covered with related revenues in addition of the budgeted compensation for 2012 (as detailed in note I.2.2).
The amount of compensation budgeted for but not financially settled in 2012 is presented as accrued income.
-  VAT receivable: HUF 15,234 million,
-  Ticket compensation receivable: HUF 3,048 million.

The amount of the cost compensation receivable for public services is reduced by the repayable HUF 2,094 million overcompensation received in 2009, which is presented among current liabilities. Of the total cost compensation specified in the clause to the public service contract for 2012, HUF 20,829 million was not financially settled in 2012 and is presented among accrued income accordingly. As a result, a Cr balance of HUF 42,586 million is presented as receivables in the consolidated financial statement for 2012 with respect to the cost compensation in relation to the public service contract for passenger transport.

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II.1.4 Prepaid expense and deferred income

figures in MHUF

Item	2011	2012	Change
Accrued income			
Accrued sales revenue	195	563	368
Reimbursement for public services	16 663	20 829	4 166
Receivables from unsettled deliveries	45	67	22
RIC wagon rent	3 838	4 643	805
Interest received	62	20	-42
Late payment interest, penalties, damages	41	11	-30
Other accrued income	528	21	-507
<i>Accrued income, total:</i>	21 372	26 154	4 782
Prepaid expenses			
Prepaid usage fee (debt service part) (VIACOM Zrt.)	0	0	0
Prepaid mast usage charge (VIACOM Zrt.)	24	0	-24
Prepaid severance pay and lay-off costs	52	53	1
Software updates	89	75	-14
Insurance	241	375	134
Rent	4	4	0
Utilities	0	0	0
Newspaper, journal subscriptions	4	5	1
Other prepayments	329	275	-54
<i>Prepaid expenses</i>	743	787	44
Deferred expenses			
Deferred unrealised FX losses	25 881	14 829	-11 052
<i>Deferred expenses, total:</i>	25 881	14 829	-11 052
<i>Total:</i>	47 996	41 770	-6 226

Schedule 27.: Prepaid expenses and accrued income

Accrued income fell by HUF 6,226 million on 2011 primarily due to the following items:

- ✚ Public service compensation accrued in 2012 increased by HUF 4,166 million on 2011.
- ✚ Unrealised accrued FX losses on FX loans decreased by HUF 11,052 million, of which HUF 8,882 million reduced unrealised FX gains on the year-end revaluation of FX loans.

HUF 20,829 million accrued public service compensation for was received in January 2013 and recognised for public passenger transport services.

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II.1.5 Equity

II.1.5.1 Movements in equity

Equity movements within the group are presented as follows:

figures in MHUF

item	Issued capital	Capital reserve	Retained losses	Allocated reserve	Net income	Change in subsidiaries' equity	Changes due to		Changes in investment in associates	Third party investments	Total
							Goodwill on debt consolidation	Interim profit/loss			
<i>Equity in 2011</i>	21 000	107 023	-96 879	17 790	17 091	1 535	3 407	-31 425	3 907	0	43 449
Profit/loss for the prior year			12 898		-17 091	3 734	-1 306	2 578	-813	0	0
Prior year adjustments						19					19
Refunded additional capital contribution			-3	-1							-4
Capital injection in 2012 (Compensation for loss of assets due to transferring the GYSEV line)	37	-64									-27
Capital injection in 2012 (Compensation for loss of assets due to transfer of the GYSEV line - premium)		3 622									3 622
Allocated reserve for foundation/restructuring - creation											0
Allocated reserve for foundation/restructuring - release			71	-71							0
Allocated reserve for R&D - creation			-163	163							0
Allocated reserve for R&D - release			45	-45							0
Development reserve creation			-745	745							0
Development reserve release			95	-95							0
Creation of allocated reserve for unrealised FX losses											0
Release of allocated reserve for unrealised FX losses			5 673	-5 673							0
Adjustment of associates without impact on profit/loss									-12		-12
Profit/loss for 2012					2 341						2 341
<i>Equity in 2012</i>	21 037	110 581	-79 008	12 813	2 341	5 288	2 101	-28 847	3 082	0	49 388

Schedule 28.: Movements in equity

Prior year adjustments include the difference in profit or loss in MÁV INFORMATIKA Zrt's stand-alone final financial statements for 2011 and the financial statements used for consolidation purposes for 2011.

As part of the transfer of certain railway lines to GYSEV Zrt., assets formerly owned by MÁV worth HUF 3.659 billion were transferred to GYSEV Zrt. as asset settlement. This transaction reduced MÁV's equity in 2011. According to subsection 106(2) of act CLXXII of 2010 on the amendment of various transportation laws, an asset settlement should not cause loss of equity to MÁV Zrt. Therefore, the founder increased MÁV's share capital by the same amount by contribution of the the long-term liabilities to the state arising from the asset management contract at 27 January 2012. The effects of the capital increase with share premium are accounted for in the financial statements for 2012, in which the issued capital is increased by HUF 37 million and HUF 3,622 million is recognised in the capital reserve.

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As part of the settlement of properties, MÁV Zrt. transferred a sport site at Dunakeszi to MNV Zrt. and the related assets were written off from retained earnings.

Allocated reserves were as follows:

figures in MHUF

Title of allocated reserve	Opening	Released in 2012	Made in 2012	Closing
Environmental restoration reserve	3 617	0	0	3 617
Difference between the provision made for unrealised FX gain or loss on FX loans and deferred expenses	12 999	5 673	0	7 326
Additional capital contribution payable	2	1	0	1
Capitalised foundation/restructuring cost not yet written off	82	71	0	11
Capitalised R&D cost not yet written off	120	45	163	238
Development reserve	970	95	745	1 620
Total:	17 790	5 885	908	12 813

Schedule 29.: Movements in allocated reserves

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II.1.6 Provisions made and released

II.1.6.1 Provisions in the balance sheet for 2012

At MÁV Group level, provisions total HUF 64,417 million, of which provisions for contingent liabilities is HUF 27,594 million, for provisions for future commitments is HUF 29,319 million, and other provisions amount to HUF 7,504 million.

II.1.6.2 Provisions for contingent liabilities

Provisions for contingent liabilities totalled HUF 27,594 million at Group level at the end of 2012. The most significant items include provisions for litigations, contingent environmental liabilities, and for annuities and redundancies.

figures in MHUF

Provisions for contingent liabilities	Opening	Released in 2012	Made in 2012	Closing
Annuities (damages)	3 083	0	5 042	8 125
Environmental liability	6 164	271	340	6 233
Litigations	7 580	2 893	806	5 493
Lay-offs, early retirement, severance pay	1 627	1 237	2 547	2 937
Premiums payable	0	0	1 382	1 382
Work clothes and uniforms	976	457	715	1 234
Provision for damages	501	85	211	627
Maintenance commitment related to the disposal of welfare buildings	438	30	0	428
Because of extreme weather conditions in 2010	426	114	0	312
NKH supervisory charge	214	0	15	229
Contingent industrial, and construction industry liabilities	61	1	134	194
Fines payable related to rights to water	0	0	84	84
Contracted guarantee liabilities	78	10	12	80
Late payment penalty	113	113	56	56
Competition Authority penalty	500	500	0	0
Other	169	101	112	180
Total:	21 950	5 812	11 456	27 594

Schedule 30.: Provisions for contingent liabilities

MÁV Zrt. has had indemnity insurance as an employer since 1 September 2006 and was insured against damage caused to passengers from 8 May 2006 until 30 June 2007, when the passenger transport activity was transferred to another company. In the pre-insurance period, MÁV Zrt. was liable for any accident suffered by its employees or passengers if such accident was attributable to the Company – such damages are typically paid by MÁV Zrt. as annuities. As, owing to the nature of these payments, the exact amounts payable are not reliably quantifiable but will certainly incur to an extent, provisions were made for such future payments as follows: of HUF 1,894 million in 2010, HUF 1,189 million in 2011 and further provision of HUF 5,042 million was made in 2012.

The bonuses for 2012 had not been approved formally by the approval of the annual financial statements of the fully consolidated companies. Accordingly, the fully consolidated companies made provisions based on initial calculations for the bonuses payable and the related taxes and contributions in line with subsection 41(1), 44(1) and 79(2) of the accounting law.

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II.1.6.3 Provisions for future commitments

Provisions for future commitments totalled HUF 29,319 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 as detailed in section I.2.3.

figures in MHUF

Provisions for future commitments	Opening	Released in 2012	Made in 2012	Closing
Depreciation of assets not contributed by NIF	15 943	0	8 317	24 260
Maintenance	2 672	199	474	2 947
Demolition	2 240	292	96	2 044
Other	0	0	68	68
Total:	20 855	491	8 955	29 319

Schedule 31.: Provisions for future commitments

II.1.6.4 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 2012	Made in 2012	Closing
Provision for FX losses on investment and development loans	12 883	5 379	0	7 504
Total:	12 883	5 379	0	7 504

Schedule 32.: Other provisions

Provisions as presented in the balance sheet for 2012:

figures in MHUF

Item	For contingent liabilities	For future commitments	For unrealised FX losses	Total:
Opening	21 950	20 855	12 883	55 688
Released in 2012	5 812	491	5 379	11 682
Made in 2012	11 456	8 955	0	20 411
Closing	27 594	29 319	7 504	64 417

Schedule 33.: Provisions in the balance sheet

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II.1.7 Liabilities

II.1.7.1 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 2012, long-term liabilities related to treasury assets and projects financed from EU funds but assigned to MÁV Zrt. totalled HUF 401,370 million while treasury assets presented in the balance sheet totalled HUF 353,546 million.

Long-term liabilities owed to the government thus exceed the value of managed treasury assets by HUF 47,824 million (of which HUF 47,990 million being subsidy refunding liability and the HUF -166 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>	<i>2011.</i>	<i>2012.</i>	<i>Change</i>
<i>Opening liabilities related to treasury assets</i>	404 873	402 173	-2 700
Additions during the year	20 415	32 632	12 217
Disposals during the year	-30 040	-28 813	1 227
Increase in mandatory refunding requirement for the reporting period	6 397	-4 799	-11 196
Settlements with the Treasury for the year	527	177	-350
of which: capex bills submitted to the Treasury in the reporting period	-1 669	-1 460	209
disbursements by the Treasury in the reporting period	2 196	1 658	-538
bills submitted to the Treasury related to 2010 paid by MÁV	0	-21	-21
<i>Closing liabilities related to treasury assets</i>	402 173	401 370	-802

Schedule 34.: Changes in liabilities related to treasury assets

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

figures in MHUF

<i>Refunding liability from managed assets</i>	<i>2011.</i>	<i>2012.</i>	<i>Change</i>
<i>Opening balance</i>	<i>46 392</i>	<i>52 789</i>	<i>6 397</i>
Extraordinary depreciation	685	4 051	3 366
Net value of scrapped treasury assets	1 019	1 764	745
Net value of missing treasury assets	162	99	-63
Depreciation of treasury assets in 2012	23 017	22 942	-75
Depreciation of treasury assets in prior years	-9	-56	-47
Materials used from scrapped treasury assets	30	0	-30
Cash from third parties used for treasury capex	446	1	-445
Opening adjustment	0	16	16
<i>Increase, total:</i>	<i>25 350</i>	<i>28 817</i>	<i>3 467</i>
Treasury capex-refurbishment from own funds	18 508	14 856	-3 652
Treasury capex from cash received from third parties	444	22	-422
Own asset transferred to treasury	1	0	-1
Payment of refunding liability	0	17 525	17 525
<i>of which: MNV receivable ceded by MÁV Koncessziós Kft.</i>	<i>0</i>	<i>13 831</i>	<i>13 831</i>
<i>due to capital injection compensating for the transfer of GY</i>	<i>0</i>	<i>3 659</i>	<i>3 659</i>
<i>Due to transfer of the sporting grounds in Dunakeszi</i>	<i>0</i>	<i>35</i>	<i>35</i>
Raw material utilization from the scrapping of treasury assets	0	1 193	1 193
Current year adjustment of refunding liability related to prior years	0	20	20
<i>Decrease, total:</i>	<i>18 953</i>	<i>33 616</i>	<i>14 663</i>
<i>Closing balance:</i>	<i>52 789</i>	<i>47 990</i>	<i>-4 799</i>

Schedule 35.: Refunding obligation

The refunding obligation had dropped by HUF 4,799 million to HUF 47,990 million by 31 December 2012.

Further to section III.5 of the concession ending agreement No. SZT-39023, HUF 13,831 million of the net amount invoiced by Máv Koncessziós Kft. to MNV Zrt. for the terminated concession right and assigned to MÁV Zrt. was set off against the compensation receivable by MÁV Zrt. from MNV Zrt. For more details, refer to section I.2.8.

The loss of assets (HUF 3,629 million) suffered in 2011 as a result of assigning 214 kms of railways to GYSEV, and hence the lost equity, was set off, based on decision of the Founder, MNV Zrt., with a capital injection of HUF 3,659 million by contribution of long term liabilities to the state arising from the asset management contract.

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Owing to the resulting excess compensation (HUF 30 million), there was a HUF 35 million difference between this amount and equity loss of HUF -65 million suffered as a result transferring the assets of the Dunakeszi sport site transferred to MNV Zrt. This HUF 35 million difference was forgiven by MNV Zrt. from MÁV Zrt's long term liabilities to the state arising from the asset management contract..

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II.1.7.2 MÁV Group's subordinated debt

MÁV Group's subordinated debts include only negative goodwill in accordance with appendix 6 to the accounting law. For details, refer to section II.1.1.6.

II.1.7.3 Long-term Group loans

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

Long term loans							
Loan	Loan agreement date	Maturity	Government guarantee	Currency	Contracted facility (millions, original)	Available facility	
						FX m	MHUF
Development loans							
EIB-ISPA	2001.09.03	2015.09.15	1082/2001	EUR	18	11	3 146
EUROFIMA 10/b	2003.08.20	2013.02.11	1211/2002	EUR	26	26	7 530
EUROFIMA 11	2003.12.31	2018.12.17	1036/2003	EUR	35	35	10 195
EUROFIMA 12	2004.12.31	2014.05.12	1037/2004	EUR	25	25	7 282
EUROFIMA 13 a	2005.12.31	2015.03.06	1113/2005	EUR	28	28	8 156
EUROFIMA 13 b	2006.10.03	2016.04.07	1113/2005	EUR	35	35	10 196
EUROFIMA 13 c+e	2007.10.18	2014.01.28	1113/2005	EUR	7	7	2 214
EUROFIMA 13 d	2007.11.30	2016.04.07	1113/2005	EUR	17	17	5 068
Konzorcium 8.133 bn Ft	2006.04.21	2013.04.21	1113/2005	HUF	8 133	-	1 168
Raiffeisen Bank Zrt 9,209 bn Ft	2006.04.26	2016.04.21	1113/2005	HUF	9 209	-	9 209
MFB Zrt (13 pc Desiro)	2002.01.28	2013.12.30	-	EUR	31	4	1 295
OTP Bank Nyrt (10 pc Talent)	2006.03.23	2016.12.31	-	EUR	45	17	5 044
CA-CIB Konzorcium (30 pc Flirt)	2006.03.22	2020.06.16	-	EUR	145	94	27 470
Raiffeisen Bank Zrt (+30 pc Flirt)	2007.09.25	2021.11.28	-	EUR	142	109	31 871
KfW (TRAXX)	2009.12.03	2024.05.15	-	EUR	38	38	11 105
EIB (TRAXX)	2009.12.03	2024.05.15	-	EUR	35	35	10 250
MFB	2009.10.27	2024.09.30	-	HUF	2 800	-	2 310
Raiffeisen loan - H23/2008.	2006.04.26	2016.04.21	1113/2005., 1027/2008.	HUF	400	-	400
Konzorciumi loan (Erste-UniCredit)	2006.04.21	2013.04.21	1113/2005., 1027/2008.	HUF	2 824	-	706
MFB global development (Raiffeisen)	2008.12.23	2018.12.23	-	HUF	3 000	-	2 273
UniCredit - MFB loan	2008.09.10	2023.12.31	-	HUF	2 376	-	1 714
Total:							158 602
Operational loans, leases							
Raiffeisen Bank Zrt 28,5 bn Ft	2005.12.27	2015.11.27	1089/2005	HUF	28 500	0	17 100
Total:							17 100
Entrepreneurial loans							
szegedi köfi - PROLAN	2007.08.10	2019.06.27	-	HUF	1 870	0	1 461
dél-bal. köfi - PROLAN	2010.05.20	2016.07.31	-	HUF	2 260	0	1 808
power supply - PQ	2009.07.08	2015.12.13	-	HUF	1 267	0	760
UniCredit (Prolan 1.255.110)	2007.09.25	2013.12.17	-	HUF	1 255	0	314
UniCredit (Prolan 1.030.000)	2008.05.19	2012.05.14	-	HUF	1 030	0	0
Total:							4 343
Bonds							
MFB Zrt 10 bn Ft	2010.12.22*	2015.12.21	1261/2010	HUF	10 000	0	10 000
CA-CIB - Takszöv. -Gránit 35 bn Ft	2011.09.07*	2014.09.05	1290/2011	HUF	35 000	0	35 000
Total:							45 000
Grand total:							225 045

HUF 25,201 million of development loans and HUF 5,700 million of operating loans are presented among short-term loans; HUF 1,253 million of contractor loans are presented as short-term borrowings.

*inception of the bond

Schedule 36.: Long-term Group loans and borrowings

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Loan	2013.	2014.	2015.	2016.	2017.	2018. and beyond	Total:
Development loans							
EIB-ISPA	1 049	1 049	1 049	0	0	0	3 146
EUROFIMA 10/b	7 530	0	0	0	0	0	7 530
EUROFIMA 11	0	0	0	0	0	10 195	10 195
EUROFIMA 12	0	7 282	0	0	0	0	7 282
EUROFIMA 13 a	0	0	8 156	0	0	0	8 156
EUROFIMA 13 b	0	0	0	10 196	0	0	10 196
EUROFIMA 13 c+e	0	2 214	0	0	0	0	2 214
EUROFIMA 13 d	0	0	0	5 068	0	0	5 068
Konzorcium 8.133 Mrd Ft	1 168	0	0	0	0	0	1 168
Raiffeisen Bank Zrt 9.209 Mrd Ft	2 127	2 837	2 837	1 408	0	0	9 209
MFB Zrt (13 db Desiro)	1 295	0	0	0	0	0	1 295
OTP Bank Nyrt (10 db Talent)	1 321	1 321	1 321	1 081	0	0	5 044
CA-CIB Konzorcium (30 db Flirt)	3 663	3 663	3 663	3 663	3 663	9 155	27 470
Raiffeisen Bank Zrt (+30 db Flirt)	3 587	3 587	3 587	3 587	3 587	13 936	31 871
KfW (TRAXX)	966	966	966	966	966	6 276	11 105
EIB (TRAXX)	891	891	891	891	891	5 794	10 250
MFB	196	196	196	196	196	1 330	2 310
Raiffeisen hitel - H23/2008.	92	123	123	61	0	0	400
Konzorciumi hitel (Erste-UniCredit-K&H)	706	0	0	0	0	0	706
MFB global fejlesztési (Raiffeisen - H-91/2008.)	455	364	364	273	364	455	2 273
UniCredit - MFB hitel	156	156	156	156	156	934	1 714
Total:	25 201	24 649	23 309	27 546	9 823	48 075	158 602
Operational loans, leases							
Raiffeisen Bank Zrt 28,5 Mrd Ft	5 700	5 700	5 700	0	0	0	17 100
Total:	5 700	5 700	5 700	0	0	0	17 100
Entrepreneurial Loans:							
szegedi köfi - PROLAN	234	234	234	234	234	291	1 461
dél-bal. köfi - PROLAN	452	452	452	452	0	0	1 808
áramellátás - PQ	253	253	254	0	0	0	760
UniCredit (Prolan 1.255.110)	314	0	0	0	0	0	314
UniCredit (Prolan 1.030.000)	0	0	0	0	0	0	0
Total:	1 253	939	940	686	234	291	4 343
Bonds:							
MFB Zrt 10 Mrd Ft	0	0	10 000	0	0	0	10 000
CA-CIB -Takszöv. -Gránit 35 Mrd Ft	0	35 000	0	0	0	0	35 000
Total:	0	35 000	10 000	0	0	0	45 000
Grand total:	32 154	31 288	29 949	28 232	10 057	48 366	225 045

Schedule 37.: Maturity and repayment schedules of long-term Group loans

II.1.7.4 Leases

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

figures in MHUF

Lease	Currency	2013	2014	2015	2016	2017	Total:
MTZ tractor (1 unit)	HUF	1	0	0	0	0	1
Total		1	0	0	0	0	1

Schedule 38.: Assets leased by MÁV Group

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II.1.7.5 Other current liabilities

Other current liabilities by item are as follows:

figures in MHUF

Item	2011		2012		Change
	Amount	%	Amount	%	
Taxes payable	10 120	51,9%	13 707	58,7%	3 587
Wages and salaries	6 054	31,1%	6 258	26,8%	204
Liability due to surplus cost compensation received	2 094	10,7%	2 094	9,0%	0
Unbilled compl. Projects, late payment penalty, guarantees	154	0,8%	164	0,7%	10
Other liabilities arising from services rendered	0	0,0%	55	0,2%	55
Amounts payable to authorities	143	0,7%	44	0,2%	-99
Current part of leasing liability	20	0,1%	1	0,0%	-19
Other liabilities	903	4,6%	1 012	4,3%	109
Total other current liabilities	19 488	100,0%	23 335	100,0%	3 847

Schedule 39.: Composition of other current liabilities

Other current liabilities increased by HUF 3,847 million at group level as a result of changes in municipality and central taxes (mainly an increase in VAT payable).

The HUF 2,094 million showed as „liability due to surplus cost compensation received”, is the overcompensation of the justified costs recorded in 2009 and not covered with related revenues.

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II.1.8 Accrued expenses and deferred income

figures in MHUF

Item	2011	2012	Change
Deferred income			
INVITEL Kft. Other deferred income	10 504	10 255	-249
Usage charge of concession assets	0	0	0
Deferred other income	980	2 255	1 275
<i>Deferred income</i>	<i>11 484</i>	<i>12 510</i>	<i>1 026</i>
Accrued expenses			
Accrued interest	1 131	718	-413
Unsettled freight deliveries in cross-border operations (payable balance)	21	196	175
RIC wagon rent	3 160	3 272	112
Accrued bonus and related social security	1 664	133	-1 531
Late payment penalty, damages, indemnities	4	7	3
Early retirement	451	0	-451
Accrued expense related to mutual replacement of motor coach services	551	540	-11
Other accrued expense	1 701	2 552	851
<i>Accrued expenses</i>	<i>8 683</i>	<i>7 418</i>	<i>-1 265</i>
Deferred extraordinary revenues and subsidies			
Debts arising from asset acquisitions assumed by the government	26 336	22 782	-3 554
EU funds and funds from government schemes	1 894	1 857	-37
Phare aid for development	1 172	1 122	-50
Fixed assets received free of charge as gifts	772	598	-174
Fixed asset surplus	598	627	29
Amounts received from local government and from business free of charge	270	258	-12
Other non-refundable government grants	7 347	7 090	-257
Tendering subsidy	66	30	-36
Other deferred income	0	1	1
<i>Deferred extraordinary revenues and subsidies</i>	<i>38 455</i>	<i>34 365</i>	<i>-4 090</i>
Total	58 622	54 293	-4 329

Schedule 40.: Accrued expenses and deferred income

While accrued bonuses fell by HUF 1,531 million on the previous year, the bonuses had not been approved formally by the approval of the annual financial statements. Accordingly, the fully consolidated subsidiaries made provisions for the calculated liability and the related taxes and contributions in line with subsection 41(1), 44(1) and 79(2) of the accounting law.

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II.1.9 Contingent liabilities

II.1.9.1 Hedging contracts

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 2012, expressed in both EUR and in HUF on an EUR basis, was EUR -13,216 thousand, which is by 32% (EUR 6,356 thousand) below the plan. The loss is due predominantly to less acquisitions than budgeted.

The gross FX loss expressed in EUR was EUR 51,064 million, which, over the net FX loss of EUR 13.2 million, represents the FX part of the debt service related to the motor coaches. This was invoiced to MÁV START Zrt. in HUF hence the related FX risk is recharged.

The budgeted FX loss was hedged, in line with our FX management policies, with forward and future contracts totalling EUR 11,835 thousand and spot contracts totalling EUR 35,826 thousand. (The rest of the loss was due to other FX fluctuations.)

FX rate hedging transactions were made above the plan rate (290.00 HUF/EUR) on 289.84 HUF/EUR (weighted average).

In FY2012, four FX hedges were made totalling EUR 840 thousand to mitigate the Company's EUR based exposure (office rent). One hedge of EUR 210 thousand was closed in 2013.

No hedging contracts were made in 2012 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 2012 are reflected below:

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II.1.9.2 Closed forward and option contracts

figures in MHUF

Contract type		P&L effect	Cash-flow effect
Settlement contracts	Forward	-1,5	-1,5
	Option	0,0	0,0
	Total:	-1,5	-1,5
Delivery contracts	Forward	-10,5	-10,5
	Option	0,0	0,0
	Total:	-10,5	-10,5
Grand total:		-12,0	-12,0
of which	Hedge	-12,0	-12,0
	non-hedge	0,0	0,0
	Total:	-12,0	-12,0
of which	SE	0,0	0,0
	OTC	-12,0	-12,0
	Összesen	-12,0	-12,0

*Note: The P&L effect and the cash flow effect were calculated based on the official central bank FX rates.

Schedule 41.: closed forwards and options in 2012

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II.1.9.3 Guarantees

MÁV Group's joint and several and guarantee liabilities at 31 December 2012:

Entity	Type of guarantee	Contractor	Start date	End date	Amount in EUR	Amount in MHUF
Bank guarantees						
National Customs and Tax Authority	excise guarantee	Gránitbank	12.12.2012	11.12.2013		120
Ministry of Development	Chapter-managed appropriation and its residual value expanded to accommodate the TEN-T project's execution	Raiffeisen Bank Zrt.	03.05.2012	31.10.2013		1 830
National Transport Authority	Accidental damage	OTP	27.04.2009	31.12.2013		1 000
NHH	warranty	Raiffeisen Bank	04.11.2008	10.08.2013		25
Chief Customs Office	Customs guarantee for operations	K&H Bank	18.03.2011	17.03.2013		30
NA	warranty	KDB Bank	01.01.2013*	31.12.2013		148
NA	warranty	KDB Bank	01.01.2013*	31.12.2013		5
NA	warranty	KDB Bank	01.07.2011	02.01.2014		10
NA	warranty	KDB Bank	26.10.2010	30.06.2014		6
NA	warranty	Budapest Bank Zrt.	27.05.2010	31.12.2013		1 100
MOL Nyrt	guaranteed purchase of 225.000 liters of diesel fuel	Citibank Europe plc Magyarországi Fióktelepe	30.06.2011	15.05.2014		7
CAF Construcciones y Auxiliar de Ferrocarriles S.A.	purchase price payment guarantee	KDB Bank Magyarország Zrt.	18.06.2012	30.09.2014	681 000	198
Assumed bank guarantees, total:					681 000	4 479
Performance-based guarantees						
Slovenian Railways	for delivery on contract	K&H Bank	24.08.2009	10.01.2014	92 137	27
Performance-based guarantees, total:					92 137	27
Guarantees, total					773 137	4 506

* The bank guarantees marked were valid with KDB at the balance sheet date but were renewed owing to their nature.

Schedule 42.: Guarantee contracts valid at the balance sheet date

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II.1.9.4 Lien

Loan	Loan amount outstanding at 31. Dec 2012 (MHUF)	Collateral
EUROFIMA 10/b	7 530	Rolling stock
EUROFIMA 11	10 195	Rolling stock
EUROFIMA 12	7 282	Rolling stock
EUROFIMA 13 a	8 156	Rolling stock
EUROFIMA 13 b	10 196	Rolling stock
EUROFIMA 13/c+e	2 214	Rolling stock
EUROFIMA 13 d	5 068	Rolling stock
OTP Bank Nyrt (10 unit Talent financing)	5 044	10 "Talent" engines
CA-CIB Konzorcium(30 unit Flirt financing)	27 470	30 "Flirt" engines
Raiffeisen Bank Zrt (+30 unit Flirt financing)	31 871	30 ""Flirt" engines
KFW (TRAXX)	11 105	Rolling stock
EIB (TRAXX)	10 250	Rolling stock
MFB	2 310	Rolling stock
MFB global fejlesztési (Raiffeisen - H-91/2008.)	2 273	Rolling stock
UniCredit - MFB hitel	1 714	Rolling stock
Total:	142 678	

Schedule 43.: Collateral-backed loans

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

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

Many of MÁV's properties (own or managed) have been encumbered on the grounds of permanent environmental damage. These properties are subject to restoration work before the encumbrance can be removed. The number of encumbered properties is 49.

In its public procurement contracts, MÁV Zrt. grants a collection order right to its still existing contractors from the period of 15 September 2010 and 31 December 2011 in accordance with 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.

MÁV Zrt. holds CHF 18.2 million (0,7 %) of the registered share capital of EUROFIMA. CHF 14.56 million (80 %) of the registered share capital of EUROFIMA is not yet paid which becomes payable based on the resolution of the Board of Directors of EUROFIMA in line with EUROFIMA's

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articles of incorporation paragraph 5 and paragraph 21 subsection 3(6). No request have been made yet for payment

In addition to CHF 18.2 million of EUROFIMA's the registered share capital held by MÁV Zrt., MÁV guarantees in an additional amount equalling to the share capital holding of CHF 18.2 million the rolling stock financing arrangement in accordance with paragraph 26 of the articles of incorporation of EUROFIMA. This guarantee might be called in case both the railway company and the shareholder state guaranteeing the loan failed to pay and the guarantee fund of EUROFIMA set up in accordance with the articles of incorporation 29. (CHF 590.5 million in the 2011 annual financial statements) does not cover the financing losses suffered. Amounts drawn from the shareholders' guarantee are refunded by EUROFIMA to the extent of the recoverable value from the disposal of the underlying rolling stock or from other receivables associated with the loan agreement.

The Group's mortgaged properties are as follows:

figures in MHUF

Location	Topographic number	Beneficiary	Amount	Owner
Küngös	1101	K&H Bank Zrt.	31	MAGYAR ÁLLAM
Záhony	600/9	K&H Bank Zrt.	65	MÁV Zrt.

Schedule 44.: Mortgaged properties

II.1.9.5 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:

figures in MHUF

Loan	2013	2014	2015	2016	2017	2018 and beyond	Total
OTP Bank Nyrt HUF 5bn	5 000	0	0	0	0	0	5 000
MFB Zrt HUF 6.2bn	6 200	0	0	0	0	0	6 200
MFB Zrt HUF 6.8bn	6 800	0	0	0	0	0	6 800
MFB Zrt HUF 7.0bn	7 000	0	0	0	0	0	7 000
HUF 12bn guaranteed by the government	12 000	0	0	0	0	0	12 000
Total:	37 000	0	0	0	0	0	37 000

Schedule 45.: Disbursement schedule of long-term loans

figures in MHUF

Loan	2013	2014	2015	2016	2017	2018 and beyond	Total
OTP Bank Nyrt HUF 5bn	385	1 538	1 538	1 539	0	0	5 000
MFB Zrt HUF 6.2bn	477	1 908	1 908	1 907	0	0	6 200
MFB Zrt HUF 6.8bn	523	2 092	2 092	2 093	0	0	6 800
MFB Zrt HUF 7.0bn	412	1 647	1 647	1 647	1 647	0	7 000
HUF 12bn guaranteed by the government	0	1 846	3 692	3 692	2 770	0	12 000
Total:	1 797	9 031	10 877	10 878	4 417	0	37 000

Schedule 46.: repayment schedule of long-term loans

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II.1.9.6 Significant operating leasing agreements prevailing at the balance sheet date

Lessor	Leased asset	Contract date	Contract maturity	Monthly amount as per the contract	Amounts not settled at the balance sheet date (MHUF)
Raiffeisen Ingatlan Alap	Office rental	28.02.2009	28.02.2014	115 290 135	1 614
Porsche Lízing és Szolg. Kft.	Vehicle rental	8.13.2012	8.13.2015	431 259	14
Porsche Lízing és Szolg. Kft.	Vehicle rental	10.4.2011	10.30.2015	5 057 513	253
MKB Kft.	Vehicle rental	06.02.2012	6.6.2016	7 648 004	314
Porsche Lízing és Szolg. Kft.	Vehicle rental	10.3.2011	10.3.2016	8 089 489	372
Porsche Lízing és Szolg. Kft.	Vehicle rental	10.4.2011	10.4.2016	2 098 817	93
Porsche Lízing és Szolg. Kft.	Vehicle rental	03.10.2011	10.2.2017	96 407 172	5 592
Porsche Lízing és Szolg. Kft.	Vehicle rental	10.3.2011	10.5.2017	563 390	33
Porsche Lízing és Szolg. Kft.	Car rental	11.1.2011	11.1.2017	5 354 556	316
Deutsche Leasing Hungaria Kft.	8 units Desiro Classic	9.24.2008	2.28.2029	-	3 522

Schedule 47.: Significant operative lease agreements in effect at the balance sheet date

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NOTES TO THE PROFIT AND LOSS ACCOUNT

II.2 Notes to the profit and loss account

II.2.1 Net sales per activity

figures in MHUF

Activity	2011		2012		Change
	Amount	%	Amount	%	
Passenger transport	50 808	39%	54 304	42%	3 496
Railtrack operations	27 823	21%	27 854	21%	31
Rail ticket subsidy	21 234	16%	18 003	14%	-3 231
Traction, towing	17 513	13%	16 366	13%	-1 147
Property rent and management, supervision, demolition	4 984	4%	4 487	3%	-497
Machinery and vehicle repairs, production, operations, and maintenance	2 296	2%	2 273	2%	-23
IT services	1 772	1%	1 213	1%	-559
Rail cargo	2 173	2%	2 170	2%	-3
Materials and goods sold	880	1%	1 025	1%	145
Other services	1 900	1%	1 776	1%	-124
Total:	131 383	100%	129 471	100%	-1 912

Schedule 48.: Detailed presentation of net sales

The Group's sales revenues from passenger transport increased in 2012 despite a significant reduction in ticket compensation (by HUF 3,231 million), which was set off by a HUF 1,877 million increase in revenues from fares and seat reservations and HUF 1,647 million increase in other revenues from non-public service passenger transport (international use of passenger cars, sleepers and diner car services etc.).

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II.2.2 Export sales and imports

Exports and imports by country are presented below:

Country	2011		2012	
	Export	Import	Export	Import
Austria	4 177	5 619	5 489	6 330
Belgium	17	30	23	31
Bulgaria	8	40	31	13
Cyprus	0	0	0	0
Czech Republic	1 109	2 398	1 671	3 352
Denmark	15	58	16	30
Estonia	0	0	0	0
Finland	10	3	10	3
France	377	212	374	128
Greece	1	1	0	1
Netherlands	121	23	301	38
Ireland	7	2	3	1
Poland	160	340	166	466
Latvia	0	0	0	0
Lithuania	0	0	0	0
Luxemburg	1	1	2	1
Malta	0	0	0	0
Great-Britain	61	66	19	93
Germany	1 434	2 462	2 236	1 541
Italy	366	889	50	316
Portugál	5	1	4	1
Romania	1 587	1 658	1 494	1 573
Spain	26	146	17	156
Sweden	52	17	63	20
Slovakia	1 110	1 287	1 816	3 062
Slovenia	396	443	171	144
EU member states, total:	11 040	15 696	13 956	17 300
Albania	0	0	0	0
Australia	2	0	0	0
Bosnia.Hercegovina	42	31	42	38
United States of America	0	27	0	28
Belorussia	1	1	1	1
Croatia	362	325	262	223
Canada	12	0	0	0
Kazakhstan	0	0	0	0
Macedonia	1	0	1	0
Moldavia	0	0	0	0
Montenegro	1	3	2	3
Norway	9	3	9	3
Russia	108	85	103	93
Switzerland	136	136	224	210
Serbia	273	226	300	275
Turkey	7	3	6	2
Turkmenistan	0	0	0	0
Ukraine	71	111	77	109
Uzbekistan	0	0	0	0
Other	0	0	0	0
Non-EU states, total:	1 025	951	1 027	985
Grand total:	12 065	16 647	14 983	18 285

Schedule 49.: Exports and imports per market segment

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II.2.3 Material-type expenses

figures in MHUF

Item	2011		2012		Change
	Amount	%	Amount	%	
Material costs					
Maintenance and operational materials	23 127	17,8%	25 400	19,9%	2 273
Traction electricity	16 917	13,0%	15 220	11,9%	-1 697
Traction fuel	12 622	9,7%	13 437	10,5%	815
Public utilities	6 899	5,3%	8 103	6,3%	1 204
Protective clothing, beverages	821	0,6%	815	0,7%	-6
Total material costs:	60 386	46,3%	62 975	49,3%	2 589
Services used					
Track operations	29 912	23,0%	20 506	16,0%	-9 406
Rental fees	13 576	10,4%	13 119	10,3%	-457
Other services used	6 526	5,0%	6 482	5,1%	-44
Public sanitations	2 864	2,2%	3 673	2,9%	809
Public utilities (not consumption based)	1 799	1,4%	494	0,4%	-1 305
Transport and handling costs	558	0,4%	2 068	1,6%	1 510
IT services	1 262	1,0%	1 289	1,0%	27
Traction, towing	934	0,7%	1 075	0,8%	141
Postal costs, advertising, market research	925	0,7%	1 006	0,8%	81
Training	357	0,3%	434	0,3%	77
Specialist, advisory, membership costs	1 181	0,9%	392	0,3%	-789
Healthcare services	22	0,0%	84	0,1%	62
R&D	145	0,1%	27	0,0%	-118
Total services used:	60 061	46,2%	50 649	39,6%	-9 412
Other services					
Tolls and duties	1 499	1,2%	1 262	1,0%	-237
Insurance	839	0,6%	1 133	0,9%	294
Bank costs and charges	407	0,3%	407	0,3%	0
Other non-specified services	37	0,0%	26	0,0%	-11
Total other services:	2 782	2,1%	2 828	2,2%	46
COGS:	1 544	1,2%	8 579	6,7%	7 035
Consignment services:	5 201	4,0%	2 811	2,2%	-2 390
Total material-type expenses:	129 974	100,0%	127 842	100,0%	-2 132

Schedule 50.: Material-type expenses

The Group's material-type expenses declines by 2,132 million in 2012 as a result of the following:

- ✚ The use of operating and maintenance materials used by the Group increased significantly in 2012.
- ✚ At the same time, railtrack operation costs fell by HUF 9,406 million as a result of services used directly by MÁV Zrt. (HUF -5,690 million) and railtrack operation services used by MÁV Zrt. via its subsidiaries (MÁV FKG Kft., MÁV-GÉPÉSZET Zrt.).
- ✚ The cost of goods sold increased significantly on 2011 mainly due to the fact that, in 2012, MÁV Zrt. reclassified traction electricity sold from consignment services sold to material-type expenses. Overall, the value of electricity sold by the Group increased, primarily due to the electricity sold to Rail Cargo Hungaria.

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II.2.4 Other revenues

figures in MHUF

Item	2011		2012		Change
	Amount	%	Amount	%	
Income from disposal of tangible and intangible assets	698	0,4%	14 720	5,8%	14 022
Reversal of impairment loss on tangible and intangible assets	235	0,1%	62	0,0%	-173
Reversal of impairment loss on stocks and receivables	874	0,4%	865	0,3%	-9
Profit increasing items	1 879	1,0%	514	0,2%	-1 365
Of which: Late payment penalty	268	0,1%	184	0,1%	-84
Penalties received	89	0,0%	32	0,0%	-57
Utilization of provisions	7 276	3,7%	11 682	4,6%	4 406
Of which: Utilization of provision for contingent liabilities	6 662	3,4%	5 812	2,3%	-850
Utilization of provision for unrealised FX loss	4	0,0%	5 379	2,1%	5 375
Utilization of provision for future expenses	610	0,3%	491	0,2%	-119
Income from debtors sold	1	0,0%	1	0,0%	0
Misc. Other income	318	0,2%	227	0,1%	-91
Reversed deferred income due to costs and expenses reducing operating profit	4 705	2,4%	4 134	1,6%	-571
Of which: Reversed deferred subsidy	681	0,3%	337	0,1%	-344
Reversed deferred PHARE aid	64	0,0%	50	0,0%	-14
Reversed debt owed to government forgiven	3 532	1,8%	3 510	1,4%	-22
Non-refundable subsidies	180 986	91,9%	223 138	87,4%	42 152
Of which: For public services	179 977	91,4%	221 155	86,6%	41 178
For redundancies	1 000	0,5%	1 974	0,8%	974
Compensation for lost passenger service earnings	0	0,0%	0	0,0%	0
For flood damage	0	0,0%	0	0,0%	0
Total:	196 972	100,0%	255 343	100,0%	58 371

Schedule 51.: Other revenues

The changes in other revenues were due to the following factors:

- ✚ HUF 13,831 million presented among gains on fixed asset disposals received as compensation for the ended concessions of MÁV Koncessziós Kft. The details are presented in section I.2.8
- ✚ Provisions made for unrealised FX losses used totalled HUF 5,379 million.
- ✚ A HUF 41,178 million increase in the compensation of public service cost. The details are presented in section I.2.2.

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II.2.5 Other expenses

figures in MHUF

Item	2011		2012	
	Amount	%	Amount	%
Disposals, scrapping, and missing assets	1 999	6,1%	17 670	33,4%
Extraordinary depreciation of tangible and intangible assets	1 353	4,1%	5 068	9,6%
Impairment of inventories and receivables, inventory shortage, scrapping	2 038	6,2%	1 242	2,3%
Of which: Inventory write-offs	866	2,7%	75	0,1%
Impairment of receivables	952	2,9%	969	1,8%
Profit reducing items	4 546	13,9%	4 313	8,2%
Of which: Late payment interest, penalties, damages paid	749	2,3%	843	1,6%
Losses on damages	2 419	7,4%	2 430	4,6%
Tax identified by self-correction	44	0,1%	38	0,1%
Provisions made	19 661	60,2%	20 411	38,6%
Of which: Provisions made for contingent liabilities	5 322	16,3%	11 456	21,7%
Provisions made for unrealised FX loss on capex loans	7 545	23,1%	0	0,0%
Provision made for future expenses	6 794	20,8%	8 955	16,9%
Book value of debtors sold	0	0,0%	0	0,0%
Tax, duties, and VAT	2 458	7,5%	3 315	6,3%
Contributions to government funds	561	1,7%	806	1,5%
Of which: Environmental charge (in product prices)	0	0,0%	3	0,0%
Innovation contribution	540	1,7%	799	1,5%
Expenses on other liabilities	50	0,2%	38	0,1%
Total:	32 666	100,0%	52 863	100,0%

Schedule 52.: Other expenses

The changes in other expenses were due to the following factors:

- ✚ As a result of the termination of MÁV Koncessziós Kft's concession right, the book value of the derecognised assets of HUF 13.8 billion is presented in the cost of fixed assets disposed of. The details are presented in section I.2.8.
- ✚ In the case of state owned properties that had to be scrapped or demolished in order to construct or refurbish state owned assets, assets totalling HUF 1.8 billion were scrapped and extraordinary depreciation of HUF 4.0 billion was recognised against MÁV Zrt's profit or loss for 2012. The details are presented in section I.2.6.

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II.2.6 Financial and extraordinary profit or loss

II.2.6.1 Financial income

figures in MHUF

Item	2011		2012		Change
	Amount	%	Amount	%	
Dividends and profit sharing received	82	3,4%	11	0,3%	-71
Of which: Resti Zrt.	80	3,3%	0	0,0%	-80
MÁV-REC Kft.	0		8	0,2%	8
HIT Rail b.v.	2	0,1%	3	0,1%	1
Realised FX gain on disposal of investments	0	0,0%	0	0,0%	0
Interest received and similar income	1 003	41,9%	1 350	39,8%	347
Of which: Bank interest	934	39,0%	1 326	39,1%	392
Interest from third parties	0	0,0%	0	0,0%	0
Interest from private persons	69	2,9%	25	0,7%	-44
Interest on securities	0	0,0%	0	0,0%	0
Other financial revenues	1 308	54,7%	2 032	59,9%	724
Of which: Profit of equity consolidated entities attributable to the Group	808	33,8%	800	23,6%	-8
realised FX gain on FX balances	426	17,8%	574	16,9%	148
Total:	2 393	100,0%	3 393	100,0%	1 000

Schedule 53.: Financial income

II.2.6.2 Financial expenses

figures in MHUF

Item	2011		2012		Change
	Amount	%	Amount	%	
Realised FX loss on long-term financial assets	0	0,0%	0	0,0%	0
Interest payable and similar expenses	12 676	87,5%	12 716	82,2%	40
Of which: Bank interest	11 135	76,9%	8 740	56,5%	-2 395
Interest on bonds	1 167	8,1%	3 437	22,2%	2 270
Impairment loss on shares, other securities, and bank deposits	0	0,0%	7	0,0%	7
Other financial expenditures	1 806	12,5%	2 751	17,8%	945
Of which: Loss of equity consolidated entities attributable to the Group	92	0,6%	267	1,7%	175
FX loss from the year-end revaluation of receivables and payables	1 481	10,2%	2 480	16,0%	999
Total:	14 482	100,0%	15 474	100,0%	992

Schedule 54.: Financial expenses

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II.2.6.3 Extraordinary revenues

figures in MHUF

Item	2011		2012		Change
	Amount	%	Amount	%	
Forgiven and lapsed debts	65	0,1%	70	69,3%	5
Revenues from assets received free of charge from surplus assets	47	0,1%	24	23,8%	-23
Debts assumed by the government	50 621	99,7%	0	0,0%	-50 621
Difference of assets and liabilities received for operations and discontinued upon transformation	30	0,1%	0	0,0%	-30
Workplace creation subsidy for the reporting period	13	0,0%	0	0,0%	-13
Amounts received free of charge	0	0,0%	0	0,0%	0
Other extraordinary income	0	0,0%	7	6,9%	7
Total:	50 776	100,0%	101	100,0%	-50 675

55. Schedule 55: Extraordinary revenues

II.2.6.4 Extraordinary expenditures

figures in MHUF

Item	2011		2012		Change
	Amount	%	Amount	%	
Expenses on assets contributed and services provided free of charge	109	9,1%	60	58,3%	-49
Liabilities of third parties assumed	4	0,3%	18	17,5%	14
Non-refundable employee housing grant	19	1,6%	11	10,7%	-8
Forgiven domestic debts	24	2,0%	7	6,8%	-17
Amounts transferred free of charge	43	3,6%	5	4,9%	-38
BV on investment (operations) discontinued due to transformation	995	83,3%	0	0,0%	-995
Other extraordinary expenses	0	0,0%	2	1,9%	2
Total:	1 194	100,0%	103	100,0%	-1 091

Schedule 56.: Extraordinary expenditures

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II.2.7 Consolidated Group profit

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

	figures in MHUF
<i>Item</i>	<i>Amount</i>
Aggregate group profit/loss of fully consolidated subsidiaries	248
Total pre-consolidation profit/loss for the year	248
Elimination of dividends from subsidiaries	-484
Elimination of reversal of impairment loss on investments	-688
P&L effect of merger with MÁVGÉP Kft. MÁV FKG Kft.	-30
Profit and loss impact of equity net-offs	-1 202
Elimination of dividends from associates	-598
Profit of associates for the current fiscal year	800
Loss of associates for the current fiscal year	-267
Profit and loss impact of equity consolidation	-65
Correction of impairment loss reversal on receivables	-220
Unilaterally recognised late payment interest, penalty, and damages netted off in accordance with the prudence principle	-485
P&L effect of other differences	-7
Profit/loss from netted off receivables and payables	-712
Profit and loss impact of the treatment of other differences	5
Eliminated intra-group provisions made for contingencies and future expenses	376
Eliminated intra-group provisions for contingencies and future commitments released	-732
Profit/loss from the consolidation of yields and expenses	-351
Interim profit or loss effect of disposals of other tangible assets	-1 296
P&L effect of offset intercompany profit or loss due to intra-group disposal of tangible assets	-28
Adjustment of ordinary depreciation of assets containing intra-group profit or loss	2 113
Adjustment of extraordinary depreciation recognized or reversed of assets containing intra-group profit or loss	106
Other profit reducing items due to items (disposal, scrapped, missing, etc.) containing intra-group profit or loss	13
Deferred income reversed in consolidation released in line with ordinary depreciation for the year	2 729
Adjustment of deferred expenses released as a result of intercompany FX loans assumed	637
Other provisions made for intercompany FX loans assumed	404
P&L impact of netting off and releasing interim gains and losses recognised on inventories	-6
Impact of interim profits and losses netted off on the consolidated loss for the year	4 672
Profit or loss impact of deferred tax due to consolidation entries in the reporting year	-249
Deferred tax impact of profit or loss	-249
Consolidated profit/loss for 2012	2 341

Schedule 57.: Consolidated Group Profit

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II.3 TRUE AND FAIR ASSET, FINANCIAL AND INCOME POSITIONS

II.3.1 Cash flow statement

figures in MHUF

No.	Item	2011	2012
I.	Cash flow from ordinary activities (Operating cash flows)	16 852	55 916
1.	Profit before tax	17 426	2 762
2.	Ordinary depreciation	50 018	50 901
2/b	Depreciation related to prior years	31	0
3.	Recognised and reversed impairment loss	4 089	9 147
4.	Movements in provisions	12 417	8 729
4/b	Forgiven debts	0	0
5.	Gains on fixed asset disposals	-490	-192
6.	Movements in creditors	3 949	-3 192
7.	Movements in current liabilities	2 996	3 386
8.	Movements in accruals	-5 725	-4 329
9.	Movements in debtors	-1 120	-21
10.	Current asset movements (less debtors and liquid assets)	-23 229	-9 204
11.	Movements in prepayments and accrued income	8 609	6 226
12.	Income taxes paid (payable)	-417	-432
13.	Dividends and profit-sharing paid or payable	0	0
13/b	Assets transferred/received free of charge	-275	-78
13/c	Movements in liabilities related to state-owned assets managed by the Group	-2 700	1 612
13/d	Prior year adjustments	1 416	0
13/e	Changes in deferred tax arising on consolidation	139	249
13/f	Adjustment arising on consolidation without actual cash movement	825	84
13/g	FX difference at year end	15 720	-9 732
13/h	Assigned debt	-50 621	0
13/i	Interest on assigned debt	621	0
13/j	Increase in assets due to the demerger of MÁV Koncessziós Kft.	-16 827	0
II.	Investment cash flows	-39 559	-31 866
14.	Fixed asset additions	-44 115	-33 653
15.	Fixed asset disposals	698	889
15/b	Movements in long-term financial assets	0	-2 000
15/c	Movements in prepayments for capital expenditures	3 776	2 887
16.	Dividends received	82	11
III.	Financing cash flows	20 409	-38 399
17.	Revenues from the issue or redemption of shares	0	0
18.	Revenues from the issue of bonds and other debt securities	35 000	0
19.	Loans and borrowings	35 227	13 298
20.	Movements in long-term borrowings	302	220
21.	Cash and cash equivalents received free of charge	38	12
22.	Redemption of shares, capital reduction	0	0
23.	Repayment of bonds and other debt securities	0	0
24.	Loan repayment	-50 143	-51 936
25.	Long-term borrowings and bank deposits	-7	-4
26.	Assets transferred free of charge	0	-9
27.	Movements in payables to founders and in other long-term liabilities	-8	20
IV.	Change in cash and cash equivalents (±I±II±III.)	-2 298	-14 349

Schedule 58.: Statement of cash flows

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II.3.2 Asset ratios

Changes in the value and composition of assets

Fixed asset ratio

$$\frac{\text{Fixed assets}}{\text{Total assets}} = \frac{718\,241}{848\,703} = 84.63\% \quad (\text{basis: } 83.86\%)$$

Tangible asset coverage

$$\frac{\text{Equity}}{\text{Own tangible assets}} = \frac{49\,388}{353\,959} = 13.95\% \quad (\text{basis: } 11.29\%)$$

$$\frac{\text{Equity} + \text{Treasury funds}}{\text{Tangible assets}} = \frac{450\,758}{706\,262} = 63.82\% \quad (\text{basis: } 60.65\%)$$

Fixed asset coverage

$$\frac{\text{Equity}}{\text{Own fixed assets}} = \frac{49\,388}{365\,938} = 13.50\% \quad (\text{basis: } 11.01\%)$$

$$\frac{\text{Equity} + \text{Treasury funds}}{\text{Fixed assets}} = \frac{450\,758}{718\,241} = 62.76\% \quad (\text{basis: } 59.88\%)$$

Current assets per fixed assets

$$\frac{\text{Current assets}}{\text{Fixed assets}} = \frac{88\,692}{718\,241} = 12.35\% \quad (\text{basis: } 12.80\%)$$

Changes in the value and composition of liabilities

Capitalisation

$$\frac{\text{Equity}}{\text{All liabilities}} = \frac{49\,388}{848\,703} = 5.82\% \quad (\text{basis: } 4.90\%)$$

$$\frac{\text{Equity}}{\text{Total liabilities} + \text{Treasury funds}} = \frac{49\,388}{447\,333} = 11.04\% \quad (\text{basis: } 8.95\%)$$

Gearing

$$\frac{\text{Borrowed capital}}{\text{Equity}} = \frac{680\,605}{49\,388} = 1378.08\% \quad (\text{basis: } 1679.41\%)$$

$$\frac{\text{Borrowed capital} - \text{Treasury funds}}{\text{Equity}} = \frac{279\,235}{49\,388} = 565.39\% \quad (\text{basis: } 753.79\%)$$

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Equity ratio

Indebtedness

$$\frac{\text{Borrowed capital}}{\text{Total assets}} = \frac{680\,605}{848\,703} = 80.19\% \quad (\text{basis: } 82.22\%)$$

Long-term liabilities ratio

$$\frac{\text{Long-term liabilities}}{\text{Long-term liabilities} + \text{Equity}} = \frac{594\,694}{644\,082} = 92.33\% \quad (\text{basis: } 93.51\%)$$

$$\frac{\text{Long-term liabilities} - \text{Treasury bonds}}{\text{Long-term liabilities} - \text{Treasury bonds} + \text{Equity}} = \frac{193\,324}{242\,712} = 79.65\% \quad (\text{basis: } 83.76\%)$$

Equity increase ratio

$$\frac{\text{Equity}}{\text{Issued capital}} = \frac{49\,388}{21\,037} = 234.77\% \quad (\text{basis: } 206.90\%)$$

Fixed asset margin

$$\frac{\text{Equity}}{\text{Fixed assets}} = \frac{49\,388}{718\,241} = 6.88\% \quad (\text{basis: } 5.84\%)$$

$$\frac{\text{Equity}}{\text{Owned fixed assets}} = \frac{49\,388}{365\,938} = 13.50\% \quad (\text{basis: } 11.01\%)$$

Income ratios

$$\text{EBITDA} = \text{Operating loss} + \text{depreciation} = 14\,856 + 50\,901 = 65\,757 \quad (\text{basis: } 30\,033)$$

$$\text{EBITDA rate} = \frac{\text{EBITDA}}{\text{Net sales}} = \frac{65\,757}{129\,471} = 50.79\% \quad (\text{basis: } 22.86\%)$$

$$\text{Operational rate} = \frac{\text{Operating loss}}{\text{Net sales}} = \frac{14\,856}{129\,471} = 11.47\% \quad (\text{basis: } -15.21\%)$$

Financial position

Working capital and liquidity

Net working capital

$$\text{Current assets} - \text{Current liabilities} = 88\,692 - 85\,813 = 2\,879 \quad (\text{basis: } -7\,978)$$

Liquidity ratio

$$\frac{\text{Current assets}}{\text{Current liabilities}} = \frac{88\,692}{85\,813} = 103.35\% \quad (\text{basis: } 92.27\%)$$

Quick ratio

$$\frac{\text{Current assets} - \text{Inventories}}{\text{Current liabilities}} = \frac{68\,090}{85\,813} = 79.35\% \quad (\text{basis: } 75.77\%)$$

Cash liquidity ratio

$$\frac{\text{Liquid assets}}{\text{Current liabilities}} = \frac{9\,587}{85\,813} = 11.17\% \quad (\text{basis: } 23.18\%)$$

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II.3.3 Group items affecting previous years

MÁV Group's consolidation policies were amended in 2013, with retrospective effect for 2012, in terms of the definition of material error to reflect changes in the accounting law.

For the purposes of the consolidated financial statements, an error should be considered material, irrespective of its impact on the profit or loss, if the aggregate value (whether positive or negative) of errors identified in one year for the same year affecting the profit or loss or equity exceeds 5% of the equity in the audited financial year. Besides, an error identified for a year by an external audit or self-audit is considered material if the effect of such an error on the comprehensive income or equity exceeds 2% of the balance sheet total of the audited financial year.

Based on the above, the aggregate of previous years' errors identified in 2012 and their effects remained below the limit set in the accounting policies. Therefore, the errors identified are recognised in the profit or loss for 2012.

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III INFORMATIVE PART

III.1 Remuneration to officers of the parent company

figures in MHUF

Category	2011.	2012.	Change
Board	14	15	1
Supervisory Board	21	19	-2
Total:	35	34	-1

Schedule 59.: Remuneration of parent company officers

No loan was granted or disbursed to Board and Supervisory Board members in 2012 and no pension liability incurred.

III.2 Subsidies received

figures in MHUF

Item	2011		2012		Change
	Amount	%	Amount	%	
Production subsidy (public service refunds)	179 977	86,0%	221 155	89,2%	41 178
Ticket subsidy	21 233	10,1%	18 003	7,3%	-3 230
Refunded excise tax	4 933	2,4%	5 062	2,0%	129
Capital expenditure subsidy	2 195	1,0%	1 658	0,7%	-537
Incentive scheme for MÁV employees in 2011-2013	1 000	0,5%	1 974	0,8%	974
Compensation for lost earnings on passenger transport (I)	0	0,0%	0	0,0%	0
Other subsidies	7	0,0%	8	0,0%	1
Total:	209 345	100,0%	247 860	100,0%	38 515

Schedule 60.: Subsidies received

figures in MHUF

Item	2011		2012		Change
	Amount	%	Amount	%	
50%	5 510	25,9%	4 027	22,4%	-1 483
90%	4 469	21,0%	3 304	18,4%	-1 165
Student discount	7 255	34,2%	5 496	30,6%	-1 759
Discount for those above 70 (65) years of age	4 008	18,9%	5 140	28,6%	1 132
Total:	21 242	100,0%	17 967	100,0%	-3 275

Schedule 61.: Ticket compensation

89% of subsidies received by the Group are compensated public service costs related to passenger transport.

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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 2012.
- 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 and charges 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 3,617 million. Based on previous estimates, we made a HUF 6,533 million provision in 2002, further HUF 7,805 million in 2006, HUF 1,911 million in 2008 and HUF 388 million in 2009, HUF 83 million in 2010, HUF 42 million in 2011 and HUF 340 million was made in 2012. The available amount less used and released amounts is HUF 9,850 million.

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

figures in MHUF				
Item	Opening balance	Increases	Decreases	Closing balance
Allocated reserves	3 617	0	0	3 617
Provisions	6 164	340	271	6 233
<i>Total:</i>	9 781	340	271	9 850

Schedule 62.: Movements in allocated reserves and provisions related to environmental protection

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Environmental expenses, provisions and allocated reserves in 2011 and in 2012 are presented below:

figures in MHUF			
Item	Prior year	Current year	Change
Environmental protection expenses	585	464	-121

Schedule 63.: Environmental protection expenses

III.3.2 Tangible assets serving environmental purposes

Movements in tangible assets serving environmental purposes:

figures in MHUF				
Item	Opening balance	Increases	Decreases	Closing balance
Gross value of tangible assets	2 873	82	0	2 955
Depreciation of tangible assets	595	102	0	697
<i>Net value of tangible assets</i>	2 278			2 258
<i>AICC</i>	0	0	0	0
<i>Total:</i>	2 278			2 258

Schedule 64.: Movements in tangible assets related to environmental protection

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III.3.3 Hazardous waste quantities

EWV code	Item	2011 (kg)	2012 (kg)
060101*	Sulphuric acid and similar acids	120	0
060203*	Ammonium-hydroxide	92	0
060405*	Other waste containing heavy metals	2	26
070107*	Other organic solvents, detergents, and mother lye	7	11
080111*	Stained packaging	4 392	1 439
080117*	Waste from the removal of paint and varnish containing organic solvents and other toxic materials	0	2 520
080312*	Waste toner containing toxic chemicals	4	9
080317*	Official technical waste	1 385	1 702
080409*	Waste from glue and filler materials containing organic solvents and other toxic chemicals	0	818
100101*	Chimney slag	0	1 000
120109*	Non-halogenous cooling and lubricant emulsions and solutions	12	712
120112*	Used grease and wax	0	50
120116*	Hazardous waste from sandblasting	0	185
120118*	Metal sludge with significant oil content	0	590
130205*	Non-chloride engine lubricants, oil and grease	21 124	33 846
130206*	Synthetic oils and lubricants	27	217
130208*	Other lubricants and motor oils	1 000	43
130305*	Exhaust oil	30	0
130307*	Mineral oil based, non-chloride insulators and heat transmitting oils	9 374	6 251
130502*	Separator sludge	7 385	3 260
130506*	Separator oil	0	247
130507*	Separator water (with oil content)	1 880	20
130508*	Waste from desander and oil/ater separator	300	900
130701*	Lighter fluid and diesel oil	0	1 281
130899*	Other non-specified waste	610	610
140603*	Other solvent mixtures	0	360
150110*	Hazardous packaging materials	5 011	6 475
150111*	Hazardous solid matrix containing metal packaging, including empty aerosol spray containers	57	1 243
150202*	Stained absorbents, filters, cloths, protective clothing	11 079	26 951
160107*	Oil filters	3 262	4 072
160111*	Items containing asbestos	120	0
160114*	Hazardous anti-freeze	90	500
160121*	Oil-stained tyres	356	0
160213*	Decommissioned equipment	0	8
160303*	Hazardous inorganic waste	9	18
160305*	Hazardous organic waste	824	2 654
160403*	Other explosive waste	0	5
160410*	Oil, carbonite containing and other hazardous cables	660	0
160506*	Laboratory chemicals	20	12
160507*	Inorganic hazardous chemicals and polluted chemicals no longer in use	1	0
160601*	Used batteries	16 943	50 097
160602*	Batteries	0	1
160606*	Electrolytes from batteries stored separately	0	4 000
160708*	Waste containing oil	6	0
160709*	Hoses contaminated by oil	0	360
161001*	Hazardous liquid waste	0	2 360
170106*	Stained concrete, brick, ceramics	100 797	0
170201*	Wood waste	592	502
170204*	Contaminated pastic, glass, or wood	1 147 011	603 632
170405*	iron waste, portioned iron waste	29 787	820
170410*	Oil, carbonite containing and other hazardous cables	420	160
170503*	Stained soil and stone	600 714	1 136
170507*	Track ballast containing hazardous materials	30	0
170601*	Asbestos containing insulators	50	15
190813*	Industrial sewage sludge	159 120	190 000
200121*	Neon lights and other mercury containing materials	411	628
200133*	Batteries, including those under 16 06 01, 16 06 02, or 06 06 03	1 932	4 011
200135*	Hazardous electric and electronic equipment	4 678	7 658
200136*	Scrapped electric and electronic equipment which differs from 20 01 21, 20 01 23 and 20 01	0	75
Total:		2 131 724	963 490

Schedule 65.: Closing quantities of hazardous waste at the end of 2011

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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	2011					2012				
	Wage expense	Other personnel-type expenditures	Wage contributions	Total	%	Wage expense	Other personnel-type expenditures	Wage contributions	Total	%
Blue collar	68 550	10 849	23 413	102 812	64,93%	70 371	10 019	24 300	104 690	64,86%
White collar	37 104	5 605	11 711	54 420	34,37%	37 954	5 420	12 561	55 935	34,65%
Inactive	731	132	248	1 111	0,70%	522	82	182	786	0,49%
Total:	106 385	16 586	35 372	158 343	100,00%	108 847	15 521	37 043	161 411	100,00%

Schedule 66.: Group staff costs

Item	2011		2012	
	Statistical average employee base	%	Statistical average employee base	%
Blue collar	24 927	67,1%	24 864	66,5%
White collar	12 249	32,9%	12 503	33,5%
Total:	37 176	100,0%	37 367	100,0%

Schedule 67.: Average employee base at Group level

III.5 Research and development

MÁV Group's research and development costs recognised in 2012 are set out in the schedule below:

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figures in MHUF			
Item	2011	2012	Change
R&D costs	285	243	-42
Of which: To be capitalised for own purposes	0	0	0
For own purposes, expensed	187	217	30
R&D for third parties	98	26	-72
Other indirect costs of technical development	121	82	-39
Of which: Cost of development arrangements, management and testing	46	0	-46
Technical information, propaganda, and production management	60	65	5
Type classification, standardisation, industrial design	15	17	2
Tenders related to technical development	0	0	0
Non-capitalised or unused invention	0	0	0
Non-capitalised or unused innovation	0	0	0
Non-capitalised or unused intellectual output	0	0	0
Total	406	325	-81

Schedule 68.: Cost of research and development in 2012

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 2012 totalled HUF 325 million for the following purposes:

- ✚ Traffic safety (HUF 11 million), service quality improvement (HUF 24 million) and environment protection (HUF 12 million).
- ✚ Other technological, quality control, reconstructing and business management etc. improvements necessary to retain operations (HUF 20 million).
- ✚ MÁV-GÉPÉSZET Zrt's project to develop and manufacture two Intercity wagon prototypes. the related development activities included: developing a digital model, a development support database, construction of a air channel system (suction). Innovative contents: approved speed of 200 km/h, more seats and special services.
- ✚ Further development of M47 series diesel engines (remote radio control) in order to improve the safety and efficiency of shunting.
- ✚ Improving engine on-board equipment communication via the remote channels of railcars.
- ✚ Study into the possible full scale rehaul of the M41 series diesel engine (in line with relevant UIC requirements).
- ✚ Possible ways of transforming the V46 series electric engines into a hybrid (electric and diesel).
- ✚ Methodological survey to optimise cargo train traction operations.
- ✚ Compliance testing of M41 series engines with emission laws as well as with Stage IIIB emission standards while maintaining efficiency.

III.6 Additional other information

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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.

On 8 August 2012, under ref. no. 60100/41/2010/bü., the Criminal Directorate of the National Tax and Customs Authority informed MÁV INFORMATIKA Zrt. that it had issued a search warrant for evidence to be gathered at the company's premises to a criminal case launched on the suspicion of budgetary fraud. Two searches had been conducted at the company's premises before the preparation of the balance sheet. The company has no further information about the case.

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APPENDICES

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Appendix 2 – Consolidated entities

Appendix 3 – Changes in the scope of consolidation

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 in the consolidation

No.	Company		Balance sheet total		Net sales		Payroll costs	
	Code	Name	Value	%	Value	%	Value	%
1	100	MÁV Zrt.	748 464	72,23%	167 313	41,61%	52 419	47,15%
2	101	MÁV FKG Kft.	12 945	1,25%	20 828	5,18%	3 730	3,36%
3	131	MÁV KfV Kft.	2 748	0,27%	1 574	0,39%	409	0,37%
4	136	MÁV IK Kft.	3 659	0,35%	9 661	2,40%	2 703	2,43%
5	138	MÁV INFORMATIKA Zrt.	2 982	0,29%	4 994	1,24%	1 801	1,62%
6	149	MÁV Vagyongkezelő Zrt.	454	0,04%	821	0,20%	347	0,31%
7	179	ZÁHONY-PORT Zrt.	1 004	0,10%	2 479	0,62%	874	0,79%
8	180	MÁV-START Zrt.	111 426	10,75%	72 611	18,06%	18 172	16,35%
9	186	MÁV-TRAKCIÓ Zrt.	124 753	12,04%	70 033	17,42%	17 128	15,41%
10	187	MÁV-GÉPÉSZET Zrt.	23 203	2,24%	41 281	10,27%	11 031	9,92%
11	190	MÁV KONCESSZIÓS Kft.	35	0,00%	2 021	0,50%	3	0,00%
Fully consolidated subsidiaries, Total			1 031 673	99,56%	393 616	97,89%	108 617	97,71%
12	005	MÁVTI Kft.	687	0,07%	579	0,14%	146	0,13%
13	015	MÁVNOSZTALGIA Kft.	402	0,04%	1 171	0,29%	156	0,14%
14	020	MÁV VAGON Kft.	873	0,08%	1 480	0,37%	401	0,36%
15	084	RESTI Zrt.	1 094	0,11%	678	0,17%	62	0,06%
16	096	MÁV KERT KFT	564	0,05%	1 091	0,27%	590	0,53%
17	139	MÁV VASÚTŐR Kft.	965	0,09%	3 504	0,87%	1 192	1,07%
Equity consolidated subsidiaries (Treated as associates)			4 585	0,44%	8 503	2,11%	2 547	2,29%
Total:			1 036 258	100,00%	402 119	100,00%	111 164	100,00%

Appendix 2

Consolidated entities

Fully consolidated subsidiaries			
Parent		Subsidiary	
100	MÁV Zrt.	101	MÁVFKG Kft.
		131	MÁVKFVKft.
		136	MÁVIK Kft.
		138	MÁVINFORMATIKA Zrt.
		149	MÁV Vagyonkezelő Zrt.
		179	ZÁHONY-PORT Zrt.
		180	MÁV-START Zrt.
		186	MÁV-TRAKCIÓ Zrt.
		187	MÁV-GÉPÉSZET Zrt.
		190	MÁV Koncessziós Kft.

Equity consolidated entities (treated as associates)			
Subsidiaries		Associates	
005	MÁVTI Kft.	022	MÁV VASJÁRMŰ Kft.
015	MÁVNOSZTALGIA Kft.	027	Bombardier MÁV Kft.
020	MÁVVAGON Kft.	037	VAMAV Kft.
084	RESTI Zrt.	038	EURO-METALL Kft.
096	MÁVKERT Kft.	116	MÁV-THERMIT Kft.
139	MÁV VASÚTŐR Kft.	142	Multiszolg 97 Hídmérleg Kft.

Entities accounted for as investments					
Subsidiary		Associate		Other related entity	
006	MÁVHÍDÉPÍTŐ Kft. (f.a.)	165	MÁV-REC Kft.	120	Vasutegészségügyi NKK Kft.
134	MÁV Utasellátó Zrt. (f.a.)	178	HUNGRAIL Egyesülés "v.a."	128	EUROFIMA
152	MÁVRAKTÁR Kft. (f.a.)	188	MTMG Zrt.	147	BCC
182	Józsefváros Pályaudvar Kft. (v.a.)	191	TS-MÁV Gépészet Services Kft.	162	Bugaci Kisvasút Kht. (v.a.)
183	PRUDENT-INVEST Zrt. "v.a."			163	Út és Pályaépítő Rt. (f.a.)
184	Kelenföldi Pályaudvar Kft. (v.a.)			166	NGF Kht. (f.a.)
185	DÉLI PÁLYAUDVAR Zrt. (v.a.)			169	HIT Rail b.v.
				172	Normon-Tool Kft.

Appendix 3

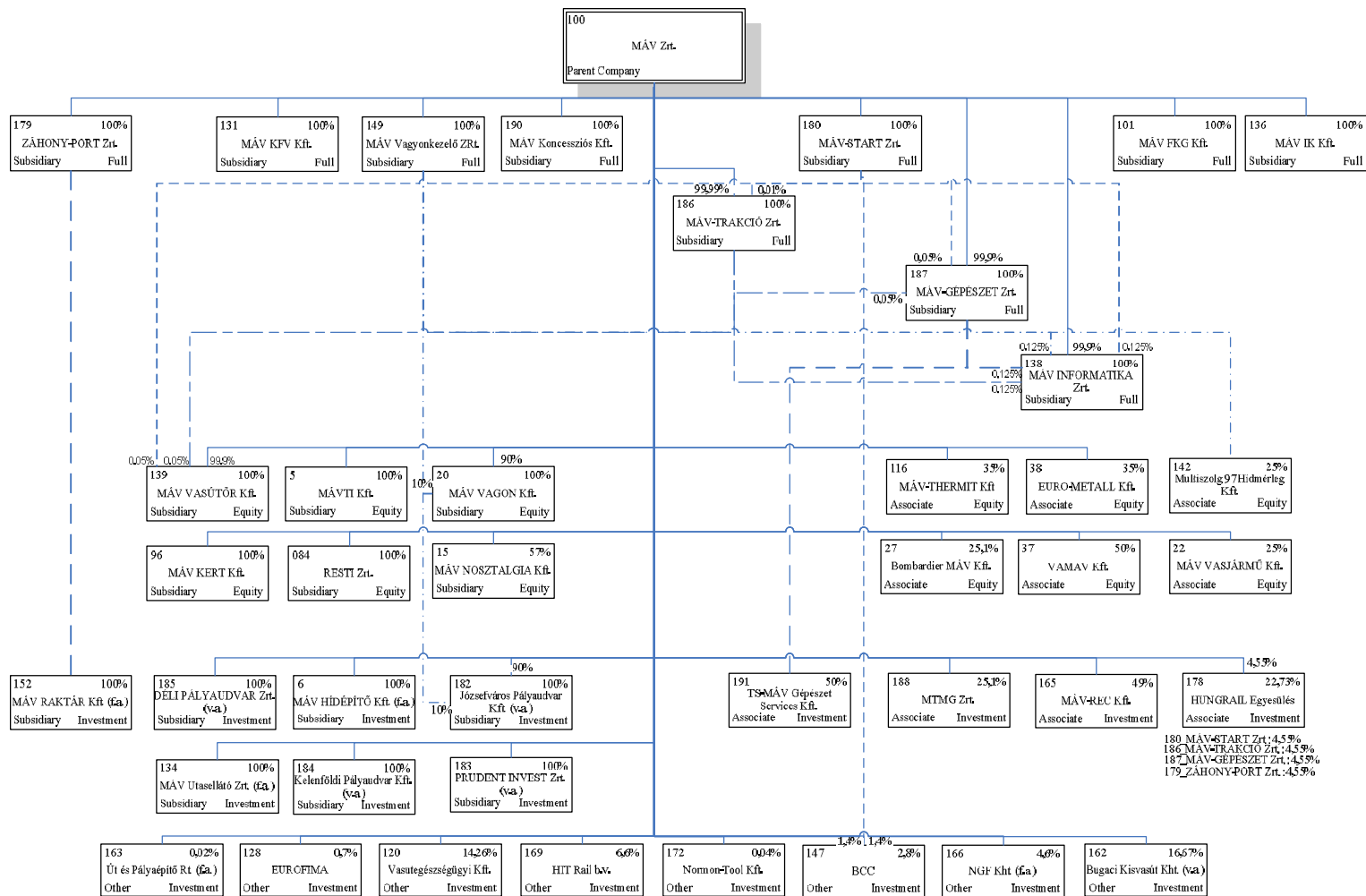
Changes in the scope of consolidation

Changes in the scope of fully-consolidated subsidiaries					
Increase		Reason	Decrease		Reason
			102	MÁV GÉP Kft.	Merged with MÁV FKG Kft.

Changes in the scope of equity consolidated entities (treated as associates)					
Increase		Reason	Decrease		Reason
084	RESTI Zrt.	Purchase of new holdings	183	PRUDENT-INVEST Zrt. "v.a."	Commencement of liquidation proceedings

Changes in the scope of entities treated as investments					
Increase		Reason	Decrease		Reason
183	PRUDENT-INVEST Zrt. "v.a."	Commencement of liquidation proceedings	084	RESTI Zrt.	Reclassified to equity consolidated entities
			181	Rákospuszta Pályaudvar Kft. "v.a."	Liquidation proceedings have concluded
			146	Hódiköt Rt. "f.a."	Liquidation proceedings have concluded

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	Voting right	Full	Full
2	101	MÁVFKG Kft.	Subsidiary	Voting right	Full	Full
3	131	MÁVKFV Kft.	Subsidiary	Voting right	Full	Full
4	136	MÁVIK Kft.	Subsidiary	Voting right	Full	Full
5	138	MÁVINFORMATIKA Zrt.	Subsidiary	Voting right	Full	Full
6	149	MÁV Vagyonkezelő Zrt.	Subsidiary	Voting right	Full	Full
7	179	ZÁHONY-PORT Zrt.	Subsidiary	Voting right	Full	Full
8	180	MÁV-START Zrt.	Subsidiary	Voting right	Full	Full
9	186	MÁV-TRAKCIÓ Zrt.	Subsidiary	Voting right	Full	Full
10	187	MÁV-GÉPÉSZET Zrt.	Subsidiary	Voting right	Full	Full
11	190	MÁV Koncessziós Kft.	Subsidiary	Voting right	Full	Full
12	005	MÁVTI Kft.	Subsidiary	Voting right	Full	Equity
13	015	MÁVNOSZTALGIA Kft.	Subsidiary	Voting right	Full	Equity
14	020	MÁV VAGON Kft.	Subsidiary	Voting right	Full	Equity
15	084	RESTI Zrt.	Subsidiary	Voting right	Full	Equity
16	096	MÁVKERT Kft.	Subsidiary	Voting right	Full	Equity
17	139	MÁV VASÚTŐR Kft.	Subsidiary	Voting right	Full	Equity
18	022	MÁV VASJÁRMŰ Kft.	Associate	Voting right	Equity	Equity
19	027	Bombardier MÁV Kft.	Associate	Voting right	Equity	Equity
20	037	VAMAV Kft.	Associate	Voting right	Equity	Equity
21	038	EURO-METALL Kft.	Associate	Voting right	Equity	Equity
22	116	MÁV-THERMIT Kft.	Associate	Voting right	Equity	Equity
23	142	MÁV MULTISZOLG Kft.	Associate	Voting right	Equity	Equity

No.	Entity		Classification	Basis of classification	Method of consolidation based on classification	Actual method of consolidation
	Code	Name				
24	006	MÁV HÍDÉPÍTŐ Kft. (f.a.)	Subsidiary	Voting right	Full	Investment
25	134	MÁV Utasellátó Zrt. (f.a.)	Subsidiary	Voting right	Full	Investment
26	152	MÁV RAKTÁR Kft. (f.a.)	Subsidiary	Voting right	Full	Investment
27	182	Józsefváros Pályaudvar Kft. (v.a.)	Subsidiary	Voting right	Full	Investment
28	183	PRUDENT INVEST Zrt. (v.a.)	Subsidiary	Voting right	Full	Investment
29	184	Kelenföldi Pályaudvar Kft. (v.a.)	Subsidiary	Voting right	Full	Investment
30	185	DÉLI PÁLYAUDVAR Zrt. (v.a.)	Subsidiary	Voting right	Full	Investment
31	165	MÁV-REC Kft.	Associate	Voting right	Equity	Investment
32	178	HUNGRAIL Egyesülés	Associate	Voting right	Equity	Investment
33	188	MTMG Zrt.	Associate	Voting right	Equity	Investment
34	191	TS-MÁV Gépészet Services Kft.	Associate	Voting right	Equity	Investment
35	120	Vasutegészségügyi NKK Kft.	Other investment	Voting right	Investment	Investment
36	128	EUROFIMA	Other investment	Voting right	Investment	Investment
37	147	BCC	Other investment	Voting right	Investment	Investment
38	162	Bugaci Kisvasút Kht. (v.a.)	Other investment	Voting right	Investment	Investment
39	163	Út és Pályaépítő Rt. (f.a.)	Other investment	Voting right	Investment	Investment
40	166	NGF Kht. (v.a.)	Other investment	Voting right	Investment	Investment
41	169	HIT Rail b.v.	Other investment	Voting right	Investment	Investment
42	172	Normon-Tool Kft.	Other investment	Voting right	Investment	Investment

Appendix 6

Items posted for consolidation

No.	Item	Aggregate BS figure for 2012		Total opening	Effects of consolidation posting 2012					Total consolidation in 2012		Consolidated amount 2012		Comparison	
		Prior year adjustment	Reporting year		Reclassified opening balance	Total equity consolidation	Total debt consolidation	Gains and expenses consolidation	Interim profits net off	Prior year net off	Reporting year net off	Prior year adjustment	Reporting year	Consolidated FS2011	Change 2012-2011
01.	A. FIXED ASSETS	0	845 601	-126 818	0	-795	-656	0	909	0	-542	0	718 241	744 184	-25 943
02.	I. INTANGIBLE ASSETS	0	3 285	-45	0	0	0	0	-22	0	-22	0	3 218	2 547	671
03.	Capitalised foundation/restructuring	0	11	0	0	0	0	0	0	0	0	0	11	82	-71
04.	Capitalised research and development	0	237	0	0	0	0	0	0	0	0	0	237	120	117
05.	Concessions, licenses and similar rights	0	1 800	-14	0	0	0	0	6	0	6	0	1 882	1 493	389
06.	Trade-marks, patents and similar assets	0	1 147	-31	0	0	0	0	-28	0	-28	0	1 088	852	236
07.	Goodwill	0	0	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	0	0
09.	Adjusted value of intangible assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10.	II. TANGIBLE ASSETS	0	719 766	-13 779	0	0	-656	0	931	0	275	0	706 262	734 709	-28 447
11.	Land and buildings and related property rights	0	417 020	-2 906	0	0	0	0	-740	0	-740	0	413 374	424 379	-11 005
12.	Plant, machinery, equipment and vehicles	0	286 623	-10 846	0	0	0	0	1 740	0	1 740	0	277 517	292 021	-14 504
13.	Other equipment, fixtures and fittings, vehicles	0	482	-4	0	0	0	0	2	0	2	0	480	494	-14
14.	Breeding stock	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15.	Assets in the course of construction	0	13 200	-23	0	0	0	0	-71	0	-71	0	13 196	13 233	-37
16.	Prepayments for capital expenditures	0	2 351	0	0	0	-656	0	0	0	-656	0	1 695	4 582	-2 887
17.	Adjusted value of tangible assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18.	III. LONG-TERM FINANCIAL ASSETS	0	122 550	-112 994	0	-795	0	0	0	0	-795	0	8 761	6 928	1 833
19.	Long-term participations in related parties	0	120 313	-112 994	0	-1 964	0	0	0	0	-1 964	0	5 355	4 593	762
20.	Long-term loans granted to related parties	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21.	Other long-term investments	0	2 072	0	0	0	0	0	0	0	0	0	2 072	2 209	-137
22.	Long-term loans granted to other investments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23.	Other long-term loans granted	0	165	0	0	0	0	0	0	0	0	0	165	126	39
24.	Long-term debt securities	0	0	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	0	0
26.	Goodwill arising on consolidation	0	0	0	0	1 169	0	0	0	0	1 169	0	1 169	0	1 169
27.	leányvállalatokból	0	0	0	0	0	0	0	0	0	0	0	0	0	0
28.	hársult vállalkozásokból	0	0	0	0	1 169	0	0	0	0	1 169	0	1 169	0	1 169
29.	B. CURRENT ASSETS	0	144 476	2 129	0	-249	-57 659	5	-10	0	-57 913	0	88 692	95 265	-6 573
30.	I. STOCKS	0	20 661	-49	0	0	0	0	-10	0	-10	0	20 602	17 042	3 560
31.	Raw materials and consumables	0	16 174	-49	0	0	0	0	-10	0	-10	0	16 115	12 960	3 155
32.	Work in progress and semi-finished products	0	1 991	0	0	0	0	0	0	0	0	0	1 991	1 820	171
33.	Animals for breeding, fattening and other livestock	0	0	0	0	0	0	0	0	0	0	0	0	0	0
34.	Finished products	0	1 045	0	0	0	0	0	0	0	0	0	1 045	863	182
35.	Goods	0	914	0	0	0	0	0	0	0	0	0	914	724	190
36.	Advance payments for stocks	0	537	0	0	0	0	0	0	0	0	0	537	675	-138
37.	II. RECEIVABLES	0	114 228	2 178	0	-249	-57 659	5	0	0	-57 903	0	58 503	54 287	4 216
38.	Trade debtors	0	9 586	0	0	0	0	0	0	0	0	0	9 586	10 179	-593
39.	Receivables from related parties	0	58 383	241	0	0	-57 690	0	0	0	-57 690	0	1 134	524	610
40.	Receivables from other investments	0	24	0	0	0	0	0	0	0	0	0	24	49	-25
41.	Bills of exchange receivables	0	0	0	0	0	0	0	0	0	0	0	0	0	0
42.	Other receivables	0	46 085	-5	0	0	31	5	0	0	36	0	46 066	41 593	4 473
43.	(Calculated) corporate tax arising on consolidation	0	0	1 942	0	-249	0	0	0	0	-249	0	1 693	1 942	-249
44.	III. SECURITIES	0	0	0	0	0	0	0	0	0	0	0	0	0	0
45.	Participations in related parties	0	0	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	0	0
47.	Treasury shares and own participations	0	0	0	0	0	0	0	0	0	0	0	0	0	0
48.	Marketable debt securities	0	0	0	0	0	0	0	0	0	0	0	0	0	0
49.	IV. LIQUID ASSETS	0	9 387	0	0	0	0	0	0	0	0	0	9 387	23 936	-14 549
50.	Cash, cheques	0	160	0	0	0	0	0	0	0	0	0	160	174	-14
51.	Bank deposits	0	9 427	0	0	0	0	0	0	0	0	0	9 427	23 762	-14 335
52.	C. PREPAID EXPENSES AND ACCRUED INCOME	0	41 596	1 226	0	0	-1 689	0	637	0	-1 052	0	41 770	47 996	-6 226
53.	Accrued income	0	26 804	1	0	0	-651	0	0	0	-651	0	26 154	21 372	4 782
54.	Prepaid expenses	0	1 825	0	0	0	-1 038	0	0	0	-1 038	0	787	743	44
55.	Deferred expenses	0	12 967	1 225	0	0	0	0	637	0	637	0	14 829	25 881	-11 052
56.	TOTAL ASSETS	0	1 031 673	-123 463	0	-1 044	-60 004	5	1 536	0	-59 507	0	848 703	887 445	-38 742

No.	Item	Aggregate BS figure for 2012		Total opening	Effects of consolidation posting 2012					Total consolidation in 2012		Consolidated amount 2012		Comparison	
		Prior year adjustments	Reporting year		Reclassified opening balance	Total equity consolidation	Total debt consolidation	Gains and expenses consolidation	Interim profits net off	Prior year net off	Reporting year net off	Prior year adjustments	Reporting year	Consolidated FS 2011	Change 2012-2011
57	D SHAREHOLDER'S EQUITY	0	190 032	-143 209	0	-1 044	-712	-351	4 672	0	2 565	0	49 388	43 449	5 939
58	I ISSUED CAPITAL	0	68 342	-47 318	0	13	0	0	0	0	13	0	21 037	21 000	37
59	of which: treasury shares redeemed at face value	0	0	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	0	0
61	III CAPITAL RESERVE	0	178 938	-70 356	0	1 999	0	0	0	0	1 999	0	110 581	107 023	3 558
62	IV RETAINED EARNINGS (LOSSES)	0	-49 929	-2 268	0	-5 770	0	0	-1 041	0	-6 811	0	-79 008	-96 879	17 871
63	V ALLOCATED RESERVES	0	12 433	-666	0	5	0	0	1 041	0	1 046	0	12 813	17 790	-4 977
64	VI REVALUATION RESERVE	0	0	0	0	0	0	0	0	0	0	0	0	0	0
65	VII PROFIT OR LOSS FOR THE YEAR	0	248	0	0	-1 516	-712	-351	4 672	0	2 093	0	2 341	17 091	-14 750
66	VIII CHANGE IN THE EQUITY OF SUBSIDIARY	0	0	-1 535	0	3 753	0	0	0	0	3 753	0	5 288	1 535	3 753
67	IX CHANGES DUE TO CONSOLIDATION	0	0	-24 136	0	472	0	0	0	0	472	0	-23 664	-24 111	447
68		0	0	1 617	0	484	0	0	0	0	484	0	2 101	3 407	-1 306
	adóssághoz közzétett különbségek	0	0	-28 847	0	0	0	0	0	0	0	0	-28 847	-31 425	2 578
	adóssághoz közzétett különbségek	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Aktív tőkekönyv különbségek értékesítése	0	0	3 094	0	-12	0	0	0	0	-12	0	3 082	3 907	-825
69		0	0	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	0	0
71	E PROVISIONS	0	63 452	1 013	0	0	0	356	-404	0	-48	0	64 417	55 688	8 729
72	I. Provisions for contingent liabilities	0	28 111	-873	0	0	0	356	0	0	356	0	27 594	21 950	5 644
73	2. Provisions for future commitments	0	29 319	0	0	0	0	0	0	0	0	0	29 319	20 855	8 464
74	3. Other provisions	0	6 022	1 886	0	0	0	0	-404	0	-404	0	7 504	12 883	-5 379
75	F LIABILITIES	0	739 352	-1 219	0	0	-57 528	0	0	0	-57 528	0	680 685	729 686	-49 081
76	I. SUBORDINATED DEBTS	0	0	98	0	0	0	0	0	0	0	0	98	98	0
77	Subordinated debts to related parties	0	0	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	0	0
79	Subordinated debts to third parties	0	0	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	0	0
81	Other long-term liabilities	0	0	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	98	0
83	II. LONG-TERM LIABILITIES	0	594 694	0	0	0	0	0	0	0	0	0	594 694	626 345	-31 651
84	Long-term borrowings	0	3 090	0	0	0	0	0	0	0	0	0	3 090	4 343	-1 253
85	Convertible bonds	0	0	0	0	0	0	0	0	0	0	0	0	0	0
86	Debts from the issue of bonds	0	45 000	0	0	0	0	0	0	0	0	0	45 000	45 000	0
87	Investments and development loans	0	133 401	0	0	0	0	0	0	0	0	0	133 401	157 316	-23 915
88	Other long-term loans	0	11 400	0	0	0	0	0	0	0	0	0	11 400	17 100	-5 700
89	Long-term debts to related parties	0	0	0	0	0	0	0	0	0	0	0	0	0	0
90	Long-term debts to other investments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
91	Other long-term liabilities	0	401 803	0	0	0	0	0	0	0	0	0	401 803	402 586	-783
92	Corporate tax payable due to consolidation	0	0	0	0	0	0	0	0	0	0	0	0	0	0
93	III. CURRENT LIABILITIES	0	144 658	-1 317	0	0	-57 528	0	0	0	-57 528	0	85 813	103 243	-17 430
94	Short-term borrowings	0	1 253	0	0	0	0	0	0	0	0	0	1 253	1 396	-143
95	of which: convertible bonds	0	0	0	0	0	0	0	0	0	0	0	0	0	0
96	Other short-term loans	0	34 766	0	0	0	0	0	0	0	0	0	34 766	52 247	-17 481
97	Prepayments received from debtors	0	49	0	0	0	0	0	0	0	0	0	49	77	-28
98	Creditors	0	23 927	0	0	0	0	0	0	0	0	0	23 927	27 119	-3 192
99	Bills of exchange payable	0	0	0	0	0	0	0	0	0	0	0	0	0	0
100	Short-term debts to related parties	0	61 238	-1 317	0	0	-57 530	0	0	0	-57 530	0	2 391	2 667	-276
101	Short-term debts to other investments	0	92	0	0	0	0	0	0	0	0	0	92	249	-157
102	Other current liabilities	0	23 333	0	0	0	2	0	0	0	2	0	23 335	19 488	3 847
103	G ACCRUED EXPENSES AND DEFERRED INCOME	0	38 837	19 952	0	0	-1 764	0	-2 732	0	-4 496	0	54 293	58 622	-4 329
104	Deferred income	0	13 306	0	0	0	-796	0	0	0	-796	0	12 510	11 484	1 026
105	Accrued expenses	0	8 449	-63	0	0	-968	0	0	0	-968	0	7 418	8 683	-1 265
106	Deferred extraordinary revenues and negative goodwill	0	17 082	20 015	0	0	0	0	-2 732	0	-2 732	0	34 365	38 455	-4 090
107	TOTAL EQUITY & LIABILITIES	0	1 031 673	-123 463	0	-1 044	-60 004	5	1 536	0	-59 507	0	848 703	887 445	-38 742

No.	Item	2012 FS figures		Opening total	Effect of consolidation 2012					Total consolidation in 2012		Total consolidation in 2011		Comparison	
		Prior year adjustment	Current year		Reclassified opening balance total	Total equity consolidation	Total debt consolidation	Yield and expense consolidation	Interim profit net-off	Prior year net off	Reporting year net off	Prior year adjustments	2012	Consolidated FS 2011	Change (2012-2011)
01.	Domestic sales, net	0	378 877	0	0	0	2	-240 402	-23 989	0	-264 389	0	114 488	119 118	-4 830
02.	Export sales, net	0	14 983	0	0	0	0	0	0	0	0	0	14 983	12 065	2 918
	Settled intra-group income	0	0	0	0	0	0	0	0	0	0	0	0	0	0
I.	TOTAL SALES, NET	0	393 860	0	0	0	2	-240 402	-23 989	0	-264 389	0	129 471	131 183	-1 912
03.	Movements in self-produced stocks	0	353	0	0	0	0	0	0	0	0	0	353	-434	787
04.	Capitalised self-manufactured assets	0	4 426	0	0	0	0	-61	18 341	0	18 280	0	22 706	23 095	-389
II.	CAPITALISED OWN PERFORMANCE	0	4 779	0	0	0	0	-61	18 341	0	18 280	0	23 059	22 661	398
III.	OTHER INCOME	0	256 687	0	0	0	-1 192	-2 806	2 654	0	-1 344	0	255 343	196 972	58 371
	Of which: impairment loss reversal	0	235	0	0	0	0	0	-8	0	-8	0	227	297	-70
III/A	DIFFERENCE ARISING DUE TO DEBT CONSOLIDATION	0	0	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	0	0
05.	Material costs	0	65 372	0	0	0	0	-2 215	-182	0	-2 397	0	62 975	60 386	2 589
06.	Services used	0	246 046	0	0	0	6	-198 403	0	0	-195 397	0	50 649	60 061	-9 412
07.	Other services	0	2 932	0	0	0	0	-104	0	0	-104	0	2 828	2 782	46
08.	COGS	0	43 660	0	0	0	0	-31 217	-3 864	0	-35 081	0	8 579	1 544	7 035
09.	Consignment services	0	13 299	0	0	0	0	-10 203	-285	0	-10 488	0	2 811	5 201	-2 390
	Intra-group costs recognized	0	0	0	0	0	0	0	0	0	0	0	0	0	0
IV.	MATERIAL-TYPE EXPENDITURES	0	371 309	0	0	0	6	-239 142	-4 331	0	-243 467	0	127 842	129 974	-2 132
10.	Payroll	0	108 847	0	0	0	0	0	0	0	0	0	108 847	106 385	2 462
11.	Other payments to personnel	0	15 534	0	0	0	0	-13	0	0	-13	0	15 521	16 586	-1 065
12.	Wage contributions	0	37 043	0	0	0	0	0	0	0	0	0	37 043	35 372	1 671
V.	PAYMENTS TO PERSONNEL	0	161 424	0	0	0	0	-13	0	0	-13	0	161 411	158 343	3 068
VI.	DEPRECIATION	0	53 014	0	0	0	0	0	-2 113	0	-2 113	0	50 901	50 018	883
VII.	OTHER EXPENSES	0	57 558	0	0	0	-484	-3 626	-585	0	-4 695	0	52 863	32 666	20 197
	of which: diminution of value	0	9 618	0	0	0	0	21	-132	0	-111	0	9 507	2 374	7 133
III/A	DIFFERENCE ARISING DUE TO DEBT CONSOLIDATION	0	0	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	0	0
A.	OPERATING PROFIT/LOSS	0	12 821	0	0	0	-712	-488	4 635	0	2 835	0	14 856	-19 985	34 841
13.	Dividends or profit sharing (received or due)	0	1 093	0	0	-1 082	0	0	0	0	-1 082	0	11	82	-71
	of which: dividends from related parties	0	1 090	0	0	-1 082	0	0	0	0	-1 082	0	8	0	8
13/a.	Dividends received from associates	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13/b.	Dividends received from investments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14.	Exchange gain from disposal of share	0	0	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	0	0
15.	Interest and capital gains on long term financial assets	0	1	0	0	0	0	-1	0	0	-1	0	0	0	0
	of which: from related parties	0	1	0	0	0	0	-1	0	0	-1	0	0	0	0
16.	Other interests and similar income	0	1 497	0	0	0	0	-147	0	0	-147	0	1 350	1 003	347
	of which: from related parties	0	147	0	0	0	0	-147	0	0	-147	0	0	0	0
17.	Other revenues from financial transactions	0	2 720	0	0	800	0	0	-1 488	0	-688	0	2 032	1 308	724
VIII.	FINANCIAL REVENUES	0	5 311	0	0	-282	0	-148	-1 488	0	-1 918	0	3 393	2 393	1 000
18.	Exchange losses on long term financial assets	0	0	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	0	0
19.	Interest payables and similar charges	0	12 864	0	0	0	0	-148	0	0	-148	0	12 716	12 676	40
	of which: from related parties	0	149	0	0	0	0	-148	0	0	-148	0	1	0	1
20.	Diminution in the value of shares, securities and bank deposits	0	-681	0	0	688	0	0	0	0	688	0	7	0	7
21.	Other expenditures on financial transactions	0	4 609	0	0	267	0	0	-2 125	0	-1 858	0	2 751	1 806	945
IX.	FINANCIAL EXPENDITURES	0	16 792	0	0	955	0	-148	-2 125	0	-1 318	0	15 474	14 482	992
B.	FINANCIAL PROFIT OR LOSS	0	-11 481	0	0	-1 237	0	0	637	0	-600	0	-12 081	-12 089	8
C.	PROFIT OR LOSS FROM ORDINARY ACTIVITIES	0	540	0	0	-1 237	-712	-488	4 672	0	2 235	0	2 775	-32 074	34 849
X.	EXTRAORDINARY REVENUES	0	200	0	0	-30	0	-69	0	0	-99	0	101	50 776	-50 675
XI.	EXTRAORDINARY EXPENDITURES	0	309	0	0	0	0	-206	0	0	-206	0	103	1 194	-1 091
D.	EXTRAORDINARY PROFIT OR LOSS	0	-109	0	0	-30	0	137	0	0	107	0	-2	49 582	-49 584
E.	PROFIT BEFORE TAX	0	431	0	0	-1 267	-712	-351	4 672	0	2 342	0	2 773	17 508	-14 735
XII.	TAX PAYABLE	0	183	0	0	0	0	0	0	0	0	0	183	278	-95
XII/A	CALCULATED CORPORATE TAX DIFFERENCE	0	0	0	0	249	0	0	0	0	249	0	249	139	110
	TAX DIFFERENCE ±	0	0	0	0	0	0	0	0	0	0	0	0	0	0
F.	PROFIT AFTER TAX	0	248	0	0	-1 516	-712	-351	4 672	0	2 093	0	2 341	17 091	-14 750
22.	Dividends and profit sharing from retained earnings	0	0	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	0	0
24.	Non-controlling interests	0	0	0	0	0	0	0	0	0	0	0	0	0	0
G.	PROFIT OR LOSS FOR THE YEAR	0	248	0	0	-1 516	-712	-351	4 672	0	2 093	0	2 341	17 091	-14 750