



**MÁV-GÉPÉSZET VASÚTIJÁRMŰ FENNTARTÓ ÉS JAVÍTÓ  
ZÁRTKÖRŰEN MŰKÖDŐ RÉSZVÉNYTÁRSASÁG**

**H-1087 BUDAPEST, KÖNYVES KÁLMÁN KRT. 54-60.**

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## **NOTES TO THE FINANCIAL STATEMENTS FOR 2013**

**Budapest, 24 March 2014**

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**CEO**

**L.S.**

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## **I General notes**

### **I.1 The Company**

MÁV-GÉPÉSZET Vasútgépjármű Fenntartó és Javító Zártkörűen Működő Részvénytársaság [MÁV-GÉPÉSZET Rail Vehicle Maintenance and Repairs Private Company Limited by Shares] (hereafter: MÁV-GÉPÉSZET Zrt. or Company) was founded by MÁV Magyar Államvasutak Zártkörűen Működő Részvénytársaság [MÁV Hungarian Railways Private Company Limited by Shares], MÁV-START Vasúti Személyszállító Zártkörűen Működő Részvénytársaság [MÁVSTART Railway Passenger Transport Private Company Limited by Shares] and by MÁVTRAKCIÓ Vasúti Vontatási Zártkörűen Működő Részvénytársaság [MÁV-TRAKCIÓ Rail Traction Private Company Limited by Shares] on 12 November 2007 to take over the rail vehicle maintenance operations of MÁV Zrt. as an efficient organisation as of 1 January 2008. On 30 June 2008, MÁV Szolnoki Járműjavító Kft. and MÁV Északi Járműjavító Kft. merged into the Company which, as a result, became able to offer comprehensive and complex rail vehicle repair and maintenance services.

The rules pertaining to the Company's operations, organisation and governance system are laid down in MÁV-GÉPÉSZET Zrt's statutes. The Company's organizational structure is controlled by the managing director.

The Company's authorised representative and authorised signatory of the financial statements: UNGVÁRI Csaba Gergely, managing director, home address: 2800 Tatabánya, Hársfa liget 6/a.

The person in charge of accounting and financial reporting is Péter Németh (H-1013 Budapest, Krisztina krt. 10.), registration number: 140202.

The Company's auditor is PricewaterhouseCoopers Könyvvizsgáló Kft.

Appointed auditor: Éva Barsi

Chamber membership number: MKVK002945

Audit fee for 2013: HUF 8,250,000 (plus VAT)

**Company name:** MÁV-GÉPÉSZET Vasútgépjármű Fenntartó és Javító Zártkörűen Működő Részvénytársaság.

**In foreign languages:** MÁV-GÉPÉSZET Corporation Rail Vehicle Maintenance & Repair Works / MÁV-GÉPÉSZET AG. Fahrzeug-Wartung und Ausbesserungswerke

**Abbreviated name:** MÁV-GÉPÉSZET Zrt.

**In foreign languages:** MÁV-GÉPÉSZET Co./MÁV-GÉPÉSZET AG.

**The Company's registered office:** H-1087 Budapest, Könyves Kálmán krt. 54-60, phone: 511-3403

**The Company's homepage:** [www.mav-gepeszet.hu](http://www.mav-gepeszet.hu)

**Founders and current shareholders:**

MÁV Magyar Államvasutak Zártkörűen Működő Részvénytársaság [private company by shares]  
abbreviated name: MÁV Zrt.,

MÁV-START Vasúti Személyszállító Zártkörűen Működő Részvénytársaság [private company by shares] abbreviated name: MÁV START Zrt.,

MÁV-TRAKCIÓ Vasúti Vontatási Zártkörűen Működő Részvénytársaság [MÁV-TRAKCIÓ Rail Traction Private Company Limited by Shares], abbreviated name: MÁV-TRAKCIÓ Zrt

**The consolidating entity:**

MÁV Magyar Államvasutak Zártkörűen Működő Részvénytársaság [MÁV Hungarian Railways Private Company Limited by Shares], abbreviated name: MÁV Zrt., MÁV Zrt.

**Date of foundation:** 12 November 2007

**Issued capital**

Issued capital at 31 December 2013: HUF 3,932,840,000.

The Company's issued capital consists of dematerialised ordinary shares of the following numbers and face values:

160,327 pcs	of HUF 10,000 face value
200,000 pcs	of HUF 10,000 face value
10,000 pcs	of HUF 10,000 face value
22,957 pcs	of HUF 10,000 face value

as subscribed by the following entities:

MÁV Zrt.	392,884 shares	99.898 %
MÁV-START Zrt.	200 db shares	0,051 %
MÁV-TRAKCIÓ Zrt.	200 db shares	0,051 %

**The Company**

- **Company registration number:** Cg 01-10-045811
- **Tax number:** 14106068-2-44
- **Statistical code of the Company:** 14106068-3317-114-01

**Core activity:**

**33.17.08 Maintenance of other vehicles**

## I.2 The Company's Accounting Policy

Act C of 2000 on Accounting ("the Accounting Act") requires each entity to give a true and fair view of the profit generating ability, movements in its assets and equity, financial position and future plans of an entity which is subject to the accounting law.

MÁV-GÉPÉSZET Zrt., ("the Company") as a fully consolidated entity of the MÁV Group, developed its accounting policies in accordance with the principles and measurement requirements set out in the accounting law and with the MÁV Group's consolidation policies. The accounting policies thus developed suit the nature of the Company's operations and specify the methods and tools of compliance.

The purposes of the accounting policies is to ensure that the financial statements give a true and fair view of the Company's equity, financial and income position and provide a reliable basis for the MÁV Group's consolidated financial statements.

Further to Section 9 (1) of the Accounting Act, the Company is required to prepare a set of annual financial statements and a business report based on the accounts kept in accordance with the double-entry bookkeeping method as required by Section 12 (3) of the Accounting Act. The annual financial statements is prepared in Hungarian and includes figures expressed in HUF thousands (THUF).

**The functional currency is Hungarian forint (HUF).** If the accounting documents on the basis of which the books are kept include amounts denominated in a foreign currency, the items are shown in the analytical ledgers in both the transaction currency and HUF. As a general rule, when converting the amounts denominated in a foreign currency to HUF, we use the official exchange rates of the Hungarian National Bank.

The Company's **financial year corresponds to the calendar year.**

**The balance sheet date is 31 December** of the current year.

In accordance with Section 3 (6) 1 of the Accounting Act, **the date of balance sheet preparation** is the 30th workday of the year following the reporting year. The items presented in the balance sheet were valued and recognised on the basis of information known until the date of balance sheet preparation.

The Company prepares its **balance sheet** in version "A" according to the Accounting Act, and the balance sheet contains no further divisions.

The **profit and loss statement** shows the revenues and expenses of the calendar year using the **total cost method**. According to Schedule 2 of the Accounting Act, the form is version "A," and includes no further divisions, new lines, consolidated lines or omissions.

The annual financial statements and the business report are signed by the Company's authorised representative (managing director).

The audited annual financial statements as approved by the Company's founder, along with the auditor's report and with a resolution as to the utilisation of the net profit for the year should be submitted electronically to the electronic companies register service by the last day of the fifth month following the balance sheet date.

In accordance with the Companies Act and the Company's articles of association, the annual financial statements are also disclosed on the Company's website.

### **Material error (Section 3 (3) 3 of the Accounting Act)**

The aggregate effect of errors identified by an audit or self-correction for a financial year on the profit or loss or equity for that year is always considered material if it exceeds 2% of the balance sheet total of the audited/self-corrected year or HUF 500 million. Errors are always consid-

ered to be material if, in the year when disclosed by different reviews, the total of all errors (whether negative or positive) disclosed for the same financial year and the impacts thereof – increasing or decreasing the profit or equity – exceeds 2% of the balance sheet total of the reviewed financial year, or HUF 1 million.

With respect to items affecting previous years, where an audit or self-correction has identified material errors in the financial statements of previous years, then the adjustments of previous year(s), which are due to findings that had become known by the balance sheet preparation date and had been not contested or appealed against and are final, are presented in each relevant line of the balance sheet and the profit and loss account next to the figure for the previous year.

### Other items to be classified in terms of materiality

In relation to **unbilled** non-current asset and inventory acquisitions, the difference between the historic cost identified based on documents and the actual (invoice based) value may significantly affect the historic cost of the asset if this difference exceeds **1%** of the historic cost.

For the purposes of the **extraordinary depreciation and amortisation** of tangible and intangible assets, the difference between the book value and the fair value of an asset is considered material if it exceeds **5%** of the book value of the asset.

**Residual value** is determined only for assets with an individual acquisition cost exceeding HUF 10 million. The residual value thus determined is considered material if it exceeds **5%** of the capitalised cost of the asset. In other cases, we do not treat the residual value as material (zero).

For the purposes of Section 52 (3) of the Accounting Act, the change in expenses taken into consideration when determining the annual depreciation charge is considered material if its effect on depreciation is equal to or exceeds 1% of the gross value of the asset.

When recognising or reversing impairment on equity **investments** and **debt securities**, the difference between the book value and the fair value is **classified as material based on individual valuation**, regardless of whether they are recognised under financial investments or current assets.

Any **impairment loss recognised on outstanding receivables** at the balance sheet date or reversed impairment loss is considered significant, if the amount of such impairment loss or the reversal affects the book value of the related receivable **by at least 10%**.

Business partners with debts outstanding for more than one year are considered bad debtors.

When recognising or reversing impairment on inventories and receivables at the balance sheet date, the difference between the historical value and the fair value is classified as material based on individual valuation, and it must be lasting before recognition can occur.

The difference between the book value and the fair value is considered lasting, if it exists for a period of at least one year based on past experience or future expectations. The difference qualifies as lasting, regardless of the time of its existence, if it may be considered permanent based on the information available at the time of valuation.

**Foreign exchange gains and losses arising on the year-end revaluation** of receivables, liabilities, securities and liquid assets denominated in foreign exchange **are always considered material** irrespective of the amount involved.

**Each deferred income item is considered material** and are recognised against other revenues, financial income or extraordinary revenues depending on the related compensated cost or expense.

**Extraordinary revenues and expenditures are always considered material** and are presented in the notes by title.



### I.3 Changes in the accounting policies

On 7 March 2013, MÁV Zrt.'s board adopted the MÁV Group's consolidation policies and the mandatory model accounting and valuation policies applicable by the fully consolidated entities of the MÁV Group.

Based on the model policies, we revised our Company's Accounting Policy and Asset and Liabilities Valuation Policy, that were also prepared based on MÁV's model policies, and made the necessary changes. According to Point 7.2. o) of the Company's articles of association, the adoption of the accounting policies falls within the exclusive competence of the General Meeting.

The accounting policies were adopted by General Meeting Resolution No. 18/2013.(07.30.) KGY.

### I.4 The Company's valuation methods

#### Measurement principles applicable to balance sheet items

In line with Section 46 of the Accounting Act, the valuation of assets and liabilities should be based on the following principles:

The valuation should be based on the going concern principle.

The valuation principle applied for the preparation of the balance sheet for the previous year can only be changed if the reasons for such changes are permanent, and thus the changes also prove permanent, and individual valuation of each item is required.

The valuation of assets and liabilities is carried out before the year-end balance sheet preparation prescribed in the Accounting Act. For quarterly reporting, the book values of assets and liabilities are adjusted only when the circumstances that triggered the change are envisaged to be permanent and are expected to prevail at the balance sheet preparation date.

Balance sheet items must be evaluated carefully, taking into account all depreciation and impairment of the assets known until the balance sheet preparation date.

The Accounting Act requires the items to be counted in support of the balances based on the Company's counting policies.

When determining the HUF value of assets and liabilities denominated in a foreign currency, foreign currency in hand, foreign currency held on the FX account, and liabilities denominated in a foreign currency, we use the official exchange rates of the Hungarian National Bank ("MNB").

Tangible and intangible assets are recorded at purchase or production cost determined in accordance with Sections 47 to 51 of the Accounting Act.

All costs associated with the acquisition of an asset are recognised when they incur (the latest upon commissioning). If the relevant invoice or similar document is not received by the date of commissioning, or the amount payable is not determined by the relevant authority, then the value of the asset should be assessed based on the available documents (contract, agreement, market information, legal requirements). The cost of the assets should be adjusted with the difference between the value thus identified and the actually invoiced amount, if it reaches the limit laid down in the accounting policies, when the relevant invoice is received.

In the case of **imported assets**, if payment is made in the invoiced foreign currency, then the HUF equivalent of the FX amount should be recognised as translated at the central bank's official FX rates prevailing on the date of delivery.

The cost of tangible and intangible assets less their residual value is apportioned over the years, in view of Sections 52 (5)-(6) of the Accounting Act, when the asset is expected to be used. Or-

dinary depreciation is charged monthly based on the gross value, **on a straight line basis over the expected useful life of the asset.**

Assets the value of which was assessed by valuers should be recognised at the lower of the result of the valuation or the book value which will then be written off on a straight line basis over the useful life of the asset at the applicable depreciation rate.

For investments and improvement of existing assets, we always assess the remaining useful life of the asset and allocate the relevant depreciation rate accordingly.

No ordinary depreciation is recognised on land, listed buildings, works of art, archaeological finds, not yet commissioned assets and other assets the value of which is not reduced by permanent use or increases with time as a result of their special nature or status.

Tangible and intangible assets that cost below **HUF 100,000** are **fully** depreciated on taking into use.

Capital projects are presented in the balance sheet at their initial cost in accordance with Sections 47 to 51 of the Accounting Act. The value of investments are recorded at book value among capitalised tangible assets based on the protocol of commissioning.

The initial cost of inventories is identified based on Sections 47 to 51 of the Accounting Act.

**All costs associated with the acquisition of an asset are recognised when they incur.** If the relevant invoice or similar document is not received by the time an asset is taken into warehouse, or the amount payable is not determined by the relevant authority, then the value of the asset should be assessed based on the available documents. The acquisition cost is later adjusted with any **material difference** between the value thus determined and the actually invoiced or imposed, payable amount as soon as the relevant final underlying document is received.

**Imported inventories** are recognised in HUF as translated at the central bank's official FX rates if the invoiced price is paid in foreign currency.

Receivables from debtors, including VAT, are presented in the amount confirmed by the debtor until it is paid or settled otherwise, settled with a bill of exchange, the debt is forgiven or is written off as bad debt.

Receivables are presented **in the balance sheet** as accepted and confirmed by the debtor. Litigated debts are presented in the balance sheet in the amount specified in a final court ruling available by the balance sheet preparation date or at book value less any already recognised impairment loss or increased by any reversed impairment loss.

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

**Cash and cheques** are presented in the balance sheet in the value of cash and cheques held in petty cash at the balance sheet date based on the year-end cash counts.

Bank deposits are recognised at the values stated in the bank statements as of the balance sheet date. Cash in transit is also considered among liquid assets and is presented in the value indicated on the underlying documents.

### **I.5 Important changes in operations in the reporting year**

From 1 October 2013, the accounting, inventory, purchasing, IT regional coordination activities – with the human resources necessary for conducting these activities – that were previously per-

formed by MÁV-START Zrt., which also provided these activities to MÁV-TRAKCIÓ Zrt. and MÁV-GÉPÉSZET Zrt. as a service, were transferred to MÁV Szolgáltató Központ Zrt.

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

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

The merger was published in issue No. 62 (24 October 2013) of the Company Gazette.

### **Audit of the environmental management system (EMS)**

In 2013, the organisational and operational integration objectives of MÁV-GÉPÉSZET Zrt.'s management determined the main objectives for the operation and development of the Company's Integrated Management System (ISO 9001, ISO 14001, MSZ 28001, EN 15085). This has slightly modified the multi-annual system development plan.

The coordination of the IC+ project's certification and authorisation process was also a key area. The evaluation of the objectives and the system development strategy was and will be performed during the annual system audits.

As a result of the favourable system administration audits performed in 2013, our certificates are valid until 2014.

To meet the changing needs of our customers, we are continuously expanding the scope and certification of our welding activities based on the available resources. We renewed our certifications that expired at the end of the year – Szolnok VJT, Debrecen KJK Fényeslitkei TM – in accordance with the requirements of the EN 3834-2 and EN 15085-2 certificates. The audits of our other certifications have been successfully completed, and the new certifications can be issued to MÁV-START Zrt. as the legal successor at the beginning of 2014. We have initiated the extension for three additional cargo wagon maintenance workshops: Budapest JBK Hatvan TH, Győr TH and Dombóvár KJK Gyékényes TH.

We did not plan to extend the MSZ EN ISO 14001 standard on Environmental Management System to other workshops, the development of further areas – now part of MÁV-START Zrt. – will be determined by business decisions in the next period.

The acquired EMS certificates and the system operation promotes environmentally conscious conduct among employees.

Last year, as part of the IC+ carriage project, our MSZ 28001-certified MEBIR system has been extended to cover all vehicle repair activities. The conformity of the function has been assessed by a successful audit performed in March.

The audits and carriage test measurements in the framework of the IC+ project were performed in accordance with the Notified Body (NoBo) conformity assessment system. The SD Module certification of the manufacturing process was successful. The SB Module conformity assess-

ment examinations carried out so far were satisfactory. The final assessment will be carried out after the evaluation of the tests, after which the EC certification can be issued for the two prototypes.

The following tests were completed successfully in accordance with the TSI, UIC and MÁV regulations: running technical and brake tests, standstill noise tests, interior noise measurements in accordance with MÁVSZ, derailment safety tests, comfort tests, aerodynamic tests, joint operational testing of draw gear and bumpers.

Following the regulatory changes in rail transportation, we have successfully prepared for the certification of entities in charge of maintenance (ECM). In 2013, the maintenance system was certified together with the Company's railway safety procedures under the new regulations, and MÁV-START was also prepared for the ECM certification and certification by the relevant authority.

The Company's objectives also included the provision of the necessary professional supervision and support for the development of TS-MÁV-Gépészet Zrt.'s (the joint company) corporate governance management systems. Following the successful certification audits performed by TÜV SÜD Austria at the end of the year, the Company was certified for the ISO 9001 and ISO14001 standards.

The certification of our systems was carried out by an independent certification body in accordance with the organisational and operational integration processes, therefore, the Company could demonstrate its compliance to the customers and business partners even during the transformation period.

We have accomplished our main objective for 2013, which was to maintain the operation of our system during the integration period. The preparation and the provision of resources for system certifications due to be renewed or transferred in 2014 was appropriate, therefore, the renewal audits may be carried out in the first quarter of 2014 under the extended certification agreement.

## **II Specific notes**

### **II.1 Notes to the Balance Sheet**

The assets, equity and liabilities presented in the balance sheet were measured based on the year-end counts and on valuation per item.

#### **II.1.1 Non-current assets**

The year-end closing balance of non-current assets was THUF 4,176,707 which reflects a THUF 170,330 increase in intangible assets (capitalised value of R&D, intangible property rights), and in properties and related property rights in connection with the capitalisation of R&D activities related to the manufacturing of IC+s.

The year-end closing balance of non-current assets represents 17.09 % of MÁV-GÉPÉSZET Zrt's balance sheet total.

The breakdown of assets and their percentage to the balance sheet total are presented below:

“A” Non-current assets	THUF 4,176,707	17.09 %
I. Intangible assets	THUF 374,733	1.53 %
II. Tangible assets	THUF 3,793,822	15.52 %
III. Financial investments	THUF 8,152	0.03 %

### II.1.1.1 Changes in intangible assets

The movements in intangible assets are presented below:

Figures in THUF

ITEM	Capitalised value of foundation/re structuring	Capitalised value of R&D	Intangible property rights	Intellectual property	Goodwill	Advances on intangibles	Adjustment of intangibles	Total
1. <i>Cost, opening</i>	214 593	162 803	561 585	0	0	0	0	938 981
2. Acquisition, renewal (capitalised)	3 518	110 799	114 121					228 438
3. Assets received free of charge								0
4. Count surplus								0
5. Assets transferred free of charge								0
6. Contribution in kind								0
7. Disposal			2					2
8. Scrapping, obsolescence	214 593		1 180					215 773
9. Missing								0
10. Destroyed								0
11. Reclassified (break-down, aggregated)								0
12. <i>Cost, closing</i>	3 518	273 602	674 524	0	0	0	0	951 644
13. <i>Amortisation, opening</i>	203 405	0	511 835	0	0	0	0	715 240
14. Ordinary amortisation in current year	11 796		65 650					77 446
15. Ordinary amortisation in prior year								0
16. Extraordinary amortisation in current year								0
17. Extraordinary amortisation reversed								0
18. Assets received free of charge								0
19. Count surplus								0
20. Assets transferred free of charge								0
21. Contribution in kind								0
22. Disposal			2					2
23. Scrapping	214 593		1 180					215 773
24. Missing								0
25. Destroyed								0
26. Break-down, aggregated								0
27. <i>Amortisation, closing</i>	608	0	576 303	0	0	0	0	576 911
28. <i>Opening, net</i>	11 188	162 803	49 750	0	0	0	0	223 741
29. <i>Closing, net</i>	2 910	273 602	98 221	-	-	-	-	374 733

*\*Other increase =  
uncapitalised intangible  
property rights*

Table 1: Movements in intangible assets in 2013

From the intangible assets written down to zero, the Company scrapped the capitalised value (as foundation/restructuring) of the direct costs related to the relocation of machines and technology from the Northern vehicle repair sites to the Szolnok vehicle repair sites in 2010 in the amount of THUF 214,593 and outdated software in the amount of THUF 1,180.

### II.1.1.2 Changes in tangible assets

The movements in tangible assets in 2013 are presented below:

ITEM	Real property and related rights	Technical equipment, machinery, vehicles	Other equipment, fittings, vehicles	Breeding stock	Capital WIP, renovations	Advances for capex	Value adjustment of tangible assets	Total
1. <i>Cost, opening</i>	2 024 151	4 433 700	442 704	101	260 814	-	-	7 161 470
2. Acquisitions in current year (investment, capitalisation)				-	712 140			712 140
3. Assets received free of charge								-
4. Count surplus								-
5. Assets transferred free of charge								-
6. Contribution in kind								-
7. Disposal	1 750	48 352	41 431	-				91 533
8. Scrapping, obsolescence		22 188	11 534					33 722
9. Missing		1 929	165					2 094
10. Destroyed								-
11. Capitalised - acquired in current year	94 729	328 680	50 548	-	473 957			-
12. Capitalised - acquired in previous year	61 827	192 356	352	-	254 535			-
13. Reclassification								-
14. <i>Cost, closing</i>	2 178 957	4 882 267	440 474	101	244 462	-	-	7 746 261
15. <i>Amortisation, opening</i>	269 517	2 786 440	333 852	58	-	-	-	3 389 867
16. Ordinary amortisation in current year	106 306	503 009	56 037	12				665 364
17. Ordinary amortisation in previous year								-
18. Extraordinary amortisation in current year								-
19. Extraordinary amortisation reversed								-
20. Assets received free of charge								-
21. Count surplus								-
22. Assets transferred free of charge								-
23. Contribution in kind								-
24. Disposal	516	36 583	32 569	-				69 668
25. Scrapping, obsolescence		20 155	11 512					31 667
26. Missing		1 312	145					1 457
27. Destroyed								-
28. Reclassification								-
29. <i>Amortisation, closing</i>	375 307	3 231 399	345 663	70	-	-	-	3 952 439
30. <i>Net value, opening</i>	1 754 634	1 647 260	108 852	43	260 814	-	-	3 771 603

Table 2: Movements in tangible assets in 2013

### II.1.1.3 Treasury and municipality assets presented in the Company's balance sheet

We had neither treasury nor municipality assets in 2013.

### II.1.1.4 Capital expenditures

Figures in THUF

Item	Construction in progress	
	Prior year	Current year
<b>Opening</b>	<b>140 304</b>	<b>260 814</b>
Reporting year expenditure	997 870	712 140
Capitalised	868 760	728 492
Extraordinary depreciation		
Other increase		
Other decrease	8 600	
<b>Closing</b>	<b>260 814</b>	<b>244 462</b>

Table 3: Capital expenditures

Tangible assets totalled THUF 3,793,822 at 31 December 2013. The increase was due to the fact that properties and related property rights increased in excess of depreciation.

Assets in the course of construction at the balance sheet date totalled THUF 244,462.

### II.1.1.5 Depreciation charge

The ordinary and extraordinary amortisation/depreciation of intangible and tangible assets in 2013 are presented below:

Figures in THUF

Depreciation					
Item	Gross value	Ordinary	Extraordinary	As per the Accounting Act, total	As per the Corporate Tax Act, total
Land	0	<b>X</b>	0	0	<b>X</b>
Real estate properties (less land)	2 178 957	106 306	0	106 306	108 092
Machinery, equipment	4 882 267	503 009	0	503 009	512 921
Other machinery and equipment	440 474	56 037	0	56 037	56 037
Breeding stock	101	12	0	12	12
Capital expenditures	244 462	<b>X</b>	0	0	<b>X</b>
<b>Total tangible assets:</b>	<b>7 746 261</b>	<b>665 364</b>	<b>0</b>	<b>665 364</b>	<b>677 062</b>
Intangible assets	951 644	77 446	0	77 446	77 446
<b>Total:</b>	<b>8 697 905</b>	<b>742 810</b>	<b>0</b>	<b>742 810</b>	<b>754 508</b>

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

We recognised amortisation/depreciation in accordance with our accounting policies as based on the Accounting Act.



## II.1.1.6 Investments

Figures in THUF

Item	Book value of investment			
	Opening	Increase	Decrease	Closing
Fully consolidated	1 000	100	0	1 100
Entities treated as associated in consolidation	450	0	0	450
Associated companies	0	0	0	0
Other companies	0	0	0	0
<b>Total:</b>	<b>1 450</b>	<b>100</b>	<b>0</b>	<b>1 550</b>

Table 5: Book values of the Company's investments per category

The book value of the shares held in MÁV Szolgáltató Központ Zrt. is THUF 1,000. The book value of the shares held in MÁV Ingatlankezelő Kft. is THUF 100. The book value of the Company's shares held in HUNGRAIL Magyar Vasúti Egyesülés "VA" totals THUF 200. The book value of the shares held in TS-MÁV Gépészet Services Kft. is THUF 250.

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

No impairment loss was recognised on long-term financial assets.

## II.1.2 Current assets

### II.1.2.1 Inventories

MÁV-GÉPÉSZET Zrt. has both purchased and self-produced inventories. Inventories increased by THUF 1,008,295 compared to the previous year.

The inventory levels of MÁV-GÉPÉSZET Zrt.'s were strongly influenced and determined by Logisztika's actions in the area of strategic inventory management, the inventory requirements defined by the technical leadership, and the significant reduction in customer orders during the middle of the year, which resulted in different year-end inventory levels than planned.

The growth in work in progress and semi-finished products was due to the fact that two IC carriages were still in progress at the end of the year.

The increase in the value of finished products was due to an increase in the quantity of self-produced spare parts and replaceable main parts. Spare part quantities are sufficient to maintain continuous production.

In 2013, the inventory level was increased by the continuous replenishment of the safety and signal device inventories.

The project warehouses for the supply of repairs and project tasks with a long turnaround time (e.g. the IC+ project) increased the inventory levels.

Inventories were reviewed by the technical and logistics functions based on the inventory subledger as at 31 December. Inventory items were valued individually in accordance with Section 56 (2) of the Accounting Act based on the following principles:

- Inventory categories related to the Company's primary repair activities:
  - Minimum level of safety stock that are held in line with MÁV's standards.
  - Usability review in relation to the cyclical repairs of vehicles.
  - Inventories used based on the signed contracts, the Company's business plan as matched to MÁV Group's repair and maintenance plan for running and rolling stock and grouped according to each set period.

## NOTES TO THE FINANCIAL STATEMENTS FOR 2013

Based on the above reviews, we identified the proposed impairment loss on inventories. Based on this calculation and the impairment losses recognised in previous years, impairment losses for the reporting year were recognised and reversed as necessary. Movements in inventories and in the related impairment loss are presented below:

Data in THUF

Inventories	Raw materials	WIP and semi-finished products	Young, fattened and other livestock	Finished goods	Goods	Advance payments on inventories
<i>Opening, gross</i>	7 706 026	1 526 187		981 876	-	25 106
Purchase	13 500 657				193 821	
Assets received free of charge						
Contribution in kind						
Reclassification						
Taken to inventories		938 251		6 714 357		
Surplus						
Other increase						
Use (expensed)	13 335 196			6 694 921		
Reclassification					193 821	
Disposal	82 728			289		
Assets transferred free of charge						
Contributed						
Scrapping	336			25 408		
Missing				345		
Other decrease				7 845		25 106
<i>Closing, gross</i>	7 788 423	2 464 438	-	967 425	-	-
<i>Impairment, opening</i>	760 144		-	99 165		
Impairment loss recognised in the current year	92 366			351		
Written off due to low stock levels	96 091			7 835		
Impairment loss written back	154			15 832		
<i>Closing balance of impairment loss</i>	756 265	-	-	75 849	-	-
<i>Opening balance</i>	6 945 882	1 526 187	-	882 711	-	25 106
<i>Closing balance</i>	7 032 158	2 464 438	-	891 576	-	-

Table 6: Inventories

A total impairment loss of THUF 92,717 was recognised on inventories in 2013.

## II.1.2.2 Receivables

### II.1.2.2.1 Receivables and their impairment loss

Figures in THUF

Item	Receivables, gross						Impairment of receivables						Book value of receivables
	Not overdue	1-90 days	91-180 days	181-365 days	over 365 days	Total	Opening balance	Reversed impairment loss	Impairment in the current year	Written off debt collected	Reversed impairment loss	Closing balance	
<i>Accounts receivable from supply of goods and services (trade debtors)</i>	114 326	42 574	5 010	182	28 287	190 379	31 926	12 600	49 816	0	41 214	27 928	162 451
<i>Receivables from associated companies</i>	8 121 262	773 320	118	0	6 552	8 901 252	4 104	0	2 524	0	582	6 046	8 895 206
of which: fully consolidated parent company and subsidiary	7 832 681	623 511	0	0	505	8 456 697	0	0	0	0	0	0	8 456 697
<i>equity consolidated subsidiary</i>	14 049	1 599	118	0	6 047	21 813	4 104	0	2 524	0	582	6 046	15 767
associated company	274 532	148 210	0	0	0	422 742	0	0	0	0	0	0	422 742
<i>Other receivables</i>	608 848	0	0	0	0	608 848	0	0	0	0	0	0	608 848
<i>Total receivables:</i>	8 844 436	815 894	5 128	182	34 839	9 700 479	36 030	12 600	52 340	0	41 796	33 974	9 666 505

Table 7: Receivables and their impairment loss

II.1.2.2.2 Receivables in foreign exchange by currency

By currency	Receivable in FX	FX rate (FX/HUF)	Receivables in THUF	Year-end FX gain or loss
EUR	1 580 956,24	296,91	469 402	-1 860
USD				
CHF				
SKK				
Other				
Total			469 402	-1 860

Table 8: Receivables in foreign exchange

II.1.2.3 Impairment loss on securities

We do not have any securities.

II.1.2.4 Receivables from related companies

Data in THUF

Item	Parent	Fully consolidated	Equity consolidated	Other related parties	Total
Advance payments on intangible assets	0	0	0	0	0
Advance payments on capital WIP	0	0	0	0	0
Long-term loans to related companies	0	0	0	0	0
Advance payments on inventories	0	0	0	0	0
Receivables from related companies	344 128	8 112 569	15 767	422 742	8 895 206
Total:	344 128	8 112 569	15 767	422 742	8 895 206

Table 9: Receivables from related companies

We have held our bank accounts in a so called cash-pool system: with Citibank as of 17 January 2011 and then with K&H Bank as of 1 October 2012.

The amount receivable at 31 December 2013 is presented in the "Receivables from related parties" line in the balance sheet and reflects the amounts billed to fully consolidated subsidiaries, equity consolidated subsidiaries and subsidiaries treated as equity investments.

The majority of the Company's net sales revenues comes from two members of the MÁV Group, MÁV-START Zrt. and MÁV-TRAKCIÓ Zrt. The Company's future financial position, revenues and assets, and its ability to repay its loans from third parties greatly depends on the MÁV Group's financial position.

### II.1.3 Prepaid expenses/accrued income

The details of prepayments are presented below:

Figures in THUF

Item	Prior year	Current year
<b>Accrued income</b>		
Revenues from resale of services from fully consolidated entities		1 457
Late-payment interest from parent company		
Late-payment interest from fully consolidated entities	3 757	34
Cash-pool interest from parent company	70	71
Late-payment interest from other companies		70
Bank interest	3	
Penalties		
Vehicle maintenance from fully consolidated entities		
Income from other activities	10 896	6 036
<b>Accrued income, total:</b>	<b>14 726</b>	<b>7 668</b>
<b>Prepaid expenses</b>		
Subscriptions		138
Duties and similar charges by authorities	123	
Software updates charge	33 945	71 431
IT services	6 856	7 103
Property rent, parent company		363
Property operation, parent company		
Other services from fully consolidated entity		12 261
Public utilities (gas), parent company	1 480	
Telephone		34
Telephone, parent company	457	
IC card from fully consolidated entity	6 236	
Insurance	27 191	
<b>Prepaid expenses, total</b>	<b>76 288</b>	<b>91 330</b>
<b>Deferred expenses</b>		
<b>Deferred expenses, total</b>	<b>0</b>	<b>0</b>
<b>Total:</b>	<b>91 014</b>	<b>98 998</b>

Table 10: Prepaid expenses/accrued income

## II.1.4 Equity

### II.1.4.1 Equity

Figures in THUF

Item	Share capital	Capital reserve	Retained earnings	Non-distributable reserve	B/S profit/(loss)	Revaluation reserve	Equity
<b>Opening, 2013</b>	<b>3 932 840</b>	<b>4 814 000</b>	<b>2 150 475</b>	<b>173 991</b>	<b>322 182</b>	<b>0</b>	<b>11 393 488</b>
Additions							0
Transfer of prior year's profit per B/S			322 182		-322 182		0
Allocated reserve related to unrealised FX losses							0
Allocated reserve related to unrealised FX losses, reversed							0
Allocated reserve equalling the amount of capitalised R&D			-114 317	114 317			0
Allocated reserve released in line with decreases in the capitalise value of R&D			11 796	-11 796			0
Additional capital contribution							0
Prior years' profit or loss, middle column							0
Net profit per balance sheet for 2013					1 281 027		1 281 027
Allocated reserves released							0
<b>Closing, 2013</b>	<b>3 932 840</b>	<b>4 814 000</b>	<b>2 370 136</b>	<b>276 512</b>	<b>1 281 027</b>	<b>0</b>	<b>12 674 515</b>

Table 11: Equity

### II.1.4.2 Allocated reserves

Allocated reserve	Opening	Released	Made	Closing
Cap. value of foundation and restructuring	11 188	11 796	3 518	2 910
Capitalised R&D	162 803	0	110 799	273 602
<b>Total:</b>	<b>173 991</b>	<b>11 796</b>	<b>114 317</b>	<b>276 512</b>

Table 12: Allocated reserves

## II.1.5 Provisions

### II.1.5.1 Provision for contingent liabilities

According to Section 41 (1) of the Accounting Act, **provisions shall be made** from the pre-tax profit to cover payment liabilities to third parties that originate from past and current transactions and contracts which are assumed to occur in the future or whose future occurrence is certain at the balance sheet date, but the amounts and the due dates of such liabilities are uncertain and the company has not provided the required cover for such liabilities in any other form.

In view of the above, provisions were made in 2013 for the following:

- Pending litigations;
- Working clothes and uniforms which were owed to employees in 2013 under the Collective Labour Contract but had not been distributed by 31 December 2013.

## NOTES TO THE FINANCIAL STATEMENTS FOR 2013

- A provision was made for the bonus liability and the related taxes and contributions (in line with Sections 41 (1), 44 (1) and 79 (2) of the Accounting Act) as the bonus amount for the reporting year had not been formally determined by the date on which the Company's annual financial statements were approved.
- A provision was made for the expected costs of the MÁV Évek plan for 2014-2016 due to the organisational changes resulting from the Company's merger into MÁV-START Zrt. on 1 January 2014.

The provision for contingent liabilities is presented below:

Figures in THUF

Provisions for liabilities	Opening	Released	Made	Closing
Warranty repairs of rail vehicles	124 907	124 907	0	0
Penalties due to warranty repairs	0	0	0	0
MÁV ÉVEK, early retirement and redundancies	0	0	80 597	80 597
Tax audit findings	0	0	0	0
Litigations	4 800	4 800	28 535	28 535
Damages	68 622	68 622	0	0
Work clothes	31 515	0	4 714	36 229
Penalty for stand-by	0	0	0	0
Penalty for late performance	0	0	0	0
Provision for penalties	492	492	0	0
Provision for MALÉV flight ticket	0	0	0	0
Provision for bonuses	111 810	111 810	67 973	67 973
<b>Total:</b>	<b>342 146</b>	<b>310 631</b>	<b>181 819</b>	<b>213 334</b>
<i>liabilities to related parties:</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>provisions for outstanding liabilities:</i>				

Table 13: Provision for contingent liabilities

### II.1.5.2 Provision for future expenses

The Company did not make any provisions for future expenses.

### II.1.5.3 Other provision

No other provision was made.

### II.1.5.4 Movements in provisions presented in the balance sheet in 2013

Figures in THUF

Item	Provision for contingent liabilities	Provision for future expenses	Other provision	Total
<i>Opening provisions</i>	<i>342 146</i>	<i>0</i>	<i>0</i>	<i>342 146</i>
Released	310 631		0	310 631
Made	181 819	0	0	181 819
<i>Closing provisions</i>	<i>213 334</i>	<i>0</i>	<i>0</i>	<i>213 334</i>

Table 14: Movements in provisions

## II.1.6 Liabilities

### II.1.6.1 Non-priority liabilities

The Company does not have any subordinated debt.

## II.1.6.2 Long-term liabilities

Long-term liabilities (all towards employees) totalled HUF 24,697 at the balance sheet date. As part of fringe benefits, employees may choose a non-repayable housing allowance paid by the employer directly to the mortgage bank based on a confirmation received from the bank.

### II.1.6.2.1 Long-term loans

The Company does not have any long-term development loans.

### II.1.6.2.2 Financial leases

The Company has no long-term financial leases.

## II.1.6.3 Short-term liabilities

### II.1.6.3.1 Short-term loans

To create the conditions required for our Company's successful operation, we concluded an overdraft agreement for working capital financing. From 24 January 2013, MKB Bank provided an overdraft credit of HUF 2 billion, while KDB from 23 January and Budapest Bank from 8 January each provided an overdraft credit of HUF 1 billion to our Company. The Company's overdraft was THUF 3,011,408 on the balance sheet date of 31 December.

The balance of short-term loans at 31 December 2013 was due to the overdraft balance.

### II.1.6.3.2 Other short-term liabilities

Figures in THUF

Item	Prior year	Current year
Materials received but not billed	110 135	27 516
Personal income tax	191 504	174 780
Pension insurance contribution	116 954	115 468
Health insurance contribution	98 842	97 988
Healthcare tax	12 583	10 598
Social tax	312 015	295 778
Other taxes and similar charges	68 507	94 740
Amounts owed to employees	538 130	634 856
Statutory attachment	14 363	15 016
Membership fees	2 830	2 965
Trade union membership	6 806	6 822
Early retirement	0	0
Local business tax, Szolnok	114	0
VAT	976 660	1 747 375
Other	113 401	74 808
<b>Other current liabilities, total</b>	<b>2 562 844</b>	<b>3 298 710</b>

Table 15: Composition of other short-term liabilities:

### II.1.6.3 Short-term liabilities by currency

By currency	Liability in FX	FX rate (FX/HUF)	Liability in THUF	Year-end FX gain or loss
<i>EUR</i>	1 545 512	296,91	458 878	3 690
<i>USD</i>				
<i>CHF</i>				
<i>SKK</i>				
<i>Other: GBP</i>				
<b>Total:</b>			458 878	3 690

Table 16: Short-term foreign exchange liabilities

### II.1.6.4 Liabilities to related companies

Data in THUF

Item	Parent	Fully consolidated	Equity consolidated	Affiliates	Total
Subordinated liabilities to related companies	0	0	0	0	0
Long-term liabilities to related companies	0	0	0	0	0
Short-term liabilities to related companies	283 799	1 169 142	1 206 299	56 044	2 715 284
<b>Total:</b>	<b>283 799</b>	<b>1 169 142</b>	<b>1 206 299</b>	<b>56 044</b>	<b>2 715 284</b>

Table 17: Liabilities to related companies

### II.1.6.5 Borrowing and repayment of long-term loans

The Company does not have any long-term loans.

### II.1.6.6 Hedging transactions

The Company did not have any hedging transactions.

### II.1.6.7 Joint and several liability and guarantee contracts

The details of MÁV-GÉPÉSZET Zrt's bank guarantee contracts valid at 31 December 2013 are presented below:



Beneficiary	Type of guarantee	Contracting party	Start date	End date	Amount of guarantee
<b>Bank guarantee</b>					
NAV Customs Directorate for Exclusive Matters and	For excise licensing	KDB Bank (Hungary) Zrt.	2013.01.03	2013.12.31	100
MOL Magyar Olaj- és Gázipari Nyrt.	Payment guarantee for buying 225,000 litres of diesel gasoline	Hungarian Branch of Citibank Europe plc	2011.06.30	2014.05.15	7 000
Geislinger GmbH	Purchase price payment guarantee (EUR 6 191,64)	Hungarian Branch of Citibank Europe plc	2013.09.16	2013.12.31	2 408
CAF Construcciones y Auxiliar de Ferrocarriles S.A.	Purchase price payment guarantee (EUR 681,000)	KDB Bank (Hungary) Zrt.	2012.06.18	2014.09.30	202 196
<b>Bank guarantees, total:</b>					<b>211 704</b>
<b>Guarantees, total:</b>					<b>211 704</b>

Table 18: Guarantee contracts in effect at the balance sheet date

#### II.1.6.8 Loans secured by lien

The Company does not have any lien obligation.

#### II.1.6.9 Off-balance sheet liabilities

MÁV-GÉPÉSZET Zrt. does not have any off-balance sheet liabilities.

#### II.1.6.10 Payment schedule of off-balance sheet interest and related charges

We do not have any off-balance sheet interest and related charge payment obligations.

#### II.1.6.11 Operating lease contracts in effect at the balance sheet date where the Company is the lessee

We do not have any operating lease contract.

#### II.1.7 Accrued expenses/prepaid income:

The details of accruals are presented below:

Item	Prior year	Current year
<b>Deferred income</b>		
Maintenance for fully consolidated subsidiary (186)	2 279	0
Maintenance for fully consolidated subsidiary (138)	0	400
Maintenance for fully consolidated subsidiary (180)	624 468	0
<b>Deferred income, total:</b>	<b>626 747</b>	<b>400</b>
<b>Accrued expenses</b>		
Vehicle maintenance provided by equity consolidated entity	0	
Early retirement	0	
MÁV ÉVEK	0	
Material costs	0	
Operating assets, maintenance	0	
Banking charges	295	189
Traction service provided by fully consolidated entity	2 329	0
Loan interest	9 047	4 013
Tax fine and late-payment charge	157	0
Parent company cash pool interest	0	
Audit fee	5 185	6 530
Hazardous waste treatment	0	0
Business gifts	0	0
Bonuses, changing wages and related contributions	226 912	0
Other damages paid	0	
Public utility charges	6 060	2 676
Recharged parent company utility costs	69 923	43 738
Work time of unions redeemed	0	
Insurance	0	
Rental fee from parent company	501	0
Rental and operating charges	0	8 576
Rail track toll	0	162 780
Sewer cleaning	739	0
IT services	2 534	0
Rail cargo services	354	0
Rail vehicle maintenance	1 124	0
Rail vehicle cleaning	1 080	0
Penalty from fully consolidated entity	300	25 475
Damages from fully consolidated entity	0	68 622
Training from parent company	4 598	0
Work health services from parent company	2 718	187
Parent company - IC solidity test	21 500	0
Bonuses, awards, and related taxes and contributions	0	
<b>Accrued expenses, total:</b>	<b>355 356</b>	<b>322 786</b>
<b>Deferred income</b>		
Deferred income	30 271	19 544
<b>Deferred income, total</b>	<b>30 271</b>	<b>19 544</b>
<b>Total:</b>	<b>1 012 374</b>	<b>342 730</b>

Table 19: Change in accrued expenses/prepaid income

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

### II.2.1 Net sales revenues

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

Data in THUF

Activity	Net sales revenues	
	Prior year	Current year
KJK revenues	25 406 863	29 385 940
Vehicle repair revenues	13 765 228	14 827 761
Sale of materials	450 538	360 287
Revenues from resale of services	1 653 297	193 819
Materials for export	0	
Other	4 582	568
<b>Total:</b>	<b>41 280 508</b>	<b>44 768 375</b>

Table 20: Net sales revenues by activity

#### II.2.1.2 Export and import sales revenues

Figures in THUF

Country	Előző év					Current year				
	Exported services	Exports, total	Import of goods	Imported services	Import, total	Exported services	Exports, total	Import of goods	Imported services	Import, total
<b>EU countries</b>										
Italy	27 493	27 493	295 274	197	295 471	40 245	40 245	0	0	0
Germany	59 743	59 743			0	74 736	74 736	396 797	63 962	460 759
Lithuania		0			0		0			0
Belgium		0			0		0			0
Ireland		0			0		0			0
Czech Republic		0	114 432		114 432	1 758	1 758	124 882	0	124 882
France		0	4 465		4 465	122	122	5 843		5 843
Austria	60 009	60 009	555 559	174 295	729 854	5 116	5 116	514 391	82 901	597 292
Denmark		0	25 474		25 474	105	105	30 010	0	30 010
Spain		0	144 994		144 994	0	0	88 484		88 484
Great Britain		0	73 560		73 560	0	0	25 721	56	25 777
Romania		0	3 042		3 042	0	0			0
Sweden		0	1 144		1 144	0	0	487		487
Slovenia		0	1 146		1 146	0	0			0
Estonia		0			0	0	0			0
Croatia	0	0	4 035		4 035	0	0		0	0
Slovakia		0	159 950	87	160 037	3 025	3 025	29 976	2 851	32 827
Poland		0	259 453		259 453	366	366	327 222	0	327 222
<b>EU countries total:</b>	<b>147 245</b>	<b>147 245</b>	<b>1 642 528</b>	<b>174 579</b>	<b>1 817 107</b>	<b>125 473</b>	<b>125 473</b>	<b>1 543 813</b>	<b>149 770</b>	<b>1 693 583</b>
<b>Non-EU countries</b>										
Switzerland	0	0	59 617		59 617	0	0	108 040	13	108 053
Mexico	0	0	0		0	358	358		0	0
<b>Non-EU countries total:</b>	<b>0</b>	<b>0</b>	<b>59 617</b>	<b>0</b>	<b>59 617</b>	<b>358</b>	<b>358</b>	<b>108 040</b>	<b>13</b>	<b>108 053</b>
<b>Total:</b>	<b>147 245</b>	<b>147 245</b>	<b>1 702 145</b>	<b>174 579</b>	<b>1 876 724</b>	<b>125 831</b>	<b>125 831</b>	<b>1 651 853</b>	<b>149 783</b>	<b>1 801 636</b>

Table 21: Export and import

## II.2.2 Capitalised value of own performance

Data in THUF

Activity	Opening	Closing	Change
<i>Work in progress and semi-finished products</i>	1 526 187	2 464 438	938 251
<i>Finished goods</i>	882 711	891 585	8 874
<b><i>Change in self-manufactured inventories</i></b>	<b>2 408 898</b>	<b>3 356 023</b>	<b>947 125</b>

Table 22: Change in self-manufactured inventories

Data in THUF

Activity	Prior year	Current year
Change in self-manufactured inventories	208 973	947 125
Capitalised value of own-manufactured assets	290 246	271 162
<b><i>Capitalised value of own performance</i></b>	<b>499 219</b>	<b>1 218 287</b>

Table 23: Capitalised value of own performance

## II.2.3 Costs by type

The details of our costs by type and by percentage are presented in the schedule below.

Figures in THUF

Item	Prior year		Current year	
	Amount	Distribution (%)	Amount	Distribution (%)
Material expenses in total:	23 083 619	57,49	27 677 346	62,82
Payments to personnel	16 223 916	40,40	15 637 052	35,49
Depreciation total:	848 101	2,11	742 810	1,69
<b><i>Total:</i></b>	<b>40 155 636</b>	<b>100</b>	<b>44 057 208</b>	<b>100,00</b>

Table 24: Expenditures

### II.2.3.1 Material expenses

Figures in THUF

Item	Prior year	Percentage of last year's total	Current year	Percentage of this year's total
<b>Material costs</b>				
Purchased materials	11 785 607	51,06	13 239 318	47,83
Fuel	120 050	0,52	96 637	0,35
Energy	895 275	3,88	922 077	3,33
Other materials	14 047	0,06	14 203	0,05
<i>Material costs, total:</i>	<b>12 814 979</b>	<b>55,52</b>	<b>14 272 235</b>	<b>51,57</b>
<b>Services used</b>				
<b>Material-type services used</b>	<b>7 049 074</b>	<b>30,53</b>	<b>10 845 238</b>	<b>39,18</b>
of which: rail vehicle maintenance, cleaning	2 455 711		4 753 957	
property rent and overhead	1 562 828		1 753 856	
traction, local shunting	753 319		826 023	
hired labour	683 458		1 277 069	
ralitrack usage charge	169 597		178 874	
<b>Non-material type services used:</b>	<b>1 342 544</b>	<b>5,82</b>	<b>2 137 857</b>	<b>7,72</b>
of which: training	113 067		72 281	
human services	285 448		261 540	
EBK services	100 588		91 450	
BKSZE material handling	40 740		269 677	
security services	57 339		62 507	
<i>Services used, total:</i>	<b>8 391 618</b>	<b>36,35</b>	<b>12 983 095</b>	<b>46,91</b>
<b>Other services</b>				
<b>Value of other services</b>	<b>117 249</b>	<b>0,51</b>	<b>145 467</b>	<b>0,52</b>
of which: bank charges	11 739		48 242	
administrative fees, duties	8 598		13 464	
insurance fees	84 430		83 761	
<i>Other services, total:</i>	<b>117 249</b>	<b>0,51</b>	<b>145 467</b>	<b>0,52</b>
<i>Cost of goods sold</i>	<b>99 024</b>	<b>0,43</b>	<b>82 728</b>	<b>0,30</b>
<i>Value of resold services</i>	<b>1 660 749</b>	<b>7,19</b>	<b>193 821</b>	<b>0,70</b>
<b>Material expenses in total:</b>	<b>23 083 619</b>	<b>100,00</b>	<b>27 677 346</b>	<b>100,00</b>

Table 25: Material expenses

### II.2.3.2 Personnel expenses

Data in THUF

Item	Prior year	Percentage of last year's total	Current year	Percentage of this year's total
Wages	11 031 458	68,00	10 644 696	68,07
Other payroll-related payments	1 724 953	10,63	1 679 536	10,74
Contributions on wages and salaries	3 467 505	21,37	3 312 820	21,19
<i>Payments to personnel</i>	<b>16 223 916</b>	<b>100,00</b>	<b>15 637 052</b>	<b>100,00</b>

Table 26: Personnel expenses

### II.2.3.3 Depreciation charge

Figures in THUF

Item	Prior year	Percentage of last year's total	Current year	Percentage of this year's total
Depreciation of intangible assets	143 105	16,87	77 446	10,43
Depreciation of tangible assets	704 996	83,13	665 364	89,57
<b>Depreciation total:</b>	<b>848 101</b>	<b>100</b>	<b>742 810</b>	<b>100,00</b>

Table 27: Depreciation charge

### II.2.3.4 Other revenues

Figures in THUF

Item	Prior year	Distribution (%)	Current year	Distribution (%)
Revenues from the sale of intangible and tangible assets	13 104	2,06	47 246	6,50
Reversed extra depreciation of tangibles and intangibles	0	0,00	0	0,00
Reversed impairment loss on inventories	17 359	2,72	57 782	7,95
Damages received	5 157	0,81	1 666	0,23
Late-payment interest received	28 358	4,45	49 189	6,77
Penalties received	16 218	2,54	7 319	1,01
Released provisions	286 484	44,95	310 631	42,74
of which: Provision for contingent liabilities	286 484	44,95	310 631	42,74
Provision for future expenses	0		0	0,00
Provision for unrealised FX losses	0		0	0,00
Other provisions released	0		0	0,00
Debtors sold	0	0,00	0	0,00
Subsidies and grants to compensate for expenses	236 164	37,06	230 156	31,67
Rounding difference	2	0,00	14	0,00
Materials from the disassembly of scrapped assets	6 604	1,03	2 248	0,30
Miscellaneous other revenues	27 843	4,37	20 588	2,83

Table 28: Other revenues

II.2.3.5 Other expenditures

Figures in THUF

Item	Prior year	Distribution (%)	Current year	Distribution (%)
Cost of fixed assets disposed of	1 336	0,07	21 865	1,90
Cost of scrapped fixed assets	9 464	0,52	2 055	0,18
Net value of missing fixed assets	284	0,02	637	0,05
Extraordinary depreciation of fixed assets	0	0,00	0	0,00
Impairment loss of inventories	66 004	3,62	92 717	8,06
Inventories missing, scrapped	132 112	7,25	26 089	2,27
Bad debts written off	769	0,04	1	0,00
Impairment of receivables	18 286	1,00	52 340	4,55
Late-payment interest paid	99 064	5,44	64 988	5,65
Damages	23 907	1,31	88 635	7,70
Self-revision fee	4 511	0,25	1 149	0,10
Taxes and similar charges	566 013	31,06	578 697	50,31
Penalties	627 314	34,43	28 206	2,45
Miscellaneous other expenses	14 544	0,80	11 055	0,97
Provisions made	258 542	14,19	181 819	15,81
of which: Provision for contingent liabilities	258 542		181 819	
Provision for future expenses	0		0	
Provision for unrealised FX losses	0		0	
Other provisions	0		0	
Rounding difference	0	0,00	0	0,00
<b>Total:</b>	<b>1 822 150</b>	<b>100,00</b>	<b>1 150 253</b>	<b>100,00</b>

Table 29: Other expenditures

## II.2.4 Financial and extraordinary profit or loss

We managed our operations successfully in the year from revenues earned and from funds received to finance our operations. The details are presented below:

### II.2.4.1 Revenues from financial transactions

Data in THUF

Item	Prior year	Distribution (%)	Current year	Distribution (%)
Dividend received (due)	313	0,38	231	0,31
Exchange gain on sale of investments	0	0,00	0	0,00
Interest and gain on financial investments	0	0,00	0	0,00
Other interest received (due) and similar income	8 268	10,10	1 646	2,24
of which: Cash-pool account - interest received	27	0,03	148	0,20
Interest from other credit institutions	8 241	10,07	1 498	2,04
Other financial revenues	73 291	89,52	71 522	97,45
of which: realised FX gain on FX balances		0,00	71 521	97,44
FX gain on forwards and futures		0,00		0,00
FX gain on the year-end revaluation of receivables and liabilities		0,00		0,00
<b>Total:</b>	<b>81 872</b>	<b>100,00</b>	<b>73 399</b>	<b>100,00</b>

Table 30: Revenues from financial transactions

### II.2.4.2 Expenditures of financial transactions

Figures in THUF

Item	Prior year	Distribution (%)	Current year	Distribution (%)
Loss on financial investments	0	0,00	0	0,00
Interest payable and similar expenses	141 360	72,74	132 143	68,62
of which: Interest paid to credit institutions	141 194	72,66	132 143	68,62
Impairment loss of investments, securities and bank deposits	0	0,00	0	0,00
Other financial expenditures	52 967	27,26	60 422	31,38
of which: Realised FX loss on FX receivables/payables	52 967	27,26	60 422	31,38
FX loss on forwards and futures	0	0,00	0	0,00
FX loss on the year-end revaluation of receivables and payables	0	0,00	0	0,00
<b>Total:</b>	<b>194 327</b>	<b>100,00</b>	<b>192 565</b>	<b>100,00</b>

Table 31: Expenditures of financial transactions



### II.2.4.3 Extraordinary revenues

Figures in THUF

Item	Prior year	Distribution (%)	Current year	Distribution (%)
Contribution in kind as the value in the articles of association	0	0,00	0	0,00
Assets received free of charge and surplus assets	0	0,00		0,00
Other extraordinary revenues	5 839	100,00	10 726	100,00
of which: Subsidies used	0	0,00	0	0,00
PHARE aid used	0	0,00	0	0,00
Amounts received free of charge	0	0,00	0	0,00
Cancelled receivables	0	0,00	0	0,00
Released extraordinary income	0	0,00	0	0,00
<b>Total:</b>	<b>5 839</b>	<b>100,00</b>	<b>10 726</b>	<b>100,00</b>

Table 32: Extraordinary revenues

We recognised as extraordinary income the deferred government grant income aimed at regional development which we had spent on the repair hall in Békéscsaba.

### II.2.4.4 Extraordinary expenditures

Figures in THUF

Item	Prior year	Distribution (%)	Current year	Distribution (%)
Book value of assets contributed to the company	0	0,00	0	0,00
Expenses on assets transferred free of charge	0	0,00	0	0,00
Other extraordinary expenditures	4 700	100,00	30 283	100,00
of which: Housing grant to employees	0	0,00	0	0,00
Forgiven debt	0	0,00	83	0,27
Cash transferred	4 700	100,00	0	0,00
<b>Total:</b>	<b>4 700</b>	<b>100</b>	<b>30 283</b>	<b>100,00</b>

Table 33: Extraordinary expenditures

Extraordinary expenses typically included donations to not-for-profit organisations in 2013.

II.2.5 Revenues from and expenses to related parties

Data in THUF

Item	Parent	Fully consolidated	Equity consolidated	Other related companies	Total
<b>Revenues</b>					
Net sales revenues	622 029	41 107 993	268 498	1 986 617	43 985 137
Other revenues *	1 379	94 615	1 210	-	97 204
Revenues from financial transactions	148	-	-	-	148
Extraordinary revenues	-	-	-	-	-
<b>Revenues, total:</b>	623 556	41 202 608	269 708	1 986 617	44 082 489
<b>Expenditures</b>					
Material expenditures	3 787 357	2 762 191	3 797 554	285 400	10 632 502
Other expenditures *	28 209	116 558	26 232	-	170 999
Expenditures of financial transactions	-	-	-	-	-
Extraordinary expenditures	-	-	-	-	-
<b>Expenses, total:</b>	3 815 566	2 878 749	3 823 786	285 400	10 803 501
<b>Total</b>	- <b>3 192 010</b>	<b>38 323 859</b>	- <b>3 554 078</b>	<b>1 701 217</b>	<b>33 278 988</b>

Table 34: Revenues from and expenses to related parties

\* Other revenues from and other expenses to related parties do not include the release of provision for contingent liabilities (THUF 492 for the parent company and THUF 124,807 for fully consolidated subsidiaries).

## Actual asset, financial position and profitability

### II.2.6 Value and composition of assets

MÁV-GÉPÉSZET Zrt's balance sheet total was THUF 24,446,241 at 31 December 2013.

The breakdown of assets and their percentage to the balance sheet total are presented below:

"A" Non-current assets	THUF 4,176,707	17.09 %
I. Intangible assets	THUF 374,733	1.53 %
II. Tangible assets	THUF 3,793,822	15.52 %
III. Financial investments	THUF 8,152	0.03 %
"B" Current assets	THUF 20,170,536	82.51 %
I. Inventories	THUF 10,388,181	42.49 %
II. Receivables	THUF 9,666,505	39.54 %
III. Securities	0	0 %
IV. Liquid assets	THUF 115,850	0.47 %
"C" Prepaid expenses/accrued income	THUF 98,998	0.40 %

The percentage of non-current assets is favourable. The percentage of inventories is high owing to the nature of our operations. The percentage of receivables is higher than expected as a result of late payment by related parties. The percentage of liquid assets is low and we needed an overdraft to fund our operations.

MÁV-GÉPÉSZET Zrt's true and fair equity, financial and income positions are represented by the following indicators:

#### II.2.6.1 Non-current assets ratio

$$\frac{\text{Non-current assets}}{\text{Total assets}} = \frac{4,176,707}{24,446,241} = 17.09 \% \quad (\text{base } 17.27 \%)$$

Non-current assets totalled THUF 4,176,707 at the end of 2013, which represents 17.27% of MÁV-GÉPÉSZET Zrt's balance sheet total.

#### II.2.6.2 Coverage of fixed assets

$$\frac{\text{Equity}}{\text{Tangible assets}} = \frac{12,674,515}{3,793,822} = 334.08 \% \quad (\text{base } 302.09 \%)$$

The non-current assets provide a 334.08 % cover for funding tangible assets. This indicator is very good as the expected ratio is typically in the range of 100 – 150 %. One of the main reasons for this favourable index is the fact that we rent our properties.

#### II.2.6.3 Coverage of fixed assets

$$\frac{\text{Equity}}{\text{Tangible assets}} = \frac{12,674,515}{3,793,822} = 304.46 \% \quad (\text{base } 284.38 \%)$$

Non-current assets 4,176,707

The coverage of non-current assets is also higher than expected. Equity is sufficient to fund non-current assets.

#### II.2.6.4 Current assets to non-current assets

$$\frac{\text{Current assets}}{\text{Non-current assets}} = \frac{20,170,536}{4,176,707} = 482.93 \% \quad (\text{base } 476.88 \%)$$

This indicator is also highly favourable and means that the Company's fastest moving assets produce the highest value. The only drawback of this situation is that inventories have a high percentage within current assets.

This indicator is normally much lower in the case of service providers, but our services are material intensive and this indicator is also affected by the fact that we do not own any properties.

#### II.2.7 Value and composition of liabilities

Equity and liabilities totalled THUF 24,446,241 at 1 December 2013 (and equalled total assets).

The percentages of equity and liability items per main balance sheet lines were as follows:

"D" Equity	THUF 12,674,515	51.85 %
I. Share capital	THUF 3,932,840	16.09 %
II. Subscribed, but unpaid capital	THUF 0	0 %
III. Capital reserve	THUF 4,814,000	19.69 %
IV. Retained earnings	THUF 2,370,136	9.70 %
V. Non-distributable reserve	THUF 276,512	1.13 %
VI. Balance sheet profit/(loss)	THUF 1,281,027	5.24 %
"E" Provisions	THUF 213,334	0.87 %
"F" Liabilities	THUF 11,215,662	45.88 %
I. Subordinated liabilities	THUF 0	0 %
II. Long-term liabilities	THUF 24,697	0.10 %
III. Current liabilities	THUF 11,190,965	45.78 %
"G" Accruals	THUF 342,730	1.40 %

Net profit per balance sheet for 2013 THUF 1,281,027.

Equity makes up 51.85 % of the balance sheet total.

Of current liabilities, 26.91 % (THUF 3,011,408) are loans, 43.61 % (THUF 4,880,847) are creditors (19.35 %, that is THUF 2,165,563, are liabilities from supply of goods and services, and 24.26 %, that is THUF 2,715,284, are amounts payable to related parties) and 29.48 % are other current liabilities.

Short-term loans totalled THUF 3,011,408 at 31 December 2013.

##### II.2.7.1 Capitalisation

$$\frac{\text{Equity}}{\text{Total liabilities}} = \frac{12,674,515}{24,446,241} = 51.85 \% \quad (\text{base } 49.10 \%)$$

*The higher the percentage of equity within equity and liabilities, the better is our position and the lower is our indebtedness.*

**II.2.7.2 Gearing ratio**

$$\frac{\text{Debt}}{\text{Equity}} = \frac{11,215,662}{12,674,515} = 88.49 \% \quad (\text{base } 91.76 \%)$$

*Borrowed capital is necessary for continuous operations, but the lower this ratio, the more stable the business.*

*We have liabilities falling due within one year and have the liquid assets to repay them.*

**II.2.7.3 Indebtedness ratio**

$$\frac{\text{Debt}}{\text{Total assets}} = \frac{11,215,662}{24,446,241} = 45.88 \% \quad (\text{base } 45.06 \%)$$

*This indicator shows that liabilities represent a burden on 45.88 % of our assets.*

**II.2.7.4 Ratio of long-term liabilities**

$$\frac{\text{Long-term liabilities}}{\text{Long-term liabilities} + \text{Equity}} = \frac{24,697}{12,699,212} = 0.19 \% \quad (\text{base } 0.19 \%)$$

Our long-term liabilities are immaterial.

**II.2.7.5 Equity increase ratio**

$$\frac{\text{Equity}}{\text{Share capital}} = \frac{12,674,515}{3,932,840} = 322.27 \% \quad (\text{base } 289.7 \%)$$

*The equity growth indicator shows the size of accumulated capital reserves and retained earnings. The higher this rate, the more efficiently we managed our issued capital. Capital management was especially efficient in 2013.*

**II.2.7.6 Non-current assets coverage**

$$\frac{\text{Equity}}{\text{Non-current assets}} = \frac{12,674,515}{4,176,707} = 303.46 \% \quad (\text{base } 284.38\%)$$

*The higher this indicators, the larger percentage of non-current assets is funded from equity. This indicator is also well above the favourable 100%.*

## II.2.7.7 Profitability indicators

$EBITDA = \text{Operating profit} + \text{depreciation} = \text{THUF } 2,248,850$  (base 1,287,336 THUF)

$$EBITDA \text{ rate} = \frac{EBITDA}{\text{Net sales revenues}} = \frac{2,248,850}{44,768,375} = 5.02 \% \text{ (base 3.12\%)}$$

$$\text{Operational rate} = \frac{\text{Operating profit}}{\text{Net sales revenues}} = \frac{1,506,040}{44,768,375} = 3.36\% \text{ (base 1.06\%)}$$

These indicators show the operating profit achieved per unit of net sales. It is in our very interest that these indicators be the highest possible as they indicate improved profitability of our operations.

## II.2.8 Financial position

MÁV-GÉPÉSZET Zrt's liquidity position is fundamentally affected by MÁV-START Zrt's financial position: if MÁV-START Zrt's budgeted solvency is impaired because of shortage in contractual annual government funding, MÁV-TRAKCIÓ Zrt's solvency position will be similarly impaired.

Insolvency of our key customers could potentially drive MÁV-GÉPÉSZET Zrt. bankrupt and could jeopardise our ability to meet our contractual commitments, which, in turn, may jeopardise MÁV-START Zrt's ability to meet its public service obligations.

### II.2.8.1 Working capital and liquidity

#### Net working capital

$\text{Current assets} - \text{Current liabilities} = 20,170,536 - 11,190,965 = \text{THUF } 8,979,571$

(base THUF 8,672,320)

The net working capital ratio shows our short-term solvency position.

#### Liquidity ratio

$$\frac{\text{Current assets}}{\text{Current liabilities}} = \frac{20,170,536}{11,190,965} = 180.24 \% \text{ (base 183.12 \%)}$$

This ratio shows the percentage of current assets covered by current liabilities. The standard ratio is 130 %. Our liquidity ratio is unchanged compared to last year.

#### Quick ratio

$$\frac{\text{Current assets} - \text{Inventories}}{\text{Current liabilities}} = \frac{9,782,355}{11,190,965} = 87.41\% \text{ (base 93.22\%)}$$

*The higher this rate, the better are our operations.*

*The standard 'safe' level is 100 %, which we were unable to reach in 2012 and required loans/overdraft to finance our operations.*

### **Cash liquidity ratio**

$$\frac{\text{Liquid assets}}{\text{Current liabilities}} = \frac{115,850}{11,190,965} = 1.04\% \quad (\text{base } 2.14 \%)$$

*The higher this indicator, the better as it shows that a higher percentage of current liabilities is covered by liquid assets.*

*The normal range is 10 – 50 %, we have minimal liquid asset levels.*

## II.2.8.2 Cash flow statement

Figures in THUF

No.	Item	Prior year	Current year
<b>I.</b>	<b>Operating cash-flows (lines 1-14)</b>	<b>-1 414 827</b>	<b>373 606</b>
1.	Profit before tax ±	327 918	1 367 317
	of which: amounts received free of charge		
	amounts granted free of charge, expensed		
	dividend received		
1/a	Previous years' profit/(loss)		
2.	Ordinary depreciation charge +	848 101	742 810
2/a	Extraordinary depreciation, losses	0	0
3.	Impairment loss recognised +	226 150	173 495
3/a	Reversal of impairment recognised -	-17 359	-57 782
4.	Changes in provisions ±	-27 941	-128 812
5.	Non-current asset disposals ±	-11 768	-25 381
6.	Movements in creditors ±	5 653	-694 135
7.	Movements in other current liabilities ±	-1 215 298	1 035 284
8.	Movements in accruals ±	443 648	-669 644
9.	Movements in debtors ±	351 710	4 209
10.	Change in current assets (net of trade accounts receivable and liquid assets)	-2 467 450	-1 291 995
11.	Movements in prepayments and accrued income ±	127 545	-7 984
12.	Tax paid and payable (on profit) -	-5 736	-73 776
13.	Dividend and share payable -		
<b>II.</b>	<b>Investing cash flows (lines 15-18)</b>	<b>-981 835</b>	<b>-887 777</b>
14.	Non-current asset additions -	-1 181 245	-937 885
15.	Non-current asset disposals +	13 104	47 227
15/b.	Movements in long-term financial assets	3 282	2 881
15/c.	Movements in advances for capital WIP	183 024	0
16.	Dividend received +		
<b>III.</b>	<b>Financing cash flows (lines 19-28)</b>	<b>2 222 808</b>	<b>407 037</b>
17.	Revenues from the issue of shares (capital addition) +		
18.	Proceeds from bond issue +		
19.	Borrowings +	2 222 808	404 043
	of which: short-term borrowings	2 222 808	404 043
	loss on year-end revaluation		
20.	Changes in long-term loans granted		
21.	Amounts received free of charge +		
22.	Changes in equity		
	of which: previous years' profit/(loss)		
23.	Redemption of shares, capital reduction -		
24.	Bond redemption -		
25.	Loan repayment -		
	of which: short-term borrowings		
	gain on year-end revaluation		
26.	Cash transferred +		
27.	Movements in payables to founders and in other long-term liabilities		2 994
<b>IV.</b>	<b>Change in cash and cash equivalents (Lines ±I±II±III) ±</b>	<b>-173 854</b>	<b>-107 134</b>

Table 35: Cash flow statement



### II.2.9 Balance sheet and profit and loss account affecting previous years

Significant changes to the accounting policies include the change in the concept of material error as of 2012. Accordingly, the effect of errors identified for previous years on the balance sheet or the profit or loss should be presented separately in the financial statements of the relevant year if such effect exceeds 5% of the equity in that year.

The aggregate absolute value of items affecting previous years' profit or loss was THUF 7,681, which is not over the material error threshold set out in the accounting policies. The items that adjust the profit or loss for previous years were not presented in a third, middle column in the financial statements for 2013. Instead, such items were recognised by the Company among costs, expenses incurred and revenues earned in the reporting year.

### III Supplementary notes

#### III.1 Environmental protection

The environmental tasks of MÁV GÉPÉSZET Zrt. were taken over by MÁV Zrt's EBK function as of 2011 at all of our sites. Our environmental activities are still controlled by our Security and safety function.

In order to manage the processes laid down in Act XLIII of 2000 on Waste Management, in 2010, MÁV Zrt. issued waste management instructions No. 56/2010. (IX.17. MÁV Ért.26.) EVIG for the local KJK workshops. At the same time, instruction No. 11/2009 of the managing director on the "Waste management rules for MÁV-GÉPÉSZET Zrt's vehicle repair sites" is also in effect.

In addition to the official regulations, waste management instructions No. 56/2010. (IX.17. MÁV Ért.26.) EVIG was issued for the local KJK workshops and instruction No. 11/2009 of the managing director on waste management rules was issued for MÁV-GÉPÉSZET Zrt's vehicle repair sites

The Company's short and medium term objectives include the gradual extension of the vehicle repair sites' Environmental Management System to the maintenance sites. One of our first EMS objectives for 2012 was to develop and certify an Environmental Management System for Miskolc KJK's three sites (Miskolc carriage repair workshop, Miskolc engine repair workshop, Füzesabony carriage repair workshop). The certification was performed at the end of March 2013.

In addition to the development and operation of an Environmental Management System under the MSZ EN ISO 14001:2005 standard, and full compliance with the environmental protection regulations, the organisation expects environmentally responsible behaviour and commitment both from all employees and executives, and assumes the continuous improvement of technologies in order to avoid adverse environmental impacts.

The details of the environmental protection activities and the related costs are presented below:

No audit was carried out by the environmental protection authority at the Company in 2013.

##### III.1.1 Environmental protection liabilities

Figures in THUF

Item	Prior year	Current year
Environmental expenses	122 933	138 325

Table 36: Environmental costs

HUF 63.5 million was spent on the decontamination of hazardous and non-hazardous waste (45.9 % of total expenses).

##### III.1.2 Tangible assets that serve environment purposes

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

Figures in THUF

Item	Opening	Increase in 2013	Decrease in 2013	Closing
Gross value of tangible assets	124 744	245	9 950	115 039
Depreciation of tangible assets	59 162	13 601	3 904	68 859
<i>Net value of tangible assets</i>	<i>65 582</i>	<i>-13 356</i>	<i>6 046</i>	<i>46 180</i>
<i>Construction in progress</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<b>Total:</b>	<b>65 582</b>	<b>-13 356</b>	<b>6 046</b>	<b>46 180</b>

Table 37: Tangible assets used directly for environment protection

### III.1.3 Waste values and quantities

#### III.1.3.1 Movements in the value of waste

Data in THUF

EWG code	Item	Opening balance	Increase in 2013	Decrease in 2013	Closing balance
12 01 01	Ferrous metal filings, lathe turnings	0	2 014 556	2 014 556	0
16 01 17	Ferrous metals	0	60 107	60 107	0
16 01 18	Red copper, bronze, yellow copper	0			0
16 01 18	Aluminium	0	22 062	22 062	0
16 01 18	Zinc	0			0
16 01 18	Metal mixtures	0			0
17 04 11	Cables	0	673	673	0
16 01 19	Plastics	0			0
16 01 20	Glass	0			0
16 06 01*	Battery, acidic	0	7 417	7 417	0
16 06 04	Battery, alkaline	0	6 248	6 248	0
<b>Total</b>		<b>0</b>	<b>2 111 063</b>	<b>2 111 063</b>	<b>0</b>

Table 38: Movements in the value of waste

#### III.1.3.2 Used oil and lubricants sold

Amounts in HUF

Recipient	2011		2012		2013	
	Quantity (kg)	Net book value	Quantity (kg)	Net book value	Quantity (kg)	Net book value
MOL-LUB Kft.	98,749	4,937	104,024	5,590	139,422	7,947

Table 39: Used oil and lubricants sold

Waste produced as a result of our operations is sold on a continuous basis.

## NOTES TO THE FINANCIAL STATEMENTS FOR 2013

- Movements in the quantities of hazardous waste

EWG code	Item	Opening balance	Increase in 2013	Decrease in 2013	Closing balance
050103*	Sludge removed from the base of containers	0	0	0	0
060101*	Sulphuric acid and similar acids	0	0	0	0
060106*	Other acids	0	40	0	40
060204*	Sodium and potassium hydroxide	0	940	940	0
061301*	Inorganic pesticides	0	0	0	0
061302*	Spent activated carbon (except 06 07 02)	0	0	0	0
070104*	Other organic solvents, cleansers and alkali substances	0	167	0	167
070107*	Other organic solvents, washing liquids and mother liquors	0	0	0	0
070214*	Wastes from additives containing dangerous substances	0	0	0	0
070604*	Other organic solvents, washing liquids and mother liquors	0	0	0	0
080111*	Paint and varnish containing organic solvents or other dangerous substances	1,400	9,157	9,814	743
080117*	Wastes from paint or varnish removal containing organic solvents or other dangerous substances	2,520	17,659	17,939	2,240
080317*	Waste toner (hazardous paint)	29	207	165	71
080409*	Waste adhesives and fillers containing organic solvents or other dangerous substances	818	4,049	4,842	25
100402*	Blast furnace slag and skimming from primary and secondary production	0	1,148	1,148	0
101007*	Casting cores and moulds containing dangerous substances	0	183	183	0
120109*	Machining emulsions and solutions free of halogens	707	0	707	0
120112*	Used wax and grease	0	6,390	6,198	192
120116*	Sandblasting wastes containing dangerous substances	185	8,252	6,372	2,065
EWG code	Item	Opening balance	Increase in 2013	Decrease in 2013	Closing balance
120118*	Oily metal sludge (from grinding, honing and lap-	590	36,629	36,533	686

**NOTES TO THE FINANCIAL STATEMENTS FOR 2013**

	ping)				
130205*	Non-chloride lubricants	30,080	154,619	150,257	34,442
130206*	Synthetic lubricants	190	165	355	0
130208*	Other lubricants	43	0	0	43
130506*	Oil from oil/water separator	0	0	0	0
130307*	Mineral oil based, non-chloride insulation and heat transmission lubricants	5,445	17,667	20,153	2,959
130501*	Mixed waste from oil/water separator	0	0	0	0
130502*	Sludge from oil/water separator	3,260	108,408	110,206	1,462
130507*	Oily water from oil/water separator	0	6,364	3,800	2,564
130508*	Mixed waste from oil/water separator	900	311,370	312,270	0
130701*	Heating and diesel oil	0	1,160	400	760
130899*	Other non-specified waste	0	0	0	0
140601*	HCFC, HFC	0	0	0	0
140603*	Other solvent mixes	360	5,550	4,750	1,160
150110*	Packaging containing residues of or contaminated by dangerous substances	3,785	47,471	47,803	3,285
150111*	Metallic packaging containing a dangerous solid porous matrix (e.g. asbestos)	924	1,293	1,779	410
150202*	Absorbents, filter materials (including oil filters not otherwise specified), wiping cloths, protective clothing contaminated by hazardous substances	11,027	81,095	79,491	12,631
160107*	Oil filters	3,974	7,029	9,359	1,644
160111*	Asbestos-containing friction disks	0	0	0	0
<b>EWC code</b>	<b>Item</b>	<b>Opening balance</b>	<b>Increase in 2013</b>	<b>Decrease in 2013</b>	<b>Closing balance</b>
160114*	Waste antifreeze containing hazardous materials	500	1,990	2,310	180
160121*	Hazardous spare parts	0	272	272	0

**NOTES TO THE FINANCIAL STATEMENTS FOR 2013**

160209*	Transformers and capacitors containing PCBs	0	0	0	0
160213*	Equipment no longer in use	0	364	364	0
160303*	Inorganic wastes containing dangerous substances	0	2	0	2
160403*	Other waste explosives	0	0	0	0
160305*	Organic wastes containing dangerous substances	2,035	7,950	6,620	3,449
160410*	Cables containing oil, coal tar and other dangerous substances	0	0	0	0
160506*	Laboratory chemicals, consisting of or containing dangerous substances	12	57	18	51
160507*	Discarded inorganic chemicals consisting of or containing dangerous substances	0	30	0	30
160508*	Organic chemicals, consisting of or containing dangerous substances	0	0	0	0
160601*	Lead accumulators	14,584	50,165	46,516	18,233
160606*	Separately collected electrolyte from batteries	4,000	15,385	12,285	7,100
160708*	Wastes containing oil	0	0	0	0
160709*	Wastes containing other dangerous substances	0	0	0	0
161001*	Aqueous liquid wastes containing dangerous substances	2,360	8,348	10,708	0
170106*	Fractions of concrete, bricks, tiles and ceramics containing dangerous substances	0	3,120	3,120	0
170204*	Glass, plastic and wood containing or contaminated with dangerous substances	1,509	4,290	5,759	40
170409*	Metal waste contaminated with dangerous substances	0	0	0	0
170410*	Cables containing oil, coal tar and other dangerous substances	0	70	70	0
170503*	Soil and stones containing dangerous substances	880	24,740	24,635	985
170507*	Track ballast containing dangerous substances	0	0	0	0
<b>EWC code</b>	<b>Item</b>	<b>Opening balance</b>	<b>Increase in 2013</b>	<b>Decrease in 2013</b>	<b>Closing balance</b>
170601*	Insulation materials containing asbestos	15	0	15	0
170603*	Other insulation materials consisting of or containing dangerous substances	0	305	305	0
190813*	Sludges containing dangerous substances from other treatment of industrial	190,000	263,260	383,260	70,000

## NOTES TO THE FINANCIAL STATEMENTS FOR 2013

	waste water				
180103*	Infectious waste	0	0	0	0
190905*	Ion-exchange resins	0	0	0	0
200121*	Fluorescent light bulbs and other mercury-containing wastes	319	2,008	2,040	287
200133*	Batteries and accumulators included in 16 06 01, 16 06 02 or 16 06 03 and unsorted batteries	581	1,264	1,483	362
200135*	Discarded electrical and electronic equipment other than those mentioned in 20 01 21 and 20 01 23 containing hazardous components	931	6,523	6,788	649
200137*	Wood wastes, alkaline or acidic	0	0	0	0
<b>Total:</b>		<b>283,963</b>	<b>1,217,155</b>	<b>1,332,032</b>	<b>169,086</b>

Table 40: Movements in the quantities of hazardous waste

### III.2 Research and experimental development

In its decision No. 160/2011 approved on 19 July 2011, MÁV Zrt's Board of Directors authorised the Company to develop and manufacture two Intercity carriage prototypes. MÁV-GÉPÉSZET Zrt. launched a development project accordingly with the aim of replacing the IC carriages currently used by MÁV-START with state-of-the-art carriages that can be used in international services and could be mass produced later. The development activities related to the prototype included: computer modelling, development database, an air tunnel system, including an air pump-back solution.

The innovative content of the project is a maximum speed of 200km/h, extra seats and special services (plugs, wireless internet, remote supervision system).

In 2013, HUF 111 million R&D cost was capitalised on the development of an IC+ prototype. The total recorded R&D expenditure at 31 December 2013 was THUF 273,602.

### III.3 Subsidies received

Further to government decision No. 1447/2011. (XII.21.) and to decision No. 37/2011. (XII.21.) RJGY of the Ministry for National Development, MNV Zrt's Board of Directors awarded a non-refundable subsidy to MÁV Zrt., MÁV-GÉPÉSZET Zrt., MÁV-START Zrt., and MÁV-TRAKCIÓ Zrt. for an incentive scheme of their staff employed at the time of payment continuously since 31 December 2007 and are not affected by the already existing bonus schemes. The incentive was paid in agreement with a trade union, VDSZSZ

## **NOTES TO THE FINANCIAL STATEMENTS FOR 2013**

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Solidarity. The amount of incentive was THUF 230,136, out of which an amount of THUF 116,636 received from MÁV Zrt. as a technical party was distributed to the staff affected on 17 December 2013.



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

Details of the Company's average number of employees and staff costs in 2013 are presented below:

Item	Prior year		Current year	
	Average statistical headcount	Distribution (%)	Average statistical headcount	Distribution (%)
Blue collar	3 194,49	75,48	3 128,32	76,35
White collar	975,08	23,04	905,67	22,11
<b>Total staff:</b>	<b>4 169,57</b>	<b>98,52</b>	<b>4 033,99</b>	<b>98,46</b>
Inactive	62,66	1,48	63,12	1,54
<b>Total employed:</b>	<b>4 232,23</b>	<b>100,00</b>	<b>4 097,11</b>	<b>100,00</b>

Table 41: Number of staff employed by the Company

The Company maintained efficient and prudent staff and payroll management in 2013, which resulted in well-balanced human resources during the year.

Item	Prior year					Current year				
	Wages	Other payments to personnel	Contributions on wages and salaries	Total	Distribution (%)	Wages	Other payments to personnel	Contributions on wages and salaries	Total	Distribution (%)
Blue collar	7 278 987	1 138 369	2 288 325	10 705 681	65,99	7 140 415	1 266 928	2 221 553	10 628 896	67,97
White collar	3 729 658	583 329	1 172 610	5 485 597	33,81	3 499 092	412 401	1 089 729	5 001 222	31,98
Inactive	22 813	3 255	6 570	32 638	0,20	5 189	208	1 538	6 934	0,04
<b>Total:</b>	<b>11 031 458</b>	<b>1 724 953</b>	<b>3 467 505</b>	<b>16 223 916</b>	<b>100,00</b>	<b>10 644 696</b>	<b>1 679 537</b>	<b>3 312 820</b>	<b>15 637 052</b>	<b>100,00</b>

Table 42: Payments to personnel

Item	Average pay (HUF/person/month)		Average pay for the category	
	2012	2013	2012	2013
- blue collar	177 099	192 843	149 261	150 593
- white collar	309 001	323 548	276 591	266 261
<b>Full-time</b>	<b>217 119</b>	<b>222 188</b>	<b>179 115</b>	<b>176 332</b>

Table 43: Average pay to full-time employees

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

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

Figures in THUF

Item	Prior year	Current year
Senior officers	39 840	0
Board of Directors	0	0
Supervisory Board	3 960	3 960
<b>Total:</b>	<b>43 800</b>	<b>3 960</b>

Table 44: Remunerations paid in 2013

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

No such amounts were disbursed, nor were any such guarantees assumed.

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

MÁV-GÉPÉSZET Zrt. does not have such liabilities.

## III.6 Investments

### III.6.1 The Company's investments and their opening balances

Amounts in HUF

Code	Name	Ownership %	Date of acquisition/formation	Postcode	Registered seat	Address	Issued capital as at 31 Dec. 2013	Reserves (expected) as at 31 Dec. 2013	B/S profit/loss (expected) as at 31 Dec. 2013	Equity (expected) as at 31 Dec. 2013	Registered capital as at 1 Jan. 2013	Accumulated impairment loss as at 1 Jan. 2013	Book value as at 1 Jan. 2013
<b>Fully consolidated</b>													
138	MAV Informatika Zrt.	0.12	2011.07.04	1012	Budapest	Krisztina krt. 37/A	800 000 000	1 341 576 000	194 445 000	2 337 021	1 000 000		1 000 000
136	MAV Ingatlankezelő Kft.	0.03	2013.06.17	1087	Budapest	Könyves Kálmán krt. 54-60.	398 960 000	390 261 724	71 136 498	860 358 222	0		0
Fully consolidated subsidiaries, total:							1 198 960 000	1 731 837 724	265 581 498	862 695 243	1 000 000	0	1 000 000
<b>Equity consolidated subsidiaries</b>													
<b>Associated companies</b>													
178	HUNGRAIL Egyesülés	n.a.	2008.05.16	1138	Budapest	Népfürdő u. 22/B	4 400 000	n.a.	n.a.	n.a.	200 000	0	200 000
191	TS-MAV Gépezet Services Kft.	49.00	2011.04.13	1097	Budapest	Fek u. 6.	510 000	n.a.	n.a.	n.a.	250 000	0	250 000
Associated companies, total:							4 910 000				450 000	0	450 000
<b>Other related parties</b>													
Other related parties, total:							1 203 870 000	1 731 837 724	265 581 498	862 695 243	1 450 000	0	1 450 000
<b>Total:</b>							<b>1 203 870 000</b>	<b>1 731 837 724</b>	<b>265 581 498</b>	<b>862 695 243</b>	<b>1 450 000</b>	<b>0</b>	<b>1 450 000</b>

Table 45: The Company's investments and their opening balances

### III.6.2 Changes in the Company's investments in 2013

Amounts in HUF

## NOTES TO THE FINANCIAL STATEMENTS FOR 2013

Code	Name	Capital increase, injection	Foundation	Purchase	Capital reduction	Disposal	Written off due to liquidation	Written off due to contribution in kind	FX gain/loss as at 31 Dec. 2013	Registered capital as at 1 Jan. 2013	Impairment loss recognised in the current year	Impairment loss written back	Written off due to contribution, disposal	Written off due to liquidation	Accumulated impairment loss as at 1 Jan. 2013	Book value as at 1 Jan. 2013
<b>Fully consolidated</b>																
138	MAV Informatika Zrt.									1 000 000	0	0	0	0	0	1 000 000
136	MAV Ingatlankezelő Kft.			100 000						100 000						100 000
<b>Fully consolidated subsidiaries, total:</b>																
<b>Equity consolidated subsidiaries</b>																
<b>Equity consolidated subsidiaries, total:</b>																
<b>Associated companies</b>																
178	HUNGRAIL Egyesülés									200 000	0	0	0	0	0	200 000
191	TS-MAV Gépészet Services Kft.									250 000	0	0	0	0	0	250 000
<b>Associated companies, total:</b>																
<b>Other related parties</b>																
<b>Other related parties, total:</b>																
<b>Total:</b>																

Table 46: Changes in the Company's investments in 2013

As of 16 May 2008, we have been a member of HUNGRAIL Hungarian Rail Association, with a membership contribution of HUF 200,000, in order to advance the case of rail transport development in a harmonised manner.

Further to decision No. 20/2011.sz.(07.04) of our owner, made outside a shareholders 'meeting, we purchased ordinary shares worth THUF 1,000 at face value in MÁV INFORMATIKA Zrt.

Further to decision No. 9/2011.sz.(04.13) of our owner, made outside a shareholders 'meeting, we co-founded TS-MÁV Services Gépészet Korlátolt Felelősségű Társaság (abbreviated: TSMÁV Gépészet Services Kft.) with TS Hungaria Kft. with an issued capital of THUF 510 (of which MÁV-GÉPÉSZET Zrt's quota is THUF 250).

With the approval specified in founder's decision No. 159/2013.sz. (V.06.), MNV Zrt. issued owner's decision No. 11/136/2013 on the distribution of its business quota. Based on the decision, our Company purchased a quota worth THUF 100 in MÁV Ingatlankezelő Kft.

### III.7 The Company's shares

The Company's share capital comprises 393,284 registered ordinary shares of HUF 10,000 face value each, in the following composition:

- MÁV Zrt. – 392,884 ordinary shares of HUF 10,000 face value each,
- MÁV-START Zrt. – 200 ordinary shares of HUF 10,000 face value each,
- MÁV-TRAKCIÓ Zrt. – 200 ordinary shares of HUF 10,000 face value each.

As required by the companies act, all shareholder rights are attributable to the shareholders.

### III.8 Corporate tax base adjusting items

The tax base adjusting items are presented below as follows:

Figures in THUF

Item	Increasing	Items reducing the tax base	Change in tax base
Adjustment due to provisions	181 819	310 631	-128 812
Adjustment due to depreciation	763 731	775 428	-11 697
Using the losses carried forward		655 460	-655 460
Statutory penalty	14 252		14 252
Impairment loss recognised/reversed on debtors	52 340	41 796	10 544
Forgiven debt			0
Interest difference with related parties			0
Non-refundable grants and amounts/assets transferred/received free of charge			0
Expense/revenue identified by tax audit or self-revision	6 076	1 606	4 470
Apprentices			0
Apprentices and unemployed hired			0
R&D			0
Non-arm's length price applied in related party transactions			0
Donations		6 000	-6 000
Costs incurred outside the normal course of business	200		200
<b>Total:</b>	<b>1 018 418</b>	<b>1 790 921</b>	<b>-772 503</b>

Table 47: Corporate tax base adjusting items

The Company's corporate tax liability for 2013 was THUF 86,290.

The tax authority has performed a full-scope tax audit at MÁV Gépészeti Zrt. for all financial years from the commencement of activities until 2009. There were no disputed items. The tax authority may examine the books and records at any time for up to 6 years after the respective tax year and may revise assessments or impose penalties. The Company's management is not aware of any circumstances which might result in a significant liability for the Company in such a case.



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