

This is a translation of the Hungarian Report

Independent Auditor's Report

To the Shareholder of MÁV Zrt.

Opinion

We have audited the accompanying 2019 annual financial statements of MÁV Zrt. ("the Company"), which comprise the balance sheet as at 31 December 2019 - showing a balance sheet total of HUF 1,232,127 million and a profit after tax for the year of HUF 10,980 million - , the related profit and loss account for the financial year then ended and notes to the annual financial statements, including a summary of significant accounting policies.

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

Basis for opinion

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

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

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

Emphasis of 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. In 2019, the Company recorded HUF 74,685 million cost refunds and HUF 21,495 million renovation refunds for 2019 which has not yet been approved by the Ministry until the date of our report. 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. It is also presented in Note II.1.2.2.3 to the financial statements that the Company recorded receivable reimbursement totaling HUF 16,272 million as at 31 December 2019. The timing of the financial settlement of the above receivable reimbursement is unknown as at the date of our report. 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.1.1.3. to the financial statements, according to which the accounting take-over of significant non-current assets technically handed over and commissioned by Nemzeti Infrastruktúra Fejlesztő Zrt. is yet outstanding by the Company. In December 2019, the Company received the necessary capital injection in order to be able to conclude the asset take-over and the related settlement process. Our opinion is not modified in respect of this matter.

Other information

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

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

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

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

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

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

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

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

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

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

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

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

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

- ▶ Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Budapest, 29 April 2020

(The original Hungarian version has been signed.)

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

Lelkes Tamás
Registered auditor
Chamber membership No.: 007349

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 2019

Date: Budapest, 2020.04.29.

(The original Hungarian version has been signed.)

Manager (representative) of the Company

Stamp

BALANCE SHEET Version "A" - Assets

31 December 2019 Data in million HUF

No.	Description	Previous year	Current year
a	b	c	e
A.	Non-current assets	1 187 048	1 158 114
I.	INTANGIBLE ASSETS	8 123	7 111
1.	Capitalised cost of foundation/restructuring	0	0
2.	Capitalised cost of development	37	134
3.	Concessions, licenses and similar rights	5 127	4 025
4.	Intellectual property	2 959	2 771
4/a.	of which: Managed state owned intellectual property	0	0
5.	Goodwill	0	0
6.	Advance payments for intangible assets	0	181
7.	Revaluation of intangible assets	0	0
II.	TANGIBLE ASSETS	1 032 264	998 524
1.	Land and buildings and related property rights	812 767	789 545
1/a.	of which: Managed state owned properties and related rights	759 371	737 502
2.	Plant, machinery, equipment and vehicles	197 434	184 984
2/a.	of which: Managed state owned technical equipment, machinery and vehicles	109 718	101 823
3.	Other equipment, fixtures and fittings, vehicles	48	49
4.	Breeding stock	0	0
5.	Tangible assets under construction	20 415	20 903
5/a.	of which: Managed state owned capital projects	18 808	17 943
6.	Advance payments for assets under construction	1 600	3 043
7.	Revaluation of tangible assets	0	0
III.	LONG-TERM FINANCIAL ASSETS	146 661	152 479
1.	Long-term investments in related parties	143 423	149 099
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	781
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	2 426	2 580
6.	Long-term loans granted to other investments	0	0
7.	Other long-term loans granted	7	19
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, 2020.04.29.

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BALANCE SHEET Version "A" - Assets

31 December 2019 Data in million HUF

No.	Description	Previous year	Current year
a	b	c	e
B.	Current assets	60 878	68 502
I.	INVENTORIES	11 310	12 635
1.	Raw materials and consumables	10 809	11 447
1/a.	of which: Managed state owned raw material and consumables	2 191	1 995
2.	Work in progress and semi-finished products	1	6
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	330	946
4/a.	of which: Managed state owned finished products	139	246
5.	Goods	170	236
6.	Advance payments for inventories	0	0
II.	RECEIVABLES	31 103	46 434
1.	Accounts receivable	2 606	3 381
2.	Receivables from related parties	16 754	21 843
3.	Receivables from undertakings with which the undertaking is linked by virtue of participating interest	42	47
4.	Receivables from other investments	10	2
5.	Notes receivable	0	0
6.	Other receivables	11 691	21 161
6/a.	of which: Managed state owned other receivables	2 929	2 130
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	18 465	9 433
1.	Cash, cheques	5	5
2.	Bank deposits	18 460	9 428
C.	Prepaid expenses & accrued income	8 293	5 511
1.	Accrued income	2 462	1 979
2.	Prepaid expenses	2 679	1 779
3.	Deferred expenses	3 152	1 753
Total assets		1 256 219	1 232 127

Date: Budapest, 2020.04.29.

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BALANCE SHEET Version "A" - Equity and liabilities

31 December 2019 Data in million HUF

No.	Description	Previous year	Current year
a	b	c	e
D. Equity		205 031	242 885
I. REGISTERED CAPITAL		24 500	25 000
	of which: treasury shares redeemed at face value	0	0
II. REGISTERED CAPITAL NOT PAID (-)		0	0
III. CAPITAL RESERVE		131 985	158 359
IV. RETAINED EARNINGS		36 842	48 014
V. NON-DISTRIBUTABLE RESERVE		926	532
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		10 778	10 980
E. Provisions		30 623	28 274
1. Provisions for expected liabilities		18 807	18 219
2. Provisions for future costs		9 552	8 700
3. Other provisions		2 264	1 355
F. Liabilities		982 299	922 919
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		928 899	864 859
1. Long-term borrowings		0	0
2. Convertible bonds		0	0
3. Bonds payable		0	0
4. Loans received for investment and development		9 488	3 606
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	15
8. Long-term debts to other investments		0	0
9. Other long-term liabilities		919 411	861 238
9/a. of which: Liabilities related to managed state owned assets		919 096	860 843

Date: Budapest, 2020.04.29.

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BALANCE SHEET Version "A" - Equity and liabilities

31 December 2019 Data in million HUF

No.	Description	Previous year	Current year
a	b	c	e
III.	CURRENT LIABILITIES	53 400	58 060
1.	Short-term borrowings	58	0
1/a.	of which: convertible and mandatory convertible bonds	0	0
2.	Other short-term loans	8 001	6 148
3.	Advances received from trade debtors	995	1 011
4.	Accounts payable	18 591	18 680
5.	Notes payable	0	0
6.	Short-term debts to related parties	11 696	12 459
7.	Short-term debts to undertakings with which the undertaking is linked by virtue of participating interest	207	483
8.	Short-term debts to other investments	17	29
9.	Other current liabilities	13 835	19 250
9/a.	of which: Liabilities related to managed state owned assets	1 643	3 801
10	Fair value adjustment of liabilities	0	0
11	Negative fair value adjustment of derivatives	0	0
G.	Accrued expenses and deferred income	38 266	38 049
1.	Prepaid income	8 308	8 032
2.	Accrued expenses	3 959	4 729
3.	Deferred income	25 999	25 288
Total equity & liabilities		1 256 219	1 232 127

Date: Budapest, 2020.04.29.

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

31 December 2019

Data in million HUF

No.	Description	Previous year	Current year
a	b	c	e
01.	Domestic sales revenue, net	153 066	156 813
02.	Export sales revenue, net	1 531	1 876
I.	Net sales (01+02)	154 597	158 689
03.	Changes in self produced inventories	-12	622
04.	Capitalised value of self produced assets	5 534	5 672
II.	Capitalised own performance (±03+04)	5 522	6 294
III.	Other gains	142 380	153 082
	of which: impairment reversed	11	147
05.	Raw materials and consumables used	19 548	23 756
06.	Services purchased	54 801	59 183
07.	Other services	1 429	1 496
08.	Cost of goods sold	33 658	37 606
09.	Cost of sold (intermediated) services	1 751	1 826
IV.	Material-type expenses (05+06+07+08+09)	111 187	123 867
10.	Payroll cost	73 430	78 675
11.	Other employee benefits	10 530	10 991
12.	Social security and other contributions	17 364	18 231
V.	Personnel related expenses (10+11+12)	101 324	107 897
VI.	Depreciation expense	63 834	64 111
VII.	Other expenses	15 719	10 801
	of which: impairment loss	4 765	3 282
A.	OPERATING PROFIT/LOSS (I±II±III-IV-V-VI-VII)	10 435	11 389

Date: Budapest, 2020.04.29.

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

31 December 2019

Data in million HUF

No.	Description	Previous year	Current year
a	b	c	e
13.	Dividends (due) received	3 952	3 016
	of which: from related parties	3 376	2 241
14.	Disposal and other gains of equity investments	0	0
	of which: from related parties	0	0
15.	Disposal and other gains of long-term financial investments (securities, loans)	0	0
	of which: from related parties	0	0
16.	Other interest received (due) and similar income	23	7
	of which: from related parties	2	0
17.	Other financial gains	76	51
	of which: fair value adjustment	0	0
VIII.	Financial gains (13+14+15+16+17)	4 051	3 074
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	146	90
	of which: to related parties	1	0
21.	deposits	1 872	1 710
22.	Other financial losses	1 690	1 683
	of which: fair value adjustment	0	0
IX.	Financial losses (18+19+20+21)	3 708	3 483
B.	FINANCIAL PROFIT/LOSS (VIII-IX)	343	-409
C.	PROFIT/LOSS FROM ORDINARY ACTIVITIES (±A±B)	10 778	10 980
X.	Tax expense	0	0
D.	PROFIT/LOSS FOR THE YEAR (±C-X)	10 778	10 980

Date: Budapest, 2020.04.29.

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MÁV HUNGARIAN STATE RAILWAYS PRIVATE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR 2019

Budapest, 29. April 2020.
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(The original Hungarian version has been signed.)

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head of the Company (representative)

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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 (hereafter: “MÁV Zrt.” or “the Company”), as a single member private company limited by shares. MÁV Zrt. was created following a transformation and was responsible for passenger and goods transport. As the goods transport (cargo) activity was outsourced as of 1 January 2006, passenger transport on standard rail tracks was outsourced as of 1 July 2007, and traction as well as tractive and hauled vehicle maintenance were outsourced as of 1 January 2008 to separate entities, these activities no longer form a part of the Company’s operations. Since 2008, rail infrastructure operation has become the Company’s main activity. As of 31 December 2015, MÁV Létesítményüzemeltető és Vasútőr 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 Magyar Államvasutak Zártkörűen Működő Részvénytársaság

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

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 20.7 million.

The Company's share capital:

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

1.2 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 railtrack network operations, 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 17 February of the year following the reporting year.

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

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

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

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

An error is material if, in the year when the error is identified, the aggregate of the absolute value of errors and/or their impact increasing/decreasing the profit or loss and/or equity identified during various audits of the same year exceeds either 2% of the balance sheet total for the audited business year or HUF 1 million where 2% of the balance sheet total 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.2.3

Definition of significant value with regard to certain accounts and assets

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

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

- Provisioning principles are included in 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 while funding the related managed state-owned assets is concurrently settled.

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 on State Property of 2013 on 28 June 2013, and therefore, pursuant to the Act on State Property, 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 Act on State Property, 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 2019

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

I.4 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 or ordered) 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 revalued 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 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 involuntary liquidation, strike-off 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 other 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 liquidation, 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 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 2018 signed on 16 September 2019, MÁV Zrt. is entitled to a cost efficiency incentive and reasonable profit of HUF 4,185 million for 2018, but no funds are allocated to this purpose in the national annual budget for 2020.

The annual cost reimbursement clause for 2019 was signed on 7 February 2019, according to which MÁV Zrt. received a total cost reimbursement of HUF 91,308 million, including HUF 68,277 million reimbursement of operating expenses recognised in the profit or loss and HUF 23,031 million renovation expense reimbursement related to the improvement of treasury assets and railtrack operating assets. However, the amount of reimbursement received did not cover the expenses of the renovation and operating expenses incurred by the railtrack operations division in 2019. As a result, MÁV Zrt. still needs additional reimbursement of HUF 4,872 million. Details of the allocation of reimbursements received are presented in section II.1.2.2.3 Subsidies.

In Hungary's budget act for 2020 (act LXXI of 2019 on the national budget), HUF 106,104 million is allocated to reimburse the justified expenses related to railtrack operations, of which HUF 99,051 million is payable to MÁV Zrt. This amount also includes reimbursement of HUF 7,830 million acknowledged for 2017. The reimbursement clause for 2020 was signed on 23 December 2019 and the first instalment was received on 13 January 2020. In the calculation of the rail network access charge for 2019/2020 in view of the underlying ministerial instruction (VIF/51613-1/2018-ITM) a cost reimbursement of HUF 103,308 million was considered and the same amount was included for the Company's business plan for 2020.

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) subsection 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.mavcsport.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.	Cost, opening	0	38	11 884	16 958	0	0	28 880
2.	Additions, improvements, advance payments (+)		97	427	500		181	1 205
3.	Self product 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 (-)			-39	-8			-47
13.	Missing (-)							0
14.	Destroyed (-)							0
15.	Contribution in kind (-)							0
16.	Reclassified (broken down, aggregated, deducted advance payment) (+/-)							0
17.	Cost, closing	0	135	12 272	17 450	0	181	30 038
18.	Amortisation, opening	0	1	6 757	13 999	0	0	20 757
19.	Ordinary charge for the year (+)			1 529	688			2 217
20.	Extraordinary charge for the year (+)							0
21.	Reversed extraordinary depreciation (-)							0
22.	Disposed of (-)							0
23.	Contributed free of charge (-)							0
24.	Scrapped (-)			-39	-8			-47
25.	Missing (-)							0
26.	Destroyed (-)							0
27.	Contribution in kind (-)							0
28.	Reclassified (broken down, aggregated) (+/-)							0
29.	Amortisation, closing	0	1	8 247	14 679	0	0	22 927
30.	Net book value, opening	0	37	5 127	2 959	0	0	8 123
31.	Net book value, closing	0	134	4 025	2 771	0	181	7 111

Table 1: 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 (SAP), and other items related to various pieces of software in use across the Company.

The increase in capitalised research and development relates to the development of the intelligent railway supervision system.

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.	Cost, opening	0	0	2 983	0	0	0	2 983
2.	Additions, improvements, advance payments (+)							0
3.	Self product 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
17.	Cost, closing	0	0	2 983	0	0	0	2 983
18.	Amortisation, opening	0	0	1 202	0	0	0	1 202
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.	Amortisation, closing	0	0	1 649	0	0	0	1 649
30.	Net book value, opening	0	0	1 781	0	0	0	1 781
31.	Net book value, closing	0	0	1 334	0	0	0	1 334

Table 2: 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.	Cost, opening	1 271 667	435 706	835	0	21 082	1 600	1 730 890
2.	Additions, improvements (+)					29 967	1 443	31 410
3.	Received free of charge (+)							0
4.	Taken over (in exch. for receivables, equity investments) (+)							0
5.	Count surplus (+)	41	3					44
6.	Additions due to contributions (+)							0
7.	Assets constructed by NIF Zrt. / NISZ Zrt. taken into asset management							0
8.	Taken into asset management	574						574
9.	Increase due to status settlements (+)	6						6
10.	Additions due to merger (+)							0
11.	Disposal (-)	-83	-127					-210
12.	Contributed free of charge (-)							0
13.	Scrapped (-)	-1 122	-1 297	-39				-2 458
14.	Missing (-)	-10	-148	-41				-199
15.	Destroyed (-)							0
16.	Contribution in kind (-)		-33 440					-33 440
17.	Decrease due to status settlement (-)	-664	-1					-665
18.	Asset manager right redeemed (-)	-17						-17
19.	Commissioned (+/-)	24 171	5 164	65		-29 400		0
20.	Reclassified (broken down, aggregated, deducted advance payment) (+/-)	55	-54	-1		-79		-79
21.	Cost, closing	1 294 618	405 806	819	0	21 570	3 043	1 725 856
22.	Depreciation, opening	458 900	238 272	787	0	667	0	698 626
23.	Ordinary charge for the year (+)	44 734	17 096	64				61 894
24.	Extraordinary charge for the year (+)	2 604	505					3 109
25.	Reversed extraordinary depreciation (-)							0
26.	Count surplus (+)							0
27.	Taken into asset management (+)							0
28.	Disposal (-)	-16	-126					-142
29.	Contributed free of charge (-)							0
30.	Scrapped (-)	-1 090	-1 296	-39				-2 425
31.	Missing (-)	-2	-148	-41				-191
32.	Destroyed (-)							0
33.	Contribution in kind (-)		-33 440					-33 440
34.	Decrease due to status settlement (-)	-90	-1					-91
35.	Asset manager right redeemed (-)	-8						-8
36.	Reclassified (broken down, aggregated) (+/-)	41	-40	-1				0
37.	Depreciation, closing	505 073	220 822	770	0	667	0	727 332
38.	Net book value, opening	812 767	197 434	48	0	20 415	1 600	1 032 264
39.	Net book value, closing	789 545	184 984	49	0	20 903	3 043	998 524

Table 3: 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.

Further to act CVI of 2007, the settlement of properties did not cause losses to the Company.

During the course of 2019, the status of assets necessary for railway operations totalling HUF 574 million were settled. At the same time, the status of assets necessary for railway operations totalling HUF 6 million were also settled in reverse. The effects of these settlements are presented in tables 79. and 96.

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

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

II.1.1.4 Changes in managed state-owned tangible assets

figures in mHUF

	MEGNEVEZÉS	Properties and related rights	Technical machinery, equipment	Other equipment, fittings, vehicles	Breeding stock	Capital projects, improvements	Total
1.	Cost, opening	1 200 433	233 341	23	0	19 457	1 453 254
2.	Additions, improvements (+)					26 146	26 146
3.	Received free of charge (+)						0
4.	Taken over (in exch. for receivables, equity investments) (+)						0
5.	Count surplus (+)	39					39
6.	Additions due to contributions (+)						0
7.	Assets constructed by NIF Zrt. / NISZ Zrt. taken into asset management						0
8.	Taken into asset management	574					574
9.	Increase due to status settlements (+)						0
10.	Disposal (-)						0
11.	Contributed free of charge (-)						0
12.	Scrapped (-)	-1 093	-896				-1 989
13.	Missing (-)	-6					-6
14.	Destroyed (-)						0
15.	Contribution in kind (-)						0
16.	Decrease due to status settlement (-)						0
17.	Asset manager right redeemed (-)	-17					-17
18.	Commissioned (+/-)	23 827	3 184			-27 011	0
19.	Reclassified (broken down, aggregated, deducted advance payment) (+/-)	1	-1				0
20.	Cost, closing	1 223 758	235 628	23	0	18 592	1 478 001
21.	Depreciation, opening	441 062	123 623	23	0	649	565 357
22.	Ordinary charge for the year (+)	43 749	10 578				54 327
23.	Extraordinary charge for the year (+)	2 516	501				3 017
24.	Reversed extraordinary depreciation (-)						0
25.	Count surplus (+)						0
26.	Taken into asset management (+)						0
27.	Disposal (-)						0
28.	Contributed free of charge (-)						0
29.	Scrapped (-)	-1 062	-896				-1 958
30.	Missing (-)	-2					-2
31.	Destroyed (-)						0
32.	Contribution in kind (-)						0
33.	Decrease due to status settlement (-)						0
34.	Asset manager right redeemed (-)	-8					-8
35.	Reclassified (broken down, aggregated) (+/-)	1	-1				0
36.	Depreciation, closing	486 256	133 805	23	0	649	620 733
37.	Net book value, opening	759 371	109 718	0	0	18 808	887 897
38.	Net book value, closing	737 502	101 823	0	0	17 943	857 268

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

figures in mHUF

Item	Gross value	Net value
Land	24 356	24 356
Buildings	50 745	45 920
Structures	1 148 657	667 226
Machines, equipment	235 651	101 823
Intangible assets	2 983	1 334
Construction in progress	18 592	17 943
Grand total	1 480 984	858 602

Table 5: Managed state-owned assets per category

figures in mHUF

Item	Gross value	Net value
Land	5 050	5 049
Buildings	32 182	25 787
Structures	16 987	8 125
Machines, equipment	47 126	19 300
Intangible assets	26 684	5 596
Construction in progress	2 693	2 676
Grand total	130 722	66 533

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

II.1.1.5 Changes in capital projects

Item	figures in mHUF	
	Capital project in progress	
	2018	2019
Opening	21 255	20 415
Additions in 2019 (+)	35 764	29 967
Self-produced (+)	0	0
Additions due to merger (+)	0	0
Assets constructed by NIF/NISZ Zrt. commissioned after take over (-)	-6 893	0
Assets in the course of construction by NIF/NISZ Zrt. In 2019 (+)	0	0
Other commissioned assets (-)	-29 595	-29 400
Extraordinary depreciation charge (-)	0	0
Extraordinary depreciation reversed (+)	0	0
Other increase (+)	0	0
Disposal (-)	0	0
Missing (-)	0	0
Contributed free of charge (-)	0	0
Reclassified (+/-)	-109	-79
Other decrease (-)	-7	0
Closing	20 415	20 903

Table 7: Movements in capital projects

II.1.1.6 Impact of depreciation in the reporting year

figures in mHUF				
Depreciation				
Item	Ordinary	Extraordinary	As per accounting act	As per corporate tax act
Land	0	0	0	0
Properties (less land)	44 734	2 604	47 338	48 034
Machinery, equipment	17 096	505	17 601	24 861
Other machines, equipment	64	0	64	65
Capital projects	0	0	0	0
Tangibles, total:	61 894	3 109	65 003	72 960
Foundation, restructuring	0	0	0	0
Research and development	0	0	0	0
Concessions and similar rights	1 529	0	1 529	1 529
Intellectual property	688	0	688	683
Goodwill	0	0	0	0
Intangibles, total:	2 217	0	2 217	2 212
Grand total:	64 111	3 109	67 220	75 172

Table 8: 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 or received free of charge in 2019.

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.

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

Table 9: 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	2018.	2019.	Change
Managed state-owned assets, net, opening	918 032	892 008	-26 024
Assets constructed by NIF Zrt. taken into management	6 893	0	-6 893
of which - from governmental and EU funds	6 893	0	-6 893
- from own funds			0
- from other (municipal) funds			0
- from National Infrastructure Development agency funds			0
Improvement, renovation reimbursement from state treasury funds	22 436	22 090	-346
Other assets taken under asset management	0	574	574
Assets taken under asset management as a result of ownership status settlement	0		0
Managed state-owned assets acquired from government funds	3 568	3 985	417
Managed state-owned assets acquired from own funds	0		0
Treasury asset development/improvement financed from third party development funds	0	19	19
Recuperated (state) materials used for managed assets	190	52	-138
Settlement of funds related to previous years	0		0
Managed state-owned assets surplus	66	39	-27
Increase in managed state-owned tangible assets	33 153	26 759	-6 394
Increase in recuperated materials	536	305	-231
Increase in managed state-owned inventories	536	305	-231
Increase in managed state-owned assets, total	33 688	27 064	-6 624
Ordinary depreciation charge	-54 808	-54 774	34
Extraordinary depreciation charged and reversed	-4 316	-3 017	1 300
Scrapped	-59	-31	27
Missing, destroyed	-1	-4	-3
Settlement of the status of managed state-owned land	0	0	0
Asset management rights redeemed	-378	-9	369
Decrease in managed state-owned tangible assets, total	-59 562	-57 835	1 726
Recuperated (state) materials used	-57	-7	50
Recuperated (state) materials disposed of	-50	-387	-336
Recuperated (state) materials scrapped	0	0	0
Recuperated (state) materials impaired	-43	0	43
Decrease in managed state-owned inventories, total	-151	-394	-244
Decrease in managed state-owned assets, total	-59 712	-58 230	1 483
Managed state-owned assets, net, closing	892 008	860 843	-31 165

Table 10: 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	2018.	2019.	Change
Use of renovation reimbursement in relation to managed state owned assets	22 501	21 221	-1 280
of which - Renewal of assets	22 388	20 996	-1 392
Advances for assets	6	160	155
Value adding improvement on inventories	106	64	-43
Use of remaining reimbursement	39	1 546	1 507
Budapest-Belgrad railway developement	62	0	-62
IKOP grant "MÁV Zrt. Traffic safety projects", (IKOP, local percentage 15%)	125	169	44
IKOP grant "MÁV Zrt. Station improvement and integrated customer service development at 26 locations" (IKOP, local percentage 15%)	63	23	-40
Keleti railway station reconstruction preparation Gov. -15%	8	0	-8
Nyugati railway station reconstruction preparation Gov. -15%	2	4	1
Soroksár track adjustment SG370001 (100% Gov.)	209	985	776
Kisköre road and rail bridge (Tisza-híd) renovation ZE170001	13	20	7
Kenderes reception building renovation ZV370027	0	471	471
"MÁV Zrt. Station improvement and integrated customer service development at 26 locations" (CKTM, KAB function 100%)	20	10	-10
Budapest-Belgrád Archeology ZL680004	4	73	69
Light railways ZV560001	71	307	237
P+R parking at Celldömölk	20	0	-20
Kaposvár Tüskevár-junction development local funds 12%	0	8	8
Budapest-Belgrád independent engineer ZL680002	0	458	458
TEB development projects ZV980003	0	232	232
Kalocsa highway approach and crossing 38188-4	0	19	19
PAKS 2. ZV990001	0	2 674	2 674
Government subsidies used, total:	23 137	28 218	5 081
IKOP grant "MÁV Zrt. Traffic safety projects" megvalósításához (IKOP, KA 85%)	708	955	247
IKOP grant "MÁV Zrt. Station improvement and integrated customer service development at 26 locations" megvalósításához (IKOP, KA 85%)	357	128	-229
Keleti railway station reconstruction preparation EU-85%	46	0	-46
Nyugati railway station reconstruction preparation EU-85%	12	20	8
Kaposvár Tüskevár-junction development EU funds 88%	0	57	57
EU funds used, total:	1 122	1 160	38
Use of subsidies received for the renovation and improvement of managed state-owned assets	24 259	29 378	5 119
Use of subsidies received for the renovation and improvement of MÁV Zrt's assets			
Subsidy	2018.	2019.	Change
Renovation reimbursement used for MÁV owned assets	804	426	-378
Renovation reimbursement used for prepayments for MÁV owned assets	-10	-152	-141
Use of remaining reimbursement	137	27	-109
IKOP grant "MÁV Zrt. Station improvement and integrated customer service development at 26 locations" (IKOP, local percentage 15%)	62	0	-62
For the implementation of "MÁV Zrt. Station improvement and integrated customer service development at 26 stations" (CKTM, KAB function 100%)	9	0	-9
Light railways ZV560001	129	163	33
INKA 2 (IKOP local percentage 15%)	41	48	7
Assets acquired for the public workers programme	2	0	-2
INEA RFC 7 PSA INEA/CEF/TRAN/M2016/PSARFC07	0	12	12
GINOP (Integrated Intelligent Railway Supervision System Development) GINOP-2.2.1-15-2017-00098	0	78	78
Rákosrendező property utilisation project KTMF/1956/5/2019 (100% state funded)	0	1	1
Government subsidies used, total:	1 173	604	-570
IKOP grant "MÁV Zrt. Station improvement and integrated customer service development at 26 locations" (IKOP, KA 85%)	354	0	-354
INKA 2 (IKOP EU percentage 85%)	231	272	41
EU funds used, total:	585	272	-312
Use of subsidies received for the renovation and improvement of MÁV Zrt's assets, total:	1 758	876	-882

Table 11: Use of development and improvement subsidies

II.1.1.9 The Company's long-term investments

figures in mHUF

Item	Net book value of investments			
	Opening	Increase	Decrease	Closing
Related parties	143 423	7 406	1 730	149 099
Significant equity investments	805	0	24	781
Other investments	2 426	154	0	2 580
Other long-term loans granted	7	12	0	19
Total:	146 661	7 572	1 754	152 479

Table 12: 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 2019; 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 the book value of existing participating interest in the company was decreased by recognised impairment loss of HUF 1,730 million.

The values of investments in related parties increased as a result of capital injections in MÁV-START Zrt. (HUF1,865 million) and in ZÁHONY-PORT Zrt. (HUF 180 million) through a cash contribution to share premium. The share capital of MÁV START Zrt. was also increased in 2019 totalling HUF 3,061 million by contributing 1,305 railway vehicles in MÁV-START Zrt's share premium.

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 154 million.

Changes in MÁV Zrt.'s equity investments in 2019 are presented in detail in III.6. Investments.

II.1.1.10 Impairment of non-current financial assets

figures in mHUF

Item	Impairment				
	Opening	Increase	Decrease	Reversed	Closing
Long-term investments in related parties	3 823	1 730	0	0	5 553
Long-term loans granted to related parties	0	0	0	0	0
Long-term significant equity investment	158	24	0	0	182
Long-term loans granted to significant equity	0	0	0	0	0
Other long-term investments	0	0		0	0
Long-term loans granted to other investments	0	0	0	0	0
Other long-term loans granted	596	0		44	552
Long-term debt securities	0	0	0	0	0
Total:	4 577	1 754	0	44	6 287

Table 13: Impairment of non-current financial assets

II.1.1.11 Subordinated assets

MÁV Zrt. had no subordinated assets in 2019.

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
Inventories, gross, opening	11 187	1	-	330	170	-	11 688
Purchased, advances paid	29 469				27 359		56 828
Received free of charge							
Contribution in kind							
Reclassified							
Taken on inventory		5		872			877
Surplus	94						94
Recuperated	239						239
Other increase							
Use (expensed)	- 16 464			- 243	- 1		- 16 708
Reclassified, advance recognised							
Disposal	- 12 529			- 12	- 27 289		- 39 830
Contributed free of charge							
Contribution in kind							
Scrapped	- 31						- 31
Missing	- 80			- 1			- 81
Other decrease					- 3		- 3
Inventories, gross, closing	11 885	6	-	946	236	-	13 073
Impairment, opening	378	-	-	-	-	-	378
Impairment loss recognised in 2019	60						60
Written off due to inventory decrease							
Impairment loss reversed							
Impairment, closing	438	-	-	-	-	-	438
Net value, opening	10 809	1	-	330	170	-	11 195
Net value, closing	11 447	6	-	946	236	-	12 635

Table 14: 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 2,241 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 2019	Book value at 31 Dec 2018	Change
	Not due	1-90 days	91-180 days	181-365 days	Over 365 days	Total	Opening	Impairment loss for the year 8622,8624	Impairment loss reversed 9622,9624	Impaired receivables collected 9623, 9625	Impairment other derecognitions	Closing				
Trade receivables (debtors)	2 791	405	83	108	2 736	6 123	2 850	267	146	170		59	2 742	3 381	2 606	775
Receivables from related parties	9 776	12 067	0	0	0	21 843	0	0		0	0	0	0	21 843	16 754	5 089
of which: fully consolidated subsidiaries	9 715	12 061	0	0	0	21 776	0	0	0	0	0	0	0	21 776	16 700	5 076
of which: not fully consolidated subsidiaries	27	6	0	0	0	33	0	0	0	0	0	0	0	33	34	-1
of which: joint ventures not consolidated based on quota	34	0	0	0	0	34	0	0	0	0	0	0	0	34	20	14
Receivables from significant equity investments	45	2	0	0	30	77	30	0	0	0	0	0	30	47	42	5
Receivables from other investments	2	0	0	0	0	2	0	0	0	0	0	0	0	2	10	-8
Bills of exchange	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other receivables	21 033	72	23	15	191	21 334	172	14	1	5	7	173	21 161	11 691	9 470	
Receivables, total:	33 647	12 546	106	123	2 957	49 379	3 052	281	147	175	66	2 945	46 434	31 103	15 331	

Table 15: Receivables and impairment loss

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	2 798	0	2 798
Long-term loans granted to related parties	0	0	0
Advances for inventories	0	0	0
Receivables from related parties	21 776	67	21 843
Total:	24 574	67	24 641

Table 16: Receivables from related parties

II.1.2.2.3 Reimbursement components

figures in mHUF

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

Table 17: 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 2019, the reimbursement of renovation expenses provided to the Company was by HUF 34,760 million less (used renovation reimbursement was by HUF 36,296 million less) than the ordinary and extraordinary depreciation recognised on state-owned assets, and was therefore not sufficient to replenish these assets.

The Company is entitled to the reimbursement of both justified costs not covered with related revenues and renovation expenses. For 2019, the Company presented operating cost reimbursement of 74,685 million and renovation expense reimbursement of HUF 21,495 million. The settlement of these amounts with the competent ministry is still outstanding. As the annual amount of reimbursement for 2019 will be approved as part of the annual settlement process, these amounts may change. At 31 December 2019, the Company also recorded HUF 16,272 million receivable in connection with reimbursements. The timing of the financial settlement of this amount is yet unknown.

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 2020 were reclassified from development and project loans to short-term loans, except for HUF 3,606 million.
- Of security deposits, HUF 394 million was reclassified from other non-current liabilities to other current liabilities and HUF 15 million reclassified to current liabilities to related parties.
- Employee loans repayable in 2020 totalling HUF 1 million were reclassified from other long-term loans granted to other receivables.
- Reimbursement of expenses in the value of HUF 16,115 million, and liabilities to employees in the value of HUF 14 million were reclassified from other current liabilities to other receivables.
- An amount of HUF 26 million was reclassified from trade receivables to other current liabilities, HUF 4 million was reclassified from trade payables to other receivables.
- Receivables from the state budget in the amount of HUF 2,092 million were reclassified from other current liabilities to other receivables, which comprises almost completely the balance of VAT settlement (HUF 2,078 million).
- Of other current liabilities, receivables of HUF 2,130 million related to managed state owned assets were reclassified to other receivables.

II.1.2.1 Securities

II.1.2.1.1 Impairment of securities

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

II.1.3 Prepaid expenses and accrued income

figures in mHUF

Item	2018	2019	Difference
Accrued income			
Services rendered but not billed	2 138	1 571	-567
Late payment interest, penalties, damages received	0	50	50
Unbilled rent (RE-FX)	14	1	-13
Accrued IKSZR income	310	357	47
Accrued income, total:	2 462	1 979	-483
Prepaid expenses			
Pre-billed costs	191	251	60
Redundancy pay and severance pay	23	129	106
Unbilled expenses (credited)	2 465	1 399	-1 066
Prepaid expenses, total:	2 679	1 779	-900
Deferred expenses			
Deferred unrealised foreign exchange loss	3 152	1 753	-1 399
Deferred expenses, total:	3 152	1 753	-1 399
Total:	8 293	5 511	-2 782

Table 18: Prepaid expenses and accrued income

- The HUF 1,066 million difference in prepaid unbilled costs (credited) reflects services provided but not billed by MÁV Szolgáltató Központ Zrt.
- The decrease of accrued exchange losses from FX loans is attributable to the decrease in loans.

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
Opening, 2019	24 500	0	131 985	36 842	926	10 778	205 031
After tax profit/loss for 2018 reclassified	0	0	0	10 778	0	-10 778	0
Capital injection (VPK)	500	0	0	0	0	0	500
VPK contribution in kind	0	0	26 588	0	0	0	26 588
Undistributable reserves related to unrealised foreign exchange losses	0	0	0	0	0	0	0
Undistributable reserve allocated to unrealised foreign exchange losses, released	0	0	0	491	-491	0	0
Undistributable reserve allocated to capitalised R&D not yet written off	0	0	0	-97	97	0	0
Status settlement of assets	0	0	-214	0	0	0	-214
After tax profit/loss for 2019	0	0	0	0	0	10 980	10 980
Closing, 2019	25 000	0	158 359	48 014	532	10 980	242 885

Table 19: 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 provisions for unrealised FX gains/losses on FX loans and deferred expenses	889	491	0	398
Not written off R&D costs allocated	37	0	97	134
Total:	926	491	97	532

Table 20: 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> $\text{For covering periodic maintenance costs} = \frac{\text{Time passed from the maintenance period until the balance sheet date}}{\text{Length of maintenance period}} * \text{Estimated maintenance costs}$ <p>amount of provisions generated on the balance sheet</p>

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	Opening	Released	Made	Closing
Redundancy costs	1 125	1 060	918	983
Environmental liabilities	7 414	1 125	1 743	8 031
Litigations	1 241	429	76	888
Damages	476	281	448	643
Track fault prevention	300	0	0	300
Uniforms	648	471	68	245
Annuity payment obligation	6 730	687	212	6 255
Late payment interest	129	95	135	169
Bonus payment	533	489	519	563
Provision for other liabilities	210	83	14	141
Total:	18 807	4 720	4 133	18 219

Table 21: Provisions for expected liabilities

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

Environmental provisions are presented in detail in table 53 in section III.1.1. Environmental liabilities.

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	369	230	323	462
Late payment penalty	14	0	30	44
Total:	383	230	353	506

Table 22: 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	666	518	0	148
Maintenance costs	593	123	0	470
Enhanced maintenance costs	8 228	446	222	8 004
Children's Railway maintenance costs	65	0	13	78
Total:	9 552	1 087	235	8 700

Table 23: Provisions for future expenses

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

The railway infrastructure operated by 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 222 million in 2019, and released a provision of HUF 446 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	973	604	0	369
Raiffeisen	1 291	305	0	986
Total:	2 264	909	0	1 355

Table 24: Provisions for foreign exchange losses

II.1.5.5 Changes in provisions in the reporting year

figures in mHUF

Item	Provisions for expected liabilities	Provisions for future expenses	Other provisions	Total
Provisions, opening	18 807	9 552	2 264	30 623
Released in 2019	4 720	1 087	909	6 716
Made in 2019	4 132	235	0	4 367
Provisions, closing	18 219	8 700	1 355	28 274

Table 25: 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

Long-term funds in 2019								
Funds	Contract date	Matures on	Government guarantee (No. Of gov. Dec.)	Asset backed	Currency	Contracted amount (million, original currency)	Outstanding at 31	
							Currency million	HUF million
Development loans								
CA-CIB Konzorcium (30 Flirt trains)	22 March 2006	16 June 2020	-	yes	EUR	144,60	6,287	2 078
Raiffeisen Bank Zrt. (+30 Flirt trains)	25 Sept 2007	2021.11.28	-	yes	EUR	141,60	23,223	7 676
Total:								9 754

Note: The Company presented HUF 6,148 million of the loans for capital projects among short-term loans.

Table 26: Long-term loans

figures in mHUF

Long-term loan	2020.	2021.	Total
Development loans			
CA-CIB Konzorcium (30 Flirt trains)	2 078	0	2 078
Raiffeisen Bank Zrt. (+30 Flirt trains)	4 070	3 606	7 676
Total	6 148	3 606	9 754

Note: The Company presented HUF 6,148 million of the loans for capital projects among short-term loans.

Table 27: Long-term loans repayment schedule

II.1.6.2.2 Long-term borrowings and bonds

The Company does not have any long-term borrowings or debts from bonds.

II.1.6.2.3 Other non-current liabilities

figures in mHUF

Item	2018	2019	Change
Funds of managed state-owned assets	919 096	860 843	-58 253
Other long-term liabilities	315	395	80
Other non-current liabilities, total:	919 411	861 238	-58 173

Table 28: 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	2018.	2019.	Change
Long-term liabilities related to managed state-owned assets	892 008	860 843	- 31 165
Replenishment obligation	27 088	-	- 27 088
Long-term liabilities related to managed state-owned assets, total	919 096	860 843	- 58 253
Balance of settlement with the Hungarian National Treasury related to capital projects	- 2 592	15	2 607
<i>of which: - performance subsidised in the reporting year</i>	- 3 568	- 4 004	- 436
<i>- subsidy received in the reporting year for subsidised performance</i>	1 719	6 611	4 892
Liabilities from beneficiary financed subsidy	1 206	1 599	393
Reclassified subsidy agreements with debit balance	2 929	2 130	- 799
Recuperated materials used	100	57	- 43
Short-term liabilities related to managed state-owned assets, total	1 643	3 801	2 158
Liabilities related to managed state-owned assets, total	920 739	864 644	- 56 095

Table 29: 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)	2018	2019	Change
Plenishment obligation, opening	27 088	27 088	0
Ordinary depreciation charge	0	0	0
Extraordinary depreciation	0	0	0
Improvement, renovation of managed state-owned assets from own funds (-)	0	0	0
Contribution in kind	0	-27 088	-27 088
Replenishment obligation recognised after the amendment of the Act on the State Property took effect in accordance with the rules effective before 28 June 2013	0	-27 088	-27 088
Ordinary depreciation charge	54 808	54 774	-34
Extraordinary depreciation	4 316	3 017	-1 299
<i>of which - NIF projects handed over in the reporting year</i>	539	0	-539
<i>- Capital projects and tangible assets from scrapping</i>	3 777	3 017	-760
<i>- Extraordinary depreciation of development projects on managed state-owned</i>	0	0	0
Net value of missing managed state-owned assets	1	4	3
Net value of scrapped managed state-owned assets written off	59	31	-28
Materials recuperated from scrapped managed state-owned assets (-)	-428	-243	185
Forgiven replenishment obligation (-)	-58 756	-57 583	1 173
Replenishment obligation recognised after the amendment of the Act on the State Property took effect in accordance with the rules effective after 27 June 2013	0	0	0
replenishment obligation (VPK), closing	27 088	0	-27 088
Used of managed state-owned recuperated materials for maintenance, restoration	0	0	0
Liabilities related to the decrease in managed state-owned assets, total	27 088	0	-27 088

Table 30: 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

Short-term loans include the current instalment of loans for capital projects (HUF 6,148 million).

II.1.6.3.2 Other current liabilities

figures in mHUF

Item	2018	2019	Difference
Liabilities related to development subsidies	4 898	9 331	4 433
<i>of which: Current liabilities related to managed state-owned assets</i>	<i>1 643</i>	<i>3 801</i>	<i>2 158</i>
Light railway development	0		0
Wages and salaries	4 378	4 785	407
Capital injection paid but not registered (see Note II.1.4.1.)	0		0
Taxes payable	4 123	4 320	197
Subsidy	0	462	462
Other liabilities deducted from the employer	137	142	5
Unbilled liabilities	0		0
Security deposit of competitive negotiation	85	125	40
Damages payable	8	48	40
Other liabilities	92	29	-63
Tender deposit	0	0	0
Caution money	112	6	-106
Late payment penalties payable	2	2	0
Other current liabilities, total	13 835	19 250	5 415

Table 31: 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	12 442	17	12 459
Total:	12 442	17	12 459

Table 32: Liabilities to related parties

II.1.7 Accrued expenses and deferred income

figures in mHUF

Item	2018.	2019.	Change
Deferred income			
Pre-billed rents (RE-FX)	763	760	-3
Unbilled revenues (credited)	91	91	0
Optical network use	7 227	6 973	-254
Other income	227	208	-19
Deferred income, total:	8 308	8 032	-276
Prepaid expenses			
Unbilled expenses	3 152	3 607	455
Invoices booked for the next financial year	0	11	11
Other costs	20	0	-20
Services in progress, reclassified	-2	0	2
Calculated amount of public utilities not billed	698	888	190
Interest due for the reporting period	8	4	-4
Late payment interest, penalties and damages related to the reporting period	29	0	-29
Incentives and related taxes	54	219	165
Prepaid expenses, total:	3 959	4 729	770
Deferred extraordinary income			
Development subsidies	23 895	23 341	-554
Surplus tangible assets	749	728	-21
Tangible assets received free of charge (as gift)	118	114	-4
Other tangible assets	1 237	1 105	-132
Deferred extraordinary income, total:	25 999	25 288	-711
Total:	38 266	38 049	-217

Table 33: Accrued expenses and deferred income

II.1.8 Off-balance sheet items

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

In 2019, MÁV Zrt. did not sign any loan agreements under which disbursements would have to be made in 2020.

II.1.8.2 Hedging transactions

		figures in mHUF	
Contract		P&L effect	Cash flow effect
Clearing contracts	Forward/Future	0,0	0,0
	Swaps	0,0	0,0
	Options	0,0	0,0
	Total:	0,0	0,0
Delivery contracts	Forward/Future	1,8	1,8
	Swaps	0,0	0,0
	Options	0,0	0,0
	Total:	1,8	1,8
Total:		1,8	1,8
of which	Hedge	1,8	1,8
	Non-hedge	0,0	0,0
	Total:	1,8	1,8
of which	SE	0,0	0,0
	OTC	1,8	1,8
	Total:	1,8	1,8

*: The profit and loss impact and the cash flow impact was quantified based on the official central bank rates at maturity

Table 34: Forward and future hedges

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

MÁV Zrt's foreign exchange balances in EUR and in HUF on an EUR basis showed a deficit of EUR 14,720 thousand at the end of 2019, which is by EUR 1,540 thousand over plan. The most important factor behind this difference was procurements settled in EUR for EUR 1,582 thousand more than planned.

The total EUR deficit was EUR 39,894 thousand and included debt service payable in EUR in relation to multiple-unit trains, which is billed by the Company to MÁV-START Zrt. as part of the rent, thereby assigning all the risks to MÁV-START Zrt.

There was a brief period after the approval of the business plan to hedge the planned foreign exchange deficit at good rates and an EUR 3,170 thousand future buy contract was made. Spot buy contracts of EUR 35,235 thousands were made and our exposure related to property rents was recognised in HUF. As the interest rate risk and the price fluctuation risk of bulk commodity (e.g. gasoline) are immaterial, no hedging contract was made for such risks in 2019.

The above table reflects the profit and loss and cash flow effects of the single hedging contract made in 2019 and realised until the balance sheet date.

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
Ministry for National Development*	Accidental damage	Raiffeisen	2020.01.01	2020.12.31	1 000
National Tax and Customs Authority	excise guarantee	OTP	2020.01.01	2020.12.31	300
Bank guarantees, total:					1 300
* legal predecessor: National Transport Authority					

Table 35: Guarantee agreements at the balance sheet date

As at 31 December 2019, 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 2019 (HUF million)	Security
CA-CIB Konzorcium (30 Flirt funding)	2 078	30 Flirt trains
Raiffesen Bank Zrt. Konzorcium (+30 Flirt funding)	7 676	30 Flirt trains

Table 36: 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. (merged into MÁV-START Zrt. as of 1 January 2014).

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

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

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	2020.	2021.	Total
Development loan			
CA-CIB Konzorcium (30 FLIRT funds)	6	0	6
Raiffeisen Bank Zrt. Konzorcium (+30 FLIRT funds)	52	20	72
Grand total:	58	20	78

Table 37: 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					
Partner	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	5 291
Raiffeisen Ingatlan Alap	Property rent	2013.05.06	2024.05.06	105	5 503
Magyar Telekom Nyrt	mutual infrastructure and service general contract: 67103-743999/2004.,	2004.09.30	indefinite	20	n/a
Forse Kft	Worker accommodation	2012.04.07	2021.04.07	13	190
DIO IMMO Kft	Employee apartment rent (KMVN Zrt)	2017.03.01	2020.03.01	3	6
Máriássy Ház	Property rent (KMVN Zrt.)	2017.04.03	2022.04.03	3	81
DIO IMMO Kft	Manager apartment rent (KMVN ZRt)	2017.03.01	2022.03.01	3	78
Invitech Zrt.	Invitel internet service: 275165/2014	2014.06.26	indefinite	1	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	2021.09.30	1	28
B+N Referencia ipari, kereskedelmi és szolgáltató Zrt	Uniforms and related services rented	2019.05.01	2022.05.31	1	35
Other contracts		1969.03.26. various contracts	definite/indefinite	10	125
				413	11 337

Table 38: 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	2018.		2019.		Change
	Amount	%	Amount	%	
Rail infrastructure operations	143 909	93,09	148 265	93,43	4 356
Of which: Network access services	95 043	61,48	94 835	59,76	-208
Special services provided by MÁV Zrt.	318	0,21	300	0,19	-18
Traction electricity and fuel supply	32 648	21,12	36 470	22,98	3 822
Property rental and management	10 755	6,96	11 559	7,28	804
Rail safety services	516	0,33	508	0,32	-8
Other rail infrastructure services	4 629	2,99	4 593	2,89	-36
Passenger transport	134	0,09	130	0,08	-4
Other activities	10 554	6,83	10 294	6,49	-260
Of which: Materials sold and inventory management	75	0,05	131	0,08	56
Rail vehicle rental	6 763	4,38	6 316	3,98	-447
Property rental and management	2 147	1,39	2 159	1,36	12
Other services (central services etc.)	1 569	1,01	1 688	1,06	119
Total:	154 597	100,00	158 689	100,00	4 092

Table 39: Net sales revenues by activity

Net sales revenues increased by HUF 4,092 million in total in the reporting year, primarily due to an increase in revenues from rail infrastructure operations (HUF 4,356 million).

The majority of sales revenues from rail infrastructure operations (HUF 105,073 million) was settled with MÁV-START Zrt.

MÁV Zrt. had a valid infrastructure access agreement with 50 entities with access rights on 31 December 2019. With regard to the distribution of accounted infrastructure access performance by each entity with access rights, most of the revenues (89.7%) 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 534 million.

Revenues from the sale of traction electricity increased compared to the basis year, as both the volume and the specific tariff of traction electricity also increased. As the decline in traction fuel volumes was not set off by the increase in its specific rates, revenues from traction fuel sales decreased in 2019.

Railtrack operations revenues from rented properties increased by HUF 804 million.

Net sales revenues from other activities were by HUF 260 million less than in the previous year mostly as a result of a HUF 447 million decline in railway vehicle rental revenues which was partly offset by a HUF 113 million increase in revenues from consignment services.

II.2.1.2 Export and import sales revenues

figures in mHUF

Country	2018						2019					
	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	7	7	556	181	737	0	9	9	284	126	410
Austria	0	101	101	718	12	730	0	36	36	529	31	560
Italy	0	39	39	0	-1	-1	0	26	26	0	1 160	1 160
Slovakia	0	1 348	1 348	5	3	8	0	1 777	1 777	5	1	6
Czech Republic	0	4	4	604	0	604	0	16	16	766	0	766
Slovenia	0	0	0	0	1	1	0	0	0	0	1	1
Poland	0	1	1	18	0	18	0	0	0	35	0	35
France	0	16	16	178	103	281	0	7	7	242	70	312
Belgium	0	0	0	0	20	20	0	0	0	0	21	21
Greece	0	5	5	0	0	0	0	1	1	0	0	0
Holland	0	0	0	0	13	13	0	0	0	0	12	12
Ireland	0	0	0	0	0	0	0	0	0	0	2	2
Romania	0	5	5	0	0	0	0	3	3	0	2	2
Croatia	0	0	0	67	0	67	0	0	0	0	0	0
Bulgaria	0	5	5	0	0	0	0	1	1	0	0	0
EU countries total:	0	1 531	1 531	2 146	332	2 478	0	1 876	1 876	1 861	1 426	3 287
Serbia	0	0	0	175	0	175	0	0	0	0	0	0
Ukraine	0	0	0	0	15	15	0	0	0	0	12	12
Russia	0	0	0	0	3	3	0	0	0	0	3	3
South-Korea	0	0	0	0	0	0	0	0	0	0	2	2
Kazakhstan	0	0	0	0	0	0	0	0	0	0	1	1
Vietnam	0	0	0	0	1	1	0	0	0	0	0	0
Non-EU countries total:	0	0	0	175	19	194	0	0	0	0	18	18
Grand total:	0	1 531	1 531	2 321	351	2 672	0	1 876	1 876	1 861	1 444	3 305

Table 40: Exports and imports

II.2.2 Analysis of expenses by type

The Company's expenses, cost of goods sold and services resold (intermediated) in 2019:

figures in mHUF

Item	2018.		2019.	
	Amount	Ratio (%)	Amount	Ratio (%)
Material-type expenses total:	111 187	40,23	123 867	41,86
Payments to personnel total:	101 324	36,67	107 897	36,47
Depreciation charge total:	63 834	23,10	64 111	21,67
Total:	276 345	100,00	295 875	100,00

Table 41: Movements in expenses

II.2.2.1 Material-type expenses

figures in mHUF

Item	2018	Percentage of last year's total cost	2019	Percentage of current year's total cost	Change
Material costs					
Electricity	3 357	1,21	4 191	1,42	834
Gas	1 958	0,71	2 405	0,81	447
Water and sewage	383	0,14	376	0,13	-7
Fuel	1 286	0,47	1 442	0,49	156
Railtrack technical materials	8 824	3,19	10 940	3,70	2 116
Clothes	898	0,32	1 394	0,47	496
Other materials	2 842	1,03	3 008	1,02	166
Material costs, total:	19 548	7,07	23 756	8,04	4 208
Services used					
Track maintenance	12 792	4,63	12 687	4,29	-105
Traction, shunting	3 558	1,29	3 490	1,18	-68
Railtrack metering, cleaning, welding	3 997	1,45	4 666	1,58	669
Vehicle rental income	3 290	1,19	3 270	1,11	-20
Other rail operation services (vehicle maintenance, cleaning, on-call emergency, ticket control etc.)	1 357	0,49	1 547	0,52	190
Building management, maintenance	8 111	2,94	9 358	3,16	1 247
Public utilities (sewage, remote heating) services	744	0,27	686	0,23	-58
Properties rented	1 157	0,42	1 362	0,46	205
IT services	3 793	1,37	3 994	1,35	201
Security	2 767	1,00	2 734	0,92	-33
Procurement and inventory management	3 739	1,35	4 123	1,39	384
Post and phone	307	0,11	324	0,11	17
Experts, tenders and author copyrights	721	0,26	956	0,32	235
Legal activities	141	0,05	227	0,08	86
Other services used	8 327	3,01	9 759	3,30	1 432
Services used, total:	54 801	19,83	59 183	20,00	4 382
Other services					
Duties and similar authority fees	848	0,31	933	0,32	85
Bank costs	221	0,08	234	0,08	13
Insurance premium	360	0,13	329	0,11	-31
Other services, total:	1 429	0,52	1 496	0,51	67
Cost of goods sold	33 658	12,18	37 606	12,71	3 948
(Consignment) services sold	1 751	0,63	1 826	0,62	75
Material-type services:	111 187	40,23	123 867	41,88	12 680

Table 42: Material-type expenses

Material-type expenses increased by 11.40% compared to the previous year. The most significant material-type expenses in the reporting year still comprised rail track maintenance, property management and maintenance services used (10.24% and 7.55%), rail infrastructure material expenses (8.83%), resold traction electricity (3.38%) and traction fuel (1.94%).

Material costs increased by 21.53% in 2019, of which the most significant was a 46.05% hike in railtrack materials.

The most significant components of services used in 2019 were still railtrack maintenance (21.44%), building management and maintenance (15.81%), railtrack metering, cleaning, welding (7.88%), and services provided by MÁV Szolgáltató Központ Zrt. (procurement, logistics, human, IT, accounting, training and administrative services). Building management and maintenance expenses increased by HUF 1,247 million.

Other services increased by HUF 67 million primarily due to rail authority charges (HUF 882 million). The most significant items in 2019 were HUF 616 million 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 220 million of bank commissions paid to credit institutions and other charges.

The cost of goods sold increased by 11.73% due to the following:

- The increase in the unit price and volume of re-sold traction electricity represents HUF - 4,903 million.
- As a result of an increase in the unit price (+1.29%) and a drop in volume (-9.66%) of re-sold traction fuel, the cost of traction fuel sold to railway companies fell by HUF 1,076 million.
- Re-sold infrastructure materials increased by HUF 111 million compared to the basis year, resulting mostly from the sale of railway crushed stone, steel tracks and concrete sleepers.

II.2.2.2 Personnel related expenses

figures in mHUF

Item	2018.	Percentage of the costs in 2018	2019.	Percentage of the costs in 2019	Change
Payroll costs	73 430	26,57	78 675	26,59	5 245
Other payments to personnel	10 530	3,82	10 991	3,72	461
Payroll taxes and contributions	17 364	6,28	18 231	6,16	867
Payments to personnel total:	101 324	36,67	107 897	36,47	6 573

Table 43: Personnel related expenses

Payments to personnel increased by HUF 6,573 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, 12.00% in 2018 and 5% in 2019. Contributions paid by MÁV Zrt. into pension funds for the employees increased by 0.50 percentage points to 4% in 2019.

At the year-end, high performing staff at the local directorates (cca. 2,000 employees) were rewarded with a bonus of typically HUF 50,000, gross. Besides, key railway workers with a base monthly salary of up to HUF 280,000 (cca. 9,700 employees) were rewarded with HUF 30,000 SZÉP Card benefits. Staff in service for over 35 years (cca. 2,800 employees) were given a loyalty bonus of HUF 80,000, gross, at the year-end.

Payments to personnel decreased as a result of fewer public workers and the reduction of the social contribution tax from 19.50% to 17.50% effective as of July 2019, and increased due to a salary increase from payroll charges saved.

II.2.2.3 Depreciation

figures in mHUF

Item	2018.	Percentage of the costs in 2018	2019.	Percentage of the costs in 2019	Change
Depreciation of managed state-owned assets	54 807	19,83	54 774	18,51	-33
Depreciation of MÁV Zrt's assets	9 027	3,27	9 337	3,16	310
Depreciation charge	63 834	23,10	64 111	21,67	277

Table 44: 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	2018.	%	2019.	%	Change
<i>Disposal of tangible and intangible assets</i>	533	0,37	511	0,33	-22
<i>Reversed extraordinary depreciation of tangible and intangible assets</i>	4	0,00	0	0,00	-4
<i>Reversed impairment loss on inventories</i>	0	0,00	0	0,00	0
<i>Factored receivables</i>	0	0,00	0	0,00	0
<i>Reversed impairment loss on receivables</i>	7	0,00	147	0,10	140
<i>Written of bad debts collected</i>	0	0,00	0	0,00	0
<i>Damages received</i>	227	0,16	179	0,12	-48
<i>Late payment interest received</i>	65	0,05	251	0,16	186
<i>Penalties collected</i>	298	0,21	275	0,18	-23
<i>Provisions released</i>	9 511	6,68	6 716	4,39	-2 795
Of which: Provisions for expected liabilities, released	6 111	4,29	4 720	3,08	-1 391
Provisions for future expenses, released	3 070	2,16	1 087	0,71	-1 983
Provisions for unrealised foreign exchange losses, released	330	0,23	909	0,59	579
<i>Deferred income reversed due to operating costs and expenses</i>	1 927	1,35	1 762	1,15	-165
Of which: Deferred income reversed due to non-current assets received free of charge or surplus assets	29	0,02	26	0,02	-3
Reversed deferred government subsidy	1 775	1,25	1 640	1,07	-135
Reversed deferred debt forgiven by the government	109	0,08	81	0,05	-28
<i>Subsidies and allowances received to funds costs and expenses</i>	68 283	47,96	82 011	53,57	13 728
Of which: Operating cost reimbursement, rail infrastructure	65 485	45,99	78 753	51,44	13 268
Subsidy for Budapest-Belgrad railway development project costs	1 767	1,24	1 730	1,13	-37
Public workers	692	0,49	414	0,27	-278
<i>Positive difference between the book values contributed to the Company and the values in the articles of association</i>	0	0,00	3 061	2,00	3 061
<i>Income from assets received free of charge and surplus assets</i>	31	0,02	98	0,06	67
<i>Miscellaneous other income</i>	61 494	43,20	58 071	37,94	-3 423
Of which: Replenishment obligation forgiven	58 756	41,27	57 583	37,62	-1 173
Subsidy for capital increase	1 865	1,31	0	0,00	-1 865
Forgiven and barred liabilities	7	0,00	1	0,00	-6
Other income recognised in connection with collected impaired receivables	248	0,17	170	0,11	-78
Total:	142 380	100,00	153 082	100,00	10 702

Table 45: Other income

Change in other income in 2019 was caused by the following significant items:

- Gains on the disposal of intangible assets and tangible assets were by HUF 22 million less than in 2018. Of the HUF 511 million recognised in 2019. HUF 485 million was from property disposals.
- The decrease in released provisions for expected liabilities was due largely to the use of less provisions for environmental liabilities (-830 million HUF), for other litigations (-499 million HUF), for annuities payable (-463 million HUF). This increase was partly offset by increases in the use of provisions for uniform expenses (+315 million HUF), for employment termination liabilities (+254 million HUF), and for litigations (+148 million HUF).
- In 2019, HUF 1,983 million less provision for future expenses was released as a result of HUF 2,273 million decrease in the use of provision for the enhanced maintenance of assets acquired from EU funds. This was partly offset by a HUF 376 million increase in the use of provision for demolition costs.
- The release of the provision for unrealised foreign exchange losses was HUF 579 million more in 2019 than in 2018.
- Provisioning and release of provisions are presented in II.1.5. Provisions.
- Reversed deferred extraordinary income was by HUF 165 million less in 2019.
- Reimbursement of operational expenses received for 2019 were by HUF 13,268 million more than in 2018. The wage increase was funded, again, by the Ministry for Innovation and Technology, the entity that orders railtrack operations, as reimbursement of operating expenses.
- 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 2019, the Company recognised subsidies received in an amount equalling the impairment loss recognised on the above investments (HUF 1,730 million) as other income.
- The term of the agreement with the relevant authority to employ public workers was from 11 July 2018 to 28 February 2019, under which MÁV Zrt. agreed to employ an average of 540 public workers. A new public work programme (No. BM/2638-21/2019) was launched from 11 March 2019 to 29 February 2020, under which MÁV Zrt. employed an average of 450 public workers. Of the related subsidy, HUF 414 million as used and recognised as other income.
- Other income recognised in 2019 included subsidies of HUF 681 million and HUF 207 million received to cover the costs of the Rákospuszta Station property utilisation project and for light railway development.
- Further to decision No. 25/208/2019 of the Founder, MÁV Zrt. made a capital injection of HUF 3,061 million into MÁV-START Zrt's share premium by contributing 1,305 railcars to MÁV-START Zrt. The HUF 3,061 million positive difference between the value of the contributed assets as per the articles of association and their book value was recognised as other income.
- In 2019, the majority of various other income comprised amounts received as a waiver of the replenishment obligation (VPK). In line with the extraordinary depreciation of state-owned tangible and intangible assets (-1,300 million HUF) and the recuperated materials from scrapped tangible assets (+185 million HUF), the waived replenishment obligation also decreased (-1,173 million HUF).

As opposed to 2019, in 2018 a capital injection of HUF 1,865 million by share premium took place in MÁV-START Zrt. from state subsidies received.

II.2.3.2 Other expenses

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

Item	figures in mHUF				
	2018.	%	2019.	%	Change
<i>Expenses on disposed of tangible assets, AICC and intangible assets</i>	83	0,53	68	0,63	-15
<i>Expenses on scrapped and missing tangible assets, AICC and intangible assets</i>	-317	-2,02	-199	-1,84	118
<i>Extraordinary depreciation of tangible and intangible assets</i>	4 504	28,65	3 109	28,78	-1 395
<i>Inventories impaired, scrapped</i>	113	0,72	90	0,83	-23
<i>Missing inventories</i>	35	0,22	81	0,75	46
<i>Impairment loss on debtors</i>	465	2,96	281	2,60	-184
<i>Bad debts written off</i>	15	0,10	13	0,12	-2
<i>Book value of factored receivables</i>	0	0,00	0	0,00	0
<i>Losses due to damage events</i>	513	3,26	804	7,44	291
<i>Late payment interest paid</i>	38	0,24	-25	-0,23	-63
<i>Damages paid</i>	32	0,20	19	0,18	-13
<i>Extra tax due to self-correction</i>	2	0,01	4	0,04	2
<i>Taxes and similar charged</i>	1 668	10,61	1 637	15,16	-31
Of which: Utilities tax	669	4,26	666	6,17	-3
Building tax	567	3,61	571	5,29	4
Land tax	16	0,10	16	0,15	0
Innovation contribution	310	1,97	301	2,79	-9
<i>Penalties, fines</i>	49	0,31	115	1,06	66
<i>Provisions made</i>	7 497	47,69	4 367	40,43	-3 130
Of which: Provisions for expected liabilities	3 461	21,09	4 132	38,26	671
Provisions for future expenses	4 037	25,68	235	2,18	-3 802
<i>Negative difference between the book values contributed to the Company and the values in the article of association</i>	1	0,01	0	0,00	-1
<i>Assets transferred free of charge, services supplied free of charge</i>	569	3,62	-239	-2,21	-808
<i>Miscellaneous other expenses</i>	452	2,89	676	6,25	224
Of which: Housing grant to employee	1	0,01	2	0,02	1
Forgiven debt	2	0,01	0	0,00	-2
Total:	15 719	100,00	10 801	100,00	-4 918

Table 46: Other expenses

- Extraordinary depreciation recognised in 2019 on state owned tangible assets totalled HUF 3,017 million, and HUF 92 million charged on own tangible assets.
- The total of expenses related to making provisions for expected liabilities was by HUF 671 million more than in 2018, mainly as a result of changes in environmental provisions (+1,466 million HUF), provisions for damages (+144 million HUF), provision for annuities (-428 million HUF), provision made for track damage prevention (-300 million HUF) and in provisions for uniforms (-178 million HUF). Further details on the creation and release of provisions can be found in chapter II.1.5. Provisions.
- Penalties and similar charges increased by HUF 66 million (134.69%) mainly as a result of a penalty of HUF 93 million paid to Nemzeti Eszközkezelő Zrt.
- Other expenses recognised in the reporting year for assets transferred or services supplied free of charge were HUF 808 million less than in the previous year. The decrease was due to a HUF -239 million adjustment of asset transferred and services provided to MÁV FKG Kft. free of charge in accordance with the guidance of the tax authority.

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	2018.	%	2019.	%	Change
<i>Dividends received (due)</i>	3 952	97,56	3 016	98,11	-936
<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>	9	0,22	4	0,13	-5
<i>Interest received (due) and similar income</i>	14	0,35	3	0,10	-11
<i>Realised foreign exchange gains on receivables and liabilities in foreign exchange</i>	58	1,43	43	1,40	-15
<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>	18	0,44	8	0,26	-10
Total:	4 051	100,00	3 074	100,00	-977

Table 47: Financial income

Dividends received in the reporting year amounted to HUF 3,016 million. Further details on dividends are presented in Table 94.

II.2.4.2 Financial expenses

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

figures in mHUF					
Item	2018.	%	2019.	%	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>	142	3,83	90	2,58	-52
<i>Other interest paid (payable) and similar charges</i>	4	0,11	0	0,00	-4
<i>Impairment on shareholdings, securities, bank deposits and long-term loans given</i>	1 872	50,49	1 710	49,10	-162
<i>Realised exchange loss on foreign exchange receivables and liabilities</i>	1 690	45,58	1 683	48,32	-7
<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>	0	0,00	0	0,00	0
<i>Other financial expenses</i>	0	0,00	0	0,00	0
Total:	3 708	100,00	3 483	100,00	-225

Table 48: Financial expenses

Compared to 2018, 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 52 million in 2019.
- Interest paid on loans from third party contractors also dropped by HUF 2.3 million.

Owing to disadvantageous foreign exchange fluctuations, foreign exchange losses on development project loans increased by HUF 7 million and totalled HUF 1,631 million.

Unrealised foreign exchange losses on foreign currency items approximated last year's figure.

Impairment losses on equity investments recognised in 2019 included HUF 1,730 million for Kínai-Magyar Vasúti Nonprofit Zrt. and HUF 24 million for MÁV-THERMIT Kft. as a result of the following:

- The project company established for construction of the Budapest-Belgrade line does not have any gains from operations and its equity is shrinking.
- MÁV-THERMIT Kft. suspended production effective as of 1 January 2020 and is under planned voluntary liquidation.

No impairment loss recognised on equity investments was reversed in 2019.

II.2.5 Income from and expenses on related parties

figures in mHUF

Item	Fully consolidated entities	Not fully consolidated entities	Total
Income			
Sales revenues, net	117 158	637	117 795
Other income	3 672	2	3 674
Financial income	2 246	0	2 246
Income, total:	123 076	639	123 715
Expenses			
Material-type services	64 542	413	64 955
Of which: Material costs	3 274	0	3 274
Services used	34 006	20	34 026
Other services	1	0	1
Costs of sold goods	25 725	183	25 908
(Consignment) services sold	1 536	210	1 746
Payments to personnel	285	5	290
Other expenses	205	2	207
Financial expenses	0	1 730	1 730
Expenses, total:	65 032	2 150	67 182

Table 49: Income from and expenses on related parties

MÁV Zrt. recognised in respect of its related parties:

- 39.17% of its revenues (of which: MÁV-START Zrt.: 37.42%, MÁV Szolgáltató Központ Zrt.: 0.82%, MÁV FKG Kft.: 0.29%),
- 45.76% of all of its expenses (of which: MÁV-START Zrt.: 21.32%, MÁV Szolgáltató Központ Zrt.: 11.18%, MÁV FKG Kft.: 9.93%).

II.2.6 Corporate tax base adjusting items

figures in mHUF

Item	Increasing	Reducing	Change in tax base
Pre-tax profit or loss			10 980
Adjustment due to provision	4 367	5 808	-1 441
Adjustment due to depreciation	65 732	75 601	-9 869
Dividends received		3 016	-3 016
Unpaid tax, fine, penalty	20		20
Impairment loss on receivables recognised/reversed	281	323	-42
Lapsed claim (incontestable at court)	12	53	-41
Non-refundable grant/amounts/assets given/received free of charge	417		417
Expense/income identified by tax audit/self-correction	2 589	1 102	1 487
Vocational trainees employed			0
Housing aid as mobility incentive			0
Workers' hostel rent		124	-124
Non-arm's length basis price between related parties	12	8	4
Donation		36	-36
Liability assumed or forgiven by the State of Hungary		57 583	-57 583
Renovation, maintenance of listed buildings		0	0
Total:	73 430	143 654	-70 224
Tax base:			-59 244

Table 50: 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 57,583 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, and a comprehensive tax audit of the years 2015 and 2016 was completed in 2019.

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	2018.	2019.	Change
01.	Domestic sales revenues, net	153 066	156 813	3 747
02.	Export sales revenues, net	1 531	1 876	345
I.	Sales revenues, net	154 597	158 689	4 092
03.	Direct cost of sales	206 813	220 758	13 945
04.	Cost of sold goods	33 658	37 606	3 948
05.	(Consignment) services sold	1 751	1 826	75
II.	Direct cost of sales	242 222	260 190	17 968
III.	Gross profit on sales (I-II.)	-87 625	-101 501	-13 876
06.	Selling and distribution expenses	377	441	64
07.	Administrative costs	28 224	28 950	726
08.	Other general costs	0	0	0
IV.	Indirect cost of sales	28 601	29 391	790
V.	Other income	142 380	153 082	10 702
VI.	Other expenses	15 719	10 801	-4 918
A.	Operating profit or loss	10 435	11 389	954
VII.	Financial income	4 051	3 074	-977
VIII.	Financial expenses	3 708	3 483	-225
B.	Financial profit or loss	343	-409	-752
C.	Pre-tax profit or loss	10 778	10 980	202
IX.	Tax liability	0	0	0
D.	After tax profit or loss	10 778	10 980	202

Table 51: 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 2019.

II.3 Cash flow statement

figures in mHUF

Serial No.	Item	2018.	2019.
I.	Operating cash flows (lines 1-13)	11 030	4 828
1a.	Pre-tax profit or loss +	10 778	10 980
	of which: operating subsidy received	593	454
	of which: public service reimbursement subsidy received	71 300	68 277
1b.	Dividends received -	-3 952	-3 016
1c.	Amounts transferred/received free of charge recognised in profit or loss +	416	487
1d.	Revaluation of cash and cash equivalents held in foreign exchange +	-2	-2
1e.	Gain or loss on long-term liabilities forgiven/assumed +	-109	-81
1f.	Unrealised foreign exchange gain or loss on non-current assets and long-term liabilities +	617	264
1g.	Realised foreign exchange gain and loss on recovery of long-term loans granted and the repayment of long-term liabilities +	347	112
1h.	Unspecified pre-tax profit adjusting items related to managed state-owned assets +	-58 757	-57 584
1i.	Non-current assets contributed (contribution in kind) +	0	-3 061
1j.	Non-current assets transferred free of charge +	0	0
1k.	Other unspecified pre-tax profit adjusting items +	-281	-210
1.	Adjusted pre-tax profit or loss (1a+1b+1c+1d+1e+1f+1g+1h+1i+1j+1k) +	-50 943	-52 111
2.	Amortisation charge +	63 834	64 111
3.	Impairment loss recognised/reversed +	6 626	4 845
4.	Difference between provisions made and used +	-2 014	-2 349
5.	Disposal of non-current assets +	-450	-443
6.	Movements in creditor +	-4 410	613
7.	Movements in other current liabilities +	-7 457	8 048
7a.	Movements in inter-division settlements (liabilities) +	0	0
8.	Movements in accrued expenses and deferred income +	-571	-1 613
9.	Movements in debtors +	776	-879
10.	Movements in current assets (less debtors and liquid assets) +	5 363	-18 176
10a.	Movements in inter-division settlements (assets) +	0	0
11.	Movements in prepaid expenses and accrued income +	276	2 782
12.	Corporate tax liability -	0	0
13.	Dividends payable -	0	0
II.	Investing cash flows (lines 14-18)	-30 493	-33 133
14.	Acquisition of non-current assets -	-35 033	-36 690
15.	Disposal of non-current assets +	528	510
16.	Long-term loans granted repaid, long-term bank deposits cancelled, cashed +	60	31
17.	Long-term loans granted and bank deposits placed -	0	0
18.	Dividends received +	3 952	3 016
III.	Financing cash flow (lines 19-27)	5 809	19 271
19.	Income from shares issued (capital addition) +	0	0
20.	Income from the issue of bonds, debt securities +	0	0
21.	Loans taken and borrowings +	0	0
22.	Amounts received free of charge +	16 991	28 154
23.	Disinvestment (capital reduction) -	0	0
24.	Repayment of bonds, debt securities -	0	0
25.	Repayment of loans and borrowings -	-10 798	-8 172
26.	Amounts transferred free of charge -	-416	-487
27.	Changes in other long-term liabilities +	32	-224
IV.	Cash flow (I.+II.+III.)	-13 654	-9 034
28.	Revaluation of cash and cash equivalents held in foreign exchange +	2	2
V.	Change in cash and cash equivalents (IV.+28.)	-13 652	-9 032

Table 52: Cash flow statement

In respect to the lines below, the amounts in the above operating cash flow lines and the corresponding balance sheet lines are not the same as the actual changes and the differences are over the materiality threshold of HUF 1,000 million as set out in our accounting policies. The key reasons for the differences are as follows:

- Line 7 Movements in other current liabilities: HUF 1,582 million, of which HUF 1,546 million was renovation reimbursement remained from previous years and used for state-owned assets in the reporting year,
- Line 8 Movements in accrued expenses and deferred income: a HUF 1,396 million decrease, of which HUF -1,405 million was adjustment related to subsidised own assets,

- Line 10 Movements in current assets (less debtors and liquid assets): a HUF 2,295 million decrease, of which HUF -2,045 million was capital injection contributed in the previous year but registered in the reporting year.

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

figures in mHUF

Fixed asset ratio

$$\frac{\text{Non-current assets}}{\text{Total assets}} = \frac{1\,158\,114}{1\,232\,127} = 93,99\% \quad (\text{basis: } 94,49 \%)$$

Tangible asset margin

$$\frac{\text{Equity}}{\text{Own tangible assets}} = \frac{242\,885}{138\,512} = 175,35\% \quad (\text{basis: } 142,75 \%)$$

$$\frac{\text{Equity} + \text{Government funds}}{\text{Tangible assets}} = \frac{1\,107\,529}{998\,524} = 110,92\% \quad (\text{basis: } 109,06 \%)$$

Gross margin

$$\frac{\text{Equity}}{\text{Own non-current assets}} = \frac{242\,885}{296\,768} = 81,84\% \quad (\text{basis: } 69,12 \%)$$

$$\frac{\text{Equity} + \text{Government funds}}{\text{Non-current assets}} = \frac{1\,107\,529}{1\,158\,114} = 95,63\% \quad (\text{basis: } 94,84 \%)$$

Current assets to non-current assets

$$\frac{\text{Current assets}}{\text{Non-current assets}} = \frac{68\,502}{1\,158\,114} = 5,91\% \quad (\text{basis: } 5,13 \%)$$

Equity and liabilities

Capital strength

$$\frac{\text{Equity}}{\text{Equity\&liabilities}} = \frac{242\,885}{1\,232\,127} = 19,71\% \quad (\text{basis: } 16,32 \%)$$

$$\frac{\text{Equity}}{\text{Equity\&liabilities} - \text{Government funds}} = \frac{242\,885}{367\,483} = 66,09\% \quad (\text{basis: } 61,12 \%)$$

Gearing

$$\frac{\text{Debt}}{\text{Equity}} = \frac{922\,919}{242\,885} = 379,98\% \quad (\text{basis: } 479,10 \%)$$

$$\frac{\text{Equity\&liabilities} - \text{Government funds}}{\text{Equity}} = \frac{58\,275}{242\,885} = 23,99\% \quad (\text{basis: } 30,02 \%)$$

Indebtedness

$$\frac{\text{Debt}}{\text{Equity\&liabilities}} = \frac{922\,919}{1\,232\,127} = 74,90\% \quad (\text{basis: } 78,19 \%)$$

figures in mHUF

Non-current liabilities ratio

$\frac{\text{Long-term liabilities}}{\text{Long-term liabilities} + \text{Equity}}$	=	$\frac{864\,859}{1\,107\,768}$	=	78,07%	(basis: 81,92 %)
$\frac{\text{Long-term liabilities} - \text{Central taxes}}{\text{Long-term liabilities} - \text{Central taxes} + \text{Equity}}$	=	$\frac{4\,016}{246\,925}$	=	1,63%	(basis: 4,56 %)

Equity growth ratio

$\frac{\text{Equity}}{\text{Issued capital}}$	=	$\frac{242\,909}{25\,000}$	=	971,64%	(basis: 836,86 %)
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Non-current asset margin

$\frac{\text{Equity}}{\text{Non-current assets}}$	=	$\frac{242\,909}{1\,158\,138}$	=	20,97%	(basis: 17,27 %)
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Profitability ratios

<i>EBITDA (Operating profit/loss + depreciation)</i>	=	11 389	+	64 111	=	75 500	(basis: 74 269)
<i>EBITDA rate</i>	=	$\frac{\text{EBITDA}}{\text{Sales revenues, net}}$	=	$\frac{75\,500}{158\,689}$	=	47,58%	(basis: 48,04 %)
<i>Return on Sales (ROS)</i>	=	$\frac{\text{Operating profit/loss}}{\text{Sales revenues, net}}$	=	$\frac{11\,389}{158\,689}$	=	7,18%	(basis: 6,75 %)

Financial position

Working capital and liquidity

Net working capital

$\text{Current assets} - \text{Current liabilities}$	=	68 345	-	58 060	=	10 285	(basis: 7 478)
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Liquidity ratio

$\frac{\text{Current assets}}{\text{Current liabilities}}$	=	$\frac{68\,345}{58\,060}$	=	117,71%	(basis: 114,00 %)
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Quick ratio

$\frac{\text{Current assets} - \text{Inventories}}{\text{Current liabilities}}$	=	$\frac{55\,710}{58\,060}$	=	95,95%	(basis: 92,82 %)
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Cash liquidity ratio

$\frac{\text{Cash and cash equivalents}}{\text{Current liabilities}}$	=	$\frac{9\,433}{58\,060}$	=	16,25%	(basis: 34,58 %)
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II.5 Balance sheet and profit and loss account affecting previous years

The effect of errors identified in 2019 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			
	2018	Released	Made	2019
Illegal waste	2 513	150	0	2 363
Soil and seepage pollution liabilities	1 683	145	103	1 640
Protection of technical structures of gasoline forwarding and drawing systems	1 480	0	0	1 480
Elimination of cross-sleepers	1 097	830	1 093	1 360
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
Assesment of unused sewers, utilities mapping	66	0	0	66
Concrete bed and other scrap concrete removal	0	0	547	547
Liabilities total:	7 414	1 125	1 743	8 031

Table 53: Environmental provision

The Company did not have any non-distributable reserves allocated to environmental liabilities in 2019.

figures in mHUF

Item	2018	2019
Decontamination contractor and monitoring costs	500	136
Environmental service charge	420	811
Waste management	509	996
Administrative charges	4	5
Total	1 433	1 948

Table 54: 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.	<i>Cost, opening</i>	8 503	407	0	0	8 910
2.	Additions					
3.	Disposals					
4.	Reclassified					
5.	<i>Cost, closing</i>	8 503	407	0	0	8 910
6.	<i>Depreciation, opening</i>	2 681	407	0	0	3 088
7.	Ordinary depreciation	332				332
8.	Extraordinary depreciation					
9.	Extraordinary depreciation reversed					
10.	Depreciation written off					
11.	Other increase					
12.	Other decrease					
13.	Reclassified					
14.	<i>Depreciation, closing</i>	3 013	407	0	0	3 420
15.	<i>Net book value, opening</i>	5 822	0	0	0	5 822
16.	<i>Net book value, closing</i>	5 490	0	0	0	5 490

Table 55: 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 (kg)	Increase (kg)	Decrease (kg)	Closing quantity (kg)
06 01 01*	Sulphuric acid and sulphurous acid	315	0	0	315
06 01 02*	Hydrochloric acid	120	0	0	120
06 01 06*	Other acids	60	15	0	75
060404*	Mercury stained waste	11	0	11	0
080111*	Waste paint or varnish with organic solvents and other hazardous contents	364	2 000	1 703	661
080117*	Contaminated waste from the removal of paint or varnish	4	64	20	48
080317*	Waste toner with hazardous substance contents	3 108	2 881	2 660	3 329
080409*	Waste adhesives and sealing agents with organic solvents and other hazardous contents	2	2	2	2
120109*	Non-halogenous cooling and lubricant fluids and agents	10	10	10	10
120112*	Used wax and grease	0	0	0	0
130205*	Non-chlorine engine oils and lubricants	1 169	2 757	3 872	54
130307*	Mineral oil based, non-chlorine coating and heat transmission oils	298	1 780	1 333	745
130502*	Sludge from oil-water separators	0	400	400	0
130506*	Oil from oil-water separators	0	36	36	0
130507*	Water containing oil from oil-water separators	145	0	0	145
130508*	Waste mix from degitters and from oil-water separators	0	20 500	20 500	0
130701*	Heating and diesel oil	242	1 282	0	1 524
140603*	Non-halogenous solvents (washing liquid)	246	0	226	20
150110*	Waste packaging materials with hazardous content, stains	5 430	9 068	6 396	8 102
150111*	Hazardous metal packaging materials with porous matrix content (e.g. asbestos), including empty spray cans	585	627	481	731
150202*	Polluted absorbents and filters (incl. unspecified oil filters), cloths, protective clothing	15 047	22 719	11 049	26 717
160107*	Oil filters	4	0	4	0
160121*	Hazardous parts	150	0	150	0
160211*	Decommissioned equipment with HCFC, HFC content	25	0	0	25
160213*	Decommissioned equipment	3 202	815	564	3 453
160303*	Inorganic waste with hazardous contents	30	68	44	54
160305*	Organic waste with hazardous contents	959	1 484	671	1 772
160506*	Hazardous laboratory chemicals and stains	0	0	0	0
160507*	Decommissioned hazardous inorganic chemicals and stains	12	0	0	12
160601*	Lead batteries	21 354	32 606	46 157	7 803
160709*	Other waste with hazardous contents/substances	0	0	0	0
170106*	Concrete, bricks, tiles and ceramic fractions with hazardous stains	335	1 263	1 598	0
170204*	Polluted/stained glass, plastic, timber	113 937	3 886 415	3 999 180	1 172
170301*	Asphalt mix with coal tar content	234	80	260	54
170409*	Polluted metal waste (tar stained weighing cable)	152	598	73	677
170410*	Oil, tar stained or otherwise polluted cables	25 682	7 490	209	32 963
170503*	Polluted land and stone/gravel	1 821	91 286	91 198	1 909
170507*	Polluted track bedding ballast	0	0	0	0
170601*	Asbestos containing insulating materials	510	0	10	500
170603*	Other hazardous or polluted/stained insulating materials	140	0	140	0
170605*	Asbestos containing building materials	492	2 046	2 388	150
170901*	Mercury stained building and demolishing waste	0	0	0	0
170903*	Other hazardous building and demolishing waste	0	49 960	49 960	0
180103*	Other waste, the collection and disposal/elimination of which is subject to special requirements in order to avoid infection/contamination	8	22	13	17
200121*	Light tubes and other mercury containing waste	439	2 007	2 115	331
200133*	Batteries, also including those under codes 160601, 160602 and 160603	1 253	2 405	2 507	1 151
200135*	Hazardous scrapped electric and electronic equipment, other than those under codes 200121 and 200123	8 452	34 126	26 094	16 484
Total		206 347	4 176 812	4 272 034	111 125

Table 56: Movements in hazardous waste quantities

figures in mHUF

ID code	Item	Opening	Increase	Decrease	Closing
160601*	Acid battery	4	6	9	1
Total		4	6	9	1

Table 57: Movements in hazardous waste values

III.2 Research and development expenses

figures in mHUF

Item	2018	2019
Research expenses	0	0
Of which: basic research	0	0
applied research	0	0
Experimental development	0	97
Production development	0	0
Of which: capitalised	0	0
Product development	0	97
Of which: capitalised	0	0
Total:	0	97

Table 58: R&D expenses

III.3 Subsidies received

figures in mHUF

Subsidy	Amount received (approved)	Current year						Base year					
		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	Amounts available at the BS date from subsidies disbursed
Station improvement and integrated customer service development at 25 locations	9 965	6 584	298	3 083	0	27	-205	6 063	522	3 381	14	64	-177
Budapest-Belgrade railway development	2 097	827	0	1 270	0	0	-1	765	62	1 270	-54	62	-1
Children's training centre establishment (Holokauszt Gyermekáldozatainak Emlékhelye-Európai Oktatási Központ)	7 315	6 675	0	640	0	0	0	6 675	0	640	-640	0	0
INKA Project	2 616	2 616	0	0	0	0	-28	2 616	0	0	116	0	-28
Keleti railway station reconstruction	988	86	16	887	0	16	-78	14	72	903	24	72	-62
MÁV Zrt. traffic safety projects	10 858	8 600	478	1 780	37	30	-42	7 289	1 311	2 258	0	22	-176
Nyugati railway station reconstruction	1 068	65	31	972	31	24	-34	14	51	1 003	24	51	-41
P+R parking at Celldömölk	20	20	0	0	0	0	0	20	0	0	0	20	0
Route adjustment at Soroksár	1 200	1 104	92	4	-4	985	3	0	1 104	96	991	209	991
Road and rail bridge Kisköre (Tisza híd) renovation	34	33	0	0	0	20	0	0	33	0	34	13	20
Kenderes – reception building renovation	471	0	471	0	78	471	0	0	0	404	394	0	394
INKA 2	1 129	42	413	674	16	143	-141	0	42	1 087	0	15	-15
Kaposvár – Tüskevár junction development	65	65	0	0	0	65	0	0	65	0	65	0	65
Budapest-Belgrade independent engineer	6 139	92	583	5 464	500	458	42	0	92	6 047	0	0	0
Budapest-Belgrade archaeology	202	4	163	34	202	73	117	0	4	198	0	12	-12
Rákostrendező property utilisation project	750	0	682	68	300	682	68	0	0	450	450	0	450
Foothbridge renovation, maintenance at Sárvár	20	20	0	0	0	0	0	0	20	0	20	20	0
GINOP (Integrated Intelligent Railway Supervision System development)	464	0	78	386	46	78	104	0	0	464	136	0	136
RFC7 PSA	154	13	0	141	0	12	64	0	13	141	77	1	75
Light railways development subsidy	1 464	419	1 042	2	0	677	541	0	419	1 044	1 464	246	1 218
TEB Project	472	0	472	0	472	232	239	0	0	472	0	0	0
Light barriers at Kalocsa	19	0	19	0	19	19	0	0	0	0	0	0	0
Railways overhaul in the Central Danube area	7 000	0	1 231	5 769	3 700	2 674	1 026	0	0	0	0	0	0
Volánbusz bus parking facility at Déli Pályaudvar (Southern Railway Station), Budapest	80	0	0	80	80	0	80	0	0	0	0	0	0
Development of electronic railway communication networks	1 988	0	0	1 988	888	0	888	0	0	0	0	0	0
Research of self-calibrating wheel load metering network	79	0	0	79	33	0	33	0	0	0	0	0	0
RFC11 webpage development	3	0	3	0	0	0	0	0	0	0	0	0	0
Service standard improvement along route No. 80	341	341	0	0	325	0	0	341	0	0	0	0	-325
Assets acquired for the public workers programme	0	0	0	0	0	0	-2	0	0	0	0	0	0
Spektrum Programme to improve/enhance employee skills	20	0	0	20	19	0	19	0	0	0	0	0	0
Reimbursement of renovation expenses (2019)	23 031	0	21 495	1 535	23 031	21 495	1 534	0	23 294	-8 125	15 169	23 294	-8 125
Reimbursement of operating expenses (2019)	68 277	0	74 685	-6 408	68 277	74 685	-6 408	0	61 645	9 655	71 300	61 645	9 655
Total:	148 328	27 608	102 251	18 468	98 050	102 865	-2 178	23 797	88 750	21 386	89 582	85 745	4 042

Table 59: Subsidies recognised in the reporting year

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

figures in mHUF

Personnel	2018				2019			
	Payroll costs	Other payments to personnel	Total	Ratio (%)	Payroll costs	Other payments to personnel	Total	Ratio (%)
Blue collar	43 895	6 877	50 772	60,47	46 599	7 275	53 874	60,08
White collar	29 263	3 605	32 868	39,15	31 820	3 664	35 484	39,57
Inactive	272	48	320	0,38	256	52	308	0,35
Total	73 430	10 530	83 960	100	78 675	10 991	89 666	100

Table 60: Payments to personnel (less payroll taxes and social security)

figures in mHUF

Payroll taxes	2018		2019	
	Amount	%	Amount	%
Vocational training contribution based on personal base wage and time-based pay	668	3,85	699	3,84
Vocational training contribution based on other payments to personnel	371	2,14	452	2,48
Health contribution %-based	1 400	8,06	3	0,02
Rehabilitation contribution	1 083	6,24	1 161	6,37
Social contribution tax payable by the employer based on personal base wage and time-based pay	8 303	47,82	8 593	47,13
Social contribution tax payable by the employer based on other payments to personnel	5 539	31,90	7 208	39,54
Social contribution tax on certain defined benefits not attributable to natural persons	0	0,00	115	0,63
Total:	17 364	100,00	18 231	100,00

Table 61: Payroll taxes and social security

Personnel	2018			2019		
	Average statistical number	Ratio (%)	of which: public workers	Average statistical number	Ratio (%)	of which: public workers
- blue collar	12 730,23	70,08	524,87	12 351,81	68,97	318,39
- white collar	5 433,79	29,92	27,30	5 556,31	31,03	18,52
Total:	18 164,02	100,00	552,17	17 908,12	100,00	336,91

Table 62: Number of employees (persons)

Personnel	Average pay (HUF/p/m)		Average pay per category (HUF/p/m)	
	2018	2019	2018	2019
- blue collar	286 287	314 552	204 504	218 534
- white collar	443 250	473 251	369 614	380 898
Full time staff	333 053	360 634	253 458	268 652

Table 63: Average pay and pay per category including public workers

Personnel	Average pay (HUF/p/m)		Average pay per category (HUF/p/m)	
	2018	2019	2018	2019
- blue collar	295 311	320 693	209 325	222 107
- white collar	445 003	474 481	370 902	381 832
Full time staff	341 080	366 075	258 476	272 189

Table 64: Average pay and pay per category less public workers

Personnel	2018	%	of which: public workers	2019	%	of which: public workers
Full time	18 123	99,7	421	17 844	99,7	339
- blue collar	12 615	69,4	400	12 311	68,8	319
- white collar	5 508	30,3	21	5 533	30,9	20
Part time	51	0,3	0	60	0,3	0
- blue collar	13	0,1	0	8	0,0	0
- white collar	38	0,2	0	52	0,3	0
Total:	18 174	100,0	421	17 904	100,0	339

Table 65: 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	2018	2019	Change
Senior officers	98	83	-15
Supervisory Board	14	16	2
Total:	112	99	-13

Table 66: 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 2019.

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 2019)	MÁV (31 Dec 2019)	Founded at	Postcode	Seat	Address	Issued capital 31 Dec 2019	Issued capital MÁV 31 Dec 2019	Reserves* 31 Dec 2019	After tax profit or loss* 31 Dec 2019	Equity* 31 Dec 2019
KIL180	MÁV-START Zrt.	0,00%	100,00%	100,00%	2007.01.11	1087	Budapest	Könyves Kálmán körút 54-60.	45 000 000 000	45 000 000 000	85 696 908 757	2 152 403 797	132 849 312 554
KIL101	MÁV FKG Kft.	0,00%	99,99%	99,99%	1993.12.31	5137	Jászkisér	Jászládányi út 10.	1 504 760 000	1 504 660 000	2 292 141 898	1 306 506 990	5 103 408 888
KIL131	MÁV KfV Kft.	0,00%	99,98%	99,98%	1996.09.01	1097	Budapest	Péceli utca 2.	569 400 000	569 300 000	2 158 608 086	853 555 742	3 581 563 828
KIL194	MÁV-HÉV Zrt.	0,00%	100,00%	100,00%	2016.09.09	1087	Budapest	Könyves Kálmán körút 54-60.	11 000 000 000	11 000 000 000	7 418 398 838	357 081 017	18 775 479 855
KIL179	ZÁHONY-PORT Zrt.	0,00%	100,00%	100,00%	2006.08.31	4625	Záhony	Európa tér 12.	11 000 000	11 000 000	280 130 896	30 664 721	321 795 617
KIL138	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	1 436 666 134	318 767 888	2 556 434 022
KIL020	MÁV VAGON Kft.	0,00%	0,04%	0,04%	1992.12.30	8000	Székesfehérvár	Takarodó utca 1.	243 980 000	100 000	315 698 000	339 290 000	898 968 000
Fully consolidated subsidiaries, total									59 130 140 000	58 883 060 000	99 598 552 609	5 358 270 155	164 086 962 764
KEL015	MÁV NOSZTALGIA Kft.	0,00%	57,00%	57,00%	1992.12.18	1142	Budapest	Tatai utca 95.	10 000 000	5 700 000	156 007 765	8 212 546	174 220 311
Equity consolidated subsidiaries, total									10 000 000	5 700 000	156 007 765	8 212 546	174 220 311
KEK193	Kínai-Magyar Vasúti Nonprofit Zrt.	0,00%	15,00%	15,00%	2016.10.28	1095	Budapest	Máriácssy utca 7.	5 000 300	750 045	2 628 017 241	-1 538 655 768	1 094 361 773
Equity consolidated joint ventures, total									5 000 300	750 045	2 628 017 241	-1 538 655 768	1 094 361 773
KET027	Dunakeszi Járműjavító Kft.	0,00%	25,10%	25,10%	1992.12.30	2120	Dunakeszi	Állomás sétány 19.	772 000 000	193 750 000	2 499 159 389	316 756 439	3 587 915 828
KET142	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	35 146 617	316 203	96 742 820
KET116	MÁV-THERMIT Kft.	0,00%	35,00%	35,00%	1995.02.28	2030	Érd	Tolmács utca 18.	138 000 000	48 300 000	653 340 482	-592 436 241	198 904 241
KET037	VAMAV Kft.	0,00%	50,00%	50,00%	1991.11.26	3200	Gyöngyös	Gyártótelep utca 1.	1 400 000 000	700 000 000	745 063 823	2 177 958 000	4 323 021 823
KET038	EURO-METALL Kft.	0,00%	34,99%	34,99%	1991.01.23	1045	Budapest	Elem utca 5-7.	50 590 000	17 700 000	1 423 890 401	29 880 348	1 504 360 749
Equity consolidated associates, total									2 421 870 000	975 070 000	5 356 600 712	1 932 474 749	9 710 945 461
KRT022	MÁV VASJÁRMŰ 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.
KRT165	MÁV-REC Kft.	0,00%	49,00%	49,00%	2001.10.11	1097	Budapest	Könyves Kálmán körút 16.	50 000 000	24 500 000	373 625 000	120 000 000	543 625 000
Associates consolidated as equity investments, total									138 890 000	46 730 000	373 625 000	120 000 000	543 625 000
KRE147	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	36 439 830	495 780	n.a.	n.a.	n.a.
KRE128	Eurofima Societe Europeenne Pour Le Financement de Material Ferroviaire (Vasúti Gördülőanyag-finanszírozási Európai Zrt.)	0,00%	0,70%	0,70%	1992.06.01	CH4001	Basel	Rittergasse 20.	791 414 000 000	5 539 898 000	n.a.	n.a.	n.a.
KRE120	Vasútegészségügyi Nonprofit Közhazsnó Kft.	0,00%	14,21%	14,21%	1997.07.31	1062	Budapest	Podmaniczky utca 109.	701 020 000	99 600 000	1 849 579 470	427 390	2 551 026 860
KRE169	HT Rail B.V. (Informatikai Szolgáltató)	0,00%	9,52%	9,52%	2001.11.26	3511 ER	Utrecht	Laan van Puntenburg 100	449 837 720	42 841 688	n.a.	n.a.	n.a.
Other consolidated investments, total									792 601 297 550	5 682 835 468	1 849 579 470	427 390	2 551 026 860
Total									854 307 197 850	65 594 145 513	109 962 382 797	5 880 729 072	178 161 142 169

Table 67: The Company's investments and opening balances

figures in HUF

Company code	Company	BV of capital (opening) 1 Jan 2019	Accumulate impairment loss (opening) 1 Jan 2019	Recorded value (opening) 1 Jan 2019	Increase due to foundation and capital injection (in cash) 2019	Decrease in cost due to voluntary/ involuntary liquidation 2019	Unrealised FX gain/loss on cost 2019	BV of capital 31 Dec 2019	Impairment loss in 2019	Decrease in impairment due to voluntary/ involuntary liquidation 2019	Accumulated impairment loss 31 Dec 2019	Book value at 31 Dec 2019
KTL180	MÁV-START Zrt.	121 033 553 416	0	121 033 553 416	1 865 000 000	3 060 670 000	0	125 959 223 416	0	0	0	125 959 223 416
KTL101	MÁV FKG Kft.	1 535 166 401	0	1 535 166 401	0	0	0	1 535 166 401	0	0	0	1 535 166 401
KTL131	MÁV KfV Kft.	569 300 000	0	569 300 000	0	0	0	569 300 000	0	0	0	569 300 000
KTL194	MÁV-HEV Zrt.	18 202 918 217	0	18 202 918 217	0	0	0	18 202 918 217	0	0	0	18 202 918 217
KTL179	ZÁHONY-PORT Zrt.	975 617 000	-862 677 080	112 939 920	180 000 000	0	0	1 155 617 000	0	0	-862 677 080	292 939 920
KTL138	MÁV Szolgáltató Központ Zrt.	1 423 332 417	0	1 423 332 417	0	0	0	1 423 332 417	0	0	0	1 423 332 417
KTL020	MÁV VAGON Kft.	100 000	0	100 000	0	0	0	100 000	0	0	0	100 000
Fully consolidated subsidiaries		143 739 987 451	-862 677 080	142 877 310 371	2 045 000 000	3 060 670 000	0	148 845 657 451	0	0	-862 677 080	147 982 980 371
KEL015	MÁV NOSZTALGIA Kft.	5 700 000	0	5 700 000	0	0	0	5 700 000	0	0	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.	3 500 750 010	-2 961 079 727	539 670 283	2 300 000 010	0	0	5 800 750 020	-1 729 748 176	0	-4 690 827 903	1 109 922 117
Equity consolidated joint ventures		3 500 750 010	-2 961 079 727	539 670 283	2 300 000 010	0	0	5 800 750 020	-1 729 748 176	0	-4 690 827 903	1 109 922 117
KET027	Dunakeszi Járműjavító Kft.	193 770 000	0	193 770 000	0	0	0	193 770 000	0	0	0	193 770 000
KET142	MULTISZOLG'97 Hídmérleg Kft.	15 320 000	0	15 320 000	0	0	0	15 320 000	0	0	0	15 320 000
KET116	MÁV-THERMIT Kft.	48 300 000	0	48 300 000	0	0	0	48 300 000	-24 150 000	0	0	24 150 000
KET037	VAMAV Kft.	480 000 000	0	480 000 000	0	0	0	480 000 000	0	0	0	480 000 000
KET038	EURO-METALL Kft.	17 700 000	0	17 700 000	0	0	0	17 700 000	0	0	0	17 700 000
Equity consolidated associates		755 090 000	0	755 090 000	0	0	0	755 090 000	-24 150 000	0	0	730 940 000
KRT022	MÁV VASJÁRMŰ Kft. "f.a."	158 000 000	-158 000 000	0	0	0	0	158 000 000	0	0	-158 000 000	0
KRT165	MÁV-REC Kft.	50 500 000	0	50 500 000	0	0	0	50 500 000	0	0	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.f.l. (BCC)	480 657	0	480 657	0	0	13 470	494 127	0	0	0	494 127
KRE128	Eurofima Societe Europeenne Pour Le Financement de Material Ferroviaire (Vasúti Gőrdülőanyag- finanszírozási Európai Zrt.)	2 255 455 910	0	2 255 455 910	0	0	152 098 532	2 407 554 442	0	0	0	2 407 554 442
KRE120	Vasútegyeségügyi Nonprofit Közhasznú Kft.	99 600 000	0	99 600 000	0	0	0	99 600 000	0	0	0	99 600 000
KRE169	HIT Rail B.V. (Informatikai Szolgáltató)	70 030 987	0	70 030 987	0	0	1 962 549	71 993 536	0	0	0	71 993 536
Other consolidated investments		2 425 567 554	0	2 425 567 554	0	0	154 074 551	2 579 642 105	0	0	0	2 579 642 105
Total		150 635 595 015	-3 981 756 807	146 653 838 208	4 345 000 010	3 060 670 000	154 074 551	158 195 339 576	-1 753 898 176	0	-5 711 504 983	152 459 684 593

Table 68: Changes in the Company's investments in 2019

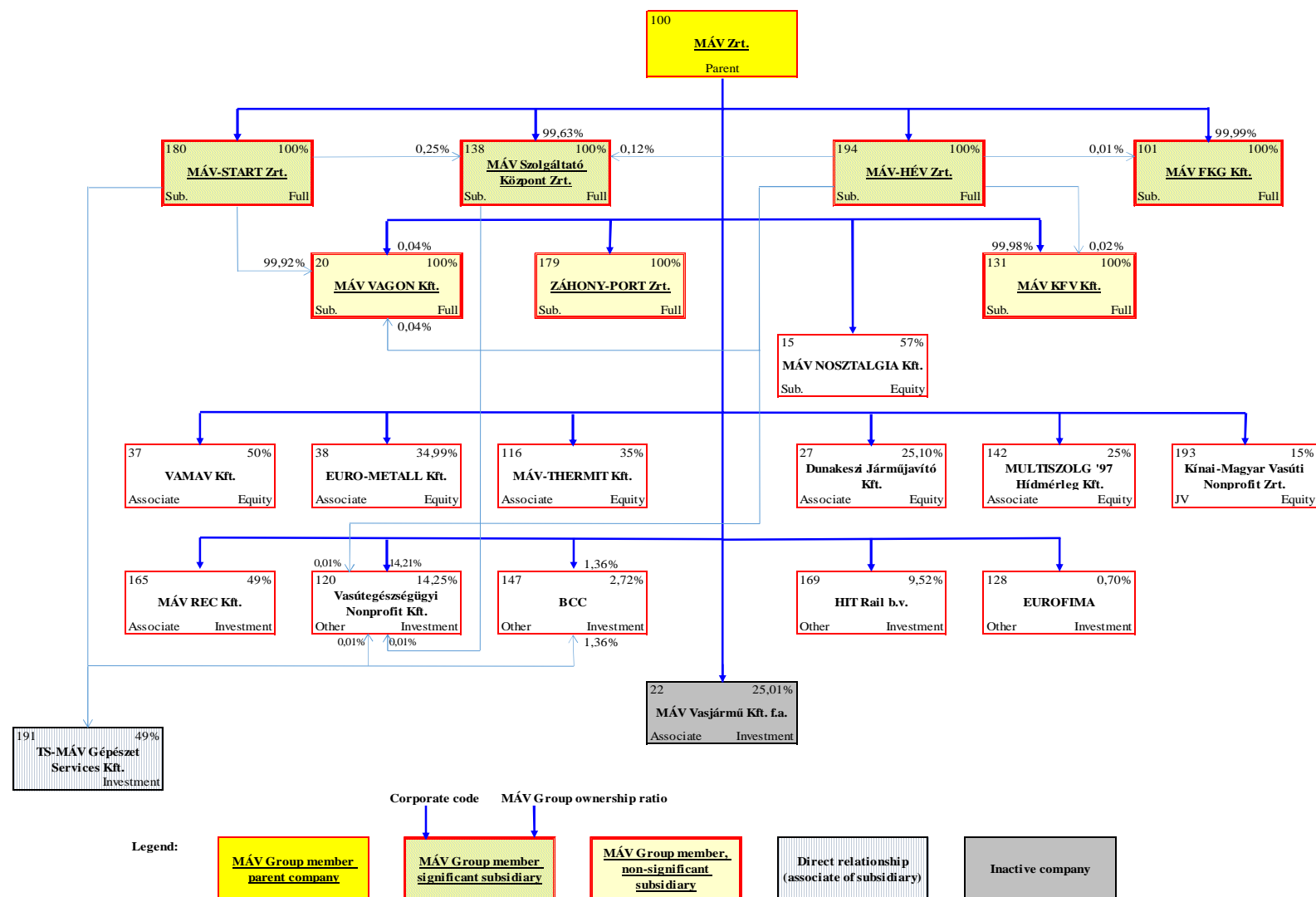


Table 69: MÁV Group structure at 31 December 2019

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 key members of management and their close relatives. For the purposes of interpreting the term related parties, key members of management are deemed to include the Company's Chairman and CEO and his deputies, as well as the head of the Company's internal audit function as well as 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.

III.10 Significant post-balance sheet events

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

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 2019:

- 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.		2018.12.31	2019.12.31	Change
A.	NON-CURRENT ASSETS (I+II+III)	958 864	928 305	-30 559
I.	INTANGIBLE ASSETS (I/ 1.+ 7.)	8 123	7 111	-1 012
1.	Capitalised foundation, restructuring	0	0	0
2.	Capitalised research and development	37	134	97
3.	Concessions and similar rights	5 127	4 025	-1 102
3/a.	of which: Managed state-owned rights	1 781	1 334	-447
4.	Intellectual property	2 959	2 771	-188
4/a.	of which: Managed state-owned intellectual property	0	0	0
5.	Goodwill	0	0	0
6.	Advances for intangible assets	0	181	181
7.	Adjustment of intangible assets	0	0	0
II.	TANGIBLE ASSETS (II/ 1.+ 7.)	950 741	921 194	-29 547
1.	Properties and related rights	799 530	776 463	-23 067
1/a.	of which: Managed state-owned properties and related rights	759 371	737 502	-21 869
2.	Technical machinery, equipment, vehicles	129 412	121 074	-8 338
2/a.	of which: Managed state-owned technical machinery, equipment, vehicles	109 718	101 823	-7 895
3.	Other equipment, fittings, vehicles	48	49	1
3/a.	of which: Managed state-owned other equipment, fittings, vehicles	0	0	0
4.	Livestock	0	0	0
5.	Capital projects, renovations	20 362	20 619	257
5/a.	of which: Managed state-owned capital projects	18 808	17 943	-865
6.	Advances for capital projects	1 389	2 989	1 600
6/a.	of which: Managed state-owned advances for capital projects	733	2 744	
7.	Adjustment of tangible assets	0	0	0
III.	NON-CURRENT FINANCIAL ASSETS (III/ 1.+ 10.)	0	0	0
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.	Current assets (B/ I+II+III+IV.+ids.)	44 765	58 102	13 337
I.	INVENTORIES (I/ 1.+ 6.)	11 194	12 446	1 252
1.	Materials	10 803	11 446	643
1/a.	of which: Managed state-owned materials	2 191	1 995	-196
2.	Work in progress and semi-finished products	1	6	5
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	330	946	616
4/a.	of which: Managed state-owned finished products	139	246	107
5.	Goods	60	48	-12
6.	Advances for inventories	0	0	0
II.	RECEIVABLES (II/ 1.+ 8.)	25 537	42 285	16 748
1.	Trade receivables (debtors)	2 510	3 207	697
2.	Receivables from related parties	13 303	20 140	6 837
3.	Receivables from significant investments	14	18	4
4.	Receivables from other investments	10	2	-8
5.	Bills of exchange receivable	0	0	0
6.	Other receivables	9 700	18 918	9 218
6/a.	of which: related to managed state-owned assets	2 929	2 130	-799
7.	Revaluation gain or loss on receivables	0	0	0
8.	Revaluation gain on derivatives	0	0	0
	Receivables from inter-division settlements	0	0	0
III.	SECURITIES (III/ 1.+ 6.)	0	0	0
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
IV.	LIQUID ASSETS (IV/ 1.+2.)	8 034	3 371	-4 663
1.	Cash, cheques	0	0	0
2.	Bank deposits	8 034	3 371	-4 663
C.	PREPAID EXPENSES AND ACCRUED INCOME (C/ 1.+2.+3.)	4 018	3 213	-805
1.	Accrued income	1 559	1 542	-17
2.	Prepaid expenses	2 459	1 671	-788
3.	Deferred expenses	0	0	0
	ASSETS, TOTAL (A.+B.+C.)	1 007 647	989 620	-18 027

Table 70: Rail infrastructure operations division - Balance sheet: Asset side

figures in mHUF

No.	Item	2018.12.31	2019.12.31	Change
D.	Equity (D/ I+_VII)	-50 025	-19 083	30 942
I.	ISSUED CAPITAL	5 666	6 166	500
	of which: redeemed treasury shares at face value	0	0	0
II.	ISSUED CAPITAL NOT PAID	0	0	0
III.	CAPITAL RESERVE	20 054	46 428	26 374
IV.	RETAINED EARNINGS	-79 623	-75 880	3 743
V.	NON-DISTRIBUTABLE RESERVES	38	134	96
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	3 840	4 069	229
E.	Provisions (E/ 1+2+3)	19 385	18 581	-804
1.	Provision for expected liabilities	9 899	9 960	61
2.	Provision for future expenses	9 486	8 621	-865
3.	Other provisions	0	0	0
F.	LIABILITIES (F/ I+II+III+ids.)	1 001 251	953 792	-47 459
I.	SUBORDINATED LIABILITIES (F.I./ 1+2+3+4)	0	0	0
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
II.	LONG-TERM LIABILITIES (F.II./ 1+_8)	919 308	861 152	-58 156
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	15	15
8.	Long-term liabilities to other investments	0	0	0
9.	Other long-term liabilities	919 308	861 137	-58 171
9./a	of which: Liabilities related to managed state-owned assets	919 096	860 843	-58 253
III.	CURRENT LIABILITIES (F.III./ 1+_10+)	81 943	92 640	10 697
1.	Short-term borrowings	58	0	-58
1/a.	of which: convertible bonds	0	0	0
2.	Short-term loans	0	0	0
3.	Advances from debtors	968	985	17
4.	Trade payables (creditors)	17 721	17 569	-152
5.	Bills of exchange payable	0	0	0
6.	Current liabilities to related parties	11 645	11 958	313
7.	Current liabilities to significant investments	169	483	314
8.	Current liabilities to other investments	16	28	12
9.	Other current liabilities	8 431	11 354	2 923
9./a	of which: Liabilities related to managed state-owned assets	1 643	3 801	2 158
10.	Revaluation gain or loss on liabilities	0	0	0
11.	Revaluation loss on derivatives	0	0	0
	Liabilities from inter-division settlements	42 935	50 263	7 328
G.	Accrued expenses and deferred income (G./ 1+2+3)	37 036	36 330	-706
1.	Deferred income	8 181	7 902	-279
2.	Accrued expenses	3 885	4 640	755
3.	Deferred extraordinary income and negative goodwill	24 970	23 788	-1 182
	EQUITY AND LIABILITIES, TOTAL (D.+E.+F.+G.)	1 007 647	989 620	-18 027

Table 71: Rail infrastructure operations division - Balance sheet: Equity and liabilities side

figures in mHUF

Line	Item	31/12/2018	31/12/2019	Change
.01.	Domestic sales, net	10 554	10 291	-263
.02.	Export sales, net	0	3	3
I.	Sales revenues, net (01.+02.)	10 554	10 294	-260
I/A 1.	Passenger transport internal service income (595,1;597,1)	-6	4	10
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)	1 922	2 126	204
I/A 5.	Direct internal service income (593,2)		0	0
I/A 6.	Central management income (597,9)		0	0
I/A.	Recognised internal income, total:	1 916	2 130	214
.03.	Movements in self-produced inventories	0	0	0
.04.	Capitalised self-produced assets	11	37	26
II.	Capitalise own output (03.+04.)	11	37	26
III.	Other income	7 057	7 720	663
	of which: reversed impairment loss (962,1-962,2)	1	87	86
	Operating returns, total	19 538	20 181	643
.05.	Material cost	138	86	-52
.06.	Services used	2 151	2 307	156
.07.	Other services	224	245	21
.08.	Cost of goods sold	25	20	-5
.09.	(Consignment) services sold	1 410	1 561	151
IV.	Material-type expenses (05.+06.+07.+08.+09.)	3 948	4 219	271
IV/A 1.	Passenger transport internal service costs (594,1;596,1)	135	180	45
IV/A 2.	Engineering internal service costs (594,2;596,2;598)		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)	4	2	-2
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
IV/A	Recognised internal expenses total:	139	182	43
.10.	Payroll costs	1 252	1 313	61
.11.	Other payments to personnel	401	464	63
.12.	Payroll taxes	339	355	16
V.	Payments to personnel (10.+11.+12.)	1 992	2 132	140
VI.	Depreciation	4 589	4 493	-96
VII.	Other expenses	2 329	1 792	-537
	of which: impairment (862)	285	138	-147
	Operating expenses, total:	12 997	12 818	-179
A.	OPERATING PROFIT OR LOSS (I+I/A+II+III-IV-IV/A-V-VI-VII)	6 541	7 363	822
.13.	Dividends received	3 952	3 016	-936
	Of which: from related parties	3 376	2 241	-1 135
.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	21	7	-14
	Of which: from related parties	2	0	-2
.17.	Other financial income	34	34	0
	Of which: valuation gain or loss	0	0	0
VIII.	Financial income (13.+14.+15.+16.+17.)	4 007	3 057	-950
.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	143	90	-53
	Of which: to related parties	1	0	-1
.21.	Impairment of shares, securities, long-term loans granted and bank deposits	1 872	1 710	-162
.22.	Other financial expenses	1 653	1 658	5
	Of which: valuation gain or loss	0	0	0
IX.	Financial expenses (18.+19.+20.+21.+22.)	3 668	3 458	-210
B.	FINANCIAL PROFIT OR LOSS (VIII-IX)	339	-401	-740
C.	PRE-TAX PROFIT OR LOSS (±A±B)	6 880	6 962	82
X.	TAX LIABILITY	0	0	0
D.	AFTER-TAX PROFIT OR LOSS (±C-X)	6 880	6 962	82

Table 72: Rail infrastructure operations division - Profit and loss account

		figures in mHUF	
No.	Item	2018.	2019.
I.	Operating cash flows (lines 1-13)	2 587	3 832
1a.	Pre-tax profit or loss ±	3 840	4 069
	of which: operating subsidy received	593	454
	of which: public service reimbursement subsidy received	71 300	68 277
1b.	Dividends received -	0	0
1c.	Amounts transferred/received free of charge recognised in profit or loss ±	212	279
1d.	Revaluation of cash and cash equivalents in foreign exchange +	0	-2
1e.	Gain or loss on long-term liabilities forgiven/assumed ±	-68	-67
1f.	Unrealised foreign exchange gain or loss on non-current assets and long-term liabilities ±	0	0
1g.	Realised foreign exchange gain or loss on the recovery of long-term loans granted and the repayment of long-term liabilities ±	0	0
1h.	Unspecified pre-tax profit adjusting items related to managed state-owned assets ±	-58 757	-57 584
1i.	Non-current assets contributed (contribution in kind) ±	0	0
1j.	Non-current assets transferred free of charge +	0	0
1k.	Other unspecified pre-tax profit adjusting items ±	-117	-56
1.	Adjusted pre-tax profit or loss (1a+1b+1c+1d+1e+1f+1g+1h+1i+1j+1k) +	-54 890	-53 361
2.	Amortisation charge +	59 230	59 599
3.	Impairment loss recognised/reversed ±	4 470	3 084
4.	Difference between provisions made and used ±	-836	-804
5.	Disposal of non-current assets ±	-13	-5
6.	Movements in creditors ±	-9 996	1 936
7.	Movements in other current liabilities ±	739	5 142
7a.	Movements in inter-division settlements (liabilities) ±	6 372	7 329
8.	Movements in accrued expenses and deferred income ±	295	-1 564
9.	Movements in debtors ±	892	-791
10.	Movements in current assets (less debtors and liquid assets) ±	-2 192	-17 538
10a.	Movements in inter-division settlements (assets) ±	0	0
11.	Movements in prepaid expenses and accrued income ±	-1 484	805
12.	Corporate tax liability -	0	0
13.	Dividends payable -	0	0
II.	Investing cash flows (lines 14-18)	-30 525	-36 092
14.	Acquisition of non-current assets -	-30 542	-36 112
15.	Disposal of non-current assets +	16	20
16.	Long-term loans granted and bank deposits repaid, terminated or cashed +	1	0
17.	Long-term loans granted and bank deposits -	0	0
18.	Dividends received +	0	0
III.	Financing cash flows (lines 19-27)	16 604	27 595
19.	Income from shares issued (capital addition) +	0	0
20.	Income from the issue of bonds, debt securities +	0	0
21.	Loans taken and borrowings +	0	0
22.	Amounts received free of charge +	16 991	28 154
23.	Disinvestment (capital reduction) -	0	0
24.	Repayment of bonds, debt securities -	0	0
25.	Repayment of loans and borrowings -	-234	-58
26.	Amounts transferred free of charge -	-212	-279
27.	Changes in other long-term liabilities +	59	-222
IV.	Cash flows (I.+II.+III.)	-11 334	-4 665
28.	Revaluation of cash and cash equivalents in foreign exchange +	0	2
V.	Changes in cash and cash equivalents (lines IV.+28.)	-11 334	-4 663

Table 73: 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>2018</i>	<i>2019</i>
1	Net revenues	143 908 941	148 265 051
	of which: fares	143 908 941	148 265 051
	of which: fare subsidy	0	0
	of which: revenues from gov.	0	0
2	Internal revenues	536 458	577 776
3	Capitalised own output	5 522 102	6 254 099
4	Other income	135 095 613	145 211 008
	of which: government reimbursement	61 644 908	74 684 673
	of which: government subsidy	2 587 836	2 763 117
5	OPERATING INCOME, TOTAL	285 063 114	300 307 934
6	Material-type expenses	107 063 036	119 485 204
	of which: network access charge	0	0
7	Internal expenses	2 312 330	2 489 071
	of which: network access	0	0
	of which: traction	0	0
	of which: other railway services	416 394	419 021
	of which: central services	0	0
	of which: central administration	1 920 324	2 125 083
8	Payments to personnel	99 253 200	105 663 864
9	Depreciation charge	59 229 817	59 598 736
10	Other expenses	13 368 439	8 994 592
11	OPERATING EXPENSES, TOTAL	281 226 822	296 231 467
12	OPERATING PROFIT OR LOSS	3 836 292	4 076 467
13	Financial income	43 471	17 329
14	Financial expense	39 449	24 996
15	FINANCIAL PROFIT OR LOSS	4 022	-7 667
16	Extraordinary income	0	0
	of which: government subsidy	0	0
17	Extraordinary expense	0	0
18	EXTRAORDINARY PROFIT OR LOSS	0	0
19	Tax liability	0	0
20	AFTER TAX PROFIT OR LOSS	3 840 314	4 068 800

Table 74: 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 2019 was made up of infrastructure access charges (HUF 95,134 million), of which revenues from traction electricity (HUF 24,849 million) and fuel sold (HUF 11,621 million) are presented separately:

figures in mHUF			
Customer	2018	2019	Change
Infrastructure access, net of traction electricity and fuel	95 361	95 135	-226
MÁV-START Zrt.	73 405	73 696	291
Rail Cargo Hungary Zrt.	12 342	11 642	-700
Other railway companies	9 614	9 797	183
Traction electricity	19 949	24 849	4 900
MÁV-START Zrt.	12 183	15 298	3 115
Rail Cargo Hungary Zrt.	4 071	4 688	617
Other railway companies	3 695	4 863	1 168
Traction fuel	12 700	11 621	-1 079
MÁV-START Zrt.	10 490	9 636	-854
Other railway companies	2 210	1 985	-225
Total	128 010	131 605	3 595
* Less net revenues from filling station use			

Table 75: 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 slightly changed compared to the base period. Revenues lost compared to 2018 were due to a decline in cargo transport. Passenger transport performance increased due to more trains serving the suburban routes of Budapest-Cegléd-Szolnok and Budapest-Cegléd-Kecskemét, and to service launched on the Budapest-Pécs route.

Revenues from re-sold traction electricity also increased due to an increase in electricity tariffs as compared to the base (base average price: 22.57 HUF/MWh, actual average price: 28.08 HUF/MWh). Sales volumes increased in line with the increase in electricity tariffs. The decline in revenues from the sale of traction fuel was due to a 9.66% drop in the volume of traction fuel use (basis quantity: 45,057 litres, actual quantity: 40,704 litres). This was partly set off by an increase in the specific price of traction fuel (basis average price: 281.87 HUF/litre, actual average price: 285.51 HUF/litre).

Rental revenues increased by HUF 321 million (of which property rents increased by HUF 385 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 2018 (HUF 419 million), which was compensated as an internal expense in the form of financial support.

The increase in capitalised own output (+732 million HUF) was due to an increase in self-constructed assets (+905 million HUF) and an increase in self-produced inventories (+634 million HUF). This increase was reduced by a HUF 807 million decrease on services provided free of charge.

According to the activity statement for rail infrastructure operations, other income increased by HUF 9,958 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 74,528 million in 2019 (+12,883 million HUF). Increased government subsidy for operating expenses is ensured.
- The term of the agreement with the relevant authority to employ public workers was from 11 July 2018 to 28 February 2019, under which MÁV Zrt. agreed to employ an average of 540 public workers. A new public work programme (No. BM/2638-21/2019) was launched from 11 March 2019 to 29 February 2020, under which MÁV Zrt. employed an average of 450 public workers. Of the related subsidy, HUF 414 million was used and recognised as other income.
- Remitted replenishment obligation (VPK) declined by HUF 1,173 million in 2019 compared to 2018.
- Provisions used in 2019 totalled HUF 4,650 million. The most material items contributing to the overall HUF 2,843 million decrease were released provisions as follows: enhanced maintenance provisions (-2,719 million HUF), environmental liabilities (-840 million HUF), and other litigations (-499 million HUF). This was somewhat set off by the use of provisions for demolition costs (+376 million HUF), and released provisions for uniforms (+315 million HUF) and for employment termination liabilities (+295 million HUF).
- A reasonable profit of HUF 3,808 million plus the part available for non-specified use along with the extra incentive for performance improvement (HUF 261 million) was recognised in a total of HUF 4,069 million upon approval of the settlement for 2018.

The reimbursement clause of the Rail Infrastructure Operation Agreement for 2019 was signed on 7 February 2019, on the basis of which the reimbursement disbursed for 2019 amounted to HUF 91,308 million. Of this amount, reimbursement of operating costs totalled HUF 68,277.2 million, and renovation expenses amounted to HUF 23,030.8 million.

Actual reimbursement for operating losses and the reimbursement for the renovation of rail infrastructure operating assets and the use of these amounts in 2019 are presented in the following table:

		figures in mHUF	
Ref.	Reimbursement	2018	2019
A	Unused reimbursement/Extra reimbursement need, opening	-3 718	-6 205
B	Remained from the previous year, amount used from allocated funds for improvement/renovation in the reporting year	-176	-1 126
C	Reasonable profit recognised in the reporting year, extra efficiency incentive	-3 840	-4 069
I.	Unused reimbursement for previous periods and from allocated funds/extra reimbursement need (I=A+B+C)	-7 734	-11 400
D	Reimbursement of operational expenses in the reporting year	71 300	68 277
E	Reimbursement of operational expenses recognised in the reporting year	-61 645	-74 685
II.	Unused overhead reimbursement/extra reimbursement need (II=D+E)	9 655	-6 408
F	Reimbursement of renovation for the reporting year	15 169	23 031
G	Reimbursement of renovation used in the reporting year	-23 294	-21 495
III.	Unused reimbursement/Extra reimbursement need in the reporting year (III=F+G)	-8 125	1 536
IV.	Reimbursement, closing (IV= I+II+III)	-6 205	-16 272
(+) liability/unused reimbursement, (-) receivable/extra reimbursement need			

Table 76: Reimbursement items

Material-type expenses increased by 11.6% compared to the basis year.

		figures in mHUF	
Item	2018	2019	Change
Material costs	19 368	23 625	4 257
Services used	52 517	56 759	4 242
Other services	1 204	1 250	46
Cost of goods sold	33 633	37 586	3 953
(Consignment) services sold	341	265	-76
Material-type expenses, total:	107 063	119 485	12 422

Table 77: Material-type expenses

- The most significant components of material-type expenses were HUF 9,722 million for technical materials provided for rail track maintenance and renovation work, and HUF 8,311 million for electricity, gas, water, sewage, and fuel.
- The HUF 4,242 million increase in services used in 2019 was due to a number of factors: building maintenance, fault prevention and operating cost services totalling HUF 8,840 million (+1,264 million HUF), railtrack metering, cleaning, welding of HUF 4,664 million (+672 million HUF), environmental services of HUF 891 million (+401 million HUF), procurement and inventory management services of HUF 3,832 (+316 million HUF).
- The HUF 46 million increase in other services was due to a HUF 83 million increase in railway authority charges and a HUF 33 million decrease in insurance premiums.
- Cost of goods sold increased compared to 2018. While the acquisition cost of gasoline sold fell by HUF 1,076 million, the cost of pre-heating/cooling electricity cost and the statutory

value of re-sold traction and pre-heating/cooling electricity (as per the electricity act LXXXVI of 2007) increased by HUF 4,519 million and HUF 336 million, respectively.

- The cost of sold (intermediated) services dropped on 2018 and totalled HUF 265 million.

A significant portion of internal expenses (HUF 2,125 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 419 million, the same as in 2018.

Payments to personnel increased by HUF 6,411 million on 2018 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, 12.00% in 2018 and 5% in 2019 for eligible employees. Contributions paid by MÁV Zrt. into pension funds for the employees increased by 0.5% to 4.0% in 2019. At the year-end, high performing staff at the local directorates (cca. 2,000 employees) were rewarded with a bonus of typically HUF 50,000, gross. Besides, key railway workers with a base monthly salary of up to HUF 280,000 (cca. 9,700 employees) were rewarded with HUF 30,000 SZÉP Card benefits. Staff in service for over 35 years (cca. 2,800 employees) were given a loyalty bonus of HUF 80,000, gross, at the year-end.

Payments to personnel decreased as a result of a lower headcount and the reduced social contribution tax from 19.50% to 17.50% as of 1 July 2019, while the salary increase from saved payroll taxes had an increasing effect.

Depreciation for 2019 totalled HUF 59,599 million (+0.62%). It was also affected by the prolonged impact of project-related assets scrapped and impaired in 2018 and in 2019.

Of the depreciation charged in the reporting period, HUF 54,774 million was recognised on managed state-owned assets.

Other expenses decreased compared to 2018 due to the following significant factors: provision for enhanced maintenance costs (-3,794 million HUF), extraordinary depreciation of state owned tangible assets (-1,304 million HUF). Services rendered free of charge also decreased in 2019 (-807 million HUF) and is related to the adjustment of the settlement of maintenance machinery rented to MÁV FKG Kft.

This decrease was partly offset by the increases in provisions for environmental liabilities (+1,481 million HUF) and in provisions for damages paid because of railway accidents (+175 million HUF).

Provisions made in 2019 included HUF 1,743 million for environmental liabilities and HUF 860 million for employment termination liabilities

The most material items within miscellaneous other expenses were other grants and cost contributions totalling HUF 279 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 2018 (HUF 4,069 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	
Kínai-Magyar Vasúti Nonprofit Zrt.	0	0	0	0	0	0	0
MÁV FKG KFT	1 001	25	1 026	14 830	-382	14 448	-13 422
MÁV KfV Kft.	60	0	60	1 866	0	1 866	-1 806
MÁV NOSZTALGIA Kft.	398	2	400	206	2	208	192
MÁV Szolgáltató Központ Zrt.	1 885	48	1 933	16 340	-27	16 313	-14 380
MÁV VAGON Kft.	32	0	32	214	0	214	-182
MÁV-HÉV Zrt.	152	0	152	135	0	135	17
MÁV-START Zrt.	105 073	387	105 460	29 446	303	29 749	75 711
ZÁHONY-PORT Zrt.	240	1	241	144	279	423	-182
Total	108 841	463	109 304	63 181	175	63 356	45 948

Table 78: Railtrack infrastructure operations: income from and expenses on related parties

The effects of asset transfers in 2019 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)
Dunakeszi VÜNSZ 2019.05.16	0	0	0	0	3	3
Dunakeszi VÜNSZ 2019.05.16 deferred income released	0					
Balatonlelle VÜNSZ 2019.05.16	0	0	0	0	4	4
Balatonlelle VÜNSZ 2019.05.16 deferred income released	0					
Kaposvár VÜSZ	26		25	0	0	0
Kaposvár VÜSZ deferred income released	0*					
Balatonfüred VÜSZ	543					
Balatonfüred VÜSZ deferred income released	-354	6	6	0	0	0
Budapest XI VÜSZ	0					
Budapest XI VÜSZ deferred income released	0					
Total:	215	6	221	0	7	7

* 219,046 HUF

Table 79: 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	2018.12.31	2019.12.31	Change
A.	NON-CURRENT ASSETS (I.+II.+III.)	252	543	291
I.	INTANGIBLE ASSETS (I./ 1.+ 7.)	0	0	0
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
II.	TANGIBLE ASSETS (II./ 1.+ 7.)	252	543	291
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	95	314	219
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	18	229	211
5/a.	of which: Managed state-owned capital projects	0	0	0
6.	Advances for capital projects	139	0	-139
6/a.	of which: Managed state-owned advances for capital projects	0	0	0
7.	Adjustment of tangible assets	0	0	0
III.	NON-CURRENT FINANCIAL ASSETS (III./ 1.+ 10.)	0	0	0
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.	Current assets (B./ I.+II.+III.+IV.+ids.)	463	674	211
I.	INVENTORIES (I./ 1.+ 6.)	0	0	0
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
II.	RECEIVABLES (II./ 1.+ 8.)	0	0	0
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	0	0	0
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
	Receivables from inter-division settlements	0	0	0
III.	SECURITIES (III./ 1.+ 6.)	0	0	0
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
IV.	LIQUID ASSETS (IV./ 1.+2.)	463	674	211
1.	Cash, cheques	1	1	0
2.	Bank deposits	462	673	211
C.	PREPAID EXPENSES AND ACCRUED INCOME (C./ 1.+2.+3.)	0	0	0
1.	Accrued income	0	0	0
2.	Prepaid expenses	0	0	0
3.	Deferred expenses	0	0	0
	ASSETS, TOTAL (A.+B.+C.)	715	1 217	502

Table 80: Passenger transport activity – Balance sheet: Assets side

figures in mHUF

No.	Item	2018.12.31	2019.12.31	Change
D.	Equity (D/ I+_ VII)	173	123	-50
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	115	174	59
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	58	-51	-109
E.	Provisions (E/ 1+2+3)	66	79	13
1.	Provision for expected liabilities	0	0	0
2.	Provision for future expenses	66	79	13
3.	Other provisions	0	0	0
F.	LIABILITIES (F/ I+II+III.+ids.)	476	546	70
I.	SUBORDINATED LIABILITIES (F.I/ 1+2+3+4)	0	0	0
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
II.	LONG-TERM LIABILITIES (F.II/ 1+_ 8)	0	0	0
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
III.	CURRENT LIABILITIES (F.III/ 1+_ 10+)	476	546	70
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	0	0	0
4.	Trade payables (creditors)	2	3	1
5.	Bills of exchange payable	0	0	0
6.	Current liabilities to related parties	3	459	456
7.	Current liabilities to significant investments	0	0	0
8.	Current liabilities to other investments	0	0	0
9.	Other current liabilities	469	0	-469
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
	Liabilities from inter-division settlements	2	84	82
G.	Accrued expenses and deferred income (G/ 1+2+3)	0	469	469
1.	Deferred income	0	0	0
2.	Accrued expenses	0	0	0
3.	Deferred extraordinary income and negative goodwill	0	469	469
	EQUITY AND LIABILITIES, TOTAL (D.+E.+F.+G.)	715	1 217	502

Table 81: Passenger transport activity – Balance sheet: Equity and liabilities side

figures in mHUF

No.	Item	2018.12.31	2019.12.31	Change
.01.	Domestic sales, net	134	130	-4
.02.	Export sales, net	0	0	0
I.	Sales revenues, net (01.+02.)	134	130	-4
I/A 1.	Passenger transport internal service income (595,1;597,1)	417	419	2
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)	0	0	0
I/A 5.	Direct internal service income (593,2)		0	0
I/A 6.	Central management income (597,9)		0	0
I/A.	Recognised internal income, total:	417	419	2
.03.	Movements in self-produced inventories	0	0	0
.04.	Capitalised self-produced assets	-11	2	13
II.	Capitalise own output (03.+04.)	-11	2	13
III.	Other income	227	151	-76
	of which: reversed impairment loss	0	0	0
	Operating returns, total	767	702	-65
.05.	Material cost	42	45	3
.06.	Services used	133	117	-16
.07.	Other services	1	1	0
.08.	Cost of goods sold	0	0	0
.09.	(Consignment) services sold	0	0	0
IV.	Material-type expenses (05.+06.+07.+08.+09.)	176	163	-13
IV/A 1.	Passenger transport internal service costs (594,1;596,1)	-4	31	35
IV/A 2.	Engineering internal service costs (594,2;596,2;598)		0	0
IV/A 3.	Central internal service costs (594,3;594,5;596,3;596,5)	416	419	3
IV/A 4.	Rail infrastructure internal service costs (594,4;596,4)	6	6	0
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
IV/A	Recognised internal expenses total:	418	456	38
.10.	Payroll costs	60	78	18
.11.	Other payments to personnel	5	6	1
.12.	Payroll taxes	14	17	3
V.	Payments to personnel (10.+11.+12.)	79	101	22
VI.	Depreciation	15	19	4
VII.	Other expenses	21	14	-7
	of which: impairment (862)	0	0	0
	Operating expenses, total:	709	753	44
A.	OPERATING PROFIT OR LOSS (I.+I/A+II.+III.-IV-IV/A-V-VI-VII)	58	-51	-109
.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	0	0	0
	Of which: from related parties	0	0	0
.17.	Other financial income	0	0	0
	Of which: valuation gain or loss	0	0	0
VIII.	Financial income (13.+14.+15.+16.+17.)	0	0	0
.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
IX.	Financial expenses (18.+19.+20.+21.+22.)	0	0	0
B.	FINANCIAL PROFIT OR LOSS (VIII-IX)	0	0	0
C.	PRE-TAX PROFIT OR LOSS (±A±B)	58	-51	-109
X.	TAX LIABILITY	0	0	0
D.	AFTER-TAX PROFIT OR LOSS (±C-X)	58	-51	-109

Table 82: Passenger transport activity – Profit and loss account

figures in mHUF

No.	Item	2018.	2019.
I.	Operating cash flows (lines 1-13)	-1 245	660
1a.	Pre-tax profit or loss ±	58	-51
	of which: operating subsidy received	0	0
	of which: public service reimbursement subsidy received	0	0
1b.	Dividends received -	0	0
1c.	Amounts transferred/received free of charge recognised in profit or loss ±	0	0
1d.	Revaluation of cash and cash equivalents in foreign exchange +	0	0
1e.	Gain or loss on long-term liabilities forgiven/assumed ±	0	0
1f.	Unrealised foreign exchange gain or loss on non-current assets and long-term liabilities ±	0	0
1g.	Realised foreign exchange gain or loss on the recovery of long-term loans granted and the repayment of long-term liabilities ±	0	0
1h.	Unspecified pre-tax profit adjusting items related to managed state-owned assets ±	0	0
1i.	Non-current assets contributed (contribution in kind) +	0	0
1j.	Non-current assets transferred free of charge +	0	0
1k.	Other unspecified pre-tax profit adjusting items +	0	0
1.	Adjusted pre-tax profit or loss (1a+1b+1c+1d+1e+1f+1g+1h+1i+1j+1k) +	58	-51
2.	Amortisation charge +	15	19
3.	Impairment loss recognised/reversed +	0	0
4.	Difference between provisions made and used +	-56	13
5.	Disposal of non-current assets +	0	0
6.	Movements in creditors +	-156	611
7.	Movements in other current liabilities +	-1 003	-12
7a.	Movements in inter-division settlements (liabilities) +	-100	80
8.	Movements in accrued expenses and deferred income +	0	0
9.	Movements in debtors +	-4	0
10.	Movements in current assets (less debtors and liquid assets) +	1	0
10a.	Movements in inter-division settlements (assets) +	0	0
11.	Movements in prepaid expenses and accrued income ±	0	0
12.	Corporate tax liability -	0	0
13.	Dividends payable -	0	0
II.	Investing cash flows (lines 14-18)	28	-449
14.	Acquisition of non-current assets -	28	-449
15.	Disposal of non-current assets +	0	0
16.	Long-term loans granted and bank deposits repaid, terminated or cashed +	0	0
17.	Long-term loans granted and bank deposits -	0	0
18.	Dividends received +	0	0
III.	Financing cash flows (lines 19-27)	0	0
19.	Income from shares issued (capital addition) +	0	0
20.	Income from the issue of bonds, debt securities +	0	0
21.	Loans taken and borrowings +	0	0
22.	Amounts received free of charge +	0	0
23.	Disinvestment (capital reduction) -	0	0
24.	Repayment of bonds, debt securities -	0	0
25.	Repayment of loans and borrowings -	0	0
26.	Amounts transferred free of charge -	0	0
27.	Changes in other long-term liabilities +	0	0
IV.	Cash flows (I.+II.+III.)	-1 217	211
28.	Revaluation of cash and cash equivalents in foreign exchange +	0	0
V.	Changes in cash and cash equivalents (lines IV.+28.)	-1 217	211

Table 83: 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 2018.	Current year 2019.
1	Net revenues	133 915	130 466
	of which: fares	133 915	130 466
	of which: fare subsidy	0	0
	of which: revenues from gov.	0	0
2	Internal revenues	417 461	419 068
3	Capitalised own output	-10 956	1 960
4	Other income	227 310	151 384
	of which: government reimbursement	0	0
	of which: government subsidy	0	0
5	OPERATING INCOME, TOTAL	767 730	702 878
6	Material-type expenses	175 980	163 006
	of which: network access charge	0	0
7	Internal expenses	417 997	456 556
	of which: network access	416 394	419 021
	of which: traction	0	0
	of which: other railway services	0	0
	of which: central services	0	0
	of which: central administration	5 669	6 425
8	Payments to personnel	78 869	101 738
9	Depreciation charge	15 803	18 752
10	Other expenses	21 648	13 527
11	OPERATING EXPENSES, TOTAL	710 297	753 579
12	OPERATING PROFIT OR LOSS	57 433	-50 701
13	Financial income	229	117
14	Financial expense	0	0
15	FINANCIAL PROFIT OR LOSS	229	117
16	Extraordinary income	0	0
	of which: government subsidy	0	0
17	Extraordinary expense	0	0
18	EXTRAORDINARY PROFIT OR LOSS	0	0
19	Tax liability	0	0
20	AFTER TAX PROFIT OR LOSS	57 662	-50 584

Table 84: Passenger transport activity – Activity statement

MÁV Zrt's passenger transport services changed in the base scheduling period of 2017/2018 and in the current scheduling period of 2018/2019 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 2019 because net sales revenues (HUF 130 million) did not cover the related expenses (HUF 735 million), and this activity made losses also at operating level (-51 million HUF).

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 2019 (the Railtrack division contributed to the costs of internal services in a total of HUF 416 million in 2018 and HUF 419 million in 2019). 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.

Returns on operations significantly fell in the reporting year (by HUF 66 million) as a combined result of the following factors: net sales revenues and other income declined by HUF 4 million and HUF 76 million, respectively. MÁV-START Zrt. provided a grant of HUF 150 million to cover the operating expenses of the Children's Railway. HUF 416 million was recognised as internal financial support in 2018, while in the reporting year HUF 419 million was recognised as internal revenue.

Operating expenses increased by 6.04% compared to 2018.

A significant portion of the expenses resulted from the accounting of internal services, the largest item of which was internal infrastructure access charge (9.33% more than in the basis period). The above expense (HUF 419 million) was offset by internal funds received for operations.

Material-type expenses dropped by 7.37% compared to the basis period; the most significant item in 2019 again was railway vehicle maintenance (HUF 87 million), a 18.80% decline on 2018. 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 29.00% on 2018, partly as a result of the salary increase and partly to a higher number of staff (average statistical number of staff in 2018: 8 persons, in 2019: 11 persons).

The amount of depreciation remained similar to the basis period.

In 2019, a provision of HUF 13 million was made as required by the accounting policies (HUF 8 million less than in 2018). Provisions were made and released in relation to the planned overhaul project of Children's panorama railcars in 2019 and 2020.

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

- Of the five diesel locomotives, only three are fit for unlimited use in daily operations; one is able to pull only two passenger cars and one is permanently unfit for service. (One engine is currently in the vehicle repair shop at Szombathely.)
- The functioning rolling stock of the Children's Railway currently comprises seven closed and five large window panorama carriages, one small window panorama carriage and two special purpose cars. This fleet is adequate to cope with increased demand in the busiest spring season (typically at long weekends).

- The renovation of light railcars by MÁV VAGON Kft. were in progress at the end of 2019: car No. 50 55 25-01 559-8 (large window panorama carriage) was hauled to the repairs workshop on 3 December 2019.
- The double-wheel lathe machine was officially commissioned on 9 January 2019 and is continuously used to lathe engine and railcar parts.
- The ordered track calibrating works finished in 2019.

Traction operation indicators are shown in the following table:

Item	2018.		2019.	
	Train kms	No. of trains	Train kms	No. of trains
Children's Railway	73 698	6 579	74 163	6 622

Table 85: Children's Railway traction services

The number of paying passengers on the Children's Railway dropped by 0.5% compared to 2018, while gross revenues from fares increased by 0.2%. Domestic fare revenues, net, totalled HUF 129 million in 2019 just as in 2018.

The number of passenger with full fare tickets increased by 4.27% while the number of passengers with discounted tickets decreased by 11.01%.

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 Szolgáltató Központ Zrt.	0	0	0	15	0	15	-15
MÁV VAGON Kft.	0	0	0	87	0	87	-87
MÁV-START Zrt.	0	150	150	7	0	7	143
Total:	0	150	150	109	0	109	41

Table 86: 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	2018.12.31	2019.12.31	Change
A.	NON-CURRENT ASSETS (I.+II.+III.)	227 932	229 266	1 334
I.	INTANGIBLE ASSETS (I./ 1.+ 7.)	0	0	0
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
II.	TANGIBLE ASSETS (II./ 1.+ 7.)	81 271	76 787	-4 484
1.	Properties and related rights	13 237	13 082	-155
1/a.	of which: Managed state-owned properties and related rights	0	0	0
2.	Technical machinery, equipment, vehicles	67 927	63 596	-4 331
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	35	55	20
5/a.	of which: Managed state-owned capital projects	0	0	0
6.	Advances for capital projects	72	54	-18
6/a.	of which: Managed state-owned advances for capital projects	0	0	0
7.	Adjustment of tangible assets	0	0	0
III.	NON-CURRENT FINANCIAL ASSETS (III./ 1.+ 10.)	146 661	152 479	5 818
1.	Long-term investments in related parties	143 423	149 099	5 676
2.	Long-term loans granted to related parties	0	0	0
3.	Significant equity investments	805	781	-24
4.	Long-term loans granted to significant equity investments	0	0	0
5.	Other long-term investments	2 426	2 580	154
6.	Long-term loans granted to other investments	0	0	0
7.	Other long-term loans granted	7	19	12
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.	Current assets (B./ I.+II.+III.+IV.+ids.)	58 587	60 073	1 486
I.	INVENTORIES (I./ 1.+ 6.)	116	189	73
1.	Materials	6	1	-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	110	188	78
6.	Advances for inventories	0	0	0
II.	RECEIVABLES (II./ 1.+ 8.)	48 503	54 496	5 993
1.	Trade receivables (debtors)	96	174	78
2.	Receivables from related parties	3 451	1 703	-1 748
3.	Receivables from significant investments	28	29	1
4.	Receivables from other investments	0	0	0
5.	Bills of exchange receivable	0	0	0
6.	Other receivables	1 991	2 243	252
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
	Receivables from inter-division settlements	42 937	50 347	7 410
III.	SECURITIES (III./ 1.+ 6.)	0	0	0
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
IV.	LIQUID ASSETS (IV./ 1.+2.)	9 968	5 388	-4 580
1.	Cash, cheques	4	4	0
2.	Bank deposits	9 964	5 384	-4 580
C.	PREPAID EXPENSES AND ACCRUED INCOME (C./ 1.+2.+3.)	4 275	2 298	-1 977
1.	Accrued income	903	437	-466
2.	Prepaid expenses	220	108	-112
3.	Deferred expenses	3 152	1 753	-1 399
	ASSETS, TOTAL (A.+B.+C.)	290 794	291 637	843

Table 87: Other activities – Balance sheet: Asset side

figures in mHUF

No.	Item	2018.12.31	2019.12.31	Change
D.	Equity (D/ I+_VII)	254 883	261 845	6 962
I.	ISSUED CAPITAL	18 834	18 834	0
	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	116 350	123 720	7 370
V.	NON-DISTRIBUTABLE RESERVES	888	398	-490
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	6 880	6 962	82
E.	Provisions (E/ 1+2+3)	11 172	9 614	-1 558
1.	Provision for expected liabilities	8 908	8 259	-649
2.	Provision for future expenses	0	0	0
3.	Other provisions	2 264	1 355	-909
F.	LIABILITIES (F/ I+II+III+ids.)	23 509	18 928	-4 581
I.	SUBORDINATED LIABILITIES (F.I/ 1+2+3+4)	0	0	0
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
II.	LONG-TERM LIABILITIES (F.II/ 1+_8)	9 591	3 707	-5 884
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	9 488	3 606	-5 882
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	103	101	-2
9./a	of which: Liabilities related to managed state-owned assets	0	0	0
III.	CURRENT LIABILITIES (F.III/ 1+_10+)	13 918	15 221	1 303
1.	Short-term borrowings	0	0	0
1/a.	of which: convertible bonds	0	0	0
2.	Short-term loans	8 001	6 148	-1 853
3.	Advances from debtors	27	26	-1
4.	Trade payables (creditors)	868	1 108	240
5.	Bills of exchange payable	0	0	0
6.	Current liabilities to related parties	48	42	-6
7.	Current liabilities to significant investments	38	0	-38
8.	Current liabilities to other investments	1	1	0
9.	Other current liabilities	4 935	7 896	2 961
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
	Liabilities from inter-division settlements	0	0	0
G.	Accrued expenses and deferred income (G./ 1+2+3)	1 230	1 250	20
1.	Deferred income	127	130	3
2.	Accrued expenses	74	89	15
3.	Deferred extraordinary income and negative goodwill	1 029	1 031	2
	EQUITY AND LIABILITIES, TOTAL (D.+E.+F.+G.)	290 794	291 637	843

Table 88: Other activities – Balance sheet: Equity and liabilities side

figures in mHUF

No.	Item	2018.12.31	2019.12.31	Change
.01.	Domestic sales, net	10 554	10 291	-263
.02.	Export sales, net	0	3	3
I.	Sales revenues, net (01.+02.)	10 554	10 294	-260
I/A 1.	Passenger transport internal service income (595,1;597,1)	-6	4	10
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)	1 922	2 126	204
I/A 5.	Direct internal service income (593,2)		0	0
I/A 6.	Central management income (597,9)		0	0
I/A.	Recognised internal income, total:	1 916	2 130	214
.03.	Movements in self-produced inventories	0	0	0
.04.	Capitalised self-produced assets	11	37	26
II.	Capitalise own output (03.+04.)	11	37	26
III.	Other income	7 057	7 720	663
	of which: reversed impairment loss (962,1-962,2)	1	87	86
	Operating returns, total	19 538	20 181	643
.05.	Material cost	138	86	-52
.06.	Services used	2 151	2 307	156
.07.	Other services	224	245	21
.08.	Cost of goods sold	25	20	-5
.09.	(Consignment) services sold	1 410	1 561	151
IV.	Material-type expenses (05.+06.+07.+08.+09.)	3 948	4 219	271
IV/A 1.	Passenger transport internal service costs (594,1;596,1)	135	180	45
IV/A 2.	Engineering internal service costs (594,2;596,2;598)		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)	4	2	-2
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
IV/A.	Recognised internal expenses total:	139	182	43
.10.	Payroll costs	1 252	1 313	61
.11.	Other payments to personnel	401	464	63
.12.	Payroll taxes	339	355	16
V.	Payments to personnel (10.+11.+12.)	1 992	2 132	140
VI.	Depreciation	4 589	4 493	-96
VII.	Other expenses	2 329	1 792	-537
	of which: impairment (862)	285	138	-147
	Operating expenses, total:	12 997	12 818	-179
A.	OPERATING PROFIT OR LOSS (I.+I/A+II.+III.-IV.-IV/A-V-VI-VII)	6 541	7 363	822
.13.	Dividends received	3 952	3 016	-936
	Of which: from related parties	3 376	2 241	-1 135
.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	21	7	-14
	Of which: from related parties	2	0	-2
.17.	Other financial income	34	34	0
	Of which: valuation gain or loss	0	0	0
VIII.	Financial income (13.+14.+15.+16.+17.)	4 007	3 057	-950
.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	143	90	-53
	Of which: to related parties	1	0	-1
.21.	Impairment of shares, securities, long-term loans granted and bank deposits	1 872	1 710	-162
.22.	Other financial expenses	1 653	1 658	5
	Of which: valuation gain or loss	0	0	0
IX.	Financial expenses (18.+19.+20.+21.+22.)	3 668	3 458	-210
B.	FINANCIAL PROFIT OR LOSS (VIII-IX)	339	-401	-740
C.	PRE-TAX PROFIT OR LOSS (±A±B)	6 880	6 962	82
X.	TAX LIABILITY	0	0	0
D.	AFTER-TAX PROFIT OR LOSS (±C-X)	6 880	6 962	82

Table 89: Other activities - Profit and loss account

figures in mHUF

Serial No.	Item	2018.	2019.
I.	Operating cash flows (lines 1-13)	9 688	336
1a.	Pre-tax profit or loss +	6 880	6 962
	of which: operating subsidy received	0	0
	of which: public service reimbursement subsidy received	0	0
1b.	Dividends received -	-3 952	-3 016
1c.	Amounts transferred/received free of charge recognised in profit or loss +	204	208
1d.	Revaluation of cash and cash equivalents in foreign exchange +	-2	0
1e.	Gain or loss on long-term liabilities forgiven/assumed +	-41	-14
1f.	Unrealised foreign exchange gain or loss on non-current assets and long-term liabilities +	617	264
1g.	Realised foreign exchange gain or loss on the recovery of long-term loans granted and the repayment of long-term liabilities ±	347	112
1h.	Unspecified pre-tax profit adjusting items related to managed state-owned assets +	0	0
1i.	Non-current assets contributed (contribution in kind) +	0	-3 061
1j.	Non-current assets transferred free of charge +	0	0
1k.	Other unspecified pre-tax profit adjusting items +	-164	-154
1.	Adjusted pre-tax profit or loss (1a+1b+1c+1d+1e+1f+1g+1h+1i+1j+1k) +	3 889	1 301
2.	Amortisation charge +	4 589	4 493
3.	Impairment loss recognised/reversed +	2 156	1 761
4.	Difference between provisions made and used +	-1 122	-1 558
5.	Disposal of non-current assets +	-437	-438
6.	Movements in creditor +	5 742	-1 934
7.	Movements in other current liabilities +	-7 193	2 918
7a.	Movements in inter-division settlements (liabilities) +	-6 272	-7 409
8.	Movements in accrued expenses and deferred income +	-866	-49
9.	Movements in debtors +	-112	-88
10.	Movements in current assets (less debtors and liquid assets) +	7 554	-638
10a.	Movements in inter-division settlements (assets) +	0	0
11.	Movements in prepaid expenses and accrued income +	1 760	1 977
12.	Corporate tax liability -	0	0
13.	Dividends payable -	0	0
II.	Investing cash flows (lines 14-18)	4	3 408
14.	Acquisition of non-current assets -	-4 519	-129
15.	Disposal of non-current assets +	512	490
16.	Long-term loans granted and bank deposits repaid, terminated or cashed +	59	31
17.	Long-term loans granted and bank deposits -	0	0
18.	Dividends received +	3 952	3 016
III.	Financing cash flow (lines 19-27)	-10 795	-8 324
19.	Income from shares issued (capital addition) +	0	0
20.	Income from the issue of bonds, debt securities +	0	0
21.	Loans taken and borrowings +	0	0
22.	Amounts received free of charge +	0	0
23.	Disinvestment (capital reduction) -	0	0
24.	Repayment of bonds, debt securities -	0	0
25.	Repayment of loans and borrowings -	-10 564	-8 114
26.	Amounts transferred free of charge -	-204	-208
27.	Changes in other long-term liabilities +	-27	-2
IV.	Cash flows (I.+II.+III.)	-1 103	-4 580
28.	Revaluation of cash and cash equivalents in foreign exchange +	2	0
V.	Change in cash and cash equivalents (IV.+28.)	-1 101	-4 580

Table 90: Other activities – Cash flow statement

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

figures in HUF thousands			
<i>No.</i>	<i>Item</i>	<i>Base year 2018.</i>	<i>Current year 2019.</i>
1	Net revenues	10 554 539	10 293 755
	of which: fares	10 554 539	10 293 755
	of which: fair subsidy	0	0
	of which: revenues from gov.	0	0
2	Internal revenues	1 915 454	2 130 290
3	Capitalised own output	10 527	37 227
4	Other income	7 057 431	7 719 963
	of which: government reimbursement	0	0
	of which: government subsidy	3 751 559	1 825 781
5	OPERATING INCOME, TOTAL	19 537 951	20 181 235
6	Material-type expenses	3 947 784	4 218 577
	of which: network access charge	0	0
7	Internal expenses	139 046	181 504
	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	3 721	1 807
8	Payments to personnel	1 991 925	2 131 248
9	Depreciation charge	4 588 768	4 493 125
10	Other expenses	2 328 967	1 793 597
11	OPERATING EXPENSES, TOTAL	12 996 490	12 818 051
12	OPERATING PROFIT OR LOSS	6 541 461	7 363 184
13	Financial income	4 007 302	3 056 582
14	Financial expense	3 668 501	3 457 870
15	FINANCIAL PROFIT OR LOSS	338 801	-401 288
16	Extraordinary income	0	0
	of which: government subsidy	0	0
17	Extraordinary expense	0	0
18	EXTRAORDINARY PROFIT OR LOSS	0	0
19	Tax liability	0	0
20	AFTER TAX PROFIT OR LOSS	6 880 262	6 961 896

Table 91: 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 7.4 million profit on other activities (a 12.57% increase on 2018) as a result of a 3.30% increase in business returns. Within operating expenses, material-type expenses and payments to personnel increased by HUF 271 million and HUF 140 million, respectively, and was set off by a material decline of HUF 536 million in other expenses.

Details of net sales revenues:

Activity	figures in mHUF	
	2018	2019
Materials sale and inventory management	75	131
Rail vehicle rental	6 763	6 316
Property rental and management	2 147	2 159
Other services (human, training, accounting and other central services)	1 569	1 688
Total	10 554	10 294

Table 92: Other activities – net revenues

Revenues from other activities were by HUF 260 million less than in 2018.

The main reason for the decrease was uncollected revenues of HUF 447 million from railcars rented to MÁV-START Zrt.

Revenues from property rentals and management, which include recharged utility costs, increased by HUF 12 million on 2018 and totalled HUF 1,389 million in 2019.

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

Details of internal revenues per activity:

Internal activity	figures in mHUF	
	2018	2019
Other internal settlements	-6	4
Central administration	1 922	2 126
Total	1 916	2 130

Table 93: Other activities – internal revenues

Internal revenues from other activities increased by HUF 214 million compared to 2018, due to an increase of expenses to be allocated. Internal revenues from central administration comprise internal revenues from group administration (HUF 901 million) and internal revenues from corporate management (HUF 1,26 million).

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

- Disposed of own intangible and tangible assets totalled HUF 499 million (HUF -18 million) in 2019, of which HUF 493 million was the disposal of a single property.
- Provisions used in 2019 amounted to HUF 1,158 million (-453 million HUF); the most significant item was the HUF 678 million release of the provision for annuity payment obligations (HUF 463 million less than in 2018).
- Provision for unrealised exchange losses on development project loans used totalled HUF 909 million in 2019 (+579 million HUF).
- Of the subsidy received for the development of the Budapest-Belgrade line, HUF 2,300 million was used for a capital injection in Kínai-Magyar Vasúti Nonprofit Zrt. A subsidy equal to the recognised impairment loss on the investment (HUF 1,730 million) was recognised in 2019 among other income.
- Further to decision No. 25/208/2019 of MÁV Zrt's Founder, a capital injection of HUF 3,061 million into MÁV-START Zrt's share premium was carried out by way of contribution in kind of 1,305 railway vehicles to MÁV-START Zrt. The HUF 3,061 million positive difference

between the value of the contributed assets as per the articles of association and their book value was recognised as other income.

- In 2018, a capital injection of HUF 1,865 million into share premium took place at MÁV-START Zrt. funded from government subsidy, unlike in 2019.

Material expenses decreased compared to the base year. The most significant items in 2019:

- Material expenses decreased compared to 2018 (-52 million HUF) due to a HUF 53 million drop in the cost of gas. Electricity, fuel and invoiced water costs also decreased compared to 2018.
- The HUF 155 million increase in services used was due primarily to higher rents.

Payments to personnel totalled HUF 2,132 in 2019, which reflects a 6.99% increase on 2018 mainly as a result of the salary increase effected during the year.

Depreciation charged by other activities mainly related to rolling stock, which shows an immaterial difference compared to 2018.

The 23% decrease in other expenses was due mostly to HUF 428 million less provisions were made for annuity liabilities in 2019 than in 2018, and to HUF 118 million less impairment losses were recognised on debtors in 2019.

The HUF 3,016 million recognised as dividends received in the reporting year is related to 2018 and is detailed in the following table:

figures in mHUF	
Name	Dividends paid in 2019
EUROFIMA	20
EURO-METALL Kft.	57
HIT Rail B.V.	3
MÁV FKG KFT	273
MÁV-HÉV Zrt.	100
MÁV KfV Kft.	725
MÁV-START Zrt.	1 000
MÁV Szolgáltató Központ Zrt.	144
MÁV VAGON Kft.	0
VAMAV Kft.	694
Total:	3 016

Table 94: Dividends received in 2019

In addition to a decrease in dividends received, financial income (HUF 3,057 million) was significantly influenced by a HUF 30 million increase in the foreign exchange gain on receivables, and interest income of HUF 7 million was also recognised.

Financial expenses of other activities included impairment losses on equity investments recognised in 2019: HUF 1,730 million on Kínai-Magyar Vasúti Nonprofit Zrt. and HUF 24 million on MÁV-THERMIT Kft.

The amount of interest paid on development project loans, operational and other loans was HUF 90 million, and realised exchange loss related to the repayment of development project loans was HUF 1,631 million.

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	
Kínai-Magyar Vasúti Nonprofit Zrt.	223	0	223	211	1 730	1 941	-1 718
MÁV FKG KFT	4	273	277	3	23	26	251
MÁV KfV Kft.	4	725	729	1	0	1	728
MÁV NOSZTALGIA Kft.	16	0	16	2	0	2	14
MÁV Szolgáltató Központ Zrt.	487	144	631	425	7	432	199
MÁV VAGON Kft.	56	0	56	1	0	1	55
MÁV-HÉV Zrt.	3	104	107	3	0	3	104
MÁV-START Zrt.	8 154	4 061	12 215	1 308	2	1 310	10 905
ZÁHONY-PORT Zrt.	7	0	7	1	0	1	6
Total	8 954	5 307	14 261	1 955	1 762	3 717	10 544

Table 95: Related company balances (income and expenses) related to other activities

The effects of asset transfers in 2019 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)
Dunakeszi VÜNSZ 2019.05.16	-3	0	-3	0	-3	-3
Dunakeszi VÜNSZ 2019.05.16 deferred income released	0					
Balatonlelle VÜNSZ 2019.05.16	-4	0	-4	0	-4	-4
Balatonlelle VÜNSZ 2019.05.16 deferred income released	0					
Budapest XI VÜSZ	6	-6	0	0	0	0
Budapest XI VÜSZ deferred income released	0					
Total:	-1	-6	-7	0	-7	-7

Table 96: 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	17 769
Passenger transport	11
Other activities	128
MÁV Zrt. Total	17 908

Table 97: 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
Reimbursement of public service operating expenses	74 684 673 678			74 684 673 678
Reimbursement of public service operating expenses- reasonable profit	4 068 800 783			4 068 800 783
Public work subsidy	413 983 094			413 983 094
Subsidies for the costs and expenses of the Budapest-Belgrade railway project			1 729 748 176	1 729 748 176
IKOP grants to fund costs	76 256 488			76 256 488
Other subsidies to fund costs	887 580 194	150 000 000		1 037 580 194
Subsidy for capital injection				0
Government subsidies, total	80 131 294 237	150 000 000	1 729 748 176	82 011 042 413
Development subsidies (governmental and EU)				
Item	Rail infrastructure	Passenger transp.	Other activities	MÁV Zrt. total
Use of renovation reimbursement for treasury assets	21 220 655 885			21 220 655 885
Use of renovation reimbursement for MÁV Zrt's assets	274 756 384			274 756 384
Use of remaining reimbursement	1 573 760 383			1 573 760 383
Accrued government grant, reversed	1 635 762 254	479 640	96 032 669	1 732 274 563
Budapest-Belgrade railway development	745 778 816			745 778 816
IKOP grant "MÁV Zrt. Traffic safety projects"	447 820 439			447 820 439
IKOP grant "MÁV Zrt. Station improvement and integrated customer service development at 26 locations"	253 914 951			253 914 951
Government grant "MÁV Zrt. Station improvement and integrated customer service development at 26 locations"	16 776 041			16 776 041
Infrastructure and rolling stock maintenance SW and IT application consolidation Phase II (INKA2) (IKOP)	409 730 673			409 730 673
Keleti railway station reconstruction preparation	0			0
Nyugati railway station reconstruction preparation	30 726 000			30 726 000
Budapest-Ferencváros - Kelebia route change in Budapest	92 393 750			92 393 750
GINOP subsidy for "Integrated Intelligent Railway Supervision System Development"	77 729 485			77 729 485
Kenderes – reception building renovation	471 404 184			471 404 184
Subsidies received for light railway development	282 738 728	469 310 393	83 107 101	835 156 222
Light barriers at Kalocsa	18 743 004			18 743 004
Railways overhaul in the Central Danube area	1 231 308 461			1 231 308 461
Rákospuszta railway station property utilisation programme	1 092 904			1 092 904
RFC07 customer information system development	35 280			35 280
RFC11 webpage development	2 772 900			2 772 900
TEB asset developments	471 544 700			471 544 700
Development subsidies, total	28 785 127 622	469 790 033	179 139 770	29 908 375 025
Subsidies recognised as other income				
Item	Rail infrastructure	Passenger transp.	Other activities	MÁV Zrt. total
Reimbursement of public service operating expenses	74 685	0	0	74 685
Reimbursement of public service operating expenses- reasonable profit	4 069	0	0	4 069
Public work subsidy	414	0	0	414
Subsidies for the costs and expenses of the Budapest-Belgrade railway project	0	0	1 730	1 730
IKOP grants to fund costs	76	0	0	76
Other subsidies to fund costs	888	150	0	1 038
Subsidy for capital injection	0	0	0	0
Government subsidies, total	80 132	150	1 730	82 012
Development subsidies (governmental and EU)				
Item	Rail infrastructure	Passenger transp.	Other activities	MÁV Zrt. total
Use of renovation reimbursement for treasury assets	21 221	0	0	21 221
Use of renovation reimbursement for MÁV Zrt's assets	274	0	0	274
Use of remaining reimbursement	1 574	0	0	1 574
Accrued government grant, reversed	1 636	0	96	1 732
Budapest-Belgrade railway development	746	0	0	746
IKOP grant "MÁV Zrt. Traffic safety projects"	448	0	0	448
IKOP grant "MÁV Zrt. Station improvement and integrated customer service development at 26 locations"	254	0	0	254
Government grant "MÁV Zrt. Station improvement and integrated customer service development at 26 locations"	17	0	0	17
Infrastructure and rolling stock maintenance SW and IT application consolidation Phase II (INKA2) (IKOP)	410	0	0	410
Keleti railway station reconstruction preparation	0	0	0	0
Nyugati railway station reconstruction preparation	31	0	0	31
Budapest-Ferencváros - Kelebia route change in Budapest	92	0	0	92
GINOP subsidy for "Integrated Intelligent Railway Supervision System Development"	78	0	0	78
Kenderes – reception building renovation	471	0	0	471
Subsidies received for light railway development	283	469	83	835
Light barriers at Kalocsa	19	0	0	19
Railways overhaul in the Central Danube area	1 231	0	0	1 231
Rákospuszta railway station property utilisation programme	1	0	0	1
RFC07 customer information system development	0	0	0	0
RFC11 webpage development	3	0	0	3
TEB asset developments	472	0	0	472
Development subsidies, total	28 786	469	179	29 909

Table 98: 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	Business 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				2 128	187	1 941	419	450	-31	2 547	637	1 910
Other activities	154	2 070	-1 916				0	6	-6	154	2 076	-1 922
Regional passenger transport	424	419	5	2	-5	7				426	414	12
Total:	578	2 489	-1 911	2 130	182	1 948	419	456	-37	3 127	3 127	0

Table 99: Cumulative figures 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).

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