ŽELEZNIČNÁ SPOLOČNOSŤ SLOVENSKO

ŽELEZNIČNÁ SPOLOČNOSŤ SLOVENSKO, a.s.

SEPARATE FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

as on 31 December 2014

Accounting principles and notes are an inseparable part of the Financial Statements

SEPARATE FINANCIAL STATEMENTS PREPARED
IN ACCORDACE WITH THE INTERNATIONAL
FINANCIAL REPORTING STANDARDS

As on 31 December 2014

Ing. Pavol Gábor
Chairman of the Board of Directors

Ing. Ľubomír Húska
Vice-Chairman of the Board of Directors

Bratislava, 27 February 2015

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STATEMENT OF FINANCIAL POSITION AS ON 31 DECEMBER 2014

(in thousand EUR)	Note	31 December 2014	31 December 2013
ASSETS			
Long-term assets			
Long-term tangible assets	4	840,032	764,224
Investments into real estates	4	0	318
Long-term intangible assets	5	10,913	8,759
Financial assets	6	5,070	4,966
Long-term receivables resulting from the Contract on Public Transport Rail Services	22	0	0
Other long-term assets	7	656	727
		856,671	**778,994**
Current assets			
Inventories	8	8,759	7,307
Trade receivables and other receivables	9	42,674	29,126
Receivables resulting from the Contract on Public Transport Rail Services	22	0	37,276
Financial means and financial equivalents	10	23,970	1,349
		75,403	**75,058**
Held-for-sale assets	4	6,029	485
TOTAL ASSETS		**938,103**	**854,537**
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	11	212,441	212,441
Statutory reserve fund	11	24,118	24,118
Other funds	11	-33,622	-33,622
Re-valuation of employee benefits (IAS 19)	14	-923	-155
Unpaid loss	11	-41,231	-34,823
Profit / (loss) in the reporting period	11	-6,379	-7,105
Total shareholders' equity		**154,404**	**160,854**
Long-term liabilities			
Long-term financial aid	12	54,706	84,706
Interest-bearing loans and borrowings	13	121,095	96,511
Employee benefits	14	10,455	9,526
Reserves	15	9,479	9,412
Financial derivatives	17	20,342	33,672
Deferred tax	20	10,602	12,722
Other long-term liabilities	18	251,108	191,570
		477,787	**438,119**
Short-term liabilities			
Short-term financial aid	12	30,000	25,000
Interest-bearing loans and borrowings	13	115,430	109,500
Employee benefits	14	809	672
Reserves	15	24,506	13,812
Trade liabilities and other liabilities	19	135,167	106,580
		305,912	**255,564**
Total liabilities		**783,699**	**693,683**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**938,103**	**854,537**

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED ON 31 DECEMBER 2014

(in thousand EUR)	Note	31 December 2014	31 December 2013
Income			
Transport of passengers and related revenues	21	110,043	112,544
Subsidies resulting from the Contract on Public Transport Rail Services	22	212,632	226,856
Other subsidies	23	14,765	13,637
		337,440	**353,037**
Costs and expenses			
Consumption and services	25	-180,691	-182,673
Personnel costs	26	-90,409	-86,867
Depreciation, amortisation and impairment of tangible assets	27	-68,521	-67,593
Other net operating (costs) revenues	24	-375	-17,356
		-339,996	**-354,489**
Financial (costs) revenues			
Financial income	28	1	9
Financial costs	29	-4,428	-4,926
Net financial derivatives	30	-1,296	293
		-5,723	-4,624
Tax costs	20	1,900	-1,029
Profit / (loss) in the reporting period		**-6,379**	**-7,105**
Other comprehensive income:			
Items not re-classified as income		**-768**	**442**
Re-valuation of employee benefits (IAS 19)		-768	442
Items that might subsequently be re-classified into income		**0**	**0**
Other comprehensive income in the reporting period		**768**	**442**
Total comprehensive income in the reporting period		**-7,147**	**-6,663**

Accounting principles and notes are an inseparable part of the Financial Statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED ON 31 DECEMBER 2014

(in thousand EUR)	Share capital	Statutory reserve fund	Other funds	Revaluation of employee benefits	Unpaid loss	Profit / (loss) in the reporting period	Total
Balance as on 1 January 2013	**212,441**	**24,118**	**-33,622**	**-597**	**-24,389**	**-10,433**	**167,518**
Recognition of loss of 2012	0	0	0	0	-10,433	10,433	**0**
Other comprehensive income - 2013	0	0	0	442	0	0	**442**
Profit/loss for the reporting period of 2013	0	0	0	0	0	-7,105	**-7,105**
Balance as on 31 December 2013	**212,441**	**24,118**	**-33,622**	**-155**	**-34,823**	**-7,105**	**160,854**
Recognition of loss of 2013	0	0	0	0	-7,105	7,105	**0**
Income (costs) of past reporting periods	0	0	0	0	697	0	**697**
Other comprehensive income - 2014	0	0	0	-768	0	0	**-768**
Profit/loss for the reporting period of 2014	0	0	0	0	0	-6,379	**-6,379**
Balance as on 31 December 2014	**212,441**	**24,118**	**-33,622**	**-923**	**-41,231**	**-6,379**	**154,404**

Accounting principles and notes are an inseparable part of the Financial Statements

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED ON 31 DECEMBER 2014

(in thousand EUR)	Note	31 December 2014	31 December 2013
Operation income		**380,766**	**391,945**
Income from main activity		139,982	136,288
Compensation for services in the public interest		257,885	197,778
Other income		13,418	17,978
Income from international clearing		4,051	5,477
Income from operating loans		-34,570	34,424
Operation costs		**-312,958**	**-306,661**
Costs on material		-47,277	-47,806
Costs on services		-175,897	-168,982
Track access charges		-59,900	-60,132
Wages and other labour costs		-86,885	-86,652
Insurance		-2,899	-3,221
Received interests		**0**	**6**
Paid interests		**-1,213**	**-1,041**
Dividends +/-		**0**	**0**
Income tax +/-		**0**	**-2**
CASH FLOW FROM OPERATING ACTIVITY		**66,595**	**84,247**
Income from sale of long-term assets		122	176
State budget subsidies on investments		0	0
Investment subsidies from EU Structural Funds		69,003	39,010
Purchase of long-term assets		-144,510	-114,638
CASH FLOW FROM INVESTMENT ACTIVITY		**-75,385**	**-75,452**
Financial income		**159,052**	**44,832**
Income from bank loans		145,744	33,594
Income from borrowings		0	0
Other financial income		13,308	11,238
Financial costs		**-125,011**	**-80,406**
Costs on bank loans		-80,660	-54,351
Costs on instalments of loans		-25,000	-10,000
Costs on settlement of liabilities from leasing		0	0
Other financial costs		-19,351	-16,055
Paid interests		**-2,630**	**-3,251**
CASH FLOW FROM FINANCIAL ACTIVITY		**31,411**	**-38,825**
Net increase (decrease) of financial means		**22 621**	**-30 030**
and financial equivalents		**22,621**	**-30,030**
Financial means and financial equivalents as on 1 January	10	**1,349**	**31,379**
Financial means and financial equivalents as on 31 December	10	**23,970**	**1,349**

Accounting principles and notes are an inseparable part of the Financial Statements

NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2014

2 GENERAL INFORMATION

Information on the Company

Železničná spoločnosť Slovensko, a.s. ("ZSSK" or the "Company"), a joint-stock company registered in the Slovak Republic was founded on 13 December 2004 as one of the two successor companies of Železničná spoločnosť, a.s. („ŽS"). On 1 January 2005 the Company was entered into the Companies´ Register of the District Court of Bratislava I, Section Sa, Entry no. 3497/B, company ID no. 35 914 939, tax registration no. 20 219 200 76.

The predecessor of the Company, ŽS, was founded on 1 January 2002 by being split from and overtaking a part of the railway company Železnice Slovenskej republiky (ŽSR) when it took over responsibility for provision of freight and passenger railway transport and transport services within Slovakia, while ŽSR remained in charge of the railway infrastructure. ŽS was dissolved without liquidation with effectiveness as of 31 December 2004. After its split-up it was replaced by two newly established successor companies: ZSSK for passenger transport and transport services, and Železničná spoločnosť Cargo Slovakia, a.s. (ZSSK CARGO) for freight transport and transport services.

The exclusive owner (a sole shareholder) of the Company is the State. The rights of the State as the shareholder are executed by the Ministry of Transport, Construction and Regional Development of the Slovak Republic (MTCRD SR) with the seat at Námestie slobody 6, 811 06 Bratislava. The Company does not figure as an associate partner with unlimited liability in any other company.

Main activities

The Company as an operator of transport by rail provides for transport services in compliance with the interests of the State transport policy and market demand. The services in passenger transport are delivered in accordance with the State transport policy of the Slovak Republic, and are based on the Contract on Passenger Rail Transport Services concluded pursuant to Act of the Slovak National Council no. 555/2009 Coll. on railways as amended, between Železničná spoločnosť Slovensko, a.s. as the transport operator and the State (represented by MTCRD) as the contracting authority.

Registered seat of the Company

Rožňavská 1
832 72 Bratislava
Slovakia

These Financial Statements are deposited at the registered seat of the Company and in the electronic registry of financial statements.

2.1 BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

The Separate Financial Statements of the Company ("Financial Statements") for the previous reporting period were approved by the regular General Assembly which took place on 9 July 2014.

The Financial Statements were prepared on the basis of historic prices, except for some derivative financial instruments which were evaluated in their fair value as on 31 December 2014. The Financial Statements were prepared in compliance with Article 17a of Act 431/2002 on accounting as amended, for the reporting period starting on 1 January 2014 and ending on 31 December 2014.

These Financial Statements were prepared with the going concern assumption, which fact is supported by the signed Contract on Passenger Rail Transport Services concluded on 27 December 2010 with the Slovak Republic represented by MTCRD for a period of 10 years, starting as of 1 January 2011.

The Financial Statements and the Notes to the Financial Statements are reported in thousand EUR.

Consolidation of public administration

The Company does not prepare consolidated financial statements in terms of Article 22a of Act no. 431/2002 Coll. on accounting as amended. The Company is part of the Consolidated Financial Statements of public administration under the chapter on Transport, prepared by the Ministry of Finance of the Slovak Republic (MF). The most important transactions entering the consolidation include the relationships with MTCRD and MF in the area of operating and capital subsidies (notes 22, 23). The capital subsidies from the EU funds are not subject to consolidation. The Company has significant business transactions within the public administration consolidation with ZSSK Cargo and ŽSR. Relationships with other public administration bodies (municipalities, health insurance companies etc.) are insignificant as to their volume.
The Company, as an entity reporting pursuant to the International Financial Reporting Standards, enters the data for public transport consolidation pursuant to the national accounting standards in compliance with the instructions of MF.

The reporting period is a calendar year.

Declaration of conformity

The Financial Statements were reported in compliance with the International Financial Reporting Standards and all effective IFRS adopted within EU. IFRS include standards and interpretations adopted by the International Accounting Standards Board (IASB) and IFRS Interpretation Committee (IFRIC).

At the moment, given the process of IRFS adopting and in respect of the nature of the Company activities, there are no differences between IFRS accounting principles applied by the Company and IFRS adopted by the EU.

2.2 CHANGES IN ACCOUNTING PRINCIPLES AND DISCLOSURE

The applied accounting principles are consistent with the principles applied to the Separate Financial Statements reported as on 31 December 2013.
The Company applied the following new and amended IFRS standards and IFRIC interpretations as of 1 January 2014, all adopted within the EU:

IFRS 10 Consolidated Financial Statements (effective for the reporting periods starting on or after 1 January 2014)
IFRS 11 Joint Arrangements (effective for the reporting periods starting on or after 1 January 2014)
IFRS 12 Disclosure of Interest in Other Entities (effective for the reporting period starting on or after 1 January 2014)
IAS 27 Separate Financial Statements (effective for the reporting periods starting on or after 1 January 2014)
IAS 28 Investments in Associates (effective for the reporting periods starting on or after 1 January 2014)
IFRS 10, IFRS 11, IFRS 12
Amendments to IFRS 10, IFRS 11 and IFRS 12 Transition Guidance (effective for the reporting periods starting on or after 1 January 2014)
IFRS 10, IFRS 12, IAS 27
Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities (effective for the reporting periods starting on or after 1 January 2014)
IAS 32 Amendments to IAS 32 Financial Instruments: Presentation (effective for the reporting periods starting on or after 1 January 2014)
IAS 36 Amendments to IAS 36 Impairment of Assets (effective for the reporting periods starting on or after 1 January 2014)
IAS 39 Amendments to IAS 39 Financial Instruments: Recognition and Measurement (effective for the reporting periods starting on or after 1 January 2014)

The Company did not apply any of IFRS standards in advance, if such adoption was not required as on the date when the financial statements were concluded.
In case the application of a standard or an interpretation may affect the financial statements or performance of the Company, its effect is described below:

Amendments to IAS 32 – Financial Instruments - Presentation
The amendments to the standard stipulated new principles of presenting financial instruments as liabilities or equity, as well as offsetting of financial assets and financial liabilities. The standards applies to classification of financial instruments such as financial assets from the issuer´s point of view, financial liabilities and equity instruments, related interest, dividends, gains and losses, and to determine the conditions for offsetting financial assets and financial liabilities. The principles of this standard complement the principles of recognition and measurement of financial assets and financial liabilities under IAS 39 Financial Instruments: Recognition and Measurement, as well as information disclosure principles under IFRS 7 Financial Instruments: Disclosure. Application of these Amendments in 2014 had no effect on the financial position or performance of the Company.

Amendments to IAS 36 – Impairment of Assets
The aim of the amendment is to clarify the scope of information disclosure about recoverable amounts of impaired assets in case the values are based on fair value less costs of disposal. Amendments to the standard were adopted as a consequence of issuing IFRD 13 - Fair Value Measurement in May 2011. Amendments to IAS 36 are to be applied retrospectively, from the reporting period starting on 1 January 2014. An earlier application is permitted for the reporting periods when the reporting entity already applied IFRS 13. The Company complied with the condition to apply the changes for the period (including a comparison period) when it applies IFRS 13. Application of these Amendments had no significant effect on the financial position or performance of the Company.

2.3 SIGNIFICANT ACCOUNTING ASSESSMENTS, ESTIMATES AND ASSUMPTIONS

Important assessments in application of accounting principles

When applying the accounting principles, the Company management came to certain conclusions with an important impact on the amounts reported in the Financial Statements (except for those subject to the estimates specified below). A more detailed description of these assessments is specified in the respective notes, however, the most important include:

Reserves on environmental burden

Legislative regulations on the environment protection do not specify the scope of required redevelopment work or the technology to be used. When defining a reserve on environmental burden, the respective legislation and past experience were used as guidance. The Company prepared an expert estimate reflecting future costs on removal of an ecological burden, in particular contamination of soil and underground waters in the most significant sites as regards the ecological burden.

Significant accounting estimates and assumptions

Preparation of the Financial Statements in accordance with IFRS requires use of estimates and assumptions which affect the items reported in the Financial Statements and the Notes to the Financial Statements. Even if these estimates are based on the best knowledge of the current circumstances and methods, the actual results may differ from these estimates. A more detailed description of the estimates is specified in the respective notes; however, the most important estimates include the following:

Lawsuits

The Company has been a party to several lawsuits and civil litigations arisen from its ordinary activities. The Company makes use also of services provided by external legal advisors and experience from previous similar lawsuits to determine probable outcomes of lawsuits and to establish reserves.

Quantification and timing of environmental liabilities

The Company makes estimates of future cash flows related to the environmental liabilities by comparison of prices, use of analogies with similar past activities and other estimates. The amount of the reserve and assumptions for calculation of the reserve are re-evaluated on an annual basis, always as on the balance-sheet date. Even if these estimates are based on the best knowledge of the current circumstances and methods, the actual results may differ from these estimates.

Assets impairment

As on each reporting date, the Company determines whether there is an indication of assets impairment. If there is any such indication, an estimate of a recoverable amount of the asset in question is made or an estimate of the cash-generating unit, to which the asset was classified. When determining the useful value, the Company has to make an estimate of future expected cash flows and choose a suitable discount rate for calculation of the present value of cash flows. If necessary, the net selling price is determined on the basis of the market development in Slovakia and other Central European countries.

Employee benefits and severance pay

Costs on the scheme of employee benefits and severance pay are determined by actuarial calculations. These calculations contain estimates of discount rates, future growth of wages, mortality rate or fluctuation. Given the long-term nature of these schemes, such estimates are subject to uncertainty to a great degree.

2.3 SIGNIFICANT ACCOUNTING ASSESSMENTS, ESTIMATES AND ASSUMPTIONS (CONT.)

Depreciation period and residual value of long-term tangible assets

An estimate of lifespan of a long-term asset results from an assessment based on the Company experience with a similar asset. Depreciation period and residual value of long-term tangible assets are determined on the basis of the current strategic goals of the Company. As on the balance-sheet date, it is examined whether the used estimates are still suitable for such determination.

Fair value measurement of assets and liabilities according to IFRS 13

IFRS 13 did not introduce new requirements stipulating when to measure at fair value, but stipulated manners of fair value measurement and specified the requirements for disclosure in case of fair value measurement. Depending on the measurement manner, three levels of measurement of assets and liabilities were determined. Individual levels were defined as follows:

Level 1 quoted prices (unadjusted) on active markets for identical assets or liabilities that the Company can access at the measurement date;

Level 2 inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3 inputs of assets or liabilities that are unobservable according to market data.

Measurement of non-financial items: ***in thousand EUR***

Assets (in thousand EUR)	Level 1	Level 2	Level 3
IInvestment Property (IAS 40)			0
Assets held for sale (IFRS 5)			6,029
of which: real estates			5,999
machines and other movable assets			30
Total as on 31 December 2014			**6,029**

Measurement used to derive fair values at Level 3:

Fair value of investments into real estates at Level 3 as on 31 December 2014 amounted to EUR 0 (318 thousand EUR as on 31 December 2013).

Fair value of assets held for sale at Level 3 as on 31 December 2014 amounted to EUR 6,029 thousand (as on 31 December 2013 to EUR 485 thousand).

Fair value of investments into real estates and assets held for sale was determined by a qualified estimate.

Description of the measurement technique:

- physical characteristics of an asset, their size, location, demographic development etc. are taken into account in measurement,
- legal aspects that take into account limits of the assets use, its distribution, change in use and impact of zone planning
- offers on internet real estate market, strength of buyers in the given region, costs on changes in the asset use are taken into consideration
- in case of machines, the fair value is derived from the carrying amount representing an expert-determined value, reduced by amortisation, due to a missing active market and specific features of some assets.

2.3 SIGNIFICANT ACCOUNTING ASSESSMENTS, ESTIMATES AND ASSUMPTIONS (CONT.)

Description of the measurement process:

Measurement is carried out by the specific Company departments based on their technical knowledge, information available on internet, real estate market and experience from sale of similar assets.

Measurement of financial items: ***in thousand EUR***

Derivative	Level 1	Level 2	Level 3
Investment Property (IAS 40)		**-1,450**	0
EUROFIMA VI (Crédit Agricole)			-8,961
EUROFIMA VI/ IRIS (NOMURA)			-18,892
Total as on 31 December 2014		**-1,450**	**27,853**

Fair value of financial derivative

The fair value of financial derivatives was determined via the method of future expected discounted cash flows.

The Monte Carlo simulation was used to calculate future cash flows of derivatives at Level 3. The simulation generated values of individual underlying assets of financial derivatives (3M Euribor, 6M Euribor, IRIS index) based on their probability distribution while respecting the volatilities, return rate compared to the long-term average, and statistical correlation of individual underlying assets.

The data from the Bloomberg system were a source of the simulation input data. The input data include the current and historic market values of the underlying tools, their volatility and statistical correlations.

The fair value of individual derivatives is affected by development of the following underlying instruments: 6M Euribor, 3M Euribor, Index IRIS, calculated by Nomura International plc. The cash flows were discounted by a rate calculated from the zero-coupon curve.

Taxes

Deferred tax liabilities are recognised in case of all deductible temporary differences and the carry-forward of unused tax losses to the extent that it is probable that future taxable profit will enable to redeem these deductible temporary differences and unused tax losses carried forward.

3 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

a) *Presentation currency*

Data in these Separate Financial Statements are expressed in the Euro currency which is the functional and presentation currency of the Company.
Transactions in a foreign currency are re-calculated into EUR by a reference exchange rate determined and published by the European Central Bank or the National Bank of Slovakia on the day preceding the day of the accounting case. Cash assets and liabilities in a foreign currency are recalculated by the exchange rate of the functional currency prevailing on the balance-sheet date. All differences are included into the Statement of Comprehensive Income. Non-monetary items evaluated in historic prices in a foreign currency are recalculated by the exchange rate prevailing on the day of the initial transaction.

b) *Tangible assets*

Tangible assets are reported in their acquisition prices without costs on everyday servicing, after deduction of adjustments and accumulated impairment. If a substantial part of tangible assets needs to be replaced in intervals, these components are reported as individual tangible assets with a specific lifespan and depreciation. If repairs of long-term tangible assets are done, involving replacement of significant components, costs on such repair are included in the acquisition price of the long-term tangible asset, if the reporting criteria are met.
Repairs and maintenance are reported in the Statement of Comprehensive Income as costs of the reporting period, in which the given work was carried out. Assets are depreciated evenly during their lifespan period (20-50 years in case of buildings, 3-34 years in case of machines, equipment and other assets), while lands are not depreciated.

Tangible assets are written-off when sold or if no future economic benefits are expected out of their use. Profit or loss of disposed-of assets (calculated as the difference between net revenues from sale and the carrying amount) is included in the Statement of Comprehensive Income in the year, in which the asset is disposed of.
The residual values of assets, lifespans and methods are regularly examined and, if necessary, adjusted at the end of each financial year.

c) *Intangible assets*

Intangible assets are reported in their acquisition prices, after deduction of adjustments and accumulated impairment.
Assets are depreciated evenly during their lifespan (2-5 years).
An intangible asset is disposed of if sold, or if no future economic benefits are expected from its use or sale. Profit or loss of disposed-of assets (calculated as the difference between net revenues from sale and the carrying amount) is included in the Statement of Comprehensive Income in the year, in which the asset is disposed of.
The residual values of intangible assets, lifespans and methods are regularly examined and, if necessary, adjusted at the end of each financial year.

d) *Long-term assets held for sale*

Long-term assets and groups to be disposed of, classified as held for sale are measured in the lower of these two amounts: carrying amount and fair value reduced by costs on sale. Long-term assets and groups to be disposed of are classified as held for sale if their carrying amount may be recovered via a sale transaction rather than continuous use. This condition is considered fulfilled only in case a sale is highly probable and the asset or a group to be disposed of are ready for an immediate sale in the current condition. The Company management has to be involved in the sale, which is presumed to be completed within one year of the classification date.
Long-term assets classified as held for sale are not depreciated.

3 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONT.)

e) Inventories

Inventories are measured in the lower of the acquisition price or net realisable value, after adjustments to low-turn or useless inventories are created. Costs on bought inventories include the purchase price of inventories and costs related to their acquisition (transport costs, insurance, duty, commissions, excise tax). Weighted average method is used to calculate the acquisition price.
A net recoverable value is the estimated selling price at ordinary activity, reduced by estimated costs necessary for sale.

f) Impairment of non-financial assets

As at each reporting date, the Company assesses whether there is an indication of assets impairment. If there is such indication or a yearly asset impairment test is required, the Company makes an estimate of the recoverable amount of the assets. The recoverable amount of an asset is the higher of its fair value or cash-generating unit reduced by costs on sale and its value in use. It is determined for individual assets only if the asset in question does not generate an increase in monetary means, which are usually independent of gains from other assets or groups of assets.
If the carrying amount of assets is higher than their recoverable amount, the asset is considered impaired and is decreased down to the recoverable amount. When assessing the value in use, the assumed future cash flows are discounted down to their present value by a discount rate before taxation which reflects the present market evaluations of the time value of money and risks specific for the asset in question.
Impairment losses are reported in the Statement of Comprehensive Income as costs on depreciation, amortisation and asset impairment.

As on each reporting date, it is assessed whether there is an indication that impairment losses reported in the previous period do not exist or should be reduced. If there is any such indication, an estimate of the recoverable amount is made. Impairment loss reported in the previous period is recognised only when the estimates used to determine the recoverable amount of the asset changed since the last impairment loss was reported. In that case the carrying amount of the asset is increased up to its recoverable amount. Such increased amount may not exceed the carrying amount (after deduction of depreciation) which would be determined if no impairment loss was reported in the previous years.
The amount is reported in the Comprehensive Income. Afterwards, in the future periods, depreciation is adjusted so that the adjusted carrying amount reduced by residual value would be allocated systematically during the remaining lifespan.

g) Financial assets

Initial recognition and measurement
Financial assets are first recognised at the moment when the Company becomes a party to the contractual provisions concerning the financial instrument. At initial recognition, financial assets are measured at their fair value which (to the exception of financial assets measured at their fair value with changes reported into profit or loss) is increased by costs directly related to acquisition of the financial asset. The best proof of the fair value of a financial asset at its initial recognition is usually the transaction price, i.e. the fair value given for the procured asset. Receivables without an interest rate are initially measured in the amount of the receivable, if the effect of their discounting on the present value, i.e. the effect of fair value determination, is insignificant.

Financial assets of the Company consist of financial means in cash, financial means on bank accounts, short-term and long-term receivables and ownership interests.

3 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONT.)

g) Financial assets (cont.)

Subsequent measurement

Subsequent measurement of financial assets depends on their classification into categories according to IAS 39 where the four following categories of financial assets are distinguished.

Financial assets measured at fair value with changes reported as profit or loss

The financial assets in this category are measured at fair value with changes reported through profit and loss. The category includes two groups of financial assets – financial assets held for trading and financial assets designated to be measured at fair value through profit and loss.

Financial assets held for trading are the ones procured or originated with the purpose of their short-term shale, or are part of the portfolio of jointly managed instruments, for which there is evident trading in the recent period with a short-term profit generating. Assets held for trading include also derivatives with a positive fair value which do not meet the conditions for classification as hedging instruments defined pursuant to IAS 39. The Company does not hold financial assets other than derivatives for trading. Derivatives are presented in the Statement of Financial Position under “Financial derivatives”. In case derivatives do not have a positive fair value at the book-closing date, the item is not presented.

Reporting entities may determine the financial assets which meet the set conditions for fair value measurement through profit and loss at their own will. The Company does not make use of this choice.

Loans and receivables

Loans and receivables represent non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, loans and receivables are reported in their amortised value by effective interest rate method. Amortised value is calculated while taking into account the discount and bonus at acquisition, fees that are inseparable part of the effective interest rate, and transaction costs. The amortised value is reduced by a possible allowance taking into account a credit-risk loss. Yields of interest are recognised via the efficient interest rate method and, besides the contractual interest, they take into consideration also amortisation of the above-mentioned discounts, bonuses, fees and transaction costs. Yields of interest are presented in the Statement of Comprehensive Income under “Financial Income”. In case of receivable without an interest rate, the efficient interest rate is not determined and the yield of interest is not recognised if the effect of discounting down to the present value is insignificant. Profit and loss from derecognised loans and receivable as well as impairment losses are reported into profit and loss.

As regards the Company´s financial assets, trade receivables, other receivables and financial means in banks are classified into this category. The Statement of Financial Position includes them under items of “Other long-term assets”, “Trade receivables and other receivables”, “Receivables from Contract on Passenger Rail Transport Services” and “Financial means and financial equivalents”.

Investments held to maturity

Investments held to maturity are non-derivative financial assets with fixed or determinable payments, with fixed maturity, which the reporting entity intends and is able to hold until their maturity. After being initially recognised, investments held to maturity are measured in amortised costs. The Company does not classify any assets as investments held to maturity.

3 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONT.)

g) Financial assets (cont.)

Financial assets available for sale

Available-for-sale financial assets are those non-derivative financial assets available for sale and not classified in any of the previous three categories of financial assets. After initial recognition, the financial assets available for sale are measured in their fair value, with unrealised gain or loss reported as other comprehensive income under reserve from revaluation. In case such financial asset is derecognised or its impairment is identified, cumulative profit or loss that was reported before in the last comprehensive income is recognised in profit/loss of the accounting period. As regards assets held by the Company, this category includes ownership interests with insignificant impact presented under “Financial assets” of the Statement of Financial Position.

Impairment of financial assets

At the end of each reporting period the Company assesses whether there is any objective evidence of impairment of financial assets or a group of financial assets. Evidence of impairment may include indications about a debtor or issuer having significant financial problems, failing to pay interest or principal payments, is in a probability of a bankruptcy or financial reorganisation, or the receivable was restructured due the debtor´s financial difficulties. If there is such objective evidence based on one or several events occurring after the asset was initially recognised, while these have negative impact on the expected future financial flows from financial assets, the financial asset is reported as impaired.

Assets measured in amortised costs

If there is objective evidence of an impairment loss, the loss amount is determined as a difference between the carrying amount of the asset and the present value of estimated future cash flows discounted by the original effective interest rate for the given financial asset. In case of receivables without an interest rate where the effective interest rate is not determined in respect of the insignificant discounting effect, the impairment is determined without discounting the estimated cash flows.

The carrying amount of an asset is reduced through the allowance account and the reduced amount is recognised in profit/loss under “Costs and expenses” for respective items in the Statement of Comprehensive Income. Financial assets are written off in case there is no real chance of their future payment and all securing was realised or transferred to the Company.

If in the subsequent year the amount of expected impairment increases or decreases due to an event occurring after the impairment was reported, the previously reported impairment is increased or decreased through the account of allowances. If written-off loans are payable, the repayment is reported as revenue in the Statement of Comprehensive Income.

Financial assets available for sale

From among the Company´s financial assets, the category of financial assets available for sale include only ownership interests. For that reason, the Company applies the provisions of IAS 39, applying them to impairment of investments into equity instruments.

If there is objective evidence of impairment of an asset available for sale, the amount corresponding to the difference between its acquisition price and its current fair value is transferred from equity into profit/loss. This amount is reduced by impairment losses reported in the previous reporting periods. The reported impairment losses may not be subsequently derecognised through profit/loss and an increase in the fair value is reported via other comprehensive result in the Statement of Comprehensive Income.

3 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONT.)

h) Financial liabilities

Initial recognition and measurement

Financial liabilities are first recognised at the moment when the Company becomes a party to the contractual provisions concerning the financial instrument. At initial recognition, financial liabilities are measured at their fair value which - to the exception of financial liabilities measured at their fair value with changes reported into profit or loss - is reduced by costs directly related to the transaction. Specific information concerning the initial measurement of liabilities from loans and financial aid and trade liabilities are provided below under the chapter on financial liabilities measured at amortised costs.

Financial liabilities of the Company include trade liabilities, other liabilities, current accounts, loans, borrowings and financial derivatives.

Subsequent measurement

Subsequent measurement of financial liabilities depends on their classification into categories according to IAS 39 where the two following categories relevant for the Company are distinguished.

Financial liabilities measured at fair value with changes reported as profit or loss

The financial liabilities in this category are measured at fair value with changes reported through profit and loss. The category includes two groups of financial liabilities – financial assets held for trading and financial liabilities designated to be measured at fair value through profit and loss.

Financial liabilities held for trading are the ones originated with the purpose of their short-term purchase, or are part of the portfolio of jointly managed instruments, for which there is evident trading in the recent period with a short-term profit generating. Liabilities held for trading include also derivatives with a negative fair value which do not meet the conditions of hedging instruments as defined pursuant to IAS 39. The Company does not hold financial liabilities other than derivatives for trading. Derivatives are presented in the Statement of Financial Position under “Financial derivatives”. In case derivatives do not have a negative fair value at the book-closing date, the item is not presented.

Reporting entities may determine the financial liabilities which meet the set conditions for fair value measurement through profit and loss at their own will. The Company does not make use of this choice.

Financial liabilities measured at amortised costs

After their initial recognition, the Company measures the remaining liabilities at their amortised costs via the effective interest rate method. The amortised cost is calculated while taking into consideration the discount and bonus at initial recognition and transaction costs. Interest costs are recognised via the efficient interest rate method and, besides the contractual interest, they take into consideration also amortisation of the above-mentioned discounts, bonuses, and transaction costs. The interest costs are presented in the Statement of Comprehensive Income under the item of “Financial costs”, except for when capitalised as part of the acquisition price of qualified assets pursuant to IAS 23. The Company´s liabilities measured at amortised costs may be divided into a group of loans and financial aid and a group of trade liabilities and other liabilities.

Loans and financial aid

Loans and financial aid are initially recognised in the fair value of the received consideration after deducting the costs on obtained loan. After initial recognition they are reported in an amortised value by the effective interest rate method. They are presented in the Statement of Financial Position under the items of “Financial aids” and “Interest-bearing loans and borrowings”.

3 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONT.)

h) Financial liabilities (cont)

Trade liabilities and other liabilities
Trade liabilities and other liabilities are reported and measured at the originally invoiced price, if the impact of their discounting on the present value is insignificant. An invoiced interest on overdue payment is reported under trade liabilities. They are presented in the Statement of Financial Position under item of "Trade liabilities and other liabilities".

i) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net value is reported in the balance sheet in case the Company has a legally enforceable right to compensate them and intends to offset them, or realise the asset and offset the liability at the same time.

j) Fair value of financial instruments

In case of investments actively tradable on organised financial markets the fair value as at balance-sheet date is determined on the basis of quoted market prices or dealer's offered price, without deducting any transaction costs.
In case of investments where quoted market price is not available, the fair value is determined by suitable measurement techniques. Such techniques include use of a recent independent market transaction, price determination on the basis of the present market value of another instrument which is the same in its nature, or the price is calculated on the basis of expected cash flows of net underlying assets of the investment or other measurement models.

k) Derivative financial instruments

The Company owns financial derivatives as a hedge against interest risks. Financial derivatives are initially measured in their fair value as at the day of contract conclusion and are subsequently re-measured into fair value. Derivatives are reported as assets if their fair value is positive and as liabilities if negative. Profit or loss from changes in the fair value of derivatives is reported directly into profit/loss for the accounting period as financial income or costs.

Deposited derivatives are separated from the fundamental contract and are treated as separate derivatives if the following conditions are met:
- their economic characteristics and risks are not closely related to the economic characteristics of the fundamental contract,
- a separate instrument under the same conditions as the deposited derivative would meet the definition of a derivative, and
- a hybrid (combined) instrument is not measured at fair value, while the changes in fair value are reported as net profit in the ordinary period.

Hedging
The Company´s portfolio does not include any hedging derivative in compliance with the definition of IAS 39, thus, the Company does not keep hedge accounts.

3 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONT.)

h) Financial liabilities (cont)

Classification of derivative instruments into short and long-term
Financial derivatives are classified as short-term and long-term or divided into a short-term and long-term part pursuant to assessment of the facts and circumstances (i.e. underlying contractual cash flow).

- In case the Company owns a derivative as economic hedge (and does not apply hedge accounting) for longer than 12 months after the balance-sheet date, derivatives are classified as long-term (or divided into a short-term and long-term part), identically to the classification of the underlying item.
- Embedded derivatives which are not closely associated with the host contract are classified identically with cash flows of the host contract.
- Financial derivatives that are primarily held for trading are classified as short-term.

l) Financial means and financial equivalents

Financial means and financial equivalents consist of cash deposited in bank and in cash registers, and short-term deposits with maturity of three months or less, with only a slight risk of any change in value.

For the purposes of an overview of cash flows, the report includes the financial means and financial equivalents as defined above, after deduction of unpaid bank overdrafts.

m) Employee benefits

The Company returns a proportion of paid gross wages to the state as contributions on health and social insurance and contributions into the unemployment fund, as stipulated by statutory rates effective during the year. Costs on such contributions are included into the Profit and Loss Statement of the same period as the associated wage costs. The Company is not obliged to return contributions above the framework of statutory rates.

The Company uses also uncovered long-term schemes with fixed benefits, which include benefits in the form of single contributions in case of employment termination, a life anniversary or invalidity. Costs on provision of these employee benefits are assessed separately for each scheme via the projected unit credit method, where costs incurred on employee benefits are reported in the Profit and Loss Statement or in the equity so as to distribute them during the period of employment in the Company. The liability from employee benefits is determined as present value of forecasted future cash decreases.

The actuarial profit and loss resulting from empiric adjustments and changes in actuarial forecasts is reported as revenues and costs at the time of their occurrence. Changes and adjustments of these long-term schemes with determined benefits are reported during the average remaining period of service of the respective employees in the Profit and Loss Statement, except for cases of employee benefits after employment termination. In such case, any change and adjustment of long-term schemes of employee benefits is reported within other comprehensive profit and loss and directly in the equity.

Reserve for severance pay
Pursuant to the Slovak legislation and based on the conditions of the Collective Agreement concluded between the Company and its employees, the Company employees are entitled to severance pay immediately after termination of their employment due to organisational changes. The amount of this liability is included into the reserves on liabilities and fees, if the plan of employee number reduction is defined and announced and if conditions for its implementation are met.

3 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONT.)

n) Reserves

Reserves are reported when the Company has an actual statutory or non-contractual obligation as a consequence of a past event, settlement of which is expected to result in a probable (rather yes than no) decrease of company resources representing economic benefits, when the amount of such obligation may be reliably estimated. Reserves are re-measured as at each balance-sheet date and their amount is adjusted so as to reflect the current best estimate. The reserve amount represents the present value of expenses which take into account the existing risks and which will probably be used to settle the liability in question. These expenses are determined via estimated risk-free interest rate as a discount rate. Where discounting is used, the carrying amount of the reserve is increased in each period in order to take into consideration reduction of discount from time perspective. This increase is reported as interest costs.

Reserve on lawsuits

Financial statements include reserves on lawsuits and potential lawsuits which were calculated through available information and assumptions of achievable outcomes of individual lawsuits, and it is probable that the outcome of such lawsuits will present a reliably measurable cost for the Company.

Reserve for costs on the environment protection

The reserve on the environment protection is created when occurrence of costs on reconstruction of the environment is probable and these costs may be reliably estimated. In general, creation of such reserves is time-wise corresponding to adoption of a formal plan or a similar obligation to sell investments or discard unused property. The amount of reported reserve is the best estimate of necessary expenses.

o) Reporting of revenues

Revenues are reported in case it is probable that they will bring economic benefits to the Company, and when the amount of revenues may be reliably determined. Revenues are reported in the fair value of received consideration, without discounts, rebates and value added tax.

Revenues from transport and related services, as well as from other services are reported in the accounting period when the services were delivered, adjusted by discounts and deductions.

p) Lease

When determining whether a contract represents a lease or contains a lease, the substance of the contract is important, and it is necessary to assess whether fulfilment of the contract depends on use of a particular property and whether the contract transfers a right to use a property.

Lessee

The subject of financial lease, where in essence all risks and benefits resulting from ownership of the leased item are transferred to the Company, is capitalised at the beginning of the lease in the fair value of the leased property or in the present value of minimal leasing instalments, if lower. Leasing instalments are divided between financial cost and deduction of unpaid liability so that a constant interest rate is established for the remaining value of the liability.
Financial cost is reported directly in the Profit and Loss Statement.
A capitalised leased asset is depreciated for the lower of the estimated lifespan or the lease period.
Leasing instalments from operating lease are reported as costs in the Profit and Loss Statement, evenly during the lease period.

3 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONT.)

p) Lease (cont.)

Lessor

Lease where the Company does not transfer all risks and benefits resulting from ownership of the lease item is classified as operating lease. Leasing instalments from operating lease are reported as revenues evenly during the lease period.

q) Costs on received loans and borrowings

Capitalisation of costs on received loans and borrowings starts during preparation of qualified assets for their intended use, and expenses and costs are incurred in relation to received borrowings and loans. Costs on received borrowings and costs are capitalised until the asset is prepared for its intended use. Costs on received borrowings and loans consist of cost interests and other costs associated with foreign resources, including exchange rate differences from loans and borrowings in a foreign currency used to finance these projects in the scope, in which they are considered as adjustments of interest costs.

r) Subsidies

Subsidies are reported in their fair value if there is adequate assurance on reception of a subsidy and fulfilment of all conditions related to receiving of such subsidy. The Company reports the following subsidies:

- State subsidies to compensate costs of services in the public interest based on the Contract for Passenger Rail Transport Services concluded with the Slovak Republic represented by MTCRD. The Company reports them in the current accounting period, in which the costs related to these services in public interest are reported. In case of compensation of costs on services in the public interest incurred in the previous periods, it is reported as revenues of the period, in which MTCRD decided to cover them.

- subsidies related to acquisition of long-term assets (mainly rolling stock). The Company reports State subsidies granted by the Slovak Republic separately from subsidies granted from EU funds, which are further divided by individual funds. The Company reports them in the Statement of Financial Position as deferred income and as revenues evenly during the lifespan of the acquired long-term asset.

s) Payable and deferred tax

Income tax consists of payable tax and deferred tax. Tax is reported in the comprehensive income, except for cases when it relates to items reported within other comprehensive income and loss or directly in equity. If it relates to these items, the tax is also reported within other comprehensive income and loss or directly in equity.

Payable tax

Tax receivables and liabilities for current and previous accounting periods are measured in the value, in which they are expected to be settled with the tax administrator. Payable tax is calculated pursuant to tax rates enacted as on the balance-sheet date.

In compliance with Article 46 of Act no. 595/2003 Coll. on income tax, effective as of 1 January 2015, the Company as a taxpayer has to pay a tax licence for each tax period, where it reports tax loss or tax liability calculated in the income tax return which is lower than the amount of the tax licence as stipulated for the Company. The payable tax amounts to the tax licence as stipulated by legislation.

3 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONT.)

s) Payable and deferred tax (connt.)

Deferred tax

Deferred income tax is reported pursuant to a liability method with temporary differences discovered as on the balance-sheet date between the tax base of assets and liabilities and their carrying amount for the purposes of financial reporting.

Deferred tax liability is reported for all taxable temporary differences.

Deferred tax liabilities are recognised in case of all deductible temporary differences, the carry-forward of unused tax loans and unused tax losses to the extent that it is probable that future taxable profit will enable to redeem these deductible temporary differences and unused tax loans and unused tax losses that were carried forward.

Review of the carrying amount of deferred tax receivables is carried out as on each balance-sheet date and the value is reduced to such extent that it is no longer probable that the taxable profit will be enough to redeem the whole deferred tax receivable or its part. Unreported deferred tax receivables are again re-measured as on each balance-sheet date and reported in the extent that it is probable that the future taxable profit will enable retroactive return of the deferred tax receivable.

Deferred tax receivables and liabilities are measured by tax rates which are assumed to be applied in the period when the asset is realised or liability settled, based on tax rates (and tax acts) enacted as at the balance-sheet date.

4 LONG-TERM TANGIBLE ASSETS

in thousand EUR	Acquisition price					Cumulated adjustments					Residual value as on
	As on 1 January 2014	Additions	Disposals	Transfers	As on 31 December 2014	As on 1 January 2014	Additions to adjustments	Disposals	Transfers	As on 31 December 2014	As on 31 December 2014
Lands and buildings	**63,667**	1,407	5	-7,018	**58,051**	**6,943**	2,969	23	-2,200	**7,689**	**50,362**
of which: impairment loss.						*97*		*21*	*-34*	*42*	
Dopravné prostriedky	**956,875**	117,342	8,924	4,053	**1,069,346**	**286,291**	59,587	8,235	-22	**337,621**	**731,725**
Stroje, zariadenia, iné aktíva	**26,870**	4,143	663	4,324	**34,674**	**15,266**	2,692	632	-104	**17,222**	**17,452**
of which: impairment loss.						*1,762*	*16*	*101*	*0*	*1,677*	
Nedokončené investície	**9,310**	18,973	10	-934	**27,339**	**0**				**0**	**27,339**
Poskytnuté preddavky	**16,002**	5,170		-8,018	**13,154**	**0**				**0**	**13,154**
Total long-term tangible assets	**1,072,724**	147,035	9,602	-7,593	**1,202,564**	**308,500**	65,248	8,890	-2,326	**362,532**	**840,032**
IAS 40	**452**			-452	**0**	**134**			-134	**0**	**0**
IFRS 5	**922**		440	8,045	**8,527**	**437**		399	2,460	**2,498**	**6,029**
of which: impairment loss.						*115*			*34*	*149*	

in thousand EUR	Acquisition price					Cumulated adjustments					Residual value as on
	As on 1 January 2013	Additions	Disposals	Transfers	As on 31 December 2013	As on 1 January 2013	Additions to adjustments	Disposals	Transfers	As on 31 December 2013	As on 31 December 2013
Lands and buildingsy	**58,442**	5,047	89	267	**63,667**	**2,702**	4,624	397	14	**6,943**	**56,724**
of which: impairment loss.						*391*	*97*	*391*		*97*	
Dopravné prostriedky	**894,731**	69,838	7,431	-263	**956,875**	**236,660**	58,526	6,668	-2,227	**286,291**	**670,584**
Stroje, zariadenia, iné aktíva	**19,212**	6,110	976	2,524	**26,870**	**11,084**	2,766	555	1 971	**15,266**	**11,604**
of which: impairment loss.						*599*	*1,163*	*0*		*1,762*	
Nedokončené investície	**3,905**		142	5,547	**9,310**	**0**				**0**	**9,310**
Poskytnuté preddavky	**8,101**	16,003		-8,102	**16,002**	**0**				**0**	**16,002**
Total long-term tangible assets	**984,391**	96,998	8,638	-27	**1,072,724**	**250,446**	65,916	7,620	-242	**308,500**	**764,224**
IAS 40	**666**			-214	**452**	**13**	126		-5	**134**	**318**
IFRS 5	**1,418**		737	241	**922**	**403**	153	366	247	**437**	**485**
of which: impairment loss.						*115*				*115*	

4 LONG-TERM TANGIBLE ASSETS (CONT.)

In order to present the flow of assets in a more precise and transparent manner, ZSSK applied a change in the structure of reporting the long-term tangible and intangible assets. The change affects the modification of asset movement presenting for the previous period ended on 31 December 2013. Disposals of unfinished investments include only disposals as on 1 January of the respective year due to lost investments, recognition as costs or inventories. Additions in unfinished investments and provided pre-payments include only additions of the respective year as on 31 December. Additions and disposals concerning acquisitions in the respective year are reported in the transfers of acquisition and additions and transfers of entrusted assets. Disposals and additions in assets presented pursuant to IAS 16 due to a change in the presentation manner (IAS 40 and IFRS5) are now recognised in transfers. They were originally presented as disposals or additions. At the same time, in order to make them more comprehensive, asset changes recognised pursuant to IAS 40 and IFRS 5 are also presented.

The category of lands and buildings includes operation and administrative buildings, customer centres, dressing rooms for train crews, depots, warehouses and track yards, together with underground services. Rolling stock in the amount of EUR 731,725 thousand represents the most significant item. Other items include IT devices, cranes, air-conditioning and heating equipment, technological equipment of depots, inventories and tools used for repairs and maintenance of rolling stock in the amount of EUR 17,452.

The most important item in unfinished investments are costs on project documentation concerning centres of technical and hygienic maintenance amounting to EUR 3,978 thousand, electric double-deck units amounting to EUR 9,620 thousand, diesel multiple-unit sets amounting to EUR 3,898 thousand and air-conditioned passenger coaches amounting to EUR 1,792 thousand co-financed from the EU funds. Other items include modernisation of 361-series motive power unit amounting to EUR 2,316 thousand and 757 361-series amounting to EUR 3,730 thousand.

The advance payments provided to procure investments in the amount of EUR 13,154 thousand consist mostly of advance payments for delivery of electric double-deck units in the amount of EUR 5,291 thousand and diesel multiple-unit sets in the amount of EUR 6,792 thousand, procured under Europroject no.2.

The Company carried out a comprehensive test for impairment of assets as on 31 December 2014. The test included examination of the condition and use of assets, which resulted in reporting of asset impairment in the amount of EUR 1,826 thousand as unused assets. Its recoverable amount was determined as the selling price reduced by costs related to sale of the given assets, when the usable value was determined as zero or close to zero.

Fixed Assets Held for Sale

The assets held for sale are no longer depreciated. These assets are measured at their fair value, reduced by costs on sale. This applies to useless assets which the Company cannot use and assets offered for sale to lessees, which was recognised pursuant to IAS 40 till now. The asset division is presented in the following table:
(in thousand EUR)

Class	Name	As on 31 December 2014	As on 31 December 2013
10	Buildings	3,137	313
20	Constructions	838	1
30 and 40	Machines and equipment	28	0
60	Transport vehicles	0	**23**
70	Inventory	2	**0**
90	Real estate/lands	2,024	**148**
	Total	**6,029**	**485**

Due to fair value measurement, the assets value was reduced by EUR 151 thousand after testing the assets for impairment.

4 LONG-TERM TANGIBLE ASSETS (CONT.)

The following costs and revenues are related to the assets held for sale:

(in thousand EUR)	Amount
Energy consumption	3
Repairs	4
Other services	16
Taxes (on lands and constructions)	41
Other charges	1
Total costs	**65**
Lease	74
Total revenues	**74**
Profit from assets held for sale	**9**

Investments into real estates

Real estates recognised in 2013 pursuant to IAS 40 were re-classified as held-for-sale during 2014.
(in thousand EUR)

Rented assets	As on 31 December 2014	As on 31 December 2013
Recreation facility, Valčík, Bratislava	0	69
Waterworks tower, Humenné	0	14
Lands at Vinohrady, Bratislava	0	235
Total	**0**	**318**

The manner and value of long-term assets insurance

The Company insured the significant long-term assets with the insurance companies KOOPERATIVA poisťovňa, a.s., Vienna Insurance Group, based on two insurance contracts:

Insurance policy no. 80 8017630, including Supplement no. 1, concerning insurance of fuelling station and insurance of inventories, has been concluded for the period from 1 January 2014 to 31 December 2018. The total insured value for the insurance period amounts to EUR 4,733 thousand.

Insurance policy no. 80 8009199, including Supplement no. 1, concerning insurance of rolling stock, has been concluded for the period from 1 March 2009 to 28 February 2015. The total insured value for the insurance period amounts to EUR 303,994 thousand.

5 LONG-TERM INTANGIBLE ASSETS

in thousand EUR	Acquisition price					Cumulated adjustments					Residual value as on 31 December 2014
	As on 1 January 2014	Additions	Disposals	Transfers	As on 31 December 2014	As on 1 January 2014	Additions to adjustments	Disposals	Transfers	As on 31 December 2014	
Intangible assets	**18,814**	2,609	676	2,493	**23,240**	**12,979**	2,488	555		**14,912**	**8,328**
Unfinished investments	**2,924**	2,585	431	-2,493	**2,585**	**0**				**0**	**2,585**
Provided pre-payments	**0**				**0**	**0**				**0**	**0**
Total	**21,738**	**5,194**	**1,107**	**0**	**25,825**	**12,979**	**2,488**	**555**	**0**	**14,912**	**10,913**

in thousand EUR	Acquisition price					Cumulated adjustments					Residual value as on 31 December 2013
	As on 1 January 2013	Additions	Disposals	Transfers	As on 31 December 2013	As on 1 January 2013	Additions to adjustments	Disposals	Transfers	As on 31 December 2013	
Intangible assets	**14,525**	4,286	106	109	**18,814**	**11,842**	1,140	3		**12,979**	**5,835**
Unfinished investments	**2,146**	902	15	-109	**2,924**	0				**0**	**2,924**
Provided pre-payments	**0**				**0**	**0**				**0**	**0**
Total	**16,671**	**5,188**	**121**	**0**	**21,738**	**11,842**	**1,140**	**3**	**0**	**12,979**	**8,759**

In order to present the flow of assets in a more precise and transparent manner, ZSSK applied a change in the structure of reporting the long-term tangible and intangible assets. The change affects the modification of asset movement presenting for the previous period ended on 31 December 2013. Disposals of unfinished investments include only disposals as on 1 January of the respective year due to lost investments, recognition as costs or inventories. Additions in unfinished investments and provided pre-payments include only additions of the respective year as on 31 December. Additions and disposals concerning acquisitions in the respective year are reported in the transfers of acquisition and additions and transfers of entrusted assets.

The most important item in the category of intangible assets were licences for SW iKVC in the amount of EUR 858 thousand and Oracle support licences in the amount of EUR 1,266 thousand.
The most significant items under unfinished investments include acquisition of KVC software in the amount of EUR 1,709 thousand.

6 FINANCIAL ASSETS

The Company holds an ownership interest with insignificant influence in the following companies:

(in thousand EUR)	Number of shares (pieces)	Participation in the equities in %	Financial assets	
			as on 31 December 2014	As on 31 December 2013
Eurofima	1,300	0.50 %	5,069	4,965
BCC	1	0.68 %	1	1
Total	**x**	**x**	**5070**	**4,966**

7 OTHER LONG-TERM ASSETS

(in thousand EUR)	31 December 2014	31 December 2013
Trade receivables	418	488
Other long-term receivables	238	239
Total	**656**	**727**

8 INVENTORIES

	Acquisition price	(The lower of) acquisition value, or net recoverable value	Acquisition price	(The lower of) acquisition value, or net recoverable value
(in thousand EUR)	2014	2014	2013	2013
Total material	9,177	8,257	7,574	**6,768**
Fuel in tank	271	271	305	**305**
Other inventories	286	231	289	**234**
Total inventories	**9,734**	**8,759**	**8,168**	**7,307**

No right of lien was established regarding the procured inventories.

9 TRADE RECEIVABLES AND OTHER RECEIVABLES

(in thousand EUR)	31 December 2014	31 December 2013
Short-term trade receivables	**16,342**	**17,602**
Tax receivable (excessive VAT deduction, excise tax)	**14,812**	**10,562**
Receivable from subsidies on investments	**10,759**	**0**
Other receivables	**1,857**	**2,081**
	43,770	**30,245**
Allowances to trade receivables and other receivables	**-1 096**	**-1 119**
	42,674	**29,126**

Receivables after maturity amounted to EUR 2,465 thousand as on 31 December 2014 (EUR 2,082 thousand as on December 2013).
Trade receivables are interest-free and in general payable within 14 – 90 days.
Information on receivables from related parties is stated under note 33.

9 TRADE RECEIVABLES AND OTHER RECEIVABLES (CONT.)

Analysis of the age structure as at 31 December is as follows:

Year	Total	Within maturity and without an adjusting entry	After maturity and without an adjusting entry			
			< 180 days	181 - 270 days	271 - 365 days	> 365 days
2014	**43,770**	41,305	1,067	131	74	1,193
2013	**30,245**	28,162	798	37	180	1,068

10 FINANCIAL MEANS AND FINANCIAL EQUIVALENTS

For the purposes of a cash flow overview, the financial means and financial equivalents contain the following items:

(in thousand EUR)	31 December 2014	31 December 2013
Financial means in cash register and financial equivalents	219	201
Financial means in banks	23,751	1,148
Total	**23,970**	**1,349**

Financial means in banks bear interest pursuant to variable interest rates depending on daily deposit rates.

Bank overdrafts form an indivisible part of cash flow management and are reported as short-term interest-bearing loans and borrowings.

Bank overdrafts as on 31 December are as follows::

(in thousand EUR)	31 December 2014	31 December 2013
	Principal balance	Principal balance
Československá obchodná banka, a.s.	7	0
Tatra banka, a.s.	2	679
UniCredit Bank Czech Republic and Slovakia a.s.	5	24,250
Všeobecná úverová banka, a.s.	0	262
Slovenská sporiteľňa, a.s.	0	9,393
Total	**14**	**34,584**

11 SHAREHOLDERS' EQUITY

Share capital

Share capital is formed by a state investment in the Company administered by MTCRD as a deposit of certain assets and liabilities of the predecessor company, Železničná spoločnosť, containing 64 pieces of registered ordinary shares in the nominal value of one share of EUR 3,319,392. All these shares were issued and paid in full.

11 SHAREHOLDERS' EQUITY (CONT.)

Statutory reserve fund

When the Company was founded, a statutory reserve fund in the amount of 10 % of the share capital of the Company was established in the form of a non-monetary investment and pursuant to the Slovak legislation. Pursuant to the Slovak legislation, the statutory reserve fund has to increase at least by 10 % of the annual net profit up to 20 % of the share capital of the Company. Pursuant to the Company Statutes, it is not possible to divide the statutory reserve fund, which may be used only to cover losses or to increase the share capital.

Other funds

Other funds represent the difference between the value of assets and liabilities deposited by the State when the Company was founded and by an additional investment in October 2005, and the share capital and statutory reserve fund. In 2014 the funds were reduced by EUR 923 thousand, which represents a liability of the Company from long-term schemes of employee benefits, recognised and reported into the equity.

Settlement of loss from the previous accounting period

Settlement of loss in the amount of EUR 7,105 thousand for the accounting period of 2013 was adopted by the General Assembly, which decided on 9 July 2014 to settle the loss by transferring the amount to account 429 – Unpaid loss of previous years.

Detailed figures on shareholders´ equity are provided in the Statement of Changes in the Equity.

12 FINANCIAL AID

EUROFIMA was established by fourteen countries by the "EUROFIMA Treaty" in 1955 to support purchase of standardised rolling stock fleet for member railways. Each contract means a separate purchase of rolling stock. The rolling stock is also pledged as conditional securing which ceases to exist by full settlement of the financial aid. The Slovak Republic indirectly undertook to repay the financial aid to EUROFIMA in compliance with the "EUROFIMA Treaty" ratified by the Slovak Government.

As on 31 December 2014:

(in thousand EUR)	Currency	Amount	Maturity	Hedging
Eurofima VI (Contract no. 2651)	EUR	30,000	6/3/2015	rolling stock
Eurofima VII.A (Contract no. 2670)	EUR	8,000	7/4/2016	rolling stock
Eurofima VII.B (Contract no. 2694)	EUR	8,600	3/4/2017	rolling stock
Eurofima VIII.A (Contract no. 2718)	EUR	14,000	3/4/2017	rolling stock
Eurofima VIII.B (Contract no. 2731)	EUR	13,000	29/9/2020	rolling stock
Eurofima IX. A (Contract no. 2753)	EUR	11,106	29/9/2020	rolling stock
Total		**84,706**		
Short-term part		**30,000**		
Long-term part		**54,706**		

12 FINANCIAL AID (CONT.)

As on 31 December 2013:

(in thousand EUR)	Currency	Amount	Maturity	Hedging
Eurofima IV (Contract no. 2593)	EUR	15,000	4/2/2014	rolling stock
Eurofima V (Contract no. 2616)	EUR	10,000	4/2/2014	rolling stock
Eurofima VI (Contract no. 2651)	EUR	30,000	6/3/2015	rolling stock
Eurofima VII.A (Contract no. 2670)	EUR	8,000	7/4/2016	rolling stock
Eurofima VII.B (Contract no. 2694)	EUR	8,600	3/4/2017	rolling stock
Eurofima VIII.A (Contract no. 2718)	EUR	14,000	3/4/2017	rolling stock
Eurofima VIII.B (Contract no. 2731)	EUR	13,000	29/9/2020	rolling stock
Eurofima IX. A (Contract no. 2753)	EUR	11,106	29/9/2020	rolling stock
Total		**109,706**		
Short-term part		**25,000**		
Long-term part		**84,706**		

All financial aid bears interest at variable interest rate in the scope from 0.084 % p.a. to 0.774 % (from 0.2 % p.a. to 0.8 % p.a. in 2013).

13 INTEREST-BEARING LOANS AND BORROWINGS

As on 31 December 2014:

	Currency	Amount in foreign currency	Zostatok istiny v tis. EUR	Maturity	Hedging
Long-term loans					
Tatra banka, a.s.	EUR		8,908	31/12/2018	No hedging
ČSOB, a.s.	EUR		29,358	31/12/2018	No hedging
ČSOB, a.s.	EUR		30,000	23/12/2024	No hedging
ING Bank, N.V.	EUR		4,790	31/12/2015	No hedging
ING Bank, N.V.	EUR		9,429	30/6/2016	No hedging
Komerční banka, a.s.	EUR		13,782	30/6/2016	No hedging
SLSP, a.s.	EUR		45,244	17/12/2021	No hedging
SLSP, a.s.	EUR		10,000	16/6/2017	No hedging
Total			**151,511**		
Short-term part of loans and borrowings			**30,416**		
Long-term part of loans and borrowings			**121,095**		

	Currency	Amount in foreign currency	Zostatok istiny v tis. EUR	Maturity	Hedging
Short-term loans					
VÚB, a.s.	EUR		59,000	30/6/2015	No hedging
UCB, a.s.	EUR		26,000	08/7/2015	No hedging
Short-term loans			**85,000**		
Short-term part of loans and borrowings (see above)			**30,416**		
Bank overdrafts (note 10)			**14**		
Total			**115,430**		

13 INTEREST-BEARING LOANS AND BORROWINGS (CONT.)

Some loan contracts include also an obligation of the Company to fulfil certain financial and non-financial indicators. These indicators are derived from the management accounts prepared by the Company.
The fair value of interest-bearing loans and borrowings amounts to EUR 236,525 thousand (EUR 206,011 thousand as on 31 December 2013).

All interest-bearing loans and borrowings bear interest at variable interest rate in the scope from 0.5 % p.a. to 2.7 % p.a. (from 0.8 % p.a. to 2.6 % p.a. in 2013).

As on 31 December 2013:

	Currency	Amount in foreign currency	Principal balance in thousand EUR	Maturity	Hedging
Long-term loans					
Tatra banka, a.s.	EUR		11,135	31/12/2018	No hedging
ČSOB, a.s.	EUR		37,282	31/12/2018	No hedging
ING Bank, N.V.	EUR		9,581	31/12/2015	No hedging
ING Bank, N.V.	EUR		15,714	30/6/2016	No hedging
Komerční banka, a.s.	EUR		22,971	30/6/2016	No hedging
SLSP, a.s.	EUR		20,244	30/6/2016	No hedging
SLSP, a.s.	EUR		10,000	16/6/2017	No hedging
Total			**126,927**		
Short-term part of loans and borrowings			**30,416**		
Long-term part of loans and borrowings			**96,511**		

	Currency	Amount in foreign currency	Principal balance in thousand EUR	Maturity	Hedging
Short-term loans					
VÚB, a.s.	EUR		15,000	30/6/2014	No hedging
ČSOB, a.s.	EUR		10,000	27/6/2014	No hedging
Tatra banka, a.s.	EUR		10,000	30/9/2014	No hedging
SLSP, a.s.	EUR		9,500	30/9/2014	No hedging
Short-term loans			**44,500**		
Short-term part of loans and borrowings (see above)			**30,416**		
Bank overdrafts (note 10)			**34,584**		
Total			**109,500**		

14 EMPLOYEE BENEFITS

(in thousand EUR)	Bonuses at retirement	Contributions at life anniversaries	Compensatory contribution in case of invalidity	Total
As on 1 January 2014	**7,831**	**2,029**	**338**	**10,198**
Costs on present services	296	74	0	370
Interest costs	274	71	12	357
Actuarial profit and loss	723	158	28	909
Paid benefits	-468	-195	-73	-736
Costs on past services	94	31	41	166
As on 31 December 2014	**8,750**	**2,168**	**346**	**11,264**
Short-term as on 31 December 2014	533	213	63	809
Long-term as on 31 December 2014	8,217	1,955	283	10,455
As on 31 December 2014	**8,750**	**2,168**	**346**	**11,264**

(in thousand EUR)	Bonuses at retirement	Contributions at life anniversaries	Compensatory contribution in case of invalidity	Total
As on 1 January 2013	**7,434**	**1,970**	**326**	**9,730**
Costs on present services	252	70	0	**322**
Interest costs	283	75	12	**370**
Actuarial profit and loss	349	109	59	**517**
Paid benefits	-487	-195	-78	**-760**
Costs on past services	0	0	19	**19**
As on 31 December 2013	**7,831**	**2,029**	**338**	**10,198**
Short-term as on 31 December 2013	396	207	69	**672**
Long-term as on 31 December 2013	7,435	1,822	269	**9,526**
As on 31 December 2013	**7,831**	**2,029**	**338**	**10,198**

Re-valuation of employee benefits

(in thousand EUR)	as on 31 December 2014	as on 31 December 2013
Bonuses at retirement	-723	-349
Severance payment	-460	150
Total	**-1,183**	**-199**
Deferred tax	260	44
Total	**-923**	**-155**

Main actuarial assumption	2014	2013
Discount rate (% p.a.)	2.40%	3.50 %
Increase of wages (%)	2%	2% - 3 %
Probability of male mortality (%)	0.038% - 2.26%	0.038% - 2.26%
Probability of female mortality (%)	0.0181% - 0.8784%	0.0181% - 0.8784%

14 EMPLOYEE BENEFITS (CONT.)

Long-term reserve for employee benefits

As on 31 December 2014 the Company reports a reserve amounting to EUR 11,264 thousand (EUR 10,198 thousand as on 31 December 2013) to cover the estimated liability related to remuneration at retirement or disability pension, remuneration at life anniversaries and compensatory bonus due to reduced ability to work of an employee.

The Company has schemes with determined benefits, based on which all employees are paid a single severance pay when they retire in the amount of EUR 83 for each worked year. The remuneration at reaching a life anniversary of 50 and 60 years of age is paid in dependence on the number of worked years, in the range of EUR 165 (over 10 to 15 years) and EUR 500 (over 25 years).

The present value of future liabilities resulting from the Collective Agreement is determined as a discounted sum of future benefits through the projected unit method.

As on the day of book closing, the Company has no detailed plan of reducing the number of employees.

Future increase of wages:	Determined increase of wages in the years to come, on average: by 2% in 2015, by 2% in 2016, 2% per year in the next years.
Mortality rate:	Mortality table for the Slovak Republic for 2008-2012.

The calculated liabilities include costs on health and social insurance incurred on the basis of the amendments to Acts 461/2003 Coll. and 580/2004 Coll. effective as of 1 January 2014.

Description of risks

The Company does not hold any assets that would serve to cover the liability. The Company thus avoids the risk from investing the financial means; on the other hand, however, no assets serving to cover the liabilities are valorised.

Sensitivity of the level of "POST EMPLOYMENT BENEFITS" to change in pre-conditions

1. Change of discount by +100bps for all years to come, assuming that other pre-conditions entering the calculation remain unchanged, results in decrease of the liability by 8.74 %.
2. Change of wage increase +100bps for all years to come, assuming that other pre-conditions entering the calculation remain unchanged, results in increase of the liability by 2.07 %.
3. Fluctuation reduced by 10% for all years to come, assuming that other pre-conditions entering the calculation remain unchanged, results in increase of the liability by 1.12 %.
4. Assumed mortality rate reduced by 10% for all years to come, assuming that other pre-conditions entering the calculation remain unchanged, results in increase of the liability by 0.96 %.

The average maturity of employee benefits during employment is 7.27 years, while the average maturity of employee benefits after employment termination is 9.6 years.

15 RESERVES

(in thousand EUR)	Environmental burdens	Lawsuits	Redundancy payment, severance payment	Other reserves	Total
As on 1 January 2014	**7,253**	**12,580**	**2,781**	**610**	**23,224**
Additions	0	11,224	94	-595	10,723
Interest costs	0	0	94	0	94
Used reserve	0	-55	0	0	-55
Actuarial profit and loss	0	0	617	0	617
Use	-9	-181	-428	0	-618
As on 31 December 2014	**7,244**	**23,568**	**3,158**	**15**	**33,985**
Short-term as on 31 December 2014	876	23,394	221	15	24,506
Long-term as on 31 December 2014	6,368	174	2,937	0	9,479
As on 31 December 2014	**7,244**	**23,568**	**3,158**	**15**	**33,985**

(in thousand EUR)	Environmental burdens	Lawsuits	Redundancy payment, severance payment	Other reserves	Total
As on 1 January 2013	**6,632**	**1,064**	**3,720**	**610**	**12,026**
Additions	636	11,985	204	0	12,825
Interest costs	0	0	108	0	108
Used reserve	0	-469	0	0	-469
Actuarial profit and loss	0	0	-615	0	-615
Use	-15	0	-636	0	-651
As on 31 December 2013	**7,253**	**12,580**	**2,781**	**610**	**23,224**
Short-term as on 31 December 2013	881	12,056	265	610	13,812
Long-term as on 31 December 2013	6,372	524	2,516	0	9,412
As on 31 December 2013	**7,253**	**12,580**	**2,781**	**610**	**23,224**

Lawsuits

Reserves on lawsuits concern several legal claims. The most significant reserve as on 31 December 2014 in the amount of EUR 23 million concerned the unsure result of a passive commercial lawsuit against LANCILLON LIMITED in the matter of compensation for lost profit due to failed rolling stock reconstruction. The Company continues to report the difference in the total amount of the claimed compensation as a contingent liability.

Environmental burdens

The Company holds long-term tangible assets, for which reserves on environmental burden are reported in the amount of EUR 7,244 thousand based on an obligation of an ecological nature resulting from the effective Slovak legislation.

16 CONTINGENT ASSETS LIABILITIES

a) Contingent assets

The District Court of Martin holds legal proceedings of the complainant ZSSK against the defendant ŽOS Vrútky a.s. The subject of the lawsuit concerns the claim of ZSSK for payment of a contractual fine in the amount of EUR 2,364 thousand with accessories as a consequence of a breach of the Purchase Contract no. 18/VS-N/2008 on delivery of multiple-unit sets. Multiple-unit sets were not delivered pursuant to the time schedule, where the defendant ŽOS Vrútky a.s. was delayed with contractual performance against the agreed deadlines in case of each multiple-unit set. ZSSK thus claims the contractual fine against ŽOS Vrútky a.s.
Based on a legal opinion, the conclusion of the lawsuit should be positive for ZSSK.

b) Contingent liabilities

A lawsuit was filed with the District Court of Bratislava III against the Company concerning damages in the amount of EUR 51,752 thousand with accessories. The complainant, LANCILLON Limited (legal predecessor: Martinská mechatronická a.s.) justifies its claim by a breach of obligations resulting from the “Contract on construction of a prototype of a 755-series locomotive” of 6 November 1995 as amended by Supplements no. 1 and 2, the “Contract for work concerning tests of the prototype of a 755-series locomotive” of November 1997, and the “Contract for work no. 1/98-755 on construction of two prototypes of a 755-series locomotive in a testing series” of August 1998. The complainant based the right to damages on the alleged frustrated prototype tests and a consequent failure to fulfil an alleged obligation to purchase 98 pieces of serially produced locomotives of 755 series from the complainant.
Based on a legal analysis, the Company management assumes that the complaint is unjustified because the supplier (complainant) did not meet the contractual obligations resulting from individual contracts.

17 FINANCIAL DERIVATIVES – LONG-TERM LIABILITIES

As at the day of book closing, the financial derivatives were measured by an external company pursuant to the principle of determining the present value of all financial flows from the given instrument. Discount factors are calculated from the actual market data obtained from the Bloomberg information system. Expected cash flows were determined either by using calculation of forward interest rates or by stochastic simulation of market variables.

Creditor	Derivative	Measurement as on 31 December 2014		Measurement results	
		receivable	liability	receivable	liability
Crédit Agricole	EUROFIMA VII A	-13	1,463	0	1,450
NOMURA	EUROFIMA VI / IRIS	-9,798	28,690	0	18,892
Total		**-9,811**	**30,153**	**0**	**20,342**

The measurement result as on 31 December 2014 in the amount of EUR 20,342 represents the long-term part of the financial derivatives.

Creditor	Derivative	Measurement as on 31 December 2014		Measurement results	
		receivable	liability	receivable	liability
Crédit Agricole	EUROFIMA VI	-162	23,894	0	23,732
Crédit Agricole	EUROFIMA VII A	-96	2,431	0	2,335
NOMURA	EUROFIMA VI / IRIS	-27,136	34,741	0	7,605
Total		**-27,394**	**61,066**	**0**	**33,672**

18 OTHER LONG-TERM LIABILITIES

(in thousand EUR)	31 December 2014	31 December 2013
Deferred income in relation to investments from EU Structural Funds	**69,670**	**74,670**
Deferred income in relation to investments from the State Budget	**20,096**	**24,018**
Deferred income in relation to investments from the EU Cohesion Fund	**76,566**	**13,272**
Deferred income in relation to investments in combination of the State Budget and EU Structural Funds	**69,671**	**74,670**
Deferred income in relation to investments in combination of the State Budget and EU Cohesion Fund	**13,512**	**2,342**
Liabilities towards the social fund	**84**	**143**
Other liabilities	**1,509**	**2,455**
Total	**251,108**	**191,570**

Changes in the social fund are presented in the following table:

(in thousand EUR)	31 December 2014	31 December 2013
As on 1 January	**143**	**147**
Creation	593	570
Drawing	652	574
As on 31 December	**84**	**143**

19 TRADE LIABILITIES AND OTHER LIABILITIES

(in thousand EUR)	31 December 2014	31 December 2013
Trade liabilities and other liabilities	**116,229**	**92,252**
Short-term part of deferred income in relation to investments	**18,319**	**13,790**
Tax liabilities	**619**	**538**
Total	**135,167**	**106,580**

Short-term trade liabilities after maturity (account 321) amounted to EUR 100 thousand as on 31 December 2014 (EUR 161 thousand as on 31 December 2013).
More detailed information on liabilities towards related parties is stated under note 33.

20 INCOME TAX

Tax base for 2014 is zero (2013 - zero). The business result before taxation is reduced by reported deferred tax which is not included in the reported business result which is the base for income tax calculation. When calculating the deferred income tax, the amendment to Income Tax Act effective as of 1 January 2015 was taken into consideration.

20 INCOME TAX (CONT.)

Costs (-) / gains (+) from the income tax consist of the following:

(in thousand EUR)	2014	2013
Splatná daň (zrážková a licenčná daň)	-3	-2
Odložená daň	1,903	-1,027
Spolu	**1,900**	**-1,029**

(in thousand EUR)	31 December 2014	31 December 2013
Profit / (loss) before taxation	**-8,279**	**-6,076**
Tax at statutory tax rate of 22%	1,821	1,397
Business tax	-3	-
Impact of tax loss that cannot be redeemed in the future	0	0
Non-deductible expenses and a temporary differences between tax and accounting costs and revenues	82	-2,426
Income tax	**1,900**	**-1,029**

Deferred tax receivables and liabilities may be divided as follows:

(in thousand EUR)	31 December 2014	31 December 2013
Deferred tax receivables		
Unamortised tax loss	-3,440	-4,824
Employee benefits reported in the comprehensive income	-2,218	-2,201
Employee benefits reported in the equity	-260	-43
Long-term receivables from PSO Contract	0	-1,756
Redundancy payment, severance payment	-2,288	-2,207
Investment subsidies	-2,955	-1,565
Other	-658	-741
	-11,819	**-13,337**
Deferred tax liabilities		
Long-term tangible assets	22,421	26,016
Other	0	43
	22,421	**26,059**
Net deferred tax liabilities	**10,602**	**12,722**

20 INCOME TAX (CONT.)

The Company reports unamortised tax loss from 2010 in the amount of EUR 20,691 thousand. Pursuant to the amendment to the Income Tax Act effective as of 1 January 2014, the Company is entitled to amortised the loss from 2010 evenly during four consecutive tax periods starting with the tax period at the earliest on 1 January 2014. In 2014 loss in the amount of EUR 5,173 thousand will be amortised. Amortisation will be as follows:

(in thousand EUR)	31 December 2014	31 December 2013
2013		4,247
2014	5,173	6,292
2015	5,173	5,212
2016	5,173	5,212
2017	5,172	5,211
Total tax loss carried forward	**20,691**	**26,174**

21 TRANSPORT OF PASSENGERS AND RELATED REVENUES

(in thousand EUR)	31 December 2014	31 December 2013
Passenger transport		
Passenger transport - national	67,780	69,953
Passenger transport - international	19,972	19,181
	87,752	**89,134**
Other transport-related revenues:		
Performance of passenger coaches	10,446	11,627
Traction performance abroad	6,701	6,357
Other revenues	5,144	5,426
	22,291	**23,410**
Total	**110,043**	**112,544**

When preparing and adopting prices of national services, the Company follows the effective Decree of the Railway Regulatory Authority on fare regulation in railway transport which stipulates the scope and maximum amount of selected types of fare.

In terms of the valid Contract on Passenger Rail Transport Services a carrier may transport passengers even for prices lower than stipulated by the Decree. Fare and transport conditions exceeding the scope of the Decree have to be adopted by the Company Board of Directors. The Company shall inform MTCRD about applied discounts, their justifications and expected benefits. Pricing methods and their approval for international transport are subject to multilateral and bilateral agreements with foreign railway undertakings.

In its Resolution no. 530/2014, the Slovak Government adopted the Draft Measures of the Financial, Economic and Social Package in railway passenger transport. The Resolution has been implemented since 17 November 2014 through the Contract on Passenger Rail Transport Services. Within its national services, the Company offers free-of-charge transport in the 2nd class for children until their completed 15th year of age, pupils and full-time students until their completed 26th year of age, as well as free-of-charge transport of person older than 62 years of age and all pensioners pursuant to Act no. 461/2003 Coll. on social insurance as amended, as well as for people entitled to a similar claim for pension payment acknowledged by a public institution of an EU Member State.

22 SUBSIDIES RESULTING FROM THE CONTRACT ON PASSENGER RAIL TRANSPORT SERVICES

The Company has concluded a Contract on Passenger Rail Transport Services with MTCRD which is the basis for operation of passenger transport by rail. In 2014 compensation in the form of prepayments amounting to EUR 197,559 thousand was granted for its operation.

(in thousand EUR)	31 December 2014	31 December 2013
Compensation to cover costs on services in public interest	197,559	197,559
Revenues from receivables before maturity date	15,073	29,297
Total	**212,632**	**226,856**

The receivable to compensate losses of 2013, payable on 31 December 2015, is recognised in the revenues in the amount of EUR 15,073 thousand based on the Protocol on evaluation of PSO Contract fulfilment in 2013. The allocated compensation for 2013 was reduced by a sanction of EUR 2 thousand, and the paid compensation amounted to EUR 15,071 thousand.

In December 2014 MTCRD paid the amount of EUR 60,326 thousand to the account of ZSSK, settling thus all its liabilities towards the Company resulting in relation to the Contract on Passenger Rail Transport Services (PSO Contract) in 2011, 2012 and 2013.

(in thousand EUR)	Accounting balance as on 31 December 2013	Compensation granted in 2014	Amount paid in 2014	Recognition of an allowance	Accounting balance as on 31 December 2014
Receivable from compensation for 2011	7,980		15,959	7,979	0
Receivable from compensation for 2012	29,296		29,296		0
Receivable from compensation for 2013		15,071	15,071		0
Total	**37,276**	**15,071**	**60,326**	**7,979**	**0**

23 OTHER SUBSIDIES

(in thousand EUR)	31 December 2014	31 December 2013
Subsidies on investments:		
– from the State Budget	3,940	3,945
– from the State Budget in combination with EU funds	4,964	4,834
– from Structural Funds	4,964	4,834
– from the State Budget in combination with EU Cohesion Fund	124	0
– from the EU Cohesion Fund	701	0
Other	72	24
Total	**14,765**	**13,637**

State Budget subsidies

In 2014 no State Budget subsidy was granted to the Company for investment purposes. Revenues include subsidies of previous periods (EUR 11,618 thousand in 2010 and EUR 33,194 thousand in 2009) which were designated and used to reconstruct diesel coaches 810+010 and multiple-unit sets 813+913, modernisation of Bdt and Bdgteer coaches and motive power units of 362 and 363 series.

23 OTHER SUBSIDIES (CONT.)

(in thousand EUR)	2009	2010	Total
As on 1 January 2014	**19,976**	**7,988**	**27,964**
Drawing	0	0	**0**
Recognised part of the subsidy	-2,958	-982	**-3,940**
As on 31 December 2014	**17,018**	**7,006**	**24,024**
Short-term as on 31 December 2014	2,945	983	3,928
Long-term as on 31 December 2014	14,073	6,023	20,096
As on 31 December 2014	**17,018**	**7,006**	**24,024**

(in thousand EUR)	Subsidy received in 2009	Subsidy received in 2010	Total
As on 1 January 2013	**22,939**	**8,970**	**31,909**
Drawing	0	0	**0**
Recognised part of the subsidy	-2,963	-982	**-3,945**
As on 31 December 2013	**19,976**	**7,988**	**27,964**
Short-term as on 31 December 2013	2,963	982	3,945
Long-term as on 31 December 2013	17,013	7,006	24,019
As on 31 December 2013	**19,976**	**7,988**	**27,964**

Subsidy from the State Budget in combination with a subsidy from Structural Funds of the European Union

List of projects

Abbreviation	Project title
EFD1	Procurement of electric double-deck units (EDU), diesel motor units (DMU) and Push-Pull diesel units (PP)
EFD2	Procurement of electric double-deck units (ED2), diesel motor units (DMU2)
EFD2A	Procurement of ETCS (European Train Control System) for EDU
EFD2B	Procurement of project preparation for technical and hygienic maintenance of rolling stock
EFD2D	Procurement of new passenger coaches and modernisation of passenger coaches
EFD2E	Procurement of new passenger coaches and modernisation of motive power units of 750 series up to 757 series

Project EFD1: Under the Operational Programme Transport focusing on renewal of the rolling stock fleet for suburban and inter-regional railway public passenger transport in Slovakia, the Company started to draw a non-repayable financial contribution in 2009. According to the Contract on provision of a non-repayable financial contribution the amount of eligible costs under the Operation Programme Transport was determined as EUR 186,338 thousand, and the maximum level of financing of the non-repayable financial contribution to EUR 177,021 thousand. The funding of the non-repayable financial contribution is divided evenly; 50 % from the State Budget of the Slovak Republic, and 50 % from the European Regional Development Fund.

In December 2010 the first electric double-deck unit procured under the Operational Programme Transport was put into operation. Parts of the subsidy from the non-repayable financial contributions are gradually recognised as of January 2011.

23 OTHER SUBSIDIES (CONT.)

(in thousand EUR)	Subsidy from the EU Structural Funds	Subsidy from the State Budget in combination with EU	Total
As on 1 January 2014	**79,592**	**79,592**	**159,184**
Drawing	0	0	0
Recognised part of the subsidy	-4,964	-4,964	-9,928
As on 31 December 2014	**74,628**	**74,628**	**149,256**
Short-term as on 31 December 2014	4,957	4,957	9,914
Long-term as on 31 December 2014	69,671	69,671	139,342
As on 31 December 2014	**74,628**	**74,628**	**149,256**

(in thousand EUR)	Subsidy from the EU Structural Funds	Subsidy from the State Budget in combination with EU	Total
As on 1 January 2013	**72,728**	**72,728**	**145,456**
Drawing	11,698	11,698	**23,396**
Recognised part of the subsidy	-4,834	-4,834	**-9,668**
As on 31 December 2013	**79,592**	**79,592**	**159,184**
Short-term as on 31 December 2013	4,922	4,922	9,844
Long-term as on 31 December 2013	74,670	74,670	149,340
As on 31 December 2013	**79,592**	**79,592**	**159,184**

Project EFD2: During 2013 the Contract on provision of a non-repayable financial contribution under the Operational Programme Transport was concluded, focusing on procurement of rolling stock for suburban and regional public passenger services by rail within ITS. The maximum amount of eligible costs was contractually determined as EUR 179,113 thousand, while the maximum amount of financing of the non-repayable financial contribution as EUR 169,968 thousand. The funding of the non-repayable financial contribution is divided between the Cohesion Fund in 85% and the State Budget of the Slovak Republic in 15%.

(in thousand EUR)	Subsidy from the Cohesion Fund	Subsidy from the State Budget in combination with the Cohesion Fund	Total
As on 1 January 2014	**13,272**	**2,342**	**15,614**
Drawing	45,575	8,042	53,617
Recognised part of the subsidy	-475	-84	-559
As on 31 December 2014	**58,372**	**10,300**	**68,672**
Short-term as on 31 December 2014	2,849	503	3,352
Long-term as on 31 December 2014	55,523	9,797	65,320
As on 31 December 2014	**58,372**	**10,300**	**68,672**

23 OTHER SUBSIDIES (CONT.)

(in thousand EUR)	Subsidy from the Cohesion Fund	Subsidy from the State Budget in combination with the Cohesion Fund	Total
As on 1 January 2013	**0**	**0**	**0**
Drawing	13,272	2,342	15,614
Recognised part of the subsidy	0	0	0
As on 31 December 2013	**13,272**	**2,342**	**15,614**
Short-term as on 31 December 2013	0	0	0
Long-term as on 31 December 2013	13,272	2,342	15,614
As on 31 December 2013	**13,272**	**2,342**	**15,614**

Project EFD2A: In January 2014 a Contract on provision of a non-repayable financial contribution under Operation Programme Transport was concluded focusing on procuring and installation of the ETCS system for the electric double-deck units (EDU) for suburban and regional passenger railway transport within ITS. The maximum amount of eligible costs was contractually determined as EUR 6,984 thousand, while the maximum amount of financing of the non-repayable financial contribution as EUR 6,601 thousand. The funding of the non-repayable financial contribution is divided between the Cohesion Fund in 85% and the State Budget of the Slovak Republic in 15%.

(in thousand EUR)	Subsidy from the Cohesion Fund	Subsidy from the State Budget in combination with the Cohesion Fund	Total
As on 1 January 2014	**0**	**0**	**0**
Drawing	842	149	991
Recognised part of the subsidy	0	0	0
As on 31 December 2014	**842**	**149**	**991**
Short-term as on 31 December 2014	0	0	0
Long-term as on 31 December 2014	842	149	991
As on 31 December 2014	**842**	**149**	**991**

Project EFD2B: A Contract on provision of a non-repayable financial contribution under Operation Programme Transport signed in January 2014 focuses on procurement of a project preparation concerning technical and hygienic maintenance of the rolling stock. The maximum amount of eligible costs was contractually determined as EUR 8,024 thousand, while the maximum amount of financing of the non-repayable financial contribution as EUR 7,623 thousand. The funding of the non-repayable financial contribution is divided between the Cohesion Fund in 85% and the State Budget of the Slovak Republic in 15%.

23 OTHER SUBSIDIES (CONT.)

(in thousand EUR)	Subsidy from the Cohesion Fund	Subsidy from the State Budget in combination with the Cohesion Fund	Total
As on 1 January 2014	**0**	**0**	**0**
Drawing	2,554	451	3,005
Recognised part of the subsidy	0	0	0
As on 31 December 2014	**2,554**	**451**	**3,005**
Short-term as on 31 December 2014	0	0	0
Long-term as on 31 December 2014	2,554	451	3,005
As on 31 December 2014	**2,554**	**451**	**3,005**

Project EFD2D: In May 2014 the Contract on provision of a non-repayable financial contribution under the Operational Programme Transport was concluded, focusing on procurement and renewal of rolling stock for suburban and regional public passenger services by rail within ITS. The maximum amount of eligible costs was contractually determined as EUR 39,233 thousand, while the maximum amount of financing of the non-repayable financial contribution as EUR 37,228 thousand. The funding of the non-repayable financial contribution is divided between the Cohesion Fund in 85% and the State Budget of the Slovak Republic in 15%.

(in thousand EUR)	Subsidy from the Cohesion Fund	Subsidy from the State Budget in combination with the Cohesion Fund	Total
As on 1 January 2014	**0**	**0**	**0**
Drawing	18,828	3,323	22,151
Recognised part of the subsidy	-226	-40	-266
As on 31 December 2014	**18,602**	**3,283**	**21,885**
Short-term as on 31 December 2014	955	169	1,124
Long-term as on 31 December 2014	17,647	3,114	20,761
As on 31 December 2014	**18,602**	**3,283**	**21,885**

24 OTHER NET OPERATING (COSTS) REVENUES

(in thousand EUR)	31 December 2014	31 December 2013
Insurance of long-term tangible assets	-2,988	-3,170
Damage compensation	1,990	2,360
Revenues from sale of assets and material	437	523
Other net revenues	186	-17,069
Total	**-375**	**-17,356**

25 CONSUMPTION AND SERVICES

(in thousand EUR)	31 December 2014	31 December 2013
Track access charges	-45,892	-44,321
Repairs and maintenance	-16,601	-16,431
Energy consumption	-30,239	-36,786
Material consumption	-32,410	-31,665
Performance of passenger coaches	-9,444	-8,919
Performance of motive power units	-7,304	-7,164
Shunting	-1,545	-2,612
Cleaning of vehicles, tidying-up, waste removal	-5,229	-4,782
Rental	-3,853	-3,544
Services of Wagon Slovakia	-3,659	-3,643
IT services	-7,021	-4,731
Travelling costs	-2,195	-2,139
Operators' performance	-1,175	-1,184
Costs on replacement bus transport during traffic closures	-1,502	- 523
Costs related to care of employees	-1,586	-1,468
Mediating commissions	-1,832	-1,781
Services of ŽSR employees	-4,270	-4,319
Costs on audit	-41	-40
of which costs on audit of the current Financial Statements	*-28*	*-28*
Other assurance services	-898	-1,019
Other	-3,995	-5,602
Total	**-180,691**	**-182,673**

Significant items of consumed purchases and services in 2014 include mostly costs on track access charges, and traction energy consumption. The Company has concluded a business relationship concerning the use of ŽSR infrastructure where the price depends on kilometres and rates for individual types of transport as stipulated by the Decree of the Railway Regulatory Authority. It has also concluded contracts on purchase of traction energy (see note 31 – Related parties).

Costs on repairs regard mainly rolling stock and services related to operation of rolling stock. The Company has a contract for provision of these activities with Železničná spoločnosť Cargo Slovakia, a.s., ŽOS Trnava and ŽOS Vrútky.

26 PERSONNEL COSTS

(in thousand EUR)	31 December 2014	31 December 2013
Labour costs	-64,019	-59,590
Social security costs	-26,390	-27,277
Total	**-90,409**	**-86,867**

26 PERSONNEL COSTS (CONT.)

An overview of remuneration of the Supervisory Board and the Board of Directors:

(in thousand EUR)		31 December 2014	31 December 2013
of which:	Board of Directors	29	29
	Supervisory Board	10	10
Total remunerations		**39**	**39**

As on 31 December 2014 the number of employees was 5,841 (5,725 as on 31 December 2013), of which 217 were managing employees (215 as on 31 December 2013).

The average wage in 2014 amounted to EUR 912.58 while in 2013 it was EUR 886.69.

27 DEPRECIATION, AMORTISATION AND IMPAIRMENT OF TANGIBLE ASSETS

(in thousand EUR)	31 December 2014	31 December 2013
Depreciation	-67,719	-65,830
Residual value of discarded long-term tangible and intangible assets	-807	-778
Impairment of significant spare parts	-16	-1,163
Impairment of other assets	21	178
Total	**-68,521**	**-67,593**

28 FINANCIAL INCOME

(in thousand EUR)	31 December 2014	31 December 2013
Yield interests	0	7
Other net financial income	1	2
Total	**1**	**9**

29 FINANCIAL COSTS

(in thousand EUR)	31 December 2014	31 December 2013
Cost interests	-3,879	-4,194
Bank expenses	-644	-656
Net exchange rate losses	95	-76
Total	**-4,428**	**-4,926**

Accounting principles and notes are an inseparable part of the Financial Statements

30 FINANCIAL DERIVATIVES

(in thousand EUR)	31 December 2014	31 December 2013
Net change in derivative measurement	4,369	5,863
Costs on derivative operations, except for changes in derivative measurements (net)	-5,665	-5,570
Total	**-1,296**	**293**

31 FINANCIAL RISK MANAGEMENT

The operations of the Company are exposed to various market risks. The main risks for the Company include the interest risk, liquidity risk and, a less significant credit risk. To minimize the risk resulting from changes in exchange rate differences and interest rates, in the past the Company entered into transactions with required parameters, or concluded derivative contracts to hedge individual transactions and total risks via instruments available on the market.

Transactions meeting the hedging conditions are called hedging transactions, while those carried out for hedging purposes but not meeting the conditions for hedging operations are classified as commercial transactions.

The main financial liabilities of the Company include loans and borrowings bearing interest, bank overdrafts and trade liabilities. The main purpose of these financial liabilities is to secure the funding for the Company operation. The Company has various financial assets at its disposal, including trade receivables and other receivables and short-term deposits which result directly from its activities.

The Board of Directors of the Company monitors and approves the procedures of management of the above risks as stated below

Interest risk

The Company is exposed to the risk of changes in the market interest rates associated with long-term and short-term liabilities resulting from loans and bank overdrafts with variable interest rates. The Company has a broad portfolio of loans with various variable interest rates, which the Company is able to keep at a very low level. In respect of a part of its loans, the Company is prepared to transfer them also to fixed interest rates, in case of indicated and more stable growth of rates. The Company has been monitoring the market development constantly.

The following table shows a sensitivity analysis concerning changes in interest rate by 100 basis points upwards or downwards, assuming all other variables would remain without changes. It includes a forecasted impact on income before taxation for the period of 12 months after the balance-sheet date.

	31 December 2014	31 December 2013
O/N, 1M EURIBOR (+/-1%)	+/- 1.330	+/- 0,.699
3M, 6M EURIBOR (+/-1%)	+/- 1.883	+/- 2.500

31 FINANCIAL RISK MANAGEMENT (CONT.)

Liquidity risk

The Company policy is to hold sufficient amount of financial means and financial equivalents in compliance with its financial strategy, or to have financial means available in an adequate amount from foreign resources to cover the insufficient liquidity risk. The amount of foreign resources in the form of available loans as on 31 December 2014 and 2013 is as follows:

(in thousand EUR)	31 December 2014	31 December 2013
Long-term loan resources	175,801	181,217
Short-term loan resources	145,430	134,500
Total available loan resources	**321,231**	**315,717**

The following table sums up the maturity of financial liabilities as on 31 December 2014 based on contractual non-discounted payments.

(in thousand EUR)	Upon request	Within 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
Long-term loans and financial aid	0	0	0	76,451	99,350	175,801
Trade liabilities and other liabilities	0	82,614	25,273	1,509	0	109,396
Short-term loans	0	37,604	107,826	0	0	145,430
Total	**0**	**120,218**	**133,099**	**77,961**	**99,350**	**430,627**

The following table sums up the maturity of financial liabilities as on 31 December 2013 based on contractual non-discounted payments

(in thousand EUR)	Upon request	Within 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
Long-term loans and financial aid	0	0	0	157,111	24,106	181,217
Trade liabilities and other liabilities	0	64,046	28,744	2,455	0	95,245
Short-term loans	0	32,604	101,896	0	0	134,500
Total	**0**	**96,650**	**130,640**	**159,566**	**24,106**	**410,962**

The Company applies cash-flow planning to manage the liquidity risk. The actual cash-flow development is then evaluated at regular basis. In case risk events occur that would threaten the liquidity, measures and operative instruments are modelled in order to manage the liquidity. The Organisation Directive for Cash-Flow Management of the Company follows the same principles. The Company has sufficient short-term operative loan possibilities to span short-term oscillations in liquidity.

31 FINANCIAL RISK MANAGEMENT (CONT.)

Credit risk

Credit risk represents a risk of financial loss of the Company in case a customer or counterparty to a financial instrument fails to fulfil its contractual obligations. The Company sells its services to various customers, of which none, whether individually or jointly, represents a significant risk of unpaid receivables as to their volume, solvency or nature of business. The Company management monitors continuously the credit risk exposure, where it is governed by an internal regulation for claims.
A certain risk of failed payment amounts to the carrying amount of each financial asset, including financial derivatives, reported in the balance sheet and reduced by allowance. The Company has the risk under control, as it is strictly limited by the measures applied. The Company further constantly monitors development of the risk.

Capital management

The main objective of the Company as regards capital management is to ensure high credit rating and sound financial capital indicators with the aim to support its business activity and maximize the value for shareholders.
The Company manages and adjusts its capital structure with respect to changes in economic conditions.

The Company monitors its indebtedness through an indebtedness indicator calculated as the ratio of debt consisting of interest-bearing loans and borrowings and financial aid from third parties, and the equity.

(in thousand EUR)	31 December 2014	31 December 2013
Long-term financial aid	54,706	84,706
Long-term loans	121,095	96,511
Short-term financial aid	30,000	25,000
Short-term loans, including short-term part of long-term loans	145,430	109,500
Debt	**321,231**	**315,717**
Shareholders' equity	**154,404**	**160,854**
Indicators of indebtedness (%)	**208%**	**196%**

32 POSTAL SERVICES

Železničná spoločnosť Slovensko, a.s. was registered at the Postal Regulatory Office in the Postal Services Register on 15 August 2012 under number 17 as a postal entity providing interchangeable postal services and other postal services in compliance with Article 23 of Act no. 324/2011 Coll. on postal services.

In accordance with the provisions of Article 36 of the Act on Postal Services, the Company is obliged to keep separate accounts on costs and revenues from interchangeable services. Separate bookkeeping of costs and revenues is ensured by the second degree of analytical evidence. The greatest revenues of 2014 include revenues from concluded long-term contracts on provision of postal services for Železničná spoločnosť Cargo and Železnice Slovenskej republiky.

Operation costs and revenues

(in thousand EUR)	as on 31 December 2014	as on 31 December 2013
Consumed purchases	6	2
Consumed services	10	25
Personnel costs	359	274
Operation costs	153	185
Depreciation of tangible and intangible assets	21	3
Total costs	**549**	**489**
Revenues from provision of interchangeable postal services	**622**	**621**
Profit (loss)	**73**	**132**

33 RELATED PARTIES

Parties related to the Company are all companies associated through property (i.e. under the State control), EUROFIMA and the Board of Directors.
The following table shows the total amount of transactions concluded with related parties during the years ending on 31 December 2014 and 2013:

(in thousand EUR)	31 December 2014			
Related parties	Revenues generated with related parties	Costs on transactions with related parties	Receivables towards related parties	Liabilities towards related parties
ŽSR	819	83,401	80	4,528
ZSSK CARGO	4,169	13,338	580	2,027
EUROFIMA	0	0	0	84,706

(in thousand EUR)	31 December 2013			
Related parties	Revenues generated with related parties	Costs on transactions with related parties	Receivables towards related parties	Liabilities towards related parties
ŽSR	741	88,990	83	6,170
ZSSK CARGO	5,042	20,392	607	2,221
EUROFIMA	0	0	0	109,706

The main contracts of the Company with ŽSR and ZSSK CARGO are concluded usually for a period of one year and are renewed on a yearly basis. Costs towards ŽSR include mostly track access charges and costs on purchase of traction electric energy. Costs towards ZSSK CARGO include mostly repairs, reconstructions and modernisation of passenger coaches and motive power units, and purchase of diesel.

33 RELATED PARTIES (KONT.)

Statutory body: Board of Directors

Name	Position	From:
Ing. Pavol Gábor	Chairman	26/04/2012
Ing. Ľubomír Húska	Vice-Chairman	26/04/2012
Ing. Igor Krško	Member	26/04/2012

Supervisory body: Supervisory Board

Name	Position	From:	Note
JUDr. Andrej HOLÁK	Chairman	15/08/2012	Removed from office on 30 April 2013
Ing. Viktor Stromček	Chairman	14/05/2013	
Ing. Jaroslav Mikla	Vice-Chairman	03/09/2012	Member from 15 August 2012 to 2 September 2012
Ing. Ján Andreanin	Member	20/01/2010	
Jozef Hlavatý	Member	20/01/2010	
Ing. Štefan Hlinka	Member	15/08/2012	
Ing. Vladimír Ľupták	Member	15/08/2012	

34 EVENTS WHICH OCCURRED AFTER THE BOOK CLOSING DATE

Železničná spoločnosť Slovensko, a.s. does not report any significant events after the date of the Statement of Financial Position