



**CONSOLIDATED  
FINANCIAL STATEMENT**

**OF THE CAPITAL GROUP  
of „Koleje Mazowieckie – KM” sp. z o.o.  
for the year 2012**

**WARSAW, POLAND, 15 MAY 2013**

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## INTRODUCTION TO THE CONSOLIDATED FINANCIAL STATEMENT

The Consolidated Financial Statement covers the Dominant Entity: "Koleje Mazowieckie - KM" sp. z o.o. and its subsidiary: "Koleje Mazowieckie Finance AB" (publ) with its headquarters in the territory of the Kingdom of Sweden.

The Dominant Entity "Koleje Mazowieckie - KM" is a Polish limited liability company. It has been established on 29 July 2004 by the Local Authority of the Mazovia Region and the "PKP Przewozy Regionalne" spółka z o.o. company. The current seat of the Company is: Mazovia Region, Capital City of Warsaw, commune/district: Warszawa - Praga Południe, address: Lubelska 26, 03-802 Warsaw, Poland. After the balance sheet day the address of the headquarters was changed from Lubelska 1. The change has been registered with the court register on 23 April 2013.

On 31 December 2012 the only shareholder of the Dominant Entity is the Mazovia Region which holds 963 818 shares with total nominal value of 481 909 000.00 PLN.

The main scope of business activity of the company is:

- according to PKD 2007 [Polish Classification of Activities] - intercity passenger transport - 4910Z,
- according to PKD 2004 [Polish Classification of Activities] - rail transport - 6010Z,

The Dominant Entity is registered with the Regional Court for the city of Warsaw, XIII Economic Department of the National Court Register with the KRS number of 0000222735. It holds the business ID number: REGON 015876404 issued by the Statistical Office in Warsaw on 2 December 2004, and Tax ID number: NIP 1132520369 issued by the Head of the Tax Office Warszawa Praga on 7 December 2004.

The Dominant Entity "Koleje Mazowieckie KM" has commenced its activities on 1 January 2005 after obtaining the licences necessary for its operating activities.

On 1 January 2009 the organisational structure of the Dominant Entity was expanded by the Maintenance Services Department. The Department does not conduct its own accounting and does not prepare financial statements for external entities, it is not a self-balancing entity. The Maintenance Services Department holds the status of a workplace as defined in the Labour Code.

Due to above, the Maintenance Services Department is considered a taxpayer and uses its individual Tax ID number: NIP 1080006429 issued by the Head of the Second Tax Office in Warsaw on 25 January 2009.

The Department also holds an individual business ID number: REGON 015876404-00028 issued by the Statistical Office in Warsaw on 12 December 2008.

The main scope of business activity of the Department is:

- according to PKD 2007 [Polish Classification of Activities] - other cleaning 8129Z,
- according to PKD 2004 [Polish Classification of Activities] - cleaning of objects 7470Z.

The Dominant Entity "Koleje Mazowieckie - KM" sp. z o.o. in 2010 has purchased 5000 shares representing 100% of share capital of a company established in accordance with the Kingdom of Sweden and located in the Kingdom of Sweden from Lagrummet AB (SPV) for a price of 515 000 SEK, including 15 000 SEK as payment for the VINGE law firm, registry number: 556499-3979. The legal and commercial name of the subsidiary is "Koleje Mazowieckie Finance AB" (publ) with 100% shares held by the "Koleje Mazowieckie - KM" sp. z o.o. The only significant asset of SPV is the commitment by "Koleje Mazowieckie KM" sp. z o.o. to repay the capital obtained through issue of bonds.

The registered headquarters of SPV is c/o Matrisen, Box 22059, 104 22 Stockholm, Sweden. The main area of business activity of the subsidiary is to issue or to organise issues of securities directly or indirectly and all other activities related to this area of business activity.

The subsidiary "Koleje Mazowieckie Finance AB" (publ) has issued:

1. On 7 January 2011 "bridging" bonds with total value of 40 000 000.0 EUR with an increasing coupon: I quarter 2011 - 5.00%, II quarter - 6.00%, III quarter - 7.00%, IV quarter - 8.00%.
2. On 9 March 2011 bonds with total value of 100 000 000.00 EUR with coupon 6.75% annually, pertaining also to re-financing of bridging bonds with total nominal value of 40 000 000.00 (forty million) Euro.

The bonds of the subsidiary are traded on the international market regulated by the London Stock Exchange.

Due to above operations the annual statement of the subsidiary "Koleje Mazowieckie Finance AB" (publ) is consolidated with the annual statement of the Dominant Entity "Koleje Mazowieckie - KM" sp. z o.o.

The Consolidated Financial Statement of the Capital Group of "Koleje Mazowieckie - KM" sp. z o.o. covers a period from 1 January 2012 to 31 December 2012. This is the eight trading year of the Company's business activity and the seventh year analysed by an expert auditor. During the first trading year which lasted from 24 November 2004 to 31 December 2005 the Dominant Entity did not achieve financial result requiring analysis of the financial statement.

The annual financial statement was prepared with the assumption that the Capital Group of "Koleje Mazowieckie - KM" shall continue, in foreseeable future, its business activities without significant changes to their scope, without being liquidated or filing for bankruptcy. Furthermore, no facts are known that would pose significant risks to continuation of business activities by the Capital Group.

When establishing the Capital Group's ability to continue its business activity, the Board of Directors of the Dominant Entity "Koleje Mazowieckie - KM" takes into consideration all the data available for the day on which the financial statement is made, concerning the foreseeable future, however no shorter than one year from the balance sheet day.

The Financial Statement has been created in accordance with the requirements concerning conducting of accounting books, valuation of assets and liabilities and measurement of financial result as detailed in the Accountancy Act dated 29 September 114 with subsequent changes, and Ordinance of the Minister of Finance dated 25 September 2009 on Detailed Guidelines for preparation of consolidated financial statements of capital groups by entities different than banks, insurance companies and reinsurance agencies (Journal of Laws: Dz. U of 12 October 2009 with subsequent changes).

Capital Group of "Koleje Mazowieckie KM" sp. z o.o., following the provisions of the Accountancy Act and taking into consideration the caution principle detailed in Art. 7 of the Act, as well as acting with the Polish accounting norms, creates reserves and sets assets due to deferred income tax in relation to temporary differences between the value of assets and liabilities presented in the accounting books and their tax value that may be deducted in the future. The deferred part indicated in the Profit and loss account is the difference between the amount of reserves and assets due the deferred tax at the end and beginning of the reporting period.

The assets and liabilities have been evaluated in line with the guidelines in the Accountancy Act, with the following exceptions:

1. for amortization of fixed and intangible assets and legal property the entity uses rates indicated in the Listing of annual amortization rates which is an Attachment to the Corporate Income Tax Act with subsequent changes, dated 15 February 1992, excluding the rolling stock to which balance rates are used. The balance rates for the rolling stock are updated each year on basis of exploitation work performed.
2. The inventories and outflows in relation to materials and goods covered with quality and value register, are evaluated using the FIFO method.
3. There is no compensation of reserves and assets due to deferred income tax.

The Capital Group prepares a Consolidated Financial Statement which consists of:

1. Consolidated balance,
2. Consolidated profit and loss account - comparative version,
3. Additional Information, covering additional information and explanations to the consolidated statement,
4. Consolidated cash flow statement - indirect method,
5. Listing of changes in consolidated equity.

In order to ensure comparability of the data for 31 December 2011 the additional information to the financial statement includes a correction of presentation in:

1. Asset balance - moving a value of 2 036 990.39 PLN, receivables due to loans from Company Social Benefits Fund, the short-term receivables to long-term receivables (decrease of B.II.2.c and transfer to A.IV.2. of asset balance).  
Detailed presentation in Table 8.
2. Profit and Loss statement - revenue from sale of tickets of different carriers were balanced with the transport expenses of external services realised by other carriers by amount of 62 201 855.35 PLN. (decrease item A.I. and B.III. by amount of 62 201 855.35 PLN. in Profit and Loss statement). Detailed presentation in Table 25 and 30.

Furthermore, corrections have been introduced that impact the Financial Statement for the previous reporting period, by incorporating past events, onto equity as "loss from previous years" in an amount of 9 150 139.98 PLN.

Detailed presentation in Table 13, 14 and 15.

## **ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENT**

## 1. ASSETS

**1.1. Fixed assets as of 31 December 2012 were** **1 180 069 081.03 PLN**

which included:

**1.1.1. Intangible and legal property** **186 846.30 PLN**

**Table 1**

**Intangible and legal property - initial value and aggregate depreciation.**

Fixed assets group		Cost of finished works	company's Value	Other int. and leg. prop.	Prepayments for int. and leg. prop.	Total int. and leg. prop.
1		2	3	4	5	6
Initial Value	Gross opening value			746 674.12		746 674.12
	Revenues			95 568.19		95 568.19
	Expenses			0.00		0.00
	Correction			-8 747.01		-8 747.01
	<b>Closing Value</b>	<b>0.00</b>	<b>0.00</b>	<b>833 495.30</b>	<b>0.00</b>	<b>833 495.30</b>
Agg. depreciation	Opening Value			-535 676.63		-535 676.63
	Increase			-118 841.25		-118 841.25
	Decrease			0.00		0.00
	Correction			7 868.88		7 868.88
	<b>Closing Value</b>	<b>0.00</b>	<b>0.00</b>	<b>-646 649.00</b>	<b>0.00</b>	<b>-646 649.00</b>
Write-down				0.00		0.00
<b>Net closing value</b>		<b>0.00</b>	<b>0.00</b>	<b>186 846.30</b>	<b>0.00</b>	<b>186 846.30</b>

The intangible and legal property consists mostly of software.

**1.1.2. Tangible fixed assets** **1 139 762 396.30 PLN,**

which included:

- fixed assets **1 138 868 818.23 PLN,**
- fixed assets under construction **893 578.07 PLN.**

**1.1.2.1. The balance of fixed assets under construction of** **893 578.07 PLN,**

includes:

- opening balance of **80 060.00 PLN,**
- which includes:

- project of modernisation of an office building	15 000.00 PLN,
- erection of rolling stock washing station	60 060.00 PLN,
- modernisation of expl. building - technical documentation	5 000.00 PLN.
➤ preparation of construction permit design	9 000.00 PLN,
➤ modernisation of floor	54 284.46 PLN,
➤ machines and devices of general usage	163 459.45 PLN,
➤ machines and devices of specialist usage	163 459.45 PLN,
➤ technical devices	320 140.00 PLN,
➤ transport means	34 195.30 PLN,
➤ tools, movables and equipment	164 669.20 PLN,
➤ Intangible and legal property	47 845.00 PLN.

**Table 2**
**Fixed assets (including leased assets) - opening value and agg. depreciation**

Fixed assets group		Land plots	Buildings, offices, objects of land and water engineering	incl. residential build.	Technical devices and machines	Transport Means	Other fixed assets	Total fixed assets
1		2	3	4	5	6	7	8
Initial Value	Gross opening value	0.00	2 613 803.31	0.00	15 653 768.61	1 239 285 315.97	1 329 679.71	1 258 882 567.60
	Movements	0.00	0.00	0.00	-35 407.49	-18 927.63	23 406.45	-30 928.67
	Revenues	0.00	5 309 646.14	0.00	1 647 960.81	2 886 216.89	288 325.42	10 132 149.26
	Expenses	0.00	0.00	0.00	-95 168.14	-312 687.23	0.00	-407 855.37
	Closing Value	0.00	7 923 449.45	0.00	17 171 153.79	1 241 839 918.00	1 641 411.58	1 268 575 932.82
Agg. depreciation	Opening Value	0.00	-114 433.36	0.00	-6 367 060.47	-67 735 161.26	-726 886.78	-74 943 541.87
	Movements	0.00	0.00	0.00	-118 788.78	207 881.22	91 322.03	180 414.47
	Increase	0.00	-242 051.51	0.00	-2 716 828.92	-51 746 641.59	-290 047.21	-54 995 569.23
	Decrease	0.00	0.00	0.00	34 201.04	17 381.00		51 582.04
	Closing Value	0.00	-356 484.87	0.00	-9 168 477.13	-119 256 540.63	-925 611.96	-129 707 114.59
Write-down		0,00	0.00	0.00	0.00	0.00	0.00	0.00
Net closing value		0.00	7 566 964.58	0.00	8 002 676.66	1 122 583 377.37	715 799.62	1 138 868 818.23



In 2012 the Dominant Entity has modernised rail surfaces of a total value of 5 309 646.14 PLN. Expenditures into non-financial fixed assets in 2012 were 10 132 149.26 PLN. The planned 2013 expenditures for non-financial fixed assets amount to total of 350 017.7 thousand PLN.

Among the expenditures for non-financial Fixed assets the company made no expenditures toward environmental protection.

The cost of creation of fixed assets under construction, including interest and capitalized exchange rate differences on commitments made in order to finance the assets, were non-existent in 2012.

"Koleje Mazowieckie KM" purchases fixed assets on basis of financial leasing agreements in agreement with Art. 3.4.1 to Art. 3.4.7 of the Accountancy Act.

**Table 3**  
**Fixed assets in financial leasing**

Fixed assets group		Land plots	Buildings, offices, objects of land and water engineering	incl. residential build.	Technical devices and machines	Transport Means	Other fixed assets	Total fixed assets
1		2	3	4	5	6	7	8
Initial Value	Gross opening value				8 397 797.42	15 026 097.39		23 423 894.81
	Movements				-30.00	-9 131.00		-9 161.00
	Revenues				963 727.74	0.00		963 727.74
	Expenses				-87 718.14	-25 687.23		-113 405.37
	Closing Value	0.00	0.00	0.00	9 273 777.02	14 991 279.16	0.00	24 265 056.18
Agg. depreciation	Opening Value				-1 971 802.60	-3 499 380.85		-5 471 183.45
	Movements				0.00	-1145.33		-1 145.33
	Increase				-2 029 194.19	-852 658.02		-2 881 852.21
	Decrease				26 751.03	7 225.55		33 976.58
	Closing Value	0.00	0.00	0.00	-3 974 245.76	-4 345 958.65	0.00	-8 320 204.41
Write-down					0.00	0.00		0.00
Net closing value		0.00	0.00	0.00	5 299 531.26	10 645 320.51	0.00	15 944 851.77

The KM Company differentiates two groups of fixed assets:

**Group I:**

fixed assets with expected period of economic usefulness longer than one year, which initial value is above 3 500.00 PLN.

**Group II:**

fixed assets with expected period of economic usefulness longer than one year, which initial value does not exceed 3 500.00 PLN, hereinafter referred to as low-price fixed assets.

The low-price fixed assets with initial value not exceeding 3 500 PLN, registered in a separate listing after having been handed over to use and after including their initial value into amortization costs they are covered by the balance sheet register until their disposal.

The Capital Group does not possess any assets in form of own real property, perpetual usufruct of land, cooperative member's ownership right to residential premises or commercial premises.

**Table 4**
**Lease of assets required for the business activities of the Dominant Entity**

No.	Leased asset	Agreement no.	Lease cost in 2012
1	11 rail buses	Mz-081-MBE-79/2008	849 756.71
2	10 Multiple Electric Units type 'Flirt'	Mz-081-MEN-182/08 dated 12 Nov 2008	608 807.00
3	2 Electric Multiple Units EW60	Mz-081-MEN-238/05 dated 30 Dec 2005	108 313.80
4	Locomotives with traction maintenance	Mz-081-MEE-108/08	23 932.65
5	Area for ticket sale containers on stops Barcząca, Ceglów, Sosnowe, Koszewnica.	C/04/03a/005/00/5555/08 dated 14 Feb 2008	1 911.65
6	Control room building Warszawa Ochota Postojowa OCH1	C/01/03f/007/00/5555/06 dated 15 Sep 2006	4 832.52
7	Rooms for the speaker operator in the building of the platform control supervisor in the Radom station	C/07/05f/048/00/5555/06 dated 20 Sep 2006	5 432.52
8	Rooms for traction teams in the station building in Dęblin	34N5f-208/2007 dated 16 Jun 2007	7 669.68
9	Staff offices for Company's employees and areas open to passengers in station buildings	ND5f-611-9/2/06 dated 06 Jun 2006	4 933 107.86
10	Office building - Company headquarters at Lubelska 1.	DD5f-611-9/3/06 dated 06 Jun 2006	121 866.84

No.	Leased asset	Agreement no.	Lease cost in 2012
11	Lease of land for the "Park and Ride" parking lots and makeshift lease of rooms and devices	39/N6/365/2009, 39/N6-157/2008 - Ożarów Mazowiecki, 39N5g/464/07 - Radom, 39N6/154/2008 - Teresin Niepokalanow, 39N6/607/2008 - Siedlce 39/N6-156/2009 - Żyrardów, 39/N6-155/2010 - Celestynów, BWR-U-07/2007, Mz-081-MPG-37/09, 39/N6-158/2008 - Brwinów, 39N6/231/2008 - Mińsk Mazowiecki	290 199.04
12	Land plots for locomotive depot, maintenance buildings, repair depots for the rolling stock, boiler rooms, rails, turnouts and power network, technological networks and access roads.	M-01-MAN 377/10 dated 27 Nov 2011	5 361 125.26
13	Staff offices for Company's employees and areas open to passengers in station buildings	M-01-MAN-421/10 of 22 Dec 2010	2 027 907.94
14	Administration rooms at Bliska 17	Mz-081-MAN-172/10 dated 17 May 2010	121 150.26
15	Rooms for conductor teams	5RUI/5/2011 dated 01 April 2011 M-01-MAN-155/11	3 650.00
16	Ticket booths Warszawa Wschodnia Podmiejska	D4i-612-531/2011 dated 25 Jul 2011 M-01-MAN-198/11	41 207.00
17	Garages at Brzeska 12	M-01-MAN-282/11 dated 7 September 2011	7 509.60
18	Container Lubelska 1	M-01-MAN-385/10 dated 10 Nov 2010	2 240.00
19	Tracks at Łowicz	35Nc-TP-2919/2009 dated 20 Nov 2009 Mz081-MET-220/09	13 153.86
20	Administration building at Brzeska 12	M-01-MAN-219/10 dated 10 Jun 2010	360 580.88
21	Lease of validators	M-01-MHK-393/11	139 870.00
<b>Total</b>			<b>15 034 225.07</b>

### 1.1.3. Long-term receivables 2 254 376.79 PLN.

Long-term receivables as of 31 December 2012 were 2 254 376.79 PLN and were related to loans from the Company Social Benefits Fund.

### 1.1.4. Long-term prepayments

**37 865 461.64 PLN,**

which included:

**1.1.4.1. Cost prepayments** including mostly costs of revision repairs of rolling stock for years after 2012 divided into 36 months in accordance with actual mileage of the vehicles, after which the revision repairs are performed.

**Table 5**  
**Listing of long-term prepayments.**

No.	Prepayments	Opening Value	Increase	Changes in qualification	Decrease	Closing Value
1	Repairs of and overhauls of rolling stock	10 788 369.59	7 623 981.85	-11 281 739.41	0.00	7 130 612.03
2	Repairs of buildings and devices	892 938.46	1 306 215.03	-1 303 665.38	0.00	895 488.11
3	Costs of after warranty service	12 092 933.31	0.00	-4 750 282.81	0.00	7 342 650.50
<b>Total</b>		<b>23 774 241.36</b>	<b>8 930 196.88</b>	<b>-17 335 687.60</b>	<b>0.00</b>	<b>15 368 750.64</b>

#### 1.1.4.2. Assets due to deferred income tax.

Assets due to deferred income tax have been established in an amount expected for future deduction from the income tax in an amount of **22 496 711.00 PLN**, in relation with the temporary negative differences that will result in future decrease of basis for calculation of the income tax and tax loss eligible for deduction.

Assets due to deferred income tax as of 31 Dec 2011 were

**Table 6**  
**Listing of negative and positive temporary differences - assets due deferred income tax as of 31 Dec 2012.**

No.	Assets or liabilities item	BV- book value	TV - Tax Value	Difference (BV-TV)	Tax rate in acc. with year	Assets due to deff. tax as of 31 Dec 2012
<b>I.</b>	<b>Assets</b>	<b>9 874 268.91</b>	<b>2 134 562.85</b>	<b>11 134 514.96</b>	<b>x</b>	<b>2 115 558</b>
1	Revenues received - settled as revenue of future periods - payment for registered pledge	437 158.40	1 639 344.25	1 202 185.85	19%	228 415
2	Revenues settled as revenue of future periods - quarterly tickets	0.00	191 503.16	191 503.16	19%	36 386
3	Revenues due entitlements for reduced fare tickets in 2013	0.00	303 715.44	303 715.44	19%	57 706
4	Write-down of receivables (in future received or become k.u.p.)	9 437 110.51	0.00	9 437 110.51	19%	1 793 051
<b>II.</b>	<b>Liabilities</b>	<b>138 067 184.12</b>	<b>30 836 576.84</b>	<b>107 269 229.34</b>	<b>x</b>	<b>20 381 153</b>
1	Reserve for non-realised holiday leaves	9 906 905.73	0.00	9 906 905.73	19%	1 882 312

No.	Assets or liabilities item	BV- book value	TV - Tax Value	Difference (BV-TV)	Tax rate in acc. with year	Assets due to deff. tax as of 31 Dec 2012
2	Reserve for employee benefits and the Social Insurance Institution	8 017 446.17	3 930 716.12	4 086 730.05	19%	776 479
3	Other reserves and ledger journals	47 717.29	67 028.32	19 311.03	19%	3 669
4	exchange rate differences on bonds as of balance sheet day	11 260 000.00	0.00	11 260 000.00	19%	2 139 400
5	Reserve for contractual penalties after compensation	5 986 548.92	4 528 410.26	1 458 138.66	19%	277 047
6	Reserve for analysis of Fin. Statement	118 321.03	54 772.03	63 549.00	19%	12 074
7	Reserve for costs of pre-privatisation analysis and costs of removal of effects of being removed from PLK	1 083 605.94	1 083 605.94	0.00	19%	0
8	Reserve for jubilee awards and severance benefits	46 160 973.00	0.00	46 160 973.00	19%	8 770 585
9	Reserve for court proceedings and other controversies	1 221 048.23	593 950.66	627 097.57	19%	119 149
10	Reserve for Company Social Benefits Fund and discounts	7 201 259.00		7 201 259.00	19%	1 368 239
11	Employee accident insurance - accruals	22 780.50	0.00	22 780.50	19%	4 328
12	Calculated interest on commitments	291 078.47	23 538.14	267 540.33	19%	50 833
13	Contribution to Company Social Benefits Fund	3 367 658.76	3 195 911.82	171 746.94	19%	32 632
14	Salaries of 21/2012 paid after	2 487 929.94	0.00	2 487 929.94	19%	472 706
15	Invoices booked via accrual accounting	36 100.00	0.00	36 100.00	19%	6 859
16	Calculated interest on bonds	40 857 811.14	17 358 643.55	23 499 167.59	19%	4 464 842
<b>Total</b>		<b>147 941 453.03</b>	<b>32 971 139.69</b>	<b>118 403 744.30</b>	<b>x</b>	<b>22 496 711</b>

Assets due to deferred income tax as of 31 Dec 2012 were

**22 496 711,00 PLN.**

change in assets for deferred income tax in period from 01 Jan 2012 to 31 Dec 2012 was - **961 559.00 PLN.**

**Table 7**

**change in assets for deferred income tax in period from 01 Jan 2012 to 31 Dec 2012 included  
in Liabilities of the Balance as loss from previous years.**

No.	Assets or liabilities item	BV- book value	TV - Tax Value	Difference (BV-TV)	Tax rate in acc. with year	Assets due to deff. tax as of 31 Dec 2012
<b>II.</b>	<b>Liabilities</b>	<b>9 793 581.06</b>	<b>0.00</b>	<b>9 793 581.06</b>	<b>x</b>	<b>1 860 780</b>
1	Reserve for unrealized holiday leaves - Social Insurance Institution payments - correction from previous years in the Liabilities of the Balance.	1 412 889.06	0.00	1 412 889.06	19%	268 449
2	Reserve Company Social Benefits Fund and relief - correction of the result from previous years in the Liabilities of the Balance.	8 380 692.00		8 380 692.00	19%	1 592 331
<b>Total</b>		<b>9 793 581.06</b>	<b>0.00</b>	<b>9 793 581.06</b>	<b>x</b>	<b>1 860 780</b>

change in assets for deferred income tax in period from 01 Jan 2012 to 31 Dec 2012 included in Liabilities of the Balance as profit/loss from previous years amounted to **1 860 780,00 PLN**.  
change in assets for deferred income tax in period from 01 Jan 2012 to 31 Dec 2012 included in Profit and Loss statement was **- 2 822 339.00 PLN**.

Assets due to deferred income tax included, among others:

- Write-down of interest receivables and other receivables,
- Reserve for non-realised holiday leaves
- Reserve for severance benefits
- reserve for jubilee awards,
- reserve for annual awards and other employee benefits,
- Reserve for court proceedings and other controversies.

These are costs related to 2012 which will be realized only after 2012. They decrease the taxable basis and therefore impact the net financial result of the Company.

**1.1.5. Inventory** as of 31 December 2012 amounted to **11 685 078.03 PLN**, consisting of (significant parts):

- circulating reserve of 4 110 970.68 PLN,
- material inventory of 7 574 108.25 PLN.

**1.1.6. The total value of short-term receivables of the Capital Group of 48 574 835.06 PLN**, include:

**1.1.6.1. Receivables from affiliated entities 26 713 030.90 PLN,**

including:

- receivables due to deliveries and services up to 12 months of 15 444 706.15 PLN,
- receivables due to deliveries and services above 12 months of 11 260 000.00 PLN,
- other receivables of 8 324.75 PLN.

**1.1.6.2. The receivables due to deliveries and services form the remaining entities**

of **6 996 451.44 PLN,**

include:

- receivables from transport services from PKP Intercity 5 396 709.98 PLN
- receivables due to providing transport and penalties for train delays 206 850.49 PLN,
- receivables due to maintenance of rolling stock of SKM in Warsaw 42 448.62 PLN,
- receivables due to contractual penalties from ZNTK Mińsk Maz. 87 424,10 PLN,
- receivables due to contractual penalties from PESA Bydgoszcz 430 247.44 PLN,
- other receivables of 832 770.81 PLN.

The receivables due to travelling without tickets, including additional fees and court ordered penalties are included in the moment here the receivable is created as 'other accruals' in Write-downs. In such situations there are no revenues in the future periods and there will be no typical costs of making Write-downs. Such inclusion does not result in excess of currency account.

**1.1.6.3. Receivables due to taxes, subventions, customs, social insurance and other performances in amount of 12 394 196.75 PLN,**

include:

- receivables from the Tax Office due to VAT 12 394 196.75 PLN.

**1.1.6.4. Other receivables 2 471 155.97 PLN,**

which included:

- settlements connected to separate accounting activity related to Company Social Benefits Fund - loans - for an amount of 2 072 646.50 PLN,
- remaining settlements 398 509.47 PLN.

Loans from the Company Social Benefits Fund have been divided into short-term and long-term for the first time in 2012. In order to ensure data comparability, the asset balance below for 31 December 2011 includes correction of presentation of granted loans from the Company Social Benefits Fund (ZFŚS) to the short-term and long-term part, moving an amount of 2 036 990.39 PLN from the short-term receivables to long-term receivables.

**Table 8**  
**Correction of presentation of other receivables as of 31 Dec 2011.**

Line	Assets	Value as of the day the books were closed		
		31.12.2011		Movement
		Change in value	Confirmed Data	
<b>A.</b>	<b>Fixed assets</b>	<b>1 234 006 564.08</b>	<b>1 231 969 573.69</b>	2 036 990.39
<b>I.</b>	<b>Intangible and legal property</b>	<b>210 997.49</b>	<b>210 997.49</b>	
<b>II.</b>	<b>Tangible assets</b>	<b>1 184 526 064.84</b>	<b>1 184 526 064.84</b>	
<b>III.</b>	<b>Long-term receivables</b>	<b>2 036 990.39</b>	<b>0.00</b>	2 036 990.39
1.	From affiliated entities	0.00	0.00	
2.	From remaining entities	2 036 990.39	0.00	2 036 990.39
<b>IV.</b>	<b>Long-term investments</b>	<b>0.00</b>	<b>0.00</b>	
<b>V.</b>	<b>Long-term prepayments</b>	<b>47 232 511.36</b>	<b>47 232 511.36</b>	
<b>B.</b>	<b>Current assets</b>	<b>220 497 191.34</b>	<b>222 534 181.73</b>	-2 036 990.39
<b>I.</b>	<b>Reserves</b>	<b>10 093 930.31</b>	<b>10 093 930.31</b>	
<b>II.</b>	<b>Short-term receivables</b>	<b>95 834 700.56</b>	<b>97 871 690.95</b>	-2 036 990.39
1.	Receivables from affiliated entities	44 601 856.53	44 601 856.53	
2.	Receivables from remaining entities	51 232 844.03	53 269 834.42	-2 036 990.39
	a) for deliveries and services, with payment period:	5 198 906.05	5 198 906.05	
	- to 12 months	5 198 906.05	5 198 906.05	
	- above 12 months	0.00	0.00	
	b) due taxes, subventions, customs, social insurance and other performances	43 428 686.20	43 428 686.20	
	c) other	2 605 251.78	4 642 242.17	-2 036 990.39

**1.1.6.5. Aging of short-term receivables from deliveries and services.**

**Table 9**  
**Aging of short-term receivables from deliveries and services as of 31 Dec 2012 and 31 Dec 2011.**

I	Short-term receivables from deliveries and services according to age	Receivables as for 31 Dec 2012.	Receivables as for 31 Dec 2011.
<b>1.</b>	<b>Current receivables, including:</b>	<b>34 708 800.60</b>	<b>50 436 748.13</b>
a)	from affiliated entities	26 752 397.11	44 601 856.53
b)	from remaining entities	7 956 403.49	5 834 891.60
<b>2.</b>	<b>Overdue receivables, including:</b>	<b>31 862 607.86</b>	<b>27 055 046.70</b>
a)	from affiliated entities	0.00	0.00



<b>I</b>	<b>Short-term receivables from deliveries and services according to age</b>	<b>Receivables as for 31 Dec 2012.</b>	<b>Receivables as for 31 Dec 2011.</b>
b)	from remaining entities	<b>31 862 607.86</b>	<b>27 055 046.70</b>
	up to 90 days	2 396 132.29	3 877 436.93
	91-180 days	3 396 100.06	4 722 724.50
	181-360 days	3 938 030.29	5 567 654.88
	above 360 days	22 132 345.22	12 887 230.39
	<b>Total gross value</b>	<b>66 571 408.46</b>	<b>77 491 794.83</b>
<b>3</b>	<b>Write-down</b>	<b>32 822 559.91</b>	<b>27 691 032.25</b>
<b>4</b>	<b>Net closing value, including</b>	<b>33 748 848.55</b>	<b>49 800 762.58</b>
a)	from affiliated entities	26 752 397.11	44 601 856.53
b)	from remaining entities	6 996 451.44	5 198 906.05
<b>II</b>	<b>Short-term receivables from deliveries and services enforced by court and debt collection</b>	<b>Receivables as for 31 Dec 2012.</b>	<b>Receivables as for 31 Dec 2011.</b>
<b>1.</b>	<b>Receivables enforced by court proceedings</b>	<b>16 407 851.06</b>	<b>10 378 023.43</b>
A	from remaining entities	16 407 851.06	10 378 023.43
<b>2.</b>	<b>Receivables in debt collection</b>	<b>8 772 301.61</b>	<b>6 002 588.23</b>
A	from remaining entities	8 772 301.61	6 002 588.23
<b>3</b>	<b>Write-down</b>	<b>25 180 152.67</b>	<b>16 380 611.66</b>
<b>4</b>	<b>Net closing value</b>	<b>0.00</b>	<b>0.00</b>

**1.1.7. Money resources of the Capital Group as of 31 Dec 2012 was 156 885 781.41 PLN, including:**

- money resources of subsidiary 445 571.10 PLN,
- money resources of Dominant Entity 156 440 210.31 PLN,

including:

- money resources on hand are 10 024.12 PLN,
- money resources on banking accounts of the Capital Group 6 046 720.81 PLN,
- money resources in transport (cash registers) 5 601 342.88 PLN,
- money resources on deposit account/ deposit O/N 145 155 774.60 PLN,
- money resources on banking acc. of the Company Social Benefits Fund 71 919.00 PLN,

**1.1.8. Short-term prepayments 23 371 719.29 PLN,**

which includes:

**1.1.8.1. Short-term prepayments (active)**

**19 284 271.29 PLN**

**Table 10**  
**Short-term prepayments (active)**

No.	Prepayments	Opening Value	Increase	Changes in qualification	Decrease	Closing Value
1	Staff uniforms	427 836.49	779 411.48	0.00	1 207 247.97	0.00
2	Communication services	66 618.04	20 218.27	0.00	66 618.04	20 218.27
3	Fee for technical supervision	0.00	439 505.62	0.00	439 505.62	0.00
4	Route service	2 342 093.49	705 716.82	0.00	3 047 810.31	0.00
5	Insurance	949 384.16	5 532 808.74		5 189 366.07	1 292 826.83
6	Repairs of rolling stock	13 481 902.64	1 047 351.29	11 281 739.41	14 648 127.73	11 162 865.61
7	Repairs of buildings and devices	3 013 698.70	278 358.60	1 303 665.38	3 031 721.31	1 564 001.37
8	Tenancy cost - EU subsidy to locomotives 2012	608 806.98	0.00	0.00	608 806.98	0.00
9	Contribution to Company Social Benefits Fund	0.00	3 618 898.01	0.00	3 618 898.01	0.00
10	Costs of after warranty service	4 750 382.71	0.00	4 750 282.81	4 750 382.76	4 750 282.76
11	SPV financial services	0.00	392 155.74	0.00	273 222.38	118 933.36
12	Trainings	0.00	340 972.00	0.00	0.00	340 972.00
13	Employee accident insurance	0.00	68 342.00	0.00	34 171.02	34 170.98
<b>Total</b>		<b>25 640 723.21</b>	<b>13 223 738.57</b>	<b>17 335 687.60</b>	<b>36 915 878.20</b>	<b>19 284 271.18</b>

In relation to including of accounting directly under group 6 without group 4 and 5 in Profit and Profit and Loss statement there is no change in situation.

#### **1.1.8.2. Suspended VAT to be settled in future periods in an amount of 4 087 448.11 PLN**

## **1. LIABILITIES**

### **1.1. Size and structure of equity.**

At the day of its establishment the share capital of the Dominant Entity was 50 000 and was divided into 100 equal and non-divisible shares with nominal value 500 PLN each, taken up as follows:

- 51 shares with total value of 25 500 PLN taken by the Mazovia Region,
- 49 shares with total value of 24 500 PLN taken by "PKP Przewozy Regionalne" Sp. z o.o.

The share capital has been increased:

- by Resolution 16/NZW/2005 of the Extraordinary Meeting of the Shareholders of "Koleje Mazowieckie - KM" sp. z o.o. dated 03 Nov 2005 by an amount of 2 163 500.00 PLN including 1 060 000.00 PLN in form of cash contribution,
- by Resolution 18/NZW/2006 of the Extraordinary Meeting of the Shareholders of "Koleje Mazowieckie - KM" sp. z o.o. dated 30 Oct 2006 by an amount of 20 000 000.00 PLN,
- by Resolution 4/NZW/2008 of the Extraordinary Meeting of the Shareholders of "Koleje Mazowieckie - KM" sp. z o.o. dated 5 Feb 2008 by an amount of 50 000 000.00 PLN,
- by Resolution 12/NZW/2008 of the Extraordinary Meeting of the Shareholders of "Koleje Mazowieckie - KM" sp. z o.o. dated 24 Jun 2008 by an amount of 175 500 000.00 PLN total of which was fixed assets contribution,
- by Resolution 4/NZW/2009 of the Extraordinary Meeting of the Shareholders of "Koleje Mazowieckie - KM" sp. z o.o. dated 21 Apr 2009 by an amount of 49 665 500.00 PLN,

- by Resolution 30/NZW/2010 of the Extraordinary Meeting of the Shareholders of "Koleje Mazowieckie - KM" sp. z o.o. dated 20 Oct 2008 by an amount of 184 530 000.00 PLN total of which was fixed assets contribution,

**Table 11**  
**Growth of share capital**

No.	Number of Resolution of Shareholder Meeting	Date of share capital increase	Contribution in-kind	Cash contribution	Share capital of the Company for the day of increase
1	Share capital of the Company for the day of its establishment				<b>50 000.00</b>
2	Resolution 16/NZW/2005 no	03.11.2005	1 060 000.00	1 103 500.00	2 213 500.00
3	Resolution 18/NZW/2006 no	30.10.2006		20 000 000.00	22 213 500.00
4	Resolution no 4/NZW/2008	05.02.2008		50 000 000.00	72 213 500.00
5	Resolution 12/NZW/2008 no	24.06.2008	175 500 000.00		247 713 500.00
6	Resolution 04/NZW/2009 no	21.04.2009		49 665 500.00	297 379 000.00
7	Resolution 30/NZW/2010 no	20.10.2010	184 530 000.00		<b>481 909 000.00</b>
	<b>Total share capital increase</b>		<b>361 090 000.00</b>	<b>120 769 000.00</b>	<b>481 859 000.00</b>

The share capital of the Company has been increased by a total amount of 481 859 000.00 PLN giving it a total current amount of 481 909 000.000 PLN and is currently divided into 963 8181 equal and non-divisible shares with nominal value of 500 PLN each, taken in their entirety by Mazovia Region.

### 2.1.1. Share structure

**Table 12**  
**Share structure**

SHAREHOLDERS	Value of shares	Number of shares	Structure %
Mazovia Region	481 909 000.00	963 818	100 %
<b>Total amount of share capital</b>	<b>481 909 000.00</b>	<b>963 818</b>	<b>100 %</b>

**2.2. The Company's equity of** **501 338 360.72 PLN,**  
includes:

**2.2.1. share capital** **481 909 000.00 PLN**

Share capital registered and paid in full

**2.2.2. Reserve capital (profit from 2005-2011)** **21 206 827.94 PLN,**  
including:

- profit from 2005 (Resolution No 03/ZZW/2006 dated 29 Jun 2006)  
of 1 093 220.23 PLN,
- profit from 2006 (Resolution No 03/ZZW/2007 dated 27 Jun 2007)  
of 217 753.73 PLN,
- profit from 2007 (Resolution No 17/ZW/2008 dated 24 Jun 2008)  
of 540 977.52 PLN,
- profit from 2008 (Resolution No 12/ZW/2009 dated 26 Jun 2009)  
of 617 518.25 PLN,
- profit from 2009 (Resolution No 09/ZW/2010 dated 29 Jun 2010)  
of 715 568,36 PLN,
- profit from previous years (Resolution No 10/ZW/2010 dated 29 Jun 2010)  
of 3 211 203.67 PLN,
- profit from previous years (Resolution No 08/ZW/2011 dated 28 Jun 2011)  
of 4 810 586.18 PLN,
- profit from 2011 (Resolution No 05/ZW/2012 dated 29 Jun 2012)  
of 10 000 000.00 PLN,

**2.2.3. Exchange rate differences from translation** **88 672.01 PLN.**

**2.2.4. Capital Group profit from current year** **7 343 446.10 PLN,**  
intended to cover the loss from previous years.

**2.2.5. Capital Group's loss from previous years** **- 9 209 585.33 PLN**  
including:

- loss from the previous years by the subsidiary -59 445.35 PLN,
- corrections concerning previous reporting periods of the Dominant Entity - 9 150 139.98 PLN.

Detailed presentation and impact of the correction on the result of 2011 presented in Table 13, 14 and 15.

Types of events in the previous years of the Dominant Entity:

- Social Insurance Institution contributions from the reserve for employee benefits - holidays -1 412 889.06 PLN,
- reserve for employee benefits - Company Social Benefits Fund and travel fare reductions - 8 380 692.00 PLN,
- evaluation of liabilities due to leasing according to internal return rate 1 217 338.92 PLN,
- Assets due to deferred tax from the above corrections 1 860 780.00 PLN.

In order to ensure comparability of the data as for 31 December 2011 included was a correction of presentation in:

- Asset balance - moving a value of 2 036 990.39 PLN, receivables due to loans from Company Social Benefits Fund, the short-term receivables to long-term receivables (decrease of B.II.2.c and transfer to A.IV.2. of asset balance).

Detailed presentation in Table 8.

- Profit and Loss statement - revenue from sale of tickets of different carriers were balanced with the transport expenses of external services realised by other carriers by amount of 62 201 855.35 PLN. (decrease item A.I. and B.III. by amount of 62 201 855.35 PLN. in Profit and Loss statement). Detailed presentation in Table 25 and 30.

Below presented is impact of the above corrections on the balance and the Profit and loss account for 2011 as of 31 December 2011. Capital Group:

**Table 13**  
**Impact of correction and changes in presentation on Profit and Loss statement for 2011.**

Line	Details	Amount for 2011 (amount in PLN)		
		After correction	Confirmed Data	Change
1	2	3	4	5
A.	Net revenues from sales and equivalent revenues	519 385 672.26	581 587 527.61	-62 201 855.35
B.	Operating expenses	489 512 102.22	550 301 068.51	-60 788 966.29
C.	Profit (loss) on sales (A-B)	29 873 570.04	31 286 459.10	-1 412 889.06
D.	Remaining operating revenues	19 663 410.61	19 663 410.61	0.00
E.	Remaining operating expenses	5 392 964.36	5 392 964.36	0.00

<b>F.</b>	<b>Profit (loss) on operating activity (C + D - E)</b>	<b>44 144 016.29</b>	<b>45 556 905.35</b>	<b>-1 412 889.06</b>
<b>G.</b>	<b>Financial revenues</b>	<b>6 536 546.75</b>	<b>6 536 546.75</b>	<b>0.00</b>
<b>H.</b>	<b>Financial Expenses</b>	<b>32 627 687.98</b>	<b>32 536 557.43</b>	<b>91 130.55</b>
<b>I.</b>	<b>Profit (loss) from business activity (F + G - H)</b>	<b>18 052 875.06</b>	<b>19 556 894.67</b>	<b>-1 504 019.61</b>
<b>J.</b>	<b>Results of extraordinary events (J.I. - J.II.)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>K.</b>	<b>Gross profit (loss) (I +/- J)</b>	<b>18 052 875.06</b>	<b>19 556 894.67</b>	<b>-1 504 019.61</b>
<b>L.</b>	<b>Income tax</b>	<b>4 807 362.00</b>	<b>5 075 811.00</b>	<b>-268 449.00</b>
<b>M.</b>	<b>Remaining obligatory decreases of profit (increase of loss)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>N.</b>	<b>Net profit (loss) (K-L-M)</b>	<b>13 245 513.06</b>	<b>14 481 083.67</b>	<b>-1 235 570.61</b>

**Table 14**
**Impact of correction and changes in presentation on Balance - Liabilities as of 31 Dec 2011.**

Line	Liabilities	as of 31 Dec 2011		
		After correction	Confirmed Data	Change
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
<b>A.</b>	<b>Equity</b>	<b>499 397 715.80</b>	<b>508 547 855.78</b>	<b>-9 150 139.98</b>
I.	Base capital	481 909 000.00	481 909 000.00	<b>0.00</b>
	Revaluation capital	950 944.17	950 944.17	
VI.	Remaining reserve capitals (funds)	11 206 827.94	11 206 827.94	<b>0.00</b>
VII.	Profit (loss) from previous years	-7 914 569.37	0.00	<b>-7 914 569.37</b>
VIII.	Net profit (loss)	13 245 513.06	14 481 083.67	<b>-1 235 570.61</b>
<b>B.</b>	<b>Liabilities and reserves for commitments</b>	<b>956 966 819.62</b>	<b>945 955 899.64</b>	<b>11 010 919.98</b>
<b>I.</b>	<b>Reserves for commitments</b>	<b>88 429 084.18</b>	<b>78 635 503.12</b>	<b>9 793 581.06</b>
2.	Reserve for old-age benefits and similar	58 411 215.41	48 617 634.35	<b>9 793 581.06</b>
<b>II.</b>	<b>Long-term liabilities</b>	<b>489 660 256.77</b>	<b>488 442 917.85</b>	<b>1 217 338.92</b>
	c) other financial commitments	10 007 531.18	8 790 192.26	<b>1 217 338.92</b>
<b>III.</b>	<b>Short-term liabilities</b>	<b>236 827 760.88</b>	<b>236 827 760.88</b>	<b>0.00</b>
<b>IV.</b>	<b>Long-term accruals</b>	<b>142 049 717.79</b>	<b>142 049 717.79</b>	<b>0.00</b>
<b>Total liabilities:</b>		<b>1 456 364 535.42</b>	<b>1 454 503 755.42</b>	<b>1 860 780.00</b>

**Table 15**
**Impact of correction and changes in presentation on Balance - Assets as of 31 Dec 2011.**

Line	Assets	as of 31 Dec 2011		
		After correction	Confirmed Data	Change
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
<b>A.</b>	<b>Fixed assets</b>	<b>1 235 867 344.08</b>	<b>1 231 969 573.69</b>	<b>3 897 770.39</b>
I.	Intangible and legal property	210 997.49	210 997.49	<b>0.00</b>
II.	Tangible assets	1 184 526 064.84	1 184 526 064.84	<b>0.00</b>
III.	Long-term receivables	2 036 990.39	0.00	<b>2 036 990.39</b>
IV.	Long-term investments	0.00	0.00	<b>0.00</b>
V.	Long-term prepayments	49 093 291.36	47 232 511.36	<b>1 860 780.00</b>

1.	Assets due to deferred income tax	25 319 050.00	23 458 270.00	<b>1 860 780.00</b>
<b>B.</b>	<b>Current assets</b>	<b>220 497 191.34</b>	<b>222 534 181.73</b>	<b>-2 036 990.39</b>
<b>I.</b>	<b>Reserves</b>	<b>10 093 930.31</b>	<b>10 093 930.31</b>	<b>0.00</b>
<b>II.</b>	<b>Short-term receivables</b>	<b>95 834 700.56</b>	<b>97 871 690.95</b>	<b>-2 036 990.39</b>
<b>III.</b>	<b>Short-term investments</b>	<b>85 025 225.46</b>	<b>85 025 225.46</b>	<b>0.00</b>
<b>IV.</b>	<b>Short-term prepayments</b>	<b>29 543 335.01</b>	<b>29 543 335.01</b>	<b>0.00</b>
<b>Total assets</b>		<b>1 456 364 535.42</b>	<b>1 454 503 755.42</b>	<b>1 860 780.00</b>

Other disclosures required by the Accountancy Act and not included in the Financial Statement of the Capital Group did not occur.

### 2.3. Commitments and reserves for commitments of Capital Group      919 248 135.00 PLN.

#### 2.3.1.State of reserves:

**Table 16**  
**List of reserves for commitments.**

No.	Prepayments	Opening Value	Increase	Qual. change	Utilisation/ Settlement	Closing Value
1	Reserve for non-realised holiday leaves, short-term	<b>6 825 945.23</b>	3 080 960.50	0.00	0.00	<b>9 906 905.73</b>
2	Reserve for severance benefits, long-term	<b>11 487 826.00</b>	1 390 000.00	0.00	0.00	<b>12 877 826.00</b>
3	Reserve for severance benefits, short-term	<b>1 201 878.00</b>	80 000.00	0.00	0.00	<b>1 281 878.00</b>
4	reserve for jubilee awards, short-term	<b>2 888 848.00</b>	110 000.00	0.00	0.00	<b>2 998 848.00</b>
5	reserve for jubilee awards, long-term	<b>22 282 421.00</b>	6 720 000.00	0.00	0.00	<b>29 002 421.00</b>
6	Reserve for remaining employee benefits	<b>3 930 716.12</b>	3 463 146.25	0.00	-3 307 132.32	<b>4 086 730.05</b>
7	Reserve for Company Social Benefits Fund short-term	<b>0.00</b>	96 150.00	0.00	0.00	<b>96 150.00</b>
8	Reserve for Company Social Benefits Fund long-term	<b>0.00</b>	5 314 869.00	0.00	0.00	<b>5 314 869.00</b>
9	Reserve for ticket price deductions short-term	<b>0.00</b>	1 790 240.00	0.00	0.00	<b>1 790 240.00</b>
10	Reserve due deferred income tax.	<b>20 472 598.00</b>	0.00	0.00	-3 842 166.00	<b>16 630 432.00</b>
11	Pending Social Insurance Institution	<b>1 826 393.22</b>	2 040 555.76	0.00	-1 826 393.22	<b>2 040 555.76</b>
12	Reserve for court proceedings including labour courts with interest	<b>593 950.66</b>	627 097.57	0.00	-593 950.66	<b>627 097.57</b>
13	Reserve for disputes due contractual penalties	<b>5 986 548.92</b>	0.00	0.00	-4 528 410.26	<b>1 458 138.66</b>



No.	Prepayments	Opening Value	Increase	Qual. change	Utilisation/ Settlement	Closing Value
14	Remaining reserves, inc. analysis of Fin. Statement	54 772.03	63 549.00	0.00	-54 772.03	63 549.00
15	Reserve for costs of pre-privatisation analysis and costs of damage removal	1 083 605.94	0.00	0.00	-1 083 605.94	0.00
<b>Total</b>		<b>78 635 503,12</b>	<b>24 776 568.08</b>	<b>0</b>	<b>-15 236 430.43</b>	<b>88 175 640.77</b>

### 2.3.1.1. Reserves due to deferred income tax

The Dominant Entity has established in the amount of income tax due payment in the future **16 630 432.00 PLN**, related to existence of positive temporary differences, i.e. differences that will result in increase of tax base for income tax calculation in the future.

Reserve due to deferred income tax as of 31 Dec 2011 were **20 472 598.00 PLN**.

**Table 17**

**Listing of positive and negative temporary differences related to establishment of reserve due the deferred income tax as of 31 Dec 2012.**

No.	Assets or liabilities item	BV- book value	TV - Tax Value	Difference (BV-TV)	Basic rate.	Assets due to deff. tax as of 31 Dec 2012
<b>I.</b>	<b>Assets</b>	<b>920 988 653.89</b>	<b>836 556 662.75</b>	<b>81 660 901.30</b>	<b>x</b>	<b>15 515 572</b>
1	Value of fixed assets including booked amortization slower than the tax	1 162 635 456.10	1 106 738 742.99	55 896 713.11	0.19	10 620 376
2	Value of fixed assets financed with a subsidy	-287 393 881.85	-273 085 727.16	-14 308 154.69	0.19	-2 718 549
3	Receivables due the interest	4 394 858.29	0.00	4 394 858.29	0.19	835 023
4	Revenue from travellers without tickets - not paid	4 408 213.88	1 033 979.88	3 374 234.00	0.19	641 104
5	Exchange rate differences as of balance sheet day	3 545 495.43	1 869 667.04	1 675 828.39	0.19	318 407
6	Future receivables - accrued revenues from Marshal Office for covering of calculated exchange rate differences	11 260 000.00		11 260 000.00	0.19	2 139 400
7	Margin from the bond issue - tax expense	1 385 544.92		-1 385 544.92	0.19	-263 254
8	Repair costs stemming from Profits and loss statement	20 752 967.12	0.00	20 752 967.12	0.19	3 943 064
<b>II.</b>	<b>Liabilities</b>	<b>6 349 564.16</b>	<b>12 217 245.30</b>	<b>5 867 681.14</b>	<b>x</b>	<b>1 114 860</b>

No.	Assets or liabilities item	BV- book value	TV - Tax Value	Difference (BV-TV)	Basic rate.	Assets due to deff. tax as of 31 Dec 2012
1	Commitments due operating leasing (capital instalments + initial fee, VAT not excluded) for balance amortization in 2012	6 349 564.16	12 217 245.30	5 867 681.14	0.19	1 114 860
<b>Total</b>		<b>927 338 218,05</b>	<b>848 773 908,05</b>	<b>87 528 582,44</b>	<b>x</b>	<b>16 630 432</b>

Reserve due to deferred income tax as of 31 Dec 2012 was **16 630 432.00 PLN**.

**change in reserve for deferred income tax in period from 01 Jan 2012 - 31 Dec 2012 included in Profit and Loss statement - 3 842 166.00 PLN.**

The reserve due deferred income tax consists of mostly:

- difference in value of fixed assets according to tax and balance value, including book amortization slower than the tax amortization for the rolling stock for which the period of economic usefulness is longer than the period stemming from the rate of tax amortization,
- the repair costs stemming from Accruals included into tax costs at the moment they are borne and to accounting costs divided in time, i.e. rolling stock - according to current revision repairs - 36 months,
- commitments due operating leasing tax amortization to balance amortization of financial leasing,
- future receivables - accrued revenue from Mazovia Region to cover the exchange rate differences calculated on the bonds in accordance with the Agreement signed.

#### **2.3.1.2. Reserve for old-age benefits and similar of**

**67 355 867.78 PLN,**

are related to:

- severance payments 14 159 704.00 PLN,
- jubilee awards 32 001 269.00 PLN,
- Reserve for non-realised holiday leaves 9 906 905.73 PLN,
- Reserve for remaining employee benefits 4 086 730.05 PLN,
- Reserve for Company Social Benefits Fund and ticket price reduction 7 201 259.00 PLN.

According to calculations performed by authorized actuary the increase in reserves related to jubilee awards, severance payments, Company Social Benefits Fund and ticket price reductions in 2012 was 15 501 259.00 PLN,

and was realized as follows:

- |   |                    |
|---|--------------------|
| ➤ increase of severance payments by                       | 1 470 000.00 PLN,  |
| ➤ increase of jubilee awards by                           | 6 830 000.000 PLN, |
| ➤ creation of reserve for Company Social Benefits Fund of | 5 411 019.00 PLN,  |
| ➤ creation of reserve for discount tickets of             | 5 411 019.00 PLN,  |

**2.3.1.3. other reserves of** **4 189 340.99 PLN,**

are related to:

- |  |                   |
|--|-------------------|
| ➤ reserve for commitments due to Social Insurance Institution from salaries paid in January 2013 in accordance with the dates stemming from the Labour Code, included in costs in 2012 | 2 040 555.76 PLN, |
| ➤ Reserve for disputes due contractual penalties   | 1 458 138.66 PLN, |
| ➤ Reserve for employee court proceedings and other disputes  | 627 097.57 PLN,   |
| ➤ Remaining reserves, inc. analysis of Fin. Statement  | 63 548.00 PLN.    |

**2.3.1.4. Increase of reserves in 2012 by an amount of** **9 540 137.65 PLN,**

concerned changing the amount of reserves for:

- |  |                             |
|--|-----------------------------|
| ➤ Reserve for jubilee awards and severance benefits                | 8 300 000.00 PLN,           |
| ➤ Reserve for non-realised holiday leaves                          | 3 080 960.50 PLN,           |
| ➤ Reserve for Company Social Benefits Fund and discount tickets    | 7 201 259.00 PLN,           |
| ➤ deferred income tax  | - 3 842 166.00 million PLN, |
| ➤ contractual penalties  | - 4 528 410.26 PLN,         |
| ➤ remaining employee benefits                                      | 156 013.93 PLN,             |
| ➤ future commitments due Social Insurance Institution              | 214 162.54 PLN,             |
| ➤ employee court proceedings and other disputes including interest | 33 146.91 PLN,              |
| ➤ remaining reserves by  | - 1 074 828.97 PLN.         |

**2.4. The long-term commitments of the Capital Group of** **450 688 169.79 PLN,**

include:

**2.4.1. Commitments to affiliated entities** **139 708.00 PLN,**

related to loan from the Regional Fund for Environmental Protection and Water Management.

**2.4.2. Commitments of the Capital Group to remaining entities** **450 548 461.79 PLN,**

including:

- **due to issue of securities** **403 684 606.06 PLN,**  
nominal value of commitment is 100 million Euro due to bonds issued by the Koleje Mazowieckie Finance AB (publ) for the total amount of 408 820 000.00 PLN,  
is corrected by the appropriate commission and discount from bonds - 5 135 393.94 PLN.

In 2011, Koleje Mazowieckie Finance AB has issued bonds for 40 million Euro intended for pre-financing of the investment programme of the Dominant Entity. The bonds have been paid in full using financial assets obtained from 5-year bonds worth 100 million Euro issued on the international market by Koleje Mazowieckie Finance AB on 9 March 2011. The capital has been utilized in full to finance the investment program of the Dominant Entity.

- other financial commitments - financial leasing **7 007 633.09 PLN,**  
corrected by the interest calculated at 28 637.96 PLN,
- other long-term commitments related to purchase of rolling stock  
in instalments **39 856 222.64 PLN,**  
are covered by assignment of claims to SG Equipment. The commitment as of 31 Dec 2012, made in 2009 for a period of 10 years paid in instalments with a total value of 43 942 428.79 PLN. From which commitments in a period:
- up to 1 year is 4 086 206.15 PLN,
  - from 1 year to 3 years is 7 543 765.20 PLN,
  - from 3 years to 5 years is 7 543 765.20 PLN,
  - above 5 years is 24 768 692.24 PLN,

**Table 18**

**Financial commitments due to bonds according to maturity period**

No.	Details	as of 31 Dec 2012	Maturity period			
			to 1 year	above 1 year up to 3 years	above 3 years up to 5 years	above 5 years
1	5-year bond - principal	408 820 000.00	0.00	0.00	408 820 000.00	0.00
2	Bonds - interest (coupon's due date on 9 March)	22 454 298.50	22 454 298.50	0.00	0.00	0.00
<b>Total</b>		<b>431 274 298.50</b>	<b>22 454 298.50</b>	<b>0.00</b>	<b>408 820 000.00</b>	<b>0.00</b>

**Table 19**
**Financial commitments due credits and loans according to maturity period**

No.	Details	as of 31 Dec 2012	Maturity period			
			to 1 year	above 1 year up to 3 years	above 3 years up to 5 years	above 5 years
1	Loan no 1/09/OH/P in Regional Fund for Environmental Protection and Water Management	552 854.00	467 786.00	85 068.00	0.00	0.00
2	Loan no 6/09/OH/P in Regional Fund for Environmental Protection and Water Management	254 620.00	199 980.00	54 640.00	0.00	0.00
3	Credit on the current account 45 million PLN.	0.00	0.00	0.00	0.00	0.00
<b>Total</b>		<b>807 474.00</b>	<b>667 766.00</b>	<b>139 708.00</b>	<b>0.00</b>	<b>0.00</b>

**Table 20**
**Financial commitments due to financial leasing as of 31 Dec 2012  
according to maturity period**

No.	Lender	Object of lease	as of 31 Dec 2012	Maturity period			
				to 1 year	above 1 year up to 3 years	above 3 years up to 5 years	above 5 years
1	BPH Leasing, ENERGO-UTECH	3 EMU series EN 57	6 927 394.06	1 360 198.24	3 650 501.26	1 916 694.56	0.00
2	SG Equipment, LONGIN BIELAK	passenger cars	211 553.07	79 492.49	132 060.58	0.00	0.00
3	MTL ASCO	forklift - 2 pcs.	82 230.00	28 259.99	51 680.01	2 290.00	0.00
4	SG Equipment	3 trucks	162 648.20	49 747.39	79 507.02	33 393.79	0.00
5	ENERGO-UTECH, KEN Technologie,	3 contracts for IT equipment	730 944.20	431 244.75	299 699.45	0.00	0.00
6	Bank Millenium	tractor	98 215.94	31 015.56	62 031.12	5 169.26	0.00
7	Wincor Nixdorf	2 Agreements - portable cash registers	2 421 840.00	1 618 596.00	803 244.00	0.00	0.00
<b>Total</b>			<b>10 634 825.47</b>	<b>3 598 554.42</b>	<b>5 078 723.44</b>	<b>1 957 547.61</b>	<b>0.00</b>

**2.5. Short-term commitments of the Capital Group (in maturity period) of 85 610 584.20 PLN,**  
are related to:

**2.5.1. Affiliated entities: 1 099 274.96 PLN,**

- commitments due to deliveries and services of 431 508.96 PLN,  
including:
  - to Local Authority of Mazovia Region 66 764.30 PLN,
  - Przewozy Regionalne 358 085.81 PLN,
  - Mazovia Real Property Supervision 6 658.83 PLN,
  - Warszawska Kolej Dojazdowa 0.02 PLN.
- other liabilities to Regional Fund for Environmental Protection and Water Management of 667 766.00 PLN,

**2.5.2. Remaining entities of Capital Group (settled in ongoing manner) 79 440 463.62 PLN,**  
which included:

**2.5.2.1. Short-term commitments due to issue of securities** of 20 968 378.96 PLN,  
related to interest calc. for the balance sheet day from 100 mil EUR in bonds 22 454 298.50 PLN,  
corrected by commission and discounted - 1 485 919.54 PLN.

**2.5.2.2. Other financial commitments: 3 571 122.44 PLN,**

which consist of Capital Group's commitments due:

- financial leasing 3 474 470.21 PLN,  
corrected by the interest calculated at 124 084.21 PLN,
- remaining 96 652.23 PLN.

**2.5.2.3. Commitments due to deliveries and services of 31 822 932.48 PLN,**  
consisting of commitments to:

- PKP PLK S.A. (including: making available railway lines) 10 118 030.71 PLN,
- PKP Intercity (inc. transport services) 2 376 663.09 PLN
- PKP Energetyka (inc. traction energy) 1 141 147.86 PLN,
- Mennica Polska S.A. 2 978 420.33 PLN,
- ZNTK Mińsk Mazowiecki (rolling stock repairs) 2 256 490.24 PLN,
- Bombardier Transportation Polska 1 608 194.62 PLN,

➤ TOR Construction and Repair Company	969 652.65 PLN,
➤ PKP S.A. Real Property Management Dept.	718 069.48 PLN,
➤ RENOMA Sopot	449 001.97 PLN,
➤ Stadler Polska Sp. z o.o.	373 654.05 PLN,
➤ "Z. Niziński" Construction and Trade Company	366 084.69 PLN,
➤ PKP Przewozy Regionalne	358 085.81 PLN,
➤ Met-Chem Zakłady Metalowo-Chemiczne	344 400.00 PL,
➤ Ekomakpol sp. z o.o.	256 196.70 PLN,
➤ Pegaz Group Sp. z o.o.	212 790.00 PLN,
➤ Petrolis Sp. z o.o.	193 702.39 PLN,
➤ PKP Informatyka Sp. z o.o.	189 503.18 PLN,
➤ POL-FRANS Jacek Rybiński	180 687.00 PLN,
➤ Morgan Carbon Polska Sp. z o.o.	176 505.00 PLN,
➤ ZPHU SOMIR Sokołowski Mirosław	158 758.86 PLN,
➤ Other commitments below 150 thousand PLN for total of	6 396 893.85 PLN.
<b>2.5.2.4. Commitments due taxes, custom fees, insurance</b>	<b>8 333 020.22 PLN,</b>
which consist of Capital Group's commitments due:	
➤ corporate income tax	490 138.50 PLN,
➤ personal income tax	2 211 380.24 PLN,
➤ account settling with PFRON	224 437.00 PLN,
➤ account settling with ZUS	5 407 064.48 PLN,
<b>2.5.2.5. Commitments due to salaries of</b>	<b>9 186 346.67 PLN,</b>
<b>2.5.2.6. Commitments of</b>	<b>5 558 662.85 PLN,</b>
which consist of Capital Group's commitments due:	
➤ assignment SG - related to purchase of EMUs from ZNTK	4 086 206.15 PLN,
➤ return of specific subsidy to the Ministry of Transport	135 273.00 PLN,
➤ remaining: inc. acc. set. with Company Social Benefits Fund, deposits and bid securities	203 450.97 PLN,
➤ investment commitments due purchase of fixed assets	1 133 73.73 PLN,
consisting of commitments to:	
• ZNTK Mińsk Mazowiecki	561 223.11 PLN,

- Topserw Stanisław Echilczuk 172 200.01 PLN,
- MTL ASCO RAIL sp. z o.o. 42 681.00 PLN,
- ABM System – Legionowo 40 590.00 PLN,
- remaining 317 038.61 PLN.

**2.5.3. Company Social Benefit Fund as of 31 Dec 2012 of 5 070 845.62 PLN.**

as of 31 Dec 2011 The Capital Group has no overdue commitments.

The Commitments of the Capital Group to the State Treasury or Local Authority bodies die to acquisition of rights to buildings and constructions did not occur as of 31 Dec 2012.

**2.6. Accruals of the Capital Group are in total 294 773 740.25 PLN,**

which included:

**2.6.1. Short-term liabilities 14 745 171.78 PLN,**

**2.6.2. Long term revenues from future periods 280 028 568.47 PLN.**

**Table 21**  
**Revenues from future periods**

No.	Prepayments	Opening Value	Increase	Decrease	Closing Value
1	Penalties due to untimely performance and other	1 821 044.72	480 167.63	2 026 531.99	274 680.36
2	Receivables from devastation of the rolling stock: inc. after court rulings	51 523.37	6 487.24	3 229.40	54 781.21
3	Fee for registered pledge established for 10 years	<b>1 366 120.25</b>	<b>327 868.80</b>	<b>491 803.20</b>	<b>1 202 185.85</b>
3.1	<i>Long-term</i>	1 366 120.25	0.00	327 868.80	1 038 251.45
3.1	<i>Short-term</i>	0.00	327 868.80	163 394.40	163 394.40
4	Purchase of transport services at reduced prices	591 999.82	7 102 691.21	6 798 975.77	895 715.26
5	EU subsidies	<b>138 219 029.63</b>	<b>1 238 982.96</b>	<b>16 361 593.97</b>	<b>292 132 093.91</b>
5.1	<i>Long-term</i>	121 857 435.66	157 132 881.36	0.00	278 990 317.02
5.2	<i>Short-term</i>	16 361 593.97	13 141 776.89	16 361 593.97	13 141 776.89
6	Quarterly tickets	0.00	1 160 409.35	968 906.19	191 503.16
7	Remaining	0.00	22 780.50	0.00	22 780.50
<b>Total</b>		<b>142 049 717.79</b>	<b>179 375 062.98</b>	<b>26 651 040.52</b>	<b>294 773 740.25</b>



**(\*) in 2012 The Dominant Entity was awarded EU subsidies of 170 274 658.25 PLN,**

which includes subsidies from:

Ministry of Finance in relation to project no POIS.07.03.00-00-013/11 entitled: "Purchase of rolling stock for airport and agglomeration connections in the corridor of the E-65 line and the Warsaw agglomeration" of **164 693 568.78 PLN.**

Mazovian Unit of EU Programmes Implementation within subsidizing of project no POKL.08.01.01-14-139/11 "Time for friendly Rail" of **589 634.92 PLN.**

Mazovian Unit of EU Programmes Implementation within the Regional Operational Programme of Mazovia Region action 3.2 "Regional Public Transport" received in 2012 in amount of

**2.7. As of 31 Dec 2012 the accruals total are 67 378 6448.28 PLN,**  
including: **67 355 867.78 PLN,**

related to reserve for jubilee awards, severance payments, reserve for non-realised leaves, reserve for Company Social Benefits Fund and discount tickets, and remaining reserves for employee benefits have been included in the liabilities of the balance in item *reserve for commitments* as *Reserves for old age benefits and similar* in accordance with the Accountancy Act Art. 39. 2a.

**2.8.** In 2011 the Dominant Entity "Koleje Mazowieckie - KM" has provided its subsidiary Koleje Mazowieckie Finance AB with its headquarters in Sweden with an unconditional and irrevocable guarantee related to emission of 100 million Euro in bonds. The bond's nominal value was 100 million EURO, the securities are non-subordinated and are an unconditional obligation of the issuer. The bonds are secured by guarantee provided by the Dominant Entity. The Guarantee is valid 10 years more than any due date related to the bonds. The amount of the guaranty is limited to 150 million EUR and covers all payments related to the bonds (capital and interest) that will amount to 133.75 million Euro.

**2.8.1.** The Dominant Entity owns the following conditional liabilities:

- stemming from claims and court proceedings related to commercial matters and related to labour law, covered by a reserve of **2 085 236.23 PLN,**
- bank guarantees safeguarding the repayment of 4 loans obtained from the Regional Fund for Environmental Protection and Water Management (WFOŚiGW) - total value of guarantees is **2 147 263.00 PLN,**

- 
- open notes safeguarding performance of agreements co-financed by the European Regional Development Fund for an amount of **83 068 022.54 PLN** and **9 623 677.68 PLN,**
  - open note safeguarding performance of agreements co-financed by the Cohesion Fund for an amount of **182 992 854.20 PLN,**
  - open notes safeguarding leasing liabilities for **22 839 654.64 PLN,**
  - open notes safeguarding liabilities due to loans as per balance for 31 December 2012 for an amount of **807 474.00 PLN,**
  - authorisation to utilize money assets on banking account due to credit line on a current account for an amount of **45 000 000.00 PLN.**

**2.8.2.** The assets of the Dominant Entity as of 31 Dec 2012 are subject to registered pledge covering five Multiple Electric Units purchases in instalments - value of the pledge is 53 435 000.00 PLN.

The assets of the Dominant Entity as of 31 Dec 2012 are subject to no securing of liabilities by means of mortgage or tax lien apart the registered pledge. The asset's of the Company are not provided for use by a third person.

### 3. Data on employees

**3.1.** In 2012 average employment in the Dominant Entity was 2 613 employees.

**Table 22**  
**Average employment acc. to professional groups in 2012 and 2011.**

Professional Groups	2011	2012
Salaried positions	251	257
Conductor teams	511	531
Cashiers and speaker operators	305	260
Traction teams	524	527
Exploitation and maintenance of rolling stock	538	553
Traffic controllers, point operators,	63	63
Additional staff	170	196
Maintenance Services Department	225	226
<b>Total</b>	<b>2587</b>	<b>2613</b>

**3.2.** The salaries, including remuneration from profit, paid and due for 2012 to persons in the management and supervisory bodies of the Dominant Entity and loans or benefits of such a character, provided in 2012 to persons in the management and supervisory bodies of the Dominant Entity with indication of interest terms and repayment dates are presented in the below table

**Table 23**  
**Remuneration of management and supervisory bodies.**

No.	Details	Management bodies	Supervisory bodies	Total
1.	Salaries *	1 070 050.18	168 341.84	1 238 392.02
2.	Loans and other benefits of similar character	30 000.00	0.00	30 000.00
3.	Interest terms	0.05	X	X
4.	Loans' due dates	07.2017	X	X

\*) Salaries including and redundancy pay for the members of the Board including their equivalents for non-realized holiday leaves.

#### **4. The Entity authorised to analyse the individual and consolidated Financial Statement for 2012.**

"Koleje Mazowieckie - KM", acting on authorisation of the body authorised to choose the entity to analyse the unified and consolidated Financial Statement (Resolution of the Supervisory Board No 09/RN/2013 dated 19 March 2013), have entered on 25 March 2013 into agreement no M-01-MBF-129/13 for provision of auditor services with Deloitte Polska Spółka with limited liability, with its headquarters in Warsaw (formerly: Deloitte Audyt Sp. z o.o.), 00-854 al. Jana Pawła II 19, entered into the registry of businesses conducted by the Regional Court for the City of Warsaw, XIII Economic Department of the National Court Register with the KRS number: 0000446833, Tax Id number: NIR 527-020-07-86, business Id: REGON 010076870.

Remuneration of the entity authorized to analyze the Financial Statement for 2012 was 75 000 PLN net.

## 5. Additional information and explanations to the Consolidated Profit and loss account.

**5.1.** The basic area of commercial activity of the Dominant Entity is rail transport. The services are provided on the territory of Poland, there are no export activities.

**5.1.1.** The main area of business activity of the subsidiary is financial activity in order to issue or to organise issues of securities directly or indirectly and all other activities related to this area of business activity. The first issue of securities was realised in January 2011, the second in March of 2011. The bonds are traded on the international market regulated by the London Stock Exchange.

### 5.2. Net revenues from sales and equivalent revenues

**562 516 607.70 PLN.**

**Table 24**

#### Net revenue from sales

No.	Details	2012	2011
1.	Sale of tickets and purchase of transport services at reduced prices	303 029 411.37 PLN	257 282 346.00 PLN
2.	Revenues from Mazovia Region due to agreement on organisation and financing of passenger rail transport on the area of the Mazovia Region - received subsidy	204 535 600.99 PLN	214 500 000.00 PLN
3.	Revenues from Mazovia Region to finance passenger rail transport on the area of the Mazovia Region - received due in 2012 to be received in future periods	15 269 061.98 PLN	-2 944 278.30 PLN
4.	Sale of services to other companies	68 933 517.78 PLN	62 201 855.35 PLN
5.	Subsidy from the Ministry of Transport	32 413 932.40 PLN	28 289 874.06 PLN
6.	Net revenue from sale of goods and materials	1 113 773.45 PLN	2 006 081.67 PLN
7.	Other revenues	6 154 284.48 PLN	20 251 648.83 PLN
8.	Compensation from the Mazovia Region to cover financial costs related to valuation of bonds as of the balance sheet day in accordance with Agreement no 1/NI/IT-I/12 dated 10 April 2012.	11 260 000.00 PLN	44 120 000.00 PLN
		-44 120 000.00 PLN	
<b>Total revenue</b>		<b>598 589 582,45 PLN</b>	<b>625 707 527.61 PLN</b>
9.	Compensation from the Mazovia Region to cover financial costs related to valuation of bonds as of the balance sheet day in accordance with Agreement no 1/NI/IT-I/12 dated 10 April 2012 resented in financial expenses	-11 260 000.00 PLN	-44 120 000.00 PLN
		44 120 000.00 PLN	

No.	Details	2012	2011
10.	Sale of services for other companies presented in Profit and Loss statement in compensation with the costs	-68 932 974.75 PLN	-62 201 855.35 PLN
<b>Total - presentation in Profit and Loss statement</b>		<b>562 516 607.70 PLN</b>	<b>519 385 672.26 PLN</b>

\* item. 4 Sale of services for other companies presented in Profit and Loss statement in compensation with the costs, correction of 2011 presentation below.

\* item 8 Compensation from the Mazovia Region to cover financial costs related to valuation of bonds as of the balance sheet day presented in the Profit and Loss statement in compensation with the financial costs related to exchange rate differences. The Dominant Entity has entered into agreement with Marshal Office to settle commitments related to bonds issued.

**Table 25**

**Correction in presentation of net revenues from sales in area of transport services  
in correspondence with the costs of the same type**

No.	Net revenue from sales	Value as of the day the books were closed		
		2011		Movement
		Change in value	Data confirmed	
1.	Sale of tickets and discount ticket entitlements	257 282 346.00 PLN	257 282 346.00 PLN	0.00
2.	Revenues from Mazovia Region due to agreement on organisation and financing of passenger rail transport on the area of the Mazovia Region - received subsidy	214 500 000.00 PLN	214 500 000.00 PLN	0.00
3.	Revenues from Mazovia Region to finance passenger rail transport on the area of the Mazovia Region - received due in 2012 to be received in future periods	-2 944 278.30 PLN	-2 944 278.30 PLN	0.00
4.	Sale of services to other companies in correspondence with the costs of the same type	62 201 855.35 PLN	62 201 855.35 PLN	0.00
5.	Subsidy from the Ministry of Transport	28 289 874.06 PLN	28 289 874.06 PLN	0.00
6.	Net revenue from sale of goods and materials	2 006 081.67 PLN	2 006 081.67 PLN	0.00
7.	Other revenues	20 251 648.83 PLN	20 251 648.83 PLN	0.00
8.	Compensation from the Mazovia Region to cover financial costs related to valuation of bonds as of the balance sheet day in accordance with Agreement no 1/NI/IT-I/12 dated 10 April 2012.	44 120 000.00 PLN	44 120 000.00 PLN	0.00
	<b>Total revenue</b>	<b>625 707 527.61 PLN</b>	<b>625 707 527.61 PLN</b>	<b>0.00</b>

No.	Net revenue from sales	Value as of the day the books were closed		
		2011		Movement
		Change in value	Data confirmed	
9.	Compensation from the Mazovia Region to cover financial costs related to valuation of bonds as of the balance sheet day in accordance with Agreement no 1/NI/IT-I/12 dated 10 April 2012 resented in financial expenses	-44 120 000.00 PLN	-44 120 000.00 PLN	0.00
10.	Sale of services for other companies presented in Profit and Loss statement in compensation with the costs	-62 201 855.35 PLN	0.00 PLN	-62 201 855.35
	<b>Total - presentation in Profit and Loss statement</b>	<b>519 385 672.26 PLN</b>	<b>581 587 527.61 PLN</b>	<b>-62 201 855.35</b>

**5.2.1.** In 2012 The Dominant Entity was awarded subsidies amounting to **407 224 191.64 PLN**, which includes subsidies from:

**5.2.1.1.** The Local Authority of Mazovia Region, according to annual agreement No 1/NI/IT-I/D/2012 on provision of public services of regional passenger rail transport on the territory of the Mazovia Region including Attachment 1, dated 9 March 2012, and Attachment 2, dated 21 December 2012 in an amount of **204 535 600.99 PLN**.

**5.2.1.2.** Ministry of Transport, Construction and Maritime Economy due to transport activity utilizing the statutory ticket price reduction on basis of Ordinance of Minister of Finance, dated 6 February 2007 (Journal of Laws: Dz. U. of 20 February No. 27, item 179) on specific subsidy to national passenger transport in an amount of **32 413 932.40 PLN**.

"Koleje Mazowieckie KM" calculates the revenue lost due to honouring of statutory entitlement for ticket price reduction that is covered in full by the Ministry of Transport, Construction and Maritime Economy. The specific subsidy amount for all rail carriers is established annually in the Budget Act.

**5.2.1.3.** Ministry of Finance in relation to project no POIS.07.03.00-00-013/11 entitled: "Purchase of rolling stock for airport and agglomeration connections in the corridor of the E-65 line and the Warsaw agglomeration" of **164 693 568.78 PLN**.

**5.2.1.4.** Mazovian Unit of EU Programmes Implementation within subsidizing of project no POKL.08.01.01-14-139/11 "Time for friendly Rail" of **589 634.92 PLN**.

**5.2.1.5.** Mazovian Unit of EU Programmes Implementation within the Regional Operational Programme of Mazovia Region 2007-2013, action 3.2 "Regional Public Transport" received in 2012 in amount of **4 991 454.55 PLN.**

**5.3. Remaining operating revenues of the Capital Group** **27 317 354.50 PLN**

**Table 26**  
**Remaining operating revenues.**

No.	Details	2012	2011
1.	Additional fees due to travelling without tickets paid	4 934 958.48 PLN	4 139 166.71 PLN
2.	Contractual penalties and damages	1 908 972.15 PLN	8 171 438.56 PLN
3.	Contractual penalties and damages - disputed covered by reserve	0.00 PLN	5 986 548.92 PLN
4.	Damages from asset insurance	1 815 051.68 PLN	307 774.08 PLN
5.	Damages from insurance of third persons	170 315.97 PLN	35 888.23 PLN
6.	Preventive subsidies from PZU	0.00 PLN	40 000.00 PLN
7.	EU subsidy	16 361 593.97 PLN	5 381 242.79 PLN
8.	Processing fees due to travelling without tickets	87 504.07 PLN	66 545.70 PLN
9.	Revenue due to exceeding of limits on company mobile phones	208 082.73 PLN	234 015.62 PLN
10.	Release of reserves and write-downs	572 817.16 PLN	247 484.40 PLN
11.	Reimbursement of court and debt retrieval costs	1 010 511.30 PLN	774 832.74 PLN
12.	Revenues due establishment of registered pledge	163 934.40 PLN	153 370.31 PLN
13.	Other revenues	83 612.59 PLN	111 651.47 PLN
<b>Remaining operating revenues total</b>		<b>27 317 354,50 PLN</b>	<b>25 649 959.53 PLN</b>
14.	Contractual penalties and damages (item 3) - disputed covered with reserve - presented in the remaining operating expenses	0.00 PLN	- 5 986 548.92 PLN
<b>Total - presentation in Profit and Loss statement</b>		<b>27 317 354,50 PLN</b>	<b>19 663 410.61 PLN</b>

**5.4. Financial revenues** **15 472 347.95 PLN.**



**Table 27**  
**Financial revenues**

No.	Details	2012	2011
1.	Interest on funds on the banking account	3 651 615.99 PLN	4 863 303.30 PLN
2.	Interest calculated and paid from receivables	1 926 836.45 PLN	1 205 639.27 PLN
3.	Release of write-down for interest	439 859.51 PLN	467 604.18 PLN
4.	Positive exchange rate differences	11 012 777.83 PLN	14 078 039.63 PLN
<b>Financial revenues total</b>		<b>17 031 089,78 PLN</b>	<b>20 614 586.38 PLN</b>
5.	Positive exchange rate differences presented in financial expenses	0.00 PLN	- 14 078 039.63 PLN
6.	Financial expenses due to negative exchange rate differences presented in financial revenues.	31 301 258.17 PLN	0.00 PLN
7.	Accrual revenue due to compensation from the Mazovia Region to cover financial costs related to valuation of bonds as of the balance sheet day in accordance with Agreement no 1/NI/IT-I/12 dated 10 April 2012 resented in financial expenses	-32 860 000.00 PLN	0.00 PLN
<b>Total - presentation in Profit and Loss statement</b>		<b>15 472 347,95 PLN</b>	<b>6 536 546.75 PLN</b>

**5.5. Value of revenue from business activities is presented in the below table:**

**Table 28**

<i>Details</i>	<i>2012</i>	<i>2011 corrected data</i>
<b>Total revenue from business activities</b>	<b>642 938 026.73 PLN</b>	<b>671 967 848.20 PLN</b>
<b>Total revenue from business activities - presented in Profit and Loss statement</b>	<b>605 306 310.15 PLN</b>	<b>545 585 629.62 PLN</b>

**5.6. Costs of operating activity of the Capital Group** **556 561 277.76 PLN.**

**Table 29**  
**Operating activity expenses**

No.	Details	2012	2011
1.	<b>Amortization</b>	<b>54 889 940.75 PLN</b>	<b>35 942 449.96 PLN</b>
2.	<b>Use of materials and energy</b>	<b>110 860 388.99 PLN</b>	<b>96 326 450.34 PLN</b>

No.	Details	2012	2011
2.1.	- use of materials	16 198 109.60 PLN	11 907 469.81 PLN
2.2.	- use of electric traction energy	87 365 997.60 PLN	77 580 154.99 PLN
2.3.	- use of remaining electric energy	1 628 633.03 PLN	1 541 558.43 PLN
2.4.	- use of different energy	983 783.15 PLN	870 751.00 PLN
2.5.	- use of traction fuel	3 226 350.68 PLN	3 194 623.72 PLN
2.6.	- use of non-traction fuel	1 457 514.93 PLN	1 231 892.39 PLN
<b>3.</b>	<b>external services</b>	<b>272 993 669.23 PLN</b>	<b>248 198 140.18 PLN</b>
3.1.	- costs of making available the tracks of PKP PLK	120 668 844.77 PLN	107 383 786.24 PLN
3.2.	- cost of rolling stock lease	1 566 877.53 PLN	1 466 584.37 PLN
3.3.	- cost of traction services by PKP CARGO	23 932.65 PLN	8 154 290.50 PLN
3.4.	- costs of sale of tickets by Agents	8 877 723.95 PLN	8 223 999.94 PLN
3.5.	- costs of EMU cleaning	290 709.42 PLN	277 254.59 PLN
3.6.	- transport services	1 666 890.50 PLN	1 038 997.40 PLN
3.7.	- communication services	1 622 327.27 PLN	2 035 746.43 PLN
3.8.	- repair services	30 830 907.61 PLN	24 060 484.12 PLN
3.9.	- Lease fees	13 443 414.89 PLN	11 701 903.32 PLN
3.10.	- bank services	19 392.26 PLN	250 262.39 PLN
3.11.	- ticket control services	5 037 509.10 PLN	4 496 438.70 PLN
3.12.	- security onboard trains	131 328.12 PLN	0.00 PLN
3.13.	- other external services	19 880 836.41 PLN	16 905 079.79 PLN
3.14.	- purchase of transport services from other companies	68 932 974.75 PLN	62 203 312.39 PLN
<b>4.</b>	<b>Taxes and fees</b>	<b>3 868 349.33 PLN</b>	<b>3 258 952.93 PLN</b>
4.1.	- fees due State Fund of Rehabilitation of Handicapped People	2 688 314.00 PLN	2 531 876.00 PLN
4.3.	- remaining taxes and fees	1 180 035.33 PLN	727 076.93 PLN
<b>5.</b>	<b>Salaries</b>	<b>123 184 320.83 PLN</b>	<b>117 485 552.48 PLN</b>
5.1.	- salaries	123 184 320.83 PLN	117 485 552.48 PLN
<b>6.</b>	<b>Social insurance and other benefits</b>	<b>46 785 677.68 PLN</b>	<b>37 952 954.47 PLN</b>
6.1.	- insurance contributions	23 992 522.32 PLN	20 651 976.66 PLN
6.2.	- reserve for holiday leaves	1 668 071.44 PLN	1 731 757.88 PLN
6.3.	- reserve for severance benefits and remaining benefits	4 933 146.25 PLN	1 213 822.55 PLN
6.4.	- reserve for jubilee awards,	6 830 000.00 PLN	4 763 269.00 PLN
6.5.	- reserve for Company Social Benefits Fund and reductions	-1 179 433.00 PLN	0.00 PLN
6.6.	- contribution to Company Social Benefits Fund	3 611 605.14 PLN	3 331 194.68 PLN
6.7.	- other employee benefits inc. ones due to Occupational Health and Safety regulations	2 975 180.01 PLN	2 786 163.92 PLN

No.	Details	2012	2011
6.8.	- employee health insurance costs	880 427.52 PLN	766 579.00 PLN
6.9.	- reduction of ticket prices for spouses and children of employees	1 150 720.07 PLN	1 105 679.68 PLN
6.1	- reduction of ticket prices for retired employees and retired employees with health pensions	1 923 437.93 PLN	1 602 511.10 PLN
<b>7.</b>	<b>Remaining prime costs</b>	<b>11 804 256.27 PLN</b>	<b>9 130 863.08 PLN</b>
7.1.	- business trip costs	227 554.38 PLN	388 526.44 PLN
7.2.	- allowances of train teams	2 733 369.35 PLN	2 571 045.83 PLN
7.3.	- insurance costs related to property and assets	7 191 539.94 PLN	4 784 049.15 PLN
7.4.	- remaining prime costs	1 651 792.60 PLN	1 387 241.66 PLN
<b>8.</b>	<b>Value of goods and materials sold</b>	<b>1 107 649.43 PLN</b>	<b>2 005 705.07 PLN</b>
<b>Operating expenses total</b>		<b>625 494 252.51 PLN</b>	<b>550 301 068.51 PLN</b>
<b>9.</b>	transport costs of external services realized by other carriers presented in Profit and Loss statement in compensation with the revenues	<b>-68 932 974.75 PLN</b>	<b>-62 201 855.35</b>
<b>Operating expenses total presented in Profit and Loss statement</b>		<b>556 561 277.76 PLN</b>	<b>488 099 213.16 PLN</b>

**Table 30**
**Correction of operating activity costs presentation as of 31 Dec 2011.**

Line	Operating expenses	Value as of the day the books were closed		
		2011		Movement
		Change in value	Confirmed Data	
<b>3.</b>	<b>external services</b>	<b>185 996 284.83</b>	<b>248 198 140.18 PLN</b>	<b>- 62 201 855.35</b>
3.1.	- costs of making available the tracks of PKP PLK	107 383 786.24	107 383 786.24	-
3.2.	- cost of rolling stock lease	1 466 584.37	1 466 584.37	-
3.3.	- cost of traction services by PKP CARGO	8 154 290.50	8 154 290.50	-
3.4.	- costs of sale of tickets by Agents	8 223 999.94	8 223 999.94	-
3.5.	- costs of EMU cleaning	277 254.59	277 254.59	-
3.6.	- transport services	1 038 997.40	1 038 997.40	-
3.7.	- communication services	2 035 746.43	2 035 746.43	-
3.8.	- repair services	24 060 484.12	24 060 484.12	-
3.9	- Lease fees	11 701 903.32	11 701 903.32	-
3.10	- bank services	250 262.39	250 262.39	-
3.11.	- ticket control services	4 496 438.70	4 496 438.70	-

Line	Operating expenses	Value as of the day the books were closed		
		2011		Movement
		Change in value	Confirmed Data	
3.12.	- security onboard trains	-	-	-
3.13.	- other external services	16 905 079.79	16 905 079.79	-
3.14.	- purchase of transport services from other companies	1 457.04	62 203 312.39	- 62 201 855.35

**5.7. Remaining operating expenses**
**6 829 159.32 PLN.**

**Table 31**  
**Remaining operating expenses.**

No.	Details	2012	2011
1.	Write-down on receivables,	674 420.75 PLN	1 794 296.05 PLN
2.	Write-down for materials intended for liquidation	668 788.32 PLN	0.00 PLN
3.	Operating costs related to EU Projects	283 253.94 PLN	0.00 PLN
4.	Damages, penalties and fees due to defects of goods and services provided	361 450.74 PLN	557 282.00 PLN
5.	Costs covered by insurance	2 110 755.71 PLN	79 372.25 PLN
6.	Court and debt retrieval costs	1 990 797.93 PLN	1 203 885.05 PLN
7.	Fees for making available data from resident register - debt retrieval costs related to travelling without ticket	420 915.40 PLN	291 106.61 PLN
8.	Value of liquidated materials	7 450.00 PLN	225 531.67 PLN
9.	Cost of waste utilization	0.00 PLN	0.00 PLN
10.	Costs re-invoiced to an employee due to exceeding limit of telephone calls	208 082.73 PLN	89 329.22 PLN
11.	Reserve for employee court proceedings and other disputes	44 412.74 PLN	157 713.09 PLN
12.	Reserve for disputes - contractual penalties	6 098.54 PLN	5 986 548.92 PLN
13.	Reserve for accrued expenses 2011	0.00 PLN	954 308.94 PLN
14.	Other remaining expenses	52 732.52 PLN	40 139.48 PLN
<b>Remaining operating expenses total</b>		<b>6 829 159,32 PLN</b>	<b>11 379 513.28 PLN</b>

No.	Details	2012	2011
15.	Remaining operating revenues due contractual penalties and damages - disputed covered with reserve - presented in the remaining operating expenses	0.00 PLN	- 5 986 548.92 PLN
<b>Remaining operating expenses total presented in Profit and Loss statement</b>		<b>6 829 159,32 PLN</b>	<b>5 392 964.36 PLN</b>

**5.8. Financial costs of the Capital Group**
**33 910 619.20 PLN.**

**Table 32  
Financial Expenses**

No.	Details	2012	2011
1.	Interest calculated on commitments and remaining interest	140 022.26 PLN	701 316.09 PLN
2.	Establishment of write-down for interest	1 923 995.14 PLN	1 074 972.07 PLN
3.	Costs related to issue of bonds	1 392.48 PLN	49 338.35 PLN
4.	Interest from credit and loans	388 328.63 PLN	236 765.75 PLN
5.	Interest on bonds	27 788 645.97 PLN	25 615 609.58 PLN
6.	Interest on factoring	959 172.11 PLN	0.00 PLN
7.	Commission on bonds	1 385 544.92 PLN	2 345 700.00 PLN
8.	Receivables non-collectible - interest	222 665.20 PLN	427 492.87 PLN
9.	Financial leasing - interest part	1 100 852.49 PLN	905 253.23 PLN
10.	Negative exchange rate differences	-31 301 258.17 PLN	59 378 149.12 PLN
Financial Expenses total		2 609 361.03 PLN	90 734 597.06 PLN
11.	Financial expenses due to negative exchange rate differences presented in financial revenues.	-1 558 741.83 PLN	0.00 PLN
12.	Financial revenues due positive exchange rate differences presented in financial expenses	0.00 PLN	-14 078 039.63 PLN
13.	Accrual revenue due to compensation from the Mazovia Region to cover financial costs related to valuation of bonds as of the balance sheet day in accordance with Agreement no 1/NI/IT-I/12 dated 10 April 2012 resented in financial expenses	44 120 000.00 PLN	-44 120 000.00 PLN
		-11 260 000.00 PLN	
Operating expenses total presented in Profit and Loss statement		33 910 619.20 PLN	32 536 557.43 PLN

**5.9. Value of costs of business activities of the Capital Group is presented in the below table:**

**Table 33**

Details	2012	2011 Corrected data
<b>Total costs of business activities</b>	<b>634 932 772.86 PLN</b>	<b>652 415 178.85 PLN</b>
<b>Total costs of business activities - presented in Profit and Loss statement</b>	<b>597 588 275.24 PLN</b>	<b>526 028 734.95 PLN</b>

**5.10.** Data concerning revenues and expenses due to sale of assets, as well as financial revenues and expenses due to exchange rate differences as well as other revenues and expenses of similar character presented as result:

- Financial revenues due to positive exchange rate differences presented in item financial expenses - other
- Remaining operating revenues from 2011 due to contractual penalties disputed covered with reserve presented in item of remaining operating expenses. In 2012 the above-mentioned situation did not occur.
- Accrual revenue due to compensation from the Mazovia Region to cover financial costs related to valuation of bonds as of the balance sheet day in accordance with Agreement no 1/NI/IT-I/12 dated 10 April 2012 resented in financial expenses
- Revenue from the sale of transport services (tickets) in correspondence with the costs of these services, realised by different carriers.
- Revenue from sale of non-financial fixed assets - did not occur in 2011 and 2012.

**5.11. Realised gross profit of the Capital Group** before deduction of income tax

**was 8 005 253 88 PLN.**

**5.12. The net profit in 2012 of the Capital Group was**

**7 343 446.10 PLN.**

## **6. Deferred income tax.**

Dominant Entity "Koleje Mazowieckie KM" sp. z o.o., following the provisions of the Accountancy Act and taking into consideration the caution principle detailed in Art. 7 of the Act has established a reserve and set assets due to o deferred income tax.

**Table 34**

**Changes in the deferred income tax of the Capital Group in 2012**

<b>Deferred tax</b>		<b>as of 31 Dec 2011</b>	<b>as of 31 Dec 2011</b>	<b>Change in 2012</b>
<b>I.</b>	Established reserves for temporary differences due deferred tax (+)	20 472 598 PLN	16 630 432.00	-3 842 166.00
<b>II.</b>	Established assets due to deferred income tax (-)	-23 458 270 PLN	-22 496 711.00	961 559.00
	<b>Deferred tax total, including:</b>			<b>-2 880 607.00</b>
	<b>included in Profit and Loss statement</b>			<b>-1 019 827.00</b>
<b>III.</b>	<b>included in Balance Liabilities "Profit/Loss from previous years"</b>			<b>-1 860 780.00</b>
	<b>Current tax of Dominant Entity</b>			<b>1 662 476.00</b>
<b>IV.</b>	<b>Current tax of Subsidiary</b>			<b>19 158.78</b>
<b>V.</b>	<b>Income tax included in Profit and Loss statement of Capital Group</b>			<b>661 807.78</b>

7. Translation of financial result of Dominant Entity into tax basis for the corporate income tax and establishment of net financial result is presented in the below table:

**Table 35**
**Translation of the financial result of Dominant Entity into tax basis for income tax.**

<b>No.</b>	<b>Details</b>	<b>2012</b>	<b>2011</b>
<b>I.</b>	<b>Total revenues</b>	<b>642 938 010.87</b>	<b>671 969 960.86</b>
1.	Tax correction of revenues	164 164 428.82	17 109 522.63
a.	increase of taxable revenues	216 745 402.83	70 304 672.84
b.	decrease of taxable revenues (-)	-52 580 974.01	-53 195 150.21
<b>II.</b>	<b>Taxable revenues</b>	<b>807 102 439.69</b>	<b>689 079 483.49</b>
<b>III.</b>	<b>Total costs</b>	<b>634 968 337.69</b>	<b>652 353 620.84</b>
1.	Additional corrections of costs of revenue	-243 839 963.96	-317 498 033.26
a.	increases of tax costs	116 903 834.02	45 483 705.92
b.	decreases of tax costs (-)	-360 743 797.98	-362 981 739.18
<b>IV.</b>	<b>Tax costs</b>	<b>391 128 373.73</b>	<b>334 855 587.58</b>
<b>V.</b>	<b>Income / Loss (II-MV)</b>	<b>415 974 065.96</b>	<b>354 223 895.91</b>
<b>VI.</b>	<b>Income (revenue) free and deductions</b>	<b>-407 224 191.64</b>	<b>-309 632 477.53</b>
a.	Income (revenue) free (-)	-407 224 191.64	-309 632 477.53
<b>VII.</b>	<b>Amounts increasing/decreasing tax base</b>	<b>- PLN</b>	<b>- PLN</b>
a.	tax loss from previous year - 50%	- PLN	- PLN
<b>VIII.</b>	<b>Tax basis</b>	<b>8 749 874.32</b>	<b>44 591 418.38</b>
<b>IX.</b>	<b>Tax rate according to current % rate</b>	<b>0.19</b>	<b>0.19</b>

No.	Details	2012	2011
<b>X.</b>	<b>Due income tax for the trading year according to CIT-8</b>	<b>1 662 476.00</b>	<b>8 472 369.00</b>
<b>XI.</b>	Established reserves for positive temporary differences (+)	-3 842 166.00	10 654 593.00
<b>XII.</b>	Established assets due to deferred income tax (-)	2 822 339.00	-14 051 151.00
<b>XIII.</b>	<b>Gross financial result on basis of Profit and loss account (+ / -)</b>	<b>7 969 673.18</b>	<b>19 616 340.02</b>
<b>XIV.</b>	Income tax included in Profit and loss account with the remaining encumbrances of gross result	-1 019 827.00	5 075 811.00
<b>XV.</b>	<b>Net financial result (+ / -)</b>	<b>7 327 024.18</b>	<b>14 540 529.02</b>

**7.1.** Indicated in item VI. a **Income (revenue) free (-)** of **407 224 191.64 PLN**  
related to subsidies obtained from:

**7.1.1.** Local Authority of Mazovia Region according to annual Agreement 1/NI/IT/D/2012, dated 28 December 2011 on provision of public services of **204 535 600.99 PLN**  
including Attachment 1, dated 9 March 2012 and Attachment 2 dated 21 December 2012.

**7.1.2.** Ministry of Transport, Construction and Maritime Economy due to transport activity utilizing the statutory ticket price reduction of **32 413 932.40 PLN.**

**7.1.3.** Ministry of Finance in relation to project no POIS.07.03.00-00-013/11 entitled: "Purchase of rolling stock for airport and agglomeration connections in the corridor of the E-65 line and the Warsaw agglomeration" of **164 693 568.78 PLN.**

**7.1.4.** Mazovian Unit of EU Programmes Implementation within the Regional Operational Programme of Mazovia Region, action 3.2 "Regional Public Transport" in amount of **4 991 454.55 PLN.**

**7.1.5.** Mazovian Unit of EU Programmes Implementation within subsidizing of project no POKL.08.01.01-14-139/11 "Time for friendly Rail" of **589 634.92 PLN.**

**Table 36**

**Tax correction listing of costs of revenue of Dominant Entity - cost decreases**

No.	Details	Decreases of tax costs	Decreases of tax costs
		in 2012	in 2011



No.	Details	Decreases of tax costs	Decreases of tax costs
		in 2012	in 2011
1.	Recorded but unpaid interest	139 847.13 PLN	726 946.02 PLN
2.	Recorded but unpaid interest on bonds	26 103 050.76 PLN	24 259 122.74 PLN
3.	Exchange rate differences on bonds as of balance sheet day	11 260 000.00 PLN	44 120 000.00 PLN
4.	Commission from bonds	1 385 544.92 PLN	
5.	Write-down on receivables and materials	3 013 332.80 PLN	3 551 982.98 PLN
6.	Reserves established for certain future commitments, including:	14 168 861.77 PLN	14 807 420.43 PLN
a.	Reserve for non-realised holiday leaves	1 668 071.44 PLN	1 731 757.88 PLN
b.	Reserve for jubilee awards and severance benefits	8 300 000.00 PLN	4 045 973.00 PLN
c.	Reserve for employee benefits for 2012	4 086 730.05 PLN	1 931 118.60 PLN
d.	Other reserves	114 060.28 PLN	157 713.09 PLN
e.	Reserve for penalties	0.00 PLN	5 986 548.92 PLN
F.	Reserve for costs of pre-privatisation analysis	0.00 PLN	954 308.94 PLN
7.	Contractual penalties and damages	361 450.74 PLN	427 985.00 PLN
8.	Costs of removal of effects of PLK accident	0.00 PLN	129 297.00 PLN
9.	VAT sanctions	43 696.81 PLN	158 087.50 PLN
10.	Value of liquidated materials, fixed assets and goods	0.00 PLN	225 531.67 PLN
11.	Amortisation from finance lease	1 520 612.79 PLN	1 368 778.21 PLN
12.	Contributions to State Fund of Rehabilitation of Handicapped People	2 688 314.00 PLN	2 531 876.00 PLN
13.	Costs of bond issue included in tax value of fixed asset	0.00 PLN	1 411 924.74 PLN
14.	Transport benefits for spouses and children	1 195 568.47 PLN	1 146 825.94 PLN
15.	Costs of representation	583 778.55 PLN	555 661.90 PLN
16.	Exchange rate differences from commitments	11 628.05 PLN	0.00 PLN
17.	Cost of salaries paid after 10 January 2013	2 487 929.94 PLN	0.00 PLN
18.	Costs accrual	36 100.00 PLN	0.00 PLN
19.	Cost of lease of locomotives to cover EU subsidy	608 806.98 PLN	0.00 PLN

No.	Details	Decreases of tax costs	Decreases of tax costs
		in 2012	in 2011
20.	Costs financed with EU subsidy "Time for friendly rail"	241 988.74 PLN	0.00 PLN
21.	Costs of previous periods	466 714.69 PLN	0.00 PLN
22.	Other	211 155.98 PLN	51 640.60 PLN
23.	Costs covered by subsidy from a local authority and state treasury	248 879 129.12 PLN	242 789 874.06 PLN
24.	Repair expenses in 2005-2011 included in costs of 2012	16 356 812.44 PLN	17 262 052.10 PLN
25.	Amortisation and service from assets financed from EU subsidies	27 033 149.75 PLN	7 456 732.29 PLN
26.	Amortisation of passenger cars with value of over 20 thousand Euro	12 687.67 PLN	
27.	Correction of amortization of fixed assets related to 2011	1 933 635.88 PLN	
<b>Total cost corrections</b>		<b>360 743 797.98 PLN</b>	<b>362 981 739.18 PLN</b>

**Table 37**
**Tax correction listing of costs of revenue of Dominant Entity - cost increases**

No.	Details	Increases of tax costs	Increases of tax costs
		in 2012	in 2011
1.	Budget interest	0.00 PLN	387 573.04 PLN
2.	Exchange rate differences as of balance sheet day	0.00 PLN	80.76 PLN
3.	Journal of costs of electric traction energy	0.00 PLN	67 028.32 PLN
4.	Reserve for balance analysis	0.00 PLN	63 750.00 PLN
5.	Reserve for Company Social Benefits Fund and discounts	1 179 433.00 PLN	
6.	Commission from bonds	0.00 PLN	27 414.37 PLN
7.	Realised interest on bonds	17 358 643.55 PLN	0.00 PLN
8.	Exchange rate differences on bonds as of balance sheet day	44 120 000.00 PLN	0.00 PLN
9.	Realised cost of locomotive lease - prepayments and accruals	0.00 PLN	608 806.98 PLN
10.	Realised employee benefits	3 205 005.03 PLN	1 644 506.25 PLN
11.	Utilisation of reserves	1 502 812.99 PLN	0.00 PLN
12.	Costs of operating lease tax	2 409 360.04 PLN	2 535 494.49 PLN

No.	Details	Increases of tax costs	Increases of tax costs
		in 2012	in 2011
13.	Difference between tax depreciation and balance depreciation	38 195 709.24 PLN	25 288 018.41 PLN
14.	Repair expenses in 2011 and not included in expenses - resulting from prepayments and accruals	8 932 870.17 PLN	14 861 033.30 PLN
<b>Total cost corrections</b>		<b>116 903 834,02 PLN</b>	<b>45 483 705.92 PLN</b>

**Table 38**
**Listing of revenue corrections of Dominant Entity for income tax**

No.	Details	Increase of taxable revenues	Decrease of taxable revenues	Increase of taxable revenues	Decrease of taxable revenues
		<b>2012</b>		<b>2011</b>	
1.	Calculated interest on receivables and deposits		2 311 705.50 PLN	- PLN	1 037 588.20 PLN
2.	Settlement of reserves not formerly k.u.p.		5 043 059.83 PLN	- PLN	106 364.33 PLN
3.	Remuneration of taxpayer			3 650.01 PLN	- PLN
4.	Revenues of previous periods		6 363.63 PLN		
5.	Accrual revenue for current year	495 218.60 PLN		500 000.00 PLN	- PLN
6.	Compensation to equalize the differences due exchange rate differences on bonds	44 120 000.00 PLN	11 260 000.00 PLN	- PLN	44 120 000.00 PLN
7.	Due revenues from compensation of transport activity		15 269 061.98 PLN		
8.	Undue revenues from compensation - returned to Mazovia Region			2 944 278.30 PLN	- PLN
9.	Exchange rate differences	1 855 525.98 PLN	1 708 160.83 PLN	14 141.06 PLN	1 925 865.37 PLN
10.	Release of write-off that was previously not k.u.p.		457 093.87 PLN	- PLN	470 865.76 PLN
11.	EU subsidies in 2012 - to banking account	170 274 658.25 PLN	16 361 593.97 PLN	66 842 603.47 PLN	5 381 242.79 PLN
12.	Revenues received in 2012 - settled as revenue of future periods - payment for registered pledge		163 934.40 PLN	- PLN	153 223.76 PLN
<b>Total corrections of revenues for income tax purposes</b>		<b>216 745 402,83 PLN</b>	<b>52 580 974.01 PLN</b>	<b>70 304 672.84 PLN</b>	<b>53 195 150.21 PLN</b>

## 8. Additional information and explanations to the Consolidated account of Cash Flows.

As of 31 Dec 2012 the Capital Group achieves positive cash flows from operating activity and from business activity and negative from investment activity.

**8.1.** The amount of **77 909 083.68 PLN** resulting from cash flows due to operating activity consists of **net profit of 7 343 446.10 PLN** corrected for the below items:

- amortization **54 889 940.75 PLN,**
- profit on exchange rate differences amounting to **-8 283 534.53 PLN,**
- interest on credit, loans, bonds and financial leasing **29 277 827.09 PLN,**
- increase of reserves **9540 137.65 PLN,**
- increase of inventory **- 1 591 148.62 PLN,**
- decrease of receivables **14 182 479.10 PLN,**
- decrease in commitments (after exclusion of commitments due credit and leases, financial leasing, reverse factoring and investment commitments without the deductible calculated goods and services tax) **-16 287 953.53 PLN,**
- decrease of prepayments and accruals (after exclusion of prepayments and accruals related to obtained EU financing) **-2 011 970.35 PLN,**
- other corrections influencing 2011 (Social Insurance Institution Contributions from reserve for holiday leaves, actuary valuation of employee benefits from Company Social Benefits Fund and ticket price reduction, valuation of commitments due leasing, establishment of assets due deferred income tax) **-9 150 139.98 PLN.**

**8.1.1.** increase of reserves **9 540 137.65 PLN,**

in relation to 2011 is related mostly to establishment of reserve for non0realised holiday leaves and jubilee awards.

**8.1.2.** Balance decrease of commitments of **-16 287 953.53 PLN**

related to current and investment activity was corrected for the following items:

- decrease of commitments due investment activities without VAT in amount of **65 487 043.82 PLN,**
- decrease of investment commitments regulated by factoring in amount of **59 835 632.94 PLN,**
- decrease of commitments due issue of bonds in an amount of **32 979 299.03 PLN,**

➤	commitments due credit and loans in an amount of	<b>11 397 643.08 PLN,</b>
➤	commitments due to financial leasing in an amount of	<b>2 984 422.35 PLN.</b>
<b>8.1.3.</b>	<b>Balance decrease of accruals and prepayments in an amount of</b>	<b>-2 011 970.35 PLN</b>
	is due to:	
➤	decrease of prepayments in an amount of	<b>-15 538 665.44 PLN,</b>
➤	increase of revenues of future periods in an amount of	<b>152 724 022.46 PLN,</b>
	was corrected for the following items:	
➤	obtained EU subsidies included in Revenues of Future Periods) calculated into revenues proportionally to the amortization of fixed assets financed by these subsidies of	<b>-170 274 658.25 PLN.</b>

**8.2.** The negative amount of **74 837 942.47 PLN** due to cash flows from investment activity are mostly expenses for purchases of machines and devices, general repairs and modernisation of the rolling stock and track modernisation.

**8.2.1.** The balance increase of intangible and legal property and tangible assets of **74 837 742.47 PLN** was corrected by:

➤	value concerning fixed assets utilized on basis of financial leasing (balance) in amount of	<b>-751 222.37 PLN,</b>
➤	the value of investment commitments without the VAT tax to be deducted in an amount	<b>65 487 043.82 PLN.</b>

**8.3.** The amount of **68 789 414.74 PLN** resulting from cash flows due to operating activity consists of:

**8.3.1.** Inflows due to:

➤	EU subsidies in an amount of	<b>170 274 658.25 PLN,</b>
➤	reverse factoring in an amount of	<b>79 630 017.51 PLN.</b>

**8.3.2** The amount of expenses consists of:

➤	repayment of credit in current account and loans from the Regional Fund for Environmental Protection and Water Management in an amount of	<b>11 397 643.08 PLN,</b>
➤	payments due financial leasing (balance) in an amount of	<b>4 139 588.40 PLN,</b>
➤	payments due reverse factoring in an amount of	<b>132 044 388.08 PLN,</b>
➤	payments due interest in an amount of	<b>28 993 112.44 PLN,</b>
➤	payment of dividend to the owner of the Company in an amount of	<b>4 540 529.02 PLN.</b>

## 9. Data on transactions with affiliated entities.

The Dominant Entity: "Koleje Mazowieckie - KM" sp. z o.o. prepares for 2012 a Consolidated Financial Statement with its Subsidiary "Koleje Mazowieckie Finance AB" (publ) with its headquarters in the territory of the Kingdom of Sweden.

Furthermore to the affiliated entities needed for Individual Financial Statement the Dominant Entity includes: Local Authority of Mazovia Region - its 100% shareholder and its affiliated entities (capital).

**Table 39**

**Receivables and commitments as of 31 Dec 2012 in relation to affiliated entities.**

No.	Name of entity	Balance as of 31 Dec 2012	
		Receivables	Commitments
1.	<b>Local Authority of Mazovia Region</b>	<b>26 528 743.99</b>	<b>66 764.30</b>
2.	Przewozy Regionalne Sp. z o.o.	172 887.16	358 085.81
3.	Warszawska Kolej Dojazdowa sp. z o.o.	0.00	0.02
4.	Regional Fund for Environmental Protection and Water Management in Warsaw	0.00	807 474.00
5.	Mazowiecki Zarząd Nieruchomości	0.00	6 658.83
6.	Mazowiecka Spółka Taborowa sp. z o.o.	0.00	0.00
7.	Mazowiecki Teatr Muzyczny im. Jana Kiepury	3 075.00	0.00
8.	Mazowieckie Centrum Leczenia Chorób Płuc i Gruzlicy w Otwocku	0.00	0.00
9.	Biblioteka Publiczna M.St. -Biblioteka Główna woj. mazowieckiego	0.00	0.00
10.	Międzyleski Szpital Specjalistyczny w Warszawie	0.00	0.00
	<b>Total</b>	<b>26 704 706.15</b>	<b>1 238 982.96</b>

**Table 40**

**Revenues for 2012 from affiliated entities**

No.	Name of entity	Revenues in 2012
1.	<b>Local Authority of Mazovia Region</b>	<b>220 380 607.26</b>
2.	Przewozy Regionalne Sp. z o.o.	7 768 034.10
3.	Warszawska Kolej Dojazdowa sp. z o.o.	75.06
4.	Regional Fund for Environmental Protection and Water Management in Warsaw	0.00

No.	Name of entity	Revenues in 2012
5.	Mazowiecki Zarząd Nieruchomości	130 828.32
6.	Mazowiecka Spółka Taborowa sp. z o.o.	0.00
7.	Mazowiecki Teatr Muzyczny im. Jana Kiepury	2 500.00
8.	Mazowieckie Centrum Leczenia Chorób Płuc i Gruzlicy w Otwocku	0.00
9.	Biblioteka Publiczna M.St. -Biblioteka Główna woj. mazowieckiego	0.00
10.	Międzyleski Szpital Specjalistyczny w Warszawie	0.00
	<b>TOTAL</b>	<b>228 282 044.74</b>

**Table 41**
**Purchases and sales between affiliated entities**

No.	Name of entity	Turnover in 2012	
		Sales	Purchases
1.	<b>Local Authority of Mazovia Region</b>	<b>187 681 063.04</b>	<b>5 639 543.49</b>
2.	Przewozy Regionalne Sp. z o.o.	2 931 713.20	5 751 965.11
3.	Warszawska Kolej Dojazdowa sp. z o.o.	0.00	80.98
4.	Regional Fund for Environmental Protection and Water Management in Warsaw	0.00	0.00
5.	Mazowiecki Zarząd Nieruchomości	160 918.84	811 015.89
6.	Mazowiecka Spółka Taborowa sp. z o.o.	0.00	552 218.39
7.	Mazowiecki Teatr Muzyczny im. Jana Kiepury	3 075.00	4 920.00
8.	Mazowieckie Centrum Leczenia Chorób Płuc i Gruzlicy w Otwocku	10 079.90	0.00
9.	Biblioteka Publiczna M.St. -Biblioteka Główna woj. mazowieckiego	5 759.94	0.00
10.	Międzyleski Szpital Specjalistyczny w Warszawie	20 880.00	0.00
	<b>Total</b>	<b>190 813 489.92</b>	<b>12 759 743.86</b>

**10. Information on significant events that occurred after the balance sheet day that influence the situation of the Capital Group.**

The significant events that occurred after the balance sheet day and related to 2012 have been included in the accounting books for 2012.

The agreements of commercial nature and goal entered into by the Company has been included in the balance to such an extent as necessary to assess their impact on situation of the Company in relation to its assets and finances as well as its financial result.