

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

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

To the Shareholder of MÁV Zrt.

#### **Opinion**

We have audited the accompanying 2018 annual financial statements of MÁV Zrt. ("the Company"), which comprise the balance sheet as at 31 December 2018 - showing a balance sheet total of HUF 1,256,519 million and a profit after tax for the year of HUF 10,778 million -, the related profit and loss account for the financial year then ended and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion the annual financial statements give a true and fair view of the equity and financial position of the Company as at 31 December 2018 and of the results of its operations for the financial year then ended in accordance with the Act C of 2000 on Accounting ("Hungarian Accounting Law").

#### **Basis for opinion**

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

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

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

#### **Emphasis of matter**

We draw attention to note II.1.2.2.3, in which it is disclosed that the Company is entitled to cost compensation with respect to its justifiable costs incurred in relation to the public related services which are not covered with related revenues and refund of renovation expenses. The Company has recorded HUF 61,645 million cost refunds and HUF 23,294 million renovation refunds for 2018. As the examination of the justifiable costs are in progress and will be approved in the Annual Summary, these amounts may be subject to change. Our opinion is not modified in respect of this matter.

We also draw attention to note II.1.1.3., in which it is disclosed that the ownership status of some of the Company's properties since the time of the foundation of the Company is not yet settled between the Company and the Founder. According to the amendment on Act CVI of 2007 on State Property the settlement of the ownership of the assets should not have a negative effect on the Company's equity. Our opinion is not modified in respect of this matter.

We also draw attention to note II.1.1.8. which states that as at 31 December 2018 some assets and the relating long term liabilities have not been recorded by MÁV Zrt. which have been already handed over by NIF Zrt. from a technical perspective and are in use by MÁV Zrt. Due to the lack of information provided by NIF Zrt. the gross value of these assets is not known. The transfer of these assets have not been performed due to the lack of equity to be used for the transaction. Additionally, Note II.1.2.2.3. states that the 2018 depreciation charge and write off expense on treasury assets exceeded the renovation refund by HUF 35,834 million, so the replacement of these assets are not provided. Our opinion is not modified in respect of this matter.

### **Other matters**

The annual financial statements as at 31 December 2017 were audited by another auditor who expressed an unmodified opinion on those financial statements on 24 April 2018.

### **Other information**

Other information consists of the 2018 business report of the Company. Management is responsible for the preparation of the business report in accordance with the Hungarian Accounting Law and other relevant legal requirements, if any. Our opinion on the annual financial statements does not cover the business report.

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

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

In our opinion, the business report of the Company for 2018 is consistent, in all material respects, with the 2018 annual financial statements of the Company and the relevant requirements of the Hungarian Accounting Law.

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

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

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

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

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

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

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

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

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

- ▶ Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Budapest, 29 April 2019

(The original Hungarian language version has been signed.)

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

Lelkes Tamás  
Registered auditor  
Chamber membership No.: 007349

10856417-5221-114-01

Statistical code

01-10-042272

Registration number

# **MÁV HUNGARIAN STATE RAILWAYS**

Private Company by Shares

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

## **Balance sheet and profit & loss account**

31 December 2018

Date: Budapest, 2019.04.29

Manager (representative) of the Company

Stamp

**BALANCE SHEET Version "A" - Assets**

31 December 2018 Data in million HUF

No.	Description	Previous year	Current year
a	b	c	e
<b>A.</b>	<b>Non-current assets</b>	1 218 015	1 187 048
I.	INTANGIBLE ASSETS	9 218	8 123
1.	Capitalised cost of foundation/restructuring	0	0
2.	Capitalised cost of development	37	37
3.	Concessions, licenses and similar rights	6 245	5 127
4.	Intellectual property	2 936	2 959
4/a.	of which: Managed state owned intellectual property	0	0
5.	Goodwill	0	0
6.	Advance payments for intangible assets	0	0
7.	Revaluation of intangible assets	0	0
II.	TANGIBLE ASSETS	1 062 697	1 032 264
1.	Land and buildings and related property rights	833 971	812 767
1/a.	of which: Managed state owned properties and related rights	780 956	759 371
2.	Plant, machinery, equipment and vehicles	206 377	197 434
2/a.	of which: Managed state owned technical equipment, machinery and vehicles	115 344	109 718
3.	Other equipment, fixtures and fittings, vehicles	16	48
4.	Breeding stock	0	0
5.	Tangible assets under construction	21 255	20 415
5/a.	of which: Managed state owned capital projects	17 559	18 808
6.	Advance payments for assets under construction	1 078	1 600
7.	Revaluation of tangible assets	0	0
III.	LONG-TERM FINANCIAL ASSETS	146 100	146 661
1.	Long-term investments in related parties	143 028	143 423
2.	Long-term loans granted to related parties	0	0
3.	Long-term investments in undertakings with which the undertaking is linked by virtue of participating interest	805	805
4.	Long-term loans granted to undertakings with which the undertaking is linked by virtue of participating interest	0	0
5.	Other long-term investments	2 266	2 426
6.	Long-term loans granted to other investments	0	0
7.	Other long-term loans granted	1	7
8.	Long-term debt securities	0	0
9.	Revaluation of financial investments	0	0
10.	Fair value adjustment of financial investments	0	0

Date: Budapest, 2019.04.29

Stamp

**BALANCE SHEET Version "A" - Assets**

31 December 2018 Data in million HUF

No.	Description	Previous year	Current year
a	b	c	e
<b>B.</b>	<b>Current assets</b>	69 871	60 878
I.	INVENTORIES	9 747	11 310
1.	Raw materials and consumables	9 342	10 809
1/a.	of which: Managed state owned raw material and consumables	1 904	2 191
2.	Work in progress and semi-finished products	0	1
2/a.	of which: Managed state owned work in progress and semi-finished products	0	0
3.	Animals for breeding, fattening and other livestock	0	0
4.	Finished products	343	330
4/a.	of which: Managed state owned finished products	41	139
5.	Goods	62	170
6.	Advance payments for inventories	0	0
II.	RECEIVABLES	28 007	31 103
1.	Accounts receivable	2 873	2 606
2.	Receivables from related parties	14 900	16 754
3.	Receivables from undertakings with which the undertaking is linked by virtue of participating interest	52	42
4.	Receivables from other investments	27	10
5.	Notes receivable	0	0
6.	Other receivables	10 155	11 691
6/a.	of which: Managed state owned other receivables	1 366	2 929
7.	Fair value adjustment of receivables	0	0
8.	Positive fair value adjustment of derivatives	0	0
III.	SECURITIES	0	0
1.	Investments in related parties	0	0
2.	Investments in undertakings with which the undertaking is linked by virtue of participating interest	0	0
3.	Other investments	0	0
4.	Treasury shares and interests repurchased	0	0
5.	Marketable debt securities	0	0
6.	Fair value adjustment of securities	0	0
IV.	CASH AND BANK	32 117	18 465
1.	Cash, cheques	6	5
2.	Bank deposits	32 111	18 460
<b>C.</b>	<b>Prepaid expenses &amp; accrued income</b>	8 569	8 293
1.	Accrued income	3 287	2 462
2.	Prepaid expenses	1 316	2 679
3.	Deferred expenses	3 966	3 152
<b>Total assets</b>		<b>1 296 455</b>	<b>1 256 219</b>

Date: Budapest, 2019.04.29

Stamp

**BALANCE SHEET Version "A" - Equity and liabilities**

31 December 2018 Data in million HUF

No.	Description	Previous year	Current year
a	b	c	e
<b>D. Equity</b>		193 951	205 031
I. REGISTERED CAPITAL		24 500	24 500
	of which: treasury shares redeemed at face value	0	0
II. REGISTERED CAPITAL NOT PAID (-)		0	0
III. CAPITAL RESERVE		131 683	131 985
IV. RETAINED EARNINGS		28 550	36 842
V. NON-DISTRIBUTABLE RESERVE		1 410	926
VI. REVALUATION RESERVE		0	0
1. Valuation reserve of revaluation		0	0
2. Valuation reserve for mark to fair value		0	0
VII. PROFIT / LOSS FOR THE YEAR		7 808	10 778
<b>E. Provisions</b>		32 637	30 623
1. Provisions for expected liabilities		21 457	18 807
2. Provisions for future costs		8 586	9 552
3. Other provisions		2 594	2 264
<b>F. Liabilities</b>		1 032 769	982 299
I. SUBORDINATED DEBT		0	0
1. Subordinated debts to related parties		0	0
2. Subordinated debts to undertakings with which the undertaking is linked by virtue of participating interest		0	0
3. Subordinated debts to other investments		0	0
4. Subordinated debts to third parties		0	0
II. LONG-TERM LIABILITIES		962 506	928 899
1. Long-term borrowings		58	0
2. Convertible bonds		0	0
3. Bonds payable		0	0
4. Loans received for investment and development		16 871	9 488
5. Other long-term loans		0	0
6. Long-term debts to related parties		0	0
7. Long-term debts to undertakings with which the undertaking is linked by virtue of participating interest		0	0
8. Long-term debts to other investments		0	0
9. Other long-term liabilities		945 577	919 411
9/a. of which: Liabilities related to managed state owned assets		945 120	919 096

Date: Budapest, 2019.04.29

Stamp



**BALANCE SHEET Version "A" - Equity and liabilities**

31 December 2018 Data in million HUF

No.	Description	Previous year	Current year
a	b	c	e
III.	CURRENT LIABILITIES	70 263	53 400
1.	Short-term borrowings	234	58
1/a.	of which: convertible and mandatory convertible bonds	0	0
2.	Other short-term loans	10 217	8 001
3.	Advances received from trade debtors	49	995
4.	Accounts payable	26 822	18 591
5.	Notes payable	0	0
6.	Short-term debts to related parties	18 275	11 696
7.	Short-term debts to undertakings with which the undertaking is linked by virtue of participating interest	619	207
8.	Short-term debts to other investments	38	17
9.	Other current liabilities	14 009	13 835
9/a.	of which: Liabilities related to managed state owned assets	581	1 643
10	Fair value adjustment of liabilities	0	0
11	Negative fair value adjustment of derivatives	0	0
G.	Accrued expenses and deferred income	37 098	38 266
1.	Prepaid income	7 869	8 308
2.	Accrued expenses	2 348	3 959
3.	Deferred income	26 881	25 999
<b>Total equity &amp; liabilities</b>		<b>1 296 455</b>	<b>1 256 219</b>

Date: Budapest, 2019.04.29

Stamp

**PROFIT AND LOSS ACCOUNT Version "A" (total-cost method)**

31 December 2018 Data in million HUF

No.	Description	Previous year	Current year
a	b	c	e
01.	Domestic sales revenue, net	150 805	153 066
02.	Export sales revenue, net	1 030	1 531
<b>I.</b>	<b>Net sales (01+02)</b>	151 835	154 597
03.	Changes in self produced inventories	105	-12
04.	Capitalised value of self produced assets	4 733	5 534
<b>II.</b>	<b>Capitalised own performance (±03+04)</b>	4 838	5 522
<b>III.</b>	<b>Other gains</b>	140 271	142 380
	of which: impairment reversed	0	11
05.	Raw materials and consumables used	18 810	19 548
06.	Services purchased	57 192	54 801
07.	Other services	1 614	1 429
08.	Cost of goods sold	29 699	33 658
09.	Cost of sold (intermediated) services	1 451	1 751
<b>IV.</b>	<b>Material-type expenses (05+06+07+08+09)</b>	108 766	111 187
10.	Payroll cost	65 396	73 430
11.	Other employee benefits	9 351	10 530
12.	Social security and other contributions	17 032	17 364
<b>V.</b>	<b>Personnel related expenses (10+11+12)</b>	91 779	101 324
<b>VI.</b>	<b>Depreciation expense</b>	65 356	63 834
<b>VII.</b>	<b>Other expenses</b>	23 967	15 719
	of which: impairment loss	3 863	4 765
<b>A.</b>	<b>OPERATING PROFIT/LOSS (I±II±III-IV-V-VI-VII)</b>	7 076	10 435

Date: Budapest, 2019.04.29

Stamp

**PROFIT AND LOSS ACCOUNT Version "A" (total-cost method)**

31 December 2018

Data in million HUF

No.	Description	Previous year	Current year
a	b	c	e
13.	Dividends (due) received	1 995	3 952
	of which: from related parties	1 360	3 376
14.	Disposal and other gains of equity investments	0	0
	of which: from related parties	0	0
15.	Disposal and other gains of long-term financial investments (securities, loans)	0	0
	of which: from related parties	0	0
16.	Other interest received (due) and similar income	41	23
	of which: from related parties	6	2
17.	Other financial gains	177	76
	of which: fair value adjustment	0	0
<b>VIII.</b>	<b>Financial gains (13+14+15+16+17)</b>	<b>2 213</b>	<b>4 051</b>
18.	Disposal and other losses of equity investments	0	0
	of which: to related parties	0	0
19.	Disposal and other losses of long-term financial investments (securities, loans)	0	0
	of which: to related parties	0	0
20.	Interest payable (paid) and similar charges	221	146
	of which: to related parties	2	1
21.	deposits	-327	1 872
22.	Other financial losses	1 587	1 690
	of which: fair value adjustment	0	0
<b>IX.</b>	<b>Financial losses (18+19+20+21)</b>	<b>1 481</b>	<b>3 708</b>
<b>B.</b>	<b>FINANCIAL PROFIT/LOSS (VIII-IX)</b>	<b>732</b>	<b>343</b>
<b>C.</b>	<b>PROFIT/LOSS FROM ORDINARY ACTIVITIES (±A±B)</b>	<b>7 808</b>	<b>10 778</b>
<b>X.</b>	<b>Tax expense</b>	<b>0</b>	<b>0</b>
<b>D.</b>	<b>PROFIT/LOSS FOR THE YEAR (±C-X)</b>	<b>7 808</b>	<b>10 778</b>

Date: Budapest, 2019.04.29

Stamp



**MÁV HUNGARIAN STATE RAILWAYS PRIVAT COMPANY LIMITED**

---

# **NOTES TO THE FINANCIAL STATEMENTS FOR 2018**

Budapest,..... 2019  
Stamp

.....  
head of the Company (representative)

## Table of Contents

<b>I</b>	<b>General disclosures</b>	<b>6</b>
<b>I.1</b>	<b>The Company</b>	<b>6</b>
<b>I.2</b>	<b>Significant accounting policies</b>	<b>8</b>
<b>I.3</b>	<b>Changes in the accounting policies in 2018</b>	<b>11</b>
<b>I.4</b>	<b>Measurement methods applied by the Company</b>	<b>11</b>
<b>I.5</b>	<b>Important information on and changes in the Company's operations</b>	<b>14</b>
I.5.1	Government involvement in MÁV Zrt.'s operations	14
<b>I.6</b>	<b>Obligation to prepare consolidated financial statements</b>	<b>15</b>
<b>II</b>	<b>Specific disclosures</b>	<b>16</b>
<b>II.1</b>	<b>Notes to the balance sheet</b>	<b>16</b>
II.1.1	Non-current assets	16
II.1.1.1	Changes in intangible assets	16
II.1.1.2	Changes in managed state-owned intangible assets	18
II.1.1.3	Changes in tangible assets	19
II.1.1.4	Changes in managed state-owned tangible assets	20
II.1.1.5	Change in capital projects	21
II.1.1.6	Impact of depreciation in the reporting year	22
II.1.1.7	Intangible and tangible assets contributed/received free of charge	22
II.1.1.8	Managed state-owned assets	22
II.1.1.9	The Company's long-term investments	26
II.1.1.10	Impairment on non-current financial assets	27
II.1.1.11	Subordinated assets	27
II.1.2	Current assets	27
II.1.2.1	Inventories	27
II.1.2.2	Receivables	28
II.1.2.2.1	Receivables and impairment loss	28
II.1.2.2.2	Receivables from related parties	28
II.1.2.2.3	Reimbursement components	29
II.1.2.2.4	Reclassification of receivables and liabilities in the balance sheet	29
II.1.2.3	Securities	30
II.1.2.3.1	Impairment on securities	30
II.1.3	Prepaid expenses and accrued income	30
II.1.4	Equity	31
II.1.4.1	Movements in equity	31
II.1.4.2	Non-distributable reserves	31
II.1.5	Provisions	31
II.1.5.1	Provisions for expected liabilities	33
II.1.5.2	Provisions for liabilities to related parties	33

II.1.5.3	Provisions for future expenses	33
II.1.5.4	Other provisions	34
II.1.5.4.1	Provisions for foreign exchange losses	34
II.1.5.5	Changes in provisions in the reporting year	34
II.1.6	Liabilities	35
II.1.6.1	Subordinated liabilities	35
II.1.6.2	Non-current liabilities	35
II.1.6.2.1	Long-term loans	35
II.1.6.2.2	Long-term borrowings and bonds	35
II.1.6.2.3	Other non-current liabilities	36
II.1.6.2.4	Liabilities related to managed state-owned assets	36
II.1.6.3	Current liabilities	37
II.1.6.3.1	Short-term loans and borrowings	37
II.1.6.3.2	Other current liabilities	37
II.1.6.4	Liabilities to related parties	38
II.1.7	Accrued expenses and deferred income	38
II.1.8	Off-balance sheet items	38
II.1.8.1	Borrowing and repayment of loans not disbursed by the balance sheet date	38
II.1.8.2	Hedging transactions	38
II.1.8.3	Joint and several liability and guarantee agreements	39
II.1.8.4	Lien and other contingencies	39
II.1.8.5	Expected environmental liabilities and recovery obligations not recognised among liabilities	39
II.1.8.6	Payment schedule of off-balance sheet interest and related charges	40
II.1.8.7	Operating lease contracts in effect at the balance sheet date where the Company is the lessee	40
<b>II.2</b>	<b>Notes to the profit and loss account</b>	<b>41</b>
II.2.1	Net sales revenues	41
II.2.1.1	Net sales revenues by activity	41
II.2.1.2	Export and import sales revenues	42
II.2.2	Analysis of expenses by type	42
II.2.2.1	Material-type expenses	43
II.2.2.2	Payments to personnel	44
II.2.2.3	Depreciation	45
II.2.3	Other income and expenses	45
II.2.3.1	Other income	45
II.2.3.2	Other expenses	47
II.2.4	Financial profit/(loss)	48
II.2.4.1	Financial income	48
II.2.4.2	Financial expenses	48
II.2.5	Income from and expenses on related parties	49
II.2.6	Corporate tax base adjusting items	50
II.2.7	Profit and loss account based on the turnover cost method	50
II.2.8	Other profit and loss related disclosures	51
<b>II.3</b>	<b>Cash flow statement</b>	<b>52</b>

<b>II.4</b>	<b>Net assets, financial position and results of operations</b>	<b>53</b>
<b>II.5</b>	<b>Balance sheet and profit and loss account affecting previous years</b>	<b>55</b>
<b>III</b>	<b>Informative part</b>	<b>56</b>
<b>III.1</b>	<b>Environment protection</b>	<b>56</b>
III.1.1	Environmental liabilities	56
III.1.2	Tangible assets directly serving environmental purposes	57
III.1.3	Hazardous waste values and quantities	58
<b>III.2</b>	<b>Research and development expenses</b>	<b>59</b>
<b>III.3</b>	<b>Subsidies accounted</b>	<b>60</b>
<b>III.4</b>	<b>Average number of employees, payroll costs, payments to personnel</b>	<b>61</b>
<b>III.5</b>	<b>Information on payments to senior officers and Supervisory Board members</b>	<b>62</b>
III.5.1	Remuneration paid to senior officers and Supervisory Board members	62
III.5.2	Advances and loans disbursed to senior officers and Supervisory Board members, and guarantees assumed on their behalf	62
III.5.3	The Company's pension liabilities to former officers and members of the Supervisory Board	62
<b>III.6</b>	<b>The Company's investments</b>	<b>63</b>
<b>III.7</b>	<b>Disclosures of the exempted parent company</b>	<b>66</b>
<b>III.8</b>	<b>Material transactions with related parties that were not made on an arm's-length basis</b>	<b>66</b>
<b>III.9</b>	<b>Description of foreign permanent establishments</b>	<b>66</b>
<b>IV</b>	<b>Annual supervisory report – Disclosures according to Joint Decree No. 50/2007 GKM-PM on the separation of the accounting records of the individual railway activities of rail companies</b>	<b>67</b>
<b>IV.1</b>	<b>Rail infrastructure operations</b>	<b>67</b>
<b>IV.2</b>	<b>Passenger transport</b>	<b>78</b>
<b>IV.3</b>	<b>Other activities</b>	<b>85</b>
<b>IV.4</b>	<b>Other disclosures on accounting separation</b>	<b>93</b>
<b>V</b>	<b>List of tables</b>	<b>95</b>

## I General disclosures

### I.1 The 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. As of 31 December 2015, MÁV Létesítményüzemeltető és Vasútör Kft., and MÁV Tervezőintézet Kft. as well as its wholly-owned subsidiary, VITECO Kft., merged with MÁV Zrt., and as a result the Company’s range of activities was expanded to include the complex management, sale, and letting of real property, private security activities, and the guarding of properties and trainsets.

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 Hungarian State Railways Private Company Limited by Shares

**The Company’s name in foreign languages:**

English: MÁV Hungarian State Railways Private Company Limited by Shares

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

German: MÁV Ungarische Staatseisenbahnen Aktiengesellschaft betreibend in geschlossener Weise

**The abbreviated name of the Company:**

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. Phone: +36 1/322-0660

**The Company’s homepage:**

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

**The Company’s founder:**

The Company’s founder is the Hungarian State.

Date of foundation: 30 June 1993



**Ownership:**

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

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

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

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

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

**Core activity:**

**52.21 Service activities incidental to land transportation**

The Company's activities include rail infrastructure operation, railway passenger transport and other services incidental to rail transport. The substance of each activity is set out in the accounting separation policies.

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 government, protection of the condition and value of the managed assets and to increasing the value of the managed assets.

**Person authorised to act for and on behalf of the Company:**

Authorised signatory of the financial statements: dr. HOMOLYA Róbert, domicile: 3300 Eger, Vörösmarty Mihály u. 17. 1/4a.

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).

**Person in charge of accounting and financial reporting:**

The person responsible for the management and supervision of accounting services and the compilation of the financial statements is: IMRIK Márta, MÁV Szolgáltató Központ Zrt. deputy general director, head of business administration, domicile: 1173 Budapest, Vanília u. 46. registered qualified accountant, registration No.: 123386.

**Information relating to the audit:**

Based on Section 155 (2) of the accounting act, MÁV Zrt's annual financial statements are subject to mandatory audit. The Company's auditors are Ernst & Young Könyvvizsgáló Kft.

Signing statutory auditor: Lelkes Tamás, domicile: 1161 Budapest, Baross u. 152. B épület, chamber membership number: 007349.

The annual audit fee is HUF 20.417 million.

**The Company's share capital:**

At 31 December 2018, 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.

## **I.2 Significant accounting policies**

### **Key accounting policies used for the preparation of the financial statements**

The Company's financial statements are prepared in accordance with the Hungarian accounting act and the books are kept under the double-entry accounting system, both in Hungarian.

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

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

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

The balance sheet preparation date is 29 March of the year following the reporting year.

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

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

The Company keeps permanent records of the quantity and value of its inventories, with the exception of live plant inventories.

Material errors are defined in accordance with Section 3 (3) 3 of the Accounting Act as follows:

Errors are considered to be material if, in the year when identified, the total of all errors (whether negative or positive) identified for the same financial year and the impacts thereof –increasing or decreasing the profit or equity – exceeds 2% of the balance sheet total of the business year under audit, or HUF 1 million if 2% of the balance sheet total does not exceed HUF 1 million.

Items pertaining to previous years are accounted in the same way as current year items by means of continuous accounting, but they are separated for each period. With respect to items affecting previous years, if a review or self-revision identifies any material error(s) in the financial statements for previous years, then the adjustments concerning such previous year(s), which arose due to findings that have become known by the balance sheet preparation date and have not been contested or appealed against and are considered final, are presented in the notes for each relevant line of the balance sheet and the profit and loss account for the previous five years, broken down by each year, next to the figure for the previous year. In the notes to the financial statements, adjustments concerning periods earlier than the previous five years are presented as aggregated with the data concerning the fifth year. Items affecting previous years and classified as material are transferred to retained earnings as part of the monthly closings.

## **Transactions of an exceptional amount and occurrence**

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

- contribution in kind (capital contribution),
- assets transferred/received free of charge
- gifts, estate,
- discontinued operations without legal succession,
- discontinued operations with legal succession (transformation, merger, demerger),
- reducing share capital through disinvestment,
- cancelled debt,
- assigned liabilities,
- assumed debt,
- forgiven liabilities,
- cash received free of charge
- cash transferred free of charge
- services supplied free of charge,
- services used free of charge,
- operational subsidy received,
- development subsidy received,
- grants provided on any legal grounds
- other items accounted for as other income and other expenses not listed above, presented in note II.2.4

## **Definition of significant value with regard to certain accounts and assets**

- With regard to the extraordinary depreciation of tangible assets and amortisation of intangible assets, the difference between the book value and the market value is considered significant if it exceeds 5% of the asset's book value prior to the recognition/reversal of extraordinary depreciation or amortisation or HUF 1 million as a minimum.
- With regard to the recognition and reversal of impairment loss on equity investments and debt instruments, the difference between the book value and the fair value is significant if it exceeds 5% of the asset's book value prior to the recognition/reversal of impairment or HUF 1 million as a minimum, irrespective of whether they are held in non-current financial assets or current assets. In any case, the difference is considered significant if it exceeds HUF 500 million.
- With regard to the recognition and reversal of impairment loss on receivables (including trade and other receivables), the difference between the book value and the fair value will always be considered significant.
- With regard to the recognition and reversal of impairment loss on purchased supplies (materials, goods), the difference between the book value and the fair value is significant if it exceeds 20% of the asset's book value prior to the recognition/reversal of impairment. With regard to the recognition and reversal of impairment loss on produced inventories (work in progress, semi-finished and finished products), the difference between the fair value and the expected sales price, reduced by expected costs and increased by the expected support, is significant if it exceeds 20% of the asset's book value prior to the recognition/reversal of impairment.
- With a view to Section 16(5) of the accounting act (the principle of cost/benefit comparison), for economic transactions outside the corporate group influencing earnings, net items exceeding HUF 2 million are recognised as accruals or deferrals on the reporting date. An exception is made for network access charges, which are always recognised. For transactions related to

invoices, an item represents the net total of the invoice, while for items not related to invoices, an item represents the amount indicated in the document (e.g. contract, decision, calculation, etc.) that serves as the basis for the recognition of the economic transaction in the accounting system. Intra-group transactions affecting the profit or loss, all accruals and deferrals are recognised at the reporting date, irrespective of their value.

- Provisioning principles are included in Section II.1.5.
- Every deferred income item is considered significant and will be recognised against other income and financial income with respect to the offset costs/expenses.

### **Special rules and recognitions concerning managed state-owned assets**

The special recognition and bookkeeping rules pertaining to managed state-owned assets are set out, in addition to the relevant legal regulations, in the asset management agreement concluded with MNV Zrt.

Managed state-owned assets are recorded in a separate analytical ledger, and are recorded in the general ledger against other non-current liabilities.

Within funds for managed state-owned assets, the following items are recognised separately:

- non-current liabilities financing managed state-owned tangible assets,
- non-current liabilities financing managed state-owned inventories,
- compensation liability, and
- current liabilities related to managed state-owned inventories (other current liabilities).

Managed state-owned assets are measured at the balance sheet date according to the general rules.

When accounting extraordinary depreciation for managed state-owned assets (e.g. due to scrapping, shortfall or destruction), it must be examined whether accounting is based on an event attributable to MÁV Zrt.:

- If the event is attributable to MÁV Zrt. (including scrapping required due to capital projects), depreciation must be charged to MÁV Zrt.'s profit/(loss), alongside settlement of the funds for managed state-owned assets.
- If the event is not attributable to MÁV Zrt., it must be accounted as a decrease in the funds for managed state-owned assets.

Whether an event is attributable to MÁV Zrt. or not must be assessed on the basis of the asset management agreement as in force from time to time.

Materials from the disassembly of managed state-owned assets are charged as a shortfall to the profit/(loss) against other expenses, resulting in a decrease of non-current liabilities financing materials from the disassembly of state-owned assets and an increase in other current liabilities.

The provisions of the Railways Act concerning asset management were amended as a result of the entry into force of Act CXIV of 2013 on 28 June 2013, and therefore, pursuant to the Railways Act, MÁV Zrt. is exempt from any compensation liability arising from 28 June 2013.

The special accounting rules concerning the compensation liability are set out in the Company's accounting policies.

### **Special rules concerning asset transfers**

The value of cash and assets provided against capital reserves under law is accounted as a decrease in capital reserves – up to the positive amount of the same –, concurrently with the cash or asset movement, including, pursuant to Section 69/A. (4) of the Railways Act, the assets transferred to state ownership in the course of asset transfer. The release of deferred income related to these assets is also accounted to capital reserve.

## **Main rules concerning the accounting separation of the Company's railway activities**

Further to Section 7 of the Decree, the Company has a set of accounting separation policies that form a part of its accounting policies. For accounting purposes, railway activities are separated into:

- rail infrastructure operation,
- passenger transport and
- other activities

in a way that the expenses of central (Company and group) management (including the internal expenses of central services used) are allocated between the separated activities based on statistical headcount and wage expenses (extrapolation base).

Costs relating to the management of only one separated activity are allocated to that activity.

Pursuant to the Decree, the Company must allocate all of its assets and liabilities to the above activities. As a general rule, asset components (assets, liabilities, external and internal expenses, income) must be separated according to the divisional classification of the profit centre that generates them (uses them or enjoys their benefits). In the case of transactions related to a future economic event (e.g. provisioning), asset components resulting from the transaction must be allocated to the profit centre that is expected to be affected by the future transaction.

Internal expenses and income accounted between divisions as part of transactions are recognised in separate profit and loss account line items, which are identical on Company level. Therefore, accumulation resulting from accounting separation is eliminated.

In the financial statements, the balance of receivables and liabilities of divisions comprises asset transfers, as well as amounts reflecting the classification of properties as required for rail infrastructure operations (PÜSZ), other assets required for railway operations(VÜSZ), or not required for railway operations(VÜNSZ), and in the case of mergers the amounts reflecting the registered capital and capital reserve of the companies absorbed (transactions not involving actual cash flows from activities). Receivables and liabilities of divisions, and committed cash accounted above these amounts are reduced on a quarterly basis by means of divisional settlement accounting to the extent corresponding to the committed amounts.

## **I.3 Changes in the accounting policies in 2018**

In 2018, a new set of accounting policies (including a new valuation policy) was adopted by the Company (Chairman and CEO's Order 912017 (MÁV Notice No. 32 of 22 December) and Order 92/2017 (MÁV Notice No. 32 of 22 December)) and were first applied for the financial year starting 1 January 2018. However, as there was no significant change in the applied measurement procedures, the new policies have no material impact on the Company's equity and financial position and the results of its operations.

## **I.4 Measurement methods applied by the Company**

### **Standard measurement policies**

Assets and liabilities denominated in foreign currency are translated by the Company at the official foreign exchange rates published by Hungarian Central Bank to convert the amounts to Hungarian forints.



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

### **Measurement of non-current assets**

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

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

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

When purchasing intangible or tangible assets, if the invoice or appropriate receipt is not received until commissioning, the difference between the cost determined from the available documents and the actual value determined from the final receipts will be considered significant and thus necessitates the correction of the preliminary cost if it exceeds 2% of the preliminary cost. There is a significant difference in any case where it exceeds HUF 20 million. With regard to the recognition of capital projects carried out by an appointed state-owned company, all items are considered correction items.

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

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

### **Measurement of current assets**

The historical cost of self-produced inventories is determined by post-calculation. Warehouse inventories, including any movements, are recognised at weighted average cost (standard cost). The standard cost used is the weighted average of the opening balance of inventories and monthly additions of the relevant item supported by invoices.

Impairment loss is recognised on inventories either based on individual market assessment or for a group of inventories.

The scope of the articles subject to individual assessment are defined by our logistics function. The prices of individually assessed articles have to be supported by an underlying contract, valuation report, listed price or equivalent.

Groups of inventories are impaired in two steps. First, the book values are compared to the market prices (as billed, ordered or contracted) recorded in SAP's MM module.

If any inventories recorded under a given part number were acquired during a period of 730 days preceding the balance sheet date (or 731 days if the period included a leap year), the market value (unit price) of an item that is identical on the company level is the average of contractual prices of the last five items acquired within 730 days (or 731 days if the period included a leap year) (hereafter: calculated market price), and the amount of impairment that needs to be recognised or reversed is determined based on this, also in line with the accounting policies.

If, in any of the factories, the difference between the market price calculated as above and the actual sliding price of an article determined at factory level per valuation category should reach the materiality threshold as set out in the accounting policies, then the affected article must be written down to the calculated market price consistently in every factory.

In all other cases, the monthly average turnover an article at company-wide level is determined based on the inventory records (from first acquisition until the balance sheet date for up to five years). The monthly average turnover is then used to calculate the expected turnout period of closing inventories and the recognise any impairment loss at the rates shown in the table below.

Expected turnover time	Impairment rate
Within 1 year	0%
Within 3 years	20%
Within 5 years	50%
Over 5 years	90%

The percentage of impairment loss is calculated based on the cumulated actual factory price in view of any previously recognised impairment loss.

No impairment loss is recognised for the following categories based on their expected turnover: articles subject to individual measurement, safety inventories, bulk inventories, strategic machine parts and tools, and intermediated services shown among goods (unless the debtor disputes settlement before re-invoicing).

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

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

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

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

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

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

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

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

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

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

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

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

## **I.5 Important information on and changes in the Company's operations**

### **I.5.1 Government involvement in MÁV Zrt.'s operations**

On 21 December 2015, the Hungarian state and MÁV Zrt. signed a rail infrastructure operation agreement (hereafter: RIOA) for the period 2016 to 2025. The agreement provides for the long-term financing of the costs of rail infrastructure operations.

Further to the annual cost settlement clause for 2017, MÁV Zrt. is entitled to extra renovation reimbursement totalling HUF 3,938.6 million, additional efficiency incentive of HUF 126.7 million and a reasonable profit of HUF 3,764.2 million for 2017. The funds for these subsidies are not included in the budget act for 2019.

According to the annual cost reimbursement clause for 2018, MÁV Zrt. has received a total reimbursement of HUF 86,469.1 million, of which HUF 71,299.8 million is for operating costs to be recognised in profit or loss, HUF 15,169.3 million is for the renovation of treasury assets and railtrack operating assets. Details of the allocation of reimbursements received are presented in section II.1.2.2.3 Subsidies.

The extra funds necessary for minimum wage increase, guaranteed wage minimum increase, for the elimination of wage overlaps and for gradual pay increases to reach competitive wage levels are all included in the reimbursement.

In Hungary's budget act for 2019 (act L of 2018 on the national budget), HUF 98,113 million is allocated to reimburse the justified expenses related to railtrack operations, of which HUF 91,308 million is payable to MÁV Zrt. The reimbursement clause for 2019 was signed on 7 February 2019 and the first instalment was received on 14 February 2019.

Government subsidy (reimbursement) of HUF 96,888 million was considered in the calculation of the rail network access charge for 2018/2019 in view of the underlying ministerial instruction (VIF/80980/2017-NFM) and the same amount was considered for the Company's business plan for 2019. The minister without portfolio responsible in charge of national assets has issued Shareholder's Statement No. 11/2019. (III.25.) on approving MÁV Zrt's business plan for 2019.



## **I.6 Obligation to prepare consolidated financial statements**

In accordance with Section 10 (1) of the accounting act, MÁV Zrt. is required to prepare consolidated financial statements and a consolidated business report because it qualifies as a parent company under Section 3 (2) point 1 of the accounting act, and may not be exempted from this obligation under either Section 116 or 117.

The MÁV Group's consolidated financial statements are available on the Company's website at [www.mavcsoport.hu](http://www.mavcsoport.hu).

## II Specific disclosures

### II.1 Notes to the balance sheet

The Company prepares a version “A” balance sheet in accordance with Annex 1 of the accounting act. Due to the special nature of its activities and the proportion of managed state-owned assets, the Company has added to the balance sheet template specified in the accounting act the following lines, showing the value of managed state-owned assets and liabilities for each line item:

- Line “A/I. Intangible assets” “3. Intangible property rights” is broken down to subcategory “of which: Managed state-owned intangible property rights”.
- Line “A/I. Intangible assets” “4. Intellectual property” is broken down to subcategory “of which: Managed state-owned trade-marks, patents and similar assets”.
- Line “A/II. Tangible assets” “1. Land and buildings and related intangible property rights” is broken down to subcategory “of which: Managed state-owned properties and related intangible property rights”.
- Line “A/II. Tangible assets” “2. Technical equipment, machinery and vehicles” is broken down to subcategory “of which: Managed state-owned technical equipment, machinery and vehicles”.
- Line „A/II. Tangible assets” „3. Other equipment, fittings and vehicles” is broken down to subcategory „of which: Managed state-owned other equipment, fittings and vehicles”.
- Line “A/II. Tangible assets” “5. Capital projects, renovations” is broken down to subcategory “of which: Managed state-owned capital projects”.
- Line “A/II. Tangible assets” “6. Advance payments for capital projects” is broken down to subcategory “of which: Advance payments for managed state-owned capital projects”.
- Line “B/I. Inventories” “1. Raw materials” is broken down to subcategory “of which: Managed state-owned raw materials”.
- Line “B/I. Inventories” “2. Work in progress and semi-finished products” is broken down to subcategory “of which: Managed state-owned work in progress and semi-finished products”.
- Line “B/I. Inventories” “4. Finished products” is broken down to subcategory “of which: Managed state-owned finished products”.
- Line “B/II. Receivables” “6. Other receivables” is broken down to subcategory “of which: Receivables related to managed state-owned assets”.
- Line “F/II. Non-current liabilities” “9. Other non-current liabilities” is broken down to subcategory “of which: Liabilities related to managed state-owned assets”.
- Line “F/III. Current liabilities” “9. Other current liabilities” is broken down to subcategory “of which: Liabilities related to managed state-owned assets”.

Except for the above subcategories, the Company’s financial statements follow the statutory balance sheet template, with no lines omitted or merged.

#### II.1.1 Non-current assets

##### II.1.1.1 Changes in intangible assets

Movements in intangible assets are presented in the table below:

figures in mHUF

ITEM	Capitalised found, restruct.	Capitalised R&D	Concessions and similar rights	Intellectual property	Goodwill	Advances for capital projects	Total
1. <i>Cost, opening</i>	0	38	11 576	16 475	0	0	28 089
2. Additions, improvements, advance payments			309	483			792
3. Self-produced assets							0
4. Received free of charge							0
5. Taken over (in exch. for receivables, equity investment) (+)							0
6. Assets constructed by NIF Zrt. / NISZ Zrt. taken into asset management							0
7. Count surplus (+)							0
8. Addition due to contribution (+)							0
9. Addition due to merger (+)							0
10. Disposed of (-)							0
11. Contributed free of charge (-)							0
12. Scrapped (-)			-1				-1
13. Missing (-)							0
14. Destroyed (-)							0
15. Contribution in kind (-)							0
16. Reclassified (broken down, aggregated, deducted advance payment)							0
17. <i>Cost, closing</i>	0	38	11 884	16 958	0	0	28 881
18. <i>Amortisation, opening</i>	0	1	5 331	13 539	0	0	18 872
19. Ordinary charge for the year (+)			1 427	460			1 887
20. Extraordinary charge for the year (+)							0
21. Reversed extraordinary depreciation (-)							0
22. Disposed of (-)							0
23. Contributed free of charge (-)							0
24. Scrapped (-)			-1				-1
25. Missing (-)							0
26. Destroyed (-)							0
27. Contribution in kind (-)							0
28. Reclassified (broken down, aggregated, (+/-))							0
29. <i>Amortisation, closing</i>	0	1	6 757	13 999	0	0	20 758
30. <i>Net book value, opening</i>	0	37	6 245	2 936	0	0	9 218
31. <i>Net book value, closing</i>	0	37	5 127	2 959	0	0	8 123

1. Table: Movements in intangible assets

Additions to concessions and similar rights and intellectual property include items related to the Rail Traffic Information System (FOR), the Infrastructure and rolling stock maintenance software (INKA), and other items related to various pieces of software in use across the Company.

### II.1.1.2 Changes in managed state-owned intangible assets

Movements in managed intangible assets are presented in the table below:

figures in mHUF

ITEM	Capitalised found, restruct.	Capitalised R&D	Concessions and similar rights	Intellectual property	Goodwill	Advances for capital projects	Total
1. <i>Cost, opening</i>	0	0	2 983	0	0	0	2 983
2. Additions, improvements, advance payments							0
3. Self-produced assets							0
4. Received free of charge							0
5. Taken over (in exch. for receivables, equity investment) (+)							0
6. Assets constructed by NIF Zrt. / NISZ Zrt. taken into asset management							0
7. Count surplus (+)							0
8. Addition due to contribution (+)							0
9. Addition due to merger (+)							0
10. Disposed of (-)							0
11. Contributed free of charge (-)							0
12. Scrapped (-)							0
13. Missing (-)							0
14. Destroyed (-)							0
15. Contribution in kind (-)							0
16. Reclassified (broken down, aggregated, deducted advance payment)			0				0
17. <i>Cost, closing</i>	0	0	2 983	0	0	0	2 983
18. <i>Amortisation, opening</i>	0	0	755	0	0	0	755
19. Ordinary charge for the year (+)			447				447
20. Extraordinary charge for the year (+)							0
21. Reversed extraordinary depreciation (-)							0
22. Disposed of (-)							0
23. Contributed free of charge (-)							0
24. Scrapped (-)							0
25. Missing (-)							0
26. Destroyed (-)							0
27. Contribution in kind (-)							0
28. Reclassified (broken down, aggregated, (+/-))							0
29. <i>Amortisation, closing</i>	0	0	1 202	0	0	0	1 202
30. <i>Net book value, opening</i>	0	0	2 228	0	0	0	2 228
31. <i>Net book value, closing</i>	0	0	1 781	0	0	0	1 781

2. Table: Movements in managed, state-owned intangible assets

### II.1.1.3 Changes in tangible assets

Movements in the values of tangible assets are shown in the table below:

figures in mHUF

	ITEM	Properties and related rights	Technical machinery, equipment	Other equipment, fittings, vehicles	Breeding stock	Capital projects, improvements	Advances for capital projects	Total
1.	<b>Cost, opening</b>	<b>1 245 855</b>	<b>428 725</b>	<b>818</b>	<b>0</b>	<b>21 924</b>	<b>1 078</b>	<b>1 698 400</b>
2.	Additions, improvements (+)					35 764	522	36 286
3.	Received free of charge (+)							0
4.	Taken over (in exch. for receivables, equity investments) (+)							0
5.	Count surplus (+)	77	9					86
6.	Additions due to contributions (+)							0
7.	Assets constructed by NIF Zrt. / NISZ Zrt. taken over	6 893				-6 893		0
8.	Taken into asset management							0
9.	Increase due to status settlements (+)	357						357
10.	Additions due to merger (+)							0
11.	Disposal (-)	-99	-338					-437
12.	Contributed free of charge (-)							0
13.	Scrapped (-)	-1 353	-1 787	-57				-3 197
14.	Missing (-)	-60	-16	-6				-82
15.	Destroyed (-)	-1	-3					-4
16.	Contribution in kind (-)							0
17.	Decrease due to status settlement (-)	-31						-31
18.	Asset manager right redeemed (-)	-370				-9		-379
19.	Commissioned (+/-)	20 651	8 864	80		-29 595		0
20.	Reclassified (broken down, aggregated, deducted)	-252	252			-109		-109
21.	<b>Cost, closing</b>	<b>1 271 667</b>	<b>435 706</b>	<b>835</b>	<b>0</b>	<b>21 082</b>	<b>1 600</b>	<b>1 730 890</b>
22.	<b>Depreciation, opening</b>	<b>411 884</b>	<b>222 348</b>	<b>802</b>	<b>0</b>	<b>667</b>	<b>0</b>	<b>635 701</b>
23.	Ordinary charge for the year (+)	44 533	17 366	48				61 947
24.	Extraordinary charge for the year (+)	3 993	509					4 502
25.	Reversed extraordinary depreciation (-)							0
26.	Count surplus (+)							0
27.	Taken into asset management (+)							0
28.	Disposal (-)	-17	-337					-354
29.	Contributed free of charge (-)							0
30.	Scrapped (-)	-1 295	-1 783	-57				-3 135
31.	Missing (-)	-8	-13	-6				-27
32.	Destroyed (-)		-2					-2
33.	Contribution in kind (-)							0
34.	Decrease due to status settlement (-)	-6						-6
35.	Asset manager right redeemed (-)							0
36.	Reclassified (broken down, aggregated, (+/-))	-184	184					0
37.	<b>Depreciation, closing</b>	<b>458 900</b>	<b>238 272</b>	<b>787</b>	<b>0</b>	<b>667</b>	<b>0</b>	<b>698 626</b>
38.	<b>Net book value, opening</b>	<b>833 971</b>	<b>206 377</b>	<b>16</b>	<b>0</b>	<b>21 255</b>	<b>1 078</b>	<b>1 062 697</b>
39.	<b>Net book value, closing</b>	<b>812 767</b>	<b>197 434</b>	<b>48</b>	<b>0</b>	<b>20 415</b>	<b>1 600</b>	<b>1 032 264</b>

3. Table: Movements 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 reporting year owing to a land count held in 2018. Further to act CVI of 2007, the settlement of properties did not cause losses to the Company.

During the course of 2018, the status of assets not necessary for railway operations totalling HUF 24 million were settled. At the same time, the status of assets necessary for railway operations totalling HUF 357 million were also settled in reverse. The effects of these settlements are presented in tables 80. and 97.

In 2018, tangible assets totalling HUF 6,893 million from projects carried out by NISZ Zrt. were taken over in both legal and financial terms.

NIF Zrt. is engaged in reconstruction works on the Budapest-Pusztaszabolcs route and extraordinary depreciation of HUF 2,940 million was recognised as a result.

### II.1.1.4 Changes in managed state-owned tangible assets

figures in mHUF

M Ft-ban						
ITEM	Properties and related rights	Technical machinery, equipment	Other equipment, fittings, vehicles	Breeding stock	Capital projects, improvements	Total
1. <i>Cost, opening</i>	1 176 058	227 846	23	0	18 208	1 422 135
2. Additions, improvements (+)					33 087	33 087
3. Received free of charge (+)						0
4. Taken over (in exch., for receivables, equity investments) (+)						0
5. Count surplus (+)	57	9				66
6. Additions due to contributions (+)						0
7. Assets constructed by NIF Zrt. / NISZ Zrt. taken into asset management	6 893				-6 893	0
8. Taken into asset management						0
9. Increase due to status settlements (+)						0
10. Disposal (-)						0
11. Contributed free of charge (-)						0
12. Scrapped (-)	-1 341	-313				-1 654
13. Missing (-)						0
14. Destroyed (-)	-1					-1
15. Contribution in kind (-)						0
16. Decrease due to status settlement (-)						0
17. Asset manager right redeemed (-)	-370				-9	-379
18. Commissioned (+/-)	19 389	5 547			-24 936	0
19. Reclassified (broken down, aggregated, deducted)	-252	252				0
21. <i>Cost, closing</i>	1 200 433	233 341	23	0	19 457	1 453 254
22. <i>Depreciation, opening</i>	395 102	112 502	23	0	649	508 276
23. Ordinary charge for the year (+)	43 484	10 876				54 360
24. Extraordinary charge for the year (+)	3 948	373				4 321
25. Reversed extraordinary depreciation (-)						0
26. Count surplus (+)						0
27. Taken into asset management (+)						0
28. Disposal (-)						0
29. Contributed free of charge (-)						0
30. Scrapped (-)	-1 283	-313				-1 596
31. Missing (-)	-2					-2
32. Destroyed (-)	-2					-2
33. Contribution in kind (-)						0
34. Decrease due to status settlement (-)						0
35. Reclassified (broken down, aggregated, deducted)	-185	185				0
36. <i>Depreciation, closing</i>	441 062	123 623	23	0	649	565 357
37. <i>Net book value, opening</i>	780 956	115 344	0	0	17 559	913 859
38. <i>Net book value, closing</i>	759 371	109 718	0	0	18 808	887 897

4. Table: Movements in managed, state-owned tangible assets

figures in mHUF

Item	Gross value	Net value
Land	24 297	24 297
Buildings	48 774	44 680
Structures	1 127 362	690 394
Machines, equipment	233 363	109 718
Intangible assets	2 983	1 781
Construction in progress	19 457	18 808
<b>Grand total</b>	<b>1 456 236</b>	<b>889 678</b>

5. Table: Managed state-owned assets per category

figures in mHUF

Item	Gross value	Net value
Land	5 032	5 032
Buildings	32 668	26 561
Structures	16 931	8 566
Machines, equipment	45 937	19 742
Intangible assets	25 704	6 342
Construction in progress	2 228	2 210
<b>Grand total</b>	<b>128 500</b>	<b>68 453</b>

6. Table: MÁV Zrt's own railtrack operating assets per category

### II.1.1.5 Change in capital projects

figures in mHUF

Item	Capital project in progress	
	2017	2018
<b>Opening</b>	<b>25 778</b>	<b>21 255</b>
Additions in 2018 (+)	33 539	35 764
Self-produced (+)	0	0
Additions due to merger (+)	0	0
Assets constructed by NIF/NISZ Zrt. commissioned after take-over (-)	0	-6 893
Assets in the course of construction by NIF/NISZ Zrt. In 2018 (+)	0	0
Other commissioned assets (-)	-31 486	-29 595
Extraordinary depreciation charge (-)	0	0
Extraordinary depreciation reversed (+)	0	0
Other increase (+)	0	0
Disposal (-)	0	0
Missing (-)	0	0
Contributed free of charge (-)	-6 576	0
Reclassified (+/-)		-109
Other decrease (-)	0	-7
<b>Closing</b>	<b>21 255</b>	<b>20 415</b>

7. Table: Movements in capital projects

### II.1.1.6 Impact of depreciation in the reporting year

figures in mHUF

Depreciation				
Item	Ordinary	Extraor dinary	As per accounting act	As per corporate tax act
Land	0	0	0	0
Properties (less land)	44 533	3 993	48 526	47 568
Machinery, equipment	17 366	509	17 875	28 265
Other machines, equipment	48	0	48	49
Capital projects	0	0	0	0
Tangibles, total	61 947	4 502	66 449	75 882
Foundation, restructuring	0	0	0	0
Research and development	0	0	0	0
Concessions and similar rights	1 427	0	1 427	1 517
Intellectual property	460	0	460	680
Goodwill	0	0	0	0
Intangibles, total	1 887	0	1 887	2 197
Grand total:	63 834	4 502	68 336	78 079

8. Table: Depreciation of intangible/tangible assets as per the accounting act and the corporate tax act

### II.1.1.7 Intangible and tangible assets contributed/received free of charge

No tangible or intangible asset or asset in the course of construction was contributed free of charge in 2018, but assets received free of charge totalled HUF 0.1 million.

### II.1.1.8 Managed state-owned assets

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

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



Item	figures in mHUF		
	2017.	2018.	Change
Intangible assets	2 228	1 781	-447
Land	24 269	24 297	28
Buildings	43 746	44 680	934
Structures	712 551	690 049	-22 502
Property rights	390	344	-46
Machinery, equipment, vehicles	115 344	109 718	-5 626
Managed assets in the course of construction	17 559	18 808	1 249
<b>Managed state-owned assets, total:</b>	<b>916 087</b>	<b>889 678</b>	<b>-26 409</b>
Managed state-owned (recuperated) materials	1 904	2 191	287
Managed state-owned finished products and work in progress	41	139	98
<b>Managed state-owned inventories, total:</b>	<b>1 945</b>	<b>2 330</b>	<b>385</b>
<b>Managed state-owned assets, total:</b>	<b>918 032</b>	<b>892 008</b>	<b>-26 024</b>
<b>Opening long-term liabilities upon signing the asset management agreement at 30 September 2001:</b>	<b>275 578</b>	<b>275 578</b>	<b>0</b>
Assets constructed by NIF/NISZ Zrt. Taken into asset management	632 508	639 402	6 893
<i>of which - from governmental and EU funds</i>	<i>630 024</i>	<i>636 918</i>	<i>6 893</i>
- from own funds	1 645	1 645	0
- from other (municipal) funds	299	299	0
- from NIF/NISZ Zrt. Funds	540	540	0
Taken into asset management	15 089	15 089	0
Taken into asset management due to status settlement	56 946	56 946	0
Improvement, renovation from renovation reimbursement	111 577	134 013	22 436
Improvement, renovation from other governmental/municipal/EU funds	177 969	181 538	3 568
Acquired from own funds	153 737	153 737	0
Capital projects funded by third parties	7 516	7 516	0
Surplus state-owned assets	2 024	2 090	66
Managed state-owned inventories used for managed state-owned tangible assets	1 483	1 672	190
<b>Funds of managed state-owned tangible assets, total:</b>	<b>1 158 849</b>	<b>1 192 002</b>	<b>33 153</b>
Increase in recuperated materials	4 131	4 667	536
<b>Funds of managed state-owned inventories, total:</b>	<b>4 131</b>	<b>4 667</b>	<b>536</b>
<b>Funds of the increase in managed state-owned assets, total:</b>	<b>1 162 980</b>	<b>1 196 669</b>	<b>33 688</b>
Ordinary depreciation	413 092	467 900	54 808
Extraordinary depreciation charged and reversed	66 746	71 062	4 316
Disposal	57	57	0
Scrapping	17 588	17 647	59
Missing	2 453	2 453	0
Destroyed	3	4	1
Contributed free of charge	1 656	1 656	0
Net value of state-owned assets contributed to MÁV Zrt.	1 819	1 819	0
Status settlement of managed state-owned land	8 970	8 970	0
Redeemed asset manager rights	5 953	6 332	378
<b>Funds of the decrease in managed state-owned assets, total:</b>	<b>518 338</b>	<b>577 900</b>	<b>59 562</b>
Managed state-owned inventories, used	1 745	1 802	57
Managed state-owned inventories, disposed of	241	291	50
Managed state-owned inventories, scrapped	71	71	0
Managed state-owned inventories, impaired	132	175	43
<b>Funds of the decrease in managed state-owned inventories, total:</b>	<b>2 188</b>	<b>2 339</b>	<b>150</b>
<b>Funds of the decrease in managed state-owned assets, total:</b>	<b>520 527</b>	<b>580 239</b>	<b>59 712</b>
<b>Funds of managed state-owned assets, total:</b>	<b>918 032</b>	<b>892 008</b>	<b>-26 024</b>

9. Table: Managed state-owned assets and their funds in the balance sheet

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

figures in mHUF

Changes in managed state-owned assets	2017.	2018.	Change
<b>Managed state-owned assets, net, opening</b>	<b>952 230</b>	<b>918 032</b>	<b>-34 198</b>
Assets constructed by NIF/NISZ Zrt. taken into management	0	6 893	6 893
<i>of which - from governmental and EU funds</i>	0	6 893	6 893
Improvement, renovation from improvement reimbursement from state treasury funds	20 639	22 436	1 797
Managed state-owned assets acquired from government funds	2 374	3 568	1 194
Recuperated (state) materials used for managed assets	143	190	47
Managed state-owned assets surplus	154	66	-88
<b>Increase in managed state-owned tangible assets</b>	<b>23 310</b>	<b>33 153</b>	<b>9 843</b>
Increase in recuperated materials	116	536	420
<b>Increase in managed state-owned inventories</b>	<b>116</b>	<b>536</b>	<b>420</b>
<b>Increase in managed state-owned assets, total</b>	<b>23 426</b>	<b>33 688</b>	<b>10 262</b>
Ordinary depreciation charge	-55 344	-54 808	536
Extraordinary depreciation charged and reversed	-1 152	-4 316	-3 164
Scrapped	-63	-59	4
Missign, destroyed	-345	-1	344
Asset management rights redeemed	-222	-378	-156
<b>Decrease in managed state-owned tangible assets, total</b>	<b>-57 126</b>	<b>-59 562</b>	<b>-2 436</b>
Recuperated (state) materials used	-150	-57	93
Recuperated (state) materials disposed of	-146	-50	96
Recuperated (state) materials scrapped	-71	0	71
Recuperated (state) materials impaired	-132	-43	89
<b>Decrease in managed state-owned inventories, total</b>	<b>-499</b>	<b>-151</b>	<b>348</b>
<b>Decrease in managed state-owned assets, total</b>	<b>-57 625</b>	<b>-59 712</b>	<b>-2 087</b>
<b>Managed state-owned assets, net, closing</b>	<b>918 032</b>	<b>892 008</b>	<b>-26 024</b>

10. Table: Movements in managed state-owned assets

Subsidies for development purposes are shown in the following table:

figures in mHUF

Use of subsidies received for the renovation and improvement of managed state-owned assets			
Subsidy	2017.	2018.	change
Use of renovation reimbursement in relation to managed state owned assets	19,725	22,501	2,776
of which - Renewal of assets	19,902	22,388	2,486
Advances for assets	-241	6	247
Value adding improvement on inventories	68	106	38
Renovation reimbursement for previous years recognised in the reporting year	-4	0	4
Use of remaining reimbursement	741	39	-702
Budapest-Belgrade railway development	40	62	22
IKOP grant "MÁV Zrt. Traffic safety projects", (IKOP, local percentage 15%)	179	125	-54
IKOP grant "MÁV Zrt. Station improvement and integrated customer service development at 26 locations" (IKOP, local percentage 15%)	31	63	32
Service quality improvement along service track No. 80	4	0	-4
Keleti railway station reconstruction preparation Gov. -15%	2	8	6
Nyugati railway station reconstruction preparation Gov. -15%	1	2	1
Soroksár track adjustment SG370001 (100% Gov.)	0	209	209
Kisköre road and rail bridge (Tisza-híd) renovation ZE170001	0	13	13
"MÁV Zrt. Station improvement and integrated customer service development at 26 locations" (CKTM, KAB function 100%)	0	20	20
Budapest-Belgrade Archaeology ZL680004	0	4	4
Light railways ZV560001	0	71	71
P+R parking at Celldömölk	0	20	20
<b>Government subsidies used, total:</b>	<b>20,723</b>	<b>23,137</b>	<b>2,414</b>
IKOP grant "MÁV Zrt Traffic safety projects" (IKOP, KA 85%)	1,014	708	-306
IKOP grant "MÁV Zrt. Station improvement and integrated customer service development at 26 locations" (IKOP, KA 85%)	177	357	180
Keleti railway station reconstruction preparation EU-85%	9	46	37
Nyugati railway station reconstruction preparation EU-85%	8	12	4
<b>EU funds used, total:</b>	<b>1,208</b>	<b>1,122</b>	<b>-86</b>
<b>Use of subsidies received for the renovation and improvement of managed state-owned assets</b>	<b>21,931</b>	<b>24,259</b>	<b>2,328</b>

Use of subsidies received for the renovation and improvement of MÁV Zrt's assets			
Subsidy	2017.	2018.	change
Renovation reimbursement used for MÁV owned assets	4,068	804	-3,264
Renovation reimbursement used for prepayments for MÁV owned assets	-1,056	-10	1,046
Use of remaining reimbursement	2,807	137	-2,670
Infrastructure and rolling stock maintenance SW and IT application consolidation (INKA) (KÖZOP) -(local percentage 15%)	1	0	-1
IKOP grant "MÁV Zrt Station improvement and integrated customer service development at 26 locations (IKOP, local percentage 15%)	186	62	-124
Infrastructure and rolling stock maintenance SW and IT application consolidation (INKA) (IKOP, local percentage 15%)	97	0	-97
Renovation of railway bridges and steel structures (ZE140001)	12	0	-12
"MÁV Zrt Állomásfejlesztési és integrált ügyfélszolgálat fejlesztési program 26 helyszínen" megvalósításához(CKTM, KAB funkció 100%)	0	9	9
Light railways ZV560001	0	129	129
INKA 2 (IKOP local percentage 15%)	0	41	41
Assets acquired for the public workers programme	0	2	2
<b>Government subsidies used, total:</b>	<b>6,115</b>	<b>1,173</b>	<b>-4,942</b>
Infrastructure and rolling stock maintenance SW and IT application consolidation (INKA)(KÖZOP)(ERFA - 85%)	7	0	-7
IKOP grant "MÁV Zrt. Station improvement and integrated customer service development at 26 locations (IKOP, KA 85%)	1,055	354	-701
Infrastructure and rolling stock maintenance SW and IT application consolidation (INKA) (IKOP KA - 85%)	551	0	-551
INKA 2 (IKOP EU percentage 85%)	0	231	231
<b>EU funds used, total:</b>	<b>1,613</b>	<b>585</b>	<b>-1,028</b>
<b>Use of subsidies received for the renovation and improvement of MÁV Zrt's assets, total:</b>	<b>7,728</b>	<b>1,758</b>	<b>-5,970</b>

11. Table: Use of development and improvement subsidies

### II.1.1.9 The Company's long-term investments

figures in mHUF

Item	Net book values of investments			
	Opening	Increase	Decrease	Closing
Related parties	143 028	2 300	1 905	143 423
Significant equity investments	805	0	0	805
Other investments	2 266	160	0	2 426
Other long-term loans granted	1	6	0	7
<b>Total:</b>	<b>146 100</b>	<b>2 466</b>	<b>1 905</b>	<b>146 661</b>

12. Table: Book value of the Company's investments per category

Pursuant to the accounting act's provisions, MÁV Zrt. includes 7 of its subsidiaries fully in its consolidated financial statements for 2018; it has a direct controlling interest in all of these except for MÁV VAGON Kft.

The value of investments in related parties was increased by a HUF 2,300 million capital increase with share premium in Kínai-Magyar Vasúti Nonprofit Zrt., and decreased the impairment loss recognised on the book value of existing participating interest in the company by HUF 1,760 million.

In accordance with the relevant provisions of the accounting act, HUF 145 million additional impairment loss had to be recognised on the participating interest in ZÁHONY-PORT Zrt. at the end of 2018.

The involuntary liquidation of Normon-Tool Kft. "f.a." ended in 2018. As the Company's investment was previously fully impaired, there was no change in the book value other investments as a result of writing it off.

As a result of the foreign exchange gains resulted from the year-end revaluation of MÁV Zrt's foreign exchange investments, other investments increased by HUF 160 million.

In 2018, MÁV Zrt. injected capital via share premium into MÁV-START Zrt. (HUF 1,865 million) and ZÁHONY-PORT Zrt. (HUF 180 million). As the capital injections were registered by the Registry Court in January 2019, the value of investment will be affected in 2019 only.

Changes in MÁV Zrt.'s equity investments in 2018 are presented in detail in III.6. Investments.

### II.1.1.10 Impairment on non-current financial assets

figures in mHUF

Item	Impairment				
	Opening	Increase	Decrease	Reversed	Closing
Long-term investments in related parties	1 918	1 905	0	0	3 823
Long-term loans granted to related parties	0	0	0	0	0
Long-term significant equity investment	158	0	0	0	158
Long-term loans granted to significant equity investments	0	0	0	0	0
Other long-term investments	0	0	0	0	0
Long-term loans granted to other investments	0	0	0	0	0
Other long-term loans granted	630	0	0	34	596
Long-term debt securities	0	0	0	0	0
<b>Total:</b>	<b>2 706</b>	<b>1 905</b>	<b>0</b>	<b>34</b>	<b>4 577</b>

13. Table: Impairment of non-current financial assets

### II.1.1.11 Subordinated assets

MÁV Zrt. had no subordinated assets in 2018.

## II.1.2 Current assets

### II.1.2.1 Inventories

figures in mHUF

Item	Materials	WIP and semi-finished products	Livestock	Finished products	Goods	Advances for inventories	Total
<b>Inventories, gross, opening</b>	9 620	-	-	350	62	-	10 032
Purchased, advances paid	27 604				25 656		53 260
Received free of charge							
Contribution in kind							
Reclassified					109		109
Taken on inventory		12		638			650
Surplus	12						12
Recuperated	440						440
Other increase							
Use (expensed)	- 13 282	- 11		- 658	- 3 356		- 17 307
Reclassified, advance recognised							
Disposal	- 13 158				- 22 301		- 35 459
Contributed free of charge							
Contribution in kind	- 1						- 1
Scrapped	- 13						- 13
Missing	- 35						- 35
Other decrease							
<b>Inventories, gross, closing</b>	<b>11 187</b>	<b>1</b>	<b>-</b>	<b>330</b>	<b>170</b>	<b>-</b>	<b>11 688</b>
<b>Impairment, opening</b>	<b>278</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>285</b>
Impairment loss recognised in 2018	100						100
Written off due to inventory decrease				- 7			- 7
Impairment loss reversed							
<b>Impairment, closing</b>	<b>378</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>378</b>
<b>Net value, opening</b>	<b>9 342</b>	<b>-</b>	<b>-</b>	<b>343</b>	<b>62</b>	<b>-</b>	<b>9 747</b>
<b>Net value, closing</b>	<b>10 809</b>	<b>1</b>	<b>-</b>	<b>330</b>	<b>170</b>	<b>-</b>	<b>11 310</b>

14. Table: Inventories

Raw materials and finished products include the value of materials from the disassembly of scrapped state-owned assets and the finished products manufactured from these materials in the amount of HUF 2,330 million.

## II.1.2.2 Receivables

### II.1.2.2.1 Receivables and impairment loss

figures in mHUF

Item	Receivables, gross						Impairment loss						Book value at 31 Dec 2018	Book value at 31 Dec 2017	Change
	Not due	1-90 days	91-180 days	181-365 days	over 365 days	Total	Opening	Impairment loss for year	Impairment loss reversal	Amount received for impaired receivables	Impairment other derecognitions	Closing			
Trade receivables (debtors)	2,383	253	69	152	2,598	5,455	2,899	446	3	248	245	2,849	2,606	2,873	-267
Receivables from related parties	12,025	4,728	1	0	0	16,754	0	0	0	0	0	0	16,754	14,900	1,854
of which: fully consolidated subsidiaries	11,989	4,711	0	0	0	16,700	0	0	0	0	0	0	16,700	14,891	1,809
of which: not fully consolidated subsidiaries	23	10	1	0	0	34	0	0	0	0	0	0	34	9	25
of which: joint ventures not consolidated based on quota	13	7	0	0	0	20	0	0	0	0	0	0	20	0	20
Receivables from significant equity investments	42	0	0	0	30	72	30	0	0	0	0	30	42	52	-10
Receivables from other investments	10	0	0	0	0	10	0	0	0	0	0	0	10	27	-17
Bills of exchange	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other receivables	11,414	20	193	19	216	11,862	158	19	4	4	-2	171	11,691	10,155	1,536
Receivables, total:	25,874	5,001	263	171	2,844	34,153	3,087	465	7	252	243	3,050	31,103	28,007	3,096

15. Table: Receivables and impairment loss

The significant change in receivables from related parties is explained in section II.1.1.9 The Company's long-term investments.

### II.1.2.2.2 Receivables from related parties

figures in mHUF

Item	Fully consolidated subsidiaries	Not fully consolidated subsidiaries	Total
Advances for intangible assets	0	0	0
Advances for capital projects	644	0	644
Long-term loans granted to related parties	0	0	0
Advances for inventories	0	0	0
Receivables from related parties	16 699	55	16 754
<b>Total:</b>	<b>17 343</b>	<b>55</b>	<b>17 398</b>

16. Table: Receivables from related parties

## II.1.2.2.3 Reimbursement components

figures in mHUF

Ref.	Title	2017	2018
A	Unused reimbursement/extra reimbursement need, opening	7 473	-3 718
B	Remained from the previous year, amount used for improvement in the reporting year from allocated reimbursement	-3 548	-176
C	Reasonable profit, efficiency incentive recognised in the reporting year	-3 705	-3 840
<b>I.</b>	<b>Unused reimbursement/extra reimbursement need from reimbursement remained from previous periods and from allocated reimbursement (I=A+B+C)</b>	<b>220</b>	<b>-7 734</b>
D	Reimbursement of operating costs received in the reporting year	52 357	71 300
E	Reimbursement of operating costs recognised in the reporting year	-50 944	-61 645
<b>II.</b>	<b>Unused reimbursement of operating costs /extra reimbursement need (II=D+E)</b>	<b>1 413</b>	<b>9 655</b>
F	Reimbursement of renovation expenses received in the reporting year	17 387	15 169
G	Reimbursement of renovation expenses recognised in the reporting year	-22 738	-23 294
<b>III.</b>	<b>Unused reimbursement of renovation expenses/extra reimbursement need for improvements in the reporting year (III=F+G)</b>	<b>-5 351</b>	<b>-8 125</b>
<b>IV.</b>	<b>Reimbursement, closing (IV= I+II+III)</b>	<b>-3 718</b>	<b>-6 205</b>
(+) payable/unused reimbursement, (-) receivable/extra reimbursement need			

17. Table: Reimbursement details

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 2018, the reimbursement of renovation expenses provided to the Company was by HUF 43,959 million less (used renovation reimbursement was by HUF 35,834 million less) than the ordinary and extraordinary depreciation recognised on state-owned assets, and was therefore not sufficient to replenish these assets.

At the end of 2018, the Company had a reimbursement request of HUF 6,205 million.

As the reimbursement of justified costs not covered with related revenues in 2018 is still outstanding, and the amount of renovation reimbursement is not yet approved, both may change.

## II.1.2.2.4 Reclassification of receivables and liabilities in the balance sheet

The following items were reclassified in the balance sheet:

- Instalments payable in 2019 totalling HUF 8,001 million were reclassified from development and project loans to short-term loans.
- HUF 58 million was reclassified from the instalments of long-term loans payable in 2019 to short-term loans.
- Security deposits of HUF 260 million were reclassified from other non-current liabilities to other current liabilities.
- Employee loans repayable in 2019 totalling HUF 21 million were reclassified from other long-term loans granted to other receivables.
- Reimbursement of expenses in the value of HUF 6,205 million, and liabilities to employees in the value of HUF 13 million were reclassified from other current liabilities to other receivables.

- An amount of HUF 91 million was reclassified from trade receivables to other current liabilities, HUF 17 million was reclassified from trade payables to other receivables.
- Receivables from the state budget in the amount of HUF 1,711 million were reclassified from other current liabilities to other receivables, which comprises almost completely the balance of VAT settlement (HUF 1,703 million).
- Of other current liabilities, receivables of HUF 2,929 million related to managed state owned assets were reclassified to other receivables.

### II.1.2.3 Securities

#### II.1.2.3.1 Impairment on securities

MÁV Zrt. does not have any securities held for trading.

### II.1.3 Prepaid expenses and accrued income

figures in mHUF

Item	2017	2018	Difference
<b>Accrued income</b>			
Services rendered but not billed	3 113	2 138	-975
Accrued bank interest for the reporting year	1	0	-1
Late payment interest, penalties, damages received	2	0	-2
Unbilled rent (RE-FX)	69	14	-55
Revenues booked after the year-end	20	0	-20
Accrued IKSZR income	82	310	228
<b>Accrued income, total:</b>	<b>3 287</b>	<b>2 462</b>	<b>-825</b>
<b>Prepaid expenses</b>			
Pre-billed costs	193	191	-2
Redundancy pay and severance pay	34	23	-11
Unbilled expenses (credited)	1 089	2 465	1 376
<b>Prepaid expenses, total:</b>	<b>1 316</b>	<b>2 679</b>	<b>1 363</b>
<b>Deferred expenses</b>			
Deferred unrealised foreign exchange loss	3 966	3 152	-814
<b>Deferred expenses:</b>	<b>3 966</b>	<b>3 152</b>	<b>-814</b>
<b>Total:</b>	<b>8 569</b>	<b>8 293</b>	<b>-276</b>

18. Table: Prepaid expenses and accrued income

- The HUF 1,376 million difference in prepaid unbilled costs (credited) reflects track and property maintenance and renovation costs not billed by MÁV FKG Kft.
- The decrease of accrued exchange losses from FX loans is attributable to the decrease of loans and exchange rates.



## II.1.4 Equity

### II.1.4.1 Movements in equity

figures in mHUF

Item	Issued capital	Issue capital not paid (-)	Capital reserve	Retained earnings	Non-distr. Reserves	After tax profit/loss	Equity
<b>Opening, 2018</b>	<b>24 500</b>	<b>0</b>	<b>131 683</b>	<b>28 550</b>	<b>1 410</b>	<b>7 808</b>	<b>193 951</b>
After tax profit/loss for 2017 reclassified	0	0	0	7 808		-7 808	0
Reserve allocated for unrealised foreign exchange losses, released	0	0	0	484	-484	0	0
Status settlement	0	0	302	0	0	0	302
After tax profit/loss for 2018	0	0	0	0	0	10 778	10 778
<b>Closing, 2018</b>	<b>24 500</b>	<b>0</b>	<b>131 985</b>	<b>36 842</b>	<b>926</b>	<b>10 778</b>	<b>205 031</b>

19. Table: Equity components

MÁV Zrt. does not have any convertible bonds and contingent convertible bonds.

### II.1.4.2 Non-distributable reserves

figures in mHUF

Item	Opening	Released	Allocated	Closing
Difference btwn. the provision for unrealised FX gains/losses on FX loans and deferred expenses	1 373	484	0	889
Not written off R&D costs allocated	37	0	0	37
<b>Total:</b>	<b>1 410</b>	<b>484</b>	<b>0</b>	<b>926</b>

20. Table: Non-distributable reserves

## II.1.5 Provisions

### Provisioning principles

The Company's provisioning principles are laid down in the accounting policy. The principles pertaining to the most important titles are summarised in the following table:

Legal ground	Provisions made
Liabilities related to redundancies	The full amount of payment obligations and related contributions for subsequent years under existing contracts
Bonuses payable but not yet approved for the reporting year	For the amount of bonuses and related contributions
Contingent liabilities from pending litigations (including interest and other ancillary costs)	<p>If the liability plus related contributions arising on the case is probable and exceeds HUF 3 million.</p> <p>The amount of provision recognised at the balance sheet date must be adjusted on the basis of information that became known between the balance sheet date and the date of balance sheet preparation if the difference between the expected/actual payment obligation imposed and the provisions exceeds HUF 3 million.</p> <p>In the case of litigated bonuses not yet approved, the Company recognises the amount plus related contributions as a provision for bonus payment obligation until the conclusion of the case, does not make provisions on such legal grounds because of litigation, and does not transfer these amounts to provisions for litigations.</p>
Warranty obligations	Quarterly, based on the expenses from warranty obligations actually incurred in the reporting year in proportion of the net revenues for the previous year in connection with which the warranty obligations arise; and based on an individual judgement in the case of individual contracts and projects.
Late-payment interest	For unbilled late-payment interest pertaining to the period before the balance sheet date, calculated in accordance with the Civil Code.
For expected demolition and maintenance expenses	<p>If the expected expenses are material based on an individual valuation. MÁV Zrt. makes provisions of significant amounts for the time-proportionate amount of periodically incurred maintenance expenses for assets created as a result of development, reconstruction, or comprehensive renovation aimed at ensuring higher service standards, financed from EU funds, according to the following formula:</p> $\text{For covering periodic maintenance costs amount of provisions generated on the balance sheet} = \frac{\text{Time passed from the maintenance period until the balance sheet date}}{\text{Length of maintenance period}} * \text{Estimated maintenance costs}$

For non-current assets specified in the Accounting Act, the Company uses the option provided by Section 33 (2) of the Accounting Act, and recognises other provision in accordance with Section 41 (4) of the Accounting Act. The Company does not use the option provided by Section 33 (2) of the Accounting Act for current assets.

## II.1.5.1 Provisions for expected liabilities

figures in mHUF

Provisions for liabilities	Openig	Released	Made	Closing
Redundancy costs	904	806	1 027	1 125
Environmental liabilities	9 092	1 955	277	7 414
Litigations	1 966	780	55	1 241
Damages	353	180	303	476
Track fault prevention	0	0	300	300
Uniforms	558	156	246	648
Annuity payment obligation	7 240	1 150	640	6 730
Late payment interest	182	149	96	129
EU rule violation penalties	78	78	0	0
Bonus payment	606	590	517	533
Provision for other liabilities	478	267	0	211
<b>Total:</b>	<b>21 457</b>	<b>6 111</b>	<b>3 461</b>	<b>18 807</b>

21. Table: Provisions for expected liabilities

The decrease in the provision for environmental liabilities was due to an updated survey of illegal waste dumping at Ferencváros Gubacsi shunting station in Budapest and it found that the volume of waste had significantly decreased. As a result, HUF 1,300 million was released of the previously made provisions.

Environmental provisions are presented in detail in table 54 in section III.1.1. Environmental liabilities.

The decrease in provisions for litigations was due to the payment of HUF 609 million from the provision made for unpaid wages of 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 517 million was made for work performed in 2018.

## II.1.5.2 Provisions for liabilities to related parties

figures in mHUF

Provisions for liabilities to related parties	Opening	Released	Made	Closing
Damages payable	264	110	215	369
Late payment penalty	0	0	14	14
<b>Total:</b>	<b>264</b>	<b>110</b>	<b>229</b>	<b>383</b>

22. Table: Provisions for liabilities to related parties

## II.1.5.3 Provisions for future expenses

Provisions are made for expected and periodically recurring future expenses that will surely incur but the exact amount or the date of which is uncertain at the balance sheet preparation date (future expenses). Provisions made by MÁV Zrt. are presented as follows:

figures in mHUF

Provisions for future expenses	Opening	Released	Made	Closing
Wrecking costs	809	143	0	666
Maintenance costs	725	132	0	593
Enhanced maintenance costs	6 930	2 718	4 016	8 228
Children's Railway maintenance costs	122	77	20	65
<b>Total:</b>	<b>8 586</b>	<b>3 070</b>	<b>4 036</b>	<b>9 552</b>

23. Table: Provisions for future expenses

Provision for wrecking costs was made for the demolition of unused and condemned buildings and structures belonging to the Rail Infrastructure Division and other assets involved in railway operations. From this amount, the Company released HUF 143 million for demolition performed in 2018. A provision for maintenance expenses was released in an amount of HUF 132 million because the required work was completed, and some buildings were taken out of use.

The railway infrastructure operated by MÁV Zrt. 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 Company made a provision of HUF 4,016 million in 2018, and released a provision of HUF 2,718 million due to completion of work.

#### II.1.5.4 Other provisions

##### II.1.5.4.1 Provisions for foreign exchange losses

figures in mHUF

Loan	Opening	Released	Made	Closing
CA-CIB	1 287	314	0	973
Raiffeisen	1 307	16	0	1 291
<b>Total:</b>	<b>2 594</b>	<b>330</b>	<b>0</b>	<b>2 264</b>

24. Table: Provisions for foreign exchange losses

##### II.1.5.5 Changes in provisions in the reporting year

figures in mHUF

Item	Provision for expected liabilities	Provision for future expenses	Other provisions	Total
<b>Provisions, opening</b>	<b>21 457</b>	<b>8 586</b>	<b>2 594</b>	<b>32 637</b>
Released in 2018	6 111	3 070	330	<b>9 511</b>
Made in 2018	3 461	4 036	0	<b>7 497</b>
<b>Provisions, closing</b>	<b>18 807</b>	<b>9 552</b>	<b>2 264</b>	<b>30 623</b>

25. Table: Changes in provisions

## II.1.6 Liabilities

### II.1.6.1 Subordinated liabilities

MÁV Zrt. does not have any subordinated liabilities.

### II.1.6.2 Non-current liabilities

#### II.1.6.2.1 Long-term loans

							figures in mHUF	
Funds	Contract date	Matures on	Government guarantee (No. of gov. dec.)	Asset backed	Currency	Contracted amount (million, original currency)	Outstanding at 31 Dec 2018	
							Currency million	HUF million
Development loans								
CA-CIB Konzorcium (30 Flirt trains)	2006.03.22	2020.06.16	-	yes	EUR	144.60	18.861	6,064
Raiffeisen Bank Zrt. (+30 Flirt trains)	2007.09.25	2021.11.28	-	yes	EUR	141.60	35.536	11,425
Total:								17,489

Note: The Company presented HUF 8,001 million of the loans for capital projects among short-term loans.

26. Table: Long-term loans

figures in mHUF

Long-term loan	2019.	2020.	2021.	2022.	2023.	Total
<b>Development loans</b>						
CA-CIB Konzorcium (30 Flirt trains)	4 042	2 022	0	0	0	6 064
Raiffeisen Bank Zrt. (+30 Flirt trains)	3 959	3 959	3 507	0	0	11 425
<b>Total:</b>	<b>8 001</b>	<b>5 981</b>	<b>3 507</b>	<b>0</b>	<b>0</b>	<b>17 489</b>

Note: The Company presented HUF 8,001 million of the loans for capital projects among short-term loans.

27. Table: Long-term loans repayment schedule

#### II.1.6.2.2 Long-term borrowings and bonds

figures in mHUF

Loan	Contract date	Matures on	Government guarantee (No. of gov. dec.)	Asset backed	Currency	Contracted amount (million, original currency)	Outstanding at 31 Dec 2018	
							Currency million	HUF million
Entrepreneurial loans								
Szegedi köfi - PROLAN	2007.08.10	2019.06.27	-	-	HUF	1,870		58
Total.								58

Note: The Company presented HUF 58 million of the entrepreneurial loans among short-term borrowings.

28. Table: Long-term borrowings

figures in mHUF

Loan	2019.	2020.	2021.	2022.	2023.	Total
<b>Entrepreneurial loan</b>						
Szegedi köfi - PROLAN	58	0	0	0	0	58
<b>Total:</b>	<b>58</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>58</b>

Note: The Company presented HUF 58 million of the entrepreneurial loans among short-term borrowings.

### 29. Table: Long-term borrowings repayment schedule

The Company does not have any debts from bonds.

### II.1.6.2.3 Other non-current liabilities

figures in mHUF

Item	2017	2018	Change
Funds of managed state-owned assets	945 120	919 096	-26 024
Other long-term liabilities	457	315	-142
<b>Other non-current liabilities, total:</b>	<b>945 577</b>	<b>919 411</b>	<b>-26 166</b>

### 30. Table: Other non-current liabilities

### II.1.6.2.4 Liabilities related to managed state-owned assets

figures in mHUF

Liabilities related to managed state-owned assets	2017.	2018.	Change
Long-term liabilities related to managed state-owned assets	918 032	892 008	- 26 024
Replenishment obligation	27 088	27 088	- 0
<b>Non-current liabilities related to managed state-owned assets, total</b>	<b>945 120</b>	<b>919 096</b>	<b>-26 024</b>
Balance of settlements with the Hungarian National Treasury related to capital projects	- 743	- 2 592	- 1 849
<i>of which: - treasury project invoices submitted to the treasury</i>	- 2 374	- 3 568	- 1 194
<i>- payments by the treasury in the reporting year</i>	1 465	1 719	254
Liabilities from beneficiary financed subsidy	- 232	1 206	1 438
Reclassified subsidy agreements with debit balance	1 366	2 929	1 563
Recuperated materials used	190	100	- 90
<b>Current liabilities related to managed state-owned assets, total</b>	<b>581</b>	<b>1 643</b>	<b>1 062</b>
<b>Liabilities related to managed state-owned assets, total</b>	<b>945 701</b>	<b>920 739</b>	<b>-24 962</b>

### 31. Table: Liabilities related to managed state-owned assets

Details of liabilities related to the decrease in state-owned assets:

figures in mHUF

Replenishment obligation recognised from the effective date of the amended Act on State Property (28 June 2013)	2017	2018	Change
<b>Replenishment obligation, opening</b>	<b>27 088</b>	<b>27 088</b>	<b>0</b>
Ordinary depreciation charge	0	0	0
Extraordinary depreciation	0	0	0
Improvement, renovation of managed state-owned assets from own funds (-)	0	0	0
<b>Replenishment obligation recognised after the amendment of the Act on State Property took effect in accordance with the rules effective before 28 June 2013</b>	<b>0</b>	<b>0</b>	<b>0</b>
Ordinary depreciation charge	55 344	54 808	-536
Extraordinary depreciation	1 152	4 316	3 164
<i>of which: -NIF/NISZ Zrt. projects delivered in 2018</i>	<i>0</i>	<i>539</i>	<i>539</i>
<i>- Capital projects and tangible assets from scrapping</i>	<i>1 152</i>	<i>3 777</i>	<i>2 625</i>
<i>- Extraordinary depreciation of development projects on managed state-</i>	<i>0</i>	<i>0</i>	<i>0</i>
Net value of missing managed state-owned assets	345	1	-344
Net value of scrapped managed state-owned assets written off	63	59	-4
Materials recuperated from scrapped managed state-owned assets (-)	-49	-428	-379
Forgiven replenishment obligation (-)	-56 855	-58 756	-1 901
<b>Replenishment obligation recognised after the amendment of the Act on State Property took effect in accordance with the rules effective after 27 June 2013</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>replenishment obligation (VPK), closing</b>	<b>27 088</b>	<b>27 088</b>	<b>0</b>
Used of managed state-owned recuperated materials for maintenance, restoration	0	0	0
<b>Liabilities related to the decrease in managed state-owned assets, total</b>	<b>27 088</b>	<b>27 088</b>	<b>0</b>

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

### II.1.6.3 Current liabilities

#### II.1.6.3.1 Short-term loans and borrowings

The following year's instalment of entrepreneurial loans (HUF 58 million) was reclassified to short-term borrowings. Short-term loans include the current instalment of loans for capital projects (HUF 8,001 million).

#### II.1.6.3.2 Other current liabilities

figures in mHUF

Item	2017	2018	Difference
Taxes payable	4 153	4 123	-30
Liabilities related to development subsidies	5 450	4 898	-552
<i>of which: Current liabilities related to managed state-owned assets</i>	<i>581</i>	<i>1 643</i>	<i>1 062</i>
Wages and salaries	3 906	4 378	472
Other liabilities deducted from the employer	156	137	-19
Damages payable	1	8	7
Tender deposit	1	0	-1
Late payment penalties payable	2	2	0
Caution money	61	112	51
Security deposit of competitive negotiation	103	85	-18
Other liabilities	176	92	-84
<b>Other current liabilities, total</b>	<b>14 009</b>	<b>13 835</b>	<b>-174</b>

33. Table: Details of other current liabilities

#### II.1.6.4 Liabilities to related parties

figures in mHUF

Item	Fully consolidated subsidiaries	Not fully consolidated subsidiaries	Total
Subordinated liabilities to related parties	0	0	0
Long-term liabilities to related parties	0	0	0
Current liabilities to related parties	11 695	1	11 696
<b>Total:</b>	<b>11 695</b>	<b>1</b>	<b>11 696</b>

34. Table: Liabilities to related parties

MÁV Zrt. received a subsidy of HUF 82 million for wage increases at MÁV NOSZTALGIA Kft. which was duly transferred to the beneficiary company.

#### II.1.7 Accrued expenses and deferred income

figures in mHUF

Item	2 017	2 018	Change
<b>Deferred income</b>			
Pre-billed rents (RE-FX)	172	763	591
Unbilled revenues (credited)	22	91	69
INVITEL optical network use	7 482	7 227	-255
Other income	193	227	34
<b>Deferred income, total:</b>	<b>7 869</b>	<b>8 308</b>	<b>439</b>
<b>Prepaid expenses</b>			
Unbilled expenses	1 488	3 152	1 664
Invoices booked for the period after the reporting year	10	0	-10
Other costs	0	20	20
Services in progress, reclassified	-31	-2	29
Calculated amount of public utilities not billed in 2016	595	698	103
Interest due for the reporting period	11	8	-3
Late payment interest, penalties and damages related to the reporting period	40	29	-11
Incentives and related taxes	235	54	-181
<b>Prepaid expenses, total:</b>	<b>2 348</b>	<b>3 959</b>	<b>1 611</b>
<b>Deferred extraordinary income</b>			
Development subsidies	24 646	23 895	-751
Surplus tangible assets	769	749	-20
Tangible assets received free of charge (as gift)	117	118	1
Other tangible assets	1 349	1 237	-112
<b>Deferred extraordinary income, total:</b>	<b>26 881</b>	<b>25 999</b>	<b>-882</b>
<b>Total:</b>	<b>37 098</b>	<b>38 266</b>	<b>1 168</b>

35. Table: Accrued expenses and deferred income

- The HUF 1,664 million change in accrued unbilled expenses was due to track and property maintenance and renovation works not billed by MÁV FKG Kft.

#### II.1.8 Off-balance sheet items

##### II.1.8.1 Borrowing and repayment of loans not disbursed by the balance sheet date

In 2018, MÁV Zrt. did not sign any loan agreements under which disbursements would have to be made in 2019.

##### II.1.8.2 Hedging transactions

There were no hedging transactions in 2018.



### II.1.8.3 Joint and several liability and guarantee agreements

figures in mHUF

Beneficiary	Type of guarantee	Contractor	Guarantee starts	Guarantee ends	Guarantee amount (HUF m)
<b>Bank guarantees</b>					
Ministry for National Development	Accidental damage 11123-3/2018/MAV	Raiffeisen Bank Zrt.	2019.01.01	2019.12.31	1 000
Ministry for National Development	Accidental damage 11123-5/2018/MAV	Raiffeisen Bank Zrt.	2019.01.01	2019.12.31	1 000
National Tax and Customs Authority	Excise guarantee 37567-4/2018/MAV	Raiffeisen Bank Zrt.	2019.01.01	2019.12.31	300
<b>Bank guarantees, total:</b>					<b>2 300</b>

36. Table: Guarantee agreements at the balance sheet date

As at 31 December 2018, there were no joint and several liability agreements signed for MÁV Zrt.

### II.1.8.4 Lien and other contingencies

figures in mHUF

Loan	Outstanding at 31 Dec 2018 (HUF million)	Security
CA-CIB Konzorcium (30 Flirt funding)	6 064	30 Flirt trains
Raiffeisen Bank Zrt (+30 Flirt funding)	11 425	30 Flirt trains

37. Table: Lien liabilities

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

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

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.1.8.5 Expected environmental liabilities and recovery obligations not recognised among liabilities

The Company does not have any unrecognised environmental protection liabilities.

## II.1.8.6 Payment schedule of off-balance sheet interest and related charges

figures in mHUF

Loan	2019	2020	2021	2022 and beyond	Total
<b>Development loan</b>					
CA-CIB Konzorcium (30 FLIRT funds)	34	0	0	0	34
Raiffeisen Bank Zrt. Konzorcium (+30 FLIRT funds)	73	63	23	0	159
<b>Development loans, total:</b>	<b>107</b>	<b>63</b>	<b>23</b>	<b>0</b>	<b>193</b>
<b>Entrepreneurial loans</b>					
Szegedi köfi - PROLAN	0	0	0	0	0
<b>Entrepreneurial loans, total:</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand total:</b>	<b>107</b>	<b>63</b>	<b>23</b>	<b>0</b>	<b>193</b>

38. Table: Payment schedule of off-balance sheet interest and related charges

## II.1.8.7 Operating lease contracts in effect at the balance sheet date where the Company is the lessee

figures in mHUF

Contractor	Subject matter	Date of contract	Matures on	Contractual amount (mHUF/m.)	Outstanding at the BS date (mHUF)
Mercarius	Vehicle rent MÁV	2017.10.19	2021.09.30	252	8 314
Raiffeisen Ingatlan Alap	Property rent	2013.05.06	2021.05.06	89	2 493
Magyar Telekom Nyrt	mutual infrastructure and service general contract: 67103-743999/2004.,	2004.09.30	indefinite	19	n/a
Forse Kft	Worker accommodation	2012.04.07	2019.04.07	10	30
Raiffeisen Ingatlan Alap	Property rent	2016.04.01	2019.05.06	3	14
DIO IMMO Kft	Employee apartment rent	2017.03.01	2020.03.01	3	45
Máriássy Ház	Property rent	2017.04.03	2022.04.03	3	123
DIO IMMO Kft	Manager apartment rent	2017.03.01	2020.03.01	3	39
Invitech Zrt.	Invitel internet service: 275165/2014	2014.06.26	indefinite	2	n/a
Invitech Zrt.	Mutual infrastructure contract: IR/1089-05/2005.,	2005.06.26	indefinite	1	n/a
Mercarius	Vehicle rent MÁV	2015.12.01	2019.12.01	1	15
Merkantil	Vehicle rent MÁV	2014.09.15	indefinite	1	n/a
Other contracts		various contracts	definite/ indefinite	9	102
<b>Total</b>				<b>396</b>	<b>11 175</b>

39. Table: Operating lease agreements at the balance sheet date

## II.2 Notes to the profit and loss account

The Company prepares a profit and loss account using the cost by nature method, in accordance with Annex 2 of the Accounting Act.

The Company will not add new lines to the statutory profit and loss account template, and will not omit or merge any lines.

In the notes to its financial statements, the Company also discloses a profit and loss account prepared using the cost by function method, as specified in Annex 3 of the Accounting Act.

### II.2.1 Net sales revenues

#### II.2.1.1 Net sales revenues by activity

figures in mHUF

Activity	2017.		2018.		Change
	amount	%	amount	%	
<b>Rail infrastructure operations</b>	<b>139 481</b>	<b>91,86</b>	<b>143 909</b>	<b>93,09</b>	<b>4 428</b>
of which: Network access services	93 511	61,58	95 043	61,48	1 532
Special services provided by MÁV Zrt.	304	0,20	318	0,21	14
Traction electricity and fuel supply	28 613	18,84	32 648	21,12	4 035
Property rental and management	10 394	6,85	10 755	6,96	361
Railway safety services	515	0,34	516	0,33	1
Other rail infrastructure services	6 144	4,05	4 629	2,99	-1 515
<b>Passenger transport</b>	<b>107</b>	<b>0,07</b>	<b>134</b>	<b>0,09</b>	<b>27</b>
<b>Other activities</b>	<b>12 247</b>	<b>8,07</b>	<b>10 554</b>	<b>6,83</b>	<b>-1 693</b>
of which: Materials sold and inventory management	118	0,08	75	0,05	-43
Rail vehicle rental	8 579	5,65	6 763	4,38	-1 816
Property rental and management	2 071	1,36	2 147	1,39	76
Other services (central services etc.)	1 479	0,97	1 569	1,01	90
<b>Total:</b>	<b>151 835</b>	<b>100,00</b>	<b>154 597</b>	<b>100,00</b>	<b>2 762</b>

40. Table: Sales revenues, net, per activity

Net sales revenues increased by HUF 2,762 million in total in the reporting year, primarily due to an increase in revenues from rail infrastructure operations (HUF 4,428 million).

The majority of sales revenues from rail infrastructure operations (HUF 102,265 million) was settled with MÁV-START Zrt.

MÁV Zrt. had a valid infrastructure access agreement with 50 entities with access rights on 31 December 2018. With regard to the distribution of accounted infrastructure access performance by each entity with access rights, most of the revenues (89.92%) from infrastructure access charges are from MÁV-START Zrt. (which nearly completely covers the passenger rail transport segment) and from Rail Cargo Hungaria Zrt., which covers most of the rail cargo segment.

Revenues from rail infrastructure operation net of traction fuel charges increased by HUF 393 million.

Revenues from the sale of traction electricity and traction fuel increased compared to the basis year, as both the volume and the specific tariff of traction electricity also increased. The decline in traction fuel volumes was fully set off by the increase in its specific rates.

Railtrack operations revenues from rented properties increased by HUF 361 million.

Within other activities, rail vehicle rental revenues fell by HUF 1,816 million.

## II.2.1.2 Export and import sales revenues

figures in mHUF

Country	2017						Country	2018					
	Export of goods	Export of services	Export total	Import of goods	Import of services	Import total		Export of goods	Export of services	Export total	Import of goods	Import of services	Import total
Germany	0	34	34	430	267	697	Germany	0	7	7	556	181	737
Austria	0	39	39	3 737	10	3 747	Austria	0	101	101	718	12	730
Italy	0	19	19	0	13	13	Italy	0	39	39	0	-1	-1
Slovakia	0	873	873	0	17	17	Slovakia	0	1 348	1 348	5	3	8
Czech Republic	0	4	4	1 447	0	1 447	Czech Republic	0	4	4	604	0	604
Slovenia	0	0	0	0	1	1	Slovenia	0	0	0	0	1	1
Poland	0	1	1	124	0	124	Poland	0	1	1	18	0	18
France	0	3	3	0	90	90	France	0	16	16	178	103	281
UK	0	0	0	0	1	1	UK	0	0	0	0	0	0
Belgium	0	0	0	0	19	19	Belgium	0	0	0	0	20	20
Holland	0	0	0	0	13	13	Holland	0	0	0	0	13	13
Croatia	0	0	0	0	0	0	Croatia	0	0	0	67	0	67
<b>EU countries total:</b>	<b>0</b>	<b>983</b>	<b>983</b>	<b>5 738</b>	<b>431</b>	<b>6 169</b>	<b>EU countries total:</b>	<b>0</b>	<b>1 531</b>	<b>1 531</b>	<b>2 146</b>	<b>332</b>	<b>2 478</b>
Serbia	0	0	0	100	0	100	Serbia	0	0	0	175	0	175
Ukraine	0	0	0	0	0	0	Ukraine	0	0	0	0	15	15
Russia	0	0	0	0	3	3	Russia	0	0	0	0	3	3
Malaysia	0	0	0	0	1	1	Malaysia	0	0	0	0	0	0
Vietnam	0	0	0	0	0	0	Vietnam	0	0	0	0	1	1
<b>Non-EU countries total:</b>	<b>0</b>	<b>47</b>	<b>47</b>	<b>100</b>	<b>4</b>	<b>104</b>	<b>Non-EU countries total:</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>175</b>	<b>19</b>	<b>194</b>
<b>Grand total:</b>	<b>0</b>	<b>1 030</b>	<b>1 030</b>	<b>5 838</b>	<b>435</b>	<b>6 273</b>	<b>Grand total:</b>	<b>0</b>	<b>1 531</b>	<b>1 531</b>	<b>2 321</b>	<b>351</b>	<b>2 672</b>

41. Table: Exports and imports

## II.2.2 Analysis of expenses by type

The Company's expenses, cost of goods sold and services resold (intermediated) in 2018:

figures in mHUF

Item	2017.		2018.	
	Amount	Ratio (%)	Amount	Ratio (%)
Material-type expenses total:	108 766	40,90	111 187	40,23
Payments to personnel total:	91 779	34,52	101 324	36,67
Depreciation charge total:	65 356	24,58	63 834	23,10
<b>Total:</b>	<b>265 901</b>	<b>100,00</b>	<b>276 345</b>	<b>100,00</b>

42. Table: Movements in expenses

## II.2.2.1 Material-type expenses

figures in mHUF

Item	2017	Percentage of last year's total cost	2018	Percentage of current year's total cost	Change
<b>Material costs</b>					
Electricity	3 063	1,15	3 357	1,21	294
Gas	1 804	0,68	1 958	0,71	154
Water and sewage	407	0,15	383	0,14	-24
Fule	1 377	0,52	1 286	0,47	-91
Railtrack technical materials	9 084	3,42	8 824	3,19	-260
Clothes	944	0,36	898	0,32	-46
Other materials	2 131	0,80	2 842	1,03	711
<i>Material costs, total:</i>	<b>18 810</b>	<b>7,08</b>	<b>19 548</b>	<b>7,07</b>	<b>738</b>
<b>Services used</b>					
Track maintenance	18 483	6,95	12 792	4,63	-5 691
Traction, shunting	3 723	1,40	3 558	1,29	-165
Railtrack metering, cleaning, welding	3 161	1,19	3 997	1,45	836
Vehicle rental income	1 952	0,73	3 290	1,19	1 338
Other rail operation services (vehicle maintenance, cleaning, on-call emergency, ticket control etc.)	1 228	0,46	1 357	0,49	129
Building management, maintenance	8 008	3,01	8 111	2,94	103
Public utilities (sewage, remote heating) services	804	0,30	744	0,27	-60
Properties rented	1 211	0,46	1 157	0,42	-54
IT services	3 636	1,37	3 793	1,37	157
Security	2 677	1,01	2 767	1,00	90
Procurement and inventory management	3 060	1,15	3 739	1,35	679
Post and phone	303	0,11	307	0,11	4
Experts, tenders and author copyrights	592	0,22	721	0,26	129
Legal activities	82	0,03	141	0,05	59
Damage prevention and restoration	0	0,00	0	0,00	0
Other services used	8 272	3,11	8 327	3,01	55
<i>Services used, total:</i>	<b>57 192</b>	<b>21,50</b>	<b>54 801</b>	<b>19,83</b>	<b>-2 391</b>
<b>Other services</b>					
Duties and similar authority fees	1 056	0,40	848	0,31	-208
Bank costs	236	0,09	221	0,08	-15
Insurance premium	322	0,12	360	0,13	38
<i>Other services, total:</i>	<b>1 614</b>	<b>0,61</b>	<b>1 429</b>	<b>0,52</b>	<b>-185</b>
<i>Cost of goods sold</i>	<b>29 699</b>	<b>11,17</b>	<b>33 658</b>	<b>12,18</b>	<b>3 959</b>
<i>(Consignment) services sold</i>	<b>1 451</b>	<b>0,55</b>	<b>1 751</b>	<b>0,63</b>	<b>300</b>
<b>Material-type services</b>	<b>108 766</b>	<b>40,91</b>	<b>111 187</b>	<b>40,23</b>	<b>2 421</b>

43. Table: Material-type expenses

Material-type expenses increased by 2.22% compared to the previous year. The most significant material-type expenses in the reporting year still comprised the resale of traction electricity (17.99%), traction fuel (11.51%), rail track maintenance, property management and maintenance services used (11.50%–7.30%), and rail infrastructure material expenses (7.94%).

Material costs increased by 3.92% in 2018, of which the most significant was the 7.94% increase in railtrack materials.

The most significant components of services used in 2018 were still railtrack maintenance (11.5%), building management and maintenance (7.29%), traction and shunting (3.2%), and services provided by MÁV Szolgáltató Központ Zrt. (procurement, logistics, human, IT, accounting, training and administrative services). The HUF 5,691 million decrease in railtrack maintenance costs relates to heavy machine rail grinding.

Other services dropped by HUF 185 million primarily due to rail authority charges. The most significant items in 2018 remained HUF 617 million charge payable to VPE Kft. in accordance with Government Decree No. 268/2009 (XII. 1.) on the legal relationship between the rail infrastructure capacity allocation organisation and the non-independent rail infrastructure operator, and HUF 212 million in bank commissions paid to credit institutions and other charges.

The cost of goods sold increased by 13.33% due to the following:

- The increase in the unit price and volume of re-sold traction electricity represents HUF 2,976 million.
- As a result of an increase in the unit price (+9.75%) and volume (-1.05%) of re-sold traction fuel, the cost of traction fuel sold to railway companies increased by HUF 1,046 million.
- Re-sold infrastructure materials decreased by HUF 109 million compared to the basis year, resulting mostly from the sale of railway crushed stone, steel tracks and concrete sleepers.

## II.2.2.2 Payments to personnel

figures in mHUF

Item	2017.	Percentage of the costs in 2017	2018.	Percentage of the costs in 2018	Change
Payroll costs	65 396	24,59	73 430	26,57	8 034
Other payments to personnel	9 351	3,52	10 530	3,81	1 179
Payroll taxes and contributions	17 032	6,41	17 364	6,28	332
<b>Payments to personnel total:</b>	<b>91 779</b>	<b>34,52</b>	<b>101 324</b>	<b>36,66</b>	<b>9 545</b>

44. Table: Payments to personnel

Payments to personnel increased by HUF 9,545 million compared to the basis year as a result of the wage increases described below.

An agreement on group-wide wages and salaries for the years 2017 through 2019 (11703/2017/MAV) was signed on 13 March 2017. In accordance with this agreement, the average annual pay increase was 13.00% in 2017 and 12.00% in 2018. Contributions paid by MÁV Zrt. into pension funds for the employees increased by 0.50 percentage points to 3.50%.

The remaining funds available for employee incentive purposes were used on 1 December 2018 to transfer each employee who did not receive a bonus HUF 16,000 net to the catering pocket of their SZÉP cards.

Payments to personnel decreased as a result of fewer public workers and the reduction of the social contribution tax from 22.00% to 19.50%.

### II.2.2.3 Depreciation

figures in mHUF

Item	2017.	Percentage of costs in 2017	2018.	Percentage of costs in 2018	Change
Depreciation of managed state-owned assets	55 344	20,81	54 807	19,83	-537
Depreciation of MÁV Zrt's assets	10 012	3,77	9 027	3,27	-985
<b>Depreciation charge</b>	<b>65 356</b>	<b>24,58</b>	<b>63 834</b>	<b>23,10</b>	<b>-1 522</b>

45. Table: Depreciation charge

Depreciation is presented in detail in II.1.1.6. Impact of accounting depreciation in the reporting year.

## II.2.3 Other income and expenses

### II.2.3.1 Other income

figures in mHUF

Item	2017.	%	2018.	%	Change
<i>Disposal of tangible and intangible assets</i>	<i>1,057</i>	<i>0.75</i>	<i>533</i>	<i>0.37</i>	<i>-524</i>
<i>Reversed extraordinary depreciation of tangible and intangible assets</i>	<i>0</i>	<i>0.00</i>	<i>4</i>	<i>0.00</i>	<i>4</i>
<i>Reversed impairment loss on inventories</i>	<i>0</i>	<i>0.00</i>	<i>0</i>	<i>0.00</i>	<i>0</i>
<i>Factored receivables</i>	<i>0</i>	<i>0.00</i>	<i>0</i>	<i>0.00</i>	<i>0</i>
<i>Reversed impairment loss on receivables</i>	<i>0</i>	<i>0.00</i>	<i>7</i>	<i>0.00</i>	<i>7</i>
<i>Written off bad debts collected</i>	<i>0</i>	<i>0.00</i>	<i>0</i>	<i>0.00</i>	<i>0</i>
<i>Damages received</i>	<i>258</i>	<i>0.18</i>	<i>227</i>	<i>0.16</i>	<i>-31</i>
<i>Late payment interest received</i>	<i>46</i>	<i>0.03</i>	<i>65</i>	<i>0.05</i>	<i>19</i>
<i>Penalties collected</i>	<i>270</i>	<i>0.19</i>	<i>298</i>	<i>0.21</i>	<i>28</i>
<i>Provisions released</i>	<i>9,769</i>	<i>6.96</i>	<i>9,511</i>	<i>6.68</i>	<i>-258</i>
Of which: Provision for expected liabilities, released	5,216	3.72	6,111	4.29	895
Provision for future expenses, released	4,021	2.87	3,070	2.16	-951
Provision for unrealised foreign exchange losses, released	532	0.38	330	0.23	-202
Other provisions released	0	0.00	0	0.00	0
<i>Deferred income reversed due to operating costs and expenses</i>	<i>8,290</i>	<i>5.91</i>	<i>1,927</i>	<i>1.35</i>	<i>-6,363</i>
Of which: Deferred income reversed due to non-current assets received free of charge or surplus assets	19	0.01	29	0.02	10
Reversed deferred government subsidy	7,771	5.54	1,775	1.25	-5,996
Reversed deferred debt forgiven by the government	485	0.35	109	0.08	-376
<i>Subsidies and allowances received to funds costs and expenses</i>	<i>63,438</i>	<i>45.23</i>	<i>68,283</i>	<i>47.96</i>	<i>4,845</i>
Of which: Overhead reimbursement, rail infrastructure	54,649	38.96	65,485	45.99	10,836
Pay rise subsidy from the Ministry for National Development	6,148	4.38	0	0.00	-6,148
Subsidy for Budapest-Belgrade railway development project costs	1,201	0.86	1,767	1.24	566
Subsidies for various locally funded project costs	1	0.00	0	0.00	-1
Public workers	1,199	0.85	692	0.49	-507
<i>Positive difference between the book values contributed to the Company and the values in the articles of association</i>	<i>0</i>	<i>0.00</i>	<i>0</i>	<i>0.00</i>	<i>0</i>
<i>Income from assets received free of charge and surplus assets</i>	<i>31</i>	<i>0.02</i>	<i>31</i>	<i>0.02</i>	<i>0</i>
<i>Miscellaneous other income</i>	<i>57,112</i>	<i>40.73</i>	<i>61,494</i>	<i>43.20</i>	<i>4,382</i>
Of which: Replenishment obligation forgiven	56,856	40.53	58,756	41.27	1,900
Subsidy for capital increase	0	0.00	1,865	1.31	1,865
Forgiven and barred liabilities	1	0.00	7	0.00	6
Liabilities assumed	0	0.00	0	0.00	0
<b>Total:</b>	<b>140,271</b>	<b>100.00</b>	<b>142,380</b>	<b>100.00</b>	<b>2,109</b>

46. Table: Other income

Change in other income in 2018 is caused by the following significant items:

- Gains on the disposal of intangible assets and tangible assets were by HUF 524 million less than in the basis year.
- The increase in released provisions for expected liabilities was due largely to the increased use of provisions for other litigations (+603 million HUF), for annuities payable (+327 million HUF) and for other liabilities (+253 million HUF). This increase was partly offset by decreases in the use of provisions for environmental liabilities (-212 million HUF), for uniform expenses (-126 million HUF) and for litigations (-115 million HUF).



- In 2018, HUF 951 million less provision for future expenses was released as a result of a HUF 1,119 million decrease in the provision for the enhanced maintenance of assets acquired from EU funds.
- The release of the provision for unrealised foreign exchange losses was HUF 203 million less in 2018 than in 2017.
- Provisioning and release of provisions are presented in II.1.5. Provisions.
- Reversed deferred extraordinary income was by HUF 6,363 million less in 2018.
- Reimbursement of operational expenses received for 2018 were by HUF 10,836 million more than in 2017.
- In 2017, the Ministry for National Development (“NFM”) signed a subsidy document with the Company 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 NFM as well as on ensuring the funds required for wage increase. As a result, HUF 6,148 million was recognised as subsidies received for wage increase in 2017. The wage increase was funded by the Ministry for Innovation and Technology, the entity that orders railtrack operations, as reimbursement of operating expenses.
- MÁV Zrt. increased Kínai-Magyar Vasúti Nonprofit Zrt.’s capital by HUF 2,300 million from the subsidy received for the development of the Budapest-Belgrade line. In 2018, the Company recognised subsidies received in an amount equalling the impairment loss recognised on the above investments (HUF 1,760 million) as other income.
- The term of the agreement with the relevant authority to employ public workers was from 8 March 2017 to 28 February 2018, under which MÁV Zrt. agreed to employ an average of 1,371 public workers. Effective as of 1 September 2017, the agreement was amended to an average of 1,239 public workers and a commitment of 80%. The agreement with the authority was prolonged on 8 March 2018 until 30 June 2018, in which MÁV Zrt. agreed to employ 860 public workers. In the period between 1 July 2018 and 28 February 2019, a new public worker employment programme was launched (No. BM/3887-57/2018) to employ 540 public workers on average. Of the subsidies received from public workers, HUF 692 million was used in 2018 and recognised as other income.
- In 2018, the majority of various other income comprised amounts received as a waiver of the replenishment obligation (VPK). In line with the ordinary depreciation charged on non-current assets (-536 million HUF) and extraordinary depreciation (+3,168 million HUF), the replenishment obligation waiver increased (+1,900 million HUF). Besides, a capital injection of HUF 1,865 million by share premium took place in MÁV-START Zrt. in 2018, from the subsidies received.



### II.2.3.2 Other expenses

Changes between the two periods are shown in the table below:

Item	figures in mHUF				
	2017.	%	2018.	%	Change
Expenses on disposed of tangible assets, AICC and intangible assets	256	1.07	83	0.53	-173
Expenses on scrapped and missing tangible assets, AICC and intangible assets	154	0.64	-317	-2.02	-471
Extraordinary depreciation of tangible and intangible assets	3,144	13.12	4,504	28.65	1,360
Inventories impaired, scrapped	369	1.54	113	0.72	-256
Missing inventories	42	0.18	35	0.22	-7
Impairment loss on debtors	195	0.81	465	2.96	270
Bad debts written off	13	0.05	15	0.10	2
Book value of factored receivables	0	0.00	0	0.00	0
Losses due to damage events	684	2.85	513	3.26	-171
Late payment interest paid	60	0.25	38	0.24	-22
Damages paid	26	0.11	32	0.20	6
Extra tax due to self-correction	1	0.00	2	0.01	1
Taxes and similar charged	1,694	7.07	1,668	10.61	-26
Of which: Utilities tax	708	2.95	669	4.26	-39
Building tax	575	2.40	567	3.61	-8
Land tax	6	0.03	16	0.10	10
Innovation contribution	315	1.31	310	1.97	-5
Penalties, fines	40	0.17	49	0.31	9
Provisions made	8,771	36.60	7,497	47.69	-1,274
Of which: Provision for expected liabilities	5,057	21.09	3,461	22.01	-1,596
Provision for future expenses	3,714	15.50	4,037	25.68	323
Provision for unrealised foreign exchange losses	0	0.00	0	0.00	0
Other provisions made	0	0.00	0	0.00	0
Negative difference between the book values contributed to the Company and the values in the articles of association	0	0.00	1	0.01	1
Assets transferred free of charge, services supplied free of charge	6,738	28.11	569	3.62	-6,169
Miscellaneous other expenses	1,780	7.43	452	2.89	-1,328
Of which: Housing grant to employees	2	0.01	1	0.01	-1
Forgiven debt	0	0.00	2	0.01	2
Assumed liabilities	0	0.00	0	0.00	0
Amounts transferred free of charge	0	0.00	0	0.00	0
Refundable performance guarantee and other items recognised as other income	1,504	6.28	0	0.00	-1,504
<b>Total:</b>	<b>23,967</b>	<b>100.00</b>	<b>15,719</b>	<b>100.00</b>	<b>-8,248</b>

47. Table: Other expenses

- Extraordinary depreciation recognised in 2018 on state owned tangible assets totalled HUF 4,321 million. The total of expenses related to making provisions for expected liabilities was by HUF 1,596 million less than on 2017, mainly as a result of changes in environmental provisions (-658 million HUF), provisions for other litigation related liabilities (-649 million HUF), provision for annuities (-383 million HUF), provision made for track damage prevention (+300 million HUF) and in redundancy provisions (+226 million HUF). Further details of provisions made and released are presented in section II.1.5. Provisions.
- Other expenses recognised in the reporting year for assets transferred or services supplied free of charge were HUF 6,169 million less than in the previous year. The reason for the decrease was the handover of the capital project Child Victims of the Holocaust Memorial – European Educational Centre (HUF 6,576 million) in 2017.
- In 2018, the most material items within miscellaneous other expenses included a HUF 252 million pay increase subsidy to ZÁHONY-PORT Zrt., HUF 74 million to the MÁV Symphonic Orchestra Foundation and HUF 48 million to the National Cultural Association

of Railworkers. In 2017, this line included a security deposit of HUF 1,500 million in relation to the amendment of a long-term contract, but no such payment was made in 2018.

## II.2.4 Financial profit/(loss)

### II.2.4.1 Financial income

The changes between the two periods are shown in the table below:

figures in mHUF					
Item	2017.	%	2018.	%	Change
<i>Dividends received (due)</i>	1 995	90,15	3 952	97,56	1 957
<i>Proceeds and foreign exchange gain on investments</i>	0	0,00	0	0,00	0
<i>Foreign exchange gains on non-current financial assets (securities, loans)</i>	0	0,00	0	0,00	0
<i>Bank interest received (due) and similar income</i>	22	0,99	9	0,22	-13
<i>Interest received (due) and similar income</i>	19	0,86	14	0,35	-5
<i>Realised foreign exchange gains on receivables and liabilities in foreign exchange</i>	173	7,82	58	1,43	-115
<i>Foreign exchange gains on future and forward contracts</i>	0	0,00	0	0,00	0
<i>Foreign exchange gain on the year-end revaluation of foreign exchange items</i>	0	0,00	0	0,00	0
<i>Other financial income</i>	4	0,18	18	0,44	14
<b>Total:</b>	<b>2 213</b>	<b>100,00</b>	<b>4 051</b>	<b>100,00</b>	<b>1 838</b>

48. Table: Financial income

Dividends received in the reporting year amounted to HUF 3,952 million. Further details on dividends are presented in Table 95.

### II.2.4.2 Financial expenses

The changes between the two periods are shown in the table below:

figures in mHUF					
Item	2017.	%	2018.	%	Change
<i>Expenses and foreign exchange losses on investments</i>	0	0,00	0	0,00	0
<i>Foreign exchange losses on non-current financial assets (securities, loans)</i>	0	0,00	0	0,00	0
<i>Bank interest paid (payable) and similar charges</i>	213	14,38	142	3,83	-71
<i>Other interest paid (payable) and similar charges</i>	8	0,54	4	0,11	-4
<i>Impairment on shareholdings, securities, bank deposits and long-term loans given</i>	-327	-22,08	1 872	50,49	2 199
<i>Realised exchange loss on foreign exchange receivables and liabilities</i>	1 468	99,12	1 690	45,58	222
<i>Foreign exchange losses on future and forward contracts</i>	0	0,00	0	0,00	0
<i>Foreign exchange losses on the year-end revaluation of foreign exchange items</i>	119	8,04	0	0,00	-119
<i>Other financial expenses</i>	0	0,00	0	0,00	0
<b>Total:</b>	<b>1 481</b>	<b>100,00</b>	<b>3 708</b>	<b>100,00</b>	<b>2 227</b>

49. Table: Financial expenses

Significant changes in financial expenses:

Compared to 2017, interest payable (paid) and similar expenses decreased in line with the reduction in loan principal and interest bases:

- The amount of interest paid in relation to project loans dropped by HUF 43 million, while the amount of interest paid on other than project loans and on short-term bank loans dropped by HUF 1.2 million in 2018.
- Interest paid on loans from third party contractors also dropped by HUF 3.3 million.

Owing to disadvantageous foreign exchange fluctuations, foreign exchange losses on development project loans increased by HUF 252 million.

Unrealised foreign exchange losses on foreign currency items fell by HUF 119 million in 2018.

Impairment losses on equity investments recognised in 2018 included HUF 1,760 million for Kínai-Magyar Vasúti Nonprofit Zrt. and HUF 145 million for ZÁHONY-PORT Zrt. as a result of the following:

- The project company established for construction of the Budapest-Belgrade line does not have any gains from operation, so equity will become negative as a result of the expected after-tax profit/(loss) for 2017 and 2018 (HUF -1,450 million and HUF -1,434 million, respectively).
- ZÁHONY-PORT Zrt. was still unable to achieve the planned economic recovery, and is expected to realise an after-tax loss of HUF 131 million for 2018.

No impairment loss recognised on equity investments was reversed in 2018.

## II.2.5 Income from and expenses on related parties

figures in mHUF

Item	Fully consolidated entities	Not fully consolidated entities	Total
<b>Income</b>			
Sales revenues, net	114 336	630	114 966
Other income	312	3	315
Financial income	3 367	12	3 379
<b>Income, total:</b>	<b>118 015</b>	<b>645</b>	<b>118 660</b>
<b>Expenses</b>			
Material-type services	55 137	371	55 508
Of which: Material costs	2 676	0	2 676
Services used	27 780	2	27 782
Other services	0	0	0
Costs of goods sold	23 322	202	23 524
(Consignment) services sold	1 360	167	1 527
Payments to personnel	78	3	81
Other expenses	863	0	863
Financial expenses	146	1 760	1 906
<b>Expenses, total:</b>	<b>56 224</b>	<b>2 134</b>	<b>58 358</b>

50. Table: Income from and expenses on related parties

MÁV Zrt. recognised in respect of its related parties:

- 39.42% of its revenues (of which: MÁV-START Zrt.: 37.58%, MÁV Szolgáltató Központ Zrt.: 0.84%, MÁV FKG Kft.: 0.47%),
- 44.62% of all of its expenses (of which: MÁV-START Zrt.: 21.89%, MÁV Szolgáltató Központ Zrt.: 10.96%, MÁV FKG Kft.: 8.11%).

## II.2.6 Corporate tax base adjusting items

figures in mHUF

Item	Increasing	Reducing	Change in tax base
<b>Pre-tax profit or loss</b>			<b>10 778</b>
Adjustment due to provision	7 498	9 182	-1 684
Adjustment due to depreciation	68 472	78 735	-10 263
Dividends received		3 952	-3 952
Unpaid tax, fine, penalty	40	1	39
Impairment loss on receivables recognised/reversed	465	259	206
Lapsed claim (incontestable at court)	9		9
Non-refundable grant/amounts/assets given/received free of charge	761		761
Expense/income identified by tax audit/self-correction	12 481	12 419	62
Vocational trainees employed		46	-46
Housing aid as mobility incentive		3	-3
Workers' hostel rent		100	-100
Non-arm's length basis price between related parties	12	8	4
Donation		36	-36
Liability assumed or forgiven by the State of Hungary		58 756	-58 756
Renovation, maintenance of listed buildings		0	0
<b>Total:</b>	<b>89 738</b>	<b>163 497</b>	<b>-73 759</b>
<b>Tax base:</b>			<b>-62 981</b>

51. Table: Corporate tax base adjusting items

The basis of the corporate tax calculation is the pre-tax profit/(loss), which must be adjusted for tax base increasing and reducing items, as stipulated by the relevant legislation.

At MÁV Zrt., the following significant items affected the pre-tax profit/(loss):

- the depreciation calculated based on the Corporate Tax Act significantly exceeds the ordinary depreciation recognised based on the Accounting Act;
- The corporate tax base was decreased by the HUF 58.756 million replenishment obligation waived by the government under Section 69/A (5) of Act CVI of 2007 on State Property (Section 29/A (3) of the CDTA).

The tax authority performed a comprehensive tax audit at the Company for each financial year up to and including the 2012 tax year, with the exception of 2010. During the tax year of 2018, a comprehensive tax audit of the years 2015 and 2016 was conducted at the Company.

The Company's management is not aware of any circumstances that might result in a significant liability for the Company during a subsequent tax audit.

MÁV Zrt. does not have any corporate tax liability as a combined result of profit/(loss) before tax and the adjusting items.

## II.2.7 Profit and loss account based on the turnover cost method

Further to the Company's accounting policies, a profit and loss account is prepared under both the total cost method and the turnover cost method. The Company's after-tax profit/(loss) is shown in the following table:

figures in mHUF

Serial No.	Item	2017.	2018.	Change
01.	Domestic sales revenues, net	150,805	153,066	2,261
02.	Export sales revenues, net	1,030	1,531	501
I.	<i>Sales revenues, net</i>	<i>151,835</i>	<i>154,597</i>	<i>2,762</i>
03.	Direct cost of sales	203,298	206,813	3,515
04.	Cost of goods sold	29,699	33,658	3,959
05.	(Consignment) services sold	1,451	1,751	300
II.	<i>Direct cost of sales</i>	<i>234,448</i>	<i>242,222</i>	<i>7,774</i>
III.	<i>Gross profit on sales (I-II.)</i>	<i>-82,613</i>	<i>-87,625</i>	<i>-5,012</i>
06.	Selling and distribution expenses	564	377	-187
07.	Administrative costs	26,051	28,224	2,173
08.	Other general costs	0	0	0
IV.	<i>Indirect costs of sales</i>	<i>26,615</i>	<i>28,601</i>	<i>1,986</i>
V.	<i>Other income</i>	<i>140,271</i>	<i>142,380</i>	<i>2,109</i>
VI.	<i>Other expenses</i>	<i>23,967</i>	<i>15,719</i>	<i>-8,248</i>
A.	<b><i>Operating profit or loss</i></b>	<b><i>7,076</i></b>	<b><i>10,435</i></b>	<b><i>3,359</i></b>
VII.	<i>Financial income</i>	<i>2,213</i>	<i>4,051</i>	<i>1,838</i>
VIII.	<i>Financial expenses</i>	<i>1,481</i>	<i>3,708</i>	<i>2,227</i>
B.	<b><i>Financial profit or loss</i></b>	<b><i>732</i></b>	<b><i>343</i></b>	<b><i>-389</i></b>
C.	<b><i>Pre-tax profit or loss</i></b>	<b><i>7,808</i></b>	<b><i>10,778</i></b>	<b><i>2,970</i></b>
IX.	<i>Tax liability</i>	<i>0</i>	<i>0</i>	<i>0</i>
D.	<b><i>After tax profit or loss</i></b>	<b><i>7,808</i></b>	<b><i>10,778</i></b>	<b><i>2,970</i></b>

52. Table: After tax profit based on the turnover cost method

## II.2.8 Other profit and loss related disclosures

The Company's management does not propose a profit distribution upon the approval of the financial statements for 2018.

## II.3 Cash flow statement

figures in mHUF

Serial No.	Item	2017.	2018.
<b>I.</b>	<b>Operating cash flows (lines 1-13)</b>	<b>-14,846</b>	<b>11,030</b>
1.	Pre-tax profit or loss ±	7,808	10,778
1a.	Dividends received -	-1,995	-3,952
1b.	Amounts transferred/received free of charge recognised in profit or loss ±	189	416
1c.	Unrealised foreign exchange gain or loss on liquid assets ±	4	-2
1d.	Gain or loss on long-term liabilities forgiven/assumed ±	-485	-109
1e.	Unrealised foreign exchange gain or loss on non-current assets and long-term liabilities ±	-77	617
1f.	Realised foreign exchange gain or loss on the recovery of long-term loans granted and the repayment of long-term liabilities ±	-73	347
1g.	Unspecified pre-tax profit adjusting items related to managed state-owned assets ±	-56,860	-58,757
1h.	Non-current assets contributed (contribution in kind) ±	0	0
1i.	Non-current assets transferred free of charge +	6,576	0
1j.	Other unspecified pre-tax profit adjusting items ±	188	-281
2.	Amortisation charge +	65,356	63,834
3.	Impairment loss recognised/reversed ±	3,536	6,626
4.	Difference between provisions made and used ±	-998	-2,014
5.	Disposal of non-current assets ±	-802	-450
6.	Movements in creditors ±	-11,929	-4,410
7.	Movements in other current liabilities ±	-7,426	-6,511
7a.	Movements in inter-division settlements (liabilities) ±	0	0
8.	Movements in accrued expenses and deferred income ±	-13,839	-571
9.	Movements in debtors ±	-26	-170
10.	Movements in current assets (less debtors and liquid assets) ±	-3,488	5,363
10a.	Movements in inter-division settlements (assets) ±	0	0
11.	Movements in prepaid expenses and accrued income ±	-506	276
12.	Corporate tax liability -	1	0
13.	Dividends payable -	0	0
<b>II.</b>	<b>Investing cash flows (lines 14-16)</b>	<b>-4,987</b>	<b>-30,553</b>
14.	Acquisition of non-current assets -	-7,890	-35,033
15.	Disposal of non-current assets +	908	528
16.	Dividends received +	1,995	3,952
<b>III.</b>	<b>Financing cash flows (lines 17-27)</b>	<b>8,455</b>	<b>5,869</b>
17.	Income from shares issued (capital addition) +	0	0
18.	Income from the issue of bonds, debt securities +	0	0
19.	Loans taken and borrowings +	0	0
20.	Long-term loans granted and bank deposits repaid, terminated or cashed +	70	60
21.	Amounts received free of charge +	18,199	16,991
22.	Disinvestment (capital reduction) -	0	0
23.	Repayment of bonds, debt securities -	0	0
24.	Repayment of loans and borrowings -	-9,549	-10,798
25.	Long-term loans granted and bank deposits -	0	0
26.	Amounts transferred free of charge -	-187	-416
27.	Changes in amounts payable to founders and in other long-term liabilities ±	-78	32
<b>IV.</b>	<b>Cash flow (I.+II.+III.)</b>	<b>-11,378</b>	<b>-13,654</b>
28.	Unrealised foreign exchange gain or loss on liquid assets	-4	2
<b>V.</b>	<b>Change in cash and cash equivalents (IV.+28.)</b>	<b>-11,382</b>	<b>-13,652</b>

53. Table: Cash flow statement

## II.4 Net assets, financial position and results of operations

### Fixed asset ratio

figures in mHUF

$$\frac{\text{Non-current assets}}{\text{Total assets}} = \frac{1\,187\,048}{1\,256\,219} = 94,49\% \quad (\text{basis: } 93,95 \%)$$

### Tangible asset margin

$$\frac{\text{Equity}}{\text{Own tangible assets}} = \frac{205\,031}{143\,634} = 142,75\% \quad (\text{basis: } 131,15 \%)$$

$$\frac{\text{Equity + Government funds}}{\text{Tangible assets}} = \frac{1\,125\,770}{1\,032\,264} = 109,06\% \quad (\text{basis: } 107,24 \%)$$

### Gross margin

$$\frac{\text{Equity}}{\text{Own tangible assets}} = \frac{205\,031}{296\,637} = 69,12\% \quad (\text{basis: } 64,44 \%)$$

$$\frac{\text{Equity + Government funds}}{\text{Non-current assets}} = \frac{1\,125\,770}{1\,187\,048} = 94,84\% \quad (\text{basis: } 93,57 \%)$$

### Current assets to Non-current assets

$$\frac{\text{Current assets}}{\text{Non-current assets}} = \frac{60\,878}{1\,187\,048} = 5,13\% \quad (\text{basis: } 5,74 \%)$$

### Equity and liabilities

#### Capital strength

$$\frac{\text{Equity}}{\text{Equity \& liabilities}} = \frac{205\,031}{1\,256\,219} = 16,32\% \quad (\text{basis: } 14,96 \%)$$

$$\frac{\text{Equity}}{\text{Equity \& liabilities - Government funds}} = \frac{205\,031}{335\,480} = 61,12\% \quad (\text{basis: } 55,30 \%)$$

#### Gearing

$$\frac{\text{Borrowed capital}}{\text{Equity}} = \frac{982\,299}{205\,031} = 479,10\% \quad (\text{basis: } 532,49 \%)$$

$$\frac{\text{Borrowed capital - Government funds}}{\text{Equity}} = \frac{61\,560}{205\,031} = 30,02\% \quad (\text{basis: } 44,89 \%)$$

#### Indebtedness

$$\frac{\text{Borrowed capital}}{\text{Equity \& liabilities}} = \frac{982\,299}{1\,256\,219} = 78,19\% \quad (\text{basis: } 79,66 \%)$$

Non-current liabilities ratio

$\frac{\text{Long-term liabilities}}{\text{Long-term liabilities} + \text{Equity}}$	=	$\frac{928\,899}{1\,133\,930}$	=	81,92%	(basis: 83,23 %)
$\frac{\text{Long-term liabilities} - \text{Central taxes}}{\text{Long-term liabilities} - \text{Central taxes} + \text{Equity}}$	=	$\frac{9\,803}{214\,834}$	=	4,56%	(basis: 8,23 %)

Equity growth ratio

$\frac{\text{Equity}}{\text{Issued capital}}$	=	$\frac{205\,031}{24\,500}$	=	836,86%	(basis: 791,64 %)
-----------------------------------------------	---	----------------------------	---	---------	-------------------

Non-current asset margin

$\frac{\text{Equity}}{\text{Non-current assets}}$	=	$\frac{205\,031}{1\,187\,048}$	=	17,27%	(basis: 15,92 %)
---------------------------------------------------	---	--------------------------------	---	--------	------------------

Profitability ratios

<i>EBITDA (Operating profit/loss + depreciation)</i>	=	10 435	+	63 834	=	74 269	(basis: 72 432 )*
<i>EBITDA rate</i>	=	$\frac{\text{EBITDA}}{\text{Sales revenues, net}}$	=	$\frac{74\,269}{154\,597}$	=	48,04%	(basis: 47,70 %)*
<i>Return on Sales (ROS)</i>	=	$\frac{\text{Operating profit/loss}}{\text{Sales revenues, net}}$	=	$\frac{10\,435}{154\,597}$	=	6,75%	(basis: 4,66 %)*

Financial position

Working capital and liquidity

Net working capital

$\text{Current assets} - \text{Current liabilities}$	=	60 878	-	53 400	=	7 478	(basis: -392 )
------------------------------------------------------	---	--------	---	--------	---	-------	----------------

Liquidity ratio

$\frac{\text{Current assets}}{\text{Current liabilities}}$	=	$\frac{60\,878}{53\,400}$	=	114,00%	(basis: 99,44 %)
------------------------------------------------------------	---	---------------------------	---	---------	------------------

Quick ratio

$\frac{\text{Current assets} - \text{Inventories}}{\text{Current liabilities}}$	=	$\frac{49\,568}{53\,400}$	=	92,82%	(basis: 85,57 %)
---------------------------------------------------------------------------------	---	---------------------------	---	--------	------------------

Cash liquidity ratio

$\frac{\text{Cash and cash equivalents}}{\text{Current liabilities}}$	=	$\frac{18\,465}{53\,400}$	=	34,58%	(basis: 45,71 %)
-----------------------------------------------------------------------	---	---------------------------	---	--------	------------------



## **II.5 Balance sheet and profit and loss account affecting previous years**

The effect of errors identified in 2018 for previous years did not reach the thresholds specified in the accounting policy in effect, and thus errors identified were not disclosed in a separate column but accounted in profit/(loss) for the year.

### III Informative part

#### III.1 Environment protection

##### III.1.1 Environmental liabilities

figures in mHUF

Item	Amount of provision			
	2017	Released	Made	2018
Illegal waste	3 832	1 321	2	2513
Soil and seepage pollution liabilities	1 866	248	65	1683
Protection of the technical structures of gasoline forwarding and drawing systems	1 480	0	0	1480
Elimination of cross-sleepers	1 272	385	210	1097
Leakage surveys of hazardous waste collectors and lubricant containers, coating repairs	400	0	0	400
Technological channel network surveys, cleaning, coating	175	0	0	175
Assessment of unused sewers, utilities mapping	67	1	0	66
<b>Liabilities total:</b>	<b>9 092</b>	<b>1 955</b>	<b>277</b>	<b>7 414</b>

54. Table: Environmental provision

The Company did not have any non-distributable reserves allocated to environmental liabilities in 2018.

figures in mHUF

Item	2017	2018
Decontamination contractor and monitoring costs	319	500
Environmental service charge	358	420
Waste management	181	509
Administrative charges	8	4
<b>Total</b>	<b>866</b>	<b>1433</b>

55. Table: Environmental expenses

### III.1.2 Tangible assets directly serving environmental purposes

Changes in tangible assets used directly for environment protection are presented in the table below:

figures in mHUF

No.	ITEM	Properties and related rights	Technical machinery, equipment, vehicles	Other equipment, fittings, vehicles	Capital projects	Total
1.	<b>Cost, opening</b>	8 503	407	0	0	8 910
2.	Additions					
3.	Disposals					
4.	Reclassified					
5.	<b>Cost, closing</b>	8 503	407	0	0	8 910
6.	<b>Depreciation, opening</b>	2 307	385	0	0	2 692
7.	Ordinary depreciation	333	22			355
8.	Extraordinary depreciation	41				41
9.	Extraordinary depreciation reversed					
10.	Depreciation written off					
11.	Other increase					
12.	Other decrease					
13.	Reclassified					
14.	<b>Depreciation, closing</b>	2 681	407	0	0	3 088
15.	<b>Net book value, opening</b>	6 196	22	0	0	6 218
16.	<b>Net book value, closing</b>	5 822	0	0	0	5 822

56. Table: Changes in tangible assets used directly for environment protection

### III.1.3 Hazardous waste values and quantities

figures in kgs

Waste ID code	Item	Opening quantity	Increase	Decrease	Closing quantity
060101	Sulphuric acid and sulphurous acid	315	0		315
060102	Hydrochloric acid	120	0		120
060106	Other acids	60	30	30	60
60404	Mercury stained waste	0	11	0	11
80111	Waste paint or varnish with organic solvents and other hazardous contents	57	441	134	364
80117	Contaminated waste from the removal of paint or varnish	0	4	0	4
80317	Waste toner with hazardous substance contents	705	2 403	0	3 108
80409	Waste adhesives and sealing agents with organic solvents and other hazardous contents	0	2	0	2
120109	Non-halogenous cooling and lubricant fluids and agents	0	10	0	10
120112	Used wax and grease	0			0
130205	Non-chlorine engine oils and lubricants	240	3 022	2 093	1 169
130307	Mineral oil based, non-chlorine coating and heat transmission oils	0	298	0	298
130502	Sludge from oil-water separators	0	3 470	3 470	0
130506	Oil from oil-water separators	0	0	0	0
130507	Water containing oil from oil-water separators	0	15 365	15 220	145
130508	Waste mix from degritters and from oil-water separators	0	12 980	12 980	0
130701	Heating and diesel oil	242	0	0	242
140603	Non-halogenous solvents (washing liquid)	0	246	0	246
150110	Waste packaging materials with hazardous content, stains	1 290	5 936	1 796	5 430
150111	Hazardous metal packaging materials with porous matrix content (e.g. asbestos), including empty spray cans	182	434	31	585
150202	Polluted absorbents and filters (incl. unspecified oil filters), cloths, protective clothing	2 106	17 707	4 766	15 047
160107	Oil filters	4	13	13	4
160121	Hazardous parts	150	0	0	150
160211	Decommissioned equipment with HCFC, HFC content	0	25	0	25
160213	Decommissioned equipment	56	3 191	45	3 202
160303	Inorganic waste with hazardous contents	11	24	5	30
160305	Organic waste with hazardous contents	130	844	15	959
160506	Hazardous laboratory chemicals and stains	0	0	0	0
160507	Decommissioned hazardous inorganic chemicals and stains	0	12	0	12
160601	Lead batteries	12 498	26 543	17 687	21 354
160709	Other waste with hazardous contents/substances	0	905	905	0
170106	Concrete, bricks, tiles and ceramic fractions with hazardous stains	335			335
170204	Polluted/stained glass, plastic, timber	89 560	2 387 757	2 363 380	113 937
170301	Asphalt mix with coal tar content	180	54	0	234
170409	Polluted metal waste (tar stained weighing cable)	0	152	0	152
170410	Oil, tar stained or otherwise polluted cables	23 238	2 444	0	25 682
170503	Polluted land and stone/gravel	1 785	101	65	1 821
170507	Polluted track bedding ballast	0	6 000	6 000	0
170601	Asbestos containing insulating materials	0	620	110	510
170603	Other hazardous or polluted/stained insulating materials	0	140	0	140
170605	Asbestos containing building materials	0	792	300	492
170901	Mercury stained building and demolishing waste	0	0	0	0
170903	Other hazardous building and demolishing waste	0	2 670	2 670	0
180103	Other waste, the collection and disposal/elimination of which is subject to special requirements in order to avoid infection/contamination	0	18	10	8
200121	Light tubes and other mercury containing waste	184	1 362	1 107	439
200133	Batteries, also including those under codes 160601, 160602 and 160603	692	2 674	2 113	1 253
200135	Hazardous scrapped electric and electronic equipment, other than those under codes 200121 and 200123	5 480	26 650	23 678	8 452
<b>Total</b>		<b>139 620</b>	<b>2 525 350</b>	<b>2 458 623</b>	<b>206 347</b>

57. Table: Movements in hazardous waste quantities

figures in mHUF

ID code	Item	Opening	Increase	Decrease	Closing
160601	Lead batteries	2	5	3	4
<b>Total</b>		<b>2</b>	<b>5</b>	<b>3</b>	<b>4</b>

58. Table: Movements in hazardous waste values

### III.2 Research and development expenses

figures in mHUF

Item	2017	2018
<b>Research expenses</b>	<b>18</b>	<b>0</b>
Of which: basic research	0	0
applied research (cost billed by third party contractor)	18	0
applied research (own project)	0	0
<b>Experimental development</b>	<b>0</b>	<b>0</b>
Production development	0	0
Of which: capitalised	0	0
Product development	0	0
Of which: capitalised	0	0
<b>Total:</b>	<b>18</b>	<b>0</b>

59. Table: R&amp;D expenses

## III.3 Subsidies accounted

figures in mHUF

Subsidy	Amount received (approved)	2018					2017					Amounts available at the BS date from subsidies disbursed	
		Subsidy settlements in previous years	Subsidy settlements	Unused subsidy	Subsidy disbursed/repaid	Amounts paid from subsidies	Amounts available at the BS date from subsidies disbursed	Subsidy settlements in previous years	Subsidy settlements	Unused subsidy	Subsidy disbursed/repaid		Amounts paid from subsidies
Subsidy for pay rise	6 154	6 148	0	6	-6	0	0	0	6 148	6	6 154	6 148	6
Public work subsidy, settlement period: 8 March 2017-28 Feb 2018	1 933	910	277	746	248	448	-2	0	910	1 023	704	704	0
Public work subsidy, settlement period: 12 March 2018 – 30 June 2018	331	0	219	112	219	219	0	0	0	0	0	0	0
Public work subsidy, settlement period: 11 July 2018-28 Feb 2019	434	0	233	201	233	233	0	0	0	0	0	0	0
Station improvement and integrated customer service development at 25 locations	9 965	6 063	522	3 381	14	64	-177	4 761	1 302	3 815	315	87	-128
Budapest-Belgrade railway development	2 097	765	62	1 270	-54	62	-1	724	41	1 332	0	41	115
Children's training centre establishment (Hobokauszt Gyermeklétozatnak Emlekké nye-Európai Oktatási Központ)	7 315	6 675	0	640	-640	0	0	6 675	0	640	1	1	640
INKA Project	3 302	2 448	0	853	116	0	-28	2 295	153	853	268	8	-144
Kellet railway station reconstruction	988	14	72	903	24	72	-62	0	14	974	0	14	-14
MÁV Zrt. traffic safety projects	10 858	7 289	1 311	2 258	0	22	-176	5 742	1 547	3 569	0	22	-154
Nyugati railway station reconstruction	1 068	14	51	1 003	24	51	-41	0	14	1 054	0	14	-14
P+R parking at Cellaőmlék	20	20	0	0	0	20	0	0	20	0	20	0	20
Route adjustment at Soroksár	1 200	0	1 104	96	991	209	991	0	0	1 200	209	0	209
Road and rail bridge Kisköre (Tisza hid) renovation	34	0	33	0	34	13	20	0	0	0	0	0	0
Kenderes – reception building renovation	404	0	0	404	394	0	394	0	0	0	0	0	0
INKA 2	1 129	0	42	1 087	0	15	-15	0	0	0	0	0	0
Kaposvár – Tuskevár junction development	65	0	65	0	65	0	65	0	0	0	0	0	0
Budapest-Belgrade independent engineer	6 139	0	92	6 047	0	0	0	0	0	0	0	0	0
Budapest-Belgrade archaeology	202	0	4	198	0	12	-12	0	0	0	0	0	0
Rákosszentéő property utilisation project	450	0	0	450	450	0	450	0	0	0	0	0	0
Footbridge renovation, maintenance at Sárvár	20	0	20	0	20	20	0	0	0	0	0	0	0
GINOP (Integrated Intelligent Railway Supervision System development)	464	0	0	464	136	0	136	0	0	0	0	0	0
RFC7 PSA	154	0	13	141	77	1	75	0	0	0	0	0	0
Light railways development subsidy	1 464	0	419	1 044	1 464	246	1 218	0	0	0	0	0	0
TEB Project	472	0	0	472	0	0	0	0	0	0	0	0	0
Subsidy for capital increase (MÁV-START Zrt.)	1 865	0	1 865	0	0	1 865	0	0	0	0	0	0	0
Reimbursement of renovation expenses (2018)	15 169	0	23 294	-8 125	15 169	23 294	-8 125	0	22 738	-5 351	17 387	22 738	-5 351
Reimbursement of operating expenses (2018)	71 300	0	61 645	9 655	71 300	61 645	9 655	0	50 944	1 413	52 357	50 944	1 413
<b>Total:</b>	<b>144 994</b>	<b>30 346</b>	<b>91 343</b>	<b>23 304</b>	<b>90 276</b>	<b>88 510</b>	<b>4 366</b>	<b>20 197</b>	<b>83 831</b>	<b>10 528</b>	<b>77 415</b>	<b>80 721</b>	<b>-3 401</b>

60. Table: Subsidies accounted in the reporting year

### III.4 Average number of employees, payroll costs, payments to personnel

figures in mHUF

Personnel	2017				2018			
	Payroll cost	Other payments to personnel	Total	Ratio (%)	Payroll cost	Other payments to personnel	Total	Ratio (%)
Blue collar	39 428	6 198	45 626	61,04	43 895	6 877	50 772	60,47
White collar	25 733	3 105	28 838	38,58	29 263	3 605	32 868	39,15
Inactive	235	48	283	0,38	272	48	320	0,38
<b>Total</b>	<b>65 396</b>	<b>9 351</b>	<b>74 747</b>	<b>100,00</b>	<b>73 430</b>	<b>10 530</b>	<b>83 960</b>	<b>100,00</b>

61. Table: Payments to personnel (less payroll taxes and social security)

figures in mHUF

Payroll taxes	2017		2018	
	Amount	%	Amount	%
Vocational training contribution based on personal base wage and time-based pay	596	3,50	668	3,85
Vocational training contribution on other payments to personnel	313	1,84	371	2,14
Health care contribution %-based	1 339	7,86	1 400	8,06
Rehabilitation contribution	1 002	5,88	1 083	6,24
Social contribution tax payable by the employer based on personal base wage and time-based pay	8 309	48,79	8 301	47,81
Social contribution tax payable by the employer based on other payments to personnel 27%	5 473	32,13	5 539	31,90
<b>Total:</b>	<b>17 032</b>	<b>100,00</b>	<b>17 363</b>	<b>100,00</b>

62. Table: Payroll taxes and social security

Personnel	2017			2018		
	Average statistical number	Ratio (%)	of which: public workers	Average statistical number	Ratio (%)	of which: public workers
- blue collar	13 325,5	71,35	959,2	12 730,2	70,08	524,9
- white collar	5 349,9	28,65	47,5	5 433,8	29,92	27,3
<b>Total:</b>	<b>18 675,4</b>	<b>100,00</b>	<b>1 006,7</b>	<b>18 164,0</b>	<b>100,00</b>	<b>552,2</b>

63. Table: Number of employees (persons)

Personnel	Average pay (HUF/p/m)		Average pay per category (HUF/p/m)	
	2017	2018	2017	2018
- blue collar	244 592	286 287	176 467	204 504
- white collar	394 347	443 250	327 962	369 614
<b>Full time staff</b>	<b>287 331</b>	<b>333 053</b>	<b>219 702</b>	<b>253 458</b>

64. Table: Average pay and pay per category including public workers

Personnel	Average pay (HUF/p/m)		Average pay per category (HUF/p/m)	
	2017	2018	2017	2018
- blue collar	257,782	295,311	183,691	209,325
- white collar	397,007	445,003	329,980	370,902
<b>Full time staff</b>	<b>299,410</b>	<b>341,080</b>	<b>227,431</b>	<b>258,476</b>

65. Table: Average pay and pay per category less public workers

Personnel	2017	%	of which public workers	2018	%	of which public workers
<b>Full time</b>	<b>18 661</b>	<b>99,76</b>	<b>963</b>	<b>18 123</b>	<b>99,72</b>	<b>421</b>
- blue collar	13 281	70,99	909	12 615	69,40	400
- white collar	5 380	28,76	54	5 508	30,31	21
<b>Part time</b>	<b>44</b>	<b>0,24</b>	<b>-</b>	<b>51</b>	<b>0,28</b>	<b>-</b>
- blue collar	10	0,05	-	13	0,07	-
- white collar	34	0,18	-	38	0,21	-
<b>Total:</b>	<b>18 705</b>	<b>100,00</b>	<b>963</b>	<b>18 174</b>	<b>100,00</b>	<b>421</b>

66. Table: Number of staff at the year-end

### III.5 Information on payments to senior officers and Supervisory Board members

#### III.5.1 Remuneration paid to senior officers and Supervisory Board members

figures in mHUF

Item	2017	2018	Change
Senior officers	72	98	26
Supervisory Board	15	14	-1
<b>Total:</b>	<b>87</b>	<b>112</b>	<b>25</b>

67. Table: Remuneration paid

#### III.5.2 Advances and loans disbursed to senior officers and Supervisory Board members, and guarantees assumed on their behalf

No loans were disbursed to or guarantees assumed on behalf of members of the Board of Directors or the Supervisory Board in 2018.

#### III.5.3 The Company's pension liabilities to former officers and members of the Supervisory Board

The Company had no pension liabilities to former members of the Board of Directors or the Supervisory Board at the balance sheet date.



III.6 The Company's investments

figures in HUF

Company code	Company	CHANGE	MÁV (1 Jan 2018)	MÁV (31 Dec 2018)	Founded at	Postcode	Seat	Address	Issued capital 31 Dec 2018	Issued capital MÁV 31 Dec 2018	Reserves* 31 Dec 2018	After tax profit or loss* 31 Dec 2018	Equity* 31 Dec 2018
KTL180	MÁV-START Zrt.	0.00%	100.00%	100.00%	2007.01.11	1087	Budapest	Könyves Kálmán körút 54-60.	43 741 514 000	43 741 514 000	76 251 214 889	6 778 509 868	126 771 238 757
KTL101	MÁV-FKG Kft.	0.00%	99.99%	99.99%	1993.12.31	5137	Jászkisér	Jászladány út 10.	1 504 760 000	1 504 660 000	1 917 873 039	650 573 859	4 073 208 898
KTL131	MÁV-KEV Kft.	0.00%	99.98%	99.98%	1996.09.01	1097	Budapest	Péceli utca 2.	569 400 000	569 300 000	2 058 788 364	762 301 459	3 390 489 823
KTL194	MÁV-HEV Zrt.	0.00%	100.00%	100.00%	2016.10.26	1087	Budapest	Könyves Kálmán körút 54-60.	11 000 000 000	11 000 000 000	7 222 429 479	295 969 359	18 518 398 838
KTL179	ZAHOBY-PORT Zrt.	0.00%	100.00%	100.00%	2006.08.31	4625	Záhony	Európa tér 12.	10 000 000	10 000 000	233 591 545	-132 343 410	111 248 135
KTL138	MÁV Szolgáltató Központ Zrt.	0.00%	99.63%	99.63%	1996.11.01	1087	Budapest	Könyves Kálmán körút 54-60.	801 000 000	798 000 000	1 436 209 139	197 410 383	2 434 619 524
KTL020	MÁV VAGON Kft.	0.00%	0.04%	0.04%	1992.12.30	8000	Székesfehérvár	Takarodó utca 1.	243 980 000	100 000	254 503 381	261 194 160	759 677 689
Fully consolidated subsidiaries, total													
KEI015	MÁV NOSZTALGIA Kft.	0.00%	57.00%	57.00%	1992.12.30	1142	Budapest	Tatai utca 95.	57 870 654 000	57 623 574 000	89 374 611 836	8 813 615 680	156 058 881 664
Equity consolidated subsidiaries, total													
KEK193	Kínai-Magyar Vassíti Nonprofit Zrt.	0.00%	15.00%	15.00%	2016.10.28	1095	Budapest	Mariássy utca 7.	5 000 200	750 030	1 973 043 883	-1 434 040 162	544 003 921
Equity consolidated joint ventures, total													
KEI027	Dunakeszi Járműjavító Kft.	0.00%	25.10%	25.10%	1992.12.30	2120	Dunakeszi	Alonius sétány 19.	772 000 000	193 750 000	2 479 758 118	2 599 740	3 254 357 858
KEI142	MULTISZOLG97 Hídmérleg Kft.	0.00%	25.00%	25.00%	1997.04.15	1081	Budapest	Népszínház utca 21. IV. em. 1.	61 280 000	15 320 000	34 830 414	486 000	96 596 414
KEI116	MÁV-THERMIT Kft.	0.00%	35.00%	35.00%	1995.02.28	2030	Érd	Tolmács utca 18.	138 000 000	48 300 000	747 545 007	-94 204 525	791 340 482
KEI037	VAMAV Kft.	0.00%	50.00%	50.00%	1991.11.26	3200	Gyöngyös	Gyártalep utca 1.	1 400 000 000	700 000 000	745 063 823	1 165 812 000	3 310 873 823
KEI038	EURO-METALL Kft.	0.00%	34.99%	34.99%	1991.01.23	1045	Budapest	Élen utca 5-7.	50 590 000	17 700 000	1 473 890 134	112 706 268	1 637 186 402
Equity consolidated associates, total													
KRI022	MÁV VASÍARMU Kft. "f.a."	0.00%	25.01%	25.01%	1992.12.30	9700	Szombathely	Szövő utca 85.	88 890 000	22 230 000	n.a.	n.a.	n.a.
KRI165	MÁV-REC Kft.	0.00%	49.00%	49.00%	2001.10.11	1097	Budapest	Könyves Kálmán körút 16.	50 000 000	24 500 000	312 079 000	40 000 000	402 079 000
Associates consolidated as equity investments, total													
KRI147	Bureau Central de Clearing s.c.f.l. (BCC)	0.00%	1.36%	1.36%	1997.01.28	40-B-1060	Bruxelles	Avenue de la Porte de Hal	35 446 478	482 265	n.a.	n.a.	n.a.
KRI128	Eurofima Societe Europeenne Pour Le Financement de Materiel Ferroviaire (Vasúti Gőrdülőanyag-finanszírozási Európai Zrt.)	0.00%	0.70%	0.70%	1992.06.01	CH4001	Basel	Rittergasse 20.	741 416 000 000	5 189 912 000	n.a.	n.a.	n.a.
KRI120	Vasútiélektérségügyi Nonprofit Közhasznu Kft.	0.00%	14.21%	14.21%	1997.07.31	1062	Budapest	Podmaniczky utca 109.	701 020 000	99 600 000	1 849 204 268	156 000	2 550 380 268
KRI169	HIT Rail B.V. (Informatkai Szolgáltató)	0.00%	9.52%	9.52%	2001.11.26	3511	Utrecht	Laan van Puntenburg 100	437 575 110	41 673 820	n.a.	n.a.	n.a.
KRI172	Normon-Tool Kft. "f.a."	-0.04%	0.04%	0.00%	2002.03.14	5600	Békéscsaba	Jpari út 1.	-	-	-	-	-
Other consolidated investments, total													
Total									803 036 455 788	63 983 492 115	99 173 767 483	8 579 407 001	168 811 718 832

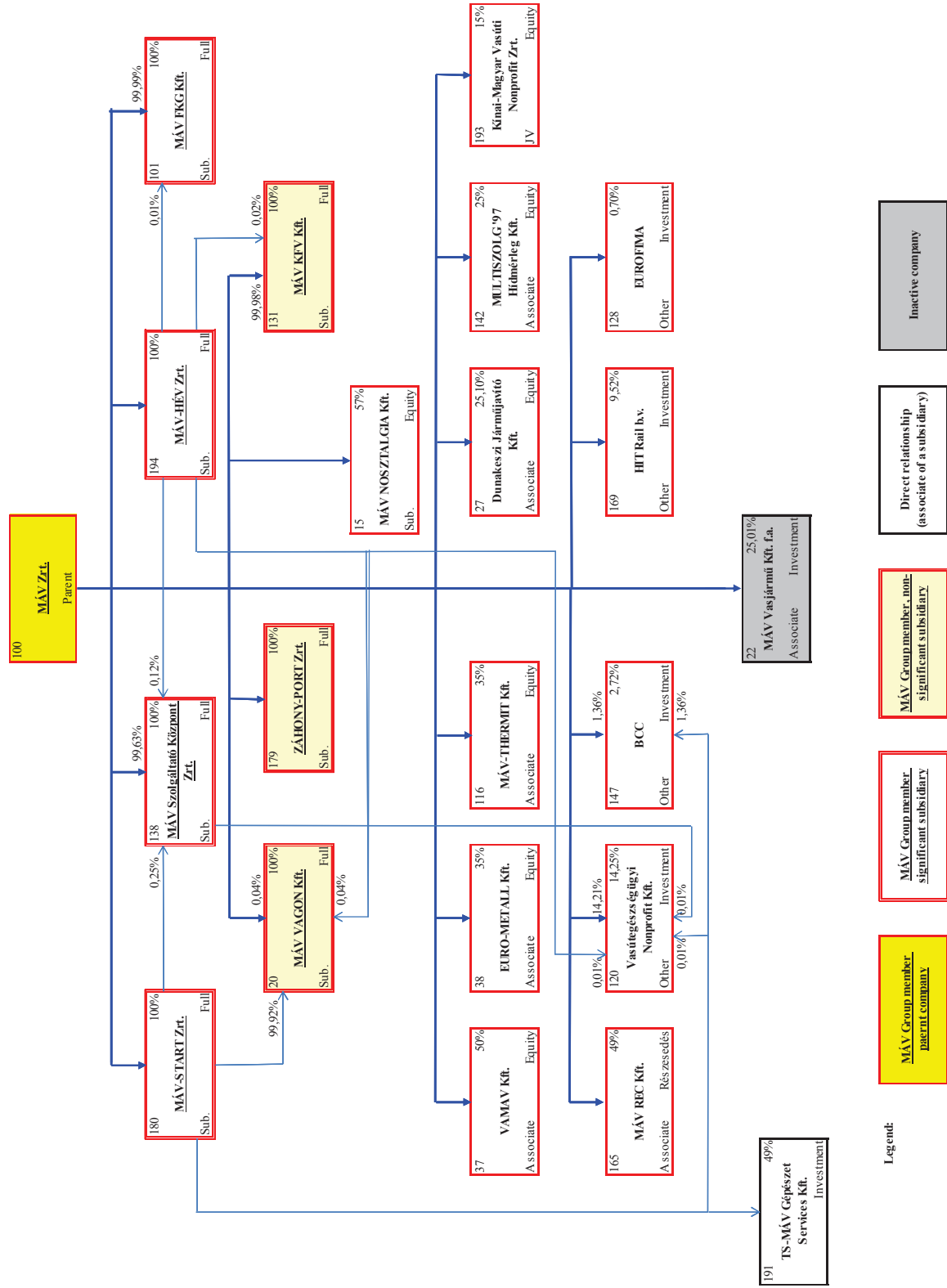
\*Based on preliminary figures.

68. Table: The Company's investments and opening balances

figures in HUF

Company code	Company	BV of capital (opening) 1 Jan 2018	Accumulate impairment loss (opening) 1 Jan 2018	Recorded value (opening) 1 Jan 2018	Increase due to foundation and capital injection (in cash) 2018	Decrease in cost due to voluntary/ involuntary liquidation 2018	Unrealised FX gain/loss on cost 2018	BV of capital 31 Dec 2018	Impairment loss in 2018	Decrease in impairment due to voluntary/ involuntary liquidation 2018	Accumulated impairment loss 31 Dec 2018	Book value at 31 Dec 2018
KTL180	MAV-START Zrt.	121 033 553 416	0	121 033 553 416				121 033 553 416			0	121 033 553 416
KTL101	MAV FKG Kft.	1 535 166 401	0	1 535 166 401				1 535 166 401			0	1 535 166 401
KTL131	MAV KEV Kft.	569 300 000	0	569 300 000				569 300 000			0	569 300 000
KTL179	MAV-HEV Zrt.	18 202 918 217	0	18 202 918 217				18 202 918 217			0	18 202 918 217
KTL194	ZAHONY-PORT Zrt.	975 617 000	-717 604 878	258 012 122				975 617 000	-145 072 202		-862 677 080	112 939 920
KTL138	MAV Szolgáltató Központ Zrt.	1 423 332 417	0	1 423 332 417				1 423 332 417			0	1 423 332 417
KTL020	MAV VAGON Kft.	100 000	0	100 000				100 000			0	100 000
Fully consolidated subsidiaries		143 739 987 451	-717 604 878	143 022 382 573	0	0	0	143 739 987 451	-145 072 202	0	-862 677 080	142 877 310 371
KEL015	MAV NOSZTALGIA Kft.	5 700 000	0	5 700 000				5 700 000			0	5 700 000
Equity consolidated subsidiaries		5 700 000	0	5 700 000	0	0	0	5 700 000	0	0	0	5 700 000
KEK193	Kínai-Magyar Vasúti Nonprofit Zrt.	1 200 750 000	-1 200 750 000	0	2 300 000 010			3 500 750 010	-1 760 329 727		-2 961 079 727	539 670 283
Equity consolidated joint ventures		1 200 750 000	-1 200 750 000	0	2 300 000 010	0	0	3 500 750 010	-1 760 329 727	0	-2 961 079 727	539 670 283
KET027	Dunakeszi Járműjavító Kft.	193 770 000	0	193 770 000				193 770 000			0	193 770 000
KET142	MULTISZOLG97 Hídmérleg Kft.	15 320 000	0	15 320 000				15 320 000			0	15 320 000
KET116	MAV-THERMIT Kft.	48 300 000	0	48 300 000				48 300 000			0	48 300 000
KET037	VAMAV Kft.	480 000 000	0	480 000 000				480 000 000			0	480 000 000
KET038	EURO-METALL Kft.	17 700 000	0	17 700 000				17 700 000			0	17 700 000
Equity consolidated associates		755 090 000	0	755 090 000	0	0	0	755 090 000	0	0	0	755 090 000
KRT022	MAV VASÁRMŰ Kft. "I.a."	158 000 000	-158 000 000	0				158 000 000			-158 000 000	0
KRT165	MAV-REC Kft.	50 500 000	0	50 500 000				50 500 000			0	50 500 000
Associates consolidated as equity investments		208 500 000	-158 000 000	50 500 000	0	0	0	208 500 000	0	0	-158 000 000	50 500 000
KRE147	Bureau Central de Clearing s.c.rl. (BCC)	463 659	0	463 659			16 998	480 657			0	480 657
KRE128	Eurofina Societe Europeenne Pour Le Financement de Material Ferroviare (Vasúti Gördülőanyag-finanszírozási Európai Zrt.)	2 097 899 866	0	2 097 899 866			157 556 044	2 255 455 910			0	2 255 455 910
KRE120	Vasútegészségügyi Nonprofit Kozhasznú Kft.	99 600 000	0	99 600 000				99 600 000			0	99 600 000
KRE169	HIT Rail B.V. (Informaticai Szolgáltató)	67 554 385	0	67 554 385			2 476 602	70 030 987			0	70 030 987
KRE172	Normon-Tool Kft. "I.a."	132 200	-132 200	0		-132 200		0		132 200	0	0
Other consolidated investments		2 265 650 110	-132 200	2 265 517 910	0	-132 200	160 049 644	2 425 567 554	0	132 200	0	2 425 567 554
Total		148 175 677 561	-2 076 487 078	146 099 190 483	2 300 000 010	-132 200	160 049 644	150 635 595 015	-1 905 401 929	132 200	-3 981 756 807	146 653 838 208

69. Table: Changes in the Company's investments in 2018



70. Table: MÁV Group structure at 31 December 2018

### **III.7 Disclosures of the exempted parent company**

The Company does not qualify as an exempted parent company, so it is required to prepare and publish consolidated financial statements.

### **III.8 Material transactions with related parties that were not made on an arm's-length basis**

From the Company's perspective, related parties are deemed to include companies qualifying as subsidiaries, jointly managed companies or associated companies within the meaning of the Accounting Act, as well as the members of the company's senior management, its senior officers, and their close relatives. For the purposes of interpreting the term related parties, senior management is deemed to include the Company's Chairman and CEO and his deputies, as well as the head of the Company's internal audit function, while senior officers are deemed to include the members of the Company's Board of Directors and Supervisory Board.

In the reporting year, MÁV Zrt had no material transactions with any related parties within the meaning of the Accounting Act that were not made on an arm's-length basis.

### **III.9 Description of foreign permanent establishments**

The Company has no foreign permanent establishments.

## **IV Annual supervisory report – Disclosures according to Joint Decree No. 50/2007 GKM-PM on the separation of the accounting records of the individual railway activities of rail companies**

In this section, the Company fulfils the disclosure requirement set out in Joint Decree No. 50/2007 GKM-PM, in accordance with the Decree and the Company's effective accounting separation policy.

The legal basis for separation and the changes to the policy during the reporting year are described in point I.2.

The activity statement presented as part of the supervisory report is prepared in HUF thousands, in accordance with the Decree, while other statements that contain monetary values are in HUF millions, in accordance with the Accounting Act.

The accounting separation of the Company's activities is carried out at the level of divisions.

Pursuant to the Decree, the Company separated the following activities in 2018:

- Rail infrastructure operation (rail infrastructure division)
- Passenger transport (non-public passenger transport division)
- Other activities (other activities division)

### **IV.1 Rail infrastructure operations**

The balance sheet, profit and loss account, cash flow statement and activity statement prepared on the basis of the figures of the rail infrastructure division are shown in the following tables:

figures in mHUF

No.	Item	2017.12.31	2018.12.31	Change
<b>A.</b>	<b>NON-CURRENT ASSETS (I+II+III)</b>	<b>980,361</b>	<b>958,864</b>	<b>-21,497</b>
<b>I.</b>	<b>INTANGIBLE ASSETS (I./ 1.+_ 7. )</b>	<b>9,218</b>	<b>8,123</b>	<b>-1,095</b>
1.	Capitalised foundation, restructuring	0	0	0
2.	Capitalised research and development	37	37	0
3.	Concessions and similar rights	6,245	5,127	-1,118
3/a.	of which: Managed state-owned rights	2,228	1,781	-447
4.	Intellectual property	2,936	2,959	23
4/a.	of which: Managed state-owned intellectual property	0	0	0
5.	Goodwill	0	0	0
6.	Advances for intangible assets	0	0	0
7.	Adjustment of intangible assets	0	0	0
<b>II.</b>	<b>TANGIBLE ASSETS (II./ 1.+_ 7.)</b>	<b>971,143</b>	<b>950,741</b>	<b>-20,402</b>
1.	Properties and related rights	815,000	799,530	-15,470
1/a.	of which: Managed state-owned properties and related rights	780,956	759,371	-21,585
2.	Technical machinery, equipment, vehicles	133,914	129,412	-4,502
2/a.	of which: Managed state-owned technical machinery, equipment, vehicles	115,344	109,718	-5,626
3.	Other equipment, fittings, vehicles	16	48	32
3/a.	of which: Managed state-owned other equipment, fittings, vehicles	0	0	0
4.	Livestock	0	0	0
5.	Capital projects, renovations	21,186	20,362	-824
5/a.	of which: Managed state-owned capital projects	17,559	18,808	1,249
6.	Advances for capital projects	1,027	1,389	362
6/a.	of which: Managed state-owned advances for capital projects	956	733	-223
7.	Adjustment of tangible assets	0	0	0
<b>III.</b>	<b>NON-CURRENT FINANCIAL ASSETS (III./ 1.+_ 10.)</b>	<b>0</b>	<b>0</b>	<b>0</b>
1.	Long-term investments in related parties	0	0	0
2.	Long-term loans granted to related parties	0	0	0
3.	Significant equity investments	0	0	0
4.	Long-term loans granted to significant equity investments	0	0	0
5.	Other long-term investments	0	0	0
6.	Long-term loans granted to other investments	0	0	0
7.	Other long-term loans granted	0	0	0
8.	Long-term debt securities	0	0	0
9.	Adjustment of non-current financial assets	0	0	0
10.	Revaluation gain or loss on non-current financial assets	0	0	0
<b>B.</b>	<b>Current assets (B./ I.+II.+III.+IV.+ids.)</b>	<b>45,785</b>	<b>44,765</b>	<b>-1,020</b>
<b>I.</b>	<b>INVENTORIES (I./ 1.+_ 6.)</b>	<b>9,746</b>	<b>11,194</b>	<b>1,448</b>
1.	Materials	9,341	10,803	1,462
1/a.	of which: Managed state-owned materials	1,904	2,191	287
2.	Work in progress and semi-finished products	0	1	1
2/a.	of which: Managed state-owned work in progress and semi-finished products	0	0	0
3.	Breeding and fattening stock (formerly: livestock)	0	0	0
4.	Finished products	343	330	-13
4/a.	of which: Managed state-owned finished products	41	139	98
5.	Goods	62	60	-2
6.	Advances for inventories	0	0	0
<b>II.</b>	<b>RECEIVABLES (II./ 1.+_ 8.)</b>	<b>16,671</b>	<b>25,537</b>	<b>8,866</b>
1.	Trade receivables (debtors)	2,676	2,510	-166
2.	Receivables from related parties	8,689	13,303	4,614
3.	Receivables from significant investments	27	14	-13
4.	Receivables from other investments	27	10	-17
5.	Bills of exchange receivable	0	0	0
6.	Other receivables	5,252	9,700	4,448
6/a.	of which: related to managed state-owned assets	1,366	2,929	1,563
7.	Revaluation gain or loss on receivables	0	0	0
8.	Revaluation gain on derivatives	0	0	0
	<b>Receivables from inter-division settlements</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>III.</b>	<b>SECURITIES (III./ 1.+_ 6.)</b>	<b>0</b>	<b>0</b>	<b>0</b>
1.	Shares in related parties	0	0	0
2.	Significant equity investment	0	0	0
3.	Other investments	0	0	0
4.	Treasury shares, quotas	0	0	0
5.	Debt securities held for trading	0	0	0
6.	Revaluation gain or loss on securities	0	0	0
<b>IV.</b>	<b>LIQUID ASSETS (IV./ 1.+2.)</b>	<b>19,368</b>	<b>8,034</b>	<b>-11,334</b>
1.	Cash, cheques	0	0	0
2.	Bank deposits	19,368	8,034	-11,334
<b>C.</b>	<b>PREPAID EXPENSES AND ACCRUED INCOME (C./ 1.+2.+3.)</b>	<b>2,534</b>	<b>4,018</b>	<b>1,484</b>
1.	Accrued income	1,299	1,559	260
2.	Prepaid expenses	1,235	2,459	1,224
3.	Deferred expenses	0	0	0
	<b>ASSETS, TOTAL (A.+B.+C.)</b>	<b>1,028,680</b>	<b>1,007,647</b>	<b>-21,033</b>

71. Table: Rail infrastructure operations division - Balance sheet: Asset side

figures in mHUF

No.	Item	2017.12.31	2018.12.31	Change
<b>D.</b>	<b>Equity (D/ I+_ VII)</b>	<b>-54,167</b>	<b>-50,025</b>	<b>4,142</b>
I.	ISSUED CAPITAL	5,667	5,666	-1
	of which: redeemed treasury shares at face value	0	0	0
II.	ISSUED CAPITAL NOT PAID	0	0	0
III.	CAPITAL RESERVE	19,752	20,054	302
IV.	RETAINED EARNINGS	-82,665	-79,623	3,042
V.	NON-DISTRIBUTABLE RESERVES	37	38	1
VI.	VALUATION RESERVE	0	0	0
1.	Valuation reserve for adjustments	0	0	0
2.	Fair valuation reserve	0	0	0
VII.	AFTER TAX PROFIT OR LOSS	3,042	3,840	798
<b>E.</b>	<b>Provisions (E/ 1+2+3)</b>	<b>20,221</b>	<b>19,385</b>	<b>-836</b>
1.	Provision for expected liabilities	11,757	9,899	-1,858
2.	Provision for future expenses	8,464	9,486	1,022
3.	Other provisions	0	0	0
<b>F.</b>	<b>LIABILITIES (F/ I+II+III+ids.)</b>	<b>1,027,556</b>	<b>1,001,251</b>	<b>-26,305</b>
<b>I.</b>	<b>SUBORDINATED LIABILITIES (F.I/ 1+2+3+4)</b>	<b>0</b>	<b>0</b>	<b>0</b>
1.	Subordinated liabilities to related parties	0	0	0
2.	Subordinated liabilities to significant investments	0	0	0
3.	Subordinated liabilities to other investments	0	0	0
4.	Subordinated liabilities to third parties	0	0	0
<b>II.</b>	<b>LONG-TERM LIABILITIES (F.II/ 1+_ 8)</b>	<b>945,505</b>	<b>919,308</b>	<b>-26,197</b>
1.	Long-term borrowings	58	0	-58
2.	Convertible bonds	0	0	0
3.	Debts from the issue of bonds	0	0	0
4.	Development and improvement loans	0	0	0
5.	Other long-term loans	0	0	0
6.	Long-term liabilities to related parties	0	0	0
7.	Long-term liabilities to significant investments	0	0	0
8.	Long-term liabilities to other investments	0	0	0
9.	Other long-term liabilities	945,447	919,308	-26,139
9/a	of which: Liabilities related to managed state-owned assets	945,120	919,096	-26,024
<b>III.</b>	<b>CURRENT LIABILITIES (F.III/ 1+_ 10+)</b>	<b>82,051</b>	<b>81,943</b>	<b>-108</b>
1.	Short-term borrowings	234	58	-176
1/a.	of which: convertible bonds	0	0	0
2.	Short-term loans	0	0	0
3.	Advances from debtors	20	968	948
4.	Trade payables (creditors)	25,982	17,721	-8,261
5.	Bills of exchange payable	0	0	0
6.	Current liabilities to related parties	13,336	11,645	-1,691
7.	Current liabilities to significant investments	619	169	-450
8.	Current liabilities to other investments	37	16	21
9.	Other current liabilities	5,259	8,431	3,172
9/a	of which: Liabilities related to managed state-owned assets	581	1,643	1,062
10.	Revaluation gain or loss on liabilities	0	0	0
11.	Revaluation loss on derivatives	0	0	0
	<b>Liabilities from inter-division settlements</b>	<b>36,564</b>	<b>42,935</b>	<b>6,371</b>
<b>G.</b>	<b>Accrued expenses and deferred income (G/ 1+2+3)</b>	<b>35,070</b>	<b>37,036</b>	<b>1,966</b>
1.	Deferred income	7,616	8,181	565
2.	Accrued expenses	1,724	3,885	2,161
3.	Deferred extraordinary income and negative goodwill	25,730	24,970	-760
	<b>EQUITY AND LIABILITIES, TOTAL (D.+E.+F.+G.)</b>	<b>1,028,680</b>	<b>1,007,647</b>	<b>-21,033</b>

72. Table: Rail infrastructure operations division - Balance sheet: Equity and liabilities side

figures in mHUF

Line	Item	31/12/2017	31/12/2018	Change
.01.	Domestic sales, net	138,454	142,378	3,924
.02.	Export sales, net	1,027	1,531	504
<b>I.</b>	<b>Sales revenues, net (01.+02.)</b>	<b>139,481</b>	<b>143,909</b>	<b>4,428</b>
I/A 1.	Passenger transport internal service income (595,1;597,1)	152	112	-40
I/A 2.	Engineering internal service income (595,2;597,2)	0	0	0
I/A 3.	Central internal service income (595,3;595,5;597,3;597,5)	409	416	7
I/A 4.	Rail infrastructure internal service income (595,4;597,4)	7	8	1
I/A 5.	Direct internal service income (593,2)	0	0	0
I/A 6.	Central management income (597,9)	0	0	0
<b>I/A.</b>	<b>Recognised internal income, total:</b>	<b>568</b>	<b>536</b>	<b>-32</b>
.03.	Movements in self-produced inventories	105	-12	-117
.04.	Capitalised self-produced assets	4,720	5,534	814
<b>II.</b>	<b>Capitalise own output (03.+04.)</b>	<b>4,825</b>	<b>5,522</b>	<b>697</b>
<b>III.</b>	<b>Other income</b>	<b>127,677</b>	<b>135,096</b>	<b>7,419</b>
	of which: reversed impairment loss (962,1-962,2)	0	10	10
	<b>Operating returns, total</b>	<b>272,551</b>	<b>285,063</b>	<b>12,512</b>
.05.	Material cost	18,650	19,368	718
.06.	Services used	54,575	52,517	-2,058
.07.	Other services	1,355	1,204	-151
.08.	Cost of goods sold	29,682	33,633	3,951
.09.	(Consignment) services sold	345	341	-4
<b>IV.</b>	<b>Material-type expenses (05.+06.+07.+08.+09.)</b>	<b>104,607</b>	<b>107,063</b>	<b>2,456</b>
IV/A 1.	Passenger transport internal service costs (594,1;596,1)	419	392	-27
IV/A 2.	Engineering internal service costs (594,2;596,2;598)	0	0	0
IV/A 3.	Central internal service costs (594,3;594,5;596,3;596,5)	0	0	0
IV/A 4.	Rail infrastructure internal service costs (594,4;596,4)	1,827	1,920	93
IV/A 5.	Direct internal service costs (593,1)	0	0	0
IV/A 6.	Central management cost allocated to the division (596,9)	0	0	0
<b>IV/A.</b>	<b>Recognised internal expenses total:</b>	<b>2,246</b>	<b>2,312</b>	<b>66</b>
.10.	Payroll costs	64,158	72,118	7,960
.11.	Other payments to personnel	9,031	10,124	1,093
.12.	Payroll taxes	16,643	17,011	368
<b>V.</b>	<b>Payments to personnel (10.+11.+12.)</b>	<b>89,832</b>	<b>99,253</b>	<b>9,421</b>
<b>VI.</b>	<b>Depreciation</b>	<b>60,174</b>	<b>59,230</b>	<b>-944</b>
<b>VII.</b>	<b>Other expenses</b>	<b>12,662</b>	<b>13,369</b>	<b>707</b>
	of which: impairment (862)	2,082	4,480	2,398
	<b>Operating expenses, total:</b>	<b>269,521</b>	<b>281,227</b>	<b>11,706</b>
<b>A.</b>	<b>OPERATING PROFIT OR LOSS (I.+I/A+II.+III.-IV.-IV/A-V-VI-VII)</b>	<b>3,030</b>	<b>3,836</b>	<b>806</b>
.13.	Dividends received	0	0	0
	Of which: from related parties	0	0	0
.14.	Foreign exchange gains on disposed of investments	0	0	0
	Of which: from related parties	0	0	0
.15.	Income and foreign exchange gains on non-current financial assets (securities, loans)	0	0	0
	Of which: from related parties	0	0	0
.16.	Other interest received (due) and similar income	2	2	0
	Of which: from related parties	0	0	0
.17.	Other financial income	78	42	-36
	Of which: valuation gain or loss	0	0	0
<b>VIII.</b>	<b>Financial income (13.+14.+15.+16.+17.)</b>	<b>80</b>	<b>44</b>	<b>-36</b>
.18.	Expenses and foreign exchange losses on investments	0	0	0
	of which: to related parties	0	0	0
.19.	Expenses and foreign exchange losses on non-current financial assets (securities, loans)	0	0	0
	Of which: to related parties	0	0	0
.20.	Interest payable (paid) and similar charges	6	3	-3
	Of which: to related parties	0	0	0
.21.	Impairment of shares, securities, long-term loans granted and bank deposits	-1	0	1
.22.	Other financial expenses	63	37	-26
	Of which: valuation gain or loss	0	0	0
<b>IX.</b>	<b>Financial expenses (18.+19.+20.+21.+22.)</b>	<b>68</b>	<b>40</b>	<b>-28</b>
<b>B.</b>	<b>FINANCIAL PROFIT OR LOSS (VIII-IX)</b>	<b>12</b>	<b>4</b>	<b>-8</b>
<b>C.</b>	<b>PRE-TAX PROFIT OR LOSS (±A±B)</b>	<b>3,042</b>	<b>3,840</b>	<b>798</b>
X.	TAX LIABILITY	0	0	0
<b>D.</b>	<b>AFTER-TAX PROFIT OR LOSS (±C-X)</b>	<b>3,042</b>	<b>3,840</b>	<b>798</b>

73. Table: Rail infrastructure operations division - Profit and loss account



figures in mHUF

No.	Item	2017.	2018.
<b>I.</b>	<b>Operating cash flows (lines 1-13)</b>	<b>-13,073</b>	<b>2,587</b>
1.	Pre-tax profit or loss ±	3,042	3,840
1a.	Dividends received -	0	0
1b.	Amounts transferred/received free of charge recognised in profit or loss ±	0	212
1c.	Unrealised foreign exchange gain or loss on liquid assets ±	8	0
1d.	Gain or loss on long-term liabilities forgiven/assumed ±	-72	-68
1e.	Unrealised foreign exchange gain or loss on non-current assets and long-term liabilities ±	0	0
1f.	Realised foreign exchange gain or loss on the recovery of long-term loans granted and the repayment of long-term liabilities ±	0	0
1g.	Unspecified pre-tax profit adjusting items related to managed state-owned assets ±	-56,860	-58,757
1h.	Non-current assets contributed (contribution in kind) ±	0	0
1i.	Non-current assets transferred free of charge +	0	0
1j.	Other unspecified pre-tax profit adjusting items ±	-3	-117
2.	Amortisation charge +	60,174	59,230
3.	Impairment loss recognised/reversed ±	2,081	4,470
4.	Difference between provisions made and used ±	361	-836
5.	Disposal of non-current assets ±	-2	-13
6.	Movements in creditors ±	-1,234	-9,996
7.	Movements in other current liabilities ±	-2,692	1,687
7a.	Movements in inter-division settlements (liabilities) ±	-1,204	6,372
8.	Movements in accrued expenses and deferred income ±	-13,748	295
9.	Movements in debtors ±	-1,012	-56
10.	Movements in current assets (less debtors and liquid assets) ±	-1,636	-2,192
10a.	Movements in inter-division settlements (assets) ±	0	0
11.	Movements in prepaid expenses and accrued income ±	-276	-1,484
12.	Corporate tax liability -	0	0
13.	Dividends payable -	0	0
<b>II.</b>	<b>Investing cash flows (lines 14-16)</b>	<b>-6,983</b>	<b>-30,526</b>
14.	Acquisition of non-current assets -	-7,889	-30,542
15.	Disposal of non-current assets +	906	16
16.	Dividends received +	0	0
<b>III.</b>	<b>Financing cash flows (lines 17-27)</b>	<b>17,905</b>	<b>16,605</b>
17.	Income from shares issued (capital addition) +	0	0
18.	Income from the issue of bonds, debt securities +	0	0
19.	Loans taken and borrowings +	0	0
20.	Long-term loans granted and bank deposits repaid, terminated or cashed +	1	1
21.	Amounts received free of charge +	18,199	16,991
22.	Disinvestment (capital reduction) -	0	0
23.	Repayment of bonds, debt securities -	0	0
24.	Repayment of loans and borrowings -	-234	-234
25.	Long-term loans granted and bank deposits -	0	0
26.	Amounts transferred free of charge -	0	-212
27.	Changes in amounts payable to founders and in other long-term liabilities ±	-61	59
<b>IV.</b>	<b>Cash flow (I.+II.+III.)</b>	<b>-2,151</b>	<b>-11,334</b>
28.	Unrealised foreign exchange gain or loss on liquid assets	-8	0
<b>V.</b>	<b>Change in cash and cash equivalents (IV.+28.)</b>	<b>-2,159</b>	<b>-11,334</b>

74. Table: Rail infrastructure operations division – Cash flow statement

The activity statement for rail infrastructure operations is shown in the table below:

figures in HUF thousands			
<i>Line</i>	<i>Item</i>	<i>2017</i>	<i>2018</i>
1	Net revenues	139,480,828	143,908,941
	of which: fares	139,480,828	143,908,941
	of which: fare subsidy	0	0
	of which: revenues from gov.	0	0
2	Internal revenues	567,390	536,458
3	Capitalised own output	4,825,283	5,522,102
4	Other income	127,676,787	135,095,613
	of which: government reimbursement	50,944,174	61,644,908
	of which: government subsidy	12,228,796	2,587,836
<b>5</b>	<b>OPERATING INCOME, TOTAL</b>	<b>272,550,288</b>	<b>285,063,114</b>
6	Material-type expenses	104,607,319	107,063,036
	of which: network access charge	0	0
7	Internal expenses	2,246,370	2,312,330
	of which: network access	0	0
	of which: traction	0	0
	of which: other railway services	408,665	416,394
	of which: central services	0	0
	of which: central administration	1,827,108	1,920,324
8	Payments to personnel	89,831,889	99,253,200
9	Depreciation charge	60,173,335	59,229,817
10	Other expenses	12,661,048	13,368,439
<b>11</b>	<b>OPERATING EXPENSES, TOTAL</b>	<b>269,519,961</b>	<b>281,226,822</b>
<b>12</b>	<b>OPERATING PROFIT OR LOSS</b>	<b>3,030,327</b>	<b>3,836,292</b>
13	Financial income	79,349	43,471
14	Financial expense	67,742	39,449
<b>15</b>	<b>FINANCIAL PROFIT OR LOSS</b>	<b>11,607</b>	<b>4,022</b>
16	Extraordinary income	0	0
	of which: government subsidy	0	0
17	Extraordinary expense	0	0
<b>18</b>	<b>EXTRAORDINARY PROFIT OR LOSS</b>	<b>0</b>	<b>0</b>
19	Tax liability	0	0
<b>20</b>	<b>AFTER TAX PROFIT OR LOSS</b>	<b>3,041,934</b>	<b>3,840,313</b>

75. Table: Rail infrastructure operations division – Activity statement

Significant effects in the profit or loss for the reporting year:

A predominant part of net sales revenues in 2018 was made up of infrastructure access charges (HUF 95,361 million), of which revenues from traction electricity (HUF 19,949 million) and fuel sold (HUF 12,700 million) are presented separately:

figures in mHUF

Customer	2017	2018	Change
<b>Infrastructure access, net of traction electricity and fuel</b>	<b>93 816</b>	<b>95 361</b>	<b>1 545</b>
MÁV-START Zrt.	72 540	73 405	865
Rail Cargo Hungary Zrt.	12 424	12 342	-82
Other railway companies	8 852	9 614	762
<b>Traction electricity</b>	<b>17 026</b>	<b>19 949</b>	<b>2 923</b>
MÁV-START Zrt.	10 342	12 183	1 841
Rail Cargo Hungary Zrt.	3 659	4 071	412
Other railway companies	3 025	3 695	670
<b>Traction fuel</b>	<b>11 586</b>	<b>12 700</b>	<b>1 114</b>
MÁV-START Zrt.	9 858	10 490	632
Other railway companies	1 728	2 210	482
<b>Total</b>	<b>122 428</b>	<b>128 010</b>	<b>5 582</b>
* Less net revenues from filling station use			

76. Table: Rail network access charge revenues

In the major segments representing a predominant part of sales revenues from infrastructure access charges for open access services (net of traction electricity and fuel), infrastructure access charges increased compared to the base period. Revenues in excess of the base resulted from an increase in passenger transport.

Revenues from re-sold traction electricity also increased due to an increase in electricity tariffs as compared to the base (base average price: 20.02 HUF/MWh, actual average price: 22.57 HUF/MWh). Sales volumes increased in line with the increase in electricity tariffs. The increase of revenues from the sale of traction fuel was due to a 9.75% increase in the unit price of traction fuel (basis price: 259.39 HUF/m<sup>3</sup>, actual average price: 284.68 HUF/m<sup>3</sup>).

Rental revenues fell by HUF 1,607 million (of which other asset rents declined by HUF 1,480 million).

The most significant item within internal revenues is the infrastructure access charge invoiced to narrow gauge regional railways (Children's railway passenger transport) at prime cost as in the same amount as in 2017 (HUF 416 million), which was compensated as an internal expense in the form of financial support.

The increase in capitalised own output (+697 million HUF) was due to an increase in self-constructed assets (+413 million HUF) and an increase in services provided free of charge (+406 million HUF).

According to the activity statement for rail infrastructure operations, other income increased by HUF 7,419 million in the reporting year as a result of the following:

- The most significant growth item was the increase in the recognised reimbursement of operating costs which totalled HUF 61,645 million in 2018 (+10,701 million HUF).
- Increased government subsidies to fund the operating costs is ensured.

- To carry on its public employment programme, MÁV Zrt. as a national public employer signed an authority agreement for the period between 8 March 2017 to 28 February 2018 for employment of an average of 1,371 public workers. As of 1 September 2017, the agreement was amended to include an obligation to employ 1,239 persons on average, and the commitment to the state was amended to 80%. On 8 March 2018, the authority agreement was prolonged until 30 June 2018 for the employment of an average of 860 public workers. In the period between 1 July 2018 and 28 February 2019, a new public worker employment programme was launched (No. BM/3887-57/2018) to employ 540 public workers on average. Of the subsidies received from public workers, HUF 692 million was used in 2018 and recognised as other income.
- Remitted replenishment obligation (VPK) increased by HUF 1,899 million in 2018 on 2017.
- Provisions used in 2018 totalled HUF 7,493 million. The most material items contributing to the overall HUF 684 million increase were provisions used: environmental liabilities (+877 million HUF), other litigations (+603 million HUF), other liabilities (+251 million HUF), and enhanced maintenance provisions released (-1,120 million HUF), uniform expenses provisions used (-1,120 million HUF) and provisions for litigations released (-93 million HUF).
- A reasonable profit of HUF 3,840 million was recognised upon approval of the settlement for 2017.

The reimbursement clause of the Rail Infrastructure Operation Agreement for 2018 was signed on 21 February 2018, on the basis of which the reimbursement disbursed for 2018 amounted to HUF 86,469.1 million. Of this amount, reimbursement of operating costs totalled HUF 71,299.8 million, and renovation expenses amounted to HUF 15,169.3 million.

Actual reimbursement for operating losses and the reimbursement for the renovation of rail infrastructure operating assets and the use of these amounts in 2018 are presented in the following table:

figures in mHUF

Ref.	Reimbursement	2017	2018
A	Unused reimbursement/Extra reimbursement need, opening	7 473	-3 718
B	Remained from the previous year, amount used from allocated funds for improvement/renovation in the reporting year	-3 548	-176
C	Reasonable profit recognised in the reporting year, extra efficiency incentive	-3 705	-3 840
<b>I.</b>	<b>Unused reimbursement for previous periods and from allocated funds/extra reimbursement need (I.=A+B+C)</b>	<b>220</b>	<b>-7 734</b>
D	Reimbursement of operational expenses in the reporting year	52 357	71 300
E	Reimbursement of operational expenses recognised in the reporting year	-50 944	-61 645
<b>II.</b>	<b>Unused overhead reimbursement/extra reimbursement need (II.=D+E)</b>	<b>1 413</b>	<b>9 655</b>
F	Reimbursement of renovation for the reporting year	17 387	15 169
G	Reimbursement of renovation used in the reporting year	-22 738	-23 294
<b>III.</b>	<b>Unused reimbursement/Extra reimbursement need in the reporting year (III.=F+G)</b>	<b>-5 351</b>	<b>-8 125</b>
<b>IV.</b>	<b>Reimbursement, closing (IV= I.+II.+III.)</b>	<b>-3 718</b>	<b>-6 205</b>
(+) liability/unused reimbursement, (-) receivable/extra reimbursement need			

77. Table: Reimbursement

Material-type expenses increased by 2.35% compared to the basis year.

figures in mHUF

Item	2 017	2 018	Change
Material costs	18 650	19 368	718
Services used	54 575	52 517	-2 058
Other services	1 355	1 204	-151
Cost of goods sold	29 682	33 633	3 951
(Consignment) services sold	345	341	-4
<b>Material-type expenses, total:</b>	<b>104 607</b>	<b>107 063</b>	<b>2 456</b>

78. Table: Material-type expenses

- The most significant components of material-type expenses were HUF 8,793 million for technical materials provided for rail track maintenance and renovation work, and HUF 6,799 million for electricity, gas, water, sewage, and fuel.
- The HUF 2,058 million decrease in services used in 2018 was due to a number of factors: other railtrack maintenance services of HUF 11,371 million (-5,495 million HUF), building maintenance, fault prevention and operating cost services totalling HUF 1,732 million (-589 million HUF).
- The HUF 151 million decrease in other services was due to a HUF 178 million decrease in railway authority charges and a HUF 38 million increase in insurance premiums.
- Cost of goods sold increased compared to 2017 as a result of the following increases: the acquisition cost of gasoline sold by HUF 1,046 million, re-sold traction and pre-heating/cooling electricity by HUF 4,364 million, while the cost of re-sold traction and pre-heating/cooling electricity as per the electricity act increased by HUF 1,088 million and the system use charge for re-sold traction and pre-heating/cooling electricity dropped by HUF 301 million.
- The cost of sold (intermediated) services remained at basis level at HUF 341 million.

A significant portion of internal expenses (HUF 1,920 million) was due to the allocation of the expenses of MÁV Zrt.'s central management. The amount of internal financial support to the Children's Railway passenger transport service was HUF 416 million, the same as in 2017.

Payments to personnel increased by HUF 9,421 million on 2017 as a result of the measures taken to improve staff payments. The agreement on group-wide pay arrangements for 2017 to 2019 was signed on 13 March 2017 (11703/2017/MAV). In accordance with this agreement, the average annual pay increase was 13.00% in 2017 and 12.00% in 2018. Contributions paid by MÁV Zrt. into pension funds for the employees increased by 0.50 percentage points to 3.50%. The remaining funds available for employee incentive purposes were used on 1 December 2018 to transfer each employee who did not receive a bonus HUF 16,000 net to the catering pocket of their SZÉP cards.

Depreciation for 2018 totalled HUF 59,230 million (-1.57%). The decrease was also affected by the prolonged impact of project-related assets scrapped and impaired in 2017 and in 2018.

Of the depreciation charged in the reporting period, HUF 54,808 million was recognised on managed state-owned assets.

Other expenses increased on 2017 due to the following significant factors: extraordinary depreciation of state owned tangible assets (+3,168 million HUF) and services rendered free of charge (+406 million HUF). Of the latter, HUF 509 million related to maintenance machinery rented to MÁV FKG Kft.

This increase was partly offset by the decreases in refundable performance guarantees recognised as income (-1,500 million HUF), provisions for environmental liabilities (-661 million HUF) and in provisions for other litigation related liabilities (-661 million HUF).

A provision of HUF 4,016 million was made in 2018 for the expenses of intensified maintenance.

The most material items within miscellaneous other expenses were other grants and cost contributions totalling HUF 212 million.

Overall, railtrack operations ultimately were loss making without considering the effect of the reimbursement guaranteed in the Rail Infrastructure Operation Agreement. The net profit after tax equals the reasonable profit approved for 2017 (HUF 3,840 million).

Related company balances (income and expenses) related to rail infrastructure operations are presented below:

figures in mHUF

Related party	Income			Expenses			Total
	Net revenues	Other and financial income	Total revenues	Material-type expenses	Other and financial expenses	Total expenses	
MÁV NOSZTALGIA Kft.	398	0	398	205	0	205	193
MÁV VAGON Kft.	47	0	47	183	0	183	-136
MÁV FKG KFT	928	23	951	10 169	409	10 578	-9 627
MÁV KfV Kft.	59	0	59	1 762	1	1 763	-1 704
MÁV Szolgáltató Központ Zrt.	1 821	0	1 821	14 081	0	14 081	-12 260
ZÁHONY-PORT Zrt.	214	0	214	118	212	330	-116
MÁV-START Zrt.	102 265	119	102 384	27 146	217	27 363	75 021
Kínai-Magyar Vasúti Nonprofit Zrt.	4	0	4	0	0	0	4
MÁV-HÉV Zrt.	139	0	139	106	0	106	33
<b>Total</b>	<b>105 875</b>	<b>142</b>	<b>106 017</b>	<b>53 770</b>	<b>839</b>	<b>54 609</b>	<b>51 408</b>

Related party	Income			Expenses			Total
	Net revenues	Other and financial income	Total revenues	Material-type expenses	Other and financial expenses	Total expenses	
MÁV NOSZTALGIA Kft.	398	0	398	205	0	205	193
MÁV VAGON Kft.	47	0	47	183	0	183	-136
MÁV FKG KFT	928	23	951	10 169	409	10 578	-9 627
MÁV KfV Kft.	59	0	59	1 762	1	1 763	-1 704
MÁV Szolgáltató Központ Zrt.	1 821	0	1 821	14 081	0	14 081	-12 260
ZÁHONY-PORT Zrt.	214	0	214	118	212	330	-116
MÁV-START Zrt.	102 265	119	102 384	27 146	217	27 363	75 021
Kínai-Magyar Vasúti Nonprofit Zrt.	4	0	4	0	0	0	4
MÁV-HÉV Zrt.	139	0	139	106	0	106	33
<b>Total</b>	<b>105 875</b>	<b>142</b>	<b>106 017</b>	<b>53 770</b>	<b>839</b>	<b>54 609</b>	<b>51 408</b>

79. Table: Railtrack infrastructure operations: income from and expenses on related parties

The effects of asset transfers in 2018 and the related compensation are presented in the following table:

figures in mHUF

<i>Item</i>	<i>Reduced asset value due to asset transfers (A)</i>	<i>Segregation adjustment (B)</i>	<i>Reduced capital reserve due to asset transfers (C=A+B)</i>	<i>Increase in issued capital from asset transfer compensation (D)</i>	<i>Increase in capital reserve from asset transfer compensation (E)</i>	<i>Asset transfer compensation, total (F=D+E)</i>
VÜSZ II. 2014 mode withdrawn	-357	0	-326	0	0	0
Deferred other income due to withdrawn VÜSZ II. 2014 mode	31					
Balatonfenyves VÜNSZ 2018.05.18	0	0	0	0	-24	-24
Released deferred other income Balatonfenyves VÜNSZ 2018.05.18	0					
<b>Total:</b>	<b>-326</b>	<b>0</b>	<b>-326</b>	<b>0</b>	<b>-24</b>	<b>-24</b>

80. Table: Impact of asset settlements on the rail infrastructure GL



## IV.2 Passenger transport

The balance sheet, the profit and loss account, the cash flow statement and the activity statement of the passenger transport division are presented in the following tables:

figures in mHUF

No.	Item	2017.12.31	2018.12.31	Change
<b>A.</b>	<b>NON-CURRENT ASSETS (I+II+III)</b>	<b>157</b>	<b>252</b>	<b>95</b>
<b>I.</b>	<b>INTANGIBLE ASSETS (I/ 1.+ 7.)</b>	<b>0</b>	<b>0</b>	<b>0</b>
1.	Capitalised foundation, restructuring	0	0	0
2.	Capitalised research and development	0	0	0
3.	Concessions and similar rights	0	0	0
3/a.	of which: Managed state-owned rights	0	0	0
4.	Intellectual property	0	0	0
4/a.	of which: Managed state-owned intellectual property	0	0	0
5.	Goodwill	0	0	0
6.	Advances for intangible assets	0	0	0
7.	Adjustment of intangible assets	0	0	0
<b>II.</b>	<b>TANGIBLE ASSETS (II/ 1.+ 7.)</b>	<b>157</b>	<b>252</b>	<b>95</b>
1.	Properties and related rights	0	0	0
1/a.	of which: Managed state-owned properties and related rights	0	0	0
2.	Technical machinery, equipment, vehicles	111	95	-16
2/a.	of which: Managed state-owned technical machinery, equipment, vehicles	0	0	0
3.	Other equipment, fittings, vehicles	0	0	0
3/a.	of which: Managed state-owned other equipment, fittings, vehicles	0	0	0
4.	Livestock	0	0	0
5.	Capital projects, renovations	46	18	-28
5/a.	of which: Managed state-owned capital projects	0	0	0
6.	Advances for capital projects	0	139	139
6/a.	of which: Managed state-owned advances for capital projects	0	0	0
7.	Adjustment of tangible assets	0	0	0
<b>III.</b>	<b>NON-CURRENT FINANCIAL ASSETS (III/ 1.+ 10.)</b>	<b>0</b>	<b>0</b>	<b>0</b>
1.	Long-term investments in related parties	0	0	0
2.	Long-term loans granted to related parties	0	0	0
3.	Significant equity investments	0	0	0
4.	Long-term loans granted to significant equity investments	0	0	0
5.	Other long-term investments	0	0	0
6.	Long-term loans granted to other investments	0	0	0
7.	Other long-term loans granted	0	0	0
8.	Long-term debt securities	0	0	0
9.	Adjustment of non-current financial assets	0	0	0
10.	Revaluation gain or loss on non-current financial assets	0	0	0
<b>B.</b>	<b>Current assets (B/ I+II+III+IV.+ids.)</b>	<b>1,681</b>	<b>463</b>	<b>-1,218</b>
<b>I.</b>	<b>INVENTORIES (I/ 1.+ 6.)</b>	<b>0</b>	<b>0</b>	<b>0</b>
1.	Materials	0	0	0
1/a.	of which: Managed state-owned materials	0	0	0
2.	Work in progress and semi-finished products	0	0	0
2/a.	of which: Managed state-owned work in progress and semi-finished products	0	0	0
3.	Breeding and fattening stock (formerly: livestock)	0	0	0
4.	Finished products	0	0	0
4/a.	of which: Managed state-owned finished products	0	0	0
5.	Goods	0	0	0
6.	Advances for inventories	0	0	0
<b>II.</b>	<b>RECEIVABLES (II/ 1.+ 8.)</b>	<b>1</b>	<b>0</b>	<b>-1</b>
1.	Trade receivables (debtors)	0	0	0
2.	Receivables from related parties	0	0	0
3.	Receivables from significant investments	0	0	0
4.	Receivables from other investments	0	0	0
5.	Bills of exchange receivable	0	0	0
6.	Other receivables	1	0	-1
6/a.	of which: related to managed state-owned assets	0	0	0
7.	Revaluation gain or loss on receivables	0	0	0
8.	Revaluation gain on derivatives	0	0	0
	<b>Receivables from inter-division settlements</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>III.</b>	<b>SECURITIES (III/ 1.+ 6.)</b>	<b>0</b>	<b>0</b>	<b>0</b>
1.	Shares in related parties	0	0	0
2.	Significant equity investment	0	0	0
3.	Other investments	0	0	0
4.	Treasury shares, quotas	0	0	0
5.	Debt securities held for trading	0	0	0
6.	Revaluation gain or loss on securities	0	0	0
<b>IV.</b>	<b>LIQUID ASSETS (IV/ 1.+2.)</b>	<b>1,680</b>	<b>463</b>	<b>-1,217</b>
1.	Cash, cheques	1	1	0
2.	Bank deposits	1,679	462	-1,217
<b>C.</b>	<b>PREPAID EXPENSES AND ACCRUED INCOME (C/ 1.+2.+3.)</b>	<b>0</b>	<b>0</b>	<b>0</b>
1.	Accrued income	0	0	0
2.	Prepaid expenses	0	0	0
3.	Deferred expenses	0	0	0
	<b>ASSETS, TOTAL (A.+B.+C.)</b>	<b>1,838</b>	<b>715</b>	<b>-1,123</b>

81. Table: Passenger transport activity – Balance sheet: Assets side



figures in mHUF

No.	Item	2017.12.31	2018.12.31	Change
<b>D.</b>	<b>Equity (D/ 1+_ VII)</b>	<b>116</b>	<b>173</b>	<b>57</b>
I.	ISSUED CAPITAL	0	0	0
	of which: redeemed treasury shares at face value	0	0	0
II.	ISSUED CAPITAL NOT PAID	0	0	0
III.	CAPITAL RESERVE	0	0	0
IV.	RETAINED EARNINGS	-26	115	141
V.	NON-DISTRIBUTABLE RESERVES	0	0	0
VI.	VALUATION RESERVE	0	0	0
1.	Valuation reserve for adjustments	0	0	0
2.	Fair valuation reserve	0	0	0
VII.	AFTER TAX PROFIT OR LOSS	142	58	-84
<b>E.</b>	<b>Provisions (E/ 1+2+3)</b>	<b>122</b>	<b>66</b>	<b>-56</b>
1.	Provision for expected liabilities	0	0	0
2.	Provision for future expenses	122	66	-56
3.	Other provisions	0	0	0
<b>F.</b>	<b>LIABILITIES (F/ 1+II+III+ids.)</b>	<b>1,600</b>	<b>476</b>	<b>-1,124</b>
<b>I.</b>	<b>SUBORDINATED LIABILITIES (F.I/ 1+2+3+4)</b>	<b>0</b>	<b>0</b>	<b>0</b>
1.	Subordinated liabilities to related parties	0	0	0
2.	Subordinated liabilities to significant investments	0	0	0
3.	Subordinated liabilities to other investments	0	0	0
4.	Subordinated liabilities to third parties	0	0	0
<b>II.</b>	<b>LONG-TERM LIABILITIES (F.II/ 1+_ 8)</b>	<b>0</b>	<b>0</b>	<b>0</b>
1.	Long-term borrowings	0	0	0
2.	Convertible bonds	0	0	0
3.	Debts from the issue of bonds	0	0	0
4.	Development and improvement loans	0	0	0
5.	Other long-term loans	0	0	0
6.	Long-term liabilities to related parties	0	0	0
7.	Long-term liabilities to significant investments	0	0	0
8.	Long-term liabilities to other investments	0	0	0
9.	Other long-term liabilities	0	0	0
9/a	of which: Liabilities related to managed state-owned assets	0	0	0
<b>III.</b>	<b>CURRENT LIABILITIES (F.III/ 1+_ 10+)</b>	<b>1,600</b>	<b>476</b>	<b>-1,124</b>
1.	Short-term borrowings	0	0	0
1/a.	of which: convertible bonds	0	0	0
2.	Short-term loans	0	0	0
3.	Advances from debtors	4	0	-4
4.	Trade payables (creditors)	19	2	-17
5.	Bills of exchange payable	0	0	0
6.	Current liabilities to related parties	8	3	-5
7.	Current liabilities to significant investments	0	0	0
8.	Current liabilities to other investments	0	0	0
9.	Other current liabilities	1,467	469	-998
9/a	of which: Liabilities related to managed state-owned assets	0	0	0
10.	Revaluation gain or loss on liabilities	0	0	0
11.	Revaluation loss on derivatives	0	0	0
	<b>Liabilities from inter-division settlements</b>	<b>102</b>	<b>2</b>	<b>-100</b>
<b>G.</b>	<b>Accrued expenses and deferred income (G/ 1+2+3)</b>	<b>0</b>	<b>0</b>	<b>0</b>
1.	Deferred income	0	0	0
2.	Accrued expenses	0	0	0
3.	Deferred extraordinary income and negative goodwill	0	0	0
	<b>EQUITY AND LIABILITIES, TOTAL (D.+E.+F.+G.)</b>	<b>1,838</b>	<b>715</b>	<b>-1,123</b>

82. Table: Passenger transport activity – Balance sheet: Equity and liabilities side

figures in mHUF

No.	Item	2017.12.31	2018.12.31	Change
.01.	Domestic sales, net	107	134	27
.02.	Export sales, net	0	0	0
<b>I.</b>	<b>Sales revenues, net (01.+02.)</b>	<b>107</b>	<b>134</b>	<b>27</b>
I/A 1.	Passenger transport internal service income	427	417	-10
I/A 4.	Rail infrastructure internal service income	0	0	0
I/A 6.	Central management income	0	0	0
<b>I/A.</b>	<b>Recognised internal income, total:</b>	<b>427</b>	<b>417</b>	<b>-10</b>
.03.	Movements in self-produced inventories	0	0	0
.04.	Capitalised self-produced assets	12	-11	-23
<b>II.</b>	<b>Capitalise own output (03.+04.)</b>	<b>12</b>	<b>-11</b>	<b>-23</b>
<b>III.</b>	<b>Other income</b>	<b>193</b>	<b>227</b>	<b>34</b>
	of which: reversed impairment loss	0	0	0
	<b>Operating returns, total</b>	<b>739</b>	<b>767</b>	<b>28</b>
.05.	Material cost	35	42	7
.06.	Services used	81	133	52
.07.	Other services	2	1	-1
.08.	Cost of goods sold	0	0	0
.09.	(Consignment) services sold	0	0	0
<b>IV.</b>	<b>Material-type expenses (05.+06.+07.+08.+09.)</b>	<b>118</b>	<b>176</b>	<b>58</b>
IV/A 1.	Passenger transport internal service costs	21	-4	-25
IV/A 3.	Central internal service costs	409	416	7
IV/A 4.	Rail infrastructure internal service costs	5	6	1
IV/A 6.	Central management cost allocated to the division	0	0	0
<b>IV/A</b>	<b>Recognised internal expenses total:</b>	<b>435</b>	<b>418</b>	<b>-17</b>
.10.	Payroll costs	55	60	5
.11.	Other payments to personnel	5	5	0
.12.	Payroll taxes	13	14	1
<b>V.</b>	<b>Payments to personnel (10.+11.+12.)</b>	<b>73</b>	<b>79</b>	<b>6</b>
<b>VI.</b>	<b>Depreciation</b>	<b>16</b>	<b>15</b>	<b>-1</b>
<b>VII.</b>	<b>Other expenses</b>	<b>106</b>	<b>21</b>	<b>-85</b>
	of which: impairment (862)	0	0	0
	<b>Operating expenses, total:</b>	<b>748</b>	<b>709</b>	<b>-39</b>
<b>A.</b>	<b>OPERATING PROFIT OR LOSS (I.+I/A+II.+III.-IV.-IV/A-V-VI-VII)</b>	<b>-9</b>	<b>58</b>	<b>67</b>
.13.	Dividends received	150	0	-150
	Of which: from related parties	150	0	-150
.14.	Foreign exchange gains on disposed of investments	0	0	0
	Of which: from related parties	0	0	0
.15.	Income and foreign exchange gains on non-current financial assets (securities, loans)	0	0	0
	Of which: from related parties	0	0	0
.16.	Other interest received (due) and similar income	1	0	-1
	Of which: from related parties	0	0	0
.17.	Other financial income	0	0	0
	Of which: valuation gain or loss	0	0	0
<b>VIII.</b>	<b>Financial income (13.+14.+15.+16.+17.)</b>	<b>151</b>	<b>0</b>	<b>-151</b>
.18.	Expenses and foreign exchange losses on investments	0	0	0
	of which: to related parties	0	0	0
.19.	Expenses and foreign exchange losses on non-current financial assets (securities, loans)	0	0	0
	Of which: to related parties	0	0	0
.20.	Interest payable (paid) and similar charges	0	0	0
	Of which: to related parties	0	0	0
.21.	Impairment of shares, securities, long-term loans granted and bank deposits	0	0	0
.22.	Other financial expenses	0	0	0
	Of which: valuation gain or loss	0	0	0
<b>IX.</b>	<b>Financial expenses (18.+19.+20.+21.+22.)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>B.</b>	<b>FINANCIAL PROFIT OR LOSS (VIII-IX)</b>	<b>151</b>	<b>0</b>	<b>-151</b>
<b>C.</b>	<b>PRE-TAX PROFIT OR LOSS (±A±B)</b>	<b>142</b>	<b>58</b>	<b>-84</b>
X.	TAX LIABILITY	0	0	0
<b>D.</b>	<b>AFTER-TAX PROFIT OR LOSS (±C-X)</b>	<b>142</b>	<b>58</b>	<b>-84</b>

83. Table: Passenger transport activity – Profit and loss account

figures in mHUF

No.	Item	2017.	2018.
<b>I.</b>	<b>Operating cash flows (lines 1-13)</b>	<b>-8,474</b>	<b>-1,245</b>
1.	Pre-tax profit or loss ±	142	58
1a.	Dividends received -	-150	0
1b.	Amounts transferred/received free of charge recognised in profit or loss ±	0	0
1c.	Unrealised foreign exchange gain or loss on liquid assets ±	0	0
1d.	Gain or loss on long-term liabilities forgiven/assumed ±	0	0
1e.	Unrealised foreign exchange gain or loss on non-current assets and long-term liabilities ±	0	0
1f.	Realised foreign exchange gain or loss on the recovery of long-term loans granted and the repayment of long-term liabilities ±	0	0
1g.	Unspecified pre-tax profit adjusting items related to managed state-owned assets ±	0	0
1h.	Non-current assets contributed (contribution in kind) ±	0	0
1i.	Non-current assets transferred free of charge +	0	0
1j.	Other unspecified pre-tax profit adjusting items ±	0	0
2.	Amortisation charge +	16	15
3.	Impairment loss recognised/reversed ±	0	0
4.	Difference between provisions made and used ±	67	-56
5.	Disposal of non-current assets ±	1	0
6.	Movements in creditors ±	-33	-156
7.	Movements in other current liabilities ±	-8,532	-1,007
7a.	Movements in inter-division settlements (liabilities) ±	34	-100
8.	Movements in accrued expenses and deferred income ±	-20	0
9.	Movements in debtors ±	0	0
10.	Movements in current assets (less debtors and liquid assets) ±	-1	1
10a.	Movements in inter-division settlements (assets) ±	0	0
11.	Movements in prepaid expenses and accrued income ±	2	0
12.	Corporate tax liability -	0	0
13.	Dividends payable -	0	0
<b>II.</b>	<b>Investing cash flows (lines 14-16)</b>	<b>150</b>	<b>28</b>
14.	Acquisition of non-current assets -	0	28
15.	Disposal of non-current assets +	0	0
16.	Dividends received +	150	0
<b>III.</b>	<b>Financing cash flows (lines 17-27)</b>	<b>0</b>	<b>0</b>
17.	Income from shares issued (capital addition) +	0	0
18.	Income from the issue of bonds, debt securities +	0	0
19.	Loans taken and borrowings +	0	0
20.	Long-term loans granted and bank deposits repaid, terminated or cashed +	0	0
21.	Amounts received free of charge +	0	0
22.	Disinvestment (capital reduction) -	0	0
23.	Repayment of bonds, debt securities -	0	0
24.	Repayment of loans and borrowings -	0	0
25.	Long-term loans granted and bank deposits -	0	0
26.	Amounts transferred free of charge -	0	0
27.	Changes in amounts payable to founders and in other long-term liabilities ±	0	0
<b>IV.</b>	<b>Cash flow (I.+II.+III.)</b>	<b>-8,324</b>	<b>-1,217</b>
28.	Unrealised foreign exchange gain or loss on liquid assets	0	0
<b>V.</b>	<b>Change in cash and cash equivalents (IV.+28.)</b>	<b>-8,324</b>	<b>-1,217</b>

84. Table: Passenger transport activity – Cash flow statement

The activity statement of the passenger transport activity is presented below:

figures in HUF thousands

No.	Item	Base year 2017.	Current year 2018.
1	Net revenues	106,993	133,915
	of which: fares	106,993	133,915
	of which: fare subsidy	0	0
	of which: revenues from gov.	0	0
2	Internal revenues	426,923	417,461
3	Capitalised own output	12,019	-10,956
4	Other income	192,577	227,310
	of which: government reimbursement	0	0
	of which: government subsidy	3,484	0
<b>5</b>	<b>OPERATING INCOME, TOTAL</b>	<b>738,512</b>	<b>767,730</b>
6	Material-type expenses	117,975	175,980
	of which: network access charge	0	0
7	Internal expenses	434,532	417,997
	of which: network access	408,665	416,394
	of which: traction	0	0
	of which: other railway services	0	0
	of which: central services	0	0
	of which: central administration	4,676	5,669
8	Payments to personnel	72,383	78,869
9	Depreciation charge	15,875	15,803
10	Other expenses	106,643	21,648
<b>11</b>	<b>OPERATING EXPENSES, TOTAL</b>	<b>747,408</b>	<b>710,297</b>
<b>12</b>	<b>OPERATING PROFIT OR LOSS</b>	<b>-8,896</b>	<b>57,434</b>
13	Financial income	151,172	229
14	Financial expense	245	0
<b>15</b>	<b>FINANCIAL PROFIT OR LOSS</b>	<b>150,927</b>	<b>229</b>
16	Extraordinary income	0	0
	of which: government subsidy	0	0
17	Extraordinary expense	0	0
<b>18</b>	<b>EXTRAORDINARY PROFIT OR LOSS</b>	<b>0</b>	<b>0</b>
19	Tax liability	0	0
<b>20</b>	<b>AFTER TAX PROFIT OR LOSS</b>	<b>142,031</b>	<b>57,663</b>

85. Table: Passenger transport activity – Activity statement

MÁV Zrt's passenger transport services changed in the base scheduling period of 2016/2017 and in the current scheduling period of 2017/2018 as follows:

MÁV Zrt. performs passenger transport services only on the Children's Railway, which is a scheduled passenger service, but no longer qualifies as a public service since the train schedule change of 13 December 2009.

Passenger transport alone was a loss-making activity in 2018 because net sales revenues (HUF 134 million) did not cover the related expenses (HUF 710 million), although a profit of HUF 57 million was achieved at operating level.

The rail infrastructure operation service provided for passenger transport on the Children's Railway does not qualify as an open access service; however, it is mandatory to provide rail infrastructure operation services under the Rail Infrastructure Operation Agreement. However, the cost of infrastructure access, recognised at prime cost, was not covered by revenues from this non-public passenger transport services.

As a result of the above, changing the operating conditions of the Children's Railway continued in 2018 (the Railtrack division contributed to the costs of internal services in a total of HUF 409 million in 2017 and HUF 416 million in 2018). Rail infrastructure expenses related to rail infrastructure operation and expenses related to subsidies provided qualify as eligible expenses under the Rail Infrastructure Operation Agreement.

Under the current methodology, the separate accounting records prescribed by the Decree are ensured by accounting rail infrastructure operation as internal services, which is offset by internal financial support.

Operational proceeds significantly increased in the reporting year (by HUF 29 million) as a combined result of the following key factors. Net sales revenues and other income increased by HUF 27 million and HUF 35 million, respectively. MÁV-START Zrt. provided a grant of HUF 150 million to cover the passenger transport expenses of the Children's Railway. In addition, HUF 77 million in provisions made for railcar maintenance costs was released to cover the actual repairs of railcars (a HUF 38 million increase on 2017). In the basis year, HUF 427 million was recognised as internal financial support, while in the reporting year HUF 417 million was recognised as internal revenue.

Operating expenses decreased by 4.97% compared to 2017.

A significant portion of the expenses resulted from the accounting of internal services, the largest item of which was internal infrastructure access charge (3.81% less than in the basis period). The above expense (HUF 416 million) was offset by internal funds received for operations.

Material-type expenses increased by 49.17% compared to the basis period; the most significant item in 2018 again was railway vehicle maintenance (HUF 107 million), a 87.79% increase on 2017. It is essential for the continued operation of the Children's Railway to carry out the scheduled refurbishment and maintenance of its assets.

Payments to personnel increased by 8.96% on 2017.

The amount of depreciation remained similar to the basis period.

In 2018, a provision of HUF 21 million was made as required by the accounting policies (HUF 85 million less than in 2017). Provisions were made and released in relation to the planned overhaul project of Children's railway cars „Nagykilátó” in 2018 and 2019.

The technical condition of railway vehicles and other assets in the reporting year was as follows:

- Of the six diesel locomotives, only four are fit for unlimited use in daily operations; one is able to pull only two passenger cars and one is permanently unfit for service. As the scheduled maintenance of cars did not take place in the previous years, the car frames are in a bad state of repair. Repair works on the two „Nagykilátó” cars (50 55 25-01 561-4 és 50 55 25-01 562-2) included in the overhaul project of light railways were completed by our partner company. The cars were returned to the Children's railway site, and were duly commissioned for service after the necessary test runs.
- The renovation of railcar No. 50 55 25-01 496-3 psz. (grand saloon, red) finally completed at the end of 2018, a year later than planned due to extra renovation works.
- Locomotive No. 490 039 was returned to Hűvösvölgy.

- The double-wheel lathe machine was officially commissioned on 9 January 2019 and the first four wheel pairs have been turn-finished.
- Repairs of the wheel-load meter started in the autumn of 2018.

Traction operation indicators are shown in the following table:

Item	2017.		2018.	
	Train kms	No. of trains	Train kms	No. of trains
Children's Railway	72,330	6,458	73,698	6,579

86. Table: Children's Railway traction services

The number of paying passengers on the Children's Railway decreased by 17,03% compared to the basis year, while gross revenues from fares increased by 22.39%. Domestic fare revenues, net, totalled HUF 129 million in 2018 (a HUF 24 million increase on 2017).

The number of passenger with full fare tickets dropped by 1.63% while the number of passengers with discounted tickets increased by 1.63%.

Related party balances (income and expenses) related to public passenger transport services are presented below:

figures in mHUF

Related party	Income			Expenses			Total
	Net revenues	Other and financial income	Total revenues	Material-type and personnel expenses	Other and financial expenses	Total expenses	
MÁV VAGON Kft.	0	0	0	107	0	107	-107
MÁV Szolgáltató Központ Zrt.	0	0	0	6	0	6	-6
MÁV-START Zrt.	0	150	150	6	0	6	144
<b>Total:</b>	<b>0</b>	<b>150</b>	<b>150</b>	<b>119</b>	<b>0</b>	<b>119</b>	<b>31</b>

87. Table: Passenger transport activity – balances with related parties

## IV.3 Other activities

The balance sheet, profit and loss account, cash flow statement and activity statement prepared on the basis of the figures of the other activities division are shown in the following tables:

figures in mHUF

No.	Item	2017.12.31	2018.12.31	Change
<b>A.</b>	<b>NON-CURRENT ASSETS (I+II+III)</b>	<b>237,497</b>	<b>227,932</b>	<b>-9,565</b>
<b>I.</b>	<b>INTANGIBLE ASSETS (I/ 1.+ 7. )</b>	<b>0</b>	<b>0</b>	<b>0</b>
1.	Capitalised foundation, restructuring	0	0	0
2.	Capitalised research and development	0	0	0
3.	Concessions and similar rights	0	0	0
3/a.	of which: Managed state-owned rights	0	0	0
4.	Intellectual property	0	0	0
4/a.	of which: Managed state-owned intellectual property	0	0	0
5.	Goodwill	0	0	0
6.	Advances for intangible assets	0	0	0
7.	Adjustment of intangible assets	0	0	0
<b>II.</b>	<b>TANGIBLE ASSETS (II/ 1.+ 7.)</b>	<b>91,397</b>	<b>81,271</b>	<b>-10,126</b>
1.	Properties and related rights	18,971	13,237	-5,734
1/a.	of which: Managed state-owned properties and related rights	0	0	0
2.	Technical machinery, equipment, vehicles	72,352	67,927	-4,425
2/a.	of which: Managed state-owned technical machinery, equipment, vehicles	0	0	0
3.	Other equipment, fittings, vehicles	0	0	0
3/a.	of which: Managed state-owned other equipment, fittings, vehicles	0	0	0
4.	Livestock	0	0	0
5.	Capital projects, renovations	23	35	12
5/a.	of which: Managed state-owned capital projects	0	0	0
6.	Advances for capital projects	51	72	21
6/a.	of which: Managed state-owned advances for capital projects	0	0	0
7.	Adjustment of tangible assets	0	0	0
<b>III.</b>	<b>NON-CURRENT FINANCIAL ASSETS (III/ 1.+ 10.)</b>	<b>146,100</b>	<b>146,661</b>	<b>561</b>
1.	Long-term investments in related parties	143,028	143,423	395
2.	Long-term loans granted to related parties	0	0	0
3.	Significant equity investments	805	805	0
4.	Long-term loans granted to significant equity investments	0	0	0
5.	Other long-term investments	2,266	2,426	160
6.	Long-term loans granted to other investments	0	0	0
7.	Other long-term loans granted	0	7	7
8.	Long-term debt securities	0	0	0
9.	Adjustment of non-current financial assets	0	0	0
10.	Revaluation gain or loss on non-current financial assets	0	0	0
<b>B.</b>	<b>Current assets (B./ I.+II+III+IV.+ids.)</b>	<b>59,071</b>	<b>58,587</b>	<b>-484</b>
<b>I.</b>	<b>INVENTORIES (I/ 1.+ 6.)</b>	<b>1</b>	<b>116</b>	<b>115</b>
1.	Materials	1	6	5
1/a.	of which: Managed state-owned materials	0	0	0
2.	Work in progress and semi-finished products	0	0	0
2/a.	of which: Managed state-owned work in progress and semi-finished products	0	0	0
3.	Breeding and fattening stock (formerly: livestock)	0	0	0
4.	Finished products	0	0	0
4/a.	of which: Managed state-owned finished products	0	0	0
5.	Goods	0	110	110
6.	Advances for inventories	0	0	0
<b>II.</b>	<b>RECEIVABLES (II/ 1.+ 8.)</b>	<b>48,001</b>	<b>48,503</b>	<b>502</b>
1.	Trade receivables (debtors)	197	96	-101
2.	Receivables from related parties	6,211	3,451	-2,760
3.	Receivables from significant investments	25	28	3
4.	Receivables from other investments	0	0	0
5.	Bills of exchange receivable	0	0	0
6.	Other receivables	4,902	1,991	-2,911
6/a.	of which: related to managed state-owned assets	0	0	0
7.	Revaluation gain or loss on receivables	0	0	0
8.	Revaluation gain on derivatives	0	0	0
	<b>Receivables from inter-division settlements</b>	<b>36,666</b>	<b>42,937</b>	<b>6,271</b>
<b>III.</b>	<b>SECURITIES (III/ 1.+ 6.)</b>	<b>0</b>	<b>0</b>	<b>0</b>
1.	Shares in related parties	0	0	0
2.	Significant equity investment	0	0	0
3.	Other investments	0	0	0
4.	Treasury shares, quotas	0	0	0
5.	Debt securities held for trading	0	0	0
6.	Revaluation gain or loss on securities	0	0	0
<b>IV.</b>	<b>LIQUID ASSETS (IV./ 1.+2.)</b>	<b>11,069</b>	<b>9,968</b>	<b>-1,101</b>
1.	Cash, cheques	5	4	-1
2.	Bank deposits	11,064	9,964	-1,100
<b>C.</b>	<b>PREPAID EXPENSES AND ACCRUED INCOME (C./ 1.+2.+3.)</b>	<b>6,035</b>	<b>4,275</b>	<b>-1,760</b>
1.	Accrued income	1,988	903	-1,085
2.	Prepaid expenses	81	220	139
3.	Deferred expenses	3,966	3,152	-814
	<b>ASSETS, TOTAL (A.+B.+C.)</b>	<b>302,603</b>	<b>290,794</b>	<b>-11,809</b>

88. Table: Other activities – Balance sheet: Asset side

figures in mHUF

No.	Item	2017.12.31	2018.12.31	Change
<b>D.</b>	<b>Equity (D/ I.+ VII)</b>	<b>248,002</b>	<b>254,883</b>	<b>6,881</b>
I.	ISSUED CAPITAL	18,833	18,834	1
	of which: redeemed treasury shares at face value	0	0	0
II.	ISSUED CAPITAL NOT PAID	0	0	0
III.	CAPITAL RESERVE	111,931	111,931	0
IV.	RETAINED EARNINGS	111,241	116,350	5,109
V.	NON-DISTRIBUTABLE RESERVES	1,373	888	-485
VI.	VALUATION RESERVE	0	0	0
1.	Valuation reserve for adjustments	0	0	0
2.	Fair valuation reserve	0	0	0
VII.	AFTER TAX PROFIT OR LOSS	4,624	6,880	2,256
<b>E.</b>	<b>Provisions (E/ 1+2+3)</b>	<b>12,294</b>	<b>11,172</b>	<b>-1,122</b>
1.	Provision for expected liabilities	9,700	8,908	-792
2.	Provision for future expenses	0	0	0
3.	Other provisions	2,594	2,264	-330
<b>F.</b>	<b>LIABILITIES (F/ I.+II.+III.+ids.)</b>	<b>40,279</b>	<b>23,509</b>	<b>-16,770</b>
<b>I.</b>	<b>SUBORDINATED LIABILITIES (F.I./ 1+2+3+4)</b>	<b>0</b>	<b>0</b>	<b>0</b>
1.	Subordinated liabilities to related parties	0	0	0
2.	Subordinated liabilities to significant investments	0	0	0
3.	Subordinated liabilities to other investments	0	0	0
4.	Subordinated liabilities to third parties	0	0	0
<b>II.</b>	<b>LONG-TERM LIABILITIES (F.II./ 1+ _ 8)</b>	<b>17,001</b>	<b>9,591</b>	<b>-7,410</b>
1.	Long-term borrowings	0	0	0
2.	Convertible bonds	0	0	0
3.	Debts from the issue of bonds	0	0	0
4.	Development and improvement loans	16,871	9,488	-7,383
5.	Other long-term loans	0	0	0
6.	Long-term liabilities to related parties	0	0	0
7.	Long-term liabilities to significant investments	0	0	0
8.	Long-term liabilities to other investments	0	0	0
9.	Other long-term liabilities	130	103	-27
9/a	of which: Liabilities related to managed state-owned assets	0	0	0
<b>III.</b>	<b>CURRENT LIABILITIES (F.III./ 1+ _ 10+)</b>	<b>23,278</b>	<b>13,918</b>	<b>-9,360</b>
1.	Short-term borrowings	0	0	0
1/a.	of which: convertible bonds	0	0	0
2.	Short-term loans	10,217	8,001	-2,216
3.	Advances from debtors	25	27	2
4.	Trade payables (creditors)	821	868	47
5.	Bills of exchange payable	0	0	0
6.	Current liabilities to related parties	4,931	48	-4,883
7.	Current liabilities to significant investments	0	38	38
8.	Current liabilities to other investments	1	1	0
9.	Other current liabilities	7,283	4,935	-2,348
9/a	of which: Liabilities related to managed state-owned assets	0	0	0
10.	Revaluation gain or loss on liabilities	0	0	0
11.	Revaluation loss on derivatives	0	0	0
	<b>Liabilities from inter-division settlements</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>G.</b>	<b>Accrued expenses and deferred income (G./ 1+2+3)</b>	<b>2,028</b>	<b>1,230</b>	<b>-798</b>
1.	Deferred income	253	127	-126
2.	Accrued expenses	624	74	-550
3.	Deferred extraordinary income and negative goodwill	1,151	1,029	-122
	<b>EQUITY AND LIABILITIES, TOTAL (D.+E.+F.+G.)</b>	<b>302,603</b>	<b>290,794</b>	<b>-11,809</b>

89. Table: Other activities – Balance sheet: Equity and liabilities side



figures in mHUF

No.	Item	2017.12.31	2018.12.31	Change
.01.	Domestic sales, net	12,244	10,554	-1,690
.02.	Export sales, net	3	0	-3
<b>I.</b>	<b>Sales revenues, net (01.+02.)</b>	<b>12,247</b>	<b>10,554</b>	<b>-1,693</b>
I/A 1.	Passenger transport internal service income (595,1;597,1)	14	-6	-20
I/A 2.	Engineering internal service income (595,2;597,2)	0	0	0
I/A 3.	Central internal service income (595,3;595,5;597,3;597,5)	0	0	0
I/A 4.	Rail infrastructure internal service income (595,4;597,4)	1,828	1,922	94
I/A 5.	Direct internal service income (593,2)			0
I/A 6.	Central management income (597,9)			0
<b>I/A.</b>	<b>Recognised internal income, total:</b>	<b>1,842</b>	<b>1,916</b>	<b>74</b>
.03.	Movements in self-produced inventories	0	0	0
.04.	Capitalised self-produced assets	1	11	10
<b>II.</b>	<b>Capitalise own output (03.+04.)</b>	<b>1</b>	<b>11</b>	<b>10</b>
<b>III.</b>	<b>Other income</b>	<b>12,401</b>	<b>7,057</b>	<b>-5,344</b>
	of which: reversed impairment loss (962,1-962,2)	0	1	1
	<b>Operating returns, total</b>	<b>26,491</b>	<b>19,538</b>	<b>-6,953</b>
.05.	Material cost	125	138	13
.06.	Services used	2,536	2,151	-385
.07.	Other services	257	224	-33
.08.	Cost of goods sold	17	25	8
.09.	(Consignment) services sold	1,106	1,410	304
<b>IV.</b>	<b>Material-type expenses (05.+06.+07.+08.+09.)</b>	<b>4,041</b>	<b>3,948</b>	<b>-93</b>
IV/A 1.	Passenger transport internal service costs (594,1;596,1)	153	135	-18
IV/A 2.	Engineering internal service costs (594,2;596,2;598)			0
IV/A 3.	Central internal service costs (594,3;594,5;596,3;596,5)	0	0	0
IV/A 4.	Rail infrastructure internal service costs (594,4;596,4)	3	4	1
IV/A 5.	Direct internal service costs (593,1)	0	0	0
IV/A 6.	Central management cost allocated to the division (596,9)	0	0	0
<b>IV/A</b>	<b>Recognised internal expenses total:</b>	<b>156</b>	<b>139</b>	<b>-17</b>
.10.	Payroll costs	1,183	1,252	69
.11.	Other payments to personnel	315	401	86
.12.	Payroll taxes	376	339	-37
<b>V.</b>	<b>Payments to personnel (10.+11.+12.)</b>	<b>1,874</b>	<b>1,992</b>	<b>118</b>
<b>VI.</b>	<b>Depreciation</b>	<b>5,166</b>	<b>4,589</b>	<b>-577</b>
<b>VII.</b>	<b>Other expenses</b>	<b>11,199</b>	<b>2,329</b>	<b>-8,870</b>
	of which: impairment (862)	1,781	285	-1,496
	<b>Operating expenses, total:</b>	<b>22,436</b>	<b>12,997</b>	<b>-9,439</b>
<b>A.</b>	<b>OPERATING PROFIT OR LOSS (I.+I/A+II.+III.-IV-IV/A-V-VI-VII)</b>	<b>4,055</b>	<b>6,541</b>	<b>2,486</b>
.13.	Dividends received	1,845	3,952	2,107
	Of which: from related parties	1,210	3,376	2,166
.14.	Foreign exchange gains on disposed of investments	0	0	0
	Of which: from related parties	0	0	0
.15.	Income and foreign exchange gains on non-current financial assets (securities, loans)	0	0	0
	Of which: from related parties	0	0	0
.16.	Other interest received (due) and similar income	38	21	-17
	Of which: from related parties	6	2	-4
.17.	Other financial income	99	34	-65
	Of which: valuation gain or loss	0	0	0
<b>VIII.</b>	<b>Financial income (13.+14.+15.+16.+17.)</b>	<b>1,982</b>	<b>4,007</b>	<b>2,025</b>
.18.	Expenses and foreign exchange losses on investments	0	0	0
	of which: to related parties	0	0	0
.19.	Expenses and foreign exchange losses on non-current financial assets (securities, loans)	0	0	0
	Of which: to related parties	0	0	0
.20.	Interest payable (paid) and similar charges	215	143	-72
	Of which: to related parties	2	1	-1
.21.	Impairment of shares, securities, long-term loans granted and bank deposits	-326	1,872	2,198
.22.	Other financial expenses	1,524	1,653	129
	Of which: valuation gain or loss	0	0	0
<b>IX.</b>	<b>Financial expenses (18.+19.+20.+21.+22.)</b>	<b>1,413</b>	<b>3,668</b>	<b>2,255</b>
<b>B.</b>	<b>FINANCIAL PROFIT OR LOSS (VIII-IX)</b>	<b>569</b>	<b>339</b>	<b>-230</b>
<b>C.</b>	<b>PRE-TAX PROFIT OR LOSS (±A±B)</b>	<b>4,624</b>	<b>6,880</b>	<b>2,256</b>
X.	TAX LIABILITY	0	0	0
<b>D.</b>	<b>AFTER-TAX PROFIT OR LOSS (±C-X)</b>	<b>4,624</b>	<b>6,880</b>	<b>2,256</b>

90. Table: Other activities - Profit and loss account

figures in mHUF

No.	Item	2017.	2018.
<b>I.</b>	<b>Operating cash flows (lines 1-13)</b>	<b>6,701</b>	<b>9,688</b>
1.	Pre-tax profit or loss ±	4,624	6,880
1a.	Dividends received -	-1,845	-3,952
1b.	Amounts transferred/received free of charge recognised in profit or loss ±	189	204
1c.	Unrealised foreign exchange gain or loss on liquid assets ±	-4	-2
1d.	Gain or loss on long-term liabilities forgiven/assumed ±	-413	-41
1e.	Unrealised foreign exchange gain or loss on non-current assets and long-term liabilities ±	-77	617
1f.	Realised foreign exchange gain or loss on the recovery of long-term loans granted and the repayment of long-term liabilities ±	-73	347
1g.	Unspecified pre-tax profit adjusting items related to managed state-owned assets ±	0	0
1h.	Non-current assets contributed (contribution in kind) ±	0	0
1i.	Non-current assets transferred free of charge +	6,576	0
1j.	Other unspecified pre-tax profit adjusting items ±	191	-164
2.	Amortisation charge +	5,166	4,589
3.	Impairment loss recognised/reversed ±	1,455	2,156
4.	Difference between provisions made and used ±	-1,426	-1,122
5.	Disposal of non-current assets ±	-801	-437
6.	Movements in creditors ±	-10,662	5,742
7.	Movements in other current liabilities ±	3,798	-7,191
7a.	Movements in inter-division settlements (liabilities) ±	0	-6,272
8.	Movements in accrued expenses and deferred income ±	-71	-866
9.	Movements in debtors ±	986	-114
10.	Movements in current assets (less debtors and liquid assets) ±	-1,851	7,554
10a.	Movements in inter-division settlements (assets) ±	1,170	0
11.	Movements in prepaid expenses and accrued income ±	-232	1,760
12.	Corporate tax liability -	1	0
13.	Dividends payable -	0	0
<b>II.</b>	<b>Investing cash flows (lines 14-16)</b>	<b>1,846</b>	<b>-55</b>
14.	Acquisition of non-current assets -	-1	-4,519
15.	Disposal of non-current assets +	2	512
16.	Dividends received +	1,845	3,952
<b>III.</b>	<b>Financing cash flows (lines 17-27)</b>	<b>-9,450</b>	<b>-10,736</b>
17.	Income from shares issued (capital addition) +	0	0
18.	Income from the issue of bonds, debt securities +	0	0
19.	Loans taken and borrowings +	0	0
20.	Long-term loans granted and bank deposits repaid, terminated or cashed +	69	59
21.	Amounts received free of charge +	0	0
22.	Disinvestment (capital reduction) -	0	0
23.	Repayment of bonds, debt securities -	0	0
24.	Repayment of loans and borrowings -	-9,315	-10,564
25.	Long-term loans granted and bank deposits -	0	0
26.	Amounts transferred free of charge -	-187	-204
27.	Changes in amounts payable to founders and in other long-term liabilities ±	-17	-27
<b>IV.</b>	<b>Cash flow (I.+II.+III.)</b>	<b>-903</b>	<b>-1,103</b>
28.	Unrealised foreign exchange gain or loss on liquid assets	4	2
<b>V.</b>	<b>Change in cash and cash equivalents (IV.+28.)</b>	<b>-899</b>	<b>-1,101</b>

91. Table: Other activities – Cash flow statement

The activity statement for other activities is presented in the table below:

figures HUF thousands

<i>No.</i>	<i>Item</i>	<i>Base year 2017.</i>	<i>Current year 2018.</i>
1	Net revenues	12,246,886	10,554,539
	of which: fares	12,246,886	10,554,539
	of which: fare subsidy	0	0
	of which: revenues from gov.	0	0
2	Internal revenues	1,842,613	1,915,454
3	Capitalised own output	992	10,527
4	Other income	12,401,322	7,057,431
	of which: government reimbursement	0	0
	of which: government subsidy	7,086,900	3,751,559
<b>5</b>	<b>OPERATING INCOME, TOTAL</b>	<b>26,491,813</b>	<b>19,537,951</b>
6	Material-type expenses	4,041,195	3,947,784
	of which: network access charge	0	0
7	Internal expenses	156,025	139,046
	of which: network access	0	0
	of which: traction	0	0
	of which: other railway services	0	0
	of which: central services	0	0
	of which: central administration	3,687	3,721
8	Payments to personnel	1,874,320	1,991,925
9	Depreciation charge	5,166,694	4,588,768
10	Other expenses	11,199,169	2,328,967
<b>11</b>	<b>OPERATING EXPENSES, TOTAL</b>	<b>22,437,403</b>	<b>12,996,490</b>
<b>12</b>	<b>OPERATING PROFIT OR LOSS</b>	<b>4,054,410</b>	<b>6,541,461</b>
13	Financial income	1,982,613	4,007,302
14	Financial expense	1,412,687	3,668,501
<b>15</b>	<b>FINANCIAL PROFIT OR LOSS</b>	<b>569,926</b>	<b>338,801</b>
16	Extraordinary income	0	0
	of which: government subsidy	0	0
17	Extraordinary expense	0	0
<b>18</b>	<b>EXTRAORDINARY PROFIT OR LOSS</b>	<b>0</b>	<b>0</b>
19	Tax liability	0	0
<b>20</b>	<b>AFTER TAX PROFIT OR LOSS</b>	<b>4,624,336</b>	<b>6,880,262</b>

92. Table: Other activities – Activity statement

MÁV Zrt.'s other activities include primarily the following: company and group management, leasing out rolling stock, use of land and buildings and other services.

MÁV Zrt. realised a HUF 6.5 million profit on other activities (a 61.34% increase on 2017). This increase was due to a significant reduction (-42.08%) in operating expenses despite a decline in operating income (-26.25%). Within operating expenses, other expenses fell by 79.2% compared to 2017, mostly as a result of a significant decline (-6.576 million HUF) in the book values of projects transferred free of charge, and a significant decrease (-1,980 million HUF) in

extraordinary depreciation of own tangible assets. MÁV Zrt's other activities include primarily the following: company and group management, leasing out rolling stock, use of land and buildings, sale of inventory, and other services.

Activity	figures in mHUF	
	2017	2018
Materials sale and inventory management	118	75
Rail vehicle rental	8 579	6 763
Property rental and management	2 071	2 147
Other services (human, training, accounting and other central services)	1 479	1 569
<b>Total</b>	<b>12 247</b>	<b>10 554</b>

93. Table: Other activities – net revenues

Revenues from other activities were by HUF 1.692 million less than in 2017.

The main reason for the decrease was the fact that extraordinary depreciation of HUF 1,981 million on suburban trains was billed to MÁV-START Zrt. in 2017, and no extraordinary depreciation was charged in 2018.

Revenues from property rentals and management, which include recharged utility costs, increased by HUF 106 million on 2017 and totalled HUF 1,482 million in 2018.

The most important items of net sales revenues from other services are as follows: recharged maintenance costs and insurance fees of multiple-unit trains leased by MÁV-START Zrt. internal revenues per activity:

Internal activity	figures in mHUF	
	2017	2018
Other internal settlements	14	-6
Central administration	1 828	1 922
<b>Total</b>	<b>1 842</b>	<b>1 916</b>

94. Table: Other activities – internal revenues

Internal revenues from other activities increased by HUF 73 million compared to 2017, due to an increase of expenses to be allocated. Internal revenues from central administration comprise internal revenues from group administration (HUF 873 million) and internal revenues from corporate management (HUF 1,049 million).

The most significant items of other gains in the reporting period:

- Disposed of own intangible and tangible assets totalled HUF 290 million (HUF -765 million) in 2018, of which HUF 273 million was the disposal of a single property.
- Provisions used in 2018 amounted to HUF 1,942 million; the most significant item was the HUF 1.150 million release of the provision for annuity payment obligations (HUF +327 million). Environmental liabilities of HUF 67 million were released in 2018 (-1,089 million HUF compared to 2017).
- From the provision for unrealised exchange losses on loans for capital projects, HUF 330 billion was used in 2018 (-203 million HUF).
- Of the subsidy received for the development of the Budapest-Belgrade line, HUF 1.760 million was recognised as other income, concurrently with the impairment of the equity investment in Kínai-Magyar Vasúti Nonprofit Zrt. (HUF 1,201 million in 2017).

Material expenses increased compared to the base year. The most significant items in 2018:

- Material expenses increased compared to 2017 (+13 million HUF) due to an increase in the cost of gas. Electricity and invoiced water costs decreased compared to 2017.
- Services used declined by HUF 309 million primarily as a result of lower advertising and promotion costs.
- Property rents remained unchanged at HUF 666 million.

In 2018, the most significant part of internal expenses incurred in connection with other activities only included services received from rail infrastructure operations (HUF 135 million).

Payments to personnel totalled HUF 1,992 in 2018, which is a slight increase on 2017 (+6.27%).

Depreciation charged by other activities mainly related to rolling stock, which shows a HUF 578 million decrease compared to 2017.

Other expenses decreased by HUF 8,870 million due to the following: assets related to capital projects totalling HUF 6,576 million were transferred free of charge to Európai Oktatási Központ (European Training Centre) in 2017; a significant decrease in the extraordinary depreciation of HUF 1,981 million charged in 2017 on suburban trains (+0,6 million HUF); and a HUF 384 million decrease in the provision made for annuity payment obligations.

The HUF 3,952 million recognised as dividends received in the reporting year is related to 2017 and is detailed in the following table:

Name	figures in mHUF
	<b>Dividends paid in 2018</b>
EURO-METALL Kft.	74
HIT Rail B.V.	3
MÁVFKG KFT	444
MÁVKFV Kft.	435
MÁVNOSZTALGIA Kft.	12
MÁV-START Zrt.	2 200
MÁV Szolgáltató Központ Zrt.	285
VAMAV Kft.	499
<b>Total:</b>	<b>3 952</b>

95. Table: Dividends received in 2017

In addition to an increase in dividends received, financial income (HUF 4,007 million) was significantly influenced by a HUF 24 million increase in the foreign exchange gain on receivables. A total foreign exchange gain of HUF 34 million was recognised upon the year-end revaluation of foreign exchange items.

Financial expenses of other activities included impairment losses on equity investments recognised in 2018: HUF 1,760 million on Kínai-Magyar Vasúti Nonprofit Zrt. and HUF 145 million on ZÁHONY-PORT Zrt.

The amount of interest paid on development project loans, operational and other loans was HUF 143 million, and realised exchange loss related to the repayment of development project loans was HUF 1,624 million. A total foreign exchange loss of HUF 0.2 million was recognised upon the year-end revaluation of foreign exchange items.

Related company balances (income and expenses) related to other activities are presented below:

figures in mHUF

Related party	Income			Expenses			Total
	Net revenues	Other and financial income	Total revenues	Material-type and personnel expenses	Other and financial expenses	Total costs and expenses	
MÁVNOSZTALGIA Kft.	16	15	31	1	0	1	30
MÁVVAGON Kft.	37	0	37	1	0	1	36
MÁVFKG KFT	2	452	454	3	16	19	435
MÁVKFV Kft.	6	435	441	1	0	1	440
MÁV Szolgáltató Központ Zrt.	417	285	702	308	0	308	394
ZÁHONY-PORT Zrt.	8	0	8	1	145	146	-138
MÁV-START Zrt.	8 388	2 213	10 601	1 213	9	1 222	9 379
Kínai-Magyar Vasúti Nonprofit Zrt.	212	0	212	168	1 760	1 928	-1 716
MÁV-HÉV Zrt.	5	0	5	2	0	2	3
<b>Total</b>	<b>9 091</b>	<b>3 400</b>	<b>12 491</b>	<b>1 698</b>	<b>1 930</b>	<b>3 628</b>	<b>8 863</b>

96. Table: Related company balances (income and expenses) related to other activities

The effects of asset transfers in 2018 and the related compensation are presented in the following table:

figures in mHUF

Item	Reduced asset value due to asset transfers (A)	Segregation adjustment (B)	Reduced capital reserve due to asset transfers (C=A+B)	Increase in issued capital from asset transfer compensation (D)	Increase in capital reserve from asset transfer compensation (E)	Asset transfer compensation, total (F=D+E)
VÜSZ II. 2014 mode withdrawn	0	0	0	0	0	0
Deferred other income due to withdrawn VÜSZ II. 2014 mode	0					
Balatonfenyves VÜNSZ 2018.05.18	24	0	24	0	24	24
Released deferred other income Balatonfenyves VÜNSZ 2018.05.18	0					
<b>Összesen:</b>	<b>24</b>	<b>0</b>	<b>24</b>	<b>0</b>	<b>24</b>	<b>24</b>

97. Table: Effects of asset transfers on the central GL

## IV.4 Other disclosures on accounting separation

The average annual headcount of employees per type of activity is shown in the table below:

Activity	No. of staff
Railtrack infrastructure operations	18,033
Passenger transport	8
Other activities	123
<b>MÁV Zrt. Total</b>	<b>18,164</b>

98. Table: Annual average statistical number of employees per activity

Subsidies used for operations broken down by title are presented in the table below:

figures in mHUF

Subsidies recognised as other income				
Item	Rail infrastructure	Passenger transp.	Other activities	MÁV Zrt. total
Public service reimbursement	61,645	0	0	61,645
Public service reimbursement – reasonable profit	3,840	0	0	3,840
Public work subsidy	692	0	0	692
Subsidies for the costs and expenses of the Budapest-Belgrade railway project	7	0	1,760	1,767
IKOP grants to fund costs	121	0	0	121
Other subsidies to fund costs	68	150	0	218
Subsidy for capital injection	0	0	1,865	1,865
<b>Government subsidies, total</b>	<b>66,373</b>	<b>150</b>	<b>3,625</b>	<b>70,148</b>
Development subsidies (governmental and EU)				
Item	Rail infrastructure	Passenger transp.	Other activities	MÁV Zrt. total
Use of renovation reimbursement for treasury assets	22,501	0	0	22,501
Use of renovation reimbursement for MÁV Zrt's assets	793	0	0	793
Use of remaining reimbursement	176	0	0	176
Accrued government grant, reversed	1,768	0	126	1,894
Budapest-Belgrade railway development	159	0	0	159
IKOP grant "MÁV Zrt. Traffic safety projects"	1,301	0	0	1,301
IKOP grant "MÁV Zrt. Station improvement and integrated customer service development at 26 locations"	405	0	0	405
Government grant "MÁV Zrt. Station improvement and integrated customer service development at 26 locations"	63	0	0	63
Infrastructure and rolling stock maintenance SW and IT application consolidation Phase II (INKA2) (IKOP)	40	0	0	40
Keleti railway station reconstruction preparation	54	0	0	54
Nyugati railway station reconstruction preparation	14	0	0	14
Budapest-Ferencváros - Kelebia route change in Budapest	1,104	0	0	1,104
Traffic safety and bicycle friendly developments at the Kapostűskevár junction in Kaposvár	65	0	0	65
Kenderes – reception building renovation	0	0	0	0
Subsidies received for light railway development	265	0	109	374
Renovation of the Tisza bridge (road and rail) at Kisköre	33	0	0	33
Public work subsidy	37	0	0	37
Rákostesz railway station property utilisation programme	0	0	0	0
RFC07 customer information system development	12	0	0	12
<b>Development subsidies, total</b>	<b>28,790</b>	<b>0</b>	<b>235</b>	<b>29,025</b>

99. Table: Subsidies used for operations broken down by title

Cumulative figures of income, expenses and profits per activity are presented below:

figures in mHUF

Partner business line	Buissness lines recognising internal profit or loss									MÁV Zrt. Total:		
	Rail infrastructure operations			Other activities			Regional passenger transport					
	Internal income	Internal expense	Internal profit or loss	Internal income	Internal expense	Internal profit or loss	Internal income	Internal expense	Internal profit or loss	Internal income	Internal expense	Internal profit or loss
Rail infrastructure operations				1 915	130	1 785	417	426	-9	2 332	556	1 776
Other activities	115	1 895	-1 780				0	-8	8	115	1 887	-1 772
Regional passenger transport	421	417	4	1	9	-8				422	426	-4
Total:	536	2 312	-1 776	1 916	139	1 777	417	418	-1	2 869	2 869	0

100. Table: Cumulations of income, expenses and profits per activity

The table columns show internal income, expenses and profit/(loss) broken down by division and aggregated at Company level. Internal profit/(loss) is calculated as the difference between a division's internal revenues from another division (partner division) (internal services supplied or internal support received) and internal expenses (internal services received or internal support provided).

Rail infrastructure operation and passenger transport has generated an overall internal loss (negative values in the internal profit/loss column).

Other activities have generated an overall internal profit (positive value in the internal profit/loss column).



## V List of tables

1. Table: Movements in intangible assets.....	17
2. Table: Movements in managed, state-owned intangible assets.....	18
3. Table: Movements in tangible assets.....	19
4. Table: Movements in managed, state-owned tangible assets.....	20
5. Table: Managed state-owned assets per category.....	20
6. Table: MÁV Zrt's own railtrack operating assets per category.....	21
7. Table: Movements in capital projects.....	21
8. Table: Depreciation of intangible/tangible assets as per the accounting act and the corporate tax act.....	22
9. Table: Managed state-owned assets and their funds in the balance sheet.....	23
10. Table: Movements in managed state-owned assets.....	24
11. Table: Use of development and improvement subsidies.....	25
12. Table: Book value of the Company's investments per category.....	26
13. Table: Impairment of non-current financial assets.....	27
14. Table: Inventories.....	27
15. Table: Receivables and impairment loss.....	28
16. Table: Receivables from related parties.....	28
17. Table: Reimbursement details.....	29
18. Table: Prepaid expenses and accrued income.....	30
19. Table: Equity components.....	31
20. Table: Non-distributable reserves.....	31
21. Table: Provisions for expected liabilities.....	33
22. Table: Provisions for liabilities to related parties.....	33
23. Table: Provisions for future expenses.....	34
24. Table: Provisions for foreign exchange losses.....	34
25. Table: Changes in provisions.....	34
26. Table: Long-term loans.....	35
27. Table: Long-term loans repayment schedule.....	35
28. Table: Long-term borrowings.....	35
29. Table: Long-term borrowings repayment schedule.....	36
30. Table: Other non-current liabilities.....	36
31. Table: Liabilities related to managed state-owned assets.....	36
32. Table: Liabilities related to the decrease in managed state-owned assets.....	37
33. Table: Details of other current liabilities.....	37
34. Table: Liabilities to related parties.....	38
35. Table: Accrued expenses and deferred income.....	38
36. Table: Guarantee agreements at the balance sheet date.....	39
37. Table: Lien liabilities.....	39
38. Table: Payment schedule of off-balance sheet interest and related charges.....	40
39. Table: Operating lease agreements at the balance sheet date.....	40
40. Table: Sales revenues, net, per activity.....	41
41. Table: Exports and imports.....	42
42. Table: Movements in expenses.....	42
43. Table: Material-type expenses.....	43
44. Table: Payments to personnel.....	44
45. Table: Depreciation charge.....	45
46. Table: Other income.....	45
47. Table: Other expenses.....	47
48. Table: Financial income.....	48
49. Table: Financial expenses.....	48
50. Table: Income from and expenses on related parties.....	49
51. Table: Corporate tax base adjusting items.....	50
52. Table: After tax profit based on the turnover cost method.....	51
53. Table: Cash flow statement.....	52
54. Table: Environmental provision.....	56
55. Table: Environmental expenses.....	56
56. Table: Changes in tangible assets used directly for environment protection.....	57

57. Table: Movements in hazardous waste quantities .....	58
58. Table: Movements in hazardous waste values.....	59
59. Table: R&D expenses .....	59
60. Table: Subsidies received in the reporting year.....	60
61. Table: Payments to personnel (less payroll taxes and social security).....	61
62. Table: Payroll taxes and social security.....	61
63. Table: Number of employees (persons).....	61
64. Table: Average pay and pay per category including public workers.....	61
65. Table: Average pay and pay per category less public workers.....	62
66. Table: Number of staff at the year-end.....	62
67. Table: Remuneration paid .....	62
68. Table: The Company's investments and opening balances.....	63
69. Table: Changes in the Company's investments in 2018.....	64
70. Table: MÁV Group structure at 31 December 2018.....	65
71. Table: Rail infrastructure operations division - Balance sheet: Asset side.....	68
72. Table: Rail infrastructure operations division - Balance sheet: Equity and liabilities side.....	69
73. Table: Rail infrastructure operations division - Profit and loss account.....	70
74. Table: Rail infrastructure operations division - Cash flow statement.....	71
75. Table: Rail infrastructure operations division - Activity statement .....	72
76. Table: Rail network access charge revenues .....	73
77. Table: Reimbursement.....	74
78. Table: Material-type expenses .....	75
79. Table: Railtrack infrastructure operations: income from and expenses on related parties .....	76
80. Table: Impact of asset settlements on the rail infrastructure GL .....	77
81. Table: Passenger transport activity - Balance sheet: Assets side.....	78
82. Table: Passenger transport activity - Balance sheet: Equity and liabilities side.....	79
83. Table: Passenger transport activity - Profit and loss account.....	80
84. Table: Passenger transport activity - Cash flow statement.....	81
85. Table: Passenger transport activity - Activity statement.....	82
86. Table: Children's Railway traction services.....	84
87. Table: Passenger transport activity - balances with related parties.....	84
88. Table: Other activities - Balance sheet: Asset side.....	85
89. Table: Other activities - Balance sheet: Equity and liabilities side.....	86
90. Table: Other activities - Profit and loss account.....	87
91. Table: Other activities - Cash flow statement.....	88
92. Table: Other activities - Activity statement .....	89
93. Table: Other activities - net revenues .....	90
94. Table: Other activities - internal revenues.....	90
95. Table: Dividends received in 2017.....	91
96. Table: Related company balances (income and expenses) related to other activities .....	92
97. Table: Effects of asset transfers on the central GL.....	92
98. Table: Annual average statistical number of employees per activity.....	93
99. Table: Subsidies used for operations broken down by title.....	93
100. Table: Cumulations of income, expenses and profits per activity.....	94