



INDEPENDENT AUDITOR'S REPORT

To the founder of MÁV-START Zrt.

Report on the Financial Statements

We have audited the accompanying financial statements of MÁV-START Zrt. ("the Company") for 2014, which comprise the balance sheet as at 31 December 2014 (showing a balance sheet total of MHUF 252,113 and a result of MHUF 0), the related profit and loss account for the year then ended, and the notes to the financial statements including a summary of the main accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Accounting Act and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

Opinion

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



Emphases of matter

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

1. We draw attention to note III.3. which states that the financing of the Company's operations depend on whether resources from the state budget are available in time and to the extent necessary. The Company's future financial position and the results of its operations greatly depend on the MÁV Group's financial position.
2. We draw attention to note III.10. which states that in 2013 the Company concluded a public passenger transport service agreement for the years 2014-2023 with the Ministry for National Development, representing the Hungarian State as the requestor of the public service. In accordance with the agreement, the Company is entitled to reimbursement of reasonable expenses incurred in connection with the supply of public services that are not covered by revenues. The Company presents compensation receivable for public service costs in its books of MHUF 7,067 relating to 2011, MHUF 10,163 relating to 2012 and MHUF 6,050 relating to 2013. The amount of compensation recorded as other income in the Company's financial statements for 2014 was MHUF 146,146, from which MHUF 4,642 is included in the balance sheet among other receivables. The reimbursement for 2014 has not yet been settled with the Ministry for National Development.

Our opinion has not been qualified in respect of matters presented in points 1)-2).

Other Reporting Requirements Regarding the Business Report

We have examined the accompanying business report of MÁV-START Zrt. (the Company) for the financial year of 2014.

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

Budapest, 29 April 2015

Éva Barsi
Partner, Statutory auditor
Chamber membership no.: 002945
PricewaterhouseCoopers Könyvvizsgáló Kft.
H-1055 Budapest, Bajcsy-Zsilinszky út 78.
Registration no.: 001464

Translation note:

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

13834492-4910-114-01
Statistical code

01-10-045551
Company registration number

MÁV-START ZRT.

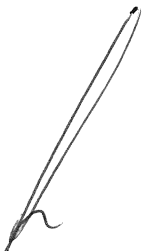
H-1087 Budapest, Könyves Kálmán körút 54-60.

Balance sheet and profit and loss account 31 December 2014

Date: Budapest, 28 April 2015

Director (representative) of the Company

L.S.

A handwritten signature in black ink, consisting of a series of loops and a final flourish, positioned at the bottom left of the page.

Statistical code

01-10-045551

Company registration number

BALANCE SHEET "A" Assets

31 December 2014

figures in HUF millions

Item Nr.	Description	Prior year	Adjustments of prior year(s)	Current year
a	b	c	d	e
1	A. Non-current assets	59 619	0	161 067
2	I. INTANGIBLE ASSETS	1 186	0	2 431
3	Capitalised value of foundation/restructuring	0	0	2
4	Capitalised value of R&D	0	0	525
5	Intangible property rights	376	0	520
6	Intellectual property	810	0	1 384
7	Goodwill	0	0	0
8	Advance payments on intangible assets	0	0	0
9	Value adjustment of intangible assets	0	0	0
10	II. TANGIBLE ASSETS	58 427	0	158 375
11	Real property and related rights	100	0	1 903
12	Technical equipment, machinery, vehicles	35 905	0	136 530
13	Other equipment, fittings, vehicles	31	0	73
14	Breeding stock	0	0	0
15	Capital WIP, renovations	1 004	0	6 102
16	Advance payments on capital WIP	21 387	0	13 767
17	Value adjustment of tangible assets	0	0	0
18	III. FINANCIAL INVESTMENTS	6	0	261
19	Long-term investments in related companies	5	0	256
20	Long-term loans to related companies	0	0	0
21	Other long-term investments	1	0	1
22	Long-term loans given to other associated companies	0	0	0
23	Other long-term loans given	0	0	4
24	Long-term debt securities	0	0	0
25	Value adjustment of financial investments	0	0	0
26	Valuation difference of financial investments	0	0	0

Date: Budapest, 28 April 2015

Director (representative) of the Company

L.S.



BALANCE SHEET "A" Assets

31 December 2014

figures in HUF millions

Item Nr.	Description	Prior year	Adjustments of prior year(s)	Current year
a	b	c	d	e
27	B. Current assets	47 487	0	58 211
28	I. INVENTORIES	386	0	9 998
29	Materials	377	0	8 177
30	Work in progress and semi-finished products	0	0	1 105
31	Young, fattened and other livestock	0	0	0
32	Finished goods	0	0	700
33	Goods	9	0	16
34	Advance payments on inventories	0	0	0
35	II. RECEIVABLES	46 373	0	41 313
36	Receivables from supply of goods and services (trade debtors)	922	0	5 425
37	Receivables from related companies	4 204	0	2 122
38	Receivables from other associated companies	3	0	7
39	Bills of exchange receivable	0	0	0
40	Other receivables	41 244	0	33 759
41	Valuation difference of receivables	0	0	0
42	Positive valuation difference of derivatives transactions	0	0	0
43	III. SECURITIES	0	0	0
44	Investments in related companies	0	0	0
45	Other investments	0	0	0
46	Treasury shares, own quotas	0	0	0
47	Debt securities held for sale	0	0	0
48	Valuation difference of securities	0	0	0
49	IV. LIQUID ASSETS	728	0	6 900
50	Cash in hand, cheques	145	0	158
51	Bank deposits	583	0	6 742
52	C. Prepaid expenses/accrued income	26 242	0	32 835
53	Accrued income	25 890	0	26 025
54	Prepaid expenses	352	0	1 170
55	Deferred expenses	0	0	5 640
56	Total assets	133 348	0	252 113

Date: Budapest, 28 April 2015

Director (representative) of the Company

L.S.

BALANCE SHEET "A" Liabilities

31 December 2014

figures in HUF millions

Item Nr.	Description	Prior year	Adjustments of prior year(s)	Current year
a	b	c	d	e
57	D. Equity	66 886	0	113 939
58	I. SHARE CAPITAL	10 000	0	43 742
59	of which: repurchased treasury shares at face value	0	0	0
60	II. SUBSCRIBED, BUT UNPAID CAPITAL (-)	0	0	0
61	III. CAPITAL RESERVE	52 320	0	67 633
62	IV. RETAINED EARNINGS	4 433	0	0
63	V. NON-DISTRIBUTABLE RESERVE	0	0	2 564
64	VI. VALUATION RESERVE	0	0	0
65	Value adjustment reserve	0	0	0
66	Fair valuation reserve	0	0	0
67	VII. PROFIT/(LOSS) FOR THE YEAR	133	0	0
68	E. Provisions	1 581	0	9 363
69	Provision for contingent liabilities	1 581	0	3 832
70	Provision for future expenses	0	0	1 929
71	Other provision	0	0	3 602
72	F. Liabilities	38 668	0	95 867
73	I. SUBORDINATED LIABILITIES	0	0	0
74	Subordinated liabilities to related companies	0	0	0
75	Subordinated liabilities to other associated companies	0	0	0
76	Subordinated liabilities to other entities	0	0	0
77	II. LONG-TERM LIABILITIES	52	0	35 833
78	Long-term borrowings	0	0	0
79	Convertible bonds	0	0	0
80	Debts from issue of bonds	0	0	0
81	Investment and development credits	0	0	35 682
82	Other long-term credits	0	0	0
83	Long-term liabilities to related companies	0	0	0
84	Long-term liabilities to other associated companies	0	0	0
85	Other long-term liabilities	52	0	151

Date: Budapest, 28 April 2015

Director (representative) of the Company

L.S.



BALANCE SHEET "A" Liabilities

31 December 2014

figures in HUF millions

Item Nr.	Description	Prior year	Adjustments of prior year(s)	Current year
a	b	c	d	e
86	III. SHORT-TERM LIABILITIES	38 616	0	60 034
87	Short-term borrowings	0	0	0
88	of which: convertible bonds	0	0	0
89	Short-term loans	0	0	10 404
90	Advance payments received from customers	0	0	1
91	Accounts payable from supply of goods and services (trade creditors)	3 075	0	20 606
92	Bills of exchange payable	0	0	0
93	Short-term liabilities to related companies	31 812	0	25 877
94	Short-term liabilities to other associated companies			
		8	0	32
95	Other short-term liabilities	3 721	0	3 114
96	Valuation difference of liabilities	0	0	0
97	Negative valuation difference of derivatives transactions	0	0	0
98	G. Accrued expenses/prepaid income:	26 213	0	32 944
99	Prepaid income	536	0	564
100	Accrued expenses	4 243	0	6 258
101	Deferred income	21 434	0	26 122
102	Total liabilities	133 348	0	252 113

Date: Budapest, 28 April 2015

Director (representative) of the Company

L.S.



PROFIT AND LOSS ACCOUNT "VERSION A" ("cost by nature" method)

31 December 2014


figures in HUF millions

Item Nr.	Description	Prior year	Adjustments of prior year(s)	Current year
a	b	c	d	e
01.	Net domestic sales revenues	63 878	0	88 168
02.	Net export sales revenues	12 757	0	15 012
I.	Net sales revenues (01.+02.)	76 635	0	103 180
03.	Change in self-manufactured inventories ±	0	0	-1 551
04.	Capitalised value of own-manufactured assets	31	0	6 670
II.	Capitalised value of own performance (±03+04)	31	0	5 119
III.	Other income	151 970	0	151 463
	III. of which: reversal of impairment	0	0	2 062
05.	Material costs	17 540	0	38 113
06.	Value of services used	165 857	0	115 919
07.	Value of other services used	1 232	0	1 899
08.	Cost of goods sold	94	0	170
09.	Value of resold services	2 647	0	3 119
IV.	Material type expenditures (05.+06.+07.+08.+09.)	187 370	0	159 220
10.	Wages	18 831	0	45 581
11.	Other payments to personnel	3 105	0	6 615
12.	Contributions on wages and salaries	6 920	0	17 105
V.	Payments to personnel (10.+11.+12.)	28 856	0	69 301
VI.	Depreciation charge	6 778	0	18 082
VII.	Other expenditures	5 515	0	6 438
	VII. of which: impairment	2 296	0	689
A.	OPERATING PROFIT/(LOSS) (I±II+III-IV-V-VI-VII)	117	0	6 721

Date: Budapest, 28 April 2015

Director (representative) of the Company

L.S.



PROFIT AND LOSS ACCOUNT "VERSION A" ("cost by nature" method)

31 December 2014

figures in HUF millions

Item Nr.	Description	Prior year	Adjustments of prior year(s)	Current year
a	b	c	d	e
13.	Dividend received (due)	0	0	1
	13. of which: received from related companies	0	0	1
14.	Exchange gain on sale of investments	0	0	0
	14. of which: received from related companies	0	0	0
15.	Interest and gain on financial investments	0	0	0
	15. of which: received from related companies	0	0	0
16.	Other interest received (due) and similar income	86	0	229
	16. of which: received from related companies	9	0	8
17.	Other financial income	231	0	315
	17. of which: valuation difference	0	0	0
VIII.	Income from financial transactions (13+14+15+16+17)	317	0	545
18.	Loss on financial investments	0	0	0
	18. of which: paid to related companies	0	0	0
19.	Interest payable and similar expenses	102	0	1 092
	19. of which: paid to related companies	0	0	7
20.	Impairment loss of investments, securities and bank deposits	0	0	0
21.	Other financial expenditures	194	0	1 942
	21. of which: valuation difference	0	0	0
IX.	Expenditures of financial transactions (18+19+20+21)	296	0	3 034
B.	FINANCIAL PROFIT/(LOSS) (VIII-IX)	21	0	-2 489
C.	PROFIT/(LOSS) FROM ORDINARY ACTIVITIES (±A±B)	138	0	4 232
X.	Extraordinary income	0	0	1
XI.	Extraordinary expenditures	5	0	29
D.	PROFIT/(LOSS) ON EXTRAORDINARY EVENTS (X.-XI.)	-5	0	-28
E.	PROFIT/(LOSS) BEFORE TAXATION (±C±D)	133	0	4 204
XII.	Tax liability	0	0	-9
F.	PROFIT/(LOSS) AFTER TAXATION (±E-XII)	133	0	4 213
22.	Retained earnings used for dividends and shares	0	0	11 768
23.	Dividend, shares approved	0	0	15 981
G.	PROFIT/(LOSS) FOR THE YEAR (±F+22-23)	133	0	0

Date: Budapest, 28 April 2015

Director (representative) of the Company

L.S.





**MÁV-START VASÚTI SZEMÉLYSZÁLLÍTÓ ZÁRTKÖRŰEN
MŰKÖDŐ RÉSZVÉNYTÁRSASÁG**

**NOTES TO THE FINANCIAL
STATEMENTS FOR 2014**

Date: Budapest, 28 April, 2015

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Director (representative) of the Company

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Table of contents

I	General notes	5
I.1	The Company	5
I.2	The Company's Accounting Policy	8
I.3	Accounting separation of the Company's railway activities	10
I.4	Changes in the accounting policies in 2014	11
I.5	The Company's valuation methods	11
I.6	Important changes in operations in 2014	15
I.7	Notes to the Balance Sheet	19
I.7.1	Movements in fixed assets	19
I.7.1.1	Changes in intangible assets	20
I.7.1.2	Changes in tangible assets	21
I.7.1.3	Capital expenditures	22
I.7.1.4	Description of development subsidies received	23
I.7.1.5	Depreciation charge	23
I.7.1.6	Assets contributed/received free of charge	24
I.7.1.7	Investments	25
I.7.1.8	Impairment of long-term financial assets	26
I.7.2	Current assets	26
I.7.2.1	Inventories	26
I.7.2.2	Receivables	27
I.7.2.2.1	Reclassification of receivables and liabilities in the balance sheet	27
I.7.2.2.2	Receivables and their impairment	27
I.7.2.2.3	Receivables in foreign exchange by currency	29
I.7.2.3	Receivables from related companies	29
I.7.3	Prepayments	30
I.7.4	Equity	31
I.7.4.1	Equity	31
I.7.4.2	Details of the changes in equity	31
I.7.4.3	Non-distributable reserves	32
I.7.4.4	Non-distributable reserves by type	32
I.7.5	Provisions	33
I.7.5.1	Provision for contingent liabilities	33
I.7.5.2	Provision for future expenses	34
I.7.5.3	Other provisions	35
I.7.5.3.1	Provisions for exchange losses	35
I.7.5.3.2	Other provisions	36
I.7.5.4	Movements in provisions presented in the balance sheet in 2014	36
I.7.6	Liabilities	36
I.7.6.1	Subordinated liabilities	36
I.7.6.2	Long-term liabilities	36
I.7.6.2.1	Long-term loans	36
I.7.6.2.2	Financial leases	38
I.7.6.2.3	Other long-term liabilities	38
I.7.6.2.4	Long-term liabilities by currency	38
I.7.6.3	Short-term liabilities	39
I.7.6.3.1	Short-term loans	39
I.7.6.3.2	Other short-term liabilities	39
I.7.6.3.3	Short-term liabilities by currency	40

I.7.6.4	Liabilities to related companies	40
I.7.7	Off-balance sheet liabilities	41
I.7.7.1	Hedging transactions	41
I.7.7.2	Joint and several liability and guarantee contracts	41
I.7.7.3	Loans secured by lien	41
I.7.7.4	Payment schedule of future interests and related charges	42
I.7.7.5	Operating lease agreements	42
I.7.8	Accruals	43
I.8	Notes to the profit and loss statement	45
I.8.1	Net sales revenues	45
I.8.1.1	Net sales revenues per activity	45
I.8.1.2	Export and import sales revenues	47
I.8.2	Capitalised value of own performance	48
I.8.3	Analysis of costs by type	49
I.8.3.1	Material expenditures	49
I.8.3.2	Payments to personnel	51
I.8.3.3	Depreciation charge	51
I.8.3.4	Other income	52
I.8.3.5	Other expenditures	53
I.8.4	Financial and extraordinary profit or loss	55
I.8.4.1	Income from financial transactions	55
I.8.4.2	Expenditures of financial transactions	56
I.8.4.3	Extraordinary income	56
I.8.4.4	Extraordinary expenditures	57
I.8.5	Related party income and expenses	57
I.9	Actual asset, financial and income positions	59
I.9.1	Value and composition of assets	59
I.9.1.1	Non-current assets ratio	59
I.9.1.2	Coverage of fixed assets	59
I.9.1.3	Coverage of non-current assets	59
I.9.1.4	Current assets to non-current assets	59
I.9.2	Value and composition of liabilities	60
I.9.2.1	Capitalisation	60
I.9.2.2	Gearing ratio	60
I.9.2.3	Indebtedness ratio	60
I.9.2.4	Ratio of long-term liabilities	60
I.9.2.5	Equity increase ratio	61
I.9.2.6	Profitability indicators	61
I.9.3	Financial position	62
I.9.3.1	Working capital and liquidity	62
I.9.3.2	Cash flow statement	63
II	Report to the supervisory authority	65
II.1	MÁV-START Zrt.'s balance sheet, profit and loss statement and cash flow statement broken down according to activity	65
II.2	Activity statement of MÁV-START Zrt.	69
II.2.1	Notes to the report for the supervisory authority on passenger transport	71
II.2.2	Notes to the report for the supervisory authority on public passenger transport services	72
II.3	MÁV-START Zrt.'s other statements broken down according to activity	74
III	Supplementary notes	77
III.1	Environmental protection	77
III.1.1	Environmental obligations and expenses	77
III.1.2	Tangible assets serving environmental protection purposes	78
III.1.3	Waste values and quantities	78
III.2	Research and experimental development	81

III.3	Subsidies received	81
III.4	Average employee headcount, payroll costs, and other payments to personnel	83
III.5	Information about payments to senior executives, members of the Board of Directors and the Supervisory Board	84
III.5.1	Remuneration paid to senior officers, members of the Board of Directors and the Supervisory Board	84
III.5.2	Advances and loans disbursed to senior officers, members of the Board of Directors and the Supervisory Board, and guarantees assumed on their behalf	84
III.5.3	Pension liability to former officers, members of the Board of Directors and the Supervisory Board	84
III.6	The Company's investments	85
III.7	The Company's shares	86
III.8	Corporate tax base adjusting items	86
III.9	MÁV-START Zrt.'s balance sheet and profit and loss statement including items from previous years	88
III.10	Receivables from the Hungarian state and financing in 2014	90
III.10.1	MÁV-START Zrt.'s receivables from the Hungarian state related to public service activities in previous years	90
III.10.2	MÁV-START Zrt.'s receivables from the state related to public services provided in 2014, and actual reimbursements	91
IV	List of tables	92

I General notes

I.1 The Company

Foundation:

MÁV Magyar Államvasutak Zártkörűen Működő Részvénytársaság (MÁV Hungarian State Railways) founded MÁV-START Vasúti Személyszállító Zártkörűen Működő Részvénytársaság (MÁV-START Railway Passenger Transport Company) (hereinafter “MÁV-START Zrt.” or “the Company”) as a single-member company limited by shares on 15 October 2006.

Introduction:

MÁV-START Zrt. was founded in order to take over passenger railway transport services used to provide by MÁV Zrt. on regular railways as of 1 July 2007.

Upon taking over these services, most of the necessary assets were contributed to the Company at the same date. The Company also took over the human resources as successor employer.

The principles of MÁV-START Zrt’s operations, organisation and governance structure are set out in the Articles of Association.

The Company does not conduct electoral processes for a Board of Directors. The rights of the Board of Directors are held by the managing director who is a senior officer of the Company. The Company’s organizational structure is controlled by the managing director.

On 1 January 2014, MÁV-TRAKCIÓ Zrt. and MÁV-GÉPÉSZET Zrt. merged into MÁV-START Zrt. We describe the merger in detail in point I.5.

Person authorised to act for and on behalf of the Company:

Authorised signatory of the financial statements: György Zaránd, CEO, address: 2011 Budakalász, Hargita utca 12.

Person in charge of accounting and financial reporting:

The person responsible for the management and supervision of accounting services is: Zsolt Karsai (2213 Monorierdő, Gyöngyvirág u. 13.) In charge of preparing the MÁV Szolgáltató Központ Zrt. START financial statements, registration number: MK181680.

The Company’s statutory auditor:

Based on Section 155 (2) of the Accounting Act, MÁV-START Zrt’s annual financial statements are subject to audit. The Company’s auditor is PricewaterhouseCoopers Könyvvizsgáló Kft. The person responsible for the statutory audit is: Éva Barsi, registered auditor (MKVK 002945).

The audit fee charged by the auditors is: HUF 12.4 million

The auditor invoiced HUF 2.8 million for other professional services (reviewing EIB covenants, checking compliance with the financial requirements for the operating licence, and giving an opinion on the public services contract).

Company name:

MÁV-START Vasúti Személyszállító Zártkörűen Működő Részvénytársaság [private company limited by shares].

In foreign languages:

English: MÁV-START Railway Passenger Transport Company,
French: MÁV-START Transport des Voyageurs Ferroviaires S.A.
German: MÁV-START Bahnpersonenverkehrs AG.

Abbreviated name:

MÁV-START Zrt.

Abbreviated name in foreign languages:

English: MÁV-START Co,
French: MÁV-START S.A.,
German: MÁV-START AG.

The Company's registered office:

H-1087 Budapest, Könyves Kálmán körút 54-60. Phone: 511-3106

The Company's homepage:

www.mav-start.hu

The Company's founder:

MÁV Magyar Államvasutak Zártkörűen Működő Részvénytársaság.
Date of foundation: 15 October 2006

Sole shareholder:

MÁV Magyar Államvasutak Zártkörűen Működő Részvénytársaság.

The consolidating entity:

MÁV Magyar Államvasutak Zártkörűen Működő Részvénytársaság.

Registered seat of the consolidating entity:

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

MÁV-START Zrt. qualifies as a parent company under the Accounting Act. However, MÁV Zrt. as the superior parent company prepares and discloses the consolidated financial statements and the consolidated business report in which the financial statements of MÁV-START Zrt. and its subsidiaries are also consolidated. Accordingly, in line with Section 116 (1) of the Accounting Act, MÁV-START Zrt. does not prepare either consolidated financial statements or a consolidated business report.

The Company's share capital:

On 31 December 2014, the Company's share capital was HUF 43,741,514,000, which consisted of 100 ordinary shares with a face value of HUF 100,000,000 per share, and 33,741,514 ordinary shares with a face value of HUF 1,000 per share.

MÁV Zrt. as founder owns 100% of the Company's registered capital. The merger of 1 January 2014 did not affect the founder's share of ownership.

The Company

- **Company registration number:** Cg 01-10-045551
- **Tax number:** 13834492-2-44
- **Statistical code:** 13834492-4910-114-01

The Company's main activity:

49.10'08 Local railway passenger transport services

which includes:

- organising local passenger transport, selling services,
- passenger transport and related services,
- operating passenger trains,
- carriage wash and cleaning,
- operating railtracks (own or rented) and related equipment used by passenger trains,
- billing and collecting passenger transport fares and fees,
- timetable development,
- placing orders for the availability of tracks, infrastructure and traction services,
- organising traction for passenger trains,
- operating and managing properties, equipment and vehicles used exclusively for the above mentioned activities.

The Company's scope of activities expanded through the addition of the activities of MÁV-TRAKCIÓ Zrt. and MÁV-GÉPÉSZET Zrt. as absorbed companies:

- Land transport support services,
- Maintenance of other vehicles,
- Manufacturing of railway vehicles

1.2 The Company's Accounting Policy

The integrated and consistently applied accounting policies developed by MÁV-START Zrt's management ensure that the Company's annual financial statements give a true and fair view of our operations.

Based on the Accounting Act, the Company uses double-entry bookkeeping, and keeps its books in Hungarian.

The Company's reporting currency is HUF. If the accounting documents on the basis of which the books are kept include amounts denominated in a foreign currency, the items are shown in the analytical ledgers in both the transaction currency and HUF.

When converting the amounts denominated in a foreign currency to HUF, we use the official exchange rates of the Hungarian National Bank.

The Company's financial year corresponds to the calendar year. The balance sheet date is 31 December of the current year.

Businesses are required to prepare financial statements on their operation, their net assets and financial position, and on the results of their operations, supported by accounting records kept in accordance with the provisions of the Accounting Act, after the closing of the books relating to the calendar year.

Under the statutory requirements, the Company is required to prepare financial statements with a balance sheet date of 31 December.

The annual financial statements include the balance sheet, the profit and loss statement, and the notes to the financial statements. A business report is also prepared as part of the financial statements.

As our balance sheet total exceeds the threshold specified in Section 20 of the Accounting Act, our financial statements are prepared in HUF millions (MHUF).

- In accordance with Section 3 (6) 1 of the Accounting Act, the date of balance sheet preparation is the 34th workday of the year following the reporting year.
- The Company prepares its balance sheet in version "A" according to Schedule No. 1 of the Accounting Act, and the balance sheet contains no further divisions, new lines or consolidated lines.
- The profit and loss statement includes the revenues and expenses of the calendar year in the Company's financial statements using the cost by nature method. According to Schedule 2 of the Accounting Act, the form is version "A," and includes no further divisions, new lines, consolidated lines or omissions.
- The Notes to the Financial Statements present all numerical data and narrative explanations that are necessary for giving a true and fair view of the Company's net assets and financial position and results of operations for the owners, investors, and creditors, in addition to the data shown in the balance sheet and profit and loss statement, prescribed by the Accounting Act.
- In addition to Section 95, the contents of the business report are determined by the Company's management according to current needs.

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

- The aggregate effect of errors identified by an audit or self-correction for a financial year (separately by year) on the profit or loss or equity for that year is always considered material

if it exceeds 5% of the equity of the audited/self-corrected year. Errors are always considered to be material if, in the year when disclosed by different reviews, the total of all errors (whether negative or positive) disclosed for the same financial year and the impacts thereof – increasing or decreasing the profit or equity – exceeds 2% of the balance sheet total of the reviewed financial year.

- Following the merger of 1 January 2014, we determine the annual values of material errors for the pre-merger periods on the basis of the equity and total assets shown in the balance sheet as at 1 January 2014.
- In relation to unbilled non-current asset and inventory acquisitions, the difference between the historic cost identified based on documents and the actual (invoice based) value may significantly affect the historic cost of the asset if this difference exceeds 1% of the historic cost.
- For the purposes of the extraordinary depreciation and amortisation of tangible and intangible assets, the difference between the book value and the fair value of an asset is considered material if it exceeds 5% of the book value of the asset.
- Residual value is determined only for assets with an individual acquisition cost exceeding HUF 10 million. The residual value thus determined is considered material if it exceeds 5% of the net value of the asset. In other cases, the Company considers the residual value to be zero.
- For the purposes of Section 52 (3) of the Accounting Act, the change in expenses taken into consideration when determining the annual depreciation charge is considered material if its effect on depreciation is equal to or exceeds 1% of the gross value of the asset.
- When recognising or reversing impairment on equity investments and debt securities, the difference between the book value and the fair value is classified as material based on individual valuation, regardless of whether they are recognised under financial investments or current assets.
- Any impairment recognised on outstanding receivables at the balance sheet date or reversed impairment is considered significant, if the amount of such impairment or the reversal affects the book value of the related receivable by at least 5%.
- Outstanding receivables from bad debtors over HUF 1 million and over one year are considered material debtors due over one year.
- For the impairment of inventories (and the reversal of any impairment), the difference between the cost and the market value of the asset is assessed on an individual basis.
- Invoice based prepayments and accruals, typically items affecting revenues and expenses, are considered material and accrued/deferred only if they exceed HUF 1 million. With respect to fully consolidated subsidiaries, all items should be cut off at year-end. In this respect, an item is an amount under a certain title relating to a certain contracted billing period (typically a month). Other billed items that relate to more than one period (e.g. public utilities), the net billed amounts of invoices over HUF 1 million net are considered material. In the case of other, unbilled items (i.e. where the payment is based on a documents other than an invoice such as a resolution, payment notice etc.) each item is considered material.
- With respect to provisions to be made, expected liabilities over HUF 3 million related to legal cases are considered material.
- Each deferred income item is considered material and are recognised against other revenues, financial income or extraordinary revenues depending on the related compensated cost or expense.
- Extraordinary revenues and expenditures are always considered material and are presented in the notes by title.

1.3 Accounting separation of the Company's railway activities

Further to Section 7 of the joint decree of the Ministry for Economy and Transport and the Finance Minister No. 50/2007.(IV.26.) on separating the accounting records of the various activities of railway companies, we have a set of accounting separation policies that form part of our accounting policies.

On 1 January 2014 MÁV-START Zrt. absorbed MÁV-TRAKCIÓ Zrt. and MÁV-GÉPÉSZET Zrt., previously independent entities, and their respective activities, thereby establishing a **new, unified passenger transport company**. As a result of the absorption, the range of the Company's activities was expanded to include, in addition to passenger transport services, other services not related to passenger transport, e.g. freight train traction, maintenance, railway car inspection.

The **principles of accounting separation** of railway activities based on the current accounting separation policy:

1. We carry out accounting separation for
 - a) public passenger transport by rail,
 - b) non-public passenger transport, and
 - c) other activities in such a way that central administration (general corporate cost) is allocated between public and non-public passenger transport and other activities.
- 2 The Company carries out its activities using three general ledgers. Accounting is performed in separate general ledgers:
 - Public services general ledger – for passenger transport services and ancillary services carried out under a public services contract,
 - Non-public services general ledger – for non-public passenger transport services and ancillary services
 - Other activities general ledger – services unrelated to passenger transport.
- 3 All assets and liabilities that relate to activities (assets, staff) are separated based on their classification in the GL of the relevant division and the central GL. In the case of base transactions (contracts, decisions, resolutions etc.), the GL unit where the transaction was launched is the basis of allocation. In all other cases, where the transaction relates to future transactions (e.g. provisions), it should be allocated to the GL unit which will be affected by such future transaction.
- 4 Sales revenues, direct costs and clearly attributable expenses and revenues are allocated directly to a separable activity primarily based on factors such as passenger trains involved in the activity, train serial numbers, number of passengers and domestic/international service. Other common operating costs of the Company (other than central management) are split and transferred between public and non-public passenger transport and other activities on the basis of passenger transport performance (e.g. seat kms) and other typical indicators (e.g., number of vehicles).
- 5 General corporate overhead is split between public and non-public passenger transport services and other activities based on the extrapolation bases for the various activities and are allocated to the relevant GL accordingly.
- 6 The number of staff serving each activity is based on the organisational allocation of public and non-public passenger transport services, and other activities.

The Company also prepares an **annual supervisory report** as part of the notes to its financial statements. This report includes the following: the balance sheets, profit and loss accounts, cash flow statements and activity statements of each separated activity along with explanations, the annual average statistical headcount of staff employed in the reporting year, subsidies per type, revenues from related parties and related expenses for each related party.

Changes related to accounting separation in the reporting year:

Changes in the operation of the new, unified passenger transport company during 2014 and addressing issues arising from the merger made it necessary to review the accounting separation policy effective since the integration, as a result of which the Company amended the policy for 2014.

Changes to the policy included the allocation of assets taken over as a result of the merger to each separated activity, and showing items not financed from central subsidies under public services (recognised and reversed impairment of receivables, penalties and fines passed on and paid, provisions made and released for expected liabilities and expenses), in accordance with the provisions of Decree No. 50/2007 (IV. 26.) of the Ministry for the Economy and Transport and the Ministry of Finance.

1.4 Changes in the accounting policies in 2014

As a result of the amendments of the Accounting Act and other legislation that took effect in 2014, MÁV-START Zrt.'s accounting policies were not modified.

The accounting policies of the companies absorbed as a result of the merger of 1 January 2014 were consolidated in the policy issued in 2014.

1.5 The Company's valuation methods

Assets and liabilities are classified, recognised and measured in accordance with the Accounting Act. Our Company determines cost according to the provisions of the Accounting Act.

The cost of tangible and intangible assets taken over from the absorbed companies is the book value as at the date of transformation. The expected useful life of the assets did not change, so the depreciation rates were calculated accordingly. As regards other assets, the cost is the same as the historical cost, and the impairment recognised for the legal predecessors is also shown for the successor company. No assets were revalued during the merger.

Ordinary depreciation is charged monthly based on the gross value, calculated daily, on a **straight line basis** over the **expected useful life of the asset**, except for Traxx engines.

The ordinary depreciation of **TRAXX engines** is calculated each year at a different rate on a straight line basis. The Company chose a method of accounting for this high-value asset group with significant financing costs in accordance with Section 52 (3) of the Accounting Act.

For the TRAXX engines asset group, for the purpose of planning the annual depreciation, the interest due after putting these assets into operation and the exchange loss on foreign currency loans were taken into account, while maintenance costs were not (because of the km-based charging that applies to total maintenance costs).

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

Residual value: the value of an asset expected to be realised at the end of its useful life, as determined based on the information available at the time when the asset is taken into proper use or put into operation. If the residual value is not deemed to be material according to the Accounting Policy, zero residual value is used.

After the assets are put into operation, if the residual value was not determined at the time the asset was put into operation, the residual value can be determined if the Company plans to retire the asset due to scrapping or accidental damage (while at the same time recognising extraordinary depreciation), or the value of the asset is permanently and significantly reduced, and the decision on retiring the asset and on accounting extraordinary depreciation is made by the balance sheet preparation date, but the asset is actually derecognised only after the balance sheet date. In this case, extraordinary depreciation is the same as the difference between the net asset value and the residual value.

Determining the residual value:

- Sales price at the time of purchase
- Value of useful materials obtainable through scrapping

MÁV-START Zrt. **did not choose** to value the assets at market value or account a value adjustment as per Section 58 (5) of the Accounting Act.

If the book value of tangible and intangible assets permanently and significantly exceeds their market value, extraordinary **depreciation is recognised** in accordance with Section 53 of the Accounting Act.

Where the carrying value of an asset (cost less any already recognised depreciation charge) is reduced below its initial cost due to extraordinary depreciation and the reasons for the extraordinary depreciation no longer prevail, the extraordinary depreciation should be eliminated and the value of the affected tangible or intangible asset should be remeasured to its fair value or cost net of any ordinary depreciation (reversal). Extraordinary depreciation can be reversed only for assets owned at the balance sheet date. No reversal is accounted for assets derecognised during the year.

Inventories are classified and valued in accordance with the Accounting Act as the following:

- Warehouse inventories recorded in the GIR inventory management module, including any movements, are carried at weighted average cost (standard cost).
- Warehouse inventories recorded in the MFG Logistics module (including parts related to TRAXX engines) and changes in these inventories are recorded at standard cost calculated monthly on the basis of weighted purchase prices.
- Other materials and inventories not included in the GIR or MFG analytical processing are valued and accounted at purchase price.

- Self-manufactured inventories are presented at direct prime cost that proved to be directly attributable to the product or asset and based on relevant indicators.

If, based on individual valuation, the acquisition cost or the book value of inventories permanently and significantly exceed their actual market value known at the time of balance sheet preparation, the actual market value should be presented in the balance sheet.

As regards vehicle repair and maintenance needs, the **rate of impairment** must be determined by examining the usability of the available inventories at company level:

- Inventory categories related to the Company's primary repair activities:
 - Safety stock is the stock necessary to fully perform public services and mitigate the risk of a shortfall in the number of operational vehicles; stocks may not permanently fall below this level. The safety stock is determined for items of strategic significance based on technical and production criteria.
 - Usability review in relation to the cyclical repairs of vehicles for the following year.
 - Materials recommended for sale or scrapping.
- Specifying the % rate of stocks selected during individual valuation for impairment (grouped according to each set period) based on the expected turnover of the closing stock:
 - in the current financial year – 0%
 - in the year following the current financial year – 0%
 - in the period between the second and fourth years following the current financial year – up to 50% impairment
 - After the fifth year following the current financial year, the stocks used for the cyclical repair of running vehicles – up to 80% of impairment
- For clearly unnecessary stocks recommended for scrapping at year-end – 95% impairment is recognised.

If the market value of the stocks permanently and significantly exceeds the book value, any previously recognised **impairment must be reduced accordingly** but only up to the original cost.

The Company recognises impairment on receivables outstanding at the balance sheet date of the financial year and not settled until the date of balance sheet preparation on the basis of **the customer's and debtor's rating**, amounting to the - negative - difference between the carrying amount and the estimated recoverable amount, if this difference is permanent and its amount is material based on the individual valuation.

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

- a) In case of receivables from related parties:

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

b) In case of other debtors:

- 100% impairment is recognised if the debtor is under liquidation or solvency proceedings,
- 100% impairment is recognised on material debtors owing more than HUF 1 million in total due over one year and the debtor is not classified reliable,
- 100% impairment is recognised on debtors due over one year but do not belong to the above category and the debtor is not classified reliable,
- 50% impairment is recognised on debtors that are due over 180 to 365 days and do not belong to any of the above categories and the debtor is not classified reliable.
- Impairment is recognised on receivables due within 0 to 180 days (if they do not fall in the above categories, and the debtor does not qualify as a reliable debtor) as follows:

<u>Impairment in days</u>	<u>Impairment in %:</u>
receivables due in 0-30 days	0%
receivables due in 31-60 days	5%
receivables due in 61-90 days	10%
receivables due in 91-180 days	20%

c) In case of other receivables:

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

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

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

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

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

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

- The Company revalues the confirmed foreign currency amount at the Hungarian National Bank's official exchange rate valid at the balance sheet date, irrespective of the materiality of such revaluation on the profit or loss.
- If receivables are impaired, impairment is determined in a foreign currency. Impairment determined in foreign currency must be recognised at its carrying value at the exchange rate before the revaluation.

- If impairment is reversed, the reversed amount should be determined in foreign currency and added to the receivable amount at the standard exchange rate prior to any revaluation.

MÁV-START Zrt. **does not apply** the fair value method set out in Sections 59/A-F of the Accounting Act.

1.6 Important changes in operations in 2014

The final decision on the merger of the companies was issued in MÁV-TRAKCIÓ Zrt.'s General Meeting Resolution No. 23/2013. (09.27.), MÁV-GÉPÉSZET Zrt.'s General Meeting Resolution No. 24/2013. (09.27.) and founders' resolution No. 29/280/2013 of MÁV Zrt., the founder of MÁV-START Zrt.'s (as incorporating company). During the transformation (preferential transformation), MÁV-TRAKCIÓ Zrt. and MÁV-GÉPÉSZET Zrt. merged into MÁV-START Zrt. in accordance with Section 81 of the Companies Act. Date of transformation: 1 January 2014

As a consequence of the transformation, MÁV-TRAKCIÓ Zrt. and MÁV-GÉPÉSZET Zrt. ceased to exist, all their assets, rights and obligations were transferred to MÁV-START Zrt. as the legal successor, whose corporate form remained unchanged.

The registration of change concerning the merger was published in issue No. 4 (23 January 2014) of the Company Gazette.

MÁV-START Zrt.'s merger balance sheet prepared for 1 January 2014 is presented below, with the increase in the value of assets and liabilities shown in separate lines or columns in other parts of the notes.

BALANCE SHEET "A" Assets							
1 January 2014							
figures in HUF thousand							
Item Nr.	Description	Assets of the transforming company MÁV-TRAKCIÓ Zrt.	Assets of the transforming company MÁV-GÉPÉSZET Zrt.	Assets of the transforming company MÁV-START Zrt.	Difference	Settled	Assets of the legal successor company
a	b	c	d	e	f	g	h
1	A. Non-current assets	87 990 514	4 174 631	59 631 726	-6 000	0	151 790 871
2	I. INTANGIBLE ASSETS	340 320	374 446	1 186 186	0	0	1 900 952
3	Capitalised value of foundation/restructuring	0	2 907	0	0	0	2 907
4	Capitalised value of R&D	39 650	273 602	0	0	0	313 252
5	Intangible property rights	4 238	97 937	376 179	0	0	478 354
6	Intellectual property	296 432	0	810 007	0	0	1 106 439
7	Goodwill	0	0	0	0	0	0
8	Advance payments on intangible assets	0	0	0	0	0	0
9	Value adjustment of intangible assets	0	0	0	0	0	0
10	II. TANGIBLE ASSETS	87 646 694	3 792 033	58 408 495	0	0	149 847 222
11	Real property and related rights	8 337	1 803 346	100 003	0	0	1 911 686
12	Technical equipment, machinery, vehicles	87 637 857	1 649 511	35 886 111	0	0	125 173 479
13	Other equipment, fittings, vehicles	128	94 683	30 509	0	0	125 320
14	Breeding stock	0	31	0	0	0	31
15	Capital projects, renovations	372	244 462	1 004 466	0	0	1 249 300
16	Advance payments on capital WIP	0	0	21 387 406	0	0	21 387 406
17	Value adjustment of tangible assets	0	0	0	0	0	0
18	III. FINANCIAL INVESTMENTS	3 500	8 152	37 045	-6 000	0	42 697
19	Long-term investments in related companies	3 400	1 550	36 500	-6 000	0	35 450
20	Long-term loans to related companies	0	0	0	0	0	0
21	Other long-term investments	100	0	545	0	0	645
22	Long-term loans given to other associated companies	0	0	0	0	0	0
23	Other long-term loans given	0	6 602	0	0	0	6 602
24	Long-term debt securities	0	0	0	0	0	0
25	Value adjustment of financial investments	0	0	0	0	0	0
26	Valuation difference of financial investments	0	0	0	0	0	0

BALANCE SHEET "A" Assets							
1 January 2014							
figures in HUF thousand							
Item Nr.	Description	Assets of the transforming company MÁV-TRAKCIÓ Zrt.	Assets of the transforming company MÁV-GÉPÉSZET Zrt.	Assets of the transforming company MÁV-START Zrt.	Difference	Settled	Assets of the legal successor company
a	b	c	d	e	f	g	h
27	B. Current assets	24 220 769	20 170 309	47 456 215	-24 324 780	0	67 522 513
28	I. INVENTORIES	1 012 477	10 388 181	385 721	0	0	11 786 379
29	Materials	1 012 477	7 032 158	376 561	0	0	8 421 196
30	Work in progress and semi-finished products	0	2 464 438	0	0	0	2 464 438
31	Young, fattened and other livestock	0	0	0	0	0	0
32	Finished goods	0	891 585	0	0	0	891 585
33	Goods	0	0	9 160	0	0	9 160
34	Advance payments on inventories	0	0	0	0	0	0
35	II. RECEIVABLES	23 061 032	9 666 278	46 342 096	-24 324 780	0	54 744 626
36	Receivables from supply of goods and services (trade debtors)	4 291 518	162 451	922 102	0	0	5 376 071
37	Receivables from related companies	17 892 982	8 895 206	4 173 078	-24 324 780	0	6 636 486
38	Receivables from other associated companies	303	0	2 960	0	0	3 263
39	Bills of exchange receivable	0	0	0	0	0	0
40	Other receivables	876 229	608 621	41 243 956	0	0	42 728 806
41	Valuation difference of receivables	0	0	0	0	0	0
42	Positive valuation difference of derivatives transactions	0	0	0	0	0	0
43	III. SECURITIES	0	0	0	0	0	0
44	Investments in related companies	0	0	0	0	0	0
45	Other investments	0	0	0	0	0	0
46	Treasury shares, own quotas	0	0	0	0	0	0
47	Debt securities held for sale	0	0	0	0	0	0
48	Valuation difference of securities	0	0	0	0	0	0
49	IV. LIQUID ASSETS	147 260	115 850	728 398	0	0	991 508
50	Cash in hand, cheques	82	100	145 522	0	0	145 704
51	Bank deposits	147 178	115 750	582 876	0	0	845 804
52	C. Prepaid expenses/accrued income	5 483 886	153 894	26 813 633	-403 754	0	32 047 659
53	Accrued income	547 881	62 564	26 461 318	-391 494	0	26 680 269
54	Prepaid expenses	190 400	91 330	352 315	-12 260	0	621 785
55	Deferred expenses	4 745 605	0	0	0	0	4 745 605
56	Total assets	117 695 169	24 498 834	133 901 574	-24 734 534	0	251 361 043

BALANCE SHEET "A" Liabilities							
1 January 2014							
figures in HUF thousand							
Item Nr.	Description	Assets of the transforming company MÁV-TRAKCIÓ Zrt.	Assets of the transforming company MÁV-GÉPÉSZET Zrt.	Assets of the transforming company MÁV-START Zrt.	Difference	Settled	Assets of the legal successor company
a	b	c	d	e	f	g	h
57	D. Equity	46 050 682	12 678 856	66 893 550	92 403	0	125 715 491
58	I. SHARE CAPITAL	29 814 674	3 932 840	10 000 000	-6 000	0	43 741 514
59	of which: repurchased treasury shares at face value	0	0	0	0	0	0
60	II. SUBSCRIBED, BUT UNPAID CAPITAL (-)	0	0	0	0	0	0
61	III. CAPITAL RESERVE	10 499 437	4 814 000	52 320 000	0	0	67 633 437
62	IV. RETAINED EARNINGS	4 267 512	3 655 504	4 573 550	98 403	0	12 594 969
63	V. NON-DISTRIBUTABLE RESERVE	1 469 059	276 512	0	0	0	1 745 571
64	VI. VALUATION RESERVE	0	0	0	0	0	0
65	Value adjustment reserve	0	0	0	0	0	0
66	Fair valuation reserve	0	0	0	0	0	0
67	VII. PROFIT/(LOSS) FOR THE YEAR	0	0	0	0	0	0
68	E. Provisions	5 631 650	213 334	1 580 790	-3 191	0	7 422 583
69	Provision for contingent liabilities	556 852	213 334	1 580 790	-3 191	0	2 347 785
70	Provision for future expenses	1 758 602	0	0	0	0	1 758 602
71	Other provision	3 316 196	0	0	0	0	3 316 196
72	F. Liabilities	64 742 167	11 236 730	38 669 615	-24 359 639	0	90 288 873
73	I. SUBORDINATED LIABILITIES	0	0	0	0	0	0
74	Subordinated liabilities to related companies	0	0	0	0	0	0
75	Subordinated liabilities to other associated companies	0	0	0	0	0	0
76	Subordinated liabilities to other entities	0	0	0	0	0	0
77	II. LONG-TERM LIABILITIES	43 782 230	24 697	51 904	0	0	43 858 831
78	Long-term borrowings	0	0	0	0	0	0
79	Convertible bonds	0	0	0	0	0	0
80	Debts from issue of bonds	0	0	0	0	0	0
81	Investment and development credits	43 737 254	0	0	0	0	43 737 254
82	Other long-term credits	0	0	0	0	0	0
83	Long-term liabilities to related companies	0	0	0	0	0	0
84	Long-term liabilities to other associated companies	0	0	0	0	0	0
85	Other long-term liabilities	44 976	24 697	51 904	0	0	121 577

BALANCE SHEET "A" Liabilities							
1 January 2014							
figures in HUF thousand							
Item Nr.	Description	Assets of the transforming company MÁV-TRAKCIÓ Zrt.	Assets of the transforming company MÁV-GÉPÉSZET Zrt.	Assets of the transforming company MÁV-START Zrt.	Difference	Settled	Assets of the legal successor company
a	b	c	d	e	f	g	h
86	III. SHORT-TERM LIABILITIES	20 959 937	11 212 033	38 617 711	-24 359 639	0	46 430 042
87	Short-term borrowings	0	0	0	0	0	0
88	of which: convertible bonds	0	0	0	0	0	0
89	Short-term loans	12 054 415	3 011 408	0	0	0	15 065 823
90	Advance payments received from customers	0	0	0	0	0	0
91	Accounts payable from supply of goods and services (trade creditors)	1 049 416	2 165 563	3 075 488	0	0	6 290 467
92	Bills of exchange payable	0	0	0	0	0	0
93	Short-term liabilities to related companies	4 664 233	2 715 284	31 811 886	-24 359 639	0	14 831 764
94	Short-term liabilities to other associated companies	3 594	0	8 396	0	0	11 990
95	Other short-term liabilities	3 188 279	3 319 778	3 721 941	0	0	10 229 998
96	Valuation difference of liabilities	0	0	0	0	0	0
97	Negative valuation difference of derivatives transactions	0	0	0	0	0	0
98	G. Accrued expenses/prepaid income:	1 270 670	369 914	26 757 619	-464 107	0	27 934 096
99	Deferred income	84 486	400	536 489	-12 260	0	609 115
100	Accrued expenses	1 186 184	349 970	4 787 535	-451 847	0	5 871 842
101	Deferred income	0	19 544	21 433 595	0	0	21 453 139
102	Total liabilities	117 695 169	24 498 834	133 901 574	-24 734 534	0	251 361 043

The companies affected by the merger complied with the requirements laid down in the Companies Act when they carried out the transformation as a preferential transformation under Section 4 (23) a) of Act LXXXI of 1996 on Corporate Tax and Dividend Tax. With regard to the above, after the transformation, MÁV-START Zrt., as the legal successor of MÁV-TRAKCIÓ Zrt. and MÁV-GÉPÉSZET Zrt., must determine its tax base, taking into account the assets and liabilities received from the merging company (including provisions and accruals), by adjusting the pre-tax profit, as if the transformation had not taken place.

The legal successor company keeps separate records of the revalued assets and liabilities, indicating their cost, book value and calculated registered value recognised by the merging

companies as at the day of transformation, and the amount accounted after the transformation as an adjustment to its pre-tax profit, based on the assets and liabilities.

At the time of corporate transformation, **territorial integration**, prepared during 2013, also took place by rethinking the territorial organisation of the three main activities, and creating a unified management and a more efficient structure. By implementing the concept of unified passenger transport value chain, the Company has improved the quality of the services provided to passengers and has made available the same or better quality services at lower prices. The reduction of parallel activities and assigning available staff members to other areas have resulted in improved service quality and increased efficiency. Unified staff and vehicle management has made it possible to optimize service quality and costs. A high-priority task is to maintain and increase the share of traction services in Hungarian cargo transport in order to remain efficient. By extending maintenance and vehicle manufacturing services offered to business partners, the Company has increased utilisation of its capacities and its overall efficiency.

1.7 Notes to the Balance Sheet

The assets, equity and liabilities presented in the balance sheet were measured based on the year-end counts and on valuation per item. The balance sheet preparation date and the date when invoices and similar documents are last accepted are laid down in the accounting policies and is 18 February 2015. The last day when debtor invoices are booked is 02 February 2015 and the last day when creditor invoices are booked is 03 February 2015.

I.7.1 Movements in fixed assets

Non-current assets totalled HUF 161,067 million at the end of 2014, which equals HUF 101,448 million (170.16%) increase compared to the previous fiscal year. The increase is the sum of the preferential transformation and changes in the reporting year. The net value of intangible assets changed by HUF 1,245 million, including HUF 714 million resulting from the preferential transformation, HUF 99,948 million due to changes in the net value of tangible assets, of which HUF 91,439 million is attributable to the preferential transformation. Financial investments increased by HUF 255 million compared to the previous year.

The year-end closing balance of non-current assets in 2014 was 63.88% of the balance sheet total.

Owing to the nature of our operations, 83.92% of our tangible assets is made up of railway vehicles at a book value of HUF 132,919 million, of which multiple-unit trains total HUF 46,463 million, Traxx engines HUF 24,692 million, railway traction engines HUF 54,453 million, passenger cars HUF 7,307 million, and freight cars HUF 4 million. In addition to 1,718 vehicles owned by the Company, the principal activities were carried out using 1,815 vehicles leased from MÁV Zrt., for which the Company paid a lease fee of HUF 8,873 million in 2014.

I.7.1.1 Changes in intangible assets

Figures in MHUF

ITEM	Capitalised value of foundation / restructuring	Capitalised value of R&D	Intangible property rights	Intellectual property	Goodwill	Advance payments on intangible assets	Value adjustment of intangible assets	Total
1. Gross value, opening	0	0	1 031	926	0	0	0	1 957
2. Merger	3	313	102	296	0	0	0	714
3. Acquisition, renewal (capitalised)	0	516	85	155	0	0	0	756
4. Changes in WIP	0	-273	66	268	0	0	0	61
5. Contributed to the company	0	0	0	0	0	0	0	0
6. Sale	0	0	0	0	0	0	0	0
7. Scrapping, obsolescence	0	0	-1	0	0	0	0	-1
8. Destroyed	0	0	0	0	0	0	0	0
9. Reclassified (break-down, aggregated)	0	0	0	0	0	0	0	0
10. Gross value, closing	3	556	1 283	1 645	0	0	0	3 487
11. Amortisation, opening	0	0	655	116	0	0	0	771
12. Ordinary amortisation in current year	1	31	109	145	0	0	0	286
13. Ordinary amortisation in prior year	0	0	0	0	0	0	0	0
14. Extraordinary amortisation in current year	0	0	0	0	0	0	0	0
15. Assets received free of charge	0	0	0	0	0	0	0	0
16. Contributed to the company	0	0	0	0	0	0	0	0
17. Sale	0	0	0	0	0	0	0	0
18. Scrapping	0	0	-1	0	0	0	0	-1
19. Destroyed	0	0	0	0	0	0	0	0
20. Reclassified (break-down, aggregated)	0	0	0	0	0	0	0	0
21. Amortisation, closing	1	31	763	261	0	0	0	1 056
22. Opening, net value	0	0	376	810	0	0	0	1 186
23. Closing, net value	2	525	520	1 384	0	0	0	2 431

Table 1: Movements in intangible assets in the reporting year

The net value of intangible assets increased by HUF 1,245 million compared to the previous year. The increase resulted from the merger (HUF 714 million) and the significant amount of acquisitions in the reporting year. In 2014, a larger sum of experimental development was capitalised related to IC carriages in the amount of HUF 516 million. Within intellectual property, two outstanding software investments were made totalling HUF 149 million, of which IVU PLAN made up HUF 59 million, and traction software HUF 90 million.

I.7.1.2 Changes in tangible assets

Figures in MHUF

	ITEM	Real property and related rights	Technical equipment, machinery, vehicles	Other equipment, fittings, vehicles	Breeding stock	Capital projects, renovations	Advance payments on capital projects	Value adjustment of tangible assets	Total
1.	<i>Gross value, opening</i>	105	75 260	83	0	1 004	21 387	0	97 839
2.	Merger	1 812	89 287	95	0	245	0	0	91 439
3.	Acquisition, renewal (capitalised)			0	0	34 079	-7 620	0	26 459
4.	Inventory surplus, Assets received free of charge	0	2	0	0	0	0	0	2
5.	Sale		-1	0	0	0	0	0	-1
6.	Scrapping, obsolescence	0	-14		0	0	0	0	-14
7.	Missing		0	0	0	0	0	0	0
8.	Destroyed	0	0	0	0	0	0	0	0
9.	Capitalised - acquired in current year	107	28 388	0	0	-28 495	0	0	0
10.	Capitalised - acquired in previous year	0	731	0	0	-731	0	0	0
11.	Reclassified (break-down, aggregated)	0	-5	0	0	0	0	0	-5
12.	<i>Gross value, closing</i>	2 024	193 648	178	0	6 102	13 767	0	215 719
13.	<i>Amortisation, opening</i>	5	39 354	52	0	0	0	0	39 411
14.	Ordinary amortisation in current year	116	17 628	52	0	0	0	0	17 796
15.	Ordinary amortisation in prior year	0	0	0	0	0	0	0	0
16.	Extraordinary amortisation in current year	0	149	0	0	0	0	0	149
17.	Write-back of extraordinary depr.	0	0	0	0	0	0	0	0
18.	Count surplus	0	0	0	0	0	0	0	0
19.	Sale	0	-1	0	0	0	0	0	-1
20.	Scrapping, obsolescence	0	-13		0	0	0	0	-13
21.	Missing	0	0	0	0	0	0	0	0
22.	Destroyed	0	0	0	0	0	0	0	0
23.	Reclassified (break-down, aggregated)	0	0	0	0	0	0	0	0
24.	<i>Amortisation, closing</i>	121	57 117	104	0	0	0	0	57 342
25.	<i>Opening, net value</i>	100	35 905	31	0	1 004	21 387	0	58 427
26.	<i>Closing, net value</i>	1 903	136 530	73	0	6 102	13 767	0	158 375

Table 2: Movements in tangible assets in the reporting year

Changes in the net value of tangible assets in 2014 was HUF 99,948 million. The increase was caused by an increase in assets due to the preferential transformation (HUF 91,439 million), and a capitalisation of HUF 29,226 million.

Capitalisation included real property in the amount of HUF 107 million (distribution warehouse in Istvántelek: HUF 105 million), and technical equipment, machinery and vehicles in the amount of HUF 29,119 million.

Material items related to the capitalisation of technical equipment, machinery and vehicles included the refurbishment of Flirt multiple-unit trains (HUF 23,534 million), IC multiple-unit trains (HUF 819 million), and other railway vehicles (HUF 4,173 million).

Reductions in stock resulted from an ordinary depreciation of HUF 17,796 million, and an extraordinary depreciation of HUF 149 million.

Advance payments on capital investments include an advance of HUF 13,767 million paid to STADLER Bussnang AG and PROLAN Zrt., which is related to the procurement of multiple-unit trains financed from KÖZOP subsidies.

I.7.1.3 Capital expenditures

Figures in MHUF

Item	Construction in progress	
	Previous year	Current year
Opening	54	1 004
Merger	0	245
Reporting year expenditure	3 475	34 079
Capitalised	-2 518	-29 226
Extraordinary depreciation	0	0
Other increase	0	0
Other decrease	-7	0
Closing	1 004	6 102

Table 3: Capital expenditures

The most significant item among capital expenditures in the reporting year (HUF 34,079 million in total) is related to the acquisition of Flirt multiple-unit trains (HUF 26,056 million). In 2014, 15 vehicles were put into operation, in the value of HUF 23,534 million, which is 80.53% of all commissioning in the reporting year.

The accounted value of investments carried out from own expenses was HUF 5,038 million, of which replacing the bogies of engines was HUF 2,404 million, the C overhaul of BZ carriages was HUF 898 million, and the labour costs of IC+ carriage development amounted to HUF 705 million.

In the reporting year, cash and assets on board purchased as part of the JÉ project amounted to HUF 1,603 million, but normal operation did not start in 2014.

The closing balance of works in progress includes HUF 575 million in capital projects not fully completed, while HUF 74 million is shown under closed job numbers.

I.7.1.4 Description of development subsidies received

Figures in MHUF

Subsidy	Previous year	Current year	Change
KÖZOP subsidy for the implementation of the project "Procurement of 42 multiple-unit trains for suburban passenger transport for MÁV-START" - from the state budget (15%)	3 215	676	-2 539
GOP subsidy for the implementation of the project "Design and development of domestic Intercity railway carriages capable of international traffic at speeds up to 200 km/h" - from the state budget (15%)	0	33	33
Central subsidies in total	3 215	709	-2 506
KÖZOP subsidy for the implementation of the project "Procurement of 42 multiple-unit trains for suburban passenger transport for MÁV-START" - EU portion (85%)	18 219	3 830	-14 389
GOP subsidy for the implementation of the project "Design and development of domestic Intercity railway carriages capable of international traffic at speeds up to 200 km/h" - EU portion (85%)	0	188	188
EU subsidies in total	18 219	4 018	-14 201
Total:	21 434	4 727	-16 707

Table 4: Capital expenditures

MÁV-START Zrt. concluded a subsidy agreement with KIKSZ Közlekedésfejlesztési Zrt. on 19 March 2013 (KÖZOP-2.5.0-09-11-2013-00008) for the procurement of 42 multiple-unit trains. Total project costs amount to HUF 75,437 million, financed to 85% from EU funds and to 15% from state funds. For this project, subsidies amounting to HUF 4,506 million were granted in 2014. In the reporting year, 15 multiple-unit trains were put into operation, and at the same time, HUF 33 million was released.

Due to the merger, the subsidy that MÁV-GÉPÉSZET Zrt. received for the "Design and development of domestic Intercity railway carriages capable of international traffic at speeds up to 200 km/h" (GOP 1.3.1-11/A-2011-0115) under "Supporting the technological innovation of companies" was shown this year in MÁV-START Zrt.'s books. Under this support contract, HUF 221 million was received in 2014 for investment purposes, and a support of HUF 17 million was released.

The Company also received GOP and KÖZOP subsidies in 2014 to cover costs, these figures are shown in table 64.

In case of a potential termination of the public passenger transport contract concluded for the 2014-2023 period, the Company is required to transfer, free of charge, the ownership rights of the assets acquired using EU funds to the new public passenger transport service provider.

I.7.1.5 Depreciation charge

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

Figures in MHUF

Item	Depreciation					As per the Accounting Act, total	As per the Corporate Tax Act, total
	Closing balance of gross value	Of which: gross merger	Ordinary	Extraordinary			
Land	0	0		0		0	
Real property and related rights	2 024	1 812	116	0	116	79	
Technical equipment, machinery, vehicles	193 648	89 287	17 628	149	17 777	26 614	
Other equipment, fittings, vehicles	178	95	52	0	52	51	
Breeding stock	0	0	0	0	0	0	
Capital projects, renovations	6 102	245		0	0		
Total tangible assets:	201 952	91 439	17 796	149	17 945	26 744	
Intangible assets	3 487	714	286	0	286	271	
Grand total:	205 439	92 153	18 082	149	18 231	27 015	

Table 5: Amortisation/Depreciation of intangible and tangible assets in 2014

The depreciation rates of tangible assets are established on the basis of useful life. These depreciation rates are, typically, below the rates prescribed in the CDTA. We apply the straight line method for all tangible assets held by our Company, except for Traxx engines.

Ordinary depreciation increased by HUF 11,304 million compared to the previous year. Depreciation was accounted in the following amounts: HUF 117 million for intangible assets, HUF 115 million for real property, HUF 11,028 for technical equipment, machinery and vehicles, and HUF 44 million for other equipment.

One reason for the significant increase in depreciation is the increase in assets owing to the merger; another reason is the ordinary depreciation recognised on capital investments and refurbishments capitalised in the reporting year.

In 2014, it was established when taking inventory of the rolling stock that the technical condition of 17 engines, 5 multiple-unit trains and 27 passenger cars deteriorated to the point where they became permanently unfit for service. For 12 vehicles, the book value was higher than the calculated material value, so in these cases extraordinary depreciation had to be accounted in the amount of HUF 149 million. Ordinary depreciation, expected useful life or the residual value did not have to be re-established as a result of recognising extraordinary depreciation.

I.7.1.6 Assets contributed/received free of charge

No assets were transferred free of charge at our Company in 2014.

Figures in MHUF

Item	Supplying the products	Receipt	Effect on profit/loss
Intangible assets	0	0	0
Tangible assets	0	2	2
Capital investments	0	0	0
Total	0	2	2

Table 6: Assets received free of charge

I.7.1.7 Investments

MÁV-START Zrt. had the following investments on 31 December 2014:

Figures in MHUF

Item	Book value of investment				
	Opening value	Merger	Increase	Decrease	Closing value
Fully consolidated subsidiary	5	2	250	1	256
Entities treated as associated in consolidation	0	0	0	0	0
Associated companies	0	1	0	0	1
Other companies	1	0	0	0	1
Total:	6	3	250	1	257

Table 7: Book values of the Company's investments per category

MÁV-START Zrt. has an ownership share in the following seven companies: MÁV Szolgáltató Központ Zártkörűen Működő Részvénytársaság, MÁV Vagon Korlátolt Felelősségű Társaság, MÁV Létesítményüzemeltető és Vasútör Korlátolt Felelősségű Társaság, TS-MÁV Gépészet Services Korlátolt Felelősségű Társaság, Vasútegészségügyi Korlátolt Felelősségű Társaság, Bureau Central de Clearing s.c.f.l. (BCC), and HUNGRAIL Magyar Vasúti Egyesülés.

As a result of the merger of MÁV-START Zrt., MÁV-TRAKCIÓ Zrt. and MÁV-GÉPÉSZET Zrt., there was an increase in the ownership shares in MÁV Szolgáltató Központ Zrt., Hungrail Egyesülés, and Vasútegészségügyi Kft. The HUF 3 million book value of MÁV Szolgáltató Központ Zrt. represents a 0.37% ownership share. The value of the 13.63% ownership in Hungrail Egyesülés (HUF 600 thousand) and in Vasútegészségügyi Kft. (HUF 200 thousand) also increased.

As a result of the merger, the Company has a 8.33% ownership in TS-MÁV Gépészet Services Kft., which amounts to HUF 250 thousand.

In 2014, MÁV-START Zrt. purchased a business share in MÁV Vagon Kft. for HUF 250 million, with a face value of HUF 244 million, which represents a 99.96% ownership share.

The Company acquired a business share with a face value of HUF 25 million for HUF 31 million from MÁV Vagyonkezelő Zrt., and a business share with a face value of HUF 219 million for the same amount from MÁV Zrt.

MÁV Ingatlankezelő Kft, MÁV Vagyonkezelő Kft, MÁV KERT Kft. and MÁV Vasútör Kft. merged in 2014 to establish MÁV Létesítményüzemeltető és Vasútör Kft., in which MÁV-START Zrt. has a HUF 1 million stake, representing a 0.13% ownership interest.

After the year-end revaluation, there was an immaterial change in the book value of our shares held in BCC in foreign exchange (below HUF 1 million).

Details of MÁV-START Zrt.'s long-term investments are set out in note III.6.

I.7.1.8 Impairment of long-term financial assets

The Company did not account for any impairment on long-term financial assets in 2014.

I.7.2 Current assets

I.7.2.1 Inventories

Figures in MHUF

ITEM	Raw materials	WIP and semi-finished products	Young, fattened and other livestock	Finished products	Goods	Advance payments on inventories	Total
1. Opening, gross value	377	0	0	0	9	0	386
2. Merger	8 801	2 464	0	968	0	0	12 233
3. Purchase	11 647	0	0	0	3 243	0	14 890
4. Assets received free of charge	0	0	0	0	0	0	0
5. Contribution in kind	0	0	0	0	0	0	0
6. Reclassification	5	0	0	0	0	0	5
7. Taken to inventories	52	132	0	5 744	0	0	5 928
8. Surplus	0	0	0	0	0	0	0
9. Other increase	0	0	0	0	0	0	0
10. Use (expensed)	11 512	1 491	0	5 848	5	0	18 856
11. Sale	59	0	0	3	3 230	0	3 292
12. Transferred free of charge	0	0	0	0	0	0	0
13. Contributed	0	0	0	0	0	0	0
14. Scrapping	121	0	0	43	1	0	165
15. Missing	1	0	0	0	0	0	1
16. Other decrease	179	0	0	45	0	0	224
17. Closing, gross value	9 010	1 105	0	773	16	0	10 904
18. Impairment, opening value	0	0	0	0	0	0	0
19. Merger	756	0	0	76	0	0	832
20. Impairment for the reporting year	185	0	0	7	0	0	192
21. Written off due to low stock levels	108	0	0	10	0	0	118
22. Reversed impairment	0	0	0	0	0	0	0
23. Impairment, closing	833	0	0	73	0	0	906
24. Opening, net value	377	0	0	0	9	0	386
25. Closing, net value	8 177	1 105	0	700	16	0	9 998

Table 8: Changes in inventories in 2014

Inventories increased significantly compared to the previous year, which is a result of the absorption of MÁV-GÉPÉSZET Zrt. and MÁV-TRAKCIÓ Zrt.

The Company recognised HUF 192 million in impairment on the inventories shown in its books in 2014.

I.7.2.2 Receivables

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

The following items have been reclassified in the balance sheet:

- Reclassifications from other receivables to other short-term liabilities include HUF 3 million for ticket compensation settlements and HUF 2 million for settlements related to private individuals.
- Reclassifications from other short-term liabilities to other receivables include HUF 3 million for voluntary fund settlements, HUF 4 million in employer's contributions to funds, and HUF 3,076 million for reclaimable VAT.
- In relation to taxes and similar payments, HUF 257 million was reclassified from other short-term liabilities to other receivables.

I.7.2.2.2 Receivables and their impairment

MÁV-START Zrt.'s receivables at 31 December 2014 were as follows:

Figures in MHUF

Item	Receivables, gross value						Impairment of receivables						Book value of receivables
	Not overdue	1-90 days	91-180 days	181-365 days	over 365 days	Total	Opening	Reversed impairment	Impairment for the reporting year	Written off debt collected	Reversed impairment	Closing	
Accounts receivable from supply of goods and services (trade debtors)	5 234	166	1	35	128	5 564	135	0	14	10	0	139	5 425
Receivables from related companies	2 098	17	6	3	1	2 125	6	0	3	6	0	3	2 122
of which: Parent	1 809	0	0	0	1	1 810	0	0	0	0	0	0	1 810
fully consolidated subsidiary	102	3	0	0	0	105	0	0	0	0	0	0	105
equity consolidated subsidiary	11	12	6	0	0	29	0	0	0	0	0	0	29
equity consolidated associated companies	4	2	0	3	0	9	6	0	3	6	0	3	6
associated companies treated as investments in consolidation	172	0	0	0	0	172	0	0	0	0	0	0	172
Receivables from other associated companies	7	0	0	0	0	7	0	0	0	0	0	0	7
Other receivables	33 788	37	42	93	885	34 845	2 989	0	164	6	2 061	1 086	33 759
Total receivables:	41 127	220	49	131	1 014	42 541	3 130	0	181	22	2 061	1 228	41 313

Table 9: Receivables and their impairment

The value of trade receivables, which was HUF 922 million as at 31 December 2013, increased as a result of the merger to HUF 5,425 million by 31 December 2014; the amounts receivable from the sale of travel passes increased by the outstanding trade receivables related to traction and shunting services, technical services, and the exchange of locomotive services. Receivables from related parties comprise mainly receivables from the parent company, fully consolidated subsidiaries, and associates treated on the basis of investment valuation.

The total receivables of HUF 1,810 million from the parent company include HUF 1,409 million from loans provided under the cash pool arrangement, and HUF 40 million from the settlement of fees for validating ID cards. The remaining amount of HUF 361 million includes receivables from shunting in November and December, standby services for the prevention of accidents, and cargo wagon testing in November and December.

The receivables from fully consolidated companies of HUF 105 million include HUF 30 million for multiple-unit train maintenance invoiced to MÁV-Központi Felépítményvizsgáló Kft. The trade receivables of HUF 12 million from MÁV Szolgáltató Központ Zrt. relate to the settlement of IC card fees. The trade receivables of HUF 9 million from MÁV Létesítményüzemeltető és Vasútőr Kft. result from the settlement of credit on fares in the period between October and December. The receivables of HUF 24 million from FKG Kft. relate to traction and wagon testing services. Receivables from fully consolidated companies include HUF 7 million from the settlement of fees for validating ID cards, made up of HUF 4 million from MÁV Szolgáltató Központ Zrt., HUF 2 million from MÁV Létesítményüzemeltető és Vasútőr Kft., and HUF 1 million from Záhony-Port Zrt.

The full amount of the receivables from associated companies treated as investments in consolidation, HUF 172 million, comprises the receivables from TS-MÁV Gépészet Services Kft.

Within other receivables, reclaimed VAT totals HUF 3,076 million, other reclaimed taxes HUF 29,826 million. The latter amount includes receivables of HUF 1,075 million from social fare subsidies, HUF 27,922 million from public service refunds, HUF 81 million from health insurance and child benefits, and HUF 748 million from excise tax settlement relating to railway transport.

Other important receivables include:

- receivables from employees HUF 172 million,
- receivables from POS bank card payments HUF 58 million,
- receivables from e-tickets HUF 22 million,
- receivables from ticket sellers HUF 61 million,
- receivables from cash revenues of ticket dispensers operated by DataPress Kft. HUF 45 million,
- receivables from JNT Kft., the cash transit company, from the settlement of cash revenues in the current month: HUF 25 million.
- HUF 474 million was from other, non-outstanding items.

Other receivables overdue for more than 365 days total HUF 885 million, including other receivables from deferred payment totalling HUF 877 million.

In 2014, 100% impairment was recognised on receivables from passengers who did not have a valid ticket and were fined. The accumulated amount of impairment was HUF 1,055 million.

I.7.2.2.3 Receivables in foreign exchange by currency

Figures in MHUF

By currency	Receivable in foreign exchange	Exchange rate (foreign currency/HUF)	Receivable in MHUF	Year-end exchange gain or loss (with correct algebraic sign)
EUR	5 977 220,78	314,89	1 882	50
CHF	0,00	0	0	0
Total			1 882	50

Table 10: Receivables in foreign exchange

The company's significant foreign exchange receivables: ÖBB-PRODUKTION GMBH: EUR 4,336,677 (HUF 1,321 million); Romanian railways: EUR 241,201 (HUF 76 million); CFR CALATORI S.A.: EUR 233,566.08 (HUF 72 million); Slovak Railways: EUR 148,945 (HUF 47 million); Swiss railways: EUR 121,126 (HUF 38 million).

I.7.2.3 Receivables from related companies

MÁV-START Zrt's receivables from its related parties at the end of 2014:

Figures in MHUF

Item	Parent	Fully consolidated	Equity consolidated	Affiliates	Total
Advance payments on intangible assets	0	0	0	0	0
Advance payments on capital projects	0	0	0	0	0
Long-term loans to related companies	0	0	0	0	0
Advance payments on inventories	0	0	0	0	0
Receivables from related companies	1 810	105	29	178	2 122
Total:	1 810	105	29	178	2 122

Table 11: Receivables from related companies

Receivables from related parties amount to HUF 2,122 million. The most significant item is the receivables from MÁV Zrt. amounting to HUF 1,810 million, including HUF 1,409 million from loans provided under the cash pool arrangement. Receivables from fully consolidated subsidiaries include receivables from MÁV FKG Kft. amounting to HUF 43 million, and receivables from MÁV KfV Kft. amounting to HUF 33 million. Receivables from associated companies include HUF 172 million from TS-MÁV Gépészet Services Kft.

Group companies are classified from the perspective of the superior parent company (MÁV Zrt.) according to the group level classifications.

I.7.3 Prepayments

Prepaid expenses and accrued income on the balance sheet date:

Figures in MHUF

Item	Previous year	Current year
Accrued income		
392 RIC carriage rent	4 580	4 651
393 Unsettled traffic	54	65
3971 Accrued unbilled income	410	459
397222 Cash-pool internal and external interest	3	1
39723 Accrued bank interest for the reporting period	0	5
3973 Accrued late-payment interest, penalty and damages due in the reporting period	14	6
3974 Refund of public service costs	20 829	20 829
3977 Revenues related to the next reporting period	0	9
Accrued income, total:	25 890	26 025
Prepaid expenses		
3912 Pre-invoiced costs and expenses	301	631
3916 Unbilled costs (credit notes)	51	539
Prepaid expenses, total	352	1 170
Deferred expenses:		
394341 Deferral of EUR 41,437,500 in unrealised exchange losses related to the KfW Bank loan agreement	0	802
394351 Deferral of EUR 38,250,000 in unrealised exchange losses related to the EIB Bank loan agreement	0	740
3943625 - Deferral of unrealised change loss related to Eurofima loan agreement no. 11 (Nr. 2582) (deferral of unrealised exchange losses related to Eurofima loans)	0	1 576
3943627 - Deferral of unrealised exchange loss related to Eurofima agreement no. 13/a (Nr. 2649)	0	1 404
3943628 - Deferral of unrealised exchange loss related to Eurofima agreement no. 13/b (Nr. 2662)	0	1 118
Deferred expenses:	0	5 640
Total:	26 242	32 835

Table 12: Prepayments

Significant accrued income items are the public service costs refund (HUF 20,829 million) and RIC carriage rent revenues (HUF 4,651 million), of which HUF 4,434 million is related to timetable year 2013/2014 and HUF 217 million to timetable year 2014/2015.

HUF 65 million was recognised in connection with settlement of fares with international railway companies.

Accrued unbilled income of HUF 459 million includes the following items: domestic fares HUF 67 million, international tickets and passes HUF 20 million, international passenger transport near borders HUF 228 million, domestic traction services HUF 131 million, repair and maintenance of small machinery HUF 13 million.

HUF 6 million was deferred for interest, penalties and damages, HUF 5 million for bank interests.

Accrued income of HUF 9 million accounted for the subsequent period comprises revenues of HUF 4 million from domestic fares and HUF 5 million from traction services.

Pre-invoiced costs and expenses of HUF 631 million comprises HUF 280 million for insurance premiums and HUF 351 million for rental and operating charges of buildings.

Within the HUF 539 million of credit notes for prepaid expenses, the most significant items are central services from MÁV Szolgáltató Központ Zrt. in an amount of HUF 407 million, vehicle rental from MÁV Zrt. in an amount of HUF 78 million, and healthcare services in an amount of HUF 52 million. A credit note of HUF 2 million was accounted for waste management.

Deferred expenses include deferrals of HUF 4,746 million taken over from MÁV-TRAKCIÓ Zrt. as a result of the merger on 1 January 2014, the release of deferrals due to repayment of the loans during the year, and the deferred unrealised exchange loss accounted at year-end.

I.7.4 Equity

I.7.4.1 Equity

Figures in MHUF

Item	Registered capital	Capital reserve	Retained earnings	Non-distributable reserve	Net profit/loss	Revaluation reserve	Equity
<i>Opening current year</i>	<i>10 000</i>	<i>52 320</i>	<i>4 433</i>	<i>0</i>	<i>133</i>	<i>0</i>	<i>66 886</i>
Merger	33 742	15 313	8 021	1 745	0	0	58 821
Share capital reduction	0	0	0	0	0	0	0
Share capital increase	0	0	0	0	0	0	0
Difference between consideration and face value (capital increase) (agio)	0	0	0	0	0	0	0
Transfer of prior year's profit per B/S	0	0	133	0	-133	0	0
Non-distributable reserves related to unrealised exchange losses	0	0	-816	816	0	0	0
Non-distributable reserves related to unrealised exchange losses, reversed	0	0	208	-208	0	0	0
Non-distributable reserves for R&D made from retained earnings	0	0	-243	243	0	0	0
Non-distributable reserves for R&D released to retained earnings	0	0	31	-31	0	0	0
Release of unexpensed part of foundation/restructuring posted to non-distributable reserves	0	0	1	-1	0	0	0
Additional capital contribution	0	0	0	0	0	0	0
Prior years' profit or loss, middle column	0	0	0	0	0	0	0
After-tax profit	0	0	0	0	4 213	0	4 213
Dividend approved	0	0	-11 768	0	-4 213	0	-15 981
Net profit per balance sheet for year	0	0	0	0	0	0	0
<i>Closing current year</i>	<i>43 742</i>	<i>67 633</i>	<i>0</i>	<i>2 564</i>	<i>0</i>	<i>0</i>	<i>113 939</i>

Table 13: Equity

I.7.4.2 Details of the changes in equity

- The merger of MÁV-TRAKCIÓ Zrt. and MÁV-GÉPÉSZET Zrt. increased the Company's equity by HUF 58,821 million. This amount includes the net profit/loss of the acquired companies for 2013 and as at 1 January 2014.

- The equity of HUF 125,715 million shown in the balance sheet comprises MÁV-START Zrt.'s net profit/loss of HUF 8 million as at 1 January 2014, which is recognised in the current year's profit/loss.
- Retained earnings include allocated reserve plus the net profit/loss of HUF 133 million for 2013.
- The Founder with the 17/280/2015 Founder's resolution decided to withdraw HUF 15,981 million dividend. HUF 4,213 million is charged on the Company's net profit for the financial year 2014 and HUF 11,768 million is charged on its positive retained earnings. Out of the HUF 15,981 million dividend, HUF 63 million is charged on the net profit of the public passenger transport activity, HUF 1,816 million is charged on the net profit and HUF 3,845 million is charged on the retained earnings of the non-public passenger transport activity, HUF 2,334 million is charged on the net profit and HUF 7,923 million is charged on the retained earnings of the other activities.
- Among short-term liabilities to related companies the dividend payable to MÁV Zrt. is HUF 15,981 million.
- The Company's result for the current year after dividend is 0.

I.7.4.3 Non-distributable reserves

Figures in MHUF

Non-distributable reserve	Opening balance	Merger	Released in 2014	Accounted in 2014	Closing balance
Difference between provisions for unrealised exchange losses on foreign currency loans and deferred expenses	0	1 429	208	816	2 037
<i>of which: Eurofima 11</i>	0	506	1	75	580
<i>Eurofima 12</i>	0	61	61	0	0
<i>Eurofima 13/a</i>	0	172	110	0	62
<i>Eurofima 13/b</i>	0	216	33	0	183
<i>Eurofima 13/c + e</i>	0	3	3	0	0
<i>KFW</i>	0	245	0	385	630
<i>EIB</i>	0	226	0	356	582
Amount not written off due to R&D related to reducing harmful emissions	0	40	0	0	40
Amount of R&D related to BMPZ IC+ carriages not written off	0	273	31	243	485
Non-distributable reserve due to the value of foundation/restructuring not written off	0	3	1	0	2
Total:	0	1 745	240	1 059	2 564

Table 14: Non-distributable reserves

I.7.4.4 Non-distributable reserves by type

- MÁV-START Zrt.'s balance sheet for 2013 did not include non-distributable reserves. The annual financial statements for 2014 included non-distributable reserves of HUF

1,745 million resulting from MÁV-TRAKCIÓ Zrt.'s and MÁV-GÉPÉSZET Zrt.'s merger.

- Of the non-distributable reserves, unrealised foreign currency gains on foreign currency loans not secured with existing foreign currency balances amount to HUF 2,037 million.
- Non-distributable reserves of HUF 525 million were made for experimental development.
- Foundation/restructuring comprises the reserves of HUF 2 million made for the restructuring of the permanent establishment of MÁV-GÉPÉSZET Zrt. in Vésztő.

I.7.5 Provisions

I.7.5.1 Provision for contingent liabilities

According to Section 41 (1) of the Accounting Act: “Provisions shall be made from the pre-tax profit - to the extent necessary - to cover payment liabilities to third parties that originate from past and current transactions and contracts [including, in particular, guarantee commitments prescribed by law, contingent liabilities, commitments, payments of early retirement benefits and severance pay, environmental obligations] and which are likely or certain to exist as at the balance sheet date, but the amounts and the due dates of such liabilities are uncertain and the company has not provided the required cover for such liabilities in any other form.”

Figures in MHUF

Provisions for liabilities	Opening balance	Merger	Released in 2014	Accounted in 2014	Closing balance
Provisions for termination liabilities	486	164	201	1 234	1 683
Provision for environmental obligations	0	0	0	26	26
Provision for litigation	431	80	99	233	645
Provision for claims for damages	207	200	26	112	493
Provision for working clothes and uniforms	237	199	232	374	578
Provision for late payment interest liability	11	-3	8	5	5
Liability because of distance not specified in the underlying contract	0	43	0	0	43
Provision for bonus obligations (accounts for the previous year)	209	84	189	0	104
Provision for bonus obligations (accounts for the current year)	0	0	0	255	255
Total:	1 581	767	755	2 239	3 832
of which: existing liabilities to related parties:	10	-3*	7	3	3

* elimination of items offset as a result of the merger

Table 15: Provision for contingent liabilities

Provisions for future liabilities increased by HUF 767 million as a result of MÁV-TRAKCIÓ Zrt.'s and MÁV-GÉPÉSZET Zrt.'s merger.

Provisions for employment liabilities and redundancy payments were made in an amount of HUF 1,234 million in 2014. From the provisions made in 2013, HUF 201 million was released.

In 2014, provisions for environmental obligations were made in an amount of HUF 26 million.

A provision of HUF 233 million was made for pending litigations. This amount covers 100% of contingent liabilities from litigations as at 31 December 2014.

An additional HUF 112 million provision was made for damages related to railway accidents.

HUF 231 million of the provision made in 2013 for working clothes and uniforms was released, and provisions were made for unmet demand in an amount of HUF 374 million.

In order to comply with the principle of prudence, a provision of HUF 5 million was made for late payment interest on creditor invoices overdue and unpaid at the balance sheet date. Of this amount, HUF 2 million related to MÁV Szolgáltató Központ Zrt.

The bonuses had not been approved formally until the approval of the Company's annual financial statements. Accordingly, we made a provision of HUF 255 million based on initial calculations for the bonuses and related contributions in line with Sections 41 (1), 44 (1) and 79 (2) of the Accounting Act. From the provisions made for bonuses in 2013, an amount of HUF 104 million has not been paid.

I.7.5.2 Provision for future expenses

According to Section 41 (2) of the Accounting Act, provisions can be made from the pre-tax profit to cover contingent, major and recurrent liabilities that, on the balance sheet date, are assumed or certain to be incurred in the future, but the amounts and the actual dates of such liabilities are uncertain.

The provision for future expenses increased by HUF 1,759 million due to MÁV-TRAKCIÓ Zrt.'s merger. This amount comprises HUF 1,511 million for the maintenance of TRAXX engines and HUF 248 million for demolition costs.

The Company made a provision for the future periodic, long-term maintenance costs of the new and technologically advanced TRAXX engines in 2014. For provisioning purposes, the Company 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 Company's technical experts. The actual amount of maintenance costs is uncertain and the actual future costs may differ from the calculation.

The Company made a provision for the periodic, long-term maintenance costs of the TRAXX engines in an amount of HUF 377 million from the profit for 2014. A provision of HUF 316 million was released due to performance of the maintenance.

The Company made a provision of HUF 19 million for the maintenance costs of FLIRT trains on similar grounds.

The provision of HUF 76 million for maintenance related to railtrack capital projects represents a new item within provisions.

Provisions were made in an amount of HUF 28 million and released in an amount of HUF 14 million for the demolition costs of scrap or written-off vehicles.

The movements in provisions made in the reporting year for future expenses were as follows:

Figures in MHUF

Provisions for future commitments	Opening balance	Merger	Released in 2014	Accounted in 2014	Closing balance
Provision for demolition costs	0	248	14	28	262
Provision for maintenance costs	0	0	0	76	76
Provision made for the maintenance of TRAXX engines	0	1 511	316	377	1 572
Provision made for the maintenance of FLIRT vehicles	0	0	0	19	19
Total:	0	1 759	330	500	1 929

Table 16: Provisions for future commitments

I.7.5.3 Other provisions

I.7.5.3.1 Provisions for exchange losses

According to Section 41 (4) of the Accounting Act, provisions must be made for any accrued unrealised FX loss on foreign exchange loans not covered with foreign currency in a foreign exchange account. Such provisions must reflect the time elapsed since the loan was taken, and the remaining term of the loan.

Other provisions include provisions for exchange losses incurred on foreign currency loans for investments into and development of tangible assets required because of MÁV-TRAKCIÓ Zrt.'s merger, and on the foreign currency loans related to the acquisition of TRAXX engines (EIB and KfW). The movements in these provisions are shown in the table below.

Figures in MHUF

Loan	Opening balance	Merger	Released in 2014	Accounted in 2014	Closing balance
No. 11 Eurofima loan agreement (Nr. 2582)	0	607	0	388	995
No. 12 Eurofima loan agreement (Nr. 2604)	0	972	1 013	41	0
No. 13/a Eurofima loan agreement (Nr. 2649)	0	819	0	523	1 342
No. 13/b Eurofima loan agreement (Nr. 2662)	0	573	0	362	935
No. 13/c+e Eurofima loan agreement (Nr. 2673)	0	261	261	0	0
KfW bank loan agreement (EUR 41,437,500) TRAXX	0	44	0	128	172
EIB bank loan agreement (EUR 38,250,000) TRAXX	0	40	0	118	158
Total:	0	3 316	1 274	1 560	3 602

Table 17: Provisions for exchange losses

As MÁV-TRAKCIÓ Zrt. took over the Eurofima loans from MÁV Zrt., the take-over date (9 May 2008) was considered as the borrowing date when the amount of provision was calculated.

I.7.5.3.2 Other provisions

MÁV-START Zrt. did not make any other statutory provisions.

I.7.5.4 Movements in provisions presented in the balance sheet in 2014

Figures in MHUF

Item	Provision for contingent liabilities	Provision for future expenses	Provision for unrealised exchange losses	Total
<i>Opening provisions</i>	<i>1 581</i>	<i>0</i>	<i>0</i>	<i>1 581</i>
Merger	767	1 759	3 316	5 842
Released in 2014	755	330	1 274	2 359
Accounted in 2014	2 239	500	1 560	4 299
<i>Closing provisions</i>	<i>3 832</i>	<i>1 929</i>	<i>3 602</i>	<i>9 363</i>

Table 18: Provisions in the balance sheet

I.7.6 Liabilities

I.7.6.1 Subordinated liabilities

MÁV-START Zrt. does not have any subordinated liabilities.

I.7.6.2 Long-term liabilities

Long-term liabilities amounted to HUF 35,833 million as at the balance sheet date, comprising loans for investments into and development of tangible assets required because of MÁV-TRAKCIÓ Zrt.'s merger in an amount of HUF 35,682 million and other long-term liabilities in an amount of HUF 151 million.

I.7.6.2.1 Long-term loans

MÁV-START Zrt. did not have any long-term investment and development loans before MÁV-TRAKCIÓ Zrt.'s merger on 1 January 2014. As a result of the merger, MÁV-START Zrt.'s

long-term liabilities include the long-term loans of the absorbed company. Most of the Company's loans reflect the "Eurofima loans" taken over from MÁV Zrt.

The following table shows the Company's long-term loans:

Figures in MHUF

Loan	Loan agreement dated at	Matures on	Government guarantee (decree no.)	Currency	Amount per loan agreement (original currency)	Available facility (31 Dec 2014)	
						Foreign exchange	million HUF
Investment loans							
EUROFIMA 11	2003.12.31	2018.12.17	1036/2003., 1027/2008.	EUR	26 943 000	26 943 000	8 484
EUROFIMA 13/a	2005.12.30	2015.03.06	1113/2005., 1027/2008.	EUR	24 000 000	24 000 000	7 558
EUROFIMA 13/b	2006.08.10	2016.04.07	1113/2005., 1027/2008.	EUR	19 100 000	19 100 000	6 014
KfW (TRAXX)	2009.12.03	2024.05.15	-	EUR	41 437 500	31 492 500	9 917
EIB (TRAXX)	2009.12.03	2024.05.15	-	EUR	38 250 000	29 070 000	9 154
MFB	2009.10.27	2024.09.30	-	HUF	2 800 000 000	-	1 918
Raiffeisen - H-23/2008	2006.04.26	2016.04.21	1113/2005., 1027/2008.	HUF	400 000 000	-	184
Raiffeisen - H-91/2008	2008.12.23	2018.12.23	-	HUF	3 000 000 000	-	1 455
UniCredit - MFB loan	2008.09.10	2023.12.31	-	HUF	2 376 000 000	-	1 402
Investment loans, total:						130 605 500	46 086

Table 19: The Company's long-term loans

Of the total amount of loans, the balance sheet shows an amount of HUF 10,404 million in short-term loans related to repayments due in 2015. Foreign currency loans were revalued at 314.89 HUF/EUR (the exchange rate published by the Hungarian National Bank at the balance sheet date).

The following loans have terms of over five years: The KfW (TRAXX) and EIB (TRAXX) loans will expire on 15 May 2024, the MFB loan on 30 September 2024 and the UniCredit - MFB loan on 31 December 2023. These loans amount to a total of HUF 22,391 million.

Figures in MHUF

Loan	2015	2016	2017	2018	2019 and after	Total
Investment loans						
EUROFIMA-11 (Nr.2582)	0	0	0	8 484	0	8 484
EUROFIMA-13a (Nr.2649)	7 558	0	0	0	0	7 558
EUROFIMA-13b (Nr.2662)	0	6 014	0	0	0	6 014
KfW (TRAXX)	1 044	1 044	1 044	1 044	5 741	9 917
EIB (TRAXX)	964	964	964	964	5 300	9 154
MFB	196	196	196	196	1 134	1 918
Raiffeisen - H-23/2008	123	61	0	0	0	184
Raiffeisen - H-91/2008	364	273	364	455	0	1 455
UniCredit - MFB	156	156	156	156	779	1 402
Investment loans, total:	10 404	8 708	2 723	11 298	12 954	46 086
Entrepreneurial loans						
Entrepreneurial loans, total:	0	0	0	0	0	0
Grand total:	10 404	8 708	2 723	11 298	12 954	46 086

Table 20: Long-term loans repayment schedule

MÁV-TRAKCIÓ Zrt. had fulfilled its contractual debt servicing obligations arising from investment loans since the company was established. These obligations were fulfilled even following the company's merger into MÁV-START Zrt. In addition to the debt service of principal and interest loans, the Company managed to meet the principal repayment obligations on the EUROFIMA loans with early repayment assumed from MÁV Zrt. (HUF 2,431 million in 2010, and HUF 7,582 million in February 2013 and HUF 9,619 million in 2014). Following the merger, the legal successor is able to meet the contractual debt servicing obligations on investment loans from operating cash flows in the medium run. Meeting contractual debt service obligations on capital expenditure loans is a high priority for both the Company and MÁV Group.

1.7.6.2.2 Financial leases

MÁV-START Zrt. does not have any financial lease liabilities.

1.7.6.2.3 Other long-term liabilities

Other long-term liabilities amounted to HUF 151 million, comprising HUF 138 million for housing benefits payable to employees as part of the cafeteria fringe benefit system (VBKJ), and HUF 13 million for the settlement of multiple-unit train projects financed from the Transport Operational Programme (KÖZOP).

1.7.6.2.4 Long-term liabilities by currency

Our long-term liabilities include the Eurofima loans (presented earlier) as well as EIB and KFW loans in relation to the acquisition of our TRAXX engines.

We chose the option offered in Section 33 (2) of the Accounting Act and deferred the unrealised exchange losses arisen on the year-end revaluation of foreign currency loans. As a result, deferred expenses of HUF 5,640 million are presented in the balance sheet as it appears in the table below.

Figures in MHUF

By currency	Liability in foreign exchange	Current part in foreign exchange	Exchange rate (foreign currency/HUF)	Liability in million HUF	Current part in million HUF	Year-end exchange gain or loss (in MHUF)
EUR	130 605 500	30 375 000	314,89	41 126	9 565	5 640
Total:				41 126		5 640

Table 21: Long-term foreign exchange liabilities

I.7.6.3 Short-term liabilities

Short-term liabilities amounted to HUF 60,034 million at the balance sheet date. Short-term liabilities account for 23,81% of the balance sheet total and 62,62% of total liabilities. Liabilities increased by 55,46% compared to the previous year mainly due to an increase in trade creditors and short-term loans. Trade creditors amounted to HUF 20,606 million, the major part of which comprises the invoices of capital projects financed from EU funds (HUF 14,681 million) and liabilities from the supply of services (HUF 4,034 million).

Short-term loans amounted to HUF 10,404 million comprising the instalments of investment loans that were reclassified from long-term loans payable in 2015.

Liabilities to related parties amounted to HUF 25,877 million, of which HUF 22,539 million relates to the parent company and HUF 2,392 million to fully consolidated subsidiaries. The liability to MÁV Szolgáltató Központ Zrt. of HUF 1,705 million represents a significant item. Liabilities to associated companies amounted to HUF 946 million, including the significant items of HUF 484 million to Dunakeszi Járműjavító Kft. and HUF 365 million to EURO-METALL Kft.

The amount of recoverable VAT (HUF 3,076 million) was reclassified from other short-term liabilities to other receivables.

I.7.6.3.1 Short-term loans

MÁV-START Zrt. does not have any short-term loans. The balance sheet line items include the reclassified instalments of long-term loans payable within a year.

I.7.6.3.2 Other short-term liabilities

Other short-term liabilities include the following items:

Figures in MHUF

Item	2013	2014
Taxes payable	349	56
Wages and salaries	1 095	2 661
Vocational training	0	0
Contributions to funds by employer	82	10
Membership fees deducted from employees	54	107
Other short-term liabilities	2 141	280
Other short-term liabilities, total	3 721	3 114

Table 22: Composition of other short-term liabilities

HUF 6,508 million of other short-term liabilities is attributable to the merger.

I.7.6.3.3 Short-term liabilities by currency

Figures in MHUF

By currency	Liability in foreign exchange	Exchange rate (foreign currency/HUF)	Liability in million HUF	Year-end exchange gain or loss
EUR	3 709 876,19	314,89	1 168	-44
CHF	10 659,20	261,85	3	0
Total			1 171	-44

Table 23: Short-term foreign exchange liabilities

The Company's most significant liabilities denominated in foreign exchange:

ÖBB-PRODUKTION GMBH: EUR 1,783,099.80 (HUF 529 million), CD Personenverkehr: (Czech Railway Company) EUR 267,381 (HUF 84 million), TS-MÁV GÉPÉSZET SERVICES KFT: EUR 222,254.51 (HUF 70 million), HEROS SÜDOSTEUROPA GMBH: EUR 117,244.98 (HUF 36 million), ADIX-TRADE KFT: EUR 108,901.29 (HUF 33 million).

I.7.6.4 Liabilities to related companies

Figures in MHUF

Item	Parent	Fully consolidated subsidiary	Equity consolidated subsidiary	Affiliates	Total
Subordinated liabilities to related companies	0	0	0	0	0
Long-term liabilities to related companies	0	0	0	0	0
Short-term liabilities to related companies	22 539	2 392	0	946	25 877
Total	22 539	2 392	0	946	25 877

Table 24: Liabilities to related companies

Liabilities to the parent company include infrastructure charge of HUF 1,078 million, traction electricity fee of HUF 3,037 million, rolling stock rent of HUF 871 million and dividend payable of HUF 15,981 million. Among the liabilities to fully consolidated subsidiaries, the liabilities of HUF 1,705 million to MÁV Szolgáltató Központ Zrt. and HUF 292 million to MÁV KfV Kft. represent significant items.

Group companies are classified from the perspective of the superior parent company (MÁV Zrt.) according to the group level classifications.

I.7.7 Off-balance sheet liabilities

I.7.7.1 Hedging transactions

MÁV-START Zrt. does not have any hedging transactions.

I.7.7.2 Joint and several liability and guarantee contracts

The Company did not have any contracts pertaining to joint or several liabilities on the balance sheet date. The payment guarantee contracts are shown in the table below:

Figures in MHUF

Type of guarantee	Contracting bank	Amount of guarantee in million HUF	Start date	End date	Amount of guarantee in million HUF
payment bank guarantee	KDB Bank Zrt.	1100	2014.01.01	2016.12.31	1100
payment bank guarantee	KDB Bank Zrt.	150	2013.01.01	2015.12.31	150
payment bank guarantee	KDB Bank Zrt.	5	2013.01.01	2015.12.31	5
payment bank guarantee	KDB Bank Zrt.	10	2011.07.01	2016.12.31	10
payment bank guarantee	KDB Bank Zrt.	5,5	2010.10.26	2016.06.30	5,5
payment bank guarantee	KDB Bank Zrt.	73,8 *	2014.12.16	2015.06.16	73,8
Bank guarantees total:					1 344

* guarantee amounts to EUR 234,490

Table 25: Guarantee contracts in effect at the balance sheet date

I.7.7.3 Loans secured by lien

Following MÁV-TRAKCIÓ Zrt.'s merger, MÁV-START Zrt.'s liabilities include lien as a new item.

Figures in MHUF

Loan	Facility encumbered by mortgage as at 31 Dec. 2014 (million HUF)	Security
EUROFIMA 2582 - 11	8 484	Rolling stock
EUROFIMA 2649 - 13a	7 558	Rolling stock
EUROFIMA 2662 - 13b	6 014	Rolling stock
EIB (TRAXX)	9 154	Rolling stock
KfW (TRAXX)	9 917	Rolling stock
UniCredit - MFB	1 402	Rolling stock
Raiffeisen - H-91/2008	1 455	Rolling stock
MFB	1 918	Rolling stock
Total:	45 902	

Table 26: Loans secured by lien

The engines taken over along with the EUROFIMA loans are encumbered. The EIB and KfW loans related to the acquisition of the 25 TRAXX engines are secured with lien on the engines.

I.7.7.4 Payment schedule of future interests and related charges

Figures in MHUF

Loan	2015	2016	2017	2018	2019 and after	Total
Investment loans						
EUROFIMA 2582 - 11	23	28	32	45	0	128
EUROFIMA 2649 - 13a	12	0	0	0	0	12
EUROFIMA 2662 - 13b	15	12	0	0	0	27
EIB	168	155	139	129	425	1 017
KfW	438	398	352	314	920	2 422
Raiffeisen - H-23/2008	3	1	0	0	0	4
UniCredit - MFB	58	52	48	45	118	321
Raiffeisen - H-91/2008	65	50	34	18	0	167
MFB	109	97	90	84	251	632
Investment loans, total:	892	793	695	636	1 714	4 730
Entrepreneurial loans	0	0	0	0	0	0
Grand total:	892	793	695	636	1 714	4 730

Table 27: Payment schedule of future interests and related charges

Interest payments were calculated in accordance with the principles laid down in the business plan.

I.7.7.5 Operating lease agreements

The operating lease agreement valid at the balance sheet date, which the Company concluded as lessee, relates to the rental of 8 Greek Desiro multiple-unit trains, office space and vehicles as shown below:

Figures in HUF

Contracting party (lessor)	Subject matter	Agreement dated at	Matures on	Contracted amount		Amount not recognised until the B/S date	
				EUR/month	HUF/month	EUR	HUF
Deutsche Leasing Hungaria Kft.	8 Desiro multiple-unit trains	2008.09.24	2029.02.28	61 975	19 515 182	10 535 682	3 317 580 905
MÁV Zrt.	Office rent	2009.10.27	2017.05.06	72 661	22 880 191	2 046 615	644 458 723
MÁV Zrt.	Lease of railway vehicles (rolling stock)	2007.06.20	indefinite		739 382 164		n/a
Porsche Kft.	Vehicle rent	2011.10.04	2016.10.04		10 800 000		281 600 000
Total:				134 636	792 577 537	12 582 297	4 243 639 628

Table 28: Operating lease agreements over HUF 1 million in effect at the balance sheet date

I.7.8 Accruals

Accrued expenses and deferred income at the balance sheet date:

Figures in MHUF

Item	Previous year	Current year
Prepaid income		
4816 Deferred unbilled income (credit notes)	12	40
4817 Pre-invoiced income	158	175
4819 Other deferred income	366	349
Prepaid income, total:	536	564
Accrued expenses		
4821 Accrual of unbilled expenses	516	2 492
4826 Accrued incoming invoices not yet approved	95	222
4827 Accrual of invoices related to the upcoming period	1	7
483 Accrual of RIC carriage rental fee	3 359	3 126
484 Accrued unsettled traffic	272	312
4871 Accrued interest due for the reporting period (except late-payment interest)	0	99
Accrued expenses, total:	4 243	6 258
Deferred income		
4813112 - Cash received from the government	0	9
4813114 EU funds and government subsidies	21 434	26 113
Deferred income, total	21 434	26 122
Total:	26 213	32 944

Table 29: Changes in accruals

Deferred unbilled income of HUF 40 million comprises the settlement of traction and shunting services.

Deferred pre-invoiced income includes revenues from travel cards pre-purchased by passengers in 2014 for 2015 in an amount of HUF 161 million, and engine rental fee of HUF 14 million.

Other deferred income includes tickets pre-purchased in 2014 for 2015 (HUF 229 million), social fare subsidy (HUF 75 million) and pre-purchased international tickets (HUF 45 million).

The accrual of unbilled expenses amounting to HUF 2,492 million is made up of the following items: HUF 679 million for central services, HUF 36 million for energy costs, HUF 149 million for vehicle maintenance, HUF 24 million for vehicle cleaning, HUF 16 million for health services, HUF 881 million for international traction costs, HUF 17 million for sewage charges, HUF 276 million for railway vehicle rental fees, HUF 250 million for real estate operating expenses, HUF 67 million for on-board staff, HUF 21 million for damages payable, HUF 34 million for IT services, HUF 32 million for ticket inspection at border stations, HUF 8 million for audit, and HUF 2 million for other expenses.

Accrued incoming invoices not yet approved totalled HUF 222 million in relation to the following expenses: HUF 11 million for material costs, HUF 21 million for energy consumption, HUF 6 million for late-payment interest, HUF 89 million for building operation and maintenance, HUF 14 million for other maintenance, HUF 37 million for vehicle cleaning, HUF 14 million for penalty for late performance, HUF 4 million for phone and telecommunication costs, HUF 9 million for railway vehicle rental fees, HUF 4 million for public hygiene costs, HUF 5 million for advertising costs, HUF 2 million for insurance premiums, HUF 3 million for secondment-related expenses, and HUF 3 million for other expenses.

The accrual of HUF 7 million for invoices related to the upcoming period is made up of HUF 3 million for gas service charges, HUF 2 million for replacement buses, and HUF 2 million for other services.

Accrual of the RIC carriage rental fee amount to HUF 3,126 million in the current year, of which HUF 2,950 million relates to the timetable year 2013/2014 and HUF 156 million to the timetable year 2014/2015. HUF 20 million relates to GYSEV settlement.

The creditor-type account of unsettled traffic reflects amounts to be settled with international railway companies based on available documents, which will be released when settled and accounted in the actually acknowledged amount. The balance of HUF 312 million includes performance from Q4/2014 that has not been settled as settlements are made on an annual basis.

The accrued interest due for the reporting period (except late-payment interest) amounts to HUF 99 million and is related to interests on loans.

Aid amounting to HUF 26,122 million was accounted as deferred income, mainly in relation to the procurement of Flirt multiple-unit trains.

1.8 Notes to the profit and loss statement

1.8.1 Net sales revenues

1.8.1.1 Net sales revenues per activity

Figures in MHUF

Activity	Net sales revenues		
	Previous year	Current year	Change
Revenues from public passenger transport	59 272	61 111	1 839
Of which: fares and seats	39 465	40 918	1 453
Price compensation	17 886	19 501	1 615
Other	1 921	692	-1 229
Revenues from non-public passenger transport	17 363	18 967	1 604
Of which: fares and seats	7 972	9 070	1 098
Price compensation	429	434	5
Carriages in international use	4 848	4 955	107
Sleepers, couchettes and restaurants	1 019	1 243	224
Other	3 095	3 265	170
Income from other activities	0	23 102	23 102
Of which: Passenger train traction	0	1 818	1 818
Freight train traction	0	8 168	8 168
Other traction	0	532	532
Shunting	0	3 580	3 580
Traction services	0	5 714	5 714
Engineering activity	0	3 007	3 007
Sale of goods and materials	0	273	273
Other	0	10	10
Total:	76 635	103 180	26 545

Table 30: Net sales revenues by activity

Net sales revenues amounted to HUF 103,180 million in 2014. This represents a 34.64% increase of HUF 26,545 million compared to 2013. 30.15% of this increase is attributable to the merger.

Sales revenues from public passenger transport services increased by 3.1%, while sales revenues from non-public passenger transport services increased by 9.24% compared to the previous year. As a result of the merger, the Company has acquired additional revenue generating activities. These are traction, shunting and engineering activities, which generated revenues of HUF 23,102 million in 2014.

Sales revenues from public passenger transport services increased because the extra tickets required for fast trains generated extra revenues already from introduction, a total of HUF 854 million in 2014. Domestic ticket sales increased by HUF 94 million compared to the base.

Revenues from domestic travel pass sales increased by HUF 383 million from the base period to the reporting year.

Revenues from Budapest Travel Card sales increased by HUF 29 million compared to the previous year.

Revenues from START Klub card sales rose significantly compared to the prior year (2012: HUF 369 million, 2014: HUF 462 million) due to various discounts and online purchase options.

Revenues from ticket price compensation increased by HUF 1,615 million from the base year to the reporting year.

Domestic revenues from activities other than the core activities (excluding intermediated services) decreased by HUF 1,075 million compared to the base year, resulting in a decrease of other revenues.

Revenues from ticket sales (both fare and seat) for international and domestic non-public services increased by HUF 1,098 million. This is mainly the result of the increasing popularity of Railjet trains and the revenue growth from the Metropol and Kálmán Imre EN trains operated on a commercial basis in Germany.

The composition of revenues from other activities in 2014 is as described below.

As a result of MÁV-TRAKCIÓ Zrt.'s merger, revenues are recognised from the following activities:

Traction HUF 10,518 million, shunting HUF 3,580 million, traction services HUF 5,714 million. MÁV-GÉPÉSZET Zrt.'s merger resulted in revenues from the following activities: Repairs and engineering activities for members of the MÁV Group generated revenues of HUF 3,007 million.

I.8.1.2 Export and import sales revenues

Figures in MHUF

Country	Previous year						Current year					
	Export of goods	Service export	Total export sales	Import of goods	Import of services	Import, total	Export of goods	Service export	Total export sales	Import of goods	Import of services	Import, total
EU countries												
Germany		2 224	2 224		2 507	2 507		2 432	2 432	1 204	1 306	2 510
Austria		3 851	3 851		5 554	5 554		4 804	4 804	4 842	2 889	7 731
Italy		15	15		14	14		23	23	19	0	19
Slovakia		944	944		1 119	1 119		1 266	1 266	1 191	333	1 524
Czech Republic		1 728	1 728		2 303	2 303		1 784	1 784	2 399	36	2 435
Slovenia		46	46		101	101		66	66	47	0	47
Poland		167	167		232	232		192	192	480	2	482
France		388	388		86	86		501	501	121	6	127
United Kingdom		12	12		10	10		14	14	134	0	134
Sweden		61	61		24	24		56	56	16	0	16
Belgium		17	17		13	13		17	17	7	7	14
Denmark		11	11		4	4		10	10	25	11	36
Finland		12	12		4	4		10	10	3	0	3
Greece		1	1		1	1		0	0	0	0	0
Netherlands		336	336		33	33		453	453	8	32	40
Ireland		3	3		1	1		3	3	1	0	1
Luxembourg		2	2		1	1		2	2	0	8	8
Portugal		4	4		1	1		8	8	2	0	2
Spain		20	20		31	31		23	23	16	24	40
Romania		1 496	1 496		1 547	1 547		2 066	2 066	1 688	676	2 364
Croatia		214	214		218	218		183	183	190	0	190
Bulgaria		33	33		6	6		35	35	13	0	13
EU countries total:		11 584	11 584		13 810	13 810		13 948	13 948	12 406	5 330	17 736
Non-EU countries												
Serbia		249	249		317	317		225	225	251	27	278
Montenegro		2	2		4	4		0	0	1	0	1
Ukraine		80	80		109	109		57	57	62	1	63
Switzerland		688	688		359	359		744	744	318	14	332
Turkey		18	18		2	2		15	15	2	0	2
Belarus		1	1		1	1		0	0	0	0	0
Bosnia and Herzegovina		28	28		22	22		0	0	1	0	1
Macedonia		1	1		0	0		1	1	0	0	0
Russia		96	96		96	96		12	12	22	0	22
Norway		10	10		3	3		10	10	3	0	3
Non-EU countries total:		1 173	1 173		913	913		1 064	1 064	660	42	702
Grand total:		12 757	12 757		14 723	14 723		15 012	15 012	13 066	5 372	18 438

Table 31: Export and import

As in 2013, export and import transactions involved mostly EU countries. Passenger volumes and settlements based the use of carriages were the highest with Germany, Austria, the Czech Republic and Romania from among the EU member states, but passenger traffic with Slovakia was also notable. Export to and import from non-EU countries was the most significant with Switzerland and Serbia. The Company started importing goods following MÁV-GÉPÉSZET Zrt.'s merger because repair and maintenance activities require a significant amount of part and material orders from foreign partners. Major foreign suppliers are from Austria, Romania, the Czech Republic and Germany.

I.8.2 Capitalised value of own performance

Figures in MHUF

Activity	Previous year	Current year
Changes in work in progress and semi-finished products	-	-1 359
Changes in finished products	-	-192
Changes in self-manufactured inventories	-	-1 551

Table 32: Changes in self-manufactured inventories

As a result of the merger processes in 2014, work in progress and semi-finished products amounting to HUF 2,464 million at the beginning of the year dropped to HUF 1,105 million by year-end, resulting in a change of HUF -1,359 million.

Finished products also decreased from HUF 892 million recognised following the merger to HUF 700 million, resulting in a change of HUF -192 million.

Derecognition from self-manufactured inventories (due to scrapping, write-off) amount to HUF 50 million.

Figures in MHUF

Activity	Previous year	Current year
Change in self-manufactured inventories	-	1 551
Capitalised value of internally generated assets	31	6 670
Capitalised value of own performance	31	5 119

Table 33: Capitalised value of own performance

The capitalised value of own performance includes changes in self-manufactured inventories and the capitalised value of internally generated assets. The latter comprises refurbishing and modernisation of own and rented vehicles in an amount of HUF 5,987 million, repairs due to accidents and vandalism in an amount of HUF 633 million, and derecognitions from self-manufactured inventories due to scrapping, write-off) in an amount of HUF 50 million.

I.8.3 Analysis of costs by type

Figures in MHUF

Item	Previous year	Percentage of last year's total costs	Current year	Difference	Percentage of this year's total costs
Material expenses in total:	187 370	84,02	159 220	-28 150	64,57
Payments to personnel	28 856	12,94	69 301	40 445	28,10
Depreciation total:	6 778	3,04	18 082	11 304	7,33
Total:	223 004	100,00	246 603	23 598	100,00

Table 34: Expenditures

I.8.3.1 Material expenditures

Material expenditures, presented in table 34, decreased by HUF 28,150 million compared to 2013. The decrease is attributable to the merger.

Material expenses increased by HUF 20,573 million to HUF 38,113 million in 2014, and thus represent 15.45% of total costs. The most significant items within material expenses are engineering material use from the warehouse (HUF 11,750 million) and fuel and energy costs (HUF 24,672 million).

The decrease of HUF 49,938 million in services used is basically attributable to the merger. The significant decrease of HUF 17,461 million in railway vehicle maintenance and HUF 43,369 million in traction and shunting is also a result of the merger. Infrastructure charges show an increase of HUF 2,222 million. Carriage rental fees increased by HUF 373 million due to less favourable interests on loans. Real estate rental and maintenance fees increased by HUF 2,706 million. IT service charges increased by HUF 1,144 million, which is partly attributable to the delayed launch of the Ticket Sale Project and the consequently required maintenance of the ticketing system. HUF 1,201 million accounted for material warehousing comprises warehousing costs for engineering materials.

The proportion of other services remained extremely low in 2014 (0.77%). Other services increased by HUF 667 million due to charges paid to authorities, banking and insurance fees in 2014. Charges paid to authorities include HUF 417 million market supervision charge paid to the National Transport Authority, HUF 458 million train accident insurance and HUF 152 million mandatory accident indemnity insurance payable by railway companies.

In 2014, the cost of goods sold accounted for 0.07%, the value of resold (intermediated) services for 1.26% of expenses.

Figures in MHUF

Item	Previous year	Percentage of last year's total	Current year	Difference	Percentage of this year's total
Material costs					
Working clothes, uniforms, protective beverage	602	0,27	467	-135	0,19
Ticket rolls	673	0,30	287	-386	0,12
Fuel, energy	15 930	7,14	24 672	8 742	10,00
Use of inventory materials	0	0,00	11 750	11 750	4,76
Other materials	335	0,15	937	602	0,38
<i>Material costs, total:</i>	<i>17 540</i>	<i>7,86</i>	<i>38 113</i>	<i>20 573</i>	<i>15,45</i>
Value of services used					
Track access charge	68 828	30,86	71 050	2 222	28,81
Traction, shunting	45 491	20,40	2 122	-43 369	0,86
Railway vehicle maintenance	22 055	9,89	4 594	-17 461	1,86
Railway vehicle rent, RIC rent and other usage charges	14 791	6,63	15 164	373	6,15
Cleaning of railway vehicles, graffiti removal	2 626	1,18	1 958	-668	0,79
Train heating, cooling, test, replacement, call centre, hired workforce and other operating activities	4 090	1,83	3 746	-344	1,52
Property rent, maintenance, operations	1 413	0,63	4 119	2 706	1,67
Education and human services	908	0,41	1 438	530	0,58
Accounting and finance services	605	0,27	598	-7	0,24
Security services	931	0,42	753	-178	0,31
Ticket commissions paid	932	0,42	997	65	0,40
Advertising, promotion, market survey	134	0,06	220	86	0,09
IT services	1 125	0,50	2 269	1 144	0,92
Telecommunication, postal services	342	0,15	425	83	0,17
Delegation	0	0,00	287	287	0,12
Rental fee, other	0	0,00	283	283	0,11
District heating services	0	0,00	469	469	0,19
Maintenance, other	0	0,00	978	978	0,40
Warehousing of materials	0	0,00	1 201	1 201	0,49
Guarding	0	0,00	793	793	0,32
Transport	0	0,00	540	540	0,22
Other services used	1 586	0,70	1 915	329	0,78
<i>Services used, total:</i>	<i>165 857</i>	<i>74,35</i>	<i>115 919</i>	<i>-49 938</i>	<i>47,01</i>
Value of other services used					
Authority fees	437	0,20	616	179	0,25
Insurance fees	491	0,22	867	376	0,35
Bank charges	304	0,14	416	112	0,17
<i>Other services, total:</i>	<i>1 232</i>	<i>0,56</i>	<i>1 899</i>	<i>667</i>	<i>0,77</i>
<i>Cost of goods sold</i>	<i>94</i>	<i>0,03</i>	<i>170</i>	<i>76</i>	<i>0,07</i>
<i>Resold services</i>	<i>2 647</i>	<i>1,19</i>	<i>3 119</i>	<i>472</i>	<i>1,26</i>
Material expenses in total:	187 370	83,99	159 220	-28 150	64,56

Table 35: Material expenditures

I.8.3.2 Payments to personnel

Figures in MHUF

Item	Previous year	Current year	Difference	Index (%)	Percentage of this year's total
Wages	18 831	45 581	26 750	242,05	18,48
Other payments to personnel	3 105	6 615	3 510	213,04	2,68
Contributions on wages and salaries	6 920	17 105	10 185	247,18	6,94
Total payments to personnel:	28 856	69 301	40 445	240,16	28,10

Table 36: Payments to personnel

Payments to personnel were significantly influenced by a 106.83% increase of the average staff number as compared to 2013. The main reason for the increase is MÁV-GÉPÉSZET Zrt.'s and MÁV-TRAKCIÓ Zrt.'s merger into MÁV-START Zrt. The increase of wages by 142.05% is attributable to the merger on 1 January 2014, the one-time benefit payment as part of the salary increase for 2014 (14772/2014/MÁV), and the 2.4% salary increase as of 1 July 2014. Contributions and other personnel expenses are in accordance with salary expenses. Payments to personnel increased by a total of HUF 40,445 million compared to the previous year.

I.8.3.3 Depreciation charge

Figures in MHUF

Item	Previous year	Current year	Difference	Index (%)	Percentage of this year's total
Depreciation charge of continually depreciated tangible assets	6 710	17 921	11 211	267,08	7,27
Fully expensed	68	161	93	236,76	0,07
Depreciation total:	6 778	18 082	11 304	266,77	7,34

Table 37: Depreciation charge

Ordinary depreciation is HUF 11,304 million higher than in the previous year. The reason for the increase is that assets increased significantly due to the preferential transformation. The depreciation of engines and carriages (HUF 16,618 million) makes up 91.90% of the total annual depreciation charge of HUF 18,082 million.

I.8.3.4 Other income

Other income in 2014 totalled HUF 151,463 million, which is a HUF 507 million decrease compared to 2013.

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

Figures in MHUF

Item	Previous year	Current year	Difference	Index (%)
<i>Fixed asset disposals</i>	1	6	5	755,02
Of which: Own assets sold	1	6	5	755,02
<i>Reversal of impairment on inventories</i>	13	2 083	2 070	15 450,61
<i>Profit increasing items</i>	609	707	98	116,06
Of which: Damages received	302	190	-112	62,91
Late-payment interest received	18	18	0	100,17
Penalties received	284	490	206	172,47
Other refunds/compensation	5	9	4	196,20
<i>Released provisions</i>	789	2 359	1 570	298,77
Of which: Provision for contingent liabilities	789	755	-34	95,59
Provision for future expenses	0	330	330	-
Use of provision for unrealised exchange losses	0	1 274	1 274	-
Other provisions released	0	0	0	-
<i>Income from receivables sold</i>	0	0	0	-
<i>Miscellaneous other income</i>	17	64	47	366,16
<i>Subsidies and grants to compensate for expenses</i>	150 541	146 244	-4 297	97,15
Of which: Public service refund	150 143	146 146	-3 997	97,34
Compensation for unearned revenues from passenger transport (BEB subsidy)	0	0	0	-
Incentive scheme of MÁV rail workers 2011-2013	396	0	-396	-
Other subsidies received	2	98	96	4 628,68
Total:	151 970	151 463	-507	99,67

Table 38: Other income

Reasons for changes:

In 2014, impairment was reversed in an amount of HUF 8 million for trade receivables and HUF 14 million for other receivables due to settlement. Impairment reversed for receivables from claims for public service refunds amounted to HUF 2,061 million.

In the reporting year, damages received decreased by HUF 112 million, whereas penalties received increased by HUF 206 million compared to the base year.

Compared to the base year 2013, the release of provisions for contingent liabilities decreased by HUF 3 million in the case of provisions for late payment interest.

The release of provisions for severance payments (to participants of the MÁV ÉVEK plan) increased by HUF 15 million. The release of provisions for bonuses decreased by HUF 52 million. The release of provisions for working clothes and uniforms also decreased by HUF 9 million. The release of provisions for damage claims also show a decrease of HUF 48 million. In 2014, the release of provisions for litigation increased by HUF 63 million.

Released provisions for future liabilities and exchange loss were recognised after MÁV-TRAKCIÓ Zrt.'s merger in the following amounts in 2014: The provision for the maintenance costs of the TRAXX engines was released in an amount of HUF 316 million, the provision for demolition costs was released in an amount of HUF 14 million. The provision for exchanges losses on loan agreements was released in an amount of HUF 1,274 million.

The Company had no revenues from the sale of receivables in 2014.

The amount used from the statutory compensation for public services decreased by HUF 3,997 million in 2014.

I.8.3.5 Other expenditures

Other expenses totalled HUF 6,438 million in 2014, which is a HUF 922 million increase compared to 2013.

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

Figures in MHUF

Item	Previous year	Current year	Difference	Index (%)
Expenses on tangibles, capital projects and intangibles disposed of, scrapped or missing	3	150	148	5 614,27
Of which: Net value of disposed tangibles	0	0	0	-
Expenses on scrapped tangibles	3	1	-2	30,74
Extraordinary depreciation of tangible assets	0	149	149	-
Impairment of inventories and receivables	2 293	541	-1 753	23,57
Of which: Impairment of trade receivables	12	14	2	116,92
Inventories scrapped, impaired or missing	1	360	359	-
Impairment of other receivables	219	167	-51	76,55
Impairment of claims of public service refunds	2 061	0	-2 061	-
Profit decreasing items	2 044	1 242	-803	60,74
Of which: Bad debts written off	0	0	0	-
Losses from damages	1 431	913	-517	63,84
Penalties and similar charges	7	15	8	600,00
Late payment interests, penalties paid	473	92	-381	19,45
Damages	17	50	33	292,87
Self-revision fee	5	1	-4	16,56
Other donations and financial support	111	171	60	154,23
Provisions	967	4 299	3 331	444,54
Of which: for severance pay	486	1 234	748	254,03
for working clothes and uniforms	17	374	357	2 200,58
for damages claimed	64	112	48	174,19
for late payment penalties	11	5	-6	46,07
for bonus liability	209	255	46	121,83
for litigations	180	233	53	129,35
for environmental obligations	0	26	26	-
for unrealised exchange losses	0	1 560	1 560	-
for future expenses	0	500	500	-
Contributions to government funds	177	197	20	111,30
Of which: R&D contribution	177	197	20	111,30
Other liabilities	31	9	-21	0,00
Total:	5 515	6 438	922	116,74

Table 39: Other expenditures

Expenses of tangible assets increased by HUF 148 million compared to the previous year.

Expenditures on inventories scrapped and missing, and inventory shortfall increased by HUF 359 million compared to the base period. Expenditures due to damages decreased by HUF 517 million in the reporting year. Late-payment interest paid (decrease by HUF 432 million) and penalties (increase by HUF 51 million) decreased by HUF 381 million.

Support paid increased from HUF 111 million to HUF 171 million, including support of HUF 52 million to VOKE, HUF 55 million to the Hungarian Railway Museum Foundation, HUF 35 million to MÁV Symphonic Orchestra Foundation, HUF 12 million to the Children's Railway Foundation, and HUF 9 million to the Foundation for Pensioners of Railway Institutions.

Expenses of provisions increased by HUF 3,331 million because the Company made a provision of HUF 1,234 million for severance pay coverage (provisions for this purpose amounted to HUF 486 million in 2013). Provisions for litigations amounted to HUF 233 million in 2014 compared to HUF 180 million in 2013. In 2014, a provision of HUF 112 million was made for damages related to accidents as opposed to HUF 64 million in 2013. In 2014, a provision of HUF 374 million was made for working clothes and uniforms as opposed to HUF 17 million in 2013. Provision for bonus payment liabilities amounted to HUF 209 million in 2013 and HUF 255 million in 2014. A provision of HUF 26 million was made for environmental obligations.

Provisions for future liabilities and exchange loss were recognised after MÁV-TRAKCIÓ Zrt.'s merger in the following amounts in 2014: Provisions for the maintenance costs of TRAXX engines amounted to HUF 377 million, maintenance costs of FLIRT vehicles to HUF 19 million, maintenance costs to HUF 76 million, and demolition costs to HUF 28 million. Provisions for exchange losses on Eurofima loan agreements amounted to HUF 1,314 million, the KfW bank loan agreement to HUF 128 million, and the EIB loan agreement to HUF 118 million.

Other liabilities include duties in an amount of HUF 4 million and other taxes in an amount of HUF 5 million.

I.8.4 Financial and extraordinary profit or loss

Financial operations generated losses in 2014 as a result of exchange differences realised on international transactions. As a result of forgiven debts an extraordinary loss was recognised.

I.8.4.1 Income from financial transactions

Figures in MHUF

Item	Previous year	Current year	Difference	Index (%)
<i>Dividends, profit share received</i>	0	1	1	0
Of which: received from related companies	0	1	1	0
<i>Other interest received (due) and similar income</i>	86	229	143	266,28
Of which: bank interest	74	199	125	268,92
<i>Other financial income</i>	231	315	84	136,36
Of which: Exchange gain on foreign exchange balances	0	6	6	-
Exchange gain on foreign exchange receivables	96	189	93	196,88
Exchange gain on foreign exchange liabilities	133	114	-19	85,71
Other revenues from financial transactions	0	3	3	-
Exchange gain on the year-end revaluation of receivables and liabilities	2	2	0	100,00
Total:	317	545	228	171,92

Table 40: Income from financial transactions

In 2014, the Company achieved an interest income that is HUF 143 million higher than in 2013 by continuously investing the temporarily available cash. Interests received from credit institutions increased by HUF 125 million, and the increase in interests received from external parties on cash pool overdraft by HUF 18 million compared to the base represents a more than sixfold increase.

As regards other financial income, exchange gains on inter-railways settlements (international fares, RIC carriage use, own trains used abroad) and on year-end revaluations increased by HUF 84 million compared to the previous year. The EUR exchange rate fluctuated continuously and increased several times (at the beginning of the year, in July, August, and the second half of December), exceeding the rate of HUF 310 in 2014. This resulted in an increased exchange gain on receivables in these periods compared to the previous years. The merger as an organisational change also contributed to an increase of 196.9%.

I.8.4.2 Expenditures of financial transactions

Figures in MHUF

Item	Previous year	Current year	Difference	Index (%)
<i>Interest payable and similar expenses</i>	102	1 092	990	1 070,59
Of which: Bank interest on long-term loans	0	1 047	1 047	-
Of which: bank interest on short-term loans	102	36	-66	35,29
Of which: Interest payable to cash pool members	0	8	8	-
<i>Other financial expenditures</i>	194	1 942	1 748	1 001,03
Of which: Exchange loss on foreign exchange accounts and cash	1	2	1	200,00
Realised exchange loss on foreign exchange receivables	23	57	34	247,83
Exchange loss on investment loans	0	1 697	1 697	-
Realised exchange loss on foreign exchange liabilities	134	186	52	138,81
Other expenditures of financial transactions	0	0	0	-
Exchange loss on the year-end revaluation of receivables and payables	36	0	-36	0,00
Total:	296	3 034	2 738	1 025,00

Table 41: Expenditures of financial transactions

HUF 3,034 million of financial expenses in 2014 shows a HUF 2,738 million increase compared to 2013.

38.2% of this amount is made up of the increase of interest paid on long-term loans from credit institutions. The interest included as a new line due to the merger amounts to HUF 1,047 million, 61.9% of which comprises the exchange loss of HUF 1,697 million arising from the interim repayment of investment loans, which are also included as a new line. The reason for the higher level of expenses and the HUF 52 million increase of the exchange loss realised on liabilities denominated in foreign currency compared to 2013 is attributable to a significant increase of the EUR exchange rate during the year.

I.8.4.3 Extraordinary income

Figures in MHUF

Item	Previous year	Current year	Difference	Index (%)
<i>Income from assets received free of charge and from surplus assets</i>	0	0	0	0,00
Of which: surplus non-current assets	0	0	0	0,00
<i>Other extraordinary income</i>	0	1	1	0,00
Of which: liability assumed by another company	0	0	0	0,00
Total:	0	1	1	0,00

Table 42: Extraordinary revenues

Extraordinary revenues accounted in 2014 reflect the effect of changes in shareholdings associated with the transformation of MÁV Ingatlankezelő Kft, MÁV Vagyonkezelő Kft., MÁV KERT Kft and MÁV Vasútör Kft.

I.8.4.4 Extraordinary expenditures

Figures in MHUF

Item	Previous year	Current year	Difference	Index (%)
<i>Expenses on assets transferred free of charge</i>	0	0	0	0,00
Of which: unassigned VAT on services provided free of charge	0	0	0	0,00
<i>Other extraordinary expenditures</i>	5	29	24	580,00
Of which: Liabilities assumed from other companies	5	0	-5	0,00
Of which: Forgiven debts	0	29	29	-
Total:	5	29	24	580,00

Table 43: Extraordinary expenditures

The 2013 balance of extraordinary expenditures is mainly comprised of damages payable related to railway accidents and assumed from MÁV Zrt. A significant proportion of the 2014 balance is related to the waiver of the Stadler Bussnang AG rental fee.

I.8.5 Related party income and expenses

Figures in MHUF

Item	Parent	Fully consolidated	Equity consolidated	Affiliates	Total
Revenues					
Net sales revenues	3 962	506	46	1 959	6 473
Other income	43	47	6	14	110
Income from financial transactions	8	2	0	0	10
Extraordinary income	0	1	0	0	1
Income, total:	4013	556	52	1 973	6 594
Expenditures					
Material expenses	114 366	8 759	18	3 125	126 268
Of which: Material costs	27 788	1 155	0	0	28 943
Value of services used	86 188	7 604	18	2 698	96 508
Value of other services used	356	0	0	0	356
Cost of goods sold	0	0	0	0	0
Value of resold services	34	0	0	427	461
Personnel-related expenses	37	0	0	0	37
Other expenditures	84	9	0	18	111
Expenditures of financial transactions	8	0	0	0	8
Extraordinary expenditures	0	1	0	0	1
Expenses, total:	114 495	8 769	18	3 143	126 425

Table 44: Related party revenues and expenses

Revenues from the parent company included domestic IC and seat reservation tickets, charter trains (HUF 60 million), revenues from traction (HUF 3,386 million), and revenues from engineering activities (HUF 449 million).

Most of the revenues received from fully consolidated subsidiaries were generated by MÁV FKG Kft. These revenues amounted to a total of HUF 349 million comprising revenues from traction in an amount of HUF 228 million and revenues from engineering activities in an amount of HUF 108 million. Revenues from associated companies include HUF 1,737 million for vehicle repair services to TS-MÁV Gépészet Services Kft.

The Company did not account any deferred income from group companies.

Payments to the parent company comprise predominantly carriage rent of HUF 8,891 million and infrastructure charge of HUF 70,951 million. Of the fully consolidated subsidiaries, the Company's main partner is MÁV Szolgáltató Központ Zrt. (HUF 7,346 million). This amount includes significant expenditures of HUF 2,254 million for procurement and stock management services, and HUF 1,604 million for IT maintenance and services.

The tax base was increased by HUF 8 million because of a transfer price other than the arm's-length price (for real estate rental) charged between the company and the parent company.

1.9 Actual asset, financial and income positions

1.9.1 Value and composition of assets

Assets at 31 December 2014 totalled HUF 252,113 million, of which non-current assets amounted to HUF 161,067 million, and current assets amounted to HUF 58,211 million. From current assets, other receivables are the most significant, amounting to HUF 33,759 million. The closing balance of prepayments was HUF 32,835 million.

1.9.1.1 Non-current assets ratio

At year-end, non-current assets totalled HUF 161,067 million, representing 63.89% of total assets.

$$\frac{\text{Non-current assets}}{\text{Total assets}} = \frac{161,067}{252,113} = 63.89\% \text{ (base: 44.71\%)}$$

1.9.1.2 Coverage of fixed assets

Equity allows for funding 71.94% of non-current assets directly used in production. In an optimal case, the indicator value is 100-150%.

$$\frac{\text{Equity}}{\text{Tangible assets}} = \frac{113,939}{158,375} = 71.94\% \text{ (base: 114.48\%)}$$

1.9.1.3 Coverage of non-current assets

$$\frac{\text{Equity}}{\text{Non-current assets}} = \frac{113,939}{161,067} = 70.74\% \text{ (base: 112.19\%)}$$

Equity allows for funding 70.74% of non-current assets.

1.9.1.4 Current assets to non-current assets

$$\frac{\text{Current assets}}{\text{Non-current assets}} = \frac{58,211}{161,067} = 36.14\% \text{ (base: 79.65\%)}$$

For every HUF 100 of fixed assets, HUF 36 of current assets are present.

I.9.2 Value and composition of liabilities

As at 31 December 2014, liabilities totalled HUF 252,113 million, which agrees to total assets. Equity at HUF 113,939 million is a prominent item within liabilities.

I.9.2.1 Capitalisation

$$\frac{\text{Equity}}{\text{Total liabilities}} = \frac{113,939}{252,113} = 45.19\% \quad (\text{base: } 50.16\%)$$

This indicator is to be interpreted together with the indebtedness ratio. This indicator is critical if it is below 30%, as it indicates a very high proportion of liabilities. This indicator shows that 45.19% of the company's assets is financed from the equity.

I.9.2.2 Gearing ratio

$$\frac{\text{Debt}}{\text{Equity}} = \frac{95,867}{113,939} = 84.14\% \quad (\text{base: } 57.81\%)$$

This indicator shows the relationship between borrowed capital (long-term liabilities + short-term liabilities) and equity, i.e. the ratio of debts to be funded from equity. The lower this ratio, the better.

I.9.2.3 Indebtedness ratio

$$\frac{\text{Debt}}{\text{Total assets}} = \frac{95,867}{252,113} = 38.03\% \quad (\text{base: } 29.00\%)$$

The ratio shows that the liability from borrowed capital encumbers 38.03% of total assets. An increase in indebtedness is unfavourable in itself.

I.9.2.4 Ratio of long-term liabilities

$$\frac{\text{Long-term liabilities}}{\text{Long-term liabilities} + \text{Equity}} = \frac{35,833}{149,772} = 23.93\% \quad (\text{base: } 0.08\%)$$

Debts refer to long-term liabilities payable over one year. This indicator shows the company's long-term indebtedness. The lower this indicator, the better.

I.9.2.5 Equity increase ratio

$$\frac{\text{Equity}}{\text{Registered capital}} = \frac{113,939}{43,742} = 2.60 \quad (\text{base: } 6.69)$$

This indicator shows that change in equity with respect to movements in the volume of equity. If this indicator is below 1, equity is being lost. If such a trend persists, the company needs to draw the necessary conclusions.

I.9.2.6 Profitability indicators

$$\text{EBITDA} = \text{Operating profit/loss} + \text{depreciation} = 6,721 + 18,082 = \text{HUF } 24,803 \text{ million}$$

(base: HUF 6,895 million)

$$\text{EBITDA rate} = \frac{\text{EBITDA}}{\text{Net sales revenues}} = \frac{24,803}{103,180} = 24.04\% \quad (\text{base: } 9.00\%)$$

$$\text{ROS} = \frac{\text{Operating profit}}{\text{Net sales revenues}} = \frac{6,721}{103,180} = 6.51\% \quad (\text{base: } 0.15\%)$$

I.9.3 Financial position

I.9.3.1 Working capital and liquidity

Net working capital

The net working capital is probably the most important indicator of the financial position as it shows the company's short-term solvency position, namely that current assets are less than the short-term liabilities by HUF 1,823 million:

$$\begin{aligned} \text{Current assets} - \text{Short-term liabilities} &= 58,211 - 60,034 \\ &= \text{HUF } -1,823 \text{ million} \quad (\text{base: HUF } 8,871 \text{ million}) \end{aligned}$$

The indicator expresses the Company's short-term payment position. The indicator shows that current assets exceed short-term liabilities

Liquidity ratio

$$\frac{\text{Current assets}}{\text{Short-term liabilities}} = \frac{58,211}{60,034} = 96.96\% \quad (\text{base: } 122.97\%)$$

The current ratio shows that our current assets, i.e. inventories, receivables and liquid assets cover 96.96% of our short-term liabilities (payable within one year).

Quick ratio

$$\frac{\text{Current assets} - \text{Inventories}}{\text{Short-term liabilities}} = \frac{48,213}{60,034} = 0.80 \quad (\text{base: } 1.22\%)$$

The quick ratio shows the ability of liquid and movable assets to cover short-term liabilities.

Cash liquidity ratio

$$\frac{\text{Liquid assets}}{\text{Short-term liabilities}} = \frac{6,900}{60,034} = 11.49\% \quad (\text{base: } 1.89\%)$$

This indicator shows the ratio of liquid assets to short-term liabilities. Our available liquid assets cover 11.49% of our short-term liabilities.

I.9.3.2 Cash flow statement

The cash flow statement prepared for 2014 in accordance with Section 51(8) of the Accounting Act is presented below and reflect the figures in our balance sheet, profit and loss statement and sub-ledgers.

Figures in MHUF

No.	Item	Previous year	Current year
I.	Operating cash-flows (lines I-13)	24 916	49 066
1.	Profit before tax ±	133	4 204
	amounts received free of charge	0	0
	amounts granted free of charge, expensed	0	0
	dividend received	0	-1
	profit/loss from changes in investments	0	-1
1/a.	Previous years' profit/(loss)	0	0
1/b.	Revalued loans	0	2 695
2.	Ordinary depreciation charge +	6 778	18 082
2/a.	Depreciation charge on previous year	0	0
3.	Impairment recognised and reversed ±	2 283	-1 371
4.	Changes in provisions ±	178	1 940
5.	Non-current asset disposals ±	0	-6
6.	Movements in creditors ±	115	14 316
7.	Movements in other short-term liabilities ±	1 164	3 951
8.	Movements in accruals ±	20 332	5 555
9.	Movements in debtors ±	172	-63
10.	Change in current assets (net of trade accounts receivable and liquid assets)	-7 037	16 832
11.	Movements in prepayments and accrued income ±	798	-1 359
12.	Tax paid and payable (on profit) -	0	9
13.	Dividend and share payable -	0	-15 981
14.	Change in liquid assets resulting from the merger	0	263
II.	Change in liquid assets from investing activities (Lines 14-16)	-25 530	-27 503
15.	Non-current asset additions -	-25 531	-27 510
16.	Non-current asset disposals +	1	6
16/b.	Movements in long-term financial assets	0	0
16/c.	Movements in advances for capital projects	0	0
17.	Dividend received +	0	1
III.	Financing cash flows (lines 17-27)	-1	-15 391
18.	Revenues from the issue of shares (capital addition) +	0	0
19.	Proceeds from bond issue +	0	0
20.	Borrowings +	0	0
	of which: Short-term borrowings	0	0
	loss on year-end revaluation	0	0
21.	Repayment, cancellation and redemption of long-term loans and bank deposits +	0	6
22.	Amounts received free of charge +	0	0
23.	Changes in equity	0	0
24.	Redemption of shares, capital reduction -	0	0
25.	Bond redemption -	0	0
26.	Loan repayment -	-1	-15 413
	of which: Short-term borrowings	0	0
	gain on year-end revaluation	0	0
27.	Cash transferred +	0	0
28.	Movements in payables to founders and in other long-term liabilities	0	16
IV.	Change in cash and cash equivalents (Lines ±I±II±III) ±	-616	6 172

Table 45: Cash flow statement

Explanation of each line:

The pre-tax profit was HUF 4,204 million.

Impairment recognised and reversed on assets totals HUF 1,371 million (line 3) and relates partly to subsequent payment/collection of fares and penalties. Of this amount, HUF 359 million is accounted for impairment of inventories, and HUF 149 million for extraordinary depreciation of engines and multiple-unit trains as a negative effect on profit. The effect of impairment was compensated to a considerable extent by the reversal of HUF 2,061 million accounted for public service refunds in 2013 with a negative effect on profit.

The Founder with the 17/280/2015 Founder's resolution decided to withdraw HUF 15,981 million dividend. HUF 4,213 million is charged on the Company's net profit for the financial year 2014 and HUF 11,768 million is charged on its positive retained earnings.

The merger of 1 January 2014 increased cash flows by HUF 263 million.

Changes in cash and cash equivalents (line IV) reflects the balance sheet line B. IV. (changes in liquid assets) which shows an increase of HUF 6,172 million in 2014 as a result of the following:

- Operating cash inflows related to core operations totalled HUF 49,066 million in 2014 as a result of, primarily, changes in depreciation, current assets and liabilities.
- Mainly as a result of tangible asset acquisitions (capitalisations), investing cash flows show an outflow of HUF 27,503 million.
- Financing activities with a cash outflow of HUF 15,391 million were significantly affected by the repayment of investment loans assumed from MÁV-TRAKCIÓ Zrt. in the course of the merger. This was only slightly offset by the changes in other long-term liabilities.

II Report to the supervisory authority

We present the following information on separated railway activities as required by Decree No. 50/2007 (IV.26.) of the Transport Ministry and the Ministry of Finance, and based on the Company's accounting separation policy: balance sheet, profit and loss statement, cash flow statement, activity statement with narrative explanations, revenues and expenses for each related company, average annual statistical headcount of staff employed in the reporting year, and subsidies by type.

The activity statements are prepared in accordance with the relevant decree in thousand HUF (THUF). All other statements (except staff numbers) are prepared in accordance with the accounting policies based on the Accounting Act in million HUF (MHUF).

Figures concerning separated activities match the figures of

- the Public services general ledger (Z) for public passenger transport services
- the Non-public services general ledger (N) for non-public passenger transport services
- the Other activities general ledger for other activities.

II.1 MÁV-START Zrt.'s balance sheet, profit and loss statement and cash flow statement broken down according to activity

The Company's balance sheet, profit and loss statement and cash flow statement separated for each activity to be presented separately in the report to the supervisory authority are shown in the following tables:

Figures in MHUF

Item	Description	Public passenger transport (Z)		Non-public passenger transport (N)		Other activities (V)		MÁV-START Zrt. total	
		Base year	Current year	Base year	Current year	Base year	Current year	Base year	Current year
01	A. NON-CURRENT ASSETS (Lines 02+10+18)	58 654	160 449	965	618	0	0	59 619	161 067
02	I. INTANGIBLE ASSETS (Lines 03+...09)	1 186	2 431	0	0	0	0	1 186	2 431
03	Capitalised value of foundation and restructuring	0	2	0	0	0	0	0	2
04	Capitalised value of R&D	0	525	0	0	0	0	0	525
05	Intangible property rights	376	520	0	0	0	0	376	520
06	Intellectual property	810	1 384	0	0	0	0	810	1 384
07	Goodwill	0	0	0	0	0	0	0	0
08	Advance payments on intangible assets	0	0	0	0	0	0	0	0
09	Value adjustment of intangible assets	0	0	0	0	0	0	0	0
10	II. TANGIBLE ASSETS (Lines 11+...17)	57 462	157 757	965	618	0	0	58 427	158 375
11	Land and buildings and related property rights	99	1 902	1	1	0	0	100	1 903
12	Technical equipment, machinery, vehicles	34 941	135 918	964	612	0	0	35 905	136 530
13	Other equipment, fittings, vehicles	31	73	0	0	0	0	31	73
14	Breeding stock	0	0	0	0	0	0	0	0
15	capital projects, renovations	1 004	6 097	0	5	0	0	1 004	6 102
16	Advance payments on capital projects	21 387	13 767	0	0	0	0	21 387	13 767
17	Value adjustment of tangible assets	0	0	0	0	0	0	0	0
18	III. FINANCIAL INVESTMENTS (19+...25)	6	261	0	0	0	0	6	261
19	Long-term investments in related companies	5	256	0	0	0	0	5	256
20	Long-term loans to related companies	0	0	0	0	0	0	0	0
21	Other long-term investments	1	1	0	0	0	0	1	1
22	Long-term loans to other associated companies	0	0	0	0	0	0	0	0
23	Other long-term loans given	0	4	0	0	0	0	0	4
24	Long-term debt securities	0	0	0	0	0	0	0	0
25	Value adjustment of financial investments	0	0	0	0	0	0	0	0
26	B. Current assets (Lines 27+34+40+45)	46 700	51 382	7 265	9 097	0	10 204	47 487	58 211
27	I. INVENTORIES (Lines 28+...33)	384	9 989	2	9	0	0	386	9 998
28	Raw materials	377	8 177	0	0	0	0	377	8 177
29	Work in progress and semi-finished products	0	1 105	0	0	0	0	0	1 105
30	Animals for breeding, fattening and other livestock	0	0	0	0	0	0	0	0
31	Finished products	0	700	0	0	0	0	0	700
32	Goods	7	7	2	9	0	0	9	16
33	Advance payments on inventories	0	0	0	0	0	0	0	0
34	II. RECEIVABLES (Lines 35+...39)	46 006	37 026	6 845	6 557	0	10 202	46 373	41 313
35	Accounts receivable from the supply of goods or services	730	1 541	192	232	0	3 652	922	5 425
36	Receivables from related companies	4 173	1 864	32	22	0	236	4 204	2 122
37	Receivables from other associated companies	3	7	0	0	0	0	3	7
38	Bills of exchange receivable	0	0	0	0	0	0	0	0
39	Other receivables	41 100	33 614	144	145	0	0	41 244	33 759
39/A.	Receivables from settlements with divisions	0	0	6 477	6 158	0	6 314	0	0
40	III. SECURITIES (Lines 41+...44)	0	0	0	0	0	0	0	0
41	Investments in related companies	0	0	0	0	0	0	0	0
42	Other investments	0	0	0	0	0	0	0	0
43	Treasury shares, own quotas	0	0	0	0	0	0	0	0
44	Debt securities held for sale	0	0	0	0	0	0	0	0
45	IV. LIQUID ASSETS (Lines 46+...47)	310	4 367	418	2 531	0	2	728	6 900
46	Cash in hand, cheques	144	156	1	2	0	0	145	158
47	Bank deposits	166	4 211	417	2 529	0	2	583	6 742
48	C. PREPAID EXPENSES /ACCRUED INCOME (Lines 49+...51)	21 490	27 810	4 752	4 871	0	154	26 242	32 835
49	Accrued income	21 138	21 000	4 752	4 871	0	154	25 890	26 025
50	Prepaid expenses	352	1 170	0	0	0	0	352	1 170
51	Deferred expenses	0	5 640	0	0	0	0	0	5 640
52	TOTAL ASSETS (01+26+48)	126 844	239 641	12 982	14 586	0	10 358	133 348	252 113

Table 46: Assets in MÁV-START Zrt.'s balance sheet broken down according to activity

Figures in MHUF

Item	Description	Public passenger transport (Z)		Non-public passenger transport (N)		Other activities (V)		MÁV-START Zrt. total	
		Base year	Current year	Base year	Current year	Base year	Current year	Base year	Current year
53.	<i>D. Equity (Lines 54+...60)</i>	57 983	108 881	8 903	5 058	0	0	66 886	113 939
54.	I. SHARE CAPITAL	9 885	43 627	115	115	0	0	10 000	43 742
	of which: repurchased treasury shares	0	0	0	0	0	0	0	0
55	II. SUBSCRIBED BUT UNPAID CAPITAL	0	0	0	0	0	0	0	0
56	III. CAPITAL RESERVE	50 475	65 788	1 845	1 845	0	0	52 320	67 633
57	IV. RETAINED EARNINGS	-316	-3 098	4 749	3 098	0	0	4 433	0
58	V. NON-DISTRIBUTABLE RESERVE	0	2 564	0	0	0	0	0	2 564
59	VI. VALUATION RESERVE	0	0	0	0	0	0	0	0
60	VII. NET PROFIT/LOSS	-2 061	0	2 194	0	0	0	133	0
61	<i>E. Provisions (Lines 62+...65)</i>	1 580	9 360	1	3	0	0	1 581	9 363
62	1. Provision for contingent liabilities	1 580	3 829	1	3	0	0	1 581	3 832
63	2. Provision for future expenses	0	1 929	0	0	0	0	0	1 929
64	3. Other provisions	0	3 602	0	0	0	0	0	3 602
65	<i>F. LIABILITIES (lines 67+71+80)</i>	44 742	92 055	404	6 027	0	10 257	38 668	95 867
66	<i>I. SUBORDINATED LIABILITIES (Lines 68+...70)</i>	0	0	0	0	0	0	0	0
67	Subordinated liabilities to related companies	0	0	0	0	0	0	0	0
68	Subordinated liabilities to other associated companies	0	0	0	0	0	0	0	0
69	Subordinated liabilities to other entities	0	0	0	0	0	0	0	0
70	<i>II. LONG-TERM LIABILITIES (72+...79)</i>	47	35 829	5	4	0	0	52	35 833
71	Long-term borrowings	0	0	0	0	0	0	0	0
72	Convertible bonds	0	0	0	0	0	0	0	0
73	Debts from issue of bonds	0	0	0	0	0	0	0	0
74	Investment and development credits	0	35 682	0	0	0	0	0	35 682
75	Other long-term credits	0	0	0	0	0	0	0	0
76	Long-term liabilities to related companies	0	0	0	0	0	0	0	0
77	Long-term liabilities to other associated companies	0	0	0	0	0	0	0	0
78	Other long-term liabilities	47	147	5	4	0	0	52	151
79	<i>III. SHORT-TERM LIABILITIES (Lines 81+...89)</i>	44 695	56 226	399	6 023	0	10 257	38 616	60 034
80	Short-term borrowings	0	0	0	0	0	0	0	0
81	of which: convertible bonds	0	0	0	0	0	0	0	0
82	Short-term loans	0	10 404	0	0	0	0	0	10 404
83	Advance payments received from customers	0	1	0	0	0	0	0	1
84	Liabilities from the supply of goods	2 748	20 281	327	325	0	0	3 075	20 606
85	Bills of exchange payable	0	0	0	0	0	0	0	0
86	Short-term liabilities to related companies	31 812	9 925	0	5 695	0	10 257	31 812	25 877
87	Short-term liabilities to other associated companies	8	32	0	0	0	0	8	32
88	Other short-term liabilities	3 650	3 111	72	3	0	0	3 721	3 114
88/A.	Debts from settlements with divisions	6 477	12 472	0	0	0	0	0	0
89	<i>G. ACCRUED EXPENSES/PREPAID INCOME (Lines 91+...93)</i>	22 539	29 345	3 674	3 498	0	101	26 213	32 944
90	Deferred income	494	455	42	45	0	64	536	564
91	Accrued expenses	611	2 768	3 632	3 453	0	37	4 243	6 258
92	Deferred income	21 434	26 122	0	0	0	0	21 434	26 122
93	TOTAL LIABILITIES (53+61+66+90)	126 844	239 641	12 982	14 586	0	10 358	133 348	252 113

Table 47: Assets in MÁV-START Zrt.'s balance sheet broken down according to activity

Figures in MHUF

Item	Description	Public passenger transport (Z)		Non-public passenger transport (N)		Other activities (V)		MÁV-START Zrt. total	
		Base year	Current year	Base year	Current year	Base year	Current year	Base year	Current year
01.	Net domestic sales revenues	59 255	61 023	4 623	5 341	0	21 804	63 878	88 168
02.	Net export sales revenues	17	88	12 740	13 626	0	1 298	12 757	15 012
I.	Net sales revenues (01+02)	59 272	61 111	17 363	18 967	0	23 102	76 635	103 180
03.	Change in self-manufactured inventories	0	-1 270	0	-42	0	-239	0	-1 551
04.	Capitalised value of self-manufactured assets	31	6 662	0	2	0	6	31	6 670
II.	Capitalised value of own performance (03+04)	31	5 392	0	-40	0	-233	31	5 119
III.	Other income	151 133	150 369	837	538	0	556	151 970	151 463
	of which: impairment reversed (962,1-962,2)	0	2 062	0	0	0	0	0	2 062
	Total operational return:	210 436	216 872	18 200	19 465	0	23 425	228 636	259 762
05.	Material costs	16 888	32 590	652	637	0	4 886	17 540	38 113
06.	Value of services used	155 475	103 041	10 382	10 246	0	2 632	165 857	115 919
07.	Value of other services used	1 212	1 720	20	52	0	127	1 232	1 899
08.	Cost of goods sold	55	0	39	111	0	59	94	170
09.	Value of resold services	0	0	2 647	2 692	0	427	2 647	3 119
IV.	Material expenditures (Lines 05+06+07+08+09)	173 630	137 351	13 740	13 738	0	8 131	187 370	159 220
10.	Wages	18 370	38 257	461	1 980	0	5 344	18 831	45 581
11.	Other payments to personnel	3 029	5 536	76	422	0	657	3 105	6 615
12.	Contributions on wages and salaries	6 751	14 286	169	739	0	2 080	6 920	17 105
V.	Payments to personnel (10.+11.+12.)	28 150	58 079	706	3 141	0	8 081	28 856	69 301
VI.	Depreciation	6 403	14 385	375	542	0	3 155	6 778	18 082
VII.	Other expenditures	4 290	5 214	1 225	211	0	1 013	5 515	6 438
	of which: impairment (862)	2 064	584	232	20	0	85	2 296	689
	Total operational expenses:	212 473	215 029	16 046	17 632	0	20 380	228 519	253 041
A.	TRADING PROFIT/(LOSS) (I+II-III-IV-V-VI-VII)	-2 037	1 843	2 154	1 833	0	3 045	117	6 721
13.	Dividends, profit share received	0	1	0	0	0	0	0	1
	Of which: received from related companies	0	1	0	0	0	0	0	1
14.	Exchange gain on sale of investments	0	0	0	0	0	0	0	0
	Of which: received from related companies	0	0	0	0	0	0	0	0
15.	Interest and gain on financial investments	0	0	0	0	0	0	0	0
	Of which: received from related companies	0	0	0	0	0	0	0	0
16.	Other interest received (due) and similar income	81	194	5	10	0	25	86	229
	Of which: received from related companies	9	7	0	0	0	1	9	8
17.	Other financial revenues	5	267	226	14	0	34	231	315
VIII.	Revenues from financial transactions (13+14+15+16+17)	86	462	231	24	0	59	317	545
18.	Loss on financial investments	0	0	0	0	0	0	0	0
	Of which: provided to related companies	0	0	0	0	0	0	0	0
19.	Interest payable and similar expenses	102	855	0	10	0	227	102	1 092
	Of which: provided to related companies	0	6	0	0	0	1	0	7
20.	Impairment of investments, securities and bank deposits	0	0	0	0	0	0	0	0
21.	Other financial expenditures	3	1 377	191	30	0	535	194	1 942
IX.	Expenditures of financial transactions (18+19+20+21)	105	2 232	191	40	0	762	296	3 034
B.	FINANCIAL PROFIT/(LOSS) (VIII-IX)	-19	-1 770	40	-16	0	-703	21	-2 489
C.	ORDINARY PROFIT/LOSS (A+B)	-2 056	73	2 194	1 817	0	2 342	138	4 232
X.	Extraordinary revenues	0	1	0	0	0	0	0	1
XI.	Extraordinary expenditures	5	23	0	1	0	5	5	29
D.	EXTRAORDINARY PROFIT/LOSS (X-XI)	-5	-23	0	-1	0	-4	-5	-28
E.	PRE-TAX PROFIT/LOSS (C+D)	-2 061	50	2 194	1 816	0	2 338	133	4 204
XIII.	TAX LIABILITY	0	-13	0	0	0	4	0	-9
F.	PROFIT/(LOSS) AFTER TAXATION (E-XII)	-2 061	63	2 194	1 816	0	2 334	133	4 213
22.	Dividend paid out of retained earnings	0	0	0	3 845	0	7 923	0	11 768
23.	Dividend paid (approved)	0	63	0	5 661	0	10 257	0	15 981
G.	NET PROFIT/LOSS (F+22-23)	-2 061	0	2 194	0	0	0	133	0

Table 48: MÁV-START Zrt.'s profit and loss statement broken down according to activity

Figures in MHUF

Item	Description	Public passenger transport (Z)		Non-public passenger transport (N)		Other activities (V)		MÁV-START Zrt. total	
		Base year	Current year	Base year	Current year	Base year	Current year	Base year	Current year
I.	Operating cash-flows (lines 1-13)	25 252	51 488	-336	2 311	0	-4 734	24 916	49 066
1.	Profit before tax ±	-2 061	50	2 194	1 816	0	2 338	133	4 204
	of which: amounts received free of charge	0	0	0	0	0	0	0	0
	amounts granted free of charge, expensed	0	0	0	0	0	0	0	0
	dividend received	0	-1	0	0	0	0	0	-1
	profit/loss from changes in investments	0	-1	0	0	0	0	0	-1
1/a.	Previous years' profit/(loss)	0	0	0	0	0	0	0	0
1/b.	Revalued loans	0	2 695	0	0	0	0	0	2 695
2.	Ordinary depreciation charge +	6 403	14 385	375	542	0	3 155	6 778	18 082
2/a.	Depreciation charge on previous year	0	0	0	0	0	0	0	0
3.	Impairment recognised and reversed ±	2 064	-1 477	219	21	0	85	2 283	-1 371
4.	Changes in provisions ±	178	1 938	0	2	0	0	178	1 940
5.	Non-current asset disposals ±	0	-5	0	0	0	-1	0	-6
6.	Movements in creditors ±	100	14 317	15	-2	0	0	115	14 316
7.	Movements in other short-term liabilities ±	1 162	-11 932	2	5 625	0	10 257	1 164	3 951
8.	Movements in accruals ±	21 170	5 630	-838	-176	0	101	20 332	5 555
9.	Movements in debtors ±	123	3 629	49	-40	0	-3 652	172	-63
10.	Current asset movements (less debtors and liquid assets) ±	-4 370	23 131	-2 667	303	0	-6 602	-7 037	16 832
	of which: movements in settlements with divisions	-3 232	-5 995	3 232	-318	0	6 313	0	0
11.	Movements in prepayments and accrued income ±	483	-1 086	315	-119	0	-154	798	-1 359
12.	Corporate income tax payable -	0	13	0	0	0	-4	0	9
13.	Dividend and share payable -	0	-63	0	-5 661	0	-10 257	0	-15 981
14.	Change in liquid assets resulting from the merger		263	0	0	0	0		263
II.	Change in liquid assets from investing activities (Lines 14-16)	-25 520	-24 118	-10	-197	0	-3 188	-25 530	-27 503
15.	Non-current asset additions -	-25 521	-24 124	-10	-197	0	-3 189	-25 531	-27 510
16.	Non-current asset disposals +	1	5	0	0	0	1	1	6
16/b.	Movements in long-term financial assets	0	0	0	0	0	0	0	0
16/c.	Movements in advances for capital projects	0	0	0	0	0	0	0	0
17.	Dividend received +	0	1	0	0	0	0	0	1
III.	Financing cash flows (Lines 17-.27)	-1	-23 313	0	-1	0	7 923	-1	-15 391
18.	Revenues from the issue of shares (capital addition) +	0	-7 923	0	0	0	7 923	0	0
19.	Proceeds from bond issue +	0	0	0	0	0	0	0	0
20.	Borrowings +	0	0	0	0	0	0	0	0
	of which: Short-term borrowings	0	0	0	0	0	0	0	0
	Loss on balance sheet date revaluation	0	0	0	0	0	0	0	0
21.	Changes in long-term loans granted	0	6	0	0	0	0	0	6
22.	Amounts received free of charge +	0	0	0	0	0	0	0	0
23.	Changes in equity	0	0	0	0	0	0	0	0
24.	Redemption of shares, capital reduction -	0	0	0	0	0	0	0	0
25.	Bond redemption -	0	0	0	0	0	0	0	0
26.	Loan repayment -	0	-15 413	-1	0	0	0	-1	-15 413
	of which: Short-term borrowings	0	0	0	0	0	0	0	0
	Gain on balance sheet date revaluation	0	0	0	0	0	0	0	0
27.	Cash transferred +	0	0	0	0	0	0	0	0
28.	Movements in payables to founders and in other long-term liabilities	-1	17	1	-1	0	0	0	16
IV.	Change in cash and cash equivalents (Lines ±I±II±III) ±	-270	4 057	-346	2 113	0	2	-616	6 172

Table 49: MÁV-START Zrt.'s cash flow statement broken down according to activity

II.2 Activity statement of MÁV-START Zrt.

The activity statement has been prepared for public and non-public passenger transport, as well as other activities, shown in accordance with the following table. Its main lines match the relevant figures of the profit and loss statement.

In 2013, the Company's activities were only separated between public and non-public passenger transport services.

Figures in THUF

TOTAL	MÁV-START Zrt. 2013 (base)			MÁV-START Zrt. 2014			
	Public services	Non-public services	TOTAL	Public services	Non-public services	Other activities	TOTAL
	Actual	Actual	Actual	Actual	Actual	Actual	Actual
Net sales revenue	59 272 297	17 363 004	76 635 301	61 111 135	18 967 226	23 101 844	103 180 205
of which: revenues from fares	35 773 937	9 179 888	44 953 825	36 373 293	10 367 165	0	46 740 458
domestic fares	35 773 937	653 691	36 427 629	36 373 293	608 717	0	36 982 010
foreign fares	0	8 526 197	8 526 197	0	9 758 448	0	9 758 448
social fare subsidy	17 885 863	0	17 885 863	19 500 583	0	0	19 500 583
revenues from carriage rental		4 848 251	4 848 251	0	4 955 123	0	4 955 123
Capitalised value of own performance	31128,541		31128,541	5 392 725	-39 778	-233 465	5 119 482
Other income	151 132 700	836 882	151 969 581	150 368 477	538 033	556 143	151 462 653
of which: government compensation	150 142 506		150 142 506	146 146 366	0	0	146 146 366
Business revenues	210 436 126	18 199 886	228 636 011	216 872 337	19 465 480	23 424 522	259 762 340
Material expenses	173 630 267	13 739 624	187 369 890	137 351 587	13 738 291	8 130 755	159 220 633
of which: infrastructure charge	67 622 635	1 204 984	68 827 618	69 399 822	1 137 897	512 153	71 049 872
traction and shunting	44 644 934	1 116 808	45 761 742	1 073 638	790 348	258 080	2 122 066
pre-heating, pre-cooling, and lighting	681 095	16 230	697 325	1 825	43	0	1 868
maintenance of rail transport equipment	21 166 038	889 018	22 055 056	3 717 927	447 782	428 331	4 594 041
RIC carriage usage fees	210 069	5 696 275	5 906 344	188 286	5 801 310	0	5 989 595
rental fee of towed and towing carriages	8 399 597	264 199	8 663 795	8 753 223	169 055	21 069	8 943 347
lease fee of towed and towing vehicles	221 139		221 139	231 273	0	0	231 273
cleaning cost of carriages	2 590 635	30 208	2 620 843	1 819 497	121 693	12 224	1 953 414
Central services	1 682 305	42 878	1 725 183	2 261 595	102 225	220 360	2 584 181
Finance and accounting costs	590 016	14 895	604 910	506 940	26 424	65 102	598 467
Training costs	332 679	8 413	341 092	481 460	24 599	57 231	563 289
Cost of HR services	463 364	11 669	475 032	581 165	25 343	50 682	657 190
Environmental protection and work safety services	106 816	2 681	109 497				
Healthcare costs	72 227	2 290	74 516	300 164	14 474	31 950	346 588
Administrative expenses	117 204	2 931	120 134	108 799	4 883	15 215	128 898
Payments to personnel	28 149 610	706 306	28 855 916	283 068	6 503	179	289 749
of which: payroll	18 370 478	460 847	18 831 326	58 078 586	3 141 340	8 080 764	69 300 691
other payments to personnel	3 028 453	76 139	3 104 592	38 256 648	1 980 302	5 344 193	45 581 142
contributions	6 750 679	169 319	6 919 998	5 535 997	421 873	656 564	6 614 434
Depreciation charge	6 403 151	374 557	6 777 708	14 285 941	739 166	2 080 008	17 105 115
Other expenditures	4 289 898	1 225 469	5 515 366	14 385 615	541 231	3 155 612	18 082 458
Business costs and expenses	212 472 925	16 045 955	228 518 881	215 029 416	17 632 748	20 379 925	253 042 090
Trading profit/loss	-2 036 800	2 153 930	117 131	1 842 922	1 832 732	3 044 597	6 720 250
Revenues from financial transactions	85 615	231 484	317 099	461 821	24 435	58 637	544 893
Expenditures of financial transactions	104 727	191 271	295 999	2 231 225	40 270	762 022	3 033 516
Financial profit/loss	-19 112	40 212	21 100	-1 769 404	-15 835	-703 385	-2 488 624
Extraordinary revenues	103		103	1 077	0	0	1 077
Extraordinary expenditures	5 567	6	5 573	24 362	1 263	3 030	28 654
Extraordinary profit/loss	-5 464	-6	-5 470	-23 285	-1 263	-3 030	-27 578
Tax liability				-12 875	158	4 226	-8 491
After-tax profit	-2 061 375	2 194 136	132 761	63 107	1 815 476	2 333 956	4 212 540
Retained earnings used for dividends and shares					3 845 185	7 923 016	11 768 201
Dividend, shares approved				63 107	5 660 661	10 256 972	15 980 741
Net profit/loss	-2 061 375	2 194 136	132 761	0	0	0	0
Items treated as exceptions to government compensation	2 061 375	0	2 061 375	-63 107	0	0	-63 107
Accounting settlement with a negative effect on profit and its reversal for 2012	2 061 375		2 061 375	-2 061 375			-2 061 375
Recognised and reversed impairment of receivables			0	280 919			280 919
Penalties passed on and paid			0	11 470			11 470
Provisions used and made			0	1 718 754			1 718 754
Corporate tax			0	-12 875			-12 875
Net profit/loss, taking the excepted items into account	0	2 194 136	2 194 136	-63 107	0	0	-63 107

Table 50: Activity statement of MÁV-START Zrt.

On 1 January 2014 MÁV-START Zrt. absorbed MÁV-TRAKCIÓ Zrt. and MÁV-GÉPÉSZET Zrt., previously independent entities, and their respective activities, thereby establishing a **new, unified passenger transport company**. As a result of the absorption, the range of the Company's activities was expanded to include, in addition to passenger transport services, other services not related to passenger transport, e.g. freight train traction, maintenance, railway car inspection. Following the absorption, services previously supplied by the two absorbed companies have been performed by the Company in house. In line with this, the Company's revenue and cost structure has significantly changed.

II.2.1 Notes to the report for the supervisory authority on passenger transport

II.2.1.1. Revenues

MÁV-START Zrt.'s **net sales revenues** for 2014 were HUF 103,180 million (base: HUF 76,635 million). Of net sales revenues:

- Domestic ticket sales were HUF 36,982 million, which is a HUF 554 million increase on the previous year's figure (base: HUF 36,428 million).
- International ticket sales were HUF 9,758 million, which is HUF 1,232 million higher than the base year figure (base: HUF 8,526 million).
- Social fare subsidies totalling HUF 19,501 million were recognized in accordance with Government Decree No. 121/2012. (VI.26.), as currently in effect (base: HUF 17,886 million).

Other revenues mainly comprised government compensation for passenger transport, totalling HUF 146,146 million in 2014 (base: HUF 150,143 million).

In 2014, MÁV-START Zrt.'s operating income totalled HUF 259,762 million (base: HUF 228,636 million).

II.2.1.2. Costs and expenses

Operating expenses totalled HUF 253,042 million in 2014 (base: HUF 228,519 million).

Major components of material expenditures included:

- Infrastructure charge (track access charge and other infrastructure services) in the reporting period: HUF 71,050 million (base: HUF 68,828 million).
- Traction and shunting costs were HUF 2,122 million (base: HUF 45,762 million). Pre-heating and lighting costs were HUF 2 million (base: HUF 697 million.)
- Railway vehicle maintenance costs in the period under review were HUF 4,594 million (base: HUF 22,055 million).
- The rent of railway vehicles totalled HUF 8,943 million (base: HUF 8,664 million).
- Charges paid based on the number of kilometres run by other railway companies' passenger carriages used by MÁV-START Zrt. totalled HUF 5,990 million in the reporting year (base: HUF 5,906 million).
- In the reporting year, railway vehicle cleaning costs totalled HUF 1,953 million (base: 2,621 million).
- Services used received from MÁV Szolgáltató Központ Zrt. in respect of the reporting period included financial and accounting services of HUF 598 million (base: HUF 605 million), training services of HUF 563 million (base: HUF 341 million), human services of HUF 657 million (base: HUF 475 million), environmental, work safety and workers' health services of HUF 475 million (base: HUF 184 million), and administrative services of HUF 290 million (base: HUF 120 million).

MÁV-START Zrt.'s **payments to personnel** totalled HUF 69,301 million in 2014, of which wages and salaries amounted to HUF 45,581 million, other payments to personnel totalled HUF 6,615 million, and social security contributions totalled HUF 17,105 million.

(Base: payments to personnel: HUF 28,856 million, of which wages and salaries: HUF 18,831 million, other payments to personnel: HUF 3,105 million, social security contributions: HUF 6,920 million).

Depreciation charge in 2014 totalled HUF 18,082 million (base: HUF 6,778 million).

Other operating expenses totalled HUF 6,438 million (base: HUF 5,515 million), and included the following major items: provisions made for contingent liabilities and future expenses totalled HUF 4,298 million, damages paid and similar payments totalled HUF 947 million, donations and financial support given totalled HUF 171 million, and penalties and late payment interest totalled HUF 92 million.

Financial income totalled HUF 545 million, of which interest on term deposits represented HUF 229 million, while exchange gains represented HUF 304 million. **Financial expenses** totalled HUF 3,034 million, and included interest paid on liquidity loans and overdrafts amounting to HUF 1,084 million, and realised exchange losses amounting to HUF 1,940 million. This resulted in a financial loss of HUF -2,489 million. (In the base year, financial income was HUF 317 million, financial expenses were HUF 296 million.)

II.2.2 Notes to the report for the supervisory authority on public passenger transport services

II.2.2.1. Revenues

MÁV-START Zrt.'s **net sales revenues** from public passenger services totalled HUF 61,111 million in 2014, of which HUF 36,373 million was generated from **ticket sales** and HUF 19,501 million represented compensation received from the government (**social fare subsidy**).

(Base: net sales: HUF 59,272 million, of which ticket sales: HUF 35,774 million, and social fare subsidy: HUF 17,886 million).

Other revenues mainly comprised government compensation for passenger transport, totalling HUF 146,146 million in 2014 (base: HUF 150,143 million).

MÁV-START Zrt.'s **operating income related to public passenger transport services** totalled HUF 216,872 million in the 2014 financial year (base: HUF 210,436 million).

II.2.2.2. Costs and expenses

Operating expenses related to public passenger transport services totalled HUF 215,029 million in the 2014 financial year (base: HUF 212,473 million).

Major **material expenditure** items related to public passenger transport services included:

- Infrastructure charge (track access charge and other infrastructure services) in the reporting period: HUF 69,400 million (base: HUF 67,623 million).
- Traction and shunting costs were HUF 1,074 million (base: HUF 44,645 million). Pre-heating and lighting costs were HUF 2 million (base: HUF 681 million.)
- Railway vehicle maintenance costs related to public passenger transport services were

- HUF 3,718 million (base: HUF 21,166 million).
- The rent of railway vehicles related to public passenger transport services totalled HUF 8,753 million (base: HUF 8,400 million).
 - Charges paid based on the number of kilometres run by other railway companies' passenger carriages used by MÁV-START Zrt. totalled HUF 188 million in the reporting year (base: HUF 210 million).
 - Railway vehicle cleaning costs in the period under review were HUF 1,819 million (base: HUF 2,591 million).
 - Of other services received from MÁV Szolgáltató Központ Zrt. in respect of the reporting period, services received in relation to public passenger transport included financial and accounting services of HUF 507 million (base: HUF 590 million), training services of HUF 481 million (base: HUF 333 million), human services of HUF 581 million (base: HUF 463 million), environmental, work safety and workers' health services of HUF 409 million (base: HUF 179 million), and administrative services of HUF 283 million (base: HUF 117 million).

In the 2014 reporting period, **payments to personnel** totalled HUF 58,079 million, excluding the cost of employees who worked in international services (base: HUF 28,150 million).

Depreciation charge related to public passenger transport services in 2014 totalled 14,386 million (base: HUF 6,403 million).

Other operating expenses included damages paid and similar payments (HUF 810 million), penalties and late payment interest (HUF 78 million), various donations and financial support (HUF 145 million), provisions made for contingent liabilities and future expenses (HUF 3,389 million), totalling HUF 5,214 million in relation to public passenger transport services (base: HUF 4,290 million).

Financial income related to public passenger transport services totalled HUF 462 million, of which interest on term deposits represented HUF 194 million, while exchange gains represented HUF 258 million. **Financial expenses** totalled HUF 2,231 million, and included interest paid on liquidity loans and overdrafts amounting to HUF 848 million, and realised exchange losses amounting to HUF 1,375 million. (In the base year, financial income was HUF 86 million, financial expenses were HUF 105 million.)

II.3 MÁV-START Zrt.'s other statements broken down according to activity

Revenues from and expenditures to related companies are shown in the tables below:

Figures in MHUF

Related company	Revenues					Expenditures					Total
	Net revenues	Other income	Income from financial transactions	Extraordinary income	Total	Costs	Other expenditures	Financial expenditures	Extraordinary expenditures	Total	
005 MAVTI Kft	0	0	0	0	0	0	0	0	0	0	0
015 MÁV Nostalgia Kft	3	6	0	0	9	16	0	0	0	16	-7
020 MÁV VAGON Kft.	7	0	1	0	8	9	0	0	0	9	-1
022 MÁV Vasjármű	0	13	0	0	13	247	14	0	0	261	-248
027 Dunakeszi Járműjavító Kft	0	0	0	0	0	1 592	2	0	0	1 594	-1 594
037 VAMAV Kft.	0	0	0	0	0	0	0	0	0	0	0
038 EURO-METALL Kft.	0	0	0	0	0	0	0	0	0	0	0
096 MÁV Létesítményüzemeltető és Vasútor Kft	7	0	0	1	8	195	1	0	0	196	-188
101 MÁV FKG Kft	2	0	0	0	2	0	0	0	0	0	2
131 MÁV KFV Kft	0	0	0	0	0	0	0	0	0	0	0
136 MÁV IK Kft	0	0	0	0	0	58	0	0	1	59	-59
138 MÁV Szolgáltató Központ Zrt.	23	39	1	0	63	6 371	7	0	0	6 378	-6 315
139 MÁV Vasútor Kft	17	0	0	0	17	784	0	0	0	784	-767
142 Multiszolg 97 Hidmérleg Kft.	0	0	0	0	0	0	0	0	0	0	0
149 MÁV Vagyonkezelő Zrt.	1	0	0	0	1	0	0	0	0	0	1
179 Záhony-Port Zrt.	0	0	0	0	0	0	0	0	0	0	0
186 MÁV-TRAKCÍÓ Zrt.	2	0	0	0	2	131	0	0	0	131	-129
187 MÁV-GÉPÉSZET Zrt.	1	0	0	0	1	29	0	0	0	29	-28
191 TS-MÁV Gépezet Services Kft.	0	0	0	0	0	105	0	0	0	105	-105
100 MÁV Zrt. parent	50	31	7	0	88	107 687	71	7	0	107 765	-107 677
Total	113	89	9	1	212	117 224	95	7	1	117 327	-117 115

Table 51: Related company figures, for public passenger transport services

Figures in MHUF

Related company	Revenues					Expenditures					Total
	Net revenues	Other income	Income from financial transactions	Extraordinary income	Total	Costs	Other expenditures	Financial expenditures	Extraordinary expenditures	Total	
005 MAVTI Kft	0	0	0	0	0	0	0	0	0	0	0
015 MÁV Nostalgia Kft	5	0	0	0	5	1	0	0	0	1	4
020 MÁV VAGON Kft.	0	0	0	0	0	0	0	0	0	0	0
022 MÁV Vasjármű	0	0	0	0	0	0	1	0	0	1	-1
027 Dunakeszi Járműjavító Kft	0	0	0	0	0	409	0	0	0	409	-409
037 VAMAV Kft.	0	0	0	0	0	0	0	0	0	0	0
038 EURO-METALL Kft.	0	0	0	0	0	0	0	0	0	0	0
096 MÁV Létesítményüzemeltető és Vasútor Kft	0	0	0	0	0	10	0	0	0	10	-10
101 MÁV FKG Kft	0	0	0	0	0	0	0	0	0	0	0
131 MÁV KFV Kft	2	0	0	0	2	0	0	0	0	0	2
136 MÁV IK Kft	0	0	0	0	0	3	0	0	0	3	-3
138 MÁV Szolgáltató Központ Zrt.	0	2	0	0	2	328	0	0	0	328	-326
139 MÁV Vasútor Kft	0	0	0	0	0	35	0	0	0	35	-35
142 Multiszolg 97 Hidmérleg Kft.	0	0	0	0	0	0	0	0	0	0	0
149 MÁV Vagyonkezelő Zrt.	0	0	0	0	0	0	0	0	0	0	0
179 Záhony-Port Zrt.	0	0	0	0	0	0	0	0	0	0	0
186 MÁV-TRAKCÍÓ Zrt.	0	0	0	0	0	3	0	0	0	3	-3
187 MÁV-GÉPÉSZET Zrt.	0	0	0	0	0	1	0	0	0	1	-1
191 TS-MÁV Gépezet Services Kft.	0	0	0	0	0	33	0	0	0	33	-33
100 MÁV Zrt. parent	66	8	0	0	74	2 137	4	1	0	2 142	-2 068
Total	73	10	0	0	83	2 960	5	1	0	2 966	-2 883

Table 52: Related company figures, for non-public passenger transport services

Figures in MHUF

Related company	Revenues					Expenditures					Total
	Net revenues	Other income	Income from financial transactions	Extraordinary income	Total	Costs	Other expenditures	Financial expenditures	Extraordinary expenditures	Total	
005 MAVTI Kft	0	0	0	0	0	0	0	0	0	0	0
015 MAV Nostalgia Kft	38	1	0	0	39	1	0	0	0	1	38
020 MAV VAGON Kft.	5	0	0	0	5	71	0	0	0	71	-66
022 MAV Vasjármű	2	1	0	0	3	131	1	0	0	132	-129
027 Dunakeszi Járműjavító Kft	6	0	0	0	6	2	0	0	0	2	4
037 VAMAV Kft.	42	0	0	0	42	0	0	0	0	0	42
038 EURO-METALL Kft.	171	0	0	0	171	0	0	0	0	0	171
096 MAV Létesítményüzemeltető és Vasútor Kft	17	0	0	0	17	22	0	0	0	22	-5
101 MAV FKG Kft	347	0	0	0	347	0	0	0	0	0	347
131 MAV KFV Kft	64	0	0	0	64	0	0	0	0	0	64
136 MAV IK Kft	0	0	0	0	0	6	0	0	0	6	-6
138 MAV Szolgáltató Központ Zrt.	11	5	0	0	16	638	1	0	0	639	-623
139 MAV Vasútor Kft	0	0	0	0	0	66	0	0	0	66	-66
142 Multiszolg 97 Hidmérleg Kft.	0	0	0	0	0	0	0	0	0	0	0
149 MAV Vagyonkezelő Zrt.	0	0	0	0	0	0	0	0	0	0	0
179 Záhony-Port Zrt.	0	0	0	0	0	0	0	0	0	0	0
186 MAV-TRAKCIO Zrt.	0	0	0	0	0	0	0	0	0	0	0
187 MAV-GÉPÉSZET Zrt.	0	0	0	0	0	0	0	0	0	0	0
191 TS-MÁV Gépészet Services Kft.	1 738	0	0	0	1 738	605	0	0	0	605	1 133
100 MAV Zrt. parent	3 846	4	1	0	3 851	4 579	9	0	0	4 588	-737
Total	6 287	11	1	0	6 299	6 121	11	0	0	6 132	167

Table 53: Related company figures, for other activities

Figures in MHUF

Related company	Revenues					Expenditures					Total
	Net revenues	Other income	Income from financial transactions	Extraordinary income	Total	Costs	Other expenditures	Financial expenditures	Extraordinary expenditures	Total	
005 MAVTI Kft	0	0	0	0	0	0	0	0	0	0	0
015 MAV Nostalgia Kft	46	7	0	0	53	18	0	0	0	18	35
020 MAV VAGON Kft.	13	0	1	0	14	80	0	0	0	80	-66
022 MAV Vasjármű	2	14	0	0	16	378	16	0	0	394	-378
027 Dunakeszi Járműjavító Kft	6	0	0	0	6	2 003	2	0	0	2 005	-1 999
037 VAMAV Kft.	42	0	0	0	42	0	0	0	0	0	42
038 EURO-METALL Kft.	171	0	0	0	171	0	0	0	0	0	171
096 MAV Létesítményüzemeltető és Vasútor Kft	24	0	0	1	25	227	1	0	0	228	-203
101 MAV FKG Kft	349	0	0	0	349	0	0	0	0	0	349
131 MAV KFV Kft	66	0	0	0	66	0	0	0	0	0	66
136 MAV IK Kft	0	0	0	0	0	67	0	0	1	68	-68
138 MAV Szolgáltató Központ Zrt.	34	46	1	0	81	7 337	8	0	0	7 345	-7 264
139 MAV Vasútor Kft	17	0	0	0	17	885	0	0	0	885	-868
142 Multiszolg 97 Hidmérleg Kft.	0	0	0	0	0	0	0	0	0	0	0
149 MAV Vagyonkezelő Zrt.	1	0	0	0	1	0	0	0	0	0	1
179 Záhony-Port Zrt.	0	0	0	0	0	0	0	0	0	0	0
186 MAV-TRAKCIO Zrt.	2	0	0	0	2	134	0	0	0	134	-132
187 MAV-GÉPÉSZET Zrt.	1	0	0	0	1	30	0	0	0	30	-29
191 TS-MÁV Gépészet Services Kft.	1 737	0	0	0	1 737	743	0	0	0	743	994
100 MAV Zrt. parent	3 962	43	8	0	4 013	114 403	84	8	0	114 495	-110 482
Total	6 473	110	10	1	6 594	126 305	111	8	1	126 425	-119 831

Table 54: Related company figures, for MÁV-START Zrt.

The average annual headcount of employees per type of activity is shown in the following table:

Activity	headcount (persons)
Public passenger transport	13 734
Non-public passenger transport	495
Other activities	0
MÁV-START Zrt. total:	14 229

Table 55: Average annual headcount of employees per type of activity in the reporting year

Subsidies recognised in the reporting year are shown in the following table, per type of subsidy:

Figures in MHUF

Item	Public passenger transport		Non-public passenger transport		Other activities		MÁV-START Zrt.	
	Base year	Current year	Base year	Current year	Base year	Current year	Base year	Current year
Ticket subsidy (price compensation)	17 886	19 501	429	434	0	0	18 315	19 935
Excise tax on traction fuel, refunded	0	3 219	0	10	0	1 206	0	4 435
Project subsidy	21 434	4 727	0	0	0	0	21 434	4 727
Public service refund	150 143	146 146	0	0	0	0	150 143	146 146
KÖZOP subsidy received to compensate for costs	0	9	0	0	0	0	0	9
GOP subsidy received to compensate for costs	0	21	0	1	0	2	0	24
Incentive scheme for MÁV workers, 2011-2013	369	0	27	0	0	0	396	0
TÁMOP workplace health promotion programme	0	0	2	3	0	0	2	3
Accounted subsidies in total	189 832	27 477	458	448	0	1 208	190 290	29 133
Of which: subsidies accounted as revenue	189 832	170 404	458	438	0	0	190 290	174 791

Table 56. Subsidies received in the reporting year

III Supplementary notes

III.1 Environmental protection

Since 2011, MÁV-START Zrt.'s environmental protection responsibilities have been fulfilled by MÁV Zrt.'s EBK organisation and its current successor, MÁV Szolgáltató Központ Zrt.'s BLÜ Environmental Protection organisation (in respect of the two absorbed companies as well). The Company's environmental protection activities continue to be controlled by the Company's security and safety organisation.

To ensure compliance with Act CLXXXV of 2012 on Waste and the decrees on its implementation, Direction No. 34/2014. (VIII.15. MÁV Ért.16.) EVIG 'Process control regarding waste' has been issued (at MÁV Group level). By absorption of the three Companies, duplications were eliminated, and thus several directions have been withdrawn.

The Company's short and mid-term goals previously included gradual expansion of the Environmental Management System (EMS) implemented and operated at the Miskolc Directorate for Vehicle Maintenance and Safety (JBI) to other permanent establishments serving maintenance (vehicle safety) purposes as well as to the Regional Centres (Directorates) for Passenger Transport and Traction (TSZVK/TSZVI).

In line with the Company's short-term objectives, in October 2014, on the basis of a management decision, implementation of the EMS was started in the area of operation of the Miskolc TSZVK (from January 2015, TSZVI), and, following certification, the Environmental Management System will be operational in the whole area of the Miskolc JBI and TSZVI, and will serve as a model for EMS expansion to other areas. EMS certification at the Miskolc TSZVI will take place in January 2016.

In 2014, inspections were conducted by the Environmental Protection Authority at the Company's vehicle wash stations at Bp. Keleti, Debrecen and Nyíregyháza, and inspections were conducted by sewage utility providers at several permanent establishments. No deficiencies were identified in the course of these inspections.

The details and costs of activities related to environmental protection are shown in the tables below:

III.1.1 Environmental obligations and expenses

In 2014, provisions for environmental obligations were made in an amount of HUF 26 million by MÁV-START Zrt., while in 2013 no provisions were made on such grounds. Expenses recognised in relation to environmental protection are shown in the following table:

Figures in MHUF

Description of costs	Previous year	Current year
Environmental expenses	0	279

Table 57: Environmental expenses

III.1.2 Tangible assets serving environmental protection purposes

Tangible assets directly serving environmental protection purposes are shown in the table below:

Figures in MHUF

Item	Opening	Merger	Increase in 2014	Decrease in 2014	Closing
Gross value of land and buildings, and related property rights	0	11	0	0	11
Gross value of technical equipment, machinery and vehicles	0	35	2	0	37
Total gross value:	0	46	2	0	48
Depreciation of land and buildings, and related property rights	0	0	1	0	1
Depreciation of technical equipment, machinery and vehicles	0	0	12	0	12
Total accumulated depreciation:	0	0	13	0	13
Total net book value:	0	46	-11	0	35
<i>Construction in progress</i>	0	0	0	0	0
Total:	0	46	-11	0	35

Table 58: Tangible assets serving environmental protection purposes

At MÁV-START Zrt., for tangible assets, including assets serving environmental protection purposes, ordinary depreciation is charged on a daily basis, using the straight line method.

III.1.3 Waste values and quantities

Waste produced as a result of the Company's operations is sold on a continuous basis.

- Value of waste

Figures in MHUF

EWC code	Item	2014	
		Sold (kg)	Net value sold
12 01 01	Ferrous metal filings and turnings	482 000	27
12 01 02	Ferrous metal dust and particles	1 200	0
12 01 03	Aluminium and copper turnings	3 670	4
16 01 17	Ferrous metal	1 191 650	84
16 01 18	Aluminium, copper, bronze, zinc	40 200	39
17 04 11	Cables	0	0
16 06 01	Battery, acidic	67 768	13
16 06 04	Battery, alkaline	78 146	2
Total		1 864 634	169

Table 59: Value of waste

- Used oil and lubricants sold

Figures in MHUF

Recipient	2014	
	Sold (kg)	Net value sold
MOL-LUB Kft.	96 440	6

Table 60: Used oil and lubricants sold

- Quantities of hazardous waste

Data in kg

EWC code	Item	Opening balance	Merger	Increase in 2014	Decrease in 2014	Closing balance
060106	Other acids	0	40	44	67	17
060204	Sodium and potassium hydroxide	0	0	1 025	820	205
070104	Other organic solvents, washing liquids and mother liquors	0	167	182	279	70
080111	Waste paint and varnish containing organic solvents or other dangerous substances	0	743	9 981	8 579	2 145
080117	Wastes from paint or varnish removal containing organic solvents or other dangerous substances	0	2 240	19 249	17 191	4 298
080317	Waste toner (hazardous paint)	657	118	1 753	2 022	506
080409	Waste adhesives and fillers containing organic solvents or other dangerous substances	0	25	4 414	3 551	888
100402	Blast furnace slag and skimming from primary and secondary production	0	0	1 251	1 001	250
101007	Casting cores and moulds containing dangerous substances	0	0	200	160	40
120112	Used wax and grease	0	192	6 965	5 726	1 431
120116	Sandblasting wastes containing dangerous substances	0	2 065	8 995	8 848	2 212
120118	Oily metal sludge (from grinding, honing and lapping)	0	686	39 925	32 489	8 122
130205	Non-chloride lubricants	0	34 571	168 708	163 078	40 201
130206	Synthetic lubricants	0	0	180	144	36
130208	Other lubricants	0	43	0	34	9
130307	Mineral oil based, non-chloride insulation and heat transmission lubricants	0	2 959	19 257	17 773	4 443
130502	Sludge from oil/water separator	0	1 462	118 164	95 701	23 925
130507	Oily water from oil/water separator	0	2 564	6 937	7 601	1 900
130508	Mixed waste from oil/water separator	0	0	339 394	271 515	67 879
130701	Heating and diesel oil	0	760	3 898	3 726	932
140603	Other solvent mixes	0	1 160	6 050	5 768	1 442
150110	Packaging containing residues of or contaminated by dangerous substances	60	3 289	51 885	44 184	11 050
150111	Metallic packaging containing a dangerous solid porous matrix (e.g. asbestos)	1	414	1 419	1 467	367
150202	Absorbents, filter materials (including oil filters not otherwise specified), wiping cloths, protective clothing contaminated by hazardous substances	270	12 872	89 379	82 017	20 504
160107	Oil filters	0	1 644	7 670	7 451	1 863
160114	Waste antifreeze containing hazardous materials	0	180	2 169	1 879	470
160121	Hazardous spare parts	0	0	296	237	59
160213	Equipment no longer in use	10	0	408	334	84
160303	Inorganic wastes containing dangerous substances	6	2	42	40	10
160305	Organic wastes containing dangerous substances	0	3 449	8 751	9 760	2 440
160506	Laboratory chemicals, consisting of or containing dangerous substances	0	51	62	90	23
160507	Discarded inorganic chemicals consisting of or containing dangerous substances	0	30	33	50	13
160601	Lead batteries	0	18 233	55 170	58 722	14 681
160606	Separately collected electrolyte from batteries	0	7 100	16 770	19 096	4 774
160708	Wastes containing oil	60	0	65	105	20
161001	Aqueous liquid waste containing dangerous substances	0	0	28 719	22 975	5 744
170106	Fractions of concrete, bricks, tiles and ceramics containing dangerous substances	0	0	3 401	2 721	680
170204	Glass, plastic and wood containing or contaminated with dangerous substances	0	40	4 676	3 773	943
170410	Cables containing oil, coal tar and other dangerous substances	0	0	76	61	15
170503	Soil and stones containing dangerous substances	0	985	26 966	22 361	5 590
170603	Other insulation materials consisting of or containing dangerous substances	0	0	332	266	66
180104	Blood donation box	8	0	0	8	0
190813	Sludge containing dangerous substances from other treatment of industrial waste water	0	70 000	286 953	285 563	71 390
200121	Fluorescent light bulbs and other mercury-containing wastes	1	287	2 195	1 987	496
200133	Batteries and accumulators included in 16 06 01, 16 06 02 or 16 06 03 and unsorted batteries	623	410	3 145	3 342	836
200135	Discarded electrical and electronic equipment other than those mentioned in 20 01 21 and 20 01 23 containing hazardous components	1 477	1 069	13 544	12 872	3 218
Total		3 173	169 850	1 360 698	1 227 434	306 287

Table 61: Quantities of hazardous waste

III.2 Research and experimental development

The costs of R&D and other technical development, and the capitalised value of R&D activities, are presented below:

Figures in MHUF

Item	Previous year	Current year
R&D costs	0	242
Of which: Own R&D to be capitalised	0	242
Own R&D expensed in the reporting year	0	0
R&D by third parties	0	0
R&D to third parties	0	0
Direct costs of technical development	0	0
Of which: Cost of development arrangements, management and	0	0
Technical information, propaganda and production man	0	0
Type classification, standardisation, industrial design	0	0
Technical tenders	0	0
Non-capitalised or unused innovation	0	0
Non-capitalised, used innovation	0	0
Other non-capitalised, used intellectual property	0	0
Total:	0	242

Table 62: R&D costs

Figures in MHUF

Item	Opening	Merger	Growth	Decrease	Closing
Gross value	0	0	516	0	516
Depreciation charge	0	0	0	31	-31
Net value	0				485
R&D in progress	0	313	242	516	40
Total:	0	313	758	547	525

Table 63: Capitalised R&D

In 2014, R&D costs related to the development of IC+ vehicles, started by MÁV-GÉPÉSZET Zrt., were capitalised, amounting to nearly HUF 516 million. The engine reconstruction project aimed at reducing pollutant emissions by M41 series diesel engines is continuing; this is represented by R&D in progress.

III.3 Subsidies received

Subsidies received for various activities are shown below, according to type:

Figures in MHUF

Item	Previous year	Current year
Ticket subsidy (price compensation)	18 315	19 935
Excise tax on traction fuel, refunded	0	4 435
Project subsidy	21 434	4 727
Production subsidy (public service refund)	150 143	146 146
KÖZOP subsidy received to compensate for costs	0	9
GOP subsidy received to compensate for costs	0	24
Incentive scheme for MÁV workers, 2011-2013	396	0
TAMOP workplace health promotion programme	2	3
Total:	190 290	175 279

Table 64: Subsidies recognised in the reporting year

Social fare subsidies totalling HUF 19,935 million were recognised in accordance with Government Decree No. 121/2012. (VI.26.), as currently in effect.

Due to the absorption of MÁV-TRAKCIÓ Zrt., MÁV-START Zrt. gained entitlement to excise tax refund on traction fuel used by diesel engines. In the reporting year, the Company was entitled to an excise tax refund of HUF 4,435 million on fuel used.

The HUF 146,146 million amount of public service refunds includes compensation receivable from the state budget under the reimbursement memorandum, and additional compensation receivable in the reporting year.

In 2014, HUF 9 million was received in KÖZOP subsidies, and HUF 24 million was received in GOP subsidies, to compensate for costs. These subsidies were typically used to cover communications-related expenses.

Detailed figures concerning investment subsidies are shown in table No. 4.

The project entitled "MÁV-START Zrt. Szolnoki SZSZK workplace health promotion programme", supported under subsidy heading TÁMOP-6.1.2-11/1-2012-0486, was concluded in 2013. Financial settlement of the project was completed in 2014, under which a subsidy of HUF 3 million was credited to the Company's account.

Figures in MHUF

Ticket price subsidy by category	Previous year	Current year
50% discount	3 754	3 713
67.5% discount	0	0
90% discount	2 944	2 683
Student discount	5 940	7 713
Discount for OAPS over 70 (65)	5 677	5 826
Total:	18 315	19 935

Note: Figures are shown net of VAT. (Ticket price subsidy includes reversed ticket revenues deferred in 2013 and the amount deferred in 2014 (both HUF 75 million).

Table 65: Ticket price subsidy usage

III.4 Average employee headcount, payroll costs, and other payments to personnel

Changes in the Company's employee headcount are presented in the tables below:

Item	2013		2014	
	Average statistical headcount	Distribution (%)	Average statistical headcount	Distribution (%)
Blue collar	3 726,2	54,16	9 910,7	69,65
White collar	3 153,7	45,84	4 318,7	30,35
Total:	6 879,9	100,00	14 229,4	100,0

Table 66: Employee headcount (number of persons)

Distribution (%)	2013	Distribution (%)	2014	Distribution (%)	Index 2014/2013 (%)
Full-time	6 848,2	99,54	14 124,8	99,26	206,26
blue-collar	3 725,2	54,15	9 902,2	69,59	265,82
white-collar	3 123,0	45,39	4 222,6	29,68	135,21
Part-time	31,7	0,46	104,6	0,74	329,97
blue-collar	1,0	0,01	8,5	0,06	850,00
white-collar	30,7	0,45	96,1	0,68	313,03
Employees total	6 879,9	100,00	14 229,4	100,00	206,83
Vocational school student	0,0	0,00	0,0	0,00	0,00
Headcount total	6 879,9	100,00	14 229,4	100,00	206,83

Table 67: Number of staff at MÁV-START Zrt. in 2014 (number of persons)

Payments to personnel employed by MÁV-START Zrt. and their average pay in 2014 were as follows:

Figures in MHUF

Item	2013					2014				
	Wages	Other payments to personnel	Contributions on wages and salaries	Total	Distribution (%)	Wages	Other payments to personnel	Contributions on wages and salaries	Total	Distribution (%)
Blue collar	10 189	1 676	3 744	15 609	54,09	31 730	4 594	11 905	48 229	69,59
White collar	8 623	1 419	3 169	13 211	45,78	13 827	2 001	5 187	21 015	30,32
Inactive	19	10	7	36	0,12	24	20	13	57	0,08
Total:	18 831	3 105	6 920	28 856	100,00	45 581	6 615	17 105	69 301	100,00

Table 68: Payments to personnel

Item	Average pay (HUF/person/month)		Fixed wage from average pay (HUF/person/month)	
	2013	2014	2013	2014
	blue-collar	202 268	255 433	115 813
white-collar	234 418	266 252	172 729	238 044
Full-time	216 929	258 715	141 769	197 683

Table 69: Average salary

III.5 Information about payments to senior executives, members of the Board of Directors and the Supervisory Board

III.5.1 Remuneration paid to senior officers, members of the Board of Directors and the Supervisory Board

Figures in MHUF

Item	2013	2014
Senior Officers	41	29
Board of Directors	0	0
Supervisory Board	6	7
Total:	47	36

Table 70: Remunerations paid

III.5.2 Advances and loans disbursed to senior officers, members of the Board of Directors and the Supervisory Board, and guarantees assumed on their behalf

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

III.5.3 Pension liability to former officers, members of the Board of Directors and the Supervisory Board

The Company has no pension liabilities to former senior officers and members of the Supervisory Board.

III.6 The Company's investments

Figures in HUF

Code	Name	Ownership %	Date of acquisition/foundation	Postcode	Registered office	Address	Issued capital as at 31. Dec. 2014	Reserves as at 31. Dec. 2014 (expected)	B/S profit/loss as at 31. Dec. 2014 (expected)	Equity as at 31. Dec. 2014 (expected)	General ledger account 1619 Registered capital as at 1. Jan. 2014	Accumulated impairment as at 1. Jan. 2014	Book value as at 1. Jan. 2014
Fully consolidated													
186	MAV-TRAKCIO Zrt.	0.01	2007.10.10	1087	Budapest	Könyves Kálmán körút 54-60.	0				2 000 000		2 000 000
187	MAV-GEFÉSZET Zrt.	0.05	2007.11.12	1087	Budapest	Könyves Kálmán körút 54-60.	0				2 000 000		2 000 000
138	MAV Szolgáltató Központ Zrt.	0.37	2011.07.19	1012	Budapest	Könyves Kálmán körút 54-60.	801 000 000	1 342 554 000	100 946 000	2 244 500 000	1 000 000		1 000 000
136	MAV Ingatlankezelő Kft.	0.02	2013.09.23	1087	Budapest	Könyves Kálmán körút 54-60.	0				100 000		100 000
020	MAV VAGON Kft.	99.96	2014.01.01	8000	Székesfehérvár	Takarodó u. 1.	243 980 000	3 896 000	8 460 000	256 336 000	0		0
096	MAV Létesítményüzemeltető és Vasútvár Kft.	0.13	2014.10.31	1087	Budapest	Könyves Kálmán körút 54-60.	903 292 000	2 903 682 156	202 351 000	4 009 326 000	100 000		100 000
Fully consolidated subsidiaries, total:							1 948 272 000	4 250 132 156	311 757 000	6 510 162 000	5 200 000	0	5 200 000
Equity consolidated subsidiaries													
139	MAV-VASÚTÖR Kft.	0.05	2012.08.23	1097	Budapest	Fék u. 8/a	0				100 000		100 000
Equity consolidated subsidiaries, total:											100 000		100 000
Associated companies													
178	HUNGRAIL Egyesülés	0.05	2008.05.20	1066	Budapest	Teréz krt. 38	4 400 000				200 000		200 000
191	TS-MAV Gépszert Services Kft.	8.33		1097	Budapest	Fék u. 8/a	3 000 000				0		0
Associated companies, total:							7 400 000	0	0	0	200 000	0	200 000
Other related parties													
147	BCC	1.40	1997.01.28	40-B-1060	Bruxelles	Avenue de la Porte de Hal	34 716 623				445 365		445 365
120	Vasútegyesítő Kft.	0.014	2013.10.07	1062	Budapest	Podmaniczky u 109.	701 020 000				100 000		100 000
Other affiliated companies, total							735 736 623				545 365		545 365
Total:							2 691 408 623				6 045 365		6 045 365

Table 71: The Company's investments and their opening balances

Figures in HUF

Code	Name	Changes in equity due to the FM merger	Capital increase, injection	Foundation	General ledger account 1613 Acquisition	General ledger account 1614 Other increase	General ledger account 1624 Other decrease	Capital reduction	Sale	Written off due to liquidation	Written off due to contribution in kind	General ledger account 1613 Exchange difference for 2014	31.12.2014 Registered capital	Impairment for the reporting year	Reversed impairment	Written off due to contribution, disposal	Written off due to liquidation	Accumulated Depreciation as at 12 Dec. 2014	Book value as at 31 Dec. 2014	Dividend for 2014
Fully consolidated																				
186	MAV-TRAKCIO Zrt.		0	0	0	2 000 000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
187	MAV-GEFÉSZET Zrt.		0	0	0	2 000 000	4 000 000	0	0	0	0	0	0	0	0	0	0	0	0	0
138	MAV Szolgáltató Központ Zrt.		0	0	0	2 000 000	0	0	0	0	0	3 000 000	0	0	0	0	0	0	3 000 000	0
136	MAV Ingatlankezelő Kft.	-300 000	0	0	0	200 000	300 000	0	0	0	0	0	0	0	0	0	0	0	0	0
020	MAV VAGON Kft.		0	0	250 480 000	0	0	0	0	0	0	250 480 000	0	0	0	0	0	0	250 480 000	0
096	MAV Létesítményüzemeltető és vasútvár kft	1 076 934			0	1 076 934	6 300 000	0	0	0	0	1 176 934	0	0	0	0	0	0	1 176 934	0
Fully consolidated subsidiaries, total:		776 934	0	0	250 480 000	5 276 934	6 300 000	0	0	0	0	254 656 934	0	0	0	0	0	0	254 656 934	0
Equity consolidated subsidiaries																				
139	MAV-VASÚTÖR Kft.	-200 000	0	0	0	100 000	200 000	0	0	0	0	0	0	0	0	0	0	0	0	0
Equity consolidated subsidiaries, total:		-200 000	0	0	0	100 000	200 000	0	0	0	0	0	0	0	0	0	0	0	0	0
Associated companies																				
178	HUNGRAIL Egyesülés		0	0	0	400 000	0	0	0	0	0	600 000	0	0	0	0	0	0	600 000	0
191	TS-MAV Gépszert Services Kft		0	0	0	250 000	0	0	0	0	0	250 000	0	0	0	0	0	0	250 000	0
Associated companies, total:			0	0	0	650 000	0	0	0	0	0	850 000	0	0	0	0	0	0	850 000	0
Other related parties																				
147	BCC		0	0	0	0	0	0	0	0	0	26 970	472 335	0	0	0	0	0	472 335	0
120	Vasútegyesítő Kft		0	0	0	100 000	0	0	0	0	0	200 000	0	0	0	0	0	0	200 000	0
Other affiliated companies, total			0	0	0	100 000	0	0	0	0	0	26 970	672 335	0	0	0	0	0	672 335	0
Total:		576 934	0	0	250 480 000	6 126 934	6 500 000	0	0	0	0	26 970	256 179 269	0	0	0	0	0	256 179 269	0

Table 72: Changes in the Company's investments in 2014

Figures in MHUF

MÁV Vagon Kft 31.12.2014	
Non-current assets	272
Equity	256
Net sales revenues	2053
After-tax profit/loss	8
Net profit/loss	8
Average staff number (persons)	163

Table 73: Figures of MÁV Vagon Kft.'s financial statements as at 31 December 2014.

III.7 The Company's shares

The Company's share capital consists of 100 ordinary shares with a face value of HUF 100,000,000 per share, and 33,741,514 ordinary shares with a face value of HUF 1,000 per share.

The Company's shares are produced in line with regulations applicable to securities. The shares are carried as dematerialised securities, in line with regulations applicable to securities.

The Company's founder is vested with all shareholder rights arising under the Companies Act.

III.8 Corporate tax base adjusting items

Figures in MHUF

Item	Increasing	Decreasing	Change in tax base
Adjustment due to provisions	2 738	1 084	1 654
Adjustment due to depreciation	18 231	27 008	-8 777
Costs and expenses incurred outside the normal course of business	36	0	36
Fines/refunds from authorities	16	0	16
Dividend received		1	-1
Correction due to the derecognition of treasury shares		1	-1
Correction due to the employment of trainees		15	-15
Impairment of receivables / reversed	181	2 083	-1 902
Amount calculated during audit or self-revision and accounted as costs and expenses or a decrease in net sales revenues, income or capitalised own performance for the tax year	753		753
Amount calculated during audit or self-revision and accounted as revenues, an increase in capitalised own performance or a decrease in costs and expenses for the tax year	0	428	-428
Support provided to public-benefit organisations or for a public-benefit activity under a donation agreement concluded with a public-benefit organisation	0	23	-23
Non-arm's length price applied in related party transactions if the consideration results in a higher pre-tax profit than in the case of arm's length prices	8		8
Pre-tax profit/loss			4 204
Total:	21 963	30 643	-4 476

Table 74: Corporate tax base adjusting items

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

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

- The provision for contingent liabilities and future expenses (litigations, pre-retirement benefits, damages, working clothes) increased the corporate tax base by HUF 2,738 million, while the reversal of provisions made for pre-retirement benefits, litigations and work clothes reduced the tax base by HUF 1,084 million.
- The actual ordinary depreciation charge and the loss on fixed asset disposals of HUF 18,231 million increased the tax base. At the same time, the amount of depreciation charge recognised in line with Section 7(1) d) and Schedules No. 1 and 2 of the CDTA reduced the tax base by HUF 27,008 million.
- If the Company does not possess the declarations prescribed in the CDTA, legally irrecoverable or aged receivables accounted for as expenditures, expenses without corresponding invoices, and support provided and liabilities assumed in the reporting year must be regarded as costs and expenses incurred outside the normal course of business, and increase the tax base. In 2014, MÁV-START Zrt. provided support to or assumed liabilities from MÁV Zrt. concerning a number of associations and foundations (e.g. pl. BVSC Vasutas Sport Club, VOKE Vasutas Csomóponti Művelődési Központ - Szolnok, Magyar Vasúttörténeti Alapítvány), in a total amount of HUF 36 million.
- Authorities: the Tax Authority, the Consumer Protection Authority, the Traffic Authority and the Environmental Protection Authority. Fines and penalties imposed by the Labour Authority increased the tax base by HUF 16 million.
- Dividend received decreased the tax base by HUF 1 million.
- Correction due to derecognition of treasury shares decreased the tax base by HUF 1 million. In 2014, MÁV Ingatlankezelő Kft., MÁV Vagyonkezelő Kft., MÁV KERT Kft. and MÁV Vasútőr Kft. merged to form a new company. The value of the correction results from a combination of the derecognition of shares in the merged companies and the effect of revaluing the existing shareholding in MÁV Létesítményüzemeltető és Vasútőr Kft. on account of the merger. This was charged to extraordinary profit.
- Employment of trainees decreased the tax base by HUF 15 million.
- Impairment on receivables increased the tax base by HUF 181 million, and decreased the tax base by HUF 2,083 million as reversal.
- The tax base is adjusted by the balance of revenues and expenses accounted for previous years: it is increased by HUF 753 million and decreased by HUF 428 million. The Company will declare these items to the tax authority by performing a self-revision.
- 20% of support provided to public-benefit organisations (MÁV Szimfonikus Zenekari Alapítvány, Magyar Vasúttörténeti Alapítvány, Közlekedéstudományi Egyesület, Gyermekvasutasokért Alapítvány, VOKE) under a donation agreement decreases the tax base, by HUF 23 million. These items are regarded as donations and, as such, do not increase the tax base.
- As a result of applying a non-arm's length price in related party transactions (real property rented from MÁV Zrt.), the corporate tax base was increased by HUF 8 million.

MÁV-START Zrt. does not have any corporate tax liability as a combined result of the pre-tax profit and the adjusting items.

If both the pre-tax profit and the adjusted tax base are below the expected income, the taxpayer may choose to pay the corporate tax based on the statutory minimum tax base or explain the reasons for the less-than-expected income in a separate statement. Such a statement also exempts the taxpayer from the tax liability. MÁV-START Zrt. opted for making such a statement.

The tax authority performed a comprehensive tax audit at MÁV-START Zrt. for each financial year from the start of MÁV-START Zrt.'s activities up to and including the 2011 tax year. There were no disputed items.

During 2014, the tax authority performed targeted audits concerning the issuing of invoices and receipts, in the course of which a default fine of HUF 70 thousand was levied.

The tax authority may examine the books and records at any time for up to 6 years after the respective tax year and may revise assessments or impose penalties. The Company's management is not aware of any circumstances which might result in a significant liability for the Company in such a case.

III.9 MÁV-START Zrt.'s balance sheet and profit and loss statement including items from previous years

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

Figures in MHUF

Description	2009 and previous years	2010	2011	2012	2013	Adjustment s in prior year(s)
<i>A. Non-current assets</i>	0	0	0	0	198	198
<i>I. INTANGIBLE ASSETS</i>	0	0	0	0	178	178
<i>II. TANGIBLE ASSETS</i>	0	0	0	0	20	20
<i>III. FINANCIAL INVESTMENTS</i>	0	0	0	0	0	0
<i>B. Current assets</i>	0	2	0	14	333	349
<i>I. INVENTORIES</i>	0	0	0	0	1	1
<i>II. RECEIVABLES</i>	0	2	0	14	332	348
<i>III. SECURITIES</i>	0	0	0	0	0	0
<i>IV. LIQUID ASSETS</i>	0	0	0	0	0	0
<i>C. Prepayments</i>	0	0	0	0	-83	-83
Total assets	0	2	0	14	448	464

Table 75: Assets in MÁV-START Zrt.'s balance sheet including items from previous years

Figures in MHUF

Description	2009 and previous years	2010	2011	2012	2013	Adjustments in prior year(s)
D. Equity	-17	2	-5	-39	-266	-325
VII. NET PROFIT/LOSS	-17	2	-5	-39	-266	-325
E. Provisions						0
F. Liabilities	17	0	5	39	957	1 018
I. SUBORDINATED LIABILITIES						0
II. LONG-TERM LIABILITIES	0	0	0	0	0	0
III. CURRENT LIABILITIES	17	0	5	39	957	1 018
G. Accruals	0	0	0	14	-243	-229
Total liabilities	0	2	0	14	448	464

Table 76: Liabilities in MÁV-START Zrt.'s balance sheet including items from previous years

Figures in MHUF

Description	2009 and previous years	2010	2011	2012	2013	Adjustments in prior year(s)
Net sales revenues (01+02)	0	0	0	-4	-100	-104
Capitalised value of own performance (±03+04)	0	0	0	0	0	0
Other income	0	0	0	0	0	0
Material expenditures (05+06+07+08+09)	17	0	5	43	147	212
Payments to personnel (10+11+12)	0	0	0	0	5	5
Depreciation charge	0	0	0	0	2	2
Other expenditures	0	0	0	-8	26	18
TRADING PROFIT/(LOSS) (I±II+III-IV-V-VI-VII)	-17	0	-5	-39	-280	-341
Revenues from financial transactions (13+14+15+16+17)		2				2
Expenditures of financial transactions (18+19±20+21)						0
FINANCIAL PROFIT/(LOSS) (VIII-IX)	0	2	0	0	0	2
ORDINARY PROFIT/LOSS (±A±B)	-17	2	-5	-39	-280	-339
EXTRAORDINARY PROFIT/LOSS (X-XI)	0	0	0	0	1	1
PRE-TAX PROFIT/LOSS (±C±D)	-17	2	-5	-39	-279	-338
TAX LIABILITY	0	0	0	0	-13	-13
PROFIT/(LOSS) AFTER TAXATION (±E-XII)	-17	2	-5	-39	-266	-325
NET PROFIT/LOSS (±F+22-23)	-17	2	-5	-39	-266	-325

Table 77: MÁV-START Zrt.'s profit and loss statement including items from previous years

III.10 Receivables from the Hungarian state and financing in 2014

The Company's receivables from the Hungarian state recognised on account of public service refunds are described below:

Figures in MHUF

Period	Amount of receivables	Amount received in 2014	Receivables amount 31.12.2014	Accrued amount carried over from 2014 to 2015	Receivables and prepayments in total 31.12.2014	Amount received in 2015 until the balance sheet preparation
2011	11 595	4 528	7 067		7 067	7 067
2012	10 163		10 163		10 163	4 933
2013	6 050		6 050		6 050	
Previous years in total	27 808	4 528	23 280	0	23 280	12 000
2014	4 642		4 642	20 829	25 471	20 829
Total	32 450	4 528	27 922	20 829	48 751	32 829

Table 78: MÁV-START Zrt.'s receivables from the Hungarian state

III.10.1 MÁV-START Zrt.'s receivables from the Hungarian state related to public service activities in previous years

According to the public passenger transport service contract between the Company and the Hungarian state, the Company is entitled to reimbursement of reasonable expenses incurred in connection with the supply of public services that are not covered by revenues.

As the first step of the settlement of an extra reimbursement of HUF 11,595 million approved for 2008-2011, in 2014 HUF 4,528 million was financially settled pursuant to Section 2 (3) a) of Government Decree 35/2014. (II.19.), serving the purpose of full reimbursement of expenses for 2008-2010, and partial reimbursement of acknowledged expenses for 2011. Receivables acknowledged but not financially settled for 2011 totalled HUF 7,067 million.

According to the position of the Ministry for National Development, described in letter No. KSZFO/4559-2/2015-NFM on the settlement of public service activities in 2011-2013, the Company is entitled to an extra reimbursement of HUF 27,227 million for 2011-2013. According to the above letter, the management will, in line with the principle of prudence, wait until the above are stipulated in respect of 2011-2013 in the memorandum of the public services contract. Accordingly, on the basis of currently available information, for previous years, outstanding receivables related to reimbursement will only be recognised to the extent of the reimbursement of reasonable expenses not covered by revenues.

As the first step of financial settlement of the reimbursement for 2011-2012, which was acknowledged in the letter referred to by the Ministry, the 2015 state budget provides for the payment of HUF 12,000 million pursuant to Section 2 (3) a) of Government Decree 5/2015 (II.9.), serving the purpose of full reimbursement of HUF 7,067 in expenses for 2011, and partial reimbursement of HUF 4,933 in expenses acknowledged for 2012.

III.10.2 MÁV-START Zrt.'s receivables from the state related to public services provided in 2014, and actual reimbursements

A maximum reimbursement of HUF 141,504 million was budgeted in the memorandum for 2014 of MÁV-START Zrt.'s public service contract. A reimbursement of HUF 4,642 million was recognised in addition to the budgeted subsidy for a full reimbursement of reasonable costs incurred in relation to the public passenger transport service ordered but not covered by revenues. Thus a total reimbursement of HUF 146,146 million was recognised in the financial statements. According to the public service contract, MÁV-START Zrt. requests the actual reimbursement by submitting the financial statements on public services for 2014, following the preparation of the annual financial statements for 2014.

In the reporting year, reimbursements from state funds amounting to HUF 146.03 billion were paid on a cash basis. This included HUF 20.82 billion related to the public services provided in the previous year (HUF 10.41 billion in January and HUF 10.41 billion in February). Operational expenses for the reporting year were compensated by the reimbursements of HUF 120.68 billion between April and December (HUF 36 billion in April, HUF 18 billion in May, HUF 12 billion each month from June to September, HUF 12.34 billion in October, and HUF 6.34 billion in December). In addition to the reimbursements received in the reporting year, the Company became entitled to a further reimbursement of HUF 4.53 billion from earlier settlements. This amount was received on 1 August.

Until the payment of the reimbursement related to the reporting year (which constitutes the most significant funds for MÁV-START Zrt.), the Company managed to pay its suppliers by the required deadlines by using the overdraft and MÁV Group's cash pool funds. Continuous reimbursement payments helped the Company repay these external funds. The Company did not have any outstanding overdrafts at year-end.

As of 1 January 2014, MÁV-TRAKCIÓ Zrt. and MÁV-GÉPÉSZET Zrt. merged into MÁV-START Zrt., which became the legal successor of the absorbed companies. MÁV-START Zrt.'s overdraft of HUF 4.95 billion was not sufficient to finance the activities acquired by the merger, therefore the Company requested an increase of the overdraft by HUF 9.1 billion to HUF 14.05 billion, based on MÁV-TRAKCIÓ Zrt.'s overdraft of HUF 5.1 billion and MÁV-GÉPÉSZET Zrt.'s overdraft of HUF 4 billion. NGM granted the related approval in its letter dated 4 June 2013. MÁV-START Zrt. conducted a successful public procurement procedure in the reporting year, resulting in an overdraft of HUF 14.05 billion at the end of December.

IV List of tables

Table 1: Movements in intangible assets in the reporting year	20
Table 2: Movements in tangible assets in the reporting year	21
Table 3: Capital expenditures.....	22
Table 4: Capital expenditures.....	23
Table 5: Amortisation/Depreciation of intangible and tangible assets in 2014	24
Table 6: Assets received free of charge	24
Table 7: Book values of the Company's investments per category.....	25
Table 8: Changes in inventories in 2014	26
Table 9: Receivables and their impairment	27
Table 10: Receivables in foreign exchange	29
Table 11: Receivables from related companies	29
Table 12: Prepayments	30
Table 13: Equity	31
Table 14: Non-distributable reserves	32
Table 15: Provision for contingent liabilities.....	33
Table 16: Provisions for future commitments.....	35
Table 17: Provisions for exchange losses.....	35
Table 18: Provisions in the balance sheet.....	36
Table 19: The Company's long-term loans	37
Table 20: Long-term loans repayment schedule.....	37
Table 21: Long-term foreign exchange liabilities.....	38
Table 22: Composition of other short-term liabilities	39
Table 23: Short-term foreign exchange liabilities	40
Table 24: Liabilities to related companies	40
Table 25: Guarantee contracts in effect at the balance sheet date	41
Table 26: Loans secured by lien	41
Table 27: Payment schedule of future interests and related charges	42
Table 28: Operating lease agreements over HUF 1 million in effect at the balance sheet date	42
Table 29: Changes in accruals	43
Table 30: Net sales revenues by activity.....	45
Table 31: Export and import	47
Table 32: Changes in self-manufactured inventories	48
Table 33: Capitalised value of own performance	48
Table 34: Expenditures.....	49
Table 35: Material expenditures.....	50
Table 36: Payments to personnel.....	51
Table 37: Depreciation charge.....	51
Table 38: Other income.....	52
Table 39: Other expenditures	53
Table 40: Income from financial transactions.....	55
Table 41: Expenditures of financial transactions	56
Table 42: Extraordinary revenues.....	56
Table 43: Extraordinary expenditures.....	57
Table 44: Related party revenues and expenses	57
Table 45: Cash flow statement.....	63
Table 46: Assets in MÁV-START Zrt.'s balance sheet broken down according to activity.....	66
Table 47: Assets in MÁV-START Zrt.'s balance sheet broken down according to activity.....	67
Table 48: MÁV-START Zrt.'s profit and loss statement broken down according to activity	68
Table 49: MÁV-START Zrt.'s cash flow statement broken down according to activity	69
Table 50: Activity statement of MÁV-START Zrt.....	70
Table 51: Related company figures, for public passenger transport services	74
Table 52: Related company figures, for non-public passenger transport services	74
Table 53: Related company figures, for other activities	75
Table 54: Related company figures, for MÁV-START Zrt.	75
Table 55: Average annual headcount of employees per type of activity in the reporting year.....	76
Table 56: Subsidies received in the reporting year.....	76
Table 57: Environmental expenses	78
Table 58: Tangible assets serving environmental protection purposes.....	78

Table 59: Value of waste.....	79
Table 60: Used oil and lubricants sold.....	79
Table 61: Quantities of hazardous waste.....	80
Table 62: R&D costs.....	81
Table 63: Capitalised R&D.....	81
Table 64: Subsidies recognised in the reporting year.....	82
Table 65: Ticket price subsidy usage.....	82
Table 66: Employee headcount (number of persons).....	83
Table 67: Number of staff at MÁV-START Zrt. in 2014 (number of persons).....	83
Table 68: Payments to personnel.....	83
Table 69: Average salary.....	84
Table 70: Remunerations paid.....	84
Table 71: The Company's investments and their opening balances.....	85
Table 72: Changes in the Company's investments in 2014.....	85
Table 73: Figures of MÁV Vagon Kft.'s financial statements as at 31 December 2014.....	85
Table 74: Corporate tax base adjusting items.....	86
Table 75: Assets in MÁV-START Zrt.'s balance sheet including items from previous years.....	88
Table 76: Liabilities in MÁV-START Zrt.'s balance sheet including items from previous years.....	89
Table 77: MÁV-START Zrt.'s profit and loss statement including items from previous years.....	89
Table 78: MÁV-START Zrt.'s receivables from the Hungarian state.....	90