ŽELEZNIČNÁ SPOLOČNOSŤ SLOVENSKO, a.s.

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

as on 31 December 2013

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Ing. Pavol Gábor	Ing. Ľubomír Húska
Predseda predstavenstva	***Podpredseda predstavenstva***
Chairman of the Board of Directors	***Vice-Chairman of the Board of Directors***

Bratislava, 21 February 2014

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Železničná spoločnosť Slovensko, a.s.

STATEMENT OF FINANCIAL POSITION

As on 31 December 2013

(in thousand EUR)	Note	31 December 2013	31 December 2012 – modified*
ASSETS			
Long-term assets			
Long-term tangible assets	4	764,224	733,945
Investments into real estates	4	318	653
Long-term intangible assets	5	8,759	4,829
Financial assets	6	4,966	5,050
Long-term receivables resulting from the Contract on Passenger Rail Transport Services	22	0	0
Other long-term assets	7	727	986
		778,994	**745,463**
Current assets			
Inventories	8	7,307	7,575
Trade receivables and other receivables	9	29,126	27,818
Receivables resulting from the Contract on Passenger Rail Transport Services	22	37,276	16,178
Financial means and financial equivalents	10	1,349	31,379
		75,058	**82,950**
Held-for-sale assets	4	485	1,015
TOTAL ASSETS		**854,537**	**829,428**
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)		-155	-597
Unpaid loss	11	-34,823	-24,389
Profit / (loss) in the reporting period	11	- 7,105	-10,433
Total shareholders' equity		**160,854**	**167,518**
Long-term liabilities			
Long-term financial aid	12	84,706	109,706
Interest-bearing loans and borrowings	13	96,511	103,015
Employee benefits	14	9,526	9,040
Reserves	15	9,412	6,459
Financial derivatives	17	33,672	39,535
Deferred tax	20	12,722	11,738
Other long-term liabilities	18	191,570	164,227
		438,119	**443,720**
Short-term liabilities			
Short-term financial aid	12	25,000	10,000
Interest-bearing loans and borrowings	13	109,500	89,323
Employee benefits	14	672	690
Reserves	15	13,812	5,567
Trade liabilities and other liabilities	19	106,580	112,610
		255,564	**218,190**
Total liabilities		**693,683**	**661,910**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**854,537**	**829,428**

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

STATEMENT OF COMPREHENSIVE INCOME

For the year ended on 31 December 2013

(in thousand EUR)	Note	31 December 2013	31 December 2012 – modified*
Revenues			
Transport of passengers and related revenues	21	112,544	111,880
Subsidies resulting from the Contract on Passenger Rail Transport Services	22	226,856	217,508
Other subsidies	23	13,637	10,731
		353,037	**340,119**
Costs and expenses			
Consumption and services	25	-182,673	-184,194
Personnel costs	26	-86,867	-89,269
Depreciation, amortisation and impairment of tangible assets	27	-67,593	-64,814
Other net operating (costs) revenues	24	-17,356	-652
		-354,489	**-338,929**
Financial (costs) revenues			
Financial income	28	9	3,339
Financial costs	29	-4,926	-7,667
Net financial derivatives	30	293	-6,409
		-4,624	**-10,737**
Tax costs	20	-1,029	-886
Profit / (loss) in the reporting period		**-7,105**	**-10,433**
Other comprehensive income:			
Items not re-classified as income		**442**	**-839**
Re-valuation of employee benefits (IAS 19)		442	-839
Items that might subsequently be re-classified into income		**0**	**0**
Other comprehensive income in the reporting period		**442**	**-839**
Total comprehensive income in the reporting period		**-6,663**	**-11,272**

STATEMENT OF CHANGES IN EQUITY

For the year ended on 31 December 2013

(in thousand EUR)	**Share capital**	**Statutory reserve fund**	**Other funds**	**Re-valuation of employee benefits**	**Unpaid loss**	**Profit / (loss) in the reporting period**	**Total**
As on 1 January 2011 *modified	**212,441**	**24,118**	**-33,622**	**242**	**-8,624**	**-15,765**	**178,790**
Other comprehensive income	0	0	0	-839	0	0	**-839**
Profit / (loss) in the reporting period	0	0	0	0	0	**-10,433**	**-10,433**
Profit distribution	0	0	0	0	-15,765	15,765	**0**
As on 31 December 2012 *modified	**212,441**	**24,118**	**-33,622**	**-597**	**-24,389**	**-10,433**	**167,518**
Other comprehensive income	0	0	0	442	0	0	**442**
Profit / (loss) in the reporting period	0	0	0	0	0	-7,105	**-7,105**
Profit distribution	0	0	0	0	-10,433	10,433	**0**
Final balance as on 31 December 2013	**212,441**	**24,118**	**-33,622**	**-155**	**-34,823**	**-7,105**	**160,854**

Železničná spoločnosť Slovensko, a.s.

STATEMENT OF CASH FLOW

For the year ended on 31 December 2013

(in thousand EUR)	**Note**	**31 December 2013**	**31 December 2012**
Operation income		**391,945**	**460,326**
Income from main activity		136,288	156,761
Compensation for services in the public interest	22	197,778	355,833
Other income		17,978	14,498
Income from international clearing		5,477	1,321
Income from operating loans		34,424	-68,087
Operation costs		**-306,661**	**-321,203**
Costs on material		-47,806	-35,929
Costs on services		-168,982	-198,492
Track access charges		-60,132	-61,308
Wages and other labour costs		-86,652	-84,450
Insurance		-3,221	-2,332
Received interests		**6**	**2**
Paid interests		**-1,041**	**-2,780**
Dividends +/-		**0**	**0**
Income tax +/-		**-2**	**-6**
CASH FLOW FROM OPERATING ACTIVITY		**84,247**	**136,339**
Income from sale of long-term assets		176	1
State budget subsidies on investments		0	0
Investment subsidies from EU Structural Funds	23	39,010	67,020
Purchase of long-term assets		-114,638	-195,580
CASH FLOW FROM INVESTMENT ACTIVITY		**-75,452**	**-128,559**
Financial income		**44,832**	**100,781**
Income from bank loans		33,594	94,155
Income from loans		0	0
Other financial income		11,238	6,626
Financial costs		**-80,406**	**-94,500**
Costs on bank loans		-54,351	-73,497
Costs on instalments of loans		-10,000	-7,243
Costs on settlement of liabilities from leasing		0	0
Other financial costs		-16,055	-13,760
Paid interests		**-3,251**	**-2,959**
CASH FLOW FROM FINANCIAL ACTIVITY		**-38,825**	**3,322**
Net increase (decrease) of financial means and financial equivalents		**-30,030**	**11,102**
Financial means and financial equivalents as on 1 January	10	**31,379**	**20,277**
Finanicla means and financial equivalents as on 31 December	10	**1,349**	**31,379**

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 is not part of any consolidated entity. 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 Financial Statements of the Company for the previous reporting period were approved by the regular General Assembly of the Company which took place on 3 July 2013.

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 2013. The Financial Statements were prepared in compliance with Article 17a of Act 431/2002 on accounting, for the reporting period starting on 1 January 2013 and ending on 31 December 2013.

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

In terms of Article 22 (3) of Act no. 431/2002 Coll. on accounting as amended, the Company is part of the Financial Statements of the Public Administration under the Transport Chapter prepared by the Slovak Ministry of Finance. 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 adopting IFRS EU 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 2012, except for the following cases:

The Company applied the following new and amended IFRS standards and IFRIC interpretations as of 1 January 2013, all adopted within the EU:

IAS 1	Amendment to IAS 1 Presentation of the Financial Statements – Presentation of items of other comprehensive income (effective for the reporting periods starting on or after 1 July 2012);
IAS 12	Amendments to IAS 12 Deferred Tax: Recovery of Underlying Assets (effective for the reporting periods starting on or after 1 January 2013);
IAS 19	Revised IAS 19 Employee Benefits, (effective for the reporting periods starting on or after 1 January 2013);
IFRS 13	Fair Value Measurement, (effective for the reporting periods starting on or after 1 January 2013);
IFRS 7	Amendments to IFRS 7 Financial Instruments: Disclosures – Offsetting of financial assets and financial liabilities (effective for the reporting period starting on or after 1 January 2013);
IFRS 1	Amendments to IFRS 1 Government Loans, (effective for the reporting periods starting on or after 1 January 2013);
IFRIC 20	IFRIC Interpretation 20 Stripping costs in the production phase of surface mine (effective for the reporting period starting on or after 1 January 2013);
	Annual improvements to IFRS, 2009 – 2011 Cycle (effective for the reporting period starting on or after 1 January 2013).

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:

<u>Amendment to IAS 1 Presentation of the Financial Statements – Presentation of items of other comprehensive income</u>

The amendment to IAS 1 changes the grouping of items presented in other comprehensive income. Items that might be reclassified to profit and loss in the future (e.g. when derecognised or offset) will be presented separately from items that might never be reclassified into profit and loss. Application of this Amendment had no significant effect on the financial position or performance of the Company.

2.2 CHANGES IN ACCOUNTING PRINCIPLES AND DISCLOSURE (CONT.)

Amendment to IAS 12 Deferred Tax: Recovery of Underlying Assets

The Amendment brings along an exception from the general principle applied within IAS 12 which states that measurement of a deferred tax receivable and liability is to take into account the manner, in which the reporting entity assumes the asset value to be consumed, e.g. through asset sale or use within a production cycle. Based on the Amendment, in case of an investment property measured at fair value in compliance with IAS 40 Investment Property it is to be presumed that the property will be sold for the purposes of deferred tax calculation. It is the so-called rebuttable presumption. Application of this Amendment had no effect on the financial position or performance of the Company.

Amendment to IAS 19 Employee Benefits

The amendments eliminate the possibility of the "corridor" approach and calculate financial costs on a net basis of funding. Past service costs are to be recognised at the moment when the plan is changed or curtailment occurs. Before the amendment, past service costs were recognised as costs evenly during the average period when the entitlement to them is incurred.

IFRS 13 Fair Value Measurement

IFRS 13 introduces a source of information for fair value measurement pursuant to IFRS. IFRS 13 does not change the conditions for applying fair value, but rather provides a guide of how to measure at fair value pursuant to IFRS in cases where fair value is required or permitted. Application of this standard had no significant effect on the financial position or performance of the Company.

Amendments to IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

Amendments to IFRS 7 require that an entity disclose information on the rights to offset financial assets and financial liabilities and related arrangements for financial instruments according to the enforceable framework agreement on offsetting or a similar arrangement. Application of these Amendments had no significant effect on the financial position or performance of the Company.

Amendments to IFRS 1 Government loans

The amendments require the first-time adopters to apply the requirements of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance prospectively for government loans existing as on the date of transfer to IFRS. Reporting entities may decide to apply the requirements of IAS 39 and IAS 20 to government loans retrospectively if the necessary information was acquired at the time of initial recognition of such loan. There is an exemption for first-time adopters from the retrospective measurement of government loans with a below-market rate of interest. Application of these Amendments had no effect on the financial position or performance of the Company.

IFRIC Interpretation 20 Stripping costs in the production phase of surface mine

The interpretation clarifies cases when stripping in the production phase should lead to assets being reported, and how to measure such assets when initially recognised and then in the subsequent reporting periods. Application of this interpretation had no significant effect on the financial position or performance of the Company.

2.2 CHANGES IN ACCOUNTING PRINCIPLES AND DISCLOSURE (CONT.)

Annual Improvements to IFRSs - 2009 – 2011 Cycle

The following standards have been modified:

IFRS 1	First application of International Financial Reporting Standards
IAS 1	Presentation of Financial Statements
IAS 16	Property, plant and equipment
IAS 32	Financial instruments: Presentation
IAS 34	Interim Financial Reporting

These improvements are effective for the reporting periods beginning on or after 1 January 2013. Application of these improvements 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 specified above, 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:

Reserve for costs on the environment protection
Regulations, in particular the legislation on the environment protection, do not specify the scope of required redevelopment work or the technology to be used. Specification of the reserve for costs on the environment protection was based on the respective legislation and past experience.

Significant accounting assessments and estimates

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.

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

Quantification and timing of environmental liabilities
The Company makes estimates of future cash flows related to the environmental liabilities and liabilities resulting from decommissioned assets 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.

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.

Fair value of financial instruments
Fair value of financial instruments that are not tradable on public market is determined by quoted forward exchange rates for similar financial instruments, bank quotes available as on the date of the Financial Statements, and by evaluation techniques.

Measurement of non-financial items:
In thousand EUR

Assets	**Level 1**	**Level 2**	**Level 3**
Investment Property (IAS 40)			**318**
Assets held for sale (IFRS 5)			**485**
of which: real estates			462
transport vehicles			23
Total as on 31 December 2013			**803**

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

Measurement used to derive fair values at Level 3:

Fair value of investments into real estates at Level 3 as on 31 December 2013 amounted to EUR 318 thousand (as on 31 December 2012 to EUR 653 thousand).

Fair value of assets held for sale at Level 3 as on 31 December 2013 amounted to EUR 485 thousand (as on 31 December 2012 to EUR 1,015 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 rolling stock, given their specific features, the fair value is derived from the carrying amount representing an expert-determined value, reduced by amortisation, due to a missing active market

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.

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.

2.4. APPLICATION OF THE AMENDMENT TO IAS 19 AS ON 1 JANUARY

As of 1 January 2013 the Company applied the amended standard IAS 19 Employee benefits effective for the reporting periods starting on or after 1 January 2013. The application of the amendment to IAS 19 in compliance with IAS 8 as a change in the method has a retrospective effect on the main Company statements. These were modified in compliance with IAS 8 and IAS 1 by impacts of application of the amendment to IAS 19, which stipulates to report the actuarial profit and loss from employee benefits after employment termination within other comprehensive profit and loss.

The retrospective effects of application of the amendment to IAS 19 resulted in an adjustment of the Statement of Financial Position as on 1 January 2012:

(in thousand EUR)	**1 January 2012 *modified**
ASSETS	
Long-term assets	
Long-term tangible assets	603,848
Investments into real estates	653
Long-term intangible assets	4,007
Financial assets	5,015
Long-term receivables resulting from the Contract on Passenger Rail Transport Services	80,634
Other long-term assets	1,658
	695,815
Current assets	
Inventories	3,240
Trade receivables and other receivables	30,530
Receivables resulting from the Contract on Passenger Rail Transport Services	70,537
Financial means and financial equivalents	20,277
	124,584
Held-for-sale assets	423
TOTAL ASSETS	**820,822**
EQUITY AND LIABILITIES	
Shareholders' equity	
Registered Share Capital	212,441
Statutory reserve fund	24,118
Other funds	-33,622
Re-valuation of employee benefits (IAS 19)	242
Unpaid loss	-24,389
Profit / (loss) in the reporting period	
Total shareholders' equity	**178,790**
Long-term liabilities	
Long-term financial aid	119,706
Interest-bearing loans and borrowings	28,204
Employee benefits	6,794
Reserves	2,186
Financial derivatives	40,431
Deferred tax	10,858
Other long-term liabilities	109,360
	317,539
Short-term liabilities	
Short-term financial aid	7,244
Interest-bearing loans and borrowings	211,530
Employee benefits	554
Reserves	1,355
Trade liabilities and other liabilities	103,810
	324,493
Total liabilities	**642,032**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**820,822**

3 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

a) Presentation currency

The functional and presentation currency of the Company is EUR which became the official currency of the Slovak Republic on 1 January 2009 when it replaced the Slovak koruna. The change of the functional currency was carried out prospectively as of 1 January 2009 and all assets, liabilities and equity of the Company were converted into EUR according to the official conversion rate of EUR 1 = SKK 30.1260.

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 Profit and Loss Statement. 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 accumulated depreciation 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 based on the acquisition price of the long-term tangible asset, if the reporting criteria are met.

Repairs and maintenance are reported in the Profit and Loss Statement as costs of the accounting 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 accumulated depreciation 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. 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.

Adjustments are created for old, obsolete and slow-moving inventories in order to reduce them to net realisable value.

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 the assets is the higher value of the fair value of assets or a cash-generating unit reduced by costs on sale and the value in use, and is determined for individual items of assets only when the asset in question does not generate increase in financial means which are usually independent of increase 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONT.)

g) Financial assets

Initial recognition and measurement
Financial assets within the scope of IAS 39 are classified as financial instruments measured at fair value with changes reported into profit or loss, loans and receivables, investments held to maturity, financial assets held for sale and hedging derivative instruments. The Company determines classification of individual financial assets when initially recognised.

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.

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

Subsequent measurement
Subsequent measurement of financial assets depends on their classification and is carried out as follows:

Financial assets measured in their fair value with changes reported into profit or loss
Financial assets in their fair value with changes reported into profit or loss mean the financial assets held for trading and financial assets measured in their fair value at initial recognition with changes reported into the comprehensive income or loss. Financial assets are classified as held for sale in case they were bought for the purpose of further sale in the near future. This category of financial assets also includes financial derivatives invested into the Company that do not fulfil the conditions of hedging instruments as defined by IAS 39. Financial assets measured in their fair value with changes reported into comprehensive income or loss are presented in the balance sheet in their fair value, and the profit or loss from such financial instruments is reported within the Profit and Loss Statement.

Loans and receivables
Loans and receivables represent non-derivative financial assets with fixed or variable payments that are not quoted on active market. At initial recognition, loans and receivables are reported in their amortised value by effective interest rate method, reduced by an allowance. 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. Profit and loss are reported in profit/loss of the accounting period in case loans and receivables are derecognised or impaired, as well as when in the amortisation process.

Investments held to maturity
Investments held to maturity are non-derivative financial assets with fixed or variable payments, with fixed maturity, which the Company intends and is able to hold until their maturity. When initially recognised, investments held to maturity are measured in amortised costs. These costs are calculated as the value, in which the financial asset was measured at initial recognition reduced by instalments of the principal and increased or decreased by effective interest rate method, by cumulative amortisation of the difference between the initially recognised value and the value at maturity, and further reduced by an allowance. This calculation includes all fees and interests paid or received between the parties to the contract which are an inseparable part of the effective interest rate, transaction costs and all bonuses and discounts. Profit and loss is reported in profit/loss of the accounting period in case the investments are derecognised or impaired, as well as when in the amortisation process.

3 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONT.)

g) Financial assets (cont.)

Financial assets held for sale

Financial assets held for sale are those non-derivative financial assets that are classified as held for sale or that are not classified in any of the three previous categories. At initial recognition the financial assets held 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.

When initially recognised, financial assets held for sale are measured pursuant to the existing market conditions and the intention of the management to hold them for a foreseeable period. In rare cases when these conditions become unsuitable, the Company may decide to reclassify such financial assets into loans and receivables or investments held to maturity if compliant with the respective IFRS.

Impairment of financial assets

At the end of each reporting period the Company assesses whether there is objective evidence of impairment of financial assets or a group of financial assets. Financial assets or a group of financial assets are considered impaired if there is objective evidence based on one or several events that occurred after the initial recognition of the asset (a "loss event") and when such loss event affects the expected future cash flows of financial assets or a group of financial assets, and which can be reliably estimated. Evidence on impairment may include indications about a debtor or a group of debtors having substantial financial difficulties, being unable to pay, repeatedly failing to pay interests or principal, probability that a partner is to go bankrupt or start a financial reorganisation, and when the discovered information indicates that there is a measurable decline in future expected cash flow, as well as subsequent changes or economic conditions indicating inability to pay.

Assets measured in amortised costs

At first the Company assesses significant financial assets individually whether there is objective evidence of impairment, and subsequently assesses individually or as a whole those financial assets that are not individually significant. In case the Company assessment leads to a conclusion that there is no evidence on impairment of financial assets, whether significant or insignificant, such financial asset is included into the group of financial assets with a similar risk which is assessed as a whole for impairment. Assets that were individually assessed for impairment and for which impairment loss was reported are not included into impairment assessment as a whole.

If there is objective evidence that assets measured in amortised costs were impaired, the amount of impairment loss is determined as the difference between their carrying amount and present value of the estimated future cash flows (with the exception of future expected credit losses) discounted by interests pursuant to the original effective interest rate for the given financial asset (i.e. the effective interest rate used at initial recognition). In case a loan has a variable interest rate, the discount rate to determine the impairment amount is the present effective interest rate.

The carrying amount of the asset is reduced through the account of allowances and the impairment amount is reported in the Profit and Loss Statement. The yield of interest is reported on the basis of the reduced carrying amount and pursuant to the interest rate which was used to discount future cash flows for the purposes of the asset impairment calculation. The yield of interest is reported as a part of financial income in the Profit and Loss Statement. Loans, together with reported allowances, 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 and previously reported 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 loans that were written-off are paid, the payment is reported in the Profit and Loss Statement.

The present value of the future expected cash flows is discounted by the original effective interest rate. If a loan has a variable interest rate, the discount rate for impairment measurement is the present effective interest rate.

3 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONT.)

g) Financial assets (cont.)

Financial assets held for sale
If a financial asset held for sale is impaired, the difference of its acquisition price (after deducting any principal instalments and amortisation) and its present fair value reduced by previous impairment losses, equity losses is reported into Profit and Loss Statement. Impairment losses created in relation to equity instruments that are classified as held for sale are not derecognised retrospectively. Cancellation of an impairment loss concerning debt instruments classified as available for sale are reported in the Profit and Loss Statement if the increase of the fair value of such an instrument may objectively be attributable to an event which occurred after the impairment loss was reported in the Profit and Loss Statement.

Derecognision of financial assets
A financial asset (or a part of a financial asset or a group of similar financial assets) is derecognised if:

- the right to receive cash flows from the asset expired,
- the Company transferred its right to cash flows from the asset, or undertook a liability to pay the received cash flows in full without a significant delay to an independent third party and (a) the Company transferred in fact all risks and benefits from the asset, or (b) the Company did not transfer or keep in fact all risks and benefits related to the asset but transferred the control over the asset to an independent third party.

h) Financial liabilities

Initial recognition and measurement
Financial liabilities within the scope of IAS 39 are classified as financial liabilities measured in fair value with changes reported as profit or loss, loans and borrowings, or as derivative liabilities meant as effective hedge. The Company classifies a financial liability when initially recognised.

At initial recognition, financial liabilities are measured in their fair value, and loans and borrowings are measured in the fair value of the received consideration after deducting the costs incurred on the transaction.

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

Subsequent measurement

Measurement of financial liabilities depends on their classification:

Financial liabilities measured in their fair value with changes reported into profit or loss
Financial liabilities measured in their fair value with changes reported into profit or loss include financial liabilities held for trading and financial liabilities held for reporting changes in their fair value into profit or loss at initial recognition.

Financial liabilities are classified as held for trading if they were acquired for the purpose of sale in the near future. This category includes financial derivatives acquired by the Company, which do not meet the conditions for reporting of financial derivatives pursuant to IAS 39. Profit and loss from liabilities held for trading is reported in the Profit and Loss Statement.

Loans and financial aid

All loans and borrowings 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 residual price by the effective interest rate method. Profit and loss is reported in the Profit and Loss Statement after derecognision of liabilities, as well as during amortisation, except for cases when they are capitalised as costs on loans and borrowings.

3 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONT.)

h) Financial liabilities (cont.)

Loans and financial aid (cont.)

The amortised residual price is calculated by taking into account all costs and discounts or bonuses of the settlement.
Amortisation by the effective interest rate is reported under financial costs in the Profit and Loss Statement.

Trade liabilities and other liabilities

Trade liabilities and other liabilities are reported and measured in amortised costs, i.e. in the originally invoiced amount. The Company determines estimates of costs, for which it has not received an invoice by the end of the reporting period. An invoiced interest on overdue payment is reported under trade liabilities.

Financial guaranties

Financial guaranties issued by the Company mean contracts requiring performance to the benefit of the holder, in the amount of loss the holder incurs, in case a certain debtor fails to pay when obliged to do so in compliance with the conditions of the debt instrument. Financial guaranties are initially recognised as liabilities in fair value adjusted by transaction costs that may be directly attributable to guaranty issuance. Subsequently, the liabilities are measured in higher of these two values: the best estimate of costs on settlement of the present liability on the balance-sheet date and the amount reported when initially recognised reduced by cumulative debt redemption.

Derecognision of financial assets

A financial asset is derecognised in case such liability is settled or cancelled or its validity ceased.

If an existing financial liability is replaced by another liability towards the same debtor under substantially different conditions or, if the existing liability is significantly changed, such replacement or change is reported as derecognition of the original liability and recognition of a new liability, while the difference in the respective carrying amounts is reported in the Profit and Loss Statement.

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONT.)

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 in the 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.

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONT.)

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 forecast 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.

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONT.)

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 against Profit and Loss Statement.

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.

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONT.)

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 the Slovak Republic represented by 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 Profit and Loss Statement, 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 (and tax acts) enacted as on the balance-sheet date.

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)	Lands and buildings	Plants, equipment and other assets	Unfinished investments	Provided pre-payments	Total
Acquisition price					
As at 1 January 2013	**58,442**	**913,943**	**3,905**	**8,101**	**984,391**
Additions	1,075	1,024	71,998	23,344	97,441
Disposals	163	8,696	249	0	9,108
Transfers	4,313	77,474	-66,344	-15,443	0
As at 31 December 2013	**63,667**	**983,745**	**9,310**	**16,002**	**1,072,724**
Cumulated adjustments					
As at 1 January 2013	**2,702**	**247,744**	**0**	**0**	**250,446**
Additions	4,543	60,022	0	0	64,565
Disposals	399	7,372	0	0	7,771
Impairment loss	97	1,163	0	0	1,260
As at 31 December 2013	**6,943**	**301,557**	**0**	**0**	**308,500**
Residual value as at 31 December 2013	**56,724**	**682,188**	**9,310**	**16,002**	**764,224**

(in thousand EUR)	Lands and buildings	Plants, equipment and other assets	Unfinished investments	Provided pre-payments	Total
Acquisition price					
As at 1 January 2012	**11,594**	**760,607**	**6,924**	**19,761**	**798,886**
Additions	40,314	7,841	108,004	36,210	192,369
Disposals	13	6,851	0	0	6,864
Transfers	6,547	152,346	-111,023	-47,870	0
As at 31 December 2012	**58,442**	**913,943**	**3,905**	**8,101**	**984,391**
Cumulated adjustments					
As at 1 January 2012	**1,037**	**194,001**	**0**	**0**	**195,038**
Additions	1,279	59,453	0	0	60,732
Disposals	2	6,260	0	0	6,262
Impairment loss	388	550	0	0	938
As at 31 December 2012	**2,702**	**247,744**	**0**	**0**	**250,446**
Residual value as at 31 December 2012	**55,740**	**666,199**	**3,905**	**8,101**	**733,945**

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. The most important item in the category of plants, equipment and other assets is rolling stock in the amount of EUR 670,583 thousand. 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.

The most significant item under unfinished investments includes costs on modernisation of the Series 361 motive power unit in the amount of EUR 2,316 thousand, procurement of a datacentre in the amount of EUR 1,950 thousand, procurement of Almex selling devices in the amount of EUR 1,857 thousand.

4 LONG-TERM TANGIBLE ASSETS (CONT.)

The advance payments provided to procure investments in the amount of EUR 16,002 thousand consist mostly of advance payments for delivery of electric double-deck units no. 1 – 9 in the amount of EUR 8,462 thousand and diesel multiple-unit sets no. 1 – 20 in the amount of EUR 7,062 thousand, procured under Europroject 2.

The Company carried out a comprehensive test for impairment of assets as on 31 December 2013. The test included examination of the condition and use of assets, which resulted in reporting of asset impairment in the amount of EUR 1,260 thousand as unused assets. Its recoverable amount was determined as selling price reduced by costs related to sale of the given assets, when the usable value was determined as zero or close to zero.

Non-Current Assets Held for Sale

The assets held for sale are no longer depreciated. These assets are measured in their fair value, reduced by costs on sale. They include sale of useless assets which are of no use for the Company and are listed in the following table:

(in thousand EUR)

Class	Title	As on 31 December 2013	As on 31 December 2012
10	Buildings	313	609
20	Constructions	1	216
60	Transport vehicles	23	97
90	Real estate/lands	148	93
	Total	**485**	**1,015**

Due to fair value measurement, the assets value was reduced by EUR 115 thousand after testing the assets for impairment.

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

(in thousand EUR)	**Amount**
Energy consumption	1
Repairs	0
Other services	2
Taxes (on lands and constructions)	3
Other charges	1
Total costs	**7**
Lease	5
Total revenues	**5**
Loss from assets held for sale	**2**

4 LONG-TERM TANGIBLE ASSETS (CONT.)

Investments into real estates

Real estates located in Podkolibská ulica no. 1 in Bratislava, including lands, are leased for a long-term and reported pursuant to IAS 40 Investments into real estates. The Company measures the assets through the Fair value model. In 2013 the assets were impaired and, in compliance with IAS 36, the asset value was reduced by EUR 116 thousand.

(in thousand EUR)

Rented assets	As on 31 December 2013	As on 31 December 2012
Recreation facility, Valčík, Bratislava	69	137
Unirest Bratislava, Podkolibská Street	0	166
Waterworks tower, Humenné	14	0
Lands at Vinohrady, Bratislava	235	350
Total	**318**	**653**

In relation to operation of the real estates reported pursuant to IAS 40 Investments into real estate, the following costs and revenues incurred as on 31 December 2013:

(in thousand EUR)	Amount	Type
Costs	2	Tax on constructions and lands
Income	9	Yields of lease
Profit from investments into real	**7**	

Costs on water supply, waste water and rain water are born by the lessee in full amount.

The manner and value of long-term assets insurance

(in thousand EUR)

Insured assets and insurance company	Total sum insured	Term of the Agreement from - to	Premium paid in 2013	2012
Insurance policy on assets – fuelling stations no.: 8-863-000468/, QBE	15	01/01/2012 -31/12/2013	7	8
Insurance policy on motive power units no. 6552737745/80 8009199/Kooperativa	22,974	01/03/2009 – 28/2/2015	2,785	2,767

5 LONG-TERM INTANGIBLE ASSETS

(in thousand EUR)	**Intangible assets**	**Unfinished investments**	**Provided pre-payments**	**Total**
Acquisition price				
As at 1 January 2013	**14,525**	**2,146**	**0**	**16,671**
Additions	0	5,250	0	5,250
Disposals	106	77	0	183
Transfers	4,395	-4,395	0	0
As at 31 December 2013	**18,814**	**2,924**	**0**	**21,738**
Cumulated adjustments				
As at 1 January 2013	**11,842**	**0**	**0**	**11,842**
Additions	1,140	0	0	1,140
Disposals	3	0	0	3
As at 31 December 2013	**12,979**	**0**	**0**	**12,979**
Residual value as at 31 December 2013	**5,835**	**2,924**	**0**	**8,759**

(in thousand EUR)	**Intangible assets**	**Unfinished investments**	**Provided pre-payments**	**Total**
Acquisition price				
As at 1 January 2012	**12,266**	**1,402**	**0**	**13,668**
Additions	45	2,958	0	3,003
Disposals	0	0	0	0
Transfers	2,214	-2,214	0	0
As at 31 December 2012	**14,525**	**2,146**	**0**	**16,671**
Cumulated adjustments				
As at 1 January 2012	**9,661**	**0**	**0**	**9,661**
Additions	2,181	0	0	2,181
Disposals	0	0	0	0
As at 31 December 2012	**11,842**	**0**	**0**	**11,842**
Residual value as at 31 December 2012	**2,683**	**2,146**	**0**	**4,829**

The most important item in the category of intangible assets were licences for SW iKVC in the amount of EUR 1,086 thousand and Oracle support licences in the amount of EUR 1,372 thousand.

The most significant items under unfinished investments include acquisition of datacentre software in the amount of EUR 1,241 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 at 31 December 2013	Financial assets As at 31 December 2012
Eurofima	1,300	0.50 %	4,965	5,049
BCC	1	0.68 %	1	1
Total	x	x	**4,966**	**5,050**

7 OTHER LONG-TERM ASSETS

(in thousand EUR)	31 December 2013	31 December 2012
Trade receivables	**488**	**747**
Other long-term receivables	**239**	**239**
Total	**727**	**986**

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)	**2013**	**2013**	**2012**	**2012**
Total material	**7,574**	**6,768**	**7,675**	**7,272**
Fuel in tank	**305**	**305**	**294**	**294**
Other inventories	**289**	**234**	**9**	**9**
Total inventories	**8,168**	**7,307**	**7,978**	**7,575**

No right of lien was established regarding the procured inventories.

9 TRADE RECEIVABLES AND OTHER RECEIVABLES

(in thousand EUR)	**31 December 2013**	**31 December 2012**
Short-term trade receivables	**17,602**	**20,413**
Tax receivables	**10,562**	**6,947**
Other receivables	**2,081**	**1,993**
	30,245	**29,353**
Allowances to trade receivables and other receivables	**-1 119**	**-1,535**
	29,126	**27,818**

Receivables after maturity amounted to EUR 2,082 thousand as on 31 December 2013 (EUR 2,891 thousand as on December 2012).

Trade receivables are interest-free and in general payable within 14 – 90 days.

Information on receivables from related parties is stated under note 33.

Analysis of receivables pursuant to maturity as on 31 December is as follows:

Year	**Total**	**Within maturity and without an adjusting entry**	**After maturity and without an adjusting entry**			
			180 days	**180 - 270 days**	**270 - 365 days**	**> 365 days**
2013	**30,245**	28,162	798	37	180	1,068
2012	**29,353**	26,462	1,221	1,110	100	460

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 2013**	**31 December 2012**
Financial means in cash register and financial equivalents	201	207
Financial means in banks	1,148	31,172
Total	**1,349**	**31,379**

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.

10 FINANCIAL MEANS AND FINANCIAL EQUIVALENTS (CONT.)

Bank overdrafts as at 31 December are as follows:

(in thousand EUR)	**31 December 2013**	**31 December 2012**
	Principal balance	**Principal balance**
Tatra banka, a.s.	679	7
UniCredit Bank Slovakia a.s.	24,250	5
Všeobecná úverová banka, a.s.	262	-
Slovenská sporiteľňa, a.s.	9,393	-
Sberbank Slovensko, a.s. (Volksbank, a.s.)	-	
ING. Banka N.V.	-	147
Total	**34,584**	**159**

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.

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 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 2011 (retrospectively as at 1 January 2010) they were reduced by EUR 59,949 thousand to correct an error in the initial measurement of the assets invested by the founder and identified in 2011. In 2013, retrospectively as at 1 January 2012 and due to application of an amendment to IAS19, the funds were reduced by EUR 242 thousand, and by EUR 155 thousand as at 31 December 2013, 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 11,272 thousand for the accounting period of 2012 was adopted by the General Assembly, which decided on 3 July 2013 to settle the loss by transferring the amount to account 429 – Unpaid loss of previous years. The application of IAS 19 amendment in compliance with IAS 8 had a retrospective effect on the main Company statements. In compliance with IAS 8 and IAS 1, these were modified, which mean an adjustment of the business result of 2012 to EUR 10,433 thousand.

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 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**		

As on 31 December 2012:

(in thousand EUR)	**Currency**	**Amount**	**Maturity**	**Hedging**
Eurofima III (Contract no. 2574)	EUR	10,000	11/2/2013	rolling stock
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		**119,706**		
Short-term part		**10,000**		
Long-term part		**109,706**		

All financial aid bears interest at variable interest rate in the scope from 0.2 % p.a. to 0.8 % (from 0.2 % p.a. to 2.1 % p.a. in 2012).

13 INTEREST-BEARING LOANS AND BORROWINGS

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, a.s.N.V.	EUR		9,581	31/12/2015	No hedging
ING Bank, a.s.N.V.	EUR		15,714	30/6/2016	No hedging
Komerčná banka, a.s.	EUR		22,971	30/6/2016	No hedging
SLSP, a.s. (refinanc. Eurofima)	EUR		20,244	30/6/2016	No hedging
SLSP, a.s. (refinanc. Eurofima)	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**		

All loans are in EUR, unless stated otherwise in the table.

Some loan contracts include also an obligation of the Company to fulfil certain financial and non-financial indicators. These indicators are based on managerial statements prepared by the Company (as the Company no longer prepares financial statements pursuant to Slovak standards).

The fair value of interest-bearing loans and borrowings is EUR 206,011 thousand (EUR 192,338 thousand as on 31 December 2012).

All interest-bearing loans and borrowings bear interest at variable interest rate in the scope from 0.8 % p.a. to 2.6 % p.a. (from 0.9 % p.a. to 3.1 % p.a. in 2012).

13 INTEREST-BEARING LOANS AND BORROWINGS (CONT.)

As on 31 December 2012:

	Curren cy	Principal balance in thousand EUR	Maturity	Hedging
Long-term loans				
Tatra banka, a.s.	EUR	7,057	31/12/2018	No hedging
ČSOB, a.s.	EUR	31,799	31/12/2018	No hedging
ING.Bank, a.s. N.V	EUR	14,373	31/12/2015	No hedging
ING Bank, a.s. N.V.	EUR	22,000	30/6/2016	No hedging
Komerční banka, a.s.	EUR	27,706	30/6/2016	No hedging
SLSP, a.s. (refinanc. Eurofima)	EUR	20,244	30/6/2016	No hedging
Total		**123,179**		
Short-term part of loans and borrowings		**20,164**		
Long-term part of loans and borrowings		**103,015**		

	Curre ncy	Principal balance in thousand EUR	Maturity	Hedging
Short-term loans				
VÚB, a.s.	EUR	24,000	30/6/2013	No hedging
VÚB, a.s.	EUR	45,000	30/6/2013	No hedging
Short-term loans		**69,000**		
Short-term part of loans and borrowings (see above)		**20,164**		
Bank overdrafts (note 10)		**159**		
Total		**89,323**		

14 EMPLOYEE BENEFITS

(in thousand EUR)	Bonuses at retirement	Contributions at life anniversaries	Compensatory contribution in case of invalidity	Total
As at 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 at 31 December 2013	**7,831**	**2,029**	**338**	**10,198**
Short-term as at 31 December 2013	396	207	69	672
Long-term as at 31 December 2013	7,435	1,822	269	9,526
As at 31 December 2013	**7,831**	**2,029**	**338**	**10,198**

(in thousand EUR)	Bonuses at retirement	Contributions at life anniversaries	Compensatory contribution in case of invalidity	Total
As at 1 January 2012	**5,465**	**1,536**	**347**	**7,348**
Costs on present services	246	75	3	324
Interest costs	208	58	13	279
Actuarial profit and loss	283	415	-3	695
Paid benefits	-167	-457	-74	-698
Costs on past services	1,399	343	40	1,782
As at 31 December 2012	**7,434**	**1,970**	**326**	**9,730**
Short-term as at 31 December 2012	388	234	68	690
Long-term as at 31 December 2012	7,046	1,736	258	9,040
As at 31 December 2012	**7,434**	**1,970**	**326**	**9,730**

Long-term reserve for employee benefits

As on 31 December 2013 the Company reports a reserve amounting to EUR 10,198 thousand (EUR 9,730 thousand as on 31 December 2012) 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.

14 EMPLOYEE BENEFITS (CONT.)

Main actuarial assumption:

	2013	**2012**
Discount rate (% p.a.)	3.50 %	3.80 %
Increase of wages (%)	2% - 3%	0% - 4.50 %
Probability of male mortality (%)	0.038% - 2.26%	0.036% - 2.4250%
Probability of female mortality (%)	0.0181% - 0.8784%	0.0185% - 0.9132%

Future increase of wages: Determined increase of wages in the years to come, on average: by 3% in 2014, by 2% in 2015, 2% per year in the next years.
Mortality rate: Mortality table for the Slovak Republic for 2004-2008.

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 2013.

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 8.45 %.
2. Change of wage increase +100bps for all years to come, assuming that other pre-conditions entering the calculation remain unchanged, results in decrease of the liability by 1.87 %.
3. Fluctuation reduced by 10% for all years to come, assuming that other pre-conditions entering the calculation remain unchanged, results in decrease of the liability by 1.08 %.
4. Assumed mortality rate reduced by 10% for all years to come, assuming that other pre-conditions entering the calculation remain unchanged, results in decrease of the liability by 1.23 %.

The average maturity of employee benefits during employment is 6.74 years, while the average maturity of employee benefits after employment termination is 9.37 years.

15 RESERVES

(in thousand EUR)	Environmental burdens	Lawsuits	Redundancy payment, severance payment	Other reserves	Total
As at 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
Recognised part of the reserve	0	-469	0	0	-469
Actuarial profit and loss	0	0	-615	0	-615
Use	-15	0	-636	0	-651
As at 31 December 2013	**7,253**	**12,580**	**2,781**	**610**	**23,224**
Short-term as at 31 December 2013	881	12,056	265	610	13,812
Long-term as at 31 December 2013	6,372	524	2,516	0	9,412
As at 31 December 2013	**7,253**	**12,580**	**2,781**	**610**	**23,224**

(in thousand EUR)	Environmental burdens	Lawsuits	Redundancy payment, severance payment	Other reserves	Total
As at 1 January 2012	**48**	**411**	**3,082**	**0**	**3,541**
Additions	6,626	662	428	610	8,326
Interest costs	0	0	79	0	79
Recognised part of the reserve	0	-9	0	0	-9
Actuarial profit and loss	0	0	644	0	644
Use	-42	0	-513	0	-555
As at 31 December 2012	**6,632**	**1,064**	**3,720**	**610**	**12,026**
Short-term as at 31 December 2012	3,352	580	1,025	610	5,567
Long-term as at 31 December 2012	3,280	484	2,695	0	6,459
As at 31 December 2012	**6,632**	**1,064**	**3,720**	**610**	**12,026**

Lawsuits

Reserves on lawsuits concern several legal claims. In 2013 the Company created a reserve for passive commercial and legal lawsuit with the complainant – company LANCILLON LIMIT, concerning compensation of lost profit due to prevented rolling stock reconstruction. In 2013 the complainant added experts´ opinions with certain justifications and legal conclusions for its claims, which may be considered a change in the lawsuit development. Currently, in 2013, ZSSK filed an appeal where it challenged the procedure of the District Court of Bratislava and the complainant´s claim itself. In respect of the uncertain results, the Company management decided to create a reserve as on 31 December 2013 amounting to EUR 11.9 million. 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 7,272 thousand based on an obligation of an ecological nature resulting from the effective Slovak legislation due to termination of diesel management operations.

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 2,363,889.78 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 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.

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 primarily, and secondly against Železničná spoločnosť Cargo Slovakia, a.s., as the legal successors of ŽSR and Železničná spoločnosť, a.s. concerning damages in the amount of EUR 82,775 thousand with accessories, jointly and severally. The complainant LANCILLON Limited (a legal predecessor was Martinská mechatronická, a.s.) justifies its claim by a breach of obligations resulting from the "Contract on constructing 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 allegedly frustrated tests of the prototype by ŽSR and a subsequent 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

As at the day of book closing (i.e. 31 December), 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 Reuters information system. Expected cash flows were determined either by using calculation of forward interest rates or by stochastic simulation of market variables.

		Measurement as at 31 December 2013		Measurement results	
Creditor	**Derivative**	**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**

		Measurement as at 31 December 2012		Measurement results	
Creditor	**Derivative**	**receivable**	**liability**	**receivable**	**liability**
Crédit Agricole	EUROFIMA VI	280	-34,469	0	-34,189
Crédit Agricole	EUROFIMA VII A	133	-3,856	0	-3,723
NOMURA	EUROFIMA VI / IRIS	37,235	-38,858	0	-1,623
	Total	**37,648**	**-77,183**	**0**	**-39,535**

18 OTHER LONG-TERM LIABILITIES

(in thousand EUR)	**31 December 2013**	**31 December 2012**
Deferred income in relation to investments from EU Structural Funds	**74,670**	**66,322**
Deferred income in relation to investments from the State Budget	**24,018**	**27,844**
deferred income in relation to investments from the EU Cohesion Fund	**13,272**	**0**
Deferred income in relation to investments in combination of the State Budget and EU Structural Funds	**74,670**	**66,322**
Deferred income in relation to investments in combination of the State Budget and EU Cohesion Fund	**2,342**	**0**
Liabilities towards the social fund	**143**	**147**
Other liabilities	**2,455**	**3,592**
Total	**191,570**	**164,227**

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

(in thousand EUR)	**2013**	**2012**
As at 1 January	**147**	**82**
Creation	570	567
Drawing	574	502
As at 31 December	**143**	**147**

19 TRADE LIABILITIES AND OTHER LIABILITIES

(in thousand EUR)	**31 December 2013**	**31 December 2012**
Trade liabilities	**92,252**	**95,180**
Short-term part of deferred income in relation to investments	**13,790**	**16,878**
Tax liabilities	**538**	**552**
Total	**106,580**	**112,610**

Short-term trade liabilities after maturity (account 321) amounted to EUR 161 thousand as at 31 December 2013 (EUR 4,746 thousand as at 31 December 2012).

More detailed information on liabilities towards related parties is stated under note 33.

20 INCOME TAX

Tax base for 2013 is zero (2012 - 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 deferred income tax, the rate of 22 % was used in terms of the Amendment to the Income Tax Act.

(in thousand EUR)	**31 December 2013**	**31 December 2012**
Profit / (loss) before taxation	**-6,075**	**-10,386**
Tax at statutory tax rate of 23%	**- 1,397**	**-1,973**
Impact of tax loss that cannot be redeemed in the future	**0**	**1,644**
Non-deductible expenses and a temporary differences between tax and accounting costs and revenues	**2,426**	**1,215**
Income tax	**1,029**	**886**

Deferred tax receivables and liabilities may be divided as follows:

(in thousand EUR)	**31 December 2013**	**31 December 2012**
Deferred tax receivables		
Unamortised tax loss	**4,824**	**14,126**
Employee benefits	**2,244**	**2,238**
Long-term receivables from PSO Contract	**1,756**	**0**
Redundancy payment, severance payment	**2,207**	**856**
Investment subsidies	**1,565**	**431**
Other	**741**	**969**
	13,337	**18,620**
Deferred tax liabilities		
Long-term tangible assets	**-26,016**	**-30,129**
Other	**-43**	**-229**
	-26,059	**-30,358**
Net deferred tax liabilities	**-12,722**	**-11,738**

The Company reports unamortised tax loss from 2009-2012 in the amount of EUR 26,174 thousand. The Company is entitled to redeem tax losses as at 31 December 2009 for five years against future taxable profits, and tax losses as at 31 December 2011 evenly during four years. In 2013 loss in the amount of EUR 4,247 thousand shall be redeemed, while we assume redemption of loss in the amount of EUR 21,927 thousand. Redemption will be as follows:

(in thousand EUR)	**31 December 2013**	**31 December 2012**
2012		10,825
2013	4,247	8,021
2014	6,292	11,724
2017	5,212	10,000
2018	5,212	10,848
2019	5,211	10,000
Total unredeemed tax loss	**26,174**	**61,417**

21 TRANSPORT OF PASSENGERS AND RELATED REVENUES

(in thousand EUR)	**31 December 2013**	**31 December 2012**
Passenger transport		
Passenger transport - national	69,953	70,007
Passenger transport - international	19,181	17,836
	89,134	**87,843**
Other transport-related revenues:		
Performance of passenger coaches	11,627	12,677
Traction performance abroad	6,357	5,865
Other revenues	5,426	5,495
	23,410	**24,037**
Total	**112,544**	**111,880**

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. It informs MTCRD on any discounts, together with justification and expected benefits. Pricing and adoption of prices of international services is subject to multilateral and bilateral agreements with foreign railway undertakings.

22 SUBSIDIES RESULTING FROM THE CONTRACT ON PASSENGER RAIL TRANSPORT SERVICES

The Company has concluded a Contract on Passenger Rail Transport Services with the Slovak Republic represented by MTCRD which is the basis for operation of passenger transport by rail. In 2013 compensation in the form of prepayments amounting to EUR 197,559 thousand was granted for its operation. The receivable to compensate losses of 2012, payable on 31 December 2014, is recognised in the revenues in the amount of EUR 29,297 thousand.

(in thousand EUR)	**31 December 2013**	**31 December 2012**
Compensation to cover costs on services in public interest	197,559	199,342
Revenues from compensation paid before maturity date	29,297	18,166
Total	**226,856**	**217,508**

Subsidies to compensated the uncovered loss of 2011 and 2012 in accordance with the Protocol on evaluation of fulfilment of the Contract on Passenger Rail Transport Services represent the amount of EUR 45,474 thousand.

The subsidy for 2011, payable on 28 February 2013, was partially paid in 12/2013. In 2013 an allowance was created for it in the amount of EUR 7,979 thousand.

The subsidy for 2012, payable on 31 December 2014, in the amount of EUR 29,297 thousand was reduced by a sanction of EUR 1 thousand; the subsidy to compensation thus amounts to EUR 29,296 thousand.

(in thousand EUR)	**Subsidy amount**	**Paid amount**	**Adjusting entry**	**As at 31 December 2013**
Subsidy for 2011	16,178	219	7,979	7,980
Subsidy for 2012	29,296	-	-	29,296
Total	**45,474**	**219**	**7,979**	**37,276**

23 OTHER SUBSIDIES

(in thousand EUR)	31 December 2013	31 December 2012
Subsidies on investments:		
- from the State Budget	**3,945**	**4,208**
- from the State Budget in combination with EU funds	**4,834**	**3,259**
- from Structural Funds	**4,834**	**3,259**
- from the State Budget in combination with EU Cohesion Fund	**0**	**0**
- from the EU Cohesion Fund	**0**	**0**
Other	**24**	**5**
Total	**13,637**	**10,731**

State Budget subsidies

In 2013 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.

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

(in thousand EUR)	2009	2010	Total
As at 1 January 2012	**26,165**	**9,952**	**36,117**
Drawing	0	0	0
Recognised part of the subsidy	-3,226	-982	-4,208
As at 31 December 2012	**22,939**	**8,970**	**31,909**
Short-term as at 31 December 2012	3,091	983	4,074
Long-term as at 31 December 2012	19,848	7,987	27,835
As at 31 December 2012	**22,939**	**8,970**	**31,909**

23 OTHER SUBSIDIES (CONT.)

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

In order to renew the rolling stock fleet for suburban and inter-regional railway passenger public transport in Slovakia, the Company started to draw a non-repayable financial contribution in 2009 within the framework of the Operational Programme Transport. 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.

In 2013 the Push-Pull multiple-unit sets in the amount of EUR 13,477 thousand, diesel-motor units in the amount of EUR 17,657 thousand were put into operation and motive power units in the amount of EUR 1,054 thousand were refurbished, all under the Operational Programme Transport.

(in thousand EUR)	**Subsidy from the EU Structural Funds**	**Subsidy from the State Budget in combination with EU**	**Total**
As at 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 at 31 December 2013	**79,592**	**79,592**	**159,184**
Short-term as at 31 December 2013	4,922	4,922	9,844
Long-term as at 31 December 2013	74,670	74,670	149,340
As at 31 December 2013	**79,592**	**79,592**	**159,184**

(in thousand EUR)	**Subsidy from the EU Structural Funds**	**Subsidy from the State Budget in combination with EU**	**Total**
As at 1 January 2012	**42,477**	**42,477**	**84,954**
Drawing	33,510	33,510	67,020
Recognised part of the subsidy	-3,259	-3,259	-6,518
As at 31 December 2012	**72,728**	**72,728**	**145,456**
Short-term as at 31 December 2012	6,406	6,406	12,812
Long-term as at 31 December 2012	66,322	66,322	132,644
As at 31 December 2012	**72,728**	**72,728**	**145,456**

23 OTHER SUBSIDIES (CONT.)

During 2013 another 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 at 1 January 2013	**0**	**0**	**0**
Drawing	13,272	2,342	15,614
Recognised part of the subsidy	0	0	0
As at 31 December 2013	**13,272**	**2,342**	**15,614**
Short-term as at 31 December 2013	0	0	0
Long-term as at 31 December 2013	13,272	2,342	15,614
As at 31 December 2013	**13,272**	**2,342**	**15,614**

24 OTHER NET OPERATING (COSTS) REVENUES

(in thousand EUR)	**31 December 2013**	**31 December 2012**
Insurance of long-term tangible assets	-3,170	-3,162
Damage compensation	2,360	675
Revenues from sale of assets and material	523	766
Other net revenues	-17,069	1,069
Total	**-17,356**	**- 652**

25 CONSUMPTION AND SERVICES

(in thousand EUR)	**31 December 2013**	**31 December 2012**
Track access charges	-44,321	-43,415
Repairs and maintenance	-16,431	-23,491
Energy consumption	-36,786	-36,487
Material consumption	-31,665	-28,376
Performance of passenger coaches	-8,919	-8,291
Performance of motive power units	-7,164	-6,629
Shunting	-2,612	-3,855
Cleaning of vehicles, tidying-up, waste removal	-4,782	-4,537
Rental	-3,544	-3,300
Services of Wagon Slovakia	-3,643	-3,254
IT services	-4,731	-4,467
Travelling costs	-2,139	-2,147
Operators' performance	-1,184	-1,158
Costs on replacement bus transport during traffic closures	-523	- 405
Costs related to care of employees	-1,468	-1,495
Mediating commissions	-1,781	-1,809
Services of ŽSR employees	-4,319	-5,358
Costs on audit	-40	-56
of which costs on audit of the current Financial Statements	*-28*	*-28*
Other assurance services	-1,019	-1,166
Other	-5,602	-4,498
Total	**-182,673**	**-184,194**

Significant items of consumed purchases and services in 2013 include mostly costs on track access charges, traction energy consumption and other services ordered from ŽSR. 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. A great part of costs is related to material consumption (see note 33 – Related parties).

26 PERSONNEL COSTS

(in thousand EUR)	**31 December 2013**	**31 December 2012* modified**
Labour costs	-59,590	-63,287
Social security costs	-27,277	-25,982
Total	**-86,867**	**-89,269**

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

(in thousand EUR)		**31 December 2013**	**31 December 2012**
Current members			
of which:	- Board of Directors	29	20
	- Supervisory Board	10	10
Former members			
of which:	- Board of Directors	-	9
	- Supervisory Board	-	13
Total remunerations		**39**	**52**

As at 31 December 2013 the number of employees was 5,725 (5,846 as at 31 December 2012), of which 215 managing employees (214 as at 31 December 2011).

The average wage in 2013 amounted to EUR 886.69 while in 2012 it was EUR 877.15.

27 DEPRECIATION, AMORTISATION AND IMPAIRMENT OF TANGIBLE ASSETS

(in thousand EUR)	**31 December 2013**	**31 December 2012**
Depreciation	-65,830	-62,912
Residual value of discarded long-term tangible and intangible assets	-778	-964
Impairment of significant spare parts	-1,163	-550
Impairment of other assets	178	-388
Total	**-67,593**	**-64,814**

28 FINANCIAL INCOME

(in thousand EUR)	**31 December 2013**	**31 December 2012**
Yield interests	7	3,336
Other net financial income	2	3
Total	**9**	**3,339**

29 FINANCIAL COSTS

(in thousand EUR)	**31 December 2013**	**31 December 2012**
Cost interests	-4,194	-6,619
Bank expenses	-656	-1,039
Net exchange rate losses	-76	-9
Total	**-4,926**	**-7,667**

30 FINANCIAL DERIVATIVES

(in thousand EUR)	**31 December 2013**	**31 December 2012**
Net change in derivative measurement	5,863	-21
Costs on derivative operations, except for changes in derivative measurements (net)	-5,570	-6,388
Total	**293**	**-6,409**

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.

Transaction 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 point 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. No influence on equity is expected.

	31 December 2013	**31 December 2012**
O/N, 1M EURIBOR (+/-1%)	+/- 0.699	+/- 1.802
3M, 6M EURIBOR (+/-1%)	+/- 2.500	+/- 1.762

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 2013 and 2012 is as follows:

(in thousand EUR)	**31 December 2013**	**31 December 2012**
Long-term loan resources	181,217	212,721
Short-term loan resources	134,500	99,323
Total available loan resources	**315,717**	**312,044**

31 FINANCIAL RISK MANAGEMENT (CONT.)

Liquidity risk (cont.)

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 following table sums up the maturity of financial liabilities as on 31 December 2012 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	150,930	61,791	**212,721**
Trade liabilities and other liabilities	0	79,902	15,830	3,592	0	**99,324**
Short-term loans	0	10,147	89,176	0	0	**99,323**
Total	0	90,049	105,006	154,522	61,791	**411,368**

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 Company has sufficient short-term operative loan possibilities to span short-term oscillations in liquidity.

Credit risk

Credit risk represents a risk of financial loss of the Company in case a customer or a 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 the ZSSK Regulation for Claims.

The maximum 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 significantly 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.

31 FINANCIAL RISK MANAGEMENT (CONT.)

Capital management (cont.)

(in thousand EUR)	31 December 2013	31 December 2012
Long-term financial aid	84,706	109,706
Long-term loans	96,511	103,015
Short-term financial aid	25,000	10,000
Short-term loans, including short-term part of long-term loans	109,500	89,323
Debt	**315,717**	**312,044**
Shareholders' equity	**160,854**	**167,518**
Indicators of indebtedness (%)	**196%**	**187%**

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, ZSSK as a postal company providing interchangeable postal services, 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 2013 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 2013	as on 31 December 2012
Consumed purchases	2	3
Consumed services	25	46
Personnel costs	274	284
Costs on operation	185	237
Depreciation of tangible and intangible assets	3	3
Total costs	**489**	**573**
Revenues from provision of interchangeable postal services	**621**	**621**
Profit (loss)	**132**	**48**

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 2013 and 2012:

(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

(in thousand EUR)	31 December 2012			
Related parties	**Revenues generated with related parties**	**Costs on transactions with related parties**	**Receivables towards related parties**	**Liabilities towards related parties**
ŽSR	719	89,165	74	6,960
ZSSK CARGO	5,508	71,462	846	2,445
EUROFIMA	0	0	0	119,706

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, provision of motive power units, and purchase of diesel.

Pursuant to an extract from the Companies´ Register of the District Court of Bratislava I, the statutory bodies of the Company were are follows:

Statutory body: Board of Directors

Name	Position	From:	To:
Mgr. Pavel Kravec	Chairman	16/09/2010	25/04/2012
Ing. Jaroslav Paulický	Vice-Chairman	16/09/2010	25/04/2012
Ing. Pavol Tarcala	Member	16/09/2010	25/04/2012
Ing. Pavol Gábor	Chairman	26/04/2012	
Ing. Ľubomír Húska	Vice-Chairman	26/04/2012	
Ing. Igor Krško	Member	26/04/2012	

33 RELATED PARTIES (CONT.)

Supervisory body: Supervisory Board

Name	Position	From:	To:
Ing. Jozef Kováč	Chairman	11/10/2010	14/08/2012
Ing. Vincent Štuller	Vice-Chairman	11/10/2010	14/08/2012
JUDr. Juraj Kamenca, CSc.	Member	11/10/2010	14/08/2012
Ing. Martin Mlýnek	Member	11/10/2010	10/04/2012

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	From 15/08/2012 to 02/09/2012 Member
Bc. 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.