

**MÁV MAGYAR ÁLLAMVASUTAK ZRT.**

**INDEPENDENT AUDITORS'S REPORT AND CONSOLIDATED  
FINANCIAL STATEMENTS**

**31 DECEMBER 2019**

## **This is a translation of the Hungarian Report**

### **Independent Auditor's Report**

To the Shareholder of MÁV Zrt.

#### **Opinion**

We have audited the accompanying 2019 consolidated annual financial statements of MÁV Zrt. and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as at 31 December 2019 - showing a balance sheet total of HUF 1,459,964 million and a profit after tax for the year of HUF 12,379 million -, the related consolidated profit and loss account for the financial year then ended and notes to the consolidated annual financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated annual financial statements give a true and fair view of the consolidated equity and financial position of the Group as at 31 December 2019 and of the consolidated 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 consolidated annual financial statements" section of our report.

We are independent of the Group 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 matter**

We draw the attention to Note II.3.1. to the financial statements which refers to the Group's eligibility for the reimbursement of justified expenses not offset with revenues incurred in relation to public services and railtrack operations. For 2019, the Group reported reimbursement of operating and passenger transport expenses not covered with revenues totalling HUF 259,178 million and reimbursement of renovation expenses totalling HUF 21,495 million, the settlement of which with the competent ministry is still outstanding 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. Note II.3.1. to the financial statements also refers to receivable reimbursement HUF 54,141 million and related liabilities of HUF 447 million recorded by the Group at 31 December 2019. The timing of the financial settlement of these amounts is yet unknown at the date of this report. Our opinion is not modified in respect of this matter.

We also draw the attention to Note II.1.1.1. to the financial statements, according to which a settlement of the ownership status of some of the properties between the Company and the Hungarian State has been outstanding ever since the Company's foundation. Further to the amendment of act CVI of 2007 effective as of 28 June 2013, the settlement of the ownership status of these properties is not expected to cause losses to the Company. Our opinion is not modified in respect of this matter.

We also draw the attention to Note II.1.1.1. to the financial statements, according to which the accounting take-over of significant non-current assets technically handed over and commissioned by Nemzeti Infrastruktúra Fejlesztő Zrt. is yet outstanding by the Company. In December 2019, the Company received the necessary capital injection in order to be able to conclude the asset take-over and the related settlement process. Our opinion is not modified in respect of this matter.

## **Other information**

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

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

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

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

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

Further to the above, based on the knowledge we have obtained about the Group and its environment in the course of the audit we are required to report whether we have identified any material misstatement in the consolidated 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 consolidated annual financial statements**

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual financial statements, management is responsible for assessing the Group'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 Group's business activity.

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

#### **Auditor's responsibilities for the audit of the consolidated annual financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the consolidated annual financial statements, including the disclosures, and whether the consolidated annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 Group that we identify during our audit.

Budapest, 22 May 2020

**(The original Hungarian version has been signed.)**

Lelkes Tamás  
Ernst & Young Kft.  
1132 Budapest, Váci út 20.  
Registration No. 001165

Lelkes Tamás  
Registered auditor  
Chamber membership No.: 007349

Statistical code: 10856417-5221-114-01

Company registration number: 01-10-042272

**MÁV HUNGARIAN STATE RAILWAYS**  
**Private Company Limited by Shares**

**1087 Budapest, Könyves Kálmán krt. 54-60.**

**Consolidated**  
**balance sheet and profit & loss account**  
**2019.12.31**

Date: Budapest, 22 May 2020

Director (representative) of the Company

L.S.

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Company registration number

Balance sheet date: 31/12/2019

BALANCE SHEET Version "A" Assets

Figures in million HUF

No.	Line item	Previous year 31/12/2018	Current year 31/12/2019
a	b	c	d
<b>A.</b>	<b>Non-current assets (lines I+II+III)</b>	<b>1 326 015</b>	<b>1 315 446</b>
<b>I.</b>	<b>INTANGIBLE ASSETS</b>	<b>15 548</b>	<b>16 378</b>
1.	Capitalised foundation/restructuring	0	0
2.	Capitalised research and development	103	134
3.	Concessions and similar rights	6 742	6 092
4.	Intellectual property	8 703	9 527
5.	Goodwill	0	0
6.	Advances for intangible assets	0	625
7.	Adjustment of intangible assets	0	0
<b>II.</b>	<b>TANGIBLE ASSETS</b>	<b>1 304 342</b>	<b>1 291 786</b>
1.	Properties and related rights	825 438	804 695
2.	Technical machinery, equipment, vehicles	403 563	397 342
3.	Other equipment, fittings, vehicles	288	383
4.	Breeding stock	0	0
5.	Capital projects, improvements	31 204	39 155
6.	Advances for capital projects	43 849	50 211
7.	Adjustment of tangible assets	0	0
<b>III.</b>	<b>NON-CURRENT FINANCIAL ASSETS</b>	<b>6 125</b>	<b>7 282</b>
1.	Long-term investments in related parties	423	1 191
2.	Long-term loans granted to related parties	0	0
3.	Long-term significant investments	3 245	3 474
4.	Long-term loans granted to significant related parties	0	0
5.	Other long-term investments	2 426	2 580
6.	Long-term loans granted to other related parties	0	0
7.	Other long-term loans granted	31	37
8.	Long-term debt securities	0	0
9.	Adjustment of non-current financial assets	0	0
10.	Valuation gain or loss on non-current financial assets	0	0
11.	Equity consolidation loss (goodwill)	0	0
	- from subsidiaries	0	0
	- from associates	0	0



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Company registration number

Balance sheet date: 31/12/2019

BALANCE SHEET Version "A" Assets

Figures in million HUF

No.	Line item	Previous year 31/12/2018	Current year 31/12/2019
a	b	c	d
<b>B.</b>	<b>Current assets (lines I+II+III+IV)</b>	<b>132 944</b>	<b>137 722</b>
<b>I.</b>	<b>INVENTORIES</b>	<b>39 763</b>	<b>45 886</b>
1.	Materials	30 596	34 945
2.	Work in progress and semi-finished products	3 075	4 842
3.	Livestock	0	0
4.	Finished products	1 962	3 138
5.	Goods	1 523	1 239
6.	Advances for inventories	2 607	1 722
<b>II.</b>	<b>RECEIVABLES</b>	<b>67 656</b>	<b>76 202</b>
1.	Trade receivables (debtors)	8 562	8 986
2.	Related party receivables	135	189
3.	Receivables from significant related parties	241	268
4.	Receivables from other related parties	31	23
5.	Bills of exchange receivables	0	0
6.	Other receivables	58 680	66 717
7.	Valuation gain or loss on receivables	0	0
8.	Revaluation gain on derivatives	0	0
9.	Corporate tax asset (calculated) arising on consolidation	7	19
<b>III.</b>	<b>SECURITIES</b>	<b>0</b>	<b>0</b>
1.	Investments in related parties	0	0
2.	Significant investments	0	0
3.	Other investments	0	0
4.	Treasury shares and quotas	0	0
5.	Securities held for trading	0	0
6.	Valuation gain or loss on securities	0	0
<b>IV.</b>	<b>LIQUID ASSETS</b>	<b>25 525</b>	<b>15 634</b>
1.	Cash, cheques	163	165
2.	Bank deposits	25 362	15 469
<b>C.</b>	<b>Prepaid expenses &amp; accrued income</b>	<b>8 502</b>	<b>6 796</b>
1.	Accrued income	3 468	2 638
2.	Prepaid expenses	1 039	1 450
3.	Deferred expenses	3 995	2 708
	<b>TOTAL ASSETS (lines A+B+C)</b>	<b>1 467 461</b>	<b>1 459 964</b>

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Company registration number

Balance sheet date: 31/12/2019

BALANCE SHEET Version "A" Liabilities

Figures in million HUF

No.	Line item	Previous year 31/12/2018	Current year 31/12/2019
a	b	c	d
<b>D.</b>	<b>Equity</b>	<b>205 806</b>	<b>245 058</b>
<b>I.</b>	<b>ISSUED CAPITAL</b>	<b>24 500</b>	<b>25 000</b>
	of which: own shares repurchased at nominal value	0	0
<b>II.</b>	<b>ISSUED CAPITAL NOT PAID</b>	<b>0</b>	<b>0</b>
<b>III.</b>	<b>CAPITAL RESERVE</b>	<b>131 986</b>	<b>158 359</b>
<b>IV.</b>	<b>RETAINED EARNINGS/LOSSES</b>	<b>39 465</b>	<b>49 612</b>
<b>V.</b>	<b>NON-DISTRIBUTABLE RESERVE</b>	<b>1 665</b>	<b>1 373</b>
<b>VI.</b>	<b>VALUATION RESERVE</b>	<b>0</b>	<b>0</b>
1.	Valuation reserve of adjustments	0	0
2.	Fair valuation reserve	0	0
<b>VII.</b>	<b>ADJUSTED NET PROFIT/(LOSS) AFTER TAX</b>	<b>17 890</b>	<b>12 379</b>
<b>VIII.</b>	<b>CHANGES IN THE EQUITY OF SUBSIDIARIES</b>	<b>9 808</b>	<b>16 186</b>
<b>VIII./A</b>	<b>CHANGES IN THE INVESTMENT IN ENTITIES TREATED AS ASSOCIATES</b>	<b>2 352</b>	<b>2 316</b>
<b>IX.</b>	<b>CHANGES ARISING ON CONSOLIDATION</b>	<b>-21 860</b>	<b>-20 167</b>
1.	Debt consolidation gain or loss	67	41
2.	Internal profit or loss differences	-21 927	-20 208
<b>X.</b>	<b>THIRD PARTY INTEREST</b>	<b>0</b>	<b>0</b>
<b>E.</b>	<b>Provisions</b>	<b>37 100</b>	<b>35 038</b>
1.	Provisions for expected liabilities	21 269	19 895
2.	Provisions for future expenses	13 184	13 250
3.	Other provisions	2 647	1 893
<b>F.</b>	<b>Liabilities</b>	<b>1 077 550</b>	<b>1 031 164</b>
<b>I.</b>	<b>SUBORDINATED LIABILITIES</b>	<b>100</b>	<b>100</b>
1.	Subordinated liabilities to related parties	0	0
2.	Subordinated liabilities to significant investments	0	0
3.	Subordinated liabilities to other investments	0	0
4.	Subordinated liabilities to third parties	0	0
5.	Equity consolidation gain (negative goodwill) from subsidiaries	100	100

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Company registration number

Balance sheet date: 31/12/2019

# BALANCE SHEET Version "A" Liabilities

Figures in million HUF

No.	Line item	Previous year 31/12/2018	Current year 31/12/2019
a	b	c	d
<b>II.</b>	<b>LONG-TERM LIABILITIES</b>	<b>945 896</b>	<b>878 924</b>
1.	Long-term loans	0	0
2.	Convertible bonds	0	0
3.	Bonds payable	0	0
4.	Development loans	20 272	12 190
5.	Other long-term loans	6 163	5 478
6.	Long-term loans to related parties	0	0
7.	Long-term loans to significant investments	0	15
8.	Long-term loans to other investments	0	0
9.	Other long-term liabilities	919 461	861 241
<b>III.</b>	<b>CURRENT LIABILITIES</b>	<b>131 554</b>	<b>152 140</b>
1.	Short-term loans	58	0
	- of which: convertible bonds	0	0
2.	Short-term credits	23 459	27 256
3.	Advances received from customers	1 000	1 016
4.	Trade payables (creditors)	37 945	41 526
5.	Bills of exchange payable	0	0
6.	Current liabilities to related parties	41	81
7.	Current liabilities to significant investments	2 504	2 001
8.	Current liabilities to other investments	44	67
9.	Other current liabilities	66 503	80 193
10.	Valuation gain or loss on liabilities	0	0
11.	Revaluation loss on derivatives	0	0
12.	Corporate tax liability (calculated) arising on consolidation	0	0
<b>G.</b>	<b>Accrued expenses and deferred income</b>	<b>147 005</b>	<b>148 704</b>
1.	Prepaid income	8 191	7 854
2.	Accrued expenses	4 963	6 019
3.	Deferred income	133 851	134 831
	<b>TOTAL EQUITY AND LIABILITIES (lines D+E+F+G)</b>	<b>1 467 461</b>	<b>1 459 964</b>

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Company registration number

Balance sheet date: 31/12/2019

### Profit and loss account using the cost by nature method

Figures in million HUF

No.	Line item	Previous year 31/12/2018	Current year 31/12/2019
a	b	c	d
01.	Net domestic sales revenues	125 602	124 162
02.	Net export sales revenues	16 546	19 015
<b>I.</b>	<b>Net sales revenues (lines 01+02)</b>	<b>142 148</b>	<b>143 177</b>
03.	Movements in self-produced inventories	808	2 943
04.	Capitalised self-produced assets	33 746	45 565
<b>II.</b>	<b>Capitalised own output (lines ±03+04)</b>	<b>34 554</b>	<b>48 508</b>
<b>III.</b>	<b>Other income</b>	<b>332 383</b>	<b>347 600</b>
	of which: reversed impairment loss	125	188
<b>III/A.</b>	<b>Goodwill arising on debt consolidation (profit increasing)</b>	<b>0</b>	<b>0</b>
05.	Material costs	66 864	80 228
06.	Services used	70 850	83 775
07.	Other services	3 803	4 218
08.	Cost of goods sold	10 674	12 216
09.	Services resold (intermediated)	3 217	3 254
<b>IV.</b>	<b>Material-type expenses (lines 05+06+07+08+09)</b>	<b>155 408</b>	<b>183 691</b>
10.	Payroll costs	162 426	174 519
11.	Other payments to personnel	22 436	22 785
12.	Social security and similar charges	38 373	40 170
<b>V.</b>	<b>Payments to personnel (lines 10+11+12)</b>	<b>223 235</b>	<b>237 474</b>
<b>VI.</b>	<b>Depreciation charge</b>	<b>86 225</b>	<b>87 182</b>
<b>VII.</b>	<b>Other expenses</b>	<b>20 088</b>	<b>15 779</b>
	of which: impairment loss	5 147	3 833
<b>VII/A.</b>	<b>Goodwill arising on debt consolidation (profit reducing)</b>	<b>0</b>	<b>0</b>
<b>A.</b>	<b>OPERATING PROFIT/(LOSS) (lines I+II+III+III/A-IV-V-VI-VII-VII/A)</b>	<b>24 129</b>	<b>15 159</b>

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Company registration number

Balance sheet date: 31/12/2019

### Profit and loss account using the cost by nature method

Figures in million HUF

No.	Line item	Previous year 31/12/2018	Current year 31/12/2019
a	b	c	d
13/a.	Dividends received from associates	0	0
13/b.	Dividends received from other investments	3	23
14.	Exchange gain on investments disposed of	0	0
	of which: from related parties	0	0
15.	Interest and exchange gain on non-current financial assets (securities, loans)	0	0
	of which: from related parties	0	0
16.	Other interest received (receivable) and similar income	45	10
	of which: from related parties	0	0
17.	Other financial income	1 395	1 825
	of which: valuation gain or loss	0	0
<b>VIII.</b>	<b>Financial income (lines 13/a+13/b+14+15+16+17)</b>	<b>1 443</b>	<b>1 858</b>
18.	Expenses and exchange loss on investments	0	0
	of which: to related parties	0	0
19.	Expenses and exchange losses on non-current financial assets (securities, loans)	0	0
	of which: to related parties	0	0
20.	Interest payable (paid) and similar charges	550	504
	of which: to related parties	0	0
21.	Impairment loss on investments, securities, long-term loans and bank deposits	-33	-44
22.	Other financial expenses	6 961	4 100
	of which: valuation gain or loss	0	0
<b>IX.</b>	<b>Financial expenses (lines 18+19+20+21+22)</b>	<b>7 478</b>	<b>4 560</b>
<b>B.</b>	<b>FINANCIAL PROFIT/(LOSS) (lines VIII-IX)</b>	<b>-6 035</b>	<b>-2 702</b>
<b>C.</b>	<b>PRE-TAX PROFIT/(LOSS) (lines ±A±B)</b>	<b>18 094</b>	<b>12 457</b>
<b>X.</b>	<b>Tax liability</b>	<b>206</b>	<b>90</b>
<b>X/A.</b>	<b>Corporate tax asset/liability (calculated) arising on consolidation</b>	<b>-2</b>	<b>-12</b>
<b>D.</b>	<b>AFTER-TAX PROFIT/(LOSS) (lines ±C-X±X/A)</b>	<b>17 890</b>	<b>12 379</b>
23.	Subsidiaries' net profit/loss attributable to third party shareholders	0	0
<b>E.</b>	<b>ADJUSTED NET PROFIT/(LOSS) AFTER TAX (D-23)</b>	<b>17 890</b>	<b>12 379</b>



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**MÁV HUNGARIAN STATE RAILWAYS PRIVATE COMPANY LIMITED BY SHARES**

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# **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR 2019**

**22 MAY 2020**

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Director (Representative) of the Company

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## **I GENERAL PART**

### **I.1 PRESENTATION OF THE GROUP**

#### **I.1.1 General information about the parent company**

Further to Act LIII of 1992 on the management of permanent government businesses and their assets and to Act XVI of 1991 on concessions, on 30 June 1993, the Ministry for Transport, Telecommunications and Water of the Republic of Hungary, representing the government as owner (the Founder), founded Magyar Államvasutak Részvénytársaság (hereafter: “MÁV Zrt.” or “the Company”), as a single member private company limited by shares. MÁV Zrt. was created following a transformation and was responsible for passenger and goods transport. As the goods transport (cargo) activity was outsourced as of 1 January 2006, passenger transport on standard rail tracks was outsourced as of 1 July 2007, and traction as well as tractive and hauled vehicle maintenance were outsourced as of 1 January 2008 to separate entities, these activities no longer form a part of the Company’s operations. Since 2008, rail infrastructure operations has become the Company’s main activity.

The principles of MÁV Zrt.’s operations, organisation and governance structure are set out in the Articles of Incorporation. The Company’s executive body is the Board of Directors; operations are directed by the Company’s Chairman and CEO.

**Company name:**

MÁV Magyar Államvasutak Zártkörűen Működő Részvénytársaság.

**Company name in other languages:**

English: MÁV Hungarian State Railways Company Private Company by Shares

French: MÁV Chemins de Fer de l’Etat Hongrois Société Anonyme privée

German: MÁV Ungarische Staatseisenbahnen Aktiengesellschaft betreibend in geschlossener Weise.

**Abbreviated name:**

MÁV Zrt.

**In foreign languages:**

English: MÁV Co.,

French: MÁV S.A.,

German: MÁV AG.

**The Company’s registered office:**

1087 Budapest, Könyves Kálmán krt. 54-60.

**The Company’s homepage:**

[www.mavcsoport.hu](http://www.mavcsoport.hu)

**The Company’s founder:**

The Company's founder is the Hungarian State.

Date of foundation: 30 June 1993

**The Company's owner:**

The Company's owner is the Hungarian State. As of 26 June 2018, the ownership rights are exercised by the minister without portfolio in charge of national assets.

Further to section 3:109 (4) of the Civil Code, no general meeting operates at the Company, and matters that would otherwise fall within the competence of the general meeting are decided by the Founder in writing.

**The Company's share capital:**

At 31 December 2019, the Company's share capital was HUF 25,000,000,000, which consisted of 2,500,000 ordinary shares of HUF 10,000 face value each.

**Company registration number:** Cg 01-10-042272

**Tax number:** 10856417-2-44

**Statistical code:** 10856417-5221-114-01

**The Company's principal activity:** 52.21 Auxiliary land transportation services

**Authorised signatory of the consolidated financial statements:**

dr. Homolya Róbert chairman-CEO (domicile: 3300 Eger, Vörösmarty Mihály u. 17. 1/4a.).

**The person responsible for the management and supervision of accounting services and the compilation of the financial statements is:**

MÁV Zrt. commissioned MÁV Szolgáltató Központ Zrt. to perform the management and supervision of accounting services and the compilation of the financial statements and of the consolidated financial statements as per Section 150 (2) of Act C of 2000 on Accounting (hereinafter: accounting act).

The person responsible for the management of accounting services: Imrik Márta, MÁV Szolgáltató Központ Zrt. deputy general director, head of business administration (domicile: 1173 Budapest, Vanília u. 46. registered qualified accountant, registration No.: 123386).

**Auditors:**

The consolidated financial statements are audited by Ernst & Young Könyvvizsgáló Kft.

Statutory signing auditor: Lelkes Tamás (address: 1161 Budapest, Baross u. 152. B épület, chamber membership No.: 007349).

**Audit fees charged by the auditor for the reporting year:**

- Fee of MÁV Zrt's audit for 2019: HUF 21 million, net.
- Fee of auditing the financial statements of MÁV Zrt's fully consolidated subsidiaries: HUF 46 million, net.
- Fee of other assurance services for MÁV Zrt's fully consolidated subsidiaries HUF 2 million, net.

**I.1.2 The parent company**

The parent company (MÁV Zrt.) transformed into a company limited by shares on 30 June 1993 as a general legal successor of the Hungarian Railways, a state owned company.

At the balance sheet date, the company's share capital comprised 2,500,000 registered ordinary shares of HUF 10,000 face value each. The shares are non-convertible and non-transferable dematerialised shares.

The company's founder holds all of the shareholders' rights specified by the Hungarian Civil Code.

Based on the company's contract with the government on the management of state-owned assets, managed state-owned assets, as well as the related other non-current liabilities, are presented in the company's books. In relation to the management of state-owned assets, MÁV Zrt.'s asset management practice is oriented towards efficient public services supplied, protection of the condition and value of the managed assets and to increasing the value of the managed assets.

The company's key figures (in million HUF):

Item	2018	2019	Change	Index
Balance sheet total	1 256 219	1 232 127	-24 092	98%
Equity	205 031	242 885	37 854	118%
Issued capital	24 500	25 000	500	102%
Net sales revenues	154 597	158 689	4 092	103%
Payroll cost	73 430	78 675	5 245	107%
Pre-tax profit	10 778	10 980	202	102%

Table 1: Key figures of the parent company

**The company's core activity:** railway transport support activities (rail infrastructure operations). With effect from 1 January 2008, the company outsourced its rolling stock maintenance and traction operations to companies within MÁV Group. Since 2008 when rolling stock maintenance and traction operations were outsourced, the company's core activity has been rail infrastructure operations.

### I.1.3 Fully consolidated subsidiaries

MÁV Zrt. includes 7 of its subsidiaries fully in its consolidated financial statements for 2019. Key figures of the fully consolidated subsidiaries are presented below.

#### 1. MÁV-START Vasúti Személyszállító Zártkörűen Működő Részvénytársaság

Date of foundation: 15 October 2006

The company's registered office: 1087 Budapest, Könyves Kálmán krt. 54-60.

The company's key figures (in million HUF):

Item	2018	2019	Change	Index
Balance sheet total	344 341	374 047	29 706	109%
Equity	126 771	132 849	6 078	105%
Issued capital	43 742	45 000	1 258	103%
Net sales revenues	100 268	99 857	-411	100%
Payroll cost	64 721	68 856	4 135	106%
Pre-tax profit	6 779	2 152	-4 627	32%

Table 2: Key figures of MÁV-START Zrt.

**The company's core activities:** passenger transport by rail (mostly on the basis of public service contracts), as well as activities that are essential for passenger transport by rail: railway traction activity; operation of railway vehicles for traction purposes; repair and maintenance of locomotives, passenger cars, freight cars; building passenger cars; operation of equipment used to pre-heat carriages; prevention and management of chemical emergencies; and partly the prevention and management of accidents.

## 2. MÁV Felépítménykarbantartó és Gépjavító Korlátolt Felelősségű Társaság

Date of foundation: 1 January 1994

The company's registered office: 5137 Jászkísér, Jászládányi u. 10.

The company's key figures (in million HUF):

Item	2018	2019	Change	Index
Balance sheet total	16 011	19 558	3 547	122%
Equity	4 070	5 103	1 033	125%
Issued capital	1 505	1 505	0	100%
Net sales revenues	22 842	31 465	8 623	138%
Payroll cost	5 725	6 027	302	105%
Pre-tax profit	679	1 363	684	201%

Table 3: Key figures of MÁV FKG Kft.

**The company's core activities:** rail track renovation and maintenance, operation, repair and renovation of special complex installations.

## 3. MÁV Szolgáltató Központ Zártkörűen Működő Részvénytársaság

Date of foundation: 1 November 1996

The company's registered office: 1087 Budapest, Könyves Kálmán krt. 54-60.

The company's key figures (in million HUF):

Item	2018	2019	Change	Index
Balance sheet total	10 187	10 343	156	102%
Equity	2 382	2 556	174	107%
Issued capital	801	801	0	100%
Net sales revenues	28 864	32 573	3 709	113%
Payroll cost	10 117	11 441	1 324	113%
Pre-tax profit	164	312	148	190%

Table 4: Key figures of MÁV Szolgáltató Központ Zrt.

**The company's core activities:** the establishment and operation of the accounting systems of MÁV Group companies that are party to a service agreement, and the performance of accounting activities; provision of HR administration services and health and safety at work services; provision of centralised services (purchasing and inventory management, logistics services, implementation of public procurements, asset management, inventory taking, energy management related to railway technology, establishment and operation of environmental protection systems); educational activity; administrative and management support tasks. Operating and monitoring the IT systems required for the business and functional processes of companies within and outside MÁV Group; setting up, monitoring, managing and co-ordinating the new systems, and ensuring integration with the IT systems used.

#### 4. MÁV Központi Felépítményvizsgáló Korlátolt Felelősségű Társaság

Date of foundation: 1 September 1996

The company's registered office: 1097 Budapest, Péceli út 2.

The company's key figures (in million HUF):

Item	2018	2019	Change	Index
Balance sheet total	4 111	4 041	-70	98%
Equity	3 453	3 582	129	104%
Issued capital	569	569	0	100%
Net sales revenues	2 801	2 949	148	105%
Payroll cost	671	754	83	112%
Pre-tax profit	827	854	27	103%

Table 5: Key figures of MÁV KFV Kft.

**The company's core activities:** rail track monitoring, track geometry measurements, development of measurement tools and devices.

#### 5. ZÁHONY-PORT Záhonyi Logisztikai és Rakománykezelési Szolgáltató Zártkörűen Működő Részvénytársaság

Date of foundation: 31 August 2006

The company's registered office: 4625 Záhony, Európa tér 12.

The company's key figures (in million HUF):

Item	2018	2019	Change	Index
Balance sheet total	703	709	6	101%
Equity	111	322	211	290%
Issued capital	10	11	1	110%
Net sales revenues	1 803	1 922	119	107%
Payroll cost	1 021	1 026	5	100%
Pre-tax profit	-133	34	167	-26%

Table 6: Key figures of ZÁHONY-PORT Zrt.

**The company's core activities:** cargo handling, warehousing, storage, forwarding.

## 6. MÁV VAGON Vasúti Jármű Gyártó és Javító Korlátolt Felelősségű Társaság

Date of foundation: 30 December 1992

The company's registered office: 8000 Székesfehérvár, Takarodó út 1.

The company's key figures (in million HUF):

Item	2018	2019	Change	Index
Balance sheet total	2 167	3 344	1 177	154%
Equity	760	899	139	118%
Issued capital	244	244	0	100%
Net sales revenues	7 682	8 804	1 122	115%
Payroll cost	767	816	49	106%
Pre-tax profit	302	339	37	112%

Table 7: Key figures of MÁV VAGON Kft.

**The company's core activities:** manufacturing and repairs of fixed-track railway vehicles, and the production and distribution of related spare parts.

## 7. MÁV-HÉV Helyiérdekű Vasút Zártkörűen Működő Részvénytársaság

Date of foundation: 7 November 2016

The company's registered office: 1087 Budapest, Könyves Kálmán körút 54-60

The company's key figures (in million HUF):

Item	2018	2019	Change	Index
Balance sheet total	23 585	24 046	461	102%
Equity	18 518	18 775	257	101%
Issued capital	11 000	11 000	0	100%
Net sales revenues	2 297	2 571	274	112%
Payroll cost	5 973	6 924	951	116%
Pre-tax profit	407	395	-12	97%

Table 8: Key figures of MÁV-HÉV Zrt.

**The company's core activities:** urban and suburban land passenger transport

### I.1.4 Changes in the scope of consolidation in the reporting year

Pursuant to the accounting act, MÁV Zrt. has fully included 7 of its subsidiaries in its consolidated financial statements for 2019; it exercises a direct controlling influence in all of these except MÁV VAGON Kft. Compared to the consolidated financial statements for 2018, the number of fully consolidated entities remained unchanged.

As in 2018, 7 companies were equity consolidated in the consolidated financial statements for 2019.

The number of entities consolidated as investments was 7, the same as in 2018.

The indicators considered for identifying the scope of consolidation are shown in Appendix 1.

The allocation of the entities to the consolidation categories and any changes in the reporting year are shown in Appendices 2 and 3.

The group structure is shown in Appendix 4.

The classification of group companies and their final assignment to consolidation categories are shown in Appendix 5.



## **I.2 GROUP ACCOUNTING POLICIES**

### **I.2.1 Compilation of the consolidated annual financial statements**

The business year of the consolidated financial statements matches the business year of MÁV Zrt., which is the calendar year; that is, the period lasting from 1 January to 31 December. The balance sheet date of the consolidated financial statements is the last day of the business year, i.e. 31 December.

MÁV Zrt. prepares the consolidated balance sheet in accordance with version “A” of Appendix No. 1 and Section I of Appendix No. 6 to the accounting act, with the following additional requirements:

- items denoted with Arabic numerals are not merged or omitted (Section 22 (3) and (5) of the accounting act),
- making use of the opportunity provided under Section 22 (2) of the accounting act, within equity, changes in equity attributable to changes in the value of participating interests in associated companies and constituting a component of retained earnings are recognised as a separate balance sheet line item, with the designation “D/VIII/A Changes in the investment in entities treated as associates”.

MÁV Zrt. prepares the consolidated profit and loss account in accordance with Schedule No. 2 and Section II of Appendix No. 6 to the accounting act.

The figures stated in the consolidated financial statements are presented in million forints (HUF M) in accordance with the requirements of Section 20 (2) of the accounting act.

The steps of consolidation must be performed in thousand forints (HUF T), regardless of how (with what number scale) a member company prepares its individual annual financial statements.

For the purposes of the consolidated financial statements, material errors are defined 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 2% of the balance sheet total for the audited business year.

Any discrepancies between the financial statements taken into account during the consolidation process and the final individual financial statements are recorded through profit/loss in the consolidation process of the following year, as items affecting the previous year.

### **I.2.2 Assignment to consolidation categories**

For the purpose of assignment to consolidation categories and for the identification of the consolidation technique to be used, the members of MÁV Group must be classified. MÁV Zrt. performs the classification of the companies upon first inclusion in the consolidation or upon management during the consolidation process, i.e. upon acquisition (including the foundation of new entities).

The classification and assignment to a consolidation category performed at the time of acquiring a participating interest also determines the method of consolidation for the following years, which may only be departed from in the event of a material change. A change is considered to be material if:

- a new member is added to or an existing member leaves the group,
- a member goes into voluntary or involuntary liquidation or strike off action (dissolution),
- investment in an existing company increases as a result of acquiring an additional interest, or decreases due to the disposal the investment, and the classification of the entity changes as a result,
- there is a change in the nature or scope of the activities of a group member which makes it necessary to review the classification (in this case, classification is carried out on an individual basis).

Subsidiaries and jointly managed companies are exempt from full consolidation if, at the time of their first consolidation, the provision of the data necessary for consolidation is only possible at disproportionately high expenses and with a delay.

Subsidiaries and jointly managed companies are exempt from full consolidation if MÁV Group acquired the interest in equity for the purpose of resale, and for this reason the equity investment is recognised among current assets in the individual financial statements of the member that acquired them.

Subsidiaries and jointly managed companies are exempt from full consolidation if the MÁV Group is prevented, in the long-term, from exercising its controlling influence in respect of them due to material and long-term (existing for at least one year) legal restrictions or extraordinary circumstances. Such restrictions or extraordinary circumstances include, but are not limited to nationalisation, bringing under direct state control, liquidation proceedings, involuntary liquidation proceedings, etc.

Subsidiaries and jointly managed companies are exempt from full consolidation if, at the time of their first consolidation, any two of the following three conditions are in place in respect of them:

- the balance sheet total is less than 1% of the pre-consolidation aggregated balance sheet total of MÁV Zrt., the subsidiaries and jointly managed companies as at the same balance sheet date,
- the annual net sales revenue is less than 1% of the pre-consolidation aggregated annual net sales revenue of MÁV Zrt., the subsidiaries and jointly managed companies in respect of the same period,
- the annual payroll costs are less than 1% of the pre-consolidation aggregated annual payroll costs of MÁV Zrt., the subsidiaries and jointly managed companies.

For the purposes of examining the above conditions, jointly managed companies must be taken into account according to the extent of the equity stake (quota).

The examined indicators in respect of all the exempted subsidiaries and jointly managed companies together may not exceed 5% of the pre-consolidation aggregate value of the indicator concerned in respect of MÁV Zrt., the subsidiaries and jointly managed companies.

Members that have an equity investment in any other fully consolidated company may not be exempted on the basis of any of the conditions.

Member companies are exempt from first equity consolidation if, by the time of preparation of the consolidated financial statements, the data necessary for equity consolidation is not available.

If the fact or extent of control or controlling influence cannot be clearly determined on the basis of voting rights, then the parent company classifies the status of the member within the group on the basis of an individual assessment.

### **I.2.3 Preparing for the consolidation**

MÁV Zrt., as parent company, prescribes standardised accounting procedures at the consolidated companies, in the framework of a group-level accounting and valuation policy. In this way, MÁV Zrt. ensures the uniformity of the financial statements to be consolidated, and therefore in the case of these member companies there are no tasks to be performed in preparation for the consolidation.

If the consolidated companies, with respect to issues regulated at group level, apply differing settlements or methods on the basis of the options available to them under the accounting act or based on their individual characteristics, this is specified in the group-level accounting policy and valuation regulations in relation to the companies concerned.

With respect to associated companies, the check on compliance with the balance sheet requirements and the valuation is standardised only if the information necessary for these is available during the consolidation process. If this information is not available or is missing, MÁV Zrt. omits these consolidation steps.

The conversion of the balance sheets of consolidated companies prepared in a foreign currency is performed by MÁV Zrt. on the basis of Section 123 (6) b. of the accounting act; that is, every item of the balance sheet is translated at the official exchange rate published by the National Bank of Hungary (MNB) as valid on the balance sheet date.

### **I.2.4 Rules of equity consolidation by the elimination of participating interests**

MÁV Zrt. performs the first equity consolidation at book value on the basis of Section 124 (5) a) of the accounting act in every case.

MÁV Zrt. performs the first equity consolidation in accordance with the values applicable at the time of acquisition if a new company is consolidated upon its foundation, or in other cases if the conditions for performing the consolidation tasks from the date of acquisition are in place. The conditions may be regarded as being in place if the acquired company prepares a financial statement between the date of the acquisition and the following consolidated balance sheet date. In this case, the accounting date of the previous individual financial statements is to be treated as the date of acquisition.

If the conditions for performing the consolidation tasks from the date of acquisition are not in place, then the first equity consolidation is based on the values applicable as at the balance sheet date.

In the event of the removal from the group of companies treated using the equity method, or in the event of the acquisition of further participating interests in a previously consolidated company, the balance sheet date for the purpose of equity consolidation is the balance sheet date of the year preceding the reporting year, which is the same as the first day of the reporting year. In the event of removal from the group of companies treated using the equity method, during the first equity consolidation performed with the elimination of participating interests, the values recognised in connection with the reclassified company – previously treated as an associated company – in the previous years must be taken into account.

During the equity consolidation, goodwill or negative goodwill may arise, which must be broken down into hidden reserves or hidden liabilities in accordance with Section 124 (8) of the accounting act. In

such case, MÁV Zrt. regards the hidden reserves or hidden liabilities as material – and performs the breakdown – if these exceed the book value of the participating interest by at least 10%, or if they fall short of it by at least 10%.

During the equity consolidation MÁV Zrt., making use of the opportunity provided under Section 124 (8) c) of the accounting act, aggregates the goodwill or negative goodwill arising from the consolidation of several subsidiaries.

The ordinary depreciation of the goodwill recognised among non-current financial assets – insofar as the useful life thereof cannot be determined – is accounted for by MÁV Zrt. over a period of 5 years.

Extraordinary depreciation is recognised on goodwill if the book value thereof materially (by 20%, or at least HUF 50 million) and persistently as per Section 46 (4) of the accounting act (for at least one year on the basis of historical facts or future expectations for at least one year, or permanently based on the information available at the time of valuation) exceeds its market value.

### **I.2.5 Debt consolidation rules**

MÁV Zrt. eliminates intragroup receivables and liabilities for fully consolidated companies in accordance with Section 125 of the accounting act, and performs this step in every case regardless of the amount of the assets and liabilities to be eliminated.

When reconciling receivables and liabilities, differences are not classified as material if, at group level, in terms of their absolute value, they do not exceed 0.1% of the lower of receivables and liabilities to be eliminated, or a maximum of HUF 50 million. In such cases, receivables and liabilities are eliminated at the lower amount, which will be regarded as the identical amount.

In the event of a material discrepancy, the reasons for the differences must be established, and based on such reasons receivables or liabilities must be recognised or derecognised against the balance sheet or P&L item to which they were found to relate. If the reason for the discrepancy cannot be detected, receivables or liabilities must be recognised or derecognised against other income or expenses arising from the elimination of intragroup receivables and liabilities.

Differences in an amount equalling that of the previous year are recognised during the next consolidation process without an effect on profit/loss, as a change in equity, against the balance sheet item *D/IX Changes arising on consolidation, debt consolidation gain or loss*.

### **I.2.6 Rules on the consolidation of income and expenses**

MÁV Zrt. performs the consolidation of income and expenses for fully consolidated companies in every case, regardless of value threshold.

When reconciling the values of income and expenses, differences are not classified as material if, at group level, in terms of their absolute value, they do not exceed 0.05% of the income to be eliminated, or a maximum of HUF 50 million. In this case, the elimination must be performed at values net of the difference.

Following reconciliation, the elimination of income and expenses must be performed as follows:

- In the case of received own performance charged to profit/loss, revenues/gains recognised by the issuer must be eliminated against the expense recognised at the recipient. In the case of purchased performance, income recognised by the issuer must be eliminated against the cost of goods sold or the cost of sold (intermediated) services, at the lower of the income or expense recognised by the issuer, then the expense recognised by the recipient must be adjusted for the difference (reduced in the event of extra income, or increased in the event of extra expenses).
- In the case of performance received and recognised as an asset, for the elimination of gains and expenses, income recognised by the issuer must be eliminated against the capitalised value of self-produced assets in the case of own performance, or against the cost of goods sold, cost of sold (intermediated) services or other expenses, financial expenses in the case of external performance, at the lower of income or expenses recognised by the issuer.

In the case of unilaterally recognised gains or unilaterally recognised expenses, the unilateral recognition must be cancelled by eliminating the original recognition, and in the following year the balance sheet item ‘ changes arising on consolidation internal profit or loss differences’ within consolidated equity must be adjusted (reduced or increased) for this amount. In later consolidations, if the amount of unilateral settlement remains unchanged, the recognised equity adjustment is maintained in the accounts. If the amount changes because the unilateral settlement was cancelled by the member company concerned, it must be treated as a unilateral settlement arising in the current period. If the asset affected by the settlement ceases to exist or is excluded from full consolidation, the elimination of internal profit/loss due to unilateral accounting must be released. The change arising from the difference of internal profit/loss recognised separately within equity will automatically be settled through the adjusted after-tax profit/loss – as a result of the allocation of the adjusted after-tax profit/loss – on opening the next year.

### **I.2.7 Rules for the elimination of internal profit/loss**

MÁV Zrt. performs the elimination of internal profit/loss among consolidated companies if the value of the received internal performance, with respect to all the relationships of a recipient member company – in aggregate, in the given year – reaches a new acquisition cost of HUF 10 million.

When eliminating internal profit/loss, income recognised by the issuer are adjusted, against the value of the assets received, for an amount equal to the difference between the income and expenses recognised by the issuer.

MÁV Zrt. does not regard the internal profit/loss recorded at year-end as material, and immediately derecognises it against ordinary depreciation, if its amount in the year-end book value of the individual non-current assets is less than HUF 100 thousand. The absolute value of the internal profit/loss classified as immaterial, and consequently derecognised, may not exceed at group level 0.1% of the total accumulated depreciation charge for the reporting year, and a maximum of HUF 50 million.

If the aggregate internal profit/loss classified as immaterial exceeds the aforementioned threshold, the internal profit and loss with the lower absolute value is derecognised first.

The path of an asset containing a material internal profit/loss is tracked by MÁV Zrt. in the current period and in subsequent periods, and if it

- appears in the form of a new asset within the given member company, the internal profit/loss is transferred to that asset,
- cancelled or is worn out within the given member company, the internal profit/loss is released in proportion to the wear or cancellation, modifying the expense recognised by the member company,
- flows out of the given member company but remains within the group of consolidated companies, the internal profit/loss is transferred to the asset or expense of the recipient member company,
- flows out of the given member company and the recipient is not a consolidated member company, the internal profit/loss is released against the recognised expense.

The internal profit/loss apportioned to inventories originating from the group of consolidated companies is eliminated and circulated separately for each recipient member company, and within the member company in aggregate for each inventory group (materials, goods net of intermediated services, intermediated services).

The internal profit/loss not realised by the end of the period is eliminated as a consolidation adjustment. Differences in an amount equalling that of the previous year are recognised during the next consolidation process without an effect on profit/loss, as a change in equity, against the balance item *D/IX Changes arising on consolidation internal profit or loss differences*.

If differences arise in an amount that differs from the previous year, the difference from the previous year is recognised in the consolidated profit and loss account.

### **I.2.8 Rules for the management of deferred tax expense due to consolidation**

Pursuant to Section 132 of the accounting act, MÁV Zrt. recognises and releases deferred tax in consolidation if consolidated companies carry out transactions between each other with an effect on profit/loss, and as a consequence of this the consolidated pre-tax profit/loss differs from the pre-tax profit/loss recognised in the individual financial statements, and this difference is reversed within the foreseeable future.

Deferred tax is recognised only if the consolidated member company receiving internal performance incurs a corporate tax liability during the reporting year.

MÁV Zrt. bases the quantification of deferred tax on the tax rate applicable to the member company receiving the asset whose value contains internal profit/loss. If the tax rate changes, the tax effects are recalculated. The effect of recalculation is recognised with an effect on profit/loss credited or charged to the reporting year. As a result of recalculation, deferred tax is released at the tax rate applicable according to Act LXXXI of 1996 on Corporate Tax and Dividend Tax as effective in the year in which it is no longer applicable.

The deferred tax for any given period must be stated in the consolidated balance sheet at net amount; a deferred tax receivable and a deferred tax liability may not be stated at the same time.

Transactions giving rise to deferred tax are taken into account during the elimination of the internal profit/loss, whereas the effect of these transactions is not considered to be material when intragroup receivables and liabilities are eliminated, incomes and expenses are consolidated (except for differences due to unilateral settlements) because all material differences are resolved when balances are reconciled.

The elimination of internal profit/loss results in a change in deferred tax, which MÁV Zrt. – as parent company – accounts in aggregate, on the basis of the posting of internal profit/loss eliminated in the reporting year, and the posting of internal profit/loss eliminated in the reporting year and previous years and released on the basis of the changes in the reporting year.



## II SPECIFIC PART

### II.1 NOTES TO THE BALANCE SHEET

#### II.1.1 Changes in non-current assets

##### II.1.1.1 Movements in tangible and intangible assets

Movements in tangible and intangible assets in the reporting year are presented in the tables below.

Figures in million HUF

ITEM	Capitalised foundation/restructuring	Capitalised research and development	Concessions and similar rights	Intellectual property	Goodwill	Advances for intangible assets	Total
<b>1. Cost, opening</b>	<b>2</b>	<b>557</b>	<b>20 603</b>	<b>26 885</b>	<b>0</b>	<b>0</b>	<b>48 047</b>
2. Advances for acquisition, improvement	0	97	1 216	1 391	0	625	3 329
3. Self-produced assets	0	0	249	1 515	0	0	1 764
4. Consolidation adjustments	0	0	-342	84	0	0	-258
5. Asset received free of charge	0	0	0	0	0	0	0
6. Takeover of projects implemented by NIF Zrt./ NISZ Zrt. For asset management	0	0	0	0	0	0	0
7. Inventory surplus	0	0	0	0	0	0	0
8. Assets transferred free of charge	0	0	0	0	0	0	0
9. Contribution in kind	0	0	0	0	0	0	0
10. Disposal	0	0	0	0	0	0	0
11. Scrapped	0	0	-610	-21	0	0	-631
12. Missing	0	0	0	0	0	0	0
13. Destroyed	0	0	0	0	0	0	0
14. Foreign exchange revaluation (advance)	0	0	0	0	0	0	0
15. Reclassified (broken down, aggregated, advances considered)	0	0	210	-87	0	0	123
<b>16. Cost, closing</b>	<b>2</b>	<b>654</b>	<b>21 326</b>	<b>29 767</b>	<b>0</b>	<b>625</b>	<b>52 374</b>
<b>17. Depreciation, opening</b>	<b>2</b>	<b>454</b>	<b>13 861</b>	<b>18 182</b>	<b>0</b>	<b>0</b>	<b>32 499</b>
18. Ordinary charge for the year	0	66	2 325	1 995	0	0	4 386
19. Ordinary charge for the previous year	0	0	0	0	0	0	0
20. Extraordinary charge for the year	0	0	0	0	0	0	0
21. Extraordinary charge for the year, reversed	0	0	0	0	0	0	0
22. Consolidation adjustments	0	0	-342	84	0	0	-258
23. Asset received free of charge	0	0	0	0	0	0	0
24. Inventory surplus	0	0	0	0	0	0	0
25. Assets transferred free of charge	0	0	0	0	0	0	0
26. Contribution in kind	0	0	0	0	0	0	0
27. Disposal	0	0	0	0	0	0	0
28. Scrapped	0	0	-610	-21	0	0	-631
29. Missing	0	0	0	0	0	0	0
30. Destroyed	0	0	0	0	0	0	0
31. Reclassified (broken down, aggregated)	0	0	0	0	0	0	0
<b>32. Depreciation, closing</b>	<b>2</b>	<b>520</b>	<b>15 234</b>	<b>20 240</b>	<b>0</b>	<b>0</b>	<b>35 996</b>
<b>33. Opening balance, net</b>	<b>0</b>	<b>103</b>	<b>6 742</b>	<b>8 703</b>	<b>0</b>	<b>0</b>	<b>15 548</b>
<b>34. Closing balance, net</b>	<b>0</b>	<b>134</b>	<b>6 092</b>	<b>9 527</b>	<b>0</b>	<b>625</b>	<b>16 378</b>

Table 9: Movements in intangible assets

Additions to concessions and similar rights and intellectual property include items related to the Rail Traffic Information System (FOR), the Infrastructure and rolling stock maintenance software (INKA) and the “JÉ” application.



The increase in capitalised research and development related to the development of an intelligent railway supervisory system.

Figures in million HUF

ITEM	Properties and related rights	Technical equipment, machinery, vehicles	Other equipment, fittings, vehicles	Breeding stock	Capital projects, improvements	Advances for capital projects	Total
<b>1. Cost, opening</b>	<b>1 298 014</b>	<b>922 527</b>	<b>3 961</b>	<b>0</b>	<b>32 506</b>	<b>43 836</b>	<b>2 300 844</b>
2. Acquisition-improvement, advances given (+)	0	0	0	0	29 625	6 850	36 475
3. Self-produced (+)	0	0	0	0	37 690	0	37 690
4. Consolidation adjustments	25	-1 955	-67	0	0	0	-1 997
5. Received free of charge (+)	0	0	0	0	5	0	5
6. Count surplus (+)	46	4	19	0	0	0	69
7. Taken into asset management (+)	574	0	0	0	0	0	574
8. Asset constructed by NIF Zrt./ NISZ Zrt. taken into management (+)	0	0	0	0	0	0	0
9. Asset constructed by NIF Zrt./ NISZ Zrt. capitalised (+)	0	0	0	0	0	0	0
10. Increase due to asset status settlement (+)	6	0	0	0	0	0	6
11. Transferred free of charge (-)	0	-25	0	0	0	0	-25
12. Contribution in kind (-)	0	0	0	0	0	0	0
13. Disposal (-)	-88	-86	-109	0	0	0	-283
14. Scrapped (fully and part) (-)	-1 188	-1 631	-89	0	-1	0	-2 909
15. Missing (-)	-302	-169	-64	0	0	0	-535
16. Destroyed (-)	0	0	0	0	0	0	0
17. Commissioned (+/-)	27 217	31 601	447	0	-59 265	0	0
18. Asset management right surrendered (-)	-17	0	0	0	0	0	-17
19. Decrease due to asset status settlements (-)	-664	-1	0	0	0	0	-665
20. Foreign exchange revaluation (advances) (+/-)	0	0	0	0	0	0	0
21. Reclassified ( broke down, combined, advances considered) (+/-)	56	-461	-86	0	-98	-475	-1 064
<b>22. Cost, closing</b>	<b>1 323 654</b>	<b>951 759</b>	<b>4 079</b>	<b>0</b>	<b>40 462</b>	<b>50 211</b>	<b>2 370 165</b>
<b>23. Depreciation, opening</b>	<b>472 576</b>	<b>518 964</b>	<b>3 673</b>	<b>0</b>	<b>1 302</b>	<b>-13</b>	<b>996 502</b>
24. Charge for the year (+)	45 284	37 234	278	0	0	0	82 796
25. Charge for the previous year (+)	0	0	0	0	0	0	0
26. Extraordinary charge for the year (+)	2 541	510	0	0	6	0	3 057
27. Extraordinary charge for the year, reversed (-)	0	0	0	0	0	0	0
28. Consolidation adjustments	25	-1 955	-67	0	0	0	-1 997
29. Assets received free of charge (+)	0	0	0	0	0	0	0
30. Inventory surplus (+)	0	0	0	0	0	0	0
31. Transferred free of charge (-)	0	-25	0	0	0	0	-25
32. Contribution in kind (-)	0	0	0	0	0	0	0
33. Disposal (-)	-16	-80	-109	0	0	0	-205
34. Scrapped (-)	-1 151	-1 632	-87	0	-1	0	-2 871
35. Missing (-)	-218	-166	-60	0	0	0	-444
36. Destroyed (-)	0	0	0	0	0	0	0
37. Asset management right surrendered (-)	-8	0	0	0	0	0	-8
38. Decrease due to asset status settlements (-)	-90	-1	0	0	0	0	-91
39. Reclassified ( broke down, combined) (+/-)	41	-387	1	0	0	13	-332
<b>40. Depreciation, closing</b>	<b>518 959</b>	<b>554 417</b>	<b>3 696</b>	<b>0</b>	<b>1 307</b>	<b>0</b>	<b>1 078 379</b>
<b>41. Net book value, opening</b>	<b>825 438</b>	<b>403 563</b>	<b>288</b>	<b>0</b>	<b>31 204</b>	<b>43 849</b>	<b>1 304 342</b>
<b>42. Net book value, closing</b>	<b>804 695</b>	<b>397 342</b>	<b>383</b>	<b>0</b>	<b>39 155</b>	<b>50 211</b>	<b>1 291 786</b>

Table 10: Movements in tangible assets

The ownership status of certain MÁV Group properties has been unresolved between the Group and its Founder since MÁV Group's foundation. In order to clarify the ownership status of its property portfolio, the Group launched a project that involves significant resources.

As a result of this project, in an effort to clarify the status of MÁV Group's land holdings where there is any difference from the official land register, progress was made in the reporting year owing to a land count held in 2018.

Further to act CVI of 2007, the settlement of properties did not cause losses to the Company. During the course of 2019, the status of assets necessary for railway operations totalling HUF 574 million were settled. At the same time, the status of assets necessary for railway operations totalling HUF 6 million were also settled in reverse.

There were no tangible assets from projects carried out by NIF Zrt. or NISZ Zrt. taken over in legal or financial terms in 2019. Based on the information received from NIF Zrt., the gross value of assets technically given over by NIF Zrt. but not yet taken over legally or financially by the Company totalled HUF 206,358 million at 31 December 2019. In December 2019, there was a capital injection which was necessary for the settlement of the ownership status related to the take-over of the assets and hence the completion of the process.

NIF Zrt. is engaged in reconstruction works on route No. 80 and extraordinary depreciation of HUF 1,167 million was recognised as a result.

The cost of tangible assets increased by the value of 15 IC cars commissioned in 2019, the renovation of railcars (bogie replacements and general overhauls) and improvements in progress on self-produced IC+ cars.

Most of the advances for capital projects relate to major subsidised vehicle acquisitions.

### II.1.1.2 Assets transferred/received free of charge

Figures in million HUF

Item	Assets transferred free of charge			Received free of charge
	Cost	Accumulated depreciation	Net value	Cost
Intangible assets	0	0	0	0
Tangible assets	25	25	0	0
Capital projects	0	0	0	5
<b>Total:</b>	<b>25</b>	<b>25</b>	<b>0</b>	<b>5</b>

Table 11: Assets transferred/received free of charge

Assets transferred free of charge reflects the HUF 0 book value of 1,173 mobile phones granted to employees free of charge.

MÁV-HÉV Zrt. signed a co-operation agreement with the Municipality of the Town of Kerepes to construct a Pedestrian surfaced pedestrian railway crossing at Sólyom utca in Kerepes. Further to the co-operation agreement the part of the project constructed by the Municipality worth HUF 5 million was assigned free of charge to MÁV-HÉV Zrt.

### II.1.1.3 Managed state-owned assets

Within MÁV Group, only MÁV Zrt. has state-owned assets.

Tangible assets owned by the state and managed by the Company are carried separately in MÁV Zrt.'s books.

The accumulated values of managed state-owned tangible assets and the related liabilities are presented in the tables below.

Figures in million HUF

Item	2018	2019	Change
Intangible assets	1 781	1 334	-447
Land	24 297	24 356	59
Building	44 680	45 919	1 239
Structures	690 049	666 925	-23 124
Property rights	344	301	-43
Machinery, equipment, vehicles	109 718	101 823	-7 895
Managed assets in the course of construction	18 808	17 943	-865
<b>Managed state-owned tangible assets, total:</b>	<b>889 678</b>	<b>858 602</b>	<b>-31 076</b>
Managed state-owned tangible assets	2 191	1 995	-196
Recuperated value of managed state-owned assets awaiting disassembly expected at the year-end	0		0
Managed state-owned finished products and work in progress	139	246	107
<b>Managed state-owned inventories, total:</b>	<b>2 330</b>	<b>2 241</b>	<b>-89</b>
<b>Managed state-owned assets, total:</b>	<b>892 008</b>	<b>860 843</b>	<b>-31 165</b>
<b>Opening long-term liabilities upon signing the asset management agreement at 30 September 2001:</b>	<b>275 578</b>	<b>275 578</b>	<b>0</b>
Assets constructed by NIF/NISZ Zrt. Taken into asset management	639 402	639 402	0
<i>of which - from governmental and EU funds</i>	<i>636 918</i>	<i>636 918</i>	<i>0</i>
- <i>from own funds</i>	<i>1 645</i>	<i>1 645</i>	<i>0</i>
- <i>from other (municipal) funds</i>	<i>299</i>	<i>299</i>	<i>0</i>
- <i>from NIF/NISZ Zrt. Funds</i>	<i>540</i>	<i>540</i>	<i>0</i>
Taken into asset management	15 089	15 663	574
Taken into asset management due to status settlement	56 946	56 946	0
Improvement, renovation from renovation reimbursement	134 013	156 103	22 090
Improvement, renovation from other governmental/municipal/EU funds	181 538	185 523	3 985
Acquired from own funds	153 737	153 737	0
<i>of which: related to the previous year</i>			0
Capital projects funded by third parties	7 516	7 535	19
Surplus state-owned assets	2 090	2 129	39
Managed state-owned inventories used for managed state-owned tangible assets	1 672	1 724	52
<b>Funds of managed state-owned tangible assets, total:</b>	<b>1 192 002</b>	<b>1 218 761</b>	<b>26 759</b>
Increase in recuperated materials	4 667	4 972	305
<b>Funds of managed state-owned inventories, total:</b>	<b>4 667</b>	<b>4 972</b>	<b>305</b>
<b>Funds the increase in managed state-owned assets, total:</b>	<b>1 196 669</b>	<b>1 223 733</b>	<b>27 064</b>
Ordinary depreciation	467 900	522 674	54 774
Extraordinary depreciation charged and reversed	71 062	74 079	3 017
Disposal	57	57	0
Scrapping	17 647	17 678	31
Missing	2 453	2 457	4
Destroyed	4	4	0
Contributed free of charge	1 656	1 656	0
Net value of state-owned assets contributed to MÁV Zrt.	1 819	1 819	0
Status settlement of managed state-owned land	8 970	8 970	0
Redeemed asset management rights	6 332	6 341	9
<b>Funds of the decrease in managed state-owned tangible assets, total:</b>	<b>577 900</b>	<b>635 736</b>	<b>57 836</b>
Managed state-owned inventories, used	1 802	1 809	7
Managed state-owned inventories, disposed of	291	678	387
Managed state-owned inventories, scrapped	71	71	0
Managed state-owned inventories, impaired	175	175	0
<b>Funds of the decrease in managed state-owned inventories, total:</b>	<b>2 339</b>	<b>2 733</b>	<b>394</b>
<b>Funds of the decrease in managed state-owned assets, total:</b>	<b>580 239</b>	<b>638 469</b>	<b>58 230</b>
<b>Funds of managed state-owned assets, total:</b>	<b>892 008</b>	<b>860 843</b>	<b>-31 165</b>

Table 12: Managed state-owned assets and their funds presented in the balance sheet

Movements in managed state-owned assets in the reporting year and in the basis year is presented in detail in the table below:

Figures in million HUF			
Changes in managed state-owned assets	2018	2019	Change
<b>Managed state-owned assets, net, opening</b>	<b>918 032</b>	<b>892 008</b>	<b>-26 024</b>
Assets constructed by NIF/NISZ Zrt. Taken into management	6 893	0	-6 893
<i>of which - from governmental and EU funds</i>	6 893	0	-6 893
Improvement, renovation from renovation reimbursement from state treasury funds	22 436	22 090	-346
Taken into other asset management	0	574	574
Managed state-owned assets acquired from government funds	3 568	3 985	417
Treasury development/improvement project financed from third party funds	0	19	19
Recuperated (state) materials used for managed assets	190	52	-138
Managed state-owned assets surplus	66	39	-27
<b>Increase in managed state-owned inventories</b>	<b>33 153</b>	<b>26 759</b>	<b>-6 394</b>
Increase in recuperated materials	536	305	-231
<b>Increase in managed-state owned inventories</b>	<b>536</b>	<b>305</b>	<b>-231</b>
<b>Increase in managed-state owned assets, total</b>	<b>33 688</b>	<b>27 064</b>	<b>-6 624</b>
Ordinary depreciation charge	-54 808	-54 774	34
Extraordinary depreciation charged and reversed	-4 316	-3 017	1 300
Scrapped	-59	-31	27
Missing, destroyed	-1	-4	-3
Asset management rights redeemed	-378	-9	369
<b>Decrease in managed state-owned tangible assets, total</b>	<b>-59 562</b>	<b>-57 835</b>	<b>1 726</b>
Recuperated (state) materials used	-57	-7	50
Recuperated (state) materials disposed of	-50	-387	-336
Recuperated (state) materials scrapped	0	0	0
Recuperated (state) materials impaired	-43	0	43
<b>Decrease in managed state-owned inventories, total</b>	<b>-151</b>	<b>-394</b>	<b>-244</b>
<b>Decrease in managed state-owned assets, total</b>	<b>-59 712</b>	<b>-58 230</b>	<b>1 483</b>
<b>Managed state-owned assets, net, closing</b>	<b>892 008</b>	<b>860 843</b>	<b>-31 165</b>

Table 13: Movements in managed state-owned assets in 2019 and 2018

Subsidies related to capital projects and managed state-owned assets are shown in the following table:

Figures in million HUF

<b>Use of subsidies received for the renovation and improvement of managed state-owned assets</b>			
<b>Subsidy</b>	<b>2018</b>	<b>2019</b>	<b>Change</b>
Use of renovation reimbursement in relation to managed state owned assets	22 501	21 221	-1 280
of which - Renewal of assets	22 388	20 996	-1 392
Advances for assets	6	160	155
Value adding improvement on inventories	106	64	-43
Use of remaining reimbursement	39	1 546	1 507
Budapest-Belgrade railway development	62	0	-62
IKOP grant "MÁV Zrt. Traffic safety projects". (IKOP, local percentage 15%)	125	169	44
IKOP grant "MÁV Zrt. Station improvement and integrated customer service development at 26 locations" (IKOP, local percentage 15%)	63	23	-40
Keleti railway station reconstruction preparation Gov. -15%	8	0	-8
Nyugati railway station reconstruction preparation Gov. -15%	2	4	1
Soroksár track adjusment SG370001 (100% Gov)	209	985	776
Kisköre road and rail bridge (Tisza-híd) renovation ZE170001	13	20	7
Kenderes reception building renovation ZV370027	0	471	471
"MÁV Zrt station improvement and integrated customer service development at 26 locations "(CKTM, KAB funtion 100%)	20	10	-10
Budapest-Belgrade Archeology ZL680004	4	73	69
Light railways ZV560001	71	307	237
P+R parking Celldömölk	20	0	-20
Kaposvár, Tüskevár junction development, local funds 12%	0	8	8
Budapest-Belgrade independent engineer ZL680002	0	458	458
TEB projects ZV980003	0	232	232
Kalocsa level crossing 38188-4	0	19	19
PAKS 2. ZV990001	0	2 674	2 674
<b>Government subsidies used, total</b>	<b>23 137</b>	<b>28 218</b>	<b>5 081</b>
IKOP grant "MÁV Zrt Traffic safety projects" (IKOP, KA 85%)	708	955	247
IKOP grant "MÁV Zrt station improvement and integrated customer service development at 26 locations" (IKOP, KA 85%)	357	128	-229
Keleti railway station reconstruction preparation EU-85%	46	0	-46
Nyugati railway station reconstruction preparation EU-85%	12	20	8
Kaposvár, junction development, EU funds 88%	0	57	57
<b>EU funds used, total</b>	<b>1 122</b>	<b>1 160</b>	<b>38</b>
<b>Use of subsidies received for the renovation and improvement of managed state-owned assets</b>	<b>24 259</b>	<b>29 378</b>	<b>5 119</b>

Table 14: Use of development subsidies related to managed state-owned assets

#### II.1.1.4 MÁV Group's investments

The balance sheet value of equity consolidated companies and the gross value of the companies presented at book value in the balance sheet of MÁV Group, and recognised accumulated impairment loss are presented in the following tables.

Figures in million HUF

Equity consolidated entities (treated as associates)				
Code	Company	Value in the financial statements		Change
		2018	2019	
15	MÁV NOSZTALGIA Kft.	95	101	6
27	Dunakeszi Járműjavító Kft.	809	888	79
37	VAMAV Kft.	1 646	2 049	403
38	EURO-METALL Kft.	453	407	-46
116	MÁV-THERMIT Kft	264	57	-207
142	MÁV MULTISZOLG Kft.	23	23	0
193	Kínai-Magyar Vasúti Nonprofit Zrt.	328	1 090	762
<i>Total:</i>		3 618	4 615	997

Table 15: Equity consolidated entities

The value of equity consolidated companies increased by HUF 997 million compared to the previous year.

Of the profit or loss realised by the companies in the reporting year, the balance of the loss and profit apportioned to MÁV Group reduced the value of investments by HUF 562 million, while the recognition as profit or loss of the differences between changes in the companies' initial and final equity available during the consolidation increased it by HUF 10 million.

The elimination of dividends received for the previous year but recognised by MÁV Zrt. in the reporting year reduced the balance sheet value of investments by HUF 751 million.

The balance sheet value of equity consolidated companies was increased by a HUF 2,300 million capital increase via share premium in Kínai-Magyar Vasúti Nonprofit Zrt.

Figures in million HUF

Related parties and significant investments presented in the consolidated financial statements at book value								
Code	Company	2018			2019			Change (BV)
		Cost	Accumul. Deprec.	BV	Cost	Accumul. Deprec.	BV	
22	MÁV VASJÁRMŰ Kft. (f.a.)	158	158	0	158	158	0	0
165	MÁV-REC Kft.	50	0	50	50	0	50	0
191	TS-MÁV Gépészet Services Kft.	0	0	0	0	0	0	0
<b>Total:</b>		208	158	50	208	158	50	0

Table 16: Related parties and significant investments presented in the consolidated financial statements at book value

Figures in million HUF

Other investments								
Code	Company	2018			2019			Change (BV)
		Cost	Accumul. Deprec.	BV	Cost	Accumul. Deprec.	BV	
120	Vasútegészségügyi NK Kft.	100	0	100	100	0	100	0
128	EUROFIMA	2 255	0	2 255	2 407	0	2 407	152
147	BCC	1	0	1	1	0	1	0
169	HIT Rail b.v.	70	0	70	72	0	72	2
<b>Total:</b>		2 426	0	2 426	2 580	0	2 580	154

Table 17: Other investments

The year-end revaluation of investments denominated in foreign currencies increased the balance sheet value of other investments by HUF 154 million.

### II.1.1.5 Other long-term loans and impairment of long-term debt securities

Figures in million HUF

Item	Impairment loss				
	Opening	Recognised in the reporting year	Reversed in the reporting year	Other decrease in the reporting year	Closing
Long-term loans to related parties	0	0	0	0	0
Long-term loans granted to significant related parties	0	0	0	0	0
Long-term loans granted to other related parties	0	0	0	0	0
Other long-term loans granted	596	0	44	0	552
Long-term debt securities	0	0	0	0	0
<b>Total:</b>	<b>596</b>	<b>0</b>	<b>44</b>	<b>0</b>	<b>552</b>

Table 18: Impairment of long-term loans and long-term debt securities



The closing amount of impairment loss on other long-term loans relates to employee housing loans and to debts from property sales.

#### II.1.1.6 Goodwill arising on full consolidation

MÁV Group's consolidated financial statements do not show any goodwill arising on full consolidation.

#### II.1.1.7 Negative goodwill arising on full consolidation

Figures in million HUF

Figures in million HUF

Company		Negtive goodwill					
Code	Name	Opening	Change				Closing
			from shares purchased	from shares sold	due to merger	due to change in scope	
20	MÁV VAGON Kft.	2	0	0	0	0	2
101	MÁV FKG Kft.	5	0	0	0	0	5
138	MÁV Szolgáltató Központ Zrt.	3	0	0	0	0	3
180	MÁV-START Zrt.	90	0	0	0	0	90
Total:		100	0	0	0	0	100

Table 19: Negative goodwill arising on full consolidation

#### II.1.1.8 Goodwill arising on equity consolidation

The MÁV group's consolidated financial statements do not show any goodwill related to equity consolidated companies (associates).

#### II.1.1.9 Negative goodwill arising on equity consolidation

Figures in million HUF

Company		Negative goodwill					
Code	Name	Opening	Change				Closing
			from shares purchased	froms shares sold	due to merger	due to change in scope	
27	Dunakeszi Járműjavító Kft.	13	0	0	0	0	13
37	VAMAV Kft.	111	0	0	0	0	111
38	EURO-METALL Kft.	121	0	0	0	0	121
116	MÁV-THERMIT Kft.	13	0	0	0	0	13
Total:		258	0	0	0	0	258

Table 20: Negative goodwill arising on equity consolidation

## II.1.2 Inventories and impairment loss

Changes in inventories and in the impairment loss recognised in the reporting year are summarised below:

Figures in million HUF

Inventory	Materials	Work in progress	Livestock	Finished products	Goods	Advances for inventories	Total
<i>Inventories, opening</i>	31 792	3 080	0	2 025	1 548	2 607	41 052
<i>Opening balance, gross</i>	31 792	3 080	0	2 025	1 548	2 607	41 052
Purchase, advances given	88 350	0	0	0	13 044	167	101 561
Received free of charge	1	0	0	0	0	0	1
Contribution in kind	0	0	0	0	0	0	0
Reclassified	49	0	0	0	0	0	49
Taken on inventory	0	7 952	0	16 966	0	0	24 918
Surplus	104	0	0	0	15	0	119
Other increase	578	0	0	64	0	43	685
Use (expensed)	-81 384	-6 181	0	-15 744	-9	0	-103 318
Reclassified, advance considered	0	0	0	0	0	-1 095	-1 095
Disposal	-2 542	0	0	-43	-13 305	0	-15 890
Transferred free of charge	0	0	0	0	0	0	0
Contributed	0	0	0	0	0	0	0
Scrapped	-114	-3	0	-1	-16	0	-134
Missing	-95	0	0	0	-10	0	-105
Other decrease	-314	-6	0	-9	-4	0	-333
<i>Inventories, closing, gross</i>	36 425	4 842	0	3 258	1 263	1 722	47 510
<i>Impairment, opening</i>	1 196	5	0	63	25	0	1 289
Impairment loss for the year	302	0	0	70	23	0	395
Written off due to inventory decrease	-261	-5	0	-9	-24	0	-299
Impairment reversed	-38	0	0	-2	0	0	-40
Other changes	281	0	0	-2	0	0	279
<i>Impairment, closing</i>	1 480	0	0	120	24	0	1 624
<i>Opening, net</i>	30 596	3 075	0	1 962	1 523	2 607	39 763
<i>Closing, net</i>	34 945	4 842	0	3 138	1 239	1 722	45 886

Table 21: Inventories and impairment loss

## II.1.3 Receivables and impairment loss

Receivables and impairment loss recognised in the reporting year are summarised below:

Figures in million HUF

Item	Receivables						Impairment loss						BV of receivables in 2019	BV of receivables in 2018	Changes in book values
	Not overdue	Due over 1-90 days	Due over 91-180 days	Due over 181-365 days	Due over 365 days	Total	Opening	Impairment loss in 2019	Impairment loss reversed	Bad debts collected	Other written off impairment loss	Closing			
Trade receivables (debtors)	8 184	607	98	113	2 818	11 820	2 945	283	146	187	61	2 834	8 986	8 562	424
Receivables from related parties:	70	100	31	0	0	201	0	12	0	0	0	12	189	135	54
of which: from not fully consolidated subsidiaries	36	100	31	0	0	167	0	12	0	0	0	12	155	115	40
of which: from companies under common control	34	0	0	0	0	34	0	0	0	0	0	0	34	20	14
Receivables from significant related parties	257	11	0	0	31	299	31	0	0	0	0	31	268	241	27
Receivables from other related parties	23	0	0	0	0	23	0	0	0	0	0	0	23	31	-8
Bills of exchange receivables	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other receivables	66 508	109	49	31	890	67 587	838	62	2	19	9	870	66 717	58 680	8 037
Corporate tax asset (calculated) arising on consolidation	19	0	0	0	0	19	0	0	0	0	0	0	19	7	12
Receivables, total:	75 061	827	178	144	3 739	79 949	3 814	357	148	206	70	3 747	76 202	67 656	8 546

Table 22: Receivables and impairment loss

The most significant item in other receivables is reimbursement receivable for public passenger transport services totalling HUF 37,869 million. A detailed breakdown of the amount is shown in Note II.3.1 State participation in MÁV Group's operations.

## II.1.4 Prepaid expenses and accrued income

Figures in million HUF

Item	2018	2019	Change
<b>Accrued income</b>			
RIC car rent	1 503	886	-617
Accrued sales revenues	1 915	1 701	-214
Accrued interest	1	0	-1
Unsettled merchandise accounts with Dt balance	28	0	-28
Late payment interest, penalties, damages	20	28	8
Accrued other income	1	23	22
Accrued income, total	3 468	2 638	-830
<b>Prepaid expenses</b>			
Prepaid insurance premium	587	379	-208
Other prepaid costs and expenses	452	1 071	619
Prepaid expenses, total:	1 039	1 450	411
<b>Deferred expenses</b>			
Deferred unrealised foreign exchange loss	3 995	2 708	-1 287
Deferred expenses, total:	3 995	2 708	-1 287
<b>Total:</b>	<b>8 502</b>	<b>6 796</b>	<b>-1 706</b>

Table 23: Prepaid expenses and accrued income

Of current-year settlements with international railway companies, prepayments related to leased RIC railcars and unsettled traffic fell by a total of HUF 645 million.

The decrease in deferred unrealised foreign exchange losses was due to a reduced loan portfolio.

## II.1.5 Equity

Movements in the Group's equity components are shown by category in the table below:

Figures in million HUF

Item	Issued capital	Capital reserve	Retained earnings/losses	Non-distributable reserves	Adjusted net profit after tax	Changes in the equity of subsidiaries	Changes arising on consolidation		Changes in value of investments in associate	Third party interest	Total
							Debt consolidation gain or loss	Internal profit or loss differences			
<i>Equity in 2018</i>	24 500	131 986	39 465	1 665	17 890	9 808	67	-21 927	2 352	0	205 806
Adjusted net profit after tax for 2018			9 855		-17 890	6 378	-26	1 719	-36		
Capital injection	500	26 588									27 088
Asset status settlement		-215									-215
Reserve allocated for research and development			-97	97							
Non-distributable reserve for R&D, released			66	-66							
Development reserve made			-216	216							
Development reserve released			6	-6							
Non-distributable reserve unrealised FX loss, released			533	-533							
Adjusted net profit after tax for 2019					12 379						12 379
<i>Equity in 2019</i>	25 000	158 359	49 612	1 373	12 379	16 186	41	-20 208	2 316	0	245 058

Table 24: Movements in equity components

Movements in the Group's non-distributable reserves are presented in the table below.

Figures in million HUF

Non-distributable reserve	Opening	Released in 2019	Made in 2019	Closing
Difference between deferred expenses and provisions made for unrealised FX gains/losses on foreign exchange loans	1 348	533	0	815
Capitalised R&D not yet written off	104	66	97	135
Development reserve	213	6	216	423
<b>Total:</b>	<b>1 665</b>	<b>605</b>	<b>313</b>	<b>1 373</b>

Table 25: Non-distributable reserves

## II.1.6 Provisions made and released

### II.1.6.1 Changes in provisions during 2019

At Group level, the balance sheet closing value of provisions was HUF 35,038 million, of which provisions for expected liabilities was HUF 19,895 million, provisions for future expenses was HUF 13,250 million, and other provisions totalled HUF 1,893 million.

Figures in million HUF

Item	Provisions for expected liabilities	Provisions for future expenses	Provisions for unrealised FX losses	Total
<b>Provisions, opening</b>	<b>21 269</b>	<b>13 184</b>	<b>2 647</b>	<b>37 100</b>
Released in 2019	6 566	1 087	805	8 458
Made in 2019	5 192	1 153	51	6 396
<b>Provisions, closing</b>	<b>19 895</b>	<b>13 250</b>	<b>1 893</b>	<b>35 038</b>

Table 26: Movements in provisions

### II.1.6.2 Provisions for expected liabilities

In 2019, the closing balance of provisions for expected liabilities was HUF 19,895 million at group level. The most significant items include the provisions for environmental liabilities, for annuity payment obligations and for litigations.

Figures in million HUF

Provision for expected liabilities	Opening	Released in 2019	Made in 2019	Closing
Environmental provision	7 428	1 125	1 752	8 055
Annuity provision	6 730	687	212	6 255
Provision for litigations	2 013	836	225	1 402
Provision for employment termination payments	1 563	1 498	1 300	1 365
Provision for bonuses payable	1 008	963	982	1 027
Provision for damages	680	202	250	728
Provision for uniforms	1 388	946	196	638
Provision for late payment interest liabilities	116	96	107	127
Provision for contractual guarantee obligations	84	84	121	121
Provision for EU penalties	0	0	3	3
Other provisions	259	129	44	174
<b>Total:</b>	<b>21 269</b>	<b>6 566</b>	<b>5 192</b>	<b>19 895</b>

Table 27: Provisions for expected liabilities

The increase in the provision for environmental liabilities included HUF 547 million for the removal of concrete bedding and other concrete waste and HUF 1,093 for the elimination of an increased quantity of discarded cross-sleepers.

### II.1.6.3 Provisions for future expenses

The closing balance of provisions for future expenses was HUF 13,250 million at MÁV Group level. The most significant item was the provision for maintenance expenses.

Figures in million HUF				
Provisions for future expenses	Opening	Released in 2019	Made in 2019	Closing
Provision for priority maintenance costs (overhauls)	8 228	446	222	8 004
Provision for FLIRT train maintenance costs	2 276	0	677	2 953
Provision for TRAXX locomotives maintenance costs	1 356	0	241	1 597
Provision for other maintenance costs	658	123	13	548
Provision for demolition costs	666	518	0	148
<b>Total:</b>	<b>13 184</b>	<b>1 087</b>	<b>1 153</b>	<b>13 250</b>

Table 28: Provisions for future expenses

Provision for wrecking costs was made for the demolition of unused and condemned buildings and structures belonging to the Rail Infrastructure Division and other assets involved in railway operations. From this amount, the Company released HUF 518 million for demolition performed in 2019. A provision for maintenance expenses was released in an amount of HUF 123 million because the required work was completed, and some buildings were taken out of use.

The railway infrastructure operated by the MÁV Group comprises in an increasing proportion lines, stations and other infrastructure components that were developed, reconstructed or refurbished from EU funds. Due to the operation of assets providing for advanced and higher quality services, and the special rules pertaining to the use of EU funds, these parts of the infrastructure require higher and cyclically incurred maintenance expenses for a partly different technical content. In order to align the funds provided based on the rail infrastructure operations agreement at nearly the same pace with the cyclical demand for maintenance funds as described above, a provision of HUF 222 million was made in 2019, and HUF 446 million was released due to completion of work.

Due to their similar nature, railway vehicles also require cyclical maintenance expenses. Therefore, a provision was made, charged to the profit/loss of the reporting year, for the time-proportionate amount of periodically incurred maintenance expenses of TRAXX locomotives and FLIRT multiple-unit trains, in a total of HUF 918 million.

#### II.1.6.4 Other provisions

Other provisions include the provision for exchange losses on FX loans for capital and development projects as presented below:

Figures in million HUF

Other provision	Opening	Released in 2019	Made in 2019	Closing
Provision for the FX losses on foreign exchange development and improvement loans	2 647	805	51	1 893
<b>Total:</b>	<b>2 647</b>	<b>805</b>	<b>51</b>	<b>1 893</b>

Table 29: Other provisions



## II.1.7 Liabilities

### II.1.7.1 Liabilities related to managed state-owned assets

Further to Section 23(2) of the accounting act, managed state- or municipality-owned assets must be recognised as assets of the asset managing company, while according to Section 42 (5) of the accounting act, liabilities related to managed state-owned assets must be recognised as non-current liabilities. The accounting treatment of changes in state-owned assets is governed by Government Decree No 254/2007 (X. 4.) on the management of state-owned assets as amended by Government Decree 457/2013 (XI. 29.) and by the asset management agreement signed by KVI and MÁV Zrt. as amended several times since.

On 31 December 2019, HUF 860,843 million was recognised as non-current liabilities in relation to managed state-owned assets totalling HUF 860,843 million in MÁV Zrt's balance sheet, and current liabilities of HUF 3,801 million were recognised as presented in the table below:

Figures in million HUF			
Liabilities related to managed state-owned assets	2018	2019	Change
Long-term liabilities related to managed state-owned assets	892 008	860 843	-31 165
Replenishment obligation	27 088	0	-27 088
<b>Long-term liabilities related to managed state-owned assets, total</b>	<b>919 096</b>	<b>860 843</b>	<b>-58 253</b>
Balance of settlements with the Hungarian State Treasury related to capital projects	-2 592	15	2 607
<i>of which: - performances involving subsidies in the reporting year</i>	-3 568	-4 004	-436
<i>- subsidised performance paid on the reporting year</i>	1 719	6 611	4 892
Liabilities from subsidies funded by the beneficiaries	1 206	1 599	393
Subsidy agreements with Cr balance, reclassified	2 929	2 130	-799
Recuperated materials used	100	57	-43
<b>Current liabilities related to managed state-owned assets, total</b>	<b>1 643</b>	<b>3 801</b>	<b>2 158</b>
<b>Liabilities related to managed state-owned assets, total</b>	<b>920 739</b>	<b>864 644</b>	<b>-56 095</b>

Table 30: Liabilities related to managed state-owned assets

Liabilities related to the decrease in state-owned assets are detailed in the following table:

Figures in million HUF

<b>Replenishment obligation recognised since the amendment of the amendment of the Act on State Property (28 June 2013)</b>	<b>2018</b>	<b>2019</b>	<b>Change</b>
<b>Replenishment obligation, opening</b>	<b>27 088</b>	<b>27 088</b>	<b>0</b>
Ordinary depreciation charge	0	0	0
Extraordinary depreciation	0	0	0
Self-funded improvement on managed state-owned assets (-)	0	0	0
Contribution in kind	0	-27 088	-27 088
<b>Replenishment obligation recognised after the amendment of the Act on State Property in accordance with the rules effective before 28 June 2013</b>	<b>0</b>	<b>-27 088</b>	<b>-27 088</b>
Ordinary depreciation charge	54 808	54 774	-34
Extraordinary depreciation	4 316	3 017	-1 299
<i>of which - NIF projects ended over 2019</i>	539	0	-539
<i>- Capital projects and tangible assets from scrapping</i>	3 777	3 017	-760
<i>- Extraordinary depreciation of capital projects related to managed state-owned assets</i>	0	0	0
Missing managed state-owned assets, net	1	4	3
Scrapped managed state-owned assets written off, net	59	31	-28
Materials recuperated from scrapped managed state-owned assets (-)	-428	-243	185
Forgiven replenishment obligation (-)	-58 756	-57 583	1 173
<b>Replenishment obligation recognised after the amendment of the railways Act on State Property in accordance with the rules effective after 28 June 2013</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Replenishment obligation, closing</b>	<b>27 088</b>	<b>0</b>	<b>-27 088</b>
Recuperated managed state-owned materials used for maintenance, restoration	0	0	0
<b>Liabilities related to decrease in managed state-owned assets, total</b>	<b>27 088</b>	<b>0</b>	<b>-27 088</b>

Table 31: Liabilities related to the decrease in state-owned assets

The replenishment obligation decreased as it was waived and contributed by the Founder to MÁV Zrt. as capital increase.

## II.1.7.2 MÁV Group's subordinated liabilities

MÁV Group's subordinated liabilities include only the negative goodwill in accordance with Appendix 6 to the accounting act. For details see section II.1.1.9.

## II.1.7.3 MÁV Group's long-term loans

The Group's long-term loans and borrowings, and the repayment schedules, are presented in the tables below.

Loan	Start date	Matures on	State guarantee (government decision No.)	Currency	Total facility (millions, original currency)	Outstanding facility	
						Currency thousands	HUF millions
Development loans							
CA-CIB Konzorcium (30 Flirt units)	2006.03.22	2020.06.16	-	EUR	145	6 287	2 078
Raiffeisen Bank Zrt. (+30 Flirt units)	2007.09.25	2021.11.28	-	EUR	142	23 223	7 676
KfW (TRAXX)	2009.12.03	2024.05.15	-	EUR	41	14 918	4 931
EIB (TRAXX)	2009.12.03	2024.05.15	-	EUR	38	13 770	4 551
MFB	2009.10.27	2024.09.30	-	HUF	2 800	-	938
UniCredit - MFB loan	2008.09.10	2023.12.31	-	HUF	2 376	-	623
Total:							20 797
Operating and other loans							
MKB	2018.12.13	2028.12.12	-	HUF	6 848	-	6 163
Total:							6 163
Grand total:							26 960

Table 32: The Group's long-term loans and borrowings

Of development loans shown in the table, HUF 8,607 million is presented among operating and other loans and HUF 685 million is presented among short-term loans in the balance sheet.

Figures in million HUF

Loan	2020.	2021.	2022.	2023.	2024. and beyond	Total
<b>Development loans</b>						
CA-CIB Konzorcium (30 Flirt units)	2 078	0	0	0	0	2 078
Raiffeisen Bank Zrt. (+30 Flirt units)	4 070	3 606	0	0	0	7 676
KFW (TRAXX)	1 096	1 096	1 096	1 096	547	4 931
EIB (TRAXX)	1 011	1 011	1 011	1 011	507	4 551
MFB	196	196	196	196	154	938
UniCredit - MFB loan	156	156	156	155	0	623
<b>Total:</b>	<b>8 607</b>	<b>6 065</b>	<b>2 459</b>	<b>2 458</b>	<b>1 208</b>	<b>20 797</b>
<b>Operating and other loans</b>						
MKB	685	685	685	685	3 423	6 163
<b>Total:</b>	<b>685</b>	<b>685</b>	<b>685</b>	<b>685</b>	<b>3 423</b>	<b>6 163</b>
<b>Grand total:</b>	<b>9 292</b>	<b>6 750</b>	<b>3 144</b>	<b>3 143</b>	<b>4 631</b>	<b>26 960</b>

Table 33: Repayment schedule of the Group's long-term loans and borrowings

#### II.1.7.4 Leasing liabilities

MÁV Group has no finance leasing liabilities.

#### II.1.7.5 Other current liabilities

Other current liabilities are shown below by title:

Figures in million HUF

Item	2018		2019		Change
	Amount	%	Amount	%	
Central and municipal taxes and similar charges	8 084	12,2%	8 601	10,7%	517
Wages and salaries	9 683	14,6%	10 727	13,4%	1 044
Other liabilities deducted from employees	313	0,5%	333	0,4%	20
Repayable over-reimbursement	799	1,2%	447	0,6%	-352
Light railways development subsidy not yet used	1 044	1,6%	2	0,0%	-1 042
Liabilities toward the Treasury	3 854	5,8%	9 329	11,6%	5 475
Unbilled capital projects delivered, late payment interest and guarantees	101	0,2%	150	0,2%	49
Other liabilities	42 625	64,1%	50 604	63,1%	7 979
<b>Other current liabilities, total</b>	<b>66 503</b>	<b>100,0%</b>	<b>80 193</b>	<b>100,0%</b>	<b>13 690</b>

Table 34: Details of other current liabilities

The most significant item within other current liabilities is the liability of HUF 49,845 million related to the advance payment accounted for subsidised projects financed by suppliers.

## II.1.8 Accrued expenses and deferred income

Figures in million HUF

Item	2018	2019	Change
<b>Prepaid income</b>			
INVITEL Kft. prepaid other income	7 227	6 973	-254
Pre-billed income	575	497	-78
Prepaid other income	389	384	-5
<i>Prepaid income</i>	<b>8 191</b>	<b>7 854</b>	<b>-337</b>
<b>Accrued expenses</b>			
RIC car rent	1 176	795	-381
Unbilled expenses	2 938	4 231	1 293
Traction expenses	0	0	0
Payment to personnel	385	551	166
Interest	52	48	-4
Unsettled merchandise accounts with Cr balance	3	0	-3
Late payment interest, penalties, damages	1	0	-1
Other accrued expenses	408	394	-14
<i>Accrued expenses</i>	<b>4 963</b>	<b>6 019</b>	<b>1 056</b>
<b>Deferred income</b>			
Deferred development subsidies	124 858	126 882	2 024
Tangible assets surplus	767	758	-9
Tangible assets received free of charge (as a gift)	861	811	-50
Other deferred income related to tangible assets	7 365	6 380	-985
<i>Deferred income</i>	<b>133 851</b>	<b>134 831</b>	<b>980</b>
<b>Total</b>	<b>147 005</b>	<b>148 704</b>	<b>1 699</b>

Table 35: Accrued expenses and deferred income

The significant increase in unbilled expenses was due mainly to a change in the retrospective settlement of services.

The change in deferred income was the proportionate release of depreciation related to subsidies received and the recognition of the subsidy received for the new IKOP 39 NAGYKAP 8 multiple units project.

## II.1.9 Off-balance sheet liabilities

### II.1.9.1 Hedging transactions

Financial market risk is an integral part of MÁV Zrt's business. We try to mitigate such risks by making hedging contracts where market rates and planned rates permit.

The total EUR deficit was EUR 84.17 million and included debt service payable in EUR in relation to multiple-unit trains.

An EUR 12.52 million future contract and an EUR 70.17 million spot buy contract was made to hedge the foreign exchange deficit. In 2019, no hedging contract was made by MÁV Group for the exposures from interest rate and commodity (e.g. gasoline) price fluctuations.

### II.1.9.2 Joint and several liability and guarantee contracts

MÁV Group's guarantee contracts in effect as at 31 December 2019 are shown in the table below.

Beneficiary company	Guarantee type	Contractor	Guarantee starts	Guarantee ends	Amount in EUR	Amount in mHUF
<b>Bank guarantee</b>						
Ministry for Innovation and Technology	Maintenance, repair	Raiffeisen Bank Zrt.	2018.06.30	2020.06.30	-	1 000
Ministry for Innovation and Technology	Accidental damage	Raiffeisen Bank Zrt.	2020.01.01	2020.12.31	-	1 000
National Tax Authority	Excise	OTP Bank Nyrt.	2020.01.01	2020.12.31	-	300
Ministry for Innovation and Technology	Accidental damage	KDB Bank Zrt.	2014.01.01	2020.12.31	-	1 100
Ministry for Innovation and Technology	Accidental damage	KDB Bank Zrt.	2013.01.01	2020.12.31	-	150
Ministry for Innovation and Technology	Accidental damage	KDB Bank Zrt.	2013.01.01	2020.12.31	-	5
Ministry for Innovation and Technology	Accidental damage	KDB Bank Zrt.	2011.07.01	2020.12.31	-	10
Ministry for Innovation and Technology	Accidental damage	OTP Bank Nyrt.	2020.01.01	2020.12.31	-	1 000
National Tax Authority SZ-SZ-B County Tax and Customs Directorate	Activity based customs bond	K&H Bank Zrt.	2011.03.18	2021.03.16	-	10
National Tax Authority SZ-SZ-B County Tax and Customs Directorate	Endorsement of joint and several liability for goods under customs clearance	K&H Bank Zrt.	2017.03.20	2021.06.01	-	40
Metropolitan Government Office for Budapest	Travel organising	KDB Bank Zrt.	2010.10.26	2021.06.30	-	8
<b>Bank guarantees, total</b>						<b>4 623</b>
<b>Performance bonds</b>						
Slovenian Railways	Performance bond	K&H Bank Zrt.	2017.07.31	2021.01.10	70 075	23
<b>Good performance guarantees, total:</b>					<b>70 075</b>	<b>23</b>
<b>Guarantees, total:</b>					<b>70 075</b>	<b>4 646</b>

Table 36: Guarantee contracts in effect at the balance sheet date

### II.1.9.3 Lien and other off-balance sheet liabilities

Loan	Outstanding facility at 31 Dec 2019 (mHUF)	Collateral
Raiffeisen Bank Zrt Konzorcium (Financing 30 Flirt units)	7 676	Rolling stock
MKB	6 163	Rolling stock
KfW (TRAXX)	4 931	Rolling stock
EIB (TRAXX)	4 551	Rolling stock
CA-CIB Konzorcium (Financing +30 Flirt units)	2 078	Rolling stock
MFB	938	Rolling stock
UniCredit	623	Rolling stock
<b>Total:</b>	<b>26 960</b>	

Table 37: Loans secured by lien

Lien has been placed on 30 Flirt coaches for Crédit Agricole Corporate and Investment Bank, and on 30 additional Flirt coaches for Raiffeisen as lenders.

MÁV Zrt. issued a parent company comfort letter to Kreditanstalt für Wiederaufbau and to the European Investment Bank as the funders of 25 TRAXX engines for MÁV-TRAKCIÓ Zrt. (merged into MÁV-START Zrt. as of 1 January 2014).

Besides this comfort letter, the EIB and KfW loans related to the purchase of the 25 TRAXX engines are also secured by lien on the subject matter TRAXX engines. The MKB refinancing loan is secured by lien on 20 IC+ passenger cars.

The assessment of other encumbrances on properties and the rights to public utilities (electric cables, water and gas pipelines) and access rights, rights to place geodesic signs etc. started in the earlier years in line with relevant legislation. Cable and pipeline rights for the land beneath previously laid cables and pipelines is currently in progress.

Many of MÁV Zrt.'s properties (own or managed) have been encumbered on the grounds of permanent environmental damage. These properties are subject to restoration work before the encumbrance can be removed.

MÁV Zrt. is responsible for 0.7% (CHF 18.2 million) of EUROFIMA's share capital, of which CHF 14.56 million (80% of the share capital) is issued but not paid capital. Further to EUROFIMA's articles of association, callable share capital becomes payable upon a decision to this effect by EUROFIMA's Board of Directors. However, no such payment has yet been demanded by EUROFIMA.

Further to section 26 of EUROFIMA's articles of association, MÁV Zrt. assumes guarantee, up to its share in EUROFIMA's capital, to every borrower railway company in respect of the rolling stock financing contracts signed by EUROFIMA. However, this guarantee is only available if the railway company and its backing shareholder government failed to pay and the guarantee reserve as stipulated in section 29 of EUROFIMA's articles of association (EUR 673.1 million according to EUROFIMA's financial statements for 2019) is not sufficient to make up for the losses due to such non-performance. Any amount drawn by EUROFIMA from the shareholders' guarantees is reimbursed by EUROFIMA to the extent of any collection on the debt or income from the disposal of the underlying rolling stocks.

### II.1.9.4 Interest and similar charges payable in the future

Figures in million HUF

Loan	2020	2021	2022	2023	2024 and beyond	Total
<b>Development loans</b>						
KfW	165	121	82	43	7	418
EIB	42	30	20	11	2	105
MFB	34	26	19	11	3	93
Raiffeisen Bank Zrt. Konzorcium (Financing +30 Flirt units)	52	20	0	0	0	72
UniCredit	13	10	6	2	0	31
CA-CIB Konzorcium (Financing 30 Flirt units)	6	0	0	0	0	6
<b>Total:</b>	<b>312</b>	<b>207</b>	<b>127</b>	<b>67</b>	<b>12</b>	<b>725</b>
<b>Operating and other loans</b>						
MKB	54	48	42	36	82	262
<b>Total:</b>	<b>54</b>	<b>48</b>	<b>42</b>	<b>36</b>	<b>82</b>	<b>262</b>
<b>Grand total:</b>	<b>366</b>	<b>255</b>	<b>169</b>	<b>103</b>	<b>94</b>	<b>987</b>

Table 38: Interest and similar charges payable in the future

### II.1.9.5 Significant operating lease contracts signed by the Group and in effect at the balance sheet date

Contracting party (renter)	Subject matter	Contract date	Matures on	Amount (mHUF/month)	Not recognised by the balance sheet date (mHUF)
Mercarius Flottakező Kft.	Vehicle rent MÁV	2017.10.19	2021.09.30	252	5 291
Raiffeisen Ingatlan Alap	Property rent	2013.05.06	2024.05.06	105	5 503
Mercarius Flottakező Kft.	Rental and operating agreement for 212 road vehicle	2016.05.20	2020.05.20	60	302
Mercarius Flottakező Kft.	Vehicle rent	2017.11.01	2021.11.01	22	491
Mercarius Flottakező Kft.	Vehicle rent	2017.07.19	2021.07.19	22	418
Deutsche Leasing Hungaria Kft.	8 Desiro trains	2008.09.24	2029.02.28	20	2 200
Magyar Telekom Nyrt.	mutual infrastructure and service general contract No.: 67103-743999/2004.	2004.09.30	indefinite	20	n/a
Forse Kft.	Worker accommodaion	2012.04.07	2021.04.07	13	190
Népliget Beta Ingatlan Kft.	office, warehouse, parking rent	2017.08.03	2022.12.31	8	277
DIO IMMO Kft.	employee flat rent	2017.03.01	2020.03.01	3	6
Máriássy Ház	Property rent	2017.04.03	2022.04.03	3	81
DIO IMMO Kft.	management flat rent	2017.03.01	2022.03.01	3	78
Porsche Lízing és Szolgáltató Kft.	27 cars rented	2016.11.10	2021.05.26	3	51
Mercarius Flottakező Kft.	Vehicle fleet management (operating lease) general agreement	2017.07.19	2021.10.31	2	50
Invitech Zrt.	Invitel internet service No.: 275165/2014	2014.06.26	indefinite	1	n/a
Invitech Zrt.	Mutual infrastructure agreement No.: IR/1089-05/2005.	2005.06.26	indefinite	1	n/a
Mercarius Flottakező Kft.	Vehicle rent MÁV	2015.12.01	2021.09.30	1	28
B+N Referencia ipari, kereskedelmi és szolgáltató Zrt	Uniforms and related services rented	2019.05.01	2022.05.31	1	35
BKV Zrt.	optical cable rent	2016.01.29	2030.12.31	1	89
"ANTENNA HUNGÁRIA" Zrt.	Internet services at 15 premises contract No.: AH-37.505/2015	2017.11.05	2022.11.05	1	20
Other contract	several contract	definite/indefinite		8	16
<b>Total:</b>				<b>550</b>	<b>15 126</b>

Table 39: Significant operating lease contracts at the balance sheet date



## II.2 NOTES TO THE PROFIT AND LOSS ACCOUNT

### II.2.1 Net sales revenues by activity

Figures in million HUF

Activity	2018		2019		Change
	Amount	%	Amount	%	
Passenger transport	61 929	43,6%	64 145	44,8%	2 216
Railway infrastructure operation	38 789	27,3%	40 780	28,5%	1 991
Subsidy passenger transport fares	18 615	13,1%	18 110	12,6%	-505
Traction, shunting	13 917	9,8%	11 807	8,2%	-2 110
Machinery and vehicle repairs, production, operating, maintenance and records keeping	2 604	1,8%	2 941	0,7%	-214
Freight transport, loading and logistics service	1 673	1,2%	1 613	2,1%	337
Property renting, operating, supervision, deconstruction	1 285	0,9%	1 071	1,1%	-60
Materials, goods and finished products sold	668	0,5%	642	0,4%	-26
Machinery and vehicle rented out	198	0,1%	266	0,1%	-3
Security services	154	0,1%	151	0,2%	68
Other services	2 316	1,6%	1 651	1,2%	-665
<b>Total:</b>	<b>142 148</b>	<b>100%</b>	<b>143 177</b>	<b>100%</b>	<b>1 029</b>

Table 40: Details of net sales revenues

Net sales revenues increased by HUF 1,029 million in total in the reporting year, primarily due to an increase in revenues from rail infrastructure operation (HUF 1,991 million) and in passenger transport (HUF 2,216 million).

This increase was partly offset by a HUF 2,110 million decline in traction and shunting revenues and a HUF 505 million decrease in subsidised fares.

## II.2.2 Export and import sales revenues

Exports and imports by geographical segment are shown in the table below.

Figures in million HUF

Country	2018				2019			
	Export		Import		Export		Import	
	Goods	Services	Goods	Services	Goods	Services	Goods	Services
Austria	0	6 564	2 283	3 631	0	7 940	2 949	5 202
Belgium	0	7	0	1 250	0	6	0	160
Bulgaria	0	-3	0	0	0	2	0	0
Cyprus	0	0	0	0	0	0	0	0
Czech Republic	0	1 067	687	73	2	1 171	833	91
Denmark	0	1	5	3	0	1	16	0
United Kingdom	0	0	0	0	0	20	0	2
Estonia	0	26	13	0	0	0	0	0
Finland	0	0	0	0	0	0	0	25
France	0	16	178	147	0	378	258	107
Greece	0	376	3	36	0	1	0	0
Holland	0	0	0	13	0	965	7	136
Croatia	0	614	71	91	0	182	0	13
Ireland	0	222	0	11	0	0	0	24
Poland	0	1	18	24	0	306	1 576	22
Latvia	1	252	1 208	35	0	0	0	0
Lithuania	0	0	0	0	0	0	0	0
Luxemburg	0	0	0	0	0	1	0	0
Malta	0	1	0	0	0	0	0	0
Germany	0	1 621	1 434	738	17	1 701	993	725
Italy	0	52	7	9	0	26	8	1 176
Portugal	0	0	0	0	0	0	0	0
Romania	0	1 256	16	398	7	1 755	47	466
Spain	0	1	0	7	2	0	160	0
Sweden	0	163	12	15	0	112	74	16
Slovakia	1	2 499	577	258	0	2 885	715	428
Slovenia	0	295	3	19	0	236	0	21
<b>EU countries, total:</b>	<b>2</b>	<b>15 031</b>	<b>6 515</b>	<b>6 758</b>	<b>28</b>	<b>17 688</b>	<b>7 636</b>	<b>8 614</b>
Albania	0	0	0	0	0	0	0	0
Australia	0	0	0	0	0	0	0	0
Bosnia-Herzegovina	0	0	0	4	0	0	0	4
USA	0	0	0	25	0	0	0	16
Belorussia	0	0	0	0	0	0	0	0
Canada	0	0	0	0	0	0	0	0
Kazakhstan	0	0	0	0	0	0	0	1
Macedonia	0	0	0	0	0	0	0	0
Malaysia	0	0	0	0	0	0	0	0
Moldova	0	0	0	0	0	0	0	0
Montenegro	0	0	0	0	0	0	0	0
Norway	0	0	0	0	0	0	0	0
Russia	0	0	0	8	0	0	134	9
Switzerland	0	1 080	19	108	6	894	1 174	6 493
Serbia	0	255	175	11	0	151	0	5
Turkey	0	0	0	0	0	10	0	0
Turkmenistan	0	0	0	0	0	0	0	0
Ukraine	0	104	0	25	0	198	0	31
Usbekistan	0	0	0	0	0	0	0	0
Vietnam	0	0	0	1	0	0	0	0
South Korea	74	0	0	0	36	0	0	2
Other	0	0	0	0	4	0	0	0
<b>Non-EU countries, total:</b>	<b>74</b>	<b>1 439</b>	<b>194</b>	<b>182</b>	<b>46</b>	<b>1 253</b>	<b>1 308</b>	<b>6 561</b>
<b>Total:</b>	<b>76</b>	<b>16 470</b>	<b>6 709</b>	<b>6 940</b>	<b>74</b>	<b>18 941</b>	<b>8 944</b>	<b>15 175</b>

Table 41: Exports and imports by geographical segment

## II.2.3 Material-type expenses

Figures in million HUF

Item	2018		2019		Change
	Amount	%	Amount	%	
Material cost					
Materials used	37 191	23,9%	46 564	25,3%	9 373
Electricity	17 376	11,2%	21 532	11,7%	4 156
Fuel	9 015	5,8%	8 309	4,5%	-706
Other energy used	2 836	1,8%	3 304	1,8%	468
Uniforms and protective clothing	91	0,1%	87	0,0%	-4
Other materials	355	0,2%	432	0,2%	77
Matetial costs, total:	66 864	43,0%	80 228	43,7%	13 364
Services used					
Maintenance	18 882	12,1%	18 666	10,2%	-216
Services related to railway operations	12 572	8,1%	15 921	8,7%	3 349
Rents	8 945	5,8%	9 848	5,4%	903
Security services	5 525	3,6%	5 619	3,1%	94
Public hygiene cost	3 837	2,5%	3 858	2,1%	21
IT services	3 848	2,5%	3 440	1,9%	-408
Other services used	17 241	11,1%	26 423	14,4%	9 182
Service used, total:	70 850	45,6%	83 775	45,6%	12 925
Other services					
Insurance	1 567	1,0%	1 790	1,0%	223
Fees paid to authorities	1 448	0,9%	1 546	0,8%	98
Bank charges	788	0,5%	882	0,5%	94
Other services, total:	3 803	2,45%	4 218	2,3%	415
Cost of goods sold:	10 674	6,9%	12 216	6,7%	1 542
Services resold (intermediated):	3 217	2,1%	3 254	1,8%	37
Material-type expenses, total:	155 408	100,0%	183 691	100,0%	28 283

Table 42: Material-type expenses

## II.2.4 Other income

Figures in million HUF

Item	2018		2019		Change
	Amount	%	Amount	%	
Disposal of tangible and intangible assets	532	0,2%	555	0,2%	23
Reversed extraordinary depreciation of tangible and intangible assets	4	0,0%	0	0,0%	-4
Impairment loss on inventories, reversed	110	0,0%	40	0,0%	-70
Reversed impairment loss on receivables	11	0,0%	148	0,0%	137
Written off bad debts collected	279	0,1%	208	0,1%	-71
Damages received	486	0,1%	776	0,2%	290
Late payment interest received	81	0,0%	110	0,0%	29
Penalties received	556	0,2%	380	0,1%	-176
Provision made for expected liabilities, released	8 077	2,4%	6 566	1,9%	-1 511
Provision made for future expenses, released	3 454	1,0%	1 087	0,3%	-2 367
Provision for unrealised foreign exchange, loss, released	2 176	0,7%	805	0,2%	-1 371
Deferred income released to set off operating costs and expenses	2 935	0,9%	2 794	0,8%	-141
Rail infrastructure operating cost reimbursement and reasonable profits	65 485	19,7%	78 753	22,7%	13 268
Reimbursement of public passenger transport services	175 020	52,7%	185 738	53,4%	10 718
Non-refundable grants received to compensate for other costs and expenses	11 769	3,5%	11 693	3,4%	-76
Forgiven replenishment obligation	58 756	17,7%	57 583	16,6%	-1 173
Income recognised in relation to assets received free of charge and surplus assets	37	0,0%	136	0,0%	99
Subsidy received for capital increase	1 865	0,6%	0	0,0%	-1 865
Miscellaneous other income	750	0,2%	228	0,1%	-522
<b>Total:</b>	<b>332 383</b>	<b>100,0%</b>	<b>347 600</b>	<b>100,0%</b>	<b>15 217</b>

Table 43: Other income

### Main changes in other income:

- In 2019, HUF 2,367 million less provision for future expenses was released as a result of a decrease in the use of provisions for the enhanced maintenance of assets acquired from EU funds. This was partly offset by an increase in the use of provision for demolition costs.
- Reimbursement of operational expenses received for 2019 were by HUF 13,268 million more than in 2018. The wage increase was funded, again, by the Ministry for Innovation and Technology, the entity that orders railtrack operations, as reimbursement of operating expenses.
- The term of the agreement with the relevant authority to employ public workers was from 11 July 2018 to 28 February 2019, under which MÁV Zrt. agreed to employ an average of 540 public workers. A new public work programme (No. BM/2638-21/2019) was launched from 11 March 2019 to 29 February 2020, under which MÁV Zrt. employed an average of 450 public workers. Of the related subsidy, HUF 414 million as used and recognised as other income.
- The release of the provision for unrealised foreign exchange losses was HUF 1,371 million less in 2019 than in 2018 as the provisions for the bullet payment of Eurofima loan No. 11 was released in 2018.
- Reimbursement of public passenger transport services received for 2019 increased by HUF 10,718, of which HUF 8,644 million related to passenger transport services provided by MÁV-START Zrt. and HUF 2,074 million to passenger transport services provided by MÁV-HÉV Zrt.

## II.2.5 Other expenses

Figures in million HUF

Item	2018		2019		Change
	Amount	%	Amount	%	
Cost of disposed tangible and intangible assets	84	0,4%	78	0,5%	-6
Cost of scrapped and missing tangible and intangible assets	-300	-1,5%	-110	-0,7%	190
Extraordinary depreciation of tangible and intangible assets	4 459	22,2%	3 057	19,4%	-1 402
Inventories impaired, scrapped	449	2,2%	529	3,4%	80
Missing inventories	53	0,3%	90	0,6%	37
Impairment of receivables	539	2,7%	357	2,3%	-182
Bad debts written off	15	0,1%	13	0,1%	-2
Losses due to damages	629	3,1%	410	2,6%	-219
Late payment interest paid	67	0,3%	6	0,0%	-61
Damages paid	70	0,3%	666	4,2%	596
Extra tax due to self-correction	7	0,0%	7	0,0%	0
Taxes and similar charges	3 047	15,2%	3 216	20,4%	169
Penalties	83	0,4%	345	2,2%	262
Provision for expected liabilities	4 593	22,9%	5 192	32,9%	599
Provision for future expenses	5 206	25,9%	1 153	7,3%	-4 053
Provision for unrealised foreign exchange losses	110	0,5%	51	0,3%	-59
Amount granted free of charge	539	2,7%	539	3,4%	0
Expenses on assets assigned and services provided free of charge	383	1,9%	159	1,0%	-224
Miscellaneous other expenses	55	0,3%	21	0,1%	-34
<b>Total:</b>	<b>20 088</b>	<b>100%</b>	<b>15 779</b>	<b>100%</b>	<b>-4 309</b>

Table 44: Other expenses

The main reason for the decrease in other expenses was the significant decline in provisions made for future expenses.

## II.2.6 Financial profit/(loss)

### II.2.6.1 Financial income

Figures in million HUF

Item	2018		2019		Change
	Amount	%	Amount	%	
Dividends received (receivable)	3	0,2%	23	1,2%	20
Proceeds from and gains on equity investments	0	0,0%	0	0,0%	0
Proceeds from and gains on non-current financial assets (securities, loans)	0	0,0%	0	0,0%	0
Bank interest received (receivable) and similar income	22	1,5%	7	0,4%	-15
Other interest received (receivable) and similar income	23	1,6%	3	0,2%	-20
Net profit of equity consolidated entities attributable to the Group	809	56,1%	1 194	64,3%	385
Released foreign exchange gains on receivables and liabilities in foreign exchange	468	32,4%	594	32,0%	126
Foreign exchange gains on forward and future contracts	0	0,0%	0	0,0%	0
Foreign exchange gains on year-end revaluation of foreign exchange items	0	0,0%	0	0,0%	0
Other financial income	118	8,2%	37	2,0%	-81
<b>Total:</b>	<b>1 443</b>	<b>100%</b>	<b>1 858</b>	<b>100%</b>	<b>415</b>

Table 45: Details of financial income

## II.2.6.2 Financial expenses

Figures in million HUF

Item	2018		2019		Change
	Amount	%	Amount	%	
Expenses and exchange losses on equity investments	0	0,0%	0	0,0%	0
Expenses and exchange losses on non-current financial assets (securities, loans)	0	0,0%	0	0,0%	0
Bank interest paid (payable) and similar charges	546	7,3%	504	11,1%	-42
Other interest paid (payable) and similar charges	4	0,1%	0	0,0%	-4
Impairment loss on investments, securities and bank deposits	-33	-0,4%	-44	-1,0%	-11
Net loss equity consolidated subsidiaries attributable to the Group	2 021	27,0%	1 745	38,3%	-276
Realised foreign exchange losses on receivables and liabilities in foreign exchange	2 600	34,8%	2 135	46,8%	-465
Release of deferred foreign exchange losses on loans for capital projects	2 294	30,7%	4	0,1%	-2 290
Foreign exchange losses on forward and future contracts	0	0,0%	0	0,0%	0
Foreign exchange losses on the year-end revaluation of foreign exchange items	9	0,1%	216	4,7%	207
Other financial expenses	37	0,5%	0	0,0%	-37
<b>Total:</b>	<b>7 478</b>	<b>100%</b>	<b>4 560</b>	<b>100%</b>	<b>-2 918</b>

Table 46: Details of financial expenses

## II.2.7 Calculation of the Group's consolidated profit or loss

The calculation of MÁV Group's consolidated profit/loss is shown in the table below.

Figures in million HUF

<i>Item</i>	<i>Amount</i>
Aggregated net profit or loss of fully consolidated entities	16 339
<b><i>Adjusted pre-consolidation net profit or loss, total</i></b>	<b>16 339</b>
Eliminated dividends from subsidiaries	-2 442
<b><i>Profit or loss effect of equity consolidation through eliminating equity investments</i></b>	<b>-2 442</b>
Eliminated dividends from associates	-751
Eliminated impairment loss on equity investments	1 754
Profit or loss associates for the reporting year	1 194
Loss of associates for the reporting year	-1 745
<b><i>Profit or loss effect of equity consolidation</i></b>	<b>452</b>
Eliminated late payment interest, penalties and damages paid recognised unilaterally on a prudent basis	33
Profit or loss effect of the treatment of other differences	8
<b><i>Profit or loss effect eliminating receivables and liabilities</i></b>	<b>41</b>
Eliminated provision made for intra-group expected liabilities and future expenses	609
Eliminated released provision for intra-group expected liabilities and future expenses	-419
<b><i>Profit or loss effect of eliminating gains and expenses</i></b>	<b>190</b>
Profit and loss effect of eliminated internal profit/loss realised on the intra-group performance of non-current assets	-1 301
Profit and loss effect of eliminated internal profit/loss realised on the intra-group disposal of tangible assets	-6
Profit and loss effect of internal profit/loss realised on intra-group contribution of tangible assets	-3 061
Adjustment of ordinary depreciation charge on assets with an internal profit and loss effect	1 187
Adjustment of extraordinary depreciation charged/reversed on assets with an internal profit and loss effect	81
Adjustment of other profit reducing/loss increasing items realised on assets with an internal profit and loss effect (disposal, scrapping, missing, etc.)	3
Deferred income reserved upon consolidation released in line with the depreciation charge for the year	854
Adjustment of deferred foreign exchange losses on foreign currency loan released due to repayment	86
Adjustment of unrealised deferred foreign exchange losses on foreign currency loans released due to repayment	-3
Adjustment of other provision made for the deferred foreign exchange losses on foreign currency loans	-66
Profit and loss effect of eliminated and released interim profit/loss realised on inventories	13
<b><i>Effects of eliminated and released interim profits and losses on the consolidated profit or loss for the year</i></b>	<b>-2 213</b>
Profit or loss effect of deferred tax as a result of consolidation entries for the reporting year	12
<b><i>Profit or loss effect of deferred tax</i></b>	<b>12</b>
<b><i>Adjusted net profit for the year</i></b>	<b>12 379</b>

Table 47: Calculation of the Group's consolidated profit or loss



## II.3 ACTUAL FINANCIAL POSITION, LIQUIDITY AND PROFITABILITY

### II.3.1 State participation in MÁV Group's operations

State funding of reasonable expenses of rail infrastructure operations and public service passenger transport that are not covered by revenues is key to ensure MÁV Group's liquidity.

Financing MÁV Group's operations, the repayment of its loans and the return on its assets depend significantly on the availability of state funds.

MÁV Group is entitled to be reimbursed for eligible expenses relating to the public services and rail infrastructure operations not covered by revenues and reimbursement of renovation expenses.

Justified operating costs not covered by revenues and reimbursed to MÁV Group in 2019 included HUF 259,178 million for operating and passenger transport costs (MÁV Zrt., MÁV-START Zrt. and MÁV-HÉV Zrt.), and renovation expense reimbursement was HUF 21,495 million, the settlement process of which with the Ministry is still in progress. As the annual amount of reimbursements for 2019 will be approved as part of the annual settlement process, these amounts may change. At 31 December 2019, MÁV Group also recorded HUF 54,141 million receivable (MÁV Zrt. and MÁV-START Zrt.), and HUF 447 million payable (MÁV-HÉV Zrt.) in connection with the reimbursements. The timing of the financial settlement of these amounts is yet unknown.

The details of reimbursements are presented below.

#### II.3.1.1 State participation in MÁV Group's rail infrastructure operations

The Hungarian state and MÁV Zrt. signed a rail infrastructure operation agreement which ensures long-term funds for rail infrastructure operations.

Further to the annual cost settlement clause for 2018 signed on 16 September 2019, MÁV Zrt. is entitled to a cost efficiency incentive and reasonable profit of HUF 4,185 million for 2018, but no funds are allocated to this purpose in the national annual budget for 2020.

The annual cost reimbursement clause for 2019 was signed on 7 February 2019, according to which MÁV Zrt. received a total cost reimbursement of HUF 91,308 million, including HUF 68,277 million reimbursement of operating expenses recognised in the profit or loss and HUF 23,031 million renovation expense reimbursement related to the improvement of treasury assets and railtrack operating assets. However, the amount of reimbursement received did not cover the expenses of the renovation and operating expenses incurred by the railtrack operations division in 2019. As a result, MÁV Zrt. still needs additional reimbursement of HUF 4,872 million.

Figures in million HUF

Ref.	Reimbursement item	2018	2019
A	Unused reimbursement/extra reimbursement need, opening	-3 718	-6 205
B	Amount remained from the previous year, used for development-improvement from allocated reimbursement	-176	-1 126
C	Reasonable profit recognised in the reporting year, cost efficiency incentive	-3 840	-4 069
<b>I.</b>	<b>Unused reimbursement remained from previous year/extra reimbursement need (I=A+B+C)</b>	<b>-7 734</b>	<b>-11 400</b>
D	Reimbursement of operating costs disbursed in the reporting day	71 300	68 277
E	Reimbursement of operating costs recognised in the reporting day	-61 645	-74 685
<b>II.</b>	<b>Unused reimbursement of operating costs/extra reimbursement need in the reporting year (II=D+E)</b>	<b>9 655</b>	<b>-6 408</b>
F	Reimbursement of renovation expenses disbursed in the reporting year	15 169	23 031
G	Reimbursement of renovation expenses used in the reporting year	-23 294	-21 495
<b>III.</b>	<b>Unused reimbursement of improvement costs/extra reimbursement need in the reporting year (III=F+G)</b>	<b>-8 125</b>	<b>1 536</b>
<b>IV.</b>	<b>Reimbursement, closing (IV= I+II+III)</b>	<b>-6 205</b>	<b>-16 272</b>

Table 48: Use of reimbursement for operating and renovation/improvement costs

MÁV Zrt. is entitled to be reimbursed for eligible expenses relating to the public services and rail infrastructure operations defined in the contract and not covered by revenues and reimbursement of renovation expenses. For 2019, MÁV Zrt. presented operating cost reimbursement of HUF 74,685 million and renovation expense reimbursement of HUF 21,495 million. The settlement of these amounts with the competent ministry is still outstanding. As the annual budget for 2019 will be approved as part of the annual settlement process, these amounts may change. At 31 December 2019, the Company also recorded HUF 16,272 million receivable in connection with reimbursements. The timing of the financial settlement of this amount is yet unknown.

In MÁV Zrt's balance sheet, the gross value of managed state-owned tangible assets has been increasing significantly for years. MÁV Zrt. is able to carry out the renovation of managed state-owned assets from and to the extent of the subsidies provided and the reimbursement of renovation expenses. In 2019, the reimbursement of renovation expenses provided to the Company was by HUF 34,760 million less (used renovation reimbursement was by HUF 36,296 million less) than the ordinary and extraordinary depreciation recognised on state-owned assets, and was therefore not sufficient to replenish these assets.

In Hungary's budget act for 2020 (act LXXI of 2019 on the national budget), HUF 106,104 million is allocated to reimburse the justified expenses related to railtrack operations, of which HUF 99,051 million is payable to MÁV Zrt. This amount also includes reimbursement of HUF 7,830 million acknowledged for 2017. The reimbursement clause for 2020 was signed on 23 December 2019 and the first instalment was received on 13 January 2020.

Government subsidy (reimbursement) of HUF 103,308 million was considered in the calculation of the rail network access charge for 2019/2020 in view of the underlying ministerial instruction (VIF/51613-1/2018-ITM) and the same amount was considered in MÁV Zrt's business plan for 2020.

### II.3.1.2 State involvement in public passenger transport services provided by MÁV Group (net of the HÉV network)

Pursuant to the rail passenger transportation public service contract between MÁV-START Zrt. and the Hungarian State, MÁV-START Zrt. 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 156,854 million. Costs related to public services ordered and confirmed by the principal (NFM) not covered by revenues totalling HUF 173,641 million were reimbursed and recognised in the financial statements for 2019, which is by HUF 16,787 million 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 894 million. As a result, a total reimbursement of HUF 174,535 million was recognised in 2019.

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

Figures in million HUF					
Period	Amount receivable at 1 Jan 2019	Amount payable at 1 Jan 2019	Reasonable profit recognised for 2018	Financial settlements in 2019	Net receivable 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
<b>Total</b>	<b>39 389</b>	<b>0</b>	<b>894</b>	<b>40 283</b>	<b>37 615</b>

Table 49: Public service cost reimbursement (net of the HÉV network)

Under the cost basis of accounting, a total governmental reimbursement of HUF 156,854 million was received in 2019. Of this amount, HUF 20,829 million related to public services in the previous year and was received in January. HUF 136,025 million 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, MÁV-START Zrt. became entitled to additional reimbursement related to previous years totalling HUF 19,454 million 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 37,615 million receivable for 2019 was reduced by HUF 20,829 million received in January 2020. As a result, MÁV-START Zrt. carried reimbursable costs totalling HUF 16,786 million in relation to 2019.

### II.3.1.3 State involvement in MÁV Group's public transport services on the HÉV network

The Ministry for Innovation and Technology (legal successor of the Ministry for National Development) reimburses public service costs not covered by revenues incurred in relation to passenger transport on HÉV routes.

According to the reimbursement clause of the public service agreement for 2019 signed with the Ministry for Innovation and Technology on 21 March 2019, the amount of public service reimbursement available for 2019 totalled HUF 10,563 million. The reimbursable justified costs not covered with revenues in 2019 totalled HUF 10,852 million. At 31 December 2019 MÁV-HÉV Zrt. recorded related current liabilities totalling HUF 254 million and additional HUF 36 million was settled from the reimbursement remained from 2018 in relation to the maintenance of tracks on Kvassay bridge and the adjoining tracks.

The reimbursement of public service costs disbursed by the Ministry for National Development in 2016 totalled HUF 2,284 million, of which HUF 779 million was still unused at the end of 2018. Further to the approval of the Ministry for Innovation and Technology (letter No. KSZFO/18710-5/2018-ITM), additional HUF 352 million was used in 2019 upon recognition of the reasonable profit for 2018. As a result, HUF 447 million public service reimbursement received in 2016 but yet unused was carried among MÁV-HÉV Zrt.'s current liabilities at 31 December 2019.

Movements in the reimbursement of public service costs disbursed in 2016 and still unused at 31 December 2019 are presented in the table below.

Figures in million HUF	
Item	Amount
Reimbursement disbursed in 2016	2 284
Reimbursement of justifiable costs not covered with revenues in 2016	882
<b>Residual amount for 2016 at 31 December 2016</b>	<b>1 402</b>
Amount used for reasonable profit for 2016	32
Amount used for wheel rim replacement and related repairs	22
Amount used in relation to the implemented new corporate governance system	190
<b>Residual amount for 2016 at 31 December 2017</b>	<b>1 158</b>
Reasonable profit for 2017	359
<b>Residual amount for 2016 at 31 December 2018</b>	<b>799</b>
Reasonable profit for 2018	352
<b>Residual amount for 2016 at 31 December 2019</b>	<b>447</b>

Table 50: Movements in the reimbursement of public service costs disbursed in 2016 for the HÉV network

The Municipality of Budapest provides a subsidy for public services within Budapest's administrative boundary, which amounted to HUF 4,420 million in 2019.

MÁV-HÉV Zrt. is entitled to receive a social fare subsidy for fare revenues from service outside the administrative boundary.

The fares and discounts are specified by law; they are not determined on a market basis. As a result of mandatory discounts, fares not paid by passengers are reimbursed by the state partially through social fare subsidies, so the Company recognises the net value of these fares as net sales revenue.

## II.3.2 Cash flow statement

Figures in million HUF

Nr.	Item	2018	2019
<b>I.</b>	<b>Operating cash flow</b>	<b>38 950</b>	<b>48 301</b>
1/a	Pre-tax profit or loss	18 094	12 457
	of which: subsidy for operations received	595	454
	of which: public service reimbursement (subsidy) received	220 643	220 179
1/b	Dividends received	-3	-23
1/c	Amounts received free of charge recognised in profit or loss	507	250
1/d	Unspecified adjustments related to managed state-owned assets affecting pre-tax profit or loss	-58 757	-57 584
1/e	Realised and unrealised foreign exchange gains	1 620	509
1.	Adjusted pre-tax profit or loss	-38 539	-44 391
2.	Ordinary depreciation charge	86 225	87 182
2/b	Depreciation for previous year	0	0
3.	Recognised impairment loss	4 989	3 601
4.	Changes in provision	-3 798	-2 062
5.	Gain on non-current asset disposals	-448	-477
5/b.	Gains or losses on changes in investments	0	0
6.	Movements in accounts payable	-4 230	3 581
7.	Movements in other current liabilities	5 011	13 250
7/b.	Reclassified from other long-term liabilities	0	0
8.	Movements in accruals	-8 633	1 699
8/b.	Deferred income released in connection with asset settlements	-31	354
8/c	Deferred income from assets received free of charge and surplus assets	-21	-35
9.	Movement in accounts receivable	858	-545
10.	Movement in current assets (loss account receivable and liquid assets)	-18 318	-14 435
11.	Movement in prepaid expenses and accrued income	5 134	1 706
12.	Income tax paid, payable	-204	-78
13.	Dividend payable	0	0
13/a	Movements in liabilities related to managed state-owned assets	9 162	-2 339
13/b	Prior years' adjustment	0	0
13/c	Changes in deferred tax asset arising upon consolidation	-3	-12
13/d	Adjustment upon consolidation with no cash movement	1 796	1 302
13/e	Movements in assets and liabilities due to merger and changes in the consolidation scope	0	0
<b>II.</b>	<b>Investing cash flows</b>	<b>-67 243</b>	<b>-80 452</b>
14.	Non-current assets additions	-59 161	-72 408
15.	Non-current assets disposal	532	555
15/b	Movements in non-current financial assets	-2 300	-2 300
15/c	Movements in advances for capital projects	-6 386	-6 362
16.	Repayment of long-term loans granted and long-term bank deposits	72	40
17.	Long-term loans granted and long-term bank deposits	-3	0
18.	Dividends received	3	23
<b>III.</b>	<b>Financing cash flow</b>	<b>13 111</b>	<b>22 257</b>
19.	Income from shares issued, capital injection	0	0
20.	Income from bonds issued	0	0
21.	Loans and borrowings taken	19 219	9 411
22.	Amount received free of charge	17 184	28 453
23.	Withdrawal of shares, capital reduction	0	0
24.	Repayment of bonds and debt securities	0	0
25.	Loans and borrowings repaid	-22 356	-15 106
26.	Amount transferred free of charge	-700	-549
27.	Changes in other long-term liabilities	-236	48
<b>IV.</b>	<b>Changes in cash and cash equivalents (lines ±I±II±III.)</b>	<b>-15 182</b>	<b>-9 894</b>
28.	Revaluation of cash and cash equivalents held in foreign currencies	2	3
<b>V.</b>	<b>Changes in cash and cash equivalents in the balance sheet (lines IV.+28.)</b>	<b>-15 180</b>	<b>-9 891</b>

Table 51: Cash flow statement

## II.3.3 Changes in the indicators used for analysing the financial position, liquidity and profitability

Figures in million HUF

### Asset values and ratios

#### Fixed asset ratio

$$\frac{\text{Non-current assets}}{\text{Total assets}} = \frac{1\,315\,446}{1\,459\,964} = 90,10\% \quad (\text{basis: } 90,36\%)$$

#### Tangible asset margin

$$\frac{\text{Equity}}{\text{Own tangible assets}} = \frac{245\,058}{430\,943} = 56,87\% \quad (\text{basis: } 49,91\%)$$

$$\frac{\text{Equity+Government funds}}{\text{Tangible assets}} = \frac{1\,109\,702}{1\,291\,786} = 85,90\% \quad (\text{basis: } 86,33\%)$$

#### Non-current asset margin

$$\frac{\text{Equity}}{\text{Own non-current assets}} = \frac{245\,058}{454\,603} = 53,91\% \quad (\text{basis: } 47,42\%)$$

$$\frac{\text{Equity+Government funds}}{\text{Non-current assets}} = \frac{1\,109\,702}{1\,315\,446} = 84,36\% \quad (\text{basis: } 84,92\%)$$

#### Current assets to non-current assets

$$\frac{\text{Current assets}}{\text{Non-current assets}} = \frac{137\,722}{1\,315\,446} = 10,47\% \quad (\text{basis: } 10,03\%)$$

### Equity and liabilities

#### Capital strenght

$$\frac{\text{Equity}}{\text{Equity \& liabilities}} = \frac{245\,058}{1\,459\,964} = 16,79\% \quad (\text{basis: } 14,02\%)$$

$$\frac{\text{Equity}}{\text{Equity \& liabilities - Governments funds}} = \frac{245\,058}{595\,320} = 41,16\% \quad (\text{basis: } 37,61\%)$$

#### Gearing ratio

$$\frac{\text{Debt}}{\text{Equity \& liabilities}} = \frac{1\,031\,164}{245\,058} = 420,78\% \quad (\text{basis: } 523,58\%)$$

$$\frac{\text{Borrowed capital - Government funds}}{\text{Equity}} = \frac{166\,520}{245\,058} = 67,95\% \quad (\text{basis: } 76,41\%)$$

#### Indebtedness

$$\frac{\text{Debt}}{\text{Equity \& liabilities}} = \frac{1\,031\,164}{1\,459\,964} = 70,63\% \quad (\text{basis: } 73,43\%)$$

#### Long-term liabilities ratio

$$\frac{\text{Long-term liabilities}}{\text{Long-term liabilities} + \text{Equity}} = \frac{878\,924}{1\,123\,982} = 78,20\% \quad (\text{basis: } 82,13\%)$$

$$\frac{\text{Long-term liabilities} - \text{State liability}}{\text{Long-term liabilities} - \text{State liability} + \text{Equity}} = \frac{14\,280}{259\,338} = 5,51\% \quad (\text{basis: } 11,06\%)$$

#### Equity growth ratio

$$\frac{\text{Equity}}{\text{Issued capital}} = \frac{245\,058}{25\,000} = 980,23\% \quad (\text{basis: } 840,02\%)$$

#### Non-current asset margin

$$\frac{\text{Equity}}{\text{Non-current assets}} = \frac{245\,058}{1\,315\,446} = 18,63\% \quad (\text{basis: } 15,52\%)$$

$$\frac{\text{Equity}}{\text{Own non-current assets}} = \frac{245\,058}{454\,603} = 53,91\% \quad (\text{basis: } 47,42\%)$$

#### Profitability ratios

$$\text{EBITDA (Operating profit/loss} + \text{depreciation)} = 15\,159 + 87\,182 = 102\,341 \quad (\text{basis: } 110\,354)$$

$$\text{EBITDA rate} = \frac{\text{EBITDA}}{\text{Sales revenue, net}} = \frac{102\,341}{143\,177} = 71,48\% \quad (\text{basis: } 77,63\%)$$

$$\text{Return on Sales} = \frac{\text{Operating profit/loss}}{\text{Sales revenue, net}} = \frac{15\,159}{143\,177} = 10,59\% \quad (\text{basis: } 16,97\%)$$

#### Financial position

##### Working capital and liquidity

##### Net working capital

$$\text{Current assets} - \text{Current liabilities} = 137\,722 - 152\,140 = -14\,418 \quad (\text{basis: } 1\,390)$$

##### Liquidity ratio

$$\frac{\text{Current assets}}{\text{Current liabilities}} = \frac{137\,722}{152\,140} = 90,52\% \quad (\text{basis: } 101,06\%)$$

##### Quick ratio

$$\frac{\text{Current assets} - \text{inventories}}{\text{Current liabilities}} = \frac{91\,836}{152\,140} = 60,36\% \quad (\text{basis: } 70,83\%)$$

##### Cash liquidity ratio

$$\frac{\text{Cash}}{\text{Current liabilities}} = \frac{15\,634}{152\,140} = 10,28\% \quad (\text{basis: } 19,40\%)$$

### III SUPPLEMENTARY NOTES

#### III.1 Information about the parent company's elected officers

Figures in million HUF

Category	2018	2019	Change
Senior officers	98	83	-15
Supervisory Board	14	16	2
<b>Total:</b>	<b>112</b>	<b>99</b>	<b>-13</b>

Table 52: Remuneration of the parent company's officers

No advance payments, loans were disbursed to, or guarantees were assumed on behalf of members of the Board of Directors and Supervisory Board in 2019.

No pension liability existed at the reporting date towards the Company's former Board and Supervisory Board members.



## III.2 Subsidies received

Figures in million HUF

Subsidy	Amount received (approved)	2018						2019					
		Amounts recognised from subsidies in previous years	Amounts recognised from subsidies in the reporting year	Yet unused subsidies	Subsidies disbursed/refunded	Payments made from subsidies	Cash available from disbursed subsidies at the balance sheet date	Amount recognised from subsidies in previous year	Amount recognised from subsidies in the reporting year	Yet unused subsidies	Subsidies disbursed/refunded	Payments made from subsidies	Cash available from disbursed subsidies at the balance sheet date
Amount recognised from reimbursement of public service costs received in previous year	23 334	21 606	1 280	448	12 242	387	447	32 386	5 019	0	26 056	0	-11 349
Public service cost reimbursement for the reporting year	184 204	0	184 357	-153	146 588	10 716	-37 768	1 126	170 002	835	141 638	9 131	-27 206
Reimbursement of improvements/renovation (reporting year)	23 031	0	21 496	1 535	23 031	21 495	1 534	0	23 294	-8 125	15 169	23 294	-8 125
Reimbursement of operating costs (reporting year)	68 277	0	74 685	-6 408	68 277	74 685	-6 408	0	61 645	9 655	71 300	61 645	9 655
Capital increase subsidy	0	0	0	0	0	0	0	0	1 865	0	0	1 865	0
Subsidised passenger transport fares	19 440	1 330	18 110	0	21 668	868	-1 097	1 178	18 615	0	17 285	765	-1 330
Tavel cost allowance	4 420	0	4 420	0	4 420	4 420	0	0	4 420	0	4 420	4 420	0
Reimbursed excise tax on traction gasoline	4 587	762	3 825	0	3 205	0	-626	788	4 422	0	3 659	0	-763
Subsidy for wage increase	0	0	0	0	0	0	0	11 652	213	409	-194	213	1
Public work subsidy for the settlement period of 8 March 2017 - 28 February 2018	0	0	0	0	0	0	0	910	277	746	248	448	-2
Public work subsidy for the settlement period of 12 March 2018 - 30 June 2018	0	0	0	0	0	0	0	0	219	112	219	219	0
Public work subsidy for the settlement period of 11 July 2018 - 28 February 2019	0	0	0	0	0	0	0	0	233	201	233	233	0
Station development and integrated customer service development programme at 25 location	9 965	6 584	298	3 083	0	27	-205	6 063	522	3 381	14	64	-177
Budapest-Belgrade railway development	2 097	827	0	1 270	0	0	-1	765	62	1 270	-54	62	-1
Holocaust Child Victims' Memorial-European Training Centre foundation	7 315	6 675	0	640	0	0	0	6 675	0	640	-640	0	0
INKA Project	2 616	2 616	0	0	0	0	-28	2 616	0	0	116	0	-28
Keleti railway station building reconstruction	988	86	16	886	0	16	-78	14	72	903	24	72	-62
MÁVZrt. traffic safety projects	10 858	8 600	478	1 780	37	30	-42	7 289	1 311	2 258	0	22	-176
Nyugati railway station building reconstruction	1 068	65	31	972	31	24	-34	14	51	1 003	24	51	-41
P+R parking at Celldömök	20	20	0	0	0	0	0	20	0	0	0	20	0
Soroksár route adjustment	1 200	1 104	92	4	-4	985	3	0	1 104	96	991	209	991
Kisköre road and railway bridge (Tisza-híd) renovation	33	33	0	0	0	20	0	0	33	0	34	13	20
Kenderes reception building renovation	471	0	471	0	78	471	0	0	0	404	394	0	394
INKA 2	1 129	42	413	674	16	143	-141	0	42	1 087	0	15	-15
Tüskevár junction improvement in Kaposvár	65	65	0	0	0	65	0	0	65	0	65	0	65
Budapest-Belgrade independent engineer	6 139	92	583	5 464	500	458	42	0	92	6 047	0	0	0
Budapest-Belgrade archeology	202	4	164	34	202	73	117	0	4	198	0	12	-12
Rákospalota property utilisation project	750	0	682	68	300	682	68	0	0	450	450	0	450
Sárvár footbridge (flyover) renovation, maintenance	20	20	0	0	0	0	0	0	20	0	20	20	0
GINOP (Integrated Intelligent Railway Supervision System dev.)	464	0	78	386	46	78	104	0	0	464	136	0	136

Subsidy	Amount received (approved)	2018						2019					
		Amounts recognised from subsidies in previous years	Amounts recognised from subsidies in the reporting year	Yet unused subsidies	Subsidies disbursed/refunded	Payments made from subsidies	Cash available from disbursed subsidies at the balance sheet date	Amount recognised from subsidies in previous year	Amount recognised from subsidies in the reporting year	Yet unused subsidies	Subsidies disbursed/refunded	Payments made from subsidies	Cash available from disbursed subsidies at the balance sheet date
RFC 7 PSA	154	13	0	141	0	12	64	0	13	141	77	1	75
Subsidy for light railway developments	1 464	419	1 043	2	0	677	541	0	419	1 044	1 464	246	1 218
TEB Project	472	0	472	0	472	232	239	0	0	472	0	0	0
Installation of light barriers at Kalocsa	19	0	19	0	19	19	0	0	0	0	0	0	0
Railways renovation in the Mid-Danube area	7 000	0	1 231	5 769	3 700	2 674	1 026	0	0	0	0	0	0
Volánbusz coach parking construction at Déli Pályaudvar (Southern Station)	80	0	0	80	80	0	80	0	0	0	0	0	0
A vasúti közlekedéshez kapcsolódó elektronikus hírközlési hálózatok fejlesztése	1 988	0	0	1 988	888	0	888	0	0	0	0	0	0
Self-calibrating wheel load weighing network research	79	0	0	79	33	0	33	0	0	0	0	0	0
RFC11 webpage development	3	0	3	0	0	0	0	0	0	0	0	0	0
Improving service standards on route No. 80	341	341	0	0	325	0	0	0	0	0	0	0	0
Assets procured for the public workers scheme	0	0	0	0	0	0	-2	0	0	0	0	0	0
Spektrum Program' - employee skills development programme	20	0	0	20	19	0	19	0	0	0	0	0	0
GOP IC subsidy	0	0	0	0	0	0	0	363	0	35	0	0	0
KÖZOP-IKOP INKA	671	629	0	42	0	0	0	524	105	42	105	0	0
KDOP Ticket machines	0	0	0	0	0	0	0	7	0	388	0	0	0
KÖZOP 42 trains	0	0	0	0	0	0	0	72 398	0	693	0	0	0
KÖZOP 6 trains	0	0	0	0	0	0	0	10 886	0	119	0	0	0
KÖZOP Ticket machines	0	0	0	0	0	0	0	674	0	11	0	0	0
tEB Project	0	0	0	0	0	0	0	1 407	0	192	0	0	0
KÖZOP passenger information	0	0	0	0	0	0	0	1 426	0	110	0	0	0
IKOP 6 trains	0	0	0	0	0	0	0	10 871	0	1	0	0	0
IKOP 9 trains	0	0	0	0	0	0	0	16 293	0	-1	0	0	0
IKOP 11 high capacity train	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
ETCS 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	0	0	0	3 870	35 130	0	0	0
IKOP- INKA2	3 600	597	468	2 535	50	50	-7	0	597	3 003	0	0	0
Dynamic, suburban railway (HÉV) tracker passenger information system, real time passenger counting project	190	0	170	20	190	170	0	0	0	0	0	0	0
Subsidy received to compensate costs GINOP-187 "Spektrum"	8	0	8	0	0	0	0	0	0	0	0	0	0
<b>Total:</b>	<b>513 306</b>	<b>95 289</b>	<b>328 665</b>	<b>89 352</b>	<b>286 493</b>	<b>119 509</b>	<b>-41 264</b>	<b>222 308</b>	<b>301 532</b>	<b>110 049</b>	<b>283 339</b>	<b>103 040</b>	<b>-36 326</b>

Table 53: Details of subsidies received

Subsidised fares are shown by type of discount in the following table:

Figures in million HUF

Category	2018		2019		Change
	Amount	%	Amount	%	
50% discount	3 446	18,5%	3 495	19,3%	49
90% discount	2 648	14,2%	2 551	14,1%	-97
Students	6 370	34,2%	5 806	32,1%	-564
OAPS over 70 (65) years	6 152	33,0%	6 258	34,6%	106
<b>Total:</b>	<b>18 616</b>	<b>100%</b>	<b>18 110</b>	<b>100%</b>	<b>-506</b>

Table 54: Breakdown of subsidised fares

### III.3 Environment protection

#### III.3.1 Environmental liabilities

The change in the balance sheet value of provision for environmental liabilities is presented in the table below.

Figures in million HUF

Item	Opening	Increase	Decrease	Closing
Provision	7 428	1 752	1 126	8 054

Table 55: Environmental provision

Changes in environmental provision, broken down by item are shown in the table below.

Figures in million HUF

Category	Provision			
	2018	Released	Made	2019
Illegal waste	2 382	150	0	2 232
Liabilities related to soil and soil pollution	1 815	145	103	1 773
Protection of gasoline feeder and unloading systems	1 480	0	0	1 480
Elimination of wooden cross sleepers	1 097	830	1 093	1 360
Hazardous waste containers and lubricant containers - leak survey and coating repairs	400	0	0	400
Technological sewer system survey, cleaning, coating	175	0	0	175
Dead channel survey, utilities mapping	66	0	0	66
Concrete foundation and other waste disposal	0	0	547	547
Environment control system implementation	13	1	9	21
<b>Liabilities, total:</b>	<b>7 428</b>	<b>1 126</b>	<b>1 752</b>	<b>8 054</b>

Table 56: Use of the environmental provision per purpose

Changes in environmental expenses incurred in 2018 and 2019 are shown in the following table:

Figures in million HUF

Item	2018	2019	Change
Environmental expenses	1 850	2 439	589

Table 57: Environmental expenses recognised

### III.3.2 Tangible assets serving environmental protection purposes

The reporting year's changes in tangible assets used directly for environment protection are shown in the table below.

Figures in million HUF

No.	ITEM	Properties and related rights	Technical machinery, equipment, vehicles	Other equipment, fittings, vehicles	Capital projects, improvements	Total
1.	<i>Cost, opening</i>	8 817	625	25	0	9 467
2.	Additions	442	101	0	0	543
3.	Disposals	0	0	0	0	0
4.	Reclassified	0	0	0	0	0
5.	<i>Cost, closing</i>	9 259	726	25	0	10 010
6.	<i>Depreciation, opening</i>	2 741	478	18	0	3 237
7.	Ordinary depreciation for the year	366	25	1	0	392
8.	Extraordinary depreciation for the year	0	0	0	0	0
9.	Extraordinary depreciation reversed	0	0	0	0	0
10.	Depreciation derecognised	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>	3 107	503	19	0	3 629
15.	<i>Opening balance, net</i>	6 076	147	7	0	6 230
16.	<i>Closing balance, net</i>	6 152	223	6	0	6 381

Table 58: Movements in environmental assets

### III.3.3 Quantities of hazardous waste

EWC	Item	2018 (kg)	2019 (kg)
050103*	Tank bottom sludge	0	400
060101*	Sulphuric acid and sulphurous acid	0	315
060102*	Hydrochloric acid	0	120
060106*	Other acids	0	75
060204*	Sodium and potassium hydroxide	0	1 030
060404*	Mercury stained waste	11	0
070413*	Solid waste containing hazardous materials	0	15
070104*	Other organic solvents, detergents and waste liquor	216	135
070603*	Halogenous organic solvents and detergents	193	0
080111*	Waste paint and varnish	0	96
080317*	Hazardous waste toner	0	421
080409*	Organic solvent or other hazardous materials containing waste adhesives and fillers/sealers	0	32
080111*	Organic solvent or other hazardous stain containing waste paint and varnish	3 003	54 505
080117*	Organic solvent containing hazardous waste from the removal of paint and varnish	6 280	36 875
080317*	Hazardous waste toner	4 985	5 015
080409*	Organic solvent or other hazardous materials containing waste adhesives and fillers/sealers	2 590	7 856
90106*	Photographic waste	0	9
100402*	Blast furnace slag (metal slag) and creaming from primary and secondary production	0	775
110198*	Other hazardous waste	1 348	2 735
120109*	Non-halogenous coolers, lubricants and solutions	508	207
120112*	Used wax and grease	1 405	2 121
120116*	Hazardous sand blasting waste	0	18 173
120118*	Oil stained metal slag (from buffing, honing, lapping)	4 538	20 836
130205*	Non-chlorine lubricants	0	4 420
130208*	Other lubricants	0	45
130502*	Sludge from oil/water separation	0	1 092
130506*	Oil from oil/water separation	0	173
130508*	Waste mix from degreeters and from oil/water separators	0	440
130701*	Heating oil and diesel oil	0	3 673
130899*	Non-specific waste (polluted fuel)	0	333
130113*	Other hydraulic oils	1 879	1 412
130205*	Non-chlorine lubricants	27 171	114 408
130307*	Mineral oil based, non chlorinated insulating and heat transmitting oil	5 171	23 767
130502*	Sludge from oil/water separation	3 166	25 317
130506*	Oil from oil/water separation	0	12 085
130507*	Oil containing water from oil/water separators	81 285	145
130508*	Waste mix from degreeters and from oil/water separators	350 868	334 988
130701*	Heating oil and diesel oil	1 402	2 158
130703*	Other fuel (including mixture)	680	0
140603*	Non-halogenous solvent (washing solution)	0	19
140601*	Chlorine-fluorine-hydrocarbons, HCFC, HFC	80	80
140603*	Other solvent mixture	386	1 850
150110*	Packaging waste	0	341
150111*	Waste packaging materials with hazardous, solid porous matrix content (e.g. asbestos), including empty spray cans	0	31
150202*	Polluted and stained absorbents, filters (including non-specified oil filters), cloth and protective clothing	0	1 433
150110*	Hazardous stained or polluted packaging materials	14 009	84 221
150111*	Waste packaging materials with hazardous, solid porous matrix content (e.g. asbestos), including empty spray cans	1 636	2 319
150202*	Polluted and stained absorbents, filters (including non-specified oil filters), cloth and protective clothing	36 653	104 850
160104*	Vehicle no longer fit for use a product	0	3 600
160107*	Oil filters	0	8
160114*	Antifreeze solutions with hazardous components	0	37
160213*	Decommissioned equipment	0	3 011
160303*	Hazardous inorganic waste	0	48
160305*	Hazardous organic waste	0	56
160504*	Hazardous gases stored in pressure tanks	0	10
160507*	Decommissioned hazardous chemicals (stains and components)	0	14
160601*	Lead batteries	0	95
161001*	Hazardous liquid and fluids	0	24
160107*	Oil filters	2 658	7 053
160114*	Antifreeze solutions with hazardous components	2 975	3 895
160121*	Hazardous spare parts	3 929	1 331
160211*	Decommissioned equipment with chlorine-fluorine-hydrocarbon (HCFC, HFC) contents	25	25
160213*	Decommissioned equipment	3 809	3 598
160303*	Hazardous inorganic waste	270	150
160305*	Hazardous organic waste	7 329	11 663
160506*	Hazardous laboratory chemicals (stains and components)	129	79
160507*	Decommissioned hazardous chemicals (stains and components)	386	150
160601*	Lead batteries	41 983	65 050
160606*	Separately collected electrolytes from batteries	1 000	8 530
160708*	Oil containing waste	1 782	2 325
161001*	Hazardous liquid and fluids	60	25 579

EW C	Item	2018 (kg)	2019 (kg)
170204*	Stain or hazardous waste containing glass, plastic and wood	0	30
170410*	Cables stained/polluted with oil, carbonized tar or other hazardous materials	0	299
170503*	Soild and stones with hazardous stains	0	159
170106*	Concrete, bricks, tiles and ceramic fractions with hazardous contents	335	0
170204*	Stained or hazardous waste containing glass, plastic and wood	114 187	2 247
170301*	Asphalt mixture with carbonized tar contents	234	54
170409*	Metal waste with hazardous stains	287	899
170410*	Cables stained/polluted with oil, carbonized tar or other hazardous materials	25 782	33 093
170503*	Soild and stones with hazardous stains	7 450	24 090
170601*	Asbestos containing insulation materials	510	500
170603*	Other insulators with hazardous material contents	196	51
170605*	Asbestos containing with building materials	492	150
180103*	Other waste, the collection and elimination of which is subject to special requirements in order to avoid contamination	0	10
180103*	Other waste, the collection and elimination of which is subject to special requirements in order to avoid contamination	16	17
190813*	Sludge from industrial sewage treatment and containing other hazardous pollutants	11 460	409 996
200121*	Light tubes and other mercury containing waste	0	51
200129*	Hazardous detergents	0	68
200133*	Batteries including those coded 16 06 01, 16 06 02 and 16 06 03	0	35
200135*	Hazardous scrapped electric and electronic equipment other than waste coded 20 01 21 and 20 01 23	0	2 269
200121*	Light tubes and other mercury containing waste	1 514	1 959
200129*	Hazardous detergents	78	78
200133*	Batteries including those coded 16 06 01, 16 06 02 and 16 06 03	1 921	2 468
200135*	Hazardous scrapped electric and electronic equipment other than waste coded 20 01 21 and 20 01 23	29 279	30 416
200137*	Timber containing hazardous materials	500	2 030
130205*	Used oil	0	70
150110*	Hazardous stained or polluted packaging materials	0	16
150202*	Polluted and stained absorbents, filters (including non-specified oil filters), cloth and protective clothing	0	26
160107*	Oil filters	0	5
160601*	Lead batteries	0	75
170503*	Soild and stones with hazardous stains	0	15
060101*	Sulphuric acid and sulphurous acid	315	0
060106*	Other acids	212	0
090106*	Argentiferous waste from the on-site treatment of photographic waste	9	0
060102*	Hydrochlorid acid	120	0
130105*	Non-chlorinated waste	178	0
160104*	Vehicle no longer fit for use a product	6 000	0
<b>Total:</b>		<b>816 873</b>	<b>1 518 853</b>

Table 59: Closing quantities of hazardous waste

### III.4 Payments to personnel and average statistical headcount

MÁV Group's payments to personnel and average statistical headcount are presented in the tables below.

Figures in million HUF

Category	2018				2019			
	Payroll cost	Other payments to personnel	Total	%	Payroll cost	Other payments to personnel	Total	%
Blue collar	99 389	14 361	113 750	62%	105 479	14 800	120 279	61%
White collar	62 512	7 993	70 505	38%	68 482	7 913	76 395	39%
Inactive	525	82	607	0%	558	72	630	0%
<b>Total:</b>	<b>162 426</b>	<b>22 436</b>	<b>184 862</b>	<b>100%</b>	<b>174 519</b>	<b>22 785</b>	<b>197 304</b>	<b>100%</b>

Table 60: MÁV Group payroll costs and other payments to personnel

Figures in million HUF

Payroll taxes	2018		2019	
	Amount	%	Amount	%
Social contribution tax	30 886	80%	35 175	88%
Health care contribution	2 919	8%	6	0%
Vocational training contribution	2 333	6%	2 590	6%
Rehabilitation contribution	2 235	6%	2 399	6%
<b>Total:</b>	<b>38 373</b>	<b>100%</b>	<b>40 170</b>	<b>100%</b>

Table 61: Payroll taxes and social security

Category	2018		2019	
	Average statistical number of staff	%	Average statistical number of staff	%
Blue collar	25 046	67%	24 667	67%
White collar	12 377	33%	12 401	33%
<b>Number of staff</b>	<b>37 423</b>	<b>100,0%</b>	<b>37 068</b>	<b>100,0%</b>

Table 62: MÁV Group's average statistical number of staff

### III.5 Research and experimental development

MÁV Group's research and experimental development expenses in the reporting year are shown in the table below.

Figures in million HUF		
Item	2018	2019
<b><i>Research activities</i></b>	<b><i>0</i></b>	<b><i>0</i></b>
of which: basic research	0	0
applied research	0	0
<b><i>Experimental development</i></b>	<b><i>0</i></b>	<b><i>97</i></b>
Production development	0	0
of which: capitalised	0	0
Product development	0	97
of which: capitalised	0	97
<b><i>Total:</i></b>	<b><i>0</i></b>	<b><i>97</i></b>

Table 63: Research and experimental development costs incurred in 2019

The main purposes of MÁV Group's research and development activities are to enhance transport safety and service quality, improve cost-efficiency and to protect the environment.



### **III.6 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.

The flagship project in the capital projects plan for 2019-2021 is the modernisation of the Budapest-Belgrade railway line. The loan agreement which ensures part of the project funds was signed by the State of Hungary and Chinese Export-Import Bank after the balance sheet date, on 24 April 2020. According to the agreement, 85% of the project will be funded from borrowed capital and the remaining 15% from own funds ensured by the State of Hungary.

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## **APPENDICES**

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- Appendix 2 – Consolidated entities
- Appendix 3 – Changes in consolidation groups
- Appendix 4 – Organisational chart
- Appendix 5 – Required level of consolidation and actual method of consolidation applied
- Appendix 6 – Items posted as part of the consolidation

**Appendix 1**  
**Key indicators of subsidiaries and jointly managed companies for non-inclusion in the consolidation**

Figures in million HUF

NO.	Company		BS total		Net sales revenue		Payroll cost	
	Code	Name	Value	%	Value	%	Value	%
1	100	MÁV Zrt.	1 232 127	73,81%	158 689	46,47%	78 676	44,89%
2	020	MÁV VAGON Kft.	3 344	0,20%	8 804	2,58%	816	0,47%
3	101	MÁV FKG Kft.	19 558	1,17%	31 465	9,21%	6 027	3,44%
4	131	MÁV KfV Kft.	4 041	0,24%	2 949	0,86%	754	0,43%
5	138	MÁV Szolgáltató Központ Zrt.	10 343	0,62%	32 573	9,54%	11 441	6,53%
6	179	ZÁHONY-PORT Zrt.	709	0,04%	1 923	0,56%	1 026	0,59%
7	180	MÁV-START Zrt.	374 047	22,41%	99 857	29,24%	68 856	39,28%
8	194	MÁV-HÉV Zrt.	24 047	1,44%	2 571	0,75%	6 923	3,95%
Fully consolidated entities, total:			1 668 216	99,93%	338 831	99,21%	174 519	99,57%
9	015	MÁV NOSZTALGIA Kft.	924	0,06%	2 691	0,79%	668	0,38%
Equity consolidated subsidiaries (treated as associates), total:			924	0,06%	2 691	0,79%	668	0,38%
10	193	Kínai-Magyar Vasúti Nonprofit Zrt.*	186	0,01%	1	0,00%	93	0,05%
Equity consolidated companies under common control (treated as associates), total:			186	0,01%	1	0,00%	93	0,05%
Subsidiaries, companies under common control and parent company, total:			1 669 326	100,00%	341 523	100,00%	175 280	100,00%

\* figures proportionate to equity investment

## Appendix 2

### Consolidated entities

Fully consolidated			
Parent		Subsidiary	
100	MÁV Zrt.	020	MÁV VAGON Kft.
		101	MÁV FKG Kft.
		131	MÁV KfV Kft.
		138	MÁV Szolgáltató Központ Zrt.
		179	ZÁHONY-PORT Zrt.
		180	MÁV-START Zrt.
		194	MÁV-HÉV Zrt.

Equity consolidated entities (associates)					
Subsidiary		Common control		Associate	
015	MÁV NOSZTALGIA Kft.	193	Kínai-Magyar Vasúti Nonprofit Zrt.	027	Dunakeszi Járműjavító Kft.
				037	VAMAV Kft.
				038	EURO-METALL Kft.
				116	MÁV-THERMIT Kft.
				142	Multiszolg 97 Hídmérleg Kft.

Entities treated as investments					
Subsidiary		Common control		Associate	
		022	MÁV Vasjármű Kft. (f.a.)	120	Vasutegészségügyi Nonprofit Kft.
		165	MÁV-REC Kft.	128	EUROFIMA
		191	TS-MÁV Gépészet Services Kft.	147	BCC
				169	HIT Rail b.v.

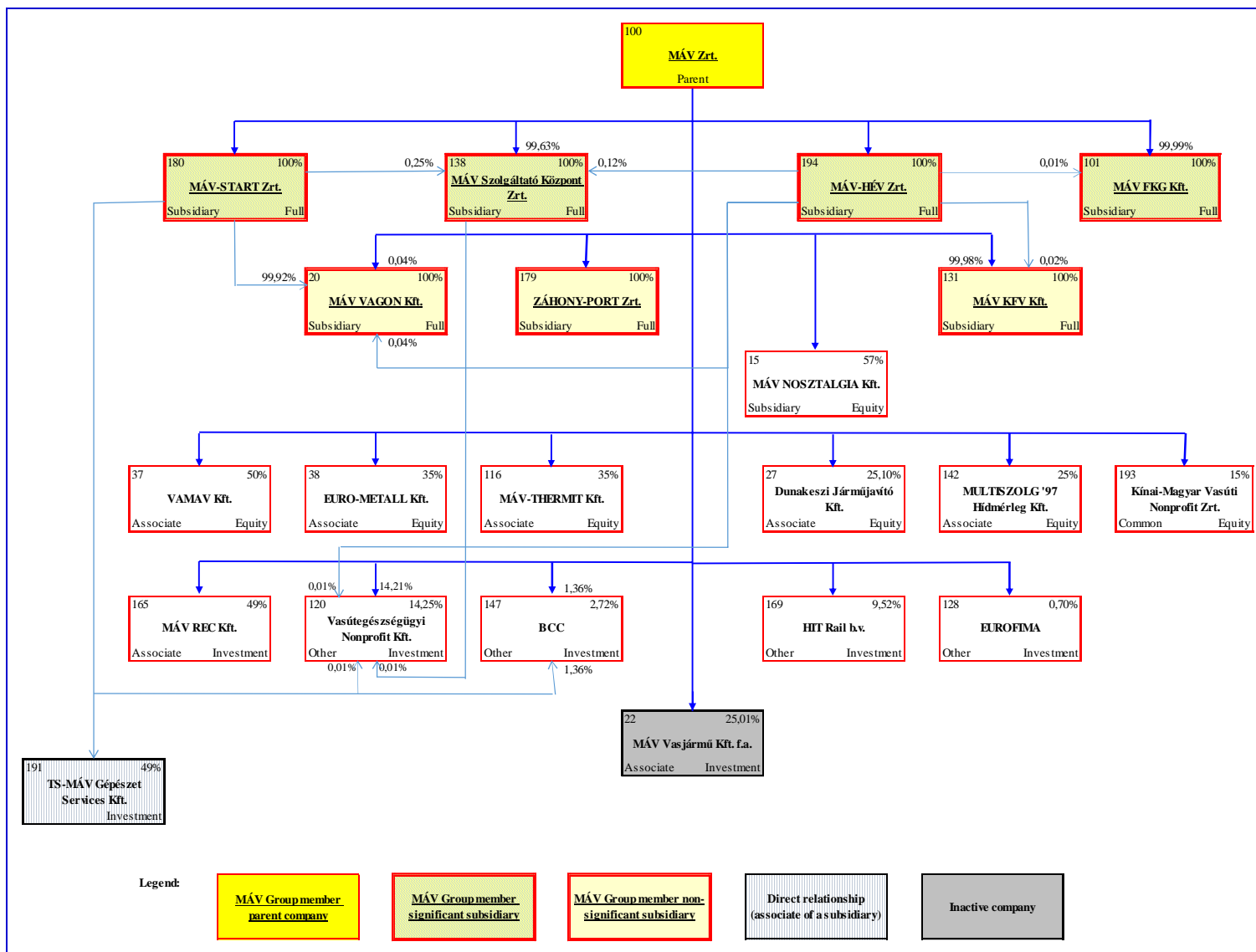
**Appendix 3**  
**Changes in the scope of consolidation**

Changes in fully consolidated entities					
Increase		Reason	Decrease		Reason
-	-	-	-	-	-

Changes in equity consolidated entities (associate)					
Increase		Reason	Decrease		Reason
-	-	-	-	-	-

Changes in entities consolidated as other investments					
Increase		Reason	Decrease		Reason
-	-	-	-	-	-

## Appendix 4 Organisational chart





**Appendix 5**  
**Required level of consolidation and applied consolidation method**

Serial No.	Company		Class.	Class. Basis	Consequent degree of consolidation	Actual degree of consolidation
	Code	Name				
1	100	MÁV Zrt.	parent	voting right	full	full
2	020	MÁV VAGON Kft.	subsidiary	voting right	full	full
3	101	MÁV FKG Kft.	subsidiary	voting right	full	full
4	131	MÁV KfV Kft.	subsidiary	voting right	full	full
5	138	MÁV Szolgáltató Központ Zrt.	subsidiary	voting right	full	full
6	179	ZÁHONY-PORT Zrt.	subsidiary	voting right	full	full
7	180	MÁV-START Zrt.	subsidiary	voting right	full	full
8	194	MÁV-HÉV Zrt.	subsidiary	voting right	full	full
9	015	MÁV NOSZTALGIA Kft.	subsidiary	voting right	full	equity
10	193	Kínai-Magyar Vasúti Nonprofit Zrt.	common control	voting right	proportionate to equity investment	equity
11	027	Dunakeszi Járműjavító Kft.	associate	voting right	equity	equity
12	037	VAMAV Kft.	associate	voting right	equity	equity
13	038	EURO-METALL Kft.	associate	voting right	equity	equity
14	116	MÁV-THERMIT Kft.	associate	voting right	equity	equity
15	142	Multiszolg 97 Hídmérleg Kft.	associate	voting right	equity	equity
16	022	MÁV Vasjármű Kft. (f.a.)	associate	voting right	equity	investment
17	165	MÁV-REC Kft.	associate	voting right	equity	investment
18	191	TS-MÁV Gépészet Services Kft.	associate	voting right	equity	investment
19	120	Vasutegészségügyi Nonprofit Kft.	other investment	voting right	investment	investment
20	128	EUROFIMA	other investment	voting right	investment	investment
21	147	BCC	other investment	voting right	investment	investment
22	169	HIT Rail b.v.	other investment	voting right	investment	investment

## Appendix 6

### Items posted as part of the consolidation

figures in HUF millions

Serial No.	Item	Accumulated FS figures for 2019		Opening, total	Effects of consolidation in 2019					Consolidation in 2019, total		Consolidated figures for 2019		Comparison	
		Prior year adjustment	2019		Opening settlements, total	Equity consolidation, total	Debt consolidation, total	Consolidation of gains and expenses	Eliminated internal profit or loss, total	Eliminations in prior year	Eliminations in 2019	Prior years' adjustments	2019	Consolidated FS 2018	Change (2019-2018)
01.	<b>A NON-CURRENT ASSETS</b>	0	1 475 699	-149 780	0	-4 654	-2 798	0	-3 021	0	-10 473	0	1 315 446	1 326 015	-10 569
02.	<b>I. INTANGIBLE ASSETS</b>	0	16 534	-158	0	0	0	0	2	0	2	0	16 378	15 548	830
03.	Capitalised foundation/restructuring	0	0	0	0	0	0	0	0	0	0	0	0	0	0
04.	Capitalised research and development	0	134	0	0	0	0	0	0	0	0	0	134	103	31
05.	Concessions and similar rights	0	6 106	-7	0	0	0	0	-7	0	-7	0	6 092	6 742	-650
06.	Intellectual property	0	9 669	-151	0	0	0	0	9	0	9	0	9 527	8 703	824
07.	Goodwill	0	0	0	0	0	0	0	0	0	0	0	0	0	0
08.	Advances for intangible assets	0	625	0	0	0	0	0	0	0	0	0	625	0	625
09.	Adjustment of intangible assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10.	<b>II. TANGIBLE ASSETS</b>	0	1 306 414	-8 807	0	0	-2 798	0	-3 023	0	-5 821	0	1 291 786	1 304 342	-12 556
11.	Properties and related rights	0	810 606	-5 442	0	0	0	0	-469	0	-469	0	804 695	825 438	-20 743
12.	Technical machinery, equipment, vehicles	0	402 999	-3 326	0	0	0	0	-2 331	0	-2 331	0	397 342	403 563	-6 221
13.	Other equipment, fittings, vehicles	0	385	0	0	0	0	0	-2	0	-2	0	383	288	95
14.	Breeding stock	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15.	Capital projects, improvements	0	39 415	-39	0	0	0	0	-221	0	-221	0	39 155	31 204	7 951
16.	Advances for capital projects	0	53 009	0	0	0	-2 798	0	0	0	-2 798	0	50 211	43 849	6 362
17.	Adjustment of tangible assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18.	<b>III. NON-CURRENT FINANCIAL ASSETS</b>	0	152 751	-140 815	0	-4 654	0	0	0	0	-4 654	0	7 282	6 125	1 157
19.	Long-term investments in related parties	0	149 352	-143 253	0	-4 908	0	0	0	0	-4 908	0	1 191	423	768
20.	Long-term loans granted to related parties	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21.	Long-term significant investments	0	782	2 438	0	254	0	0	0	254	0	0	3 474	3 245	229
22.	Long-term loans granted to significant related parties	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23.	Other long-term investments	0	2 580	0	0	0	0	0	0	0	0	0	2 580	2 426	154
24.	Long-term loans granted to other related parties	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25.	Other long-term loans granted	0	37	0	0	0	0	0	0	0	0	0	37	31	6
26.	Long-term debt securities	0	0	0	0	0	0	0	0	0	0	0	0	0	0
27.	Adjustment of non-current financial assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0
28.	Valuation gain or loss on non-current financial assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0
29.	Equity consolidation loss (Good-will)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30.	from subsidiaries	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31.	from associates	0	0	0	0	0	0	0	0	0	0	0	0	0	0
32.	<b>B CURRENT ASSETS</b>	0	179 065	5	0	0	-41 297	0	-51	0	-41 348	0	137 722	132 944	4 778
33.	<b>I. INVENTORIES</b>	0	45 949	0	0	0	0	0	-63	0	-63	0	45 886	39 763	6 123
34.	Materials	0	35 008	0	0	0	0	0	-63	0	-63	0	34 945	30 596	4 349
35.	Work in progress and semi-finished products	0	4 842	0	0	0	0	0	0	0	0	0	4 842	3 075	1 767
36.	Livestock	0	0	0	0	0	0	0	0	0	0	0	0	0	0
37.	Finished products	0	3 138	0	0	0	0	0	0	0	0	0	3 138	1 962	1 176
38.	Goods	0	1 239	0	0	0	0	0	0	0	0	0	1 239	1 523	-284
39.	Advances for inventories	0	1 722	0	0	0	0	0	0	0	0	0	1 722	2 607	-885
40.	<b>II. RECEIVABLES</b>	0	117 482	5	0	0	-41 297	0	12	0	-41 285	0	76 202	67 656	8 546
41.	Trade receivables (debtors)	0	8 986	0	0	0	0	0	0	0	0	0	8 986	8 562	424
42.	Related party receivables	0	40 970	-2	0	0	-40 779	0	0	0	-40 779	0	189	135	54
43.	Receivables from significant related parties	0	268	0	0	0	0	0	0	0	0	0	268	241	27
44.	Receivables from other related parties	0	23	0	0	0	0	0	0	0	0	0	23	31	-8
45.	Bills of exchange receivables	0	0	0	0	0	0	0	0	0	0	0	0	0	0
46.	Other receivables	0	67 235	0	0	0	-518	0	0	0	-518	0	66 717	58 680	8 037
47.	Valuation gain or loss on receivables	0	0	0	0	0	0	0	0	0	0	0	0	0	0
48.	Revaluation gain on derivatives	0	0	0	0	0	0	0	0	0	0	0	0	0	0
49.	Corporate tax asset (calculated) arising on consolidation	0	0	7	0	0	0	0	12	0	12	0	19	7	12
50.	<b>III. SECURITIES</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
51.	Investments in related parties	0	0	0	0	0	0	0	0	0	0	0	0	0	0
52.	Significant investments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
53.	Other investments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
54.	Treasury shares and quotas	0	0	0	0	0	0	0	0	0	0	0	0	0	0
55.	Securities held for trading	0	0	0	0	0	0	0	0	0	0	0	0	0	0
56.	Valuation gain or loss on securities	0	0	0	0	0	0	0	0	0	0	0	0	0	0
57.	<b>IV. LIQUID ASSETS</b>	0	15 634	0	0	0	0	0	0	0	0	0	15 634	25 525	-9 891
58.	Cash, cheques	0	165	0	0	0	0	0	0	0	0	0	165	163	2
59.	Bank deposits	0	15 469	0	0	0	0	0	0	0	0	0	15 469	25 362	-9 893
60.	<b>C PREPAID EXPENSES AND ACCRUED INCOME</b>	0	13 452	-206	0	0	-6 533	0	83	0	-6 450	0	6 796	8 502	-1 706
61.	Accrued income	0	7 038	0	0	0	-4 400	0	0	0	-4 400	0	2 638	3 468	-830
62.	Prepaid expenses	0	3 593	-10	0	0	-2 133	0	0	0	-2 133	0	1 450	1 039	411
63.	Deferred expenses	0	2 821	-196	0	0	0	0	83	0	83	0	2 708	3 995	-1 287
64.	<b>ASSETS, TOTAL</b>	0	1 668 216	-149 981	0	-4 654	-50 628	0	-2 989	0	-58 271	0	1 459 964	1 467 461	-7 497

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65.	<b>D EQUITY</b>	0	406 972	-155 290	0	-4 654	41	190	-2 201	0	-6 624	0	245 058	205 806	39 252
66.	I. ISSUED CAPITAL	0	84 130	-57 871	0	-1 259	0	0	0	0	-1 259	0	25 000	24 500	500
67.	of which: own shares repurchased at nominal value	0	0	0	0	0	0	0	0	0	0	0	0	0	0
68.	II. ISSUED CAPITAL NOT PAID	0	0	0	0	0	0	0	0	0	0	0	0	0	0
69.	III. CAPITAL RESERVE	0	231 218	-69 013	1	-3 847	0	0	0	0	-3 846	0	158 359	131 986	26 373
70.	IV. RETAINED EARNINGS/LOSSES	0	73 871	-20 304	-3	-3 935	0	0	-17	0	-3 955	0	49 612	39 465	10 147
71.	V. NON-DISTRIBUTABLE RESERVES	0	1 414	-59	1	0	0	0	17	0	18	0	1 373	1 665	-292
72.	VI. VALUATION RESERVES	0	0	0	0	0	0	0	0	0	0	0	0	0	0
73.	1. Valuation reserve of adjustments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
74.	2. Fair valuation reserves	0	0	0	0	0	0	0	0	0	0	0	0	0	0
75.	VII. ADJUSTED PROFIT OR LOSS AFTER TAX	0	16 339	0	0	-1 990	41	190	-2 201	0	-3 960	0	12 379	17 890	-5 511
76.	VIII. CHANGES IN THE EQUITY OF SUBSIDIARIES	0	0	9 806	3	6 377	0	0	0	0	6 380	0	16 186	9 808	6 378
77.	III/A. CHANGES IN THE INVESTMENT IN ENTITIES TREATED AS ASSOCIATES	0	0	2 316	0	0	0	0	0	0	0	0	2 316	2 352	-36
78.	IX. CHANGES ARISING ON CONSOLIDATION	0	0	-20 165	-2	0	0	0	0	-2	0	0	-20 167	-21 860	1 693
79.	debt consolidation gain or loss	0	0	41	0	0	0	0	0	0	0	0	41	67	-26
80.	internal profit or loss differences	0	0	-20 206	-2	0	0	0	0	0	-2	0	-20 208	-21 927	1 719
81.	X. THIRD PARTY INTEREST	0	0	0	0	0	0	0	0	0	0	0	0	0	0
82.	<b>E PROVISIONS</b>	0	36 029	-867	0	0	0	-190	66	0	-124	0	35 038	37 100	-2 062
83.	1. Provisions for expected liabilities	0	20 815	-730	0	0	0	-190	0	0	-190	0	19 895	21 269	-1 374
84.	2. Provisions for future expenses	0	13 250	0	0	0	0	0	0	0	0	0	13 250	13 184	66
85.	3. Other provisions	0	1 964	-137	0	0	0	0	66	0	66	0	1 893	2 647	-754
86.	<b>F LIABILITIES</b>	0	1 075 867	93	0	0	-44 796	0	0	0	-44 796	0	1 031 164	1 077 550	-46 386
87.	I. SUBORDINATED LIABILITIES	0	0	100	0	0	0	0	0	0	0	0	100	100	0
88.	to related parties	0	0	0	0	0	0	0	0	0	0	0	0	0	0
89.	to significant investments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
90.	to other investments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
91.	to third parties	0	0	0	0	0	0	0	0	0	0	0	0	0	0
92.	Equity consolidation gain or loss on subsidiaries	0	0	100	0	0	0	0	0	0	0	0	100	100	0
93.	II. LONG-TERM LIABILITIES	0	878 924	0	0	0	0	0	0	0	0	0	878 924	945 896	-66 972
94.	Long-term loans	0	0	0	0	0	0	0	0	0	0	0	0	0	0
95.	Bonds payable	0	0	0	0	0	0	0	0	0	0	0	0	0	0
96.	Debenture loans	0	0	0	0	0	0	0	0	0	0	0	0	0	0
97.	Investment and development credits	0	12 190	0	0	0	0	0	0	0	0	0	12 190	20 272	-8 082
98.	Other long term credits	0	5 478	0	0	0	0	0	0	0	0	0	5 478	6 163	-685
99.	Long-term loans to related parties	0	0	0	0	0	0	0	0	0	0	0	0	0	0
100.	Long-term loans to significant investments	0	15	0	0	0	0	0	0	0	0	0	15	0	15
101.	Long-term loans to other investments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
102.	Other long-term liabilities	0	861 241	0	0	0	0	0	0	0	0	0	861 241	919 461	-58 220
104.	III. CURRENT LIABILITIES	0	196 943	-7	0	0	-44 796	0	0	0	-44 796	0	152 140	131 554	20 586
105.	Short term loans	0	0	0	0	0	0	0	0	0	0	0	0	58	-58
106.	-of which: convertible or equity bonds	0	0	0	0	0	0	0	0	0	0	0	0	0	0
107.	Short-term credits	0	27 256	0	0	0	0	0	0	0	0	0	27 256	23 459	3 797
108.	Advances received from customers	0	1 016	0	0	0	0	0	0	0	0	0	1 016	1 000	16
109.	Trade payables (creditors)	0	41 526	0	0	0	0	0	0	0	0	0	41 526	37 945	3 581
110.	Bills of exchange payable	0	0	0	0	0	0	0	0	0	0	0	0	0	0
111.	Current liabilities to related parties	0	44 884	-7	0	0	-44 796	0	0	0	-44 796	0	81	41	40
112.	Current liabilities to significant investments	0	2 001	0	0	0	0	0	0	0	0	0	2 001	2 504	-503
113.	Current liabilities to other investments	0	67	0	0	0	0	0	0	0	0	0	67	44	23
114.	Other current liabilities	0	80 193	0	0	0	0	0	0	0	0	0	80 193	66 503	13 690
115.	Valuation gain or loss on liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0	0
116.	Revaluation loss or derivatives	0	0	0	0	0	0	0	0	0	0	0	0	0	0
117.	Corporate tax liability (calculated) arising on consolidation	0	0	0	0	0	0	0	0	0	0	0	0	0	0
118.	<b>G ACCRUED EXPENSES AND DEFERRED INCOME</b>	0	149 348	6 083	0	0	-5 873	0	-854	0	-6 727	0	148 704	147 005	1 699
119.	Prepaid income	0	8 797	0	0	0	-943	0	0	0	-943	0	7 854	8 191	-337
120.	Accrued expenses	0	10 995	-46	0	0	-4 930	0	0	0	-4 930	0	6 019	4 963	1 056
121.	Deferred income	0	129 556	6 129	0	0	0	0	-854	0	-854	0	134 831	133 851	980
122.	<b>EQUITY AND LIABILITIES, TOTAL</b>	0	1 668 216	-149 981	0	-4 654	-50 628	0	-2 989	0	-58 271	0	1 459 964	1 467 461	-7 497

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01.	Net domestic sales	0	319 816	0	0	0	0	9	-169 714	-25 949	0	-195 654	0	124 162	125 602	-1 440
02.	Net export sales	0	19 015	0	0	0	0	0	0	0	0	0	0	19 015	16 546	2 469
I.	SALES REVENUES, NET	0	338 831	0	0	0	0	9	-169 714	-25 949	0	-195 654	0	143 177	142 148	1 029
03.	Movements in self-produced inventories	0	2 943	0	0	0	0	0	0	0	0	0	0	2 943	808	2 135
04.	Capitalised self-produced assets	0	27 150	0	0	0	0	397	18 018	0	18 415	0	0	45 565	33 746	11 819
II.	CAPITALISED OWN OUTPUT	0	30 093	0	0	0	0	397	18 018	0	18 415	0	0	48 508	34 554	13 954
III.	OTHER INCOME	0	350 681	0	0	0	-19	-716	-2 346	0	-3 081	0	0	347 600	332 383	15 217
	of which: reversed impairment loss	0	188	0	0	0	0	0	0	0	0	0	0	188	125	63
III/A.	GOODWILL ARISING ON DEBT CONSOLIDATION (PROFIT INCREASING)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
05.	Material costs	0	82 628	0	0	0	0	-1 171	-1 229	0	-2 400	0	0	80 228	66 864	13 364
06.	Services used	0	217 239	0	0	0	10	-133 474	0	0	-133 464	0	0	83 775	70 850	12 925
07.	Other services	0	4 229	0	0	0	0	-11	0	0	-11	0	0	4 218	3 803	415
08.	Cost of goods sold	0	48 820	0	0	0	0	-31 241	-5 363	0	-36 604	0	0	12 216	10 674	1 542
09.	Services unsold (intermediated)	0	6 684	0	0	0	0	-3 376	-54	0	-3 430	0	0	3 254	3 217	37
IV.	MATERIAL-TYPE EXPENSES	0	359 600	0	0	0	10	-169 273	-6 646	0	-175 909	0	0	183 691	155 408	28 283
10.	Payroll costs	0	174 519	0	0	0	0	0	0	0	0	0	0	174 519	162 426	12 093
11.	Other payment to personnel	0	22 999	0	0	0	-10	-204	0	0	-214	0	0	22 785	22 436	349
12.	Social security and similar charges	0	40 170	0	0	0	0	0	0	0	0	0	0	40 170	38 373	1 797
V.	PAYMENTS TO PERSONNEL	0	237 688	0	0	0	-10	-204	0	0	-214	0	0	237 474	223 235	14 239
VI.	DEPRECIATION CHARGE	0	88 369	0	0	0	0	0	-1 187	0	-1 187	0	0	87 182	86 225	957
VII.	OTHER EXPENSES	0	16 724	0	0	0	-51	-746	-148	0	-945	0	0	15 779	20 088	-4 309
	of which: impairment loss	0	3 919	0	0	0	0	0	-86	0	-86	0	0	3 833	5 147	-1 314
VII/A.	GOODWILL ARISING ON DEBT CONSOLIDATION (PROFIT REDUCING)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
A	OPERATING PROFIT OR LOSS	0	17 224	0	0	0	41	190	-2 296	0	-2 065	0	0	15 159	24 129	-8 970
13.	Dividends received	0	3 193	0	0	-3 193	0	0	0	0	-3 193	0	0	0	0	0
	of which: from related parties	0	2 442	0	0	-2 442	0	0	0	0	-2 442	0	0	0	0	0
13/a.	Dividends received from associates	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13/b.	Dividends received from other investments	0	23	0	0	0	0	0	0	0	0	0	0	23	3	20
14.	Exchange gain on investments disposed of	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	of which: from related parties	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15.	Interest and exchange gain on non-currents financial assets (securities, loans)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	of which: from related parties	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16.	Other interest received (receivable) and similar income	0	10	0	0	0	0	0	0	0	0	0	0	10	45	-35
	of which: from related parties	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17.	Other financial income	0	639	0	0	1 194	0	-4	-4	0	1 186	0	0	1 825	1 395	430
	of which: gain or loss	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VIII.	FINANCIAL INCOME	0	3 865	0	0	-1 999	0	-4	-4	0	-2 007	0	0	1 858	1 443	415
18.	Expenses and exchange loss on investments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	of which: to related parties	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19.	Expenses and exchange loss on non-currents financial assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	of which: to related parties	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20.	Interest payable (paid) and similar charges	0	504	0	0	0	0	0	0	0	0	0	0	504	550	-46
	of which: to related parties	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21.	Impairment loss on investments, securities, long-term loans guaranteed, bank deposits	0	1 710	0	0	-1 754	0	0	0	0	-1 754	0	0	-44	-33	-11
22.	Other financial expenses	0	2 446	0	0	1 745	0	-4	-87	0	1 654	0	0	4 100	6 961	-2 861
	of which: valuation gain or loss	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
IX.	FINANCIAL EXPENSES	0	4 660	0	0	-9	50	-4	-87	0	-100	0	0	4 560	7 478	-2 918
B	FINANCIAL PROFIT/LOSS	0	-795	0	0	-1 990	0	0	83	0	-1 907	0	0	-2 702	-6 035	3 333
C	PRE-TAX PROFIT OR LOSS	0	16 429	0	0	-1 990	41	190	-2 213	0	-3 972	0	0	12 457	18 094	-5 637
X.	TAX LIABILITY	0	90	0	0	0	0	0	0	0	0	0	0	90	206	-116
X/A.	CORPORATE TAX ASSET/LIABILITY (CALCULATED) ARISING ON CONSOLIDATION	0	0	0	0	0	0	0	-12	0	-12	0	0	-12	-2	-10
D	AFTER TAX PROFIT OR LOSS	0	16 339	0	0	-1 990	41	190	-2 201	0	-3 960	0	0	12 379	17 890	-5 511
23.	Subsidiaries net of profit or loss attributable to third party shareholders	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
E	ADJUSTED NET PROFIT OR LOSS AFTER TAX	0	16 339	0	0	-1 990	41	190	-2 201	0	-3 960	0	0	12 379	17 890	-5 511