

**INDEPENDENT AUDITOR'S REPORT**  
(Free translation)

**To the founder of MÁV-Start Zrt.**

**Opinion**

We have audited the accompanying financial statements of MÁV-Start Zrt. ("the Company") which comprise the balance sheet as at 31 December 2016 (in which the balance sheet total is MHUF 290.406, the profit after tax is MHUF 4.023), the related income statement for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2016, and of the results of its operations for the year then ended in accordance with the provisions of Act C of 2000 on Accounting ("Accounting Act"), in force in Hungary.

**Basis for Opinion**

We conducted our audit in accordance with Hungarian National Standards on Auditing ("HNSA") and with applicable laws and regulations in force in Hungary. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Hungary. We have fulfilled our other ethical responsibilities in accordance with those requirements.

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

**Emphasis of matter**

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

1. We draw attention to note III.3. which states that the financing of the Company's operations, the repayment of its loans, and the return on its assets depend on whether the owner provides the financial resources for the operation in time and whether resources from the state budget are available to the extent necessary.
2. We draw attention to note V. which states that in 2013 MÁV-START Zrt. concluded a public passenger transport service agreement for the years 2014-2023 with the Ministry of National Development, representing the Hungarian State as the requestor of the public service. In accordance with the agreement, MÁV-START Zrt. is entitled to reimbursement of reasonable expenses incurred in connection with the supply of public services that are not covered by revenues. MÁV-START Zrt. presents compensation receivable for public service costs in its books of HUF 1.230 million relating to 2012, HUF 6.050 million relating to 2013 and HUF 4.615 million relating to 2014. After the year 2015 HUF 1,103 million was presented in other short-term liabilities, from which the Hungarian State accepted HUF 931 million additional reimbursement claim in 2016 therefore HUF 172 million shown as other short-term liabilities in the 2016 annual report. Claims for reimbursement of expenses for the year are HUF 125,245 million, and HUF 20,829 million has been recognized as accrued revenue and therefore the total amount of reimbursement of expenses recognized as other income is HUF 146,074 million. From the reimbursement of expenses HUF 123,171 million was paid during the current year.

The reimbursement for 2016 has not yet been settled with the Ministry of National Development.

Our opinion is not modified in respect of matters presented in points 1)-2).

### **Other Information: the Business Report**

The other information comprises the business report of the Company. Management is responsible for the preparation of the business report in accordance with the provisions of the Accounting Act and other relevant regulations. Our opinion on the financial statements expressed in the “Opinion” section of our report does not cover the business report.

In connection with our audit of the financial statements, our responsibility is to read the business report and, in doing so, consider whether the business report is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Based on the Accounting Act, in respect of the business report, our responsibility is to read the business report and, in doing so, consider whether the business report has been prepared in accordance with the provisions of the Accounting Act and other relevant regulations, if any.

In our opinion, the 2016 business report of the Company is consistent with the 2016 financial statements and the business report has been prepared in accordance with the provisions of the Accounting Act.

As there is no other regulation prescribing further requirements for the business report, in respect of this, our opinion on the business report does not express the opinion required by Section (5) h) of 156 of the Accounting Act.

In addition, in light of the knowledge and understanding of the entity and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the business report, and shall give an indication of the nature of any such misstatements. We have nothing to report in this respect.

### **Responsibilities of Management and those charged with governance for the Financial Statements**

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with 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.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

### **Auditor’s Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HNSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HNSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Budapest, 19 April 2017.

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

*Translation note:*

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

13834492-4910-114-01  
Statistical code

01-10-045551  
Company registration number

## **MÁV-START ZRT.**

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

### **Balance sheet and profit and loss statement**

**31 December 2016**

Date: Budapest, 19 April 2017

Director (representative) of the Company

L.S.

**BALANCE SHEET "A" Assets**

31 December 2016

Figures in MHUF

Serial no.	Description	Previous year 31/12/2015	Current year 31/12/2016	Change
a	b	c	d	e
<b>A.</b>	<b>Non-current assets</b>	<b>195 413</b>	<b>214 978</b>	<b>19 565</b>
<b>I.</b>	<b>INTANGIBLE ASSETS</b>	<b>3 641</b>	<b>4 720</b>	<b>1 079</b>
1	Capitalised value of foundation and restructuring	1	0	-1
2.	Capitalised value of R&D	421	318	-103
3.	Intangible property rights	710	901	191
4.	Intellectual property	2 509	3 501	992
5.	Goodwill	0	0	0
6.	Advances given for intangible assets	0	0	0
7.	Value adjustment of intangible assets	0	0	0
<b>II.</b>	<b>TANGIBLE ASSETS</b>	<b>191 514</b>	<b>210 003</b>	<b>18 489</b>
1	Real property and related rights	2 044	2 199	155
2.	Technical equipment, machinery, vehicles	186 266	202 421	16 155
3.	Other fixtures, fittings and vehicles	35	19	-16
4.	Breeding stock	0	0	0
5.	Capital projects, renovations	3 145	5 364	2 219
6.	Advances given for capital projects	24	0	-24
7.	Value adjustment of tangible assets	0	0	0
<b>III.</b>	<b>FINANCIAL INVESTMENTS</b>	<b>258</b>	<b>255</b>	<b>-3</b>
1	Long-term investments in related companies	253	253	0
2.	Long-term loans to related companies	0	0	0
3.	Significant permanent shareholding	1	0	-1
4.	Long-term loans given to significant related parties	0	0	0
5.	Other long-term investments	1	1	0
6.	Long-term loans given to other related parties	0	0	0
7.	Other long-term loans given	3	1	-2
8.	Long-term debt securities	0	0	0
9.	Value adjustment of financial investments	0	0	0
10.	Valuation difference of fixed financial assets	0	0	0

Date: Budapest, 19 April 2017

Director (representative) of the Company

L.S.

**BALANCE SHEET "A" Assets**

31 December 2016

Figures in MHUF

Serial no.	Description	Previous year 31/12/2015	Current year 31/12/2016	Change
a	b	c	d	e
<b>B.</b>	<b>Current assets</b>	<b>45 279</b>	<b>46 053</b>	<b>774</b>
<b>I.</b>	<b>INVENTORIES</b>	<b>11 414</b>	<b>16 702</b>	<b>5 288</b>
1	Raw materials	8 665	13 694	5 029
2.	Work in progress and semi-finished products	2 045	1 615	-430
3.	Young, fattened and other livestock	0	0	0
4.	Finished goods	689	997	308
5.	Goods	15	13	-2
6.	Advance payments on inventories	0	383	383
<b>II.</b>	<b>RECEIVABLES</b>	<b>29 263</b>	<b>28 457</b>	<b>-806</b>
1	Receivables from the transportation of goods and from services (accounts	4 325	3 900	-425
2.	Receivables from related companies	2 865	3 408	543
3.	Receivables from significant related parties	33	38	5
4.	Receivables from other associated companies	6	20	14
5.	Bills of exchange receivable	0	0	0
6.	Other receivables	22 034	21 091	-943
7.	Valuation difference of receivables	0	0	0
8.	Positive valuation difference of derivative transactions	0	0	0
<b>III.</b>	<b>SECURITIES</b>	<b>0</b>	<b>0</b>	<b>0</b>
1	Investments in related companies	0	0	0
2.	Significant shareholding	0	0	0
3.	Other investments	0	0	0
4.	Treasury shares, own quotas	0	0	0
5.	Debt securities held for sale	0	0	0
6.	Valuation difference of securities	0	0	0
<b>IV.</b>	<b>LIQUID ASSETS</b>	<b>4 602</b>	<b>894</b>	<b>-3 708</b>
1	Cash in hand, cheques	142	155	13
2.	Bank deposits	4 460	739	-3 721
<b>C.</b>	<b>Prepaid expenses/accrued income</b>	<b>30 933</b>	<b>29 375</b>	<b>-1 558</b>
1	Accrued income	26 535	26 194	-341
2.	Prepaid expenses	502	676	174
3.	Deferred expenses	3 896	2 505	-1 391
<b>Total assets</b>		<b>271 625</b>	<b>290 406</b>	<b>18 781</b>

Date: Budapest, 19 April 2017

Director (representative) of the Company

L.S.

**BALANCE SHEET "A" Liabilities and shareholders' equity**

31 December 2016

Figures in MHUF

Serial no.	Description	Previous year 31/12/2015	Current year 31/12/2016	Change
a	b	c	d	e
<b>D.</b>	<b>Equity</b>	<b>116 412</b>	<b>119 685</b>	<b>3 273</b>
<b>I.</b>	<b>SHARE CAPITAL</b>	43 742	43 742	0
	of which: repurchased ownership share at nominal value	0	0	0
<b>II.</b>	<b>REGISTERED BUT NOT YET PAID CAPITAL (-)</b>	0	0	0
<b>III.</b>	<b>CAPITAL RESERVE</b>	67 633	67 633	0
<b>IV.</b>	<b>RETAINED EARNINGS</b>	785	3 046	2 261
<b>V.</b>	<b>NON-DISTRIBUTABLE RESERVE</b>	1 779	1 241	-538
<b>VI.</b>	<b>VALUATION RESERVE</b>	0	0	0
1.	Valuation reserve for value adjustment	0	0	0
2.	Valuation reserve for fair value	0	0	0
<b>VII.</b>	<b>AFTER TAX PROFIT</b>	2 473	4 023	1 550
<b>E.</b>	<b>Provisions</b>	<b>9 554</b>	<b>6 278</b>	<b>-3 276</b>
1.	Provisions for expected liabilities	3 964	2 274	-1 690
2.	Provisions for future expenses	3 051	2 422	-629
3.	Other provisions	2 539	1 582	-957
<b>F.</b>	<b>Liabilities</b>	<b>56 048</b>	<b>60 273</b>	<b>4 225</b>
<b>I.</b>	<b>SUBORDINATED LIABILITIES</b>	<b>0</b>	<b>0</b>	<b>0</b>
1.	Subordinated liabilities to related companies	0	0	0
2.	Subordinated liabilities to significant related parties	0	0	0
3.	Subordinated liabilities to other associated companies	0	0	0
4.	Subordinated liabilities to other entities	0	0	0
<b>II.</b>	<b>LONG-TERM LIABILITIES</b>	<b>26 995</b>	<b>24 126</b>	<b>-2 869</b>
1.	Long-term borrowings	0	0	0
2.	Convertible and contingent convertible bonds	0	0	0
3.	Debts from issue of bonds	0	0	0
4.	Investment and development credits	26 842	23 987	-2 855
5.	Other long-term credits	0	0	0
6.	Long-term liabilities to related companies	0	0	0
7.	Long-term liabilities to significant related parties	0	0	0
8.	Long-term liabilities to other associated companies	0	0	0
9.	Other long-term liabilities	153	139	-14

Date: Budapest, 19 April 2017

Director (representative) of the Company

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**BALANCE SHEET "A" Liabilities and shareholders' equity**

31 December 2016

Figures in MHUF

Serial no.	Description	Previous year 31/12/2015	Current year 31/12/2016	Change
a	b	c	d	e
<b>III.</b>	<b>CURRENT LIABILITIES</b>	<b>29 053</b>	<b>36 147</b>	<b>7 094</b>
1	Short-term borrowings	0	0	0
	- of which: convertible and contingent convertible bonds	0	0	0
2.	Short-term loans	8 662	2 698	-5 964
3.	Advances received from customers	1	11	10
4.	Liabilities from the transportation of goods and from services (accounts pa	5 398	15 858	10 460
5.	Bills of exchange payable	0	0	0
6.	Current liabilities to related companies	9 402	12 356	2 954
7.	Short-term liabilities to significant related parties	962	1 317	355
8.	Short-term liabilities to other associated companies	21	19	-2
9.	Other current liabilities	4 607	3 888	-719
10.	Valuation difference of liabilities	0	0	0
11	Negative valuation difference of derivative transactions	0	0	0
<b>G.</b>	<b>Accrued expenses and deferred income:</b>	<b>89 611</b>	<b>104 170</b>	<b>14 559</b>
1	Prepaid income	514	188	-326
2.	Accrued expenses	7 293	6 305	-988
3.	Deferred income	81 804	97 677	15 873
<b>Total liabilities</b>		<b>271 625</b>	<b>290 406</b>	<b>18 781</b>

Date: Budapest, 19 April 2017

Director (representative) of the Company

L.S.



**PROFIT AND LOSS STATEMENT "A" (with total cost method)**

31 December 2016

Figures in MHUF

Serial no.	Description	Previous year 31/12/2015	Current year 31/12/2016	Change
a	b	c	d	e
01	Net domestic sales revenues	86 037	84 661	-1 376
02.	Net revenue from export sales	15 544	14 833	-711
<b>I.</b>	<b>Net sales revenues (01+02)</b>	<b>101 581</b>	<b>99 494</b>	<b>-2 087</b>
03	Change in self-manufactured inventories ±	929	-122	-1 051
04	Capitalised value of self-manufactured assets	6 191	8 659	2 468
<b>II.</b>	<b>Capitalised value of own performance (±03+04)</b>	<b>7 120</b>	<b>8 537</b>	<b>1 417</b>
<b>III.</b>	<b>Other gains</b>	<b>151 260</b>	<b>157 001</b>	<b>5 741</b>
	of which: impairment reversed	0	398	398
05	Material costs	37 168	37 140	-28
06	Value of services used	117 542	121 042	3 500
07	Value of other services used	1 849	1 909	60
08	Cost of goods sold	310	189	-121
09	Value of sold (intermediated) services	2 662	2 670	8
<b>IV.</b>	<b>Material expenditures (05+06+07+08+09)</b>	<b>159 531</b>	<b>162 950</b>	<b>3 419</b>
10.	Wages and salaries	48 094	49 813	1 719
11	Other payments to personnel	7 163	7 403	240
12.	Contributions on wages and salaries	14 959	15 423	464
<b>V.</b>	<b>Payments to personnel (10+11+12)</b>	<b>70 216</b>	<b>72 639</b>	<b>2 423</b>
<b>VI.</b>	<b>Depreciation charge</b>	<b>19 843</b>	<b>20 311</b>	<b>468</b>
<b>VII.</b>	<b>Other expenses</b>	<b>5 880</b>	<b>2 759</b>	<b>-3 121</b>
	of which: impairment	1 184	240	-944
<b>A.</b>	<b>PROFIT/LOSS FROM OPERATING (BUSINESS) ACTIVITY (I±II+III-IV-V-VI-VII)</b>	<b>4 491</b>	<b>6 373</b>	<b>1 882</b>

Date: Budapest, 19 April 2017

L.S.

Director (representative) of the Company

**PROFIT AND LOSS STATEMENT "A" (with total cost method)**

31 December 2016

Figures in MHUF

Serial no.	Description	Previous year 31/12/2015	Current year 31/12/2016	Change
a	b	c	d	e
13	Dividend received (due)	2	0	-2
	of which: received from related companies	2	0	-2
14.	Incomes and price gains from shareholdings	0	0	0
	of which: received from related companies	0	0	0
15	Incomes from and gains on financial investments (from securities and loan	0	0	0
	of which: received from related companies	0	0	0
16.	Other interest received (due) and similar income	260	108	-152
	of which: received from related companies	18	14	-4
17	Other financial incomes	468	353	-115
	of which: valuation difference	0	0	0
<b>VIII.</b>	<b>Incomes from financial transactions (13+14+15+16+17)</b>	<b>730</b>	<b>461</b>	<b>-269</b>
18	Expenses of and losses on investments	0	1	1
	of which: provided to related companies	0	0	0
19	Expenses of and losses on financial investments (securities and loans)	0	0	0
	of which: provided to related companies	0	0	0
20.	Interest payable (paid) and similar expenses	843	579	-264
	of which: provided to related companies	0	0	0
21.	Impairment of investments, long-term loans given, securities and bank dep	0	0	0
22.	Other expenses of financial transactions	1 902	2 229	327
	of which: valuation difference	0	0	0
<b>IX.</b>	<b>Expenses of financial transactions (18+19+20±21+22)</b>	<b>2 745</b>	<b>2 809</b>	<b>64</b>
<b>B.</b>	<b>FINANCIAL PROFIT/LOSS (VIII-IX)</b>	<b>-2 015</b>	<b>-2 348</b>	<b>-333</b>
<b>C.</b>	<b>PRE-TAX PROFIT/LOSS (±A±B)</b>	<b>2 476</b>	<b>4 025</b>	<b>1 549</b>
<b>X.</b>	<b>Tax liability</b>	<b>3</b>	<b>2</b>	<b>-1</b>
<b>D.</b>	<b>AFTER-TAX PROFIT/LOSS (±C-X)</b>	<b>2 473</b>	<b>4 023</b>	<b>1 550</b>

Date: Budapest, 19 April 2017

Director (representative) of the Company

L.S.



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

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**NOTES TO THE  
ANNUAL FINANCIAL STATEMENTS OF 2016**

Date: Budapest, 19 April 2017

Director (representative) of the Company

L.S.

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## I General disclosures

### I.1 Introduction to the Company

#### A brief history of the Company and its activities

MÁV-START Railway Passenger Transport Company (hereinafter: MÁV-START Zrt., or the Company) was established on 15.10.2006 by MÁV Hungarian State Railways Private Company Limited by Shares, as a single-shareholder joint-stock company. MÁV-START Zrt. was established with the purpose of taking over, from 1 July 2007, the railway passenger transport activity performed – on standard-gauge track – by MÁV Zrt.

At the beginning of 2014 the Company absorbed MÁV-TRAKCIÓ Zrt., which performs traction services, and MÁV-GÉPÉSZET Zrt., which performs the repair and maintenance of rolling stock. Thus, since January 2014 MÁV-START Zrt. is responsible for activities that are essential for railway passenger transport, such as the work performed by passenger ticket office cashiers, ticket inspectors, carriage inspectors, engine drivers, vehicle repairers and vehicle maintenance workers. In this way, the integrated MÁV-START Zrt. is able to carry out all activities that are directly necessary for serving passengers and ensuring a higher standard of passenger transport service.

The rules pertaining to the Company's operations, organisation and governance system are laid down in MÁV-START Zrt.'s Statutes.

The Company does not elect a Board of Directors; the rights of the Board of Directors are exercised by the CEO, who has senior officer status. The Company's working organisation is managed by the CEO.

#### Key data of the Company

- **Name of the Company**

MÁV-START Vasúti Személyszállító Zártkörűen Működő Részvénytársaság

- **Name of the Company in foreign languages**

In English: MÁV-START Railway Passenger Transport Company

In French: MÁV-START Transport des Voyageurs Ferroviaires S.A.

In German: MÁV-START Bahnpersonenverkehrs AG.

- **Abbreviated trade name of the Company**

MÁV-START Zrt.

- **Abbreviated trade name of the Company in foreign languages**

In English: MÁV-START Co

In French: MÁV-START S.A.

In German: MÁV-START AG.

- **Registered office of the Company**

1087 Budapest, Könyves Kálmán körút 54-60. tel.: 511-3160

- **Website of the Company**

[www.mavcsoport.hu](http://www.mavcsoport.hu)

- **Founder of the Company**

MÁV Magyar Államvasutak Zártkörűen Működő Részvénytársaság

- **The Company**

Company registration number: **Cg 01-10-045551**

Tax number: **13834492-2-44**

Statistical code: **13834492-4910-114-01**

- **Main activity of the Company**

49.10'08 Passenger rail transport, interurban

- **Person authorised to represent the Company**

András Csépké CEO (1112 Budapest, Nagyida köz 14.)

- **Data of the person responsible for bookkeeping and for preparing the financial statements**

Zsolt Karsai (2213 Monorierdő, Gyöngyvirág u. 13.) MÁV Szolgáltató Központ Zrt. head of START reporting, Registration number: MK181680.

- **Information related to the audit**

The Company's auditor: PricewaterhouseCoopers Könyvvizsgáló Kft.

Person responsible for the audit: Éva Barsi, registered auditor (MKVK 002945).

The auditing of the annual financial statements is mandatory.

Fee charged by the auditor for the auditing of the financial statements as per the auditing contract: HUF 10 M.

- **Registered capital and owner of the Company**

MÁV-START Zrt.'s registered capital as at 31 December 2016 is HUF 43,741,514,000, of which 100% is held by the founder MÁV Zrt. (1087 Budapest, Könyves Kálmán krt. 54-60.)



## I.2 Key elements of the Accounting Policy applied by the Company

### Main features of the rules applied when compiling the financial statements

The Company prepares its financial statements in accordance with the rules of Act C of 2000 on Accounting (hereinafter: the Accounting Act); the bookkeeping is conducted in a double-entry accounting system, with both being in Hungarian.

In addition to the requirements set out in the Accounting Act, the Company's accounting policy also complies with Act CLXXXIII of 2005 on Railway Transport (hereinafter: Railways Act) and with joint decree 50/2007 (IV.26.) of the Ministry of Transport and the Ministry of Finance (GKM-PM) on the accounting separation of various railway activities within railway companies (hereinafter: Decree). Pursuant to this, as a part of the notes to the annual financial statements, an annual supervisory report (see section IV) also has to be published for each separable activity performed by the Company.

At the Company, the financial year corresponds to the calendar year and the accounting date for the consolidated financial statement is 31 December.

The balance sheet, profit and loss account and notes to the annual financial statements specify monetary amounts in HUF millions (MHUF) in line with the expectations of the Accounting Act, with the exception of statements relating to passenger transport, which are prepared in HUF thousands (THUF) in accordance with the Decree, and the tables showing the Company's investments, which display monetary values in HUF.

The balance sheet preparation date is 28 February of the year following the reporting year.

The Company keeps a record of the incurred costs by cost type, in account class 5, and it does not perform any secondary cost centre / cost-bearer accounting in account classes 6 or 7.

The Company always capitalises the costs of foundation and restructuring and research & development, provided that the statutory conditions for doing so are met.

The Company continuously maintains records of the quantity and value of its inventories, with the exception of its stocks of tickets, coupons and gift vouchers.

The Company defines material errors as follows, in accordance with Section 3 (3) 3. of the Accounting Act:

Errors are considered to be material if, in the year when disclosed by different reviews, the total of all errors (whether negative or positive) disclosed for the same financial year and the impacts thereof – increasing or decreasing the profit/loss for the year or equity – exceeds 2 percent of the balance sheet total of the reviewed financial year, or exceeds HUF 1 million if 2 percent of the balance sheet total is less than HUF 1 million.

Items relating to previous years are accounted for, in the content of continuous bookkeeping, in the same way as items from the reporting year, but are separated in terms of which period they relate to. With respect to items affecting previous years, if an audit or self-revision finds a material error or errors, then the corrections relating to the previous year or years – resulting from findings, made up to the day of preparing the balance sheet, that are not disputed or appealed, and have become legally binding – are stated in the notes to the financial statements, under each item in the balance sheet and profit and loss account, retrospectively for the 5 years preceding the reporting year, in an annual breakdown alongside the data from the previous year. Correction items relating to periods more than 5 years ago are stated in the notes to the financial statements in aggregate with the data of 5 years ago. Items classified as material relating to previous years are reclassified under retained earnings in the monthly closing processes.

### Definition of exceptional items

The Company defines revenues and expenses (costs) accounted for under certain headings as exceptional in every case where, and presents these by heading in the notes to the financial statements if, they amount to HUF 10 million or more, and if in terms of their nature, they originate from events with the following legal titles:

- contribution in kind (fulfilment of contribution to equity),
- transfer/receipt without compensation,
- gift, bequest
- dissolution without legal successor,
- dissolution with legal successor (transformation, merger, demerger),
- lowering of subscribed capital by withdrawal of capital,
- waiver of claim,
- assumption of liability,
- assumption of debt,
- waiver of liability,
- cash received,
- cash transferred,
- services provided without compensation,
- services used without compensation,
- operating subsidies received,
- development subsidies received,
- assistance given for any purpose,
- other revenues, other expenditures stated with the following legal titles:
  - Income from sold tangible and intangible assets
  - extraordinary reversal of the depreciation of tangible and intangible assets
  - reversal of impairment on inventories
  - revenue from sold receivables
  - reversal of impairment on receivables
  - sums received in respect of depreciated claims
  - revenues related to damage events
  - default interest received
  - penalties received
  - release of provisions set aside for expected liabilities
  - release of provisions set aside for future expenses
  - release of provisions generated for unrealised foreign exchange losses
  - release of other provisions
  - subsidies and awards received as compensation for costs and expenses
  - difference (gain) between the value of assets contributed to equity as stated in the contract of incorporation, and the book value of such assets
  - revenues from assets received free of charge and from surplus assets
  - cost of sold tangible assets, capital projects and intangible assets
  - cost of scrapped or missing tangible assets, capital projects and intangible assets
  - extraordinary depreciation on tangible and intangible assets
  - impairment and scrapping of inventories
  - inventory shortage
  - impairment on receivables
  - written-off amount of non-recoverable claims
  - book value of sold receivables
  - losses related to damage events
  - late-payment penalty paid
  - damages paid
  - self-revision fee

- taxes and similar items
- fines and penalties
- provisions for expected liabilities
- provisions for future expenses
- provisions for unrealised exchange rate losses
- other provisioning
- difference (loss) between the value of assets contributed to equity as stated in the articles of association, and the book value of such assets
- non-refundable housing grant to employees
- value of assets transferred, and services provided, without compensation
- waiver of receivables
- cash transferred
- assumed liabilities

### Definition of material value in the case of certain settlements and asset items

- For the purposes of the extraordinary depreciation of intangible and tangible assets, the difference between the book value and the fair value is deemed to be material if it exceeds 5% of the book value of the asset as at the time prior to the recognition/reversal of the impairment and amounts to at least HUF 1 million.
- For the purposes of recognising or reversing impairment on equity investments and debt securities, the difference between the book value and the fair value is classified as material – regardless of whether they are recognised under financial investments or current assets – if it exceeds 5% of the book value of the asset as at the time prior to the recognition/reversal of the impairment.
- The impairment to be recognised and the impairment reversed on accounts receivable outstanding at the balance sheet date and not settled by the balance sheet preparation date is considered material regardless of its value. For the purposes of recognising or reversing impairment on accounts receivable, the difference between the book value and the fair value is classified as material if it exceeds 5% of the asset's gross value and amounts to at least HUF 100 thousand.
- For the purposes of recognising or reversing impairment on purchased inventories (materials, goods), the difference between the book value and the fair value is classified as material if it exceeds 20% of the book value of the asset as at the time prior to the recognition/reversal of the impairment. For the purposes of recognising or reversing impairment on self-manufactured inventories (work in progress, semi-finished products, finished products), the difference between the book value and the expected sale price including subsidies is classified as material if it exceeds 20% of the book value of the asset as at the time prior to the recognition/reversal of the impairment.
- Also observing the provisions of Section 16 (5) of the Accounting Act (principle of cost-benefit comparison), in the case of economic events occurring outside the company group that have an effect on profit, items in a net amount exceeding HUF 2 million are stated as accruals on the balance sheet date. Exceptions to this are the network access fees, which are settled in every case. For events related to an invoice, one item is defined as the total net value of an invoice, and for items not related to an invoice, one item is defined as the amount to be recognised on the basis of a given accounting document. In the case of economic events within the corporate group that have an effect on profit, the participants of which are companies that are fully consolidated, all accruals are stated on the balance sheet date regardless of value.
- The principles of provisioning are stated in section II.1.5.

- For the purpose of recognising deferred incomes, every item is considered material, and is recognised against other revenues or income from financial transactions, depending on the related compensated cost or expense.

### **I.3 Adjustment of the Accounting Policy in the reporting year**

A new, MÁV Group-level accounting policy (and, in the framework thereof, a new valuation policy) was approved in 2015 (EVIG directive 49/2015. (XII. 11. MÁV Ért. 22.) and EVIG directive 58/2015. (XII.18. MÁV Ért.28.), the provisions of which were first applied by the Company in the business year beginning on 1 January 2016.

In addition to the adoption of the changes in the Accounting Act that took effect on 4 July 2015 – and which are first applicable in respect of the business year starting on 1 January 2016 – the valuation requirements changed in respect of the following:

- The rules for determining the impairment to be recognised on receivables changed; the new rules are presented in detail in the following section.
- The threshold set in relation to accruals changed: the threshold for generating accruals in respect of non-members of the MÁV Group was risen from HUF 1 M to HUF 2 M.
- The threshold for material errors has changed: The regulations applied to date, beyond the requirements of the Accounting Act, treated the value of errors and the impacts of errors as material if their impact on the consolidated profit/loss or equity exceeded 5% of the equity of the audited year. The Company does not apply this supplementary rule with effect from 2016.

The changes to the valuation requirements detailed above have no material impact on the Company's assets and liabilities, financial position and profit/loss.

### **I.4 Accounting separation of the Company's railway activities**

Pursuant to Section 7 of the joint decree of the Ministry for Economy and Transport and the Finance Minister No. 50/2007 (IV.26.) on the accounting separation of the various activities of railway companies, the Company has an **accounting separation policy** that forms part of the Company's accounting policies.

**Principles of accounting separation** of railway activities, based on the effective accounting separation policy:

1. We perform the accounting separation in respect of
  - a) public service railway passenger transport,
  - b) non-public service passenger transport, and
  - c) other activities, with the central management expenditures (general corporate costs) distributed between public service passenger transport, non-public service passenger transport and other activities.
2. The Company assigns its activities to three general ledgers. Accounting takes place in the following separated general ledgers:
  - Public service general ledger – passenger transport services and ancillary services provided on the basis of a public service contract,
  - Non-public service general ledger – passenger transport services and ancillary services not performed on the basis of a public service contract
  - Other activities general ledger – services unrelated to passenger transport.

3. All assets and liabilities related to the activity must be separated and recognised in the appropriate general ledger, as determined on the basis of the utilisation of resources (assets, staff) by the activity concerned. In the case of underlying transactions (contracts, decisions, resolutions etc.), allocation is based on the activity typically performed by the unit where the transaction was launched. In other cases, where the transaction relates to future business events (e.g. provisioning), it must be allocated to the G/L unit that will be affected by such future transaction.
4. The sales revenues, the direct costs as per the Accounting Act and the clearly assignable expenses and revenues are assigned directly to the separable activities: primarily based on the rail cars related to the activity, the rail vehicle series, the headcount and the domestic/international passenger transport. The passenger transport performance (e.g. seat kilometres) and other indicators (e.g. number of vehicles) relating to the Company's shared operating costs – other than central management – are distributed and allocated between public service and non-public service passenger transport and other activities.
5. The central management expenses (general corporate costs) are distributed between public service passenger transport, non-public service passenger transport and other activities on the basis of the extrapolation base, and reallocated between the general ledgers accordingly.
6. Determination of the number of staff assigned to each activity is based on the allocation of public service, non-public service and other activities to the various units within the organisation.

The Company prepares an **annual supervisory report** as a part of the notes to the annual financial statements. As a part of the supervisory report, the following statements are compiled in respect of the separable activities, together with the accompanying explanatory textual evaluations: the balance sheet, profit and loss account, cash flow statement and activity statement with textual explanation, average statistical staff headcount in the reporting year, budgetary subsidies by legal title, revenues from related parties and related expenses, separately for each related party.

#### **Changes in the reporting year with an effect on accounting separation:**

No changes in the separation methodology took place in 2016.

## **I.5 The valuation procedures applied by the Company**

### **I.5.1 Common rules of the measurement of asset items**

When recognising assets and liabilities denominated in foreign currency, the Company applies the official exchange rate of the National Bank of Hungary for the purpose of translating the amounts into forint.

For financial instruments, the Company does not apply the fair value method set out in Section 59/A-F of the Accounting Act.

### **I.5.2 Measurement procedures applied in respect of non-current assets**

Depreciation of non-current assets is recognised monthly based on the gross value, on a straight-line basis over the expected useful life of the asset, calculated with respect to calendar days.

Under the Company's accounting policy, the residual value is classified as material if its value is expected to exceed 10% of the original acquisition cost of the asset and amounts to at least HUF 1 million. The residual value is always material if its expected amount exceeds HUF 10 million.

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

In relation to unbilled non-current asset and inventory acquisitions, the difference between the acquisition cost identified based on documents and the actual (invoice based) value may significantly affect the acquisition cost of the asset if this difference exceeds 2% of the acquisition cost determined in advance, or HUF 20 million.

The Company does not use the option of recognising revaluation as provided in Section 58(5) of the Accounting Act.

### 1.5.3 Measurement procedures applied in respect of current assets

The historical cost of self-produced inventories is stated at the direct prime cost that is proven to be closely related to their production, and which can be recognised in connection with the product or asset on the basis of the appropriate indicators. Inventories held in warehouses, and any changes thereto, are carried at weighed average cost (standard cost). The standard cost used is the weighted average of the opening balance of inventories and monthly additions of the relevant article supported by invoices.

In relation to vehicle maintenance and repair needs, where it is uncertain whether inventories available at company level will be utilised (obsolete, slow-moving inventories), the following percentage rate of depreciation is determined on the basis of the retrospective utilisation data going back 5 years, taking into account the expected turnover period:

Expected term	Rate of impairment
Within 1 year	no impairment is recognised
Within 5 years	50%
More than 5 years	80%

The Company does not recognise impairment on justifiably slow-moving inventory categories – security inventories, OEM inventories, strategically important machine parts and tools – but at the end of the year it recognises 95% impairment on inventories that are classified as clearly surplus to requirements and recommended for scrapping.

The amount of impairment and reversal to be recognised on the receivables is determined in accordance with the following:

100% impairment is recognised on all of our claims outstanding against the debtor if the debtor is under liquidation, voluntary liquidation or bankruptcy.

For all other debtors we perform the rating on the basis of average aging. For this, with respect to every debtor we determine the weighted average maturity of the claims outstanding against the debtor (average aging): the debtor's balances in all the receivables categories (not overdue, 1-30, 31-60, 61-90, 91-180 and 181-365 days overdue, and more than 366 days overdue) are multiplied by the first day of the category (in the case of non-overdue receivables, by zero), then the sumproduct thus obtained is divided by the total receivable.

Based on the average aging, we recognise the following rate of impairment on all the debtor's receivables:

Average aging	Rate of impairment
1-30	0%
31-60	10%
61-90	25%
91-180	50%
181-365	75%
366+	100%

The amount of impairment and reversal to be recognised on receivables from related parties is determined in accordance with the following:

100% impairment is recognised on all of our claims outstanding against the debtor if the debtor is under liquidation, voluntary liquidation or bankruptcy.

In all other cases we determine the percentage rate of impairment and reversal to be recognised on all our outstanding receivables from the debtor on the basis of the debtor's individual rating, with the proviso that we do not recognise impairment on outstanding receivables from partners that are members of the MÁV group.

The amount of impairment and reversal to be recognised on other receivables is determined on the basis of an individual assessment.

We do not recognise impairment on receivables collected by 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 the receivable than described in the foregoing, the amount of impairment and reversal to be recognised must be determined individually.

The Company recognises impairment on foreign exchange and foreign currency stocks based on the current average exchange rate of the foreign currency or foreign exchange concerned.

## I.6 Main information and changes affecting the Company's activity

In 2016 no changes took place that had a fundamental impact on the Company's activity.

## I.7 The obligation to prepare consolidated financial statements

**Name of the company that includes the Company in its consolidated financial statements:**

MÁV Magyar Államvasutak Zártkörűen Működő Részvénytársaság.

**Registered office of the company that includes the Company in its consolidated financial statements:**

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

MÁV-START Zrt. is classified as a parent company under the Accounting Act. However, MÁV Zrt., as ultimate parent company, prepares and publishes consolidated financial statements and a consolidated business report, in which the statements of MÁV-START Zrt. and of its subsidiaries are also consolidated, and therefore – taking into account the provisions of Section 116 (1) of the Accounting Act – MÁV-START Zrt. does not prepare consolidated annual statements or a consolidated business report.

The consolidated financial statements of the MÁV Group are available on the Company's website: [www.mavcsoport.hu](http://www.mavcsoport.hu).

## II Specific disclosures

### II.1 Notes to the balance sheet

The Company compiles a type “A” balance sheet in accordance with Schedule 1 of the Accounting Act.

The Company does not add extra line items to the balance sheet template specified by law, and does not omit any items from it, or merge any items in it.

The measurement procedures applied in respect of the individual balance sheet items are not different from those applied in the previous business year, and thus no resulting effect on profit/loss can be identified in the reporting period.



## II.1.1 Non-current assets

The year-end balance of non-current assets in 2016 is HUF 214,978 M, which represents a HUF 19,565 M (10.01%) increase compared to the previous year.

Due to the operation of our Company, 86.18% of our tangible assets consist of rail vehicles in a HUF 180,971 M book value, broken down to HUF 101,398 M in railcars, HUF 24,443 M in TRAXX engines, HUF 47,462 M in railway hauling vehicles, HUF 7,662 M in railway cars and HUF 6 M in railway trucks.

### II.1.1.1 Movements in intangible assets

Figures in MHUF

ITEM	Capitalised value of foundation/r restructuring	Capitalised value of R&D	Intangible property rights	Intellectual properties	Goodwill	Advances given for intangible assets	Total
<b>1. Gross value, opening balance</b>	<b>3</b>	<b>556</b>	<b>1 710</b>	<b>2 967</b>	<b>0</b>	<b>0</b>	<b>5 236</b>
2. Procurements, renovation, advance payments	0	0	494	1 640	0	0	2 134
3. Self-produced assets	0	0	0	0	0	0	0
4. Assets received free of charge	0	0	0	0	0	0	0
5. Count surplus	0	0	0	0	0	0	0
6. Transferred free of charge	0	0	0	0	0	0	0
7. Contribution in kind	0	0	0	0	0	0	0
8. Sale	0	0	0	0	0	0	0
9. Scrapped copper scrap	0	0	-3	0	0	0	-3
10. Missing	0	0	0	0	0	0	0
11. Destroyed	0	0	0	0	0	0	0
12. Reclassification (division or consolidation, offsetting of advance)	0	0	0	0	0	0	0
<b>13. Gross value, closing balance</b>	<b>3</b>	<b>556</b>	<b>2 201</b>	<b>4 608</b>	<b>0</b>	<b>0</b>	<b>7 367</b>
<b>14. Depreciation, opening balance</b>	<b>2</b>	<b>135</b>	<b>1 000</b>	<b>458</b>	<b>0</b>	<b>0</b>	<b>1 595</b>
15. Ordinary depreciation in reporting year	1	103	303	649	0	0	1 056
16. Ordinary depreciation in previous year	0	0	0	0	0	0	0
17. Extraordinary depreciation in reporting year	0	0	0	0	0	0	0
18. Extraordinary depreciation reversed	0	0	0	0	0	0	0
19. Assets received free of charge	0	0	0	0	0	0	0
20. Count surplus	0	0	0	0	0	0	0
21. Transferred free of charge	0	0	0	0	0	0	0
22. Contribution in kind	0	0	0	0	0	0	0
23. Sale	0	0	0	0	0	0	0
24. Scrapping	0	0	-3	0	0	0	-3
25. Missing	0	0	0	0	0	0	0
26. Destroyed	0	0	0	0	0	0	0
27. Reclassification (division or consolidation, offsetting of advance)	0	0	0	0	0	0	0
<b>28. Depreciation, closing balance</b>	<b>3</b>	<b>238</b>	<b>1 300</b>	<b>1 107</b>	<b>0</b>	<b>0</b>	<b>2 647</b>
<b>29. Net value of opening balance</b>	<b>1</b>	<b>421</b>	<b>710</b>	<b>2 509</b>	<b>0</b>	<b>0</b>	<b>3 641</b>
<b>30. Net value of closing balance</b>	<b>0</b>	<b>318</b>	<b>901</b>	<b>3 501</b>	<b>0</b>	<b>0</b>	<b>4 720</b>

Table 1: Movements in intangible assets in the reporting year

The net value of intangible assets increased by HUF 1,078 million compared to the previous year. The growth resulted from procurements totalling HUF 2,134 million in the reporting year. The most significant items among the assets taken into use were the ticket sales application and framework system at HUF 1,841 million and the traction software at HUF 358 million.

The depreciation on intangible assets is calculated based on useful life, using the straight-line method.

## II.1.1.2 Changes in tangible assets

Figures in MHUF

ITEM	Real property and related intangible property rights	Technical equipment, machinery, vehicles	Other equipment, fittings, vehicles	Livestock	Capital projects, renovations	Advances given for capital projects	Total
<b>1. Gross value, opening balance</b>	<b>2 285</b>	<b>262 464</b>	<b>177</b>	<b>0</b>	<b>3 145</b>	<b>24</b>	<b>268 095</b>
2. Procurements, renovation, advance payments	0	0	0	0	29 274	-24	29 250
3. Self-produced assets	0	0	0	0	8 546	0	8 546
4. Assets received free of charge	0	0	0	0	0	0	0
5. Count surplus	0	23	0	0	0	0	23
6. Assets taken into management	0	0	0	0	0	0	0
7. Increase due to asset settlement	0	0	0	0	0	0	0
8. Transferred free of charge	0	0	0	0	0	0	0
9. Contribution in kind	0	0	0	0	0	0	0
10. Sale	0	-7	0	0	0	0	-7
11. Scrapped copper scrap	0	-415	-1	0	-2	0	-418
12. Missing	0	-3	0	0	0	0	-3
13. Destroyed	0	0	0	0	0	0	0
14. Commissioning	281	35 318	0	0	-35 599	0	0
15. Waiver of asset management rights	0	0	0	0	0	0	0
16. Decrease due to asset settlement	0	0	0	0	0	0	0
17. Reclassification (division or consolidation, offsetting of advance)	0	0	0	0	0	0	0
<b>18. Gross value, closing</b>	<b>2 566</b>	<b>297 379</b>	<b>176</b>	<b>0</b>	<b>5 364</b>	<b>0</b>	<b>305 486</b>
<b>19. Amortisation, opening</b>	<b>241</b>	<b>76 198</b>	<b>141</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>76 580</b>
20. Ordinary amortisation in reporting year	126	19 113	16	0	0	0	19 255
21. Ordinary amortisation in previous year	0	0	0	0	0	0	0
22. Extraordinary depreciation in reporting year	0	0	0	0	0	0	0
23. Extraordinary depreciation reversed	0	-2	0	0	0	0	-2
24. Assets received free of charge	0	0	0	0	0	0	0
25. Count surplus	0	0	0	0	0	0	0
26. Transferred free of charge	0	0	0	0	0	0	0
27. Contribution in kind	0	0	0	0	0	0	0
28. Sale	0	-3	0	0	0	0	-3
29. Scrapping	0	-343	-1	0	0	0	-344
30. Missing	0	-3	0	0	0	0	-3
31. Destroyed	0	0	0	0	0	0	0
32. Waiver of asset management rights	0	0	0	0	0	0	0
33. Decrease due to asset settlement	0	0	0	0	0	0	0
34. Reclassification (division or consolidation)	0	0	0	0	0	0	0
<b>35. Depreciation, closing balance</b>	<b>367</b>	<b>94 959</b>	<b>156</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>95 483</b>
<b>36. Net value of opening balance</b>	<b>2 044</b>	<b>186 266</b>	<b>35</b>	<b>0</b>	<b>3 145</b>	<b>24</b>	<b>191 514</b>
<b>37. Net value of closing balance</b>	<b>2 199</b>	<b>202 421</b>	<b>19</b>	<b>0</b>	<b>5 364</b>	<b>0</b>	<b>210 003</b>

Table 2: Movements in tangible assets in 2016

The net value of tangible assets increased by HUF 18,489 million compared to the previous year. The growth in the gross value of tangible assets was predominantly due to the procurement (15 FLIRT multiple-unit trains at HUF 26,656 million) and renovation (HUF 6,733 million) of rolling stock.

The decrease in this balance is caused by the recognition of HUF 19,255 million in ordinary depreciation. Extraordinary depreciation of HUF 2 million was reversed.

The depreciation on tangible assets is calculated based on useful life, using the straight-line method.

### II.1.1.3 Change in capital projects

Figures in MHUF

Item	Ongoing investment		
	Previous year	Reporting year	Change
<i>Opening</i>	<i>6 102</i>	<i>3 145</i>	<i>-2 957</i>
Additions in the reporting year (+)	60 140	29 274	-30 866
Self-produced assets (+)	6 135	8 546	2 411
Commissioning (-)	-69 230	-35 599	33 631
Extraordinary depreciation (-)	0	0	0
Extraordinary depreciation reversed (-)	0	0	0
Other increase (+)	0	0	0
Other decrease (-)	-2	-2	0
<i>Closing</i>	<i>3 145</i>	<i>5 364</i>	<i>2 219</i>

Table 3: Change in capital projects

Of the HUF 35,599 million in commissioned tangible assets, the most significant item was the 15 FLIRT multiple-unit trains at HUF 26,656 million, which accounts for 74.88% of total commissioned tangible assets. The conversion of 11 of the used railway passenger carriages purchased from ÖBB was carried out in a proprietary capital project totalling HUF 785 million in value. The Company invested HUF 399 million in the procurement of IT hardware, and HUF 507 million in assets necessary for operation.

The recognised value of proprietary capital projects was HUF 6,242 million. Significant items under this heading were the refurbishment of 31 series 2035 passenger carriages at HUF 1,354 million, and the replacement of locomotive bogies at HUF 1,780 million.

### II.1.1.4 Impact of the settlement of depreciation in the reporting year

Figures in MHUF

Depreciation				
Item	Ordinary	Extraordinary	As per the Accounting Act, total	As per the Corporate Income Tax Act
Land	-	0	0	-
Real estate properties (less land)	126	0	126	170
Machinery, equipment	19,113	-2	19,111	27,954
Other machinery and equipment	16	0	16	11
Capital investments	-	0	0	-
<b>Total tangible assets:</b>	<b>19,255</b>	<b>-2</b>	<b>19,253</b>	<b>28,135</b>
Foundation, restructuring	1	0	1	0
Research and development	103	0	103	103
Intangible property rights	303	0	303	294
Intellectual properties	649	0	649	665
Goodwill	0	0	0	0
<b>Intangible assets in total:</b>	<b>1,056</b>	<b>0</b>	<b>1,056</b>	<b>1,063</b>
<b>Grand total:</b>	<b>20,311</b>	<b>-2</b>	<b>20,309</b>	<b>29,198</b>

Table 4: Amortisation/depreciation of tangible and intangible assets in the reporting year

The amortisation rates of tangible and intangible assets were set on the basis of the determined useful life, and are typically lower than the amortisation rates determined for the purposes of corporate tax.

For tangible assets the straight-line method is applied at our Company in all cases with the exception of the TRAXX locomotives.

Recognised ordinary depreciation increased by a total of HUF 468 million compared to the previous year. This figure derives from a HUF 517 million increase in intangible assets and a HUF 49 million decrease in tangible assets.

The rise in depreciation was due to the depreciation recognised on high-value assets commissioned in the reporting year, most notably the ticket sales application and framework capitalised this year, as well as the 15 FLIRT multiple-unit trains.

#### **II.1.1.5 Assets contributed/received free of charge**

No assets were contributed or received free of charge at the Company in 2016.

#### **II.1.1.6 The Company's long-term investments**

The changes in MÁV-START Zrt's long-term investments are shown in the table below.

Figures in MHUF

<b>Item</b>	<b>Book value of investments</b>			
	<b>Opening value</b>	<b>Increase</b>	<b>Decrease</b>	<b>Closing</b>
Related companies	253	0	0	253
Significant shareholdings	1	0	1	0
Other investments	1	0	0	1
<b>Total:</b>	<b>255</b>	<b>0</b>	<b>1</b>	<b>254</b>

Table 5: The book value of the Company's investments by category

Details of MÁV-START Zrt.'s long-term investments are given in section III.6.

#### **II.1.1.7 Impairment of long-term financial assets**

The Company recognised no impairment on the long-term financial assets stated in its books in 2016.

#### **II.1.1.8 Value of subordinated assets by legal title**

The Company states no subordinated assets in its books.

## II.1.2 Current assets

The balance of current assets in 2016 was HUF 46,053 million, which represents a HUF 774 million (1.71%) increase compared to the previous year.

### II.1.2.1 Presentation of the inventories

Figures in MHUF

	ITEM	Raw materials	WIP and semi-finished products	Young, fattened and other livestock	Finished products	Goods	Advances given for inventories	Total
1	<i>Opening, gross</i>	10,255	2,045	0	780	15	0	13,095
2	Merger	0	0	0	0	0	0	0
3	Purchase	22,286	0	0	0	2,799	0	25,085
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	0	0	0	0	0	0	0
7	Taken to inventories	0	1,641	0	8,093	0	0	9,734
8	Surplus		0	0	0	0	0	0
9	Other increase	143	0	0	0	0	742	885
10	Use (expensed)	-17,613	-2,071	0	-7,721	-6	0	-27,411
11	Sale	-71	0	0	-1	-2,787	0	-2,859
12	Transferred free of charge	0	0	0	0	0	0	0
13	Contributed	0	0	0	0	0	0	0
14	Scrapping	-12	0	0	0	-1	0	-13
15	Missing	0	0	0	0	-7	0	-7
16	Other decrease	-425	0	0	-18	0	-359	-802
17	<i>Closing, gross</i>	14,563	1,615	0	1,133	13	383	17,707
18	<i>Impairment, opening</i>	1,590	0	0	91	0	0	1,681
19	Merger	0	0	0	0	0	0	0
20	Impairment for the reporting year	0	0	0	53	0	0	53
21	Derecognition due to inventory decrease	-326	0	0	-8	0	0	-334
22	Reversed impairment	-395	0	0	0	0	0	-395
23	<i>Impairment, closing</i>	869	0	0	136	0	0	1,005
24	<i>Opening, net</i>	8,665	2,045	0	689	15	0	11,414
25	<i>Closing, net</i>	13,694	1,615	0	997	13	383	16,702

Table 6: Presentation of the inventories

The closing value of inventories increased by HUF 5,288 million compared to 2015.

The main components of the change are as follows: procurement of inventories for the IC+, CAF, FLIRT and TRAXX multiple units at HUF 2,809 million, a HUF 308 million increase in finished products, and HUF 395 million in recognised impairment.

Advance payments on inventories included the advance payment on the procurement of bogies and brake systems as a part of the IC+ project.

## II.1.2.2 Receivables

### II.1.2.2.1 Receivables and their impairment loss

Figures in MHUF

Item	Gross value of receivables						Impairment of receivables						Book value of receivables Reporting year	Book value of receivables Previous year	Change
	Not overdue	1-90 days	91-180 days	181-365 days	over 365 days	Total	Opening balance	Impairment in the reporting year	Impairment reversed	Written off debt collected	Other derecognition of impairment	Closing balance			
<i>Accounts receivable from supply of goods and services (trade debtors)</i>	3,734	169	2	1	49	3955	104	10	1	8	50	55	3,900	4,325	-425
<i>Receivables from related companies</i>	3,398	5	5	1	0	3,409	0	1	0	0	0	1	3,408	2,865	543
of which: receivables from (superior) parent company	2,481	0	0	1	0	2,482	0	0	0	0	0	0	2,482	2,766	-284
of which: receivables from fully consolidated subsidiaries	913	0	0	0	0	913	0	0	0	0	0	0	913	86	827
of which: receivables from not fully consolidated subsidiaries	4	5	5	0	0	14	0	1	0	0	0	1	13	13	0
<i>Liabilities to significant related parties</i>	37	1	0	0	0	38	0	0	0	0	0	0	38	33	5
<i>Receivables from other associated companies</i>	20	0	0	0	0	20	0	0	0	0	0	0	20	6	14
<i>Bills of exchange receivable</i>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<i>Other receivables</i>	21,080	31	22	54	1,172	22,359	1,191	89	0	8	4	1,268	21,091	22,034	-943
<b>Total receivables:</b>	<b>28,269</b>	<b>206</b>	<b>29</b>	<b>56</b>	<b>1,221</b>	<b>29,781</b>	<b>1,295</b>	<b>100</b>	<b>1</b>	<b>16</b>	<b>54</b>	<b>1,324</b>	<b>28,457</b>	<b>29,263</b>	<b>-806</b>

Table 7: Receivables and their impairment loss

The closing figure of receivables decreased by HUF 93 million compared to 2015.

The VAT reclaim related to other receivables amounted to HUF 3,328 million. Receivables related to social-policy fare subsidies totalled HUF 2,114 million, while the public-service costs reimbursement receivable was HUF 13,969 million, the receivable resulting from health insurance and family support came to HUF 210 million, and the excise tax reclaim related to railway transportation activity was HUF 835 million.

The amount of other receivables over 365 days is HUF 1,172 million, including receivables of over one year related to subsequent payment in the amount of 1,143 million.

Impairment of 100% was recognised in 2016 in connection with subsequent payments; that is, ticket receivables from passengers who were fined for travelling without a ticket; the cumulative total of the impairment was HUF 1,234 million.

### II.1.2.2.2 Receivables from related companies

The closing figure of MÁV-START Zrt.'s receivables from related companies in 2016 broke down as follows:

Figures in MHUF

Item	Parent	Fully consolidated	Not fully consolidated subsidiary	Total
Advances given for intangible assets	0	0	0	0
Advances given for capital projects	0	0	0	0
Long-term loans to related companies	0	0	0	0
Advances given for inventories	0	0	0	0
Receivables from related companies	2,482	913	13	3,408
<b>Total:</b>	<b>2,482</b>	<b>913</b>	<b>13</b>	<b>3,408</b>

Table 1: Receivables from related companies

Receivables from related parties: HUF 3,408 million. The most significant item of these is the HUF 2,482 million receivables from MÁV Zrt., of which HUF 2,032 million is the cash-pool (loans given) receivable. Of the receivables from fully consolidated subsidiaries, HUF 850 consisted of receivables from MÁV KfV Kft., and HUF 41 consisted of receivables from MÁV FKG Kft. A HUF 13 million receivable is outstanding from MÁV NOSZTALGIA Kft., as an undertaking that is not fully consolidated.

The classification of the companies takes place from the perspective of the ultimate parent company (MÁV Zrt), in accordance with the group-level classification.

### II.1.2.2.3 Reclassification of receivables and liabilities in the balance sheet

The following items have been reclassified in the balance sheet:

- In connection with settlements relating to employees and private individuals, a total of HUF 5 million was reclassified from other receivables to other short-term liabilities.
- A total of HUF 8 million under the heading of employer's fund, and HUF 3,328 million under the heading of reclaimable VAT, was reclassified from other short-term liabilities to other receivables.
- In connection with liabilities towards the budget, and the performance thereof, we reclassified HUF 10 million from other short-term liabilities to other receivables.

### II.1.2.3 Securities

The Company states no securities in its books.

#### II.1.2.3.1 Impairment on securities

The Company states no impairment on securities in its books.

### II.1.3 Prepaid expenses and accrued income

Figures in MHUF

Item	Previous year	Reporting year	Change
<b>Accrued income</b>			
RIC accrued carriage rent	4,738	4,268	-470
Accrued unsettled deliveries	278	6	-272
Unbilled accrued incomes	686	1,090	404
Accrued internal and external interest on Cash-pool	2	1	-1
Accrued bank interest for the reporting period	1	0	-1
Accrued late-payment interest, penalties and indemnity due in the reporting period	1	0	-1
Reimbursement of public service costs	20,829	20,829	0
Accrued income booked for the upcoming period	0	0	0
<b>Accrued income, total:</b>	<b>26,535</b>	<b>26,194</b>	<b>-341</b>
<b>Prepaid expenses</b>			
Pre-billed accrued expenses	389	458	69
Unbilled accrued incomes (credit)	109	217	108
Accrued invoices to be approved (credit) (at the end of the year, based on the Basware list)	4	1	-3
<b>Prepaid costs and expenses, total</b>	<b>502</b>	<b>676</b>	<b>174</b>
<b>Deferred expenses</b>			
Deferred unrealised FX losses related to the EUR 41,437,500 KfW Bank loan contract	668	537	-131
Deferred unrealised FX losses related to the EUR 38,250,000 EIB Bank loan contract	616	496	-120
Deferred unrealised FX loss on Eurofima loan contract no. 11 (Nr. 2582) (deferred unrealised FX loss on Eurofima loans)	1,529	1,472	-57
Deferred unrealised FX loss on Eurofima contract 13/b (Nr. 2662)	1,083	0	-1,083
<b>Deferred expenses, total</b>	<b>3,896</b>	<b>2,505</b>	<b>-1,391</b>
<b>Total:</b>	<b>30,933</b>	<b>29,375</b>	<b>-1,558</b>

Table 9: Prepaid expenses/accrued income

Of the settlements with international railways in the reporting year, accruals related to RIC carriage rental and unsettled deliveries showed a HUF 742 million decrease.

The accrual of uninvoiced revenues in the reporting year shows a HUF 404 million growth relative to 2015, which is due to the settlement of traction and shunting services with international railways.

The bulk of the HUF 1,391 million decrease in deferred expenses is due to the release of HUF 1,083 million in accruals recognised in connection with the repayment in full of the Eurofima loan number 13/b.



## II.1.4 Equity

### II.1.4.1 Changes in equity components

Figures in MHUF

Item	Registered capital	Subscribed but unpaid capital (-)	Capital reserve	Retained earnings	Non-distributable reserve	After-tax profit/loss	Equity
<b>Opening balance in reporting year</b>	<b>43,742</b>	<b>0</b>	<b>67,633</b>	<b>785</b>	<b>1,779</b>	<b>2,473</b>	<b>116,412</b>
Carry over of after-tax profit/loss of previous year	0	0	0	2,473	0	-2,473	0
Carry over of 2015 dividends to liabilities (Section 177(45) of Accounting Act)	0	0	0	-750	0	0	-750
Release of non-distributable reserves related to unrealised exchange rate losses	0	0	0	434	-434	0	0
Release of non-distributable reserves for experimental development	0	0	0	103	-103	0	0
Release of non-distributable reserves allocated for foundation and restructuring	0	0	0	1	-1	0	0
After-tax profit/loss in the reporting year	0	0	0	0	0	4,023	4,023
Dividend payment	0	0	0	0	0	0	0
<b>Closing balance in reporting year</b>	<b>43,742</b>	<b>0</b>	<b>67,633</b>	<b>3,046</b>	<b>1,241</b>	<b>4,023</b>	<b>119,685</b>

Table 10: Movements in equity

### II.1.4.2 The Company's registered capital

There were no changes in the Company's registered capital in 2016.

The Company's share capital comprises 100 registered ordinary shares of HUF 100,000,000 face value each, and 33,741,514 ordinary shares of HUF 1,000 face value each. No rights issues took place at the Company in 2016.

MÁV-START Zrt. has no convertible, or contingent convertible, bonds.

### II.1.4.3 Non-distributable reserves presented by purpose

Figures in MHUF

Non-distributable reserve	Opening balance	Released in 2016	Accounted in 2016	Closing balance
Difference between provisions for unrealised FX losses on FX loans and deferred expenses	1 357	434	0	923
<i>of which: Eurofima 11</i>	411	149	0	262
<i>Eurofima 13/b</i>	35	35	0	0
<i>KFW</i>	474	130	0	344
<i>EIB</i>	437	120	0	317
Amount unexpensed due to R&D related to reduction of harmful emissions	40	0	0	40
Unexpensed part of R&D related to BMPZ type IC+ coaches	381	103	0	278
Reserves allocated due to unexpensed part of foundation and restructuring	1	1	0	0
<b>Total:</b>	<b>1 779</b>	<b>538</b>	<b>0</b>	<b>1 241</b>

Table 11: Non-distributable reserves presented by purpose

## II.1.5 Provisions

The provisioning principles applied by the Company are regulated in detail in the Company's accounting policy. The principles applied in the case of the most important legal titles are summarised in the following table:

Legal title	Provisions
Liabilities related to redundancies	On the total amount of payment obligations for the following years, undertaken in existing contracts.
Bonuses due in the reporting year but not yet approved	On the sum of bonuses and contributions.
Obligations likely to be incurred in ongoing litigious proceedings (including interest and other incidental costs)	If a payment obligation is likely and exceeds HUF 3 million.  In the case of claims exceeding 1% of equity, provisions are only set aside if, based on a case-by-case assessment, it is likely or certain that a payment obligation will be incurred.
Late payment penalty	On interest, of the extent determined in the Civil Code, that has not been charged but relates to the period before the balance sheet date, based on a calculation.
On expected costs – in the case of demolition and maintenance costs	If the expected cost is substantial, then based on a case-by-case assessment.
In the case of the periodically recurring maintenance costs of TRAXX locomotives and FLIRT multiple-unit trains	The coverage for periodic maintenance costs is determined based on the following formula:  $\text{For covering periodic maintenance costs amount of provisions generated on the balance sheet} = \frac{\text{Time passed from the maintenance period until the turning date (elapsed time/Ran in km)}}{\text{Length of maintenance period (time/km)}} * \text{Estimated maintenance costs}$

### II.1.5.1 Provisions for expected liabilities

Figures in MHUF

Provisions for liabilities	Opening balance	Released in 2016	Accounted in 2016	Closing balance
Provisions generated for the purpose of covering obligations related to the termination of employment	1 187	1 187	209	209
Provision for environmental obligations	21	0	0	21
Provision for litigation	620	188	209	641
Provisions set aside to cover indemnity claims	406	63	114	457
Provisions set aside for obligations related to work clothes, outfits and uniforms	897	215	0	682
Provisions generated for the purpose of covering default interest payment obligations	5	5	3	3
Provisions set aside for liabilities due to non-contractual distances	43	43	0	0
Provisions set aside for bonus payment liabilities (booking related to 2013)	104	62	0	42
Provisions set aside for bonus payment liabilities (booking related to 2014)	105	71	0	34
Provision for bonus obligations (accounts related to the reporting year)	0	0	164	164
Provisions set aside for other litigation liabilities	576	576	21	21
<b>Total:</b>	<b>3 964</b>	<b>2 410</b>	<b>720</b>	<b>2 274</b>

Table 12: Provisions set aside for expected liabilities

To cover liabilities related to employment relationships, and the severance pay resulting from workforce rationalisation, provisions of HUF 1,187 million were set aside in 2015, which in 2016 were released 100% partly due to utilisation, and partly due to their no longer being necessary.

The Company set aside HUF 164 million in provisions to cover bonus payments in 2016, but at the same time HUF 133 million of the provisions set aside in previous years to cover the bonuses of employees subject to Section 208 of the Labour Code was released, partly in connection with the launch of a litigious proceeding, partly in connection with the individual agreements made with MÁV-START Zrt., and partly in connection with the change in the rate of social contribution tax effective from 1 January 2017.

### II.1.5.2 Provisions for liabilities to related companies

Figures in MHUF

Provisions set aside for liabilities to related companies	Opening balance	Released in 2016	Accounted in 2016	Closing balance
MÁV Magyar Államvasutak Zrt.*	1	1	0	0
MÁV Szolgáltató Központ Zrt.	0	0	2	2
<b>Total:</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>2</b>

\* the opening figure stated in respect of MÁV Magyar Államvasutak Zrt. results from the absorption of MÁV Létesítményüzemeltető és Vasútőr Kft

Table 13: Provisions set aside for expected liabilities

The provisions set aside for liabilities towards related parties are related to the default interest payment obligation. The data have been taken from Table no. 12.

### II.1.5.3 Provisions for future expenses

Figures in MHUF

Provisions for future commitments	Opening balance	Released in 2016	Accounted in 2016	Closing balance
Provisions set aside to cover demolition costs	665	665	0	0
Provisions set aside to cover maintenance costs	36	36	0	0
Provisions set aside for the maintenance of TRAXX engines	2 018	969	452	1 501
Provisions set aside for the maintenance of FLIRT vehicles	332	0	589	921
<b>Total:</b>	<b>3 051</b>	<b>1 670</b>	<b>1 041</b>	<b>2 422</b>

Table 14: Provisions set aside for future expenses

For the periodic maintenance costs of TRAXX locomotives due beyond the annual period, the Company set aside provisions of HUF 452 million against the profit/loss for 2016, but released HUF 969 million in provisions due to the maintenance works performed.

Based on similar considerations, the Company has also set aside provisions for the maintenance costs of the FLIRT trains since 2014. In 2016 provisions of HUF 589 million were set aside for this purpose.

The HUF 665 million in disassembly provisions set aside for the disassembly of decommissioned carriages was released in its entirety in 2016.

### II.1.5.4 Other provisions

#### II.1.5.4.1 Provisions set aside for exchange rate losses

Figures in MHUF

Name of Loan	Opening balance	Released in 2016	Accounted in 2016	Closing balance
Eurofima loan contract no. 11 (Nr. 2582)	1117	0	92	1 209
Eurofima loan contract no. 13/a (Nr. 2649)	0	0	0	0
Eurofima loan contract no. 13/a (Nr. 2662)	1 049	1 049	0	0
KfW bank loan contract (EUR 41,437,500) TRAXX	194	0	0	194
EIB bank loan contract (EUR 38,250,000) TRAXX	179	0	0	179
<b>Total:</b>	<b>2 539</b>	<b>1 049</b>	<b>92</b>	<b>1 582</b>

Table 15: Provisions set aside for exchange rate losses

When determining the provisions on the Eurofima loans assumed upon the absorption of MÁV-TRAKCIÓ Zrt., MÁV-START Zrt. bases its calculation on the date of assumption of the loan from MÁV Zrt. (9 May 2008), as the date of borrowing.

Eurofima loan no. 13/b. was repaid in full in 2016, resulting in the release of HUF 1,049 million in provisions.

#### II.1.5.4.2 Provisions set aside for other reasons

MÁV-START Zrt. did not set aside provisions on the basis of other statutory requirements or laws.

### II.1.5.5 Development of provisions in the reporting year

Figures in MHUF

Item	Provision for contingent liabilities	Provision for future expenses	Other provisions	Total
<i>Opening balance of provisions</i>	<i>3,964</i>	<i>3,051</i>	<i>2,539</i>	<i>9,554</i>
Released in the reporting year	2,410	1,670	1,049	<i>5,129</i>
Set aside in the reporting year	720	1,041	92	<i>1,853</i>
<i>Closing balance of provisions</i>	<i>2,274</i>	<i>2,422</i>	<i>1,582</i>	<i>6,278</i>

Table 16: Changes in provisions

## II.1.6 Liabilities

### II.1.6.1 Subordinated liabilities

The Company states no subordinated liabilities in its books.

### II.1.6.2 Long-term liabilities

The volume of long-term liabilities on the accounting date is HUF 24,126 million, which consists of the HUF 23,987 million in investment and development loans and HUF 139 million in other long-term liabilities.

#### II.1.6.2.1 Long-term loans

A substantial part of MÁV-START Zrt.'s loans are comprised of the "Eurofima loans" taken over from MÁV Zrt., and the "KFW, EIB TRAXX loans".

The Company's long-term loans are shown in the table below:

Figures in MHUF

Title of loan	Date of signing of loan agreement	Expiry date of loan agreement	State guarantee (no. of govt. decree)	Currency	Amount of loan agreement (T/M, original currency)	Available facility (31 Dec 2016)	
						Curr.	M HUF
<b>Investment and development loans</b>							
EUROFIMA 11	2003.12.31	2018.12.17	1036/2003., 1027/2008.	EUR	26 943 000	26 943 000	8 380
EUROFIMA 13/b	2006.08.10	2016.04.07	1113/2005., 1027/2008.	EUR	19 100 000	0	0
KFW (TRAXX)	2009.12.03	2024.05.15	-	EUR	41 437 500	24 862 500	7 732
EIB (TRAXX)	2009.12.03	2024.05.15	-	EUR	38 250 000	22 950 000	7 138
MFB	2009.10.27	2024.09.30	-	HUF	2 800 000 000	-	1 526
Raiffeisen - H-23/2008	2006.04.26	2016.04.21	1113/2005., 1027/2008.	HUF	400 000 000	-	0
Raiffeisen - H-91/2008.	2008.12.23	2018.12.23	-	HUF	3 000 000 000	-	818
UniCredit - MFB loan	2008.09.10	2023.12.31	-	HUF	2 376 000 000	-	1 091
<b>Total:</b>						<b>74 755 500</b>	<b>26 685</b>

Table 17: The Company's long-term credit facility

In relation to repayment instalments due in 2017, HUF 2,698 million of the available facility are shown in the balance sheet among short-term loans. Foreign currency loans were revalued at 311.02 HUF/EUR (the exchange rate published by the Hungarian National Bank on the balance sheet date).

The following loans have a maturity of more than 5 years: The contract for the KFW (TRAXX) and EIB (TRAXX) loans expires on 15 May 2024, and the MFB loan contract on 30 September 2024, which the UniCredit – MFB loan contract matures on 31 December 2023. The volume of these loans on the accounting date was HUF 17,487 million.

Figures in MHUF

Title of loan	2017	2018	2019	2020	2021 and after	Total
<b>Investment and development credits</b>						
EUROFIMA-11 (Nr.2582)	0	8,380	0	0	0	<b>8,380</b>
KfW (TRAXX)	1,031	1,031	1,031	1,031	3,608	<b>7,732</b>
EIB (TRAXX)	952	952	952	952	3,331	<b>7,138</b>
MFB	196	196	196	196	742	<b>1,526</b>
Raiffeisen - H-91/2008.	364	455	0	0	0	<b>818</b>
UniCredit - MFB	156	156	156	156	467	<b>1,091</b>
<b>Total:</b>	<b>2,698</b>	<b>11,169</b>	<b>2,335</b>	<b>2,335</b>	<b>8,148</b>	<b>26,685</b>

Table 18: Repayment schedule of the Company's long-term loans

MÁV-START Zrt. services its investment loans in accordance with the contract. In addition to the debt service related to the loans subject to continuous principal repayment, it was also able to execute the due principal repayments of those EUROFIMA loans – assumed from MÁV Zrt. – that are payable by final repayment (in the value of HUF 7,407 million in 2015 and HUF 5,949 million in 2016.) The Company is also capable, in the medium term, of contractually meeting its debt servicing obligations arising from the investment loans taken out. The Company and the MÁV Group treat the contractual servicing of the investment loans as a key priority.

#### II.1.6.2.2 Long-term loans and bond debts

The Company states no long-term loans or bond debts in its books.

#### II.1.6.2.3 Other long-term liabilities

Figures in MHUF

Item	Previous year	Reporting year	Change
Non-wage type remuneration system, housing subsidy obligation	145	117	-28
Liquid assets (security deposit) accepted as security	8	22	14
<b>Other long-term liabilities in total:</b>	<b>153</b>	<b>139</b>	<b>-14</b>

Table 19: Other long-term liabilities

The Company's long-term liabilities recorded in foreign currency consist of the previously described Eurofima-11 loan, and the EIB and KfW loans used to fund the procurement of the TRAXX locomotives.

Making use of the option provided in Section 33 (2) of the Accounting Act, the Company accrued the unrealised exchange rate loss on the year-end revaluation of foreign currency loans, and consequently the amount shown under this heading in the table below (HUF 2,505 million) is stated under deferred expenses in the balance sheet.

Figures in MHUF

By currency	Liability in foreign currency	Of which the amount due within a year in foreign currency	Exchange rate (Foreign currency/HUF)	Amount of liability	Of which the amount due within a year	Accrued exchange rate difference as at year-end
<i>EUR</i>	74,755,500	6,375,000	311.02	23,250	1,983	2,505
<i>Total:</i>				<b>23,250</b>		<b>2,505</b>

Table 20: Long-term foreign exchange liabilities

### II.1.6.3 Short-term liabilities

The balance of short-term liabilities on the balance sheet date is HUF 36,147 million. Short-term liabilities account for 12.42%, and total liabilities 59.97% of the balance sheet total. In comparison with the previous year, the volume of short-term liabilities grew by 24.42%, which resulted primarily from the combined impact of the change in liabilities to suppliers and the reclassification of the part of long-term loans due within one year. The volume of liabilities to suppliers in the reporting year was HUF 15,858 million, of which the liabilities originating from the use of services (HUF 4,052 million) and the liabilities related to capital investments financed jointly with the EU funds (HUF 9,713 million) were significant items.

#### II.1.6.3.1 Short-term loans

MÁV-START Zrt. has no short-term loans; the items stated in this line of the balance sheet are the reclassified payments, on long-term loans, that are due within one year.

#### II.1.6.3.2 Other short-term liabilities

The amount stated in the "Other short-term liabilities" balance sheet line consists of the items shown in the following table:

Figures in MHUF

Item	Previous year	Reporting year
Taxes payable	409	722
Wages and salaries	2,596	2,819
Employer's cash on hand contribution	13	10
Other membership fees deducted from employees	130	121
Other current liabilities	1,459	216
<b><i>Other current liabilities, total</i></b>	<b>4,607</b>	<b>3,888</b>

Table 21: Composition of other short-term liabilities



#### II.1.6.4 Liabilities to related companies

Figures in MHUF

Item	Parent	Fully consolidated	Not fully consolidated subsidiary	Total
Subordinated liabilities to related companies	0	0	0	0
Long-term liabilities to related companies	0	0	0	0
Current liabilities to related companies	8,572	3,779	4	12,356
<b>Total:</b>	<b>8,572</b>	<b>3,779</b>	<b>4</b>	<b>12,356</b>

Table 22: Liabilities to related companies

Of the liabilities towards the parent company, HUF 3,433 million is the network access fee, HUF 2,607 million the energy fee for traction electricity, and HUF 789 million the lease fee for rolling stock. The largest item among debts towards fully consolidated subsidiaries was the liability to MÁV Szolgáltató Központ Zrt., at HUF 3,293 million.

The classification of the companies takes place from the perspective of the ultimate parent company (MÁV Zrt), in accordance with the group-level classification.

## II.1.7 Accrued expenses and deferred income:

Figures in MHUF

Item	Previous year	Reporting year	Change
<b>Prepaid income</b>			
Pre-billed prepaid income	164	150	-14
Other prepaid income	350	38	-312
<b>Deferred income in total:</b>	<b>514</b>	<b>188</b>	<b>-326</b>
<b>Accrued expenses</b>			
Accrual of unbilled costs and expenses	2 210	2 512	302
Accrued incoming invoices to be approved	1 070	278	-792
Costs paid from cash and bank, accrued expenses	24	0	-24
RIC accrued carriage rent	3 241	3 234	-7
Accrued unsettled deliveries	476	26	-450
Accrued interest due for the reporting period (except late-payment interest)	122	60	-62
Accrued incentive grants - wages	117	158	41
Accrued incentive grants - contributions	33	37	4
<b>Accrual of costs and expenses in total:</b>	<b>7 293</b>	<b>6 305</b>	<b>-988</b>
<b>Deferred income</b>			
Tangible and intangible assets identified as surplus	0	23	23
Non-reimbursable cash received from state budget	5	5	0
Subsidies received under KÖZOP-2.5.0-09-11-2013-0008	70 393	68 016	-2 377
Subsidies received under GOP-1.3.1-11/A-2011-0115	262	258	-4
Subsidies received under KÖZOP-2.5.0-09-11-2015-000	373	389	16
Subsidies received under KÖZOP-2.5.0-09-11-2015-0007	10 764	10 447	-317
Subsidies received under KÖZOP-2.5.0-09-11-2015-0008	0	522	522
Subsidies received under KÖZOP-2.5.0-09-11-2015-0009	0	1 061	1 061
Subsidies received under KDOP-4.2.3-09-2010-0005	7	6	-1
Subsidies received under KÖZOP-2.5.0-09-11-2015-0012	0	898	898
Subsidies received under IKOP-2.1.0-15-2016-00032	0	9 541	9 541
Subsidies received under IKOP-2.1.0-15-2016-00030	0	6 446	6 446
Subsidies received under IKOP-2.1.0-15-2016-00002 (INKA)	0	65	65
<b>Deferred income in total:</b>	<b>81 804</b>	<b>97 677</b>	<b>15 873</b>
<b>Total:</b>	<b>89 611</b>	<b>104 170</b>	<b>14 559</b>

Table 23: Change in accrued expenses and deferred income

Due to the favourable outcome of settlements with international railway companies in the reporting year, there was a HUF 450 million decrease in accruals for the reporting year.

With regard to accrued expenses and deferred income, deferred income showed the most significant change relative to the previous period. The reasons for this are as follows:

- Several new projects got under way in 2016. The most significant items among these were the IKOP subsidies received for the procurement of 6+9 multiple-unit trains, and for the INKA projects.
- For projects already under way – procurement of self-service ticket machines, development of the ticket sales system, passenger information system development – it received ex-post subsidies under the KÖZOP funding scheme.

The subsidies received in connection with these projects were accrued or released proportionately to the recognised depreciation.

## II.1.8 Disclosures related to off balance sheet items

### II.1.8.1 Borrowing and repayment of loans not disbursed by the balance sheet date

The Company concluded no new loan contracts in 2016.

### II.1.8.2 Derivative transactions

Most of the Company's revenues were generated in forint in the reporting year as well. In 2016 there was a total of EUR 72.7 million in expenses – EUR 27.8 million contractual servicing of the foreign currency loan portfolio, and EUR 44.9 million fulfilment of liabilities to suppliers – of which EUR 53.5 million was not covered by the beginning-of-year opening EUR balance and the EUR revenues received during the year.

The budgeted exchange rate loss was hedged with forward contracts totalling EUR 7.8 million and spot contracts totalling EUR 45.7 million. The Company concluded no transactions that carried over into 2017.

During the business year the Company executed eight forward currency hedge transactions totalling EUR 7.8 million in value, which served to reduce the EUR-based currency risk. All of these items were closed and settled in 2016.

The Company concluded commodity hedge swap transactions in respect of the 2016 business year for 65% of its total diesel exposure; that is, for 24.9 million litres, divided into equal monthly quantities of 1,750 metric tons (1 mt = 1,183.43 litres). The purpose of concluding the transactions was to protect the 2016 price stated as a premise of the business plan (net procurement price of diesel: 163.45 HUF/l) against any increase in diesel prices. The transactions successfully hedged 65% of diesel exposure at below the price stated as a premise of the business plan, but as a result of oil-market trends (falling oil price) they led to the realisation of a loss in terms of financial settlement.

As a result of the low oil prices, the Company achieved a saving on the procurement price of diesel, and thus the hedge price level assured by the transactions was achieved.

During the business year the Company concluded twelve commodity hedge transactions totalling HUF 3,006 million, with the aim of mitigating the risk of a change (increase) in the price of diesel fuel. All of these positions were closed and settled on a net basis in 2016.

The Company concluded no hedge contracts in 2016 for the risks, resulting from price changes, of interest rate changes.

Figures in MHUF

Transaction type		Effect on profit/loss*	Effect on cash flow*
Clearing transactions	Forward	0	0
	Swap	-660	-660
	Option	0	0
	<b>Total:</b>	<b>-660</b>	<b>-660</b>
Delivery transactions	Forward	0.0	0.0
	Swap	0	0
	Option	0	0
	<b>Total:</b>	<b>0.0</b>	<b>0.0</b>
<b>Grand total:</b>		<b>-660.0</b>	<b>-660.0</b>
of which:	Hedging	-660.0	-660.0
	Non-hedging	0	0
	<b>Total</b>	<b>-660.0</b>	<b>-660.0</b>
of which:	Stock exchange	0	0
	OTC	-660.0	-660.0
	<b>Total</b>	<b>-660.0</b>	<b>-660.0</b>

\*The profit and loss and cash flow effect in the case of foreign currency transactions is determined based on the bank's standard exchange rate prevailing at the date of maturity, and in the case of goods transactions, on the basis of standard cost.

Table 24: Closed forward, swap and option transactions in 2016.

### II.1.8.2.1 Forward, swap and option contracts in 2016

	Purchase part	Sales part	Value date	Forward rate	Closing rate	Profit or loss (HUF)*	Settlement method
1.	900,000 EUR	279,720,000 HUF	23/08/2016	310.80	310.80	HUF -	delivery
2.	600,000 EUR	186,174,000 HUF	07/09/2016	310.29	310.29	HUF -	delivery
3.	600,000 EUR	186,240,000 HUF	20/09/2016	310.40	310.40	HUF -	delivery
4.	600,000 EUR	186,330,000 HUF	04/10/2016	310.55	310.55	HUF -	delivery
5.	600,000 EUR	186,426,000 HUF	20/10/2016	310.71	310.71	HUF -	delivery
6.	3,000,000 EUR	932,460,000 HUF	03/11/2016	310.82	310.82	HUF -	delivery
7.	600,000 EUR	186,594,000 HUF	21/11/2016	310.99	310.99	HUF -	delivery
8.	900,000 EUR	280,026,000 HUF	06/12/2016	311.14	311.14	HUF -	delivery

\*The profit and loss impact was identified based on the bank's standard exchange rate prevailing at the date of maturity

Table 25: Currency forward, swap and option transactions in the reporting year

	Trading rate	Quantity (mt)*	Period	Date of settlement	Closing rate**	Profit or loss (HUF)***	Settlement method	Comments
1.	143,150 HUF	1,750	01/01/2016 - 29/01/2016	05/02/2016	82,470 HUF	-106,190,096	Recognised	Swap transaction
2.	143,150 HUF	1,750	01/02/2016 - 29/02/2016	07/03/2016	84,153 HUF	-103,243,970	Recognised	Swap transaction
3.	143,150 HUF	1,750	01/03/2016 - 31/03/2016	07/04/2016	98,400 HUF	-78,311,926	Recognised	Swap transaction
4.	143,150 HUF	1,750	01/04/2016 - 29/04/2016	06/05/2016	101,300 HUF	-73,238,292	Recognised	Swap transaction
5.	143,150 HUF	1,750	02/05/2016 - 31/05/2016	07/06/2016	117,549 HUF	-44,801,589	Recognised	Swap transaction
6.	143,150 HUF	1,750	01/06/2016 - 30/06/2016	07/07/2016	123,567 HUF	-34,269,691	Recognised	Swap transaction
7.	143,150 HUF	1,750	01/07/2016 - 29/07/2016	05/08/2016	113,772 HUF	-51,412,074	Recognised	Swap transaction
8.	143,150 HUF	1,750	01/08/2016 - 31/08/2016	07/09/2016	111,813 HUF	-54,839,596	Recognised	Swap transaction
9.	143,150 HUF	1,750	01/09/2016 - 30/09/2016	07/10/2016	114,571 HUF	-50,013,698	Recognised	Swap transaction
10.	143,150 HUF	1,750	03/10/2016 - 28/10/2016	08/11/2016	128,112 HUF	-26,316,157	Recognised	Swap transaction
11.	143,150 HUF	1,750	02/11/2016 - 30/11/2016	07/12/2016	121,942 HUF	-37,114,114	Recognised	Swap transaction
12.	143,150 HUF	1,750	01/12/2016 - 30/12/2016	06/01/2017	142,982 HUF	-293,496	Recognised	Swap transaction

\*Quantity in metric tons: 1 metric ton = 1,184 litre

\*\*The arithmetic average of the daily standard costs applied in the given period

\*\*\*The difference between the Closing rate and the Strike rate, multiplied by the amount of a given Period

Table 26: Commodities forward, swap and option deals in the reporting year

### II.1.8.3 Surety and guarantee contracts

The Company has no surety contracts as at the accounting date. The guarantee contracts in effect are presented below:

Figures in MHUF

Beneficiary company name	Type of guarantee	Contracting bank	Start date	End date	Amount of guarantee
<b>Bank guarantee</b>					
Based on the Government Decree 271/2007 (X.19.): the National Transport Authority	payment bank guarantee	KDB Bank Zrt.	01/01/2014	31/12/2018	1100
Based on the Government Decree 6/2010 (I.21.): the National Transport Authority	payment bank guarantee	KDB Bank Zrt.	01/01/2013	31/12/2017	150
Based on the Government Decree 6/2010 (I.21.): the National Transport Authority	payment bank guarantee	KDB Bank Zrt.	01/01/2013	31/12/2017	5
Based on the Government Decree 271/2007 (X.19.): the National Transport Authority	payment bank guarantee	KDB Bank Zrt.	01/07/2011	31/12/2018	10
Based on Government Decree 213/1996 (XII.23): the Hungarian Trade Licensing Office	payment bank guarantee	KDB Bank Zrt.	26/10/2010	30/06/2018	6
<b>Bank guarantees, total:</b>					<b>1,271</b>

Table 27: Guarantee contracts in effect at the balance sheet date

#### II.1.8.4 Lien obligations

MÁV-START Zrt.'s lien obligations are as follows:

Figures in MHUF

Name of Loan	Credit portfolio encumbered with a lien, 31.12.2016	Security
EUROFIMA 2582 - 11	8 380	Rolling stock
EIB (TRAXX)	7 138	Rolling stock
KfW (TRAXX)	7 732	Rolling stock
UniCredit - MFB	1 091	Rolling stock
Raiffeisen - H-91/2008.	818	Rolling stock
MFB	1 526	Rolling stock
<b>Total:</b>	<b>26 685</b>	

Table 28: Lien obligations

The locomotives taken over with the assumption of the EUROFIMA loan are encumbered by liens. The EIB and KfW loans related to the procurement of the 25 TRAXX locomotives are secured with a lien on the TRAXX locomotives.

#### II.1.8.5 Expected amount of environmental protection and restoration obligations not stated under liabilities

The Company incurred no off-balance sheet liabilities in connection with environmental protection.

#### II.1.8.6 Payment schedule of off-balance sheet interest and incidental costs

Figures in MHUF

Title of loan	2017	2018	2019	2020	2021 and after	Total
EUROFIMA 2582 - 11	6	28	0	0	0	34
EIB	117	116	98	80	130	541
KfW	158	298	250	203	321	1,230
UniCredit - MFB	40	44	36	28	38	186
Raiffeisen - H-91/2008.	24	12	0	0	0	36
MFB	79	83	70	57	98	387
<b>Grand total:</b>	<b>424</b>	<b>581</b>	<b>454</b>	<b>368</b>	<b>587</b>	<b>2,414</b>

Table 29: Payment schedule of off-balance sheet interest and incidental costs

Calculation of interest payments took place in line with the premises set out in the business plan.

### II.1.8.7 Operating lease contracts in effect at the balance sheet date where the Company is the lessee

Figures in MHUF

Contracting partner (lessor)	Subject matter	Agreement dated at	Matures on	Contract amount (Million HUF/month)	Amount not recognised until the B/S date
Deutsche Leasing Hungaria Kft	8 Desiro multiple-unit train	2008/09/24	2029/02/28	19	2,800
MAV Zrt.	Office rent	2009/10/27	2017/05/06	24	96
MÁV Zrt.	Railway vehicles (rolling stock) rental	2007/06/20	indefinite	764	n/a
Porsche Kft.	Vehicle rent	2011/10/04	2017/10/31	11	242
<b>Total:</b>				<b>818</b>	<b>3,138</b>

Table 30: Operating lease contracts in effect at the balance sheet date

### II.1.8.8 Other disclosures related to off-balance sheet items

In 2016, apart from the data displayed in the separate tables, the Company made no other disclosures related to off-balance sheet items.

## II.2 Notes to the profit and loss account

The Company compiles a profit and loss account using the total cost method in accordance with Schedule 2 of the Accounting Act.

The Company does not add extra line items to the profit and loss account template specified by law, and does not omit or merge any items therein.

Since the measurement procedures applied to individual balance sheet items are not different from those applied in the previous business year, no resulting effect on profit/loss can be identified in the reporting period.

### II.2.1 Net sales revenues

#### II.2.1.1 Net sales revenues per main activity

Figures in MHUF

Activity	Previous year		Reporting year		Change
	Amount	Distribution (%)	Amount	Distribution (%)	
<b>Revenues from public service passenger transport</b>	<b>59 664</b>	<b>58,74</b>	<b>60 166</b>	<b>60,47</b>	<b>502</b>
Of which: Fare and reserved seat tickets	40 276	39,65	40 973	41,18	697
Ticket price subsidy	18 724	18,43	18 610	18,70	-114
Other	664	0,65	583	0,59	-81
<b>Revenues from non-public-service passenger transport</b>	<b>19 888</b>	<b>19,58</b>	<b>19 193</b>	<b>19,29</b>	<b>-695</b>
Of which: Fare and reserved seat tickets	9 833	9,68	9 515	9,56	-318
Ticket price subsidy	395	0,39	370	0,37	-25
International use of carriages	5 125	5,05	4 988	5,01	-137
Sleeping, couchette and restaurant car service	1 142	1,12	1 057	1,06	-85
Other	3 393	3,34	3 263	3,28	-130
<b>Revenues from other activities</b>	<b>22 029</b>	<b>21,69</b>	<b>20 135</b>	<b>20,24</b>	<b>-1 894</b>
Of which: Carriage traction	1 418	1,40	1 180	1,19	-238
Freight train traction	7 824	7,70	6 386	6,42	-1 438
Other traction	843	0,83	451	0,45	-392
Shunting	3 472	3,42	3 605	3,62	133
Traction service	5 223	5,14	4 502	4,52	-721
Engineering activity	2 773	2,73	3 653	3,67	880
Sales of material and goods	321	0,32	218	0,22	-103
Other	155	0,15	140	0,14	-15
<b>Total:</b>	<b>101 581</b>	<b>100,00</b>	<b>99 494</b>	<b>100,00</b>	<b>-2 087</b>

Table 31: Net sales revenues by main activity

Sales revenue from public service passenger transport grew by HUF 502 million in the reporting year, relative to the base year. One of the reasons for this was that employment and solvent demand rose at national level, thus increasing the volume of sales of full-price travel tickets and employee rail passes. In addition to this, another factor in the favourable development of domestic travel ticket revenues was the continuous rise in volume on reconstructed lines 2 and 30a, as well as the growing popularity of ticket purchasing from self-service machines and via the internet.

The sales revenue from non-public service passenger transport changed in the opposite direction, decreasing by HUF 695 million, primarily due to the decline in willingness to travel resulting from the terrorism threat emerging in neighbouring countries.

Sales revenue from other activities decreased by HUF 1,894 million, due to the fall in the volume of orders from Rail Cargo Hungária Zrt. and private railways.



## II.2.1.2 Export and import sales revenues

Figures in MHUF

Country	Previous year						Reporting year					
	Export of goods	Export of services	Total export	Import of goods	Imported services	Import, total	Export of goods	Export of services	Total export	Import of goods	Imported services	Import, total
<b>EU member states:</b>												
Germany	0	2 353	2 353	1 962	1 369	3 331	0	2 388	2 388	1 105	1 242	2 347
Austria	0	5 217	5 217	4 828	2 542	7 370	0	5 264	5 264	5 171	2 073	7 244
Italy	0	9	9	16	0	16	0	5	5	7	1	8
Slovakia	0	1 223	1 223	1 271	1	1 272	0	1 112	1 112	1 491	542	2 033
Czech Republic	0	1 871	1 871	2 326	1	2 327	0	1 845	1 845	2 293	1	2 294
Slovenia	0	88	88	97	0	97	0	110	110	127	0	127
Poland	0	146	146	235	0	235	0	164	164	997	6	1 003
France	0	521	521	79	0	79	0	510	510	84	0	84
United Kingdom	0	20	20	13	0	13	0	12	12	24	1	25
Sweden	0	99	99	48	0	48	0	98	98	34	0	34
Belgium	0	19	19	41	0	41	0	10	10	3	6	9
Denmark	0	11	11	2	0	2	0	1	1	29	0	29
Finland	0	9	9	1	0	1	0	0	0	1	0	1
Greece	0	0	0	8	27	35	0	0	0	0	0	0
Netherlands	0	535	535	1	0	1	0	912	912	92	66	158
Ireland	0	4	4	0	0	0	0	0	0	0	0	0
Latvia	0	0	0	0	0	0	0	0	0	0	0	0
Lithuania	0	0	0	1	0	1	0	0	0	0	0	0
Luxembourg	0	2	2	1	0	1	0	1	1	0	0	0
Portugal	0	5	5	6	1	7	0	0	0	0	0	0
Spain	0	18	18	10	40	50	0	1	1	425	25	450
Romania	0	1 934	1 934	1 770	367	2 137	0	845	845	1 392	155	1 547
Croatia	0	201	201	193	0	193	0	186	186	172	2	174
Bulgaria	0	24	24	17	0	17	0	52	52	54	0	54
<b>Total EU member states:</b>	<b>0</b>	<b>14 309</b>	<b>14 309</b>	<b>12 926</b>	<b>4 348</b>	<b>17 274</b>	<b>0</b>	<b>13 516</b>	<b>13 516</b>	<b>13 501</b>	<b>4 120</b>	<b>17 621</b>
<b>Non-EU countries</b>												
Serbia	0	191	191	218	12	230	0	281	281	276	12	288
Montenegro	0	1	1	3	0	3	0	0	0	3	0	3
Ukraine	0	39	39	34	0	34	0	36	36	47	0	47
Switzerland	0	978	978	354	9	363	0	968	968	398	10	408
Turkey	0	9	9	1	0	1	0	0	0	0	0	0
Belarus	0	0	0	2	0	2	0	3	3	10	0	10
Bosnia-Herzegovina	0	0	0	0	0	0	0	0	0	0	0	0
Macedonia	0	2	2	0	0	0	0	2	2	0	0	0
Russia	0	6	6	9	0	9	0	26	26	20	0	20
Norway	0	9	9	3	0	3	0	1	1	1	0	1
Moldova	0	0	0	71	0	71	0	0	0	0	0	0
Egypt	0	0	0	0	0	0	0	0	0	0	0	0
Turkmenistan	0	0	0	0	0	0	0	0	0	0	0	0
Uzbekistan	0	0	0	0	0	0	0	0	0	0	0	0
Albania	0	0	0	0	0	0	0	0	0	0	0	0
Kazakhstan	0	0	0	0	0	0	0	0	0	0	0	0
Canada	0	0	0	0	0	0	0	0	0	0	0	0
Australia	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total non-EU member states:</b>	<b>0</b>	<b>1 235</b>	<b>1 235</b>	<b>695</b>	<b>21</b>	<b>716</b>	<b>0</b>	<b>1 317</b>	<b>1 317</b>	<b>755</b>	<b>22</b>	<b>777</b>
<b>Grand total:</b>	<b>0</b>	<b>15 544</b>	<b>15 544</b>	<b>13 621</b>	<b>4 369</b>	<b>17 990</b>	<b>0</b>	<b>14 833</b>	<b>14 833</b>	<b>14 256</b>	<b>4 142</b>	<b>18 398</b>

Table 32: Export and import

The export and import of railway transport services – similarly to 2015 – was primarily transacted with EU member countries. Among the EU member states, German, Austria, the Czech Republic and Slovakia account for a significant passenger volume and settlement on the basis of railway carriage use, but Romania also stands out. As regards non-EU member states, Switzerland and Serbia are predominant in terms of the export and import of services.

Our largest foreign suppliers are Austria, Germany, the Czech Republic and Slovakia.

## II.2.2 Capitalised value of own performance

Figures in MHUF

Activity	Previous year	Reporting year	Change
Work in progress and semi-finished products	939	-430	-1,369
Change in finished products	-10	308	318
<b>Change in self-manufactured inventories</b>	<b>929</b>	<b>-122</b>	<b>-1,051</b>

Table 33: Change in self-manufactured inventories

Figures in MHUF

Activity	Previous year	Reporting year
Change in self-manufactured inventories	929	-122
Capitalised value of internally generated assets	6,191	8,659
<b>Capitalised value of own performance</b>	<b>7,120</b>	<b>8,537</b>

Table 34: Capitalised value of own performance

The capitalised value of own performance includes the change in self-produced inventories, and the capitalised value of self-produced assets. Of the latter, the value of refurbishments and upgrades of owned and leased rolling stock is the most significant item, amounting to HUF 6,242 million.

## II.2.3 Analysis of costs by type

Figures in MHUF

Item	Previous year		Reporting year	
	Amount	Distribution (%)	Amount	Distribution (%)
Material expenses in total:	159,531	63.92	162,950	63.68
Payments to personnel	70,216	28.13	72,639	28.39
Depreciation in total:	19,843	7.95	20,311	7.94
<b>Total:</b>	<b>249,590</b>	<b>100.00</b>	<b>255,900</b>	<b>100.00</b>

Table 35: Expenditures

## II.2.3.1 Material expenditures

Figures in MHUF

Item	Previous year	Percentage of the previous year's total costs	Reporting year	Percentage of the reporting year's total costs	Change
<b>Material costs</b>					
Electricity	15,041	6.03	13,159	5.14	-1,882
Shelf material consumption	13,471	5.40	15,682	6.13	2,211
Fuel	7,175	2.87	6,042	2.36	-1,133
Working clothes, uniforms, protective equipment	193	0.08	869	0.34	676
Ticket roll	197	0.08	164	0.06	-33
Gas	330	0.13	221	0.09	-109
Water and sewage	84	0.03	132	0.05	48
Rail track materials	1	0.00	0	0.00	-1
Other materials	676	0.27	871	0.34	195
<b>Material costs, total:</b>	<b>37,168</b>	<b>14.89</b>	<b>37,140</b>	<b>14.51</b>	<b>-28</b>
<b>Value of services used</b>					
Track network access fee	71,854	28.79	73,235	28.62	1,381
Leased wagons and cars	8,790	3.52	9,496	3.71	706
Rail vehicle rental, RIC and other usage fee	6,567	2.63	6,623	2.59	56
Rail vehicle maintenance	5,277	2.11	7,134	2.79	1,857
Train heating/cooling, car inspection, train replacement, call centre, workforce rental and other railway activities	3,294	1.32	2,779	1.09	-515
Property rental	2,441	0.98	2,428	0.95	-13
IT services	2,991	1.20	3,178	1.24	187
Acquisition and stock management services	1,974	0.79	1,564	0.61	-410
Building operations and maintenance	2,005	0.80	1,881	0.74	-124
Traction, shunting	1,692	0.68	1,791	0.70	99
Cleaning of rail vehicles, graffiti removal	2,060	0.83	2,226	0.87	166
Security services	1,659	0.66	1,559	0.61	-100
Education and human services	1,727	0.69	1,793	0.70	66
Ticket sales commissions paid	1,017	0.41	1,055	0.41	38
Other maintenance	884	0.35	886	0.35	2
Accounting and financial services	679	0.27	687	0.27	8
Public utilities (sewage, district heating)	481	0.19	442	0.17	-39
Telecommunication and postal services	428	0.17	400	0.16	-28
Delegation	345	0.14	452	0.18	107
Advertising, promotion and market research services	294	0.12	312	0.12	18
Track metering, cleaning, welding	26	0.01	9	0.00	-17
Other rental fee	142	0.06	142	0.06	0
Legal services	32	0.01	25	0.01	-7
Specialist tender charges	67	0.03	95	0.04	28
Track maintenance	61	0.02	83	0.03	22
Other services used	756	0.30	766	0.30	10
<b>Total value of services used</b>	<b>117,542</b>	<b>47.09</b>	<b>121,042</b>	<b>47.31</b>	<b>3,500</b>
<b>Value of other services used</b>					
Administrative fees, duties	511	0.20	542	0.21	31
Insurance fees	985	0.39	992	0.39	7
Bank charges	353	0.14	376	0.15	24
<b>Total value of other services used:</b>	<b>1,849</b>	<b>0.74</b>	<b>1,909</b>	<b>0.75</b>	<b>60</b>
<b>Cost of goods sold</b>	<b>310</b>	<b>0.12</b>	<b>189</b>	<b>0.07</b>	<b>-120</b>
<b>Value of resold services</b>	<b>2,662</b>	<b>1.07</b>	<b>2,670</b>	<b>1.04</b>	<b>7</b>
<b>Material expenses in total:</b>	<b>159,531</b>	<b>63.92</b>	<b>162,950</b>	<b>63.69</b>	<b>3,419</b>

Table 36: Material expenditures

The cause of the growth in warehouse materials utilisation was the increase in the materials requirement for maintenance and damage repair works performed in-house.

The cost of energy used for traction was lower in 2016, which is partly due to the price effect (the average net price of electricity and diesel fuel decreased in comparison to the budgeted price; in 2015: 173 HUF/l, in 2016: 150.97 HUF/l)

The increase in the cost of the railtrack network access fee is caused predominantly by items related to station used, associated with departure/destination station use. The additional costs of unhitching coupled trains at end stations were recognised as “end station fees”.

The increase in the cost of rolling stock maintenance was due to the higher value of the passenger carriage main inspection repairs performed by the subcontractor. Due to the shortage of available staff, a higher volume of work by subcontractors was necessary in order to perform the main inspections of passenger carriages that were due on the basis of maintenance cycles.

### II.2.3.2 Payments to personnel

Figures in MHUF

Item	Previous year	Percentage of the previous year's total costs	Reporting year	Percentage of the reporting year's total costs	Change
Wages and salaries	48,094	19.27	49,813	19.47	1,719
Other payments to personnel	7,163	2.87	7,403	2.89	240
Wage-related contributions	14,959	5.99	15,423	6.03	464
<b>Payments to personnel in total:</b>	<b>70,216</b>	<b>28.13</b>	<b>72,639</b>	<b>28.39</b>	<b>2,423</b>

Table 37: Payments to personnel

One of the reasons for the HUF 1,719 million growth in wage costs was the implementation of the 3% increase in the basis wage under wage agreement number 14242/2016/MAV made between MÁV Zrt. and the trade unions. The February wage increase was executed on basic wages that had already risen as a result of the increase in the minimum wage (minimum wage for skilled workers). A further increase in payments to personnel resulted from the 2.5% increase in the voluntary pension fund contribution, implemented as apart of wage-related measures in 2016, which led to a further increase in the number of voluntary pension fund members.

Employees who were not included in the 1 January wage increase received a one-off benefit payment during the reporting year, and retrospective wage-type payments were also made to employees in standby jobs – these measures resulted in an additional increase in expenses.

### II.2.3.3 Depreciation charge

Figures in MHUF

Item	Previous year	Percentage of the previous year's total costs	Reporting year	Percentage of the reporting year's total costs	Change
Depreciation of treasury assets subject to continuous write-off	19,463	7.80	19,948	7.80	485
Depreciation written off in a lump sum	380	0.15	363	0.14	-17
<b>Depreciation total:</b>	<b>19,843</b>	<b>7.95</b>	<b>20,311</b>	<b>7.94</b>	<b>468</b>

Table 38: Depreciation charge

Ordinary depreciation was HUF 468 million higher than in the previous year. The reason for the increase was the ordinary depreciation recognised on capital projects and renovations commissioned in the reporting year. Depreciation in the reporting year was HUF 20,311 million, of which 84.5% comprised the HUF 17,164 million depreciation charge recognised on railroad cars.

## II.2.4 Other gains and expenses

### II.2.4.1 Other gains

Figures in MHUF

Item	Previous year	Distribution (%)	Reporting year	Distribution (%)	Change
Fixed asset disposals	13	0.01	8	0.01	-5
Reversal of extraordinary depreciation on tangible and intangible assets	0	0.00	2	0.00	2
Reversal of impairment	0	0.00	395	0.25	395
Revenue from receivables sold	0	0.00	0	0.00	0
Reversal of impairment on receivables	0	0.00	1	0.00	1
Amounts received from discounted receivables	28	0.02	16	0.01	-12
Damages received	107	0.07	249	0.16	142
Default interest received	12	0.01	7	0.00	-5
Penalties received	277	0.18	5	0.00	-272
Release of provisions generated for expected liabilities	2,221	1.47	2,410	1.54	189
Release of provisions generated for future commitments	197	0.13	1,670	1.06	1,473
Release of provisions generated for unrealised FX losses	1,342	0.89	1,049	0.67	-293
Release of other provisions	0	0.00	0	0.00	0
Subsidies and awards received as compensation for costs and expenses	82	0.05	289	0.18	207
Reimbursement of public service costs	145,037	95.89	147,005	93.63	1,968
Profit difference between value as per articles of association and book value of assets contributed to the company	4	0.00	0	0.00	-4
Development subsidies received	1,873	1.24	3,837	2.44	1,964
Revenues from assets received free of charge and from surplus assets	0	0.00	0	0.00	0
Miscellaneous other income	67	0.04	58	0.04	-9
<b>Total:</b>	<b>151,260</b>	<b>100.00</b>	<b>157,001</b>	<b>100.00</b>	<b>5,741</b>

Table 39: Other gains

The increase in provisions set aside for future costs is attributable to the R1 major service of the TRAXX locomotives.

The change in subsidies received was substantially influenced by the fact that the railcars and other assets obtained with the subsidies were capitalised in the reporting year. The release of the subsidy took place proportionately with the depreciation recognised on the assets.

The public service costs reimbursement for the reporting year is presented in detail in the activity statement of Section IV.4. and the textual explanation thereof, and in Section V.

## II.2.4.2 Other expenses

Figures in MHUF

Item	Previous year	Distribution (%)	Reporting year	Distribution (%)	Change
Cost of sold tangibles, projects and intangibles	2	0.03	4	0.14	2
Cost of scrapped or missing tangibles, projects and intangibles	20	0.34	74	2.68	54
Extraordinary depreciation of tangible and intangible assets	66	1.12	0	0.00	-66
Impairment and scrapping of inventories	980	16.67	66	2.39	-914
Inventory shortage	6	0.10	7	0.25	1
Impairment of receivables	119	2.02	100	3.62	-19
Bad debts written off	0	0.00	8	0.29	8
Book value of receivables sold	0	0.00	0	0.00	0
Losses from damages	227	3.86	147	5.33	-80
Late-payment penalty paid	52	0.88	87	3.15	35
Damages	49	0.83	29	1.05	-20
Self-revision fee	2	0.03	1	0.04	-1
Taxes and similar items	224	3.81	209	7.57	-15
Fines and penalties	6	0.10	13	0.47	7
Provision for contingent liabilities	2,353	40.02	720	26.09	-1,633
Provisions for future costs	1,319	22.43	1,041	37.73	-278
Provisions for unrecovered	279	4.74	92	3.33	-187
Other provisions	0	0.00	0	0.00	0
Loss difference between value as per articles of association and book value of assets contributed to the company	0	0.00	0	0.00	0
Non-refundable housing grant to employees	0	0.00	0	0.00	0
Value of assets and services provided without compensation	0	0.00	0	0.00	0
Forgiven receivables	0	0.00	0	0.00	0
Cash transferred	176	2.99	140	5.07	-36
Assumed liabilities	0	0.00	0	0.00	0
Other liabilities	0	0.00	21	0.77	21
Various other expenses	0	0.00	0	0.00	0
<b>Total:</b>	<b>5,880</b>	<b>100.00</b>	<b>2,759</b>	<b>100.00</b>	<b>-3,121</b>

Table 40: Other expenses

Provisioning decreased relative to the previous year, due in a considerable extent to the change in the provisions set aside for maintenance of the TRAXX locomotives and for litigious cases, as well as the decrease in the provisions set aside for the termination of employment relationships; the latter decrease is attributable to the shortage of labour.

## II.2.5 Financial profit/(loss)

### II.2.5.1 Income from financial transactions

Figures in MHUF

Item	Previous year	Distribution (%)	Reporting year	Distribution (%)	Change
Dividend received (due)	2	0,27	0	0,00	-2
Incomes and price gains from ownership interests	0	0,00	0	0,00	0
Incomes from and gains on financial investments (from securities and loans)	0	0,00	0	0,00	0
Other interest received (due) and similar income	260	35,62	108	23,43	-152
<i>Of which: Interest on cash-pool account</i>	42	5,75	31	6,72	-11
<i>Interest from other credit institutions</i>	218	29,86	77	16,70	-141
Other financial incomes	468	64,11	353	76,57	-115
<i>Of which: Price gain realised in relation to receivables, liabilities associated with foreign cash value</i>	465	63,70	201	43,60	-264
<i>Exchange rate gain on derivative transactions</i>	3	0,41	0	0,00	-3
<i>Income from other financial operations</i>			1	0,22	
<i>Price gain resulting from the year-end revaluation of receivables, liabilities</i>	0	0,00	151	32,75	151
<b>Total:</b>	<b>730</b>	<b>100,00</b>	<b>461</b>	<b>100,00</b>	<b>-269</b>

Table 41: Income from financial transactions

Income from financial transactions show a HUF 269 million decrease compared to the previous year. The change is significantly affected by the HUF 264 million decrease in the exchange rate gain from receivables and liabilities, which in turn was primarily related to the change in the exchange rate gain realised on investment loans.

### II.2.5.2 Expenses of financial transactions

Figures in MHUF

Item	Previous year	Distribution (%)	Reporting year	Distribution (%)	Change
Expenses of and losses on investments	0	0,00	1	0,04	1
Expenses of and losses on financial investments (securities and loans)	0	0,00	0	0,00	0
Interest payable (paid) and similar expenses	843	30,71	579	20,61	-264
<i>of which: Interest paid to credit institutions</i>	843	30,71	579	20,61	-264
<i>Interest payable to cash-pool members</i>	0	0,00	0	0,00	0
Impairment of investments, securities and bank deposits	0	0,00	0	0,00	0
Other financial expenditures	1,902	69,29	2,229	79,35	327
<i>of which: Price loss realised in relation to receivables, liabilities associated with foreign cash value</i>	315	11,48	174	6,19	-141
<i>Price loss from derivative transactions</i>	40	1,46	660	23,50	620
<i>Exchange loss on the year-end revaluation of receivables and payables</i>	19	0,69	0	0,00	-19
<i>resulting price loss</i>					
<i>Price loss from investment loans</i>	1,566	57,05	1,395	49,66	-171
<b>Total:</b>	<b>2,745</b>	<b>100,00</b>	<b>2,809</b>	<b>100,00</b>	<b>64</b>

Table 42: Expenses of financial transactions

Expenses of financial transactions show a HUF 64 million increase compared to the previous year. One factor influencing the change was the HUF 620 million increase in costs relating to the settlement of commodities hedge transactions, which was offset mainly by the HUF 264 million decrease in paid interest. The decrease in the interest base had a beneficial impact on interest payment.

## II.2.6 Related party balances (revenues and expenses)

Figures in MHUF

Item	Parent	Fully consolidated subsidiary	Not fully consolidated subsidiary	Total
<b>Revenues</b>				
Net sales revenues	4,055	1,462	40	5,557
Other revenues	33	5	0	38
Revenues from financial transactions	14	0	0	14
<b>Revenues in total:</b>	<b>4,102</b>	<b>1,467</b>	<b>40</b>	<b>5,609</b>
<b>Expenditures</b>				
Material expenses	113,050	9,017	8	122,075
Of which: Material costs	23,038	1,710	0	24,748
Value of services used	89,728	7,298	8	97,034
Value of other services used	284	0	0	284
Value of sold (intermediated) services	0	9	0	9
Payments to personnel	31	107	6	144
Other expenses	99	12	1	112
<b>Expenses in total:</b>	<b>113,180</b>	<b>9,136</b>	<b>15</b>	<b>122,331</b>

Table 43: Related party revenues, gains and expenses

Of the revenues settled with the parent company, InterCity supplementary and seat-reservation tickets, special train transport and travel tickets came to HUF 65 million, traction revenue was HUF 3,581 million, and revenue from engineering activity amounted to HUF 374 million.

In the case of the fully consolidated subsidiaries, the bulk of the revenue came from MÁV FKG Kft. and MÁV KfV Kft. The revenue from MÁV FKG Kft. amounted to HUF 427 million, of which traction revenues came to HUF 138 million and engineering activity revenue was HUF 274 million. The revenue from KfV Kft. totalled HUF 962 million, of which the revenues from engineering activity revenue came to HUF 939 million.

No deferred revenue was recognised in connection with companies within the corporate group.

The bulk of expenses payable to the parent company consists of three items: lease fees paid for rolling stock HUF 9,183 million, railtrack network fee HUF 73,161 million, and traction electricity and fuel HUF 22,619 million. The biggest partner among the fully consolidated subsidiaries is MÁV Szolgáltató Központ Zrt., with payables totalling HUF 8,509 million. The most significant expenses within this figure were the costs of procurement and inventory management services at HUF 1,543 million, and IT maintenance and services at HUF 2,133 million.

The classification of the companies takes place from the perspective of the ultimate parent company (MÁV Zrt), in accordance with the group-level classification.



## II.2.7 Items modifying the tax base used for calculating corporate tax

Figures in MHUF

Item	Increasing	Decreasing	Change in tax base
Profit or loss before tax			4,025
Adjustment due to provisions	1,761	4,080	-2,319
Adjustment due to depreciation	20,245	29,055	-8,810
Costs and expenses incurred beyond the company's revenue generating operations	17	0	17
Fines and penalties imposed by authorities	14	0	14
Dividend received		0	0
Correction related to trainees and interns employed		26	-26
Further employment of trainees, interns and the unemployed		5	-5
Impairment of receivables / reversed	100	17	83
Expenses/revenues identified by tax audit or self-revision	606	332	274
Donation	0	26	-26
Application of price between related companies other than arm's length price	0	0	0
<b>Total:</b>	<b>22,743</b>	<b>33,541</b>	<b>-6,773</b>

Table 44: Items modifying the corporate tax base

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

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

- The provisions set aside for expected liabilities and future costs increased the tax base by HUF 1,761 million, while the release of generated provisions reduced it by HUF 4,080 million.
- The tax base was increased by the HUF 20,245 million value of actually recognised ordinary amortisation and the cost of assets sold. A reducing item is the depreciation charge recognised to the extent determined in Section 7 (1) d) and annexes 1 and 2 of the CTD Act, which in the case of MÁV-START Zrt. is HUF 29,055 million.
- In 2016, under the heading of costs and expenses not incurred in the interest of the company, the Company increased the corporate tax base by HUF 7 million in receivables that have lapsed or are not enforceable in a judicial proceeding, and by HUF 10 million in support given to associations and foundations.

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

At MÁV-START Zrt., the state tax authority (NAV) has conducted a comprehensive tax audit in respect of all tax years up to and including 2011, as well as the tax years 2014-2015.

In 2016 NAV conducted a comprehensive tax audit at the Company extending to all tax obligations in respect of the tax years 2014-2015, in the course of which it found there to be a HUF 4 million tax shortfall in the rehabilitation contribution.

Furthermore, in respect of the years 2010-2013, NAV performed a retrospective audit of the tax returns relating to excise tax. Based on the resolution issued in 2016, it found a HUF 4 million tax shortfall and imposed an additional HUF 4 million fine in connection with the activities of the legal predecessor MÁV-TRAKCIÓ Zrt.

The tax authority may examine the books and records at any time for up to 6 years after the respective tax year and may levy additional taxes 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.

## **II.2.8 Profit and loss account prepared using the turnover cost method**

The Company does not prepare a profit and loss account using the turnover cost method.

## **II.2.9 Other disclosures relating to profit/loss**

The impact on profit/loss of forward transactions closed in the reporting year is presented in Section II.2.5, in the presentation of the financial profit/loss.

## II.3 Cash flow statement

The changes in the Company's liquid assets in 2016 are shown in the table below, which was prepared in accordance with Section 51 (8) of the Accounting Act. The information in the statement is presented on the basis of the data from the balance sheet, profit and loss account and the subledger records.

Figures in MHUF

no.	Item	Previous year	Reporting year
<b>I.</b>	<b>Change in cash from ordinary business activity (lines 1-13)</b>	<b>62,097</b>	<b>43,822</b>
1.	Pre-tax profit/loss (±)	2,476	4,025
	amounts received free of charge	0	0
	amounts granted free of charge, expensed	0	140
	dividend received	-2	0
	profit/loss from changes in investments	0	0
1/a	Previous years' profit/loss	0	0
1/b	Exchange rate difference on loans	-391	-195
2.	Ordinary depreciation charge +	19,843	20,311
2/a	Depreciation charge on previous year	0	0
3.	Recognised impairment and reversal ±	1,192	-158
4	Changes in provisions ±	191	-3,276
5	Non-current asset disposals ±	-11	-3
6	Movements in creditors ±	-15,208	10,460
7	Movements in other short-term liabilities ±	-13,339	655
8.	Movements in accruals ±	56,667	14,559
9	Movements in debtors ±	1,097	416
10	Change in current assets (net of trade accounts receivable and liquid	8,432	-4,669
11	Movements in prepayments and accrued income ±	1,902	1,558
12	Corporate tax paid, payable (on profit)	-3	-2
13.	Dividend and share payable -	-750	0
14.	Change in cash and cash equivalents due to merger	0	0
<b>II.</b>	<b>Change in cash from investment activity (lines 14-16)</b>	<b>-54,207</b>	<b>-38,753</b>
15.	Non-current asset additions -	-54,224	-38,760
16	Non-current asset disposals +	14	7
16/b	Movements in long-term financial assets	0	0
16/c	Change in advances given for capital projects ±	0	0
17	Dividend received +	2	0
<b>III.</b>	<b>Change in cash from financial transactions (Financing cash-flow, lines 17-27)</b>	<b>-10,187</b>	<b>-8,777</b>
18.	Revenues from the issue of shares (capital addition) +	0	0
19.	Revenue from bond issue +	0	0
20	Borrowings +	0	0
	of which: Short-term credits and loans	0	0
	Loss on revaluation on balance sheet date	0	0
21	Repayment, cancellation and redemption of long-term loans and bank deposits +	1	2
22	Amounts received free of charge +	0	0
23.	Change in equity	0	0
24	Redemption of shares, capital reduction -	0	0
25	Redemption of bonds and debt securities -	0	0
26	Loan repayment -	-10,190	-8,625
	of which: Short-term credits and loans	0	0
	Gain on revaluation on balance sheet date	0	-157
27	Cash transferred -	0	-140
28	Movements in payables to founders and in other long-term liabilities	2	-14
<b>IV.</b>	<b>Change in cash and cash equivalents (lines (±I±II±III) ±)</b>	<b>-2,298</b>	<b>-3,708</b>

Table 45: Cash flow statement

Evaluation of the individual lines:

Pre-tax profit HUF 4,025 million.

The total impairment and reversal recognised on assets is HUF -158 million (line 3), which is partly due to the recognition of subsequent payments and ticket receivables, while another HUF 74 million resulted from the scrapping of locomotives and railcars – the impact of these factors was offset by the HUF 395 million reversal of impairment on inventories.

The change in liquid assets (line IV) results from the change in the balance sheet line B. IV. liquid assets, which showed a HUF 3,708 million decrease in 2016. The changes is attributable to the following:

- Operating cash flow related to the core activity shows a HUF 43,822 million cash influx in 2016, which was predominantly influenced by the change in recognised amortisation and in liabilities.
- The change in cash related to investing activities was HUF -38,753 million, and was influenced mainly by the acquisition (commissioning) of tangible assets. The cash outflow resulting from activity, however, is offset by the impact, on operating cash flow (i.e. on the change in accrued liabilities), of subsidies related to the assets.
- Financing activity, which shows a HUF 8,777 million cash outflow, was affected considerably by the repayment of investment loans.

## II.4 Analysis of financial position, liquidity and profitability

### Change in value and composition of assets

#### Non-current assets ratio

$$\frac{\text{Non-current assets}}{\text{Total assets}} = \frac{214,978}{290,406} = 74.03\% \quad (\text{base: } 71.94\%)$$

#### Coverage of fixed assets

$$\frac{\text{Equity}}{\text{Own tangible assets}} = \frac{119,685}{210,003} = 56.99\% \quad (\text{base: } 60.79\%)$$

#### Coverage of fixed assets

$$\frac{\text{Equity}}{\text{Own tangible assets}} = \frac{119,685}{214,978} = 55.67\% \quad (\text{base: } 59.57\%)$$

#### Current assets to non-current assets

$$\frac{\text{Current assets}}{\text{Non-current assets}} = \frac{46,053}{214,978} = 21.42\% \quad (\text{base: } 23.17\%)$$

### Value and composition of equity

#### Capitalisation

$$\frac{\text{Equity}}{\text{Total liabilities}} = \frac{119,685}{290,406} = 41.21\% \quad (\text{base: } 42.86\%)$$

#### Gearing ratio

$$\frac{\text{Debt (Liability)}}{\text{Equity}} = \frac{60,273}{119,685} = 50.36\% \quad (\text{base: } 48.15\%)$$

#### Indebtedness ratio

$$\frac{\text{Debt (Liability)}}{\text{Total liabilities}} = \frac{60,273}{290,406} = 20.75\% \quad (\text{base: } 20.63\%)$$

Ratio of long-term liabilities

$$\frac{\text{Non-current liabilities}}{\text{Long-term liabilities + Equity}} = \frac{24,126}{143,811} = 16.78\% \quad (\text{base: } 18.82\%)$$

Equity increase ratio

$$\frac{\text{Equity}}{\text{Registered capital}} = \frac{119,685}{43,742} = 2.74 \quad (\text{base: } 2.66)$$

Profitability indicators

$$\text{EBITDA (Operating profit/loss + depreciation)} = 6,373 + 20,311 = 26,684 \quad (\text{base: HUF } 24,334\text{m})$$

$$\text{EBITDA rate} = \frac{\text{EBITDA}}{\text{Net sales revenue}} = \frac{26,684}{99,494} = 26.82\% \quad (\text{base: } 23.96\%)$$

$$\text{Operational rate (ROS)} = \frac{\text{Operating profit/loss}}{\text{Net sales revenue}} = \frac{6,373}{99,494} = 6.41\% \quad (\text{base: } 4.42\%)$$

**Financial position**
Working capital and liquidity

## Net working capital

$$\text{Current assets - Current liabilities} = 46,053 - 36,147 = 9,906 \quad (\text{base: HUF } 16,226 \text{ mil})$$

## Liquidity ratio

$$\frac{\text{Current assets}}{\text{Current liabilities}} = \frac{46,053}{36,147} = 127.40\% \quad (\text{base: } 155.85\%)$$

## Quick ratio

$$\frac{\text{Current assets - Inventories}}{\text{Current liabilities}} = \frac{29,351}{36,147} = 0.81 \quad (\text{base: } 1.17)$$

## Cash liquidity ratio

$$\frac{\text{Liquid assets}}{\text{Current liabilities}} = \frac{894}{36,147} = 2.47\% \quad (\text{base: } 15.84\%)$$

The baseline data of indicators – pursuant to Article 177, paragraph (45) of the Accounting Act – was determined pursuant to the balance sheet and profit and loss account template set forth in Act C of 2000 on Accounting and in Act CI of 2015 on the amendment of certain acts concerning financial matters.”

## **II.5 Balance sheet and profit and loss account for items relating to previous years**

The effect of errors identified in 2016 for previous years did not reach the thresholds specified in the accounting policy. Therefore, errors identified were not presented in a separate column but in profit/loss for the year.

### III Supplementary notes

#### III.1 Environmental protection

The environmental tasks of MÁV-START Zrt. are performed by the Environmental Unit of MÁV Group member MÁV SZK Zrt., on the basis of the Service Agreement concluded in 2014. The Company's environmental activities are managed and controlled by the Security Directorate.

The Company's short and medium-term goals include the gradual expansion of the Environmental Management System (EMS), and, as a final goal, its expansion to the entire territory of the Company, which is also underpinned by a statutory obligation. To this end, in 2016 the EMS was established in the Pécs JBI and TSZVI and the Szeged JBI and TSZVI units. Certification of these units took place in January 2017.

As regards the management of waste generated on the Company's premises, in 2016 we initiated measures to ensure the widespread adoption of the selective waste collection.

A favourable development relating to the painting of rolling stock, which represents the greatest burden on the environment, was the completion of a new painting cabin in Dombóvár, in which a complete locomotive or passenger carriage can be painted.

Managing the state of sewage drainage and pre-treatment facilities is a priority. Renovation projects were launched at several sewage treatment facilities in 2016.

The Company continued the renovation of facilities for the cleaning and exterior washing of passenger-carrying rolling stock, and the sewage treatment facilities connected to them, and the construction of new ones. As part of this, in 2016 several new public procurement procedures were launched (mechanical carriage washes, ramps), and the design of these facilities is under way with implementation expected in 2017.

Where noise protection is concerned, recurring problems are experienced on both the District XII and District II sides (Avar utca – Márvány utca) of the Déli (South) Railway Terminus. Because of a government decision relating to the operating areas of the Déli Terminus we have to withdraw from an investment in the carriage wash (ramp) refurbishment, and this will cause a financial loss for the Company due to the agreement with the winning bidder.

In 2016 there were 4 extraordinary incidents involving the Company's rolling stock that resulted in environmental pollution; 3 of these were due to errors on the part of the Company's employees, while 1 accident was caused by a lorry driver pulling out in front of a train. The nature and extent of the pollution did not necessitate damage-mitigating intervention in any of the cases.

No audits by the environmental protection authority took place in 2016.

The extension of the smoking ban to include electronic devices – e-cigarettes – does not make it necessary to modify the detector systems in the railway carriages. However, several reports were received, including from the Public Health Department of the Government Bureau, of breaches of the smoking ban in stations.



### III.1.1 Environmental protection liabilities

Figures in MHUF

Item	Opening balance	Growth	Decrease	Closing balance
For soil contamination	20	0	0	20
For noise penalty	1	0	0	1
<b>Total provisions</b>	<b>21</b>	<b>0</b>	<b>0</b>	<b>21</b>

Table 46: Change in non-distributable reserves and provisions related to environmental protection

The Company had no non-distributable reserves set aside for environmental protection liabilities in 2016.

Figures in MHUF

Presentation of costs	Year 2015	2016	Change
Environmental protection costs	293	236	-57

Table 47: Costs related to environmental protection

### III.1.2 Tangible assets used directly for environment protection

Figures in MHUF

Serial no.	ITEM	Real property and related intangible property rights	Technical equipment, machinery, vehicles	Other equipment, fittings, vehicles	Capital projects, renovations	Total
1.	<b>Gross value, opening balance</b>	11	44	0	0	55
2	Increase in the reporting year	44	44	0	0	88
3	Decrease in the reporting year	0	0	0	0	0
4	Reclassification	0	0	0	0	0
5	<b>Cost, closing</b>	<b>55</b>	<b>88</b>	<b>0</b>	<b>0</b>	<b>143</b>
6	<b>Amortisation, opening</b>	<b>2</b>	<b>20</b>	<b>0</b>	<b>0</b>	<b>22</b>
7	Ordinary amortisation in reporting year	2	14	0	0	16
8	Extraordinary depreciation in the reporting year	0	0	0	0	0
9	Extraordinary depreciation reversed	0	0	0	0	0
10	Depreciation derecognised	0	0	0	0	0
11	Other increase	0	0	0	0	0
12	Other decrease	0	0	0	0	0
13	Reclassification	0	0	0	0	0
14.	<b>Amortisation, closing</b>	<b>4</b>	<b>34</b>	<b>0</b>	<b>0</b>	<b>38</b>
15	<b>Opening, net</b>	<b>9</b>	<b>24</b>	<b>0</b>	<b>0</b>	<b>33</b>
16	<b>Closing, net</b>	<b>51</b>	<b>54</b>	<b>0</b>	<b>0</b>	<b>105</b>

Table 48: Tangible assets used directly for environment protection

In the case of MÁV-START Zrt., we recognise daily depreciation on tangible assets, and therefore also on environmental assets, using the straight-line method.

### III.1.3 Value and quantity of hazardous waste

The sales of surplus waste generated in the course of the Company's activity takes place on an ongoing basis.

- Value of surplus waste

Figures in MHUF

EWC ID code	Item	Opening balance	Increase in the reporting year	Decrease in the reporting year	Closing balance
130205	Non-chloride lubricants	3	8	8	3
130307	Mineral oil based, non-chloride insulation and heat transmission lubricants	0	2	1	1
16 06 01	Lead batteries	5	10	13	2
<b>Total</b>		<b>8</b>	<b>20</b>	<b>22</b>	<b>6</b>

Table 49: Movements in the value of dangerous and hazardous waste

- Sale of used oil waste

Figures in MHUF

Purchaser	Year 2015		2016	
	Sold (kg)	Net sold value	Sold (kg)	Net sold value
<b>MOL-LUB Kft.</b>	125,283	7	164,035	10

Table 50: Sale of used oil waste

- Movements in the quantities of hazardous waste

data in kg

Identification code	Item	Opening stock	Amount gained	Transferred quantity	Closing stock
070104*	Other organic solvents, cleansers and alkali substances	0	5	1	4
080111	Waste paint and varnish containing organic solvents or other dangerous substances	3,292	3,717	6,388	621
080117*	Wastes from paint or varnish removal containing organic solvents or other dangerous substances	5,057	17,747	20,651	2,153
080317	Waste toner (hazardous paint)	1,280	1,291	1,625	946
080409*	Waste adhesives and fillers containing organic solvents or other dangerous substances	0	6,246	3,815	2,431
100402*	Blast furnace slag and Primary skimming from primary and secondary production	0	1,371	145	1,226
110198*	Other materials containing dangerous substances	0	3,347	2,983	364
120109	Machining emulsions and solutions free of halogens	0	768	576	192
120112*	Used wax and grease	686	5,003	4,774	915
120116*	Inorganic wastes containing dangerous substances	0	10,556	6,647	3,909
120118*	metal sludge (grinding, honing and lapping sludge) containing oil	0	33,421	32,087	1,334
130113*	Other hydraulic oil		1,366	1,206	160
130205	Non-chloride lubricants	37,495	75,994	95,118	18,371
130307	Mineral oil based, non-chloride insulation and heat transmission lubricants	4,623	16,586	16,808	4,401
130502	Sludge from oil/water separator	7,382	168,630	173,750	2,262
130506*	Oil from oil/water separator	537	3,408	3,945	0
130508	Mixed waste from oil/water separator	11,242	39,247	50,289	200
130701*	Heating and diesel oil	642	444	710	376
130703*	Other fuels	0	1,440	0	1,440
140601	Hydrochlorofluorocarbons, HCFC, HFC	0	338	338	0
140603	Other solvent mixes	402	5,658	5,580	480
150110*	Packaging containing residues of or contaminated by dangerous substances	13,685	47,437	56,410	4,712
150111*	Metallic packaging containing a dangerous solid porous matrix (e.g. asbestos)	681	633	966	348
150202*	Absorbents, filter materials (including oil filters not otherwise specified), wiping cloths, protective clothing contaminated by hazardous substances	29,401	48,272	62,484	15,189
160107*	Oil filters	3,155	5,419	6,489	2,085
160114	Waste antifreeze containing hazardous materials	560	1,360	1,880	40
160121*	Hazardous spare parts	309	0	234	75
160213	Equipment no longer in use	1,093	0	959	134
160303*	Inorganic wastes containing dangerous substances	37	21	29	29
160305	Organic wastes containing dangerous substances	4,785	5,283	8,089	1,979
160506	Laboratory chemicals, consisting of or containing dangerous substances	53	21	68	6
160507*	Discarded inorganic chemicals consisting of or containing dangerous substances	0	27	0	27
160601	Lead batteries	34,539	49,347	80,617	3,269
160606*	Separately collected electrolyte from batteries	3,774	6,226	9,000	1,000
160708*	Wastes containing oil	1,261	1,062	2,323	0
161001	Aqueous liquid waste containing dangerous substances	6,734	20,011	25,515	1,230
170204	Glass, plastic and wood containing or contaminated with dangerous substances	935	0	567	368
170409*	metal waste contaminated with dangerous substances	45	0	45	0
170410	Cables containing oil, coal tar and other dangerous substances	0	21	0	21
170503*	Soil and stones containing dangerous substances	3,043	19,799	22,390	452
170601*	Insulation materials containing asbestos	0	225	225	0
170603*	Other insulation materials consisting of or containing dangerous substances	80	919	916	83
190806*	Saturated or exhausted ion-exchange resins (synthetic resin)	0	70	0	70
190813	Sludge containing dangerous substances from other treatment of industrial waste water	0	328,360	269,720	58,640
200121	Fluorescent light bulbs and other mercury-containing wastes	790	925	1,530	185
200133*	Batteries and accumulators included in 16 06 01, 16 06 02 or 16 06 03 and unsorted batteries	1,600	672	2,076	196
200135*	Discarded electrical and electronic equipment other than those mentioned in 20 01 21 and 20 01 23 containing hazardous components	7,528	12,487	14,924	5,091
<b>Total:</b>		<b>186,726</b>	<b>945,180</b>	<b>994,892</b>	<b>137,014</b>

Table 51: Movements in the quantities of hazardous waste

### III.2 Costs of research and development

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

Figures in MHUF

Item	Previous year	Reporting year
<b>R&amp;D costs</b>	0	0
<i>of which:</i> Own R&D to be capitalised	0	0
<b>Direct costs of technical development</b>	0	0
<b>Total:</b>	0	0

Table 52: R&D costs

Figures in MHUF

Item	Opening	Growth	Decrease	Closing
Gross value	516	0	0	516
Depreciation charge	-135	-103	0	-238
Net value	381			278
R&D in progress	40	0	0	40
<b>Total:</b>	<b>421</b>	<b>-103</b>	<b>0</b>	<b>318</b>

Table 53: Capitalised value of R&D

No costs were incurred in connection with R&D in 2016

The closing value contains the experimental development activated in 2014 in relation to IC+ coaches as well as the incomplete motor conversion R&D carried out for the purpose of mitigating the pollutant emission of the still incomplete diesel engines of the M41 series.

### III.3 Subsidies received

Figures in MHUF

Item	Previous year		Reporting year		Change
	Previous year	Distribution (%)	Reporting year	Distribution (%)	
Public service cost compensation	145,037	64.08	147,005	77.24	1,968
Reimbursement for renovation	0	0.00	0	0.00	0
Other investment (target) subsidy	57,580	25.44	19,618	10.31	-37,962
Subsidies received as coverage for costs	82	0.04	289	0.15	207
Other operation subsidies	0	0.00	0	0.00	0
Ticket subsidy	19,119	8.45	18,980	9.97	-139
Refunded excise tax	4,489	1.98	4,429	2.33	-60
Support for public employment	0	0.00	0	0.00	0
Other subsidies	44	0.02	0	0.00	-44
<b>Total:</b>	<b>226,351</b>	<b>100.00</b>	<b>190,321</b>	<b>100.00</b>	<b>-36,030</b>

Table 54: Subsidies accounted for in the reporting year

More details of budgetary subsidies are presented as a part of Section IV.5, among the other disclosures related to separation.

Figures in MHUF

Ticket subsidy discount by type	Previous year	Reporting year
50% discount	3,535	3,526
90% discount	2,458	2,366
Student discount	7,411	7,165
Senior discount for persons over 70 (65)	5,728	5,835
<b>Total:</b>	<b>19,132</b>	<b>18,892</b>

Note: The data shown are exclusive of VAT.

The social-policy ticket subsidy recognised in the reporting year includes the amount of accruals from 2015 (HUF -88 million).

Table 55: Utilisation of ticket subsidy

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

Figures in MHUF

Staff	Previous year				Reporting year			
	Wages	Other payments to personnel	Total	Distribution (%)	Wages	Other payments to personnel	Total	Distribution (%)
Blue collar	33,394	4,965	<b>38,359</b>	69.42	34,426	5,106	<b>39,532</b>	69.09
White collar	14,652	2,179	<b>16,831</b>	30.46	15,355	2,277	<b>17,632</b>	30.82
Inactive	48	19	<b>67</b>	0.12	31	20	<b>51</b>	0.09
<b>Total:</b>	<b>48,094</b>	<b>7,163</b>	<b>55,257</b>	<b>100.00</b>	<b>49,813</b>	<b>7,403</b>	<b>57,216</b>	<b>100.00</b>

Table 2: The Company's personnel expenses – (excluding contributions)

Figures in MHUF

Type of wage-related contribution	Previous year		Reporting year	
	Amount	Distribution (%)	Amount	Distribution (%)
Social contribution tax	12,747	85%	13,141	85%
Age allowance insurance contribution	0	0%	0	0%
Rehabilitation contribution	674	5%	675	4%
Healthcare contribution	851	6%	898	6%
Vocational training contribution	687	5%	709	5%
<b>Total:</b>	<b>14,959</b>	<b>100%</b>	<b>15,423</b>	<b>100%</b>

Table 57: Wage-related contributions by legal title

Staff	Previous year		Reporting year	
	Average statistical headcount (persons)	Distribution (%)	Average statistical headcount (persons)	Distribution (%)
Blue-collars	9,779.5	69.50	9,775.1	69.15
White-collar	4,291.1	30.50	4,360.0	30.85
<b>Total staff employed:</b>	<b>14,070.6</b>	<b>100.00</b>	<b>14,135.1</b>	<b>100.00</b>

Table 58: Employee headcount

Balance	Average pay (HUF/person/month)		Average pay for the category (HUF/person/month)	
	Previous year	Reporting year	Previous year	Reporting year
- blue collar	269,331	278,073	187,459	193,586
- white collar	276,468	283,227	240,444	250,875
<b>Full-time</b>	<b>271,489</b>	<b>279,658</b>	<b>203,779</b>	<b>210,977</b>

Table 59: Average and category based wages and salaries with employees employed under the public work programme

The Company did not employ any workers under the public work programme in 2016.

Item	Previous year	Distribution (%)	of which: persons in public works programmes	Reporting year	Distribution (%)	Index Reporting year / Previous year (%)	of which: persons in public works programmes
<i>Full-time</i>	<i>14,074</i>	<i>99.77</i>	<i>0</i>	<i>14,199</i>	<i>99.78</i>	<i>100.89</i>	<i>0</i>
- blue collar	9,739	69.04	0	9,888	69.49	<i>101.53</i>	0
- white collar	4,335	30.73	0	4,311	30.30	<i>99.45</i>	0
<i>Part-time</i>	<i>33</i>	<i>0.23</i>	<i>0</i>	<i>31</i>	<i>0.22</i>	<i>93.94</i>	<i>0</i>
- blue collar	9	0.06	0	9	0.06	<i>100.00</i>	0
- white collar	24	0.17	0	22	0.15	<i>91.67</i>	0
<i>Employees total</i>	<i>14,107</i>	<i>100.00</i>	<i>0</i>	<i>14,230</i>	<i>100.00</i>	<i>100.87</i>	<i>0</i>

Table 30: Closing headcount at the Company in the reporting year (number of persons)

### III.5 Information about payments to senior officers and Supervisory Board members

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

Figures in MHUF

Item	Previous year	Reporting year
Senior officers	39	48
Supervisory Board	6	7
<b>Total:</b>	<b>45</b>	<b>55</b>

Table 61: Remuneration in the reporting year

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

No loan was disbursed to, or guarantees were assumed on behalf of, senior officers and members of the Board of Directors and Supervisory Board in 2016.

#### III.5.3 Pension payment liability to former officers, and Supervisory Board members of the Company

There are no pension payment liabilities to former officers, and Supervisory Board members of the Company.

### III.6 Description of the Company's investments

Figures in HUF

Internal code	Name	Ownership share %	Time of foundation / acquisition	Postal code	Registered office	Address	T year 31.12 - Registered capital	T year 31.12 - Reserves	T year 31.12 - After-tax profit/loss	T year 31.12 - Equity	T year 01.01 - Registered capital	T year 01.01 - Accumulated impairment	T year 01.01 - Registered value
138	MÁV Szolgáltató Központ Zrt	0.37	2011/07/19	1087	Budapest	Könyves Kálmán körút 54-60.	801,000,000		48,000,000	1,994,000,000	3,000,000		3,000,000
020	MÁV VAGON Kft	99.96	2014/01/01	8000	Székesfehérvár	Takarodó u. 1.	243,980,000		62,002,000	453,410,000	250,480,000		250,480,000
<i>Fully consolidated subsidiary in total:</i>												253,480,000	253,480,000
<i>Not fully consolidated subsidiaries in total:</i>													
178	HUNGRAIL Egyesülés v.a.	13.64	2008/05/20	1066	Budapest	Terezt krt. 38	4,400,000				600,000		600,000
191	TS-MÁV Gépészet Services Kft	49.02	2011/12/14	1097	Budapest	Fék u. 8/a	3,000,000	37,835,000	178,464,000	219,299,000	250,000		250,000
<i>Associated companies in total:</i>												850,000	850,000
147	BCC	1.36	1997/01/28	B-1060	Bruxelles	40 Avenue de la Porte de Hal	34,716,623				469,680		469,680
120	Vasútegészségügyi Kft	0.040	2013/10/07	1062	Budapest	Podmaniczky u 109.	701,020,000		-25,057,000	2,453,845,000	200,000		200,000
<i>Other related parties in total:</i>												669,680	669,680
<b>Total:</b>											<b>254,999,680</b>	<b>0</b>	<b>254,999,680</b>

Table 62: Presentation of the Company's shareholdings, and opening portfolio

Figures in HUF

Internal code	Name	Foundation	Purchase	Capital increase, injection	Capital reduction, capital withdrawal	Sale	Derecognition due to forced or voluntary liquidation	Increase due to transformation	Decrease due to transformation	Price difference at the end of T year	T year 31.12 Registered capital	Impairment for the reporting year	Reversed impairment	Derecognition due to sale or in-kind contribution	T year 31.12 - Accumulated impairment	T year 31.12 - Registered value	T year Dividend				
138	MÁV Szolgáltató Központ Zrt										3,000,000					3,000,000					
020	MÁV VAGON Kft										250,480,000					250,480,000					
<i>Fully consolidated subsidiary in total:</i>											0	0	0	0	0	0	253,480,000		253,480,000		
<i>Not fully consolidated subsidiaries in total:</i>														0							
178	HUNGRAIL Egyesülés v.a.										600,000					600,000					
191	TS-MÁV Gépészet Services Kft										250,000					250,000					
<i>Associated companies in total:</i>											0	0	0	0	0	0	250,000		250,000		
147	BCC									-3,150	466,530					466,530					
120	Vasútegészségügyi Kft									-3150	200,000					200,000					
<i>Other related parties in total:</i>											0	0	0	0	0	0	666,530		666,530		
<b>Total:</b>											<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>600,000</b>	<b>0</b>	<b>0</b>	<b>-3,150</b>	<b>254,396,530</b>	<b>254,396,530</b>

Table 63: Changes to the Company's shareholdings in the reporting year

The Ministry of National Development passed the decision, in its resolution number 2/2017. (II.7.), to raise the share capital of MÁV Zrt. by HUF 2,499,800,000 by transferring its shareholding in BHÉV Zrt. as a

non-cash contribution to the equity of MÁV Zrt. The capital increase took place on 22 February 2017 (with the value date of 17 February 2017), with the crediting of BHÉV Zrt.'s 100% state-owned share packet to MÁV Zrt.'s securities account.

To safeguard the interests of the MÁV Group and the long-term operation of MÁV-HÉV Zrt. (the new name of BHÉV Zrt. from 23 February 2017), it became necessary for MÁV-HÉV Zrt. to acquire shares in certain companies in which MÁV Zrt. holds a stake.

A HUF 100,000 stake in MÁV FKG Kft. and a HUF 100,000 stake in MÁV KfV Kft., both solely owned by MÁV Zrt, was sold to MÁV-HÉV Zrt. on 10 March 2017. On the same day MÁV-HÉV Zrt. purchased from MÁV-START Zrt. a HUF 1 million share in MÁV Szolgáltató Központ Zrt. and a HUF 100,000 share in MÁV VAGON Kft. Following the completion of these acquisitions, MÁV-HÉV Zrt. is entitled to exercise owner's rights over MÁV VAGON Kft. from 10 March 2017, and in MÁV Szolgáltató Központ Zrt from 14 March 2017.



### III.7 Exempted parent company's disclosures

MÁV-START Zrt. directly exercises a controlling influence over MÁV VAGON Kft.; its ownership share in the company is 99.96%.

Figures in MHUF

MÁV VAGON Kft.	31/12/2016
Non-current assets	446
Equity	453
Net sales revenues	5,217
After-tax profit	62
Statistical average headcount (persons)	183

Table 64: MÁV VAGON Kft. data from the 31.12.2016 financial statements

### III.8 Material transactions with related parties that were not made on an arm's-length basis

From the Company's perspective, we define related parties as undertakings that are classified as subsidiaries, joint ventures and associated companies – hereinafter referred to together as related companies – as defined in the Accounting Act, the members of senior management, and the senior officers. For the purpose of defining related parties, we define senior management as the Company's chairman & CEO and deputy CEOs, and we define senior officers as the members of the Company's Board of Directors and Supervisory Board, and their close relatives.

The vast majority of transactions between MÁV-START Zrt. and its related parties as defined in the Corporate Tax Act are conducted on an arm's length basis.

### III.9 Permanent establishments abroad

The company has no permanent establishments abroad.

#### **IV Annual report to the supervisory authority – Disclosures made under joint Ministry of the Economy and Transport and Ministry of Finance (GKM-PM) Decree 50/2007 on the accounting separation of railway transport activities within the railway company**

The separated balance sheet broken down by activity as prescribed in the report to the supervisory authority, the profit and loss account and the cash-flow statement are presented in the following tables.

- data relating to passenger transport performed as a public service match the data in the Public Service Passenger Transport general ledger (Z)
- data relating to passenger transport services not performed as a public service match the data in the Non-public Service general ledger (N)
- data relating to other activities match the data in the Other activities general ledger (V)

## IV.1 Disclosures relating to the balance sheet

Figures in MHUF

Line	Description	Public service passenger transport (Z)		Non-public service 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
<b>A</b>	<b>NON-CURRENT ASSETS</b>	<b>195,139</b>	<b>214,741</b>	<b>274</b>	<b>236</b>	<b>0</b>	<b>0</b>	<b>195,413</b>	<b>214,978</b>
<b>I.</b>	<b>INTANGIBLE ASSETS</b>	<b>3,640</b>	<b>4,719</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,641</b>	<b>4,720</b>
1.	Capitalised value of foundation and restructuring	1	0	0	0	0	0	1	0
2.	Capitalised value of R&D	421	318	0	0	0	0	421	318
3.	Intangible property rights	709	901	1	0	0	0	710	901
4.	Intellectual property	2,509	3,500	0	0	0	0	2,509	3,501
5.	Goodwill	0	0	0	0	0	0	0	0
6.	Advances given for intangible assets	0	0	0	0	0	0	0	0
7.	Value adjustment of intangible assets	0	0	0	0	0	0	0	0
<b>II.</b>	<b>TANGIBLE ASSETS</b>	<b>191,241</b>	<b>209,767</b>	<b>273</b>	<b>236</b>	<b>0</b>	<b>0</b>	<b>191,514</b>	<b>210,003</b>
1.	Real property and related rights	2,043	2,198	1	1	0	0	2,044	2,199
2.	Technical equipment, machinery, vehicles	185,995	202,186	271	235	0	0	186,266	202,421
3.	Other fixtures, fittings and vehicles	35	19	0	0	0	0	35	19
4.	Breeding stock	0	0	0	0	0	0	0	0
5.	Capital projects, renovations	3,144	5,364	1	0	0	0	3,145	5,364
6.	Advances given for capital projects	24	0	0	0	0	0	24	0
7.	Value adjustment of tangible assets	0	0	0	0	0	0	0	0
<b>III.</b>	<b>FINANCIAL INVESTMENTS</b>	<b>258</b>	<b>255</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>258</b>	<b>255</b>
1.	Long-term investments in related companies	253	253	0	0	0	0	253	253
2.	Long-term loans to related companies	0	0	0	0	0	0	0	0
3.	Significant permanent shareholding	1	0	0	0	0	0	1	0
4.	Long-term loans given to significant related parties	0	0	0	0	0	0	0	0
5.	Other long-term investments	1	1	0	0	0	0	1	1
6.	Long-term loans given to other related parties	0	0	0	0	0	0	0	0
7.	Other long-term loans given	3	1	0	0	0	0	3	1
8.	Long-term debt securities	0	0	0	0	0	0	0	0
9.	Value adjustment of financial investments	0	0	0	0	0	0	0	0
10.	Valuation difference of fixed financial assets	0	0	0	0	0	0	0	0
<b>B</b>	<b>CURRENT ASSETS</b>	<b>40,927</b>	<b>42,592</b>	<b>4,391</b>	<b>3,767</b>	<b>3,827</b>	<b>4,905</b>	<b>45,279</b>	<b>46,053</b>
<b>I.</b>	<b>INVENTORIES</b>	<b>11,406</b>	<b>16,695</b>	<b>8</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>11,414</b>	<b>16,702</b>
1.	Raw materials	8,665	13,694	0	0	0	0	8,665	13,694
2.	Work in progress and semi-finished products	2,045	1,615	0	0	0	0	2,045	1,615
3.	Young, fattened and other livestock	0	0	0	0	0	0	0	0
4.	Finished products	689	997	0	0	0	0	689	997
5.	Goods	7	6	8	8	0	0	15	13
6.	Advance payments on inventories	0	383	0	0	0	0	0	383
<b>II.</b>	<b>RECEIVABLES</b>	<b>25,420</b>	<b>25,171</b>	<b>4,152</b>	<b>3,622</b>	<b>3,558</b>	<b>4,874</b>	<b>29,263</b>	<b>28,457</b>
1.	Receivables from the supply of goods and services (accou	814	1,077	206	205	3,305	2,618	4,325	3,900
2.	Receivables from related companies	2,608	3,030	5	1	253	377	2,865	3,408
3.	Receivables from significant related parties	33	38	0	0	0	0	33	38
4.	Receivables from other associated companies	6	20	0	0	0	0	6	20
5.	Bills of exchange receivable	0	0	0	0	0	0	0	0
6.	Other receivables	21,959	21,006	75	85	0	0	22,034	21,091
7.	Valuation difference of receivables	0	0	0	0	0	0	0	0
8.	Positive valuation difference of derivative transactions	0	0	0	0	0	0	0	0
	<i>Receivables from settlements with divisions</i>	<b>0</b>	<b>0</b>	<b>3,866</b>	<b>3,331</b>	<b>0</b>	<b>1,879</b>	<b>0</b>	<b>0</b>
<b>III.</b>	<b>SECURITIES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
1.	Investments in related parties	0	0	0	0	0	0	0	0
2.	Significant shareholding	0	0	0	0	0	0	0	0
3.	Other investments	0	0	0	0	0	0	0	0
4.	Treasury shares, own quotas	0	0	0	0	0	0	0	0
5.	Debt securities held for sale	0	0	0	0	0	0	0	0
6.	Valuation difference of securities	0	0	0	0	0	0	0	0
<b>IV.</b>	<b>LIQUID ASSETS</b>	<b>4,101</b>	<b>726</b>	<b>231</b>	<b>137</b>	<b>269</b>	<b>31</b>	<b>4,602</b>	<b>894</b>
1.	Cash in hand, cheques	140	154	2	1	0	0	142	155
2.	Bank deposits	3,961	572	229	136	269	31	4,460	739
<b>C.</b>	<b>Prepaid expenses/accrued income</b>	<b>25,523</b>	<b>24,312</b>	<b>5,077</b>	<b>4,335</b>	<b>333</b>	<b>728</b>	<b>30,933</b>	<b>29,375</b>
1.	Accrued income	21,125	21,131	5,077	4,335	333	728	26,535	26,194
2.	Prepaid expenses	502	676	0	0	0	0	502	676
3.	Deferred expenses	3,896	2,505	0	0	0	0	3,896	2,505
	<b>TOTAL ASSETS</b>	<b>261,589</b>	<b>281,645</b>	<b>9,742</b>	<b>8,338</b>	<b>4,160</b>	<b>5,633</b>	<b>271,625</b>	<b>290,406</b>

Table 65: Asset side of MÁV-START Zrt.'s balance sheet broken down by activity

Figures in MHUF

Line	Description	Public service passenger transport (Z)		Non-public-service 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
<b>D.</b>	<b>EQUITY</b>	<b>107,844</b>	<b>109,739</b>	<b>5,028</b>	<b>4,338</b>	<b>3,540</b>	<b>5,608</b>	<b>116,412</b>	<b>119,685</b>
I.	SHARE CAPITAL	43,627	43,627	115	115	0	0	43,742	43,742
	of which: repurchased ownership share at nominal value	0	0	0	0	0	0	0	0
II.	SUBSCRIBED BUT UNPAID CAPITAL	0	0	0	0	0	0	0	0
III.	CAPITAL RESERVE	65,788	65,788	1,845	1,845	0	0	67,633	67,633
IV.	RETAINED EARNINGS	-2,313	-2,812	3,098	3,067	0	2,791	785	3,046
V.	NON-DISTRIBUTABLE RESERVE	1,779	1,241	0	0	0	0	1,779	1,241
VI.	VALUATION RESERVE	0	0	0	0	0	0	0	0
1.	Valuation reserve for value adjustment	0	0	0	0	0	0	0	0
2.	Valuation reserve for fair value	0	0	0	0	0	0	0	0
VII.	AFTER-TAX PROFIT/LOSS	-1,037	1,895	-30	-689	3,540	2,817	2,473	4,023
E.	PROVISIONS	9,554	6,274	0	5	0	0	9,554	6,278
1.	Provision for expected liabilities	3,964	2,270	0	5	0	0	3,964	2,274
2.	Provision for future expenses	3,051	2,422	0	0	0	0	3,051	2,422
3.	Other provisions	2,539	1,582	0	0	0	0	2,539	1,582
F.	LIABILITIES	58,789	64,800	547	657	578	25	56,048	60,273
I.	SUBORDINATED LIABILITIES	0	0	0	0	0	0	0	0
1.	Subordinated liabilities to related companies	0	0	0	0	0	0	0	0
2.	Subordinated liabilities to significant related parties	0	0	0	0	0	0	0	0
3.	Subordinated liabilities to other associated parties	0	0	0	0	0	0	0	0
4.	Subordinated liabilities to other entities	0	0	0	0	0	0	0	0
II.	LONG-TERM LIABILITIES	26,983	24,098	6	6	6	22	26,995	24,126
1.	Long-term borrowings	0	0	0	0	0	0	0	0
2.	Convertible and contingent convertible bonds	0	0	0	0	0	0	0	0
3.	Debts from issue of bonds	0	0	0	0	0	0	0	0
4.	Investment and development credits	26,842	23,987	0	0	0	0	26,842	23,987
5.	Other long-term credits	0	0	0	0	0	0	0	0
6.	Long-term liabilities to related companies	0	0	0	0	0	0	0	0
7.	Long-term liabilities to significant related parties	0	0	0	0	0	0	0	0
8.	Long-term liabilities to other associated companies	0	0	0	0	0	0	0	0
9.	Other long-term liabilities	141	111	6	6	6	22	153	139
III.	CURRENT LIABILITIES	31,806	40,702	541	651	572	3	29,053	36,147
1.	Short-term borrowings	0	0	0	0	0	0	0	0
	of which: convertible and contingent convertible bonds	0	0	0	0	0	0	0	0
2.	Short-term loans	8,662	2,698	0	0	0	0	8,662	2,698
3.	Advances received from customers	1	11	0	0	0	0	1	11
4.	Liabilities from the supply of goods and from services (accounts payable)	5,185	15,665	213	193	0	0	5,398	15,858
5.	Bills of exchange payable	0	0	0	0	0	0	0	0
6.	Short-term liabilities to related companies	9,193	12,015	209	341	0	0	9,402	12,356
7.	Short-term liabilities to significant related parties	962	1,317	0	0	0	0	962	1,317
8.	Short-term liabilities to other associated companies	21	19	0	0	0	0	21	19
9.	Other short-term liabilities	4,488	3,768	119	117	0	3	4,607	3,888
10.	Valuation difference of liabilities	0	0	0	0	0	0	0	0
11.	Negative valuation difference of derivative transactions	0	0	0	0	0	0	0	0
	Liabilities from settlements with divisions	3,294	5,209	0	0	572	0	0	0
G.	Accrued expenses and deferred income	85,402	100,832	4,167	3,338	42	0	89,611	104,170
1.	Deferred income	504	150	0	38	10	0	514	188
2.	Accrued expenses	3,094	3,005	4,167	3,300	32	0	7,293	6,305
3.	Deferred income	81,804	97,677	0	0	0	0	81,804	97,677
	<b>TOTAL LIABILITIES</b>	<b>261,589</b>	<b>281,645</b>	<b>9,742</b>	<b>8,338</b>	<b>4,160</b>	<b>5,633</b>	<b>271,625</b>	<b>290,406</b>

Table 66: Liability side of MÁV-START Zrt.'s balance sheet broken down by activity

## IV.2 Disclosures related to the profit and loss account

Figures in MHUF

Line	Description	Public service passenger transport		Non-public-service passenger transport		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	59,580	60,115	5,672	5,254	20,785	19,292	86,037	84,661
02	Net export sales revenues	84	50	14,216	13,940	1,244	842	15,544	14,833
I.	<b>Net sales revenues (01+02)</b>	<b>59,664</b>	<b>60,165</b>	<b>19,888</b>	<b>19,194</b>	<b>22,029</b>	<b>20,134</b>	<b>101,581</b>	<b>99,494</b>
03	Change in self-manufactured inventories	872	1,848	-101	-72	158	-1,898	929	-122
04	Capitalised value of self-manufactured assets	5,951	7,688	29	86	210	885	6,191	8,659
II.	<b>Capitalised value of own performance (±03+04)</b>	<b>6,823</b>	<b>9,536</b>	<b>-72</b>	<b>14</b>	<b>368</b>	<b>-1,013</b>	<b>7,120</b>	<b>8,537</b>
III.	<b>Other income</b>	<b>149,981</b>	<b>155,607</b>	<b>753</b>	<b>557</b>	<b>526</b>	<b>837</b>	<b>151,260</b>	<b>157,001</b>
	of which: impairment reversed	0	333	0	8	0	57	0	398
05	Material costs	31,343	32,670	389	560	5,436	3,910	37,168	37,140
06	Value of services used	103,715	107,296	12,090	11,919	1,737	1,827	117,542	121,042
07	Value of other services used	1,721	1,752	83	76	45	81	1,849	1,909
08	Cost of goods sold	14	0	146	117	150	72	310	189
09	Value of resold services	0	0	2,662	2,670	0	0	2,662	2,670
IV.	<b>Material expenditures (05+06+07+08+09)</b>	<b>136,793</b>	<b>141,718</b>	<b>15,370</b>	<b>15,342</b>	<b>7,368</b>	<b>5,890</b>	<b>159,531</b>	<b>162,950</b>
10.	Wages	40,011	41,582	2,766	2,917	5,317	5,313	48,094	49,813
11.	Other payments to personnel	5,838	6,074	666	632	659	697	7,163	7,403
12.	Contributions on wages and salaries	12,457	12,908	905	948	1,597	1,567	14,959	15,423
V.	<b>Payments to personnel (10.+11.+12.)</b>	<b>58,306</b>	<b>60,564</b>	<b>4,337</b>	<b>4,497</b>	<b>7,573</b>	<b>7,577</b>	<b>70,216</b>	<b>72,639</b>
VI.	Depreciation charge	16,068	16,949	601	453	3,174	2,909	19,843	20,311
VII.	<b>Other expenditures</b>	<b>4,942</b>	<b>2,449</b>	<b>284</b>	<b>109</b>	<b>654</b>	<b>201</b>	<b>5,880</b>	<b>2,759</b>
	of which: impairment (862)	969	217	30	5	185	18	1,184	240
A.	<b>PROFIT/LOSS FROM BUSINESS ACTIVITY(±II+III-IV-V-VI-VII)</b>	<b>359</b>	<b>3,628</b>	<b>-23</b>	<b>-636</b>	<b>4,154</b>	<b>3,381</b>	<b>4,491</b>	<b>6,373</b>
13.	Dividend received (due)	2	0	0	0	0	0	2	0
	of which: received from related companies	2	0	0	0	0	0	2	0
14.	Revenues and price gains from ownership interests	0	0	0	0	0	0	0	0
	of which: received from related companies	0	0	0	0	0	0	0	0
	loans)								
15.		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	229	95	21	8	11	5	260	108
	of which: received from related companies	16	12	1	1	1	1	18	14
17.	Other financial revenues	370	302	23	24	75	27	468	353
	of which: valuation difference	0	0	0	0	0	0	0	0
VIII.	<b>Revenues from financial transactions (13+14+15+16+17)</b>	<b>601</b>	<b>397</b>	<b>44</b>	<b>32</b>	<b>86</b>	<b>32</b>	<b>730</b>	<b>461</b>
18.	Expenses of and losses on investments	0	1	0	0	0	0	0	1
	of which: provided to related companies	0	0	0	0	0	0	0	0
19.	Expenses of and losses on financial investments (securities and loans)	0	0	0	0	0	0	0	0
	of which: provided to related companies	0	0	0	0	0	0	0	0
20.	Interest payable (paid) and similar expenses	627	460	5	7	211	112	843	579
	of which: provided to related companies	0	0	0	0	0	0	0	0
	deposits								
21.		0	0	0	0	0	0	0	0
22.	Other expenses of financial transactions	1,370	1,669	46	78	486	482	1,902	2,229
	of which: valuation difference	0	0	0	0	0	0	0	0
IX.	<b>Financial expenses (18.+19.+20.+21.+22.)</b>	<b>1,997</b>	<b>2,130</b>	<b>51</b>	<b>85</b>	<b>697</b>	<b>594</b>	<b>2,745</b>	<b>2,809</b>
B.	<b>FINANCIAL PROFIT/LOSS (VIII-IX)</b>	<b>-1,396</b>	<b>-1,733</b>	<b>-7</b>	<b>-53</b>	<b>-611</b>	<b>-562</b>	<b>-2,015</b>	<b>-2,348</b>
C.	<b>PROFIT/LOSS BEFORE TAXATION (±A±B)</b>	<b>-1,037</b>	<b>1,895</b>	<b>-30</b>	<b>-689</b>	<b>3,543</b>	<b>2,819</b>	<b>2,476</b>	<b>4,025</b>
X.	<b>TAX LIABILITY</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>2</b>	<b>3</b>	<b>2</b>
D.	<b>PROFIT/LOSS AFTER TAXATION (±C-X)</b>	<b>-1,037</b>	<b>1,895</b>	<b>-30</b>	<b>-689</b>	<b>3,540</b>	<b>2,817</b>	<b>2,473</b>	<b>4,023</b>

Table 64: MÁV-START Zrt.'s profit and loss account broken down by activity

### IV.3 Disclosures relating to the cash flow statement

Figures in MHUF

Line	Description	Public service passenger transport (Z)		Non-public-service passenger transport (N)		Other activities (V)		MÁV-START Zrt. in total	
		Base year	Current year	Base year	Current year	Base year	Current year	Base year	Current year
<b>I.</b>	<b>Change in cash from ordinary business activity (Operating cash-flow, lines 1...13)</b>	<b>60,698</b>	<b>40,822</b>	<b>-2,040</b>	<b>334</b>	<b>3,437</b>	<b>2,666</b>	<b>62,097</b>	<b>43,822</b>
1	Pre-tax profit/loss (±)	-1,037	1,895	-30	-689	3,543	2,819	2,476	4,025
	amounts received free of charge	0	0	0	0	0	0	0	0
	amounts granted free of charge, expensed	0	123	0	11	0	6	0	140
	dividend received	-2	0	0	0	0	0	-2	0
	profit/loss from changes in investments	0	0	0	0	0	0	0	0
1/a	Previous years' profit/loss	0	0	0	0	0	0	0	0
1/b	Exchange rate difference on loans	-391	-195	0	0	0	0	-391	-195
2.	Ordinary depreciation charge +	16,068	16,949	601	453	3,174	2,909	19,843	20,311
2/a	Depreciation charge on previous year	0	0	0	0	0	0	0	0
3.	Recognised impairment and reversal ±	975	-116	30	-3	187	-39	1,192	-158
4	Changes in provisions ±	194	-3,280	-3	5	0	0	191	-3,276
5	Non-current asset disposals ±	-11	-3	0	0	0	0	-11	-3
6	Movements in creditors ±	-15,096	10,480	-112	-20	0	0	-15,208	10,460
7	Movements in other short-term liabilities ±	1,538	1,272	-5,370	130	-9,507	-747	-13,338	655
8.	Movements in accruals ±	56,057	15,430	669	-829	-60	-42	56,667	14,559
9	Movements in debtors ±	727	-272	23	1	347	685	1,097	416
10	Current asset movements (less debtors and liquid assets) ±	-612	-2,673	2,358	534	6,686	-2,528	8,432	-4,669
	of which: movements in business line operations	9,177	1,915	-2,292	536	-6,885	-2,451	0	0
11	Movements in prepayments and accrued income ±	2,287	1,211	-205	742	-179	-395	1,902	1,558
12	Corporate income tax payable -	0	0	0	0	-3	-2	-3	-2
13	Dividend and share payable -	0	0	0	0	-750	0	-750	0
14.	Change in cash and cash equivalents due to merger	0	0	0	0	0	0	0	0
<b>II.</b>	<b>Change in cash from investment activity (lines 14...16)</b>	<b>-50,769</b>	<b>-35,421</b>	<b>-262</b>	<b>-417</b>	<b>-3,176</b>	<b>-2,914</b>	<b>-54,207</b>	<b>-38,753</b>
15	Non-current asset additions -	-50,784	-35,428	-263	-417	-3,177	-2,914	-54,224	-38,760
16	Non-current asset disposals +	14	7	1	0	0	0	14	7
16/b	Movements in long-term financial assets	0	0	0	0	0	0	0	0
16/c	Change in advances given for capital projects ±	0	0	0	0	0	0	0	0
17	Dividend received +	2	0	0	0	0	0	2	0
<b>III.</b>	<b>Change in cash from financial transactions (lines 17...27)</b>	<b>-10,195</b>	<b>-8,776</b>	<b>2</b>	<b>-11</b>	<b>6</b>	<b>10</b>	<b>-10,187</b>	<b>-8,777</b>
18	Revenues from the issue of shares (capital addition) +	0	0	0	0	0	0	0	0
19.	Revenue 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 credits and loans	0	0	0	0	0	0	0	0
	Loss on revaluation on the turning date	0	0	0	0	0	0	0	0
21	Changes in long-term loans granted	1	2	0	0	0	0	1	2
22	Amounts received free of charge +	0	0	0	0	0	0	0	0
23.	Change 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 -	-10,190	-8,625	0	0	0	0	-10,190	-8,625
	of which: Short-term credits and loans	0	0	0	0	0	0	0	0
	Gain on revaluation on turning date	0	-157	0	0	0	0	0	-157
27	Cash transferred -	0	-123	0	-11	0	-6	0	-140
28	Movements in payables to founders and in other long-term liabilities	-6	-30	2	0	6	16	2	-14
<b>IV.</b>	<b>Change in cash and cash equivalents (lines (±I±II±III) ±)</b>	<b>-266</b>	<b>-3,375</b>	<b>-2,300</b>	<b>-94</b>	<b>267</b>	<b>-238</b>	<b>-2,298</b>	<b>-3,708</b>

Table 68: MÁV-START Zrt.'s cash flow statement broken down by activity

## IV.4 Activity statement

The activity statement was compiled in respect of public service and non-public service passenger transport, as well as other activities, as presented in the table below. Its main lines match the corresponding data of the profit and loss account.

Figures in THUF

GRAND TOTAL	MÁV-START Zrt. 2015 (base)				MÁV-START Zrt. 2016 (base)			
	Public service	Non-public service	Other activity	TOTAL	Public service	Non-public service	Other activity	TOTAL
	Fact	Fact	Fact	Fact	Fact	Fact	Fact	Fact
Net sales revenue	59,664,019	19,888,181	22,028,531	101,580,732	60,165,538	19,193,728	20,133,971	99,493,238
of which: revenues from fares	35,915,984	10,542,572	0	46,458,555	36,670,610	10,733,412	0	47,404,022
revenues from domestic fares	35,915,984	596,660	0	36,512,644	36,670,610	620,591	0	37,291,201
revenues from foreign fares	0	9,945,911	0	9,945,911	0	10,112,821	0	10,112,821
ticket subsidy	18,723,954	0	0	18,723,954	18,609,894	0	0	18,609,894
revenues on mileage	0	5,125,180	0	5,125,180	0	4,987,641	0	4,987,641
Capitalised value of own performances	6,823,116	-72,162	368,951	7,119,905	9,535,936	14,419	-1,013,181	8,537,174
Other revenues	149,980,916	753,164	525,647	151,259,726	155,606,805	557,757	836,734	157,001,295
of which: government compensation	145,037,358	0	0	145,037,358	147,005,370	0	0	147,005,370
- cost reimbursement for the reporting year	145,064,724	0	0	145,064,724	146,074,094	0	0	146,074,094
- cost reimbursement settlement for previous years	-27,366	0	0	-27,366	931,276	0	0	931,276
<b>Net sales revenues</b>	<b>216,468,051</b>	<b>20,569,183</b>	<b>22,923,129</b>	<b>259,960,363</b>	<b>225,308,279</b>	<b>19,765,904</b>	<b>19,957,524</b>	<b>265,031,708</b>
Material expenses	136,793,482	15,370,340	7,367,795	159,531,617	141,718,270	15,341,991	5,889,647	162,949,908
of which: infrastructure charge	70,067,123	1,291,943	495,301	71,854,367	71,564,388	1,232,623	438,345	73,235,357
the traction and shunting costs	790,993	822,382	78,490	1,691,864	591,844	1,147,469	51,918	1,791,231
pre-heating, pre-cooling and lighting	0	0	0	0	0	0	0	0
railway vehicle maintenance costs	4,277,450	800,776	198,465	5,276,691	6,315,279	607,467	210,997	7,133,742
railway cars RIC usage fee	260,969	6,075,360	0	6,336,329	252,644	6,140,019	0	6,392,663
rental fee of towed and towing vehicles	8,081,445	528,716	21,342	8,631,503	9,142,433	174,516	21,965	9,338,914
lease fee of towed and towing vehicles	230,514	0	0	230,514	230,538	0	0	230,538
railway vehicle cleaning costs	1,795,978	237,321	11,601	2,044,899	2,027,849	172,168	11,741	2,211,758
Central services	2,659,796	198,368	121,611	2,979,774	2,584,549	240,423	194,028	3,018,999
Costs of financial and accounting services	597,070	53,556	28,676	679,302	603,794	51,843	31,013	686,650
Costs of training and continuing training	652,699	53,770	34,508	740,977	633,674	70,184	71,140	774,998
Costs of HR services	696,312	46,899	32,438	775,649	718,376	51,292	53,900	823,568
Environmental and work safety service	297,044	22,435	18,515	337,994	250,531	33,640	16,923	301,094
Costs of occupational health services	104,316	9,328	5,014	118,658	86,714	7,176	4,842	98,733
Administration fee	312,355	12,381	2,460	327,195	291,460	26,286	16,210	333,956
Personnel expenses	58,305,873	4,336,546	7,573,100	70,215,519	60,564,032	4,497,419	7,577,538	72,638,990
of which: wages	40,010,768	2,765,582	5,317,121	48,093,472	41,582,159	2,917,324	5,313,090	49,812,572
payments to personnel, other than wages	5,837,690	666,375	658,622	7,162,686	6,073,715	632,439	696,800	7,402,954
contributions	12,457,416	904,589	1,597,357	14,959,361	12,908,158	947,657	1,567,649	15,423,464
Depreciation	16,067,488	601,455	3,173,763	19,842,706	16,948,881	452,974	2,908,694	20,310,549
Other expenses	4,942,082	283,996	654,140	5,880,218	2,448,925	109,596	200,867	2,759,388
<b>Trading costs and expenditures</b>	<b>216,108,925</b>	<b>20,592,337</b>	<b>18,768,799</b>	<b>255,470,061</b>	<b>221,680,107</b>	<b>20,401,981</b>	<b>16,576,746</b>	<b>258,658,835</b>
<b>Profit/loss from operating (business) activity</b>	<b>359,126</b>	<b>-23,153</b>	<b>4,154,330</b>	<b>4,490,302</b>	<b>3,628,172</b>	<b>-636,077</b>	<b>3,380,778</b>	<b>6,372,873</b>
Revenues from financial transactions	600,647	43,335	86,181	730,163	397,251	32,054	32,046	461,351
Other expenses of financial transactions	1,997,208	50,650	696,824	2,744,682	2,129,704	85,206	594,250	2,809,160
<b>FINANCIAL PROFIT/(LOSS) (VIII-IX)</b>	<b>-1,396,561</b>	<b>-7,315</b>	<b>-610,643</b>	<b>-2,014,519</b>	<b>-1,732,453</b>	<b>-53,152</b>	<b>-562,204</b>	<b>-2,347,809</b>
<b>Pre-tax result</b>	<b>-1,037,435</b>	<b>-30,468</b>	<b>3,543,687</b>	<b>2,475,784</b>	<b>1,895,718</b>	<b>-689,228</b>	<b>2,818,574</b>	<b>4,025,064</b>
Tax liability	0	0	3,017	3,017	0	0	1,834	1,834
<b>After-tax profit/loss</b>	<b>-1,037,435</b>	<b>-30,468</b>	<b>3,540,670</b>	<b>2,472,766</b>	<b>1,895,718</b>	<b>-689,228</b>	<b>2,816,740</b>	<b>4,023,230</b>
<b>Items handled as exceptions in terms of reimbursement received from the government</b>	<b>-1,037,435</b>	<b>0</b>	<b>0</b>	<b>-1,037,435</b>	<b>1,895,718</b>	<b>0</b>	<b>0</b>	<b>1,895,718</b>
Cost reimbursement settlement for previous years	-27,366	0	0	-27,366	931,276	0	0	931,276
Reversed and recognised impairment on receivables	-151,852	0	0	-151,852	-85,226	0	0	-85,226
Re-transferred and paid fines	-4,947	0	0	-4,947	-13,281	0	0	-13,281
Provisioning use and generation (except for that related to coverage of maintenance costs and revaluation of loans)	-855,121	0	0	-855,121	1,778,180	0	0	1,778,180
Use of cost reimbursement recognised with respect to previous years	0	0	0	0	-713,092	0	0	-713,092
Other	1,851	0	0	1,851	-2,139	0	0	-2,139
<b>After-tax profit/loss, including items treated as exceptions</b>	<b>0</b>	<b>-30,468</b>	<b>3,540,670</b>	<b>3,510,202</b>	<b>0</b>	<b>-689,228</b>	<b>2,816,740</b>	<b>2,127,511</b>

Table 69: MÁV-START Zrt.'s activity statement

## IV.4.1 Narrative explanations related to the railway passenger transport supervisory report

### IV.4.1.1 Revenues

MÁV-START Zrt.'s **net revenue** from sales in 2016 was HUF 99 494 million (base: HUF 101,581 million Ft). Of the net sales revenue

- revenues from domestic fares HUF 37,291 million, which exceeds the previous year's figure by HUF 778 million (base: HUF 36,513 million),
- revenues from international fares HUF 10,113 million, which exceeds the base year's figure by HUF 167 million (base: HUF 9,946 million),
- amount of social-policy fare subsidy HUF 18,610 million, settled in accordance with the provisions of Govt. Decree 121/2012. (VI.26.) (base: HUF 18,724 million).

A substantial proportion of **other income** comprised the HUF 147,005 in passenger transport costs reimbursed by the government in the reporting period, which in addition to the HUF 146,074 million costs reimbursement claim relating to the reporting year, also includes the HUF 931 million accounting settlement – stated in the reporting year as a consequence of the closure, by the Ministry for National Development, of public service activity in 2015 – relating to the year 2015 (base: HUF 145,037 million).

MÁV-START Zrt.'s **business revenues** in 2016, totalled HUF 265,032 million (base: HUF 259,960 million).

### IV.4.1.2 Costs and expenses

**Business expenses** totalling HUF 258,659 million were realised in the reporting period (base: HUF 255,470 million).

Key items among HUF 162,950 million (base: HUF 159,532 million) **materials expenses** incurred during the reporting period:

- The amount of the track access fee (track usage fee and other rail track operation services) in the reporting year is HUF 73 235 million (base: HUF 71 854 million).
- Cost of traction performed by partner railways HUF 1,791 million (base: HUF 1,692 million);
- Cost of rolling stock maintenance as a service used HUF 7,134 million (base: HUF 5,277 million);
- Costs paid on the basis of the distance travelled by railway passenger carriages used by MÁV-START Zrt. HUF 6,393 million (base: HUF 6,336 million);
- Lease fees paid on rolling stock totalled HUF 9.339 million (base: HUF 8,632 million);
- Costs of rolling stock cleaning HUF 2,212 million in the reporting period (base: HUF 2,045 million);



- Of the services procured from MÁV Szolgáltató Központ Zrt.:
  - financial and accounting service represented a cost of HUF 687 million (base: HUF 679 million),
  - education and training a cost of HUF 775 million (base: HUF 741 million),
  - HR services a cost of HUF 824 million (base: HUF 776 million),
  - environmental, work safety and occupational health services a cost of HUF 400 million (base: HUF 457 million),
  - and case management services a cost of HUF 334 million (base: HUF 327 million).

The **personnel expenses** incurred by MÁV-START Zrt. in 2016 were HUF 72,639 million, of which wages were HUF 49,813 million, payments to personnel other than wages came to HUF 7,403 million and contributions totalled HUF 15,423 million. (Base: personnel expenses in total: HUF 70,216 million, wages: HUF 48,094 million, payments to personnel other than wages: HUF 7,163 million, contributions: HUF 14,959 million.)

The amount of the **depreciation charge** was HUF 20,311 million (base: HUF 19,843 million) in 2016.

The value of **other expenses** was HUF 2,759 million, which is comprised of payments related to damage incidents and indemnification, paid penalties and default interest, various subsidies and cost contributions, the impairment on inventories and receivables, as well as the provisions set aside (base: HUF 5,880 million).

**Income from financial transactions** were HUF 461 million, which includes interest received on deposits and the exchange rate gain on receivables and liabilities, while **expenses of financial transactions** came to HUF 2,809 million, which includes the interest paid on overdrafts and investment loans, and the exchange rate loss on receivables and liabilities. Financial profit/(loss) HUF -2 348 million (In the base period the income from financial transactions totalled HUF 730 million, and expenses of financial transactions came to HUF 2,745 million.)

## IV.4.2 Narrative explanations related to the public-service railway passenger transport supervisory report

### IV.4.2.1 Revenues

**Net sales revenue** of HUF 60,165 million derived from MÁV-START Zrt.'s passenger transport activity performed as a public service in 2016, of which HUF 36,671 million was **revenue from fares**, and HUF 18,610 million **social-policy fare subsidies**. (Base: net sales revenue: HUF 59,664 million, of which revenue from fares: HUF 35,916 million, and social-policy fare subsidies: HUF 18,724 million.)

A substantial proportion of **other income** comprised the HUF 147,005 in passenger transport costs reimbursed by the government, which in addition to the HUF 146,074 million costs reimbursement claim relating to the reporting year, also includes the HUF 931 million accounting settlement – stated in the reporting year as a consequence of the closure, by the Ministry for National Development, of public service activity in 2015 – relating to the year 2015. (Base value of government costs reimbursement: HUF 145,037 million). In respect of the items stated under other income, based on the position statement of the Ministry for the National Economy, the reversal of impairment on receivables, re-transferred fines, penalties and the use of provisions – except provisions related to maintenance costs and the revaluation of loans – are not taken into account for the purposes of determining the costs reimbursement in the reporting year, but are treated as exceptions. The income recognised as exceptions for the purposes of determining the costs reimbursement (including the costs

reimbursement settlement related to 2015 that arose in the reporting year) amounted to HUF 3,355 million. (Base value of income treated as an exception: HUF 1,557 million).

MÁV-START Zrt.'s **business revenues from public service activity** in 2016, totalled HUF 225,308 million (base: HUF 216,468 million).

#### IV.4.2.2 Costs and expenses

**Business expenses** related to railway passenger transport performed as a public service were realised in a total of HUF 221,680 million in the 2016 (base: HUF 216,109 million).

Key items among HUF 141,718 million (base: HUF 136,793 million) **materials expenses** incurred in connection with public service railway passenger transport during the reporting period:

- The amount of the track access fee (track usage fee and other rail track operation services) in the reporting year is HUF 71 564 million (base: HUF 70 067 million).
- Cost of traction performed by partner railways HUF 592 million (base: HUF 791 million);
- Cost of rolling stock maintenance as a service used in connection with public service railway passenger transport HUF 6,315 million (base: HUF 4,277 million);
- Costs paid on the basis of the distance travelled by railway passenger carriages used by MÁV-START Zrt. HUF 253 million (base: HUF 261 million);
- Lease fees paid on rolling stock in connection with public service railway passenger transport totalled HUF 9.142 million (base: HUF 8,081 million);
- Costs of cleaning rolling stock during the reporting period HUF 2,028 million (base: HUF 1,796 million).
- Of the services procured from MÁV Szolgáltató Központ Zrt. in connection with public service railway passenger transport:
  - financial and accounting services represented a cost of HUF 604 million (base: HUF 597 million),
  - education and training HUF 634 million (base: HUF 653 million),
  - HR services HUF 718 million (base: HUF 696 million),
  - environmental, work safety and occupational health services HUF 338 million (base: HUF 401 million),
  - and case management services HUF 291 million (base: HUF 312 million).

**Personnel-related expenses** incurred in 2016 amounted to HUF 60,564 million, which does not include the expenses of workers employed in international transport (base: HUF 58,306 million). The HUF 713 million personnel-related payment stated charged to the reasonable profit for 2015 in the reporting year was recognised as an exception when determining the costs reimbursement in the reporting year.

The **depreciation charge** related to the public service activity recognised in the reporting year was HUF 16,949 million (base: HUF 16,067 million).

In 2016 **other expenses** of HUF 2,449 million (base: HUF 4,942 million) were incurred in connection with public service railway passenger transport. Of the items stated among other expenses, the items recognised as exceptions in the reporting period for the purposes of determining the costs reimbursement – impairment on receivables, paid fines, penalty, provisions, except provision related to maintenance and the revaluation of loans – amounted to HUF 746 million. (Base value of expenses treated as exceptions: HUF 2,595 million).

**Income from financial transactions** in connection with public service railway passenger transport were HUF 397 million, which includes interest received on deposits and the exchange rate gain on receivables and liabilities, while **expenses of financial transactions** came to HUF 2,130 million, which includes the

interest paid on overdrafts and investment loans, and the exchange rates loss on receivables and liabilities. (In the base period income from financial transactions were HUF 601 million, and expenses of financial transactions HUF 1,997 million.)

## IV.5 Other disclosures relating to the separation of activities

Related party balances (revenues and liabilities) are presented below.

Figures in MHUF

Related company	Revenues				Expenditures				Total
	Net sales revenues	Other revenues	Revenues from financial transactions	Total	Costs	Other expenditures	Financial expenditures	Total	
015 MAV NOSZTALGIA Kft	6	0	0	6	13	0	0	13	-7
020 MAV VAGON Kft.	3	1	0	4	536	0	0	536	-532
101 MAV FKG Kft	6	0	0	6	0	0	0	0	6
131 MAV KfV Kft	0	0	0	0	38	0	0	38	-38
138 MAV Szolgáltató Központ Zrt.	45	3	0	48	7,307	10	0	7,317	-7,269
179 Záhony-Port Zrt.	0	0	0	0	21	0	0	21	-21
100 MAV Zrt. Anyavállalat	63	29	12	104	107,627	92	0	107,719	-107,615
193 Kínai-Magyar Vasúti Nonprofit Zrt.	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>123</b>	<b>33</b>	<b>12</b>	<b>168</b>	<b>115,542</b>	<b>102</b>	<b>0</b>	<b>115,644</b>	<b>-115,476</b>

Table 70: Data of related parties in the case of public service passenger transport

Figures in MHUF

Related company	Revenues				Expenditures				Total
	Net sales revenues	Other revenues	Revenues from financial transactions	Total	Costs	Other expenditures	Financial expenditures	Total	
015 MAV NOSZTALGIA Kft	1	0	0	1	1	0	0	1	0
020 MAV VAGON Kft.	3	0	0	3	5	0	0	5	-2
101 MAV FKG Kft	0	0	0	0	0	0	0	0	0
131 MAV KfV Kft	22	0	0	22	8	0	0	8	14
138 MAV Szolgáltató Központ Zrt.	0	1	0	1	574	1	0	575	-574
179 Záhony-Port Zrt.	0	0	0	0	0	0	0	0	0
100 MAV Zrt. Anyavállalat	19	2	1	22	2,418	5	0	2,423	-2,401
193 Kínai-Magyar Vasúti Nonprofit Zrt.	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>45</b>	<b>3</b>	<b>1</b>	<b>49</b>	<b>3,006</b>	<b>6</b>	<b>0</b>	<b>3,012</b>	<b>-2,963</b>

Table 71: Data of related parties in the case of non-public service passenger transport

Figures in MHUF

Related company	Revenues				Expenditures				Total
	Net sales revenues	Other revenues	Revenues from financial transactions	Total	Costs	Other expenditures	Financial expenditures	Total	
015 MAV NOSZTALGIA Kft	33	0	0	33	0	1	0	1	32
020 MAV VAGON Kft.	8	0	0	8	5	0	0	5	3
101 MAV FKG Kft	422	0	0	422	0	0	0	0	422
131 MAV KfV Kft	941	0	0	941	1	0	0	1	940
138 MAV Szolgáltató Központ Zrt.	12	0	0	12	617	1	0	618	-606
179 Záhony-Port Zrt.	0	0	0	0	13	0	0	13	-13
100 MAV Zrt. Anyavállalat	3,973	2	1	3,976	3,035	2	0	3,037	939
193 Kínai-Magyar Vasúti Nonprofit Zrt.	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>5,389</b>	<b>2</b>	<b>1</b>	<b>5,392</b>	<b>3,671</b>	<b>4</b>	<b>0</b>	<b>3,675</b>	<b>1,717</b>

Table 72: Data of related parties in the case of other services

Figures in MHUF

Related company	Revenues				Expenditures				Total
	Net sales revenues	Other revenues	Revenues from financial transactions	Total	Costs	Other expenditures	Financial expenditures	Total	
015 MAV NOSZTALGIA Kft	40	0	0	40	14	1	0	15	25
020 MAV VAGON Kft.	14	1	0	15	546	0	0	546	-531
101 MAV FKG Kft	428	0	0	428	0	0	0	0	428
131 MAV KfV Kft	963	0	0	964	47	0	0	47	917
138 MAV Szolgáltató Központ Zrt.	57	4	0	61	8,498	12	0	8,509	-8,448
179 Záhony-Port Zrt.	0	0	0	0	34	0	0	34	-34
100 MAV Zrt. Anyavállalat	4,055	33	14	4,101	113,080	99	0	113,180	-109,079
193 Kinai-Magyar Vasúti Nonprofit Zrt.	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>5,557</b>	<b>38</b>	<b>14</b>	<b>5,609</b>	<b>122,219</b>	<b>112</b>	<b>0</b>	<b>122,331</b>	<b>-116,722</b>

Table 73: Data of related parties in the case of MÁV-START Zrt.

Average annual number of employees in the reporting year, broken down by activity

Activity	Headcount (persons)
Public service passenger transport	13,551.1
Non-public-service passenger transport	584.0
Other activities	0.0
<b>Company total:</b>	<b>14,135.1</b>

Table 74: Average annual statistical headcount by activity in the reporting year

Budgetary subsidies by legal title, broken down by activity

Figures in MHUF

Item	Public service passenger transport		Non-public-service passenger transport		Other activity		MÁV-START Zrt.	
	Base year	Current year	Base year	Current year	Base year	Current year	Base year	Current year
Ticket subsidy	18,724	18,610	395	370	0	0	19,119	18,980
Refunded excise tax for the use of traction fuel	3,276	3,537	10	3	1,203	889	4,489	4,429
Project subsidy	57,580	19,618	0	0	0	0	57,580	19,618
<i>of which: GOP IC+ subsidy</i>	85	30	0	0	0	0	85	30
<i>KÖZOP-İKOP INKA subsidy</i>	372	83	0	0	0	0	372	83
<i>KDOP ticket machine</i>	7	0	0	0	0	0	7	0
<i>42 KÖZOP motor coaches</i>	46,248	2	0	0	0	0	46,248	2
<i>6 KÖZOP motor coaches</i>	10,868	0	0	0	0	0	10,868	0
<i>KÖZOP Ticket machines</i>	0	652	0	0	0	0	0	652
<i>KÖZOP Ticket sales</i>	0	1,346	0	0	0	0	0	1,346
<i>KÖZOP Passenger information</i>	0	1,357	0	0	0	0	0	1,357
<i>6 IKOP motor coaches</i>	0	9,674	0	0	0	0	0	9,674
<i>9 IKOP motor coaches</i>	0	6,474	0	0	0	0	0	6,474
Public service cost compensation	145,037	147,005	0	0	0	0	145,037	147,005
KÖZOP subsidies for covering costs	80	289	0	0	0	0	80	289
GOP subsidies received as coverage for costs	2	0	0	0	0	0	2	0
TÁMOP workplace health care program	39	0	3	0	2	0	44	0
<b>Total subsidies accounted for in the reporting year</b>	<b>224,738</b>	<b>189,059</b>	<b>408</b>	<b>373</b>	<b>1,205</b>	<b>889</b>	<b>226,351</b>	<b>190,321</b>
<i>Other subsidies accounted as revenues</i>	<i>163,882</i>	<i>165,904</i>	<i>398</i>	<i>370</i>	<i>2</i>	<i>0</i>	<i>164,282</i>	<i>166,274</i>

Table 75: Budgetary subsidies recognised in the reporting year

## V Receivables from the state, and financing in 2016

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.

According to the memorandum of the public service agreement for 2016, the planned amount of costs reimbursement available in respect of public service activity is HUF 144,000 million. The reasonable expenses of ordered public service activity certified by the principal (Ministry for National Development) but not covered by revenues are HUF 2,074 million higher than specified in the memorandum; a total of HUF 146,074 million in costs reimbursement was recognised in the annual financial statements. Settlement of the actual reimbursement takes place with the submission of the report on public services for 2016, following the preparation of the annual financial statements for 2016.

The additional costs reimbursement recognised in respect of 2015 is HUF 931 million, and thus in the reporting year a total of HUF 147,005 million in costs reimbursement was recognised.

The Company's receivables from the government stated under the heading of public service costs reimbursements are shown below:

Figures in MHUF

Period	Amount of receivables on 1 January 2015	Net receivables recognised for 2015 amount 31/12/2016	Amount received in 2016	Net receivables amount 31/12/2016	Net liabilities amount 31/12/2016	Accrued amount carried over from 2016 to 2017	Receivables and accruals total on 31 December 2015	Amount received in 2017 until balance sheet preparation
Year 2012	5,230	0	4,000	1,230	0	0	1,230	0
Year 2013	6,050	0	0	6,050	0	0	6,050	0
Year 2014	4,615	0	0	4,615	0	0	4,615	0
2015	0	931	931	0	172	0	0	0
Previous years in total	15,895	931	4,931	11,895	172	0	11,895	0
2016	0	0	0	2,074	0	20,829	22,903	20,829
<b>Grand total</b>	<b>15,895</b>	<b>931</b>	<b>4,931</b>	<b>13,969</b>	<b>172</b>	<b>20,829</b>	<b>34,798</b>	<b>20,829</b>

Table 76: MÁV-START Zrt.'s receivables from the government

In terms of payments, costs reimbursement by the government in the amount of HUF 144,000 million was disbursed in the reporting year. Of this, HUF 20,829 million related to the previous year's public service activity (in January and February), while compensation for the costs of operation in the reporting year was provided by the HUF 123,171 million disbursed between the months of March and December.

The Company, in addition to the costs reimbursement for the reporting year, became entitled to draw a further HUF 4,000 million from the costs reimbursement settlements of previous years, and of this amount HUF 2,264 million was received in April and HUF 1,736 million in August. The drawn amount, in its entirety, reduced the costs reimbursement claim relating to the year 2012. In the month of September – upon completion of the annual settlement of public service passenger transport activity for 2015 – the HUF 931 million costs reimbursement claim recognised by the Principal (Ministry for National Development) in respect of 2015 was compensated by the HUF 1,103 million stated in the books as a liability towards the government. The amount of the liability changed to HUF 172 million as a result of the compensation.

Due to the costs reimbursement related to operation in the reporting year, and the timely settlement of the costs reimbursements of previous year, the Company experienced no financing problems in the reporting year.

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