



**MÁV-TRAKCIÓ RAILWAY TRACTION PRIVATE COMPANY LIMITED
BY SHARES**

**NOTES
TO THE 2013 ANNUAL
FINANCIAL STATEMENTS**

24 MARCH 2014

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I General notes

I.1 The Company

- **Foundation and brief introduction:**

MÁV-TRAKCIÓ Vasúti Vontatási Zártkörűen Működő Részvénytársaság (hereafter: MÁV-TRAKCIÓ Zrt. or the Company) was co-founded on 10 October 2007 by MÁV Magyar Államvasutak Zártkörűen Működő Részvénytársaság [MÁV Hungarian Railways private company by shares] and MÁV-START Vasúti Személyszállító Zártkörűen Működő Részvénytársaság [MÁV START Railway Passenger Services private company by shares] with the purpose of taking over traction operations in from MÁV Zrt. in 2008.

Upon taking over traction operations, the Company received most of the assets necessary for its operations through contributions in kind as part of a capital increase and took over its legal predecessor's human resources.

MÁV-TRAKCIÓ Zrt. coordinates its technical operations across six regional traction centres in Budapest, Debrecen, Miskolc, Pécs, Szeged and Szombathely. MÁV-TRAKCIÓ Zrt. has its own quality assurance system and its management system was awarded an ISO 9001-2000 certificate by TÜV Rheinland.

- **Persons authorised in their own capacity to act on the Company's behalf:**

Csaba Ungvári managing director (mother's maiden name: Jolán Kőcse, domicile: 2800 Tatabánya, Hársfa liget 6/A.)

- **Person in charge of accounting and financial reporting:**

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

Name and domicile of the signatory(ies) to the financial statements:

The person authorised to sign the Company's annual financial statements is: **Csaba Ungvári managing director** (mother's maiden name: Jolán Kőcse, domicile: 2800 Tatabánya, Hársfa liget 6/A).

- **The Company's auditor:**

- The company is audited by **PricewaterhouseCoopers Könyvvizsgáló Kft.**
- The person responsible for the statutory audit is: **Éva Barsi**, registered auditor (Chamber membership number: 001464).
- The cost of the audit of the financial statements for 2013: **HUF 11,250,000**, which includes the fees charged by both PricewaterhouseCoopers Könyvvizsgáló Kft. and Ernst & Young Kft.

- **Company name:**

MÁV-TRAKCIÓ Vasúti Vontatási Zártkörűen Működő Részvénytársaság

- **In foreign languages:**

English: MÁV-TRAKCIÓ Railway Traction Private Company Limited by Shares

- **Abbreviated name:**

MÁV-TRAKCIÓ Zrt.

- **Abbreviated name in foreign languages:**

- English: MÁV-TRAKCIÓ Co.

- **The Company's registered office:**

1087 Budapest, Könyves Kálmán krt. 54-60.

- **The Company's homepage:**

www.mav-trakcio.hu

- **The Company's consolidated financial statements can be viewed at the following website:**

www.e-beszamolo.hu

- **Founders and shareholders:**

- MÁV Magyar Államvasutak Zártkörűen Működő Részvénytársaság [private company by shares]
Shareholding: **99.99%**
- MÁV-START Vasúti Személyszállító Zártkörűen Működő Részvénytársaság [private company by shares]
Shareholding: **0.01%**

Date of foundation: **10 October 2007**

Date of registration: **24 October 2007**

- **The consolidating entity:**

MÁV Magyar Államvasutak Zártkörűen Működő Részvénytársaság [private company by shares]

- **Registered seat of the consolidating entity:**

1087 Budapest, Könyves Kálmán krt. 54-60

- **The Company's share capital:**

At 31 December 2013, the Company's issued capital totalled HUF 29,814,674,000 that consisted of

- 20 ordinary shares of HUF 1,000,000 face value each and
- 29.794.674 ordinary shares of HUF 1,000 face value each.

- **The Company**

- Company registration number: **Cg 01-10-045779**
- Tax number: **14070446-2-44**

- Statistical code: **14070446-5221-114-01**

- **Operations:**

- 5221 Land transport support services**

- 4910 Local passenger railway transport

- 4920 Transport of goods on railway

- 5229 Other transport support services

I.2 The Company's Accounting Policy

The accounting policies developed by MÁV-TRAKCIÓ Zrt's management fully comply with the requirements of the accounting law and follow the principles laid down in MÁV Group's group accounting policies.

As required by the accounting law, the Company applies the double entry bookkeeping system and prepares annual financial statements.

The functional currency is the Hungarian forint (HUF). Any accounting documents that contain amounts denominated in foreign exchange (FX) are presented in both HUF and in FX in the detailed records.

As a general rule, amounts denominated in FX are translated into HUF at the official FX rates of the National Bank of Hungary (MNB).

The financial year is the same as the calendar year and thus ends

31 December each reporting year.

The Company meets its annual financial reporting obligation by preparing version "A" of the statutory balance sheet and version "A" of the statutory profit and loss account (total cost method).

The Company's financial statements are prepared in the Hungarian language. Amounts over HUF 100 billion are presented in HUF millions, otherwise in HUF thousands.

No extra lines are added to nor merged in either the balance sheet or the profit and loss account.

In accordance with Section 3 (6) 1 of the Accounting Act, the date of balance sheet preparation is 14 February of the year following the reporting year.

For accounting purposes:

- 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 5% of the balance sheet total of the audited/self-corrected year or HUF 500 million. Errors are always considered to be material if, in the year when disclosed by different reviews, the total of all errors (whether negative or positive) disclosed for the same financial year and the impacts thereof – increasing or decreasing the profit or equity – exceeds 2% of the balance sheet total of the reviewed financial year.
- For the impairment of assets, the difference between the historic cost and the fair value of the asset is assessed on an individual basis.
- Impairment is recognised on participations if there is a significant and permanent difference between the book value and the fair value of the participation.
- Foreign exchange gains and losses arising on the year-end revaluation of receivables and payables, securities and liquid assets denominated in foreign exchange are always material irrespective of the amount involved.
- Extraordinary revenues and expenditures are always considered material and are presented in the notes by title.

I.3 Changes in the accounting policies

The accounting policies were amended during the reporting year.

The most important changes were as follows:

As a result of the amendments of the Accounting Act and other legislation that took effect in 2013, MÁV-TRAKCIÓ Zrt.'s accounting policies were modified as follows:

- Material error was modified in the Accounting Policy, which is now in line with MÁV Group's sample policy. This modification must be applied also in the financial statements for 2013.
- However, due to the nature, number and volume of the Company's economic transactions, only differences that meet the criteria specified in the Accounting Policy qualify as errors.
- It is recorded in the chapter on the definition, classification and registration of intangible assets that "goodwill is registered based on an individual decision".
- Other expenditures of financial transactions include the accrual of unrealised exchange loss arising from the measurement of settled foreign currency current asset loans not secured with existing FX balances at the balance sheet date and not offset by an exchange gain as new item.
- Provisions for contingent liabilities include provisions for premiums due but not yet approved for the reporting year and related contributions as a new item.
- The accrual of the exchange loss on the current asset loan and the related necessary provision were added to other provisions.

- Short-term liabilities, loans and credits received for a period that is shorter than a financial year, including also repayments of long-term liabilities due within one financial year following the balance sheet date have been updated to show more exact figures (detailed information on the latter must be provided in the notes to the financial statements). Short-term liabilities generally include advance payments received from customers, liabilities from the supply of goods and services, promissory notes, dividend payable, shares, interest on interest-bearing shares and other short-term liabilities.
- The accounting policies have been amended to reflect that the Company accounts electricity and gas consumption (including network charges, energy tax and liquid assets as required by the act on the supply of electricity), and water charges as material expenses instead of services used.

I.4 The Company's valuation methods

Non-current assets are classified, accounted and valued according to the provisions of the Accounting Act. Tangible and intangible assets are recorded at purchase or production cost 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). The cost of tangible and intangible assets is apportioned over the years when the asset is expected to be used. Ordinary depreciation is charged monthly on a straight line basis, with daily calculations.

For the ordinary depreciation of new TRAXX engines, being valuable assets acquired at significant financing costs, the company has opted for the depreciation method provided in subsection 52 (3) of the Accounting Act (this option is available upon the acquisition of the assets but no later than in the year of acquisition) as set out in the accounting policies. The annual depreciation charge is attributed to each year also in view of the interest on loans used to finance the acquisition of the assets and any losses on related foreign exchange loans – as such expenses do not form part of the cost of the assets.

As provided by the Accounting Act, tangible and intangible assets that cost below HUF 100,000 are immediately expensed upon commissioning.

According to Section 58 (5) of the Accounting Act, if the market value of tangible assets is substantially higher than the book value, the difference between the market value and the book value after reversal can be shown in the balance sheet as value adjustment among assets, and as valuation reserve under equity. In the 2013 financial year, MÁV-TRAKCIÓ Zrt. did not use the option of recognising value adjustments.

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

In accordance with Section 57 (2) of the Accounting Act, if the book value is below the initial cost of the asset due to the extraordinary depreciation and the reasons for the extraordinary depreciation no longer exist, the previously recognised extraordinary depreciation should be reversed. Any such reversal should be recognised up to the fair value of the asset net of ordinary depreciation. Extraordinary depreciation can be reversed only for assets owned at the balance sheet date. No reversal is recognised for assets written off during the year.

Tangible and intangible assets are presented in the balance sheet at cost less ordinary and extraordinary depreciation plus any reversed impairment loss.

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

Current assets are classified and valued in accordance with the following:

- Instructions as to the use of the inventory module of the GIR system were introduced in relation to the records of TRAXX spare parts.
- Self-produced inventories are presented at direct production cost attributed to the products based on closely related and other appropriate indicators.
- Debtors, receivables from related parties and other receivables are carried at initial value less any impairment loss and plus any reversed impairment loss.

During the year-end revaluation of foreign exchange (FX) items, long-term financial assets, securities and liquid assets, receivables and payables denominated in foreign exchange or foreign currency are re-measured at the MNB's official FX rates, and the resulting aggregate FX gain or loss is recognised as financial income or expense in accordance with the Accounting Act.

The unrealised FX loss arising on the revaluation of project loans denominated in foreign exchange and not covered with sufficient FX funds in an FX account is carried forward, while any unrealised FX gain is recognised as financial income when concurrently recognising any previously brought forward FX loss as a financial expense.

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

I.5 Important changes in operations in the reporting year

Significant events in the Company's business in 2013:

Owing to the efficient management of our affairs, our operating and annual profits exceeded the plan in 2013, while we managed to retain our service tariffs, which were reduced in 2012, unchanged towards our largest customers, MÁV-START Zrt. and MÁV Zrt.

Besides, based on our middle-term general traction contract signed with our largest unrelated customer, Rail Cargo Hungaria (RCH) and will expire at the end of 2016, we signed a mutually beneficial amendment which will reduce the FX exposure of both parties.

From 1 May 2013, instead of MÁV Zrt., MÁV-START Zrt. will directly order shunting services in six train stations. Overall, the changes did not affect the profit or loss and were taken into account as budget adjustments.

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

performed 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

The timing of the transformation, in accordance with the Companies Act's provisions on mergers and the relevant provisions of other acts (including, in particular, Act V of 2006 on publicly available company information, company court procedures and solvent liquidation, and Act I of 2012 on the Labour Code):

- | | |
|--|-------------------|
| 1. Date of the transformation balance sheet related to the merger: | 30.06.2013 |
| 2. Date of the first decision related to the merger: | 01.08.2013 |
| 3. Date of the second decision related to the merger: | 27.09.2013 |
| 4. Balance sheet date of the transformation, date of the merger: | 01.01.2014 |

The merging private limited companies complied with their obligation to submit a report to the competent court of registration as prescribed by Section 280 (1) of the Companies Act on **28 August 2013**.

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

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 companies affected by the merger will comply with the requirements laid down in the Companies Act when they carry out the transformation as a preferential transformation under Section 4 (23) a) of Act LXXXI of 1996 on Corporate Tax and Dividend Tax. With regard to the above, after the transformation, MÁV-START Zrt., as the legal successor of MÁV-TRAKCIÓ Zrt. and MÁV-GÉPÉSZET Zrt., must determine its tax base, taking into account the assets and liabilities received from the merging company (including provisions and accruals), by adjusting the pre-tax profit, as if the transformation had not taken place. MÁV-START Zrt. keeps separate records of the revalued assets and liabilities, indicating their cost, book value and calculated registered value recognised by the merging companies as at the day of transformation, and the amount that MÁV-START Zrt. accounted after the transformation as an adjustment to its pre-tax profit, based on the assets and liabilities.

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. The date of balance sheet preparation is 14 February 2014.

II.1.1 Non-current assets

II.1.1.1 Movements in intangible assets

Figures in MHUF

ITEM		Capitalised value of foundation/restructur	Capitalised value of R&D	Intangible property rights	Intellectual property	Goodwill	Advances on intangibles	Adjustment of intangibles	Total
1.	Cost, opening	0	38	135	430	0	0	0	603
2.	Acquisition, renewal (capitalised)	0	0	0	219	0	0	0	219
3.	Changes in WIP	0	2	0	-9	0	0	0	-7
4.	Count surplus	0	0	0	0	0	0	0	0
5.	Contributed free of charge	0	0	0	0	0	0	0	0
6.	Contribution in kind	0	0	0	0	0	0	0	0
7.	Disposal	0	0	0	0	0	0	0	0
8.	Scrapping, obsolescence	0	0	0	0	0	0	0	0
9.	Missing	0	0	0	0	0	0	0	0
10.	Destroyed	0	0	0	0	0	0	0	0
11.	Reclassified (break-down, aggregated)	0	0	0	0	0	0	0	0
12.	Cost, closing	0	40	135	640	0	0	0	815
13.	Amortisation, opening	0	0	129	240	0	0	0	369
14.	Ordinary amortisation in current year	0	0	2	103	0	0	0	105
15.	Ordinary amortisation in prior year	0	0	0	0	0	0	0	0
16.	Extraordinary amortisation in current year	0	0	0	0	0	0	0	0
17.	Extraordinary amortisation reversed	0	0	0	0	0	0	0	0
18.	Received free of charge	0	0	0	0	0	0	0	0
19.	Count surplus	0	0	0	0	0	0	0	0
20.	Contributed free of charge	0	0	0	0	0	0	0	0
21.	Contribution in kind	0	0	0	0	0	0	0	0
22.	Disposal	0	0	0	0	0	0	0	0
23.	Scrapping	0	0	0	0	0	0	0	0
24.	Missing	0	0	0	0	0	0	0	0
25.	Destroyed	0	0	0	0	0	0	0	0
26.	Reclassified (break-down, aggregated)	0	0	0	0	0	0	0	0
27.	Amortisation, closing	0	0	131	343	0	0	0	474
28.	Opening, net	0	38	6	190	0	0	0	234
29.	Closing, net	0	40	4	297	0	0	0	341

Table 1 Movements in intangible assets in the reporting year

Intangible property rights include software licences purchased by the Company.

Intellectual products include various pieces of software.

In 2013, three significant value-increasing software investments took place, in the amount of HUF 205 million: HUF 78 million for traction software, HUF 68 million for EMIG software, and HUF 59 million for IVU PLAN software.

II.1.1.2 Movements in tangible assets

Figures in MHUF

ITEM	Real property and related rights	Technical equipment	Other equipment, fittings, vehicles	Livestock	Capex, improvements	Advances for capex	Value adjustment of tangible assets	Total
1. Cost, opening	9	132 026	3	0	65	765	0	132 868
2. Acquisition, renewal (capitalised)					4 707	-765		3 942
3. Received free of charge								0
4. Count surplus								0
5. Received into inventory								0
6. Contributed free of charge								0
7. Contribution in kind								0
8. Disposal		-25						-25
9. Scrapping, obsolescence		-2						-2
10. Missing								0
11. Destroyed								0
12. Capitalised - acquired in current year		4 707			-4 707			0
13. Capitalised - acquired in previous year		65			-65			0
14. Reclassification								0
15. Cost, closing	9	136 771	3	0	0	0	0	136 783
16. Amortisation, opening	0	39 582	3	0	0	0	0	39 585
17. Ordinary amortisation in current year		9 613						9 613
18. Ordinary amortisation in prior year								0
19. Extraordinary amortisation in current year		45						45
20. Extraordinary amortisation reversed		-125						-125
21. Received free of charge								0
22. Count surplus								0
23. Contributed free of charge								0
24. Contribution in kind								0
25. Disposal		-6						-6
26. Scrapping		-3						-3
27. Missing								0
28. Destroyed								0
29. Reclassified to inventories								0
30. Amortisation, closing	0	49 106	3	0	0	0	0	49 109
31. Opening, net	9	92 444	0	0	65	765	0	93 283
32. Closing, net	9	87 665	0	0	0	0	0	87 674

Table 2 Movements in tangible assets in the reporting year

Owing to the nature of our operations, 97.93% of our tangible assets is made up of railway traction engines totalling HUF 85,860 million at book value, of which the net value of electric engines is HUF 62,206 million, and the net value of diesel engines is HUF 23,654 million. Driver cabin equipment is also material at a total of HUF 1,494 million net book value.

Of the investments, HUF 4,536 million was capitalised for refurbishing engines, HUF 206 million for IT equipment, and HUF 30 million for driver cabin equipment in 2013.

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

We do not have any treasury- or municipality-owned assets.

II.1.1.4 Capital expenditures

Figures in MHUF

Item	Construction in progress	
	Prior year	Current year
Opening	409	65
Reporting year expenditure	8 608	4 707
Capitalised	8 952	4 772
Extraordinary depreciation	0	0
Other increase	0	0
Other decrease	0	0
Closing	65	0

Table 3 Capital expenditures

Capex improvements include assets acquired but not commissioned by the end of the year. The closing value of capital expenditures was HUF 0 million as at 31 December 2013.

II.1.1.5 Depreciation charge

The ordinary and extraordinary amortisation/depreciation of intangible and tangible assets as well as the depreciation accepted by the corporate tax act are presented below:

Figures in MHUF

Item	Gross value	Depreciation				
		Ordinary	Extraordinary	Extraordinary reversal	As per the Accounting Act, total	As per the Corporate Tax Act, total
Land	0	0	0	0	0	0
Real estate properties (less land)	9	0	0	0	0	1
Machinery, equipment	136 771	9 613	45	-125	9 533	19 161
Other machinery and equipment	3	0	0	0	0	0
Capital expenditures	0	0	0	0	0	0
Total tangible assets:	136 783	9 613	45	-125	9 533	19 162
Intangible assets	815	105	0	0	105	190
Total:	137 598	9 718	45	-125	9 638	19 352

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

The HUF 45 million of extraordinary depreciation is the result of the write-down to raw material value of one engine due to accidental damage.

In 2010, extraordinary depreciation was recognised on some unused engines. As the use of nine engines resumed in 2013, extraordinary depreciation of HUF 125 million was reversed.

Based on the depreciation model applied, no depreciation was recognised on TRAXX engines in 2013 for accounting purposes. If we had applied the straight line method, which considers a useful life of 30 years, then ordinary depreciation of HUF 830 million would have been charged on TRAXX engines in 2013.

The actual cost of TRAXX engines calculated based on the applied model was within the budgeted range. Accordingly, the depreciation rate for next year will be as in the model.

II.1.1.6 Assets contributed/received free of charge

There were no assets contributed or received free of charge in the reporting year.

II.1.1.7 Investments

MÁV-TRAKCIÓ Zrt's participations are detailed below.

Figures in MHUF

Item	Book value of investment			
	Opening	Increase	Decrease	Closing
Fully consolidated subsidiary	3	0	0	3
Entities treated as associated in consolidation	0	0	0	0
Associated companies	0	0	0	0
Other companies	0	0	0	0
Total:	3	0	0	3

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

MÁV-TRAKCIÓ Zrt. has investments in the following six companies: MÁV-GÉPÉSZET Vasúti jármű Fenntartó és Javító Zártkörűen Működő Részvénytársaság, MÁV Szolgáltató Központ Zrt., HUNGRAIL Magyar Vasúti Egyesülés, MÁV VASÚTŐR Kft., MÁV Ingatlankezelő Kft., and Vasútegészségügyi Kht.

The book value of the Company's shares held in MÁV-GÉPÉSZET Zrt. totals HUF 2 million, which is the same as the face values of the shares.

The book value of the shares held in MÁV Szolgáltató Központ Zrt. is HUF 1 million.

The book value of the Company's shares held in HUNGRAIL Magyar Vasúti Egyesülés "VA" totals HUF 200 thousand, which represents 4.55% ownership.

The book value of the shares held in MÁV VASÚTŐR Kft. is HUF 100 thousand.

The book value of the shares held in MÁV Ingatlankezelő Kft. is HUF 100 thousand.

The Company also has an investment of THUF 100 in Vasútegészségügyi Kht.

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

II.1.1.8 Impairment loss of long-term financial assets

The Company has only long-term investments and, based on information available upon the preparation of the balance sheet, no impairment loss had to be recognised.

II.1.2 Current assets

II.1.2.1 Inventories

The Company holds bulk gasoline of HUF 288 million.

Strategic TRAXX engine spare parts are recognised in the amount of HUF 711 million. Of these inventories, TRAXX parts worth 14 million taken for use and expensed previously were eventually not built in the engines and are carried as inventories at the workplace.

The value of engines reclassified to inventories dropped by HUF 4 million due to scrapping to a net value of HUF 13 million.

Figures in MHUF

Inventories	Materials	Work in progress and semi-finished products	Young, fattened and other livestock	Finished goods	Goods	Advance payments on inventories
<i>Opening, gross</i>	1068	0	0	0	0	0
Purchase	70	0	0	0	0	0
Received free of charge	0	0	0	0	0	0
Contribution in kind	0	0	0	0	0	0
Reclassification	0	0	0	0	0	0
Taken to inventories	0	0	0	0	0	0
Surplus	0	0	0	0	0	0
Other increase	32	0	0	0	0	0
Use (expensed)	145	0	0	0	0	0
Reclassification	0	0	0	0	0	0
Disposal	0	0	0	0	0	0
Transferred free of charge	0	0	0	0	0	0
Contributed	0	0	0	0	0	0
Scrapping	4	0	0	0	0	0
Missing	9	0	0	0	0	0
Other decrease	0	0	0	0	0	0
<i>Closing, gross</i>	1012	0	0	0	0	0
<i>Impairment, opening</i>	0	0	0	0	0	0
Impairment loss for the current year	0	0	0	0	0	0
Written off due to low stock levels	0	0	0	0	0	0
Reversed impairment	0	0	0	0	0	0
<i>Impairment, closing</i>	0	0	0	0	0	0
<i>Opening, net</i>	1068	0	0	0	0	0
<i>Closing, net</i>	1012	0	0	0	0	0

Table 6 Inventories

II.1.2.2 Receivables

II.1.2.2.1 Reclassification of receivables and liabilities

The following items have been reclassified in the balance sheet:

- HUF 22 million was reclassified to other receivables, including HUF 20 million in local business tax overpayment, and HUF 2 million in self-revision fee overpayment to the Tax Authority.
- Of long-term liabilities, the instalments of development and project loans due in 2014 were reclassified to short-term loans totalling HUF 12,054 million, of which: Eurofima: HUF 9,323 million, Kfw: HUF 984 million (TRAXX), EIB: (TRAXX) HUF 909 million, Raiffaisen H-91: HUF 364 million, MFB: HUF 196 million, UniCredit-MFB: HUF 156 million, and Raiffaisen: HUF 123 million.

II.1.2.2.2 Receivables and impairment loss

Debtors include primarily amounts receivable from related parties totalling HUF 17,893 million.

Domestic debtors total HUF 3,192 million. No impairment loss was recognised on domestic debtors in 2013. Export debtors total HUF 1,141 million.

Other receivables of HUF 879 million include HUF 787 million of compensation receivable from the state budget and salary advances paid to employees in a total of HUF 60 million.

In accordance with our Company's accounting policy, 50% impairment loss was recognised on receivables due over 180 days, and 100% was recognised on receivables due over 360 days. Receivables outstanding at the balance sheet date and impairment losses recognised on receivables in the reporting year are presented below.

Figures in MHUF

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	Impairment written off	Impairment in the current year	Written off debt collected	Reversed impairment loss	Closing balance	
Accounts receivable from supply of goods and services (trade debtors)	4 163	129	0	0	44	4 336	44	0	0	0	0	44	4 292
Receivables from associated companies	7 238	9 388	1 267	0	0	17 893	0	0	0	0	0	0	17 893
<i>of which: parent company</i>	1 861	35	0	0	0	1 896	0	0	0	0	0	0	1 896
<i>fully consolidated subsidiary</i>	5 377	9 353	1 267	0	0	15 997	0	0	0	0	0	0	15 997
<i>equity consolidated subsidiary</i>	0	0	0	0	0	0	0	0	0	0	0	0	0
<i>associated company</i>	0	0	0	0	0	0	0	0	0	0	0	0	0
<i>other related companies</i>	0	0	0	0	0	0	0	0	0	0	0	0	0
Other receivables	876	1	1	2	2	882	0	0	3	0	0	3	879
Total receivables:	12 277	9 518	1 268	2	46	23 111	44	0	3	0	0	47	23 064

Table 7 Receivables and impairment loss

II.1.2.2.3 Amounts receivable in foreign exchange by currency

Of the trade receivables, EUR 3.65 million are recorded in a foreign currency, on which we recognised HUF 3 million in exchange gain. We recognised an exchange gain of HUF 1.2 million on foreign currency bank accounts and uninvoiced foreign currency items.

By currency	Receivable in FX	FX rate (FX/HUF)	Receivable in MHUF	Year-end FX gain or loss (MHUF)
EUR	4 242 162,84	296,91	1 260	4,2
Total:			1 260	4,2

Table 8 Receivables in FX

II.1.2.3 Impairment loss on securities

MÁV-TRAKCIÓ Zrt. does not have any securities.

II.1.2.4 Receivables from related parties

Amounts receivable from related parties as classified according to their inclusion in MÁV Zrt.'s consolidated financial statements are presented in the schedule below.

Figures in MHUF

Item	Parent	Fully consolidated subsidiary	Equity consolidated	Affiliates	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	1 896	15 997	0	0	17 893
Total:	1896	15997	0	0	17 893

Table 9 Receivables from related parties

The majority of the Company's revenues comes from one member of the MÁV Group, MÁV-START 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 and accrued income

Prepaid expenses and accrued income presented in MÁV-TRAKCIÓ Zrt.'s balance sheet are detailed below by category:

Figures in MHUF		
Item	Prior year	Current year
Accrued income		
Related to the exchange of engine services	21	16
Late payment penalty	22	9
Damages	8	3
Traction and shunting services	222	339
Other	3	0
Accrued income, total:	276	367
Prepaid expenses		
Rental fee	25	17
Insurance	125	143
Dismissal pay	15	3
Property overhead cost reduced	25	0
Traction electricity	0	11
Other	6	16
Prepaid expenses, total	196	190
Deferred expenses		
Unrealised FX loss on Eurofima 10/b loan	924	0
Unrealised FX loss on Eurofima 11 loan	963	1113
Unrealised FX loss on Eurofima 12 loan	893	1033
Unrealised FX loss on Eurofima 13/a loan	857	992
Unrealised FX loss on Eurofima 13/b loan	682	789
Unrealised FX loss on Eurofima 13/c+e loan	229	264
FX loss on KfW loan	103	289
FX loss on EIB loan	95	266
Deferred expenses, total	4 746	4 746
Total:	5 218	5 303

Table 10 Prepaid expenses and accrued income

There was a decline in billing revenues in the case of traction services compared to the previous financial years, hence the increase in accrued income.

Overall, there was no significant change in unrealised FX loss on development loans, presented among deferred expenses, as the decrease due to the repayment of the Eurofima 10/b loan made up for the FX loss recognised on each loan.

II.1.4 Equity

II.1.4.1 Movements in equity

Figures in MHUF

Item	Share capital	Capital reserve	Retained earnings	Non-distributable reserve	B/S profit/(loss)	Revaluation reserve	Equity
Opening, 2013	29 815	10 499	-353	1 561	2 515	0	44 037
Share capital reduction	0	0	0	0	0	0	0
Share capital increase	0	0	0	0	0	0	0
Difference between consideration and face value (capital increase) (agio)	0	0	0	0	0	0	0
Transfer of prior year's profit per B/S	0	0	2 515	0	-2 515	0	0
Allocated reserve related to unrealised FX losses	0	0	0	0	0	0	0
Allocated reserve related to unrealised FX losses, reversed	0	0	93	-93	0	0	0
Allocated reserve for R&D posted to retained earnings			-2	2			0
Additional capital contribution	0	0	0	0	0	0	0
Prior years' profit or loss, middle column	0	0	0	0	0	0	
Net profit per balance sheet for 2013	0	0	0	0	2 013	0	0
Closing, 2013	29 815	10 499	2 253	1 471	2 013	0	46 051

Table 11 Equity movements

II.1.4.2 Details of the changes in equity

- Of the allocated reserve, unrealised FX gains on FX loans not secured with existing FX balances amount to HUF 1,431 million. A reserve of HUF 40 million was made for R&D in progress.
- Retained earnings include allocated reserve plus the balance sheet profit of HUF 2,515 million for 2012.
- A balance sheet profit of HUF 2,013 million for the reporting year also increased our Company's equity.

II.1.4.3 Allocated reserves

Allocated reserve	Opening	Released	Made	Closing
Difference between provisions for unrealised FX losses on FX loans and deferred expenses	1 524	381	288	1 431
<i>of which: Eurofima 10/b</i>	22	22	0	0
<i>Eurofima 11</i>	525	19	0	506
<i>Eurofima 12</i>	201	139	0	62
<i>Eurofima 13/a</i>	268	95	0	173
<i>Eurofima 13/b</i>	282	66	0	216
<i>Eurofima 13/c + e</i>	43	40	0	3
<i>KFW</i>	95	0	150	245
<i>EIB</i>	88	0	138	226
Not written off due to R&D	38	0	2	40
Total:	1 561	381	290	1 471

Table 12 Allocated reserves

II.1.5 Provisions

II.1.5.1 Provisions for contingent liabilities

According to Section 41 (1) of the Accounting Act: “Provisions should be made from the pre-tax profit to cover liabilities towards third parties that originate from past and current transactions and contracts and are assumed, or are certain to have been incurred, on the balance sheet date but the amounts and due dates of such liabilities are uncertain, and the company has not provided the necessary funds for such liabilities otherwise.”

The provisions made for early retirement pensions and severance pay increased as a result of the provisions made for the 2014-2017 costs of MÁV Évek.

Most of the provision for litigations (HUF 51 million) was made in relation to extraordinary dismissals of employees. Provisions made for damages were released as the underlying legal cases progressed. A provision had to be made as the public procurement process of work clothes in the reporting year was delayed.

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.

Movements in provisions made by MÁV-TRAKCIÓ Zrt. for contingent liabilities are presented below:

Figures in MHUF

Provisions for liabilities	Opening	Released	Made	Closing
Early retirement, severance pay	16	16	84	84
Litigations	65	50	36	51
Damages	261	89	29	201
NKH supervision charge	229	229	0	0
Working clothes and uniforms	239	88	11	162
Provision for late payment interest liability	2	3	1	0
Liability because of distance not specified in the underlying contract	43	0	0	43
Provision for bonus obligations	77	77	16	16
Total:	932	552	177	557

Table 13 Provision for contingent liabilities

II.1.5.2 Provisions for future commitments

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

The Company set up a provision for the future periodic, long-term maintenance costs of the new and technologically advanced TRAXX engines. For provisioning purposes, we estimated the expected maintenance expenses based on the pre-set long-term maintenance schedule of the engines determined by the Supplier, and the amount thus calculated is presented in the financial statements. The underlying model calculation is based on the expenses estimated by the Company's technical experts. The actual amount of maintenance costs is uncertain and the actual future costs may differ from the calculation.

A total provision of HUF 879 million was made for the long-term periodic, long-term maintenance costs of TRAXX engines from the profit for 2013.

The movements in MÁV-TRAKCIÓ Zrt's provisions made in the reporting year for future expenses were as follows:

Figures in MHUF

Provisions for future commitments	Opening	Released	Made	Closing
Maintenance	689	59	879	1 509
Demolition	363	115	0	248
Total:	1 052	174	879	1 757

Table 14 Provision made for future commitments

II.1.5.3 Other provisions

II.1.5.3.1 Provision for FX losses

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

Other provisions include provisions for FX losses incurred on the FX loans taken over from MÁV Zrt. along with the contributed tangible assets, and on the FX loans related to the acquisition of TRAXX engines (EIB and KfW). The movements in these provisions are shown in the table below. Provisions had to be made as a result of higher year-end FX rates compared to FX rates at the beginning of the year.

As a result of repaying Eurofima loan no. 10/b in February 2013, we released the provision for the exchange loss on that loan.

Figures in MHUF

Loan	Opening	Released	Made	Closing
No. 10/b Eurofima loan agreement (Nr. 2577)	901	901	0	0
No. 11 Eurofima loan agreement (Nr. 2582)	437	0	170	607
No. 12 Eurofima loan agreement (Nr. 2604)	692	0	279	971
No. 13/a Eurofima loan agreement (Nr. 2649)	589	0	230	819
No. 13/b Eurofima loan agreement (Nr. 2662)	401	0	172	573
No. 13/c+e Eurofima loan agreement (Nr. 2673)	186	0	75	261
KfW bank loan agreement (EUR 41,437,500) TRAXX	8	0	36	44
EIB bank loan agreement (EUR 38,250,000) TRAXX	8	0	32	40
Total:	3222	901	994	3315

Table 15 Provisions for FX losses

As our Company took over the Eurofima loans from MÁV Zrt., the take-over date was considered for provisioning purposes (9 May 2008).

II.1.5.3.2 Other provisions

No other statutory provisions were made by MÁV-TRAKCIÓ Zrt.

II.1.5.4 Movements in provisions presented in the balance sheet

The movements in MÁV-TRAKCIÓ Zrt.'s provisions presented in the balance sheet are summarised below:

Figures in MHUF

Item	Provision for contingent liabilities	Provision for future expenses	Provision for unrealised FX losses	Total
<i>Opening provisions</i>	932	1 052	3 222	5 206
Released	552	174	901	1 627
Made	177	879	994	2 050
<i>Closing provisions</i>	557	1 757	3 315	5 629

Table 16 Movements in provisions

II.1.6 Liabilities

II.1.6.1 Subordinated liabilities

The Company has no subordinated liabilities.

II.1.6.2 Long-term liabilities

II.1.6.2.1 Long-term loans

Most of our long-term loans reflect the “Eurofima loans” taken over from MÁV Zrt. Our long-term liabilities and their repayment schedules are presented in the tables below.

Figures in MHUF

Loan	Loan agreement dated at	Matures on	Government guarantee (no. of decree)	Currency	Amount per loan agreement (original currency)	Available facility (31 Dec 2013)	
						FX	million HUF
Project loans							
EUROFIMA 10/b	2003.08.20	2013.02.11	1211/2002., 1027/2008.	EUR	25 850 000	0	0
EUROFIMA 11	2003.12.31	2018.12.17	1036/2003., 1027/2008.	EUR	26 943 000	26 943 000	7 999
EUROFIMA 12	2004.12.31	2014.05.12	1037/2004., 1027/2008.	EUR	25 000 000	25 000 000	7 423
EUROFIMA 13/a	2005.12.30	2015.03.06	1113/2005., 1027/2008.	EUR	24 000 000	24 000 000	7 126
EUROFIMA 13/b	2006.08.10	2016.04.07	1113/2005., 1027/2008.	EUR	19 100 000	19 100 000	5 671
EUROFIMA 13/c+e	2007.10.18	2014.01.28	1113/2005., 1027/2008.	EUR	6 400 000	6 400 000	1 900
KFW (TRAXX)	2009.12.03	2024.05.15	-	EUR	41 437 500	34 807 500	10 334
EIB (TRAXX)	2009.12.03	2024.05.15	-	EUR	38 250 000	32 130 000	9 540
MFB	2009.10.27	2024.09.30	-	HUF	2 800 000 000	-	2 114
Raiffeisen loan - H23/2008.	2006.04.26	2016.04.21	1113/2005., 1027/2008.	HUF	400 000 000	-	308
Consortium loan (Erste-UniCredit-K&H)	2006.04.21	2013.04.21	1113/2005., 1027/2008.	HUF	2 824 000 000	-	0
MFB global development (Raiffeisen - H-91/2008.)	2008.12.23	2018.12.23	-	HUF	3 000 000 000	-	1 818
UniCredit - MFB loan	2008.09.10	2023.12.31	-	HUF	2 376 000 000		1 558
Project loans, total:						168 380 500	55 791
Entrepreneurial loans							
UniCredit - (Prolan)	2007.09.25	2013.12.17		HUF	1 255 110 000	-	0
UniCredit - (Prolan)	2008.05.19	2012.05.14		HUF	1 030 000 000	-	0
Entrepreneurial loans, total:							0
Total:							55 791

Table 17 The Company's long-term loans

Of the loans presented in the tables, HUF 12,054 million are shown in the balance sheet under short-term loans, in view of the instalments due in 2014. FX loans were revalued at 296.91 HUF/EUR (the exchange rate of the Hungarian National Bank at the balance sheet date).

Figures in MHUF

Loan	2014.	2015.	2016.	2017.	2018.	2019 and after	Total
Project loans							
EUROFIMA 2582 - 11	0	0	0	0	7 999	0	7 999
EUROFIMA 2604 - 12	7 423	0	0	0	0	0	7 423
EUROFIMA 2649 - 13a	0	7 126	0	0	0	0	7 126
EUROFIMA 2662 - 13b	0	0	5 671	0	0	0	5 671
EUROFIMA 2673 - 13c	1 900	0	0	0	0	0	1 900
EIB	909	909	909	909	909	4 995	9 540
KfW	984	984	984	984	984	5 414	10 334
Raiffeisen - H-23/2008.	122	123	63	0	0	0	308
UniCredit - MFB	156	156	156	156	156	778	1 558
Raiffeisen - H-91/2008.	364	364	273	364	453	0	1 818
MFB	196	196	196	196	196	1 134	2 114
Project loans, total:	12 054	9 858	8 252	2 609	10 697	12 321	55 791
Entrepreneurial loans							
UniCredit (Prolan 1.255.110)	0	0	0	0	0	0	0
UniCredit (Prolan 1.030.000)	0	0	0	0	0	0	0
Entrepreneurial loans, total:	0	0	0	0	0	0	0
Total:	12 054	9 858	8 252	2 609	10 697	12 321	55 791

Table 18 Long-term loans repayment schedule

MÁV-TRAKCIÓ Zrt. met its debt service for capital expenditure bank loans drawn in line with related loan agreement. In addition to the debt service of instalment loans, the Company managed to meet the principal repayment obligations on interest only loan from EUROFIMA assumed from MÁV Zrt. (HUF 2.4 billion in 2010, and HUF 7.6 billion in February 2013). Based on the operating cash flow projections, the Company is able to meet the repayment obligations arising from capital expenditure loans guaranteed by the state, provided that the debtors and creditors payments meets the underlying contracts, and an overdraft facility is available. Meeting contractual debt service obligations on capital expenditure loans is a high priority for both the Company and MÁV Group.

In January 2014, MÁV-TRAKCIÓ Zrt. paid HUF 1.9 billion of the EUROFIMA 13/c+e loan instalment due.

II.1.6.2.2 Financial leases

MÁV-TRAKCIÓ Zrt. does not have any liabilities from financial leases.

II.1.6.2.3 Other long-term liabilities

Other long-term liabilities in amount of HUF 45 million represents housing aid payable to employees as part of the cafeteria fringe benefit system.

II.1.6.2.4 Long-term liabilities by currency

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

We chose the option offered in Section 33 (2) of the Accounting Act and deferred the unrealised FX losses arisen on the year-end revaluation of FX loans. As a result, deferred expenses of HUF 4,746 million are presented in the balance sheet as it appears in the table below.

By currency	Liability in FX	Current part in FX	FX rate (FX/HUF)	Liability in HUF million	Current part in million HUF	Year-end FX gain or loss (million HUF)
EUR	168 380 500	37 775 000	296,91	49 994	11 216	4 746
Total:				49 994		4 746

Table 19 Long-term FX liabilities

II.1.6.3 Short-term liabilities

II.1.6.3.1 Short-term loans

Short-term loans include the current instalments of long-term loans repayable in the following year (HUF 12,054 million). The Company had no overdrafts as at 31 December 2013.

II.1.6.3.2 Accounts payable from supply of goods and services (trade creditors)

The accounts payable line in the balance sheet includes the following items:

Figures in MHUF

Item	Prior year	Current year
Domestic trade payables	509	414
Foreign trade payables	22	628
Investment trade payables	26	7
Accounts payable from supply of goods and services (trade creditors)	557	1 049

Table 20 Analysis of trade payables

Foreign trade payables increased by HUF 606 million in 2013. Of this, a significant item was the trade payables of HUF 530 million within the deadline, owed to Austrian Railways (ÖBB).

II.1.6.3.3 Other current liabilities

The current liabilities line in the balance sheet includes the following items:

Figures in MHUF

Item	Prior year	Current year
Taxes payable	2 331	2 075
Wages and salaries	953	930
Other liabilities deducted from employees	29	31
Membership fees	19	19
Contribution to funds by employer	59	49
Damages payable	5	0
Other current liabilities, total	3 396	3 104

Table 21 Other current liabilities

II.1.6.3.4 Current liabilities by currency

MÁV-TRAKCIÓ Zrt.'s current liabilities include EUR 2,190 thousand in the “accounts payable from supply of goods and services (trade creditors)” line, and an uninvoiced foreign currency item of EUR 69 thousand.

We recognised an exchange gain of HUF 1.9 million on short-term foreign exchange liabilities.

By currency	Liability in FX	FX rate (FX/HUF)	Liability in million HUF	Year-end FX gain or loss (million HUF)
EUR	2 259 199,17	296,91	671	1,9
Total:			671	1,9

Table 22 Current liabilities in FX

II.1.6.4 Amounts payable to related parties

Our liabilities towards related parties are presented according to their inclusion in MÁV Zrt's consolidated financial statements are presented in the table below.

Figures in MHUF

Item	Parent	Fully consolidated subsidiary	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	813	3 851	0	0	4 664
Total:	813	3 851	0	0	4 664

Table 23 Amounts payable to related parties

II.1.7 Off-balance sheet liabilities

II.1.7.1 Long-term loans disbursement and repayment schedule

Figures in MHUF

Loans	2014	2015	2016	2017	2018	2019 and after	Total
Total	0	0	0	0	0	0	0

Table 24 Disbursement schedule of development loans taken by the end of the year

Figures in MHUF

Loans	2014	2015	2016	2017	2018	2019 and after	Total
Total	0	0	0	0	0	0	0

Table 25 Repayment schedule of development loans taken by the end of the year

The Company has no contingent loan commitments.

II.1.7.2 Hedging contracts

MÁV-TRAKCIÓ Zrt. does not have any hedging contracts.

II.1.7.3 Joint and several liability and guarantee contracts

Our Company had the following guarantee contracts as at 31 December 2013:

Beneficiary	Type of guarantee	Contracting party	Start date	End date	Amount in million HUF
Bank guarantee					
	for damages	Budapest Bank Zrt	2010.05.27	2013.12.31	1 100
Bank guarantees, total:					1 100
Good performance guarantees					
Good performance guarantees, total:					0
Guarantees, total:					1 100

Table 26 Guarantee contracts in effect at the balance sheet date

II.1.7.4 Loans secured by lien

Figures in MHUF

Loan	Available facility (31 Dec. 2013) (MHUF)	Security
EUROFIMA 2582 - 11	7999	Rolling stock
EUROFIMA 2604 - 12	7423	Rolling stock
EUROFIMA 2649 - 13a	7126	Rolling stock
EUROFIMA 2662 - 13b	5671	Rolling stock
EUROFIMA 2673 - 13c	1900	Rolling stock
EIB (TRAXX)	9540	Rolling stock
KfW (TRAXX)	10334	Rolling stock
UniCredit - MFB	1558	Rolling stock
Raiffeisen - H-91/2008.	1818	Rolling stock
MFB	2114	Rolling stock
Total:	55 483	

Table 27 Loans secured by lien

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

II.1.7.5 Payment schedule of off-balance sheet interest and related charges

Figures in MHUF

Loan	2014.	2015.	2016.	2017.	2018	2019 and after	Total
Project loans							
EUROFIMA 2582 - 11	42	74	122	170	202	0	610
EUROFIMA 2604 - 12	23	0	0	0	0	0	23
EUROFIMA 2649 - 13a	36	20	0	0	0	0	56
EUROFIMA 2662 - 13b	29	52	45	0	0	0	126
EUROFIMA 2673 - 13c	2	0	0	0	0	0	2
EIB	187	201	222	233	221	562	1 626
KfW	468	456	453	437	399	1 013	3 226
Raiffeisen - H-23/2008.	10	7	1	0	0	0	18
UniCredit - MFB	88	92	87	82	72	169	590
Raiffeisen - H-91/2008.	105	96	58	56	29	0	344
MFB	151	155	147	138	123	335	1 049
Project loans, total:	1 141	1 153	1 135	1 116	1 046	2 079	7 670
Entrepreneurial loans							
UniCredit (Prolan 1.255.110)	0	0	0	0	0	0	0
UniCredit (Prolan 1.030.000)	0	0	0	0	0	0	0
Total:	1 141	1 153	1 135	1 116	1 046	2 079	7 670

Table 28 Payment schedule of off-balance sheet interest and related charges

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

II.1.7.6 Operating lease contracts in effect at the balance sheet date where the Company is the lessee

Figures in MHUF

Contracting party (lessor)	Subject matter	Date of contract	Maturity	Contracted amount/month	Amount not recognised until the B/S date
Porsche Kft.	vehicle rent	2011.10.04	2016.10.04	1,7	58
MÁV Zrt.	office rent	2009.10.27	11.05.2014	8,9	45
Total:					103

Table 29 Lease contracts over HUF 1 million in effect at the balance sheet date

II.1.7.7 Other off-balance sheet liabilities

The Company does not have any other off-balance sheet liabilities as at the balance sheet date.

II.1.8 Accrued expenses and deferred income

The accrued expenses and deferred income presented in MÁV-TRAKCIÓ Zrt.'s balance sheet are shown below by category:

Figures in MHUF

Item	Prior year	Current year
Deferred income		
Traction and shunting services	28	84
Deferred income, total:	28	84
Accrued expenses		
Electricity	1	1
Accrued in relation to mutual exchange of engine services	519	741
Loan interest	186	102
Bonuses and taxes	0	0
Incentive scheme and taxes	8	0
Traction and shunting services	191	126
Damages	11	130
Penalties	49	7
IT services	14	0
Office maintenance	28	1
Audit fee	7	5
Other	13	10
Accrued expenses, total:	1027	1123
Deferred income	0	0
Deferred income, total	0	0
Total:	1055	1207

Table 30 Changes in accrued expenses and deferred income

In 2008, we signed an agreement with Austrian Railways (ÖBB) for long haul traction services (an exchange of engine services), in relation to which we accrued expenses of HUF 396 million in the reporting year. In 2012, the Company signed a traction agreement with the Romanian state railway carrier (CFR) for the mutual provision of engine performance and engine staff services, for which a provision of HUF 345 million was made.

The HUF 102 million interest on the loan relating to the reporting year but payable in the following year relates to the Eurofima loans and to the FX loans for the TRAXX engines taken over by the Company.

The cost of traction and shunting services was accrued totalling HUF 126 million due to delayed billing.

II.2 Notes to the profit and loss account

II.2.1 Net sales revenues

II.2.1.1 Net sales revenues per activity

Figures in MHUF

Activity	Net sales revenues	
	Prior year	Current year
Traction	68 880	65 932
<i>of which: passenger trains</i>	47 225	44 974
<i>freight trains</i>	9 058	8 529
<i>shunting</i>	12 597	12 429
Ensuring availability of pre-heating/pre-cooling	0	0
Ensuring availability of trains and staff	966	937
Other services	187	83
Total:	70 033	66 952

Table 31 Net sales revenues by activity

Our Company's net sales revenues derive exclusively from our core operations.

II.2.1.2 Export and import sales revenues

Figures in MHUF

Country	Prior year				Current year			
	Exported services	Exports, total	Imported services	Import, total	Exported services	Exports, total	Imported services	Import, total
EU countries								
Germany	0	0	232	232	0	0	139	139
Austria	304	304	521	521	432	432	398	398
Slovakia	230	230	246	246	313	313	261	261
Romania	21	21	20	20	328	328	326	326
EU countries total:	555	555	1 019	1 019	1 073	1 073	1 124	1 124
Non-EU countries								
Serbia and Montenegro	57	57	0	0	18	18	0	0
Non-EU countries total:	57	57	0	0	18	18	0	0
Total:	612	612	1 019	1 019	1 091	1 091	1 124	1 124

Table 32 Export and import

Export revenues of HUF 1,073 million from EU countries and imported services of HUF 1,124 million relate to traction services.

Services exported to and imported from the Austrian Railways (ÖBB) reflect costs and income accrued based on the underlying long haul service exchange contract.

II.2.2 Costs by type

Figures in MHUF

Item	Prior year		Current year	
	Amount	Distribution (%)	Amount	Distribution (%)
Material expenses in total:	29 225	45,49	27 405	44,09
Payments to personnel	26 032	40,52	25 028	40,27
Depreciation total:	8 982	13,98	9 718	15,64
Total:	64 239	100,00	62 151	100,00

Table 33 Movements in expenses

II.2.2.1 Material expenditures

Figures in MHUF

Item	Prior year	Percentage of last year's total	Current year	Percentage of this year's total
Material costs				
Traction electricity	268	0,42	252	0,41
Traction fuel	16 979	26,43	14 227	22,89
Traction gasoline, excise tax refund	-5 050	-7,86	-4 624	-7,44
Other electricity and fuel	30	0,05	21	0,03
Working clothes, uniforms, protective equipment	141	0,22	334	0,54
Other materials	167	0,26	155	0,25
Material costs, total:	12 535	19,51	10 365	16,68
Services used				
Other railway services	9 773	15,21	9 836	15,83
Passenger train heating, lighting	887	1,38	928	1,49
Carriage rent	535	0,83	411	0,66
Rail track use charge	1 290	2,01	1 184	1,91
Traction	800	1,25	1 100	1,77
HR services, training	577	0,90	691	1,11
IT services	546	0,85	595	0,96
Property rent and general management	456	0,71	434	0,70
Accounting and financial services	249	0,39	370	0,60
Security services	261	0,41	252	0,41
R&D services used	26	0,04	2	0,00
Delegation	70	0,11	74	0,12
Other services used	696	1,08	666	1,07
Services used, total:	16 166	25,17	16 543	26,62
Other services				
Charges by rail authority and other authorities	166	0,26	117	0,19
Insurance	309	0,48	299	0,48
Bank charges	40	0,06	80	0,13
Other services, total:	515	0,80	496	0,80
Cost of goods sold	8	0,01	0	0,00
Value of resold services	1	0,00	1	0,00
Material expenses in total:	29 225	45,49	27 405	44,09

Table 34 Material expenses

Since switching to a new annual timetable at the end of 2012, traction electricity costs have been billed by MÁV Zrt. directly to the relevant railway company that owns the service route, while traction fuel has been billed fully to the company.

II.2.2.2 Payments to personnel

Figures in MHUF

Item	Prior year	Percentage of last year's total	Current year	Percentage of this year's total
Wages	17 128	26,66	16 470	26,50
Other payments to personnel	1 752	2,73	1 663	2,68
Contributions on wages and salaries	7 152	11,13	6 895	11,09
Payments to personnel	26 032	40,52	25 028	40,27

Table 35 Payments to personnel

HUF 1,1 billion was paid to MÁV-TRAKCIÓ Zrt. employees as part of our cafeteria fringe benefit system.

II.2.2.3 Depreciation charge

Figures in MHUF

Item	Prior year	Percentage of last year's total	Current year	Percentage of this year's total
Depreciation of intangible assets	64	0,10	105	0,17
Depreciation of tangible assets	8 918	13,88	9 613	15
Depreciation total:	8 982	13,98	9 718	15,64

Table 36 Depreciation charge

Owing to our core operations, depreciation charge relates primarily to traction engines. The increase in the amortisation of intangible assets was due to acquisitions in the reporting year. The change in the depreciation of tangible assets relates to the renewed engines.

In the reporting year, depreciation of HUF 5.9 billion was recognised on electric engines and HUF 3.3 billion was written off from diesel engines.

II.2.3 Other revenues

Other revenues by category in the reporting year are presented below:

Figures in MHUF

Item	Prior year	Distribution (%)	Current year	Distribution (%)
Revenues from the sale of intangible and tangible assets	50	2,77	31	0,92
Reversed extra depreciation of tangibles and intangibles	54	3,00	125	3,71
Reversed impairment loss on inventories	16	0,89	0	0,00
Damages received	34	1,89	0	0,00
Late-payment interest received	128	7,10	481	14,27
Penalties received	238	13,20	801	23,76
Damages and other refunds received	8	0,44	54	1,60
Released provisions	1 033	57,29	1 627	48,26
<i>Of which: Provision for contingent liabilities</i>	187	10,37	552	16,37
<i>Provision for future expenses</i>	23	1,28	174	5,16
<i>Provision for unrealised FX losses</i>	823	45,65	901	26,73
<i>Other provisions released</i>	0	0,00	0	0,00
Debtors sold	0	0,00	0	0,00
Subsidies and grants to compensate for expenses	242	13,42	252	7,48
<i>Of which: incentive scheme of MÁV rail workers 2011-2013</i>	240	13,31	252	7,48
<i>Of which: subsidies for severance pay (redundancies)</i>	0	0,00	0	0,00
<i>Of which: Miscellaneous other revenues</i>	2	0,11	0,00	0,00
Total:	1 803	100,00	3 371	100,00

Table 37 Other revenues

Only HUF 549 million of other revenues totalling HUF 3,371 million was earned from related parties and includes the following material items:

- a penalty of HUF 104 million, and a late-payment interest of HUF 4 million received from MÁV-GÉPÉSZET Zrt.
- a penalty of HUF 119 million, and a late-payment interest of HUF 311 million received from MÁV-START Zrt.
- a late-payment penalty paid by the parent company (HUF 2 million) and damages (HUF 4 million).

The most significant item within provisions made earlier was a release of HUF 1,627 million, along with HUF 252 million received for the incentive scheme of MÁV rail workers for the period of 2012 to 2013.

II.2.4 Other expenses

Other expenses by category in 2013 are presented below:

Item	Prior year	Figures in MHUF		
		Distribution (%)	Current year	Distribution (%)
Cost of fixed assets disposed of	44	1,40	19	0,47
Cost of scrapped fixed assets	0	0,00	0	0,00
Net value of missing fixed assets	0	0,00	0	0,00
Impairment loss on tangibles	329	10,47	45	1,12
Extraordinary depreciation of fixed assets	0	0,00	0	0,00
Impairment of inventories and receivables	0	0,00	2	0,05
Inventories missing, scrapped	40	1,27	13	0,32
Bad debts written off	0	0,00	0	0,00
Losses from damages	231	7,35	275	6,84
Penalties	106	3,37	93	2,31
Late-payment interest paid	61	1,94	11	0,27
Damages	26	0,83	183	4,55
Self-revision fee	5	0,16	3	0,07
Subsidies	41	1,30	30	0,75
Taxes and similar charges	1 309	41,66	1 299	32,29
Provisions made	950	30,24	2 050	50,96
<i>Of which: Provision for contingent liabilities</i>	380	12,09	177	4,40
<i>Provision for future expenses</i>	570	18,14	879	21,85
<i>Provision for unrealised FX losses</i>	0	0,00	994	24,71
<i>Other provisions</i>	0	0,00	0	0,00
Total:	3 142	100,00	4 023	100,00

Table 38 Other expenses

Significant items within other expenses include provisions made (HUF 2,050 million) and local business tax (HUF 1,125 million).

Other material items include expenses recognised in connection with damages (HUF 275 million), and damages (HUF 150 million) and penalty (HUF 91 million) paid to MÁV-START Zrt.

Impairment losses recognised as other expenses total HUF 45 million, which is made up of impairment loss on tangible assets.

II.2.5 Financial and extraordinary profit or loss

II.2.5.1 Financial income

Financial income items earned in 2013 were as follows:

Figures in MHUF

Item	Prior year	Distribution (%)	Current year	Distribution (%)
Dividend received (due)	0	0,00	0	0,00
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	259	58,07	159	78,71
<i>Of which: Interest from other credit institutions</i>	259	58,07	159	78,71
Other financial revenues	187	41,93	43	21,29
<i>Of which: realised FX gain on FX balances</i>	165	37,00	43	21,29
<i>FX gain on forwards and futures</i>	0	0,00	0	0,00
<i>FX gain on the year-end revaluation of receivables and liabilities</i>	22	4,93	0	0,00
Total:	446	100,00	202	100,00

Table 39 Financial income

Interest received includes interest on term deposits (HUF 158 million) and on demand deposits (HUF 1 million). Foreign exchange gain realised on receivables and liabilities totalled HUF 43 million.

II.2.5.2 Financial expenses

Financial expenses paid in 2013 were as follows:

Figures in MHUF

Item	Prior year	Distribution (%)	Current year	Distribution (%)
Loss on financial investments	0	0,00	0	0,00
Interest payable and similar expenses	2 193	91,91	1 316	56,36
<i>Of which: Interest paid to credit institutions</i>	2 149	90,07	1 316	56,36
<i>Interest paid to third parties</i>	44	1,84	0	0,00
Impairment loss of investments, securities and bank deposits	0	0,00	0	0,00
Other financial expenditures	193	8,09	1 019	43,64
<i>Of which: Realised FX loss on FX receivables/payables</i>	193	8,09	1 019	43,64
<i>FX loss on FX accounts and cash</i>	0	0,00	0	0,00
<i>FX loss on the year-end revaluation of receivables and payables</i>	0	0,00	0	0,00
Total:	2 386	100,00	2 335	100,00

Table 40 Financial expenses

The amount of expenditures recognised include the interest payable and the exchange loss on liabilities denominated in a foreign currency. Of the HUF 1,316 million bank interest, HUF 123 million relates to the Eurofima loans taken over from MÁV Zrt. and HUF 25 million relates to loans taken out from Prolan. The realised foreign exchange loss recognised on receivables and liabilities totalled HUF 1,019 million, which was the foreign exchange loss related to the repayment of loans.

II.2.5.3 Extraordinary revenues

Figures in MHUF

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	0
Other extraordinary revenues	0	0,00	1	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
Forgiven debt	0	0,00	1	0,00
Total:	0	0,00	1	100,00

Table 41 Extraordinary revenues

II.2.5.4 Extraordinary expenditures

Figures in MHUF

Item	Prior year	Distribution (%)	Current year	Distribution (%)
Other extraordinary expenditures	1	100,00	0	0,00
Total:	1	100,00	0	0,00

Table 42 Extraordinary expenditures

II.2.5.5 Revenues from and expenditures on related parties

Revenues received from and expenses paid to related parties are presented according to their inclusion in MÁV Zrt's consolidated financial statements are presented in the schedule below:

Figures in MHUF

Item	Parent	Fully consolidated subsidiary	Equity consolidated	Affiliates	Total
Revenues					
Net sales revenues	4 066	46 776	25	0	50 867
Other revenues	6	543	0	0	549
Revenues from financial transactions	48	0	0	0	48
Extraordinary revenues	1	0	0	0	1
Revenues, total:	4 121	47 319	25	0	51 465
Expenditures					
Material expenditures	16 121	12 200	0	21	28 342
Other expenditures	16	517	0	0	533
Expenditures of financial transactions	0	0	0	0	0
Extraordinary expenditures	0	0	0	0	0
Expenses, total:	16 137	12 717	0	21	28 875

Table 43 Revenues from and expenses to related parties

II.3 Actual asset, financial position and profitability

II.3.1 Value and composition of assets

Fixed assets ratio

$$\frac{\text{Non-current assets}}{\text{Total assets}} = \frac{88,018}{117,544} = 74.88 \% \quad (\text{base: } 74.96 \%)$$

Coverage of fixed assets

$$\frac{\text{Equity}}{\text{Tangible assets}} = \frac{46,051}{87,674} = 52.53 \% \quad (\text{base: } 47.21 \%)$$

Coverage of non-current assets

$$\frac{\text{Equity}}{\text{Non-current assets}} = \frac{46,051}{88,018} = 52.32 \% \quad (\text{base: } 47.09 \%)$$

Current assets to non-current assets

$$\frac{\text{Current assets}}{\text{Non-current assets}} = \frac{24,223}{88,018} = 27.52 \% \quad (\text{base: } 27.82 \%)$$

As traction is our core operations, most of our assets are tangible assets (engines). This fact is well illustrated by both our fixed asset ratio and the ratios of the most important asset categories.

The fixed asset margin is only 52%, which is very far behind the desired 100%.

II.3.2 Value and composition of equity and liabilities

Capitalisation ratio

$$\frac{\text{Equity}}{\text{Total liabilities}} = \frac{46,051}{117,544} = 39.18 \% \quad (\text{base: } 35.30\%)$$

Gearing ratio

$$\frac{\text{Debts}}{\text{Equity}} = \frac{64,657}{46,051} = 140.40 \% \quad (\text{base: } 169.07 \%)$$

Indebtedness ratio

$$\frac{\text{Debts}}{\text{Total assets}} = \frac{64,657}{117,544} = 55.01 \% \quad (\text{base: } 59.68 \%)$$

Ratio of long-term liabilities

$$\frac{\text{Long-term liabilities}}{\text{Long-term liabilities} + \text{Equity}} = \frac{43,782}{43,782 + 46,051} = 48.74 \% \quad (\text{base: } 55.49 \%)$$

Equity increase ratio

$$\frac{\text{Equity}}{\text{Share capital}} = \frac{46,051}{29,815} = 154.46 \% \quad (\text{base: } 147.70 \%)$$

The equity and liabilities indicators clearly show that the Company's long-term indebtedness is significant due to the FX loans taken over in relation to the assets (engines) received from MÁV.

II.3.3 Profitability indicators

$$\begin{aligned} \text{EBITDA} &= \text{Operating profit} + \text{depreciation} = 4,149 + 9,718 = \\ &= \text{HUF } 13,867 \text{ million} \quad (\text{base: HUF } 13,438 \text{ million}) \end{aligned}$$

$$\text{EBITDA rate} = \frac{\text{EBITDA}}{\text{Net sales revenues}} = \frac{13,867}{66,952} = 20.71 \% \quad (\text{base: } 19.19 \%)$$

$$\text{Operational rate} = \frac{\text{Operating profit}}{\text{Net sales revenues}} = \frac{4,149}{66,952} = 6.20 \% \quad (\text{base: } 6.36 \%)$$

II.3.4 Financial position

II.3.4.1 Working capital and liquidity

Net working capital

The net working capital is probably the most important indicator of the financial position as it shows the company's short-term solvency position.

$$\text{Current assets} - \text{Current liabilities} = 24,223 - 20,875 =$$

$$= \text{HUF } 3,348 \text{ million}$$

$$(\text{base: HUF } 6,457 \text{ million})$$

The positive indicator shows the Company's short-term solvency position as, in addition to our tangible assets, some of our current assets are also funded from long-term liabilities.

Liquidity ratio

$$\frac{\text{Current assets}}{\text{Current liabilities}} = \frac{24,223}{20,875} = 116.04 \% \quad (\text{base: } 133.01 \%)$$

This indicator decreased compared to the previous year, it is significantly over 100%.

Quick ratio

$$\frac{\text{Current assets} - \text{Inventories}}{\text{Current liabilities}} = \frac{24,223 - 1,012}{20,875} = 111.19 \% \quad (\text{base: } 127.58 \%)$$

The quick ratio shows the ability of liquid and movable assets to cover current liabilities. This indicator exceeds 100% which is perceived as safe.

Cash liquidity ratio

$$\frac{\text{Liquid assets}}{\text{Current liabilities}} = \frac{147}{20,875} = 0.70 \% \quad (\text{base: } 27.51 \%)$$

This indicator is moderate and shows a low percentage of liquid assets to current liabilities.

II.3.4.2 Cash flow statement

The cash flow statement in accordance with Section 51 (8) of the Accounting Act is presented below.

Figures in MHUF

No.	Item	31.12.2012	31.12.2013
I.	Operating cash-flows (lines 1-13)	6 819	10 275
1.	Profit before tax ±	2 515	2 017
	amounts received free of charge	0	0
	amounts granted free of charge, expensed	0	0
	dividend received	0	0
	previous years' profit/(loss)	0	0
	dividends on previous years' profit	0	0
	assigned debt	0	0
	revalued loans	-3 450	1 020
2.	Ordinary depreciation charge +	8 982	9 718
2/a.	Depreciation charge on previous year	-12	0
3.	Recognised and reversed impairment loss ±	305	-64
4.	Changes in provisions ±	-83	423
5.	Fixed asset disposals ±	-6	-12
6.	Movements in creditors ±	-1 381	492
7.	Movements in other current liabilities ±	-2 838	77
8.	Movements in accruals ±	-390	152
9.	Movements in debtors ±	-414	-341
10.	Current asset movements (less debtors and liquid assets) ±	-1 284	-3 118
	of which: changes in inventories	-198	38
	other receivables	-1 087	-3 156
	securities purchased for resale	0	0
11.	Movements in prepayments and accrued income ±	4 876	-85
12.	Corporate income tax payable -	0	-4
13.	Dividend and share payable -	0	0
II.	Investing cash flows (lines 14-16)	-5 860	-4 123
14.	Fixed assets additions -	-5 910	-4 154
15.	Fixed asset disposals +	50	31
	of which: income from the disposal of Cargo	0	0
16.	Dividend received +	0	0
III.	Financing cash flows (lines 17-28)	4 120	-11 385
17.	Revenues from the issue of shares (capital addition) +	0	0
18.	Proceeds from issue of bonds and debt securities +	0	0
19.	Borrowings +	8 554	0
20.	Repayment, cancellation of long-term loans and bank deposits +	0	0
21.	Amounts received free of charge +	0	0
23.	Redemption of shares, capital reduction -	0	0
24.	Bond redemption -	0	0
25.	Loan repayment -	-4 413	-11 378
26.	Long-term loans and bank deposits +	0	0
27.	Amounts transferred free of charge -	0	0
28.	Movements in payables to founders and in other long-term liabilities +	-21	-7
IV.	Change in cash and cash equivalents (±I±II±III) ±	5 079	-5 233

Table 44 Cash flow statement

II.3.5 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 HUF 26 million, 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

III.1.1 Environmental liabilities

Figures in MHUF

Item	Prior year	Current year
Environmental expenses	11	17

Table 45 Environmental costs

III.1.2 Tangible assets that serve environment purposes

Our Company had no such tangible assets at the balance sheet date.

III.1.3 Waste quantities

- Movements in quantities of hazardous waste

Figures in kg

EWC code	Item	Opening balance	Increase in 2013	Decrease in 2013	Closing balance
080317	Office equipment waste	45	58	56	47
130205	Engine and other lubricants	2239	0	2239	0
130506	Oil from oil separators	0	0	0	0
130701	Heating and diesel oil	934	2416	3350	0
130899	Other waste	610	0	610	0
150110	Stained packaging	12	60	68	4
150111	Metal packaging waste	0	8	4	4
150202	Oil stained cloth, paint stained brush	101	393	253	241
160303	Inorganic waste	0	4	4	0
200133	Batteries	114	90	156	48
200135	Scrapped electric equipment	20	1389	989	420
Total:		4075	4418	7729	764

Table 46 Movements in the quantities of hazardous waste

III.2 Research and experimental development

Figures in MHUF

Item	Prior year	Current year
R&D costs	26	2
Of which: Own R&D to be capitalised	0	0
Own R&D expensed in the current year	0	0
R&D by third parties	26	2
Direct costs of technical development	0	0
Of which: Cost of development arrangements, management and testing	0	0
Technical information, propaganda and production management	0	0
Type classification, standardisation, industrial design	0	0
Technical tenders	0	0
Non-capitalised or unused innovation	0	0
Non-capitalised, used innovation	0	0
Other non-capitalised, used intellectual property	0	0
Total:	26	2

Table 47 R&D costs

Figures in MHUF

Item	Opening	Increase	Decrease	Closing
Gross value	38	2	0	40
Depreciation charge	0	0	0	0
Net book value	0	0	0	0
R&D in progress	0	0	0	0
Total:	38	2	0	40

Table 48 Capitalised R&D

As part of our R&D activities, we carried out the development of M41 series diesel engines, as they do not currently comply with the laws pertaining to emissions. The research is intended to develop engine diagnostics equipment and a metering solution to ensure compliance with Stage IIIB emission standards while maintaining efficiency.

III.3 Subsidies received

Subsidies and grants received in 2013 were as follows:

Figures in MHUF

Item	Prior year	Current year
Excise tax on traction fuel, refunded	5 050	4 624
Employee incentive	240	252
Total:	5 290	4 876

Table 49 Subsidies and grants recognised in 2013

In 2013, the Company was entitled to excise tax reimbursement of HUF 4,624 million on the fuel used.

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

Item	Prior year		Current year	
	Average statistical headcount	Distribution (%)	Average statistical headcount	Distribution (%)
Blue collar	3 345	84,58	3 187	85,86
White collar	610	15,42	525	14,14
Inactive	0	0,00	0	0,00
Total:	3 955	100,00	3 712	100,00

Table 50 Number of staff employed by the Company

Figures in THUF

Item	Prior year					Current year				
	Wages	Other payments to personnel	Social security	Total	Distribution (%)	Wages	Other payments to personnel	Social security	Total	Distribution (%)
Blue collar	14 478 336	1 480 991	6 045 962	22 005 289	84,53	14 197 187	1 449 834	5 943 551	21 590 572	86,27
White collar	2 626 917	268 708	1 096 966	3 992 591	15,34	2 247 260	213 536	940 799	3 401 595	13,59
Inactive	22 209	2 272	9 274	33 755	0,13	25 373	86	10 622	36 081	0,14
Total:	17 127 462	1 751 971	7 152 202	26 031 635	100,00	16 469 820	1 663 456	6 894 972	25 028 248	100,00

Table 51 Payments to personnel

Item	Average pay (HUF/person/month)		Average pay for the category (HUF/person/month)	
	Prior year	Current year	Prior year	Current year
- blue collar	356 586	364 477	212 251	244 168
- white collar	351 477	340 353	255 191	287 862
Full-time	355 818	361 084	218 779	250 315

Table 52 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	107 256	0
Board of Directors	0	0
Supervisory Board	5 029	5 089
Total:	112 285	5 089

Table 53 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 advances or loans were disbursed to or guarantees assumed on behalf of the Company's senior officers, Board and Supervisory Board members in 2013.

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

The Company has no pension liabilities to former officers, Board and Supervisory Board members.

III.6 The Company's investments

Figures in HUF

Code	Name	Ownership %	Date of acquisition/foundation	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
Fully consolidated subsidiary													
136	MÁV INGATLANKEZELŐ Kft	0,03	2013.06.17	1087	Budapest	Könyves K. krt 54-60	398 960 000	390 261 724	71 136 498	860 358 222	0	0	0
138	MÁV SZOLGÁLTATÓ KÖZPONT Zrt.	0,12	2011.07.19	1087	Budapest	Könyves K. krt 54-60	800 000 000	1 341 576 000	194 445 000	2 337 021	1 000 000	0	1 000 000
139	MÁV VASÚTŐR Kft	0,05	2012.08.22	1097	Budapest	Fék u. 8/a	214 760 000	69 248 000	215 156 000	499 164 000	0	0	100 000
187	MÁV-GÉPÉSZET Zrt.	0,05	2007.11.12	1087	Budapest	Könyves K. krt 54-60	3 932 840 000	7 460 648 400	1 340 134 128	12 733 622 528	2 000 000	0	2 000 000
Fully consolidated subsidiaries, total:							5 346 560 000	9 261 734 124	1 820 871 626	14 095 481 771	3 000 000	0	3 100 000
Other related parties													
120	VASÚTEGÉSZSÉGÜGYI Kht	0,01	2013.09.30	1062	Budapest	Podmaniczky u. 109	701 020 000	n.a.	n.a.	n.a.	0	0	0
178	HUNRAIL Egyesülés	4,55	2008.05.20	1062	Budapest	Teréz krt. 38	4 400 000	n.a.	n.a.	n.a.	200 000	0	200 000
Other related parties, total							705 420 000	n.a.	n.a.	n.a.	200 000	0	200 000

Table 54: The Company's investments and their opening balances¹

Figures in HUF

Code	Name	Capital increase, injection	Foundation	Acquisition	Capital reduction	Disposal	Written off due to liquidation	Written off due to contribution in kind	FX gain/loss as at 31 Dec. 2013	31/12/2013 Registered capital	Impairment loss for the current year	Reversed impairment	Written off due to contribution, disposal	Written off due to liquidation	Accumulated depreciation as at 12 Dec. 2013	Book value as at 31 Dec. 2013
Fully consolidated subsidiary																
136	MÁV INGATLANKEZELŐ Kft	0	0	100 000	0	0	0	0	0	100 000	0	0	0	0	0	100 000
138	MÁV SZOLGÁLTATÓ KÖZPONT Zrt.	0	0	0	0	0	0	0	0	1 000 000	0	0	0	0	0	1 000 000
139	MÁV VASÚTŐR Kft.	0	0	0	0	0	0	0	0	100 000	0	0	0	0	0	100 000
187	MÁV-GÉPÉSZET Zrt.	0	0	0	0	0	0	0	0	2 000 000	0	0	0	0	0	2 000 000
Fully consolidated subsidiaries, total:		0	0	100 000	0	0	0	0	0	3 200 000	0	0	0	0	0	3 200 000
Other related parties																
120	VASÚTEGÉSZSÉGÜGYI Kht	0	0	100 000	0	0	0	0	0	100 000	0	0	0	0	0	100 000
178	HUNRAIL Egyesülés	0	0	0	0	0	0	0	0	200 000	0	0	0	0	0	200 000
Other related parties, total		0	0	100 000	0	0	0	0	0	300 000	0	0	0	0	0	300 000
Total:		0	0	200 000	0	0	0	0	0	3 500 000	0	0	0	0	0	3 500 000

Table 55: Changes in the Company's investments in 2013

III.7 The Company's shares

The company's share capital consists of 20 ordinary shares of HUF 1 million face value each plus 29,794,674 ordinary shares of HUF 1,000 each. These shares are held by the Company's owners as follows:

¹ The table contains unaudited data.

- MÁV Zrt.: 18 ordinary shares of HUF 1 million plus 29,794,674 ordinary shares of HUF 1,000 each
- MÁV-START Zrt.: 2 ordinary shares of HUF 1 million

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

III.8 Corporate tax base adjusting items

Figures in MHUF

Item	Increasing	Reducing	Change in tax base
Adjustment due to provisions	1 055	726	329
Adjustment due to depreciation	9 751	19 485	-9 734
Costs incurred outside the normal course of business	1	0	1
Penalties and similar consequences	6	0	6
Impairment loss recognised/reversed on debtors	2	0	2
Adjusting items related to previous years	14	0	14
Transfer pricing	0	51	-51
Donations	0	6	-6
Total:	10 829	20 268	-9 439
Pre-tax profit or loss, Corporate tax base	2 017		-7 422

Table 56: Corporate tax base adjusting items

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

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

- the balance of provisions made and released increase the tax base;
- if the depreciation calculated in accordance with the corporate tax act significantly exceeds the depreciation recognised based on the accounting law due to the fact that the depreciation rates of vehicles approved by the corporate tax act considerably exceed the depreciation rates considered for accounting purposes based on the useful lives of the assets.
- As a result of applying a price other than the market price between related parties (MÁV Zrt. and MÁV Szolgáltató Központ Zrt.), the corporate tax base decreased by HUF 51 million.

As the aggregate effect of MÁV-TRAKCIÓ Zrt.'s pre-tax profit and the adjusting items, no corporate tax liability was incurred by MÁV-TRAKCIÓ Zrt.

If both the pre-tax profit and the adjusted tax base are below the expected income, the taxpayer may choose to pay the corporate tax based on the statutory minimum tax base or explains the reasons for the less than required income in a separate statement. This statement gives the taxpayer exemption from paying tax. MÁV-TRAKCIÓ Zrt. opted for making such a statement.

The tax authority performed a comprehensive tax audit at MÁV-TRAKCIÓ Zrt. for each financial year, from the start of MÁV-TRAKCIÓ Zrt.'s activities up to and including the 2009 tax year. 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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