

MÁV-START Zrt.

Annual Financial Statements

31 December 2019

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This is a translation of the Hungarian Report

Independent Auditor's Report

To the Shareholder of MÁV-START Zrt.

Opinion

We have audited the accompanying 2019 annual financial statements of MÁV-START Zrt. ("the Company"), which comprise the balance sheet as at 31 December 2019 - showing a balance sheet total of HUF 374,047 million and a profit after tax for the year of HUF 2,152 million - , the related profit and loss account for the financial year then ended and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements give a true and fair view of the equity and financial position of the Company as at 31 December 2019 and of the results of its operations for the financial year then ended in accordance with the Act C of 2000 on Accounting ("Hungarian Accounting Law").

Basis for opinion

We conducted our audit in accordance with Hungarian National Auditing Standards and with applicable laws and regulations in Hungary. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the annual financial statements" section of our report.

We are independent of the Company in accordance with the applicable ethical requirements according to relevant laws in effect in Hungary and the policy of the Chamber of Hungarian Auditors on the ethical rules and disciplinary proceedings and, concerning matters not regulated by any of these, with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matters

We draw the attention to Note V to the financial statements, which refers to the Company's eligibility for the reimbursement of justified expenses not offset with revenues incurred in relation to public services. The Company reported reimbursement of operating expenses received for 2019 in an amount of HUF 173,641 million plus HUF 894 million received for previous years, totalling HUF 174,535 million, and outstanding receivable reimbursement of HUF 37,615 million. The settlement process is still outstanding with the competent ministry at the date of this report. As the reimbursement for 2019 will be approved as part of the settlement process for 2019, these amounts may be subject to change. We do not modify our opinion in this respect.

Other information

Other information consists of the 2019 business report of the Company. Management is responsible for the preparation of the business report in accordance with the Hungarian Accounting Law and other relevant legal requirements, if any. Our opinion on the annual financial statements does not cover the business report.

In connection with our audit of the annual financial statements, our responsibility is to read the business report and, in doing so, consider whether the business report is materially inconsistent with the annual financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Concerning the business report it is our responsibility also, in accordance with the Hungarian Accounting Law, to consider whether the business report has been prepared in accordance with the Hungarian Accounting Law and other relevant legal requirements, if any.

In our opinion, the business report of the Company for 2019 is consistent, in all material respects, with the 2019 annual financial statements of the Company and the relevant requirements of the Hungarian Accounting Law.

Since no other legal regulations prescribe for the Company further requirements with regard to its business report, we do not express opinion in this regard.

Further to the above, based on the knowledge we have obtained about the Company and its environment in the course of the audit we are required to report whether we have identified any material misstatement in the business report, and if so, the nature of the misstatement in question. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the annual financial statements

Management is responsible for the preparation and fair presentation of the annual financial statements in accordance with the Hungarian Accounting Law, and for such internal control as management determines is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting. Management is required to apply going concern principle unless the applicability of that principle is precluded by other provisions or there are facts and circumstances that contradict with the continuance of the Company's business activity.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the annual financial statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Hungarian National Auditing Standards and with applicable laws and regulations in Hungary will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

As part of an audit in accordance with Hungarian National Auditing Standards and with applicable laws and regulations in Hungary, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls of the Company that we identify during our audit.

Budapest, 29 April 2020

(The original Hungarian version has been signed.)

Kujbus Attila
Ernst & Young Kft.
1132 Budapest, Váci út 20.
Registration No. 001165

Lelkes Tamás
Registered auditor
Chamber membership No.: 007349

13834492-4910-114-01

Statistical code

01-10-045551

Company registration number

MÁV-START Railway Passenger Transport Company

1087 Budapest, Könyves Kálmán körút 54-60.

Balance sheet and profit & loss account

31 December 2019

Date: Budapest, 29 April 2020

Director (representative) of the Company

L.S.

13834492-4910-114-01
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01-10-045551
Registration number

BALANCE SHEET - Assets

31 December 2019

Figures in million HUF

No.	Description	Previous year 31 December	Current year
a	b	c	e
A.	Non-current assets	262 386	288 713
I	INTANGIBLE ASSETS	6 153	7 678
1	Capitalised cost of foundation/restructuring	0	0
2	Capitalised cost of development	66	0
3	Concessions, licenses and similar rights	729	1 111
4	Intellectual property	5 358	6 124
5	Goodwill	0	0
6	Advance payments for intangible assets	0	443
7	Revaluation of intangible assets	0	0
II	TANGIBLE ASSETS	255 980	280 782
1	Land and buildings and related property rights	3 030	4 288
2	Plant, machinery, equipment and vehicles	200 146	208 738
3	Other equipment, fixtures and fittings, vehicles	2	5
4	Breeding stock	0	0
5	Tangible assets under construction	10 021	17 798
6	Advance payments for assets under construction	42 781	49 953
7	Revaluation of tangible assets	0	0
III	LONG-TERM FINANCIAL ASSETS	253	253
1	Long-term investments in related parties	252	252
2	Long-term loans granted to related parties	0	0
3	Long-term investments in undertakings with which the undertaking is linked by virtue of participating interest	0	0
4	Long-term loans granted to undertakings with which the undertaking is linked by virtue of participating interest	0	0
5	Other long-term investments	1	1
6	Long-term loans granted to other investments	0	0
7	Other long-term loans granted	0	0
8	Long-term debt securities	0	0
9	Revaluation of financial investments	0	0
10	Fair value adjustment of financial investments	0	0

Date: Budapest, 29 April 2020

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Registration number

BALANCE SHEET - Assets

31 December 2019

Figures in million HUF

No.	Description	Previous year 31 December	Current year
a	b	c	e
B.	Current assets	77 597	81 789
1.	INVENTORIES	23 916	28 483
1.	Raw materials and consumables	18 018	21 365
2.	Work in progress and semi-finished products	2 124	3 620
3.	Animals for breeding, fattening and other livestock	0	0
4.	Finished products	1 327	1 866
5.	Goods	12	14
6.	Advance payments for inventories	2 435	1 618
II.	RECEIVABLES	51 844	49 883
1.	Accounts receivable	4 875	4 671
2.	Receivables from related parties	796	1 241
3.	Receivables from undertakings with which the undertaking is linked by virtue of participating interest	185	189
4.	Receivables from other investments	18	20
5.	Notes receivable	0	0
6.	Other receivables	45 970	43 762
7.	Fair value adjustment of receivables	0	0
8.	Positive fair value adjustment of derivatives	0	0
III.	SECURITIES	0	0
1.	Investments in related parties	0	0
2.	Investments in undertakings with which the undertaking is linked by virtue of participating interest	0	0
3.	Other investments	0	0
4.	Treasury shares and interests repurchased	0	0
5.	Marketable debt securities	0	0
6.	Fair value adjustment of securities	0	0
IV.	CASH AND BANK	1 837	3 423
1.	Cash, cheques	155	156
2.	Bank deposits	1 682	3 267
C.	Prepaid expenses & accrued income	4 358	3 545
1.	Accrued income	2 034	1 285
2.	Prepaid expenses	1 285	1 192
3.	Deferred expenses	1 039	1 068
Total assets		344 341	374 047

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BALANCE SHEET - Equity and liabilities

31 December 2019

Figures in million HUF

No.	Description	Previous year 31 December	Current year
a	b	c	e
D. Equity		126 771	132 849
I	REGISTERED CAPITAL	43 742	45 000
	of which treasury shares redeemed at face value	0	0
II	REGISTERED CAPITAL NOT PAID (-)	0	0
III	CAPITAL RESERVE	67 633	71 301
IV	RETAINED EARNINGS	8 033	13 938
V	NON-DISTRIBUTABLE RESERVE	584	458
VI	REVALUATION RESERVE	0	0
1	Valuation reserve of revaluation	0	0
2	Valuation reserve for mark to fair value	0	0
VII	PROFIT / LOSS FOR THE YEAR	6 779	2 152
E. Provisions		6 299	6 778
1	Provisions for expected liabilities	2 147	1 618
2	Provisions for future costs	3 632	4 550
3	Other provisions	520	610
F. Liabilities		106 224	126 641
I	SUBORDINATED DEBT	0	0
1	Subordinated debts to related parties	0	0
2	Subordinated debts to undertakings with which the undertaking is linked by virtue of participating interest	0	0
3	Subordinated debts to other investments	0	0
4	Subordinated debts to third parties	0	0
II	LONG-TERM LIABILITIES	16 988	14 062
1	Long-term borrowings	0	0
2	Convertible bonds	0	0
3	Bonds payable	0	0
4	Loans received for investment and development	10 785	8 584
5	Other long-term loans	6 163	5 478
6	Long-term debts to related parties	0	0
7	Long-term debts to undertakings with which the undertaking is linked by virtue of participating interest	0	0
8	Long-term debts to other investments	0	0
9	Other long-term liabilities	40	0

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BALANCE SHEET - Equity and liabilities

31 December 2019

Figures in million HUF

No.	Description	Previous year 31 December	Current year
a	b	c	e
III	CURRENT LIABILITIES	89 236	112 579
1	Short-term borrowings	0	0
	of which convertible and mandatory convertible bonds	0	0
2	Other short-term loans	11 639	19 737
3	Advances received from trade debtors	5	4
4	Accounts payable	10 117	10 103
5	Notes payable	0	0
6	Short-term debts to related parties	18 813	26 633
7	Short-term debts to undertakings with which the undertaking is linked by virtue of participating interest	2 040	1 501
8	Short-term debts to other investments	9	27
9	Other current liabilities	46 613	54 574
10	Fair value adjustment of liabilities	0	0
11	Negative fair value adjustment of derivatives	0	0
G.	Accrued expenses and deferred income	105 047	107 779
1	Prepaid income	311	256
2	Accrued expenses	4 327	4 564
3	Deferred income	100 409	102 959
Total equity & liabilities		344 341	374 047

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PROFIT AND LOSS ACCOUNT (total-cost method)

31 December 2019

Figures in million HUF

No.	Description	Previous year 31 December	Current year
a	b	c	e
01.	Domestic sales revenue, net	85 916	83 453
02.	Export sales revenue, net	14 352	16 404
I.	Net sales (01+02)	100 268	99 857
03.	Changes in self produced inventories	226	2 035
04.	Capitalised value of self produced assets	15 096	21 002
II.	Capitalised own performance (±03+04)	15 322	23 037
III.	Other gains	174 644	180 785
	of which: impairment reversed	108	31
05.	Raw materials and consumables used	42 768	50 496
06.	Services purchased	121 017	127 819
07.	Other services	2 061	2 182
08.	Cost of goods sold	233	269
09.	Cost of sold (intermediated) services	2 809	2 828
IV.	Material-type expenses (05+06+07+08+09)	168 888	183 594
10.	Payroll cost	64 721	68 856
11.	Other employee benefits	8 872	8 811
12.	Social security and other contributions	15 330	15 889
V.	Personnel related expenses (10+11+12)	88 923	93 556
VI.	Depreciation expense	19 989	20 750
VII.	Other expenses	3 237	3 214
	of which: impairment loss	233	343
A.	OPERATING PROFIT/LOSS (I±II±III-IV-V-VI-VII)	9 197	2 565

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PROFIT AND LOSS ACCOUNT (total-cost method)

31 December 2019

Figures in million HUF

No.	Description	Previous year 31 December	Current year
a	b	c	e
13.	Dividends (due) received	1	200
	of which: from related parties	1	200
14.	Disposal and other gains of equity investments	0	0
	of which: from related parties	0	0
15.	Disposal and other gains of long-term financial investments (securities, loans)	0	0
	of which: from related parties	0	0
16.	Other interest received (due) and similar income	23	2
	of which: from related parties	0	0
17.	Other financial gains	464	502
	of which: fair value adjustment	0	0
VIII.	Financial gains (13+14+15+16+17)	488	704
18.	Disposal and other losses of equity investments	0	0
	of which: to related parties	0	0
19.	Disposal and other losses of long-term financial investments (securities, loans)	0	0
	of which: to related parties	0	0
20.	Interest payable (paid) and similar charges	404	411
	of which: to related parties	0	0
21.	Impairment loss of shares, securities, long-term loans granted, bank deposits	0	0
22.	Other financial losses	2 502	706
	of which: fair value adjustment	0	0
IX.	Financial losses (18+19+20+21)	2 906	1 117
B.	FINANCIAL PROFIT/LOSS (VIII-IX)	-2 418	-413
C.	PROFIT/LOSS FROM ORDINARY ACTIVITIES (±A±B)	6 779	2 152
X.	Tax expense	0	0
D.	PROFIT/LOSS FOR THE YEAR (±C-X)	6 779	2 152

Date: Budapest, 29 April 2020

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MÁV-START RAILWAY PASSENGER TRANSPORT COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR 2019

Date: Budapest, 29 April 2020

.....
head of company (representative)

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I General Disclosures

I.1 The Company

Incorporation and business operations

MÁV-START Vasúti Személyszállító Zártkörűen Működő Részvénytársaság (MÁV-START Railway Passenger Transport Company, hereafter "MÁV-START Zrt." or the Company) was founded by MÁV Magyar Államvasutak Zártkörűen Működő Részvénytársaság (MÁV Hungarian State Railways Private Company Limited by Shares) as a single-shareholder company on 15 October 2006. By establishing MÁV-START Zrt., MÁV Zrt's aim was to transfer its rail passenger transport business on its standard-gauge rail network to the newly set-up Company as of 1 July 2007.

In early 2014, MÁV-TRAKCIÓ Zrt., a company that carried out rail traction operations, and MÁV-GÉPÉSZET Zrt., a company that performed the repair and maintenance of rolling stock, merged into the Company. Thus, since January 2014, MÁV-START Zrt. has encompassed rail activities that are essential to rail passenger transport, such as the operations conducted by cashiers, conductors, carriage and wagon inspectors and train drivers as well as rolling stock repair and maintenance personnel. An integrated MÁV-START Zrt. is thus capable of performing all the activities essential and directly related to serving the travelling public and to delivering high quality passenger services.

The Articles of Association contain the key provisions for MÁV-START Zrt's operations, organisation and governance system.

The Company does not elect a Board of Directors; the powers of the Board of Directors are exercised by the Chief Executive Officer who is considered a senior officer. The Company's working organisation is managed by the Chief Executive Officer.

Key corporate details of the Company

- **Name of the Company in Hungarian**

MÁV-START Vasúti Személyszállító Zártkörűen Működő Részvénytársaság

- **Name in of the Company in foreign languages**

In English: MÁV-START Railway Passenger Transport Company

In French: MÁV-START Transport des Voyageurs Ferroviaires S.A.

In German: MÁV-START Bahnpersonenverkehrs AG

- **Short name of the Company**

MÁV-START Zrt.

- **Short name of the Company in foreign languages**

In English: MÁV-START Co

In French: MÁV-START S.A.

In German: MÁV-START AG

- **Registered office of the Company**

H-1087 Budapest, Könyves Kálmán körút 54-60., Hungary, phone: +36 (1) 511 3160

- **Website of the Company**

www.mavcsoport.hu

- **Founder of the Company**

MÁV Magyar Államvasutak Zártkörűen Működő Részvénytársaság

- **The Company's**

Registration number: **Cg. 01-10-045551**

Tax number: **13834492-2-44**

Statistical code: **13834492-4910-114-01**

- **The Company's principal activity**

49.10'08 Interurban railway transport

- **Authorised representative**

The name and domicile of Company's authorised representative who is authorised to sign the annual financial statements: József Kerékgyártó, Chief Executive Officer (2000 Szentendre, Erdész köz 12.)

- **Personal details of the person responsible for bookkeeping and reporting**

Public particulars of the person responsible for the management of accounting tasks: Zsolt Karsai (H-2213 Monorierdő, Gyöngyvirág u. 13., Hungary), MÁV-START reporting manager, MÁV Szolgáltató Központ Zrt., registration number: MK181680.

- **Auditors**

Auditors: Ernst & Young Könyvvizsgáló Kft.

Statutory auditor: Tamás Lelkes, registered auditor (MKVK 007349)

An audit of the annual financial statements is mandatory.

Contractual audit fee: HUF 17.25 million

- **Share capital and shareholder**

As at 31 December 2019, the share capital of MÁV-START Zrt. totalled HUF 45,000,000,000, all held by the founder, MÁV Zrt. (H-1087 Budapest, Könyves Kálmán krt. 54-60., Hungary).

In decision No. 32/280/2018 dated 12 December 2018, the Founder decided a share premium based capital increase of HUF 1,865,000,000 and the Company's share capital was increased by a cash contribution of HUF 58,486,000 to HUF 43,800,000,000. The capital increase was registered by the Companies Court on 10 January 2019.

In decision No. 25/280/2019 dated 7 August 2019, the Founder decided a share premium based capital increase of HUF 3,060,670,000 and the Company's share capital was increased by a non-cash contribution of HUF 1,200,000,000 to HUF 45,000,000,000. The capital increase was registered by the Companies Court on 5 September 2019.

I.2 Significant accounting policies

Key accounting policies used for the preparation of the financial statements

In addition to meeting the requirements set out in the accounting act, the Company's accounting policies also complies with the provisions of Act CLXXXIII of 2005 on Railway Transport (hereinafter referred to as the Railway Transport Act) and Joint Decree 50/2007. (IV.26.) of the Transport Ministry and the Ministry of Finance on the unbundling of accounts for various railway activities within railway companies (hereinafter referred to as: the Decree). Accordingly, an annual supervisory report on the Company's separable activities must be disclosed in the notes to the financial statements (see Section IV).

The Company's financial year corresponds to the calendar year, i.e. the reporting date is 31 December.

The balance sheet, profit and loss account and notes to the annual report contains figures for monetary values in HUF millions (HUF M) in compliance with the accounting act, except for the statement on passenger transport activities, for which figures are provided in HUF thousands (HUF K) as per the Decree, and the tables presenting the Company's investments, for which monetary values are provided in HUF.

The balance sheet preparation date is 21 February of the year following the reporting year.

The Company keeps records of incurred expenses broken down by expense type in account class 5 and it does not perform any secondary cost-centre/cost-unit accounting in account classes 6 and 7.

The Company always capitalises the costs of establishment/restructuring and research & development, provided that the applicable legal conditions are met.

The Company keeps permanent records of the quantity and value of its inventories, with the exception of ticket inventories, coupons and gift vouchers.

The Company defines an error of substantial amount in accordance with Section 3(3)3. of the accounting act as follows:

An error is material if, in the year when the error is identified, the aggregate of the absolute value of errors and/or their impact increasing/decreasing the profit or loss and/or equity identified during various audits of the same year exceeds either 2% of the balance sheet total for the audited business year or HUF 1 million where 2% of the balance sheet total is less than HUF 1 million.

Under continuous bookkeeping, items for previous years are recognised in the same way as items from the reporting year, but are kept separate in terms of the period to which they apply. When an audit or self-audit reveals error(s) of a significant amount in the annual financial statements of previous years, adjustments of previous year(s) resulting from final findings that became known and were not challenged or appealed against until the balance sheet date are presented in the notes to the financial statements for each item on the balance sheet and the profit and loss account next to the previous year's figures for the 5 years preceding the reporting year, broken down by year. Adjustments for a period more than 5 years prior are presented in the notes in the aggregate with the figures for the 5th year. Items for previous years considered significant are recognised in retained earnings in the monthly accounts.

Transactions of an exceptional amount and occurrence

Income and expense items recognised in any line over HUF 10 million are classified as exceptional and presented item by item in the notes if arose from any of the following events:

- contribution in kind (capital contribution),
- assets transferred/received free of charge
- gifts, estate,
- discontinued operations without legal succession,
- discontinued operations with legal succession (transformation, merger, demerger),
- reducing share capital through disinvestment,
- cancelled debt,

- assigned liabilities,
- assumed debt,
- forgiven liabilities,
- cash received free of charge
- cash transferred free of charge
- services supplied free of charge,
- services used free of charge,
- operational subsidy received,
- development subsidy received,
- grants any legal grounds
- other items accounted for as other income and other expenses not listed above, presented in note II.2.3

Definition of significant value with regard to certain accounts and assets

- With regard to the extraordinary depreciation of tangible assets and amortisation of intangible assets, the difference between the book value and the market value is considered significant if it exceeds 5% of the asset's book value prior to the recognition/reversal of extraordinary depreciation or amortisation or HUF 1 million as a minimum.
- With regard to the recognition and reversal of impairment loss on equity investments and debt instruments, the difference between the book value and the fair value is significant if it exceeds 5% of the asset's book value prior to the recognition/reversal of impairment or HUF 1 million as a minimum, irrespective of whether they are held in non-current financial assets or current assets. In any case, the difference is considered significant if it exceeds HUF 500 million.
- With regard to the recognition and reversal of impairment loss on receivables (including trade and other receivables), the difference between the book value and the fair value will always be considered significant.
- With regard to the recognition and reversal of impairment loss on purchased supplies (materials, goods), the difference between the book value and the fair value is significant if it exceeds 20% of the asset's book value prior to the recognition/reversal of impairment. With regard to the recognition and reversal of impairment loss on produced inventories (work in progress, semi-finished and finished products), the difference between the fair value and the expected sales price, reduced by expected costs and increased by the expected support, is significant if it exceeds 20% of the asset's book value prior to the recognition/reversal of impairment.
- With a view to Section 16(5) of the accounting act (the principle of cost/benefit comparison), for economic transactions outside the corporate group influencing earnings, net items exceeding HUF 2 million are recognised as accruals or deferrals on the reporting date. An exception is made for network access charges, which are always recognised. For transactions related to invoices, an item represents the net total of the invoice, while for items not related to invoices, an item represents the amount indicated in the document (e.g. contract, decision, calculation, etc.) that serves as the basis for the recognition of the economic transaction in the accounting system. Intra-group transactions affecting the profit or loss, all accruals and deferrals are recognised at the reporting date, irrespective of their value.
- Provisioning principles are included in Note II.1.5.
- With regard to the recognition of deferred income, all items are considered significant and will be recognised against other gains and income from financial transactions with respect to the offset costs/expenses.

I.3 Changes in the accounting policies in 2019

In 2019, the Company adopted a new set of accounting policies, including a new valuation policy in the form of EVIG Order 20/2019 (MÁV Notice No. 7 of 3 May) and EVIG Order 17/2019 (MÁV Notice No. 6 of 12 April) and were first applied for the financial year started 1 January 2019. However, as there was no significant change in the applied measurement procedures, the new policies have no material impact on the Company's equity and financial position and the results of its operations.

I.4 Unbundling of the accounts for the Company's railway activities

In compliance with Section 7 of the Decree 50/2007. (IV.26.) of the Transport Ministry and the Ministry of Finance on the unbundling of accounts for various railway activities within railway companies, the Company has **accounting unbundling rules** as part of its Accounting Policy.

Pursuant to the account unbundling rules, **the principles for unbundling the accounts** for railway activities are as follows:

1. Separate accounts are kept for:
 - a) passenger transportation performed as a public rail service,
 - b) passenger transportation not performed as a public service, and
 - c) other activities,while having central management (company overhead expenses) shared among public passenger transportation, non-public passenger transportation and other activities.
2. The Company recognises its activities as assigned to business lines and accounts for them in separate businesses:
 - a) **Public service passenger transport:** passenger transport service provided on the basis of a public service contract and ancillary services
Public service passenger transport division (SK),
 - *Public service passenger transport – suburban segment (SKE),*
 - *Public service passenger transport – regional segment (SKR),*
 - *Public service passenger transport – interurban segment (SKT);*
 - b) **Non-public passenger transport:** passenger transport services other than those provided on the basis of a public service contract and ancillary services, including
Non-public service passenger transport division (SN);
 - c) **Other activities:** services other than those related to passenger transport (e.g. traction, maintenance and cars testing for third parties). *Other activities division (E).*
3. The various divisions and their unbundable activities are as follows:
 - a) **Public service passenger transport division:** this division includes the trains used for scheduled, ordered public service passenger transport (including scheduled, ordered public service passenger trains departing from or arriving at a foreign destination and railcars operated in public service passenger train vehicles (other than own buffet cars and sleepers) leased to or from partner railways;
 - b) **Non-public passenger transport division:** this division includes various activities that are related to passenger transport but are not attributable to public service:
 - the inland section of passenger train services operated on an arm's length basis (with a departure point or destination inland or abroad) and contractual passenger train services both inland and abroad (in the case of contracted services, the train operator company keeps the fare revenues in return for the contractor fee paid);
 - non-public service passenger train vehicles (other than own buffet cars and sleepers) leased to or from partner railway companies;

- renting passenger trains (both public and non-public) with own sleepers and buffet cars to partner railways, domestic operations of these trains, and provision of on-board services;
- c) **Other activities division:** according to a general system concept, this division includes all profitable activities that are not attributable to passenger transport:
 - contractual traction services;
 - contractual shunting services;
 - renting out non passenger railcars to partner railways, private railways and other customers;
 - contractual freight railcar maintenance;
 - contractual train surveys and testing;
 - contractual on-call and other accident prevention services;
 - repairs, manufacturing and renovation of other rail vehicles and parts production on order.
- 4. All assets and liabilities related to the activities are separated on the basis of the use of the resource (asset, headcount) for the activity, and are accounted for in the applicable business. For underlying transactions (contracting, resolution, decision, etc.), classification is based on the activity typical for the originating organisation. Otherwise, when the transaction relates to a future business event (e.g. provisioning), it must be assigned to the activity that is expected to be concerned by the business event.
- 5. The revenues from and expenses on the activities are presented broken down by unbendable activity detailed in section 3 above. The Company's common operating expenses, other than central management cost, are allocated among public passenger transportation, non-public passenger transportation and other activities on the basis of typical passenger transport performance (e.g. seat-km) and other indicators (e.g. the mileage of rolling stock). The revenues and expenses related to trains are allocated based on the joint application of the following two methods:
 - a) allocation of trains to unbendable activities based on train categories;
 - b) allocation of the relevant economic activities carried out on board of the trains to directly unbendable activities – irrespective of which unbendable activity the train itself is allocated to (e.g. operating own sleepers cars or buffet cars = SN).
- 6. Company overhead expenses are shared among public passenger transportation, non-public passenger transportation and other activities (recognised payroll costs) proportionately, using projection bases.
- 7. Headcount for the activity is determined on the basis of the organisation assignment of public passenger transportation, non-public passenger transportation and other activities.

The Company prepares an **annual supervisory report** as part of the notes to the financial statements. The annual supervisory report includes the following statements and explanatory narrative assessments compiled about the activities to be separated: balance sheet, profit and loss account, cash-flow statement, statement on activities with narrative assessment, average statistical headcount of employees employed in the reporting year, subsidies by title, gains from related companies and expenses incurred in relation to them by related company.

There were no amendments in accounting unbundling in the reporting year.

I.5 Measurement methods applied by the Company

I.5.1 Standard measurement policies

Assets and liabilities denominated in foreign currency are initially recognised by the Company as converted to HUF based on the official foreign exchange rates published by Hungarian Central Bank.

For financial instruments, the Company does not apply the fair value method provided for in Section 59/A-F of the accounting act.

I.5.2 Measurement of non-current assets

The ordinary depreciation of tangible assets and amortisation of intangible assets is charged monthly on a straight line basis over the expected useful life of the asset per calendar day.

For the ordinary depreciation of „TRAXX locomotives”, all post-commissioning loan interest is also taken into consideration along with the expected foreign exchange losses on foreign exchange loans. When there is a material change in the expenses pre-calculated during the annual depreciation planning process, the annual amount is re-calculated. A change is considered material if its impact on the reporting year's depreciation equals or exceeds 1% of the cost of an asset.

In accordance with the Company's Accounting Policy, residual value is considered significant if it is expected to exceed 10% of the asset's original cost or HUF 1 million as a minimum. Residual value is significant in any case where its expected amount exceeds HUF 20 million.

The cost of Concessions, licences and similar rights intellectual property, and tangible assets with an individual purchase/production value under HUF 100,000 is accounted for in full as amortisation/depreciation when put to use.

When purchasing intangible or tangible assets, if the invoice or appropriate receipt is not received until commissioning, the difference between the cost determined from the available documents and the actual value determined from the final receipts will be considered significant and thus necessitates the correction of the preliminary cost if it exceeds 2% of the preliminary cost. There is a significant difference in any case where it exceeds HUF 20 million.

With regard to the impairment of investments representing participating interests and debt instruments and the reversal of such impairment loss, the difference between the book value and the market value is significant if it exceeds 5% of the asset's book value prior to the recognition/reversal of impairment loss or HUF 1 million as a minimum, irrespective of whether they are held in non-current financial assets or current assets. In any case, the difference is considered significant if it exceeds HUF 500 million.

The Company does not exercise the market value option under Section 57(3) of the accounting act and does not recognise any adjustment.

I.5.3 Measurement of current assets

The cost of self-produced inventories is accounted for as the prime cost that has a demonstrably close link to production and can be recognised for the product and/or asset on the basis of the relevant indicators. Stock inventories and any changes to them are recognised at their weighted average prices (clearing prices). The average price is calculated as the weighted average price for the opening reconciled inventory of any purchases made of the item in the relevant month.

With regard to rolling stock maintenance and repair needs, for inventories available at corporate level, the consumption of which is uncertain (slow-moving inventories), impairment is determined on the basis of consumption data for the previous 5 years, taking the expected turnover time into account, as one of the following percentages:

Expected turnover time	Rate of impairment
Within 1 year	0%
Within 5 years	50%
Over 5 years	80%

The Company does not recognise impairment loss on reasonably non-moving inventories (emergency stocks, first packed materials, strategic machine parts and tools). However, 95% impairment loss is recognised on inventories explicitly deemed superfluous and recommended for scrapping at the end of the year.

The amount of impairment loss on receivables (including trade and other receivables) to be recognised and reversed is determined as follows:

- 100% impairment loss is recognised on all receivables from a debtor if the debtor is subject to winding-up, voluntary liquidation, compulsory liquidation or bankruptcy proceedings.
- 100% impairment loss is recognised on all receivables otherwise acknowledged by a debtor if legal action is brought due to non-payment.

Impairment loss is recognised on the basis of individual rating for all receivables from an inter-rail debtor. If inter-rail receivables from an inter-rail debtor have a negative balance (inter-rail liability), the necessary amount of impairment will still be determined on the basis of individual rating for trade and other receivables from that debtor.

All other debtors are rated on the basis of average ageing. For this purpose, the weighted average of the due dates of all amounts receivable from a debtor (average ageing) is determined for each debtor: the debtor's balance in each receivable category (not due, 1-30, 31-60, 61-90, 91-180, 181-365 days past due and more than 366 days past due) is multiplied by the first day for each category (zero for not-due receivables) and the result is then divided by the total amount of receivables.

Based on average ageing, one of the following impairment percentage is recognised for all receivables from a debtor:

Average ageing	Rate of impairment
1-30	0%
31-60	10%
61-90	25%
91-180	50%
181-365	75%
366+	100%

The amount of impairment loss recognised and reversed on receivables related parties is determined as follows:

100% impairment loss is recognised on all receivables from a debtor subject to involuntary liquidation, forced strike off or bankruptcy proceedings.

In any other cases, a debtor's individual rating is the basis for determining the percentage of impairment loss recognised and reversed on all our receivables from that debtor, except that no impairment loss will be recognised on receivables from other MÁV Group members.

Receivables from fare dodger reports presented among other receivables are fully impaired by MÁV START Zrt.

No impairment loss is recognised on receivables received before the balance sheet date.

When the information and documents available at the balance sheet date allow us to determine the expected recoverable amount of receivables more accurately than as described above, the amount of impairment and reversal will be established in an individual basis.

The Company accounts for the reduction of foreign exchange and currency reserves using moving average exchange rates.

I.6 Important information on and changes in the Company's operations

There was no change in 2019 which would have had a fundamental impact on the Company's operations.

I.7 Obligation to prepare consolidated financial statements

Name of the consolidating entity:

MÁV Magyar Államvasutak Zártkörűen Működő Részvénytársaság.

Registered seat of the consolidating entity:

1087 Budapest, Könyves Kálmán krt. 54-60.

Pursuant to the accounting act, MÁV-START Zrt. qualifies as a parent company. However, MÁV Zrt., the superordinate parent company, prepares and publishes consolidated financial statements and a consolidated business report which include the financial statements of MÁV-START Zrt. and its subsidiary. Accordingly, with a view to Section 116(1) of the accounting act, MÁV-START Zrt. does not prepare consolidated financial statements or a consolidated business report.

The consolidated accounts of the MÁV Group are available on the Company's website at www.mavcsopot.hu.

II Specific disclosures

II.1 Notes to the balance sheet

The Company prepares the type “A” balance sheet as provided for in Annex 1 to the accounting act.

The Company does not add lines to, omit items from, nor combine anything in the balance sheet template specified in the Act.

The valuation methods applied to the individual balance sheet items are the same as used in the previous financial year so no consequential P&L impact can be identified in the current period either.

II.1.1 Non-current assets

The annual balance of non-current assets for 2019 was HUF 288,713m, up by HUF 26,327m on the previous year (a 10.03% increase).

Owing to the nature of our operations, rolling stocks represent 72.42% of our tangible assets, amounting to HUF 108,171m at book value, which comprises railcars of HUF 108,171m, TRAXX locomotives of HUF 22,717m, traction vehicles of HUF 33,690m, passenger coaches of HUF 38,767m, cargo wagons of HUF 2m and other self-propelled rail machines of HUF 3m.

II.1.1.1 Changes in intangible assets

figures in HUF millions

ITEM	Capitalised found., restruct.	Capitalised R&D	Concessions and similar rights	Intellectual property	Goodwill	Advances for capital projects	Total
1. Cost, opening	3	516	3 123	8 423	0	0	12 064
2. Additions, improvements, advance payments	0	0	763	1 335	0	443	2 541
3. Self-produced assets	0	0	0	551	0	0	551
4. Received free of charge	0	0	0	0	0	0	0
5. Asset count surplus	0	0	0	0	0	0	0
6. Assigned free of charge	0	0	0	0	0	0	0
7. Contribution in kind	0	0	0	0	0	0	0
8. Disposal	0	0	0	0	0	0	0
9. Scrapped	0	0	-571	-12	0	0	-583
10. Missing	0	0	0	0	0	0	0
11. Destroyed	0	0	0	0	0	0	0
12. FX revaluation (advance)	0	0	0	0	0	0	0
13. Reclassified (broken down, aggregated, deducted advance payment)	0	0		2	0	0	2
14. Cost, closing	3	516	3 315	10 299	0	443	14 575
15. Amortisation, opening	3	450	2 394	3 065	0	0	5 912
16. Ordinary charge for the year	0	66	381	1 122	0	0	1 569
17. Prior year ordinary charge	0	0	0	0	0	0	0
18. Extraordinary charge for the year	0	0	0	0	0	0	0
19. Reversed extraordinary amortisation	0	0	0	0	0	0	0
20. Assets received free of charge	0	0	0	0	0	0	0
21. Asset count surplus	0	0	0	0	0	0	0
22. Assigned free of charge	0	0	0	0	0	0	0
23. Contribution in kind	0	0	0	0	0	0	0
24. Disposal	0	0	0	0	0	0	0
25. Scrapped	0	0	-571	-12	0	0	-583
26. Missing	0	0	0	0	0	0	0
27. Destroyed	0	0	0	0	0	0	0
28. Reclassified (broken down, aggregated)	0	0	0	0	0	0	0
29. Amortisation, closing	3	516	2 204	4 175	0	0	6 898
30. NBV, opening	0	66	729	5 358	0	0	6 153
31. NBV, closing	0	0	1111	6 124	0	443	7 678

Table 1: Changes in intangible assets in the reporting year

The net value of intangible assets grew by HUF 1,525m compared to the previous year as a result of assets capitalised in a total of HUF 1,468m in 2019. The most significant assets commissioned include a HUF 516m increase in the JÉ application and the launch of the TBT software in 2019 totalling HUF 189m.

For intangible assets, amortisation is charged on a straight-line basis over the useful lives of the assets.

II.1.1.2 Changes in tangible assets

figures in HUF millions

ITEM	Properties and related rights	Technical machinery, equipment	Other equipment, fittings, vehicles	Breeding stock	Capital projects, improvements	Advances for capital projects	Total
1. Cost, opening	3 710	330 873	120	0	10 029	42 781	387 513
2. Acquisition, improvement, advances p	0	0	0	0	13 456	7 172	20 628
3. Self-produced assets	0	0	0	0	20 444	0	20 444
4. Assets received free of charge	0	0	0	0	0	0	0
5. Asset count surplus	0	0	0	0	0	0	0
6. Taken into asset management	0	0	0	0	0	0	0
7. Increase due to asset settlement	0	0	0	0	0	0	0
8. Assigned free of charge	0	-25	0	0	0	0	-25
9. Contribution in kind	0	3 061	0	0	0	0	3 061
10. Disposal	0	-135	0	0	0	0	-135
11. Scrapped	0	-161	-5	0	0	0	-166
12. Missing	0	-4	0	0	0	0	-4
13. Destroyed	0	0	0	0	0	0	0
14. Commissioned	1 471	24 626	21	0	-26 116	0	2
15. Resigned asset manager right	0	0	0	0	0	0	0
16. Decrease due to asset management	0	0	0	0	0	0	0
17. FX revaluation (advance)	0	0	0	0	0	0	0
18. Reclassified (broken down, aggregated, deducted advance payment)	0	-468	0	0	-2	0	-470
19. Cost, closing	5 181	357 767	136	0	17 811	49 953	430 848
20. Depreciation, opening	680	130 727	118	0	8	0	131 533
21. Ordinary charge for the year	213	18 949	19	0	0	0	19 181
22. Prior year ordinary charge	0	0	0	0	0	0	0
23. Extraordinary charge for the year	0	8	0	0	5	0	13
24. Reversed extraordinary depreciation	0	0	0	0	0	0	0
25. Assets received free of charge	0	0	0	0	0	0	0
26. Asset count surplus	0	0	0	0	0	0	0
27. Assigned free of charge	0	-25	0	0	0	0	-25
28. Contribution in kind	0	0	0	0	0	0	0
29. Disposal	0	-116	0	0	0	0	-116
30. Scrapped	0	-161	-5	0	0	0	-166
31. Missing	0	-3	0	0	0	0	-3
32. Destroyed	0	0	0	0	0	0	0
33. Resigned asset manager right	0	0	0	0	0	0	0
34. Decrease due to asset management	0	0	0	0	0	0	0
35. Reclassified (broken down, aggregated)	0	-349	0	0	0	0	-349
36. Depreciation, closing	893	149 029	131	0	13	0	150 066
37. NBV, opening	3 030	200 146	2	0	10 021	42 781	255 980
38. NBV, closing	4 288	208 738	5	0	17 798	49 953	280 782

Table 2: Changes in tangible assets in the reporting year

The net value of tangible assets grew by HUF 24,802m compared to the previous year.

The increase in the cost of tangible assets was due mostly to 15 IC+ cars commissioned in 2019 in a total of HUF 7,173m, railcar overhaul (bogie replacements and major repairs) of HUF 5,667m, vehicles contributed by MÁV Zrt. totalling HUF 3,061m, and assets in the course of construction related to self-produced IC+ cars totalling HUF 2,822m.

The decrease was due to extraordinary depreciation of HUF 19,181m.

Depreciation is charged on tangible assets (except for TRAXX locomotives) on a straight line basis over the useful lives of the assets.

Most of the advances for capital projects relate to major subsidised vehicle acquisitions, including a HUF 1,898m advance for KISS double-decker trains.

II.1.1.3 Movements in capital projects

figures in HUF millions

Item	Capital projects in progress		
	Prior year	Rep. Year	Change
Opening	3 972	10 021	6 049
Additions (+)	9 353	13 456	4 103
Self-produced (+)	14 519	20 444	5 925
Commissioned (-)	-17 815	-26 118	-8 303
Extraordinary deprec. (-)	-8	-5	3
Extraordinary deprec. reversed(+)	0		0
Other increase (+)	0		0
Other decrease (-)	0		0
Closing	10 021	17 798	7 777

Table 3: Movements in capital projects

Capital projects totalled HUF 33,900m in 2019, of which 60,31% were self-produced assets in a total of HUF 20,444m. IC+ cars are mass produced at the Company's vehicle repairs site in Szolnok. Ten railcars for international services (HUF 4,734m) and five multi-purpose railcars (HUF 2,439m) were commissioned in 2019. As part of the overhaul of CAF carriages, 8 were completed at HUF 2,187m, bogie replacements totalled HUF 2,940m.

Of the HUF 13,456m asset acquisitions in 2019, the most significant items were the renovation of 17 DWA cars at HUF 1,722m and the renovation of 21 IC 67 cars by subcontractors totalling HUF 1,642m. As part of the EU funded high capacity multiple unit train project, the frames of 10 KISS cars totalling HUF 5,394m were delivered in 2019. The first multiple unit train was licensed for trial passenger services. The full operating licence is expected to be issued in Q3 2020. Another notable item was an automatic car wash constructed in Nagykanizsa in April 2019 for HUF 423m to provide an effective, state-of-the-art and environmentally friendly facility to wash railcars. Other tangible assets acquired totalled HUF 737m.

II.1.1.4 Impact of the recognition of depreciation in 2019

figures in HUF millions

Depreciation				
Item	Ordinary	Extraordinary	As per accounting act	As per corporate tax act
Land	-	0	0	-
Properties (less land)	213	0	213	247
Machinery, equipment	18 949	8	18 957	29 482
Other machines, equipment	19	0	19	20
Capital projects	0	5	5	0
Tangibles, total	19 181	13	19 194	29 749
Foundation, restructuring	0	0	0	0
Research and development	66	0	66	66
Concessions and similar rights	381	0	381	381
Intellectual property	1 122	0	1 122	1 089
Goodwill	0	0	0	0
Intangibles, total	1 569	0	1 569	1 536
Grand total:	20 750	13	20 763	31 285

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

The amortisation/depreciation rates for tangible/intangible assets were established on the basis of the identified useful life and are typically lower than the amortisation/depreciation rates set in corporate income tax act. For the Company's tangible assets, the straight-line write-off method is used in any case, except for TRAXX locomotives.

The amount of recognised ordinary depreciation increased by HUF 761m compared to the previous year.

II.1.1.5 Assets transferred/received free of charge

In 2019, the Company granted 1,173 mobile phones to its employees free of charge. These assets are carried at a book value of HUF 0.

The Company did not receive any assets free of charge in 2019.

II.1.1.6 Long-term investments

The table below shows the movements MÁV-START Zrt's long-term equity investments:

figures in HUF millions

Item	Investments, NBV			
	Opening	Increase	Decrease	Closing
Related parties	252	0	0	252
Material equity investments	0	0	0	0
Other investments	1	0	0	1
Total:	253	0	0	253

Table 5: Equity investments per category

Long-term participating interests of MÁV-START Zrt. are described in Section III.6.

II.1.1.7 Impairment of non-current financial assets

The Company did not recognise any impairment loss on its non-current financial assets shown in its accounts in 2019.

II.1.1.8 Subordinated assets

The Company does not have any subordinated assets on its books.

II.1.2 Current assets

The annual balance of current assets for 2019 was HUF 81,789m, up by HUF 4,192m compared to the previous year (a 5.4% increase).

II.1.2.1 Movements in inventories

figures in HUF millions

ITEM	Materials	Work in progress	Livestock	Finished products	Goods	Advances for inventories	Total
1. Inventories, opening	18 721	2 124	0	1 361	12	2 435	24 653
2. Acquisition, advances paid	31 630	0	0	0	2 951	0	34 581
3. Received free of charged	0	0	0	0	0	0	0
4. Contribution in kind received	0	0	0	0	0	0	0
5. Reclassified	118	0	0	0	0	0	118
6. Recorded as inventory	0	6 403	0	14 293	0	0	20 696
7. Surplus	0	0	0	0	0	0	0
8. Other increase	67	0	0	0	0	40	107
9. Used (expensed)	-28 038	-4 904	0	-13 750	-8	0	-46 700
10. Reclassified, advance deducted	0	0	0	0	0	-857	-857
11. Disposal	-160	0	0	0	-2 937	0	-3 097
12. Assigned free of charge	0	0	0	0	0	0	0
13. Contribution in kind	0	0	0	0	0	0	0
14. Scrapped	-81	-3	0	-1	-4	0	-89
15. Missing	0	0	0	0	0	0	0
16. Other decrease	-310	0	0	-9	0	0	-319
17. Inventories, closing	21 947	3 620	0	1 894	14	1 618	29 093
18. Impairment, opening	703	0	0	34	0	0	737
20. Impairment in the reporting year	173	0	0	3	0	0	176
21. Written off due to decrease	-264	0	0	-9	0	0	-273
22. Reversed impairment loss	-30	0	0	0	0	0	-30
23. Impairment, closing	582	0	0	28	0	0	610
24. NBV, opening	18 018	2 124	0	1 327	12	2 435	23 916
25. NBV, closing	21 365	3 620	0	1 866	14	1 618	28 483

Table 6: Inventories

The closing value of inventories grew by HUF 4,567m compared to 2018.

Warehouse materials increased by HUF 3,347m compared to 2018, of which inventories related to key projects (IC+) increased by HUF 1,506m and basic warehouse materials related to other maintenance increased by HUF 1,375m. Basic warehouse inventories increased the most (by HUF 860m) at the Szolnok vehicle repair site. Other significant inventory increases included wheel rims, final drive parts, rotary machine parts, bogie parts and door parts.

The HUF 1,496m increase in work in progress was due mostly to an increase in materials used for the IC+ project.

Advance payments on inventories include the advance paid to Siemens Zrt. and Knorr-Bremse GmbH for bogies, brakes and braking system purchases as part of the IC+ project.

II.1.2.2 Receivables

II.1.2.2.1 Receivables and impairment loss

figures in HUF millions

Item	Receivables, gross						Impairment loss						Net book value 2019	Net book value 2018	Change
	Not overdue	Due over 1-90 days	91-180 days	181-365 days	over 365 days	Total	Opening	Impairment loss	Reversed	Collected impaired receivable	Other write-offs	Closing			
Trade receivables (debtors)	4 551	114	7	0	44	4 716	55	6	0	16	0	45	4 671	4 875	-204
Related party receivables	1 125	100	28	0	0	1 253	0	12	0	0	0	12	1 241	796	445
of which: from parent company	660	9	0	0	0	669	0	0	0	0	0	0	669	282	387
of which: from fully consolidated subsidiary	459	6	0	0	0	465	0	0	0	0	0	0	465	460	5
of which: from non-fully consolidated subsidiaries	6	85	28	0	0	119	0	12	0	0	0	12	107	54	53
From significant related parties	188	1	0	0	0	189	0	0	0	0	0	0	189	185	4
From other investments	20	0	0	0	0	20	0	0	0	0	0	0	20	18	2
Bills of exchange	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other receivables	43 744	37	26	16	565	44 388	596	48	1	14	3	626	43 762	45 970	-2 208
Receivables, total:	49 628	252	61	16	609	50 566	651	66	1	30	3	683	49 883	51 844	-1 961

Table 7: Receivables and impairment loss

The closing balance of receivables dropped by HUF 1,961m compared to 2018.

Reclaimed value-added tax from other receivables totalled HUF 3,695m. Receivables related to social fare subsidy totalled HUF 1,097m, public service cost reimbursement receivables HUF 37,615m, receivable health insurance and family benefits of HUF 161m, and reclaimed excise tax related to rail transport operations totalled HUF 626m.

Other receivables due over 365 days totalled HUF 565m and reflect receivables from post-payable fares carried in the Company's books.

In 2019, 100% impairment loss was recognised on receivables from penalised passengers for travelling without a ticket; the accumulated impairment loss totalled HUF 598m.

II.1.2.2.2 Related party receivables

The closing balance of receivables from related parties of MÁV-START Zrt. was as follows in 2019:

figures in HUF millions

Item	Parent company	Fully consolidated subsidiaries	Non-fully consolidated subsidiaries	Total
Advances for intangible assets	0	0	0	0
Advances for capital projects	0	0	0	0
Long-term loans to related parties	0	0	0	0
Advances for inventories	0	0	0	0
Related party debtors	669	465	107	1 241
Total:	669	465	107	1 241

Table 8: Related party receivables

Related party receivables totalled HUF 1,241m, of which HUF 669m was receivable from MÁV Zrt.

Of the receivables from fully consolidated subsidiaries, HUF 371m was from MÁV VAGON Kft., of which HUF 365m were cash pool receivables (loans granted). Receivables from other fully consolidated subsidiaries include HUF 44m from MÁV Szolgáltató Központ Zrt., HUF 40m from MÁV FKG Kft., and HUF 9m from MÁV-HÉV Zrt.

HUF 107m was receivable from a non-fully consolidated subsidiary, MÁV NOSZTALGIA Kft.

The classification of related parties is based on the Group categories defined from the perspective of the superordinate parent company (MÁV Zrt.).

II.1.2.2.3 Reclassification of receivables and liabilities in the balance sheet

The following items have been reclassified in the balance sheet:

- HUF 4m of trade receivables were reclassified as other current liabilities.
- Of other current liabilities, employer's contributions to funds totalling 14m and HUF 3,695m of recoverable VAT were reclassified to other receivables.
- Of taxes and similar charges, HUF 62m was reclassified from other current liabilities to other receivables.
- Instalments of long-term loans totalling HUF 3,144m due in 2020 were reclassified to short-term loans.
- Short-term loans include overdrafts drawn totalling HUF 10,539m.

II.1.2.3 Securities

The Company does not have any securities on its books.

II.1.2.3.1 Impairment of securities

No impairment loss on securities is recorded in the Company's books.

II.1.3 Prepaid expenses & accrued income

figures in HUF millions

Item	Prior year	Reporting year	Change
Accrued income			
RIC car rent	1 503	886	-617
Unsettled turnover	28	0	-28
Unbilled revenues	441	336	-105
Revenues relating to the next period	11	22	11
Late payment penalty, penalties and damages related to the reporting year	50	42	-8
Unrealised foreign exchange gain or loss on accrued income	1	-1	-2
Accrued income, total:	2 034	1 285	-749
Prepaid expenses			
Pre-billed costs	430	867	437
Unbilled costs (credited)	855	325	-530
Prepaid expenses, total:	1 285	1 192	-93
Deferred expenses			
Unrealised FX loss on EUR 41,437,500 KfW Bank loan	540	555	15
Unrealised FX loss on EUR 38,250,000 EIB Bank loan	499	513	14
Deferred expenses, total:	1 039	1 068	29
Total:	4 358	3 545	-813

Table 9: Prepaid expenses & accrued income

Of the settlements with international railway companies in the reporting year, prepayments related to leased RIC railcars and unsettled traffic dropped by HUF 2645m.

The HUF 437m increase in pre-invoiced costs was due to prepaid rents.

The HUF 530m drop in credited unbilled costs was due mainly to retrospective changes in the settlement of services.

II.1.4 Equity

II.1.4.1 Movements in equity

figures in HUF millions

Item	Issued capital	Issued capital not paid	Capital reserve	Retained earnings	Undistributable reserves	Net profit after tax	Equity
Opening balance	43 742	0	67 633	8 033	584	6 779	126 771
Capital injection	1 258	0	3 668				4 926
Prior year profit reclassified to retained earnings	0	0	0	6 779	0	-6 779	0
Released non-distributable reserve for unrealised FX loss	0	0	0	60	-60	0	0
Released non-distributable reserve for R&D	0	0	0	66	-66	0	0
Undistributable reserve released due to foundation, restructuring	0	0	0	0	0	2 152	2 152
Net profit for the year				-1 000			-1 000
Dividends paid	45 000	0	71 301	13 938	458	2 152	132 849

Table 10: Movements in equity

II.1.4.2 Issued share capital

Changes in the Company's issued capital in 2019 were as follows:

- a share premium based capital injection of HUF 1,865,000,000 further to resolution No. 32/280/2018, registered on 10 January 2019;
- a non-cash contribution share premium increase of HUF 3,060,670,000 further to resolution No. A 25/280/2019, registered on 5 September 2019.

As a result of the above, the issued capital increased to HUF 45,000,000,000.

The Company's issued share capital comprises 100 registered ordinary shares with a face value of HUF 100,000,000 each and 35,000,000 registered ordinary shares with a face value of HUF 1,000 each.

MÁV-START Zrt. has no convertible or equity bonds.

II.1.4.3 Non-distributable reserves

figures in HUF millions

Non-distributable reserves	Opening	Release in current year	Creation in current year	Closing
Difference between the provision made for unrealised FX loss on FX loans and deferred expenses	518	60	0	458
<i>KFW</i>	269	31	0	238
<i>EIB</i>	249	29	0	220
R&D related to BMPZ type IC+ cars, not written off	66	66	0	0
Total:	584	126	0	458

Table 11: Details of non-distributable reserves

II.1.5 Provisions

The provisioning principles applied by the Company are specified in the Company's accounting policies. The principles applied for the key categories are summarised in the table below:

Category	Provision is made
Liabilities related to redundancies	For the total amount of the payment commitments included in signed contracts for the subsequent years
Bonus earned for the reporting year but not yet approved	In the amount of the bonus and its taxes and contributions
Contingent liabilities in lawsuits in progress (also including interest and other incidental expenses)	When the payment liability is likely to occur and will exceed HUF 3m
Default interest	Based on the default interest calculation performed for the unbilled period prior to the balance sheet reporting date pursuant to the Civil Code
For expected expenses – in the case of demolition and maintenance expenses	When the expected expense is significant, based on an individual valuation.
In the case of periodically repeated maintenance expenses of TRAXX locomotives and FLIRT multiple unit trains	<p>The funding of the periodic maintenance expenses is defined with the following formula:</p> $\text{Provisions recognised for periodic maintenance expenses in the balance sheet} = \frac{\text{Period of the maintenance period by the reporting date / run km}}{\text{Length of the maintenance period (time / km)}} \times \text{Estimated maintenance expenses}$

II.1.5.1 Provisions for expected liabilities

figures in HUF millions

Provisions for expected liabilities	Opening	Released	Made	Closing
for redundancy costs	289	289	303	303
for environmental obligations	631	293	97	435
for litigations	271	150	120	241
for damages	696	444	111	363
for uniform costs	16	16	76	76
for bonus payment (related to 2018)	185	185	0	0
for bonus payment (related to 2019)	0	0	175	175
for EU irregularities	0	0	3	3
for other litigated liabilities	59	59	22	22
Total:	2 147	1 436	907	1 618

Table 12: Provisions for expected liabilities

HUF 289m provision was made in 2018 for employment-related liabilities and severance pays incurred in relation to rationalisation. This amount was fully released in 2019 partly on account of use and partly due to losing relevance. Provisions made in 2019 included HUF 303m for employment related costs expected to incur in the budget period of 2020-22 based on the updated staff numbers.

As the amount of bonus for the reporting year had not been approved by the relevant approving body by the date when the Company's financial statements as a whole were approved, a provision of HUF 175m was made for bonuses payable plus related taxes and charges based on a preliminary calculation. At the same time, the HUF 185m provision made for bonuses in 2019 was fully released.

Of the provision made in 2018 for uniform costs, HUF 444m was released and another HUF 111m was made for still outstanding uniform needs.

II.1.5.2 Provisions for liabilities to related parties

figures in HUF millions

Liabilities to related parties	Opening	Released	Made	Closing
MÁV Szolgáltató Központ Zrt.	0	0	5	5
MÁV Zrt.	15	15	69	69
MÁV Vagon Kft.	0	0	1	1
Total:	15	15	75	75

Table 13: Provisions for liabilities to related parties

The provisions made for liabilities to related parties include default interest payment liability. The figures were extracted from Table 12.

II.1.5.3 Provisions for future expenses

figures in HUF millions

Provisions for future expenses	Opening	Released	Made	Closing
TRAXX locomotive maintenance	1 356	0	241	1 597
FLIRT train maintenance	2 276	0	677	2 953
Total:	3 632	0	918	4 550

Table 14: Provisions for future expenses

A provision of HUF 241m was made for the periodical longer than annual maintenance costs of the TRAXX locomotives from the profit or loss for 2019. As there were no maintenance works in 2019, no related provision was released.

Since 2014, the Company has also recognised provisions for the maintenance costs of FLIRT multiple unit trains (HUF 677m was made in 2019).

II.1.5.4 Other provisions

II.1.5.4.1 Provisions for foreign exchange losses

figures in HUF millions

Loan	Opening	Released	Made	Closing
KfW Bank loan (41.437.500 EUR) TRAXX	271	0	46	317
EIB bank loan (38.250.000 EUR) TRAXX	250	0	43	293
Total:	520	0	89	610

Table 15: Provision for foreign exchange loss

II.1.5.4.2 Other statutory provisions

No other statutory provision was made by MÁV-START Zrt. based on other laws and regulations.

II.1.5.5 Movements in provisions in the reporting year

figures in HUF millions

Item	For expected liabilities	For future expenses	Other provisions	Total
Provisions, opening	2 147	3 632	520	6 299
Released	1 436	0	0	1 436
Made	907	918	89	1 914
Provisions, closing	1 618	4 550	610	6 778

Table 16: Movements in provisions

Liabilities

II.1.5.6 Subordinated liabilities

The Company does not carry any subordinated liability in its books.

II.1.5.7 Long-term liabilities

Long-term liabilities totalled HUF 14,062 at 31 December 2019 and included development and improvement loans of HUF 8,584m, and other long-term loans of HUF 5,478m.

II.1.5.7.1 Long-term loans

Most of MÁV-START Zrt's loans are „KFW, EIB TRAXX loans” and MKB refinancing loans taken out to repay the Eurofima loan which was bullet paid on 13 December 2018.

The long-term loans of our Company are presented in the table below:

Loan	Date of agreement	Matures on	Government guarantee (decision No.)	Currency	Facility (original currency)	Outstanding at 31 Dec 2019	
						EUR	HUFm
Project and development loans							
KFW (TRAXX)	2009.12.03	2024.05.15	-	EUR	41 437 500	14 917 500	4 931
EIB (TRAXX)	2009.12.03	2024.05.15	-	EUR	38 250 000	13 770 000	4 551
MFB*	2009.10.27	2024.09.30	-	HUF	2 800 000 000	-	938
UniCredit - MFB hitel	2008.09.10	2023.12.31	-	HUF	2 376 000 000	-	623
Total:						28 687 500	11 043
Other loans							
MKB	2018.12.13	2028.12.12	-	HUF	6 847 623 010	-	6 163
Total:						0	6 163
Grand total:						28 687 500	17 206

*The table reflects the actually drawn amount. The contractual amount is HUF 3,464m.

Table 17: Long-term loans

Of the outstanding loans, instalments totalling HUF 3,144m due in 2020 are presented in the balance sheet among short-term loans. Foreign exchange loans were converted at a 330.52 HUF/EUR exchange rate (published by the MNB on the reporting date).

Only the remaining term of the MKB loan exceeds five years as the loan agreement expires on 12 December 2028. The balance of this loan was HUF 6,163m at 31 December 2019.

figures in HUF millions

Loan	2020.	2021.	2022.	2023.	2024 and beyond	Total
Project and development loans						
KfW	1 096	1 096	1 096	1 096	548	4 931
EIB	1 011	1 011	1 011	1 011	506	4 551
MFB	196	196	196	196	154	938
UniCredit	156	156	156	155	0	623
Total:	2 459	2 459	2 459	2 458	1 208	11 043
Other loans						
MKB	685	685	685	685	3 423	6 163
Total:	685	685	685	685	3 423	6 163
Grand total:	3 144	3 144	3 144	3 143	4 631	17 206

Table 18: Long-term loans repayment schedule

MÁV-START Zrt. repays its long-term loans according to the underlying agreements. Contractual debt service of these loans is a top priority for both the Company and MÁV Group.

The Company's long-term foreign exchange liabilities constitute EIB and KfW loans for the acquisition of TRAXX locomotives.

The Company used the option allowed in section 33(2) of the accounting act and carried forward the unrealised losses of HUF 1,068m on the year-end revaluation of foreign exchange loans and presented among deferred expenses in the balance sheet as shown below.

figures in HUF millions

Foreign exchange (FX)	Amount in FX	Of which current part in FX	FX rate	Liability (HUF)	Of which current	Accrued/deferred FX gain or loss at year-end
EUR	28 687 500	6 375 000	330,52	9 482	2 107	1 068
Total:				9 482		1 068

Table 19: Long-term liabilities in foreign exchange

II.1.5.7.2 Long-term borrowings and bonds payable

The Company does not carry any long-term borrowings or bonds payable in its books.

II.1.5.7.3 Other long-term liabilities

All other long-term liabilities were repaid in 2019. The VBKJ housing aid liability changed as a result of amendments in the underlying legislation.

figures in HUF millions

Item	2018	2019	Change
Fringe benefits system, housing aid liability	37	0	-37
Caution money received	3	0	-3
Other long-term liabilities, total:	40	0	-40

Table 20: Other long-term liabilities

II.1.5.8 Current liabilities

Current liabilities totalled HUF 112,579m at the reporting date. Current liabilities make up 30.1% of the balance sheet total and 88.9% of all liabilities. Current liabilities increased by 26.16% on the previous year, predominantly as a result of increases in liabilities to related parties, in other current liabilities and in short-term loans.

Short-term loans totalled HUF 19,737m at the balance sheet date (a HUF 8,098m increase on the previous year) as a result of an increase in overdrafts from HUF 8,553m to HUF 16,593m.

Creditors totalled HUF 10,103m and included domestic creditors of HUF 5,524m and export creditors of HUF 3,186m. Current liabilities to related parties totalled HUF 26,633m, a HUF 7,820 increase on the previous year. HUF 21,006m payable to the parent company (trade payables) was another material item. Other current liabilities totalled HUF 54,574m (a 17.08% increase on 2018) mostly as a result of an increase in the liabilities related to subsidised vehicle acquisition projects.

II.1.5.8.1 Short-term loans

Short-term loans included overdrafts of HUF 16,593m and the reclassified current part of long-term loans totalling HUF 3,144m.

II.1.5.8.2 Other current liabilities

The amount presented in the other current liabilities balance sheet line contains the items presented in the table below:

figures in HUF millions

Item	2018	2019	Change
Taxes payable	329	332	3
Wages	3 811	4 144	333
Employer contributions to funds	10	10	0
Membership fees deducted from employees	127	136	9
Liabilities related to subsidy settlement	42 292	49 845	7 553
Other current liabilities	44	107	63
Other current liabilities, total	46 613	54 574	7 961

Table 21: Other current liabilities

II.1.5.9 Liabilities to related parties

figures in HUF millions

Item	Parent company	Fully consolidated subsidiaries	Non-fully consolidated sub.	Total
Subordinated liabilities to related parties	0	0	0	0
Long-term liabilities to related parties	0	0	0	0
Current liabilities to related parties	21 006	5 611	16	26 633
Total:	21 006	5 611	16	26 633

Table 22: Liabilities to related parties

Amounts payable to the parent company included track usage charges of HUF 13,664m, traction electricity of HUF 5,511m, rents of HUF 1,138m and vehicle maintenance of HUF 420m.

The most material liabilities towards fully consolidated subsidiaries included HUF 2,815m to MÁV Szolgáltató Központ Zrt., HUF 1,1017m to MÁV-HÉV Zrt., HUF 889m to MÁV VAGON Kft. and HUF 820m to MÁV KfV Kft.

The classification of related parties is based on the Group categories defined from the perspective of the superordinate parent company (MÁV Zrt.).

II.1.6 Accrued expenses and deferred income

figures in HUF millions

Item	2018	2019	Change
Deferred income			
Pre-billed revenues	180	146	-34
Unbilled revenues (credited)	131	110	-21
Deferred income, total:	311	256	-55
Accrued expenses			
Unbilled costs	3 034	3 634	600
Invoices booked for the next period	0	16	16
RIC car rent	1 176	795	-381
Unbilled turnover	3	0	-3
Interest (other than late payment penalty) due for the period	43	35	-8
Late payment penalty and other penalties paid for 2019	0	7	7
Performance initiative - payroll	59	65	6
Performance initiative - taxes	12	12	0
Accrued expenses, total:	4 327	4 564	237
Deferred extraordinary income			
Surplus non-current assets	17	15	-2
Government grants received	5	4	-1
KÖZOP-42 MV subsidy	63 232	60 844	-2 388
GOP subsidies	190	164	-26
KÖZOP-INKA subsidies	363	211	-152
KÖZOP-6 MV subsidies	9 734	9 373	-361
KÖZOP-JKA subsidies	275	172	-103
KÖZOP-JE subsidies	341	136	-205
KDOP subsidies	4	3	-1
KÖZOP-UTAS subsidies	11	0	-11
IKOP-6+9 MV subsidies	25 173	24 290	-883
CEF project Flirt ETCS 59	1 064	1 064	0
IKOP 39 NAGYKAP 8 db MV	0	6 009	6 009
INKA2	0	643	643
Tram-train	0	31	31
Deferred extraordinary income, total:	100 409	102 959	2 550
Total:	105 047	107 779	2 732

Table 23: Accrued expenses and deferred income

Unbilled costs increased mostly as a result of the retrospective settlement of services.

The change in deferred extraordinary income was due partly to the release of deferrals related to already existing subsidies in line with the depreciation of the subsidised assets and the settlement of subsidies received for a launched new project.

II.1.7 Disclosures relating to off-balance sheet items

II.1.7.1 Draw down and repayment schedule of loans not disbursed by the reporting date

The Company did not enter into any loan agreement in 2019 which was actually disbursed in 2020.

II.1.7.2 Derivative contracts

Most of the Company's revenues were earned in HUF in 2019.

In 2019, expenses incurred in foreign exchange totalled EUR 64.95m (EUR 7.31m contractual debt service of a foreign exchange loan and EUR 56.64m creditors), for EUR 44.28m of which the opening EUR balance and EUR revenues during the year did not provide sufficient funds.

II.1.7.2.1 Futures, swaps and options in 2019

In order to make up for foreign exchange shortages, spot contracts of EUR 34.93m and future contracts of EUR 9.35m were made. None of these contracts stretched into 2020.

No commodity hedging contract was signed in 2019 to mitigate the risks of increased fuel costs as a result of higher gasoline prices.

No hedging contract was signed in 2019 to cover the risks of interest rate fluctuations.

II.1.7.3 Joint and several guarantees and guarantee agreements

The Company did not have any joint and several guarantee agreement at the reporting date. The existing guarantee agreements are presented below:

figures in HUF millions

Beneficiary	Guarantee type	Contracting bank	Start date	End date	Amount
Bank guarantees					
Ministry for Innovation and Technology based on government decree 271/2007. (X.19.)	payment guarantee	KDB Bank Zrt.	2014.01.01	2020.12.31	1100
Ministry for Innovation and Technology based on government decree 6/2010. (I.21.)	payment guarantee	KDB Bank Zrt.	2013.01.01	2020.12.31	150
Ministry for Innovation and Technology based on government decree 6/2010. (I.21.)	payment guarantee	KDB Bank Zrt.	2013.01.01	2020.12.31	5
Ministry for Innovation and Technology based on government decree 271/2007. (X.19.)	payment guarantee	KDB Bank Zrt.	2011.07.01	2020.12.31	10
Ministry for Innovation and Technology based on government decree 213/1996. (XII.23)	payment guarantee	KDB Bank Zrt.	2010.10.26	2021.06.30	7,5
Ministry for Innovation and Technology based on government decree 24/2016. (VII. 18.)	payment guarantee	Raiffeisen Bank Zrt.	2018.06.30	2020.06.30	1000
Bank guarantees, total:					2 272,5

Table 24: Guarantee agreements existing at the reporting date

II.1.7.4 Lien liabilities

MÁV-START Zrt's lien liabilities are as follows:

figures in HUF millions

Loan	Loans secured with lien at 31 Dec 2019	Security
EIB (TRAXX)	4 551	Rolling stock
KfW (TRAXX)	4 931	Rolling stock
UniCredit	623	Rolling stock
MFB	938	Rolling stock
MKB	6 163	Rolling stock
Total:	17 206	

Table 25: Lien liabilities

The EIB and KfW loans relating to the purchase of 25 TRAXX locomotives are secured with liens on the TRAXX locomotives. The new MKB refinancing loan is secured by lien on 20 IC+ cars.

II.1.7.5 Expected environmental and reconstruction liabilities not presented among liabilities

The Company did not incur any off-balance sheet liability related to environment protection.

II.1.7.6 Payment schedule of off-balance sheet interest and incidental expenses

figures in HUF millions

Loan	2020.	2021.	2022.	2023.	2024. and beyond	Total
Project and development loans						
EIB	42	30	20	11	2	105
KfW	165	121	82	43	7	418
UniCredit	13	10	6	2	0	31
MFB	34	26	19	11	3	93
Total:	254	187	127	67	12	647
Other loans						
MKB	54	48	42	36	82	262
Total:	54	48	42	36	82	262
Grand total:	308	235	169	103	94	909

Table 26: Payment schedule of off-balance sheet interest and incidental expenses

Interest payments were calculated according to the assumptions included in the business plan.

II.1.7.7 Operating leases where the Company is a lessee existing at the reporting date

figures in HUF millions

Contractor (lessor)	Subject matter	Date of agreement	Matures on	Amount (HUFm/month)	Outstanding at the BS date
Deutsche Leasing Hungaria Kft	8 Desiro trains	2008.09.24	2029.02.28	20	2 200
MÁV Zrt.	Office	2009.10.27	indefinite	24	n/a
MÁV Zrt.	Rail vehicles (rolling stock)	2007.06.20	indefinite	524	n/a
Mercarius Flottakezelő Kft.	Car fleet	2017.07.19	2021.07.19	22	418
Total:				590	2 618

Table 27: Operating leases at the reporting date

II.1.7.8 Other disclosures relating to off-balance sheet items

In 2019, the Company did not have any disclosures relating to off-balance sheet items other than the figures presented in the separate tables.

II.2 Notes to the profit and loss account

The Company prepares its profit and loss account with the total cost method as described in annex 2 of the accounting act.

The Company does not add lines to or omit items from nor merges items in the profit and loss account template specified in the act.

As the measurement methods applied to the individual balance sheet items are the same as used in the previous financial year, no consequential P&L impact is identifiable in the reporting year.

II.2.1 Net sales revenues

II.2.1.1 Net sales revenues by activity

figures in HUF millions

Activity	2018		2019		Change
	Amount	Percentage (%)	Amount	Percentage (%)	
Public passenger transport service revenues	71 440	71,25	72 612	72,72	1 172
of which Fares and seats	50 203	50,07	51 515	51,59	1 312
Fare subsidy	17 530	17,48	16 958	16,98	-572
Other	3 707	3,70	4 139	4,14	432
Non-public passenger transport service revenues	7 338	7,32	7 900	7,91	562
of which Fares and seats	3 110	3,10	3 070	3,07	-40
Fare subsidy	320	0,32	284	0,28	-36
Cars used for international transport	1 233	1,23	1 477	1,48	244
Sleepers and buffet car services	1 013	1,01	1 222	1,22	209
Other	1 662	1,66	1 847	1,85	185
Other activities	21 490	21,43	19 345	19,37	-2 145
of which Passenger and freight train traction*	8 906	8,88	7 213	7,22	-1 693
Other traction	234	0,23	247	0,25	13
Shunting	3 709	3,70	3 353	3,36	-356
Traction services	4 640	4,63	4 292	4,30	-348
Engineering	3 493	3,48	3 755	3,76	262
Materials and goods sold	366	0,37	369	0,37	3
Other	142	0,14	116	0,12	-26
Total:	100 268	100,00	99 857	100,00	-411

Table 28: Net sales revenues by activity

Revenues from public service passenger transport increased by HUF 1,172m, primarily as a result of increased revenues from public service international fares. This was due to increased capacity (i.e. more trains running) and the resulting increase in the number of passengers, and also to an increase in specific revenues as a result of our restructured offers. While there was an increase in full fare ticket revenues, subsidised fares were cut and the related subsidies were reduced accordingly.

Revenues from non-public service passenger transport increased by HUF 562m as a result of higher mileage charges and increased revenues from sleeper car, couchette and dining car services. As more international trains operate sleepers, couchettes and dining cars, and as the Metropol service is back in Berlin, the number of carriages in the train increased. Higher foreign exchanges also increased revenues.

Revenues from other activities fell by HUF 2,145m on 2018 due to a decline in orders from Rail Cargo Hungaria Zrt. and from private railways for shunting and client controlled services and for servicing activities. There was also a reduction in demand for shunting services for both private sector partners and to MÁV Zrt. The decline in revenues was somewhat offset by foreign exchange increases and higher gasoline prices which were reflected in service prices and in the fuel-mix forwarding charge.

II.2.1.2 Export revenues and imports

figures in HUF millions

Country	2018						2019					
	Exported goods	Exported services	Export total	Imported goods	Imported services	Import total	Exported goods	Exported services	Export total	Imported goods	Imported services	Import total
EU countries												
Germany	0	1 592	1 592	385	533	918	0	1 691	1 691	348	481	829
Austria	0	6 189	6 189	1 273	3 557	4 830	0	7 556	7 556	1 918	4 395	6 313
Italy	0	13	13	0	0	0	0	0	0	0	5	5
Slovakia	0	1 033	1 033	533	239	772	0	909	909	702	399	1 101
Czech Republic	0	1 061	1 061	18	36	54	0	1 151	1 151	27	54	81
Slovenia	0	135	135	0	4	4	0	136	136	0	9	9
Poland	0	252	252	892	32	924	0	306	306	1 189	17	1 206
France	0	368	368	0	36	36	0	362	362	0	37	37
UK	0	26	26	1	0	1	0	20	20	0	2	2
Sweden	0	163	163	0	15	15	0	112	112	0	16	16
Belgium	0	7	7	0	1 230	1 230	0	6	6	0	139	139
Denmark	0	1	1	5	3	8	0	1	1	0	0	0
Finland	0	0	0	0	0	0	0	0	0	0	0	0
Greece	0	0	0	0	0	0	0	0	0	0	0	0
Holland	0	614	614	4	91	95	0	965	965	7	124	131
Ireland	0	0	0	0	0	0	0	0	0	0	0	0
Latvia	0	0	0	0	0	0	0	0	0	0	0	0
Lithuania	0	0	0	0	0	0	0	0	0	0	0	0
Luxembourg	0	1	1	0	0	0	0	1	1	0	0	0
Portugal	0	0	0	0	0	0	0	0	0	0	0	0
Spain	0	1	1	0	7	7	0	0	0	160	0	160
Romania	0	1 251	1 251	0	398	398	0	1 752	1 752	0	464	464
Croatia	0	214	214	0	11	11	0	182	182	0	13	13
Bulgaria	0	-7	-7	0	0	0	0	1	1	0	0	0
EU countries, total	0	12 914	12 914	3 111	6 192	9 303	0	15 151	15 151	4 351	6 155	10 506
Non-EU countries												
Serbia	0	254	254	0	11	11	0	151	151	0	5	5
Montenegro	0	0	0	0	0	0	0	0	0	0	0	0
Ukraine	0	104	104	0	10	10	0	198	198	0	19	19
Switzerland	0	1 080	1 080	13	105	118	0	894	894	1 085	6 484	7 569
Turkey	0	0	0	0	0	0	0	10	10	0	0	0
Belorussia	0	0	0	0	0	0	0	0	0	0	0	0
Bosnia-Herzegovina	0	0	0	0	4	4	0	0	0	0	4	4
Macedonia	0	0	0	0	0	0	0	0	0	0	0	0
Russia	0	0	0	0	0	0	0	0	0	0	0	0
Norway	0	0	0	0	0	0	0	0	0	0	0	0
Moldavia	0	0	0	0	0	0	0	0	0	0	0	0
Egypt	0	0	0	0	0	0	0	0	0	0	0	0
Turkmenistan	0	0	0	0	0	0	0	0	0	0	0	0
Uzbekistan	0	0	0	0	0	0	0	0	0	0	0	0
Albania	0	0	0	0	0	0	0	0	0	0	0	0
Kazakhstan	0	0	0	0	0	0	0	0	0	0	0	0
Canada	0	0	0	0	0	0	0	0	0	0	0	0
Australia	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0
Non-EU countries	0	1 438	1 438	13	130	143	0	1 253	1 253	1 085	6 512	7 597
Total:	0	14 352	14 352	3 124	6 322	9 446	0	16 404	16 404	5 436	12 667	18 103

Table 29: Exports and imports

As in 2018, the exports and imports of rail passenger transportation related primarily to the EU Member States. Of the EU Member States, significant traffic is generated with Germany, Austria, Czech Republic, Slovakia and Romania, where the settlement is based on the use of the rail passenger cars. The key non-EU countries where services are exported to and imported from are Switzerland, Ukraine and Serbia.

Our largest foreign suppliers are from Switzerland, Austria, Poland, Germany and Slovakia.

II.2.2 Capitalised own performance

figures in HUF millions

Activity	2018	2019
Change in work in progress	148	1 496
Change in finished products	78	539
Changes in self-produced inventories	226	2 035

Table 30: Change in self-produced inventories

figures in HUF millions

Activity	2018	2019
Change in self-produced inventories	226	2 035
Capitalised self-produced assets	15 096	21 002
Capitalised own output	15 322	23 037

Table 31: Capitalised own performance

Capitalised own performance includes the change in self-produced inventories produced and the capitalised value of self-produced assets produced. Of the latter, the most material items were improvement of own and leased vehicles and IC+ car production at a total of HUF 20,218m.

II.2.3 Expenses by type

figures in HUF millions

Item	2018		2019		Change
	Amount	Percentage (%)	Amount	Percentage (%)	
Material-type expenses, total	168 888	60,79	183 594	61,62	14 706
Payments to personnel total	88 923	32,01	93 556	31,41	4 633
Depreciation charge, total	19 989	7,20	20 750	6,97	761
Total.	277 800	100,00	297 900	100,00	20 100

Table 32: Expenses

II.2.3.1 Material-type expenses

figures in HUF millions

Item	2018	Percentage within total cost in 2018	2019	Percentage within total cost in 2019	Change
Material cost					
Electricity	12 685	4,57	15 889	5,33	3 204
Warehouse materials used	19 781	7,12	24 541	8,24	4 760
Fuel	7 661	2,76	7 148	2,40	-513
Uniforms and protective beverage	1 010	0,36	1 218	0,41	208
Ticket rolls	219	0,08	287	0,10	68
Gas	274	0,10	275	0,09	1
Water and sewage	123	0,04	127	0,04	4
Other materials	1 015	0,37	1 011	0,34	-4
Material costs, total:	42 768	15,40	50 496	16,95	7 728
Services used					
Rail network access charge	73 509	26,46	73 786	24,77	277
Revenues from rail and road cars	7 419	2,67	7 301	2,45	-118
Railcar rent, RIC and other usage charges	4 491	1,62	4 976	1,67	485
Railcar maintenance	7 909	2,85	9 645	3,24	1 736
Train heating/cooling, car tests, train replacement, call center, labour hire and other railway operating services	2 557	0,92	4 545	1,53	1 988
Property rents	2 286	0,82	2 437	0,82	151
IT services	4 235	1,52	4 810	1,61	575
Procurement and inventory management services	1 729	0,62	1 750	0,59	21
Building management, maintenance	2 286	0,82	2 415	0,81	129
Traction and shunting	1 732	0,62	1 803	0,61	71
Railcar cleaning, graffiti removal	3 168	1,14	3 320	1,11	152
Security services	2 159	0,78	2 226	0,75	67
Training and human services	2 498	0,90	2 858	0,96	360
Ticket sales commission	1 009	0,36	1 194	0,40	185
Other maintenance	1 111	0,40	1 435	0,48	324
Accounting and financial services	610	0,22	652	0,22	42
Public utilities (sewage, remote heating)	463	0,17	560	0,19	97
Telecom and postal services	345	0,12	355	0,12	10
Secondment	461	0,17	438	0,15	-23
Advertising, promotion, market surveys	175	0,06	339	0,11	164
Railtrack measuring, cleaning, welding	23	0,01	28	0,01	5
Other rents	206	0,07	264	0,09	58
Legal	32	0,01	21	0,01	-11
Experts, tenders, authorship	94	0,03	35	0,01	-59
Track maintenance	5	0,00	3	0,00	-2
Other services used	505	0,18	622	0,21	117
Services used, total:	121 017	43,56	127 818	42,91	6 801
Other services					
Duties and similar	539	0,19	545	0,18	6
Insurance premium	1 068	0,38	1 117	0,37	49
Bank costs	454	0,16	520	0,17	66
Other services, total:	2 061	0,74	2 182	0,74	121
Cost of goods sold	233	0,08	269	0,09	36
(Consignment) services sold	2 809	1,01	2 828	0,95	19
Material-type services, total:	168 888	60,79	183 593	61,64	14 705

Table 33: Material-type expenses

Material costs totalled HUF 50,496m in 2019, a HUF 7,728m increase on 2018. Warehouse (engineering) materials used increased by HUF 4,760m and electricity costs increased by HUF 3,204m on the previous year. These increases were not set off by saved fuel costs of HUF 513m.

Changes in energy costs were the most prominent in relation to traction electricity.

Services used totalled HUF 127,818m, which is a HUF 6,801m on 2018.

Within this category, rail vehicle maintenance costs and train replacement services increased the most (by HUF 1,736m and HUF 2,260m) as a result of the mix, volume and technical substance of maintenance subcontractor performances as well as the cost of train replacement services used to meet public services obligations. The most notable replacement service was used because of the closure of track No. 80 due to renovation works. As the renovation project started in December 2018, train replacement costs were less material in that year.

II.2.3.2 Payments to personnel

figures in HUF millions

Item	2018	Percentage within total costs in 2018 (%)	2019	Percentage within total costs in 2019 (%)	Change
Payroll costs	64 721	23,30	68 856	23,12	4 135
Other payments to personnel	8 872	3,19	8 811	2,96	-61
Payroll taxes	15 330	5,52	15 889	5,33	559
Payments to personnel, total:	88 923	32,01	93 556	31,41	4 633

Table 34: Payments to personnel

The minimum base wage applicable in 2019 is governed by Government decree No. 324/2018. (XII. 30.) on the calculation of the minimum wage and the guaranteed wage minimum: both the minimum wage and the guaranteed wage minimum in jobs that require relevant qualification increased by 8% compared to 2018. The minimum wage increase also affected the amount of the rehabilitation contribution liability.

In order to improve the compensation of employees, the salaries and wages of eligible employees were increased by 5% effective as of 1 January 2019.

Changes in the personal income tax act effective as of 1 January 2019 significantly affected the taxation of certain fringe benefits.

Parliament decided to cut the social contribution tax by 2% as of 1 July 2019 from 19.5 % to 17.5 % which was fully used to fund job retention efforts. The resulting savings were fully used.

Payments to personnel also reflect interim measures taken in order to improve MÁV-START Zrt's position in the job market, i.e. to retain existing staff and to recruit necessary new workers.

II.2.3.3 Depreciation charge

figures in HUF millions

Item	2018	Percentage within total costs in 2018 (%)	2019	Percentage within total costs in 2019 (%)	Change
Depreciation charged on a straight line basis	19 656	7,08	20 602	6,92	946
Fully expensed	333	0,12	148	0,05	-185
Depreciation charge, total:	19 989	7,20	20 750	6,97	761

Table 35: Depreciation charge

Ordinary depreciation was by HUF 761m more than in the previous year.

Depreciation in the reporting year was HUF 20,750m, of which 83.96% relates HUF 17,422m depreciation charged on railcars.

Extraordinary depreciation totalling HUF 13m was recognised in 2019.

II.2.4 Other income and expenses

II.2.4.1 Other income

figures in HUF millions

Item	2018	Percentage (%)	2019	Percentage (%)	Change
Tangible and intangible asset disposals	10	0,01	24	0,01	14
Reversed impairment loss on inventories	106	0,06	30	0,02	-76
Reversed impairment loss on receivables	2	0,00	1	0,00	-1
Collected impaired receivables	15	0,01	30	0,02	15
Damages received	258	0,15	376	0,21	118
Late payment penalties collected	15	0,01	9	0,00	-6
Penalties collected	255	0,15	89	0,05	-166
Provision for expected liabilities, released	1 601	0,92	1 436	0,79	-165
Provision for future expenses, released	384	0,22	0	0,00	-384
Provision for unrealised foreign exchange losses, released	1 322	0,76	0	0,00	-1 322
Public service reimbursement	165 890	94,99	174 534	96,54	8 644
Development subsidies received	4 687	2,68	4 135	2,29	-552
Surplus assets received free of charge, found during asset count	3	0,00	3	0,00	0
Miscellaneous other income	96	0,05	118	0,07	22
Total:	174 644	100,00	180 785	100,00	6 141

Table 36: Other income

Reversed impairment loss on inventories dropped by HUF 76m in 2019 compared to 2018. Compensations for damages received increased by HUF 118m on the previous year.

Provisions for future expenses released increased by decreased by HUF 384m. There was no economic event in 2019 which would have called for a release of provisions for expenses. Provisions for unrealised foreign exchange losses released decreased by HUF 1,322m compared to the previous year when provisions were released in connection with the bullet payment of Eurofima loan No. 11.

The change in development subsidies received was affected by the release of the related subsidies in proportion to the depreciation of capitalised subsidised assets.

The public service cost reimbursement for the reporting year is presented in detail in Chapter V.

II.2.4.2 Other expenses

figures in HUF millions

Item	2018	Percentage (%)	2019	Percentage (%)	Change
Expenses on disposed of tangible and intangible assets, capital projects	9	0,28	19	0,59	10
Expenses of scrapped and missing tangible and intangible assets, capital projects	19	0,59	0	0,00	-19
Extraordinary depreciation of tangible and intangible assets	8	0,25	13	0,40	5
Inventories impaired, scrapped	136	4,20	265	8,25	129
Missing inventories	10	0,31	0	0,00	-10
Impairment of receivables	70	2,16	66	2,05	-4
Losses from damage events	7	0,22	16	0,50	9
Late payment penalties paid	44	1,36	162	5,04	118
Damages paid	142	4,39	242	7,53	100
Tax paid as a result of self-audit	3	0,09	1	0,03	-2
Taxes and similar charges	196	6,05	172	5,35	-24
Penalties, fines	37	1,14	34	1,06	-3
Provisions for expected liabilities	714	22,06	907	28,22	193
Provisions for future expenses	1 170	36,14	918	28,56	-252
Provisions for unrelieved foreign exchange losses	150	4,63	89	2,77	-61
Assets assigned and services provided free of charge	206	6,36	1	0,03	-205
Forgiven receivables	7	0,22	5	0,16	-2
Amounts transferred free of charge	305	9,42	301	9,37	-4
Miscellaneous other expenses	3	0,09	3	0,09	0
Total:	3 237	100,00	3 214	100,00	-23

Table 37: Other expenses

Other expenses fell by HUF 23m on the previous year. The HUF 252m decrease in provision for future expenses was set off by a HUF 193m increase in provisions for expected liabilities, hence there was no material change in the closing balance of other expenses at the end of 2019. Assets transferred free of charge and services provided free of charge fell by HUF 205m compared to the previous year.

II.2.5 Financial profit or loss

II.2.5.1 Financial income

figures in HUF millions

Item	2018	Percentage (%)	2019	Percentage (%)	Change
Dividends received (due)	1	0,20	200	28,41	199
Proceeds and foreign exchange gains on investments	0	0,00	0	0,00	0
Proceeds and foreign exchange gains on non-current financial assets (securities, loans)	0	0,00	0	0,00	0
Bank interest received (due) and similar income	9	1,84	2	0,28	-7
Other interest received (due) and similar income	14	2,87	0	0,00	-14
Realised foreign exchange gains on receivables and liabilities in foreign exchange	410	84,02	499	70,88	89
Foreign exchange gains on future and forward contracts	0	0,00	0	0,00	0
Foreign exchange gains on the year-end revaluation of receivables and liabilities	0	0,00	0	0,00	0
Other financial income	54	11,07	3	0,43	-51
Total:	488	100,00	704	100,00	216

Table 38: Financial income

Income from financial transactions increased by HUF 216m on the previous year, of which the most material item was dividends of HUF 200m received from MÁV VAGON Kft.

The material (HUF 89m) increase in realised foreign exchange gains on foreign exchange receivables was due to foreign exchange fluctuations.

II.2.5.2 Financial expenses

figures in HUF millions

Item	2018	Percentage (%)	2019	Percentage (%)	Change
Expenses and foreign exchange losses on investments	0	0,00	0	0,00	0
Expenses and foreign exchange losses on non-current financial assets (securities, loans)	0	0,00	0	0,00	0
Bank interest payable (paid) and similar charges	404	13,90	411	36,79	7
Other interest payable (paid) and similar charges	0	0,00	0	0,00	0
Impairment loss on investments, securities and bank deposits	0	0,00	0	0,00	0
Realised foreign exchange losses on receivables and liabilities in foreign exchange	2 502	86,10	705	63,12	-1 797
Foreign exchange losses on future and forward contracts	0	0,00	0	0,00	0
Foreign exchange losses on the year-end revaluation of receivables and liabilities	0	0,00	0	0,00	0
Other financial expenses	0	0,00	1	0,09	1
Total:	2 906	100,00	1 117	100,00	-1 789

Table 39: Financial expenses

Financial expenses fell by HUF 1,789m on the previous year, primarily as a result of a HUF 1,7972m decrease in realised foreign exchange losses on receivables and liabilities denominated in foreign exchange mostly as a result of a HUF 1,771m decrease in the foreign exchange losses on development loans.

II.2.6 Income from and expenses on related parties

figures in HUF millions

Item	Parent company	Fully consolidated subsidiaries	Non-fully consolidated subsidiaries	Total
Revenues				
Sales revenues, net	4 208	487	174	4 869
Other income	18	56	1	75
Financial income	0	206	1	207
Revenues, total:	4 226	749	176	5 151
Expenses				
Material-type expenses	113 128	12 633	201	125 962
of which: Material costs	26 190	2 069	0	28 259
Services used	86 660	10 553	201	97 414
Other services	278	0	0	278
(Consignment) services sold	0	11	0	11
Payments to personnel	40	136	1	177
Other expenses	375	44	0	419
Financial expenses	0	19	0	19
Expenses, total:	113 543	12 832	202	126 577

Table 40: Income from and expenses on related parties

Revenues from the parent company included domestic IC surcharges and seat reservation fees, plus special train traffic and ticket revenues totalling HUF 35m, shunting revenues of HUF 3,194m, other traction services of HUF 216m and emergency and chemical accident prevention services of HUF 705m.

In relation to fully consolidated subsidiaries, the majority of the revenues were earned from MÁV Vagon Kft., MÁV FKG Kft. and from MÁV KfV Kft. Revenues from MÁV Vagon Kft. totalled HUF 226m, of which HUF 200m were dividends. Revenues from MÁV FKG Kft. totalled HUF 148m, of which other engineering services amounted to HUF 47m, rail vehicle maintenance HUF 59m. Revenues from MÁV KfV Kft. totalled HUF 121m, of which rail vehicle maintenance amounted to HUF 117m.

No deferred income was recognised in relation to any Group entity.

The key expense items towards the parent company were as follows: railcar rent HUF 6,302 M Ft, rail track network charge HUF 73,701m (incl. regional network access HUF 73,723m), traction fuel HUF 10,468m and traction electricity HUF 11,877m.

Of the fully consolidated subsidiaries, the largest partner was MÁV Szolgáltató Központ Zrt. with HUF 11,224m of which the two material items included procurement and inventory management services(uniforms) at HUF 1,218m and IT maintenance and service costs totalling HUF 3,612m.

The classification of related parties is based on the Group categories defined from the perspective of the ultimate parent company (MÁV Zrt.).

II.2.7 Corporate tax base adjusting items

figures in HUF millions

Item	Increasing items	Reducing items	Change in tax base
Pre-tax profit			2 152
Adjustment due to provisions	1 825	1 436	389
Adjustment due to depreciation	20 781	31 303	-10 522
Costs and expenses incurred outside the normal course of business	159	0	159
Penalty/reimbursement identified by authorities	7	0	7
Dividends received	0	200	-200
Adjustment due to the employment of vocational trainees	0	34	-34
Impairment loss on receivables recognised/reversed	67	31	36
Expense/income identified by tax audit, self-audit	326	491	-165
Donations	0	24	-24
Total:	23 165	33 519	-8 202

Table 41: Corporate tax base adjusting items

The corporate tax base is established from the pre-tax profit, which must be adjusted with items increasing or decreasing the tax base specified by law.

At MÁV-START Zrt., the following major items amended the pre-tax profit:

- The provision for expected liabilities and for future expenses increased the tax base by HUF 1,825m, while released provisions reduced the tax base by HUF 1,436m.
- The tax base was increased by the actually charged amount of ordinary depreciation and expensed disposed of assets totalling HUF 20,781m. Depreciation charged up to the limits specified in section 7(1)d) and appendices 1 and 2 of the corporate tax act reduces the tax base – for MÁV-START Zrt., this amount was HUF 31,303m for 2019.

- costs incurred outside the normal course of business in 2019 totalled HUF 159m (HUF 150m grant through MÁV Zrt. to reduce the passenger transport cost of Gyermekvasút [Children's Railway] and donations of HUF 9m to civil organisations and municipalities) increased the corporate tax base.

MÁV-START Zrt. does not have any corporate tax payment liability to the Hungarian Tax Authority as an overall result of the pre-tax profit and the adjusting items.

In previous years, the Hungarian Tax Authority (NAV) conducted a comprehensive tax audit at MÁV-START Zrt. for all fiscal years ended 2011 and for the fiscal years of 2014-2015.

NAV did not conduct any audit at the Company in 2019 that would have resulted in a period closed with a tax audit nor made any observations in that respect.

The tax authority may examine the books and records at any time for up to 6 (six) years after the respective tax year and may revise assessments or impose penalties. The managers of the Company are not aware of any condition based on which the Company could incur any related obligation.

II.2.8 Profit and loss account using the cost of sales method

The Company does not prepare a profit and loss account with the cost of sales method.

II.2.9 Other P&L related disclosures

The Company's management proposes the distribution of dividends as set out in the business plan upon approval of the financial statements for 2019.

II.3 Cash flow statement

The Company's cash flow statement for 2019 is presented in the following table:

figures in HUF millions

No.	Item	2018.	2019.
I.	Operating cash flows (lines 1-13)	13 127	26 692
1a.	Pre-tax profit or loss ±	6 779	2 152
	of which: financially settled public service cost reimbursement and reimbursement subsidy	136 151	136 919
1b.	Dividends received -	-1	-200
1c.	Amounts received/transferred free of charge recognised in profit or loss ±	305	0
1d.	Unrealised foreign exchange gain or loss on liquid assets ±	1	0
1e.	Realised foreign exchange gain or loss related to the repayment of long-term loans and long-term liabilities ±	0	0
1f.	Unrealised foreign exchange gain or loss on non-current assets and long-term liabilities ±	334	192
1g.	Realised foreign exchange gain or loss related to the repayment of long-term loans granted and long-term liabilities ±	418	30
1h.	Non-specified pre-tax profit or loss adjustments related to managed state-owned assets ±	0	0
1i.	Non-current assets contributed ±	0	0
1j.	Non-current assets granted free of charge ±	0	0
1k.	Other non-specified adjustments to the pre-tax profit or loss ±	33	-38
1.	Adjusted pre-tax profit or loss (1a+1b+1c+1d+1e+1f+1g+1h+1i+1j+1k) ±	7 869	2 137
2.	Amortisation charge +	19 989	20 750
3.	Impairment loss recognised and reversed +	125	312
4.	Difference between provisions made and released ±	-1 273	479
5.	Gains/Losses on non-current asset disposals ±	-2	-5
6.	Movements in creditors ±	-7 345	-7 497
7.	Movements in other current liabilities ±	10 813	17 424
7a.	Changes in intra-division settlements (liabilities) ±	0	0
8.	Movements in accrued expenses and deferred income ±	-8 433	-3 955
9.	Movements in debtors ±	275	207
10.	Movements in current assets (less debtors and liquid assets) ±	-10 856	-2 974
10a.	Changes in intra-division settlements (receivables) ±	0	0
11.	Movements in prepaid expenses and accrued income ±	4 165	813
12.	Income taxes paid, payable -	0	0
13.	Dividends paid, payable -	-2 200	-1 000
II.	Investing cash flows (lines 14-18)	-20 358	-29 859
14.	Non-current asset additions -	-20 388	-30 062
15.	Non-current asset disposals +	29	2
16.	Long-term loans and bank deposits repaid, terminated, redeemed +	1	1
17.	Long-term loans granted and bank deposits placed -	0	0
18.	Dividends received +	1	200
III.	Financing cash flows (lines 19-27)	5 483	4 753
19.	Shares issued, capital injection +	1 865	0
20.	Issue of bonds and debt securities +	0	0
21.	Loans and borrowings taken +	15 401	8 040
22.	Amounts received free of charge +	193	129
23.	Shares withdrawn, disinvestment (capital reduction) -	0	0
24.	Bonds and debt securities repaid -	0	0
25.	Loans and borrowings repaid -	-11 558	-3 116
26.	Amounts transferred free of charge -	-305	-300
27.	Movements in liabilities to founders and in other long-term liabilities ±	-114	0
IV.	Cash flows (I.+II.+III.)	-1 748	1 586
28.	Revaluation of cash and cash equivalents held in foreign exchange	-1	0
V.	Change in cash and cash equivalents (IV.+28)	-1 749	1 586

Table 42: Cash flow statement

In accordance with the accounting policies, adjustments over HUF 500m of the changes in lines 6 to 11 of the cash flow statement were as follows:

line 6	Movements in creditors (related to fixed asset acquisitions)	HUF -7,483m
line 7	Changes in other current liabilities of which key items: - change in capital due to contribution in kind - capital increase registered	HUF 2,164m HUF - 3,061m HUF 4,926m
line 8	Changes in accrued expenses and deferred income (related to assets constructed/acquired from subsidies)	HUF - 6,687m

Elaboration of the key lines:

The pre-tax profit was HUF 2,152m.

The change in cash and cash equivalents (line IV) reflects the Cash and cash equivalents line in the balance sheet line (B. IV.) which shows an increase of HUF 1,586m in 2019. This change was due to the following factors:

- Operating cash flows relating to core operations show inflows of HUF 26,692m in 2019 and were due predominantly to the changes in depreciation and in liabilities.
- There was a HUF -29,859m outflow from investing cash flows as a result of tangible asset acquisitions.
- Financing cash flows show an outflow of HUF 4,753m mostly as a result of the repayment of development loans.

II.4 True and fair asset, financial and income position

Assets

Non-current asset ratio

$$\frac{\text{Non-current assets}}{\text{Total assets}} = \frac{288\,713}{374\,047} = 77,19\% \quad (2018: 76,20 \%)$$

Tangible asset margin

$$\frac{\text{Equity}}{\text{Own tangible assets}} = \frac{132\,849}{280\,782} = 47,31\% \quad (2018: 49,52 \%)$$

Fixed asset margin

$$\frac{\text{Equity}}{\text{Own non-current assets}} = \frac{132\,849}{288\,713} = 46,01\% \quad (2018: 48,31 \%)$$

Current assets to non-current assets

$$\frac{\text{Current assets}}{\text{Non-current assets}} = \frac{81\,789}{288\,713} = 28,33\% \quad (2018: 29,57 \%)$$

Equity and liabilities

Gearing ratio

$$\frac{\text{Equity}}{\text{Total equity and liabilities}} = \frac{132\,849}{374\,047} = 35,52\% \quad (2018: 36,82 \%)$$

Borrowed capital ratio

$$\frac{\text{Borrowed capital (Liabilities)}}{\text{Equity}} = \frac{126\,641}{132\,849} = 95,33\% \quad (2018: 83,79 \%)$$

Indebtedness ratio

$$\frac{\text{Borrowed capital (Liabilities)}}{\text{Total equity and liabilities}} = \frac{126\,641}{374\,047} = 33,86\% \quad (2018: 30,85 \%)$$

Long-term liabilities ratio

$$\frac{\text{Long-term liabilities}}{\text{Long-term liabilities} + \text{Equity}} = \frac{14\,062}{146\,911} = 9,57\% \quad (2018: 11,82\%)$$

Equity increase ratio

$$\frac{\text{Equity}}{\text{Issued capital}} = \frac{132\,849}{45\,000} = 2,95 \quad (2018: 2,9)$$

Profitability ratios

$$\text{EBITDA (operating profit} + \text{depreciation)} = 2\,565 + 20\,750 = 23\,315 \quad (2018: 29\,186 \text{ M Ft})$$

$$\text{EBITDA rate} = \frac{\text{EBITDA}}{\text{Sales revenues, net}} = \frac{23\,315}{99\,857} = 23,35\% \quad (2018: 29,11\%)$$

$$\text{Return on sales (ROS)} = \frac{\text{Operating profit}}{\text{Sales revenues, net}} = \frac{2\,565}{99\,857} = 2,57\% \quad (2018: 9,17\%)$$

Financial position

Working capital and liquidity

Net working capital

$$\text{Current assets} - \text{Current liabilities} = 81\,789 - 112\,579 = -30\,790 \quad (2018: -11\,639 \text{ M Ft})$$

Liquidity ratio

$$\frac{\text{Current assets}}{\text{Current liabilities}} = \frac{81\,789}{112\,579} = 72,65\% \quad (2018: 86,96\%)$$

Quick ratio

$$\frac{\text{Current assets} - \text{Inventories}}{\text{Current liabilities}} = \frac{53\,306}{112\,579} = 47,35\% \quad (2018: 60,16\%)$$

Cash liquidity

$$\frac{\text{Liquid assets}}{\text{Current liabilities}} = \frac{3\,423}{112\,579} = 3,04\% \quad (2018: 2,06\%)$$

II.5 Balance sheet and profit and loss account for items affecting previous years

The impact of the errors detected for the previous years in 2019 was below the threshold defined in the accounting policies and therefore the detected errors were recognised in the profit or loss for the reporting year and not in a separate column.

III Other information

III.1 Environment protection

MÁV-START Zrt's environmental service provider is MÁV SZK Zrt's Environmental Unit which delivers environmental services based on the underlying general service contract (Back-office contract) as amended for each year. Any environmental work done is accounted for based on the number of hours and each task is carried out based on recurring and one-off orders. The Company's Safety Directorate is in charge of the technical management of our environmental activities.

As in the previous years, ALCUFER Kft. was engaged also in 2019 to disassembly of scrapped railcars. Some of the selected 13 vehicles are not movable and therefore must be disassembled on location.

Arrangements for the licensing of air pollution sources that form parts of the technologies installed at the premises and applying for water licences are done by our environmental service providers. The related fees and charges are settled by the Security Directorate. Such charges paid in 2019 included HUF 549,000 in relation to air pollution sources, HUF 257,400 for sewage proceedings and HUF 213,400 justified sewage testing cost re-charged by the public utilities service provider.

A new car wash was commissioned at the premises of the Nagykanizsa vehicle operating directorate. Based on the tests of the disinfectant wash sludge, which was previously classified as hazardous waste, is now collected by the local public sewage company as household sewage. Our sewage disposal costs significantly reduced as a result.

At the premises of the Nyíregyháza vehicle operating directorate, a new de-emulsifier was installed to treat the sewage produced by the engine washer in the boiler room. The related operating licence also includes the industrial and firefighting water systems originally licenced to MÁV Zrt. but now MÁV-START Zrt. is named as the licence holder. This situation is unfavourable for us. However, attempts to restore the initial licence position which reflects the actual operators are expected to involve new licence applications and possibly a new planning permit process. The authorities seem to prefer us filing for new licence applications under the new regulations if we wish to renew the licences issued before the current regulations took effect with their former substance.

Of the five tracks belonging to the repair hall 'A' at the Szolnok vehicle operating directorate, one track remained for use by the original vehicle repair purposes. Two of the five tracks are now used for the purposes of the activities of the Szolnoki Járműjavító (Szolnok Repairs Division) formerly pursued in the "Palm House" which is now under reconstruction for the KISS multiple unit trains. The other two tracks are rented by Alstom to fit Flirt trains with ETCS devices.

No environmental damage had to be rectified in 2019 as a result of accidents involving our vehicles. it is frequent, however, that an engine fault (often a broken drive shaft) causes damage in the fuel system or otherwise so that the train cannot be used any longer.

Another common error in 2019 was overfilling M41 engines at Tapolca, which meant that larger volumes of gasoline leaked into the environment at the gasoline filling station. While the filling stations are equipped with gasoline traps, the damage prevention system requires cleaning after each accidental overfilling which means extra costs in addition to the cost of the wasted gasoline. An investigation into the case found a significant difference, cca. 230 litres, between the quantities shown by the liquid level control and the filling station. A recommendation to avoid similar spillage in the future was made to the technical function.

III.1.1 Environmental obligations

figures in HUF millions

Item	Opening	Increase	Decrease	Closing
Non-distributable reserv	0	0	0	0
Provision	0	0	0	0

Table 43: Environmental reserve and provisions

The Company had no environmental reserve in 2019.

figures in HUF millions

Item	2018	2019	Change
Environmental expenses	377	424	47

Table 44: Environmental expenses

III.1.2 Tangible assets directly serving environment protection

figures in HUF millions

Serial No.	ITEM	Properties and related rights	Technical machinery, equipment	Other equipment, fittings, vehicles	Capital projects, renovations	Total
1.	<i>Cost, opening</i>	181	195	0	0	376
2.	Additions	423	92	0	0	515
3.	Disposals	0	0	0	0	0
4.	Reclassified	0	0	0	0	0
5.	<i>Cost, closing</i>	604	287	0	0	891
6.	<i>Depreciation, opening</i>	8	54	0	0	62
7.	Ordinary depreciation in 2019	22	21	0	0	43
8.	Extraordinary deprec. in 2019	0	0	0	0	0
9.	Extraordinary deprec., reversed	0	0	0	0	0
10.	Depreciation written off	0	0	0	0	0
11.	Other increase	0	0	0	0	0
12.	Other decrease	0	0	0	0	0
13.	Reclassified	0	0	0	0	0
14.	<i>Depreciation, closing</i>	30	75	0	0	105
15.	<i>NBV, opening</i>	173	141	0	0	314
16.	<i>NBV, closing</i>	574	212	0	0	786

Table 45: Tangible assets directly serving environment protection

Most of the increase was due to the car wash system (HUF 423m) commissioned in Nagykanizsa in 2019.

Depreciation is charged on MÁV-START Zrt's environmental assets, just as for all other tangible assets, on a straight line basis over the useful life of the asset.

III.1.3 Hazardous waste values and quantities

Waste resulting from the Company's operations is continuously disposed of.

- Movements in hazardous waste

figures in HUF millions

EWC ID	Item	Opening	Increase	Decrease	Closing
130205*	Non-chlorine lubricants	1	8	7	2
130307*	Crude oil based, non-chlorine insulation and heat transmission oils	0	2	1	1
160601*	Lead batteries	4	8	10	2
Total		5	18	18	5

Table 46: Hazardous and polluting waste

- Movements in waste oil

figures in HUF millions

Receiver	2018		2019	
	Sold (kg)	Sold, net value	Sold (kg)	Sold, net value
MOL-LUB Kft.	124 281	7	154 574	8

Table 47: Waste oil disposed of

- Hazardous waste and pollutant quantities

figures in kgs

ID code	Item	Opening	Additions	Disposals	Closing
06 01 06*	Acidic sulphur waste	152	0	152	0
06 02 04*	Sodium and potassium hydroxide	0	1 000	0	1 000
070104*	Other organic solvents, washing liquids and solid caustics	216	43	124	135
070603*	Halogenic organic solvents, washing liquids	193		193	0
080111*	Waste paint and varnish containing organic solvents and other hazardous substances	2 616	54 720	3 492	53 844
080117*	Waste containing organic solvents or other hazardous substances	6 276	38 827	8 276	36 827
080317*	Toner waste with hazardous substances	1 515	1 596	1 425	1 686
080409*	Waste adhesive, filling and sealing agents with organic solvents and other hazardous substances	2 588	7 044	1 778	7 854
100402*	Blast furnace slag/cinder from primary and secondary production and	0	775	0	775
110198*	Material with other hazardous substances	1 348	2 735	1 348	2 735
120109*	Non-halogenic cooling-lubricant emulsions and solutions	298	197	298	197
120112*	Waste wax and grease	1 405	3 047	2 331	2 121
120116*	Sand blast waste with hazardous substances	0	28 933	10 760	18 173
120118*	Oil stained metal sludge (from buffing, honing, lapping)	4 538	19 556	3 258	20 836
130113*	Other hydraulic oils	1 879	2 273	2 740	1 412
130205*	Chlorine engine and other lubricants	23 932	123 267	32 845	114 354
13 02 08*	Other engine and gear lubricants	0	45	0	45
130307*	Mineral oil based, non-chlorine insulation and heat transmitting oils	4 873	31 307	13 158	23 022
130502*	Sludge from oil/water separators	3 166	31 127	8 976	25 317
130506*	Oil from oil/water separators	0	12 085	0	12 085
130508*	Mixed waste from de-gritter and from oil/water separators	148	334 840	0	334 988
130701*	Burning oil and diesel oil	1 160		526	634
130703*	Other fuel	680		680	0
13 08 99*	Unspecified waste (stained fuel)	0	663	330	333
140601*	Chlorine-fluorine-hydrocarbons, HCFC, HFC	80		0	80
140603*	Other solvent mixes	140	2 420	760	1 800
150110*	Packaging with hazardous content or stains	8 022	77 672	9 575	76 119
150111*	Metal packaging with hazardous solid porous matrix (e.g. asbestos)	1 036	1 629	1 077	1 588
150202*	Absorbents, filters (incl. Non-specified oil filters), clothes and	20 333	89 088	31 288	78 133
16 01 04*	Vehicles no longer fit for use as a product	6 000	3 600	6 000	3 600
160107*	Oil filters	2 645	8 534	4 126	7 053
160114*	Anti-freeze with hazardous substances	2 975	2 434	1 514	3 895
160121*	Hazardous spare parts	1 472	611	752	1 331
160213*	Decommissioned equipment	607	50	512	145
160303*	Inorganic waste with hazardous substances	214	40	158	96
160305*	Organic waste with hazardous substances	6 357	8 669	5 135	9 891
160506*	Laboratory chemicals with hazardous substance contents	124		45	79
160507*	Demissioned inorganic chemicals with hazardous substance contents	374	10	246	138
160601*	Lead batteries	20 599	47 407	10 759	57 247
160606*	Electrolites collected separately from batteries	1 000	10 390	2 860	8 530
160708*	Oil stained waste	1 782	2 352	1 809	2 325
161001*	Hazardous liquid waste	60	25 519	0	25 579
170204*	Stained/contaminated glass, plastic, timber	250	2 121	1 296	1 075
17 03 01*	Asphalt mix with coal tar content	0		0	0
170409*	Stained/contaminated metal waste	135	87	0	222
170410*	Oil stained, carbon stained or other hazardous cable waste	100	130	100	130
170503*	Stained soil and stones	5 379	22 775	5 973	22 181
170601*	Asbestos insulators	0		0	0
170603*	Other insulators with hazardous material contents	56	45	50	51
17 06 05*	Other waste the collection and treatment of which require special conditions in order to avoid contamination		26	26	
18 01 03*	Saturated or depleted ion-exchange resins	8	12	10	10
190806*	Sludge from industrial sewage treatment with hazardous substances	0		0	0
190813*	Light tubes and other mercurous waste	11 460	409 996	11 460	409 996
200121*	Hazardous washing agents	1 055	1 387	814	1 628
200129*	hazardous detergents	78		0	78
200133*	Batteries including those with codes 16 06 01, 16 06 02 and 16 06 03	579	1 631	893	1 317
200135*	Hazardous scrapped electric and electronic equipment other than waste coded 20 01 21 and 20 01 23	9 045	15 025	10 138	13 932
200137*	Contaminated timber	500	2 220	690	2 030
Total:		159 448	1 429 960	200 756	1 388 652

Table 48: Hazardous waste and pollutant quantities

III.2 Research and development expenses

R&D expenses, other technical development expenses and capitalised R&D activities are presented below:

figures in HUF millions

Item	2018	2019
R&D costs	0	0
Of which: Own R&D to be capitalised	0	0
Other indirect costs of technical development	0	0
Total:	0	0

Table 49: R&D expenses

figures in HUF millions

Item	Opening	Increase	Decrease	Closing
Cost	516	0	0	516
Depreciation	450	66	0	516
Net value	66	0	0	0
R&D in progress	0	0	0	0
Total:	66	66	0	0

Table 50: Capitalised R&D

In 2019, no expenses incurred in relation to R&D activities.

Depreciation of the value of experimental development relating to the IC+ railcars capitalised in 2014 ended in 2019.

III.3 Subsidies

figures in HUF millions

Subsidy	Subsidy received (approved) (as in the underlying document)	2018						2019					
		Subsidised amount in previous year(s)	Subsidised amount	Unused subsidy	Disbursed subsidy	Paid from subsidy	Cash available from the subsidy at the balance sheet date	Subsidised amount in previous year(s)	Subsidised amount	Unused subsidy	Disbursed subsidy	Paid from subsidy	Cash available from the subsidy at the balance sheet date
Subsidised fares on social grounds*	18 572	1 330	17 242	0	20 800	0	-1 097	1 178	17 850	0	16 520	0	-1 330
Reimbursed excise tax on gasoline use*	4 587	762	3 825	0	3 205	0	-626	788	4 422	0	3 659	0	-763
Subsidies (project + cost)	128 795	43 985	14 240	70 570	130	82	-39	36 487	7 498	84 810	191	0	-44
of which:													
KÖZOP-INKOP INKA	671	629	0	42	0	0	0	524	105	42	105	0	0
IKOP 39 11 high capacity trains	60 550	27 965	6 009	26 576	49	0	-19	27 965	0	32 585	0	0	0
IKOP Tram Train	17 623	7 954	31	9 638	31	0	0	7 954	0	9 669	0	0	0
FLIRT ETCS installation in 59 trains	7 351	2 970	0	4 381	0	32	-13	44	2 926	4 381	86	0	-44
IKOP 8 high capacity trains	39 000	3 870	7 732	27 398				0	3 870	35 130	0	0	0
IKOP- INKA 2 subsidy	3 600	597	468	2 535	50	50	-7	0	597	3 003	0	0	0
Prior years public service reimbursement settlements in 2019	12 242	11 349	893	0	12 242	0	0	0	5 019	0	26 056	0	-11 349
Public service reimbursement for 2019	173 641	0	173 641	0	136 025	0	-37 615	0	160 871	0	132 830	0	-28 041
GINOP-187 "Spektrum" subsidy received to cover expenses	8	0	8	0	0	0	0	0	0	0	0	0	0
Total:	337 845	57 426	209 849	70 570	172 402	82	-39 377	38 453	195 660	84 810	179 256	0	-41 527

* Amount of statutory subsidy for the year

Table 51: Subsidies recognised in the reporting year

Further details of subsidies are presented in Chapter IV.5 among the other disclosures relating to accounting unbundling.

figures in HUF millions

Subsidised fares on social grounds	2018	2019
50% discount	3 394	3 440
90% discount	2 147	1 970
Students	6 370	5 806
OAPs over 70 (65)	5 940	6 026
Total:	17 850	17 242

Table 52: Subsidised fares

III.4 Average headcount, payroll cost and other payments to personnel

figures in HUF millions

Staff category	2018				2019			
	Payroll cost	Other payments to personnel	Total	Percentage (%)	Payroll cost	Other payments to personnel	Total	Percentage (%)
Blue collar	45 541	6 265	51 806	70,40	48 729	6 298	55 027	70,85
White collar	19 140	2 588	21 728	29,52	20 074	2 508	22 582	29,08
Inactive	40	19	59	0,08	53	5	58	0,07
Total:	64 721	8 872	73 593	100,00	68 856	8 811	77 667	100,00

Table 53: Payments to personnel, net of payroll taxes

figures in HUF millions

Payroll taxes	2018		2019	
	Amount	Percentage (%)	Amount	Percentage (%)
Social contribution tax	12 438	81,14	13 953	87,82
Rehabilitation contribution	849	5,54	910	5,73
Health care contribution	1 112	7,25	1	0,01
Vocational training contribution	931	6,07	1 025	6,45
Total:	15 330	100,00	15 889	100,00

Table 54: Payroll taxes by type

Staff category	2018		2019	
	Average statistical number of staff	Percentage (%)	Average statistical number of staff	Percentage (%)
Blue collar	9 767,6	69,96	9 861,4	70,82
White collar	4 195,0	30,04	4 063,6	29,18
Total number of staff:	13 962,6	100,00	13 925,0	100,00

Table 55: Number of employees

Staff category	Average pay (HUF/p/month)		Average pay per category (HUF/p)	
	2018	2019	2018	2019
- blue collar	380 192	403 708	258 184	275 807
- white collar	368 382	395 242	326 894	351 339
Full time staff	376 658	401 248	278 712	297 756

Table 56: Average salaries and salaries per statutory staff category including public workers

The Company did not employ any worker under the public employment scheme in 2019.

Category	2018	Percentage (%)	of which public workers	2019	Percentage (%)	Index 2019/2018	of which public workers
Full time	13 937	99,64	0	13 843	99,45	99,33	0
- blue collar	9 829	70,27	0	9 807	70,45	99,78	0
- white collar	4 108	29,37	0	4 036	28,99	98,25	0
Part time	51	0,36	0	77	0,55	150,98	0
- blue collar	18	0,13	0	32	0,23	177,78	0
- white collar	33	0,24	0	45	0,32	136,36	0
Total number of staff	13 988	100,00	0	13 920	100,00	99,51	0

Table 57: Number of employees at the end of the year

III.5 Information about senior officers and Supervisory Board members

III.5.1 Remuneration of executive officers and members of the Supervisory Board in the reporting year

figures in HUF millions

Category	2018	2019	Change
Senior officers	41	68	27
Supervisory Board	4	7	3
Total:	45	75	30

Table 58: Remunerations paid in 2019

III.5.2 Advance payments, loans disbursed to executive officers and Supervisory Board members, guarantees assumed on their behalf

No advances were paid or loans were disbursed to, nor were guarantees assumed on the behalf of executive officers and Supervisory Board members in 2019.

III.5.3 Pension payment obligations towards former executive officers and Supervisory Board members

The Company has no pension payment obligations towards its former executive officers or Supervisory Board members.

III.6 The Company's investments

figures in HUF

Company code	Name	Ownership (%)	Date of foundation/acquisition	Postcode	Seat	Address	Issued capital at 31 Dec 2019	Reserves at 31 Dec 2019 *	Net profit for 31 Dec 2019 *	Equity at 31 Dec 2019 *	Registered capital 1 Jan 2019	Accumulated impairment loss at 1 Jan 2019	Book value at 1 Jan 2019
138	MÁV Szolgáltatás Központ Zrt.	0.25	2011.07.19	1087	Budapest	Könyves Kálmán körút 54-60	801 000 000	1 436 666 134	318 767 888	2 564 210 587	2 000 000		2 000 000
020	MÁV VAGON Kft.	99.92	2014.01.01	8000	Székesfehérvár	Takarósi u. 1.	243 980 000	315 697 690	339 290 000	898 968 000	250 377 294		250 377 294
Fully consolidated subsidiaries total:											250 377 294		250 377 294
Non-fully consolidated subsidiaries total:													0
191	ITS-MÁV Gépjárat Szolgáltatás Kft.	49.02	2011.12.14	1097	Budapest	Fék u. 8/a	3 000 000	206 271 000	26 129 797	285 160 455	250 000		250 000
Associated companies total:											250 000		250 000
147	BCC	1.36	1997.01.28	B-1068	Brussels	40 Avenue de la Porte de Hal	16 439 830				482 265		482 265
120	Vasúttársaságok Kft.	0.010	2013.10.07	1062	Budapest	Podmaniczky u. 109	701 020 000	1 849 579 470	427 390	2 551 026 860	100 000		100 000
Other investments total:											582 265		582 265
Total:											253 209 559		253 209 559

*based on preliminary figures

Table 59: The Company's investments and opening balances

figures in HUF

Company code	Name	Purchase	Capital increase, injection	Capital decrease, divestment	Disposal	Reversal due to winding up, final settlement	Increase due to transformation	Decrease due to transformation	Exchange difference at the end of current year	Registered capital at 30.09 Current year	Impairment for the current year	Impairment reversal	Reversal due to sale, contribution	Accumulated impairment loss at 31.12 Current year	Registered value at 31.12 current year	
138	MÁV Szolgáltatás Központ Zrt.									2 000 000				2 000 000		
020	MÁV VAGON Kft.									250 377 294				250 377 294		
Fully consolidated subsidiaries Total:		0	0	0	0	0	0	0	0	252 377 294				252 377 294		
Not fully consolidated subsidiaries Total:		0	0	0	0	0	0	0	13 813	845 780	0	0	0	845 780		
Total:										0				0		
191	ITS-MÁV Gépjárat Szolgáltatás Kft.									250 000				250 000		
Associated companies Total:		0	0	0	0	0	0	0	0	250 000				250 000		
147	BCC								13 515	495 780				495 780		
120	Vasúttársaságok Kft.								13 813	100 000				100 000		
Other participating interests Total:		0	0	0	0	0	0	0	13 813	595 780				595 780		
Total:		0	0	0	0	0	0	0	13 813	253 223 074				253 223 074		

Table 60: Changes in the Company's investments in 2019

There was no change in MÁV-START Zrt's investments in 2019.

III.7 Disclosures of the exempted parent company

MÁV-START Zrt. exercises direct dominant control over MÁV VAGON Kft. due to its 99.92% participating interest held in the company.

figures in HUF millions

MÁV VAGON Kft.	2019.12.31
Non-current assets	643
Equity	899
Sales revenues, net	8 804
Net profit	339
Statistical number of staff	199

Table 61: MÁV VAGON Kft. reported figures as at 31 December 2019

III.8 Material not arm's length transactions with related parties

The Company had no significant not arm's length transactions in the reporting year.

III.9 Permanent establishments abroad

The Company has no permanent establishments abroad.

III.10 Significant post-balance sheet events

As a result of the pandemic outbreak in March 2020, MÁV Group has incurred material extra costs and management has taken measures in an effort to offset these. However, these measures are not adequate to make up for the significant lost income of the passenger public service companies. Public services may only be cut back upon approval of the Principal, the Ministry for Innovation and Technology. Until such an approval is obtained, all MÁV Group companies need to operate wholly. In view of the fact that all pandemic related costs are justified and that no significant reduction in the ordered services has been effected as yet as negotiations with the relevant ministries are ongoing in order to ensure adequate railway services in the wake of the government's actions to combat the outbreak, all public service companies are expected to incur justified extra costs that are reimbursable by the Principal based on both underlying legislation and contractual terms. This reimbursement obligation is also valid for any changes in order volumes (e.g. lost track usage income at MÁV Zrt.). The unbudgeted cost increases at public service provider and public service supporting subsidiaries will be recovered through cost-based pricing.

IV Annual supervisory report – Disclosures pursuant to decree 50/2007 of the Ministry for Economy and Transport and the Finance Ministry (GKM-PM) on the accounting unbundling of rail transport activities within railway companies

The balance sheet, profit and loss account and cash-flow statement prepared separately for the unbundled activities required in the supervisory report are included in the tables below and reflect the information of the:

- public service passenger transportation division (SK) with respect to passenger transportation performed based on public service contract
- non-public service division (SN) with respect to non-public service passenger transportation
- and the other activities division (E) with respect to non-passenger transport services.

IV.1 Balance sheet disclosures

figures in HUF millions

Line	Item	Public service passenger transport (SK)		Non-public service passenger transport (SN)		Other activities (E)		MÁV-START Zrt. Total	
		2018	2019	2018	2019	2018	2019	2018	2019
A.	NON-CURRENT ASSETS	257 360	277 182	5 026	11 531	0	0	262 386	288 713
I.	INTANGIBLE ASSETS	5 909	7 346	244	332	0	0	6 153	7 678
1.	Capitalised cost of foundation/restructuring	0	0	0	0	0	0	0	0
2.	Capitalised cost of development	66	0	0	0	0	0	66	0
3.	Concessions, licenses and similar rights	726	1 109	3	2	0	0	729	1 111
4.	Trade-marks, patents and similar rights	5 117	5 794	241	330	0	0	5 358	6 124
5.	Goodwill	0	0	0	0	0	0	0	0
6.	Advance payments for intangible assets	0	443	0	0	0	0	0	443
7.	Revaluation of intangible assets	0	0	0	0	0	0	0	0
II.	TANGIBLE ASSETS	251 198	269 583	4 782	11 199	0	0	255 980	280 782
1.	Land and buildings and related property rights	3 029	4 287	1	1	0	0	3 030	4 288
2.	Plant, machinery, equipment and vehicles	197 371	197 618	2 775	11 120	0	0	200 146	208 738
3.	Other equipment, fixtures and fittings, vehicles	2	5	0	0	0	0	2	5
4.	Breeding stock	0	0	0	0	0	0	0	0
5.	Capital projects in progress	8 015	17 720	2 006	78	0	0	10 021	17 798
6.	Advance payments for capital projects	42 781	49 953	0	0	0	0	42 781	49 953
7.	Adjusted value of tangible assets	0	0	0	0	0	0	0	0
III.	NON-CURRENT FINANCIAL ASSETS	253	253	0	0	0	0	253	253
1.	Long-term investments in related parties	252	252	0	0	0	0	252	252
2.	Long-term loans granted to related parties	0	0	0	0	0	0	0	0
3.	Other long-term investments	0	0	0	0	0	0	0	0
4.	Long-term loans to significant investments	0	0	0	0	0	0	0	0
5.	Other long-term investments	1	1	0	0	0	0	1	1
6.	Long-term loans granted to other investments	0	0	0	0	0	0	0	0
7.	Other long-term loans granted	0	0	0	0	0	0	0	0
8.	Long-term debt securities	0	0	0	0	0	0	0	0
9.	Adjusted of financial investments	0	0	0	0	0	0	0	0
10.	Gain/Loss on the valuation of financial investments	0	0	0	0	0	0	0	0
B.	CURRENT ASSETS	69 920	76 043	3 643	566	7 856	8 404	77 597	81 789
I.	INVENTORIES	20 836	28 216	3 039	182	41	85	23 916	28 483
1.	Materials	15 457	21 210	2 561	155	0	0	18 018	21 365
2.	Work in progress and semi-finished products	1 624	3 532	459	3	41	85	2 124	3 620
3.	Animals for breeding, fattening and other livestock	0	0	0	0	0	0	0	0
4.	Finished products	1 320	1 856	7	10	0	0	1 327	1 866
5.	Goods	0	0	12	14	0	0	12	14
6.	Advance payments for inventories	2 435	1 618	0	0	0	0	2 435	1 618
II.	RECEIVABLES	47 411	44 945	530	295	7 724	7 867	51 844	49 883
1.	Trade debtors	911	613	448	233	3 516	3 825	4 875	4 671
2.	Receivables from related parties	473	463	1	1	322	777	796	1 241
3.	Receivables from significant investments	121	148	0	0	64	41	185	189
4.	Receivables from other investments	18	20	0	0	0	0	18	20
5.	Bills of exchange receivable	0	0	0	0	0	0	0	0
6.	Other receivables	45 888	43 701	81	61	0	0	45 970	43 762
7.	Revaluation difference of receivables	0	0	0	0	0	0	0	0
8.	Gain on derivative transactions	0	0	0	0	0	0	0	0
	Receivables from inter-division settlements	0	0	0	0	3 822	3 224	0	0
III.	SECURITIES	0	0	0	0	0	0	0	0
1.	Equity in related parties	0	0	0	0	0	0	0	0
2.	Significant equity investment	0	0	0	0	0	0	0	0
3.	Other equity investments	0	0	0	0	0	0	0	0
4.	Treasury shares and quotas	0	0	0	0	0	0	0	0
5.	Marketable debt securities	0	0	0	0	0	0	0	0
6.	Revaluation difference of securities	0	0	0	0	0	0	0	0
IV.	LIQUID ASSETS	1 673	2 882	74	89	97	452	1 837	3 423
1.	Cash, cheques	152	152	3	4	0	0	155	156
2.	Bank deposits	1 521	2 730	71	85	91	452	1 682	3 267
C.	PREPAID EXPENSES AND ACCRUED INCOME	3 495	3 043	612	412	251	90	4 358	3 545
1.	Accrued income	1 171	821	612	374	251	90	2 034	1 285
2.	Prepaid expenses	1 285	1 154	0	38	0	0	1 285	1 192
3.	Deferred expenses	1 039	1 068	0	0	0	0	1 039	1 068
	ASSETS, TOTAL	330 775	356 268	9 281	12 509	8 107	8 494	344 341	374 047

Table 62: Asset side of MÁV-START Zrt's unbundled balance sheet

figures in HUF millions

Line	Item	Public service passenger transport (SK)		Non-public service passenger transport (S/N)		Other activities (E)		MÁV-START Zrt. Total	
		2018	2019	2018	2019	2018	2019	2018	2019
D.	EQUITY	116 268	122 202	2 554	2 300	7 949	8 347	126 771	132 849
I.	ISSUED CAPITAL	43 627	44 767	115	233	0	0	43 742	45 000
	of which: treasury shares redeemed at face value	0	0	0	0	0	0	0	0
II.	ISSUED CAPITAL NOT PAID	0	0	0	0	0	0	0	0
III.	CAPITAL RESERVE	65 788	69 273	1 845	2 028	0	0	67 633	71 301
IV.	RETAINED EARNINGS	1 331	6 395	531	594	6 171	6 949	8 033	13 938
V.	ALLOCATED RESERVES	584	458	0	0	0	0	584	458
VI.	REVALUATION RESERVE	0	0	0	0	0	0	0	0
1.	Revaluation reserve on value adjustments	0	0	0	0	0	0	0	0
2.	Revaluation reserve on fair value	0	0	0	0	0	0	0	0
VII.	PROFIT FOR THE YEAR	4 938	1 309	63	-555	1 778	1 398	6 779	2 152
E.	PROVISIONS	6 288	6 776	11	2	0	0	6 299	6 778
1.	Provisions for expected liabilities	2 136	1 616	11	2	0	0	2 147	1 618
2.	Provisions for future expenses	3 632	4 550	0	0	0	0	3 632	4 550
3.	Other provisions	520	610	0	0	0	0	520	610
F.	LIABILITIES	103 600	119 960	6 420	9 868	26	37	106 224	126 641
I.	SUBORDINATED LIABILITIES	0	0	0	0	0	0	0	0
1.	Subordinated liabilities to related parties	0	0	0	0	0	0	0	0
2.	Subordinated liabilities to significant investments	0	0	0	0	0	0	0	0
3.	Subordinated liabilities to other investments	0	0	0	0	0	0	0	0
4.	Subordinated liabilities to third parties	0	0	0	0	0	0	0	0
II.	LONG-TERM LIABILITIES	16 985	14 062	0	0	3	0	16 988	14 062
1.	Long-term borrowings	0	0	0	0	0	0	0	0
2.	Convertible bonds	0	0	0	0	0	0	0	0
3.	Debts from the issue of bonds	0	0	0	0	0	0	0	0
4.	Investment and development loans	10 785	8 584	0	0	0	0	10 785	8 584
5.	Other long-term loans	6 163	5 478	0	0	0	0	6 163	5 478
6.	Long-term liabilities to related parties	0	0	0	0	0	0	0	0
7.	Long-term liabilities to significant investments	0	0	0	0	0	0	0	0
8.	Long-term liabilities to other investments	0	0	0	0	0	0	0	0
9.	Other long-term liabilities	37	0	0	0	3	0	40	0
III.	CURRENT LIABILITIES	86 615	105 898	6 420	9 868	23	37	89 236	112 579
1.	Short-term borrowings	0	0	0	0	0	0	0	0
	of which: convertible bonds	0	0	0	0	0	0	0	0
2.	Other short-term loans	9 681	13 691	1 958	6 046	0	0	11 639	19 737
3.	Prepayments received from debtors	4	3	0	0	1	1	5	4
4.	Creditors	9 512	9 568	605	520	0	15	10 117	10 103
5.	Bills of exchange payable	0	0	0	0	0	0	0	0
6.	Short-term debts to related parties	18 803	26 586	10	47	0	0	18 813	26 633
7.	Short-term debts to significant investments	2 040	1 501	0	0	0	0	2 040	1 501
8.	Short-term debts to other investments	9	27	0	0	0	0	9	27
9.	Other current liabilities	46 566	54 522	25	31	22	21	46 613	54 574
10.	Revaluation difference of liabilities	0	0	0	0	0	0	0	0
11.	Loss on the revaluation of derivative transactions	0	0	0	0	0	0	0	0
	Liabilities from inter-division settlements	0	0	3 822	3 224	0	0	0	0
G.	ACCRUED EXPENSES AND DEFERRED INCOME	104 619	107 330	296	339	132	110	105 047	107 779
1.	Deferred income	180	146	0	0	131	110	311	256
2.	Accrued expenses	4 030	4 225	296	339	1	0	4 327	4 564
3.	Deferred extraordinary revenues and negative goodwill	100 409	102 959	0	0	0	0	100 409	102 959
	EQUITY AND LIABILITIES, TOTAL	330 775	356 268	9 281	12 509	8 107	8 494	344 341	374 047

Table 63: Equity and liabilities side of MÁV-START Zrt's unbundled balance sheet

IV.2 Profit and loss account disclosures

figures in HUF millions

Line	Item	Public service passenger transport (SK)		Non-public service passenger transport (SN)		Other activities (E)		MÁV-START Zrt. Total	
		2018	2019	2018	2019	2018	2019	2018	2019
01.	Domestic sales, net	62 191	61 612	3 067	3 326	20 658	18 515	85 916	83 453
02.	Export sales, net	9 249	11 000	4 271	4 574	832	830	14 352	16 404
I.	Sales revenues, net (01.+02.)	71 440	72 612	7 338	7 900	21 490	19 345	100 268	99 857
	1. Revenues from other internal settlements	157 302	166 390	3 130	2 559	0	2	160 432	168 951
	4. Central management	18 933	19 997	0	0	0	0	18 933	19 997
II/A.	Internal revenues recognised:	176 235	186 387	3 130	2 559	0	2	179 365	188 948
03.	Capitalised value of self-produced assets	277	2 479	254	-449	-305	5	226	2 035
04.	Movements in self-produced inventories	10 684	15 498	4 412	5 504	0	0	15 096	21 002
II.	Capitalised own output (±03.+04.)	10 961	17 977	4 666	5 055	-305	5	15 322	23 037
III.	Other income	174 586	180 762	55	15	3	8	174 644	180 785
	of which: reversed impairment loss	108	31	0	0	0	0	108	31
05.	Materials	39 679	46 622	2 767	3 557	322	317	42 768	50 496
06.	Material-type services used	118 559	125 773	2 423	1 978	35	68	121 017	127 819
07.	Other services	2 060	2 156	1	26	0	0	2 061	2 182
08.	Cost of goods sold	4	0	84	109	145	160	233	269
09.	Cost of (consignment) services	59	68	2 750	2 760	0	0	2 809	2 828
IV.	Material-type expenses (05.+06.+07.+08.+09.)	160 361	174 619	8 025	8 430	502	545	168 888	183 594
	1. Revenues from other internal settlements	138 763	148 115	5 511	5 673	16 158	15 163	160 432	168 951
	4. Central management	16 175	17 719	394	406	2 364	1 872	18 933	19 997
II/A.	Internal expenses recognised	154 938	165 834	5 905	6 079	18 522	17 035	179 365	188 948
10.	Payroll cost	63 702	67 844	740	737	279	275	64 721	68 856
11.	Other payments to personnel	8 637	8 590	186	176	49	45	8 872	8 811
12.	Social security and other contributions	15 090	15 658	177	169	63	62	15 330	15 889
V.	Payments to personnel (10.+11.+12.)	87 429	92 092	1 103	1 082	391	382	88 923	93 556
VI.	Depreciation charge	19 902	20 269	87	481	0	0	19 989	20 750
VII.	Other expenses	3 214	3 192	14	5	9	17	3 237	3 214
	of which: impairment loss (862)	217	322	7	4	9	17	233	343
A.	OPERATING PROFIT (I±II+III-II'-V'-VI-VII)	7 378	1 732	55	-548	1 764	1 381	9 197	2 565
13.	Dividends (due) received	1	200	0	0	0	0	1	200
	of which: from related parties	1	200	0	0	0	0	1	200
14.	Foreign exchange gain on disposal of investments	0	0	0	0	0	0	0	0
	of which: from related parties	0	0	0	0	0	0	0	0
15.	Interest and gains on non-current financial investments	0	0	0	0	0	0	0	0
	of which: from related parties	0	0	0	0	0	0	0	0
16.	Other interest received (due) and similar income	23	2	0	0	0	0	23	2
	of which: from related parties	0	0	0	0	0	0	0	0
17.	Other financial income	284	358	163	128	17	16	464	502
	of which: revaluation difference	0	0	0	0	0	0	0	0
VIII.	Financial income (13.+14.+15.+16.+17.)	308	560	163	128	17	16	488	704
18.	Foreign exchange loss on financial investments	0	0	0	0	0	0	0	0
	of which: to related parties	0	0	0	0	0	0	0	0
19.	Foreign exchange loss and expenses on non-current financial assets (securities, loans)	0	0	0	0	0	0	0	0
	of which: to related parties	0	0	0	0	0	0	0	0
20.	Interest payable and similar charges	404	411	0	0	0	0	404	411
	of which: to related parties	0	0	0	0	0	0	0	0
21.	Impairment of shares, securities, bank deposits	0	0	0	0	0	0	0	0
22.	Other financial expenses	2 344	572	155	135	3	-1	2 502	706
	of which: revaluation difference	0	0	0	0	0	0	0	0
IX.	Financial expenses (18.+19.+20.+21.+22.)	2 748	983	155	135	3	-1	2 906	1 117
B.	FINANCIAL LOSS OR PROFIT (VIII-IX)	-2 440	-423	8	-7	14	17	-2 418	-113
C.	PRE-TAX PROFIT (±A±B)	-4 938	1 309	63	-555	1 778	1 398	6 779	2 152
X.	TAX LIABILITY	0	0	0	0	0	0	0	0
D.	NET PROFIT (±C-X)	-4 938	1 309	63	-555	1 778	1 398	6 779	2 152

Table 64: MÁV-START Zrt's unbundled profit and loss account

Costs, expenses and revenues are primarily recognised for the controlling object that match the purpose of occurrence. Costs, expenses and revenues are allocated to the relevant division in view of the determined cost flow processes, specified projection bases and statistical indicators. The statement of unbundled activities from a business perspective is presented in Table 67.

IV.3 Cash flow disclosures

figures in HUF millions

Line	Item	Public service passenger transport (C/N)		Non-public service passenger transport (C/N)		Other activities (E)		MÁV-START Zrt. Total	
		2 018	2 019	2 018	2 019	2 018	2 019	2 018	2 019
I.	Operating cash flows (lines 1-13)	15 232	23 720	-1 365	2 612	-740	359	13 127	26 692
1a.	Pre-tax profit or loss ±	4 938	1 309	63	-554	1 778	1 398	6 779	2 152
	of which: financially settled public service cost reimbursement and reimbursement subsidy	136 151	136 919					136 151	136 919
1b.	Dividends received -	-1	-200	0	0	0	0	-1	-200
1c.	Amounts received/transferred free of charge recognised in profit or loss ±	305	0	0	0	0	0	305	0
1d.	Unrealised foreign exchange gain or loss on liquid assets ±	0	2	0	0	1	-2	1	0
1e.	Realised foreign exchange gain or loss related to the repayment of long-term loans and long-term liabilities ±	0	0	0	0	0	0	0	0
1f.	Unrealised foreign exchange gain or loss on non-current assets and long-term liabilities ±	334	192	0	0	0	0	334	192
1g.	Realised foreign exchange gain or loss related to the repayment of long-term loans granted and long-term liabilities ±	418	30	0	0	0	0	418	30
1h.	Non-specified pre-tax profit or loss adjustments related to managed state-owned assets ±	0	0	0	0	0	0	0	0
1i.	Non-current assets contributed ±	0	0	0	0	0	0	0	0
1j.	Non-current assets granted free of charge ±	0	0	0	0	0	0	0	0
1k.	Other non-specified adjustments to the pre-tax profit or loss ±	35	-38	-2	0	0	0	33	-38
1.	Adjusted pre-tax profit or loss (1a+1b+1c+1d+1e+1f+1g+1h+1i+1j+1k) ±	6 029	1 295	61	-554	1 779	1 396	7 869	2 137
2.	Amortisation charge ±	19 902	20 268	87	481	0	0	19 989	20 750
3.	Impairment loss recognised and reversed ±	109	291	7	4	9	17	125	312
4.	Difference between provisions made and released ±	-1 218	488	-55	-9	0	0	-1 273	479
5.	Gains/Losses on non-current asset disposals ±	-2	-5	0	0	0	0	-2	-5
6.	Movements in creditors ±	-5 516	-7 426	-1 827	-86	-1	15	-7 345	-7 497
7.	Movements in other current liabilities ±	10 935	17 384	-114	43	-8	-3	10 813	17 424
7a.	Changes in intra-division settlements (liabilities) ±	-964	0	3 822	-599	0	0	0	0
8.	Movements in accrued expenses and deferred income ±	-4 474	-3 975	-3 780	43	-178	-22	-8 433	-3 955
9.	Movements in debtors ±	-599	319	125	215	748	-326	275	207
10.	Movements in current assets (less debtors and liquid assets) ±	-9 242	-5 371	-1 919	2 874	305	-477	-10 856	-2 974
10a.	Changes in intra-division settlements (receivables) ±	0	0	703	0	-3 562	599	0	0
11.	Movements in prepaid expenses and accrued income ±	272	452	3 725	200	168	160	4 165	813
12.	Income taxes paid, payable -	0	0	0	0	0	0	0	0
13.	Dividends paid, payable -	0	0	-2 200	0	0	-1 000	-2 200	-1 000
II.	Investing cash flows (lines 14-18)	-17 599	-23 174	-2 759	-6 685	0	0	-20 358	-29 859
14.	Non-current asset additions -	-17 629	-23 377	-2 759	-6 685	0	0	-20 388	-30 062
15.	Non-current asset disposals +	29	2	0	0	0	0	29	2
16.	Long-term loans and bank deposits repaid, terminated, redeemed +	1	1					1	1
17.	Long-term loans granted and bank deposits placed -	0	0					0	0
18.	Dividends received +	1	200	0	0	0	0	1	200
III.	Financing cash flows (lines 19-27)	3 525	666	1 958	4 088	0	0	5 483	4 753
19.	Shares issued, capital injection +	1 865	0	0	0	0	0	1 865	0
18.	Issue of bonds and debt securities +	0	0	0	0	0	0	0	0
20.	Loans and borrowings taken +	13 443	3 953	1 958	4 088	0	0	15 401	8 040
21.	Amounts received free of charge +	193	129	0	0	0	0	193	129
22.	Shares withdrawn, disinvestment (capital reduction) -	0	0	0	0	0	0	0	0
23.	Bonds and debt securities repaid -	0	0	0	0	0	0	0	0
24.	Loans and borrowings repaid -	-11 558	-3 116	0	0	0	0	-11 558	-3 116
26.	Amounts transferred free of charge -	-305	-300	0	0	0	0	-305	-300
27.	Movements in liabilities to founders and in other long-term liabilities ±	-114	0	0	0	0	0	-114	0
IV.	Cash flows (I.+II.+III.)	1 159	1 212	-2 167	15	-740	359	-1 748	1 586
28.	Revaluation of cash and cash equivalents held in foreign exchange	0	-2	0	0	-1	2	-1	0
V.	Change in cash and cash equivalents (IV.+28)	1 159	1 210	-2 166	15	-741	360	-1 749	1 586

Table 65: MÁV-START Zrt's unbundled cash flow statement

IV.4 Statement of activities

MÁV-START Zrt. prepared its supervisory report for 2019 pursuant to Section 8(4) of the GKM-PM Decree 50/2007 (26 April) and its effective accounting unbundling regulation.

The annual supervisory report is presented in two forms as a result of the new enterprise management system implemented as of 1 January 2017:

1. broken down in accordance with section 2(1) of decree 50/2007. (IV. 26.) GKM-PM, which includes cumulative figures resulting from the unbundled activities (recognised internal revenues and recognise internal expenses) based on the general ledger module of the integrated corporate governance system used by the Company (Table 66), and
2. operations based statement of activities, in which the settlements among the unbundled activities are presented as allocated to the relevant cost type – based on the settlements recorded in the Controlling module of the integrated corporate governance system used by the Company (Table 67). The operations based statement of activities ensures the comparability of reporting year figures with the previous period.

The statement of activities is prepared for public service passenger transport services, non-public service passenger transportation and for other activities.

figures in HUF thousands

GRAND TOTAL	MÁV-START Zrt. 2018				MÁV-START Zrt. 2019			
	Public service	Non-public service	Other activities	TOTAL	Public service	Non-public service	Other activities	TOTAL
Sales revenues, net	71 440 236	7 338 573	21 489 524	100 268 334	72 611 637	7 899 810	19 345 182	99 856 630
of which: fares	50 692 317	3 640 848	0	54 333 165	52 018 041	3 940 059	0	55 958 100
domestic fares	42 248 619	812 055	0	43 060 674	42 331 865	891 604	0	43 223 469
international fares	8 443 698	2 828 793	0	11 272 491	9 686 176	3 048 455	0	12 734 631
subsidised fares	17 530 040	320 461	0	17 850 501	16 958 017	283 891	0	17 241 909
car rent received	2 933 607	1 233 488	0	4 167 095	3 177 811	1 477 339	0	4 655 150
Other intra-group revenues	157 302 167	3 129 832	230	160 432 229	166 390 561	2 559 144	1 656	168 951 361
Central administration revenues	18 933 250	0	0	18 933 250	19 996 700	0	0	19 996 700
Capitalised own output	10 961 217	4 665 954	-305 214	15 321 957	17 977 306	5 055 249	4 900	23 037 455
Other income	174 586 445	55 049	2 700	174 644 194	180 761 480	14 968	8 521	180 784 969
of which: government reimbursement	165 889 542	0	0	165 889 542	174 534 417	0	0	174 534 417
- reimbursement for 2019	160 870 549	0	0	160 870 549	173 640 875	0	0	173 640 875
- reimbursement for previous years	5 018 993	0	0	5 018 993	893 542	0	0	893 542
Other internal settlements, expenses	138 763 502	5 510 989	16 157 738	160 432 229	148 115 371	5 673 252	15 162 738	168 951 361
Central administration expenses	16 175 307	393 996	2 363 947	18 933 250	17 719 115	405 895	1 871 690	19 996 700
Material-type expenses	160 361 412	8 024 736	501 560	168 887 709	174 619 320	8 429 953	544 847	183 594 120
of which: network access charge	73 508 750	0	0	73 508 750	73 786 444	10	0	73 786 454
traction and shunting	1 628 993	102 748	0	1 731 741	1 694 343	109 001	0	1 803 344
pre-heating, pre-cooling and lights	0	0	0	0	0	0	0	0
maintenance	8 915 410	507 170	29 643	9 452 223	11 045 687	458 408	32 491	11 536 586
RIC usage charge of railcars	3 338 216	1 152 414	0	4 490 630	4 574 049	402 189	0	4 976 238
rent of tracted and traction vehicles	8 736 297	104 537	0	6 840 834	6 297 868	398 915	0	6 696 783
lease of tracted and traction vehicles	234 923	0	0	234 923	240 213	0	0	240 213
railcar cleaning costs	3 166 989	0	833	3 167 822	3 300 439	0	19 102	3 319 541
Central services	5 096 139	34 392	0	5 130 530	5 544 062	33 392	-42	5 577 412
Financial and accounting services	610 526	0	0	610 526	651 864	0	0	651 864
Human services (training, education, health and safety)	2 230 648	23 822	0	2 254 470	2 714 724	21 411	-42	2 736 093
Procurement, logistics, environmental services	1 886 070	10 403	0	1 896 473	1 928 524	11 981	0	1 940 505
Administrative costs	368 895	167	0	369 062	248 950	0	0	248 950
Payments to personnel	87 428 816	1 103 371	391 254	88 923 442	92 092 124	1 081 653	382 438	93 556 215
of which: payroll costs	63 701 802	740 283	278 709	64 720 794	67 844 096	736 522	275 249	68 855 867
fringe benefits	8 636 744	185 970	49 933	8 872 647	8 589 881	176 249	45 054	8 811 184
payroll taxes	15 090 270	177 118	62 612	15 330 001	15 658 147	168 882	62 135	15 889 164
Depreciation	19 902 170	86 698	0	19 988 868	20 268 402	481 307	0	20 749 709
Other expenses	3 214 537	14 102	8 585	3 237 224	3 191 407	5 007	17 221	3 213 635
Operating profit	7 377 571	55 516	1 764 156	9 197 243	1 731 945	-547 896	1 381 325	2 565 374
Financial income	308 150	162 727	17 046	487 923	559 949	128 411	15 955	704 315
Financial expenses	2 747 889	155 075	3 692	2 906 656	983 345	134 897	-957	1 117 285
Financial loss or profit	-2 439 739	7 652	13 354	-2 418 733	-423 396	-6 486	16 912	-412 970
Pre-tax profit	4 937 832	63 168	1 777 510	6 778 510	1 308 549	-554 382	1 398 237	2 152 404
Tax liability	0	0	0	0	0	0	0	0
Net profit	4 937 832	63 168	1 777 510	6 778 510	1 308 549	-554 382	1 398 237	2 152 404

Table 66: MÁV-START Zrt's profit and loss account per activity in the GL

figures in HUF thousands

GRAND TOTAL	MÁV START Zrt. 2018				MÁV START Zrt. 2019			
	Public service	Non-public service	Other activities	TOTAL	Public service	Non-public service	Other activities	TOTAL
Sales revenues, net	71 440 236	7 338 573	21 489 524	100 268 334	72 611 637	7 899 810	19 345 182	99 856 630
of which: fares	46 160 436	2 710 677	0	48 871 113	47 410 834	2 809 873	0	50 220 707
domestic fares	37 885 423	722 314	0	38 607 737	38 000 874	793 414	0	38 794 289
international fares	8 275 013	1 988 363	0	10 263 377	9 409 960	2 016 459	0	11 426 418
subsidised fares	17 530 040	320 461	0	17 850 501	16 958 017	283 891	0	17 241 909
car rent received	2 933 607	1 233 488	0	4 167 095	3 177 811	1 477 339	0	4 655 150
Capitalised own output	10 961 217	4 665 954	-305 214	15 321 957	18 377 550	5 005 593	-345 687	23 037 455
Other income	173 999 752	158 636	525 806	174 644 194	180 460 086	73 664	251 219	180 784 969
of which: government reimbursement	165 889 542	0	0	165 889 542	174 534 417	0	0	174 534 417
- reimbursement for 2019	160 870 549	0	0	160 870 549	173 640 875	0	0	173 640 875
- reimbursement for previous years	5 018 993	0	0	5 018 993	893 542	0	0	893 542
Operating income	256 361 205	12 163 164	21 710 116	290 234 485	271 449 274	12 979 066	19 250 714	303 679 054
Material-type expenses	154 137 728	8 672 496	6 077 485	168 887 709	167 952 988	10 041 609	5 599 523	183 594 120
of which: network access charge	73 246 513	217 498	44 739	73 508 750	73 525 907	205 208	55 339	73 786 454
traction and shunting	1 627 519	102 746	1 476	1 731 741	1 694 343	109 001	0	1 803 344
pre-heating, pre-cooling and lights	0	0	0	0	0	0	0	0
maintenance	8 485 758	698 966	267 499	9 452 223	9 984 278	1 267 990	284 319	11 536 586
RIC usage charge of railcars	4 233 065	257 565	0	4 490 630	4 445 357	517 558	13 323	4 976 238
rent of tracted and traction vehicles	6 716 519	98 871	25 443	6 840 834	6 256 138	403 029	37 616	6 696 783
lease of tracted and traction vehicles	229 320	5 575	28	234 923	238 779	9	1 424	240 213
railcar cleaning costs	3 112 939	43 060	11 823	3 167 822	3 229 685	61 939	27 917	3 319 541
Central services	4 364 505	236 676	529 350	5 130 530	4 811 939	217 429	548 044	5 577 412
Financial and accounting services	522 649	13 304	74 572	610 526	567 516	12 906	71 443	651 864
Human services (training, education, health and safety)	1 945 896	90 670	217 903	2 254 470	2 412 446	98 868	224 780	2 736 093
Procurement, logistics, environmental services	1 578 475	124 025	193 973	1 896 473	1 614 802	100 517	225 186	1 940 505
Administrative costs	317 484	8 676	42 901	369 062	217 176	5 139	26 635	248 950
Payments to personnel	75 699 472	3 062 291	10 161 679	88 923 442	81 496 113	3 098 916	8 961 186	93 556 215
of which: payroll costs	55 093 399	2 142 873	7 484 523	64 720 794	59 997 136	2 206 162	6 652 569	68 855 867
fringe benefits	7 533 088	409 212	930 346	8 872 647	7 641 145	387 585	782 454	8 811 184
payroll taxes	13 072 985	510 206	1 746 810	15 330 001	13 857 832	505 169	1 526 164	15 889 164
Depreciation	16 562 892	263 357	3 162 618	19 988 868	17 435 019	329 870	2 984 820	20 749 709
Other expenses	2 933 491	57 671	246 062	3 237 224	2 887 135	47 893	278 607	3 213 635
Operating expenses	249 333 582	12 055 815	19 647 844	281 037 242	269 771 256	13 518 288	17 824 136	301 113 680
Operating profit	7 027 622	107 348	2 062 272	9 197 243	1 678 018	-539 222	1 426 578	2 565 374
Financial income	264 022	169 434	54 467	487 923	488 370	139 317	76 627	704 315
Financial expenses	2 353 812	213 614	339 229	2 906 656	857 839	154 477	104 969	1 117 285
Financial loss	-2 089 790	-44 180	-284 762	-2 418 733	-369 468	-15 161	-28 342	-412 970
Tax liability	0	0	0	0	0	0	0	0
Net profit	4 937 832	63 168	1 777 510	6 778 510	1 308 549	-554 382	1 398 237	2 152 404
Exceptions for government reimbursement purposes	4 937 832	0	0	4 937 832	1 308 549	0	0	1 308 549
Reimbursement related to previous years received	5 018 993	0	0	5 018 993	893 542	0	0	893 542
Impairment loss recognised, reversed	-43 319	0	0	-43 319	-29 967	0	0	-29 967
Penalties paid, recharged	-2 662	0	0	-2 662	-5 715	0	0	-5 715
Provisions used, made	713 916	0	0	713 916	448 500	0	0	448 500
Reimbursement related to previous years recognised	-543 721	0	0	-543 721	-168	0	0	-168
Other	-205 376	0	0	-205 376	2 357	0	0	2 357
Net profit after exceptions	0	63 168	1 777 510	1 840 678	0	-554 382	1 398 237	843 854

Table 67: MÁV-START Zrt's statement of activities from a business perspective

IV.4.1 Narrative to the rail passenger transportation supervisory report

IV.4.1.1 Revenues

The **net sales revenues** of MÁV-START Zrt. in 2019 amounted to HUF 99,857m (2018: HUF 100,268m) of which:

- HUF 38,794m were domestic fare revenues, a HUF 478m increase on the previous year (2018: HUF 38,608m),
- international fare revenues of HUF 11,426m, a HUF 1,163m increase on the previous year (2018: HUF 10,263m),
- fare subsidies totalled HUF 17,242m (2018: HUF 17,851m).

Other income includes mostly government reimbursement of passenger transport service costs totalling HUF 174,534m, of which HUF 173,641m related to the reporting year.

In 2019, other income also included extra reimbursement related to previous years as approved by the Principal of HUF 894. (Reimbursement for 2018: HUF 160,871m, reimbursement for the previous years recognised in 2018: HUF 5,019m.)

In 2019, MÁV-START Zrt's **operating income** totalled HUF 303,679m (2018: HUF 290,234m).

IV.4.1.2 Costs and expenses

Operating expenses totalled HUF 301,114m (2018: HUF 281,037m).

Material-type expenses totalled HUF 183,594m in 2019 (2017: HUF 168,888m), and included the following key items:

- Network access charge (rail track usage charge and other rail track services): HUF 73,786m (2018: HUF 73,509m);
- Traction by partner railways: HUF 1,803m (2018: HUF 1,732m);
- Maintenance services used: HUF 11,537m (2018: HUF 9,452m);
- HUF 4,976m expense paid by MÁV-START Zrt. for the number of kilometres run by rail passenger cars owned by partner railway companies (2018: HUF 4,491m);
- Railcar rent: HUF 6,697m (2018: HUF 6,841m);
- Railcar wash costs: HUF 3,320m (2018: HUF 3,168m);
- Central services
 - financial and accounting services HUF 652m (2018: HUF 611m),
 - human services (education, training, work health and safety services) HUF 2,736m (2018: HUF 2,254m),
 - procurement, logistics and environmental services: HUF 1,941m (2018: HUF 1,896m),
 - administrative services: HUF 249m (2018: HUF 369m).

Payments to personnel by MÁV-START Zrt. in 2019 totalled HUF 93,556m, of which payroll costs amount to HUF 68,856m, fringe benefits HUF 8,811m and payroll taxes HUF 15,889m. (2018: payments to personnel total: HUF 88,923m, payroll cost HUF 64,721m, fringe benefits HUF 8,872m, payroll taxes HUF 15,330m).

In 2019, **depreciation charge** totalled HUF 20,750m (2018: HUF 19,989m).

Other expenses totalled HUF 3,214m and include payments relating to damages paid, penalties and default interest, financial assistance, expense contributions, impairment of inventories and receivables and provisions made (2018: HUF 3,237m).

Financial income include interest received on fixed-term deposits, foreign exchange gains on receivables and liabilities. Financial expenses include interest on overdrafts and project loans, and realised foreign exchange loss on receivables and liabilities.

Overall, the Company had a **financial loss** of HUF -413m for 2019 (2018: HUF 2,418m).

IV.4.2 Narrative to the supervisory report on rail passenger transportation performed as a public service

IV.4.2.1 Revenues

MÁV-START Zrt's **net revenues** from public service passenger transport services totalled HUF 72,612m in 2019, including HUF 47,411m **fare revenues** and HUF 16,958m **social fare subsidy**. (2018: net revenues HUF 71,440m, of which fares HUF 46,160m and social fare subsidy HUF 17,530m.)

Other income comprises predominantly the HUF 174,534m government subsidy (reimbursement) of passenger transport services (2018: HUF 165,890m). As required by the ministry, the reversed impairment loss on debtors, re-charged penalties and fines, provisions used (except provisions for maintenance costs and loan revaluations) recognised among other income are exceptional items and are not considered in the calculation of the annual reimbursable costs. The total of these exceptional amounts (including HUF 894m recognised for the previous year) was HUF 2,179m (Exceptional income in 2018: HUF 6,374m, of which reimbursement related to previous periods HUF 5,019m.)

MÁV-START Zrt's **operating income** related to public services totalled HUF 271,449m in 2019 (2018: HUF 256,361m).

IV.4.2.2 Costs and expenses

Operating expenses on public passenger transport services in 2019 totalled HUF 269,771m (2018: HUF 249,334m).

Material-type expenses on public services totalled HUF 167,953m in 2019 (2018: HUF 154,138m), and included the following key items:

- Network access charge (rail track usage charge and other rail track services): HUF 73,526m (2018: HUF 73,274m);
- Traction by partner railways: HUF 1,694m (2018: HUF 1,628m);
- Maintenance services used in relation to public service passenger services: HUF 9,984m (2018: HUF 8,486m);
- HUF 4,445m expense paid by MÁV-START Zrt. for the number of kilometres run by rail passenger cars owned by partner railway companies (2018: HUF 4,233m);
- Railcar rent in relation to public service passenger services: HUF 6,256m (2018: HUF 6,717m);
- Railcar wash costs in 2019: HUF 3,230m (2018: HUF 3,113m).
- Of central services, the costs attributable to public passenger transport service were as follows:
 - financial and accounting services HUF 568m (2017: HUF 523m),
 - human services (education, training, work health and safety services) HUF 2,412m (2018: HUF 1,946m),

- procurement, logistics and environmental services: HUF 1,615m (2018: HUF 1,578m),
- administrative services: HUF 217m (2018: HUF 317m).

Payments to personnel incurred in 2019 totalled HUF 81,496m, less the expenses of non-public workers (2018: HUF 75,699m).

Depreciation charge related to public services totalled HUF 17,435m (2018: HUF 16,563m).

Other expenses on public service passenger transport in 2019 totalled HUF 2,887m (2018: HUF 2,933m).

Of other expenses, items that are excluded from the reimbursable items (impairment of receivables, penalties paid, fines, provisions made except provisions for maintenance costs and for the revaluation of loans) totalled HUF 870m in 2019. (Excluded expenses in 2018: HUF 892m.)

Financial income from rail passenger transportation performed as a public service include interest received on fixed-term deposits, foreign exchange gains on receivables and liabilities. Financial expenses include the interest paid on overdrafts and project loans, and realised foreign exchange loss on receivables and liabilities.

Overall, the Company had a financial loss of HUF 0369m for 2019 (2018: HUF -369m) on public services.

For the calculation of reimbursable annual expenses, the Company does not take into account the payments to on-call public service staff funded from reasonable profits. The resulting reducing adjustment was HUF 0,168m (2018: HUF 544m).

IV.5 Other disclosures relating to unbundling

Revenues from and expenses incurred toward related parties are included per related party in the tables below.

figures in HUF millions

Related party	Revenues				Expenses				Grand total
	Sales revenues, net	Other income	Financial income	Total	Costs	Other expenses	Financial expenses	Total	
015 MÁV NOSZTALGIA Kft	7	1	0	8	63	0	0	63	-55
020 MÁV VAGON Kft	1	0	206	207	1 448	8	19	1 475	-1 268
100 MÁV Zrt. Ányavállalat	47	18	0	65	113 130	375	0	113 505	-113 440
101 MÁV FKG Kft	1	0	0	1	1	0	0	1	0
131 MÁV KÉV Kft	0	0	0	0	0	0	0	0	0
138 MÁV Szolgáltató Központ Zrt.	57	36	0	93	11 206	18	0	11 224	-11 131
179 ZAHONY-PORT Zrt.	0	0	0	0	39	0	0	39	-39
194 MÁV-HEV Zrt.	3	20	0	23	13	18	0	31	-8
Grand total	116	75	206	397	125 900	419	19	126 338	-125 941

Table 68: Related parties – public service passenger transport

figures in HUF millions

Related party	Revenues				Expenses				Grand total
	Sales revenues, net	Other income	Financial income	Total	Costs	Other expenses	Financial expenses	Total	
015 MÁV NOSZTALGIA Kft	4	0	1	5	139	0	0	139	-134
020 MÁV VAGON Kft	10	0	0	10	1	0	0	1	9
100 MÁV Zrt. Anyavállalat	0	0	0	0	28	0	0	28	-28
101 MÁV FKG Kft	0	0	0	0	0	0	0	0	0
131 MÁV KfV Kft	1	0	0	1	0	0	0	0	1
138 MÁV Szolgáltató Központ Zrt.	0	0	0	0	58	0	0	58	-58
179 ZÁHONY-PORT Zrt.	0	0	0	0	0	0	0	0	0
194 MÁV-HEV Zrt.	0	0	0	0	0	0	0	0	0
Grand total	15	0	1	16	226	0	0	226	-210

Table 69: Related parties – non-public service passenger transport

figures in HUF millions

Related party	Revenues				Expenses				Grand total
	Sales revenues, net	Other income	Financial income	Total	Costs	Other expenses	Financial expenses	Total	
015 MÁV NOSZTALGIA Kft	163	0	0	163	0	0	0	0	163
020 MÁV VAGON Kft	9	0	0	9	3	0	0	3	6
100 MÁV Zrt. Anyavállalat	4 161	0	0	4 161	10	0	0	10	4 151
101 MÁV FKG Kft	147	0	0	147	0	0	0	0	147
131 MÁV KfV Kft	120	0	0	120	0	0	0	0	120
138 MÁV Szolgáltató Központ Zrt.	10	0	0	10	0	0	0	0	10
179 ZÁHONY-PORT Zrt.	0	0	0	0	0	0	0	0	0
194 MÁV-HEV Zrt.	128	0	0	128	0	0	0	0	128
Grand total	4 738	0	0	4 738	13	0	0	13	4 725

Table 70: Related parties – other activities

figures in HUF millions

Related party	Revenues				Expenses				Grand total
	Sales revenues, net	Other income	Financial income	Total	Costs	Other expenses	Financial expenses	Total	
015 MÁV NOSZTALGIA Kft	174	1	1	176	202	0	0	202	-26
020 MÁV VAGON Kft	20	0	206	226	1 452	8	19	1 479	-1 253
100 MÁV Zrt. Anyavállalat	4 208	18	0	4 226	113 168	375	0	113 543	-109 317
101 MÁV FKG Kft	148	0	0	148	1	0	0	1	147
131 MÁV KfV Kft	121	0	0	121	0	0	0	0	121
138 MÁV Szolgáltató Központ Zrt.	67	36	0	103	11 264	18	0	11 282	-11 179
179 ZÁHONY-PORT Zrt.	0	0	0	0	39	0	0	39	-39
194 MÁV-HEV Zrt.	131	20	0	151	13	18	0	31	120
Grand total	4 869	75	207	5 151	126 139	419	19	126 577	-121 426

Table 71: Related parties - MÁV-START Zrt.

Annual average statistical number of employees in 2019:

Activity	No. of staff
Public service passenger transport	13 816
Non-public service passenger transport	109
Company, total:	13 925

Table 72: Annual average statistical number of employees per activity

The assets, liabilities and employees are directly assigned to the Company's divisions reflected in the balance sheet (SK, SN, E divisions). The employees serving all separable activities were mostly assigned to the passenger transportation activity as a public service on the basis of the majority principle.

Subsidies by title per activity

figures in HUF millions

Item	Public service passenger transport		Non-public service passenger transport		Other activities		MÁV-START Zrt.	
	in 2018	in 2019	in 2018	in 2019	in 2018	in 2019	in 2018	in 2019
Subsidised fares on social grounds*	17 530	16 958	320	284	0	0	17 850	17 242
Reimbursed excise tax on gasoline use*	4 422	3 825	0	0	0	0	4 422	3 825
Development subsidy	7 498	14 240	0	0	0	0	7 498	14 240
<i>of which:</i>								
<i>KÖZOP-IKOP INKA subsidy</i>	105	0	0	0	0	0	105	0
<i>IKOP 39 11 high capacity trains</i>	0	6 009	0	0	0	0	0	6 009
<i>IKOP Tram Train</i>	0	31	0	0	0	0	0	31
<i>FLIRT ETCS installation in 59 trains</i>	2 926	0	0	0	0	0	2 926	0
<i>IKOP 8 high capacity trains</i>	3 870	7 732	0	0	0	0	3 870	7 732
<i>IKOP-INKA 2 subsidy</i>	597	468	0	0	0	0	597	468
Public service reimbursement	165 890	174 534	0	0	0	0	165 890	174 534
GINOP-187 "Spektrum" received to cover expenses	0	8	0	0	0	0	0	8
Recognised subsidies, total	195 340	209 565	320	284	0	0	195 660	209 849
<i>Of which: recognised as income</i>	<i>183 420</i>	<i>191 500</i>	<i>320</i>	<i>284</i>	<i>0</i>	<i>0</i>	<i>183 740</i>	<i>191 784</i>

Table 73: Subsidies recognised in the reporting year

V Cost reimbursement for public service and funding in 2019

Pursuant to the rail passenger transportation public service contract between the Company and the Hungarian State, the Company is entitled to be reimbursed for eligible expenses relating to the public services defined in the contract and not covered by revenues.

According to the 2019 clause of the public service contract, the amount of cost reimbursement projected for the public service was HUF 156,854m. Costs related to public services ordered and confirmed by the principal (NFM) not covered by revenues totalling HUF 173,641m were reimbursed and recognised in the financial statements for 2019, which is by HUF 16,787m more than the amount specified in the clause. The actual cost reimbursement is recognised upon the submission of the public service report for 2019, following the preparation of the annual financial statements for 2019.

In 2019, other income also included extra reimbursement related to the previous year as approved by the Principal (reasonable profit): HUF 894m. As a result, a total reimbursement of HUF 174,534m was recognised in 2019.

The Company's receivables from the state for public service cost are presented below:

figures in HUF millions

Period	Receivables at 1 Jan 2019	Liabilities at 1 Jan 2019	Reasonable profits recognised for 2013 and 2018	Financial settlements in 2019	Net receivables at 31 Dec 2019
2014	4 615	0	0	4 615	0
2016	3 494	0	0	3 494	0
2017	3 240	0	0	3 240	0
2018	28 040	0	894	28 934	0
Previous years, total	39 389	0	894	40 283	0
2019	0	0	0	0	37 615
Grand total	39 389	0	894	40 283	37 615

Table 74: MÁV-START Zrt. – public service cost reimbursement

Revenues from reimbursement:

figures in HUF millions

Reimbursement related income	2018	2019
Justified cost not covered with revenues	160 871	173 641
Reasonable profits related to previous years	5 019	894
Total:	165 890	174 535

Table 75: Revenues from reimbursement

Under the cost basis of accounting, a total governmental reimbursement of HUF 156,854m was received in 2019. Of this amount, HUF 20,829m related to public services in the previous year and was received in January. HUF 136,025m was received between February and October to cover the costs of operations in 2019.

In addition to the reimbursement of expenses in the previous years of 2014 to 2018, the Company became entitled to additional reimbursement related to previous years totalling HUF 19,454m which was

transferred to the Company's bank account during the course of 2019. This reimbursement fully settled all the reimbursable costs incurred for the years 2014 to 2018.

At the balance sheet preparation date, an outstanding amount of HUF 37,615m receivable for 2019 was reduced by HUF 20,829m received in January 2020. As a result, the Company carried reimbursable costs totalling HUF 16,786m in relation to the years 2013-2019.

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