

**MÁV MAGYAR ÁLLAMVASUTAK ZRT.**

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

**31. December 2017**



## **INDEPENDENT AUDITOR'S REPORT**

(Free translation)

**To the founder of MÁV Magyar Államvasutak Zrt.**

### **Opinion**

We have audited the accompanying financial statements of MÁV Magyar Államvasutak Zrt. ("the Company") which comprise the balance sheet as at 31 December 2017 (in which the balance sheet total is THUF 1,296.455, the profit after tax is THUF 7.808), the related income statement for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies.

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

### **Basis for Opinion**

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

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

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

### **Emphasis of matter**

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

1. We draw attention to note I.5.1. which states that the financing of the Company's operations, the repayment of its loans, and the return on its assets depend on whether the founder provides the financial resources for the operation in time and whether resources from the state budget are available to the extent necessary.
2. We draw attention to note I.5.1. which states that in 2015 the Hungarian government and MÁV Zrt. signed a railtrack operation agreement to ensure the funding of the railtrack operation for the period between 2016 and 2025. The Company received a cost compensation amounting to HUF 69,743,5 million in 2017. The reimbursement for 2017 has not been settled with the Ministry for National Development till the Auditor's report date, and the amount is still subject to change.

3. We draw attention to note II.1.2.2.3. which states that as a result of the amendment of Act CVI of 2007 on State Property as of 28 June 2013 and the amendment of the Asset Management Agreement, from this date cost compensations are divided into the categories of compensation for operational costs to be accounted in profit/loss and compensation for renovation costs providing funds for capital expenditures and renovations required for operating the railway network. Consequently the agreement between MÁV Zrt. and the Ministry for National Development was amended in 2014.

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

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

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

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

5. We draw attention to note II.1.1.3. which states that the ownership status of certain properties is still unresolved between the Company and its Founder. The potential effect of the settlement on the assets of the Company is at present unclear, and will be subject to future agreements between the Company and its Founder. Under the amendment of Act CVI of 2007 on State Property as of 28 June 2013, settlement of ownership status of the real property should not result in a loss of equity for the Company.

Our opinion is not modified in respect of matters presented in points 1)-5).

#### **Other Information: the Business Report**

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



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

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

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

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

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

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

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the 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 in the preparation of the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Budapest, 24 April 2018

Éva Barsi  
Partner  
Statutory auditor  
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PricewaterhouseCoopers Könyvvizsgáló Kft.  
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*Translation note:*

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

Statistical code: 10856417-5221-114-01

Company registration number: 01-10-042272

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

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

**Balance sheet and profit & loss account**  
**31.12.2017**

Date: Budapest, 24/04/2018

Director (representative) of the Company

L.S.

Company registration number: 01-10-042272

**BALANCE SHEET Assets**

31.12.2017

Figures in million HUF

No.	Line item	Previous year	Current year
a	b	c	e
<b>A.</b>	<b>Non-current assets</b>	1 241 669	1 218 015
I.	INTANGIBLE ASSETS	9 063	9 218
1.	Capitalised amount of foundation/restructuring	0	0
2.	Capitalised amount of experimental development	37	37
3.	Intangible property rights	5 740	6 245
3/a.	of which: Managed state-owned intangible property rights	2 675	2 228
4.	Intellectual property	3 286	2 936
4/a.	of which: Managed state-owned intellectual property	0	0
5.	Goodwill	0	0
6.	Advance payments for intangible assets	0	0
7.	Revaluation of intangible assets	0	0
II.	TANGIBLE ASSETS	1 106 002	1 062 697
1.	Land and buildings, and related intangible property rights	867 159	833 971
1/a.	of which: Managed state-owned properties and related intangible property rights	813 705	780 956
2.	Technical equipment, machinery and vehicles	209 084	206 377
2/a.	of which: Managed state-owned technical equipment, machinery and vehicles	118 530	115 344
3.	Other equipment, fixtures and fittings, vehicles	21	16
4.	Breeding stock	0	0
5.	Capital projects, renovations	25 778	21 255
5/a.	of which: Managed state-owned capital projects	14 992	17 559
6.	Advance payments for capital projects	3 960	1 078
6/a.	of which: Advance payments for managed state-owned capital projects	0	0
7.	Revaluation of tangible assets	0	0
III.	NON-CURRENT FINANCIAL ASSETS	126 604	146 100
1.	Long-term participating interests in related companies	123 341	143 028
2.	Long-term loans to related companies	0	0
3.	Long-term major participating interests	805	805
4.	Long-term loans to companies linked by virtue of major participating interests	0	0
5.	Other long-term participating interests	2 457	2 266
6.	Long-term loans to companies linked by virtue of other participating interests	0	0
7.	Other long-term loans	1	1
8.	Long-term debt securities	0	0
9.	Revaluation of non-current financial assets	0	0
10.	Fair value adjustment of non-current financial assets	0	0

Date:

Budapest, 24/04/2018

Director (representative) of the Company  
L.S.

Company registration number: 01-10-042272

**BALANCE SHEET Assets**

31.12.2017

Figures in million HUF

No.	Line item	Previous year	Current year
a	b	c	e
<b>B.</b>	<b>Current assets</b>	74 265	69 871
I.	INVENTORIES	9 728	9 747
1.	Raw materials	9 403	9 342
1/a.	of which: Managed state-owned raw materials	2 320	1 904
2.	Work in progress and semi-finished products	2	0
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	236	343
4/a.	of which: Managed state-owned finished products	8	41
5.	Goods	87	62
6.	Advance payments for inventories	0	0
II.	RECEIVABLES	21 038	28 007
1.	Accounts receivable	2 824	2 873
2.	Receivables from related companies	14 733	14 900
3.	Receivables from companies linked by virtue of major participating interests	52	52
4.	Receivables from companies linked by virtue of other participating interests	9	27
5.	Notes receivable	0	0
6.	Other receivables	3 420	10 155
6/a.	of which: Receivables related to managed state-owned assets	0	1 366
7.	Fair value adjustment of receivables	0	0
8.	Positive fair value adjustment of derivatives	0	0
III.	SECURITIES	0	0
1.	Participating interests in related companies	0	0
2.	Major participating interests	0	0
3.	Other participating interests	0	0
4.	Own shares	0	0
5.	Debt securities held for dealing	0	0
6.	Fair value adjustment of securities	0	0
IV.	CASH	43 499	32 117
1.	Petty cash, cheques	6	6
2.	Bank deposits	43 493	32 111
<b>C.</b>	<b>Prepaid expenses &amp; accrued income</b>	8 063	8 569
1.	Accrued income	1 115	3 287
2.	Prepaid expenses	1 614	1 316
3.	Deferred expenses	5 334	3 966
<b>Total assets</b>		<b>1 323 997</b>	<b>1 296 455</b>

Date:

Budapest, 24/04/2018

Director (representative) of the Company  
L.S.



Company registration number: 01-10-042272

**BALANCE SHEET Liabilities**

31.12.2017

Figures in million HUF

No.	Line item	Previous year	Current year
a	b	c	e
<b>D.</b>	<b>Equity</b>	167 167	193 951
I.	REGISTERED CAPITAL	22 000	24 500
	of which: repurchased ownership share at nominal value	0	0
II.	REGISTERED CAPITAL NOT PAID (-)	0	0
III.	CAPITAL RESERVE	115 207	131 683
IV.	RETAINED EARNINGS	15 680	28 550
V.	NON-DISTRIBUTABLE RESERVE	2 245	1 410
VI.	REVALUATION RESERVE	0	0
1.	Revaluation reserve for adjustments	0	0
2.	Fair valuation reserve	0	0
VII.	AFTER-TAX PROFIT/(LOSS)	12 035	7 808
<b>E.</b>	<b>Provisions</b>	33 635	32 637
1.	Provisions for contingent liabilities	21 616	21 457
2.	Provisions for future expenses	8 893	8 586
3.	Other provisions	3 126	2 594
<b>F.</b>	<b>Liabilities</b>	1 082 752	1 032 769
I.	SUBORDINATED LIABILITIES	0	0
1.	Subordinated liabilities to related companies	0	0
2.	Subordinated liabilities to companies linked by virtue of major participating interests	0	0
3.	Subordinated liabilities to companies linked by virtue of other participating interests	0	0
4.	Subordinated liabilities to other entities	0	0
II.	NON-CURRENT LIABILITIES	1 007 249	962 506
1.	Long-term borrowings	292	58
2.	Convertible bonds and contingent convertible bonds	0	0
3.	Liabilities from the issue of bonds	0	0
4.	Loans for capital and development projects	27 165	16 871
5.	Other long-term loans	0	0
6.	Non-current liabilities to related companies	0	0
7.	Non-current liabilities to companies linked by virtue of major participating interests	0	0
8.	Non-current liabilities to companies linked by virtue of other participating interests	0	0
9.	Other non-current liabilities	979 792	945 577
9/a.	of which: Liabilities related to managed state-owned assets	979 318	945 120

Date:

Budapest, 24/04/2018

Director (representative) of the Company  
L.S.

Company registration number: 01-10-042272

**BALANCE SHEET Liabilities**

31.12.2017

Figures in million HUF

No.	Line item	Previous year	Current year
a	b	c	e
III.	CURRENT LIABILITIES	75 503	70 263
1.	Short-term borrowings	234	234
1/a.	of which: convertible bonds	0	0
2.	Short-term loans	9 388	10 217
3.	Advance payments received from customers	45	49
4.	Accounts payable	21 459	26 822
5.	Notes payable	0	0
6.	Current liabilities to related companies	16 133	18 275
7.	Current liabilities to companies linked by virtue of major participating interests	521	619
8.	Current liabilities to companies linked by virtue of other participating interests	22	38
9.	Other current liabilities	27 701	14 009
9/a.	of which: Liabilities related to managed state-owned assets	1 866	581
10.	Revaluation difference on liabilities	0	0
11.	Negative revaluation difference on derivative transactions	0	0
G.	Accrued expenses and deferred income	40 443	37 098
1.	Prepaid income	9 888	7 869
2.	Accrued expenses	2 338	2 348
3.	Deferred income	28 217	26 881
<b>Total equity &amp; liabilities</b>		<b>1 323 997</b>	<b>1 296 455</b>

Date:

Budapest, 24/04/2018

Director (representative) of the Company  
L.S.

Statistical code: 10856417-5221-114-01

Company registration number: 01-10-042272

**PROFIT AND LOSS ACCOUNT (using the cost by nature method)**

31.12.2017

Figures in million HUF

No.	Line item	Previous year	Current year
a	b	c	e
01.	Net domestic sales revenues	149 706	150 805
02.	Net export sales revenues	1 525	1 030
<b>I.</b>	<b>Net sales revenues (lines 01+02)</b>	151 231	151 835
03.	Change in self-produced inventories ±	-34	105
04.	Capitalised value of self produced assets	6 298	4 733
<b>II.</b>	<b>Capitalised own performance (±03+04)</b>	6 264	4 838
<b>III.</b>	<b>Other gains</b>	115 905	140 271
	III. of which: impairment reversed	51	0
05.	Raw materials	19 694	18 810
06.	Services used	46 271	57 192
07.	Other services	1 310	1 614
08.	Cost of goods sold	30 500	29 699
09.	Services resold (intermediated)	1 704	1 451
<b>IV.</b>	<b>Material expenses (lines 05+06+07+08+09)</b>	99 479	108 766
10.	Payroll cost	58 709	65 396
11.	Other payments to personnel	9 210	9 351
12.	Social security and other contributions	17 971	17 032
<b>V.</b>	<b>Personnel related expenses (10+11+12)</b>	85 890	91 779
<b>VI.</b>	<b>Depreciation</b>	56 080	65 356
<b>VII.</b>	<b>Other expenses</b>	23 627	23 967
	VII. of which: impairment	13 119	3 863
<b>A.</b>	<b>OPERATING PROFIT/(LOSS) (lines I±II+III-IV-V-VI-VII)</b>	8 324	7 076

Date: Budapest, 24/04/2018

Director (representative) of the Company  
L.S.

Statistical code: 10856417-5221-114-01

Company registration number: 01-10-042272

**PROFIT AND LOSS ACCOUNT (using the cost by nature method)**

31.12.2017

Figures in million HUF

No.	Line item	Previous year	Current year
a	b	c	e
13.	Dividends received (due)	707	1 995
	of which: received from related companies	15	1 360
14.	Income and exchange gains from participating interests	0	0
	of which: received from related companies	0	0
15.	Income and exchange gains from non-current financial assets (securities)	0	0
	of which: received from related companies	0	0
16.	Other interest and similar income received (due)	323	41
	of which: received from related companies	46	6
17.	Other financial gains	381	177
	of which: revaluation difference	0	0
<b>VIII.</b>	<b>Income from financial transactions (lines 13+14+15+16+17)</b>	1 411	2 213
18.	Expenses and exchange losses from participating interests	0	0
	of which: paid to related companies	0	0
19.	Expenses and exchange losses from non-current financial assets (securities)	0	0
	of which: paid to related companies	0	0
20.	Interest payable (paid) and similar expenses	515	221
	of which: paid to related companies	15	2
21.	Impairment on participating interests, securities, long-term loans and bank deposits	-5 502	-327
22.	Other expenses of financial transactions	2 687	1 587
	of which: revaluation difference	0	0
<b>IX.</b>	<b>Expenses of financial transactions (lines 18+19±20+21)</b>	-2 300	1 481
<b>B.</b>	<b>FINANCIAL PROFIT/(LOSS) (lines VIII-IX)</b>	3 711	732
<b>C.</b>	<b>PRE-TAX PROFIT/(LOSS) (lines ±A±B)</b>	12 035	7 808
<b>X.</b>	<b>Tax liability</b>	0	0
<b>D.</b>	<b>AFTER-TAX PROFIT/(LOSS) (lines ±C-X)</b>	12 035	7 808

Date: Budapest, 24/04/2018

Director (representative) of the Company  
L.S.



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

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# **NOTES TO THE FINANCIAL STATEMENTS FOR 2017**

**Budapest, 24.04.2018**

**Manager (representative) of the Company**

**Stamp**



## Contents

<b>I</b>	<b>General disclosures</b>	<b>1</b>
<b>I.1</b>	<b>The Company</b>	<b>1</b>
<b>I.2</b>	<b>The Company's main accounting policies</b>	<b>3</b>
<b>I.3</b>	<b>Changes in the accounting policy during the current year</b>	<b>7</b>
<b>I.4</b>	<b>The Company's valuation methods</b>	<b>7</b>
<b>I.5</b>	<b>Important information on and changes in the Company's operations</b>	<b>9</b>
I.5.1	Government involvement in MÁV Zrt.'s operations	9
<b>I.6</b>	<b>Obligation to prepare consolidated financial statements</b>	<b>10</b>
<b>II</b>	<b>Specific disclosures</b>	<b>11</b>
<b>II.1</b>	<b>Notes to the balance sheet</b>	<b>11</b>
II.1.1	Non-current assets	12
II.1.1.1	Change in intangible assets	12
II.1.1.2	Change in managed state-owned intangible assets	13
II.1.1.3	Change in tangible assets	14
II.1.1.4	Change in managed state-owned tangible assets	15
II.1.1.5	Change in capital projects	16
II.1.1.6	Impact of accounting depreciation in the current year	17
II.1.1.7	Intangible and tangible assets contributed/received free of charge	17
II.1.1.8	Managed state-owned assets	17
II.1.1.9	The Company's long-term investments	21
II.1.1.10	Impairment on non-current financial assets	22
II.1.1.11	The value of subordinated assets by legal title	22
II.1.2	Current assets	22
II.1.2.1	Inventories	22
II.1.2.2	Receivables	23
II.1.2.2.1	Receivables and their impairment	23
II.1.2.2.2	Receivables from related companies	23
II.1.2.2.3	Reimbursement components	24
II.1.2.2.4	Reclassification of receivables and liabilities in the balance sheet	24
II.1.2.3	Securities	25
II.1.2.3.1	Impairment on securities	25
II.1.3	Prepayments	25
II.1.4	Equity	25
II.1.4.1	Changes to equity components	25
II.1.4.2	Non-distributable reserves by title	26
II.1.5	Provisions	26
II.1.5.1	Provisions for contingent liabilities	28

---

---

II.1.5.2	Provisions for liabilities to related companies	28
II.1.5.3	Provisions for future expenses	28
II.1.5.4	Other provisions	29
II.1.5.4.1	Provisions for exchange losses	29
II.1.5.5	Changes in provisions in the current year	29
II.1.6	Liabilities	30
II.1.6.1	Subordinated liabilities	30
II.1.6.2	Non-current liabilities	30
II.1.6.2.1	Long-term loans	30
II.1.6.2.2	Long-term borrowings and bonds	30
II.1.6.2.3	Other non-current liabilities	31
II.1.6.2.4	Liabilities related to managed state-owned assets	31
II.1.6.3	Current liabilities	32
II.1.6.3.1	Short-term loans and borrowings	32
II.1.6.3.2	Other current liabilities	32
II.1.6.4	Liabilities to related companies	32
II.1.7	Accruals	33
II.1.8	Off-balance sheet items	33
II.1.8.1	Borrowing and repayment of loans not disbursed by the balance sheet date	33
II.1.8.2	Hedging transactions	33
II.1.8.3	Joint and several liability and guarantee contracts	34
II.1.8.4	Liabilities from lien	35
II.1.8.5	Expected amounts related to environmental protection liabilities and recovery obligations not recognised as liabilities	35
II.1.8.6	Payment schedule of off-balance sheet interest and related charges	36
II.1.8.7	Operating lease contracts in effect at the balance sheet date where the Company is the lessee	36
<b>II.2</b>	<b>Notes to the profit and loss account</b>	<b>37</b>
II.2.1	Net sales revenues	37
II.2.1.1	Net sales revenues by activity	37
II.2.1.2	Export and import sales revenues	38
II.2.2	Analysis of expenses by type	38
II.2.2.1	Material expenses	39
II.2.2.2	Personnel-related expenses	40
II.2.2.3	Depreciation	41
II.2.3	Other gains and expenses	41
II.2.3.1	Other gains	41
II.2.3.2	Other expenses	43
II.2.4	Financial profit/(loss)	44
II.2.4.1	Income from financial transactions	44
II.2.4.2	Expenses of financial transactions	44
II.2.5	Related company gains and expenses	45
II.2.6	Corporate tax base adjusting items	46
II.2.7	Profit and loss account using the cost by function method	47

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<b>II.3</b>	<b>Cash flow statement</b>	<b>48</b>
<b>II.4</b>	<b>The Company's net assets, financial position and results of operations</b>	<b>49</b>
<b>II.5</b>	<b>Balance sheet and profit and loss account affecting previous years</b>	<b>50</b>
<b>III</b>	<b>Supplementary notes</b>	<b>51</b>
<b>III.1</b>	<b>Environmental protection</b>	<b>51</b>
III.1.1	Environmental protection liabilities	51
III.1.2	Tangible assets directly serving environmental protection purposes	52
III.1.3	Hazardous waste values and quantities	53
<b>III.2</b>	<b>Research and experimental development expenses</b>	<b>53</b>
<b>III.3</b>	<b>Subsidies received</b>	<b>54</b>
<b>III.4</b>	<b>Average employee headcount, payroll costs, payments to personnel</b>	<b>55</b>
<b>III.5</b>	<b>Information on payments to senior officers and Supervisory Board members</b>	<b>56</b>
III.5.1	Remuneration paid to senior officers and Supervisory Board members	56
III.5.2	Advances and loans disbursed to senior officers and Supervisory Board members, and guarantees assumed on their behalf	56
III.5.3	The Company's pension liabilities to former officers and members of the Supervisory Board	56
<b>III.6</b>	<b>The Company's investments</b>	<b>57</b>
<b>III.7</b>	<b>Disclosures of the exempted parent company</b>	<b>60</b>
<b>III.8</b>	<b>Material transactions with related parties that were not made on an arm's-length basis</b>	<b>60</b>
<b>III.9</b>	<b>Description of foreign permanent establishments</b>	<b>60</b>
<b>IV</b>	<b>Annual supervisory report – Disclosures according to Joint Decree No. 50/2007 GKM-PM on the separation of the accounting records of the individual railway activities of rail companies</b>	<b>61</b>
<b>IV.1</b>	<b>Rail infrastructure operation</b>	<b>61</b>
<b>IV.2</b>	<b>Regional passenger transport</b>	<b>71</b>
<b>IV.3</b>	<b>Other activities</b>	<b>78</b>
<b>IV.4</b>	<b>Other disclosures on separation</b>	<b>87</b>
<b>V</b>	<b>List of tables</b>	<b>89</b>



## I General disclosures

### I.1 The Company

Further to Act LIII of 1992 on the management of permanent government businesses and their assets and to Act XVI of 1991 on concessions, on 30 June 1993, the Ministry for Transport, Telecommunications and Water of the Republic of Hungary, representing the government as owner (the Founder), founded Magyar Államvasutak Részvénytársaság (hereinafter: “MÁV Zrt.” or “the Company”), as a single member private company limited by shares. MÁV Zrt. was created following a transformation and was responsible for passenger and goods transport. As the goods transport (cargo) activity was outsourced as of 1 January 2006, passenger transport on standard rail tracks was outsourced as of 1 July 2007, and traction as well as tractive and hauled vehicle maintenance were outsourced as of 1 January 2008 to separate entities, these activities no longer form a part of the Company’s operations. Since 2008, rail infrastructure operation has become the Company’s main activity. As of 31 December 2015, MÁV Létesítményüzemeltető és Vasútór Kft., and MÁV Tervezőintézet Kft. as well as its wholly-owned subsidiary, VITECO Kft., merged with MÁV Zrt., and as a result the Company’s range of activities was expanded to include the complex management, sale, and letting of real property, private security activities, and the guarding of properties and trainsets.

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

**Company name:**

MÁV Hungarian State Railways Private Company Limited by Shares

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

English: MÁV Hungarian State Railways Private Company Limited by Shares

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

German: MÁV Ungarische Staatseisenbahnen Geschlossene Aktiengesellschaft

**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: 322-0660

**The Company’s homepage:**

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

**The Company’s founder:**

The Company’s founder is the Hungarian State.

Date of foundation: 30 June 1993

**The Company's owner:**

The Company's sole owner is the Hungarian State. Between 1 January 2014 to 31 December 2017, ownership rights are exercised by the Ministry for National Development. Registered address: 1011 Budapest, Fő utca 44-50.

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

**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: Ilona Dávid (home address: 2120 Dunakeszi, Baross Gábor utca 11.).

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: Dr. Nándor Kaliczka, MÁV Szolgáltató Központ Zrt. Head of Accounting Unit, domicile: 1204 Budapest, Bethlen u. 11., membership number as a registered public accountant/registration number: 189604.

**Information relating to the audit:**

Based on Section 155 (2) of the Accounting Act, MÁV Zrt's annual financial statements are subject to audit. The Company's auditor is PricewaterhouseCoopers Könyvvizsgáló Kft.

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

The annual audit fee is HUF 14.95 million.

**The Company's share capital:**

At 31 December 2017, the Company's share capital was HUF 24,500,000,000, which consisted of 2,450,000 ordinary shares of HUF 10,000 face value each.

## **I.2 The Company's main accounting policies**

### **Main characteristics of the rules used in preparing the financial statements**

The Company prepares its financial statements in accordance with the Accounting Act and keeps its books using the double-entry bookkeeping method, in both cases in Hungarian language.

In addition to the Accounting Act, the Company's accounting policies also comply with Act CLXXXIII of 2005 ("the Railways Act") and with Joint Decree No. 50/2007 (IV.26.) GKM-PM of the Minister of Transport and the Minister of Finance on the separation of the accounting records of the individual railway activities of rail companies ("the Decree"). Accordingly, as part of the notes to the annual financial statements, an annual supervisory report (see section IV) also has to be prepared for each separated activity performed by the Company.

The Company's financial year is the same as the calendar year, and the date of the annual financial statements is 31 December.

In line with the Accounting Act, financial figures in the balance sheet, the profit and loss account, and the notes to the financial statement are expressed in millions of Hungarian forints (HUF millions), with the exception of the activity statement for rail infrastructure operation, in which, in line with the Decree, financial figures are expressed in thousands of Hungarian forints (THUF), and the tables on the Company's investments, in which financial figures are expressed in Hungarian forints.

The date of balance sheet preparation is 13 April of the year following the current year.

The Company records its costs in a breakdown by cost categories, in Account Class 5, and does not keep secondary cost centre - cost bearer accounts in Account Class 6 or 7.

The Company capitalises the expenses of foundation/restructuring as well as experimental development in all cases if statutory requirements are met.

The Company maintains continuous records on the quantity and value of its inventories and inventory changes, except for the inventories of live plants.

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

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

Items pertaining to previous years are accounted in the same way as current year items by means of continuous accounting, but they are separated for each period. With respect to items affecting previous years, if a review or self-revision has identified 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 extraordinary amount and occurrence**

Income and expenses accounted in any line item are classified as having an extraordinary amount and presented in the notes by item if they reach HUF 10 million and arise from the following or similar cases:

- providing contribution in kind (capital contribution),
- assets transferred/received free of charge
- gifts, estate,
- termination without legal succession,
- termination with legal succession (transformation, merger, demerger),
- reducing share capital through disinvestment,
- cancelling debt,
- assuming liabilities,
- assuming debt,
- cancelling liabilities,
- cash received without the obligation of repayment
- cash transferred without the obligation of repayment
- supplying services free of charge,
- using services free of charge,
- operational subsidies received,
- development subsidies received,
- providing support on any legal grounds,
- items accounted as other income and other expenses presented in II.2.3. of the notes to the financial statements and not detailed above

### **Determining significance in regard to certain recognitions and assets**

- For the purposes of recognising extraordinary depreciation of intangible and tangible assets, the difference between the book value and the market value of an asset is considered significant if it exceeds 5% of the book value of the asset before the recognition/reversal of extraordinary depreciation, or at least HUF 1 million.
- For the purposes of recognising or reversing impairment on equity investments and debt securities, the difference between the book value and the market value (regardless of whether they are recognised in non-current financial assets or current assets) is considered significant if it exceeds 5% of the book value of the asset before the recognition/reversal of impairment, or at least HUF 1 million. The difference is deemed to be significant in all cases if it exceeds HUF 500 million.
- Differences between the book value and the market value are always considered significant for the purposes of recognising and reversing impairment on receivables (including trade and other receivables).
- For the purposes of recognising or reversing impairment on purchased inventories (materials, goods), the difference between the book value and the market value is considered significant if it exceeds 20% of the book value of the asset valid prior to the recognition/reversal of impairment. For the purposes of recognising and reversing impairment on self-produced inventories (work in progress, semi-finished products, finished products), the difference between the book value and the expected selling price less expected expenses plus expected

subsidies is considered significant if it exceeds 20% of the book value of the asset prior to recognising/reversing impairment.

- Considering Section 16 (5) of the Accounting Act (cost/benefit analysis), in the case of economic transactions conducted outside the company group with an effect on profit/(loss), items of a net amount above HUF 2 million are recognised as prepayments or accruals as at the balance sheet date. Exceptions are infrastructure access charges, which are accounted in all cases. In the case of invoiced events, one item comprises the full net amount of one invoice. In the case of uninvoiced events, one item comprises the amount shown in the document (e.g. contract, decision, calculation, etc.) underlying the recording of the given transaction in the accounting system. In the case of intra-group transactions with an effect on profit/(loss), all prepayments and accruals are recognised at the balance sheet date, regardless of their amount.
- Provisioning principles are set out in section II.1.5.
- Each deferred income item is considered material and is charged to other revenues or financial income depending on the related compensated expense.

### **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, alongside settlement of the funds for managed state-owned assets.

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

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

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

### **Special rules concerning asset transfer**

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

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

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

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

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

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

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

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

In the financial statements, the balance of receivables and liabilities of divisions comprises asset transfers, as well as amounts reflecting the classification of properties as PÜSZ (required for rail infrastructure operation), VÜSZ (other assets required for railway operation), or VÜNSZ (not required for railway operation), 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 policy during the current year**

In 2017, the Company adopted a new accounting policy (and, as a part of that, a new valuation policy) (Chairman and CEO's Directives Nos. 22/2017 (III. 31. MÁV Ért. 10.) EVIG and 23/2017 (III. 31. MÁV Ért. 10.) EVIG), the provisions of which were applied for the first time in the financial year starting on 1 January 2017.

The valuation rules have changed in respect of the following:

- The rules of recognising impairment on inventories and receivables have changed; the new rules are described in detail in the following section.
- The detailed rules on determining the residual value have also changed. The residual value is deemed to be significant in all cases if it is expected to exceed HUF 20 million (rather than the previous limit of HUF 10 million). When re-estimating the residual value, the difference is deemed significant if it exceeds 25% (rather than the previous 5%) of the value before the change.
- As regards recognising and reversing impairment on equity investments, a minimum threshold has been specified, under which no impairment will be recognised or reversed. The new rule is described in detail in the following section.

The above changes to valuation rules have no material effect on the Company's net assets, financial position or results of operations.

### **I.4 The Company's valuation methods**

#### **Common rules for the valuation of assets**

On recognition of foreign currency assets and liabilities, the amounts are translated into HUF using the official exchange rate of the National Bank of Hungary.

For financial instruments, the Company does not apply the fair value method set out in Sections 59/A-F of the Accounting Act.

#### **Valuation methods used for non-current assets**

Ordinary depreciation of tangible and intangible assets is charged monthly, on a calendar-day basis, using the straight-line method, over the expected useful life of the assets.

In accordance with the Company's accounting policy, residual value is deemed material if it is expected to exceed 10% of the original cost of the asset, or at least HUF 1 million. The residual value is always deemed material if it is expected to exceed HUF 20 million.

Intangible property rights, intellectual property and tangible assets with an individual acquisition or production cost below HUF 100,000 are fully depreciated when taken into use.

Regarding the purchase of intangible and tangible assets, if invoices or appropriate accounting documents are not received until the asset is put into operation, the difference between the historical cost determined on the basis of available documents and the actual value determined on the basis of the final accounting records is considered significant and will adjust the preliminarily determined historical cost if the difference exceeds 2% of the preliminarily determined historical cost. The difference is deemed significant in all cases if it exceeds HUF 20 million. All items accounted in connection with the capital projects managed by the specified state-owned company are treated as adjusting items.

For the purposes of recognising or reversing impairment on equity investments and debt securities, the difference between the book value and the market value (regardless of whether they are recognised in non-current financial assets or current assets) is considered significant if it exceeds 5% of the book value of the asset before the recognition/reversal of impairment, or at least HUF 1 million. The difference is deemed significant in all cases if it exceeds HUF 500 million.

The Company does not value assets at market value or recognise any value adjustments as per Section 57 (3) of the Accounting Act.

#### **Valuation methods used for current assets**

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

The amount of impairment recognised and reversed on inventories recorded in SAP's MM module is determined using individual valuation (based on part number) by unit of account.

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 the actual purchase prices (net of any discounts invoiced), by unit of account, of the last five items acquired within 730 days (or 731 days if the period included a leap year) (hereinafter 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 policy.

If the difference between the unit-of-account level rolling average price of an inventory item and the market price calculated as described above reaches the materiality limit specified in the accounting policy, then the inventory item concerned will be revalued to the calculated market price for all accounting units.

In cases other than those described above, the average annual use of all inventory items will have to be determined by unit of account, based on usage data taken from the Company's inventory system (for the period between acquisition and the balance sheet date, but not more than five years). The expected turnover of the closing stock will have to be determined based on average annual use, and impairment will have to be recognised accordingly (by part number, on a unit-of-account level) as shown in the table below.

Expected turnover time	Rate of impairment
within 1 year	0%
within 3 years	20%
within 5 years	50%
Over 5 years	90%

The rate of impairment shown in the table must be determined as a percentage of the current average rolling price of the item to be valued.

The Company does not recognise impairment based on expected turnover on the following categories: safety inventories, bulk inventories, strategic machine parts and tools, and intermediated services shown among goods (unless the debtor disputes settlement before re-invoicing).

Impairment to be recognised and reversed on receivables (including trade and other receivables) is determined as shown below:

We recognise 100% impairment on all receivables if the debtor is under liquidation, voluntary liquidation, involuntary deregistration or insolvency proceedings.

We recognise 100% impairment on receivables (recognised by the debtor) if the debt is litigated due to non-payment.

Impairment is recognised on the basis of individual ratings for all receivables from inter-railway debtors. If receivables from inter-railway debtors show a negative balance (inter-railway liability), impairment on trade and other receivables will continue to be determined on the basis of individual ratings.

All other debtors are rated based on average ageing. To this end, we calculate the weighted average of overdue receivables for each debtor (average ageing): the balances of each debtor in each category of receivables (not overdue, overdue for 1-30, 31-60, 61-90, 91-180, 181-365, more than 366 days) are multiplied by the first day of the category (by zero in the case of receivables that are not overdue), and the product is divided by the total amount of receivables.

Based on average ageing, impairment is accounted for all receivables from the debtor as follows:

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

Impairment to be recognised and reversed on receivables from related parties is determined as shown below:

We recognise 100% impairment on all receivables if the debtor is under liquidation, voluntary liquidation, involuntary deregistration or insolvency proceedings.

In all other cases, the rate of impairment to be recognised and reversed on all receivables from debtors is determined based on the debtor's individual rating, while no impairment is recognised on receivables from MÁV Group members.

No impairment is recognised on receivables settled by the date of balance sheet preparation.

If information and documents available at the time of balance sheet preparation enable a more accurate approximation of the expected recoverable value of certain receivables, the amount of impairment to be recognised and reversed is determined on a case-by-case basis.

Decreases in foreign currency balances are accounted at the rolling average currency rate for the currency concerned.

## **1.5 Important information on and changes in the Company's operations**

### **1.5.1 Government involvement in MÁV Zrt.'s operations**

On 21 December 2015, the Hungarian state and MÁV Zrt. concluded 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 operation.

According to the reimbursement clause for 2017, MÁV Zrt. received HUF 69,743.5 million of reimbursement, of which HUF 52,357 million was for operational expenses, which was accounted in profit/loss, and HUF 17,386.5 million was for renovation expenses, providing funds

for capital expenditures on treasury assets and rail infrastructure operation assets. The reimbursement provided did not cover rail infrastructure renovation and operation expenses for 2017, as a result of which MÁV Zrt. needs an additional HUF 3,718 million in reimbursement. The use of the reimbursement is shown in section I.1.2.2.3 Composition of reimbursement.

On 15 February 2017, the Hungarian government decided to provide additional funds from the central budget to companies managed by the Ministry for National Development (NFM) to increase the minimum wage and the guaranteed minimum wage, relieve wage pressures, and bring wages in line with market expectations. Accordingly, MÁV Zrt. received HUF 6,154 million in additional funds for wage development in 2017.

According to title 5 numbers of title group 1, Section 21 (1) of Chapter XVII of Act C of 2017 on the State Budget for 2018, HUF 93,071 million was budgeted as reimbursement to cover the justified costs of rail infrastructure operation, of which HUF 86,469 million is provided to MÁV Zrt. The reimbursement clause for 2018 was signed on 21 February 2018, and the first instalment was disbursed on 2 March 2018.

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

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

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

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

The values of intangible assets are presented in the table below:

Figures in million HUF

Description	Capitalised amount of foundation/restructuring	Capitalised amount of experimental development	Intangible property rights	Intellectual property	Goodwill	Advance payments for intangible assets	Total
1. <i>Gross amount, opening</i>	0	38	9 659	16 023	0	0	25 720
2. Purchasing, renovation, advance payments (+)			1 995	767			2 762
3. Self-produced (+)							0
4. Assets received free of charge (+)							0
5. Assets received (in return for receivables or participating interests) (+)							0
6. Takeover of projects implemented by NIF Zrt. / NISZ Zrt. for asset management							0
7. Count surplus (+)							0
8. Increase from contribution in kind (+)							0
9. Increase due to merger (+)							0
10. Disposal (-)				-351			-351
11. Transfer free of charge (-)							0
12. Scrapping, partial scrapping (-)			-27	-15			-42
13. Missing (-)							0
14. Destruction (-)							0
15. Contribution in kind (-)							0
16. Reclassification (breaking down, combination, offsetting advance payments) (+/-)			-51	51			0
17. <i>Gross amount, closing</i>	0	38	11 576	16 475	0	0	28 089
18. <i>Depreciation, opening</i>	0	1	3 919	12 737	0	0	16 657
19. Ordinary depreciation in the current year (+)			1 451	1 156			2 607
20. Extraordinary depreciation in the current year (+)							0
21. Reversal of extraordinary depreciation (-)							0
22. Disposal (-)				-351			-351
23. Transfer free of charge (-)							0
24. Scrapping, partial scrapping (-)			-27	-15			-42
25. Missing (-)							0
26. Destruction (-)							0
27. Contribution in kind (-)							0
28. Reclassification (breaking down, combination) (+/-)			-12	12			0
29. <i>Depreciation, closing</i>	0	1	5 331	13 539	0	0	18 871
30. <i>Opening, net</i>	0	37	5 740	3 286	0	0	9 063
31. <i>Closing, net</i>	0	37	6 245	2 936	0	0	9 218

Table 1: Change in intangible assets in the current year

Items related to the FOR system, the INKA Project and software used at the Company are recognised as intangible property rights acquired in the current year.

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

Change in managed intangible assets is presented in the table below:

Figures in million HUF

Description	Capitalised amount of foundation/restructuring	Capitalised amount of experimental development	Intangible property rights	Intellectual property	Goodwill	Advance payments for intangible assets	Total
<b>1. Gross amount, opening</b>	<b>0</b>	<b>0</b>	<b>2 983</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2 983</b>
2. Purchasing, renovation, advance payments (+)							0
3. Self-produced (+)							0
4. Assets received free of charge (+)							0
5. Assets received (in return for receivables or participating interests) (+)							0
6. Takeover of projects implemented by NIF Zrt. / NISZ Zrt. for asset management							0
7. Count surplus (+)							0
8. Increase from contribution in kind (+)							0
9. Increase due to merger (+)							0
10. Disposal (-)							0
11. Transfer free of charge (-)							0
12. Scrapping, partial scrapping (-)							0
13. Missing (-)							0
14. Destruction (-)							0
15. Contribution in kind (-)							0
16. Reclassification (breaking down, combination, offsetting advance payments) (+/-)			0				0
<b>17. Gross amount, closing</b>	<b>0</b>	<b>0</b>	<b>2 983</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2 983</b>
<b>18. Depreciation, opening</b>	<b>0</b>	<b>0</b>	<b>308</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>308</b>
19. Ordinary depreciation in the current year (+)			447				447
20. Extraordinary depreciation in the current year (+)							0
21. Reversal of extraordinary depreciation (-)							0
22. Disposal (-)							0
23. Transfer free of charge (-)							0
24. Scrapping, partial scrapping (-)							0
25. Missing (-)							0
26. Destruction (-)							0
27. Contribution in kind (-)							0
28. Reclassification (breaking down, combination) (+/-)							0
<b>29. Depreciation, closing</b>	<b>0</b>	<b>0</b>	<b>755</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>755</b>
<b>30. Opening, net</b>	<b>0</b>	<b>0</b>	<b>2 675</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2 675</b>
<b>31. Closing, net</b>	<b>0</b>	<b>0</b>	<b>2 228</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2 228</b>

Table 2: Change in managed state-owned intangible assets in the current year

### II.1.1.3 Change in tangible assets

Change in the value of tangible assets is shown in the table below:

Figures in million HUF

Description	Land and buildings, and related intangible property	Technical equipment, machinery and vehicles	Other equipment, fixtures and fittings, vehicles	Breeding stock	Capital projects, renovations	Advance payments for capital projects	Total
1. <i>Gross amount, opening</i>	1 241 249	407 622	908	0	26 447	3 960	1 680 186
2. Purchasing, renovation (+)					33 539	-2 882	30 657
3. Assets received free of charge (+)		34					34
4. Assets received (in return for receivables or participating interests) (+)							0
5. Count surplus (+)	65	101	1				167
6. Increase from contribution in kind (+)							0
7. Takeover of projects implemented by NIF Zrt. / NISZ Zrt. for asset							0
8. Takeover of assets for asset management							0
9. Increase due to transfer of assets (+)	273						273
10. Increase due to merger (+)							0
11. Disposal (-)	-236	-214	-8				-458
12. Transfer free of charge (-)					-6 576		-6 576
13. Scrapping, partial scrapping (-)	-2 040	-816	-86				-2 942
14. Missing (-)	-683	-117	-16				-816
15. Destruction (-)	-3	-2					-5
16. Contribution in kind (-)							0
17. Decrease due to transfer of assets (-)	-1 591	-33	-8				-1 632
18. Relinquished asset management rights (-)	-473	-15					-488
19. Commissioning (+/-)	19 016	12 470	0		-31 486		0
20. Reclassification (breaking down, combination, offsetting advance payments) (+)	-9 722	9 695	27				0
21. <i>Gross amount, closing</i>	1 245 855	428 725	818	0	21 924	1 078	1 698 400
22. <i>Depreciation, opening</i>	374 090	198 538	887	0	669	0	574 184
23. Ordinary depreciation in the current year (+)	44 868	17 875	6	0			62 749
24. Extraordinary depreciation in the current year (+)	1 147	1 997	0				3 144
25. Reversal of extraordinary depreciation (-)							0
26. Inventory surplus (+)							0
27. Takeover of assets for asset management (+)							0
28. Disposal (-)	-16	-179	-7				-202
29. Transfer free of charge (-)		0					0
30. Scrapping, partial scrapping (-)	-1 975	-816	-85				-2 876
31. Missing (-)	-579	-86	-16				-681
32. Destruction (-)	-2	-2					-4
33. Contribution in kind (-)							0
34. Decrease due to transfer of assets (-)	-316	-20	-9				-345
35. Relinquished asset management rights (-)	-258	-8					-266
36. Reclassification (breaking down, combination) (+/-)	-5 075	5 049	26				0
37. <i>Depreciation, closing</i>	411 884	222 348	802	0	669	0	635 703
38. <i>Opening, net</i>	867 159	209 084	21	0	25 778	3 960	1 106 002
39. <i>Closing, net</i>	833 971	206 377	16	0	21 255	1 078	1 062 697

Table 3: Change in tangible assets in the current year

The ownership status of certain MÁV Zrt. properties has been unresolved between the Company and its Founder since the Company's foundation. In order to clarify the ownership status of its property portfolio, the Company launched a project that involves significant resources. As a result of this project, in an effort to clarify the status of MÁV Zrt.'s land holdings where there is any difference from the official land register, progress was made in the current year as well.

In 2017, assets not required for railway operation (VÜNSZ) worth HUF 1,014 million were transferred. Assets required for railway operation (VÜSZ) were not transferred. The related impacts are shown in tables 82 and 99.

In the current year, no legal or financial transfer of tangible or intangible assets or capital projects took place from projects carried out by NIF or NISZ Zrt.

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

Assets transferred free of charge are shown in table 9.



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

Figures in million HUF

Description	Land and buildings, and related intangible property	Technical equipment, machinery and vehicles	Other equipment, fixtures and fittings, vehicles	Breeding stock	Capital projects, renovations	Total
1. <i>Gross amount, opening</i>	1 171 517	215 549	0	0	15 641	1 402 707
2. Purchasing, renovation, advance payments (+)					23 158	23 158
3. Assets received free of charge (+)						0
4. Assets received (in return for receivables or participating interests) (+)						0
5. Count surplus (+)	54	100				154
6. Increase from contribution in kind (+)						0
7. Takeover of projects implemented by NIF Zrt. / NISZ Zrt. for asset management						0
8. Takeover of assets for asset management (+)						0
9. Increase due to transfer of assets (+)						0
10. Disposal (-)						0
11. Transfer free of charge (-)						0
12. Scrapping, partial scrapping (-)	-1 993	-504				-2 497
13. Missing (-)	-820	-79				-899
14. Destruction (-)						0
15. Contribution in kind (-)						0
16. Decrease due to transfer of assets (-)						0
17. Relinquished asset management rights (-)	-473	-15				-488
18. Commissioning (+/-)	17 495	3 096			-20 591	0
19. Reclassification (breaking down, combination, offsetting advance payments) (+/-)	-9 722	9 699	23			0
20. <i>Gross amount, closing</i>	1 176 058	227 846	23	0	18 208	1 422 135
21. <i>Depreciation, opening</i>	357 812	97 019	0	0	649	455 480
22. Ordinary depreciation in the current year (+)	43 921	10 976				54 897
23. Extraordinary depreciation in the current year (+)	1 138	14				1 152
24. Reversal of extraordinary depreciation (-)						0
25. Inventory surplus (+)						0
26. Takeover of assets for asset management (+)						0
27. Disposal (-)						0
28. Transfer free of charge (-)						0
29. Scrapping, partial scrapping (-)	-1 930	-503				-2 433
30. Missing (-)	-506	-48				-554
31. Destruction (-)						0
32. Contribution in kind (-)						0
33. Decrease due to transfer of assets (-)						0
34. Relinquished asset management rights (-)	-258	-8				-266
35. Reclassification (breaking down, combination) (+/-)	-5 075	5 052	23			0
36. <i>Depreciation, closing</i>	395 102	112 502	23	0	649	508 276
37. <i>Opening, net</i>	813 705	118 530	0	0	14 992	947 227
38. <i>Closing, net</i>	780 956	115 344	0	0	17 559	913 859

Table 4: Change in managed state-owned tangible assets in the current year

Figures in million HUF

Category	Gross value	Net value
Land	24,269	24,269
Buildings	47,267	43,746
Structures	1,104,522	712,941
Machinery, equipment, vehicles	227,869	115,344
Intangible assets	2,983	2,228
Construction in progress	18,208	17,559
<b>Grand total</b>	<b>1,425,118</b>	<b>916,087</b>

Table 5: Managed state-owned assets by categories

Figures in million HUF

Category	Gross value	Net value
Land	3	3
Buildings	31,976	26,199
Structures	15,324	7,842
Machinery, equipment, vehicles	43,227	18,586
Intangible assets	24,915	6,990
Construction in progress	3,645	3,627
<b>Grand total</b>	<b>119,090</b>	<b>63,247</b>

Table 6: Assets owned by MÁV Zrt. required for rail infrastructure operation, by category

### II.1.1.5 Change in capital projects

Figures in million HUF

Description	Construction in progress	
	2016	2017
<b>Opening</b>	<b>27 128</b>	<b>25 778</b>
Additions in the current year (+)	210 551	33 539
Self-produced (+)	0	0
Increase due to merger (+)	0	0
Commissioning following takeover of capital projects implemented by NIF/NISZ Zrt. (-)	-177 387	0
Of various capital projects implemented by NIF/NISZ Zrt. and taken over in the current year, unfinished capital projects (WIP) as at balance sheet date (+)	542	0
Other commissioning (-)	-35 041	-31 486
Extraordinary depreciation (-)	-2	0
Reversal of extraordinary depreciation (+)	7	0
Other increase (+)		0
Disposal (-)		0
Missing (-)	-20	0
Transfer free of charge (-)	0	-6 576
Other decrease (-)	0	0
<b>Closing</b>	<b>25 778</b>	<b>21 255</b>

Table 7: Change in capital projects

### II.1.1.6 Impact of accounting depreciation in the current year

Figures in million HUF

Description	Ordinary	Extraordinary	As per the Accounting Act, total	As per the Corporate Income Tax Act
Land	0	0	0	0
Properties (except land)	44,868	1,147	46,015	47,394
Machinery, equipment	17,875	1,997	19,872	31,306
Other machinery and equipment	6	0	6	15
Capital projects	0	0	0	0
<b>Tangible assets, total:</b>	<b>62,749</b>	<b>3,144</b>	<b>65,893</b>	<b>78,715</b>
Foundation/restructuring	0	0	0	0
Experimental development	0	0	0	0
Intangible property rights	1,451	0	1,451	1,442
Intellectual property	1,156	0	1,156	1,069
Goodwill	0	0	0	0
<b>Intangible assets, total:</b>	<b>2,607</b>	<b>0</b>	<b>2,607</b>	<b>2,511</b>
<b>Total:</b>	<b>65,356</b>	<b>3,144</b>	<b>68,500</b>	<b>81,226</b>

Table 8: Depreciation of intangible and tangible assets accounted in the current year under the Accounting Act and the CIT

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

Intangible, tangible assets, and capital projects contributed/received free of charge are shown in the following table:

Figures in million HUF

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

Table 9: Intangible and tangible assets contributed/received free of charge

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

### II.1.1.8 Managed state-owned assets

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

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

Figures in million HUF

Description	2016	2017	Change
Intangible assets, total	2 675	2 228	-447
Land, total	24 413	24 269	-144
Buildings, total	43 382	43 746	364
Structures, total	745 475	712 551	-32 924
Properties and related intangible property rights	435	390	-45
Machinery, equipment and vehicles, total	118 530	115 344	-3 186
Construction in progress related to managed assets	14 992	17 559	2 567
<b>Managed state-owned tangible assets, total:</b>	<b>949 902</b>	<b>916 087</b>	<b>-33 815</b>
Managed state-owned raw materials (from disassembly of state-owned assets)	2 318	1 904	-414
Expected value, at year end, of materials from state-owned assets to be disassembled	2	0	-2
Managed state-owned finished products and work in progress	8	41	33
<b>Managed state-owned inventories, total:</b>	<b>2 328</b>	<b>1 945</b>	<b>-383</b>
<b>Managed state-owned assets, total:</b>	<b>952 230</b>	<b>918 032</b>	<b>-34 198</b>
<b>Non-current liabilities, opening at 30 September 2001, upon signing the asset management contract:</b>	<b>275 578</b>	<b>275 578</b>	<b>0</b>
Takeover of projects implemented by NIF Zrt. for asset management	632 508	632 508	0
<i>of which - State and EU funds</i>	<i>630 024</i>	<i>630 024</i>	<i>0</i>
- Own funds	1 643	1 643	0
- Other (local government) funds	299	299	0
- Funds provided by NIF	540	540	0
Takeover of assets for asset management	15 089	15 089	0
Takeover of assets for asset management due to transfer of assets	56 946	56 946	0
Capital projects and renovations carried out from reimbursement of renovation expenses and the residual of the same	90 938	111 577	20 639
<i>of which pertaining to the previous year</i>	<i>0</i>	<i>-4</i>	<i>-4</i>
Investment, renovation from EU funds/local government/other budgetary resources	175 595	177 969	2 374
<i>of which pertaining to the previous year</i>	<i>-6</i>	<i>-6</i>	<i>0</i>
Purchases from own funds	153 737	153 737	0
<i>of which pertaining to the previous year</i>	<i>20</i>	<i>20</i>	<i>0</i>
Capital projects implemented from funds received from third parties	7 516	7 516	0
State-owned assets identified as surplus	1 870	2 024	154
Use of managed state-owned inventories for managed state-owned tangible assets	1 340	1 483	143
<b>Source of increase in managed state-owned tangible assets, total:</b>	<b>1 135 539</b>	<b>1 158 849</b>	<b>23 310</b>
Increase in raw materials from disassembly of state-owned assets in the current year	4 015	4 131	116
<b>Source of increase in managed state-owned inventories, total:</b>	<b>4 015</b>	<b>4 131</b>	<b>116</b>
<b>Source of increase in managed state-owned assets, total:</b>	<b>1 139 554</b>	<b>1 162 980</b>	<b>23 426</b>
Ordinary depreciation	357 748	413 092	55 344
Extraordinary depreciation and reversal	65 594	66 746	1 152
Disposal	57	57	0
Scrapping	17 525	17 588	63
Missing	2 108	2 453	345
Destruction	3	3	0
Assets transferred free of charge	1 656	1 656	0
Net value of state-owned assets contributed to MÁV Zrt.	1 819	1 819	0
Transfer of managed state-owned land	8 970	8 970	0
Relinquished asset management rights	5 731	5 953	222
Settlement of previous year's shortage related to managed state-owned assets	0	0	0
Settlement of extraordinary depreciation recognised in the previous year	0	0	0
<b>Source of decrease in managed state-owned tangible assets, total:</b>	<b>461 212</b>	<b>518 338</b>	<b>57 126</b>
Use of managed state-owned inventories	1 595	1 745	150
Disposal of managed state-owned inventories	95	241	146
Scrapping of managed state-owned inventories	0	71	71
Impairment on managed state-owned inventories	0	132	132
<b>Source of decrease in managed state-owned inventories, total:</b>	<b>1 690</b>	<b>2 188</b>	<b>499</b>
<b>Source of decrease in managed state-owned assets, total:</b>	<b>462 902</b>	<b>520 527</b>	<b>57 625</b>
<b>Liabilities related to managed state-owned assets, total:</b>	<b>952 230</b>	<b>918 032</b>	<b>-34 198</b>

Table 10: Managed state-owned assets and the corresponding balance sheet liabilities

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

Figures in million HUF

Description	2016	2017	Change
Intangible assets, total	2 675	2 228	-447
Land, total	24 413	24 269	-144
Buildings, total	43 382	43 746	364
Structures, total	745 475	712 551	-32 924
Properties and related intangible property rights	435	390	-45
Machinery, equipment and vehicles, total	118 530	115 344	-3 186
Construction in progress related to managed assets	14 992	17 559	2 567
<b>Managed state-owned assets, total:</b>	<b>949 902</b>	<b>916 087</b>	<b>-33 815</b>
Managed state-owned raw materials (from disassembly of state-owned assets)	2 318	1 904	-414
Expected value, at year end, of materials from state-owned assets to be disassembled	2	0	-2
Managed state-owned finished products and work in progress	8	41	33
<b>Managed state-owned inventories, total:</b>	<b>2 328</b>	<b>1 945</b>	<b>-383</b>
<b>Managed state-owned assets, total:</b>	<b>952 230</b>	<b>918 032</b>	<b>-34 198</b>
<b>Non-current liabilities, opening at 30 September 2001, upon signing the asset management contract:</b>	<b>275 578</b>	<b>275 578</b>	<b>0</b>
Takeover of projects implemented by NIF Zrt. for asset management	632 508	632 508	0
<i>of which - State and EU funds</i>	<i>630 024</i>	<i>630 024</i>	<i>0</i>
- Own funds	1 645	1 645	0
- Other (local government) funds	299	299	0
- Funds provided by NIF	540	540	0
Takeover of assets for asset management	15 089	15 089	0
Takeover of assets for asset management due to transfer of assets	56 946	56 946	0
Capital projects and renovations carried out from reimbursement of renovation expenses and the residual of the same	90 938	111 577	20 639
<i>of which pertaining to the previous year</i>	<i>0</i>	<i>-4</i>	<i>-4</i>
Investment, renovation from EU funds/local government/other budgetary resources	175 595	177 969	2 374
<i>of which pertaining to the previous year</i>	<i>-6</i>	<i>-6</i>	<i>0</i>
Purchases from own funds	153 737	153 737	0
<i>of which pertaining to the previous year</i>	<i>20</i>	<i>20</i>	<i>0</i>
Capital projects implemented from funds received from third parties	7 516	7 516	0
State-owned assets identified as surplus	1 870	2 024	154
Net value of assets taken over from MÁV Zrt.			0
Use of managed state-owned inventories for managed state-owned tangible assets	1 340	1 483	143
<b>Source of increase in managed state-owned tangible assets, total:</b>	<b>1 135 539</b>	<b>1 158 849</b>	<b>23 310</b>
Increase in raw materials from disassembly of state-owned assets in the current year	4 015	4 131	116
<b>Source of increase in managed state-owned inventories, total:</b>	<b>4 015</b>	<b>4 131</b>	<b>116</b>
<b>Source of increase in managed state-owned assets, total:</b>	<b>1 139 554</b>	<b>1 162 980</b>	<b>23 426</b>
Ordinary depreciation	357 748	413 092	55 344
Extraordinary depreciation and reversal	65 594	66 746	1 152
Disposal	57	57	0
Scrapping	17 525	17 588	63
Missing	2 108	2 453	345
Destruction	3	3	0
Assets transferred free of charge	1 656	1 656	0
Net value of state-owned assets contributed to MÁV Zrt.	1 819	1 819	0
Transfer of managed state-owned land	8 970	8 970	0
Relinquished asset management rights	5 731	5 953	222
Settlement of previous year's shortage related to managed state-owned assets	0	0	0
Settlement of extraordinary depreciation recognised in the previous year	0	0	0
<b>Source of decrease in managed state-owned tangible assets, total:</b>	<b>461 212</b>	<b>518 338</b>	<b>57 126</b>
Use of managed state-owned inventories	1 595	1 745	150
Disposal of managed state-owned inventories	95	241	146
Scrapping of managed state-owned inventories	0	71	71
Impairment on managed state-owned inventories	0	132	132
<b>Source of decrease in managed state-owned inventories, total:</b>	<b>1 690</b>	<b>2 188</b>	<b>499</b>
<b>Source of decrease in managed state-owned assets, total:</b>	<b>462 902</b>	<b>520 527</b>	<b>57 625</b>
<b>Liabilities related to managed state-owned assets, total:</b>	<b>952 230</b>	<b>918 032</b>	<b>-34 198</b>

Table 11: Change in managed state-owned assets in the current year and in the base year

Subsidies for development purposes are shown in the following table:

Figures in million HUF

Use of subsidies received for renovation/construction of managed state-owned assets			
Subsidy	2016	2017	Change
Use of reimbursement of renovation expenses in relation to managed state-owned assets	21,242	19,725	-1,517
of which: - Renovation of assets	20,371	19,902	-469
Advances on assets	827	-241	-1,068
Value-added activities concerning inventories	44	68	24
Current year accounting of reimbursement of renovation expenses relating to previous years	0	-4	-4
Use of the reimbursement residual	5,076	741	-4,335
Development of the Budapest-Belgrade line	61	40	-21
Development of public transport in the Balaton region (DDOP programme)	4	0	-4
KÖZOP grants for the implementation of MÁV Zrt. Traffic safety projects (15%)	-1	0	1
Electrification of railway line 2 Rákospuszta-Esztergom (KÖZOP) (domestic part)	1	0	-1
KÖZOP grants for the implementation of "MÁV Zrt. Station development and integrated customer service development programme at 26 locations" (15%) (domestic part)	6	0	-6
Renovation of right track Nagyút-Mezőkeresztes-Mezőnyárád (KÖZOP) (domestic part 15%)	24	0	-24
IKOP preparatory project for 2014-2020 (15%)	-1	0	1
IKOP grants "MÁV Zrt. Traffic safety projects" (IKOP, domestic part 15%)	22	179	157
IKOP grants for the implementation of "MÁV Zrt. Station development and integrated customer service development programme at 26 locations" (IKOP domestic part, 15%)	31	31	0
Refurbishment of railway bridges and steel structures (ZE140001)	339	0	-339
Service level improvement on railtrack no. 80	314	4	-310
Preparations for the reconstruction of Keleti Railway Station Stat.-15%	0	2	2
Preparations for the reconstruction of Nyugati Railway Station Stat.-15%	0	1	1
<b>Use of central subsidies, total:</b>	<b>27,117</b>	<b>20,723</b>	<b>-6,394</b>
KÖZOP grants for the implementation of MÁV Zrt. Traffic safety projects (85%)	-8	0	8
KÖZOP grants for the implementation of MÁV Zrt. Traffic safety projects (preparatory project) (85%)	4	0	-4
KÖZOP grants for the implementation of "MÁV Zrt. Station development and integrated customer service development programme at 26 locations" (ERFA/KA 85%)	33	0	-33
Electrification of railway line 2 Rákospuszta-Esztergom (KÖZOP) (ERFA - 85%)	4	0	-4
Renovation of right track Nagyút-Mezőkeresztes-Mezőnyárád (KÖZOP) (ERFA - 85%)	137	0	-137
Development of public transport in the Balaton region (DDOP programme)	25	0	-25
IKOP preparatory project for 2014-2020 (85%)	-5	0	5
Protection of the embankment wall Balatonkenese - Balatonakaratya (providing for the resistance of embankment walls at risk of falling debris and slipping) (KDOP programme)	7	0	-7
IKOP grants for the implementation of "MÁV Zrt. Traffic safety projects" (IKOP, KA 85%)	122	1,014	892
IKOP grants for the implementation of "MÁV Zrt. Station development and integrated customer service development programme at 26 locations" (IKOP, KA 85%)	176	177	1
Preparations for the reconstruction of Keleti Railway Station EU-85%	0	9	9
Preparations for the reconstruction of Nyugati Railway Station EU-85%	0	8	8
<b>Use of EU subsidies, total:</b>	<b>497</b>	<b>1,208</b>	<b>711</b>
<b>Use of subsidies received for the renovation of managed state-owned assets, total</b>	<b>27,614</b>	<b>21,931</b>	<b>-5,683</b>
Use of subsidies received for the renovation/construction of assets owned by MÁV Zrt.			
Subsidy	2016	2017	change
Use of reimbursement of renovation expenses for assets owned by MÁV	2,591	4,068	1,477
Use of reimbursement of renovation expenses to fund advances on assets owned by MÁV	960	-1,056	-2,016
Use of the reimbursement residual	1,942	2,807	865
Memorial Centre for the Child Victims of the Holocaust investment project	159	0	-159
KÖZOP grants for the implementation of "MÁV Zrt. Station development and integrated customer service development programme at 26 locations," KÖZOP 0003	3	0	-3
Development of public transport in the Balaton region (DDOP programme)	5	0	-5
Consolidation of software and IT application for the maintenance of infrastructure and rolling stock (INKA) (KÖZOP) – (domestic share 15%)	38	1	-37
IKOP grants for the implementation of "MÁV Zrt. Station development and integrated customer service development programme at 26 locations" from the central budget (IKOP domestic part, 15%)	62	186	124
Consolidation of software and IT application for the maintenance of infrastructure and rolling stock (INKA) (IKOP, domestic part 15%)	74	97	23
Refurbishment of railway bridges and steel structures (ZE140001)	55	12	-43
<b>Use of central subsidies, total:</b>	<b>5,890</b>	<b>6,115</b>	<b>225</b>
KÖZOP grants for the implementation of "MÁV Zrt. Station development and integrated customer service development programme at 26 locations," KÖZOP 0003	15	0	-15
Consolidation of software and IT application for the maintenance of infrastructure and rolling stock (INKA)(KÖZOP)(ERFA - 85%)	217	7	-210
Development of public transport in the Balaton region (DDOP programme)	30	0	-30
IKOP grants for the implementation of "MÁV Zrt. Station development and integrated customer service development programme at 26 locations" (IKOP, KA 85%)	350	1,055	705
Consolidation of software and IT application for the maintenance of infrastructure and rolling stock (INKA) (IKOP KA - 85%)	422	551	129
<b>Use of EU subsidies, total:</b>	<b>1,034</b>	<b>1,613</b>	<b>579</b>
<b>Use of subsidies received for the renovation/construction of assets owned by MÁV Zrt., total</b>	<b>6,923</b>	<b>7,728</b>	<b>805</b>

Table 12: Subsidies used for capital projects



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

Figures in million HUF

Description	Book value of investment			
	Opening	Increase	Decrease	Closing
Related companies	123,341	21,015	1,328	143,028
Major participating interests	805	0	0	805
Other participating interests	2,457	0	191	2,266
Other long-term loans	1	0	0	1
<b>Total:</b>	<b>126,604</b>	<b>21,015</b>	<b>1,519</b>	<b>146,100</b>

Table 13: Book values of the Company's investments by category

Pursuant to the Accounting Act's provisions, MÁV Zrt. includes 7 of its subsidiaries fully in its consolidated financial statements for 2017; it has a direct controlling interest in all of these except for MÁV VAGON Kft.

The value of investments in related companies was increased by a HUF 1,200 million capital increase with share premium in Kínai-Magyar Vasúti Nonprofit Zrt., and decreased by the HUF 1,201 million impairment recognised on the book value of existing participating interest in the company.

In accordance with the relevant provisions of the Accounting Act, HUF 127 million additional impairment had to be recognised on the participating interest in ZÁHONY-PORT Zrt., and the HUF 1,612 million impairment previously recognised on participating interests in MÁV-START Zrt. had to be reversed at the end of 2017.

Pursuant to a decision of the General Assembly of Budapest, Budapesti Helyiérdekű Vasút Zrt. (BHÉV Zrt.) was established on 7 November 2016 through a spin-off from Budapesti Közlekedési Zrt. In the sole shareholder (owner) decision no. 2/2017 (II. 7.), the Ministry for National Development decided to increase MÁV Zrt.'s capital through the non-cash contribution of 100% of the shares of BHÉV Zrt., a fully state-owned company. In total, the share capital was increased by HUF 2,499,800,000. As a result of the capital increase, MÁV Zrt.'s equity increased by HUF 18,203 million. The value of MÁV Zrt.'s participating interests increased by the value of the interest acquired in the legal successor MÁV-HÉV Zrt., i.e. by HUF 18,203 million.

MÁV Zrt. sold participating interests in MÁV FKG Kft. and MÁV KfV Kft. to MÁV-HÉV Zrt. for a total book value of HUF 0.2 million.

The liquidation of MÁV Utasellátó Zrt. "f.a." was completed. As 100% impairment was recognised earlier on the value of the participating interest, the book value of investments in related companies did not change.

Due to the exchange loss recognised during the year-end revaluation of MÁV Zrt.'s foreign currency-based participating interests, the value of other participating interests decreased by HUF 191 million.

As a result of Normon-Tool Kft.'s liquidation proceedings, impairment had to be recognised, which resulted in a HUF 0.1 million decrease in the value of other participating interests.

The current year's changes in MÁV Zrt.'s participating interests are presented in detail in III.6. Investments.

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

Figures in million HUF

Description	Impairment				
	Opening	Increase in the current year	Decrease in the current year	Reversed in the current year	Closing
Long-term participating interests in related companies	2,340	1,327	137	1,612	1,918
Long-term loans to related companies	0	0	0	0	0
Long-term major participating interests	158	0	0	0	158
Long-term loans to companies linked by virtue of major participating interests	0	0	0	0	0
Other long-term participating interests	0	0	0	0	0
Long-term loans to companies linked by virtue of other participating interests	0	0	0	0	0
Other long-term loans	672	0	0	42	630
Long-term debt securities	0	0	0	0	0
<b>Total:</b>	<b>3,170</b>	<b>1,327</b>	<b>137</b>	<b>1,654</b>	<b>2,706</b>

Table 14: Impairment on non-current financial assets

### II.1.1.11 The value of subordinated assets by legal title

MÁV Zrt. did not recognise any subordinated assets in 2017.

## II.1.2 Current assets

### II.1.2.1 Inventories

Figures in million HUF

Inventories	Raw materials	Work in progress and semi-finished products	Animals for breeding, fattening, and other livestock	Finished products	Goods	Advance payments for inventories	Total
<b>Opening, gross</b>	9,542	2	-	239	87	-	9,870
Purchases, advance payments	25,050				18,986		44,036
Assets received free of charge							
Contribution in kind							
Reclassification							
Recognised in inventories				1,011			1,011
Surplus	28						28
Materials from disassembled assets	51						51
Other increase							
Use (recognised in expenses)	- 12,598	- 2		- 900	- 33		- 13,533
Reclassification, offsetting of advance payment							
Disposal	- 12,318				- 18,978		- 31,296
Assets transferred free of charge							
Contribution in kind							
Scrapping	- 93						- 93
Shortage	- 42						- 42
Other decrease							
<b>Closing, gross</b>	9,620	-	-	350	62	-	10,032
<b>Impairment, opening</b>	139	-	-	3	-	-	142
Impairment for the current year	278			4			282
Written off due to inventory decrease	- 139						- 139
Impairment reversed							
<b>Impairment, closing</b>	278	-	-	7	-	-	285
<b>Net value, opening balance</b>	9,403	2	-	236	87	-	9,728
<b>Net closing balance</b>	9,342	-	-	343	62	-	9,747

Table 15: 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 1,945 million.



## II.1.2.2 Receivables

### II.1.2.2.1 Receivables and their impairment

Figures in million HUF

Description	Receivables, gross						Impairment on receivables					Book value of receivables in 2017	Book value of receivables in 2016	Change
	Not overdue	1-90 days	91-180 days	181-365 days	over 365 days	Total	Opening	Impairment for the current year	Amount received in respect of reduced receivables	Other derecognition of impairment	Closing			
Accounts receivables from supplies of goods and services (accounts receivable)	2 162	290	81	51	3 188	5 772	3 271	126	94	404	2 899	2 873	2 824	49
Receivables from related companies	14 804	95	0	1	0	14 900	0	0	0	0	0	14 900	14 733	167
of which: from fully consolidated subsidiaries	14 795	95	0	1	0	14 891	0	0	0	0	0	14 891	13 532	1 359
of which: from not fully consolidated subsidiaries	9	0	0	0	0	9	0	0	0	0	0	9	1	8
of which: from jointly managed companies not consolidated based on a quota	0	0	0	0	0	0	0	0	0	0	0	0	1 200	-1 200
Receivables from companies linked by virtue of major participating interests	43	2	2	3	32	82	30	0	0	0	30	52	52	0
Receivables from companies linked by virtue of other participating interests	27	0	0	0	0	27	0	0	0	0	0	27	9	18
Notes receivable	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other receivables	10 048	25	5	41	194	10 313	92	69	2	1	158	10 155	3 420	6 735
Receivables, total:	27 084	412	88	96	3 414	31 094	3 393	195	96	405	3 087	28 007	21 038	6 969

Table 16: Receivables and their impairment

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

### II.1.2.2.2 Receivables from related companies

Figures in million HUF

Description	Fully consolidated subsidiary	Not fully consolidated subsidiary	Total
Advance payments for intangible assets	0	0	0
Advance payments for capital projects	144	0	144
Long-term loans to related companies	0	0	0
Advance payments for inventories	0	0	0
Receivables from related companies	14 891	9	14 900
<b>Total:</b>	<b>15 035</b>	<b>9</b>	<b>15 044</b>

Table 17: Receivables from related companies

### II.1.2.2.3 Reimbursement components

Figures in million HUF

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

Table 18: Reimbursement components

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

At the end of 2017, the Company had a reimbursement request of HUF 3.7 billion.

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

The following items have been reclassified in the balance sheet:

- From loans for capital and development projects, HUF 10,217 million was reclassified to short-term loans as instalments payable in 2018.
- From long-term borrowings, HUF 234 million was reclassified to short-term borrowings as instalments payable in 2018.
- Security deposits of HUF 305 million were reclassified from other non-current liabilities to other current liabilities.
- From other long-term borrowings, HUF 55 million was reclassified to other receivables as the 2018 instalment of loans provided to employees.
- Reimbursement of expenses in the value of HUF 3,718 million, and liabilities to employees in the value of HUF 5 million were reclassified from other current liabilities to other receivables.
- Other receivables of HUF 10 million were reclassified to other current liabilities.
- An amount of HUF 155 million was reclassified from trade receivables to other current liabilities, HUF 6 million was reclassified from trade liabilities to other receivables.
- Receivables from the state budget in the amount of HUF 4,653 million were reclassified from other current liabilities to other receivables, which comprises almost completely the balance of VAT settlement (HUF 4,635 million).

### II.1.2.3 Securities

#### II.1.2.3.1 Impairment on securities

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

### II.1.3 Prepayments

Figures in million HUF

Item	Previous year	Current year	Difference
<b>Accrued income</b>			
Accrued income from services completed but not billed*	1,101	3,113	2,012
Accrued cash pool interest (internal and external)	2	0	-2
Accrued bank interest for the current period	8	1	-7
Accrued late payment interest, penalties, and compensation	4	2	-2
Unbilled rent (RE-FX)	0	69	69
Income recognised following the current year	0	20	20
Accrued income relating to the Integrated Traffic Organisation and Regulation System	0	82	82
<b>Accrued income, total:</b>	<b>1,115</b>	<b>3,287</b>	<b>2,172</b>
<b>Prepaid expenses</b>			
Pre-billed expenses	122	193	71
Dismissal wage and severance pay	34	34	0
Unbilled expenses (credit)	1,458	1,089	-369
<b>Prepaid expenses, total:</b>	<b>1,614</b>	<b>1,316</b>	<b>-298</b>
<b>Deferred expenses</b>			
Deferred unrealised exchange losses	5,334	3,966	-1,368
<b>Deferred expenses, total</b>	<b>5,334</b>	<b>3,966</b>	<b>-1,368</b>
<b>Total:</b>	<b>8,063</b>	<b>8,569</b>	<b>506</b>

\*In the Notes to the Financial Statements for 2016, HUF 80 million from 'Accrued income from services completed but not billed' was recognised in line item 'Accrued other gains'.

Table 19: Prepaid expenses and accrued income

- The lease fee adjustment for Q4 was not invoiced to MÁV-START Zrt.
- The decrease of accrued exchange loss from FX loans is attributable to the decrease of loans and exchange rates.

### II.1.4 Equity

#### II.1.4.1 Changes to equity components

Figures in million HUF

Description	Registered capital	Registered capital not paid (-)	Capital reserve	Retained earnings	Non-distributable reserve	After-tax profit/(loss)	Equity
<b>Opening balance 2017</b>	<b>22,000</b>	<b>0</b>	<b>115,207</b>	<b>15,680</b>	<b>2,245</b>	<b>12,035</b>	<b>167,167</b>
Transfer of after-tax profit/(loss) from 2016	0	0	0	12,035	0	-12,035	0
Capital increase	0	0	1,978	0	0	0	1,978
Contribution in kind	2,500	0	15,703	0	0	0	18,203
Release of non-distributable reserves related to unrealised exchange losses	0	0	0	835	-835	0	0
Transfer of assets	0	0	-1,205	0	0	0	-1,205
After-tax profit for 2017	0	0	0	0	0	7,808	7,808
<b>Closing balance 2017</b>	<b>24,500</b>	<b>0</b>	<b>131,683</b>	<b>28,550</b>	<b>1,410</b>	<b>7,808</b>	<b>193,951</b>

Table 20: Changes in equity

In the sole shareholder (owner) decision no. 25/2016 (XII. 20.) issued on 20 December 2016, MÁV Zrt.'s owner ordered the increase of MÁV Zrt.'s capital through a cash contribution of HUF 1,978,362,109. The Company's registered capital increased by HUF 200,000 as a result of

the capital increase. The capital increase was registered on 11 January 2017, with effect from 20 December 2016.

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

As a result of the above capital increases, MÁV Zrt.'s registered capital amounted to HUF 24,500,000,000 at the date of balance sheet preparation.

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

#### II.1.4.2 Non-distributable reserves by title

Figures in million HUF

Legal grounds for non-distributable reserves	Opening balance	Released in the current year	Made in the current year	Closing balance
Difference between provision for unrealised exchange losses on FX loans and deferred expenses	2,208	835	0	1,373
Unexpensed part of R&D posted to non-distributable reserves	37	0	0	37
<b>Total:</b>	<b>2,245</b>	<b>835</b>	<b>0</b>	<b>1,410</b>

Table 21: Non-distributable reserves by title

#### 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 grounds	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 current 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 current 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 contingent liabilities

Figures in million HUF

Provision for liabilities	Opening balance	Released in the current year	Made in the current year	Closing balance
Liabilities related to redundancies	867	764	801	904
Environmental liability	10,323	2,167	936	9,092
Litigation	1,313	292	945	1,966
Provision for claims for damages	220	76	209	353
Liabilities assumed from subsidiaries	7	7	0	0
Damage caused by chemical disaster in the Ajka area	4	4	0	0
Working clothes and uniforms	706	281	133	558
Liabilities from annuities	7,040	823	1,023	7,240
Late-payment interest	132	114	164	182
Provision made due to non-compliance with EU law	19	19	78	78
Bonus payment liability	760	669	515	606
Provision for other liabilities	225	0	253	478
<b>Total:</b>	<b>21,616</b>	<b>5,216</b>	<b>5,057</b>	<b>21,457</b>

Table 22: Provisions for contingent liabilities

The increase in provision for litigations is attributable to the additional provision of HUF 649 million required for wages not yet paid to employees in standby positions.

Pursuant to decrees VFF/27095/2014-NFM and TPF/28503-2/2015-NFM of the Ministry for National Development, bonuses for 2013 and 2014 were not paid to employees subject to Section 208 (1) and (2) of the Labour Code. The provision made earlier for the unpaid portion will be maintained until the period of limitation stipulated by the Labour Code expires. A provision of HUF 515 million was made for work performed in 2017.

The provision for environmental liabilities is presented in Table 56 in III.1.1. Environmental protection liabilities.

### II.1.5.2 Provisions for liabilities to related companies

Figures in million HUF

Provision for liabilities to related companies	Opening balance	Released in the current year	Made in the current year	Closing balance
Provision for claims for damages	151	67	180	264
Liabilities assumed from subsidiaries	7	7		0
<b>Total:</b>	<b>158</b>	<b>74</b>	<b>180</b>	<b>264</b>

Table 23: Provisions for contingent liabilities to related companies

### 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 million HUF

Provision for future expenses	Opening balance	Released in the current year	Made in the current year	Closing balance
Provision for demolition expenses	862	53	0	809
Provision for maintenance expenses	816	91	0	725
Provision for high-level maintenance expenses	7,160	3,838	3,608	6,930
Provision for Children's Railway maintenance expenses	55	39	106	122
<b>Total:</b>	<b>8,893</b>	<b>4,021</b>	<b>3,714</b>	<b>8,586</b>

Table 24: Provisions for future expenses

Provision for demolition 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 53 million for demolition performed in 2017. A provision for maintenance expenses was released in an amount of HUF 91 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 3,608 million in 2017, and released a provision of HUF 3,838 million due to completion of work.

#### II.1.5.4 Other provisions

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

Figures in million HUF

Loan	Opening balance	Released in the current year	Made in the current year	Closing balance
CA-CIB	1,649	362	0	1,287
Raiffeisen	1,477	170	0	1,307
<b>Total:</b>	<b>3,126</b>	<b>532</b>	<b>0</b>	<b>2,594</b>

Table 25: Provisions for exchange losses

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

Figures in million HUF

Description	Provision for contingent liabilities	Provision for future expenses	Other provisions	Total
<b>Opening provisions</b>	<b>21,616</b>	<b>8,893</b>	<b>3,126</b>	<b>33,635</b>
Released in the current year	5,216	4,021	532	<b>9,769</b>
Made in the current year	5,057	3,714	0	<b>8,771</b>
<b>Closing provisions</b>	<b>21,457</b>	<b>8,586</b>	<b>2,594</b>	<b>32,637</b>

Table 26: Change 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 million HUF

Source of funds	Agreement dated at	Agreement expires on	Government guarantee (no. of decree)	Secured by assets	Currency	Amount per agreement (millions, original currency)	Outstanding amount (31/12/2017)	
							Million FX	in million HUF
Loans for capital projects								
EUROFIMA 11	31/12/2003	17/12/2018	1036/2003	yes	EUR	8.06	8.057	2,499
CA-CIB Consortium (30 Flirt units)	22/03/2006	16/06/2020	-	yes	EUR	144.60	44.009	9,749
Raiffeisen Bank Zrt. (+30 Flirt units)	25/09/2007	28/11/2021	-	yes	EUR	141.60	60.162	14,840
Total:								27,088

Note: The Company presented HUF 10,217 million of the loans for capital projects among short-term loans.

Table 27: The Company's long-term loans

Figures in million HUF

Non-current liabilities	2018	2019	2020	2021	2022	Total
<b>Loans for capital projects</b>						
EUROFIMA 11	2,499	0	0	0	0	2,499
CA-CIB Consortium (30 Flirt units)	3,900	3,900	1,949	0	0	9,749
Raiffeisen Bank Zrt. (+30 Flirt multiple-unit trains)	3,819	3,819	3,819	3,383	0	14,840
<b>Total</b>	<b>10,218</b>	<b>7,719</b>	<b>5,768</b>	<b>3,383</b>	<b>0</b>	<b>27,088</b>

Note: The Company presented HUF 10,217 million of the loans for capital projects among short-term loans.

Table 28: Repayment schedule of existing long-term loans

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

Figures in million HUF

Source of funds	Agreement dated at	Agreement expires on	Government guarantee (no. of decree)	Secured by assets	Currency	Amount per agreement (millions, original currency)	Outstanding amount (31/12/2017)	
							Million FX	in million HUF
Entrepreneurial loans								
Central traffic coordination system in Szeged - PROLAN	10/08/2007	27/06/2019	-	-	HUF	1,870		292
Total:								292

Note: The Company presented HUF 234 million of the entrepreneurial loans among short-term borrowings.

Table 29: The Company's long-term borrowings

Figures in million HUF

Non-current liabilities	2018	2019	2020	2021	2022	Total
<b>Entrepreneurial loans</b>						
Central traffic coordination system in Szeged - PROLAN	234	58	0	0	0	292
<b>Total</b>	<b>234</b>	<b>58</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>292</b>

Note: The Company presented HUF 234 million of the entrepreneurial loans among short-term borrowings.

Table 30: Repayment schedule of long-term borrowings

The Company does not have any debts from bonds.



### II.1.6.2.3 Other non-current liabilities

Figures in million HUF

Description	Previous year	Current year	Change
Liabilities related to managed state-owned assets	979 318	945 120	-34 198
Other non-current liabilities	474	457	-17
<b>Other non-current liabilities, total:</b>	<b>979 792</b>	<b>945 577</b>	<b>-34 215</b>

Table 31: Other non-current liabilities

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

Figures in million HUF

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

Table 32: Liabilities related to managed state-owned assets

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

Figures in million HUF

Replenishment obligation accounted from the effective date of the amendment to the Act on State Property (28 June 2013)	2016	2017	Change
<b>Opening balance of replenishment obligation</b>	<b>27,059</b>	<b>27,088</b>	<b>29</b>
Ordinary depreciation	0	0	0
Extraordinary depreciation	37	0	-37
Capital projects and renovations related to managed state-owned assets financed from own funds (-)	-8	0	8
<b>Balance of replenishment obligation accounted after the effective date of the amendment to the Act on State Property, in accordance with the rules in effect before 28 June 2013</b>	<b>29</b>	<b>0</b>	<b>-29</b>
Ordinary depreciation	47,461	55,344	7,883
Extraordinary depreciation	12,395	1,152	-11,243
<i>of which - NIF projects taken over in 2017</i>	9,619	0	-9,619
<i>- from scrapped capital project assets and tangible assets</i>	2,781	1,152	-1,629
<i>- extraordinary depreciation of capital projects related to managed state-owned assets</i>	-5	0	5
Net value of missing managed state-owned assets	0	345	345
Net value of scrapped managed state-owned assets upon derecognition	546	63	-483
Materials recovered from scrapping of managed state-owned assets (-)	-350	-49	301
Waiving the replenishment obligation (-)	-60,052	-56,855	3,197
<b>Balance of replenishment obligation accounted after the effective date of the amendment to the Act on State Property, in accordance with the rules in effect after 27 June 2013</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Closing balance of replenishment obligation</b>	<b>27,088</b>	<b>27,088</b>	<b>0</b>
Use of materials from disassembly of managed state-owned assets for maintenance and reconstruction	0	0	0
<b>Liabilities related to the decrease in managed state-owned assets, total</b>	<b>27,088</b>	<b>27,088</b>	<b>0</b>

Table 33: Liabilities related to the decrease in managed state-owned assets

### II.1.6.3 Current liabilities

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

The following year's instalment of entrepreneurial loans (HUF 234 million) was reclassified to short-term borrowings. Short-term loans include the current instalment of loans for capital projects (HUF 10,217 million).

#### II.1.6.3.2 Other current liabilities

Figures in million HUF

Description	Previous year	Current year	Difference
Payment liabilities to the state budget	3,828	4,153	325
Liabilities related to subsidies for development purposes	8,316	3,986	-4,330
<i>of which: Current liabilities related to managed state-owned assets</i>	<i>1,866</i>	<i>581</i>	<i>-1,285</i>
Narrow-gauge railway development projects	10,000	1,464	-8,536
Wages and salaries	3,266	3,906	640
Capital increase made but not registered (see point II.1.4.1.)	1,978	0	-1,978
Other liabilities deducted from employees	139	156	17
Liabilities from claims for damages	0	1	1
Deposits required for applications for grants	1	1	0
Late-payment interest payable	2	2	0
Security deposits	19	61	42
Tender guarantees	109	103	-6
Other liabilities	43	176	133
<b>Other current liabilities, total</b>	<b>27,701</b>	<b>14,009</b>	<b>-13,692</b>

Table 34: Other current liabilities

#### II.1.6.4 Liabilities to related companies

Figures in million HUF

Description	Fully consolidated subsidiary	Not fully consolidated subsidiary	Total
Subordinated liabilities to related companies	0	0	0
Non-current liabilities to related companies	0	0	0
Current liabilities to related companies	18,267	8	18,275
<b>Total:</b>	<b>18,267</b>	<b>8</b>	<b>18,275</b>

Table 35: Liabilities to related companies

## II.1.7 Accruals

Figures in million HUF			
Item	Previous year	Current year	Difference
<b>Prepaid income</b>			
Pre-billed rent (RE-FX)	0	172	172
Unbilled income (credit)	139	22	-117
Pre-billed income	364	0	-364
Income from INVITEL Optical cable network usage charges	9,155	7,482	-1,673
Other gains	230	193	-37
<b>Deferred income, total:</b>	<b>9,888</b>	<b>7,869</b>	<b>-2,019</b>
<b>Accrued expenses</b>			
Unbilled expenses	2,046	1,488	-558
Accrual for invoices accounted for the subsequent period	0	10	10
Transfer of services in transit	0	-31	-31
Accrued calculated unbilled utilities charges related to 2016	172	595	423
Interest due for the current period	16	11	-5
Prepaid internal and external interest on Cash-pool-K&H bank	1	0	-1
Late-payment interest, penalty and damages due in the current period	15	40	25
Incentive scheme and taxes	88	235	147
<b>Accrued expenses, total:</b>	<b>2,338</b>	<b>2,348</b>	<b>10</b>
<b>Deferred income</b>			
Deferred income from subsidies for development purposes	25,712	24,646	-1,066
Deferred income from tangible assets identified as surplus	585	769	184
Deferred income from tangible assets received free of charge and as gifts	86	117	31
Other deferred income related to tangible assets	1,834	1,349	-485
<b>Deferred income, total:</b>	<b>28,217</b>	<b>26,881</b>	<b>-1,336</b>
<b>Total:</b>	<b>40,443</b>	<b>37,098</b>	<b>-3,345</b>

Table 36: Changes in accrued expenses and deferred income

- The reason for an increase in deferred income is that recognition of deferred income related to tangible assets was HUF 300 million higher than the release of deferred income in 2017. Recognition is dependent on the amount of subsidies received for own assets, whereas release depends on the amount of deferred income recognised earlier and the volume of derecognition of related tangible assets.

## II.1.8 Off-balance sheet items

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

In 2017, MÁV Zrt. did not conclude any loan agreements under which disbursements would have to be made in 2018.

### II.1.8.2 Hedging transactions

Financial market risks are part of MÁV Zrt.'s business operations. Such risks are actively mitigated by hedging transactions.

MÁV Zrt.'s FX balance in 2017, expressed in EUR and in HUF based on EUR, showed a deficit of EUR 18,962 thousand, which is EUR 1,429 thousand less than planned. The difference is mainly caused by an FX income of EUR 3,741 thousand from the sale of real property, purchases paid in foreign currency exceeding the scheduled amount by EUR 2,595 thousand, and cancellation of capital projects in an amount of EUR 1,276 thousand.

The total exchange deficit expressed in EUR was EUR 44,523 thousand, including the FX debt service related to the motortrains, which the Company invoices to MÁV START Zrt. in HUF as part of the lease fee.

The scheduled exchange deficit was hedged by EUR forward transactions in an amount of EUR 21,705 thousand (of which EUR 140 thousand was closed, and HUF 3,240 thousand was transferred to a different value date in a swap transaction), and by spot transactions of EUR 20,350 thousand. With the above transactions, the necessary FX cash flow was provided at 307.44 HUF/EUR (weighted average), which is more favourable than the MNB exchange rate (307.00 HUF/EUR).

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

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

Figures in million HUF

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

\*The profit and loss impact and the cash flow impact were determined based on the official central bank (MNB) rate at the date of maturity.

Table 37: Forward hedging transactions in 2017

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

Figures in million HUF

Beneficiary's name	Type of guarantee	Contracting party	Guarantee start date	Guarantee end date	Guarantee amount (million HUF)
<b>Bank guarantees</b>					
Ministry of National Development	Guarantee for accident claims	KDB Bank Európa Zrt	01/01/2018	31/12/2018	1,000
National Tax and Customs Authority	Excise guarantee	OTP Bank Nyrt.	12/12/2017	31/12/2018	300
<b>Bank guarantees, total:</b>					<b>1,300</b>

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

As at 31 December 2017, MÁV Zrt. did not have any surety contracts.

#### II.1.8.4 Liabilities from lien

Figures in million HUF

Description of loan	Outstanding (31/12/2017) (million HUF)	Security
EUROFIMA 11	2,499	rolling stock
CA-CIB Consortium (30 units of Flirt financing)	9,749	30 Flirt multiple-unit trains
Raiffeisen Bank Zrt. (+30 units of Flirt financing)	14,840	30 Flirt multiple-unit trains

Table 39: Liabilities from lien

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

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

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

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

The 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 amounts related to environmental protection liabilities and recovery obligations not recognised as liabilities

The Company does not have any environmental protection liabilities not recognised as liabilities.

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

Figures in million HUF

Description of loan	2018	2019	2020	2021	2022 and beyond	Total
<b>Loans for capital projects</b>						
EUROFIMA 11	-2	0	0	0	0	-2
CA-CIB Consortium (30 units of FLIRT financing)	73	43	7	0	0	123
Raiffeisen Bank Zrt. Consortium (+30 units of FLIRT financing)	118	93	57	19	0	287
<b>Loans for capital projects, total:</b>	<b>189</b>	<b>136</b>	<b>64</b>	<b>19</b>	<b>0</b>	<b>408</b>
<b>Entrepreneurial loans</b>						
Central traffic coordination system in Szeged - PROLAN	3	0	0	0	0	3
<b>Entrepreneurial loans, total:</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>
<b>Total:</b>	<b>192</b>	<b>137</b>	<b>64</b>	<b>19</b>	<b>0</b>	<b>411</b>

Table 40: 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 million HUF

Contracting party	Subject matter	Contract dated at	Contract expires on	Contracted (million HUF/month)	Not recognised until the B/S date (million HUF)
Mercarius	Vehicle lease MÁV	19/10/2017	30/09/2021	232	10,434
Raiffeisen Real Estate Fund	Real property lease agreement	06/05/2013	06.05.2021*	89	3,490
Magyar Telekom Nyrt	number of mutual infrastructure and service framework agreement: 67103-743999/2004.,	30/09/2004	Indefinite	14	n/a
Forse Kft	Providing accommodation for workers	07/04/2012	07/04/2019	10	150
MÁV Szolgáltató Központ Zrt.	Vehicle lease MÁV	01/10/2015	Indefinite	5	n/a
Merkantil	Vehicle lease MÁV	15/09/2014	Indefinite	3	n/a
Invitech Zrt.	number of Invitel internet service agreement: 275165/2014	26/06/2014	Indefinite	3	n/a
Mercarius	Vehicle lease MÁV	01/12/2015	01/12/2019	2	40
Invitech Zrt.	Mutual infrastructure contract no.: IR/1089-05/2005.,	26/06/2005	Indefinite	1	n/a
Other agreements		26.03.1969 multiple contracts	Definite/ Indefinite	8	17
<b>Total</b>				<b>367</b>	<b>14,131</b>

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

Table 41: Operating lease contracts in effect 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 million HUF					
Description of activity	2016		2017		Change
	Amount	Distribution (%)	Amount	Distribution (%)	
Rail infrastructure operation	138,464	91.56	139,481	91.86	1,017
of which: Transport service lines and transport	44,540	29.45	46,119	30.37	1,579
Supply of traction electricity and traction fuel	29,818	19.72	28,613	18.84	-1,205
Station use	35,823	23.69	35,952	23.68	129
Overhead line	4,162	2.75	4,212	2.77	50
Providing traction vehicles and crew for shunting	6,110	4.04	6,133	4.04	23
Property lease and management	9,334	6.17	10,394	6.85	1,060
Railway safety operations	2,109	1.39	515	0.34	-1,594
Other rail infrastructure operation services	6,568	4.34	7,543	4.97	975
Passenger transport	103	0.07	107	0.07	4
Other activities	12,664	8.37	12,247	8.07	-417
of which: Materials sold, inventory management	145	0.10	118	0.08	-27
Rail vehicle lease	9,197	6.08	8,579	5.65	-618
Property lease and management	1,999	1.32	2,071	1.36	72
Other services (central services, etc.)	1,323	0.87	1,479	0.97	156
Total:	151,231	100.00	151,835	100.00	604

Table 42: Net sales revenues by activity

Net sales revenues increased by HUF 604 million in total in the current year, primarily due to an increase in revenues from rail infrastructure operation (HUF 1,017 million).

The majority of sales revenues from rail infrastructure operation (HUF 102,748 million) was settled with MÁV-START Zrt.

MÁV Zrt. had a valid infrastructure access agreement with 46 entities with access rights on 31 December 2017. With regard to the distribution of accounted infrastructure access performance by each entity with access rights, most of the revenues (88.91%) 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 2,222 million.

Revenues from the sale of traction electricity and traction fuel decreased compared to the base year because the decrease in the volume and unit price of traction electricity was not fully compensated by the increase in the volume and unit price of traction fuel.

Reorganisation of security and guarding caused a decrease of HUF 1,594 million, the increase in sales revenues from property lease resulted in an increase of HUF 1,060 million.

The increase in the sales revenues from other rail infrastructure operation services was caused by the release of accrued income recognised earlier for future income that was not realised.

## II.2.1.2 Export and import sales revenues

Figures in million HUF

Country	2016						2017					
	Export of goods	Export of services	Exports, total	Import of goods	Import of services	Imports, total	Export of goods	Export of services	Exports, total	Import of goods	Import of services	Imports, total
Germany	0	13	13	504	0	504	0	34	34	430	267	697
Austria	0	11	11	170	11	181	0	39	39	3,737	10	3,747
Italy	0	0	0	0	9	9	0	19	19	0	13	13
Slovakia	0	1,454	1,454	9	1	10	0	873	873	0	17	17
Czech Republic	0	0	0	1,138	0	1,138	0	4	4	1,447	0	1,447
Slovenia	0	0	0	0	1	1	0	0	0	0	1	1
Poland	0	1	1	62	0	62	0	1	1	124	0	124
France	0	2	2	0	49	49	0	3	3	0	90	90
Great Britain	0	0	0	0	0	0	0	0	0	0	1	1
Belgium	0	0	0	0	0	0	0	0	0	0	19	19
Netherlands	0	0	0	2	11	13	0	0	0	0	13	13
<b>EU Member States, total:</b>	<b>0</b>	<b>1,481</b>	<b>1,481</b>	<b>1,983</b>	<b>85</b>	<b>2,068</b>	<b>0</b>	<b>983</b>	<b>983</b>	<b>5,738</b>	<b>431</b>	<b>6,169</b>
Serbia	0	0	0	149	0	149	0	0	0	100	0	100
Russia	0	0	0	0	0	0	0	0	0	0	3	3
Malaysia	0	0	0	0	0	0	0	0	0	0	1	1
<b>Non-EU member states, total:</b>	<b>0</b>	<b>44</b>	<b>44</b>	<b>149</b>	<b>9</b>	<b>158</b>	<b>0</b>	<b>47</b>	<b>47</b>	<b>100</b>	<b>4</b>	<b>104</b>
<b>Total:</b>	<b>0</b>	<b>1,525</b>	<b>1,525</b>	<b>2,132</b>	<b>94</b>	<b>2,226</b>	<b>0</b>	<b>1,030</b>	<b>1,030</b>	<b>5,838</b>	<b>435</b>	<b>6,273</b>

Table 43: Export and import

## II.2.2 Analysis of expenses by type

The Company's expenses, cost of goods sold and services resold (intermediated) in 2017:

Figures in million HUF

Description	2016		2017	
	Amount	Distribution (%)	Amount	Distribution (%)
Material expenses, total:	99,479	41.20	108,766	40.90
Personnel-related expenses, total:	85,890	35.57	91,779	34.52
Depreciation, total:	56,080	23.23	65,356	24.58
<b>Total:</b>	<b>241,449</b>	<b>100.00</b>	<b>265,901</b>	<b>100.00</b>

Table 44: Changes in expenses



## II.2.2.1 Material expenses

Figures in million HUF

Description	Prior year 2016	% of previous year's total	Current year 2017	% of current year's total	Change
<b>Raw materials</b>					
Electricity	3,417	1.42	3,063	1.15	-354
Gas	2,016	0.83	1,804	0.68	-212
Water and sewage	374	0.15	407	0.15	33
Fuel	1,275	0.53	1,377	0.52	102
Rail infrastructure materials	9,098	3.77	9,084	3.42	-14
Clothing	1,123	0.47	944	0.36	-179
Other materials	2,391	0.99	2,131	0.80	-260
<b>Material costs, total:</b>	<b>19,694</b>	<b>8.16</b>	<b>18,810</b>	<b>7.08</b>	<b>-884</b>
<b>Services used</b>					
Track maintenance	11,435	4.74	18,483	6.95	7,048
Traction, shunting	3,563	1.48	3,723	1.40	160
Track metering, cleaning, welding	2,826	1.17	3,161	1.19	335
Lease of railway and road vehicles	1,593	0.66	1,952	0.73	359
Other railway services (railway vehicle maintenance, cleaning, emergency service, ticket control, etc.)	1,183	0.49	1,228	0.46	45
Building operation and maintenance	6,367	2.64	8,008	3.01	1,641
Public utilities (sewage, district heating)	792	0.33	804	0.30	12
Property rental	1,243	0.51	1,211	0.46	-32
IT services	2,926	1.21	3,636	1.37	710
Security services	1,725	0.71	2,677	1.01	952
Purchasing and stock management services	3,342	1.38	3,060	1.15	-282
Postal and telephone charges	323	0.13	303	0.11	-20
Expert's, tender, and author's fees	182	0.08	592	0.22	410
Legal services	140	0.06	82	0.03	-58
Damage prevention and recovery	725	0.30	0	0.00	-725
Other services used	7,906	3.27	8,272	3.11	366
<b>Value of services used, total:</b>	<b>46,271</b>	<b>19.16</b>	<b>57,192</b>	<b>21.50</b>	<b>10,921</b>
<b>Other services</b>					
Administrative fees, duties	895	0.37	1,056	0.40	161
Banking charges	220	0.09	236	0.09	16
Insurance premiums	195	0.08	322	0.12	127
<b>Value of other services used, total:</b>	<b>1,310</b>	<b>0.54</b>	<b>1,614</b>	<b>0.61</b>	<b>304</b>
<b>Cost of goods sold</b>	<b>30,500</b>	<b>12.63</b>	<b>29,699</b>	<b>11.17</b>	<b>-801</b>
<b>Services resold (intermediated)</b>	<b>1,704</b>	<b>0.71</b>	<b>1,451</b>	<b>0.55</b>	<b>-253</b>
<b>Material expenses, total:</b>	<b>99,479</b>	<b>41.20</b>	<b>108,766</b>	<b>40.91</b>	<b>9,287</b>

Table 45: Material expenses

Material expenses increased by 9.34% compared to the previous year. The most significant material expenses in the current year still comprised the resale of traction electricity (15.65%), traction fuel (10.81%), rail track maintenance, property management and maintenance services used (16.99%–7.36%), and rail infrastructure material expenses (8.35%).

Raw material expenses decreased significantly in 2017, mainly due to favourable changes in the electricity and gas unit price. The most significant component in the current year comprised rail infrastructure materials.

The most significant components of services used in 2017 are still the expenses of rail track maintenance, building operation and maintenance, traction and shunting, and the expenses of services supplied by MÁV Szolgáltató Központ Zrt. (purchasing, logistics, human resources, IT, and accounting services). The 23.6% increase from the base year to the current year is attributable to the completion of maintenance work aimed at fulfilling the obligation to upkeep rail infrastructure development projects implemented using EU funds.

Other services increased by HUF 304 million primarily due to rail authority charges (HUF +147 million) and state property insurance premiums (HUF +123 million). The most significant items in 2017 remained the HUF 986 million charge payable to VPE Kft. in accordance with Government Decree No. 268/2009 (XII. 1.) on the legal relationship between the rail infrastructure capacity allocation body and non-independent rail infrastructure operator, the HUF 222 million in bank commissions paid to credit institutions and other expenses.

The cost of goods sold decreased due to the following:

- The decrease in the unit price and volume of re-sold traction electricity represents HUF 2,702 million.
- As a result of an increase in the unit price (+7.23%) and volume (+6.68%) of re-sold traction fuel, the cost of traction fuel sold to railway companies increased by HUF 1,614 million.
- Re-sold infrastructure materials increased by HUF 319 million compared to the base year, resulting mostly from the sale of railway crushed stone, steel tracks and concrete sleepers.

## II.2.2.2 Personnel-related expenses

Figures in million HUF

Description	2016	Percentage of 2016 total costs	2017	Percentage of 2017 total costs	Change
Payroll cost	58,709	24.31	65,396	24.59	6,687
Other payments to personnel	9,210	3.82	9,351	3.52	141
Social security and other contributions	17,971	7.44	17,032	6.41	-939
<b>Personnel-related expenses, total:</b>	<b>85,890</b>	<b>35.57</b>	<b>91,779</b>	<b>34.52</b>	<b>5,889</b>

Table 46: Personnel-related expenses

Personnel-related expenses increased by HUF 5,889 million compared to the base year as a result of the wage increases described below.

The Company concluded a wage agreement with railway trade associations on 13 March 2017. The agreement for the current year included the following measures:

- all employees not eligible for bonus payments received a 10.0% wage increase with retroactive effect as of 1 January 2017,
- to relieve wage pressures between the positions, 3% of wages was separated from the average annual wage increase (13.0%),
- the rate of voluntary private pension fund contributions paid by the employer increased (by 0.5%) to 3.0% of the employee's base salary as of 01 January 2017.

Employees that were part of the statistical headcount between 1 September 2017 and 1 December 2017 and are not eligible for bonus payment received a one-off gross amount of HUF 40 thousand in December based on the employer's voluntary commitment.

Personnel related expenses were mitigated by a headcount drop resulting from outsourcing the railway guarding activity, and reduction of the social tax from 27% to 22%.

### II.2.2.3 Depreciation

Figures in million HUF

Description	2016	Percentage of 2016 total costs	2017	Percentage of 2017 total costs	Change
Depreciation of managed state-owned assets	47,460	19.66	55,344	20.81	7,884
Depreciation of assets owned by MÁV Zrt.	8,620	3.57	10,012	3.77	1,392
<b>Depreciation, total</b>	<b>56,080</b>	<b>23.23</b>	<b>65,356</b>	<b>24.58</b>	<b>9,276</b>

Table 47: Depreciation

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

## II.2.3 Other gains and expenses

### II.2.3.1 Other gains

Figures in million HUF

Description	2016	Distribution (%)	2017	Distribution (%)	Change
<i>Income from disposal of intangible and tangible assets</i>	<i>2,621</i>	<i>2.26</i>	<i>1,057</i>	<i>0.75</i>	<i>-1,564</i>
<i>Reversal of extraordinary depreciation of tangible and intangible assets</i>	<i>7</i>	<i>0.01</i>	<i>0</i>	<i>0.00</i>	<i>-7</i>
<i>Reversal of impairment on inventories</i>	<i>0</i>	<i>0.00</i>	<i>0</i>	<i>0.00</i>	<i>0</i>
<i>Income from disposal of receivables</i>	<i>1</i>	<i>0.00</i>	<i>0</i>	<i>0.00</i>	<i>-1</i>
<i>Reversal of impairment on receivables</i>	<i>44</i>	<i>0.04</i>	<i>0</i>	<i>0.00</i>	<i>-44</i>
<i>Amounts received in respect of receivables accounted as lending loss</i>	<i>1</i>	<i>0.00</i>	<i>0</i>	<i>0.00</i>	<i>-1</i>
<i>Damages received</i>	<i>223</i>	<i>0.19</i>	<i>258</i>	<i>0.18</i>	<i>35</i>
<i>Late-payment interest received</i>	<i>104</i>	<i>0.09</i>	<i>46</i>	<i>0.03</i>	<i>-58</i>
<i>Penalties received</i>	<i>269</i>	<i>0.23</i>	<i>270</i>	<i>0.19</i>	<i>1</i>
<i>Released provisions</i>	<i>7,195</i>	<i>6.21</i>	<i>9,769</i>	<i>6.96</i>	<i>2,574</i>
of which: Release of provision for contingent liabilities	4,840	4.18	5,216	3.72	376
Release of provision for future expenses	1,097	0.95	4,021	2.87	2,924
Release of provision for unrealised exchange losses	1,258	1.09	532	0.38	-726
Release of other provisions	0	0.00	0	0.00	0
<i>Reversal of deferred income due to expenses reducing the operating profit</i>	<i>1,000</i>	<i>0.86</i>	<i>8,290</i>	<i>5.91</i>	<i>7,290</i>
of which: Reversal of deferred income from assets received free of charge and identified as surplus	34	0.03	19	0.01	-15
Reversal of deferred government subsidies	359	0.31	7,771	5.54	7,412
Reversal of deferred debt owed to and forgiven by the government	594	0.51	485	0.35	-109
<i>Subsidies and grants received as compensation for expenses</i>	<i>44,073</i>	<i>38.03</i>	<i>63,438</i>	<i>45.23</i>	<i>19,365</i>
of which: Reimbursement of operational expenses (rail infrastructure operation)	42,519	36.68	54,649	38.96	12,130
GOP subsidies received to cover wage increase expenses	0	0.00	6,148	4.38	6,148
Subsidies received to cover the expenses of the Budapest-Belgrade rail project	30	0.03	1,201	0.86	1,171
Subsidies received to cover expenses related to projects implemented from domestic funds	13	0.01	1	0.00	-12
Public works	1,370	1.18	1,199	0.85	-171
<i>Positive difference between the value of assets contributed to the company as stated in the Articles of Association and as carried in the company's books</i>	<i>0</i>	<i>0.00</i>	<i>0</i>	<i>0.00</i>	<i>0</i>
<i>Income from assets received free of charge and identified as surplus</i>	<i>21</i>	<i>0.02</i>	<i>31</i>	<i>0.02</i>	<i>10</i>
<i>Miscellaneous other gains</i>	<i>60,346</i>	<i>52.07</i>	<i>57,112</i>	<i>40.73</i>	<i>-3,234</i>
of which: Waiver of replenishment obligation	60,052	51.81	56,856	40.53	-3,196
Liabilities forgiven or time-barred	9	0.01	1	0.00	-8
Liabilities assumed	0	0.00	0	0.00	0
<b>Total:</b>	<b>115,905</b>	<b>100.00</b>	<b>140,271</b>	<b>100.00</b>	<b>24,366</b>

Table 48: Other gains

Change in other gains in 2017 is caused by the following significant items:

- Other gains recognised for the disposal of intangible assets and tangible assets were HUF 1,564 million less than in the base year.
- The increase in the release of the provision for contingent liabilities is mainly attributable to the decrease of the provision for environmental protection liabilities (HUF+ 1,480 million). The above increase was partly offset by the decrease in the use of the provision for litigations (HUF -420 million) and other liabilities from litigations (HUF -655 million).
- Release of the provision for future expenses increased by HUF 2,924 million in 2017 as a combined result of the following two items. Provision was released in an amount of HUF 3,838 million due to completion of maintenance work aimed at fulfilling the obligation to upkeep rail infrastructure development projects implemented using EU funds. Furthermore, only HUF 90 million (HUF -942 million) was used of the provision for maintenance expenses.
- The release of the provision for unrealised exchange loss is HUF 726 million lower in the current year than in 2016.
- Provisioning and release of provisions are presented in II.1.5.5. Changes in provisions in the current year.
- The deferred income recognised earlier was reversed in an amount of HUF 6,576 million due to the free of charge transfer of the capital project “Child Victims of the Holocaust Memorial – European Educational Centre” to Magyar Nemzeti Vagyonkezelő Zrt. (“MNV Zrt.”).
- Other income accounted for 2017 as reimbursement of operational expenses exceeded the amount accounted in the base year by HUF 12,130 million.
- The Ministry for National Development (“NFM”) signed a subsidy agreement with the Company based on the authorisation granted by Government Resolution No. 1160/2017. (III. 22.) on the effects of the increase of the minimum wage and the guaranteed minimum wage on certain companies with majority state ownership and ownership rights exercised directly or indirectly by NFM as well as on ensuring the funds required for wage increase. HUF 6,148 million was recognised as subsidies received for wage increase in the current year.
- MÁV Zrt. increased Kínai-Magyar Vasúti Nonprofit Zrt.’s capital by HUF 1,200 million from the subsidy received for the development of the Budapest-Belgrade line. In 2017, the Company recognised subsidies in an amount equalling the impairment accounted on the above participating interest (HUF 1,201 million).
- To implement MÁV Zrt.’s public employment programme, the Company signed an authority agreement in 2017 for the period between 8 March 2017 and 28 February 2018 on subsidising the employment of 1,424 persons (corresponding to an average headcount of 1,371 persons), and 1,240 persons starting from 1 September 2017 (corresponding to an average headcount of 992 persons) under a national public employment programme. Of the above public employment subsidies, HUF 1,199 million was used and accounted as other gains in the current year for the period between 7 March 2016 and 28 February 2017.
- In 2017, the majority of various other gains comprises gains accounted as a waiver of the replenishment obligation (VPK). The amount accounted in the current year as VPK waived decreased (HUF -3,196 million) in line with the ordinary (HUF +7,884 million)

and extraordinary (HUF -11,285 million) depreciation of tangible assets and intangible assets.

### II.2.3.2 Other expenses

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

Figures in million HUF

Description	2016	Distribution (%)	2017	Distribution (%)	Change
Expenses related to disposed tangible assets, capital projects and intangible assets	893	3,78	256	1,07	-637
Expenses related to scrapped or missing tangible and intangible assets	225	0,95	154	0,64	-71
Impairment and scrapping of tangible and intangible assets	12 460	52,74	3 144	13,12	-9 316
Impairment and scrapping of inventories	180	0,76	369	1,54	189
Inventory shortage	12	0,05	42	0,18	30
Impairment on receivables	254	1,08	195	0,81	-59
Bad debts written off	32	0,14	13	0,05	-19
Losses from damage	594	2,51	684	2,85	90
Late-payment penalty paid	278	1,18	60	0,25	-218
Damages	24	0,10	26	0,11	2
Self-revision fee	7	0,03	1	0,00	-6
Taxes and similar items	1 984	8,40	1 694	7,07	-290
of which: Public utility tax	835	3,53	708	2,95	-127
Property tax	730	3,09	575	2,40	-155
Land tax	11	0,05	6	0,03	-5
Innovation contribution	310	1,31	315	1,31	5
Fines and penalties	-6	-0,03	40	0,17	46
Provisions made	6 054	25,62	8 771	36,60	2 717
of which: Provision for contingent liabilities	2 514	10,64	5 057	21,09	2 543
Provision for future expenses	3 540	14,98	3 714	15,50	174
Provision for unrealised exchange losses	0	0,00	0	0,00	0
Other provisions made	0	0,00	0	0,00	0
Gain from assets received free of charge and from surplus assets.	169	0,72	6 738	28,11	6 569
Various other expenses	467	1,98	1 780	7,43	1 313
of which: Non-refundable housing grant to employees	3	0,01	2	0,01	-1
Forgiven receivables	1	0,00	0	0,00	-1
Assumed liabilities	221	0,94	0	0,00	-221
Cash transferred without the obligation of repayment	1	0,00	0	0,00	-1
Amount of repayable performance guarantee and other items accounted as other gains	15	0,06	1 504	6,27	1 489
Total:	23 627	100,00	23 967	100,00	340

Table 49: Other expenses

- Capital projects implemented by NIF Zrt. were not handed over in 2017. Therefore, the Company accounted no extraordinary depreciation for the period between the date on which the assets were put into operation and the date on which they were actually received. The Company accounted an extraordinary depreciation of HUF 1,981 million in the current year for multiple-unit trains leased to MÁV-START Zrt.
- Other expenses from damages were incurred in approximately the same amount as in 2016 (HUF +90 million). The accounting method applied in 2017 is identical with the method applied in the previous year: the recovery of damages performed by an external contractor was accounted as expenses of services used, rather than in other expenses. Activities performed for the own enterprise were still accounted as material expenses and personnel related expenses.
- Other expenses from provisioning were HUF 2,593 million higher than in the base year, primarily due to provisions for annuities ( HUF +508 million), other litigations (HUF +449 million), environmental liabilities (HUF +411 million), and termination of employment (HUF +379 million). Provisioning and release of provisions are presented in II.1.5.5. Changes in provisions in the current year.

- Other expenses recognised in the current year for assets transferred or services supplied free of charge were HUF 6,569 million higher than in the previous year. The reason for the increase is the handover of the capital project Child Victims of the Holocaust Memorial – European Educational Centre (HUF 6,576 million).
- In 2017, the most significant items within various other expenses are the security of HUF 1,500 million paid for amendment of a long-term agreement concluded earlier, and the financial support provided to MÁV Szimfonikusok Zenekari Alapítvány (HUF 54 million) and Vasutasok Országos Kulturális Egyesülete (HUF 53 million).

## II.2.4 Financial profit/(loss)

### II.2.4.1 Income from financial transactions

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

Figures in million HUF

Description	2016	Distribution (%)	2017	Distribution (%)	Change
<i>Dividends received (due)</i>	707	50.11	1,995	90.15	1,288
<i>Income and exchange gains from participating interests</i>	0	0.00	0	0.00	0
<i>Income and exchange gains from non-current financial assets (securities, loans)</i>	0	0.00	0	0.00	0
<i>Interest and similar income received (due) from credit institutions</i>	225	15.95	22	0.99	-203
<i>Other interest and similar income received (due)</i>	98	6.94	19	0.86	-79
<i>Realised exchange gain on foreign exchange receivables and liabilities</i>	111	7.87	173	7.82	62
<i>Exchange gain on forward transactions</i>	1	0.07	0	0.00	-1
<i>Exchange gain on year-end revaluation of FX items</i>	233	16.51	0	0.00	-233
<i>Other financial gains</i>	36	2.55	4	0.18	-32
<b>Total:</b>	<b>1,411</b>	<b>100.00</b>	<b>2,213</b>	<b>100.00</b>	<b>802</b>

Table 50: Income from financial transactions

Dividends received in the current year amounted to HUF 1,995 million.

### II.2.4.2 Expenses of financial transactions

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

Figures in million HUF

Description	2016	Distribution (%)	2017	Distribution (%)	Change
<i>Expenses and exchange losses from participating interests</i>	0	0.00	0	0.00	0
<i>Expenses and exchange losses from non-current financial assets (securities, loans)</i>	0	0.00	0	0.00	0
<i>Interest payable (paid) and similar expenses to credit institutions</i>	469	-20.39	213	14.38	-256
<i>Other interest payable (paid) and similar expenses</i>	46	-2.00	8	0.54	-38
<i>Impairment on shareholdings, securities, bank deposits and long-term loans given</i>	-5,502	239.22	-327	-22.08	5,175
<i>Realised exchange loss on foreign exchange receivables and liabilities</i>	2,686	-116.78	1,468	99.12	-1,218
<i>Exchange loss on forward transactions</i>	1	-0.04	0	0.00	-1
<i>Exchange loss on year-end revaluation of FX items</i>	0	0.00	119	8.04	119
<i>Other financial expenses</i>	0	0.00	0	0.00	0
<b>Total:</b>	<b>-2,300</b>	<b>100.00</b>	<b>1,481</b>	<b>100.00</b>	<b>3,781</b>

Table 51: Expenses of financial transactions

Significant changes in financial expenses:

Compared to 2016, 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 loans for capital projects decreased by HUF 157 million, while the amount of interest paid on loans for purposes other than capital projects and interest paid to credit institutions on short-term loans decreased by HUF 13 million in 2017.
- Interest paid on loans from other entrepreneurs also decreased by HUF 25 million.

The exchange loss recognised for loans for capital projects decreased by HUF 1,283 million in line with the reduction of debt service.

In contrast to the base period, the Company recognised unrealised exchange loss in the current year for items denominated in foreign currency, with the most significant item being HUF 191 million recognised for the participating interest in EUROFIMA. Exchange loss was reduced by the exchange gain on long-term loans, borrowings in an amount of HUF 77 million.

The Company reversed impairment of HUF 1,612 million for the participating interest held in MÁV-START Zrt. as it expects to have a permanent after-tax profit in the long run. Furthermore, impairment of HUF 1,201 million and HUF 127 million was recognised for the participating interests held in Kínai-Magyar Vasúti Nonprofit Zrt. and ZÁHONY-PORT Zrt. for the following reasons:

- The project company established for construction of the Budapest-Belgrade line does not have any gains from operation, so equity will become negative as a result of the expected after-tax profit/(loss) for 2016 and 2017 (HUF -77 million and HUF -1,417 million, respectively).
- ZÁHONY-PORT Zrt. could not achieve the scheduled economic recovery, and it is expected to realise an after-tax loss in 2017 (HUF -68 million).

## II.2.5 Related company gains and expenses

Figures in million HUF

Description	Fully consolidated related companies	Not fully consolidated related companies	Total
<b>Gains</b>			
Net sales revenues	112,860	474	113,334
Other gains	293	2	295
Income from financial transactions	1,366	0	1,366
<b>Gains, total:</b>	<b>114,519</b>	<b>476</b>	<b>114,995</b>
<b>Expenses</b>			
Material expenses	49,335	275	49,610
of which: Raw materials	2,087	0	2,087
Services used	25,697	35	25,732
Other services	0	0	0
Cost of goods sold	20,141	157	20,298
Services resold (intermediated)	1,410	83	1,493
Other expenses	262	1	263
Expenses of financial transactions	-1,483	1,201	-282
<b>Expenses, total:</b>	<b>48,114</b>	<b>1,477</b>	<b>49,591</b>

Table 52: Related company gains and expenses

MÁV Zrt. recognises in respect of its related companies:



- 39.36% of its gains (MÁV-START Zrt.: 37.34%, MÁV Szolgáltató Központ Zrt.: 0.77%, MÁV FKG Kft.: 0.47%),
- 38.05% of its expenses listed (MÁV-START Zrt.: 17.52%, MÁV Szolgáltató Központ Zrt.: 9.51%, MÁV FKG Kft.: 7.42%).

## II.2.6 Corporate tax base adjusting items

Figures in million HUF

Description	Increasing items	Decreasing items	Change in tax base
<b>Pre-tax profit/(loss)</b>			<b>7,808</b>
Adjustment due to provisions	8,772	9,238	-466
Adjustment due to depreciation	76,959	90,450	-13,491
Dividends received		1,995	-1,995
Tax shortfall, fine, penalty	20	1	19
Impairment on receivables / impairment reversed	196	96	100
Time-barred, legally irrecoverable receivables	10		10
Non-refundable grants and support provided/received, cash transferred/received without the obligation of repayment, assets transferred/received free of charge	137		137
Expenses/gains identified during a tax audit or self-revision	1,005	913	92
Employment of trainees		53	-53
Continued employment of trainees, employment of formerly unemployed persons		10	-10
Non-arm's length price applied in transactions between related companies	11	10	1
Donation		32	-32
Liabilities assumed or forgiven by the Hungarian State		56,856	-56,856
Renovation and maintenance of monuments		0	0
<b>Total:</b>	<b>87,110</b>	<b>159,654</b>	<b>-72,544</b>
<b>Tax base</b>			<b>-64,736</b>

Table 53: 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 56,856 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. No comprehensive tax audit was performed at the Company in the 2017 tax year.

The tax authority may examine books and records at any time for up to 6 years after the tax year concerned and may impose additional taxes or penalties.



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 using the cost by function method

Further to the Company's accounting policy, a profit and loss account has been prepared under both the cost by nature and the cost by function methods. The Company's after-tax profit/(loss) is shown in the following table:

Figures in million HUF				
Line	Description	2016	2017	Difference
01.	Net domestic sales revenues	149,706	150,805	1,099
02.	Net export sales revenues	1,525	1,030	-495
I.	Net sales revenues, total	151,231	151,835	604
03.	Direct prime cost of sales	162,738	203,298	40,560
04.	Cost of goods sold	30,500	29,699	-801
05.	Services resold (intermediated)	1,704	1,451	-253
II.	Direct cost of sales	194,942	234,448	39,506
III.	Gross profit/(loss) on sales (lines I-II)	-43,711	-82,613	-38,902
06.	Selling and distribution expenses	2	564	562
07.	Administrative expenses	19,625	26,051	6,426
08.	Other general expenses	20,616	0	-20,616
IV.	Indirect cost of sales	40,243	26,615	-13,628
V.	Other gains	115,905	140,271	24,366
VI.	Other expenses	23,627	23,967	340
A.	Operating profit/(loss)	8,324	7,076	-1,248
VII.	Income from financial transactions	1,411	2,213	802
VIII.	Expenses of financial transactions	-2,300	1,481	3,781
B.	Financial profit/(loss)	3,711	732	-2,979
C.	Pre-tax profit/(loss)	12,035	7,808	-4,227
IX.	Tax liability	0	0	0
D.	After-tax profit/(loss)	12,035	7,808	-4,227

Table 54: Calculation of the after-tax profit/(loss) using the cost by function method

## II.3 Cash flow statement

		Figures in million HUF	
No.	Description	2016	2017
<b>I.</b>	<b>Change in cash from operating activities (Operating cash flow, lines 1-13)</b>	<b>20,096</b>	<b>-14,846</b>
1.	Pre-tax profit/(loss) ±	12,035	7,808
1a.	Dividends received -	-707	-1,995
1b.	Cash transferred or received without the obligation of repayment, accounted in profit/(loss) ±	206	189
1c.	Unrealised exchange difference on cash ±	0	4
1d.	Proceeds from/(loss on) non-current liabilities forgiven or assumed ±	0	-485
1e.	Unrealised exchange difference on non-current assets and non-current liabilities ±	-308	-77
1f.	Realised exchange difference on the repayment of long-term loans and non-current liabilities ±	0	-73
1g.	Unspecified adjustments pertaining to managed state-owned assets affecting the pre-tax profit/(loss) ±	-58,921	-56,860
1h.	Proceeds from/(loss on) providing non-current assets as an in-kind contribution ±	0	0
1i.	Proceeds from/(loss on) non-current assets transferred free of charge +	0	6,576
1j.	Other unspecified adjustments affecting the pre-tax profit/(loss) ±	0	188
2.	Amortisation charge +	56,080	65,356
3.	Impairment charged and reversed ±	7,566	3,536
4.	Difference between provisions made and used ±	-1,141	-998
5.	Proceeds from/(loss on) disposal of non-current assets ±	-1,727	-802
6.	Change in accounts payable ±	2,113	-11,929
7.	Change in other current liabilities ±	-408	-7,426
7a.	Change in settlements with divisions (liabilities) ±	0	0
8.	Change in accrued expenses and deferred income ±	1,382	-13,839
9.	Change in accounts receivable ±	-92	-26
10.	Change in current assets (net of accounts receivable and cash) ±	-311	-3,488
10a.	Change in settlements with divisions (receivables) ±	0	0
11.	Change in prepaid expenses & accrued income ±	4,329	-506
12.	Corporate income tax payable -	0	1
13.	Dividends payable -	0	0
<b>II.</b>	<b>Change in cash from investment activities (lines 14-16)</b>	<b>-34,647</b>	<b>-4,987</b>
14.	Purchase of non-current assets -	-37,975	-7,890
15.	Disposal of non-current assets +	2,621	908
16.	Dividends received +	707	1,995
<b>III.</b>	<b>Change in cash from financial transactions (Financing cash flow, lines 17-27)</b>	<b>10,743</b>	<b>8,455</b>
17.	Revenues from the issue of shares (capital increase) +	1,978	0
18.	Proceeds from the issue of bonds and debt securities +	0	0
19.	Borrowings +	0	0
20.	Repayment, cancellation and redemption of long-term loans and bank deposits +	93	70
21.	Cash received without the obligation of repayment +	34,798	18,199
22.	Redemption of shares, divestiture (capital reduction) -	0	0
23.	Repayment of bonds and debt securities -	0	0
24.	Loan repayment -	-25,872	-9,549
25.	Long-term loans and bank deposits -	-39	0
26.	Cash transferred without the obligation of repayment -	-210	-187
27.	Change in liabilities to owners and other non-current liabilities ±	-5	-78
<b>IV.</b>	<b>Cash flow (lines I+II+III)</b>	<b>-3,808</b>	<b>-11,378</b>
28.	Unrealised exchange difference on cash	0	-4
<b>V.</b>	<b>Change in cash (lines IV+28)</b>	<b>-3,808</b>	<b>-11,382</b>

Table 55: Cash flow statement

## II.4 The Company's net assets, financial position and results of operations

### Ratio of non-current assets

$$\frac{\text{Non-current assets}}{\text{Total assets}} = \frac{1,218,015}{1,296,455} = 93.95\% \quad (\text{base: } 93.78 \%)$$

### Coverage of tangible assets

$$\frac{\text{Equity}}{\text{Own tangible assets}} = \frac{193,951}{147,882} = 131.15\% \quad (\text{base: } 105.29 \%)$$

$$\frac{\text{Equity} + \text{State funds}}{\text{Tangible assets}} = \frac{1,139,652}{1,062,697} = 107.24\% \quad (\text{base: } 103.83 \%)$$

### Coverage of non-current assets

$$\frac{\text{Equity}}{\text{Own non-current assets}} = \frac{193,951}{300,972} = 64.44\% \quad (\text{base: } 57.29 \%)$$

$$\frac{\text{Equity} + \text{State funds}}{\text{Non-current assets}} = \frac{1,139,652}{1,218,015} = 93.57\% \quad (\text{base: } 92.48 \%)$$

### Ratio of current assets to non-current assets

$$\frac{\text{Current assets}}{\text{Non-current assets}} = \frac{69,871}{1,218,015} = 5.74\% \quad (\text{base: } 5.98 \%)$$

### Change in the value and composition of liabilities

#### Equity ratio

$$\frac{\text{Equity}}{\text{Total liabilities}} = \frac{193,951}{1,296,455} = 14.96\% \quad (\text{base: } 12.63 \%)$$

$$\frac{\text{Equity}}{\text{Total liabilities} - \text{State funds}} = \frac{193,951}{350,754} = 55.30\% \quad (\text{base: } 48.76 \%)$$

#### Debt-to-equity ratio

$$\frac{\text{Debt}}{\text{Equity}} = \frac{1,032,769}{193,951} = 532.49\% \quad (\text{base: } 647.71 \%)$$

$$\frac{\text{Debt} - \text{State funds}}{\text{Equity}} = \frac{87,068}{193,951} = 44.89\% \quad (\text{base: } 60.76 \%)$$

#### Indebtedness ratio

$$\frac{\text{Debt}}{\text{Total liabilities}} = \frac{1,032,769}{1,296,455} = 79.66\% \quad (\text{base: } 81.78 \%)$$

Ratio of non-current liabilities

$\frac{\text{Non-current liabilities}}{\text{Non-current liab. + Equity}}$	=	$\frac{962,506}{1,156,457}$	=	83.23%	(base: 85.77 %)
$\frac{\text{Non-current liab. - State liabilities}}{\text{Non-current liab. - State liabilities + Equity}}$	=	$\frac{17,386}{211,337}$	=	8.23%	(base: 14.32 %)

Equity growth ratio

$\frac{\text{Equity}}{\text{Registered capital}}$	=	$\frac{193,951}{24,500}$	=	791.64%	(base: 759.85 %)
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Coverage of non-current assets

$\frac{\text{Equity}}{\text{Non-current assets}}$	=	$\frac{193,951}{1,218,015}$	=	15.92%	(base: 13.46 %)
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Profitability indicators

<i>EBITDA (Operating profit + depreciation)</i>	=	7,076	+	65,356	=	72,432	(base: 64,404 )*
<i>EBITDA rate</i>	=	$\frac{\text{EBITDA}}{\text{Net sales revenues}}$	=	$\frac{72,432}{151,835}$	=	47.70%	(base: 42.59 %)*
<i>Return on sales (R)</i>	=	$\frac{\text{Operating profit/(loss)}}{\text{Net sales revenues}}$	=	$\frac{7,076}{151,835}$	=	4.66%	(base: 5.50 %)*

Financial position

Working capital and liquidity

Net working capital

$\text{Current assets - Current liabilities}$	=	69,871	-	70,263	=	-392	(base: -1,238 )
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Liquidity ratio

$\frac{\text{Current assets}}{\text{Current liabilities}}$	=	$\frac{69,871}{70,263}$	=	99.44%	(base: 98.36 %)
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Quick ratio

$\frac{\text{Current assets - Inventories}}{\text{Current liabilities}}$	=	$\frac{60,124}{70,263}$	=	85.57%	(base: 85.48 %)
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Cash liquidity ratio

$\frac{\text{Cash}}{\text{Current liabilities}}$	=	$\frac{32,117}{70,263}$	=	45.71%	(base: 57.61 %)
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## II.5 Balance sheet and profit and loss account affecting previous years

The effect of errors identified in 2017 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 Supplementary notes

#### III.1 Environmental protection

##### III.1.1 Environmental protection liabilities

Figures in million HUF

Legal grounds	Amount of provisions			
	2016	Released	Made	2017
Illegal waste*	4,252	755	335	3832
Obligations arising from soil and groundwater contamination*	2,936	1,239	169	1866
Protection of facilities for storing and draining gasoline	1,480	117	117	1480
Disposal of railway sleepers	1,032	25	265	1272
Testing hazardous waste and lubricant containers for leakproofness, improvement of coatings	400	31	31	400
Surveying, cleaning and coating technological sewage network	175	0	0	175
Surveying and mapping decommissioned sewer networks	48	0	19	67
<b>Liabilities, total:</b>	<b>10,323</b>	<b>2,167</b>	<b>936</b>	<b>9,092</b>

\*HUF 131 million was transferred from line "Obligations arising from soil and groundwater contamination" to line "Illegal waste": waste illegally deposited in Záhony and Felsőzsolca is accounted as waste.

Table 56: Changes in environmental provisions

The Company did not account any non-distributable reserves for environmental protection liabilities in 2017.

Figures in million HUF

Description	Previous year	Current year
Environmental protection service charges	510	358
Administrative service charges	9	8
Waste management	137	181
<b>Total</b>	<b>656</b>	<b>547</b>

Table 57: Changes in environmental expenses

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

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

Figures in million HUF

No.	ITEM	Land and buildings, and related intangible property rights	Technical equipment, machinery and vehicles	Other equipment, fixtures and fittings, vehicles	Capital projects, renovations	Total
1.	<b>Gross amount, opening</b>	8,755	407	0	0	9,162
2.	Increase in the current year					
3.	Decrease in the current year					
4.	Reclassification	-252				-252
5.	<b>Gross amount, closing</b>	8,503	407	0	0	8,910
6.	<b>Depreciation, opening</b>	2,087	341	0	0	2,428
7.	Ordinary depreciation in the current year	341	44			385
8.	Extraordinary depreciation in the current year	5				5
9.	Extraordinary depreciation reversed					
10.	Depreciation derecognised					
11.	Other increase					
12.	Other decrease					
13.	Reclassification	-126				-126
14.	<b>Depreciation, closing</b>	2,307	385	0	0	2,692
15.	<b>Opening, net</b>	6,668	66	0	0	6,734
16.	<b>Closing, net</b>	6,196	22	0	0	6,218

Table 58: Tangible assets directly serving environmental protection purposes

### III.1.3 Hazardous waste values and quantities

Data in kg

European Waste Catalogue code	Description	Controlling report MÁV 2017			
		Opening inventory (kg)	Amount generated (kg)	Closing inventory (kg)	Total transferred (kg)
06 01 01*	Sulphuric acid and sulphurous acid	0	315	315	0
06 01 02*	Hydrochloric acid	0	120	120	0
06 01 06*	Other acids	0	60	60	0
060404*	Waste containing mercury	51	0	0	51
080111*	Waste paint and varnish containing organic solvents or other dangerous substances	256	278	57	477
080317*	Waste printing toner containing dangerous substances	1,856	2,777	705	3,928
120109*	Machining emulsions and solutions free of halogens	0	8	0	8
120112*	Spent waxes and fats	0	112	0	112
130205*	Non-chlorinated engine, gear and lubricating oils	741	4,206	240	4,707
130307*	Mineral-based non-chlorinated insulating and heat transmission oils	58	0	0	58
130502*	Sludges from oil/water separators	0	0	0	0
130506*	Oil from oil/water separators	11	0	0	11
130507*	Oily water from oil/water separators	0	0	0	0
130508*	Mixtures of wastes from grit chambers and oil/water separators	0	7,480	0	7,480
130701*	Fuel oil and diesel	0	242	242	0
150110*	Packaging containing residues of or contaminated by dangerous substances	3,153	5,713	1,290	7,576
150111*	Metallic packaging containing a dangerous solid porous matrix (for example asbestos), including empty pressure containers	218	433	182	469
150202*	Absorbents, filter materials (including oil filters not otherwise specified), wiping cloths, protective clothing contaminated by dangerous substances	8,105	16,802	2,106	22,801
160107*	Oil filters	131	0	4	127
160121*	Hazardous components	0	150	150	0
160213*	Discarded equipment	315	1,828	56	2,087
160303*	Inorganic wastes containing dangerous substances	38	66	11	93
160305*	Organic wastes containing dangerous substances	447	691	130	1,008
160506*	Laboratory chemicals, consisting of or containing dangerous substances	35	0	0	35
160601*	Lead batteries	12,530	27,771	12,498	27,803
170106*	Fractions of concrete, bricks, tiles and ceramics containing dangerous substances	0	1,485	335	1,150
170204*	Glass, plastic and wood containing or contaminated with dangerous substances	70,960	245,400	89,560	226,800
170301*	Bituminous mixtures containing coal tar	0	180	180	0
170410*	Cables containing oil, coal tar and other dangerous substances	16,913	10,036	23,238	3,711
170503*	Soil and stones containing dangerous substances	370	7,045	1,785	5,630
170605*	Construction materials containing asbestos	0	500	0	500
170901*	Construction and demolition wastes containing mercury	0	0	0	0
180103*	Infectious waste	11	9	0	20
200121*	Fluorescent light tubes and other mercury-containing waste	76	1,653	184	1,545
200133*	Batteries and accumulators included in 16 06 01, 16 06 02 or 16 06 03 and unsorted batteries and accumulators containing these batteries	445	2,833	692	2,586
200135*	Discarded electrical and electronic equipment other than those mentioned in 20 01 21 and 20 01 23 containing hazardous components	9,756	23,005	5,480	27,281
<b>Total</b>		<b>126,476</b>	<b>361,198</b>	<b>139,620</b>	<b>348,054</b>

Table 59: Change in quantities of hazardous waste

Figures in million HUF

Identification code	Description	Opening	Increase in the current year	Decrease in the current year	Closing
160601*	Lead batteries	2	5	5	2
<b>Total</b>		<b>2</b>	<b>5</b>	<b>5</b>	<b>2</b>

Table 60: Change in the value of dangerous and hazardous waste

### III.2 Research and experimental development expenses

Figures in million HUF

Description	Previous year	Current year
<b>Research costs</b>	<b>54</b>	<b>18</b>
Of which: basic research	0	0
applied research (Invoiced costs of R&D performed by third parties)	46	18
applied research (Costs of in-house activities)	8	0
<b>Costs of experimental development</b>	<b>0</b>	<b>0</b>
Production development	0	0
of which: capitalised	0	0
Product development	0	0
of which: capitalised	0	0
<b>Total:</b>	<b>54</b>	<b>18</b>

Table 61: R&amp;D costs

### III.3 Subsidies received

Figures in million HUF

Description of and legal grounds for subsidy	Amount received (approved)	Current year						Previous year					
		Amount charged to subsidy in previous year(s)	Amount charged to subsidy	Unused amount of subsidy	Disbursed amount of subsidy	Amount paid out of subsidy	Cash available from disbursed amount of subsidy at the balance sheet date	Amount charged to subsidy in previous year(s)	Amount charged to subsidy	Unused amount of subsidy	Disbursed amount of subsidy	Amount paid out of subsidy	Cash available from disbursed amount of subsidy at the balance sheet date
Subsidy received for wage increase	6,154	0	6,148	6	6,154	6,148	6	0	0	0	0	0	0
Subsidy received for public employment programme, settlement period 07/03/2016-28/02/2017	2,036	1,132	289	615	443	443	0	0	1,132	904	977	977	0
Subsidy received for public employment programme, settlement period 08/03/2017-28/02/2018	1,933	0	910	1,023	704	704	0	0	0	0	0	0	0
Subsidy received for public employment programme, settlement period 09/03/2015-29/02/2016	2,026	0	0	0	0	0	0	0	239	1,787	355	355	0
Subsidy received for narrow-gauge railway development projects	1,464	0	0	1,464	1,464	0	1,464	0	0	10,000	10,000	0	10,000
Subsidy received for covering the costs of passenger transport on the Children's Railway	150	0	150	0	150	150	0	0	0	0	0	0	0
Station development and integrated customer service development programme at 25 locations	9,878	4,761	1,302	3,815	315	87	-128	3,207	1,554	5,117	283	537	-356
Development of the Budapest-Belgrade line	12,500	1,924	2,341	8,235	2,300	41	2,415	659	1,266	10,576	1,240	91	1,357
Establishing the Child Victims of the Holocaust Memorial - European Educational Centre	7,315	6,675	0	640	1	1	640	0	6,675	640	9	166	640
INKA Project	3,302	2,295	153	853	268	8	-144	1,362	934	1,006	504	813	-404
Reconstruction of the Keleti Railway Station building	988	0	14	974	0	14	-14	0	0	0	0	0	0
MÁV Zrt. Traffic safety projects	10,858	5,742	1,547	3,569	0	22	-154	5,704	37	11,771	52	166	-133
Reconstruction of the Nyugati Railway Station building	1,068	0	14	1,054	0	14	-14	0	0	0	0	0	0
P+R parking facility in Celldömölk	20	0	20	0	20	0	20	0	0	0	0	0	0
Soroksár railway track correction	1,200	0	0	1,200	209	0	209	0	0	0	0	0	0
Reimbursement from previous years unused up to the current year	7,473	0	7,253	220	0	7,253	220	0	10,668	0	0	10,668	2,013
Reimbursement of renovation expenses (current year)	17,387	0	22,738	-5,351	17,387	22,738	-5,351	0	24,792	0	25,091	24,792	299
Reimbursement of operational expenses (current year)	52,357	0	50,944	1,413	52,357	50,944	1,413	0	38,869	0	44,030	38,869	5,161
<b>Total:</b>	<b>138,109</b>	<b>22,529</b>	<b>93,823</b>	<b>19,730</b>	<b>81,772</b>	<b>88,567</b>	<b>582</b>	<b>10,932</b>	<b>86,166</b>	<b>41,801</b>	<b>82,540</b>	<b>77,434</b>	<b>18,578</b>

Table 62: Subsidies accounted in the current year



### III.4 Average employee headcount, payroll costs, payments to personnel

Figures in million HUF

Headcount	2016				2017			
	Payroll cost	Other payments to personnel	Total	Distribution	Payroll cost	Other payments to personnel	Total	Distribution
Blue collar	42,368	6,632	49,000	72.14%	46,591	6,663	53,254	71.25%
White collar	16,071	2,515	18,586	27.36%	18,705	2,675	21,380	28.60%
Inactive	270	63	333	0.49%	100	13	113	0.15%
<b>Total:</b>	<b>58,709</b>	<b>9,210</b>	<b>67,919</b>	<b>100.00%</b>	<b>65,396</b>	<b>9,351</b>	<b>74,747</b>	<b>100.00%</b>

Table 63: Personnel-related expenses (excluding contributions)

Figures in million HUF

Type of social security and other contributions	2016		2017	
	Amount	Distribution	Amount	Distribution
Professional training contributions accounted on the basis of personal base salary and time-rate wage	526	2.93%	596	3.50%
Professional training contributions accounted on the basis of other payments to personnel	287	1.60%	313	1.84%
Healthcare tax (%)	1,264	7.03%	1,339	7.86%
Rehabilitation contribution	847	4.71%	1,002	5.88%
Social tax payable by the employer (27%) accounted on the basis of personal base salary and time-rate wage	8,911	49.59%	8,309	48.79%
Social tax payable by the employer (27%) accounted on the basis of other payments to personnel	6,136	34.14%	5,473	32.13%
<b>Total:</b>	<b>17,971</b>	<b>100.00%</b>	<b>17,032</b>	<b>100.00%</b>

Table 64: Social security and other contributions

Description	2016			2017		
	Average statistical headcount	Distribution (%)	of which: in public employment	Average statistical headcount	Distribution (%)	of which: in public employment
- blue collar	13,740.8	72.5	1,168.5	13,325.5	71.4	959.2
- white collar	5,225.0	27.5	37.2	5,349.9	28.6	47.5
<b>Total:</b>	<b>18,965.8</b>	<b>100.0</b>	<b>1,205.7</b>	<b>18,675.3</b>	<b>100.0</b>	<b>1,006.6</b>

Table 65: Employee headcount (number of persons)

Headcount	Average wage (HUF/person/month)		Average category-based wage (HUF/person/month)	
	2016	2017	2016	2017
- blue collar	217,751	244,592	152,958	176,467
- white collar	349,129	394,347	296,560	327,962
<b>Full-time</b>	<b>253,855</b>	<b>287,331</b>	<b>192,421</b>	<b>219,702</b>

Table 66: Average and category based wages including employees employed under the public employment programme

Headcount	Average wage (HUF/person/month)		Average category-based wage (HUF/person/month)	
	2016	2017	2016	2017
- blue collar	231,387	257,782	159,773	183,691
- white collar	350,959	397,007	297,981	329,980
<b>Full-time</b>	<b>266,231</b>	<b>299,410</b>	<b>200,047</b>	<b>227,431</b>

Table 67: Average and category based wages excluding employees employed under the public employment programme

Description	2016	Distribution (%)	of which: in public employment	2017	Distribution (%)	of which: in public employment
<b>Full-time</b>	<b>19,018</b>	<b>99.80</b>	<b>1,148</b>	<b>18,661</b>	<b>99.76</b>	<b>963</b>
- blue collar	13,729	72.04	1,111	13,281	70.99	909
- white collar	5,289	27.76	37	5,380	28.76	54
<b>Part-time</b>	<b>38</b>	<b>0.20</b>	<b>-</b>	<b>44</b>	<b>0.24</b>	<b>-</b>
- blue collar	10	0.05	-	10	0.05	-
- white collar	28	0.15	-	34	0.18	-
<b>Employees total</b>	<b>19,056</b>	<b>100.00</b>	<b>1,148</b>	<b>18,705</b>	<b>100.00</b>	<b>963</b>

Table 68: Closing headcount in the current year (number of persons)

### 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 million HUF

Description	2016	2017	Change
Senior officers	89	89	0
Supervisory Board	18	18	0
<b>Total:</b>	<b>107</b>	<b>107</b>	<b>0</b>

Table 69: Remuneration paid in the current year

#### 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 2017.

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

The Company has 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

Internal code	Name	CHANGE	MÁV % (01/01/2017)	MÁV % (31/12/2017)	Date of foundation	Postal code	Registered office	Address	Registered capital 31/12/2017	Registered capital MÁV 31/12/2017	Reserves* 31/12/2017	After-tax profit/(loss)* 31/12/2017	Equity* 31/12/2017
<b>KTL180</b>	MÁV-START Zrt.	0.00%	100.00%	100.00%	11.01.2007	1087	Budapest	Könyves Kálmán körút 54-60.	43,741,514,000	43,741,514,000	75,243,590,000	3,271,825,000	122,256,929,000
<b>KTL101</b>	MÁV FKG Kft.	-0.01%	100.00%	99.99%	31.12.1993	5137	Jászkisér	Jászladányi út 10.	1,504,760,000	1,504,660,000	1,818,868,624	512,485,415	3,836,114,039
<b>KTL131</b>	MÁV KfV Kft.	-0.02%	100.00%	99.98%	01.09.1996	1097	Budapest	Péceli utca 2.	569,400,000	569,300,000	1,959,073,000	525,269,000	3,053,742,000
<b>KTL194</b>	MÁV-HÉV Zrt.	100.00%	0.00%	100.00%	26.10.2016	1087	Budapest	Könyves Kálmán körút 54-60.	11,000,000,000	11,000,000,000	7,202,972,000	19,457,000	18,222,429,000
<b>KTL179</b>	ZÁHONY-PORT Zrt.	0.00%	100.00%	100.00%	31.08.2006	4625	Záhony	Európa tér 12.	10,000,000	10,000,000	316,120,000	-82,528,000	243,592,000
<b>KTL138</b>	MÁV Szolgáltató Központ Zrt.	0.00%	99.63%	99.63%	01.11.1996	1087	Budapest	Könyves Kálmán körút 54-60.	801,000,000	798,000,000	1,436,458,750	264,721,389	2,502,180,139
<b>KTL020</b>	MÁV VAGON Kft.	0.00%	0.04%	0.04%	30.12.1992	8000	Székesfehérvár	Takarodó utca 1.	243,980,000	100,000	209,430,000	42,012,000	495,422,000
<b>Fully consolidated subsidiaries, total</b>									<b>57,870,654,000</b>	<b>57,623,574,000</b>	<b>88,186,512,374</b>	<b>4,553,241,804</b>	<b>150,610,408,178</b>
<b>KEL015</b>	MÁV NOSZTALGIA Kft.	0.00%	57.00%	57.00%	30.12.1992	1142	Budapest	Tatai utca 95.	10,000,000	5,700,000	158,800,000	20,972,000	189,772,000
<b>Equity consolidated subsidiaries, total</b>									<b>10,000,000</b>	<b>5,700,000</b>	<b>158,800,000</b>	<b>20,972,000</b>	<b>189,772,000</b>
<b>KEK193</b>	Kinai-Magyar Vasúti Nonprofit Zrt.	0.00%	15.00%	15.00%	28.10.2016	1095	Budapest	Máriássy utca 7.	5,000,100	750,015	1,123,303,000	-1,424,891,000	-296,588,000
<b>Equity consolidated jointly managed companies, total</b>									<b>5,000,100</b>	<b>750,015</b>	<b>1,123,303,000</b>	<b>-1,424,891,000</b>	<b>-296,588,000</b>
<b>KET027</b>	Dunakeszi Járőjavító Kft.	0.00%	25.10%	25.10%	30.12.1992	2120	Dunakeszi	Állomás sétány 19.	772,000,000	193,750,000	2,421,021,000	14,889,000	3,207,910,000
<b>KET142</b>	MULTISZOLG*97 Hídmérleg Kft.	0.00%	25.00%	25.00%	15.04.1997	1081	Budapest	Népszínház utca 21. IV. em. 1.	61,280,000	15,320,000	31,787,624	1,594,799	94,662,423
<b>KET116</b>	MÁV-THERMIT Kft.	0.00%	35.00%	35.00%	28.02.1995	2030	Érd	Tolmács utca 18.	138,000,000	48,300,000	731,704,000	15,840,000	885,544,000
<b>KET037</b>	VAMAV Kft.	0.00%	50.00%	50.00%	26.11.1991	3200	Gyöngyös	Gyártelep utca 1.	1,400,000,000	700,000,000	745,063,823	890,000,000	3,035,063,823
<b>KET038</b>	EURO-METALL Kft.	0.00%	34.99%	34.99%	23.01.1991	1045	Budapest	Elem utca 5-7.	50,590,000	17,700,000	1,473,889,000	210,731,000	1,735,210,000
<b>Equity consolidated associated companies, total</b>									<b>2,421,870,000</b>	<b>975,070,000</b>	<b>5,403,465,447</b>	<b>1,133,054,799</b>	<b>8,958,390,246</b>
<b>KRL134</b>	MÁV Utasellátó Zrt. f.a.	-100.00%	100.00%	0.00%	01.12.1996	1053	Budapest	Veres Pálné utca 9.	-	-	-	-	-
<b>Subsidiaries treated as participating interests in consolidation, total</b>									<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>KRT022</b>	MÁV VASJÁRMŰ Kft. f.a.	0.00%	25.01%	25.01%	30.12.1992	9700	Szombathely	Szővő utca 85.	88,890,000	22,230,000	n/a	n/a	n/a
<b>KRT165</b>	MÁV-REC Kft.	0.00%	49.00%	49.00%	11.10.2001	1097	Budapest	Könyves Kálmán körút 16.	50,000,000	24,500,000	332,778,000	26,017,000	408,795,000
<b>Associated companies treated as participating interests in consolidation, total</b>									<b>138,890,000</b>	<b>46,730,000</b>	<b>332,778,000</b>	<b>26,017,000</b>	<b>408,795,000</b>
<b>KRE147</b>	Bureau Central de Clearing s.c.f.l. (BCC)	0.00%	1.36%	1.36%	28.01.1997	40-B-1060	Bruxelles	Avenue de la Porte de Hal	34,192,935	465,210	n/a	n/a	n/a
<b>KRE128</b>	EUROFIMA Société Européenne pour le Financement de Matériel Ferroviaire (European Company for the Financing of Railroad Rolling Stock)	0.00%	0.70%	0.70%	01.06.1992	CH4001	Basel	Rittergasse 20.	689,624,000,000	4,827,368,000	n/a	n/a	n/a
<b>KRE120</b>	Vasútegészszélgügyi Nonprofit Közhasznú Kft.	0.00%	14.21%	14.21%	31.07.1997	1062	Budapest	Podmaniczky utca 109.	701,020,000	99,600,000	1,822,878,000	26,446,000	2,550,344,000
<b>KRE169</b>	HIT Rail B.V. (IT service provider)	0.00%	9.52%	9.52%	26.11.2001	3511 ER	Utrecht	Laan van Puntenburg 100	422,100,540	40,200,051	n/a	n/a	n/a
<b>KRE172</b>	Normon-Tool Kft. f.a.	0.00%	0.04%	0.04%	14.03.2002	5600	Békéscsaba	Ipari út 1.	80,290,000	29,190	n/a	n/a	n/a
<b>Other companies treated as participating interests in consolidation, total</b>									<b>690,861,603,475</b>	<b>4,967,662,451</b>	<b>1,822,878,000</b>	<b>26,446,000</b>	<b>2,550,344,000</b>
<b>Grand total</b>									<b>751,308,017,575</b>	<b>63,619,486,466</b>	<b>97,027,736,821</b>	<b>4,334,840,603</b>	<b>162,421,121,424</b>

\*Based on preliminary data.

Table 70: The Company's participating interests and their opening balances

Figures in HUF

Internal code	Name	Registered capital (GIR Opening) 01/01/2017	Accumulated impairment (GIR Opening) 01/01/2017	Book value (GIR Opening) 01/01/2017	Increase due to foundation and capital increase (cash) 2017	Increase of gross value due to receipt of in-kind contribution 2017	Decrease of gross value due to disposal 2017	Decrease of gross value due to liquidation or voluntary liquidation 2017	Unrealised exchange difference of gross value 2017	Registered capital (Gross) 31/12/2017	Impairment for the current year 2017	Impairment reversed 2017	Decrease of impairment due to liquidation or voluntary liquidation 2017	Accumulated impairment 31/12/2017	Book value 31/12/2017
KTL180	MÁV-START Zrt.	121,033,553,416	-1,612,158,044	119,421,395,372						121,033,553,416		1,612,158,044		0	121,033,553,416
KTL101	MÁV FKG Kft.	1,535,268,428	0	1,535,268,428			-102,027			1,535,166,401				0	1,535,166,401
KTL131	MÁV KfV Kft.	569,400,000	0	569,400,000			-100,000			569,300,000				0	569,300,000
KTL194	MÁV-HÉV Zrt.	0	0	0		18,202,918,217				18,202,918,217				0	18,202,918,217
KTL179	ZÁHONY-PORT Zrt.	975,617,000	-590,891,000	384,726,000						975,617,000	-126,713,878			-717,604,878	258,012,122
KTL138	MÁV Szolgáltató Központ Zrt.	1,423,332,417	0	1,423,332,417						1,423,332,417				0	1,423,332,417
KTL020	MÁV VAGON Kft.	100,000	0	100,000						100,000				0	100,000
Fully consolidated subsidiaries, total		125,537,271,261	-2,203,049,044	123,334,222,217	0	18,202,918,217	-202,027	0	0	143,739,987,451	-126,713,878	1,612,158,044	0	-717,604,878	143,022,382,573
KEL015	MÁV NOSZTALGIA Kft.	5,700,000	0	5,700,000						5,700,000				0	5,700,000
Equity consolidated subsidiaries, total		5,700,000	0	5,700,000	0	0	0	0	0	5,700,000	0	0	0	0	5,700,000
KEK193	Kínai-Magyar Vasúti Nonprofit Zrt.	750,000	0	750,000	1,200,000,000					1,200,750,000	-1,200,750,000			-1,200,750,000	0
Equity consolidated jointly managed companies, total		750,000	0	750,000	1,200,000,000	0	0	0	0	1,200,750,000	-1,200,750,000	0	0	-1,200,750,000	0
KET027	Dunakeszi Járműjavító Kft.	193,770,000	0	193,770,000						193,770,000				0	193,770,000
KET142	MULTISZOLG'97 Hidmérleg Kft.	15,320,000	0	15,320,000						15,320,000				0	15,320,000
KET116	MÁV-THERMIT Kft.	48,300,000	0	48,300,000						48,300,000				0	48,300,000
KET037	VAMAV Kft.	480,000,000	0	480,000,000						480,000,000				0	480,000,000
KET038	EURO-METALL Kft.	17,700,000	0	17,700,000						17,700,000				0	17,700,000
Equity consolidated associated companies, total		755,090,000	0	755,090,000	0	0	0	0	0	755,090,000	0	0	0	0	755,090,000
KRL134	MÁV Utasellátó Zrt. f.a.	137,000,000	-137,000,000	0				-137,000,000		0			137,000,000	0	0
Subsidiaries treated as participating interests in consolidation, total		137,000,000	-137,000,000	0	0	0	0	-137,000,000	0	0	0	0	137,000,000	0	0
KRT022	MÁV VASJÁRMŰ Kft. f.a.	158,000,000	-158,000,000	0						158,000,000				-158,000,000	0
KRT165	MÁV-REC Kft.	50,500,000	0	50,500,000						50,500,000				0	50,500,000
Associated companies treated as participating interests in consolidation, total		208,500,000	-158,000,000	50,500,000	0	0	0	0	0	208,500,000	0	0	0	-158,000,000	50,500,000
KRE147	Bureau Central de Clearing s.c.f.l. (BCC)	464,975	0	464,975					-1,316	463,659				0	463,659
KRE128	EUROFIMA Société Européenne pour le Financement de Matériel Ferroviaire (European Company for the Financing of Railroad Rolling Stock)	2,289,071,030	0	2,289,071,030					-191,171,164	2,097,899,866				0	2,097,899,866
KRE120	Vasútegészésgügyi Nonprofit Közhaszú Kft.	99,600,000	0	99,600,000						99,600,000				0	99,600,000
KRE169	HIT Rail B.V. (IT service provider)	67,746,065	0	67,746,065					-191,680	67,554,385				0	67,554,385
KRE172	Normon-Tool Kft. f.a.	132,200	0	132,200						132,200	-132,200			-132,200	0
Other companies treated as participating interests in consolidation, total		2,457,014,270	0	2,457,014,270	0	0	0	0	-191,364,160	2,265,650,110	-132,200	0	0	-132,200	2,265,517,910
Grand total		129,101,325,531	-2,498,049,044	126,603,276,487	1,200,000,000	18,202,918,217	-202,027	-137,000,000	-191,364,160	148,175,677,561	-1,327,596,078	1,612,158,044	137,000,000	-2,076,487,078	146,099,190,483

Table 71: Changes in the Company's participating interests in the current year

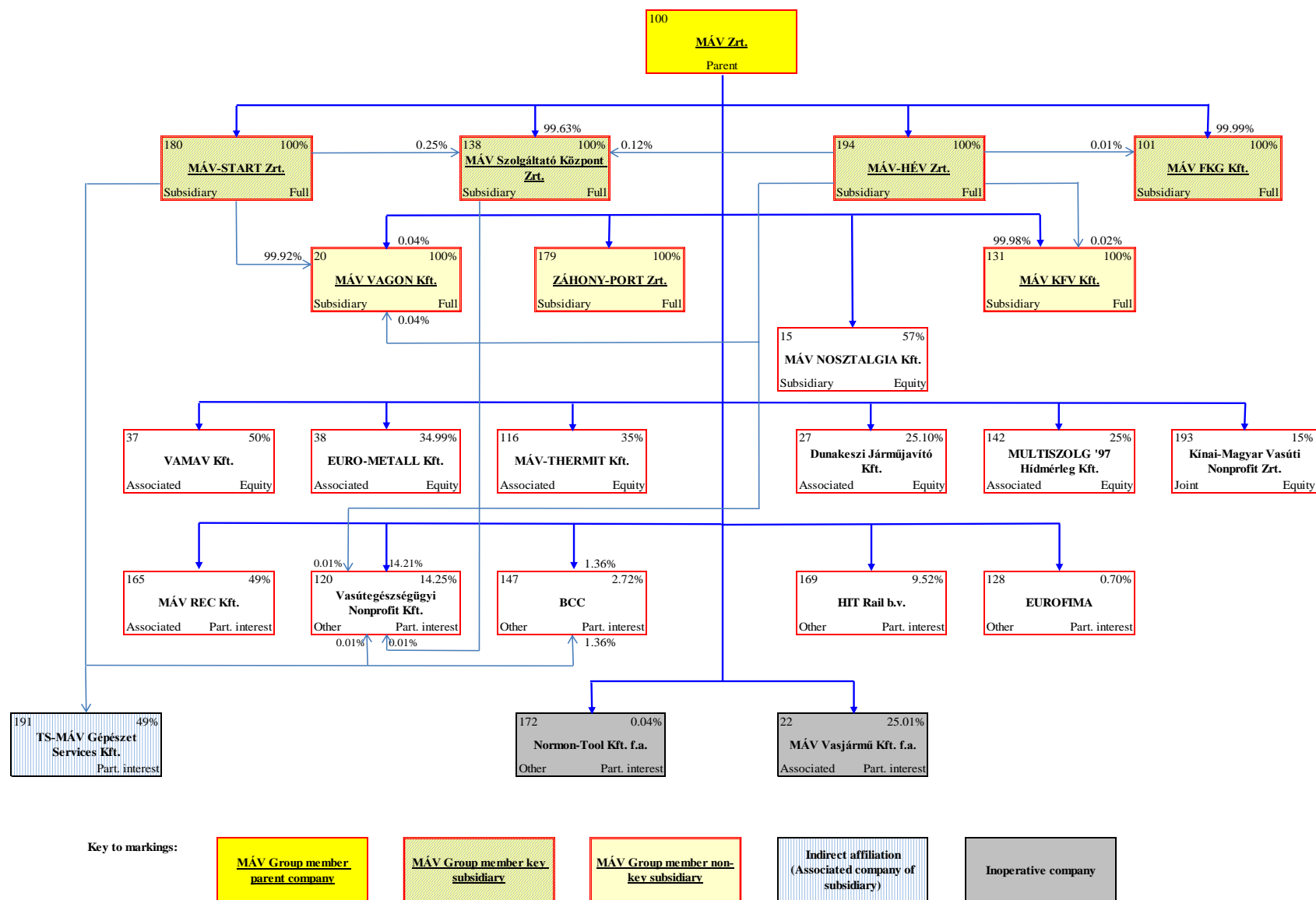


Table 72: MÁV Group's organisational structure as at the balance sheet date

### **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.

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

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

In the current 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.

#### **■ Description of foreign permanent establishments**

The Company has no foreign permanent establishments.

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

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

The legal basis for separation and the changes to the policy during the current 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 2017:

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

### **IV.1 Rail infrastructure operation**

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 million HUF

No.		31.12.2016	31.12.2017	Change
<b>A.</b>	<b>NON-CURRENT ASSETS (lines I+II+III)</b>	<b>1,015,889</b>	<b>980,361</b>	<b>-35,528</b>
<b>I.</b>	<b>INTANGIBLE ASSETS (lines I/1+ 7)</b>	<b>9,063</b>	<b>9,218</b>	<b>155</b>
1.	Capitalised amount of foundation/restructuring	0	0	0
2.	Capitalised amount of experimental development	37	37	0
3.	Intangible property rights	5,740	6,245	505
3/a.	of which: Managed state-owned intangible property rights	2,675	2,228	-447
4.	Intellectual property	3,286	2,936	-350
4/a.	of which: Managed state-owned intellectual property	0	0	0
5.	Goodwill	0	0	0
6.	Advance payments for intangible assets	0	0	0
7.	Revaluation of intangible assets	0	0	0
<b>II.</b>	<b>TANGIBLE ASSETS (lines II/1+ 7)</b>	<b>1,006,826</b>	<b>971,143</b>	<b>-35,683</b>
1.	Land and buildings and related intangible property rights	847,555	815,000	-32,555
1/a.	of which: Managed state-owned properties and related intangible property rights	813,705	780,956	-32,749
2.	Technical equipment, machinery and vehicles	129,586	133,914	4,328
2/a.	of which: Managed state-owned technical equipment, machinery and vehicles	118,530	115,344	-3,186
3.	Other equipment, fixtures and fittings, vehicles	20	16	-4
3/a.	of which: Managed state-owned other equipment, fixtures and fittings, vehicles	0	0	0
4.	Breeding stock	0	0	0
5.	Capital projects, renovations	25,756	21,186	-4,570
5/a.	of which: Managed state-owned capital projects	14,992	17,559	2,567
6.	Advance payments for capital projects	3,909	1,027	-2,882
6/a.	of which: Advance payments for managed state-owned capital projects	0	956	956
7.	Revaluation of tangible assets	0	0	0
<b>III.</b>	<b>NON-CURRENT FINANCIAL ASSETS (lines III/ 1+ 10)</b>	<b>0</b>	<b>0</b>	<b>0</b>
1.	Long-term participating interests in related companies	0	0	0
2.	Long-term loans to related companies	0	0	0
3.	Long-term major participating interests	0	0	0
4.	Long-term loans to companies linked by virtue of major participating interests	0	0	0
5.	Other long-term participating interests	0	0	0
6.	Long-term loans to companies linked by virtue of other participating interests	0	0	0
7.	Other long-term loans	0	0	0
8.	Long-term debt securities	0	0	0
9.	Revaluation of non-current financial assets	0	0	0
10.	Fair value adjustment of non-current financial assets	0	0	0
<b>B.</b>	<b>Current assets (lines B./I+II+III+IV+Debts from settlements with divisions)</b>	<b>42,827</b>	<b>45,785</b>	<b>2,958</b>
<b>I.</b>	<b>INVENTORIES (lines I/1+ 6)</b>	<b>9,714</b>	<b>9,746</b>	<b>32</b>
1.	Raw materials	9,390	9,341	-49
1/a.	of which: Managed state-owned raw materials	2,320	1,904	-416
2.	Work in progress and semi-finished products	2	0	-2
2/a.	of which: Managed state-owned work in progress and semi-finished products	0	0	0
3.	Animals for breeding, fattening and other livestock	0	0	0
4.	Finished products	236	343	107
4/a.	of which: Managed state-owned finished products	8	41	33
5.	Goods	86	62	-24
6.	Advance payments for inventories	0	0	0
<b>II.</b>	<b>RECEIVABLES (lines II/1+ 8)</b>	<b>11,586</b>	<b>16,671</b>	<b>5,085</b>
1.	Accounts receivable	2,722	2,676	-46
2.	Receivables from related companies	8,584	8,689	105
3.	Receivables from companies linked by virtue of major participating interests	30	27	-3
4.	Receivables from companies linked by virtue of other participating interests	9	27	18
5.	Notes receivable	0	0	0
6.	Other receivables	241	5,252	5,011
6/a.	of which: Receivables related to managed state-owned assets	0	1,366	1,366
7.	Fair value adjustment of receivables	0	0	0
8.	Positive fair value adjustment of derivatives	0	0	0
	<b>Receivables from settlements with divisions</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>III.</b>	<b>SECURITIES (lines III/ 1+ 6)</b>	<b>0</b>	<b>0</b>	<b>0</b>
1.	Participating interests in related companies	0	0	0
2.	Major participating interests	0	0	0
3.	Other participating interests	0	0	0
4.	Own shares	0	0	0
5.	Debt securities held for dealing	0	0	0
6.	Fair value adjustment of securities	0	0	0
<b>IV.</b>	<b>CASH (lines IV./ 1+2)</b>	<b>21,527</b>	<b>19,368</b>	<b>-2,159</b>
1.	Petty cash, cheques	0	0	0
2.	Bank deposits	21,527	19,368	-2,159
<b>C.</b>	<b>PREPAID EXPENSES AND ACCRUED INCOME (lines C./ 1+2+3)</b>	<b>2,258</b>	<b>2,534</b>	<b>276</b>
1.	Accrued income	766	1,299	533
2.	Prepaid expenses	1,492	1,235	-257
3.	Deferred expenses	0	0	0
	<b>TOTAL ASSETS (lines A+B+C)</b>	<b>1,060,974</b>	<b>1,028,680</b>	<b>-32,294</b>

Table 73: Asset side of the balance sheet based on the figures of the rail infrastructure division



Figures in million HUF				
No.		31.12.2016	31.12.2017	Change
<b>D.</b>	<b>Equity (lines D/I+ _VII)</b>	<b>-57,983</b>	<b>-54,167</b>	<b>3,816</b>
I.	REGISTERED CAPITAL	5,688	5,667	-21
	of which: repurchased ownership share at nominal value	0	0	0
II.	REGISTERED CAPITAL NOT PAID	0	0	0
III.	CAPITAL RESERVE	18,957	19,752	795
IV.	RETAINED EARNINGS	-84,211	-82,665	1,546
V.	NON-DISTRIBUTABLE RESERVE	37	37	0
VI.	REVALUATION RESERVE	0	0	0
1.	Revaluation reserve for adjustments	0	0	0
2.	Fair valuation reserve	0	0	0
VII.	AFTER-TAX PROFIT/(LOSS)	1,546	3,042	1,496
<b>E.</b>	<b>Provisions (lines E/1+2+3)</b>	<b>19,860</b>	<b>20,221</b>	<b>361</b>
1.	Provision for contingent liabilities	11,022	11,757	735
2.	Provisions for future expenses	8,838	8,464	-374
3.	Other provisions	0	0	0
<b>F.</b>	<b>LIABILITIES (lines F/I+II+III)</b>	<b>1,060,997</b>	<b>1,027,556</b>	<b>-33,441</b>
<b>I.</b>	<b>SUBORDINATED LIABILITIES (lines F.I./1+2+3+4)</b>	<b>0</b>	<b>0</b>	<b>0</b>
1.	Subordinated liabilities to related companies	0	0	0
2.	Subordinated liabilities to companies linked by virtue of major participating interests	0	0	0
3.	Subordinated liabilities to companies linked by virtue of other participating interests	0	0	0
4.	Subordinated liabilities to other entities	0	0	0
<b>II.</b>	<b>NON-CURRENT LIABILITIES (lines F.II./1+ _8)</b>	<b>979,937</b>	<b>945,505</b>	<b>-34,432</b>
1.	Long-term borrowings	292	58	-234
2.	Convertible bonds and contingent convertible bonds	0	0	0
3.	Liabilities from the issue of bonds	0	0	0
4.	Loans for capital and development projects	0	0	0
5.	Other long-term loans	0	0	0
6.	Non-current liabilities to related companies	0	0	0
7.	Non-current liabilities to companies linked by virtue of major participating interests	0	0	0
8.	Non-current liabilities to companies linked by virtue of other participating interests	0	0	0
9.	Other non-current liabilities	979,645	945,447	-34,198
9./a	of which: Liabilities related to managed state-owned assets	979,318	945,120	-34,198
<b>III.</b>	<b>CURRENT LIABILITIES (lines F.III./ 1+_10+Debts from settlements with divisions)</b>	<b>81,060</b>	<b>82,051</b>	<b>991</b>
1.	Short-term borrowings	234	234	0
1/a.	of which: convertible bonds	0	0	0
2.	Short-term loans	0	0	0
3.	Advance payments received from customers	18	20	2
4.	Accounts payable	18,290	25,982	7,692
5.	Notes payable	0	0	0
6.	Current liabilities to related companies	13,087	13,336	249
7.	Current liabilities to companies linked by virtue of major participating interests	433	619	186
8.	Current liabilities to companies linked by virtue of other participating interests	22	37	15
9.	Other current liabilities	12,412	5,259	-7,153
9./a	of which: Liabilities related to managed state-owned assets	665	581	-84
10.	Revaluation difference on liabilities	0	0	0
11.	Negative revaluation difference on derivative transactions	0	0	0
	<b>Debts from settlements with divisions</b>	<b>36,564</b>	<b>36,564</b>	<b>0</b>
<b>G.</b>	<b>ACCRUED EXPENSES AND DEFERRED INCOME (lines G./1+2+3)</b>	<b>38,100</b>	<b>35,070</b>	<b>-3,030</b>
1.	Prepaid income	9,485	7,616	-1,869
2.	Accrued expenses	1,973	1,724	-249
3.	Deferred income	26,642	25,730	-912
	<b>TOTAL EQUITY AND LIABILITIES (lines D+E+F+G)</b>	<b>1,060,974</b>	<b>1,028,680</b>	<b>-32,294</b>

Table 74: Equity and liabilities side of the balance sheet based on the figures of the rail infrastructure division

Figures in million HUF

Line	Line item	31.12.2016	31.12.2017	Change
.01.	Net domestic sales revenues	136,941	138,454	1,513
.02.	Net export sales revenues	1,523	1,027	-496
<b>I.</b>	<b>Net sales revenues (lines 01+02)</b>	<b>138,464</b>	<b>139,481</b>	<b>1,017</b>
I/A 1.	Other internal settlements	0	152	152
I/A 3.	Internal settlements related to rail infrastructure	0	409	409
I/A 4.	Central administration	507	7	-500
<b>I/A.</b>	<b>Internal revenues, total:</b>	<b>507</b>	<b>568</b>	<b>61</b>
.03.	Change in self-produced inventories	-34	105	139
.04.	Capitalised value of self-produced assets	6,253	4,720	-1,533
<b>II.</b>	<b>Capitalised own performance (lines 03+04)</b>	<b>6,219</b>	<b>4,825</b>	<b>-1,394</b>
<b>III.</b>	<b>Other gains</b>	<b>108,630</b>	<b>127,677</b>	<b>19,047</b>
	of which: impairment reversed	39	0	-39
	<b>Operational return, total:</b>	<b>253,820</b>	<b>272,551</b>	<b>18,731</b>
.05.	Raw materials	19,626	18,650	-976
.06.	Services used	44,322	54,575	10,253
.07.	Other services	1,120	1,355	235
.08.	Cost of goods sold	30,430	29,682	-748
.09.	Services resold (intermediated)	288	345	57
<b>IV.</b>	<b>Material expenses (lines 05+06+07+08+09)</b>	<b>95,786</b>	<b>104,607</b>	<b>8,821</b>
IV/A 1.	Other internal settlements	131	419	288
IV/A 3.	Internal settlements related to rail infrastructure	0	0	0
IV/A 4.	Central administration	1,683	1,827	144
<b>IV/A</b>	<b>Internal expenses, total:</b>	<b>1,814</b>	<b>2,246</b>	<b>432</b>
.10.	Payroll cost	57,614	64,158	6,544
.11.	Other payments to personnel	8,756	9,031	275
.12.	Social security and other contributions	17,523	16,643	-880
<b>V.</b>	<b>Personnel-related expenses (lines 10+11+12)</b>	<b>83,893</b>	<b>89,832</b>	<b>5,939</b>
<b>VI.</b>	<b>Depreciation</b>	<b>50,682</b>	<b>60,174</b>	<b>9,492</b>
<b>VII.</b>	<b>Other expenses</b>	<b>20,128</b>	<b>12,662</b>	<b>-7,466</b>
	of which: impairment	13,015	2,082	-10,933
	<b>Operational expenses, total:</b>	<b>252,303</b>	<b>269,521</b>	<b>17,218</b>
<b>A.</b>	<b>OPERATING PROFIT/(LOSS) (lines I+I/A+II+III-IV-IV/A-V-VI-VII)</b>	<b>1,517</b>	<b>3,030</b>	<b>1,513</b>
.13.	Dividends received	0	0	0
	of which: received from related companies	0	0	0
.14.	Exchange gain on disposal of participating interests	0	0	0
	of which: received from related companies	0	0	0
.15.	Income and exchange gains from non-current financial assets (securities, loans)	0	0	0
	of which: received from related companies	0	0	0
.16.	Other interest and similar income received (due)	80	2	-78
	of which: received from related companies	0	0	0
.17.	Other financial gains	35	78	43
	of which: revaluation difference	0	0	0
<b>VIII.</b>	<b>Income from financial transactions (lines 13+14+15+16+17)</b>	<b>115</b>	<b>80</b>	<b>-35</b>
.18.	Expenses and exchange losses from participating interests	0	0	0
	of which: paid to related companies	0	0	0
.19.	Expenses and exchange losses from non-current financial assets (securities, loans)	0	0	0
	of which: paid to related companies	0	0	0
.20.	Interest payable (paid) and similar expenses	75	6	-69
	of which: to related companies	0	0	0
.21.	Impairment on participating interests, securities, long-term loans and bank deposits	0	-1	-1
.22.	Other financial expenses	11	63	52
	of which: revaluation difference	0	0	0
<b>IX.</b>	<b>Expenses of financial transactions (lines 18+19+20+21+22)</b>	<b>86</b>	<b>68</b>	<b>-18</b>
<b>B.</b>	<b>FINANCIAL PROFIT/(LOSS) (lines VIII-IX)</b>	<b>29</b>	<b>12</b>	<b>-17</b>
<b>C.</b>	<b>PRE-TAX PROFIT/(LOSS) (lines ±A±B)</b>	<b>1,546</b>	<b>3,042</b>	<b>1,496</b>
X.	TAX LIABILITY	0	0	0
<b>D.</b>	<b>AFTER-TAX PROFIT/(LOSS) (lines ±C-X)</b>	<b>1,546</b>	<b>3,042</b>	<b>1,496</b>

Table 75: Profit and loss account based on the figures of the rail infrastructure division

		Figures in million HUF	
No.	Description	2016	2017
<b>I.</b>	<b>Change in cash from operating activities (Operating cash flow, lines 1-13)</b>	<b>5,578</b>	<b>-13,073</b>
1.	Pre-tax profit/(loss) ±	1,546	3,042
1a.	Dividends received -	0	0
1b.	Cash transferred or received without the obligation of repayment, accounted in profit/(loss) ±	23	0
1c.	Unrealised exchange difference on cash ±	0	8
1d.	Proceeds from/(loss on) non-current liabilities forgiven or assumed ±	0	-72
1e.	Unrealised exchange difference on non-current assets and non-current liabilities ±	0	0
1f.	Realised exchange difference on the repayment of long-term loans and non-current liabilities ±	0	0
1g.	Unspecified adjustments pertaining to managed state-owned assets affecting the pre-tax profit/(loss) ±	-58,921	-56,860
1h.	Proceeds from/(loss on) providing non-current assets as an in-kind contribution ±	0	0
1i.	Proceeds from/(loss on) non-current assets transferred free of charge +	0	0
1j.	Other unspecified adjustments affecting the pre-tax profit/(loss) ±	0	-3
2.	Amortisation charge ±	50,682	60,174
3.	Impairment charged and reversed ±	12,976	2,081
4.	Difference between provisions made and used ±	1,671	361
5.	Proceeds from/(loss on) disposal of non-current assets ±	-26	-2
6.	Change in accounts payable ±	3,247	-1,234
7.	Change in other current liabilities ±	-2,405	-2,692
7a.	Change in settlements with divisions (liabilities) ±	-3,262	-1,204
8.	Change in accrued expenses and deferred income ±	1,691	-13,748
9.	Change in accounts receivable ±	-37	-1,012
10.	Change in current assets (net of accounts receivable and cash) ±	-1,625	-1,636
10a.	Change in settlements with divisions (receivables) ±	0	0
11.	Change in prepaid expenses & accrued income ±	18	-276
12.	Corporate income tax payable -	0	0
13.	Dividends payable -	0	0
<b>II.</b>	<b>Change in cash from investment activities (lines 14-16)</b>	<b>-35,246</b>	<b>-6,983</b>
14.	Purchase of non-current assets -	-35,278	-7,889
15.	Disposal of non-current assets +	32	906
16.	Dividends received +	0	0
<b>III.</b>	<b>Change in cash from financial transactions (Financing cash flow, lines 17-27)</b>	<b>24,167</b>	<b>17,905</b>
17.	Revenues from the issue of shares (capital increase) +	1,978	0
18.	Proceeds from the issue of bonds and debt securities +	0	0
19.	Borrowings +	0	0
20.	Repayment, cancellation and redemption of long-term loans and bank deposits +	0	1
21.	Cash received without the obligation of repayment +	24,798	18,199
22.	Redemption of shares, divestiture (capital reduction) -	0	0
23.	Repayment of bonds and debt securities -	0	0
24.	Loan repayment -	-2,594	-234
25.	Long-term loans and bank deposits -	0	0
26.	Cash transferred without the obligation of repayment -	-27	0
27.	Change in liabilities to owners and other non-current liabilities ±	12	-61
<b>IV.</b>	<b>Cash flow (lines I+II+III)</b>	<b>-5,501</b>	<b>-2,151</b>
28.	Unrealised exchange difference on cash	0	-8
<b>V.</b>	<b>Change in cash (lines IV+28)</b>	<b>-5,501</b>	<b>-2,159</b>

Table 76: Cash flow statement based on the figures of the rail infrastructure division

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

Figures in thousand HUF

<i>Line</i>	<i>Description</i>	<i>Base year 2016</i>	<i>Current year 2017</i>
1	Net sales revenues	138,463,759	139,480,828
	of which: infrastructure access charge	138,463,759	139,480,828
	of which: ticket price subsidies	0	0
	of which: paid by government	0	0
2	Internal revenues	507,366	567,390
3	Capitalised own performance	6,219,614	4,825,283
4	Other gains	108,629,540	127,676,787
	of which: reimbursement from government	38,869,437	50,944,174
	of which: government subsidy	5,386,111	12,228,796
<b>5</b>	<b>OPERATIONAL RETURN, TOTAL</b>	<b>253,820,279</b>	<b>272,550,288</b>
6	Material expenses	95,785,616	104,607,319
	of which: infrastructure access charge	0	0
7	Internal expenses	1,814,474	2,246,370
	of which: infrastructure access	0	0
	of which: traction	0	0
	of which: other railway services	502,610	408,665
	of which: central services	0	0
	of which: central management	1,311,864	1,827,108
8	Personnel-related expenses	83,893,047	89,831,889
9	Depreciation	50,681,555	60,173,335
10	Other expenses	20,128,214	12,661,048
<b>11</b>	<b>OPERATING EXPENSES, TOTAL</b>	<b>252,302,906</b>	<b>269,519,961</b>
<b>12</b>	<b>OPERATING PROFIT/(LOSS)</b>	<b>1,517,373</b>	<b>3,030,327</b>
13	Financial gains	114,727	79,349
14	Financial expenses	85,863	67,742
<b>15</b>	<b>FINANCIAL PROFIT/(LOSS)</b>	<b>28,864</b>	<b>11,607</b>
16	Extraordinary income	0	0
	of which: government subsidy	0	0
17	Extraordinary expenses	0	0
<b>18</b>	<b>EXTRAORDINARY PROFIT/(LOSS)</b>	<b>0</b>	<b>0</b>
19	Tax liability	-28	0
<b>20</b>	<b>AFTER-TAX PROFIT/(LOSS)</b>	<b>1,546,265</b>	<b>3,041,934</b>

Table 77: Activity statement of the rail infrastructure division

Significant effects in respect of the results of the current year:

A predominant part of net sales revenues in 2017 is made up of infrastructure access charges, within which revenues from traction electricity and fuel sold are presented separately:

Figures in billion HUF

Customer	2016	2017	Difference
<b>Infrastructure access, net of traction electricity and fuel</b>			
MÁV-START Zrt.	73.7	72.5	-1.2
Rail Cargo Hungary Zrt.	11.9	12.4	0.5
Other railway companies	6.7	8.9	2.2
<b>Traction electricity</b>			
MÁV-START Zrt.	12.6	10.3	-2.3
Rail Cargo Hungary Zrt.	4.2	3.7	-0.5
Other railway companies	2.8	3.0	0.2
<b>Traction fuel</b>			
MÁV-START Zrt.	9.2	9.9	0.7
Other railway companies	1.0	1.7	0.7
<b>Total</b>	<b>122.1</b>	<b>122.4</b>	<b>0.3</b>

Table 78: Revenues from infrastructure access charges

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

Revenues from re-sold traction electricity decreased due to a decrease in the unit price of electricity as compared to the base (base average price: 23.0 HUF/MWh, actual average price: 20.0 HUF/MWh). Sales volume decreased similar to the unit price of electricity. The increase of revenues from the sale of traction fuel was due to the 7.47% increase in the unit price of traction fuel (base price: 241 HUF/m<sup>3</sup>, actual average price: 259 HUF/m<sup>3</sup>).

Reorganisation of security and guarding resulted in a decrease of HUF 1.6 billion, the increase in income from rentals resulted in an increase of HUF 1.0 billion, and HUF 1.5 billion released from income accrued in previous years due to amendment of the related agreement resulted in an increase.

The most significant item within internal revenues is the infrastructure access charge invoiced to narrow gauge regional railways at prime cost (HUF 0.4 billion), which was compensated as an internal expense in the form of financial support.

The decrease in capitalised own performance is attributable to the reduced volume of capital projects implemented as an own activity (HUF -1.4 billion).

According to the activity statement for rail infrastructure operation, other gains increased by HUF 19 billion in the current year as a result of the following:

- The most significant component of the increase is an increase in the reimbursement of operational expenses amounting to HUF 50.9 billion (HUF +12.1 billion) in 2017.
- The increase in government subsidies recognised is due to the NFM subsidy of HUF 6.1 billion received for wage increase.
- To carry on its public employment programme, MÁV Zrt. as a national public employer concluded a new authority agreement for the period between 8 March 2017 to 28 February 2018 for employment of 1,424 persons, corresponding to an average monthly headcount of 1,371 persons in landscaping activities. As of 1 September 2017, the agreement was amended to include an obligation to employ a planned headcount of 1,240 persons,

corresponding to an average monthly headcount of 992 persons, and the commitment to the state was amended to 80%. In 2017, HUF 1.2 billion in government subsidies was recognised under the public employment programme, which is HUF 0.2 billion less than in the base year. Amendments were mainly attributable to changes in the labour market.

- In 2017, VPK waived decreased by HUF 3.2 billion compared to the previous year.
- Provisions used in 2017 amounted to HUF 6.8 billion. The most significant components of an increase of HUF 3.3 billion compared to the base are the expenses of high-level maintenance (HUF +3.8 billion), environmental protection liabilities (HUF +0.9 billion), and the use of the provision for bonus payment (HUF +0.3 billion). The use of the provisions for other litigations and maintenance expenses decreased compared to the base year (HUF -1.6 billion).
- The reasonable profit amounts to HUF 3.7 billion based on the annual accounting for 2016.

The reimbursement clause of the Rail Infrastructure Operation Agreement for 2017 was signed on 24 February 2017, on the basis of which the reimbursement disbursed for 2017 amounted to HUF 69,743.5 million. Of this amount, reimbursement of renovation expenses represents HUF 17,386.5 million.

Actual reimbursement for operating losses and the reimbursement for the renovation of rail infrastructure operation assets and the use of these amounts in 2017 are presented in the following table:

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

Table 79: Reimbursement components

Material expenses increased by 9.2% compared to the base year.

Figures in billion HUF			
Description	2016	2017	Difference
Raw materials	19.6	18.6	-1.0
Services used	44.3	54.6	10.3
Other services	1.1	1.4	0.3
Cost of goods sold	30.4	29.7	-0.7
Services resold (intermediated)	0.3	0.3	0.0
<b>Material expenses, total:</b>	<b>95.7</b>	<b>104.6</b>	<b>8.9</b>

Table 80: Composition of material expenses

- The most significant components of material expenses comprised HUF 9.1 billion for the expenses of technical materials provided for rail track maintenance and renovation work, and HUF 6.5 billion for the expenses of electricity, gas, water, sewage, and fuel.
- The increase in services used by HUF 10.3 billion in 2017 is caused by several factors.

In regard to rail track maintenance, projects shown in the list of facilities as per the outsourcing agreement in place were implemented. In the current year, significant maintenance work was recognised in compliance with the obligation to keep up development projects carried out using EU grants. Maintenance work fell due in the current year.

Property maintenance must be typically planned ahead, so the increase in such costs compared to the base period is justified.

As a result of the outsourcing of the railway safety operations performed by the Company, the cost of security services also increased.

- The HUF 0.2 billion increase in other services was the result of a HUF 0.1 billion increase in rail authority charges, and a HUF 0.1 billion increase in insurance premiums.
- The cost of goods sold decreased compared to the base period. The value of re-sold traction and pre-heating/pre-cooling electricity is HUF 17.0 billion (a HUF 2.7 billion decrease compared to the base year), while the value of traction fuel sold is HUF 11.8 billion (a HUF 1.6 billion increase).
- The cost of sold (intermediated) services remained at base level, totalling HUF 0.3 billion.

A significant portion of internal expenses (HUF 1.8 billion) 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 0.4 billion, the same as in the base period.

Personnel related expenses increased by HUF 5.9 billion compared to the base year as a result of the wage increases. The change is due to an average 13% wage increase carried out on the basis of wage agreement no. 11703/2017/MAV in 2017, together with a 5% reduction in contributions. Employees that were part of the statistical headcount between 1 September 2017 and 1 December 2017 and are not eligible for bonus payment received a one-off gross amount of HUF 40 thousand in December.

The rate of depreciation in 2017 was influenced by the effect, from the previous year and in the current year, of scrapping and devaluation related to capital projects. The significant increase compared to the base was the result of capital projects carried out by NIF Zrt., transferred at the end of 2016, and the recognition of the SAP IT system.

Of the depreciation accounted in the current period, HUF 55.3 billion was recognised on managed state-owned assets.

Other expenses decreased compared to the base year. The most important contributing factor to this decrease was that there was no transfer of capital projects carried out by NIF, and therefore no extraordinary depreciation was accounted (HUF -9.6 billion). In addition, the extraordinary depreciation of state-owned tangible assets also decreased by HUF 1.7 billion.

The decrease was offset by a HUF 1.9 billion increase (compared to the base year) in provisions for contingent liabilities, the largest items of which was a HUF 0.5 billion increase in the provision for environmental protection liabilities, and a HUF 0.6 billion increase in the provision for litigation. The provision related to the termination of employment and the provision for other liabilities each increased by HUF 0.3 billion compared to the base year.



Provision for high-level maintenance expenses was made in the amount of HUF 3.6 billion for 2017.

The most significant item within various other expenses is the HUF 1.5 billion security paid due to the amendment of a previously concluded long-term agreement.

Overall, rail infrastructure operation remained a loss-making activity. The components of the HUF 3.0 billion after-tax profit are the reimbursement received from the government for expenses not covered by revenues, and the waived replenishment obligations, and the HUF 3.7 billion reasonable profit for 2016 approved in the current year, less the HUF 0.7 billion in retroactive benefits provided to workers on stand-by duty.

Related company balances (gains and expenses) related to rail infrastructure operation are presented below:

Figures in million HUF

Related company	Gains			Expenses			Total
	Net sales revenues	Financial and other gains	Gains, total	Material and personnel-related expenses	Other and financial expenses	Expenses, total	
MÁV NOSZTALGIA Kft.	296	0	296	194	1	195	101
MÁV VAGON Kft.	78	0	78	151	0	151	-73
MÁV FKG KFT	1,256	12	1,268	9,943	3	9,946	-8,678
MÁV KfV Kft.	58	0	58	1,376	0	1,376	-1,318
MÁV Szolgáltató Központ Zrt.	1,732	0	1,732	12,308	27	12,335	-10,603
ZÁHONY-PORT Zrt.	210	0	210	205	0	205	5
MÁV-START Zrt.	99,266	70	99,336	23,765	181	23,946	75,390
Kínai-Magyar Vasúti Nonprofit Zrt.	0	0	0	0	0	0	0
MÁV-HÉV Zrt.	11	0	11	0	0	0	11
MÁV Zrt.	0	0	0	0	0	0	0
<b>Total</b>	<b>102,907</b>	<b>82</b>	<b>102,989</b>	<b>47,942</b>	<b>212</b>	<b>48,154</b>	<b>54,835</b>

Table 81: Related company gains and expenses – rail infrastructure operation

The effects of asset transfer in 2017 and the related compensation are presented in the following table:

Figures in million HUF

Description	Decrease in asset value resulting from transfer of assets (line A)	Adjustment resulting from separation (line B)	Change in capital reserve resulting from transfer of assets (line C=A+B)	Accounting of registered capital increase resulting from compensation for transfer of assets (line D)	Increase of capital reserve resulting from compensation for transfer of assets (line E)	Compensation for transfer of assets, total (line F=D+E=C)
Assets not required for railway operation, Józsefváros 2017	275	-273	0	-22	-1,238	-1,260
Release of deferred income due to handover of assets not required for railway operation, Józsefváros 2017	-2					
Reverse transfer of assets not required for railway operation, Eger 2017	0	0	0	1	63	64
Recognition of deferred income for assets not required for railway operation, Eger 2017	0					
2017 adjustment to the amount recognised in 2014 for assets not required for railway operation ÉJJII	24	-17	0	0	-17	-17
Release of deferred income, 2017 adjustment to the amount recognised in 2014 for assets not required for railway operation ÉJJII	-7					
Reversal of 2014 adjustment to the amount of assets not required for railway operation ÉJJII, 2017	-206	7	0	0	9	9
Deferred income, 2017 adjustment to the amount recognised in 2014 for assets not required for railway operation ÉJJII	199					
<b>Total:</b>	<b>283</b>	<b>-283</b>	<b>0</b>	<b>-21</b>	<b>-1,183</b>	<b>-1,204</b>

Table 82: Effect of the asset transfer on the rail infrastructure operation GL



## IV.2 Regional passenger transport

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

Figures in million HUF

No.		31.12.2016	31.12.2017	Change
<b>A.</b>	<b>NON-CURRENT ASSETS (lines I-II+III)</b>	<b>128</b>	<b>157</b>	<b>29</b>
<b>I.</b>	<b>INTANGIBLE ASSETS (lines I/1+_7)</b>	<b>0</b>	<b>0</b>	<b>0</b>
1.	Capitalised amount of foundation/restructuring	0	0	0
2.	Capitalised amount of experimental development	0	0	0
3.	Intangible property rights	0	0	0
3/a.	of which: Managed state-owned intangible property 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.	Advance payments for intangible assets	0	0	0
7.	Revaluation of intangible assets	0	0	0
<b>II.</b>	<b>TANGIBLE ASSETS (lines II/1+_7)</b>	<b>128</b>	<b>157</b>	<b>29</b>
1.	Land and buildings and related intangible property rights	0	0	0
1/a.	of which: Managed state-owned properties and related intangible property rights	0	0	0
2.	Technical equipment, machinery and vehicles	128	111	-17
2/a.	of which: Managed state-owned technical equipment, machinery and vehicles	0	0	0
3.	Other equipment, fixtures and fittings, vehicles	0	0	0
3/a.	of which: Managed state-owned other equipment, fixtures and fittings, vehicles	0	0	0
4.	Breeding stock	0	0	0
5.	Capital projects, renovations	0	46	46
5/a.	of which: Managed state-owned capital projects	0	0	0
6.	Advance payments for capital projects	0	0	0
6/a.	of which: Advance payments for managed state-owned capital projects	0	0	0
7.	Revaluation of tangible assets	0	0	0
<b>III.</b>	<b>NON-CURRENT FINANCIAL ASSETS (lines III/ 1+_10)</b>	<b>0</b>	<b>0</b>	<b>0</b>
1.	Long-term participating interests in related companies	0	0	0
2.	Long-term loans to related companies	0	0	0
3.	Long-term major participating interests	0	0	0
4.	Long-term loans to companies linked by virtue of major participating interests	0	0	0
5.	Other long-term participating interests	0	0	0
6.	Long-term loans to companies linked by virtue of other participating interests	0	0	0
7.	Other long-term loans	0	0	0
8.	Long-term debt securities	0	0	0
9.	Revaluation of non-current financial assets	0	0	0
10.	Fair value adjustment of non-current financial assets	0	0	0
<b>B.</b>	<b>Current assets (lines B./I+II+III+IV+Debts from settlements with divisions)</b>	<b>10,004</b>	<b>1,681</b>	<b>-8,323</b>
<b>I.</b>	<b>INVENTORIES (lines I/1+_6)</b>	<b>0</b>	<b>0</b>	<b>0</b>
1.	Raw materials	0	0	0
1/a.	of which: Managed state-owned raw 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.	Animals for breeding, fattening and other 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.	Advance payments for inventories	0	0	0
<b>II.</b>	<b>RECEIVABLES (lines II/1+_8)</b>	<b>0</b>	<b>1</b>	<b>1</b>
1.	Accounts receivable	0	0	0
2.	Receivables from related companies	0	0	0
3.	Receivables from companies linked by virtue of major participating interests	0	0	0
4.	Receivables from companies linked by virtue of other participating interests	0	0	0
5.	Notes receivable	0	0	0
6.	Other receivables	0	1	1
6/a.	of which: Receivables related to managed state-owned assets	0	0	0
7.	Fair value adjustment of receivables	0	0	0
8.	Positive fair value adjustment of derivatives	0	0	0
<b>III.</b>	<b>SECURITIES (lines III/ 1+_6)</b>	<b>0</b>	<b>0</b>	<b>0</b>
1.	Participating interests in related companies	0	0	0
2.	Major participating interests	0	0	0
3.	Other participating interests	0	0	0
4.	Own shares	0	0	0
5.	Debt securities held for dealing	0	0	0
6.	Fair value adjustment of securities	0	0	0
<b>IV.</b>	<b>CASH (lines IV./ 1+2)</b>	<b>10,004</b>	<b>1,680</b>	<b>-8,324</b>
1.	Petty cash, cheques	1	1	0
2.	Bank deposits	10,003	1,679	-8,324
<b>C.</b>	<b>PREPAID EXPENSES AND ACCRUED INCOME (lines C./ 1+2+3)</b>	<b>2</b>	<b>0</b>	<b>-2</b>
1.	Accrued income	0	0	0
2.	Prepaid expenses	2	0	-2
3.	Deferred expenses	0	0	0
	<b>TOTAL ASSETS (lines A+B+C)</b>	<b>10,134</b>	<b>1,838</b>	<b>-8,296</b>

Table 83: Asset side of the balance sheet based on the figures of the regional passenger transport division

Figures in million HUF

No.		31.12.2016	31.12.2017	Change
<b>D.</b>	<b>Equity (lines D/I+ _VII)</b>	<b>-26</b>	<b>116</b>	<b>142</b>
I.	REGISTERED CAPITAL	0	0	0
	of which: repurchased ownership share at nominal value	0	0	0
II.	REGISTERED CAPITAL NOT PAID	0	0	0
III.	CAPITAL RESERVE	0	0	0
IV.	RETAINED EARNINGS	134	-26	-160
V.	NON-DISTRIBUTABLE RESERVE	0	0	0
VI.	REVALUATION RESERVE	0	0	0
1.	Revaluation reserve for adjustments	0	0	0
2.	Fair valuation reserve	0	0	0
VII.	AFTER-TAX PROFIT/(LOSS)	-160	142	302
<b>E.</b>	<b>Provisions (lines E/1+2+3)</b>	<b>55</b>	<b>122</b>	<b>67</b>
1.	Provision for contingent liabilities	0	0	0
2.	Provisions for future expenses	55	122	67
3.	Other provisions	0	0	0
<b>F.</b>	<b>LIABILITIES (lines F/I+II+III)</b>	<b>10,085</b>	<b>1,600</b>	<b>-8,485</b>
<b>I.</b>	<b>SUBORDINATED LIABILITIES (lines F.I./1+2+3+4)</b>	<b>0</b>	<b>0</b>	<b>0</b>
1.	Subordinated liabilities to related companies	0	0	0
2.	Subordinated liabilities to companies linked by virtue of major participating interests	0	0	0
3.	Subordinated liabilities to companies linked by virtue of other participating interests	0	0	0
4.	Subordinated liabilities to other entities	0	0	0
<b>II.</b>	<b>NON-CURRENT LIABILITIES (lines F.II./1+ _8)</b>	<b>0</b>	<b>0</b>	<b>0</b>
1.	Long-term borrowings	0	0	0
2.	Convertible bonds and contingent convertible bonds	0	0	0
3.	Liabilities from the issue of bonds	0	0	0
4.	Loans for capital and development projects	0	0	0
5.	Other long-term loans	0	0	0
6.	Non-current liabilities to related companies	0	0	0
7.	Non-current liabilities to companies linked by virtue of major participating interests	0	0	0
8.	Non-current liabilities to companies linked by virtue of other participating interests	0	0	0
9.	Other non-current liabilities	0	0	0
9./a	of which: Liabilities related to managed state-owned assets	0	0	0
<b>III.</b>	<b>CURRENT LIABILITIES (lines F.III./ 1+ _10+Debts from settlements with divisions)</b>	<b>10,085</b>	<b>1,600</b>	<b>-8,485</b>
1.	Short-term borrowings	0	0	0
1/a.	of which: convertible bonds	0	0	0
2.	Short-term loans	0	0	0
3.	Advance payments received from customers	0	4	4
4.	Accounts payable	7	19	12
5.	Notes payable	0	0	0
6.	Current liabilities to related companies	7	8	1
7.	Current liabilities to companies linked by virtue of major participating interests	0	0	0
8.	Current liabilities to companies linked by virtue of other participating interests	0	0	0
9.	Other current liabilities	10,004	1,467	-8,537
9./a	of which: Liabilities related to managed state-owned assets	0	0	0
10.	Revaluation difference on liabilities	0	0	0
11.	Negative revaluation difference on derivative transactions	0	0	0
	<b>Debts from settlements with divisions</b>	<b>67</b>	<b>102</b>	<b>35</b>
<b>G.</b>	<b>ACCRUED EXPENSES AND DEFERRED INCOME (lines G./1+2+3)</b>	<b>20</b>	<b>0</b>	<b>-20</b>
1.	Prepaid income	0	0	0
2.	Accrued expenses	20	0	-20
3.	Deferred income	0	0	0
	<b>TOTAL EQUITY AND LIABILITIES (lines D+E+F+G)</b>	<b>10,134</b>	<b>1,838</b>	<b>-8,296</b>

Table 84: Equity and liabilities side of the balance sheet based on the figures of the regional passenger transport division

Figures in million HUF

Line	Line item	31.12.2016	31.12.2017	Change
.01.	Net domestic sales revenues	103	107	4
.02.	Net export sales revenues	0	0	0
<b>I.</b>	<b>Net sales revenues (lines 01+02)</b>	<b>103</b>	<b>107</b>	<b>4</b>
I/A 1.	Other internal settlements	0	427	427
I/A 3.	Internal settlements related to rail infrastructure	0	0	0
I/A 4.	Central administration	401	0	-401
<b>I/A.</b>	<b>Internal revenues, total:</b>	<b>401</b>	<b>427</b>	<b>26</b>
.03.	Change in self-produced inventories	0	0	0
.04.	Capitalised value of self-produced assets	0	12	12
<b>II.</b>	<b>Capitalised own performance (lines 03+04)</b>	<b>0</b>	<b>12</b>	<b>12</b>
<b>III.</b>	<b>Other gains</b>	<b>5</b>	<b>193</b>	<b>188</b>
	of which: impairment reversed	0	0	0
	<b>Operational return, total:</b>	<b>509</b>	<b>739</b>	<b>230</b>
.05.	Raw materials	33	35	2
.06.	Services used	87	81	-6
.07.	Other services	1	2	1
.08.	Cost of goods sold	0	0	0
.09.	Services resold (intermediated)	0	0	0
<b>IV.</b>	<b>Material expenses (lines 05+06+07+08+09)</b>	<b>121</b>	<b>118</b>	<b>-3</b>
IV/A 1.	Other internal settlements	1	21	20
IV/A 3.	Internal settlements related to rail infrastructure	0	409	409
IV/A 4.	Central administration	403	5	-398
<b>IV/A</b>	<b>Internal expenses, total:</b>	<b>404</b>	<b>435</b>	<b>31</b>
.10.	Payroll cost	55	55	0
.11.	Other payments to personnel	4	5	1
.12.	Social security and other contributions	15	13	-2
<b>V.</b>	<b>Personnel-related expenses (lines 10+11+12)</b>	<b>74</b>	<b>73</b>	<b>-1</b>
<b>VI.</b>	<b>Depreciation</b>	<b>15</b>	<b>16</b>	<b>1</b>
<b>VII.</b>	<b>Other expenses</b>	<b>55</b>	<b>106</b>	<b>51</b>
	of which: impairment	0	0	0
	<b>Operational expenses, total:</b>	<b>669</b>	<b>748</b>	<b>79</b>
<b>A.</b>	<b>OPERATING PROFIT/(LOSS) (lines I+I/A+II+III-IV-IV/A-V-VI-VII)</b>	<b>-160</b>	<b>-9</b>	<b>151</b>
.13.	Dividends received	0	150	150
	of which: received from related companies	0	150	150
.14.	Exchange gain on disposal of participating interests	0	0	0
	of which: received from related companies	0	0	0
.15.	Income and exchange gains from non-current financial assets (securities, loans)	0	0	0
	of which: received from related companies	0	0	0
.16.	Other interest and similar income received (due)	0	1	1
	of which: received from related companies	0	0	0
.17.	Other financial gains	0	0	0
	of which: revaluation difference	0	0	0
<b>VIII.</b>	<b>Income from financial transactions (lines 13+14+15+16+17)</b>	<b>0</b>	<b>151</b>	<b>151</b>
.18.	Expenses and exchange losses from participating interests	0	0	0
	of which: paid to related companies	0	0	0
.19.	Expenses and exchange losses from non-current financial assets (securities, loans)	0	0	0
	of which: paid to related companies	0	0	0
.20.	Interest payable (paid) and similar expenses	0	0	0
	of which: to related companies	0	0	0
.21.	Impairment on participating interests, securities, long-term loans and bank deposits	0	0	0
.22.	Other financial expenses	0	0	0
	of which: revaluation difference	0	0	0
<b>IX.</b>	<b>Expenses of financial transactions (lines 18+19+20+21+22)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>B.</b>	<b>FINANCIAL PROFIT/(LOSS) (lines VIII-IX)</b>	<b>0</b>	<b>151</b>	<b>151</b>
<b>C.</b>	<b>PRE-TAX PROFIT/(LOSS) (lines ±A±B)</b>	<b>-160</b>	<b>142</b>	<b>302</b>
X.	TAX LIABILITY	0	0	0
<b>D.</b>	<b>AFTER-TAX PROFIT/(LOSS) (lines ±C-X)</b>	<b>-160</b>	<b>142</b>	<b>302</b>

Table 85: Profit and loss account based on the figures of the regional passenger transport division

		Figures in million HUF	
No.	Description	2016	2017
<b>I.</b>	<b>Change in cash from operating activities (Operating cash flow, lines 1-13)</b>	<b>7</b>	<b>-8,474</b>
1.	Pre-tax profit/(loss) ±	-160	142
1a.	Dividends received -	0	-150
1b.	Cash transferred or received without the obligation of repayment, accounted in profit/(loss) ±	0	0
1c.	Unrealised exchange difference on cash ±	0	0
1d.	Proceeds from/(loss on) non-current liabilities forgiven or assumed ±	0	0
1e.	Unrealised exchange difference on non-current assets and non-current liabilities ±	0	0
1f.	Realised exchange difference on the repayment of long-term loans and non-current liabilities ±	0	0
1g.	Unspecified adjustments pertaining to managed state-owned assets affecting the pre-tax profit/(loss) ±	0	0
1h.	Proceeds from/(loss on) providing non-current assets as an in-kind contribution ±	0	0
1i.	Proceeds from/(loss on) non-current assets transferred free of charge +	0	0
1j.	Other unspecified adjustments affecting the pre-tax profit/(loss) ±	0	0
2.	Amortisation charge +	15	16
3.	Impairment charged and reversed ±	0	0
4.	Difference between provisions made and used ±	55	67
5.	Proceeds from/(loss on) disposal of non-current assets ±	0	1
6.	Change in accounts payable ±	4	-33
7.	Change in other current liabilities ±	7	-8,532
7a.	Change in settlements with divisions (liabilities) ±	67	34
8.	Change in accrued expenses and deferred income ±	20	-20
9.	Change in accounts receivable ±	0	0
10.	Change in current assets (net of accounts receivable and cash) ±	0	-1
10a.	Change in settlements with divisions (receivables) ±	0	0
11.	Change in prepaid expenses & accrued income ±	-1	2
12.	Corporate income tax payable -	0	0
13.	Dividends payable -	0	0
<b>II.</b>	<b>Change in cash from investment activities (lines 14-16)</b>	<b>-4</b>	<b>150</b>
14.	Purchase of non-current assets -	-4	0
15.	Disposal of non-current assets +	0	0
16.	Dividends received +	0	150
<b>III.</b>	<b>Change in cash from financial transactions (Financing cash flow, lines 17-27)</b>	<b>10,000</b>	<b>0</b>
17.	Revenues from the issue of shares (capital increase) +	0	0
18.	Proceeds from the issue of bonds and debt securities +	0	0
19.	Borrowings +	0	0
20.	Repayment, cancellation and redemption of long-term loans and bank deposits +	0	0
21.	Cash received without the obligation of repayment +	10,000	0
22.	Redemption of shares, divestiture (capital reduction) -	0	0
23.	Repayment of bonds and debt securities -	0	0
24.	Loan repayment -	0	0
25.	Long-term loans and bank deposits -	0	0
26.	Cash transferred without the obligation of repayment -	0	0
27.	Change in liabilities to owners and other non-current liabilities ±	0	0
<b>IV.</b>	<b>Cash flow (lines I+II+III)</b>	<b>10,003</b>	<b>-8,324</b>
28.	Unrealised exchange difference on cash	0	0
<b>V.</b>	<b>Change in cash (lines IV+28)</b>	<b>10,003</b>	<b>-8,324</b>

Table 86: Cash flow statement based on the figures of the regional passenger transport division

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

Figures in thousand HUF

Line	Description	Base year 2016	Current year 2017
1	Net sales revenues	102,846	106,993
	of which: infrastructure access charge	102,846	106,993
	of which: ticket price subsidies	0	0
	of which: paid by government	0	0
2	Internal revenues	400,868	426,923
3	Capitalised own performance	0	12,019
4	Other gains	5,136	192,577
	of which: reimbursement from government	0	0
	of which: government subsidy	0	3,484
<b>5</b>	<b>OPERATIONAL RETURN, TOTAL</b>	<b>508,850</b>	<b>738,512</b>
6	Material expenses	121,120	117,975
	of which: infrastructure access charge	0	0
7	Internal expenses	403,822	434,532
	of which: infrastructure access	400,868	408,665
	of which: traction	0	0
	of which: other railway services	476	0
	of which: central services	1,819	0
	of which: central management	659	4,676
8	Personnel-related expenses	73,889	72,383
9	Depreciation	15,765	15,875
10	Other expenses	55,011	106,643
<b>11</b>	<b>OPERATING EXPENSES, TOTAL</b>	<b>669,607</b>	<b>747,408</b>
<b>12</b>	<b>OPERATING PROFIT/(LOSS)</b>	<b>-160,757</b>	<b>-8,896</b>
13	Financial gains	106	151,172
14	Financial expenses	0	245
<b>15</b>	<b>FINANCIAL PROFIT/(LOSS)</b>	<b>106</b>	<b>150,927</b>
16	Extraordinary income	0	0
	of which: government subsidy	0	0
17	Extraordinary expenses	0	0
<b>18</b>	<b>EXTRAORDINARY PROFIT/(LOSS)</b>	<b>0</b>	<b>0</b>
19	Tax liability	0	0
<b>20</b>	<b>AFTER-TAX PROFIT/(LOSS)</b>	<b>-160,651</b>	<b>142,031</b>

Table 87: Activity statement of the regional passenger transport activity

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

MÁV Zrt. performs regional 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.

Regional passenger transport was a loss-making activity in 2017 because net sales revenues did not cover expenses.

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 service.

As a result of the above, we continued revising the operating conditions of the Children's Railway in 2017 (the fee for internal rail infrastructure services was compensated by Rail Infrastructure in the form of a HUF 0.4 billion internal financial support in both the base year and the current year). Rail infrastructure expenses related to rail infrastructure operation and expenses related to subsidies provided qualify as eligible expenses under the Rail Infrastructure Operation Agreement.

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

Operational returns significantly increased in the current year (by HUF 230 million), which is the combined result of the following key factors. Net sales revenues increased by HUF 4 million, while other gains increased by HUF 188 million. MÁV-START Zrt. provided subsidies in the amount of HUF 150 million to cover the passenger transport expenses of the Children's Railway. In addition, HUF 39 million in provisions made for maintenance costs was released to cover the cost of repair of railway cars. In the base year, HUF 401 million was recognised as internal financial support, while in the current year HUF 427 million was recognised as internal revenue.

The amount of operating expenses increased by 11.62% compared to the base period.

A significant portion of the expenses resulted from the accounting of internal services, the largest item of which was internal infrastructure access charge (1.95% higher than in the base period). The above expense (HUF 0.4 billion) was offset by an internal operational subsidy.

Material expenses decreased by 2.48% compared to the base period; the most significant item in the current year again was railway vehicle maintenance (HUF 57 million). It is essential for the continued operation of the Children's Railway to carry out the scheduled refurbishment and maintenance of its assets.

Personnel-related expenses decreased by 2.04% compared to the base period.

The amount of depreciation remained similar to the base period.

In 2017, in line with the accounting policy, a provision of HUF 106 million was made for the general overhaul of coaches with open chassis planned for 2018-2019.

Pursuant to Directive No. 88/2016 (12.05.) EVIG, from the dividend to be deducted from MÁV-START Zrt.'s profit/(loss) for 2016, HUF 150 million was used to cover the 2016 operating expenses of the Children's Railway, which was accounted as financial profit/(loss) in 2017.

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

- Of the six diesel locomotives, only five are fit for unlimited use in daily operations; one is permanently unfit for service.
- The scheduled maintenance of passenger cars was not done in previous years, the bodies are in bad condition (the number of closed passenger cars with heating that are fit for service is currently 13).
- After the completion of repairs, the first two coaches with open chassis (passenger car nos. 50 55 25-01 555-6 and 50 55 25-01 557-2) were transported back to the Children's Railway's site. The required test runs were successfully carried out, after which the cars were put back into operation.
- We also started upgrading the wheel lathe for CNC operation.

Traction operation indicators are shown in the following table:

Description	2016		2017	
	train (km)	train (units)	train (km)	train (units)
Children's Railway	70,950	6,334	72,330	6,458

Table 88: Children's Railway traction operations

The number of paying passengers on the Children's Railway increased by 8.08% compared to the base year, while gross revenues from fares increased by 2.3%.

The increase was due to the following reasons: compared to last year, the number of passengers traveling with a full-price ticket increased by 2.27%, and the number of passengers who paid discounted fares increased by 22.28%. Therefore, as a result of the increase in the number of paying passengers, net sales revenues also increased.

Passenger traffic of vintage trains declined significantly compared to the base year.

In 2017, as in previous years, the Company measured the number of passengers under the age of 6 (who travel free of charge) using registration tickets. Their number was 33,000 in the base year and 30,000 in the current year, which accounts for 9.54% of the total number of paying passengers.

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

Figures in million HUF

Related company	Gains			Expenses			Total
	Net sales revenues	Financial and other gains	Gains, total	Material and personnel-related expenses	Other and financial expenses	Expenses, total	
MÁV VAGON Kft.	0	0	0	56	0	56	-56
MÁV Szolgáltató Központ Zrt.	0	0	0	9	0	9	-9
MÁV-START Zrt.	0	300	300	5	0	5	295
<b>Total</b>	<b>0</b>	<b>300</b>	<b>300</b>	<b>70</b>	<b>0</b>	<b>70</b>	<b>230</b>

Table 89: Related company gains and expenses related to regional public passenger transport activity

### 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 million HUF

No.		31.12.2016	31.12.2017	Change
<b>A.</b>	<b>NON-CURRENT ASSETS (lines I+II+III)</b>	<b>225,652</b>	<b>237,497</b>	<b>11,845</b>
<b>I.</b>	<b>INTANGIBLE ASSETS (lines I/1+ _ 7)</b>	<b>0</b>	<b>0</b>	<b>0</b>
1.	Capitalised amount of foundation/restructuring	0	0	0
2.	Capitalised amount of experimental development	0	0	0
3.	Intangible property rights	0	0	0
3/a.	of which: Managed state-owned intangible property 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.	Advance payments for intangible assets	0	0	0
7.	Revaluation of intangible assets	0	0	0
<b>II.</b>	<b>TANGIBLE ASSETS (lines II/1+ _ 7)</b>	<b>99,048</b>	<b>91,397</b>	<b>-7,651</b>
1.	Land and buildings and related intangible property rights	19,604	18,971	-633
1/a.	of which: Managed state-owned properties and related intangible property rights	0	0	0
2.	Technical equipment, machinery and vehicles	79,370	72,352	-7,018
2/a.	of which: Managed state-owned technical equipment, machinery and vehicles	0	0	0
3.	Other equipment, fixtures and fittings, vehicles	1	0	-1
3/a.	of which: Managed state-owned other equipment, fixtures and fittings, vehicles	0	0	0
4.	Breeding stock	0	0	0
5.	Capital projects, renovations	22	23	1
5/a.	of which: Managed state-owned capital projects	0	0	0
6.	Advance payments for capital projects	51	51	0
6/a.	of which: Advance payments for managed state-owned capital projects	0	0	0
7.	Revaluation of tangible assets	0	0	0
<b>III.</b>	<b>NON-CURRENT FINANCIAL ASSETS (lines III./ 1+ _ 10)</b>	<b>126,604</b>	<b>146,100</b>	<b>19,496</b>
1.	Long-term participating interests in related companies	123,341	143,028	19,687
2.	Long-term loans to related companies	0	0	0
3.	Long-term major participating interests	805	805	0
4.	Long-term loans to companies linked by virtue of major participating interests	0	0	0
5.	Other long-term participating interests	2,457	2,266	-191
6.	Long-term loans to companies linked by virtue of other participating interests	0	0	0
7.	Other long-term loans	1	1	0
8.	Long-term debt securities	0	0	0
9.	Revaluation of non-current financial assets	0	0	0
10.	Fair value adjustment of non-current financial assets	0	0	0
<b>B.</b>	<b>Current assets (lines B./I+II+III+IV+Debts from settlements with divisions)</b>	<b>58,065</b>	<b>59,071</b>	<b>1,006</b>
<b>I.</b>	<b>INVENTORIES (lines I/1+ _ 6)</b>	<b>14</b>	<b>1</b>	<b>-13</b>
1.	Raw materials	13	1	-12
1/a.	of which: Managed state-owned raw 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.	Animals for breeding, fattening and other livestock	0	0	0
4.	Finished products	0	0	0
4/a.	of which: Managed state-owned finished products	0	0	0
5.	Goods	1	0	-1
6.	Advance payments for inventories	0	0	0
<b>II.</b>	<b>RECEIVABLES (lines II/1+ _ 8)</b>	<b>46,083</b>	<b>48,001</b>	<b>1,918</b>
1.	Accounts receivable	102	197	95
2.	Receivables from related companies	6,149	6,211	62
3.	Receivables from companies linked by virtue of major participating interests	22	25	3
4.	Receivables from companies linked by virtue of other participating interests	0	0	0
5.	Notes receivable	0	0	0
6.	Other receivables	3,179	4,902	1,723
6/a.	of which: Receivables related to managed state-owned assets	0	0	0
7.	Fair value adjustment of receivables	0	0	0
8.	Positive fair value adjustment of derivatives	0	0	0
	<b>Receivables from settlements with divisions</b>	<b>36,631</b>	<b>36,666</b>	<b>35</b>
<b>III.</b>	<b>SECURITIES (lines III./ 1+ _ 6)</b>	<b>0</b>	<b>0</b>	<b>0</b>
1.	Participating interests in related companies	0	0	0
2.	Major participating interests	0	0	0
3.	Other participating interests	0	0	0
4.	Own shares	0	0	0
5.	Debt securities held for dealing	0	0	0
6.	Fair value adjustment of securities	0	0	0
<b>IV.</b>	<b>CASH (lines IV./ 1+2)</b>	<b>11,968</b>	<b>11,069</b>	<b>-899</b>
1.	Petty cash, cheques	5	5	0
2.	Bank deposits	11,963	11,064	-899
<b>C.</b>	<b>PREPAID EXPENSES AND ACCRUED INCOME (lines C./ 1+2+3)</b>	<b>5,803</b>	<b>6,035</b>	<b>232</b>
1.	Accrued income	349	1,988	1,639
2.	Prepaid expenses	120	81	-39
3.	Deferred expenses	5,334	3,966	-1,368
	<b>TOTAL ASSETS (lines A+B+C)</b>	<b>289,520</b>	<b>302,603</b>	<b>13,083</b>

Table 90: Asset side of the balance sheet for other activities



Figures in million HUF				
No.		31.12.2016	31.12.2017	Change
<b>D.</b>	<b>Equity (lines D/I+ VII)</b>	<b>225,176</b>	<b>248,002</b>	<b>22,826</b>
I.	REGISTERED CAPITAL	16,312	18,833	2,521
	of which: repurchased ownership share at nominal value	0	0	0
II.	REGISTERED CAPITAL NOT PAID	0	0	0
III.	CAPITAL RESERVE	96,250	111,931	15,681
IV.	RETAINED EARNINGS	99,757	111,241	11,484
V.	NON-DISTRIBUTABLE RESERVE	2,208	1,373	-835
VI.	REVALUATION RESERVE	0	0	0
1.	Revaluation reserve for adjustments	0	0	0
2.	Fair valuation reserve	0	0	0
VII.	AFTER-TAX PROFIT/(LOSS)	10,649	4,624	-6,025
<b>E.</b>	<b>Provisions (lines E/1+2+3)</b>	<b>13,720</b>	<b>12,294</b>	<b>-1,426</b>
1.	Provision for contingent liabilities	10,594	9,700	-894
2.	Provisions for future expenses	0	0	0
3.	Other provisions	3,126	2,594	-532
<b>F.</b>	<b>LIABILITIES (lines F/I+II+III)</b>	<b>48,301</b>	<b>40,279</b>	<b>-8,022</b>
<b>I.</b>	<b>SUBORDINATED LIABILITIES (lines F.I./1+2+3+4)</b>	<b>0</b>	<b>0</b>	<b>0</b>
1.	Subordinated liabilities to related companies	0	0	0
2.	Subordinated liabilities to companies linked by virtue of major participating interests	0	0	0
3.	Subordinated liabilities to companies linked by virtue of other participating interests	0	0	0
4.	Subordinated liabilities to other entities	0	0	0
<b>II.</b>	<b>NON-CURRENT LIABILITIES (lines F.II./1+ _8)</b>	<b>27,312</b>	<b>17,001</b>	<b>-10,311</b>
1.	Long-term borrowings	0	0	0
2.	Convertible bonds and contingent convertible bonds	0	0	0
3.	Liabilities from the issue of bonds	0	0	0
4.	Loans for capital and development projects	27,165	16,871	-10,294
5.	Other long-term loans	0	0	0
6.	Non-current liabilities to related companies	0	0	0
7.	Non-current liabilities to companies linked by virtue of major participating interests	0	0	0
8.	Non-current liabilities to companies linked by virtue of other participating interests	0	0	0
9.	Other non-current liabilities	147	130	-17
9./a	of which: Liabilities related to managed state-owned assets	0	0	0
<b>III.</b>	<b>CURRENT LIABILITIES (lines F.III./ 1+_10+Debts from settlements with divisions)</b>	<b>20,989</b>	<b>23,278</b>	<b>2,289</b>
1.	Short-term borrowings	0	0	0
1/a.	of which: convertible bonds	0	0	0
2.	Short-term loans	9,388	10,217	829
3.	Advance payments received from customers	27	25	-2
4.	Accounts payable	3,162	821	-2,341
5.	Notes payable	0	0	0
6.	Current liabilities to related companies	3,039	4,931	1,892
7.	Current liabilities to companies linked by virtue of major participating interests	88	0	-88
8.	Current liabilities to companies linked by virtue of other participating interests	0	1	1
9.	Other current liabilities	5,285	7,283	1,998
9./a	of which: Liabilities related to managed state-owned assets	1,201	0	-1,201
10.	Revaluation difference on liabilities	0	0	0
11.	Negative revaluation difference on derivative transactions	0	0	0
	<b>Debts from settlements with divisions</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>G.</b>	<b>ACCRUED EXPENSES AND DEFERRED INCOME (lines G./1+2+3)</b>	<b>2,323</b>	<b>2,028</b>	<b>-295</b>
1.	Prepaid income	403	253	-150
2.	Accrued expenses	345	624	279
3.	Deferred income	1,575	1,151	-424
	<b>TOTAL EQUITY AND LIABILITIES (lines D+E+F+G)</b>	<b>289,520</b>	<b>302,603</b>	<b>13,083</b>

Table 91: Equity and liabilities side of the balance sheet for other activities

Figures in million HUF

Line	Line item	31.12.2016	31.12.2017	Change
.01.	Net domestic sales revenues	12,662	12,244	-418
.02.	Net export sales revenues	2	3	1
<b>I.</b>	<b>Net sales revenues (lines 01+02)</b>	<b>12,664</b>	<b>12,247</b>	<b>-417</b>
I/A 1.	Other internal settlements	0	14	14
I/A 3.	Internal settlements related to rail infrastructure	0	0	0
I/A 4.	Central administration	1,345	1,828	483
<b>I/A.</b>	<b>Internal revenues, total:</b>	<b>1,345</b>	<b>1,842</b>	<b>497</b>
.03.	Change in self-produced inventories	0	0	0
.04.	Capitalised value of self-produced assets	45	1	-44
<b>II.</b>	<b>Capitalised own performance (lines 03+04)</b>	<b>45</b>	<b>1</b>	<b>-44</b>
<b>III.</b>	<b>Other gains</b>	<b>7,270</b>	<b>12,401</b>	<b>5,131</b>
	of which: impairment reversed	12	0	-12
	<b>Operational return, total:</b>	<b>21,324</b>	<b>26,491</b>	<b>5,167</b>
.05.	Raw materials	35	125	90
.06.	Services used	1,862	2,536	674
.07.	Other services	189	257	68
.08.	Cost of goods sold	70	17	-53
.09.	Services resold (intermediated)	1,416	1,106	-310
<b>IV.</b>	<b>Material expenses (lines 05+06+07+08+09)</b>	<b>3,572</b>	<b>4,041</b>	<b>469</b>
IV/A 1.	Other internal settlements	-27	153	180
IV/A 3.	Internal settlements related to rail infrastructure	0	0	0
IV/A 4.	Central administration	62	3	-59
<b>IV/A</b>	<b>Internal expenses, total:</b>	<b>35</b>	<b>156</b>	<b>121</b>
.10.	Payroll cost	1,040	1,183	143
.11.	Other payments to personnel	450	315	-135
.12.	Social security and other contributions	433	376	-57
<b>V.</b>	<b>Personnel-related expenses (lines 10+11+12)</b>	<b>1,923</b>	<b>1,874</b>	<b>-49</b>
<b>VI.</b>	<b>Depreciation</b>	<b>5,383</b>	<b>5,166</b>	<b>-217</b>
<b>VII.</b>	<b>Other expenses</b>	<b>3,444</b>	<b>11,199</b>	<b>7,755</b>
	of which: impairment	104	1,781	1,677
	<b>Operational expenses, total:</b>	<b>14,357</b>	<b>22,436</b>	<b>8,079</b>
<b>A.</b>	<b>OPERATING PROFIT/(LOSS) (lines I+I/A+II+III-IV-IV/A-V-VI-VII)</b>	<b>6,967</b>	<b>4,055</b>	<b>-2,912</b>
.13.	Dividends received	707	1,845	1,138
	of which: received from related companies	15	1,210	1,195
.14.	Exchange gain on disposal of participating interests	0	0	0
	of which: received from related companies	0	0	0
.15.	Income and exchange gains from non-current financial assets (securities, loans)	0	0	0
	of which: received from related companies	0	0	0
.16.	Other interest and similar income received (due)	243	38	-205
	of which: received from related companies	46	6	-40
.17.	Other financial gains	346	99	-247
	of which: revaluation difference	0	0	0
<b>VIII.</b>	<b>Income from financial transactions (lines 13+14+15+16+17)</b>	<b>1,296</b>	<b>1,982</b>	<b>686</b>
.18.	Expenses and exchange losses from participating interests	0	0	0
	of which: paid to related companies	0	0	0
.19.	Expenses and exchange losses from non-current financial assets (securities, loans)	0	0	0
	of which: paid to related companies	0	0	0
.20.	Interest payable (paid) and similar expenses	440	215	-225
	of which: to related companies	15	2	-13
.21.	Impairment on participating interests, securities, long-term loans and bank deposits	-5,502	-326	5,176
.22.	Other financial expenses	2,676	1,524	-1,152
	of which: revaluation difference	0	0	0
<b>IX.</b>	<b>Expenses of financial transactions (lines 18+19+20+21+22)</b>	<b>-2,386</b>	<b>1,413</b>	<b>3,799</b>
<b>B.</b>	<b>FINANCIAL PROFIT/(LOSS) (lines VIII-IX)</b>	<b>3,682</b>	<b>569</b>	<b>-3,113</b>
<b>C.</b>	<b>PRE-TAX PROFIT/(LOSS) (lines ±A±B)</b>	<b>10,649</b>	<b>4,624</b>	<b>-6,025</b>
X.	TAX LIABILITY	0	0	0
<b>D.</b>	<b>AFTER-TAX PROFIT/(LOSS) (lines ±C-X)</b>	<b>10,649</b>	<b>4,624</b>	<b>-6,025</b>

Table 92: Profit and loss account for other activities

		Figures in million HUF	
No.	Description	2016	2017
<b>I.</b>	<b>Change in cash from operating activities (Operating cash flow, lines 1-13)</b>	<b>14,511</b>	<b>6,701</b>
1.	Pre-tax profit/(loss) ±	10,649	4,624
1a.	Dividends received -	-707	-1,845
1b.	Cash transferred or received without the obligation of repayment, accounted in profit/(loss) ±	183	189
1c.	Unrealised exchange difference on cash ±	0	-4
1d.	Proceeds from/(loss on) non-current liabilities forgiven or assumed ±	0	-413
1e.	Unrealised exchange difference on non-current assets and non-current liabilities ±	-308	-77
1f.	Realised exchange difference on the repayment of long-term loans and non-current liabilities ±	0	-73
1g.	Unspecified adjustments pertaining to managed state-owned assets affecting the pre-tax profit/(loss) ±	0	0
1h.	Proceeds from/(loss on) providing non-current assets as an in-kind contribution ±	0	0
1i.	Proceeds from/(loss on) non-current assets transferred free of charge +	0	6,576
1j.	Other unspecified adjustments affecting the pre-tax profit/(loss) ±	0	191
2.	Amortisation charge +	5,383	5,166
3.	Impairment charged and reversed ±	-5,410	1,455
4.	Difference between provisions made and used ±	-2,867	-1,426
5.	Proceeds from/(loss on) disposal of non-current assets ±	-1,701	-801
6.	Change in accounts payable ±	-1,138	-10,662
7.	Change in other current liabilities ±	1,990	3,798
7a.	Change in settlements with divisions (liabilities) ±	3,195	0
8.	Change in accrued expenses and deferred income ±	-329	-71
9.	Change in accounts receivable ±	-55	986
10.	Change in current assets (net of accounts receivable and cash) ±	1,314	-1,851
10a.	Change in settlements with divisions (receivables) ±	0	1,170
11.	Change in prepaid expenses & accrued income ±	4,312	-232
12.	Corporate income tax payable -	0	1
13.	Dividends payable -	0	0
<b>II.</b>	<b>Change in cash from investment activities (lines 14-16)</b>	<b>603</b>	<b>1,846</b>
14.	Purchase of non-current assets -	-2,693	-1
15.	Disposal of non-current assets +	2,589	2
16.	Dividends received +	707	1,845
<b>III.</b>	<b>Change in cash from financial transactions (Financing cash flow, lines 17-27)</b>	<b>-23,424</b>	<b>-9,450</b>
17.	Revenues from the issue of shares (capital increase) +	0	0
18.	Proceeds from the issue of bonds and debt securities +	0	0
19.	Borrowings +	0	0
20.	Repayment, cancellation and redemption of long-term loans and bank deposits +	93	69
21.	Cash received without the obligation of repayment +	0	0
22.	Redemption of shares, divestiture (capital reduction) -	0	0
23.	Repayment of bonds and debt securities -	0	0
24.	Loan repayment -	-23,278	-9,315
25.	Long-term loans and bank deposits -	-39	0
26.	Cash transferred without the obligation of repayment -	-183	-187
27.	Change in liabilities to owners and other non-current liabilities ±	-17	-17
<b>IV.</b>	<b>Cash flow (lines I+II+III)</b>	<b>-8,310</b>	<b>-903</b>
28.	Unrealised exchange difference on cash	0	4
<b>V.</b>	<b>Change in cash (lines IV+28)</b>	<b>-8,310</b>	<b>-899</b>

Table 93: Cash flow statement for other activities

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

Figures in thousand HUF			
<i>Line</i>	<i>Description</i>	<i>Base year 2016</i>	<i>Current year 2017</i>
1	Net sales revenues	12,663,974	12,246,886
	of which: infrastructure access charge	12,663,974	12,246,886
	of which: ticket price subsidies	0	0
	of which: paid by government	0	0
2	Internal revenues	1,344,835	1,842,613
3	Capitalised own performance	44,998	992
4	Other gains	7,270,014	12,401,322
	of which: reimbursement from government	0	0
	of which: government subsidy	609,440	7,086,900
<b>5</b>	<b>OPERATIONAL RETURN, TOTAL</b>	<b>21,323,821</b>	<b>26,491,813</b>
6	Material expenses	3,572,075	4,041,195
	of which: infrastructure access charge	0	0
7	Internal expenses	34,772	156,025
	of which: infrastructure access	0	0
	of which: traction	0	0
	of which: other railway services	2,698	0
	of which: central services	32,074	0
	of which: central management	0	3,687
8	Personnel-related expenses	1,923,147	1,874,320
9	Depreciation	5,383,285	5,166,694
10	Other expenses	3,443,831	11,199,169
<b>11</b>	<b>OPERATING EXPENSES, TOTAL</b>	<b>14,357,110</b>	<b>22,437,403</b>
<b>12</b>	<b>OPERATING PROFIT/(LOSS)</b>	<b>6,966,711</b>	<b>4,054,410</b>
13	Financial gains	1,296,608	1,982,613
14	Financial expenses	-2,385,859	1,412,687
<b>15</b>	<b>FINANCIAL PROFIT/(LOSS)</b>	<b>3,682,467</b>	<b>569,926</b>
16	Extraordinary income	0	0
	of which: government subsidy	0	0
17	Extraordinary expenses	0	0
<b>18</b>	<b>EXTRAORDINARY PROFIT/(LOSS)</b>	<b>0</b>	<b>0</b>
19	Tax liability	0	0
<b>20</b>	<b>AFTER-TAX PROFIT/(LOSS)</b>	<b>10,649,178</b>	<b>4,624,336</b>

Table 94: Activity statement for other activities

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

MÁV Zrt. generated a profit from other activities. The decrease compared to the previous year's profit was due to an increase of HUF 2.9 billion in operating expenses (which increased at a higher rate than operational return), and a HUF 3.1 billion decrease in financial profit, which is mainly the result of changes to the dividend policy and the reversal of impairment on participating interests, securities and bank deposits.

The main components of net sales revenues are as follows:

Figures in billion HUF		
Activities	2016	2017
Materials sold, inventory management	0.2	0.1
Railway vehicle lease	9.2	8.6
Property lease and management	2.0	2.1
Other services	1.3	1.4
<b>Total</b>	<b>12.7</b>	<b>12.2</b>

Table 95: Net sales revenues from other activities

Revenues from other activities were HUF 0.5 billion less than in the base year.

The main reason for the decrease was a HUF 0.6 billion loss of revenue from the lease of railway vehicles to MÁV-START Zrt. As a result of the previous year's repayment of EUROFIMA loans, the repayment burden decreased, so the realised exchange difference (loss) that is part of the lease fee also decreased. Another factor that significantly influences the lease fee is that interest rates on loans continued to decrease compared to previous years. This decrease is offset by the fact that HUF 1.8 billion was invoiced to MÁV-START Zrt. due to extraordinary depreciation accounted in connection with multiple-unit trains, and the lease fee adjustment.

Revenue from property lease and operation, which also includes recharged utility costs, remained at nearly base level. In 2017, property leasing and operation generated HUF 2.1 billion in revenues.

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

Figures in billion HUF		
Internal activity	2016	2017
Central administration	1.3	1.8
<b>Total</b>	<b>1.3</b>	<b>1.8</b>

Table 96: Internal revenues from other activities by activity

Internal revenues from other activities increased compared to 2016, due to an increase of expenses to be allocated. Internal revenues from central administration comprise internal revenues from group administration (HUF 0.8 billion) and internal revenues from corporate management (HUF 1.0 billion).

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

- Gains from disposal of own intangible and tangible assets was HUF 1.1 billion (HUF -1.5 billion) in 2017, including HUF 1.0 billion for disposal of a single property.
- Provisions used in 2017 amounted to HUF 2.9 billion; the most significant item was the HUF 1.2 billion release of the provision for environmental protection liabilities (HUF +0.6 billion).
- The release of provisions for annuity payment obligations was at base level (HUF 0.8 billion); however, the amount of provisions released for litigation decreased by HUF 0.5 billion compared to 2016.
- From the provision for unrealised exchange losses on loans for capital projects, HUF 0.5 billion was used in 2017.

- The HUF 6.6 billion deferred income was released due to the free-of-charge transfer of the capital project Child Victims of the Holocaust Memorial – European Educational Centre; the net disbursed amount is recognised among other expenses.
- Of the subsidy received for the development of the Budapest-Belgrade line, HUF 1.2 billion was recognised as other gains, simultaneously with the impairment on the participating interest in Kínai-Magyar Vasúti Nonprofit Zrt.

Material expenses increased compared to the base year. The most significant items in 2017:

- Material expenses increased compared to the base year due to an increase in the cost of gas, electricity and invoiced water costs.
- The HUF 0.7 billion increase in the cost of services used was due to increases in expenses related to building operation and maintenance (HUF 0.3 billion), premises security (HUF 0.2 billion), marketing and advertising (HUF 0.4 billion), and a decrease in expenses related to repairing damage to railway vehicles (HUF 0.1 billion), and IT services (HUF 0.1 billion).
- Property rental fees (HUF 0.7 billion) and the cost of purchasing and stock management services (HUF 0.2 billion) did not change.

In 2017, the most significant part of internal expenses incurred in connection with other activities only included services received from rail infrastructure operation, in the amount of HUF 0.2 billion.

Personnel related expenses were HUF 1.9 billion in 2017, which was slightly below the base year.

The depreciation expenses recognised on other activities are mainly related to rolling stock, which shows a HUF 0.2 billion decrease compared to the base level.

The most significant components of the HUF 7.8 billion increase in other expenses were the free-of-charge transfer of the capital project Child Victims of the Holocaust Memorial – European Educational Centre valued at HUF 6.6 billion; the HUF 2.0 billion extraordinary depreciation accounted in connection with multiple-unit trains; and the HUF 0.5 billion provision for annuities. Other expenses decreased due to the following: a HUF 0.6 billion decrease in expenses recognised due to the derecognition of disposed tangible assets; a HUF 0.2 billion decrease in late-payment interest; a HUF 0.1 billion decrease in taxes and similar items; a HUF 0.2 billion decrease in liabilities assumed in the current year; and a HUF 0.2 billion adjustment to an item previously derecognised as a shortage.

The HUF 1,845 million recognised as dividends received in the current year is related to 2016; its composition is shown in the following table:

Figures in million HUF

Name	Dividends paid in 2017
MÁV-START Zrt.	550
MÁV KfV Kft.	460
VAMAV Kft.	422
EURO-METALL Kft.	132
MÁV FKG KFT	100
MÁV Szolgáltató Központ Zrt.	100
MÁV-THERMIT Kft	78
HIT Rail B.V.	3
<b>Total:</b>	<b>1,845</b>

Table 97: Dividends received in 2017

In addition to an increase in dividends received, financial gains were significantly influenced by a HUF 0.2 billion shortfall in interest and similar income received. Moreover, no exchange gains were recognised in the current year (HUF -0.2 billion) due to the year-end revaluation of FX items.

Financial expenses for 2017 considered in other activities included a HUF 1.6 billion impairment on the participating interest in MÁV-START Zrt. in the current year. However, impairment on the participating interests in Kínai-Magyar Vasúti Nonprofit Zrt. and ZÁHONY-PORT Zrt. was recognised in the amounts of HUF 1.2 billion and 0.1 billion, respectively.

The amount of interest paid on loans for capital projects, operational and other loans was HUF 0.2 billion, and realised exchange loss related to the repayment of loans for capital projects was HUF 1.4 billion. At the year-end revaluation of FX items, a total exchange loss of HUF 0.1 billion was recognised.

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

Figures in million HUF

Related company	Gains			Expenses			Total
	Net sales revenues	Financial and other gains	Gains, total	Material and personnel-related expenses	Other and financial expenses	Expenses, total	
MÁV NOSZTALGIA Kft.	14	2	16	0	0	0	16
MÁV VAGON Kft.	1	1	2	1	0	1	1
MÁV FKG KFT	7	105	112	4	0	4	108
MÁV KfV Kft.	4	460	464	1	0	1	463
MÁV Szolgáltató Központ Zrt.	372	154	526	384	34	418	108
ZÁHONY-PORT Zrt.	1	0	1	1	127	128	-127
MÁV-START Zrt.	9,860	557	10,417	1,138	-1,593	-455	10,872
Kínai-Magyar Vasúti Nonprofit Zrt.	164	0	164	83	1,201	1,284	-1,120
MÁV-HÉV Zrt.	4	0	4	0	0	0	4
<b>Total</b>	<b>10,427</b>	<b>1,279</b>	<b>11,706</b>	<b>1,612</b>	<b>-231</b>	<b>1,381</b>	<b>10,325</b>

Table 98: Related company balances (gains and expenses) related to other activities

The effects of asset transfer in 2017 and the related compensation are presented in the following table:

Figures in million HUF

<i>Description</i>	<i>Decrease in asset value resulting from transfer of assets (line A)</i>	<i>Adjustment resulting from separation (line B)</i>	<i>Change in capital reserve resulting from transfer of assets (line C=A+B)</i>	<i>Accounting of registered capital increase resulting from compensation for transfer of assets (line D)</i>	<i>Increase of capital reserve resulting from compensation for transfer of assets (line E)</i>	<i>Compensation for transfer of assets, total (line F=D+E=C)</i>
Assets not required for railway operation, Józsefváros 2017	987	273	1,260	22	1,238	1,260
Release of deferred income due to handover of assets not required for railway operation, Józsefváros 2017	0					
Reverse transfer of assets not required for railway operation, Eger 2017	-64	0	-64	-1	-63	-64
Recognition of deferred income for assets not required for railway operation, Eger 2017	0					
2017 adjustment to the amount recognised in 2014 for assets not required for railway operation ÉJJII	0	17	17	0	17	17
Release of deferred income, 2017 adjustment to the amount recognised in 2014 for assets not required for railway operation ÉJJII	0					
2017 adjustment to the amount recognised in 2014 for assets not required for railway operation ÉJJII	-2	-7	-9	0	-9	-9
Deferred income, 2017 adjustment to the amount recognised in 2014 for assets not required for railway operation ÉJJII	0					
<b>Total:</b>	<b>921</b>	<b>283</b>	<b>1,204</b>	<b>21</b>	<b>1,183</b>	<b>1,204</b>

Table 99: Effect of the asset transfer on the central GL



## IV.4 Other disclosures on separation

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

Activities	Headcount (persons)
Rail infrastructure operation	18,542
Passenger transport	9
Other activities	124
<b>MÁV Zrt. total</b>	<b>18,675</b>

Table 100: Average annual headcount of employees per type of activity in the current year

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

Figures in million HUF

Other subsidies accounted as revenues				
Description	Rail infrastructure operation	Passenger transport	Other activities	MÁV Zrt. Total
Reimbursement of public service costs	50,944	0	0	50,944
Reimbursement of public service costs - reasonable profit	3,705	0	0	3,705
Reversal of deferred government subsidies	1,112	0	6,659	7,771
Subsidies received to cover expenses related to projects implemented from domestic funds	0	0	1	1
Phare aid used	8	0	3	11
Subsidy for public employment	1,199	0	0	1,199
Subsidies received to cover the expenses of the Budapest-Belgrade rail project	1	0	1,201	1,202
IKOP subsidies received to compensate for expenses	89	0	0	89
GOP subsidies received to cover wage increase expenses	6,134	3	11	6,148
Other subsidies received to compensate for expenses	0	150	0	150
<b>Government subsidies, total</b>	<b>63,192</b>	<b>153</b>	<b>7,875</b>	<b>71,220</b>
Subsidies for capital projects (state and EU)				
Description	Rail infrastructure operation	Passenger transport	Other activities	MÁV Zrt. Total
Use of reimbursement of renovation expenses in relation to treasury assets	19,725	0	0	19,725
Use of reimbursement of renovation expenses for assets owned by MÁV	3,013	0	0	3,013
Use of the reimbursement residual	3,548	0	0	3,548
Refurbishment of railway bridges and steel structures	12	0	0	12
Development of the Budapest-Belgrade line	40	0	0	40
Service level improvement on railtrack no. 80	4	0	0	4
IKOP subsidy for the implementation of "MÁV Zrt. Traffic safety projects"	1,193	0	0	1,193
Electrification of railway line 2 Rákosszenté	0	0	0	0
IKOP subsidy for the implementation of "MÁV Zrt. Station development and integrated customer service development programme at 26 locations"	1,448	0	0	1,448
Consolidation of software and IT application for the maintenance of infrastructure and rolling stock (INKA) (KÖZOP/IKOP)	656	0	0	656
Preparation for the reconstruction of Keleti Railway Station	10	0	0	10
Preparation for the reconstruction of Nyugati Railway Station	10	0	0	10
<b>Subsidies for capital projects, total</b>	<b>29,659</b>	<b>0</b>	<b>0</b>	<b>29,659</b>

Table 101: Subsidies used for operations by title

Accumulations due to the per-activity breakdown are presented in the table below:

Figures in million HUF

Partner division	Division recognising the internal profit/(loss) line item									MÁV Zrt. total:		
	Rail infrastructure operation			Other activities			Regional passenger transport					
	Internal revenues	Internal expenses	Internal profit/(loss)	Internal revenues	Internal expenses	Internal profit/(loss)	Internal revenues	Internal expenses	Internal profit/(loss)	Internal revenues	Internal expenses	Internal profit/(loss)
Rail infrastructure operation				1,841	156	1,685	427	434	-7	2,268	590	1,678
Other activities	144	1,829	-1,685				0	1	-1	144	1,830	-1,686
Regional passenger transport	424	417	7	1	0	1				425	417	8
Total:	568	2246	-1678	1842	156	1686	427	435	-8	2837	2837	0

Table 102: Accumulation due to the per-activity breakdown

The table columns show internal revenues, 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 regional passenger transport has generated an overall internal loss (negative values in the internal profit/loss column).

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

## V List of tables

Table 1: Change in intangible assets in the current year .....	12
Table 2: Change in managed state-owned intangible assets in the current year.....	13
Table 3: Change in tangible assets in the current year.....	14
Table 4: Change in managed state-owned tangible assets in the current year.....	15
Table 5: Managed state-owned assets by categories .....	15
Table 6: Assets owned by MÁV Zrt. required for rail infrastructure operation, by category .....	16
Table 7: Change in capital projects.....	16
Table 8: Depreciation of intangible and tangible assets accounted in the current year under the Accounting Act and the CIT .....	17
Table 9: Intangible and tangible assets contributed/received free of charge .....	17
Table 10: Managed state-owned assets and the corresponding balance sheet liabilities.....	18
Table 11: Change in managed state-owned assets in the current year and in the base year.....	19
Table 12: Subsidies used for capital projects .....	20
Table 13: Book values of the Company's investments by category.....	21
Table 14: Impairment on non-current financial assets .....	22
Table 15: Inventories .....	22
Table 16: Receivables and their impairment .....	23
Table 17: Receivables from related companies .....	23
Table 18: Reimbursement components .....	24
Table 19: Prepaid expenses and accrued income .....	25
Table 20: Changes in equity .....	25
Table 21: Non-distributable reserves by title.....	26
Table 22: Provisions for contingent liabilities.....	28
Table 23: Provisions for contingent liabilities to related companies .....	28
Table 24: Provisions for future expenses.....	29
Table 25: Provisions for exchange losses.....	29
Table 26: Change in provisions .....	29
Table 27: The Company's long-term loans.....	30
Table 28: Repayment schedule of existing long-term loans.....	30
Table 29: The Company's long-term borrowings .....	30
Table 30: Repayment schedule of long-term borrowings.....	30
Table 31: Other non-current liabilities.....	31
Table 32: Liabilities related to managed state-owned assets .....	31
Table 33: Liabilities related to the decrease in managed state-owned assets .....	31
Table 34: Other current liabilities .....	32
Table 35: Liabilities to related companies.....	32
Table 36: Changes in accrued expenses and deferred income .....	33
Table 37: Forward hedging transactions in 2017.....	34
Table 38: Guarantee contracts in effect at the balance sheet date .....	34
Table 39: Liabilities from lien.....	35
Table 40: Payment schedule of off-balance sheet interest and related charges .....	36
Table 41: Operating lease contracts in effect at the balance sheet date.....	36
Table 42: Net sales revenues by activity .....	37
Table 43: Export and import.....	38
Table 44: Changes in expenses .....	38
Table 45: Material expenses .....	39
Table 46: Personnel-related expenses .....	40
Table 47: Depreciation .....	41
Table 48: Other gains .....	41
Table 49: Other expenses.....	43
Table 50: Income from financial transactions .....	44
Table 51: Expenses of financial transactions .....	44
Table 52: Related company gains and expenses .....	45
Table 53: Corporate tax base adjusting items .....	46
Table 54: Calculation of the after-tax profit/(loss) using the cost by function method.....	47
Table 55: Cash flow statement.....	48
Table 56: Changes in environmental provisions.....	51

Table 57: Changes in environmental expenses.....	51
Table 58: Tangible assets directly serving environmental protection purposes.....	52
Table 59: Change in quantities of hazardous waste .....	53
Table 60: Change in the value of dangerous and hazardous waste.....	53
Table 61: R&D costs .....	53
Table 62: Subsidies accounted in the current year.....	54
Table 63: Personnel-related expenses (excluding contributions).....	55
Table 64: Social security and other contributions.....	55
Table 65: Employee headcount (number of persons) .....	55
Table 66: Average and category based wages including employees employed under the public employment programme.....	55
Table 67: Average and category based wages excluding employees employed under the public employment programme.....	56
Table 68: Closing headcount in the current year (number of persons) .....	56
Table 69: Remuneration paid in the current year.....	56
Table 70: The Company's participating interests and their opening balances .....	57
Table 71: Changes in the Company's participating interests in the current year .....	58
Table 72: MÁV Group's organisational structure as at the balance sheet date.....	59
Table 73: Asset side of the balance sheet based on the figures of the rail infrastructure division .....	62
Table 74: Equity and liabilities side of the balance sheet based on the figures of the rail infrastructure division ....	63
Table 75: Profit and loss account based on the figures of the rail infrastructure division .....	64
Table 76: Cash flow statement based on the figures of the rail infrastructure division .....	65
Table 77: Activity statement of the rail infrastructure division .....	66
Table 78: Revenues from infrastructure access charges .....	67
Table 79: Reimbursement components .....	68
Table 80: Composition of material expenses.....	68
Table 81: Related company gains and expenses – rail infrastructure operation.....	70
Table 82: Effect of the asset transfer on the rail infrastructure operation GL.....	70
Table 83: Asset side of the balance sheet based on the figures of the regional passenger transport division.....	71
Table 84: Equity and liabilities side of the balance sheet based on the figures of the regional passenger transport division .....	72
Table 85: Profit and loss account based on the figures of the regional passenger transport division .....	73
Table 86: Cash flow statement based on the figures of the regional passenger transport division.....	74
Table 87: Activity statement of the regional passenger transport activity.....	75
Table 88: Children's Railway traction operations .....	77
Table 89: Related company gains and expenses related to regional public passenger transport activity .....	77
Table 90: Asset side of the balance sheet for other activities .....	78
Table 91: Equity and liabilities side of the balance sheet for other activities .....	79
Table 92: Profit and loss account for other activities .....	80
Table 93: Cash flow statement for other activities .....	81
Table 94: Activity statement for other activities .....	82
Table 95: Net sales revenues from other activities .....	83
Table 96: Internal revenues from other activities by activity .....	83
Table 97: Dividends received in 2017 .....	85
Table 98: Related company balances (gains and expenses) related to other activities .....	85
Table 99: Effect of the asset transfer on the central GL.....	86
Table 100: Average annual headcount of employees per type of activity in the current year .....	87
Table 101: Subsidies used for operations by title .....	87
Table 102: Accumulation due to the per-activity breakdown .....	88