

MÁV MAGYAR ÁLLAMVASUTAK ZRT.

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

31. December 2017



INDEPENDENT AUDITOR'S REPORT

(Free translation)

To the founder of MÁV Magyar Államvasutak Zrt.

Opinion

We have audited the accompanying consolidated financial statements of MÁV Magyar Államvasutak Zrt. ("the Company") and its subsidiaries (together "the Group") which comprise the balance sheet as at 31 December 2017 (in which the balance sheet total is HUF 1.487.586 million, the adjusted profit after tax is HUF 11.265 million), the related consolidated income statement for the year then ended, and the notes to the consolidated financial statements, which include a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2017, and of the results of its operations for the year then ended in accordance with the provisions of Act C of 2000 on Accounting ("Accounting Act"), in force in Hungary.

Basis for Opinion

We conducted our audit in accordance with Hungarian National Standards on Auditing ("HNSA") and with applicable laws and regulations in force in Hungary. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

We are independent of the Group in accordance with the applicable laws of Hungary, with the Hungarian Chamber of Auditors' Rules on ethics and professional conduct of auditors and on disciplinary process and, for matters not regulated in the Rules, with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board (IESBA Code of Ethics) and we also comply with further ethical requirements set out in these.

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 attention to the following matters in connection with the consolidated financial statements of the Company:

1. We draw attention to note II.3.1. which states that the financing of the Company's operations, the repayment of its loans, and the return on its assets depend on whether the founder provides the financial resources for the operation in time and whether resources from the state budget are available to the extent necessary.
2. We draw attention to note II.3.1.1. which states that in 2015 the Hungarian government and MÁV Zrt. signed a railtrack operation agreement to ensure the funding of the railtrack operation for the period between 2016 and 2025. The Company received a cost compensation amounting to HUF 69.743,5 million in 2017. The reimbursement for 2017 has not been settled with the Ministry for National Development till the Auditor's report date, and the amount is still subject to change.

3. We draw attention to note II.3.1.1. which states that as a result of the amendment of Act CVI of 2007 on State Property as of 28 June 2013 and the amendment of the Asset Management Agreement, from this date cost compensations are divided into the categories of compensation for operational costs to be accounted in profit/loss and compensation for renovation costs providing funds for capital expenditures and renovations required for operating the railway network. Consequently the agreement between MÁV Zrt. and the Ministry for National Development was amended in 2014.

From the compensation disbursed, the compensation used till 31 December 2017 to cover losses and recorded in the profit and loss account amounted to HUF 50.944 million (HUF 38.869 million at 31 December 2016), compensation for renovations amounted to HUF 26.286 million (HUF 31.810 million at 31 December 2016). According to the rules stipulated by the Act on the state budget for financial year 2017, HUF 3.718 million representing a difference between the compensation disbursed and actually used – together with the remaining compensations at 31 December 2016 - was recorded as a receivable from the state budget (HUF 7.473 million liability to the state budget at 31 December 2016).

4. We draw attention to note II.1.1.3. which states that on 1 July 2007 the Company transferred the implementation of capital projects related to treasury assets and financed from government and EU funds to Nemzeti Infrastruktúra Fejlesztő Zrt. ("NIF Zrt").

The estimated gross value of assets technically supplied and installed by NIF Zrt. but not yet legally and financially transferred by 31 December 2017 and therefore not shown in the Company's books as property plant and equipment and associated long term debt was HUF 94.943 million (HUF 28.513 million at 31 December 2016). Transfer of the assets were not realized due to the absence of financial compensation to be provided through the capital increase necessary.

In the Company's balance sheet, the cost of managed state-owned fixed assets has been increasing significantly over the past years. The Company can carry out the renovation of managed state-owned assets from and to the extent of the subsidies received and of the compensation for renovations. In 2017, the reimbursement of renovation costs provided to the Company was HUF 39.109 million less than the total of ordinary and extraordinary depreciation charged on state-owned assets, and was therefore not sufficient to replenish these assets.

5. We draw attention to note II.1.1.1. which states that the ownership status of certain properties is still unresolved between the Company and its Founder. The potential effect of the settlement on the assets of the Company is at present unclear, and will be subject to future agreements between the Company and its Founder. Under the amendment of Act CVI of 2007 on State Property as of 28 June 2013, settlement of ownership status of the real property should not result in a loss of equity for the Company.
6. We draw attention to note II.3.1.2 which states that in 2013 MÁV-START Zrt. concluded a public passenger transport service agreement for the years 2014-2023 with the Ministry of National Development, representing the Hungarian State as the requestor of the public service. In accordance with the agreement, MÁV-START Zrt. is entitled to reimbursement of reasonable expenses incurred in connection with the supply of public services that are not covered by revenues. MÁV-START Zrt. presents compensation receivable for public service costs in its books of HUF 1.907 million relating to 2013, HUF 4.615 million relating to 2014, HUF 3.494 million relating to 2016 and HUF 22.370 million relating to 2017. After the year From the reimbursement of expenses HUF 147.760 million was paid during the current year. The reimbursement for 2017 has not been settled with the Ministry for National Development till the Auditor's report date, and the amount is still subject to change.



7. We draw attention to note II.3.1.3 which states that in 2016 MÁV-HÉV Zrt. concluded a public passenger transport and rail infrastructure operation service agreement for the years 2016-2023 with the Ministry of National Development, representing the Hungarian State as the requestor of the public service. In accordance with the agreement, MÁV-HÉV Zrt. is entitled to reimbursement of reasonable expenses incurred in connection with the supply of public services that are not covered by revenues. From the reimbursement of expenses HUF 7.654 million was recognized as other income during the current year (HUF 882 million at 31 December 2016). In accordance with the rules stipulated by the Act on the state budget for financial year 2017, HUF 1.158 million representing a difference between the compensation disbursed and actually used – together with the remaining compensations at 31 December 2016 - was recorded as a liability to the state budget (HUF 1.402 million at 31 December 2016). The reimbursement for 2017 has not been settled with the Ministry for National Development until the Auditor's report date, and the amount is still subject to change.

Our opinion is not modified in respect of matters presented in points 1)-7).

Other Information: the Consolidated Business Report

The other information comprises the consolidated business report of the Group for the year 2017. Management is responsible for the preparation of the consolidated business report in accordance with the provisions of the Accounting Act and other relevant regulations. Our opinion on the consolidated financial statements expressed in the "Opinion" section of our independent auditor's report does not cover the consolidated business report.

In connection with our audit of the consolidated 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 financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on our work performed we conclude that the other information is materially misstated we are required to report this fact and the nature of the misstatement.

Based on the Accounting Act, it is also our responsibility to consider whether the consolidated business report has been prepared in accordance with the provisions of the Accounting Act and other relevant regulations, if any and to express an opinion on this and on whether the consolidated business report is consistent with the consolidated financial statements.

In our opinion, the 2017 consolidated business report of the Group is consistent with the 2017 consolidated financial statements in all material respects, and the consolidated business report has been prepared in accordance with the provisions of the Accounting Act. As there is no other regulation prescribing further requirements for the Group's consolidated business report, we do not express an opinion in this respect.

We are not aware of any other material inconsistency or material misstatement in the consolidated business report, therefore we have nothing to report in this respect.

Responsibilities of Management and those charged with governance for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with the Accounting Act, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the consolidated 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 in preparation of the consolidated financial statements. Management has to apply the going concern basis of accounting unless other relevant rules prevent its application or there are facts and circumstances contradicting the going concern principle.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 HNSAs 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 financial statements.

As part of an audit in accordance with HNSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 in the preparation of the consolidated financial statements 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 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 financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that gives a true and fair view.



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 control that we identify during our audit.

Budapest, 29 May 2018

Éva Barsi
Partner
Statutory auditor
Licence number: 002945
PricewaterhouseCoopers Könyvvizsgáló Kft.
1055 Budapest, Bajcsy-Zsilinszky út 78.
Licence Number: 001464

Translation note:

Our report has been prepared in Hungarian and in English. In all matters of interpretation of information, views or opinions, the Hungarian version of our report takes precedence over the English version. The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in jurisdictions other than Hungary.

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
31.12.2017

Date: Budapest, 29 May 2018

Director (representative) of the Company

L.S.

1	0	8	5	6	4	1	7	5	2	2	1	1	1	4	0	1
Statistical code																

0	1	-	1	0	-	0	4	2	2	7	2
Company registration number											

Balance sheet date: 31/12/2017

BALANCE SHEET Version "A" Assets

Figures in million HUF

No.	Line item	Previous year 31/12/2016	Current year 31/12/2017
a	b	c	d
A.	Non-current assets (lines I+II+III)	1 332 486	1 343 932
I.	INTANGIBLE ASSETS	14 708	16 181
1.	Capitalised amount of foundation/restructuring	0	0
2.	Capitalised amount of experimental development	356	229
3.	Intangible property rights	7 189	7 979
4.	Intellectual property	7 163	7 973
5.	Goodwill	0	0
6.	Advance payments for intangible assets	0	0
7.	Revaluation of intangible assets	0	0
II.	TANGIBLE ASSETS	1 312 054	1 322 287
1.	Land and buildings, and related intangible property rights	864 678	845 979
2.	Technical equipment, machinery and vehicles	410 620	412 556
3.	Other equipment, fixtures and fittings, vehicles	157	298
4.	Breeding stock	0	0
5.	Capital projects, renovations	32 596	25 991
6.	Advance payments for capital projects	4 003	37 463
7.	Revaluation of tangible assets	0	0
III.	NON-CURRENT FINANCIAL ASSETS	5 724	5 464
1.	Long-term participating interests in related companies	98	109
2.	Long-term loans to related companies	0	0
3.	Long-term major participating interests	3 149	3 055
4.	Long-term loans to companies linked by virtue of major participating interests	0	0
5.	Other long-term participating interests	2 458	2 266
6.	Long-term loans to companies linked by virtue of other participating interests	0	0
7.	Other long-term loans	19	34
8.	Long-term debt securities	0	0
9.	Revaluation of non-current financial assets	0	0
10.	Fair value adjustment of non-current financial assets	0	0
11.	Difference from the consolidation of equity (goodwill)	0	0
	- from subsidiaries	0	0
	- from associated companies	0	0

1	0	8	5	6	4	1	7	5	2	2	1	1	1	4	0	1
Statistical code																

0	1	-	1	0	-	0	4	2	2	7	2
Company registration number											

Balance sheet date: 31/12/2017

BALANCE SHEET Version "A" Assets

Figures in million HUF

No.	Line item	Previous year 31/12/2016	Current year 31/12/2017
a	b	c	d
B.	Current assets (lines I+II+III+IV)	109 227	130 018
I.	INVENTORIES	29 681	30 171
1.	Raw materials	24 616	24 479
2.	Work in progress and semi-finished products	2 103	2 420
3.	Animals for breeding, fattening and other livestock	0	0
4.	Finished products	1 473	1 809
5.	Goods	1 080	1 081
6.	Advance payments for inventories	409	382
II.	RECEIVABLES	34 043	59 142
1.	Accounts receivable	7 651	8 931
2.	Receivables from related companies	1 216	29
3.	Receivables from companies linked by virtue of major participating interests	92	111
4.	Receivables from companies linked by virtue of other participating interests	30	49
5.	Notes receivable	0	0
6.	Other receivables	25 044	50 018
7.	Fair value adjustment of receivables	0	0
8.	Positive fair value adjustment of derivatives	0	0
9.	Deferred tax assets arising from consolidation	10	4
III.	SECURITIES	0	0
1.	Participating interests in related companies	0	0
2.	Major participating interests	0	0
3.	Other participating interests	0	0
4.	Own shares	0	0
5.	Debt securities held for dealing	0	0
6.	Fair value adjustment of securities	0	0
IV.	LIQUID ASSETS	45 503	40 705
1.	Petty cash, cheques	164	192
2.	Bank deposits	45 339	40 513
C.	Prepaid expenses & accrued income	35 466	13 636
1.	Accrued income	26 539	6 019
2.	Prepaid expenses	650	826
3.	Deferred expenses	8 277	6 791
	TOTAL ASSETS (lines A+B+C)	1 477 179	1 487 586

1	0	8	5	6	4	1	7	5	2	2	1	1	1	4	0	1
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

Statistical code

0	1	-	1	0	-	0	4	2	2	7	2
---	---	---	---	---	---	---	---	---	---	---	---

Company registration number

Balance sheet date: 31/12/2017

BALANCE SHEET Version "A" Liabilities

Figures in million HUF

No.	Line item	Previous year 31/12/2016	Current year 31/12/2017
a	b	c	d
D.	Equity	157 372	187 614
I.	REGISTERED CAPITAL	22 000	24 500
	of which: repurchased ownership share at nominal value	0	0
II.	REGISTERED CAPITAL NOT PAID (-)	0	0
III.	CAPITAL RESERVE	115 207	131 684
IV.	RETAINED EARNINGS	13 786	28 824
V.	NON-DISTRIBUTABLE RESERVE	4 137	2 493
VI.	REVALUATION RESERVE	0	0
1.	Revaluation reserve for adjustments	0	0
2.	Fair valuation reserve	0	0
VII.	ADJUSTED AFTER-TAX PROFIT/(LOSS)	14 055	11 265
VIII.	CHANGES IN EQUITY OF SUBSIDIARIES (±)	4 676	8 619
VIII./A	CHANGES IN VALUE OF INVESTMENTS IN ASSOCIATES	2 577	2 434
IX.	CHANGES DUE TO CONSOLIDATION (±)	-19 066	-22 205
1.	From the elimination of intragroup receivables and liabilities	24	13
2.	From the elimination of internal profit/loss	-19 090	-22 218
X.	INVESTMENTS OF EXTERNAL MEMBERS (NON-CONTROLLING INTERESTS)	0	0
E.	Provisions	40 713	40 898
1.	Provisions for contingent liabilities	24 322	24 753
2.	Provisions for future expenses	11 315	11 432
3.	Other provisions	5 076	4 713
F.	Liabilities	1 128 223	1 103 436
I.	SUBORDINATED LIABILITIES	100	100
1.	Subordinated liabilities to related companies	0	0
2.	Subordinated liabilities to companies linked by virtue of major participating interests	0	0
3.	Subordinated liabilities to companies linked by virtue of other participating interests	0	0
4.	Subordinated liabilities to other entities	0	0
5.	Difference from the equity consolidation of subsidiaries (negative)	100	100

1	0	8	5	6	4	1	7	5	2	2	1	1	1	4	0	1
Statistical code																

0	1	-	1	0	-	0	4	2	2	7	2
Company registration number											

Balance sheet date: 31/12/2017

BALANCE SHEET Version "A" Liabilities

Figures in million HUF

No.	Line item	Previous year 31/12/2016	Current year 31/12/2017
a	b	c	d
II.	NON-CURRENT LIABILITIES	1 031 383	975 437
1.	Long-term borrowings	292	58
2.	Convertible bonds	0	0
3.	Liabilities from the issue of bonds	0	0
4.	Loans for capital and development projects	51 152	29 658
5.	Other long-term loans	0	0
6.	Non-current liabilities to related companies	0	0
7.	Non-current liabilities to companies linked by virtue of major participating interests	0	0
8.	Non-current liabilities to companies linked by virtue of other participating interests	0	0
9.	Other non-current liabilities	979 939	945 721
III.	CURRENT LIABILITIES	96 740	127 899
1.	Short-term borrowings	234	234
	- of which: convertible and contingent convertible bonds	0	0
2.	Short-term loans	14 094	21 357
3.	Advance payments received from customers	60	52
4.	Accounts payable	44 317	42 175
5.	Notes payable	0	0
6.	Current liabilities to related companies	84	89
7.	Current liabilities to companies linked by virtue of major participating interests	1 990	1 913
8.	Current liabilities to companies linked by virtue of other participating interests	48	59
9.	Other current liabilities	35 913	62 020
10.	Revaluation difference on liabilities	0	0
11.	Negative revaluation difference on derivative transactions	0	0
12.	Deferred tax liabilities arising from consolidation	0	0
G.	Accrued expenses and deferred income	150 871	155 638
1.	Prepaid income	9 565	8 250
2.	Accrued expenses	7 145	8 115
3.	Deferred income	134 161	139 273
	TOTAL EQUITY AND LIABILITIES (lines D+E+F+G)	1 477 179	1 487 586

1	0	8	5	6	4	1	7	5	2	2	1	1	1	4	0	1
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

Statistical code

0	1	-	1	0	-	0	4	2	2	7	2
---	---	---	---	---	---	---	---	---	---	---	---

Company registration number

Balance sheet date: 31/12/2017

Profit and loss account using the cost by nature method

Figures in million HUF

No.	Line item	Previous year 31/12/2016	Current year 31/12/2017
a	b	c	d
01.	Net domestic sales revenues	115 313	122 730
02.	Net export sales revenues	17 075	17 489
I.	Net sales revenues (lines 01+02)	132 388	140 219
03.	Change in self-produced inventories	-184	642
04.	Capitalised value of self-produced assets	30 522	31 253
II.	Capitalised own performance (lines ±03+04)	30 338	31 895
III.	Other gains	275 806	315 925
	of which: impairment reversed	727	452
III/A.	Consolidation difference – increasing profit/loss – arising from the elimination of intragroup receivables and liabilities	0	0
05.	Raw materials	59 189	61 574
06.	Services used	60 853	76 680
07.	Other services	3 327	3 889
08.	Cost of goods sold	8 710	9 851
09.	Services resold (intermediated)	3 025	2 804
IV.	Material expenses (lines 05+06+07+08+09)	135 104	154 798
10.	Payroll cost	123 007	144 049
11.	Other payments to personnel	18 635	19 821
12.	Social security and other contributions	37 774	37 497
V.	Personnel-related expenses (lines 10+11+12)	179 416	201 367
VI.	Depreciation	76 822	88 100
VII.	Other expenses	27 670	29 743
	of which: impairment	13 441	4 786
VII/A.	Consolidation difference – decreasing profit/loss – arising from the elimination of intragroup receivables and liabilities	0	0
A.	OPERATING PROFIT/(LOSS) (lines I+II+III+III/A-IV-V-VI-VII-VII/A)	19 520	14 031

1	0	8	5	6	4	1	7	5	2	2	1	1	1	4	0	1
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

Statistical code

0	1	-	1	0	-	0	4	2	2	7	2
---	---	---	---	---	---	---	---	---	---	---	---

Company registration number

Balance sheet date: 31/12/2017

Profit and loss account using the cost by nature method

Figures in million HUF

No.	Line item	Previous year 31/12/2016	Current year 31/12/2017
a	b	c	d
13/a.	Dividends received from associated companies	0	0
13/b.	Dividends received from companies linked by virtue of other participating interests	2	3
14.	Exchange gain on disposal of participating interests	0	0
	of which: received from related companies	0	0
15.	Interest and exchange gains on non-current financial assets	0	0
	of which: received from related companies	0	0
16.	Other interest and similar income received (due)	379	54
	of which: received from related companies	0	0
17.	Other financial gains	1 355	1 052
	of which: received from related companies	0	0
VIII.	Income from financial transactions (lines 13/a+13/b+14+15+16+17)	1 736	1 109
18.	Expenses and exchange losses from participating interests	1	0
	of which: paid to related companies	0	0
19.	Expenses and exchange losses from non-current financial assets (securities, loans)	0	0
	of which: paid to related companies	0	0
20.	Interest payable (paid) and similar expenses	1 091	686
	of which: paid to related companies	0	0
21.	Impairment on participating interests, securities, long-term loans and bank deposits	-20	-42
22.	Other expenses of financial transactions	5 994	3 140
	of which: revaluation difference	0	0
IX.	Expenses of financial transactions (lines 18+19+20+21+22)	7 066	3 784
B.	FINANCIAL PROFIT/(LOSS) (lines VIII-IX)	-5 330	-2 675
C.	PRE-TAX PROFIT/(LOSS) (lines ±A±B)	14 190	11 356
X.	Tax liability	134	85
X/A.	DEFERRED TAX EXPENSE (±)	1	6
D.	AFTER-TAX PROFIT/(LOSS) (lines ±C-X±X/A)	14 055	11 265
23.	Share of external members (other owners) in the after-tax profit/loss of subsidiaries (non-controlling interest)	0	0
E.	ADJUSTED AFTER-TAX PROFIT/(LOSS) (D-23)	14 055	11 265



MÁV HUNGARIAN STATE RAILWAYS PRIVATE COMPANY LIMITED BY SHARES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR 2017

29 MAY 2018

L.S.

.....
Director (Representative) of the Company

Contents

I	GENERAL PART	5
I.1	THE COMPANY GROUP	5
I.1.1	GENERAL INFORMATION ON THE PARENT COMPANY	5
I.1.2	THE PARENT COMPANY	7
I.1.3	FULLY CONSOLIDATED SUBSIDIARIES	8
I.1.4	CHANGES IN CONSOLIDATION GROUPS IN THE CURRENT YEAR	11
I.2	THE COMPANY GROUP'S ACCOUNTING POLICY	13
I.2.1	THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS AND THEIR COMPILATION	13
I.2.2	ASSIGNMENT TO CONSOLIDATION GROUPS	13
I.2.3	PREPARING FOR THE CONSOLIDATION	15
I.2.4	RULES OF EQUITY CONSOLIDATION BY THE ELIMINATION OF PARTICIPATING INTERESTS	15
I.2.5	RULES FOR THE ELIMINATION OF INTRAGROUP RECEIVABLES AND LIABILITIES	16
I.2.6	RULES ON THE CONSOLIDATION OF EXPENSES AND GAINS	17
I.2.7	RULES FOR THE ELIMINATION OF INTERNAL PROFIT/LOSS	17
I.2.8	RULES FOR THE MANAGEMENT OF DEFERRED TAX EXPENSE DUE TO CONSOLIDATION	18
II	SPECIFIC PART	20
II.1	NOTES TO THE BALANCE SHEET	20
II.1.1	CHANGES IN NON-CURRENT ASSETS	20
II.1.1.1	Changes in tangible and intangible assets	20
II.1.1.2	Assets transferred/received free of charge	22
II.1.1.3	Managed state-owned assets	22
II.1.1.4	The MÁV group's investments	27
II.1.1.5	Other long-term loans and impairment on long-term debt securities	29
II.1.1.6	Goodwill arising on full consolidation	29
II.1.1.7	Negative goodwill arising on full consolidation	29
II.1.1.8	Goodwill arising on equity consolidation	30
II.1.1.9	Negative goodwill arising on equity consolidation	30
II.1.2	INVENTORIES AND RELATED IMPAIRMENT	31
II.1.3	RECEIVABLES AND RELATED IMPAIRMENT	32
II.1.4	PREPAID EXPENSES AND ACCRUED INCOME	33
II.1.5	EQUITY	34
II.1.5.1	Changes in equity	34
II.1.6	PROVISIONS MADE AND RELEASED	36
II.1.6.1	Changes in provisions during 2017	36
II.1.6.2	Provisions for contingent liabilities	36
II.1.6.3	Provisions for future expenses	37
II.1.6.4	Other provisions	38
II.1.7	LIABILITIES	39
II.1.7.1	Liabilities related to managed state-owned assets	39
II.1.7.2	The MÁV Group's subordinated liabilities	41
II.1.7.3	The MÁV Group's long-term loans	41
II.1.7.4	Leasing liabilities	42
II.1.7.5	Other current liabilities	42
II.1.8	ACCRUED EXPENSES AND DEFERRED INCOME	43

II.1.9	OFF-BALANCE SHEET LIABILITIES	44
II.1.9.1	Hedging transactions	44
II.1.9.2	Closed forward and option contracts	44
II.1.9.3	Joint and several liability and guarantee contracts	45
II.1.9.4	Lien and other off-balance sheet liabilities	46
II.1.9.5	Interest and similar charges payable in the future	47
II.1.9.6	Significant operating lease contracts concluded by the company group and in effect at the balance sheet date	48
II.2	NOTES TO THE PROFIT AND LOSS ACCOUNT	49
II.2.1	NET SALES REVENUE BY ACTIVITY	49
II.2.2	EXPORT AND IMPORT SALES REVENUES	50
II.2.3	CHANGES IN MATERIAL EXPENSES	51
II.2.4	OTHER GAINS	52
II.2.5	OTHER EXPENSES	54
II.2.6	FINANCIAL PROFIT/(LOSS)	55
II.2.6.1	Income from financial transactions	55
II.2.6.2	Expenses of financial transactions	55
II.2.7	CALCULATION OF THE GROUP'S CONSOLIDATED PROFIT/LOSS	56
II.3	ACTUAL FINANCIAL POSITION, LIQUIDITY AND PROFITABILITY	57
II.3.1	STATE PARTICIPATION IN THE MÁV GROUP'S OPERATIONS	57
II.3.1.1	State participation in the MÁV Group's operations with regard to rail infrastructure operation	57
II.3.1.2	State participation in the MÁV Group's operations with regard to public service passenger transport activity	58
II.3.1.3	State participation in the MÁV Group's public service transport activity on the HÉV network	58
II.3.2	CASH FLOW STATEMENT	60
II.3.3	CHANGES IN THE INDICATORS USED FOR ANALYSING THE FINANCIAL POSITION, LIQUIDITY AND PROFITABILITY	61

III SUPPLEMENTARY NOTES **63**

III.1	INFORMATION ABOUT THE PARENT COMPANY'S ELECTED OFFICERS	63
III.2	SUBSIDIES RECEIVED	64
III.3	ENVIRONMENTAL PROTECTION	67
III.3.1	ENVIRONMENTAL PROTECTION LIABILITIES	67
III.3.2	TANGIBLE ASSETS SERVING ENVIRONMENTAL PROTECTION PURPOSES	68
III.3.3	QUANTITIES OF HAZARDOUS WASTE	69
III.4	PERSONNEL-RELATED EXPENSES AND AVERAGE STATISTICAL HEADCOUNT	70
III.5	RESEARCH AND EXPERIMENTAL DEVELOPMENT	71

IV LIST OF TABLES **72**

APPENDICES **74**

I GENERAL PART

I.1 PRESENTATION OF THE COMPANY GROUP

I.1.1 General information on 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 (hereinafter: “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 operation 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

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. From 1 January 2014 until 31 December 2017 ownership rights are exercised by the Ministry for National Development. Registered address: 1011 Budapest, Fő utca 44-50.

Based on 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 2017, the Company's share capital was HUF 24,500,000,000, which consisted of 2,450,000 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 Service activities incidental to land transportation

Authorised signatory of the consolidated financial statements:

Ilona Dávid Chairman and CEO (home address: 2120 Dunakeszi, Baross Gábor utca 11.).

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 manager responsible for the coordination of tasks related to accounting services: Dr. Nándor Kaliczka, MÁV Szolgáltató Központ Zrt. Head of Accounting (home address: 1204 Budapest, Bethlen utca 11., chartered accountant registration number: 189604).

Person responsible for the statutory audit:

The consolidated financial statements are audited by PricewaterhouseCoopers Könyvvizsgáló Kft.

Person responsible for the audit: Éva Barsi (address: 1163 Budapest, Tiszakömlő utca 45., chamber membership number: 002945).

Audit fee charged by the auditor for the current year:

- The audit fee for the current year at MÁV Zrt. is HUF 14.95 million (net).
- The fee for auditing the financial statements of the fully consolidated subsidiaries of MÁV Zrt. is HUF 29.05 million (net).
- The fee payable for services provided in addition to the audit amounted to HUF 9.5 million.

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 2,450,000 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 services supplied on behalf of the state, 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):

Description	2016	2017	Change	Index
Balance sheet total	1,323,997	1,296,455	-27,542	98%
Equity	167,167	193,951	26,784	116%
Registered capital	22,000	24,500	2,500	111%
Net sales revenues	151,231	151,835	604	100%
Payroll cost	58,709	65,396	6,687	111%
Pre-tax profit/(loss)	12,035	7,808	-4,227	65%

Table 1: The parent company's key figures

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

I.1.3 Fully consolidated subsidiaries

MÁV Zrt. includes 7 of its subsidiaries fully in its consolidated financial statements for 2017. 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):

Description	2016	2017	Change	Index
Balance sheet total	290,406	327,648	37,242	113%
Equity	119,685	122,193	2,508	102%
Registered capital	43,742	43,742	0	100%
Net sales revenues	99,494	99,886	392	100%
Payroll cost	49,813	57,314	7,501	115%
Pre-tax profit/(loss)	4,025	3,210	-815	80%

Table 2: MÁV-START Zrt.'s key figures

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; 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):

Description	2016	2017	Change	Index
Balance sheet total	13,987	15,620	1,633	112%
Equity	3,424	3,867	443	113%
Registered capital	1,505	1,505	0	100%
Net sales revenues	21,712	23,880	2,168	110%
Payroll cost	4,504	5,201	697	115%
Pre-tax profit/(loss)	292	540	248	185%

Table 3: MÁV FKG Kft.'s key figures

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):

Description	2016	2017	Change	Index
Balance sheet total	11,464	9,575	-1,889	84%
Equity	2,337	2,523	186	108%
Registered capital	801	801	0	100%
Net sales revenues	25,161	24,938	-223	99%
Payroll cost	8,008	9,044	1,036	113%
Pre-tax profit/(loss)	446	286	-160	64%

Table 4: MÁV Szolgáltató Központ Zrt.'s key figures

The company's core activities: the establishment and operation of the accounting systems of companies in the MÁV Group 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 the 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):

Description	2016	2017	Change	Index
Balance sheet total	4,163	3,494	-669	84%
Equity	2,989	3,063	74	102%
Registered capital	569	569	0	100%
Net sales revenues	2,428	2,338	-90	96%
Payroll cost	565	601	36	106%
Pre-tax profit/(loss)	667	535	-132	80%

Table 5: MÁV KfV Kft.'s key figures

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):

Description	2016	2017	Change	Index
Balance sheet total	907	796	-111	88%
Equity	326	244	-82	75%
Registered capital	10	10	0	100%
Net sales revenues	2,039	1,860	-179	91%
Payroll cost	871	948	77	109%
Pre-tax profit/(loss)	-62	-83	-21	134%

Table 6: ZÁHONY-PORT Zrt.'s key figures

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):

Description	2016	2017	Change	Index
Balance sheet total	1,830	2,082	252	114%
Equity	453	498	45	110%
Registered capital	244	244	0	100%
Net sales revenues	5,217	5,715	498	110%
Payroll cost	538	666	128	124%
Pre-tax profit/(loss)	69	52	-17	75%

Table 7: MÁV VAGON Kft.'s key figures

The company's core activities: manufacturing of fixed-track railway vehicles.

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):

Description	2016	2017	Change	Index
Balance sheet total	23,498	23,437	-61	100%
Equity	18,203	18,222	19	100%
Registered capital	11,000	11,000	0	100%
Net sales revenues*	365	2,195	1,830	601%
Payroll cost*	685	4,879	4,194	712%
Pre-tax profit/(loss)*	13	99	86	762%

* base figures pertain to the period between 7/11/2016-31/12/2016.

Table 8: MÁV-HÉV Zrt.'s key figures

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

I.1.4 Changes in consolidation groups in the current year

Pursuant to the Accounting Act, MÁV Zrt. has fully included 7 of its subsidiaries in its consolidated financial statements for 2017; it exercises a direct controlling influence in all of these except MÁV VAGON Kft. Compared to the consolidated financial statements for 2016, the number of fully consolidated entities increased as a result of the acquisition of participating interest in MÁV-HÉV Zrt.

The liquidation proceedings of MÁV Utasellátó Zrt. "f.a." was completed in 2017; as a result of this, it was removed from among the companies stated at book value in the consolidated statements.

Indicators considered in the assignment to consolidation groups are shown in Appendix 1.

The assignment of companies to consolidation groups and the changes thereof in the current 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 THE COMPANY GROUP'S ACCOUNTING POLICY

I.2.1 The consolidated annual financial statements and their compilation

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 accounting date of the consolidated financial statements is the last day of the business year; that is, 31 December.

MÁV Zrt. prepares the consolidated balance sheet in accordance with version "A" of Schedule No. 1 and Section I of Schedule 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 value of investments in associates".

MÁV Zrt. prepares the consolidated profit and loss account in accordance with Schedule No. 2 and Section II of Schedule 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 in accordance with Section 3 (3) point 3 of the Accounting Act: errors are always considered to be material if, in the year when disclosed by different reviews, the total of all errors (whether negative or positive) disclosed for the same financial year and the impacts thereof – increasing or decreasing the profit/loss for the year or equity – exceeds 2% of the consolidated balance sheet total of the reviewed financial 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 groups

For the purpose of assignment to consolidation groups and for identification of the consolidation technique to be used, the members of the MÁV Group must be classified. MÁV Zrt. performs the classification of the companies at the time of the first consolidation, and at the time of management during the consolidation process; that is, at the time of acquisition (including the foundation of new entities).

The classification and assignment to a consolidation category performed at the time of acquiring the participating interest also determines the method of consolidation in 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 company is added to the company group, or an existing member company leaves the company group,
- a member company is wound up or goes into liquidation or involuntary liquidation,
- a participating interest in an existing company increases as a result of acquiring an additional interest, or decreases due to the alienation of the interest, and the classification of the entity in question changes as a result of the above,
- there is a change in the nature or scope of the activities of a company belonging to the company group that 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 the participating interest (shares, equity interest) in them was acquired by the MÁV Group for the purpose of resale, and for this reason the participating interest is recognised among current assets in the individual financial statements of the member company 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.

Member companies that have a participating interest in any other fully consolidated company may not be exempted on the basis of any of the conditions.

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

If the fact or extent of the governance, control or controlling influence cannot be clearly determined on the basis of voting rights, then the parent company classifies the status of the member company concerned 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 current year, which is the same as the first day of the current 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.

1.2.5 Rules for the elimination of intragroup receivables and liabilities

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 gains 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 due to consolidation from the elimination of intragroup receivables and liabilities*.

I.2.6 Rules on the consolidation of expenses and gains

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

When reconciling the values of gains 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 gains 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 gains and expenses must be performed as follows:

- In the case of received own performance charged to profit/loss, revenues/gains recognised at the issuer must be eliminated against the expense recognised at the recipient. In the case of purchased performance, gains recognised at the issuer must be eliminated against the cost of goods sold or the cost of sold (intermediated) services, at the lower of the gain or expense recognised at the issuer, then the expense recognised by the recipient must be adjusted for the difference (reduced in the event of excess gains, or increased in the event of excess expenses).
- In the case of received performance recognised as an asset, for the elimination of gains and expenses, gains recognised at 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, expenses of financial transactions in the case of external performance, at the lower of gains or expenses recognised at 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 due to consolidation from the elimination of internal profit/loss' 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, gains recognised by the issuer are adjusted, against the value of the assets received, for an amount equal to the difference between the gains 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 current 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 due to consolidation from the elimination of internal profit/loss*.

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.

1.2.8 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 current 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 current 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, gains 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 current year, and the posting of internal profit/loss eliminated in the current year and previous years and released on the basis of the current-year changes.

II SPECIFIC PART

II.1 NOTES TO THE BALANCE SHEET

II.1.1 Changes in non-current assets

II.1.1.1 Changes in tangible and intangible assets

Changes in tangible and intangible assets in the current year are presented in the tables below.

Figures in million HUF

	ITEM	Capitalised amount of foundation/restructuring	Capitalised amount of experimental development	Intangible property rights	Intellectual property	Goodwill	Advance payments for intangible assets	Total
1.	Gross amount, opening	2	597	14,180	22,629	0	0	37,408
1.a	Change in consolidation group	0	0	14	19	0	0	33
1.b	Gross amount, adjusted opening	2	597	14,194	22,648	0	0	37,441
2.	Purchasing, renovation, advance payments	0	0	3,356	1,731	0	0	5,087
3.	Self-produced	0	19	37	1,445	0	0	1,501
4.	Consolidation adjustments	0	0	2,097	-663	0	0	1,434
5.	Assets 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.	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.	Scrapping, partial scrap	0	0	-320	-638	0	0	-958
12.	Missing	0	0	-1	0	0	0	-1
13.	Destruction	0	0	0	0	0	0	0
14.	Revaluation of FX items (advance)	0	0	0	0	0	0	0
15.	Reclassification (breaking down, combination, offsetting advance payments)	0	-40	424	92	0	0	476
16.	Gross amount, closing	2	576	19,787	24,615	0	0	44,980
17.	Depreciation, opening	2	241	6,991	15,466	0	0	22,700
17.a	Change in consolidation group	0	0	13	19	0	0	32
17.b	Depreciation, adjusted opening	2	241	7,004	15,485	0	0	22,732
18.	Ordinary depreciation in the current year	0	106	2,747	2,208	0	0	5,061
19.	Ordinary depreciation in the previous year	0	0	0	0	0	0	0
20.	Extraordinary depreciation in the current year	0	0	0	0	0	0	0
21.	Extraordinary depreciation reversed	0	0	0	0	0	0	0
22.	Consolidation adjustments	0	0	2,097	-663	0	0	1,434
23.	Assets received free of charge	0	0	0	0	0	0	0
24.	Surplus	0	0	0	0	0	0	0
25.	Assets transferred free of charge	0	0	0	0	0	0	0
26.	Contributed in kind	0	0	0	0	0	0	0
27.	Disposal	0	0	0	0	0	0	0
28.	Scrapping	0	0	-320	-638	0	0	-958
29.	Missing	0	0	-1	0	0	0	-1
30.	Destruction	0	0	0	0	0	0	0
31.	Reclassification (breaking down, combination)	0	0	281	250	0	0	531
32.	Depreciation, closing	2	347	11,808	16,642	0	0	28,799
33.	Opening, net	0	356	7,189	7,163	0	0	14,708
34.	Closing, net	0	229	7,979	7,973	0	0	16,181

Table 9: Changes in intangible assets

The increase in intangible assets is primarily attributable to the capitalisation of the FOR system, the INKA software, the JÉ application and the framework.

Figures in million HUF

ITEM	Land and buildings, and related intangible property rights	Technical equipment, machinery and vehicles	Other equipment, fixtures and fittings, vehicles	Breeding stock	Capital projects, renovations	Advance payments for capital projects	Total
1. <i>Gross amount, opening</i>	1,239,186	837,182	3,471	0	33,890	3,990	2,117,719
1.a <i>Change in consolidation group</i>	26,045	21,017	895	0	42	0	47,999
1.b <i>Gross amount, adjusted opening</i>	1,265,231	858,199	4,366	0	33,932	3,990	2,165,718
2. Purchasing, renovation, advance payments (+)	0	0	0	0	27,306	33,614	60,920
3. Self-produced (+)	0	0	0	0	24,766	0	24,766
4. Consolidation adjustments	-514	700	-457	0	0	0	-271
5. Assets received free of charge (+)	0	34	0	0	0	0	34
6. Surplus (+)	65	101	1	0	0	0	167
7. Takeover of assets for asset management (+)	0	0	0	0	0	0	0
8. Takeover of projects implemented by NIF Zrt. / NISZ Zrt. for asset management (+)	0	0	0	0	0	0	0
9. Capitalisation of projects implemented by NIF Zrt. / NISZ Zrt. for asset management (+)	0	0	0	0	0	0	0
10. Increase due to transfer of assets (+)	273	0	0	0	0	0	273
11. Assets transferred free of charge (-)	0	0	0	0	-6,576	0	-6,576
12. Contribution in kind (-)	0	0	0	0	0	0	0
13. Disposal (-)	-236	-89	-2	0	0	0	-327
14. Scrapping, partial scrap (-)	-2,087	-1,903	-206	0	0	0	-4,196
15. Missing (-)	-631	-223	-35	0	-3	0	-892
16. Destruction (-)	-3	-2	0	0	0	0	-5
17. Commissioning (+/-)	20,848	31,176	145	0	-52,169	0	0
18. Decrease due to transfer of assets (-)	-1,591	-33	-8	0	0	0	-1,632
19. Relinquished asset management rights (-)	-473	-11	0	0	0	0	-484
20. Revaluation of FX items (advance) (+/-)	0	0	0	0	0	-7	-7
21. Reclassification (breaking down, combination, etc.)	-9,745	10,667	168	0	29	-147	972
22. <i>Gross amount, closing</i>	1,271,137	898,616	3,972	0	27,285	37,450	2,238,460
23. <i>Depreciation, opening</i>	374,508	426,562	3,314	0	1,294	-13	805,665
23.a <i>Change in consolidation group</i>	12,678	15,566	724	0	0	0	28,968
23.b <i>Depreciation, adjusted opening</i>	387,186	442,128	4,038	0	1,294	-13	834,633
24. Ordinary depreciation in the current year (+)	45,507	37,358	174	0	0	0	83,039
25. Ordinary depreciation in the previous year (+)	0	0	0	0	0	0	0
26. Extraordinary depreciation in the current year (+)	1,131	2,047	0	0	0	0	3,178
27. Extraordinary depreciation reversed (-)	0	0	0	0	0	0	0
28. Consolidation adjustments	-514	700	-457	0	0	0	-271
29. Assets received free of charge (+)	0	0	0	0	0	0	0
30. Surplus (+)	0	0	0	0	0	0	0
31. Assets transferred free of charge (-)	0	0	0	0	0	0	0
32. Contribution in kind (-)	0	0	0	0	0	0	0
33. Disposal (-)	-16	-85	-2	0	0	0	-103
34. Scrapping (-)	-2,004	-1,820	-203	0	0	0	-4,027
35. Missing (-)	-528	-192	-35	0	0	0	-755
36. Destruction (-)	-2	-2	0	0	0	0	-4
37. Decrease due to transfer of assets (-)	-316	-20	-9	0	0	0	-345
38. Relinquished asset management rights (-)	-258	-5	0	0	0	0	-263
39. Reclassification (breaking down, combination) (f)	-5,028	5,951	168	0	0	0	1,091
40. <i>Depreciation, closing</i>	425,158	486,060	3,674	0	1,294	-13	916,173
41. <i>Opening, net</i>	864,678	410,620	157	0	32,596	4,003	1,312,054
42. <i>Closing, net</i>	845,979	412,556	298	0	25,991	37,463	1,322,287

Table 10: Changes in tangible assets

The ownership status of certain MÁV Zrt. properties has been unresolved between the Company and its Founder since the Company's foundation. In order to clarify the ownership status of its property portfolio, the Company launched a project that involves significant resources. As a result of this project, in an effort to clarify the status of MÁV Zrt.'s land holdings where there is any difference from the official land register, progress was made in the current year as well. In 2017, assets not required for railway operation (VÜNSZ) worth HUF 1,014 million were transferred. Assets required for railway operation (VÜSZ) were not transferred.

In the current year, no tangible, intangible assets or capital projects in progress were legally or financially transferred from the capital projects carried out by NIF or NISZ Zrt.

The total book value of TALENT multiple-unit trains exceeded their market value by HUF 1,981 million, and therefore extraordinary depreciation was recognised.

Advance payments for capital projects were disbursed for projects carried out using subsidies: HUF 27,965 million for 11 high-capacity electric multiple-unit trains, HUF 7,954 million for 8

diesel/electric Tram-train vehicles and HUF 566 million for ETCS on-board equipment for Flirt multiple-unit trains.

II.1.1.2 Assets transferred/received free of charge

Figures in million HUF

Description	Assets transferred free of charge			Assets received free of charge
	Gross value	Accumulated depreciation	Net value	Gross value
Intangible assets	0	0	0	0
Tangible assets	0	0	0	34
Capital projects	-6,576	0	-6,576	0
<i>Total:</i>	<i>-6,576</i>	<i>0</i>	<i>-6,576</i>	<i>34</i>

Table 11: Assets transferred/received free of charge

In the current year, the “Child Victims of the Holocaust Memorial – European Educational Centre” was transferred free of charge, in a total value of HUF 6,576 million.

II.1.1.3 Managed state-owned assets

Within the group, only MÁV Zrt. has state-owned assets.

Tangibles owned by the state and managed by the Company are carried separately in MÁV Zrt.’s books.

In the Company’s balance sheet, the gross value of managed state-owned tangible assets has been increasing significantly for years. The Company 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 2017, the reimbursement of renovation expenses provided to the Company was HUF 39,109 million less than the ordinary and extraordinary depreciation recognised on state-owned assets, and was therefore not sufficient to replenish these assets.

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

Figures in million HUF

Description	2016	2017	Change
Intangible assets, total	2 675	2 228	-447
Land, total	24 413	24 269	-144
Buildings, total	43 382	43 746	364
Structures, total	745 475	712 551	-32 924
Properties and related intangible property rights	435	390	-45
Machinery, equipment and vehicles, total	118 530	115 344	-3 186
Capital projects in progress related to managed assets	14 992	17 559	2 567
Managed state-owned intangible and tangible assets, total:	949 902	916 087	-33 815
Managed state-owned tangible assets	2 318	1 904	-414
Expected value, at year end, of materials from managed state-owned tangible assets to be disassembled	2		-2
Managed state-owned finished products and work in progress	8	41	33
Managed state-owned inventories, total:	2 328	1 945	-383
Managed state-owned assets, total:	952 230	918 032	-34 198
Non-current liabilities, opening at 30 September 2001, upon signing the asset management contract:	275 578	275 578	0
Takeover of projects implemented by NIF Zrt. for asset management	632 508	632 508	0
of which - State and EU funds	630 024	630 024	0
- Own funds	1 645	1 645	0
- Other (local government) funds	288	288	0
- Funds provided by NIF	540	540	0
Takeover of assets for asset management	15 089	15 089	0
Takeover of assets for asset management due to transfer of assets	56 946	56 946	0
Capital projects and renovations carried out from reimbursement of renovation expenses and the residual of the same	90 938	111 577	20 639
Investment, renovation from EU funds/local government/other budgetary resources	175 595	177 969	2 374
Purchases from own funds	153 737	153 737	0
Capital projects implemented from funds received from third parties	7 516	7 516	0
State-owned assets identified as surplus	1 870	2 024	154
Use of managed state-owned inventories for managed state-owned tangible assets	1 340	1 483	143
Source of increase in managed state-owned tangible assets, total:	1 135 539	1 158 849	23 310
Increase in raw materials from disassembly of assets in the current year	4 015	4 131	116
Source of increase in managed state-owned inventories, total:	4 015	4 131	116
Source of increase in managed state-owned assets, total:	1 139 554	1 162 980	23 426
Ordinary depreciation	357 748	413 092	55 344
Extraordinary depreciation and reversal	65 594	66 746	1 152
Disposal	57	57	0
Scrapping	17 525	17 588	63
Missing	2 108	2 453	345
Destruction	3	3	0
Assets transferred free of charge	1 656	1 656	0
Net value of state-owned assets transferred to MÁV Zrt.	1 819	1 819	0
Transfer of managed state-owned land	8 970	8 970	0
Relinquished asset management rights	5 731	5 953	222
Current year settlement of missing managed state-owned assets written off in the previous year	0	0	0
Current year settlement of extraordinary depreciation recognised in the previous year	0	0	0
Source of decrease in managed state-owned tangible assets, total:	461 212	518 338	57 126
Use of managed state-owned inventories	1 595	1 745	150
Disposal of managed state-owned inventories	95	241	146
Scrapping of managed state-owned inventories	0	71	71
Impairment on managed state-owned inventories	0	132	132
Source of decrease in managed state-owned inventories, total:	1 690	2 188	499
Source of decrease in managed state-owned assets, total:	462 902	520 527	57 625
Liabilities related to managed state-owned assets, total:	952 230	918 032	-34 198

Table 12: Managed state-owned assets and the corresponding balance sheet liabilities

Change in managed state-owned assets in the current year and in the base year is presented in detail in the table below:

Figures in million HUF			
Change in managed state-owned assets	2016	2017	Change
Opening balance of managed state-owned assets	800,416	952,230	151,814
Takeover of projects implemented by NIF Zrt. for asset management	180,776	0	-180,776
<i>of which - State and EU funds</i>	180,776	0	-180,776
Capital projects and renovation carried out from reimbursement of renovation expenses (treasury funds)	25,447	20,639	-4,808
Takeover of assets for asset management in relation to transfer of assets	4,020	0	-4,020
Managed state-owned assets acquired from government subsidies	1,744	2,374	630
Managed state-owned assets acquired from own funds	8	0	-8
Capital projects and renovations from liquid assets received from external parties	-5	0	5
Materials from disassembly of state-owned assets used to produce managed assets	270	143	-127
Managed state-owned assets identified as surplus	73	154	81
Increase in managed state-owned tangible assets, total	212,333	23,310	-189,023
Increase in raw materials from disassembly of assets in the current year	394	116	-278
Increase in managed state-owned inventories, total	394	116	-278
Increase in managed state-owned assets, total	212,727	23,426	-189,301
Ordinary depreciation of assets in the current year	-47,460	-55,344	-7,884
Extraordinary depreciation and reversal in the current year	-12,432	-1,152	11,280
Scrapping	-546	-63	483
Missing, destruction	0	-345	-345
Relinquished asset management rights	-39	-222	-183
Decrease in managed state-owned tangible assets, total	-60,477	-57,126	3,351
Use of materials from disassembly of state-owned assets in the current year	-366	-150	216
Disposal of materials from disassembly of state-owned assets in the current year	-70	-146	-76
Scrapping of managed state-owned inventories	0	-71	-71
Impairment on managed state-owned inventories	0	-132	-132
Decrease in managed state-owned inventories, total	-436	-499	-63
Decrease in managed state-owned assets, total	-60,913	-57,625	3,288
Closing balance of managed state-owned assets, net	952,230	918,032	-34,198

Table 13: Change in managed state-owned assets in the current year and in the base year

Subsidies for capital projects are shown in the following table:

Figures in million HUF

Use of subsidies received for renovation of/capital projects related to managed state-owned assets			
Subsidy	2016	2017	change
Use of reimbursement of renovation expenses in relation to managed state-owned assets	21,242	19,725	-1,517
of which - Renovation of assets	20,371	19,902	-469
Advances on assets	827	-241	-1,068
Preliminary financing of assets	0	0	0
Value-added activities concerning inventories	44	68	24
Current year accounting of reimbursement of renovation expenses relating to previous years	0	-4	-4
Use of the reimbursement residual	5,076	741	-4,335
Development of the Budapest-Belgrade line	61	40	-21
Development of public transport in the Balaton region (DDOP programme)	4	0	-4
KÖZOP grants for the implementation of "MÁV Zrt. Traffic safety projects" (15%)	-1	0	1
Electrification of railway line 2 Rákospuszta-Esztergom (KÖZOP) (domestic part)	1	0	-1
KÖZOP grants for the implementation of "MÁV Zrt. Station development and integrated customer service development programme at 26 locations" (15%) (domestic part)	6	0	-6
Renovation of right track Nagyút-Mezőkeresztes-Mezőnyárád (KÖZOP) (domestic part 15%)	24	0	-24
IKOP preparatory project for 2014-2020 (15%)	-1	0	1
Improvement of public transport in Balatonfüred (15%)	0	0	0
IKOP grants "MÁV Zrt. Traffic safety projects" (IKOP, domestic part 15%)	22	179	157
IKOP grants for the implementation of "MÁV Zrt. Station development and integrated customer service development programme at 26 locations" (IKOP domestic part, 15%)	31	31	0
Refurbishment of railway bridges and steel structures (ZE140001)	339	0	-339
Service level improvement on railtrack no. 80	314	4	-310
Preparations for the reconstruction of Keleti Railway Station Stat.-15%	0	2	2
Preparations for the reconstruction of Nyugati Railway Station Stat.-15%	0	1	1
Use of central subsidies, total:	27,117	20,723	-6,394
KÖZOP grants for the implementation of "MÁV Zrt. Traffic safety projects" (85%)	-8	0	8
KÖZOP grants for the implementation of "MÁV Zrt. Traffic safety projects (preparatory project)" (85%)	4	0	-4
KÖZOP grants for the implementation of "MÁV Zrt. Station development and integrated customer service development programme at 26 locations" (ERFA/KA 85%)	33	0	-33
Electrification of railway line 2 Rákospuszta-Esztergom (KÖZOP) (ERFA - 85%)	4	0	-4
Renovation of right track Nagyút-Mezőkeresztes-Mezőnyárád (KÖZOP) (ERFA - 85%)	137	0	-137
Development of public transport in the Balaton region (DDOP programme)	25	0	-25
IKOP preparatory project for 2014-2020 (85%)	-5	0	5
Protection of the embankment wall Balatonkenese - Balatonakaratya (providing for the resistance of embankment walls at risk of falling debris and slipping) (KDOP programme)	7	0	-7
IKOP grants for the implementation of "MÁV Zrt. Traffic safety projects" (IKOP, KA 85%)	122	1,014	892
IKOP grants for the implementation of "MÁV Zrt. Station development and integrated customer service development programme at 26 locations" (IKOP, KA 85%)	176	177	1
Preparations for the reconstruction of Keleti Railway Station EU-85%	0	9	9
Preparations for the reconstruction of Nyugati Railway Station EU-85%	0	8	8
Use of EU subsidies, total:	497	1,208	711
Use of subsidies received for the renovation of managed state-owned assets, total	27,614	21,931	-5,683

Figures in million HUF

Use of subsidies received for renovation of/capital projects related to assets owned by the MÁV Group			
Subsidy	2016	2017	change
Use of reimbursement of renovation expenses for assets owned by MÁV	2,591	4,068	1,477
Use of reimbursement of renovation expenses to fund advances for assets owned by MÁV	960	-1,056	-2,016
Use of the reimbursement residual	1,942	2,807	865
Memorial Centre for the Child Victims of the Holocaust capital project	159	0	-159
KÖZOP subsidy for the implementation of "MÁV Zrt. Station development and integrated customer service development programme at 26 locations", KÖZOP 0003	3	0	-3
Consolidation of software and IT application for the maintenance of infrastructure and rolling stock (INKA) (KÖZOP) – (domestic part 15%)	38	1	-37
Refurbishment of railway bridges and steel structures (ZE140001)	55	12	-43
GOP subsidy for the implementation of the project "Design and development of domestic Intercity railway carriages capable of international traffic at speeds up to 200 km/h" - from the central budget (15%)	5	0	-5
Consolidation of software and IT application for the maintenance of infrastructure and rolling stock (INKA) (KÖZOP) – (domestic share 15%)	12	0	-12
Consolidation of software and IT application for the maintenance of infrastructure and rolling stock (INKA) (IKOP) - (domestic part 15%)	0	10	10
KÖZOP subsidy for the implementation of the project "Renewal of the ticket machine network operated on the TEN-T railway infrastructure (phase I)" - from the central budget (15%)	98	0	-98
KÖZOP subsidy for the implementation of the project "Modernisation of MÁV-START Zrt.'s ticket sales" - from the central budget (15%)	202	0	-202
KÖZOP subsidy for the implementation of the project "TRAVEL INFORMATION" - from the central budget (15%)	203	0	-203
IKOP subsidy for the implementation of the project "Procurement of 6 multiple-unit trains capable of carrying 200 passengers for railway line 1" - from the central budget (15%)	1,452	177	-1,275
IKOP subsidy: Development of MÁV START Zrt.'s rolling stock by procurement of high-capacity multiple-unit trains - from the central budget (15%)	0	4,195	4,195
IKOP subsidy: Vehicle procurement for the tram-train system between Szeged and Hódmezővásárhely - from the central budget (15%)	0	1,193	1,193
CEF subsidy: installation of ETCS L2 on-board equipment for 59 FLIRT multiple-unit trains - from the central budget (15%)	0	7	7
KÖZOP subsidy for the implementation of "MÁV Zrt. Station development and integrated customer service development programme at 26 locations", KÖZOP 0003	15	0	-15
Consolidation of software and IT application for the maintenance of infrastructure and rolling stock (INKA)(KÖZOP)(ERFA - 85%)	217	7	-210
Development of public transport in the Balaton region (DDOP programme)	30	0	-30
IKOP subsidy for the implementation of "MÁV Zrt. Station development and integrated customer service development programme at 26 locations" (IKOP, KA 85%)	350	1,055	705
Consolidation of software and IT application for the maintenance of infrastructure and rolling stock (INKA) (IKOP KA - 85%)	422	551	129
KÖZOP subsidy for the implementation of the project "Procurement of 42 electric multiple-unit trains for suburban passenger transport for MÁV-START" - EU portion (85%)	2	0	-2
GOP subsidy for the implementation of the project "Design and development of domestic Intercity railway carriages capable of international traffic at speeds up to 200 km/h" - EU portion (85%)	25	0	-25
Consolidation of software and IT application for the maintenance of infrastructure and rolling stock (INKA) (KÖZOP) - (ERFA - 85%)	71		-71
Consolidation of software and IT application for the maintenance of infrastructure and rolling stock (INKA IKOP) - (ERFA - 85%)	0	59	
KÖZOP subsidy for the implementation of the project "Modernisation of MÁV-START Zrt.'s ticket sales" - from the central budget (85%)	1,144	0	-1,144
KÖZOP subsidy for the implementation of the project "TRAVEL INFORMATION" - from the central budget (85%)	1,154	0	-1,154
IKOP subsidy for the implementation of the project "Procurement of 6 multiple-unit trains capable of carrying 200 passengers for railway line 1" - from the central budget (85%)	8,222	1,005	-7,217
IKOP subsidy for the implementation of the project "Procurement of 9 multiple-unit trains capable of carrying 200 passengers on railway lines 30a-20 and 80" - from the central budget (85%)	5,503	8,320	2,817
IKOP subsidy: Development of MÁV START Zrt.'s rolling stock by procurement of high-capacity multiple-unit trains - from the central budget (85%)	0	23,770	23,770
IKOP subsidy: Vehicle procurement for the tram-train system between Szeged and Hódmezővásárhely - from the central budget (85%)	0	6,761	6,761
CEF subsidy: installation of ETCS L2 on-board equipment for 59 FLIRT multiple-unit trains - from the central budget (85%)	0	38	38
Use of EU subsidies, total:	17,709	41,566	-6,771
Use of subsidies received for renovation of/capital projects related to assets owned by MÁV Zrt.	6,923	7,728	805

Table 14: Subsidies used for capital projects

II.1.1.4 The 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 the MÁV Group as well as the recognised amount of accumulated impairment are presented in the following tables.

Figures in million HUF

Equity consolidated (associated) companies				
Code	Name	Value stated in the financial statements		Change
		2016	2017	
15	MÁV NOSZTALGIA Kft.	98	109	11
27	Dunakeszi Járműjavító Kft.	788	793	5
37	VAMAV Kft.	1,373	1,405	32
38	EURO-METALL Kft.	545	487	-58
116	MÁV-THERMIT Kft	371	297	-74
142	MÁV MULTISZOLG Kft.	22	23	1
193	Kínai-Magyar Vasúti Nonprofit Zrt.	0	0	0
<i>Total:</i>		3,197	3,114	-83

Table 15: Equity-consolidated companies

The value of equity-consolidated companies decreased by HUF 83 million compared to the previous year.

Of the profit/loss realised by the companies in the current year, the balance of the loss and profit apportioned to the MÁV Group decreased the value of participating interests by HUF 660 million, while the recognition as profit/loss of the differences between changes in the companies' final equity and the preliminary equity data available during the consolidation increased it by HUF 10 million.

The elimination of gains from dividends due for the previous year but recognised by MÁV Zrt. in the current year contributed HUF 633 million to the reduction in the balance sheet value of participating interests.

The balance sheet value of equity-consolidated companies was increased by a HUF 1,200 million capital increase with share premium in Kínai-Magyar Vasúti Nonprofit Zrt., which is detailed in section 1.1.4 *Changes in consolidation groups in the current year*.

Figures in million HUF

Related companies and companies linked by virtue of major participating interests stated at book value in the consolidated financial statements								
Code	Name	2016			2017			Change (book value)
		Gross value	Accumulated impairment	Book value	Gross value	Accumulated impairment	Book value	
22	MÁV VASJÁRMŰ Kft. (f.a.)	158	158	0	158	158	0	0
134	MÁV Utasellátó Zrt. (f.a.)	137	137	0	0	0	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
<i>Total:</i>		345	295	50	208	158	50	0

Table 16: Related companies and companies linked by virtue of major participating interests stated at book value in the consolidated financial statements

The liquidation proceedings of MÁV Utasellátó Zrt. (f.a.) were terminated, the company was cancelled from the group of companies that are exempted from equity consolidation and recognised accordingly at book value.

Figures in million HUF

Companies linked by virtue of other participating interests								
Code	Name	2016			2017			Change (book value)
		Gross value	Accumulated impairment	Book value	Gross value	Accumulated impairment	Book value	
120	Vasútegészségügyi NK Kft.	100	0	100	100	0	100	0
128	EUROFIMA	2,289	0	2,289	2,097	0	2,097	-192
147	BCC	1	0	1	1	0	1	0
169	HIT Rail b.v.	68	0	68	68	0	68	0
172	Normon-Tool Kft.	0	0	0	0	0	0	0
<i>Total:</i>		2,458	0	2,458	2,266	0	2,266	-192

Table 17: Companies linked by virtue of other participating interests

The year-end revaluation of FX participating interests decreased the balance sheet value of companies linked by virtue of other participating interests by HUF 192 million.

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

Figures in million HUF

Description	Impairment				
	Opening	Increase in current year	Reversed in current year	Other decrease in current year	Closing
Long-term participating interests in related companies	0	0	0	0	0
Long-term loans to companies linked by virtue of major participating interests	0	0	0	0	0
Long-term loans to companies linked by virtue of other participating interests	0	0	0	0	0
Other long-term loans	672	0	42	0	630
Long-term debt securities	0	0	0	0	0
Total:	672	0	42	0	630

Table 18: Impairment on non-current financial assets

The closing amount of impairment on other long-term loans is related to the housing loans provided to employees.

II.1.1.6 Goodwill arising on full consolidation

The 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

Company		Negative goodwill				
Code	Name	Opening	Change			Closing
			From acquisition of participating interests	From disposal of participating interests	Due to merger	Change in consolidation group
20	MÁV VAGON Kft.	2	0	0	0	0
101	MÁV FKG Kft.	5	0	0	0	0
138	MÁV Szolgáltató Központ Zrt.	3	0	0	0	0
180	MÁV-START Zrt.	90	0	0	0	0
Total:		100	0	0	0	0

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 (associated) companies.

II.1.1.9 Negative goodwill arising on equity consolidation

Figures in million HUF

Company		Negative goodwill					Closing
Code	Description	Opening	Change			Change in consolidation group	
			From acquisition of participating interests	From disposal of participating interests	Due to merger		
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 related impairment

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

Figures in million HUF

Inventories	Raw materials	Work in progress and semi-finished products	Animals for breeding, fattening and other livestock	Finished products	Goods	Advance payments for inventories	Total
<i>Opening, gross</i>	25,747	2,103	0	1,633	1,081	418	30,982
<i>Change in consolidation group</i>	396	11	0	0	1	0	0
<i>Opening, gross - adjusted</i>	26,143	2,114	0	1,633	1,082	418	30,982
Purchases, advance payments	62,606	0	0	0	10,884	10	73,500
Assets received free of charge	0	0	0	0	0	0	0
Assets received as contribution in kind	0	0	0	0	0	0	0
Reclassification	0	0	0	0	0	0	0
Recognised in inventories	0	3,804	0	10,798	0	0	14,602
Surplus	33	0	0	1	0	0	34
Other increase	101	0	0	0	48	0	149
Use (recognised in expenses)	-60,777	-3,470	0	-10,490	-40	0	-74,777
Reclassification, offsetting of advance payment	0	0	0	0	0	-40	-40
Disposal	-1,832	-23	0	-2	-10,823	0	-12,680
Assets transferred free of charge	0	0	0	0	0	0	0
Assets contributed in kind	0	0	0	0	0	0	0
Scrapping	-117	0	0	-8	-24	0	-149
Missing	-49	0	0	-17	-9	0	-75
Other decrease	-292	0	0	-48	0	-6	-346
<i>Closing, gross</i>	25,816	2,425	0	1,867	1,118	382	31,200
<i>Impairment, opening</i>	1,131	0	0	160	1	9	1,301
Impairment for the current year	916	0	0	10	36	0	962
Written off due to inventory decrease	-330	5	0	-40	0	-9	-374
Impairment reversed	-380	0	0	-72	0	0	-452
Other decrease	0	0	0	0	0	0	0
<i>Impairment, closing</i>	1,337	5	0	58	37	0	1,437
<i>Opening, net</i>	24,616	2,103	0	1,473	1,080	409	29,681
<i>Closing, net</i>	24,479	2,420	0	1,809	1,081	382	30,171

Table 21: Inventories and related impairment

II.1.3 Receivables and related impairment

Receivables and impairment recognised in the current year are summarised below:

Figures in million HUF

Description	Receivables						Impairment						Book value of receivables in 2017	Book value of receivables in 2016	Change in the book value of receivables
	Not overdue	1-90 days	91-180 days	181-365 days	Over 365 days	Total	Opening	Impairment for the current year	Impairment reversed	Impaired debt collected	Other derecognition of impairment	Closing			
Receivables from supplies of goods and services (accounts receivable)	7,921	576	79	63	3,297	11,936	3,399	139	0	122	411	3,005	8,931	7,651	1,280
Receivables from related companies	29	0	0	0	0	29	1	0	0	1	0	0	29	1,216	-1,187
of which: from not fully consolidated subsidiaries	29	0	0	0	0	29	1	0	0	1	0	0	29	16	13
of which: from jointly managed companies	0	0	0	0	0	0	0	0	0	0	0	0	0	1,200	-1,200
Receivables from companies linked by virtue of major participating interests	103	2	2	3	32	142	30	1	0	0	0	31	111	92	19
Receivables from companies linked by virtue of other participating interests	49	0	0	0	0	49	0	0	0	0	0	0	49	30	19
Notes receivable	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other receivables	49,908	46	24	77	749	50,804	1,431	138	0	9	774	786	50,018	25,044	24,974
Deferred tax	4	0	0	0	0	4	0	0	0	0	0	0	4	10	-6
Receivables, total:	58,014	624	105	143	4,078	62,964	4,861	278	0	132	1,185	3,822	59,142	34,043	25,099

Table 22: Receivables and related impairment

The most significant item in other receivables is the receivables from the reimbursement for public service passenger transport, which amounts to HUF 32,386 million. A detailed breakdown of the amount is shown in the table below:

Figures in million HUF

Period	Amount of receivables 1/1/2017	Amount of liabilities 1/1/2017	Amount of reasonable profit recognised for 2012 and 2016	Financial settlements in 2017	Net amount of receivables 31/12/2017
2012	1,230		627	1,857	0
2013	6,050			4,143	1,907
2014	4,615			0	4,615
2015	0	172		172	0
2016	2,074		1,592	-172	3,494
Previous years, total:	13,969	172	2,219	6,000	10,016
2017	0	0	0	0	22,370
Grand total:	13,969	172	2,219	6,000	32,386

Table 23: Receivables from the reimbursement for public service passenger transport

II.1.4 Prepaid expenses and accrued income

Figures in million HUF

Description	2016	2017	Change
Accrued income			
Reimbursement for public services	20,829	0	-20,829
RIC car lease	4,268	4,033	-235
Accrued sales revenue	1,074	1,648	574
Interest received	10	1	-9
Accounts receivable from unsettled deliveries	6	66	60
Late-payment interest, penalties, damages	0	21	21
Other accrued income	352	250	-102
Accrued income, total:	26,539	6,019	-20,520
Prepaid expenses			
Prepaid insurance premiums	376	469	93
Other prepaid expenses	274	357	83
Prepaid expenses, total:	650	826	176
Deferred expenses			
Deferred unrealised exchange losses	8,277	6,791	-1,486
Deferred expenses, total	8,277	6,791	-1,486
Total:	35,466	13,636	-21,830

Table 24: Breakdown of prepaid expenses and accrued income

II.1.5 Equity

II.1.5.1 Changes in equity

Changes in the company group's equity components are shown by title in the table below:

Figures in million HUF

Description	Registered capital	Capital reserve	Retained earnings	Non-distributable reserve	Adjusted after-tax profit/(loss)	Changes in equity of subsidiaries	Changes due to consolidation		Changes in value of investments in associates	Investments of external members	Total
							From the elimination of intragroup receivables and liabilities	From the elimination of internal profit/loss			
<i>Equity in 2016</i>	22,000	115,207	13,786	4,137	14,055	4,676	24	-19,090	2,577	0	157,372
Adjusted after-tax profit/(loss) for the previous year			13,394		-14,055	3,943	-11	-3,128	-143		0
Capital increase	2,500	17,681									20,181
Transfer of assets		-1,204									-1,204
Non-distributable reserves related to experimental development, made			-19	19							0
Non-distributable reserves related to experimental development, released			146	-146							0
Development reserve released			394	-394							0
Non-distributable reserves related to unrealised exchange losses, released			1,123	-1,123							0
Adjusted after-tax profit/(loss) for the current year					11,265						11,265
<i>Equity in 2017</i>	24,500	131,684	28,824	2,493	11,265	8,619	13	-22,218	2,434	0	187,614

Table 25: Changes in equity

In the sole shareholder (owner) decision no. 25/2016 (XII. 20.) issued on 20 December 2016, MÁV Zrt.'s owner ordered the increase of MÁV Zrt.'s capital through a cash contribution of HUF 1,978,362,109. The Company's registered capital increased by HUF 200,000 as a result of the capital increase. The capital increase was financially settled in 2016, but was registered by the Court of Registration on 11 January 2017, with effect from 20 December 2016.

In the sole shareholder (owner) decision no. 2/2017 (II. 7.) issued on 7 February 2017, MÁV Zrt.'s owner ordered the increase of MÁV Zrt.'s capital through a non-cash contribution of HUF 18,202,918,217. The Company's registered capital increased by HUF 2,499,800,000 as a result of the capital increase. The capital increase was registered on 13 February 2017.

The equity of the MÁV Group was reduced by HUF 1,204 million due to the transfer of assets in 2017, as part of which the value of assets that were transferred to the state was recognised as a decrease in capital reserve in accordance with Act CVI of 2007 on State Property.

The changes in the company group's non-distributable reserve are presented in the table below.

Figures in million HUF

Legal grounds for non-distributable reserve	Opening balance	Increase due to change in consolidation group	Adjustments to previous years	Released in the current year	Made in the current year	Closing balance
Difference between provision for unrealised exchange losses on FX loans and deferred expenses	3,201	0	0	1,123	0	2,078
Amount not yet written off from the capitalised amount of experimental development	356	0	0	146	19	229
Development reserve	580	0	0	394	0	186
Total:	4,137	0	0	1,663	19	2,493

Table 26: Changes in non-distributable reserve

II.1.6 Provisions made and released

II.1.6.1 Changes in provisions during 2017

At group level, the balance sheet closing value of provisions was HUF 40,898 million, of which provision for contingent liabilities was HUF 24,753 million, provision for future expenses was HUF 11,432 million, and other provisions were HUF 4,713 million.

Figures in million HUF

Description	Provision for contingent liabilities	Provision for future expenses	Provision for unrealised exchange losses	Total
Provisions, opening	24,322	11,315	5,076	40,713
Adjustment due to change in consolidation group	6	0	0	6
Released in 2017	6,373	4,792	504	11,669
Made in 2017	6,798	4,909	141	11,848
Provisions, closing	24,753	11,432	4,713	40,898

Table 27: Changes in provisions shown in the balance sheet

II.1.6.2 Provisions for contingent liabilities

In 2017, the closing balance of provisions for contingent liabilities at group level was HUF 24,753 million. The most significant items include the provision for environmental liabilities, annuity payment obligations, and litigation.

Figures in million HUF

Provisions for contingent liabilities	Opening	Adjustment due to change in consolidation group	Released in 2017	Made in 2017	Closing
Provision for environmental liabilities	10 344	2	2 189	942	9 099
Provision for annuity payment obligations	7 040	4	823	1 023	7 240
Provision for litigation	2 091	0	470	1 747	3 372
Provision for working clothes and uniforms	1 400	0	443	411	1 368
Provision for bonuses payable	1 337	0	1 180	937	1 094
Provision for liabilities related to redundancies	1 078	0	973	1 021	1 126
Provision for loss events	530	0	76	111	565
Provision for late payment interest liabilities	133	0	115	167	185
Provision for contractual guarantee obligations	125	0	84	62	103
Provisions for non-compliance with EU regulations	19	0	19	78	78
Provision for other liabilities	225	0	1	299	523
Total:	24 322	6	6 373	6 798	24 753

Table 28: Provisions for contingent liabilities

Changes in the provision for environmental liabilities are discussed in detail in section *III.3.1. Environmental liabilities*.

Since 8 May 2006, MÁV Zrt. has been insured against accidental damage to passengers and accidents suffered by its employees for reasons attributable to the Company. Before the insured years, MÁV Zrt. had been liable for any accident suffered and the damages were paid typically as annuities. As, owing to the nature of annuities, these payments are not precisely quantifiable to MÁV Zrt., yet qualify as certain future liabilities, provision was made for these liabilities amounting to HUF 1,023 million in 2017, and provision was released in an amount of HUF 823 million due to annuity payments.

The increase in the provision for litigations is attributable to the additional provision of HUF 1,278 million required for wages not yet paid to employees in standby positions.

Pursuant to decrees VFF/27095/2014-NFM and TPF/28503-2/2015-NFM of the Ministry for National Development, bonuses for 2013 and 2014 were not paid to employees subject to Section 208 (1) and (2) of the Labour Code. The provision made earlier for the unpaid portion will be maintained until the period of limitation stipulated by the Labour Code expires. A provision of HUF 937 million was made for work performed in 2017.

II.1.6.3 Provisions for future expenses

The closing balance of provisions for future expenses was HUF 11,432 million at MÁV group level. The two most significant items were the provisions for demolition expenses and maintenance expenses.

Figures in million HUF

Provisions for future expenses	Opening	Adjustment due to change in consolidation group	Released in 2017	Made in 2017	Closing
Provision for key maintenance expenses	7,160	0	3,838	3,608	6,930
Provision for maintenance expenses of TRAXX locomotives	1,501	0	771	517	1,247
Provision for maintenance expenses of FLIRT multiple unit trains	921	0	0	678	1,599
Provision for other maintenance expenses	871	0	130	106	847
Provision for demolition expenses	862	0	53	0	809
Total:	11,315	0	4,792	4,909	11,432

Table 29: Provisions for future expenses

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 operation agreement at nearly the same pace with the cyclical demand for maintenance funds as described above, the a provision of HUF 3,608 million was made in 2017, and a provision of HUF 3,838 million was released due to completion of work.

Similarly to the rail infrastructure, railway vehicles also require cyclical maintenance expenses. Therefore, a provision was made, charged to the profit/loss of the current year, for the time-proportionate amount of periodically incurred maintenance expenses of TRAXX locomotives and

FLIRT multiple-unit trains, in a total amount of HUF 1,195 million. In addition, a provision of HUF 771 million was released due to completion of work.

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 provisions	Opening	Adjustment due to change in consolidation group	Released in 2017	Made in 2017	Closing
Provision for exchange loss on FX loans for capital and development projects	5,076	0	504	141	4,713
Total:	5,076	0	504	141	4,713

Table 30: 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, Government Decree 457/2013 (XI. 29.) on the amendment thereof, and by the asset management agreement concluded between KVI and MÁV Zrt. as amended with effect from 13 December 2013.

On 31 December 2017, HUF 945,120 million was recognised as non-current liabilities against HUF 918,032 million of managed state-owned assets shown in MÁV Zrt.'s balance sheet; in addition, HUF 581 million was recognised as current liabilities, as presented in the table below:

Figures in million HUF

Liabilities related to managed state-owned assets	2016	2017	Change
Non-current liabilities related to managed state-owned assets	952,230	918,032	-34,198
Replenishment obligation	27,088	27,088	0
Non-current liabilities related to managed state-owned assets, total	979,318	945,120	-34,198
Balance of settlement against the Hungarian State Treasury related to capital projects	166	-743	-909
<i>of which: - invoices on capital projects financed by the treasury submitted to the treasury in the current year</i>	<i>-1,708</i>	<i>-2,374</i>	<i>-666</i>
<i>- payments disbursed by the treasury in the current year,</i>	<i>1,296</i>	<i>1,465</i>	<i>169</i>
Liabilities from subsidies funded by the beneficiary	1,719	-232	-1,951
Reclassification of subsidy agreements with a credit balance	0	1,366	1,366
Use of materials from disassembly of assets	-19	190	209
Current liabilities related to managed state-owned assets, total	1,866	581	-1,285
Liabilities related to managed state-owned assets, total	981,184	945,701	-35,483

Table 31: Change in liabilities related to managed state-owned assets

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

Figures in million HUF			
Replenishment obligation accounted from the effective date of the amendment to the Act on State Property (28/06/2013)	2015	2016	2017
Opening balance of replenishment obligation	27,071	27,059	27,088
Ordinary depreciation	0	0	0
Extraordinary depreciation	0	37	0
- NIF projects taken over in 2016	0	0	0
Capital projects and renovations related to managed state-owned assets financed from own funds (-)	-12	-8	0
Balance of replenishment obligation accounted after the effective date of the amendment to the Act on State Property, in accordance with the rules in effect before 28 June 2013	-12	29	0
Ordinary depreciation	43,702	47,461	55,344
Extraordinary depreciation	4,272	12,395	1,152
of which - NIF projects taken over in 2017	0	9,619	0
- from scrapped capital project assets and tangible assets	4,277	2,781	1,152
- extraordinary depreciation of capital projects related to managed state-owned assets	-5	-5	0
Net value of missing managed state-owned assets	1	0	345
Net value of scrapped managed state-owned assets upon derecognition	386	546	63
Materials recovered from scrapping of managed state-owned assets (-)	-591	-350	-49
Waiving the replenishment obligation (-)	-47,770	-60,052	-56,855
Balance of replenishment obligation accounted after the effective date of the amendment to the Act on State Property, in accordance with the rules in effect after 27 June 2013	0	0	0
Closing balance of replenishment obligation	27,059	27,088	27,088
Use of materials from disassembly of managed state-owned assets for maintenance and reconstruction	0	0	0
Liabilities related to the decrease in managed state-owned assets, total	27,059	27,088	27,088

Table 32: Liabilities related to the decrease in state-owned assets

II.1.7.2 The MÁV Group's subordinated liabilities

The MÁV group's subordinated liabilities include only the negative goodwill in accordance with Schedule 6 of the Accounting Act. For details see subsection II.1.1.7.

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

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

Description of loan	Loan agreement dated at	Loan agreement matures on	Government guarantee (no. of decree)	Currency	Loan amount (million, original currency)	Outstanding amount (31 Dec 2017)	
						thousand FX	million HUF
Loans for capital projects							
EUROFIMA 11	31.12.2003	17.12.2018	1036/2003.,1027/2008.	EUR	35	35 000	10 855
CA-CIB Consortium (30 Flirt units)	22.03.2006	16.06.2020	-	EUR	145	44 009	9 749
Raiffeisen Bank Zrt. (+30 Flirt units)	25.09.2007	28.11.2021	-	EUR	142	60 162	14 840
KfW (TRAXX)	03.12.2009	15.05.2024	-	EUR	41	21 548	6 683
EIB (TRAXX)	03.12.2009	15.05.2024	-	EUR	38	19 890	6 169
MFB	27.10.2009	30.09.2024	-	HUF	2 800	-	1 330
Raiffeisen - H-91/2008.	23.12.2008	23.12.2018	-	HUF	3 000	-	454
UniCredit - MFB loan	10.09.2008	31.12.2023	-	HUF	2 376	-	935
Total:							51 015
Operational loans							
-	-	-	-	-	-	-	-
Total:							0
Entrepreneurial loans							
Central traffic coordination system in Szeged - PROLAN	10.08.2007	27.06.2019	-	HUF	1 870		292
Total:							292
Grand total:							51 307

HUF 21,357 million of the loans for capital projects in the table is recognised as short-term loans, while HUF 234 million of entrepreneurial loans is recognised as short-term borrowings.

Table 33: The Group's long-term loans and borrowings

Figures in million HUF

Description of loan	2018	2019	2020	2021 and after	Total
Loans for capital projects					
EUROFIMA 11	10,855	0	0	0	10,855
CA-CIB Consortium (30 Flirt units)	3,900	3,900	1,949	0	9,749
Raiffeisen Bank Zrt. (+30 Flirt units)	3,819	3,819	3,819	3,383	14,840
KfW (TRAXX)	1,028	1,028	1,028	3,599	6,683
EIB (TRAXX)	949	949	949	3,322	6,169
MFB	196	196	196	742	1,330
Raiffeisen - H-91/2008.	454	0	0	0	454
UniCredit - MFB loan	156	156	156	467	935
Total:	21,357	10,048	8,097	11,513	51,015
Operational loans					
-					0
Total:	0	0	0	0	0
Entrepreneurial loans					
Central traffic coordination system in Szeged - PROLAN	234	58	0	0	292
Total:	234	58	0	0	292
Grand total:	21,591	10,106	8,097	11,513	51,307

Table 34: Repayment schedule of the Group's long-term loans and borrowings

II.1.7.4 Leasing liabilities

The 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

Description	2016		2017		Change
	Amount	Distribution	Amount	Distribution	
Payment liabilities to the state budget and to local governments	7,742	21.6%	9,266	14.9%	1,524
Wages and salaries	6,933	19.3%	8,671	14.0%	1,738
Other liabilities deducted from employees	422	1.2%	346	0.6%	-76
Liabilities from overpayment of reimbursement	7,645	21.3%	1,158	1.9%	-6,487
Unused amount of subsidy received for narrow-gauge railway development projects	10,000	27.8%	1,464	2.4%	-8,536
Liabilities to the Treasury	934	2.6%	3,986	6.4%	3,052
Unbilled capital projects received, late-payment interest, security provided	112	0.3%	119	0.2%	7
Other liabilities	2,125	5.9%	37,010	59.7%	34,885
Other current liabilities, total	35,913	100.0%	62,020	100.0%	26,107

Table 35: Other current liabilities

The most significant item within other current liabilities is the liability of HUF 36 billion related to the advance payment accounted for subsidised vehicle purchase projects financed by suppliers.

II.1.8 Accrued expenses and deferred income

Figures in million HUF

Description	2016	2017	Change
Prepaid income			
INVITEL Kft. other prepaid income	9,155	7,482	-1,673
Pre-billed prepaid income	142	102	-40
Other prepaid income	268	666	398
<i>Prepaid income</i>	<i>9,565</i>	<i>8,250</i>	<i>-1,315</i>
Accrued expenses			
RIC car lease	3,234	2,982	-252
Accrued unbilled expenses	2,113	3,156	1,043
Accrued traction expenses	1,138	1,137	-1
Accrued personnel-related expenses	524	761	237
Accrued interest	76	58	-18
Accounts payable from unsettled deliveries	26	8	-18
Late-payment interest, penalties, damages	15	9	-6
Other accrued expenses	19	4	-15
<i>Accrued expenses</i>	<i>7,145</i>	<i>8,115</i>	<i>970</i>
Deferred income			
Deferred income from subsidies for development purposes	123,456	129,214	5,758
Deferred income from tangible assets identified as surplus	608	789	181
Deferred income from tangible assets received free of charge and as gifts	86	907	821
Other deferred income related to tangible assets	10,011	8,363	-1,648
<i>Deferred income</i>	<i>134,161</i>	<i>139,273</i>	<i>5,112</i>
Total	150,871	155,638	4,767

Table 36: Breakdown of accrued expenses and deferred income

The increase in accrued expenses and deferred income (4.767 MFT) is almost entirely attributable to deferred income, a substantial part of which resulted from the increase in deferred income related to EU funds and government subsidies (the most significant item: purchases of multiple-unit trains).

II.1.9 Off-balance sheet liabilities

II.1.9.1 Hedging transactions

Financial market risks related to MÁV Group's activity are part of the Group's business operations. Such risks are actively mitigated by hedging transactions.

MÁV Zrt.'s FX balance in 2017, generated in EUR and in HUF based on EUR, showed a deficit of EUR 18,962 thousand.

The total group-level FX deficit was generated in EUR in an amount of EUR 73.323 thousand, including the FX debt service related to multiple-unit trains.

The budgeted FX deficit was hedged by EUR forward transactions in an amount of EUR 31,005 thousand and by spot purchases in an amount of EUR 39,850 thousand. (The rest of the deficit was compensated by other FX receipts.)

No hedge contracts were made in 2017 for the risks of changes in interest rates and in commodities (e.g. fuel) quotes.

The profit and loss and cash flow effect of hedging transactions concluded in 2017 and known until the balance sheet preparation are shown in the table below.

II.1.9.2 Closed forward and option contracts

Figures in million HUF

Transaction type		Effect on profit/loss	Effect on cash flow
Clearing transactions	Forward	0.3	0.3
	Swap	0	0
	Option	0	0
	Total:	0.3	0.3
Delivery transactions	Forward	41.8	41.8
	Swap	-4.3	-4.3
	Option	0	0
	Total:	37.5	37.5
Grand total:		37.8	37.8
of which	Hedging	37.8	37.8
	Non-hedging	0	0
	Total	37.8	37.8
of which	Stock exchange	0	0
	OTC	37.8	37.8
	Total	37.8	37.8

*Note: The profit and loss and cash flow effect in the case of FX transactions was determined on the basis of the MNB exchange rate prevailing at the date of maturity.

Table 37: Closed derivative (hedging) transactions in 2017

II.1.9.3 Joint and several liability and guarantee contracts

The guarantee contracts of the MÁV Group in effect as at 31 December 2017 are shown in the table below.

Beneficiary's name	Type of guarantee	Contracting party	Guarantee start date	Guarantee end date	Amount of guarantee in EUR	Amount of guarantee in million HUF
Bank guarantees						
Ministry for National Development	Guarantee for accident claims	KDB Bank Európa Zrt.	01.01.2018	31.12.2018	-	1,000
National Tax and Customs Authority	Excise guarantee	OTP Bank Nyrt.	12.12.2017	31.12.2018	-	300
National Tax And Customs Authority, SZ-SZ-B County Tax and Customs Directorate	Customs security specified in the operation permit	K&H Bank Zrt.	18.03.2011	16.05.2018	-	10
National Tax And Customs Authority, SZ-SZ-B County Tax and Customs Directorate	Comprehensive guarantee authorisation, for goods under customs procedures	K&H Bank Zrt.	20.03.2017	01.05.2018	-	40
Pursuant to Government Decree 271/2007, the Ministry for National Development	payment guarantee	KDB Bank Zrt.	01.01.2014	31.12.2019	-	1,100
Pursuant to Government Decree 6/2010, the Ministry for National Development	payment guarantee	KDB Bank Zrt.	01.01.2013	31.12.2018	-	150
Pursuant to Government Decree 6/2010, the Ministry for National Development	payment guarantee	KDB Bank Zrt.	01.01.2013	31.12.2018	-	5
Pursuant to Government Decree 271/2007, the Ministry for National Development	payment guarantee	KDB Bank Zrt.	01.07.2011	31.12.2019	-	10
Pursuant to Government Decree 213/1996, the Budapest Metropolitan Government Office	payment guarantee	KDB Bank Zrt.	26.10.2010	30.06.2019	-	6
Bank guarantees, total:					0	2,621
Performance bonds						
Slovenian Railways	Performance bond	K&H Bank Zrt.	14.07.2014	10.01.2018	80,000	25
Performance bonds, total:					80,000	25
Guarantees, total:					80,000	2,646

Table 38: Guarantee contracts in effect at the balance sheet date

II.1.9.4 Lien and other off-balance sheet liabilities

Description of loan	Outstanding amount 31/12/2017 (million HUF)	Security
EUROFIMA 11	10,855	Rolling stock
CA-CIB Consortium (financing for 30 Flirt units)	9,749	Rolling stock
Raiffeisen Bank Zrt. (financing for +30 Flirt units)	14,840	Rolling stock
EIB (TRAXX)	6,169	Rolling stock
KFW (TRAXX)	6,683	Rolling stock
UniCredit - MFB	935	Rolling stock
Raiffeisen - H-91/2008.	454	Rolling stock
MFB	1,330	Rolling stock
Total:	51,015	

Table 39: 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 locomotives for MÁV-TRAKCIÓ Zrt. (from 1 January 2014, MÁV-START Zrt.).

MÁV Zrt. holds CHF 18.2 million (0.7%) of the registered capital of EUROFIMA, of which CHF 14.56 million (80% of the registered capital) is not yet paid. It becomes payable based on the resolution of the Board of Directors of EUROFIMA in line with Article 5 and Article 21 paragraph 3 (6) of EUROFIMA's Statutes. However, no request for payment has been made yet.

In addition to CHF 18.2 million of EUROFIMA's registered share capital held by MÁV Zrt., MÁV guarantees in an additional amount equalling the share capital holding of CHF 18.2 million the rolling stock financing arrangement in accordance with Article 26 of EUROFIMA's Statutes. This guarantee can only be called if both the railway company and the shareholder state guaranteeing the loan fail to pay, and the guarantee fund specified in Article 29 of EUROFIMA's Statutes (CHF 726.5 million according to the 2017 annual financial statements) does not cover the losses suffered. Amounts drawn from the shareholders' guarantee are refunded by EUROFIMA to the extent of the recoverable value from the disposal of the underlying rolling stock or from other receivables associated with the loan agreement.

The locomotives relating to the EUROFIMA loans are encumbered with a lien. The EIB and KFW loans relating to the purchase of 25 TRAXX locomotives are secured with liens on the TRAXX locomotives.

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.

II.1.9.5 Interest and similar charges payable in the future

Figures in million HUF

Description of loan	2018	2019	2020	2021	2022 and after	Total
Loans for capital projects						
EUROFIMA 11	0	0	0	0	0	0
CA-CIB Consortium (financing for 30 FLIRT units)	73	43	7	0	0	123
Raiffeisen Bank Zrt. Consortium (financing for +30 FLIRT units)	118	93	57	19	0	287
EIB	95	80	64	59	69	367
KfW	270	226	183	144	165	988
UniCredit - MFB	23	19	15	11	9	77
Raiffeisen - H-91/2008.	7	0	0	0	0	7
MFB	52	44	36	28	34	194
Total:	638	505	362	261	277	2,043
Entrepreneurial loans						
Central traffic coordination system in Szeged - PROLAN	3	0	0	0	0	3
Total:	3	0	0	0	0	3
Grand total:	641	505	362	261	277	2,046

Table 40: Payment schedule of future liabilities (interest and related charges)

II.1.9.6 Significant operating lease contracts concluded by the company group and in effect at the balance sheet date

Contracting party (lessor)	Subject matter	Contract dated at	Contract expires on	Contracted amount (million HUF/month)	Amount not recognised until the B/S date (million HUF)
Mercarius Flottakezelő Kft.	Vehicle lease MÁV	19.10.2017	30.09.2021	232	10,434
Raiffeisen Real Estate Fund	Real property lease agreement	06.05.2013	06.05.2021*	89	3,490
Deutsche Leasing Hungaria Kft	8 Desiro multiple unit trains	24.09.2008	28.02.2029	19	2,546
Mercarius Flottakezelő Kft.	Vehicle lease	01.11.2017	48 months	22	1,026
Mercarius Flottakezelő Kft.	Vehicle lease	19.07.2017	19.07.2021	22	946
Forse Kft	Providing accommodation for workers	07.04.2012	07.04.2019	10	150
Mercarius Flottakezelő Kft.	Framework agreement for fleet management (long-term lease and operating lease)	19.07.2017	31.10.2021	2	105
Mercarius Flottakezelő Kft.	Vehicle lease MÁV	01.12.2015	01.12.2019	2	40
Mercarius Flottakezelő Kft.	Lease and operating agreement for 212 road vehicles	20.05.2016	20.05.2020	43	n/a
Magyar Telekom Nyrt	Mutual infrastructure and service framework agreement, no.: 67103-743999/2004.	30.09.2004	Indefinite	14	n/a
Invitech Zrt.	Invitel internet service agreement, no.: 275165/2014	26.06.2014	Indefinite	3	n/a
Merkantil	Vehicle lease MÁV	15.09.2014	Indefinite	3	n/a
Invitech Zrt.	Mutual infrastructure agreement, no.: IR/1089-05/2005.	26.06.2005	Indefinite	1	n/a
CAR-STAR Kft.	Long-term lease of goods vehicle (FLF-452)	06.03.2006	Indefinite	0	n/a
Other agreements, total		26.03.1969 multiple agreements	Fixed-term/ Indefinite	8	17
Total:				470	18,754

*Includes effects between the balance sheet date and the date of balance sheet preparation.

Table 41: Significant operating lease contracts in effect at the balance sheet date

II.2 NOTES TO THE PROFIT AND LOSS ACCOUNT

II.2.1 Net sales revenue by activity

Figures in million HUF

Description of activity	2016		2017		Change
	Amount	Distribution	Amount	Distribution	
Passenger transport	60,126	45.4%	61,828	44.1%	1,702
Rail infrastructure operation	32,516	24.6%	37,064	26.4%	4,548
Passenger ticket subsidies	18,980	14.3%	19,343	13.8%	363
Traction, shunting	12,114	9.2%	13,260	9.5%	1,146
Property lease and management, supervision, demolition	1,723	1.3%	1,305	0.9%	-418
Repair, manufacture, operation, maintenance and registration of vehicles and machinery	2,149	1.6%	2,017	1.4%	-132
Goods transportation, loading and logistics services	1,740	1.3%	1,653	1.2%	-87
Sale of materials, goods and finished products	477	0.4%	549	0.4%	72
Security service	416	0.3%	152	0.1%	-264
Rental of machinery and vehicles	163	0.1%	190	0.1%	27
Other services	1,984	1.5%	2,858	2.0%	874
Total:	132,388	100%	140,219	100%	7,831

Table 42: Net sales revenue

Net sales revenue increased by HUF 7,831 million in total in the current year, primarily due to an increase in revenues from rail infrastructure operation (HUF 4,548 million).

In 2017 the MÁV Group's total sales revenue from passenger transport increased by HUF 1,702 million. The increase was partly due to MÁV-HÉV Zrt.'s inclusion in consolidation (HUF 1,200 million), and partly to the increase in fare revenue from public passenger transport service. An increase in employment and solvent demand across the country, which in turn led to an increase in sales of full-priced tickets and employee passes, and the growing popularity of ticket machines and online ticket sales, also contributed to increasing revenue from rail fares.

The HUF 363 million increase in passenger ticket subsidies is the result of two opposite changes: passenger ticket subsidies increased by HUF 702 million as a result of MÁV-HÉV Zrt.'s inclusion in consolidation, while in respect of the passenger transport activity carried out by MÁV-START Zrt. – as has been the tendency for years – subsidies decreased by HUF 339 million.

The consolidated revenues from traction and shunting services increased by HUF 1,146 million, which is a result of additional private rail and RCH orders.

II.2.2 Export and import sales revenues

Exports and imports by country are shown in the table below.

Figures in million HUF

Country	2016				2017			
	Export		Import		Export		Import	
	Goods	Services	Goods	Services	Goods	Services	Goods	Services
Austria	0	5,552	5,558	2,151	0	6,489	5,133	3,767
Belgium	0	10	3	6	0	8	0	26
Bulgaria	0	52	54	0	0	11	0	0
Cyprus	0	0	0	0	0	0	0	0
Czech Republic	57	1,848	3,523	5	8	1,475	1,486	58
Denmark	0	1	29	3	0	2	5	0
Estonia	0	0	0	0	0	0	0	0
Finland	0	0	1	18	0	0	0	0
France	0	514	84	49	0	542	0	135
Greece	0	0	0	0	2	4	0	0
Netherlands	0	912	94	77	0	697	3	109
Croatia	0	186	249	2	0	269	0	14
Ireland	0	0	0	0	0	0	1	0
Poland	0	165	1,197	8	52	400	968	16
Latvia	0	0	0	0	0	0	0	0
Lithuania	0	0	0	0	0	0	0	0
Luxembourg	0	1	0	0	0	1	0	0
Malta	0	0	0	0	0	0	0	0
Great Britain	0	12	126	2	0	23	47	1
Germany	0	2,408	2,310	1,254	0	1,938	1,537	1,536
Italy	0	5	13	19	0	22	4	33
Portugal	0	0	0	0	0	0	0	0
Romania	0	845	1,413	155	0	1,580	0	298
Spain	0	1	425	25	0	1	0	1
Sweden	0	98	34	0	0	142	12	14
Slovakia	0	2,652	1,502	547	0	2,074	317	570
Slovenia	0	270	130	25	0	263	3	16
EU Member States, total:	57	15,532	16,745	4,346	62	15,941	9,516	6,594
Albania	0	0	0	0	0	0	0	0
Australia	0	0	0	0	0	0	0	0
Bosnia and Herzegovina	0	0	0	0	0	0	0	0
United States	0	0	0	28	0	0	0	28
Belarus	0	3	10	0	0	0	0	0
Canada	0	0	0	0	0	0	0	0
Kazakhstan	0	0	0	0	0	0	0	0
Macedonia	0	2	0	0	0	0	0	0
Moldova	0	0	0	0	0	0	0	0
Montenegro	0	0	3	0	0	0	0	0
Norway	0	1	1	0	0	1	0	0
Russia	0	26	40	1	0	0	57	7
Switzerland	0	1,012	400	10	0	990	122	92
Serbia	0	282	425	13	0	311	100	34
Turkey	8	0	0	0	8	0	0	0
Turkmenistan	0	0	0	0	0	0	0	0
Ukraine	0	36	47	9	0	62	0	6
Uzbekistan	0	0	0	0	0	0	0	0
Other	100	16	0	0	98	16	0	1
Other	0		0	0	0		0	0
Non-EU member states, total:	108	1,378	926	61	106	1,380	279	168
Grand total:	165	16,910	17,671	4,407	168	17,321	9,795	6,762

Table 43: Export and import by market segments

II.2.3 Changes in material expenses

Figures in million HUF

Figures in million €

Description	2016		2017		Change
	Amount	Distribution	Amount	Distribution	
Material expenses					
Operation, maintenance and other materials	29,598	21.9%	35,402	22.9%	5,804
Traction electricity	14,414	10.7%	10,809	7.0%	-3,605
Fuel	7,548	5.6%	8,498	5.5%	950
Public utilities (energy, gas, water)	7,052	5.2%	6,638	4.3%	-414
Working clothes, uniforms, protective equipment	577	0.4%	227	0.1%	-350
Material expenses, total:	59,189	43.8%	61,574	39.8%	2,385
Services used					
Rail infrastructure operation and rolling stock maintenance, other related services	22,064	16.3%	30,835	19.9%	8,771
Lease fees	13,929	10.3%	13,096	8.5%	-833
Sanitation expenses	6,210	4.6%	7,579	4.9%	1,369
Transportation and loading expenses	3,040	2.3%	3,690	2.4%	650
IT services	2,878	2.1%	4,188	2.7%	1,310
Traction	1,961	1.5%	2,587	1.7%	626
Postage, advertisement, market research	1,373	1.0%	1,939	1.3%	566
Other services used	9,398	7.0%	12,766	8.2%	3,368
Total value of services used:	60,853	45.0%	76,680	49.5%	15,827
Other services					
Insurance premiums	1,144	0.8%	1,463	0.9%	319
Administrative fees	1,493	1.1%	1,669	1.1%	176
Bank charges, incidental payments	687	0.5%	757	0.5%	70
Other unspecified services	3	0.0%	0	0.0%	-3
Other services, total:	3,327	2.5%	3,889	2.5%	562
Cost of goods sold:	8,710	6.4%	9,851	6.4%	1,141
Services resold (intermediated):	3,025	2.2%	2,804	1.8%	-221
Material expenses, total:	135,104	100.0%	154,798	100.0%	19,694

Table 44: Changes in material expenses

II.2.4 Other gains

Figures in million HUF

Description	2016		2017		Change
	Amount	Distribution	Amount	Distribution	
Income from disposal of intangible and tangible assets	2,614	0.9%	1,023	0.3%	-1,591
Reversal of extraordinary depreciation of intangible and tangible assets	9	0.0%	0	0.0%	-9
Reversal of impairment on inventories	665	0.2%	452	0.1%	-213
Income from disposal of receivables	1	0.0%	225	0.1%	224
Reversal of impairment on receivables	53	0.0%	0	0.0%	-53
Impaired debt collected	97	0.0%	132	0.0%	35
Damages received	352	0.1%	460	0.1%	108
Late-payment interest received	125	0.0%	49	0.0%	-76
Penalties received	276	0.1%	396	0.1%	120
Release of provisions for contingent liabilities	7,521	2.7%	6,373	2.0%	-1,148
Release of provisions for future expenses	2,767	1.0%	4,792	1.5%	2,025
Release of provision for unrealised exchange losses	3,101	1.1%	504	0.2%	-2,597
Release of deferred income due to expenses reducing the operating profit	6,461	2.3%	14,380	4.6%	7,919
Reimbursement of operating expenses and reasonable profit for rail infrastructure operation	42,519	15.4%	54,649	17.3%	12,130
Reimbursement for public service passenger transport	147,005	53.3%	155,414	49.2%	8,409
Non-refundable subsidies and grants received as compensation for other expenses	1,869	0.7%	19,893	6.3%	18,024
Bond debts and interest thereon, assumed by the state	0	0.0%	0	0.0%	0
Loan debts and interest thereon, assumed by the state	0	0.0%	0	0.0%	0
Waived replenishment obligations	60,052	21.8%	56,856	18.0%	-3,196
Income from assets received free of charge and identified as surplus	24	0.0%	34	0.0%	10
Miscellaneous other gains	295	0.1%	293	0.1%	-2
Total:	275,806	100.0%	315,925	100.0%	40,119

Table 45: Composition of other gains

Main components of other gains:

- In connection with rail infrastructure operation, the reimbursement and reasonable profit recognised in 2017 was HUF 12,130 million higher.
- In connection with the passenger transport activity, the amount of reimbursement recognised as other gains increased by HUF 8,409 million, of which HUF 7,654 million was attributable to MÁV-HÉV Zrt.'s activities becoming part of the MÁV Group.
- The deferred income recognised earlier was released in the amount of HUF 6,576 million due to the free-of-charge transfer of the capital project “Child Victims of the Holocaust Memorial – European Educational Centre” to Magyar Nemzeti Vagyongazdálkodó Zrt.

- The Ministry for National Development signed a subsidy agreement with MÁV Zrt. based on the authorisation granted by Government Resolution No. 1160/2017 (III. 22.) on the effects of the increase of the minimum wage and the guaranteed minimum wage on certain companies with majority state ownership and ownership rights exercised directly or indirectly by the Ministry, as well as on ensuring the funds required for wage increase. In the current year, HUF 12,924 million was recognised on a Group level as subsidies received for wage increase.
- As a result of the inclusion of MÁV-HÉV Zrt.'s activity in the MÁV Group, the HUF 4,420 million reimbursement provided by the Municipality of Budapest for public services within Budapest's administrative boundary was recognised as a subsidy received in compensation for expenses.
- To implement MÁV Zrt.'s public employment programme, the Company signed an authority agreement in 2017 for the period between 8 March 2017 and 28 February 2018 on subsidising the employment of 1,424 persons (corresponding to an average headcount of 1,371 persons), and 1,240 persons starting from 1 September 2017 (corresponding to an average headcount of 992 persons) under a national public employment programme. Of the above public employment subsidies, HUF 1,199 million was used and accounted as other gains in the current year for the period between 7 March 2016 and 28 February 2017.

II.2.5 Other expenses

Figures in million HUF

Description	2016		2017		Change
	Amount	Distribution	Amount	Distribution	
Expenses on intangible and tangible assets disposed	885	3.2%	224	0.8%	-661
Expenses on intangible and tangible assets scrapped or missing	293	1.1%	219	0.7%	-74
Extraordinary depreciation of intangible and tangible assets	12,458	45.0%	3,178	10.7%	-9,280
Impairment and scrapping of inventories	297	1.1%	1,111	3.7%	814
Missing inventory	22	0.1%	75	0.3%	53
Impairment on receivables	393	1.4%	278	0.9%	-115
Bad debts written off	48	0.2%	13	0.0%	-35
Book value of receivables sold	0	0.0%	0	0.0%	0
Losses from damage	633	2.3%	665	2.2%	32
Late-payment interest paid	338	1.2%	37	0.1%	-301
Damages	70	0.3%	259	0.9%	189
Self-revision fee	11	0.0%	42	0.1%	31
Taxes and similar items	3,160	11.4%	2,881	9.7%	-279
Fines and penalties	43	0.2%	55	0.2%	12
Provisions for contingent liabilities	3,487	12.6%	6,798	22.9%	3,311
Provisions for future expenses	4,581	16.6%	4,909	16.5%	328
Provision for unrealised exchange losses	115	0.4%	141	0.5%	26
Liquid assets transferred without the obligation of repayment	428	1.5%	332	1.1%	-96
Expenses on assets and services provided free of charge	51	0.2%	6,738	22.7%	6,687
Miscellaneous other expenses	357	1.3%	1,788	6.0%	1,431
Total:	27,670	100%	29,743	100%	2,073

Table 46: Other expenses

Main components of other expenses:

- Capital projects implemented by NIF Zrt. were not handed over in 2017. Therefore, the Company accounted no extraordinary depreciation for the period between the date on which the assets were put into operation and the date on which they were actually received.
- Other expenses recognised in the current year for assets transferred or services supplied free of charge were HUF 6,687 million higher than in the previous year. The reason for the increase was the derecognition of the capital project “Child Victims of the Holocaust Memorial – European Educational Centre” (HUF 6,576 million).

II.2.6 Financial profit/(loss)

II.2.6.1 Income from financial transactions

Figures in million HUF

Description	2016		2017		Change
	Amount	Distribution	Amount	Distribution	
Dividends received (due)	2	0.1%	3	0.3%	1
Income and exchange gains from participating interests	0	0.0%	0	0.0%	0
Income and exchange gains from non-current financial assets (securities, loans)	0	0.0%	0	0.0%	0
Interest and similar income received (due) from credit institutions	362	20.9%	42	3.8%	-320
Other interest and similar income received (due)	17	1.0%	12	1.1%	-5
Part of the after-tax profit of equity consolidated companies attributable to the company group	581	33.5%	550	49.6%	-31
Realised exchange gain on foreign exchange receivables and liabilities	334	19.2%	413	37.2%	79
Exchange gain on forward transactions	2	0.1%	0	0.0%	-2
Exchange gain on year-end revaluation of FX items	385	22.2%	0	0.0%	-385
Other financial gains	53	3.1%	89	8.0%	36
Total:	1,736	100%	1,109	100%	-627

Table 47: Composition of income from financial transactions

II.2.6.2 Expenses of financial transactions

Figures in million HUF

Description	2016		2017		Change
	Amount	Distribution	Amount	Distribution	
Expenses and exchange losses from participating interests	1	0.0%	0	0.0%	-1
Expenses and exchange losses from non-current financial assets (securities, loans)	0	0.0%	0	0.0%	0
Interest payable (paid) and similar expenses to credit institutions	1,058	15.0%	679	17.9%	-379
Other interest payable (paid) and similar expenses	33	0.5%	7	0.2%	-26
Impairment on participating interests, securities and bank deposits	-20	-0.3%	-42	-1.1%	-22
Part of the after-tax loss of equity consolidated companies attributable to the company group	19	0.3%	1,200	31.7%	1,181
Realised exchange loss on foreign exchange receivables and liabilities	259	3.7%	334	8.8%	75
Release of deferred exchange losses on loans for capital projects	5,042	71.4%	1,486	39.3%	-3,556
Exchange loss on forward transactions	661	9.4%	0	0.0%	-661
Exchange loss on year-end revaluation of FX items	0	0.0%	60	1.6%	60
Other expenses of financial transactions	13	0.2%	60	1.6%	47
Total:	7,066	100%	3,784	100%	-3,282

Table 48: Composition of expenses of financial transactions

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

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

Figures in million HUF

<i>Description</i>	<i>Amount</i>
Aggregated after-tax profit/(loss) of fully consolidated subsidiaries	12,362
<i>Adjusted after-tax profit/(loss) before consolidation, total</i>	<i>12,362</i>
Elimination of dividends received from subsidiaries	-1,360
Elimination of impairment recognised on participating interests	127
Elimination of reversal of impairment recognised on participating interests	-1,613
Elimination of the effect of mergers on profit/loss	0
<i>Effect of equity consolidation by elimination of participating interests on profit/loss</i>	<i>-2,846</i>
Elimination of dividends received from associated companies	-633
Elimination of impairment recognised on participating interests	1,201
Elimination of reversal of impairment recognised on participating interests	0
Current year profit of associated companies	550
Current year loss of associated companies	-1,200
<i>Effect of equity consolidation by the equity method on profit/loss</i>	<i>-82</i>
Adjustment of reversal of impairment recognised on receivables	0
Elimination of late-payment interest, penalties and damages recognised unilaterally as a matter of prudence	35
Effect of the treatment of other discrepancies on profit/loss	19
<i>Effect of the elimination of receivables and liabilities on profit/loss</i>	<i>54</i>
Effect of the treatment of other minor discrepancies on profit/loss	0
Effect of the treatment of differences resulting from mergers on profit/loss	0
Elimination of provisions made for intra-group contingent liabilities and future expenses	425
Elimination of release of provisions for intra-group contingent liabilities and future expenses	-217
<i>Effect of the elimination of gains and expenses on profit/loss</i>	<i>208</i>
Effect of the elimination of internal profit/loss realised on internal performance received for non-current assets on profit/loss	-635
Effect of the elimination of internal profit/loss generated from the sale of tangible assets to consolidated companies	-17
Effect of the elimination of internal profit/loss generated from the in-kind contribution of tangible assets to consolidated companies	0
Recycling of deferred income released in individual financial statements due to in-kind contribution of tangible assets to consolidated companies	0
Effect of the elimination of internal profit/loss generated from tangible assets transferred free of charge to consolidated companies	0
Adjustment of ordinary depreciation recognised on assets containing internal profit/loss	977
Adjustment of extraordinary depreciation and reversal recognised on assets containing internal profit/loss	19
Adjustment of other items decreasing the profit (disposal, scrapping, missing assets, etc.) recognised in relation to assets containing internal profit/loss	52
Release of deferred income recycled in consolidation in proportion to depreciation recognised in the current year	1,163
Adjustment of release of deferred exchange losses related to FX loans due to repayment	88
Adjustment of release of deferred exchange losses related to FX loans due to exchange gains	-7
Adjustment of deferral of unrealised exchange losses on FX loans	0
Adjustment of other provisions made for deferred losses on FX loans	-61
Effect of the elimination and release of internal profit/loss received on inventories on profit/loss	-4
<i>Effect of the elimination and release of internal profit/loss on consolidated profit/loss for the current year</i>	<i>1,575</i>
Effect of deferred tax on profit/loss as a result of consolidation postings in the current year	-6
<i>Effect of deferred tax on profit/loss</i>	<i>-6</i>
<i>Adjusted after-tax profit/(loss) for the current year</i>	<i>11,265</i>

Table 49: Calculation of the Group's consolidated profit/loss

II.3 ACTUAL FINANCIAL POSITION, LIQUIDITY AND PROFITABILITY

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

For the group's liquidity, state funding of reasonable expenses of rail infrastructure operation and public service passenger transport that are not covered by revenues bears special significance, which can be provided by expense reimbursement and state guaranteed borrowing.

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

II.3.1.1 State participation in the MÁV Group's operations with regard to rail infrastructure operation

On 21 December 2015, the Hungarian State and MÁV Zrt. signed a public service contract relating to the operation of the rail infrastructure for the period between 2016 and 2025. Based on this contract, the funding of rail infrastructure operation is now assured in the long-term.

Pursuant to the annual budget clause relating to 2017, in the current year reimbursement of operating expenses in an amount of HUF 52,357 million and renovation expenses in an amount of HUF 17,386.5 million was disbursed to MÁV Zrt., and the utilisation of these funds is presented in the table below.

Figures in million HUF			
Ref.	Legal grounds for reimbursement	2016	2017
A	Opening, unused reimbursement	12,681	7,473
B	Amount used for capital projects and renovations, charged to previous year's residual	-7,018	-3,548
C	Reasonable profit recognised in the current year, charged to previous year's residual	-3,650	-3,705
I.	Reimbursement of expenses not used from residual of previous period (line I=A+B+C)	2,013	220
D	Reimbursement of operating expenses disbursed in the current year	44,030	52,357
E	Reimbursement of operating expenses accounted in the current year	-38,869	-50,944
F	Reimbursement of operating expenses reclassified to reimbursement of renovation expenses	0	-1,413
II.	Unused reimbursement of operating expenses in the current year (line III=D+E+F)	5,161	0
G	Reimbursement of renovation expenses disbursed in the current year	25,091	17,387
H	Amount used from reimbursement of renovation expenses disbursed in the current year	-24,792	-22,738
I	Reimbursement of operating expenses reclassified to reimbursement of renovation expenses	0	1,413
III.	Unused reimbursement of renovation expenses in the current year (line III=G+H+I)	299	-3,938
IV.	Unused reimbursement, total (line IV.=I+II+III)	7,473	-3,718

Table 50: Use of the reimbursement of operating and renovation expenses

According to title 5 of title group 1, Section 21 (1) of Chapter XVII of Act C of 2017 on the State Budget for 2018, HUF 93,071 million was budgeted as reimbursement to cover the reasonable expenses of rail infrastructure operation, of which HUF 86,469 million is to be provided to MÁV Zrt.

II.3.1.2 State participation in the MÁV Group's operations with regard to public service passenger transport activity

In 2013 MÁV-START Zrt. concluded a railway public service passenger transport contract, for the years 2014-2023, with the Ministry for National Development on behalf of the Hungarian State as principal. According to the contract, the Company is entitled to reimbursement of reasonable expenses incurred in connection with the supply of public services that are not covered by revenues.

According to the memorandum of the public service agreement for 2017, the planned expense reimbursement available for public service activity is HUF 144,000 million. The reasonable expenses of ordered public service activity certified by the principal (Ministry for National Development) but not covered by revenues are HUF 1,542 million higher than specified in the memorandum; a total of HUF 145,542 million in expense reimbursement was recognised in the annual financial statements. Settlement of the actual reimbursement takes place with the submission of the financial statements on public services for 2017, following preparation of the annual financial statements for 2017.

Details of the Group's receivables from the government stated under the heading of public service expense reimbursements are given in section II.1.3.

In terms of payments, expense reimbursement by the government in the amount of HUF 144,000 million was disbursed in the current year. Of this, HUF 20,829 million related to the previous year's public service activity (the amount disbursed in January and February), while compensation for operating expenses in the current year was provided by the HUF 123,171 million disbursed between March and December. The Company, in addition to the expense reimbursement for the current year, became entitled to draw a further HUF 6,000 million from the expense reimbursement settlements of previous years, which was received in March. The drawn amount settled the Company's total expense reimbursement demand for 2012 and reduced its claim for 2013 by HUF 4,143 million.

The HUF 22,370 million claim recorded for 2017 as at the balance sheet preparation date was reduced by the HUF 20,829 million received for 2017 in January 2018, and therefore in January 2018 the Company had a total expense reimbursement claim of HUF 11,557 million against the state for 2013-2017.

II.3.1.3 State participation in the MÁV Group's public service transport activity on the HÉV network

A fixed-term public service agreement was concluded for passenger transport and rail infrastructure operation services to be provided by MÁV-HÉV Zrt. on HÉV's network for the period 7 November 2016 to 31 December 2023. In the Agreement, the Ministry for National Development (as principal) undertook to reimburse the service provider for all eligible expenses relating to public services not covered by revenues.

The reimbursement for public services specified in the 2017 payment clause of the public service agreement was HUF 7,410 million, which was fully used in the current year.

The available reimbursement specified in the 2016 payment clause of the public service agreement and disbursed in 2016 as an advance payment for public services was HUF 2,284 million, of which HUF 882 million was used in 2016. Of the remaining HUF 1,402 million, the Company accounted HUF 32 million as reasonable profit for 2016 (with the Ministry's approval), and it used HUF 212 million as a one-time additional expense claim for setting up the new enterprise management system.

The Municipality of Budapest provides a subsidy for public services within Budapest's administrative boundary, which amounted to HUF 4,420 million in 2017.

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

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. In 2017 the amount of social fare subsidies was HUF 702 million.

II.3.2 Cash flow statement

		Figures in million HUF	
No.	Description	2016	2017
I.	<i>Change in liquid assets from operating activities (Operating cash flow)</i>	67,098	81,590
1.	Pre-tax profit/(loss)	14,188	11,353
2.	Ordinary amortisation	76,822	88,100
2/b	Amortisation charged to previous years	0	0
3.	Impairment recognised	12,694	4,292
4.	Changes in provisions	-5,206	185
5.	Proceeds from/(loss on) disposal of non-current assets	-1,729	-799
5/b.	Profit/(loss) from changes in participating interests	0	0
6.	Change in accounts payable	14,829	-2,142
7.	Change in other current liabilities	-468	28,016
7/b.	Reclassification from other non-current liabilities	0	0
8.	Change in accrued expenses and deferred income	20,430	4,767
8/b.	Release of deferred income related to transfer of assets	92	-189
8/c.	Deferred income related to assets received free of charge and identified as surplus	-2,556	-47
9.	Change in accounts receivable	121	-1,419
10.	Change in current assets (net of accounts receivable and liquid assets)	-5,145	-25,040
11.	Change in prepaid expenses & accrued income	5,495	21,830
12.	Tax paid or payable (on profit)	-135	-91
13.	Dividends payable	0	0
13/b.	Assets transferred or received permanently, and assets identified as surplus	-3,054	-12,306
13/c.	Change in liabilities related to managed state-owned assets	-58,921	-34,131
13/d.	Adjustments to previous years	0	0
13/e.	Change in deferred tax assets arising from consolidation	1	6
13/f.	Adjustments not involving actual cash flows, arising from consolidation	143	83
13/g.	Realised and unrealised exchange difference	-503	-21
13/h.	Debts assumed by the government	0	0
13/i.	Interest on debts assumed by the government	0	0
13/j.	Change in assets and liabilities due to merger and change in consolidation group	0	-857
II.	<i>Change in liquid assets from investment activities</i>	-77,860	-91,067
14.	Purchase of non-current assets	-79,197	-58,633
15.	Disposal of non-current assets	2,614	1,023
15/b.	Change in non-current financial assets	-1	0
15/c.	Change in advance payments for capital projects	-1,278	-33,460
16.	Dividends received	2	3
III.	<i>Change in liquid assets from financial transactions (Financing cash flow)</i>	3,233	4,679
17.	Income from the issue of shares, capital increase	1,978	0
18.	Income from bond issue	0	0
19.	Borrowings	1,417	0
20.	Repayment of long-term loans and bank deposits	97	79
21.	Liquid assets received without the obligation of repayment	34,798	19,551
22.	Redemption of shares, divestiture (capital reduction)	0	0
23.	Repayment of bonds and debt securities	0	0
24.	Loan repayment	-34,496	-14,252
25.	Long-term loans and bank deposits	-39	-10
26.	Liquid assets transferred without the obligation of repayment	-502	-669
27.	Change in liabilities to owners and other non-current liabilities	-20	-20
IV.	<i>Change in liquid assets (lines ±I±II±III)</i>	-7,529	-4,798

Table 51: Cash flow statement

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

Value and composition of assets

Ratio of non-current assets

$$\frac{\text{Non-current assets}}{\text{Total assets}} = \frac{1,343,932}{1,487,586} = 90.34\% \quad (\text{base: } 90.20\%)$$

Coverage of tangible assets

$$\frac{\text{Equity}}{\text{Own tangible assets}} = \frac{187,614}{404,255} = 46.41\% \quad (\text{base: } 43.74\%)$$

$$\frac{\text{Equity} + \text{State funds}}{\text{Tangible assets}} = \frac{1,133,315}{1,322,287} = 85.71\% \quad (\text{base: } 86.78\%)$$

Coverage of non-current assets

$$\frac{\text{Equity}}{\text{Own non-current assets}} = \frac{187,614}{425,900} = 44.05\% \quad (\text{base: } 41.39\%)$$

$$\frac{\text{Equity} + \text{State funds}}{\text{Non-current assets}} = \frac{1,133,315}{1,343,932} = 84.33\% \quad (\text{base: } 85.45\%)$$

Ratio of current assets to non-current assets

$$\frac{\text{Current assets}}{\text{Non-current assets}} = \frac{130,018}{1,343,932} = 9.67\% \quad (\text{base: } 8.20\%)$$

Value and composition of liabilities

Equity ratio

$$\frac{\text{Equity}}{\text{Total liabilities}} = \frac{187,614}{1,487,586} = 12.61\% \quad (\text{base: } 10.65\%)$$

$$\frac{\text{Equity}}{\text{Total liabilities} - \text{State funds}} = \frac{187,614}{541,885} = 34.62\% \quad (\text{base: } 31.73\%)$$

Debt-to-equity ratio

$$\frac{\text{Debt}}{\text{Equity}} = \frac{1,103,436}{187,614} = 588.14\% \quad (\text{base: } 716.91\%)$$

$$\frac{\text{Debt} - \text{State funds}}{\text{Equity}} = \frac{157,735}{187,614} = 84.07\% \quad (\text{base: } 93.43\%)$$

Indebtedness ratio

$$\frac{\text{Debt}}{\text{Total assets}} = \frac{1,103,436}{1,487,586} = 74.18\% \quad (\text{base: } 76.38\%)$$

Ratio of non-current liabilities

$\frac{\text{Non-current liabilities}}{\text{Non-current liab. + Equity}}$	=	$\frac{975,437}{1,163,051}$	=	83.87%	(base: 86.76%)
$\frac{\text{Non-current liab. - State liab.}}{\text{Non-current liab. - State liab. + Equity}}$	=	$\frac{29,736}{217,350}$	=	13.68%	(base: 24.18%)

Equity growth ratio

$\frac{\text{Equity}}{\text{Registered capital}}$	=	$\frac{187,614}{24,500}$	=	765.77%	(base: 715.33%)
---	---	--------------------------	---	---------	-----------------

Coverage of non-current assets

$\frac{\text{Equity}}{\text{Non-current assets}}$	=	$\frac{187,614}{1,343,932}$	=	13.96%	(base: 11.81%)
$\frac{\text{Equity}}{\text{Own non-current assets}}$	=	$\frac{187,614}{425,900}$	=	44.05%	(base: 41.39%)

Profitability indicators

<i>EBITDA (Operating profit/loss + depreciation)</i>	=	14,031	+	88,100	=	102,131	(base: 96,342)
<i>EBITDA rate</i>	=	$\frac{\text{EBITDA}}{\text{Net sales revenues}}$	=	$\frac{102,131}{140,219}$	=	72.84%	(base: 72.77%)
<i>Return on sales (ROS)</i>	=	$\frac{\text{Operating profit/loss}}{\text{Net sales revenues}}$	=	$\frac{14,031}{140,219}$	=	10.01%	(base: 14.74%)

Financial position
Working capital and liquidity

Net working capital

Current assets - Current liabilities	=	130,018	-	127,899	=	2,119	(base: 12,487)
--------------------------------------	---	---------	---	---------	---	-------	----------------

Liquidity ratio

$\frac{\text{Current assets}}{\text{Current liabilities}}$	=	$\frac{130,018}{127,899}$	=	101.66%	(base: 112.91%)
--	---	---------------------------	---	---------	-----------------

Quick ratio

$\frac{\text{Current assets - Inventories}}{\text{Current liabilities}}$	=	$\frac{99,847}{127,899}$	=	78.07%	(base: 82.23%)
--	---	--------------------------	---	--------	----------------

Cash liquidity ratio

$\frac{\text{Liquid assets}}{\text{Current liabilities}}$	=	$\frac{40,705}{127,899}$	=	31.83%	(base: 47.04%)
---	---	--------------------------	---	--------	----------------

III SUPPLEMENTARY NOTES

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

Figures in million HUF

Description	2016	2017	Change
Senior officers	89	89	0
Supervisory Board	18	18	0
Total:	107	107	0

Table 52: Remuneration paid to the parent company's officers

No advance payments, loans were disbursed to, or guarantees were assumed on behalf of, senior officers and members of the Board of Directors and Supervisory Board in 2017.

III.2 Subsidies received

Figures in million HUF

Description of and legal grounds for subsidy	Amount received (approved) (Amount shown in subsidy agreement)	Current year						Previous year					
		Amount charged to subsidy in previous year(s)	Amount charged to subsidy	Unused amount of subsidy	Disbursed amount of subsidy	Amount paid out of subsidy	Liquid assets available from disbursed amount of subsidy at the balance sheet date	Amount charged to subsidy in previous year(s)	Amount charged to subsidy	Unused amount of subsidy	Disbursed amount of subsidy	Amount paid out of subsidy	Liquid assets available from disbursed amount of subsidy at the balance sheet date
Reimbursement of operating expenses (current year)	52,357	0	50,944	1,413	52,357	50,944	1,413	0	38,869	0	44,030	38,869	5,161
Reimbursement of renovation expenses (current year)	17,387	0	22,738	-5,351	17,387	22,738	-5,351	0	24,792	0	25,091	24,792	299
Reimbursement of renovation and operating expenses from previous years unused up to the current year	7,473	0	7,253	220	0	7,253	220	0	10,668	0	0	10,668	2,013
Reimbursement for public services in the current year	145,542	0	145,542	0	123,171	145,542	-22,371	0	146,074	0	123,171	146,074	-22,903
Current year items relating to reimbursement for public services in previous years	2,218	0	2,218	0	26,829	2,218	-10,015	0	931	0	4,932	931	-11,723
Reimbursement for public services in the current year (MÁV-HÉV)	9,694	882	7,434	1,158	0	7,434	1,158	244	882	1,402	2,284	882	1,402
BKK reimbursement subsidy (MÁV-HÉV)	4,420	0	4,420	0	4,420	4,420	0	0	0	0	0	0	0
Social fare subsidy for passenger transport (MÁV-HÉV)	19,343	0	19,343	0	18,165	19,343	-1,178	0	18,980	0	16,866	18,980	-2,114
Refunded excise tax on traction fuel used	4,409	0	4,409	0	3,621	4,409	-788	0	4,429	0	3,594	4,429	-835
GOP IC support	398	363	0	35	0	0	0	333	30	35	30	30	0
KÖZOP-İKOP INKA	671	455	69	147	5	5		372	83	216	83	83	-5
KDOP Ticketing machines	395	7	0	388	0	0	0	7	0	388	0	0	0
KÖZOP 42 multiple unit trains	73,091	72,398	0	693	0	0	0	72,277	121	693	122	122	0
KÖZOP 6 multiple unit trains	11,005	10,886	0	119	0	0	0	10,868	18	119	18	18	0
KÖZOP Ticketing machines	685	674	0	11	0	0	0	0	674	11	674	674	0

Description of and legal grounds for subsidy	Amount received (approved) (Amount shown in subsidy agreement)	Current year						Previous year					
		Amount charged to subsidy in previous year(s)	Amount charged to subsidy	Unused amount of subsidy	Disbursed amount of subsidy	Amount paid out of subsidy	Liquid assets available from disbursed amount of subsidy at the balance sheet date	Amount charged to subsidy in previous year(s)	Amount charged to subsidy	Unused amount of subsidy	Disbursed amount of subsidy	Amount paid out of subsidy	Liquid assets available from disbursed amount of subsidy at the balance sheet date
KÖZOP Ticket sales	1,599	1,407	0	192	0	0	0		1,407	192	1,406	1,406	0
KÖZOP Travel information	1,536	1,426	0	110	0	0	0	0	1,426	110	1,426	1,426	0
IKOP 6 multiple-unit trains	10,872	9,674	1,197	1	1,197	1,197	0	0	9,674	1,198	9,674	9,674	-75
IKOP 9 multiple-unit trains	16,292	6,474	9,819	-1	106	106	0	0	6,474	9,818	6,474	6,474	-1,183
IKOP 39 high-capacity multiple-unit trains	60,550	0	27,965	32,585	0	0	0	0	0	60,550	0	0	0
IKOP Tram Train	17,623	0	7,954	9,669	0	0	0	0	0	17,623	0	0	0
ECS 59 multiple-unit trains	8,974	0	44	8,930	44	44	-44	0	0	8,974	0	0	0
NFM subsidy received to cover wage increase expenses	13,574	0	12,924	650	13,574	12,924	650	0	0	0	0	0	0
Subsidy received for public employment programme, settlement period 07/03/2016-28/02/2017	2,036	1,132	289	615	443	443	0	0	1,132	904	977	977	0
Subsidy received for public employment programme, settlement period 08/03/2017-28/02/2018	1,933	0	910	1,023	704	704	0	0	0	0	0	0	0
Subsidy received for public employment programme, settlement period 09/03/2015-29/02/2016	2,026	0	0	0	0	0	0	0	239	1,787	355	355	0
Subsidy received for narrow-gauge railway development projects	1,464	0	0	1,464	1,464	0	1,464	0	0	10,000	10,000	0	10,000
Subsidy received for covering the expenses of passenger transport on the Children's Railway	150	0	150	0	150	150	0	0	0	0	0	0	0

Description of and legal grounds for subsidy	Amount received (approved) (Amount shown in subsidy agreement)	Current year						Previous year					
		Amount charged to subsidy in previous year(s)	Amount charged to subsidy	Unused amount of subsidy	Disbursed amount of subsidy	Amount paid out of subsidy	Liquid assets available from disbursed amount of subsidy at the balance sheet date	Amount charged to subsidy in previous year(s)	Amount charged to subsidy	Unused amount of subsidy	Disbursed amount of subsidy	Amount paid out of subsidy	Liquid assets available from disbursed amount of subsidy at the balance sheet date
Station development and integrated customer service development programme at 25 locations	9,878	4,761	1,302	3,815	315	87	-128	3,207	1,554	5,117	282	537	-356
Development of the Budapest-Belgrade line	12,500	1,924	2,341	8,235	2,300	41	2,415	659	1,266	10,576	1,240	91	1,357
Establishing the Child Victims of the Holocaust Memorial – European Educational Centre	7,315	6,675	0	640	1	1	640	0	6,675	640	9	166	640
INKA Project	3,302	2,295	153	853	268	8	-144	1,362	934	1,006	504	813	-404
Reconstruction of the Keleti Railway Station building	988	0	14	974	0	14	-14	0	0	0	0	0	0
MÁV Zrt. traffic safety projects	10,858	5,742	1,547	3,569	0	22	-154	5,704	37	11,771	52	166	-133
Reconstruction of the Nyugati Railway Station building	1,068	0	14	1,054	0	14	-14	0	0	0	0	0	0
P+R parking facility in Celldömölk	20	0	20	0	20	0	20	0	0	0	0	0	0
Soroksár railway track correction	1,200	0	0	1,200	209	0	209	0	0	0	0	0	0
Total:	300,175	126,293	94,884	76,970	47,006	43,932	2,934	94,789	55,153	141,728	53,786	46,422	6,892

Table 53: Subsidies received

The ticket subsidy is shown by types of discount in the following table:

Figures in million HUF

Description	2016		2017		Change
	Amount	Distribution	Amount	Distribution	
50%	3,526	18.7%	3,540	19.0%	14
90%	2,366	12.5%	2,267	12.2%	-99
Student discount	7,165	37.9%	6,904	37.0%	-261
Discount for persons older than 70 (65) years	5,835	30.9%	5,930	31.8%	95
Total:	18,892	100%	18,641	100%	-251

Table 54: Ticket subsidy usage

III.3 Environmental protection

III.3.1 Environmental protection liabilities

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

Figures in million HUF

Description	Opening balance	Change in consolidation group	Opening balance - adjusted	Increase	Decrease	Closing balance
Provision	10,344	1	10,345	942	2,188	9,099

Table 55: Provision relating to environmental protection

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

Figures in million HUF

Legal grounds	Amount of provision					
	2016	Change in consolidation group	2016 - adjusted	Released	Made	2017
Illegal waste	4,122	0	4,122	756	335	3,701
Obligations arising from soil and groundwater contamination	3,087	1	3,088	1,259	169	1,998
Protection of facilities for storing and draining gasoline	1,480	0	1,480	117	117	1,480
Disposal of railway sleepers	1,032	0	1,032	25	265	1,272
Testing hazardous waste and lubricant containers for leaktightness, improvement of coatings	400	0	400	31	31	400
Surveying, cleaning and coating technological sewage network	175	0	175	0	0	175
Surveying and mapping decommissioned sewer networks	48	0	48	0	19	67
Implementation of environmental management system	0	0	0	0	6	6
Liabilities, total:	10,344	1	10,345	2,188	942	9,099

Table 56: Changes in environmental provision broken down by legal grounds

Changes in environmental expenses incurred in 2016 and 2017 are shown in the following table:

Figures in million HUF

Description	Previous year	Current year	Change
Environmental expenses	936	846	-90

Table 57: Environmental expenses

III.3.2 Tangible assets serving environmental protection purposes

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

Figures in million HUF

No.	ITEM	Land and buildings, and related intangible property rights	Technical equipment, machinery and vehicles	Other equipment, fixtures and fittings, vehicles	Capital projects, renovations	Total
1.a	Gross amount, opening	8,810	520	0	0	9,330
1.b	Change in consolidation group	133	21	0	0	154
1.	Gross amount, opening - adjusted	8,943	541	0	0	9,484
2.	Increase in the current year	0	4	0	0	4
3.	Decrease in the current year	0	0	0	0	0
4.	Reclassification	-252	0	0	0	-252
5.	Gross amount, closing	8,691	545	0	0	9,236
6.a	Depreciation, opening	2,091	391	0	0	2,482
6.b	Change in consolidation group	46	14	0	0	60
6.	Depreciation, opening - adjusted	2,137	405	0	0	2,542
7.	Ordinary depreciation in the current year	346	57	0	0	403
8.	Extraordinary depreciation in the current year	5	0	0	0	5
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.	Reclassification	-126	0	0	0	-126
14.	Depreciation, closing	2,362	462	0	0	2,824
15.	Opening, net	6,719	129	0	0	6,848
16.	Closing, net	6,329	83	0	0	6,412

Table 58: Changes in tangible assets used for environmental purposes

III.3.3 Quantities of hazardous waste

EWC code	Description	2016 (kg)	2017 (kg)
060101*	Sulphuric acid and sulphurous acid	60	60
060204*	Sodium and potassium hydroxide	370	370
060404*	Wastes containing mercury	51	51
070104*	Other organic solvents, washing liquids and mother liquors	7	84
070603*	Halogenated organic solvents, washing liquids	0	193
080111*	Waste paint and varnish containing organic solvents or other dangerous substances	1,007	2,801
080117*	Wastes from paint or varnish removal containing organic solvents or other dangerous substances	2,153	6,263
080119*	Aqueous suspensions containing paint or varnish containing organic solvents or other dangerous substances	60	0
080317*	Waste printing toner containing dangerous substances	3,299	5,528
080409*	Waste adhesives and sealants containing organic solvents or other dangerous substances	2,431	1,778
090104*	Bleach (fixer) solutions	16	0
090106*	Wastes containing silver from on-site treatment of photographic wastes	9	9
100402*	Dross and skimmings from primary and secondary production	1,226	0
110198*	Other wastes containing dangerous substances	364	1,348
120109*	Machining emulsions and solutions free of halogens	292	506
120112*	Spent waxes and fats	1,135	1,018
120116*	Waste blasting material containing dangerous substances	3,909	0
120118*	Grinding sludge	1,334	4,538
130113*	Other hydraulic oils	160	1,549
130205*	Waste oil	19,787	23,798
130208*	Other engine, gear and lubricating oils	60	0
130307*	Mineral-based non-chlorinated insulating and heat transmission oils	4,459	2,200
130502*	Sludges from oil/water separators	2,542	2,766
130506*	Oil from oil/water separators	11	828
130507*	Oily water from oil/water separators	0	24,110
130508*	Mixtures of wastes from grit chambers and oil/water separators	200	7,628
130701*	Fuel oil and diesel	2,642	1,676
130703*	Other fuels (including mixtures)	1,440	680
140603*	Other solvent mixes	570	140
150110*	Packaging containing residues of or contaminated by dangerous substances	8,531	14,841
150111*	Metallic packaging containing a dangerous solid porous matrix (e.g. asbestos), including empty pressure containers	588	1,097
150202*	Absorbents, filter materials (including oil filters not otherwise specified), wiping cloths, protective clothing contaminated by dangerous substances	24,194	40,702
160103*	Waste rubber	10	0
160107*	Oil filters	2,311	2,020
160114*	Antifreeze fluids containing dangerous substances	40	2,685
160121*	Hazardous components	75	252
160213*	Discarded equipment	663	2,737
160303*	Inorganic wastes containing dangerous substances	68	8,055
160305*	Organic wastes containing dangerous substances	2,548	3,332
160506*	Laboratory chemicals consisting of or containing dangerous substances	41	71
160507*	Discarded inorganic chemicals consisting of or containing dangerous substances	27	244
160601*	Lead batteries	15,956	45,927
160606*	Separately collected electrolyte from batteries and accumulators	1,000	1,000
160708*	Wastes containing oil	0	1,182
161001*	Aqueous liquid wastes containing dangerous substances	1,230	0
170106*	Fractions of concrete, bricks, tiles and ceramics containing dangerous substances	0	1,150
170204*	Glass, plastic and wood containing or contaminated with dangerous substances	71,368	227,120
170405*	Ferrous waste and scrap	0	211,280
170409*	Metal waste contaminated with dangerous substances	0	135
170410*	Cables containing oil, coal tar and other dangerous substances	16,934	3,711
170503*	Soil and stones containing dangerous substances	1,295	8,334
170603*	Other insulation materials consisting of or containing dangerous substances	83	50
170605*	Construction materials containing asbestos	0	500
180103*	Infectious waste	11	20
190806*	Saturated or spent ion exchange resins	70	0
190813*	Sludge containing dangerous substances from other treatment of industrial waste water	58,640	11,460
200121*	Fluorescent light tubes and other mercury-containing waste	264	2,188
200129*	Detergents containing dangerous substances	130	208
200133*	Batteries and accumulators included in 16 06 01, 16 06 02 or 16 06 03 and unsorted batteries and accumulators containing these batteries	643	3,230
200135*	Discarded electrical and electronic equipment other than those mentioned in 20 01 21 and 20 01 23 containing hazardous components	17,664	38,439
200137*	Wood containing dangerous substances	0	500
Total:		273,978	722,392

Table 59: Closing quantities of hazardous waste

III.4 Personnel-related expenses and average statistical headcount

The MÁV Group's personnel-related expenses and average statistical headcount are presented in the tables below.

Figures in million HUF

Headcount	2016				2017			
	Payroll cost	Other payments to personnel	Total	Distribution (%)	Payroll cost	Other payments to personnel	Total	Distribution (%)
Blue-collar	81,460	12,460	93,920	66%	95,000	13,176	108,176	66%
White-collar	41,069	6,091	47,160	33%	48,664	6,609	55,273	34%
Inactive	478	84	562	0%	385	36	421	0%
Total:	123,007	18,635	141,642	100%	144,049	19,821	163,870	100%

Table 60: The Group's payroll costs and other personnel-related payments

Figures in million HUF

Type of social security and other contributions	2016		2017	
	Amount	Distribution (%)	Amount	Distribution (%)
Healthcare tax	2,611	7%	2,728	7%
Rehabilitation contribution	1,700	5%	2,078	6%
Vocational training contribution	1,731	5%	2,037	5%
Social tax	31,732	84%	30,654	82%
Total:	37,774	100%	37,497	100%

Table 61: Social security and other contributions

Headcount	2016		2017	
	Average statistical headcount (persons)	Distribution (%)	Average statistical headcount (persons)	Distribution (%)
Blue-collar	25,240	68%	25,676	68%
White-collar	11,995	32%	12,361	32%
Total staff employed:	37,235	100.0%	38,037	100.0%

Table 62: The Group's average statistical headcount

III.5 Research and experimental development

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

Figures in million HUF			
Description	2016	2017	Change
Research expenses	54	18	-36
Of which: basic research	0	0	0
applied research	54	18	-36
Experimental development expenses	0	19	19
Production development	0	19	19
Of which: capitalised	0	0	0
Product development	0	0	0
Of which: capitalised	0	0	0
Total:	54	37	-17

Table 63: Expenses of research and experimental development in the current year

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

IV LIST OF TABLES

Table 1: The parent company's key figures.....	7
Table 2: MÁV-START Zrt.'s key figures	8
Table 3: MÁV FKG Kft.'s key figures	9
Table 4: MÁV Szolgáltató Központ Zrt.'s key figures.....	9
Table 5: MÁV KfV Kft.'s key figures	10
Table 6: ZÁHONY-PORT Zrt.'s key figures	10
Table 7: MÁV VAGON Kft.'s key figures.....	11
Table 8: MÁV-HÉV Zrt.'s key figures.....	11
Table 9: Changes in intangible assets	20
Table 10: Changes in tangible assets	21
Table 11: Assets transferred/received free of charge.....	22
Table 12: Managed state-owned assets and the corresponding balance sheet liabilities	23
Table 13: Change in managed state-owned assets in the current year and in the base year	24
Table 14: Subsidies used for capital projects.....	26
Table 15: Equity-consolidated companies	27
Table 16: Related companies and companies linked by virtue of major participating interests stated at book value in the consolidated financial statements.....	28
Table 17: Companies linked by virtue of other participating interests	28
Table 18: Impairment on non-current financial assets.....	29
Table 19: Negative goodwill arising on full consolidation.....	29
Table 20: Negative goodwill arising on equity consolidation	30
Table 21: Inventories and related impairment	31
Table 22: Receivables and related impairment	32
Table 23: Receivables from the reimbursement for public service passenger transport	32
Table 24: Breakdown of prepaid expenses and accrued income	33
Table 25: Changes in equity.....	34
Table 26: Changes in non-distributable reserve.....	35
Table 27: Changes in provisions shown in the balance sheet	36
Table 28: Provisions for contingent liabilities	36
Table 29: Provisions for future expenses	37
Table 30: Other provisions.....	38
Table 31: Change in liabilities related to managed state-owned assets	39
Table 32: Liabilities related to the decrease in state-owned assets.....	40
Table 33: The Group's long-term loans and borrowings	41
Table 34: Repayment schedule of the Group's long-term loans and borrowings.....	42
Table 35: Other current liabilities	42
Table 36: Breakdown of accrued expenses and deferred income	43
Table 37: Closed derivative (hedging) transactions in 2017.....	44
Table 38: Guarantee contracts in effect at the balance sheet date	45
Table 39: Loans secured by lien	46
Table 40: Payment schedule of future liabilities (interest and related charges)	47
Table 41: Significant operating lease contracts in effect at the balance sheet date	48
Table 42: Net sales revenue	49
Table 43: Export and import by market segments	50
Table 44: Changes in material expenses	51

Table 45: Composition of other gains.....	52
Table 46: Other expenses.....	54
Table 47: Composition of income from financial transactions.....	55
Table 48: Composition of expenses of financial transactions	55
Table 49: Calculation of the Group's consolidated profit/loss	56
Table 50: Use of the reimbursement of operating and renovation expenses	57
Table 51: Cash flow statement.....	60
Table 52: Remuneration paid to the parent company's officers	63
Table 53: Subsidies received.....	66
Table 54: Ticket subsidy usage.....	67
Table 55: Provision relating to environmental protection	67
Table 56: Changes in environmental provision broken down by legal grounds.....	67
Table 57: Environmental expenses	68
Table 58: Changes in tangible assets used for environmental purposes	68
Table 59: Closing quantities of hazardous waste.....	69
Table 60: The Group's payroll costs and other personnel-related payments.....	70
Table 61: Social security and other contributions.....	70
Table 62: The Group's average statistical headcount	70
Table 63: Expenses of research and experimental development in the current year	71

APPENDICES

- Appendix 1 – Key indicators of subsidiaries for non-inclusion in the consolidation
- 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		Balance sheet total		Net sales revenues		Payroll cost	
	Code	Name	Value	%	Value	%	Value	%
1	100	MÁV Zrt.	1,296,455	77.18%	151,835	48.34%	65,396	45.25%
2	020	MÁV VAGON Kft.	2,082	0.12%	5,715	1.82%	666	0.46%
3	101	MÁV FKG Kft.	15,620	0.93%	23,880	7.60%	5,201	3.60%
4	131	MÁV KfV Kft.	3,494	0.21%	2,338	0.74%	601	0.42%
5	138	MÁV Szolgáltató Központ Zrt.	9,575	0.57%	24,938	7.94%	9,044	6.26%
6	179	ZÁHONY-PORT Zrt.	796	0.05%	1,860	0.59%	948	0.66%
7	180	MÁV-START Zrt.	327,648	19.51%	99,885	31.80%	57,314	39.66%
8	194	MÁV-HÉV Zrt.	23,437	1.40%	2,195	0.70%	4,879	3.38%
Fully consolidated companies, total:			1,679,107	99.96%	312,646	99.54%	144,049	99.67%
9	015	MÁV NOSZTALGIA Kft.	577	0.03%	1,445	0.46%	426	0.29%
Equity consolidated (associated) subsidiaries, total:			577	0.03%	1,445	0.46%	426	0.29%
10	193	Kínai-Magyar Vasúti Nonprofit Zrt.*	100	0.01%	0	0.00%	55	0.04%
Equity consolidated (associated) jointly managed companies, total:			100	0.01%	0	0.00%	55	0.04%
Subsidiaries, jointly managed companies, and parent company, total:			1,679,784	100.00%	314,091	100.00%	144,530	100.00%

* Data proportional to equity stake

Appendix 2

Consolidated entities

Fully consolidated companies			
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 (associated) companies					
Subsidiary		Jointly managed		Associated	
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 Hidmérleg Kft.

Companies treated as participating interests					
Subsidiary		Associated		Linked by virtue of other participating interests	
		022	MÁV Vasjármű Kft. (f.a.)	120	Vasútegészségügyi Nonprofit Kft.
		165	MÁV-REC Kft.	128	EUROFIMA
		191	TS-MÁV Gépészet Services Kft.	147	BCC
				169	HIT Rail b.v.
				172	Normon-Tool Kft. (f.a.)

Appendix 3

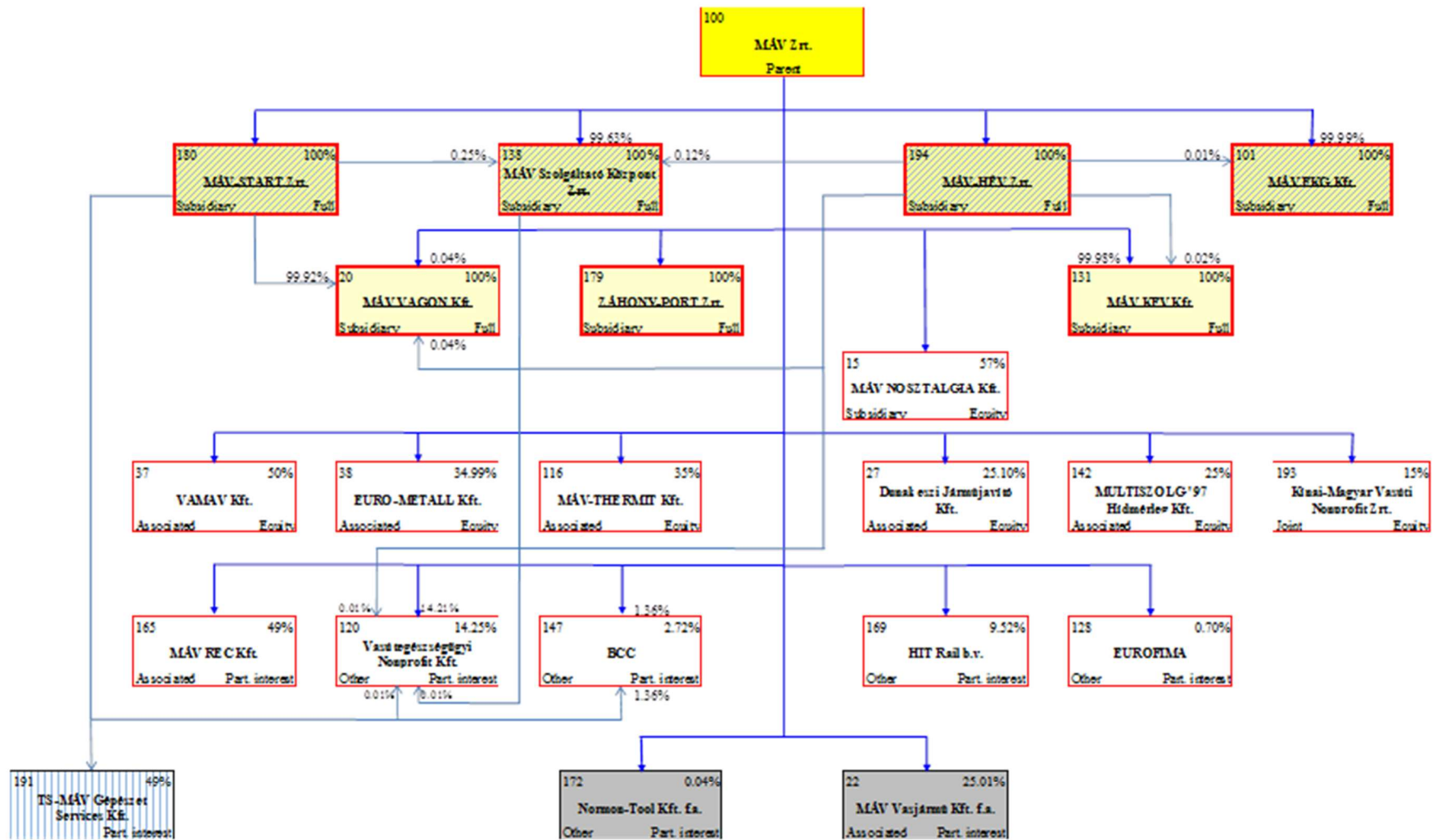
Changes in consolidation groups

Changes in the group of fully consolidated companies					
Increase		Reason for increase	Decrease		Reason for decrease
194	MÁV-HÉV Zrt.	Acquisition of participating interest	-	-	-

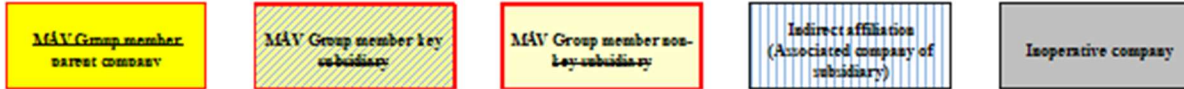
Changes in the group of equity consolidated (associated) companies					
Increase		Reason for increase	Decrease		Reason for decrease
-	-	-	-	-	-

Changes in the group of companies treated as participating interests in consolidation					
Increase		Reason for increase	Decrease		Reason for decrease
-	-	-	134	MÁV Utasellátó Zrt. (f.a.)	Liquidation proceedings closed

Appendix 4 Organisational chart



Key to markings:



Appendix 5

Required level of consolidation and actual method of consolidation applied

No.	Company		Classification	Basis of classification	Consolidation requirement arising from classification	Method of actual consolidation
	Code	Name				
1	100	MÁV Zrt.	parent	voting rights	full	full
2	020	MÁV VAGON Kft.	subsidiary	voting rights	full	full
3	101	MÁV FKG Kft.	subsidiary	voting rights	full	full
4	131	MÁV KfV Kft.	subsidiary	voting rights	full	full
5	138	MÁV Szolgáltató Központ Zrt.	subsidiary	voting rights	full	full
6	179	ZÁHONY-PORT Zrt.	subsidiary	voting rights	full	full
7	180	MÁV-START Zrt.	subsidiary	voting rights	full	full
8	194	MÁV-HÉV Zrt.	subsidiary	voting rights	full	full
9	015	MÁV NOSZTALGIA Kft.	subsidiary	voting rights	full	equity
10	193	Kínai-Magyar Vasúti Nonprofit Zrt.	jointly managed	voting rights	proportional to equity stake	equity
11	027	Dunakeszi Járműjavító Kft.	associated	voting rights	equity	equity
12	037	VAMAV Kft.	associated	voting rights	equity	equity
13	038	EURO-METALL Kft.	associated	voting rights	equity	equity
14	116	MÁV-THERMIT Kft.	associated	voting rights	equity	equity
15	142	Multiszolg 97 Hídmérleg Kft.	associated	voting rights	equity	equity
16	022	MÁV Vasjármű Kft. (f.a.)	associated	voting rights	equity	participating interest
17	165	MÁV-REC Kft.	associated	voting rights	equity	participating interest
18	191	TS-MÁV Gépészet Services Kft.	associated	voting rights	equity	participating interest
19	120	Vasútegészségügyi Nonprofit Kft.	other participating interest	voting rights	participating interest	participating interest
20	128	EUROFIMA	other participating interest	voting rights	participating interest	participating interest
21	147	BCC	other participating interest	voting rights	participating interest	participating interest
22	169	HIT Rail b.v.	other participating interest	voting rights	participating interest	participating interest
23	172	Normon-Tool Kft.	other participating interest	voting rights	participating interest	participating interest

Appendix 6

Items posted as part of the consolidation

Figures in million HUF

No.	Description	Accumulated financial statement data for the current year		Opening, total	Effects of consolidation tasks for 2017					Total consolidation for 2017		Consolidated data for 2017		Comparison	
		Adjustments to previous years	Current year		Opening settlements, total	Equity consolidation, total	Elimination of intragroup receivables and liabilities, total	Consolidation of gains and expenses	Elimination of internal profit/loss in total	Eliminations for previous years	Eliminations for the current year	Adjustments to previous years	Current year	Consolidated financial statements for 2016	Change (current year - previous year)
01.	A. NON-CURRENT ASSETS	0	1,494,579	-131,129	0	-19,771	-144	0	397	0	-19,518	0	1,343,932	1,332,486	11,446
02.	I. INTANGIBLE ASSETS	0	16,289	-100	0	0	0	0	-8	0	-8	0	16,181	14,708	1,473
03.	Capitalised amount of foundation/restructuring	0	0	0	0	0	0	0	0	0	0	0	0	0	0
04.	Capitalised amount of experimental development	0	229	0	0	0	0	0	0	0	0	0	229	356	-127
05.	Intangible property rights	0	7,983	-10	0	0	0	0	6	0	6	0	7,979	7,189	790
06.	Intellectual property	0	8,077	-90	0	0	0	0	-14	0	-14	0	7,973	7,163	810
07.	Goodwill	0	0	0	0	0	0	0	0	0	0	0	0	0	0
08.	Advance payments for intangible assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0
09.	Revaluation of intangible assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10.	II. TANGIBLE ASSETS	0	1,331,902	-9,876	0	0	-144	0	405	0	261	0	1,322,287	1,312,054	10,233
11.	Land and buildings, and related intangible property rig	0	851,440	-5,213	0	0	0	0	-248	0	-248	0	845,979	864,678	-18,699
12.	Technical equipment, machinery and vehicles	0	416,516	-4,565	0	0	0	0	605	0	605	0	412,556	410,620	1,936
13.	Other equipment, fixtures and fittings, vehicles	0	299	-1	0	0	0	0	0	0	0	0	298	157	141
14.	Breeding stock	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15.	Capital projects, renovations	0	26,040	-97	0	0	0	0	48	0	48	0	25,991	32,596	-6,605
16.	Advance payments for capital projects	0	37,607	0	0	0	-144	0	0	0	-144	0	37,463	4,003	33,460
17.	Revaluation of tangible assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18.	III. NON-CURRENT FINANCIAL ASSETS	0	146,388	-121,153	0	-19,771	0	0	0	0	-19,771	0	5,464	5,724	-260
19.	Long-term participating interests in related companies	0	143,282	-123,496	0	-19,677	0	0	0	0	-19,677	0	109	98	11
20.	Long-term loans to related companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21.	Long-term major participating interests	0	806	2,343	0	-94	0	0	0	0	-94	0	3,055	3,149	-94
22.	Long-term loans to companies linked by virtue of majo	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23.	Other long-term participating interests	0	2,266	0	0	0	0	0	0	0	0	0	2,266	2,458	-192
24.	Long-term loans to companies linked by virtue of other	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25.	Other long-term loans	0	34	0	0	0	0	0	0	0	0	0	34	19	15
26.	Long-term debt securities	0	0	0	0	0	0	0	0	0	0	0	0	0	0
27.	Revaluation of non-current financial assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0
28.	Fair value adjustment of non-current financial assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0
29.	Difference from the consolidation of equity (goodwill)	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 associated companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0
32.	B. CURRENT ASSETS	0	166,373	11	0	0	-36,356	0	-10	0	-36,366	0	130,018	109,227	20,791
33.	I. INVENTORIES	0	30,176	3	0	0	-4	0	-4	0	-8	0	30,171	29,681	490
34.	Raw materials	0	24,484	3	0	0	-4	0	-4	0	-8	0	24,479	24,616	-137
35.	Work in progress and semi-finished products	0	2,420	0	0	0	0	0	0	0	0	0	2,420	2,103	317
36.	Animals for breeding, fattening and other livestock	0	0	0	0	0	0	0	0	0	0	0	0	0	0
37.	Finished products	0	1,809	0	0	0	0	0	0	0	0	0	1,809	1,473	336
38.	Goods	0	1,081	0	0	0	0	0	0	0	0	0	1,081	1,080	1
39.	Advance payments for inventories	0	382	0	0	0	0	0	0	0	0	0	382	409	-27
40.	II. RECEIVABLES	0	95,492	8	0	0	-36,352	0	-6	0	-36,358	0	59,142	34,043	25,099
41.	Receivables from supplies of goods and services (acco	0	8,931	0	0	0	0	0	0	0	0	0	8,931	7,651	1,280
42.	Receivables from related companies	0	36,470	-2	0	0	-36,439	0	0	0	-36,439	0	29	1,216	-1,187
43.	Receivables from companies linked by virtue of major	0	111	0	0	0	0	0	0	0	0	0	111	92	19
44.	Receivables from companies linked by virtue of other	0	49	0	0	0	0	0	0	0	0	0	49	30	19
45.	Notes receivable	0	0	0	0	0	0	0	0	0	0	0	0	0	0
46.	Other receivables	0	49,931	0	0	0	87	0	0	0	87	0	50,018	25,044	24,974
47.	Fair value adjustment of receivables	0	0	0	0	0	0	0	0	0	0	0	0	0	0
48.	Positive fair value adjustment of derivatives	0	0	0	0	0	0	0	0	0	0	0	0	0	0
49.	Deferred tax assets arising from consolidation	0	0	10	0	0	0	0	-6	0	-6	0	4	10	-6
50.	III. SECURITIES	0	0	0	0	0	0	0	0	0	0	0	0	0	0
51.	Participating interests in related companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0
52.	Major participating interests	0	0	0	0	0	0	0	0	0	0	0	0	0	0
53.	Other participating interests	0	0	0	0	0	0	0	0	0	0	0	0	0	0
54.	Own shares	0	0	0	0	0	0	0	0	0	0	0	0	0	0
55.	Debt securities held for dealing	0	0	0	0	0	0	0	0	0	0	0	0	0	0
56.	Fair value adjustment of securities	0	0	0	0	0	0	0	0	0	0	0	0	0	0
57.	IV. LIQUID ASSETS	0	40,705	0	0	0	0	0	0	0	0	0	40,705	45,503	-4,798
58.	Petty cash, cheques	0	192	0	0	0	0	0	0	0	0	0	192	164	28
59.	Bank deposits	0	40,513	0	0	0	0	0	0	0	0	0	40,513	45,339	-4,826
60.	C. PREPAID EXPENSES & ACCRUED INCOME	0	18,155	430	0	0	-5,030	0	81	0	-4,949	0	13,636	35,466	-21,830
61.	Accrued income	0	9,153	0	0	0	-3,134	0	0	0	-3,134	0	6,019	26,539	-20,520
62.	Prepaid expenses	0	2,730	-8	0	0	-1,896	0	0	0	-1,896	0	826	650	176
63.	Deferred expenses	0	6,272	438	0	0	0	0	81	0	81	0	6,791	8,277	-1,486
64.	TOTAL ASSETS	0	1,679,107	-130,688	0	-19,771	-41,530	0	468	0	-60,833	0	1,487,586	1,477,179	10,407

Figures in million HUF

No.	Description	Accumulated financial statement data for the current year		Opening, total	Effects of consolidation tasks for 2017					Total consolidation for 2017		Consolidated data for 2017		Comparison	
		Adjustments to previous years	Current year		Opening settlements, total	Equity consolidation, total	Elimination of intragroup receivables and liabilities, total	Consolidation of gains and expenses	Elimination of internal profit/loss in total	Eliminations for previous years	Eliminations for the current year	Adjustments to previous years	Current year	Consolidated financial statements for 2016	Change (current year - previous year)
65.	D EQUITY	0	344,563	-139,009	0	-19,771	54	208	1,569	0	-17,940	0	187,614	157,372	30,242
66.	I. REGISTERED CAPITAL	0	82,371	-46,871	0	-11,000	0	0	0	0	-11,000	0	24,500	22,000	2,500
67.	of which: repurchased ownership share at nominal value	0	0	0	0	0	0	0	0	0	0	0	0	0	0
68.	II. REGISTERED CAPITAL NOT PAID	0	0	0	0	0	0	0	0	0	0	0	0	0	0
69.	III. CAPITAL RESERVE	0	200,697	-69,013	0	0	0	0	0	0	0	0	131,684	115,207	16,477
70.	IV. RETAINED EARNINGS	0	46,731	-8,102	0	-9,785	0	0	-20	0	-9,805	0	28,824	13,786	15,038
71.	V. NON-DISTRIBUTABLE RESERVE	0	2,402	71	0	0	0	0	20	0	20	0	2,493	4,137	-1,644
72.	VI. REVALUATION RESERVE	0	0	0	0	0	0	0	0	0	0	0	0	0	0
73.	1. Revaluation reserve for adjustments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
74.	2. Fair valuation reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0
75.	VII. ADJUSTED AFTER-TAX PROFIT/(LOSS)	0	12,362	0	0	-2,928	54	208	1,569	0	-1,097	0	11,265	14,055	-2,790
76.	VIII. CHANGES IN EQUITY OF SUBSIDIARIES	0	0	4,677	0	3,942	0	0	0	0	3,942	0	8,619	4,676	3,943
77.	VIII/A. CHANGES IN VALUE OF INVESTMENTS IN ASSOCIATES	0	0	2,434	0	0	0	0	0	0	0	0	2,434	2,577	-143
78.	IX. CHANGES DUE TO CONSOLIDATION	0	0	-22,205	0	0	0	0	0	0	0	0	-22,205	-19,066	-3,139
79.	From the elimination of intragroup receivable	0	0	13	0	0	0	0	0	0	0	0	13	24	-11
80.	From the elimination of internal profit/loss	0	0	-22,218	0	0	0	0	0	0	0	0	-22,218	-19,090	-3,128
81.	X. INVESTMENTS OF EXTERNAL MEMBERS (NON-CONTROLLING INTERESTS)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
82.	E PROVISIONS	0	40,978	67	0	0	0	-208	61	0	-147	0	40,898	40,713	185
83.	1. Provisions for contingent liabilities	0	25,261	-300	0	0	0	0	-208	0	0	0	24,753	24,322	431
84.	2. Provisions for future expenses	0	11,432	0	0	0	0	0	0	0	0	0	11,432	11,315	117
85.	3. Other provisions	0	4,285	367	0	0	0	0	61	0	61	0	4,713	5,076	-363
86.	F LIABILITIES	0	1,139,991	92	0	0	-36,647	0	0	0	-36,647	0	1,103,436	1,128,223	-24,787
87.	I. SUBORDINATED LIABILITIES	0	0	100	0	0	0	0	0	0	0	0	100	100	0
88.	Subordinated liabilities to related companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0
89.	Subordinated liabilities to companies linked by virtue of control	0	0	0	0	0	0	0	0	0	0	0	0	0	0
90.	Subordinated liabilities to companies linked by virtue of significant influence	0	0	0	0	0	0	0	0	0	0	0	0	0	0
91.	Subordinated liabilities to other entities	0	0	0	0	0	0	0	0	0	0	0	0	0	0
92.	Difference from the equity consolidation of subsidiaries	0	0	100	0	0	0	0	0	0	0	0	100	100	0
93.	II. NON-CURRENT LIABILITIES	0	975,437	0	0	0	0	0	0	0	0	0	975,437	1,031,383	-55,946
94.	Long-term borrowings	0	58	0	0	0	0	0	0	0	0	0	58	292	-234
95.	Convertible bonds and contingent convertible bonds	0	0	0	0	0	0	0	0	0	0	0	0	0	0
96.	Liabilities from the issue of bonds	0	0	0	0	0	0	0	0	0	0	0	0	0	0
97.	Loans for capital and development projects	0	29,658	0	0	0	0	0	0	0	0	0	29,658	51,152	-21,494
98.	Other long-term loans	0	0	0	0	0	0	0	0	0	0	0	0	0	0
99.	Non-current liabilities to related companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0
100.	Non-current liabilities to companies linked by virtue of control	0	0	0	0	0	0	0	0	0	0	0	0	0	0
101.	Non-current liabilities to companies linked by virtue of significant influence	0	0	0	0	0	0	0	0	0	0	0	0	0	0
102.	Other non-current liabilities	0	945,721	0	0	0	0	0	0	0	0	0	945,721	979,939	-34,218
104.	III. CURRENT LIABILITIES	0	164,554	-8	0	0	-36,647	0	0	0	-36,647	0	127,899	96,740	31,159
105.	Short-term borrowings	0	234	0	0	0	0	0	0	0	0	0	234	234	0
106.	- of which: convertible and contingent convertible bonds	0	0	0	0	0	0	0	0	0	0	0	0	0	0
107.	Short-term loans	0	21,357	0	0	0	0	0	0	0	0	0	21,357	14,094	7,263
108.	Advance payments received from customers	0	52	0	0	0	0	0	0	0	0	0	52	60	-8
109.	Accounts payable	0	42,174	0	0	0	1	0	0	0	1	0	42,175	44,317	-2,142
110.	Notes payable	0	0	0	0	0	0	0	0	0	0	0	0	0	0
111.	Current liabilities to related companies	0	36,745	-8	0	0	-36,648	0	0	0	-36,648	0	89	84	5
112.	Current liabilities to companies linked by virtue of control	0	1,913	0	0	0	0	0	0	0	0	0	1,913	1,990	-77
113.	Current liabilities to companies linked by virtue of significant influence	0	59	0	0	0	0	0	0	0	0	0	59	48	11
114.	Other current liabilities	0	62,020	0	0	0	0	0	0	0	0	0	62,020	35,913	26,107
115.	Revaluation difference on liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0	0
116.	Negative revaluation difference on derivative transactions	0	0	0	0	0	0	0	0	0	0	0	0	0	0
117.	Deferred tax liabilities arising from consolidation	0	0	0	0	0	0	0	0	0	0	0	0	0	0
118.	G ACCRUED EXPENSES AND DEFERRED INCOME	0	153,575	8,162	0	0	-4,937	0	-1,162	0	-6,099	0	155,638	150,871	4,767
119.	Prepaid income	0	9,963	0	0	0	-1,713	0	0	0	-1,713	0	8,250	9,565	-1,315
120.	Accrued expenses	0	11,354	-15	0	0	-3,224	0	0	0	-3,224	0	8,115	7,145	970
121.	Deferred income	0	132,258	8,177	0	0	0	0	-1,162	0	-1,162	0	139,273	134,161	5,112
122.	TOTAL EQUITY AND LIABILITIES	0	1,679,107	-130,688	0	-19,771	-41,530	0	468	0	-60,833	0	1,487,586	1,477,179	10,407

Figures in million HUF

No.	Description	Accumulated financial statement data for the current year		Opening, total	Effects of consolidation tasks for 2017					Total consolidation for 2017		Consolidated data for 2017		Comparison	
		Adjustments to previous years	Current year		Opening settlements, total	Equity consolidation, total	Elimination of intragroup receivables and liabilities, total	Consolidation of gains and expenses	Elimination of internal profit/loss in total	Eliminations for previous years	Eliminations for the current year	Adjustments to previous years	Current year	Consolidated financial statements for 2016	Change (current year - previous year)
01.	Net domestic sales revenues	0	295,157	0	0	0	-4	-151,303	-21,120	0	-172,427	0	122,730	115,313	7,417
02.	Net export sales revenues	0	17,489	0	0	0	0	0	0	0	0	0	17,489	17,075	414
I.	NET SALES REVENUES	0	312,646	0	0	0	-4	-151,303	-21,120	0	-172,427	0	140,219	132,388	7,831
03.	Change in self-produced inventories	0	642	0	0	0	0	0	0	0	0	0	642	-184	826
04.	Capitalised value of self-produced assets	0	16,164	0	0	0	0	55	15,034	0	15,089	0	31,253	30,522	731
II.	CAPITALISED OWN PERFORMANCE	0	16,806	0	0	0	0	55	15,034	0	15,089	0	31,895	30,338	1,557
III.	OTHER GAINS	0	315,302	0	0	0	-15	-443	1,081	0	623	0	315,925	275,806	40,119
	of which: impairment reversed	0	452	0	0	0	0	0	0	0	0	0	452	727	-275
III/A.	CONSOLIDATION DIFFERENCE – INCREASING PROFIT/	0	0	0	0	0	0	0	0	0	0	0	0	0	0
05.	Material expenses	0	64,817	0	0	0	0	-2,172	-1,071	0	-3,243	0	61,574	59,189	2,385
06.	Services used	0	199,584	0	0	0	-23	-122,881	0	0	-122,904	0	76,680	60,853	15,827
07.	Other services	0	4,020	0	0	0	0	-131	0	0	-131	0	3,889	3,327	562
08.	Cost of goods sold	0	37,596	0	0	0	0	-23,396	-4,349	0	-27,745	0	9,851	8,710	1,141
09.	Cost of sold (intermediated) services	0	5,451	0	0	0	0	-2,620	-227	0	-2,647	0	2,804	3,025	-221
IV.	MATERIAL EXPENSES	0	311,468	0	0	0	-23	-151,200	-5,447	0	-156,670	0	154,798	135,104	19,694
10.	Payroll cost	0	144,049	0	0	0	0	0	0	0	0	0	144,049	123,007	21,042
11.	Other payments to personnel	0	19,930	0	0	0	-8	-101	0	0	-109	0	19,821	18,635	1,186
12.	Social security and other contributions	0	37,497	0	0	0	0	0	0	0	0	0	37,497	37,774	-277
V.	PERSONNEL-RELATED EXPENSES	0	201,476	0	0	0	-8	-101	0	0	-109	0	201,367	179,416	21,951
VI.	DEPRECIATION	0	89,077	0	0	0	0	0	-977	0	-977	0	88,100	76,822	11,278
VII.	OTHER EXPENSES	0	30,458	0	0	0	-42	-598	-75	0	-715	0	29,743	27,670	2,073
	of which: impairment	0	4,854	0	0	0	0	0	-68	0	-68	0	4,786	13,441	-8,655
VII/A.	CONSOLIDATION DIFFERENCE – DECREASING PROFIT	0	0	0	0	0	0	0	0	0	0	0	0	0	0
A.	OPERATING PROFIT/(LOSS)	0	12,275	0	0	0	54	208	1,494	0	1,756	0	14,031	19,520	-5,489
13.	Dividends received	0	1,993	0	0	-1,993	0	0	0	0	-1,993	0	0	0	0
	Of which: from related companies	0	1,360	0	0	-1,360	0	0	0	0	-1,360	0	0	0	0
13/a.	Dividends received from associated companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13/b.	Dividends received from companies linked by virtue of other p	0	3	0	0	0	0	0	0	0	0	0	3	2	1
14.	Exchange gain on disposal of participating interests	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Of which: from related companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15.	Interest and exchange gains on non-current financial assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Of which: from related companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16.	Other interest and similar income received (due)	0	62	0	0	0	0	-8	0	0	-8	0	54	379	-325
	Of which: from related companies	0	8	0	0	0	0	-8	0	0	-8	0	0	0	0
17.	Other financial gains	0	565	0	0	550	0	0	-63	0	487	0	1,052	1,355	-303
	of which: revaluation difference	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VIII.	INCOME FROM FINANCIAL TRANSACTIONS	0	2,623	0	0	-1,443	0	-8	-63	0	-1,514	0	1,109	1,736	-627
18.	Expenses and exchange losses from participating interests	0	0	0	0	0	0	0	0	0	0	0	0	1	-1
	Of which: paid to related companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19.	Expenses and exchange losses from non-current financial assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Of which: paid to related companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20.	Interest payable (paid) and similar expenses	0	694	0	0	0	0	-8	0	0	-8	0	686	1,091	-405
	Of which: paid to related companies	0	9	0	0	0	0	-9	0	0	-9	0	0	0	0
21.	Impairment on participating interests, securities, long-term loan	0	-327	0	0	285	0	0	0	0	285	0	-42	-20	-22
22.	Other expenses of financial transactions	0	2,084	0	0	1,200	0	0	-144	0	1,056	0	3,140	5,994	-2,854
	of which: revaluation difference	0	0	0	0	0	0	0	0	0	0	0	0	0	0
IX.	EXPENSES OF FINANCIAL TRANSACTIONS	0	2,451	0	0	1,485	0	-8	-144	0	1,333	0	3,784	7,066	-3,282
B.	FINANCIAL PROFIT/(LOSS)	0	172	0	0	-2,928	0	0	81	0	-2,847	0	-2,675	-5,330	2,655
C.	PRE-TAX PROFIT/(LOSS)	0	12,447	0	0	-2,928	54	208	1,575	0	-1,091	0	11,356	14,190	-2,834
X.	TAX LIABILITY	0	85	0	0	0	0	0	0	0	0	0	85	134	-49
X/A.	DEFERRED TAX EXPENSE	0	0	0	0	0	0	0	6	0	6	0	6	1	5
D.	AFTER-TAX PROFIT/(LOSS)	0	12,362	0	0	-2,928	54	208	1,569	0	-1,097	0	11,265	14,055	-2,790
23.	Share of external members (other owners) in the after-tax profit	0	0	0	0	0	0	0	0	0	0	0	0	0	0
E.	ADJUSTED AFTER-TAX PROFIT/(LOSS)	0	12,362	0	0	-2,928	54	208	1,569	0	-1,097	0	11,265	14,055	-2,790