



MANAŽÉR
ŽELEZNIČNEJ
INFRAŠTRUKTÚRY

ANNUAL REPORT

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ŽELEZNICE SLOVENSKEJ REPUBLIKY



BDR

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the company Železnice Slovenskej republiky Bratislava and Audit Committee

Report on the Audit of the Financial Statements

Opinion

We have audited enclosed Financial Statements of the company Železnice Slovenskej republiky, with the registered office in Bratislava, IČO (company registration number): 31 364 501 that consists of the statement of financial position as at 31 December 2018, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year ending as of the above mentioned date as well as the survey of significant accounting principles and accounting methods and other explanatory notes.

In our opinion, the Financial Statements give a true and fair view of the Železnice Slovenskej republiky company's financial position as at 31 December 2018, business results and cash flow for the year ending as of the above mentioned date and in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 provisions of Act No. 423/2015 Coll. on Statutory Audit, as amended, and Act No. 431/2002 Coll. on Accounting, as amended (hereinafter referred to as the "Act on Statutory Audit") related to ethics, including the Code of Ethics for Auditors, together with the ethical requirements that are relevant to our audit of the Financial Statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of specific matters:

Without qualifying our opinion we draw attention to the following matters:

1. As described in Note 1 to the accompanying Financial Statements, the Company's ability to continue as a going concern and to fulfil its investment program and other operating and financial commitments remains dependent upon continual support from State in the form of capital and operating subsidies.
2. As described in Note 2.1 and 17 to the accompanying Financial Statements, environmental burden provision is recorded if there is probable origin of costs to clean up the environment and can be measured reliably. The amount of the provision is the best estimate of necessary expenditures in future periods. Timing of these cash flows mirrors at the same time current assessment of priorities by the management, securing of technology and urgency of achieving these tasks. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.
In compliance with environmental policy, the Company reviewed recorded provision. In this context, it was found that recorded provisions in some localities are no longer justified. It is mainly railway station Bratislava - východ, which was excluded from the information system of environmental burdens and the assumption of extensive contamination in this area was not confirmed at monitoring of pollution. Cancellation of provisions is in the amount of € 18,693 thousand.
3. As described in Note 3 to the accompanying Financial Statements, the Company with respect to its position as manager of infrastructure is exposed to significant credit risk of an individual contractual party, as 22.10 % of receivables as at 31 December 2018 (as at 31 December 2017: 40.76 %) is due to from two of the most

important customers: Železničná spoločnosť Cargo Slovakia, a.s. Bratislava and Železničná spoločnosť Slovensko, a.s. Bratislava whose only shareholder is the State represented by Ministry of Transport and Construction of the Slovak republic.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

During audit, we identified the following most significant risks:	Our comments on these risks were as follows:
<p><i>Accuracy of non-current assets classification and timeliness of their putting in use</i></p> <p>Non-current assets appreciation account were in the amount of € 343 million. The key role of audit is to assess the acquired assets correctly, to classify assets into a depreciation group and timeliness of their putting in use.</p>	<p><i>Accuracy of non-current assets classification and timeliness of their putting in use</i></p> <p>We verified the non-current assets appreciation based on closed contracts and incoming invoices. In case the appreciation was significant, we verified the classification of assets into depreciation group as well as the timeliness of their putting in use. We verified the assigned useful life of fixed assets.</p>
<p><i>Assessment whether has it come to decrease in the value of non-current assets</i></p> <p>The non-current assets are the predominating part of all assets of Company. Therefore, during the audit we assessed as well, if it had come to decrease in value of non-current assets and in case it had, if it was reported correctly.</p>	<p><i>Assessment whether has it come to decrease in the value of non-current assets</i></p> <p>We verified all adjustments charged to non-current assets and which decrease their residual value. We verified the accuracy of posting and reporting of adjustments in Financial Statements of Company.</p>
<p><i>Accuracy of reporting and releasing of investments grants</i></p> <p>The majority of non-current assets are financed by foreign sources in form of investment grants from national budget or from EU funds. The received grants for non-current assets acquisition are reported as deferred income and released into income in aliquot amount in regard to costs of subsidised assets.</p>	<p><i>Accuracy of reporting and releasing of investments grants</i></p> <p>We verified the reports of received investment grants in deferred income and its division into a short and long term part. We tested the release of the grant amount according to the costs related to non-current assets financed by received grants. We tested the entitlement to a grant whether it is in accordance with International accounting standard 20.</p>
<p><i>Provisions reporting for employee benefits and environmental liabilities</i></p> <p>The provision for employee benefits is in the amount of € 43 million and provision for environmental liabilities is in the amount of € 14 million. Hence, their calculation is an important part of audit.</p>	<p><i>Provisions reporting for employee benefits and environmental liabilities</i></p> <p>We assessed and verified the input data necessary to calculate the amount of provision for employee benefits and environmental liabilities. We verified the calculation method and its reporting in the Financial Statements.</p> <p>We approved the reversal of the unjustified provisions in comparison with the State Environmental Rehabilitation Program of the Ministry of Environment (2016 – 2021) in which the exclusion of the locality from the information system of environmental burdens was confirmed and during the monitoring of the pollution the assumption of extensive contamination was not confirmed.</p>

Responsibilities of Company Management and Those Charged with Governance for the Financial Statements

Company management is responsible for the preparation and fair presentation of the Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union 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, company management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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 ISAs 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 ISAs, 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 company management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Report on the Information Referred in the Annual Report

Company management is responsible for the information referred in the Annual Report compiled in accordance with the requirements of Act on accounting. Our abovementioned opinion on the Financial Statements does not relate to any other information referred in the Annual Report.

With respect to the audit of Financial Statements, it is our responsibility to familiarize ourselves with the information referred in the Annual Report and to evaluate whether the information is not substantially inconsistent with the audited Financial Statements, with our knowledge obtained during auditing the Financial Statements, or the information appears to be materially misinterpreted otherwise.

We considered whether the Annual Report of the Company includes the information required Act on accounting.

Based on works performed during the audit of Financial Statements, in our opinion:

- the information referred in the Annual Report for the year 2018 is in compliance with the Financial Statement for the relevant year;
- the Annual Report includes the information according to Act on accounting.

Furthermore, based on our knowledge about the entity and its situation as we acquired during the audit of Financial Statements, we are obliged to state whether we found any material misstatements in the Annual Report we had received before the date of the issue of this Auditor's Report. In this context, there are no findings which should be reported.

Additional Requirements for the Content of Auditor's Report in accordance with the Regulation of the European Parliament and of the Council (EU) No. 537/2014 of 16 April 2014 on Specific Requirements regarding Statutory Audit of Public-Interest Entities

Appointment and approval of auditor

The statutory body of the Company appointed the statutory auditor on 7th August 2018 based on the approval by the Governing Board of ŽSR on 19th June 2018. The overall continuous period of our order, including the previous renewals of order and our repeated appointment for statutory auditors is of 11 years.

Consistency with the Additional Report for the Audit Committee

Our auditor's opinion expressed in this report is consistent with the additional report worked out for the Audit Committee of the Company, which we issued on the same day as the date referred to in this report.

Non-Audit Services

We have not provided any prohibited non-audit services referred in Article 5, paragraph 1 of the Regulation of the European Parliament and of the Council (EU) No. 537/2014 of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities, and while performing the audit, we remained independent from the Company.

Besides the services of statutory audit and the services disclosed in the Annual Report and the Financial Statements, we have not provided any other services to the Company and the enterprises in which the Company exercises decisive influence.

Banská Bystrica, 8 March 2019

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 Licence SKAu No. 6
 Commercial Register of District Court, Banská Bystrica
 Section: Sro, File No.: 98/S, IČO (company registration number): 00614556
An independent member firm of Moore Stephens International Limited

Ing. Miroslav Čiampor
 Responsible auditor
 License UDVA No.1068





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Foreword by the Director General

Dear ladies and gentlemen,
dear business partners,
dear colleagues!

Železnice Slovenskej republiky ("ŽSR") are an integral part of our economy. Functional railway infrastructure is essential for the daily transfer of passengers and goods, so it needs to be modernized and maintained in the best possible technical and technological condition.

At present we have developed several modernization projects financed not only from the European Union and state budget but also from own resources. After completion of track section "Púchov – Považská Teplá" we will be able to present completely modernized line from Bratislava – Rača to Žilina. Besides continuation on other, extremely important rail projects of pan-European importance, we also address to issue of increasing railway crossings safety, we are building parking lots in locations with enormous traffic growth, and planning to increase the share of electrified lines. Track section "Bratislava – Dunajská Streda – Komárno" is often promoted in the media, whose current capacity do not allow for an increase of trainsets. Track section "Bratislava – Dunajská Streda – Komárno" is often promoted in the media, whose current capacity do not allow for an increase of train sets. We are working on this problem in cooperation with the Ministry of Transport and Construction of the Slovak republic. Many of these projects have a positive impact not only on improving the comfort of the traveling public, but also on the environmental aspect.

Although I was appointed to the post of General Director of Railways of Slovak republic at the end of 2018 from the post of Deputy Director General for Economics, as a member of top management of the company, I rate year 2018 as successful.

We managed to conclude two very important contracts that will generate revenues for ŽSR for the next 30 years. In the autumn we signed contracts with the company Jaguar Land Rover Slovakia s. r. o. for the use of the intermodal transport terminal services Lužianky and in December, a concession contract was concluded with the company TIP Žilina, s. r. o., which will operate the intermodal transport terminal in Žilina Teplička for the next 30 years. Both these contracts have economic significance not only for ŽSR but also for the Slovak republic as they will generate annual revenues exceeding € 5 million.

The process of collective bargaining began in October, although it was time-consuming and demanding, we successfully completed it by signing the new corporate Collective Agreement of ŽSR for years 2019 - 2020. There will be intensive negotiations relating wage increases with the aim of maintain financial stability of ŽSR. Our goal is to continue to implement adjustment of payroll system and at the same time to introduce elements of merit and performance in the form of variable wage components and ensure our employees opportunities for career growth.

Management of ŽSR is aware that in current financial position, when increase of payroll costs in 2018 exceeds € 20 million, and there were allocated no additional resources from budget for this purpose, it is necessary realize programme of cost reduction and structural management changes. In the field of operation, skeleton of our company, two optimization projects will be realized in 2019, focusing on the centralization of management of the means of transport and track machinery and on so-called targeted investments in the field of automation of station security apparatus for railways. The upcoming structural changes are essential for ensuring the financial stability of ŽSR and maintaining the company's competitiveness on the labour market in the coming years.

As well as in other sectors of the national economy there is a serious shortage of professional professions in railway sector. To address this situation, we work not only in the form of upcoming changes in payroll, but also by engaging in a dual education system for secondary school students and scholarship programs. The aim is to ensure the influx of young, proficient colleagues and to stabilize them in our company so that employees do not leave due to better conditions in the private sector.

The world around us has changed and the railways have to change as well. But not by revolution, but by gradual systematic steps. My vision is to build the brand of ŽSR as a modern manager of the railway infrastructure of the 21st century with a highly efficient management structure that spend company's financial resources transparently and efficiently to fulfil its primary function - management, maintenance and modernization of railway infrastructure.

Important priorities for the year 2019 is update of strategy of ŽSR, which I am interested to set up feasibly and project-oriented by the year 2030 and prospectively by the year 2050. We need to know where our railways want to go, what are our priorities we want to invest in.

It is equally important to prepare responsibly for the new programming period 2021-2027 when according to the proposals, a significantly higher funding package will be provided for support of railway transport as the most ecological transport of passengers and goods. ŽSR must be procedural and project-prepared and be successful to apply for these funds within national operating programmes or pan-European instruments such as CEF.

Our realized projects help not only to passengers or entrepreneurs but also to the environment, so we continue in ŽSR to work with clear goal: to be modern manager of railway infrastructure for the 21st century.

Ing. Juraj Tkáč
General Director



Company profile

Železnice Slovenskej republiky, Bratislava („ŽSR“ or „the Company“) was formed pursuant to Act No. 258/1993 Coll. On Railways of Slovak republic as amended. The Company is registered under number Po 312/B in the Commercial Register of the District Court I. in Bratislava.

In accordance with Act No. 513/2009 Coll. on Railways and on amendments of some acts as amended, ŽSR as the infrastructure manager, primarily provides for activities related to the operation of railways, traffic management and the operability of railways.

Strategy

Vision of ŽSR

Provision of modern, interoperable, safe, efficient, accessible competitive and environmentally friendly railway infrastructure to increase its use by both passenger and freight rail transport.

Mission of ŽSR

Through the Company's activities and customer-oriented approach establish conditions which comply with statutory provisions aimed at ensuring the operation of railway infrastructure.

Manage and develop the railway infrastructure in accordance with customer needs and create competitive environment in domestic and international transport system.

Through the defined strategic objectives of ŽSR to provide the infrastructure on which it will be possible to organize reliable and safe passenger and freight transport.

Increase the competitiveness of the railway infrastructure of ŽSR over other railway infrastructure managers and other transport modes (primarily road transport).

Apply positive influence over the state transport policy within the Slovak Republic and the EU transport policy in favour of increasing the importance of rail transport as an important, safe and environmentally friendly sectors of the national economy.

Strategic objectives of ŽSR

- Modern and competitive railway infrastructure – its construction and renovation
- Adequate management and proper infrastructure maintenance
- Efficient traffic management
- Balanced business result in accordance with the state budget policy

Background and objectives of the Strategy of ŽSR are being continuously updated upon changing external and internal environment for the current period. The Strategy of ŽSR is built around applicable national and European legislation and also driven by demands of the Ministry of Transport and Construction of the Slovak Republic as well as customer demands and internal vision of ŽSR. Actualisation of Strategic plan reflected changes in external and internal environment during 2018. Their gradual implementation for future periods will be based from basic assumptions, such as increasing the competitiveness of rail transport, increasing the speed on network of ŽSR, increasing throughput of the lines in order to increase the comfort of rail transport in the Slovak republic.



Company bodies

Company bodies represent Management Board of ŽSR and Director General in accordance with Act No. 258/1993 Coll. on Railways of Slovak republic, § 4 and § 5 as amended.

Management Board is supreme body of ŽSR.

Composition as at 31 December 2018

Management Board

JUDr. Marek BALKO

Ing. Róbert SZÜCS

Ing. Peter STRYČEK

Ing. Radovan MAJERSKÝ, PhD.

Mgr. František ZAPARANIK

Chairman of the Management Board

Deputy Chairman of the Management Board

Member of the Management Board

Member of the Management Board

Member of the Management Board

Statutory body

Ing. Juraj TKÁČ

Director General

Board of directors

Ing. Jozef VESELKA

Ing. Viliam MARKÓCSY

Ing. Igor POLÁK

Pavol HUDÁK, MSc

Ing. Pavol BULLA

Deputy Director General for Development and IT

Deputy Director General for Economics

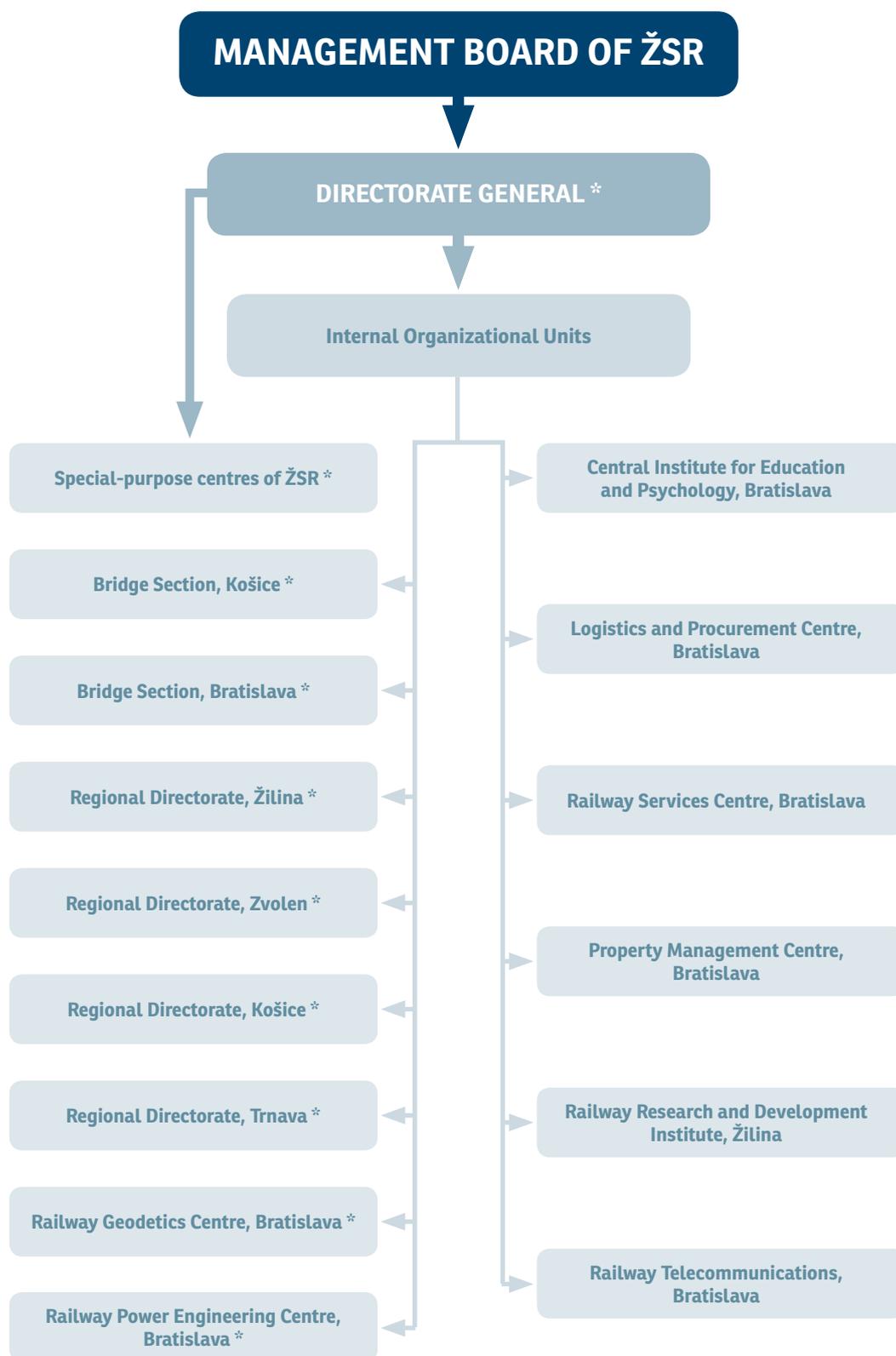
Deputy Director General for Operation

Deputy Director General for Human Resources

Director of the Office of Director General



Organizational structure of ŽSR



**Internal Organizational Units of ŽSR not registered in Commercial Register*

Železnice Slovenskej republiky had no separate organizational unit abroad in 2018, representation of ŽSR was provided by the Organization for co-operation between Railways based in Warsaw.

The main events of 2018

JANUARY 2018

The Railway Museum celebrated its 35th anniversary. Since 1983 performs complex documentation activities in the field of railway development in Slovakia. One of its main activities is the protection of Slovak railway technical monuments and the dissemination of public awareness.

The organizational unit Property Management Centre of ŽSR was established as at 1 January. The main mission of Property Management Centre is management and maintenance of property, treatment with property of ŽSR, building administration, land and engineering networks administration and creation of condition for safety and reliable operation.

FEBRUARY 2018

On 27 February, the construction of modernization of railway track section Zlatovce – Trenčianska Teplá with length 11.952 km was completed.

MARCH 2018

Since 10 March, Igor Polák is in the function of Deputy Director General for Operation and Jozef Veselka has been appointed to Deputy Director General for Development and IT.

As part of the expansion of cooperation with secondary vocational schools in the field of education and acquisition of future qualified employees, on 27 March ŽSR concluded two new contracts with "SPŠ dopravná" in Bratislava and "SPŠ elektrotechnická" in Zochova Street in Bratislava. This cooperation was extended in autumn 2018 by "SPŠ stavebná" in Prešov.

APRIL 2018

ŽSR in cooperation with police carried out for second time a preventive-security action called "Stihnem – Nestihnem" which focused on the safety passing and crossing the railway crossings. The results of action in numbers represented number of road traffic violations, such as 125 cases of unauthorized crossing, 104 violations of the maximum speed on the railway crossings and 50 violations of road and traffic safety.

MAY 2018

On 19 May, on the occasion of the International Museum Day, nationwide event called Night of Museums and Galleries was held and ŽSR joined through the Railway Museum. The great attraction of this event was undoubtedly the rides of extraordinary nostalgic trains organized with cooperation with several clubs and associations.

JUNE 2018

On 4 June, the 10th International Level Crossing Awareness Day 2018 was held focused on cyclists. The main goal of ŽSR was to make the general public aware that a duel with a train can never be won, so it is meaningless even to try it.

JULY 2018

On 3 July, the Presidential Train arrived in Slovakia on the occasion of 100th anniversary of the founding of First Czechoslovak Republic, with three historic saloon carriages of presidents and with renovated steam locomotive "Zelený Anton". The project was realised by National Technical Museum Praha with cooperation of Czech railways, ŽSR and Civic Association of "Spolok Výhrevne Vrútky". The Presidential Train was presented in several Slovak and Czech cities with thousand of visitors with the participation of the presidents of both countries.

AUGUST 2018

On 9 August, the Ministry of Transport and Construction of the Slovak republic evaluated the Contract on the Operation of the railway infrastructure for 2017 with positive business result from the Contract of the Operation of the railway infrastructure in the amount of € 3,477.

SEPTEMBER 2018

On 7 September, ŽSR handed over to use modernized 2nd platform in railway station Trnava. The platform meets international requirements for the movement of both immobile and blind passengers. Railway station with all the reconstructed platforms, renovated station building and modern dispatching centrum belongs to the most modern within Slovakia.

ŽSR organized the Railway Day in railway locomotive depot Vrútky and in Areal SIM Martin (former military depots of intendancy material) on the occasion of the 170th anniversary of the railways in Slovakia. Visitors could see railway and fire museum or take a ride the historic trains.

OCTOBER 2018

On 8 October, ŽSR opened the Terminal of intermodal transport Lužianky. For ŽSR, the construction of the Terminal Lužianky is an opportunity to increase its share in the transport market and to expand its business activities in the field long-term lease and provision services related to vehicle loading. The greatest business partner, that will operate the Terminal Lužianky, is Jaguar Land Rover Slovakia, s. r. o.

NOVEMBER 2018

On 27 November, Minister of Transport and Construction of the Slovak republic appointed Juraj Tkáč to the post of General Director of ŽSR. On 29 November, Director General appointed Viliam Markócsy to the post of the Deputy Director General for Economics.

ŽSR became a partner of the Revolution Train project. The train in an unusual way presented the prevention of addictions of youth between 12 and 17 years old. The train consisted of six wagons that were adapted to the multimedia halls where the story of young people about the origin, caused, development and consequences of drug addiction took place.

DECEMBER 2018

Since 9 December, new line timetable came into effect. In passenger transport, 4 undertakings and 19 undertakings in freight transport have ordered regular routes. New in international transport, there are new train routes from/to Gelsenkirchen (Germany) and also to/from railway station TIP Lužianky.

On 21 December, ŽSR concluded concessionary contract on operation of the Terminal of intermodal transport Žilina. The contract was concluded with the company TIP Žilina, s. r. o. Operation of terminal by concessionaire is unique project that has not been realized in conditions of Slovak republic till now. It is the first intermodal terminal in the Slovak republic where a public-private partnership is applied. The terminal will be publicly available and will allow open and non-discriminatory access for all users.



Information on the status and development of ŽSR

I. Operating the rail infrastructure

a) Contract on the operation of the Railway Infrastructure

Operating the rail infrastructure in 2018 was carried out in accordance with the Contract on the Operation of the Railway Infrastructure for 2017 – 2021, including amendments concluded between ŽSR as a manager of railway infrastructure and Ministry of Transport of the Slovak republic as an owner of railway infrastructure.

Comparison of parameters of the Contract on the Operation of the Railway Infrastructure:

Contract Balance (in thousands of €)	31 December 2018*	31 December 2017
Costs (Economically Eligible Costs total)	394,446	376,720
therein:		
Costs of services provided under minimum access package	318,816	300,398
Costs of services provided under track access to service facilities	65,274	66,096
Costs of TIP Žilina, TIP Lužianky and TIOP Moldava nad Bodvou	628	554
Costs of other business activities	9,728	9,672
Revenues (Economically Eligible Revenues total)	394,449	376,723
therein		
Reimbursement from the railway infrastructure owner	270,000	250,000
Payment for the access to railway infrastructure	79,770	80,959
Compensation of financial impact	26,479	24,086
Reversals of allowances	8,048	11,767
Revenues from other business activities	10,152	9,911
+ Profit / - Loss	3	3

* The data in the table are before evaluation by Ministry of Transport and Construction of the Slovak republic

Reimbursement from the owner of railway infrastructure – the Slovak republic on behalf of the Ministry of Transport of the Slovak republic to cover economically eligible costs related to provision of railway infrastructure services was in the amount of € 270 million, which increased by € 20 million.

Economically eligible costs incurred for train operation on the railway infrastructure were covered by railway undertakings – operators in the form of payments for the access to railway infrastructure in accordance with applicable regulatory framework and compensation of financial impact from reduction of charges for access to railway infrastructure for cargo undertakings from Ministry of Transport of the Slovak republic.

b) Charges for access to railway infrastructure

The railway infrastructure is operated on a non-discriminatory basis to all railway undertakings. In 2018, the railway infrastructure services were provided to 42 railway undertakings; to 6 undertakings in passenger transport and to 36 undertakings in freight transport.

The charging scheme for the access to railway infrastructure is applied in accordance with Decree of Railway Regulatory Authority No. 3/2010 on the regulatory framework for laying down charges for the access to railway infrastructure and Decree of Railway Regulatory Authority No. 7/2012 amending Part III of Decree No. 3/2010.

Charge (in thousands of €)	31 December 2018	31 December 2017
Total	106,249	105,045
herein: Železničná spoločnosť Slovensko, a. s.	50,505	49,090
Železničná spoločnosť Cargo Slovakia, a. s.	38,500	40,201
Other railway undertakings	17,244	15,754
herein: passenger transport	3,792	3,701
freight transport	13,452	12,053
Of which compensation from reduction of charges for cargo carriers from Ministry of Transport	26,479	24,086

The data in the table concerning the undertakings also include compensation from reduction of charges for access to the railway infrastructure in freight transport.

RAILWAY UNDERTAKING'S PERFORMANCE

From the year-on-year perspective, number of railway undertakings with access to railway infrastructure was stable, with an increase in transport performance by 1,112 thousand train-km. Transport performance in passenger transport grew by 1,185 thousand train-km thanks to the Železničná spoločnosť Slovensko, a. s., where year-on-year growth was by 1,065 thousand train-km. Increased transport performance of other railway undertakings was reported mainly at RegioJet, a. s. by 64 thousand train-km, Leo Express, a. s. by 28 thousand train-km, Arriva Service, s. r. o. by 25 thousand train-km.

Slight decrease of transport performance was reported in freight transport in 2018 by 73 thousand train-km. Železničná spoločnosť Cargo Slovakia, a. s. reported decrease by 515 thousand train-km. On the other hand, other railway undertakings reported increased transport performance by 442 thousand train-km. The largest increase in train-km reported CARBO RAIL, s. r. o., LTE Logistik a Transport Slovakia, s. r. o., Lokorail, a. s.

Performance		31 December 2018	31 December 2017	Year-on-year increase %
Passenger transport	(thousand train-km)	36,253	35,068	3.38
	(million grtkm)	10,334	10,194	1.37
Freight transport	(thousand train-km)	15,482	15,555	-0.47
	(million grtkm)	18,924	19,189	-1.38
Total	(thousand train-km)	51,735	50,623	2.20
	(million grtkm)	29,258	29,383	-0.43

c) Railway infrastructure

OPERATIONAL PERFORMANCE OF RAILWAY INFRASTRUCTURE

Železnice Slovenskej republiky ensures serviceability of railway infrastructure in railway tracks, structures and buildings, bridges and tunnels, electrical and energetics installations and signalling system. The Company takes care of its maintenance and development in accordance with technical progress and requirements for safety and traffic fluidity on railways. ŽSR ensures these activities by own capacities and also by contracted relationships with suppliers. The selection of suppliers takes the form of procurement in accordance with applicable legislation.

ŽSR managed and operated nationwide and regional railway lines and installations as follows:

RAILWAY TRACKS AND STRUCTURES		31 December 2018	31 December 2017
Construction length of operated lines	km	3,580	3,580
Construction length of managed lines	km	3,627	3,626
Construction length of lines	km	6,864	6,868
Number of switches		8,387	8,415
Number of bridges		2,326	2,301
Total length of bridges	m	52,244	51,216
Number of tunnels		76	76
Total length of tunnels	m	45,007	45,007

Different number of bridges and its length as compared to 2017 is due to a change in methodology for assessing the structure of parallel bridges and relocation of bridges structures within modernization of tracks.

„Construction length of managed lines“ also contains railway lines with suspended service due to poor technical condition. The railway lines with suspended service in total length of 46.692 km are as follows:

- Turňa nad Bodvou – MÁV 3.139 km;
- Komárno – Kolárovo 25.908 km;
- Žabokrečká spojka 1.279 km;
- Plavecký Mikuláš – Plavecké Podhradie including operation control point Plavecký Mikuláš 5.395 km;
- Breznička – Katarínska Huta 9.823 km;
- Strážčanská spojka 1.148 km.

SIGNALLING SYSTEMS		31 December 2018	31 December 2017
Track signalling systems			
Automatic block	km	500	515
Automatic block system	km	447	492
Semi-automatic block	km	633	591
Lines with telephone communication system	km	1,743	1,551
Station signalling systems	ks	498	480
Remote controlled signalling systems operated by dispatcher	km	396	396
Train signalling systems	km	814	732
Level crossings	ks	2,088	2,102
Hump signalling systems	ks	218	218

ELECTRICAL INSTALLATIONS		31 December 2018	31 December 2017
Electrified lines	km	1,587	1,588
Developed length of traction line	km	5,014	4,970
Supply and distributing substations	ks	94	94

OPERATING CONTROL POINTS ON THE NETWORK OF ŽSR		31 December 2018	31 December 2017
Operating control points total	ks	1,022	1,020
Operating control points manned/unmanned	ks	374/648	376/644
of which:			
Railway stations	ks	299	297
Frontier stations	ks	22	22
Other operating control points (blocks, branching-off, turn-out, stops, transshipment yards, gatekeeper post, operating control points under Regulation ŽSR Z1 and others)	ks	701	701

The year-on-year changes in „Operating control points on the network of ŽSR“ results from creation of the new operation control points and changes in the organization of transport operations in the scope of ŽSR within the systemization of operation control points.

LINE TIMETABLE PERFORMANCE

Percentage performance of absolute Line Timetable was 89.64 % (planned limit 93 %). This is a qualitative indicator defined as ratio of number of trains running on time to number of all trains running for the period. Decline is mainly related to effect of non-classified causes, the consequences of which could not be eliminated by the supplier's actions. Failure to comply with this indicator was due to accidents, malfunctions of mobile means of railway undertakings, infrastructure breakdowns, as well as closing of a line to traffic and traffic restrictions of neighbour infrastructure managers.

Performance of relative Line Timetable was 98.13 % (planned limit 97.5%). This is a qualitative indicator defined as ratio of number of trains running on time to number of all trains running for the period but also taking into account the causes of train delays for individual entities (ŽSR, railway undertakings, other impacts) that caused the delay. Performance of this indicator is influenced by extensive closing of a line to traffic. Closings of a lines to traffic with the greatest impact on the delay of trains included closing of modernized track section Považská Teplá – Považská Bystrica until the end of 2018.

II. Economic and financial indicators

a) Business result of ŽSR

In 2018, ŽSR achieved positive business result. The year-on-year development of costs was significantly influenced by higher payroll costs resulted from collective bargaining and amendment of Labour Code from 1 May 2018.

(v tis. EUR)	31 December 2018	31 December 2017
Costs	495,391	465,953
herein		
Payroll costs	252,500	233,776
Depreciation, amortization and impairment	92,743	87,737
Consumed purchases	81,826	78,211
Revenues	495,563	466,055
herein		
Operating subsidy of the Contract on the Operation of the Railway infrastructure	296,476	274,075
Profit	172	102
Other comprehensive income	299	418
Comprehensive profit for the period	471	520

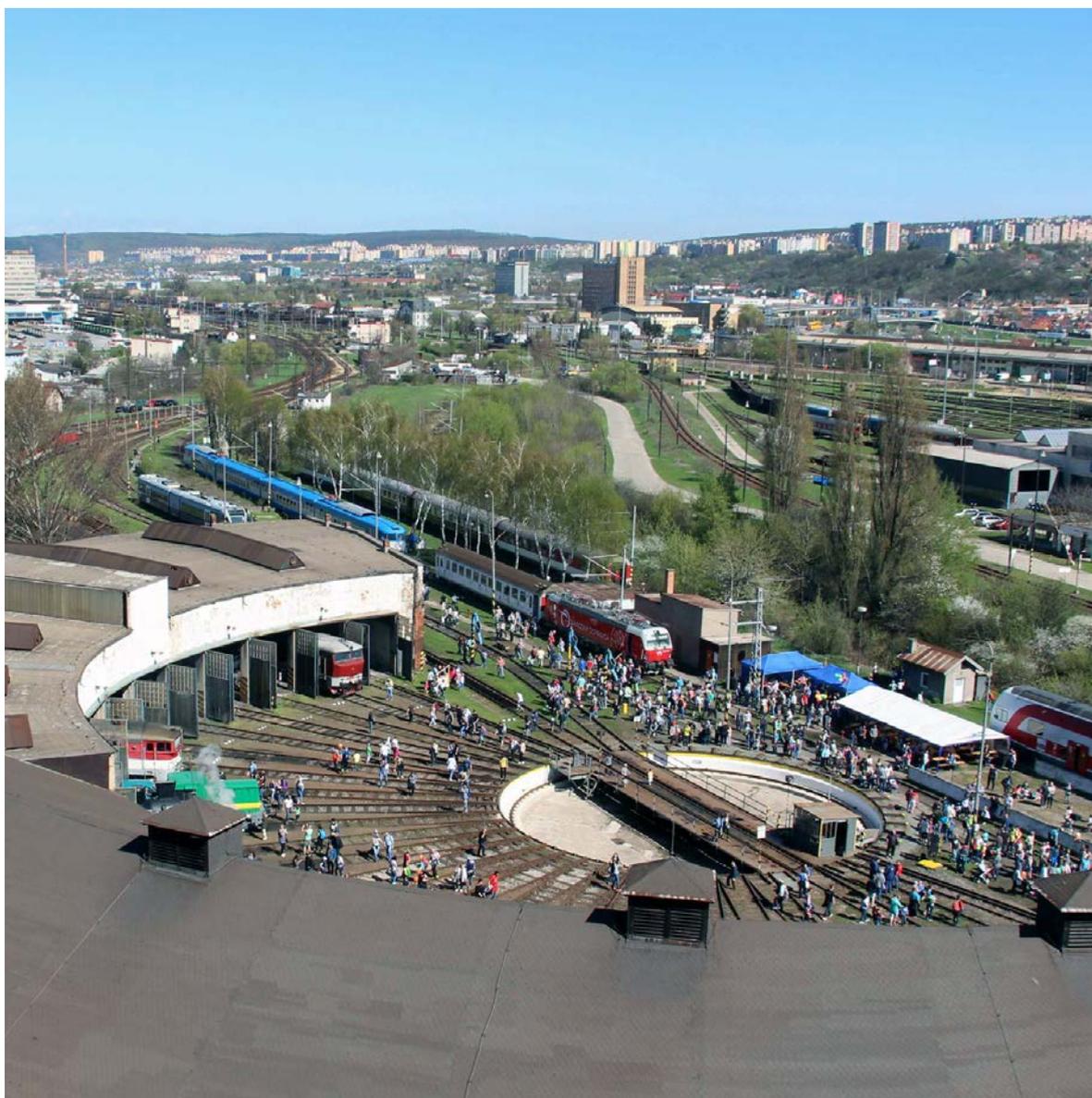
Železnice Slovenskej republiky for the accounting period of 2018 reported the business result – profit of € 171,846.34 that used to undistributed profit of previous years.

Non-current assets represents 96 % of total assets. Assets of railway infrastructure managed by ŽSR in accordance with Act is in carrying value in the amount of € 2,772,846 thousand.

Assets (in thousands of €)	31 December 2018	31 December 2017
Non-current assets	3,460,691	3,382,857
herein		
Property, Plant and Equipment	3,403,799	3,331,088
Current assets	148,952	102,960
herein		
Trade receivables	16,239	12,707
Inventories	10,594	7,911
Cash and cash equivalents	71,519	64,003
Total Assets	3,609,643	3,485,817

Equity represents 47 % of total equity and liabilities. Non-current liabilities increased by € 83,675 thousand mainly due to recognition of received capital subsidies. Current liabilities increased due to reclassification of current portion of long-term loan to current liabilities in the amount of € 62,740 thousand and also due to decrease in current trade liabilities by € 30,672 thousand.

Equity and Liabilities (in thousands of €)	31 December 2018	31 December 2017
Equity	1,683,315	1,680,125
herein		
Registered capital	800,170	800,170
Capital funds	530,135	527,638
Non-current liabilities	1,685,967	1,602,292
herein		
Loan, state and EU subsidies	1,523,060	1,440,687
Current liabilities	240,361	203,400
herein		
Short-term loan	62,741	8
Current trade liabilities	54,685	85,357
Total Equity and Liabilities	3,609,643	3,485,817



b) Financial indicators

	unit	31 December 2018	31 December 2017
Profit	In thousands of €	172	102
Liquidity Indicators			
Current liquidity		2.38	1.74
Total liquidity - average		2.57	1.88
Expenditure Indicators			
Expenditures	%	99.97	99.98
Salary expenditures	%	34.78	34.25
Indebtedness Indicators			
Self-financing indicator	%	84.46	83.39
Total indebtedness	%	15.54	16.61
Debt to equity ratio	%	18.40	19.92
Labour Productivity Indicator			
From revenues	EUR/empl.	36,219	33,716
From performance	trkm/empl.	3,781	3,662

c) Financial investments

Company	Share (%)
STABILITA, d.d.s., a.s. Košice	55.26
ŽPSV, a.s. Čaňa	41.06
Breitspur Planugs GmbH Wien	25.00
HIT RAIL, b.v. Amsterdam (Netherlands)	4.00

- Stabilita, a complementary pension insurance administration company
- ŽPSV Čaňa, a construction and assembly works company
- Breitspur Planungs, a company engaged in preparation of a broad-gauge railway connection project
- HIT RAIL, b. v., a company managing international data infrastructure



III. Human resources

Development of employment in 2018 concerning the number of employees had declining tendency.

Development of employment	31 December 2018	31 December 2017	Difference (2018 - 2017)	Difference (%)
Number of employees as at 31 December	13,665	13,781	-116	-0.84
Average number of employees	13,683.69	13,823.73	-140	-1.01

Male employees represent 76 % and female employees represent 24 % of total number of ŽSR employees. In 2018, 857 employees terminated their employment with ŽSR and 761 employees were recruited. Employees leave mostly by agreement and to retire.

Age structure	31 December 2018	% share of employees	31 December 2017	% share of employees
up to 20 years of age	25	0.18	17	0.12
20 - 29 years of age	1,202	8.80	1,271	9.22
30 - 39 years of age	1,941	14.20	1,962	14.24
40 - 49 years of age	4,301	31.47	4,462	32.38
50 - 59 years of age	5,191	37.99	5,254	38.12
over 60 years of age	1,005	7.35	815	5.91
Total	13,665	100.00	13,781	100.00

The average age of all ŽSR's employees was 47.07 years of age. Increased number of employees over 60 years of age is consequence of gradual increase of retirement age in the Slovak republic.

Education structure	31 December 2018	% share of employees	31 December 2017	% share of employees
Elementary education	312	2.28	343	2.49
Secondary education	3,450	25.25	3,557	25.81
Complete secondary education	7,352	53.80	7,344	53.29
University education	2,551	18.67	2,537	18.41
Total	13,665	100.00	13,781	100.00

In education structure of employees, there were no significant change in percentage comparison of individual levels of education. Within „Adaptation programme for graduates of selected schools“, 44 graduates were recruited.



Dual Education and Scholarship Program

The labour market points to the acute shortage of skilled labour in selected fields and graduates often do not meet market requirements, therefore improving quality of vocational education is crucial.

The aim of dual education in the conditions of ŽSR is to educate its own experts in the field of railway transport and in individual technical branches, who will know their future working environment and thus contribute to more efficient transport on the ŽSR's railway network. Students in this form of education are entitled to a housing allowance and a scholarship during their studies, whereby a guaranteed job is for the successful graduates. In the field of dual education, ŽSR cooperates with several secondary vocational schools within Slovakia. Supported courses are Railwayman, Electrician, Operator for operation and economic of transport, Mechanic – Electrician.

ŽSR has been cooperating on a long-term basis with secondary vocational schools regarding the placement of pupils for professional practice and vocational training at ŽSR's workplaces. ŽSR has concluded the Framework Agreement on Mutual Cooperation in research, development and education with the University of Žilina. Under this Agreement, ŽSR provides to students, as well as pedagogic staff, possibility of professional experience, professional internship, but also providing information and documents in the preparation of final theses, as well as consulting with their experts.

Remuneration and employee benefits

The remuneration principles have been agreed in the current Collective Agreement for 2017-2018 and are listed in the Human Resources Directive. In 2018, in accordance with Appendix No. 1 to Collective Agreement, the tariff classes of employees in operation were increased.

Employees were provided with cash and non-cash benefits to strengthen employees' stabilization and motivation. ŽSR provide a wide range of benefits:

- reduction of weekly working time fund to 36 hours without wage reduction (for selected professions)
- applying flexible working time in accordance with Labour Code
- time off with wage compensation for the purpose of treatment of an employee in a health care facility, accompanying a family member to a health care facility and improving family care
- provision of wage compensation for sickness absence for 10 days in the amount of 60% of the daily assessment base
- contribution to supplementary pension savings in the so-called pillar III.
- contribution to life insurance DYNAMIK Ž
- domestic and foreign travel benefits for both employees and their family members
- recondition stays for selected operation professions
- jubilee and retirement bonuses depending on the number of years worked

In the area of employee care, after agreement with union organizations, social fund resources are spent mainly to regeneration of employees, to catering allowance, to social assistance, to working anniversaries, to blood donation plaquettes and to recreation in facilities of ŽSR and union organizations.

In extraordinary and difficult life situations, employees can apply for support from the Non-investment fund SOLIDARITA of employees of ŽSR. This fund began its activities in 1997 and since provided financial support to several families and individuals in the amount of more than € 550 thousand. Non-investment fund as a legal entity relies on cash donations from voluntary donors in the form of direct contributions and using the Institute of 2% (3%) of income tax.

Employee awards

In 2018, 30 employees of ŽSR (of which 6 were women) took over various awards of Minister of Transport and Construction of the Slovak republic:

Tribute of the Minister of Transport of the SR	14 awarded
Degree of the Minister of Transport of the SR - Merited transport employee	13 awarded
Appreciation of the Minister of Transport of the SR	3 awarded

The selection took into account the professional and sectoral balance provided that it was represented by operating staff, men and women.

Respect for human rights

ŽSR respect human rights, proclaims their support, whereby the principle of equal treatment is applied in all internal management rules.



IV. Modernization and development of railway infrastructure

Investment actions in the amount of € 285,857 thousand were realized in 2018. Investments represent modernized components of railway infrastructure – railway stations, railway substructure, railway superstructure, traction lines, security apparatus for railways, supporting walls and construction of railway bridges.

Overview of realized investment actions in 2018:

(in thousands of €)	Realization in 2018
Modernization, reconstruction and construction of railway infrastructure	254,821
Operational safety	14,839
Improving of services for railway undertakings	13,560
Automation of Traffic management	876
Other	1,761
Total	285,857

Investment actions were financed from own resources in the amount of € 125,775 thousand and from capital subsidies in the amount of € 160,082 thousand.

Investments from own resources

Within investment activities, ŽSR focused not only on the modernization elements of railway infrastructure, but also on the development business investment which will create additional performances and directly support core business of ŽSR in the future.

The most significant investment actions realized in 2018 from own resources include:

(in thousands of €)	
Terminal of intermodal transport Lužianky	28,301
Modernization of railway track in track section Zlatovce - Trenčianska Teplá	20,749
Reconstruction of building in railway station Trnava	5,013
Reconstruction of administrative building in Košice	3,807
Increase of stability of embankment of railway track of broad-gauge line Maťovce – Haniska	3,374
Maťovce state border, broad-gauge line – Railway station Haniska pri Košiciach in km 67.500-67.700 – Increase of stability of embankment	2,770
Reconstruction of traction substation in Galanta	2,436
Reconstruction of tracks in railway station Štúrovo	1,989

Terminal of intermodal transport Lužianky

In October 2018, a new terminal of intermodal transport Lužianky was opened. The modern service facility is a part of strategic industrial park Nitra-Sever and it is connected with single track non-electrified track to main railway network. The main impulse for the construction of Terminal Lužianky was development and expansion of industrial park and the associated intention to build a network of similar terminals. The investment is supposed to reduce the environmental impact of transport production of park Nitra-Sever and also to successful implement of pan-European commitment to move 30-50% of road transport to railway or water by the year 2030. Terminal is situated near to the Jaguar Land Rover.

Modernization of the railway track in track section Zlatovce - Trenčianska Teplá

In 2018, the modernization of the railway track in track section Zlatovce – Trenčianska Teplá was completed. The construction was a modernization of 11.952 km of railway track including new railway bridge with length of 343 metres in Trenčín.

Reconstruction of building in railway station Trnava

Reconstruction consists of modernization of platform No. 2 – realization of new roofing of platforms, new movables, information, camera and orientation system, adjustments of exit of underpass, reconstruction of railway substructure and railway superstructure, adjustment of traction lines, new low voltage distribution and platform lighting as well as adjustments of security apparatus for railways.

Operational Programme Integrated Infrastructure 2014 – 2020 (OPII)

Drawing of EU funds and co-financing from the state budget was largely influenced by the approval process of Grant Agreements.

On 28 September 2018, Grant Agreement to project of the Modernization of railway track Púchov – Žilina, phase I., track section "Púchov – Považská Teplá" came into effect. On this basis, the eligible expenses that ŽSR spent in previous periods from own resources were refunded.

Funds from operational programme was received mainly to these projects:

(in thousands of €)	
Railway track "Púchov – Žilina", phase I. track section "Púchov – Považská Teplá"	139,370
Railway track "Púchov – Žilina", phase II., stage 2, track section "Dolný Hričov – Žilina"	2,193
Electrification of railway track "Bánovce nad Ondavou – Humenné", PD	1,376
Transport Hub Bratislava – feasibility study	455

Modernization of railway track Púchov – Žilina, phase I., track section Púchov – Považská Teplá

It is the most investment and technically demanding construction since the ŽSR's autonomy. Modernization of railway track consists of reconstruction of the existing railway infrastructure in order to increase its technical equipment and usability by incorporating the most modern elements and thus improving its technical parameters and indicators as a whole. Its completion will complete the modernization of railway track, which will increase speed, comfort, safety and flow of traffic on the integrated track section Bratislava - Žilina, as a result the negative effects of transport on the surrounding environments are also reduced. As a part of this modernization, two tunnels will be built – Diel (length of 1,082 metres) and Miločov (length of 1,861 metres). At the exit of east portal of the tunnel Diel, a bridge object is designed over Nosická priehrada in total length of 653.45 metres. Total length of the modernized track section including stops, turn-out and railway stations will be 15.921 km. In the first quarter of 2019, the tunnel Diel will be broken through and the tunnel Miločov will be broken through in 2020.

Modernization of railway track Púchov – Žilina, phase II., stage 2, track section Dolný Hričov – Žilina

In 2018, modernization of railway track from Dolný Hričov to Žilina was financially completed. Total length of the modernized track section including stops, turn-out and railway stations is 22.7 km, 6 new railway bridges were built, 9 existing bridges were reconstructed, 5 new road bridges were built, 5 new underpasses and more than 12 km of noise barriers were built.

Electrification of railway track Bánovce nad Ondavou - Humenné, project documentation

The aim of the project is to create conditions for the modern functioning transport system in the connection with system of integrated rail transport, which would provide transport services and connection of Košice to other regions eastern Slovakia. It will take into account the utilization of road and railway infrastructure in region for the transport of passengers and goods, especially the daily transport of passengers from Košice to Humenné by cars, buses and trains with the aim of bringing quality railway closer to the sources and destinations of passenger journeys. A valid zoning decision is issued for this construction. Documentation for building permission has been prepared for which the approved protocol of the Ministry of Transport and Construction of the Slovak republic was issued in 2018. At present, documentation for the construction is being processed.

Transport hub Bratislava – feasibility study

The project is aimed at modernization of railway infrastructure in order to address the concept of transport flows and to ensure the operation of passenger, freight and international transport as well as regional and local transport in this transport hub. Project based on the conclusion of the feasibility study should propose a set of specific measures, confirmed by data collection and analysis, and identify a list of projects / interventions that could be assessed and further developed and implemented in short, medium- and long-term. The purpose of feasibility study is to examine the possibilities and alternatives of increasing the general technical level of railway infrastructure in hub Bratislava which is prerequisite for maintaining and/or improving of the hub performance within the network, reflecting its importance and proposed functionality. In addition to its current importance, hub should also become the basis for suburban transport within Integrated Transport System in Bratislava and Bratislava's metropolitan cross-border region. In 2018, the Steering Committee approved 3 phases of feasibility study and a final meeting of the Steering Committee will be held at the end of March 2019 to approve final report.

Finishing of Marshalling yard „Žilina – Teplička“ and the connected railway infrastructure in hub Žilina – project documentation

Railway station Žilina is a part of important railway transport hub where corridors of European importance meet, corridor V. in section A Bratislava – Žilina – Čierna nad Tisou and corridor VI. in section Žilina – Čadca – Skalité – border with Poland. The passenger railway station also has unsatisfactory infrastructure for current and future demands - short island platforms, part of the platforms has only a level approach, facilities for access of persons with reduced mobility are also missing. Interstation section Žilina – Varín has an outdated infrastructure which does not allow increase of line speed and to switch to new system of traction lines with alternating voltage of 25 kV. The modernization is foreseen to exclude all level crossings - road crossings by building new overpass, underpass and pedestrian underpass structures with related road communications. In 2018 the project preparation of the project was completed and the engineering activity related to assurance of building permissions are being in progress.

Railway station Pezinok – parking lot

In 2018, the project preparation of construction was completed and public procurement was announced. The expected date of realization is 4/2019 – 9/2019.

Stop Ivanka pri Dunaji – parking lot

In 2018, the project preparation of construction was completed and public procurement was announced at the end of 2018. The expected date of realization is 7/2019 – 12/2019.

The aim of these projects is to build parking lots for cars and bicycles with all its supportive features (camera system surveillance, information system, with the use of railway transport to the price of parking tickets, fenced parking for bicycles), which will ultimately contribute to changing the behavior of residents of municipalities and towns located in the region around the capital city of Bratislava, who come from their place of residence to Bratislava.

Capital transfer

Based on the Contract No. 121/AD00/2018 on the provision of funds to the Railways of Slovak republic from the category of budget of Ministry of Transport and Construction of the Slovak republic, financing of several investment projects were provided in the amount of € 65,822 thousand. These funds were allocated as follows:

Within subprogramme Construction and renewal of railway network in the amount of € 45,211 thousand with the following most significant actions:

(in thousands of €)	
Constructions focused on increasing of safety of level crossings	15,008
Stabilization of area in track section of broad-gauge line, Maťovce - Haniska pri Košiciach km 67.000 – 67.400	5,202
Complex reconstruction of railway superstructure in track section of broad-gauge line, Haniska - Maťovce, in length of 5 km	4,946
Complex reconstruction of tracks Pribeník – Veľký Horeš	3,928
Complex reconstruction of tracks Košice – Kostoľany nad Hornádom	3,663
Renewal of switches in railway station Zvolen	3,049
Complex reconstruction of railway superstructure Michalany – Kuzmice	2,536

Funds in the amount of € 20,611 thousand were received from subprogramme Co-financing (outside). These funds were used to finance the investment costs for the modernization of railway track Púchov – Žilina, phase I. track section Púchov – Považská Teplá, which cannot be claimed from European Union funds due its nature.

Constructions focused on increasing of safety of level crossings

Investments for the reconstruction and modernization of crossings are realized in accordance with the government material "Complex program for solving the problems of railways crossings". Its aim is to increase safety, comfort for public and increase standards of railway tracks, stations and stops.

Stabilization of area in track section of broad-gauge line, Maťovce - Haniska pri Košiciach km 67.000 – 67.400

The purpose is to realize the decontamination of track bed structure under the track. This track section is located on embankment of 11 to 14 metres height in weighty area. In these places there were repeated decreases in track levelling and disintegration of geometrical position of the track, which necessitated the continuous filling of the rail bed and consequently its tamping.

Complex reconstruction Pribeník - V. Horeš, track No. 2 in length of 5.628 km

Deteriorating state of railway superstructure caused temporary line speed limit of 70 km/h from original speed of 100 km/h with tendency of reducing. The aim of reconstruction is to improve the technical condition and stabilize the geometrical position of the track in the track section Čierna nad Tisou – Košice, where the last track reconstruction was carried out in 1980.

Complex reconstruction of railway superstructure Košice - Kostolány nad Hornádom, track No. 2 in length of 6.506 km

The reason for the reconstruction is unsatisfactory technical condition of railway superstructure. The aim of project is to improve all parameters of geometrical position of the track and increase fluidity and driving safety. It is track section Košice – Žilina, two-line track, electrified track.

Complex reconstruction of railway superstructure Michalany - Kuzmice, track No. 2 in length of 3.60 km

Track section Čierna nad Tisou – Košice, interstation section Michalany – Kuzmice, is a corridor track of network-wide significance, electrified. Before reconstruction, track No. 2 from 1987 was shaped as R65 on wooden crumbled sleepers. The speed on track No. 2 was permanently limited to 50 km/h and later was temporarily limited to speed 30 km/h.

Renewal of switches in railway station Zvolen

Within this project, complex reconstruction of 18 switches and external elements of security apparatus was realized.

Capital transfer - Support of defence

Within interministerial subprogram Support of defence, under Contract No. 133/A410/2018 on provision of funds from the category of budget of Ministry of Transport and Construction of the Slovak republic, funds in the amount of € 250 thousand were allocated. Funds were allocated for the construction of loading and unloading space in the railway station Sása Pliešovce.

Connecting Europe Facility – CEF

Within programme of Connecting Europe Facility, in 2018 ŽSR received supplementary advance payments in the amount of € 5,778 thousand from European Commission. Total amount of advance payments for investment actions as at 31 December 2018 is at the amount of € 28,827 thousand. Due to ongoing procurement, there were no use of advance payments in 2018, however in 2019 the Company expects to use advance payments in the amount of € 11,110 thousand. In 2018, operating subsidies of CEF were used in the amount of € 74 thousand. Advance payments are bound to following projects:

Modernization of railway track Devínska Nová Ves – state border Slovak republic / Czech Republic

Modernization of railway track Žilina – Košice, track section Liptovský Mikuláš – Poprad Tatry (except) – phase I. (Poprad - Lučivná)

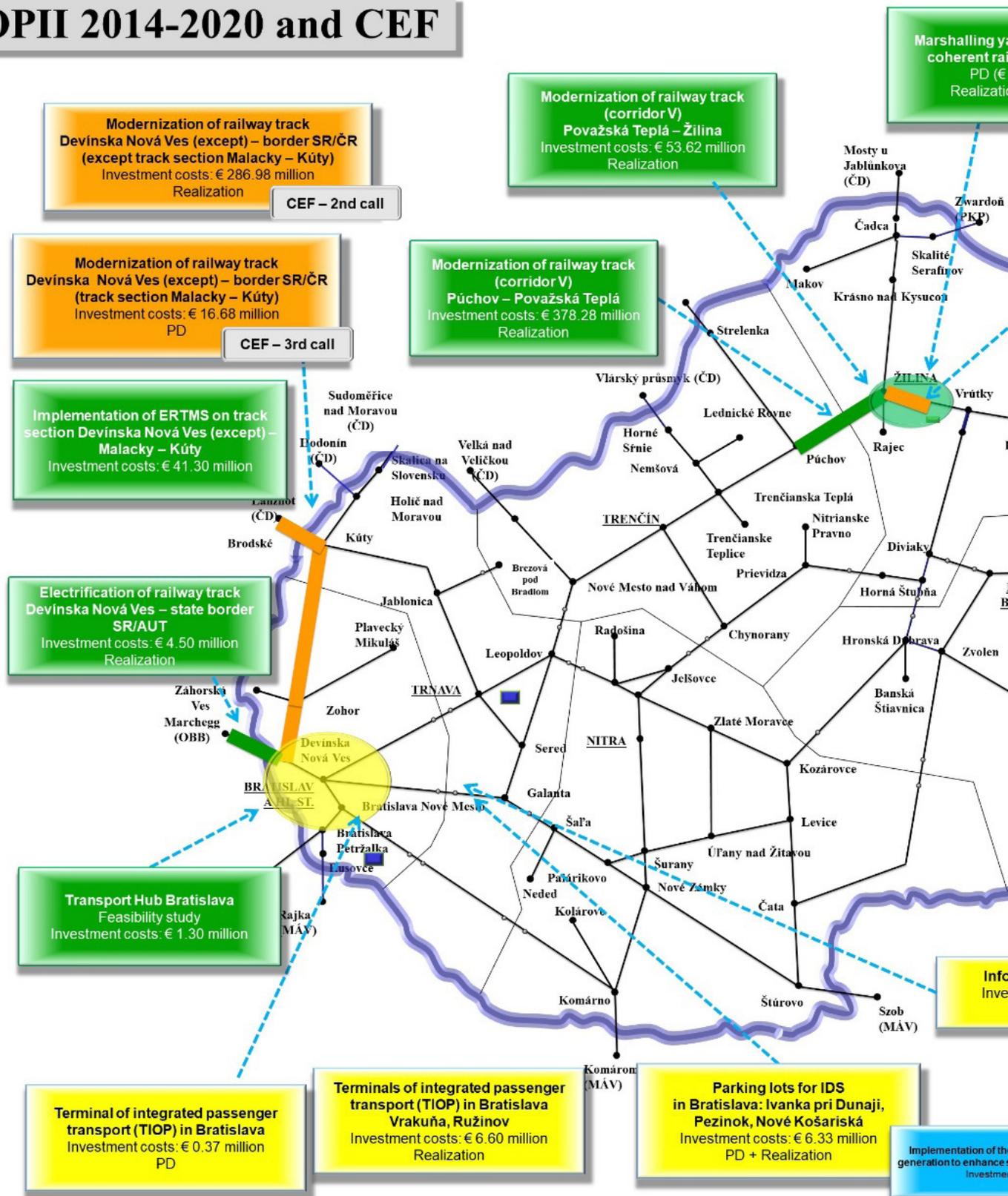
Modernization of railway track Devínska Nová Ves – state border Slovak republic / Czech Republic; track section Malacky (except) – Kúty, project documentation

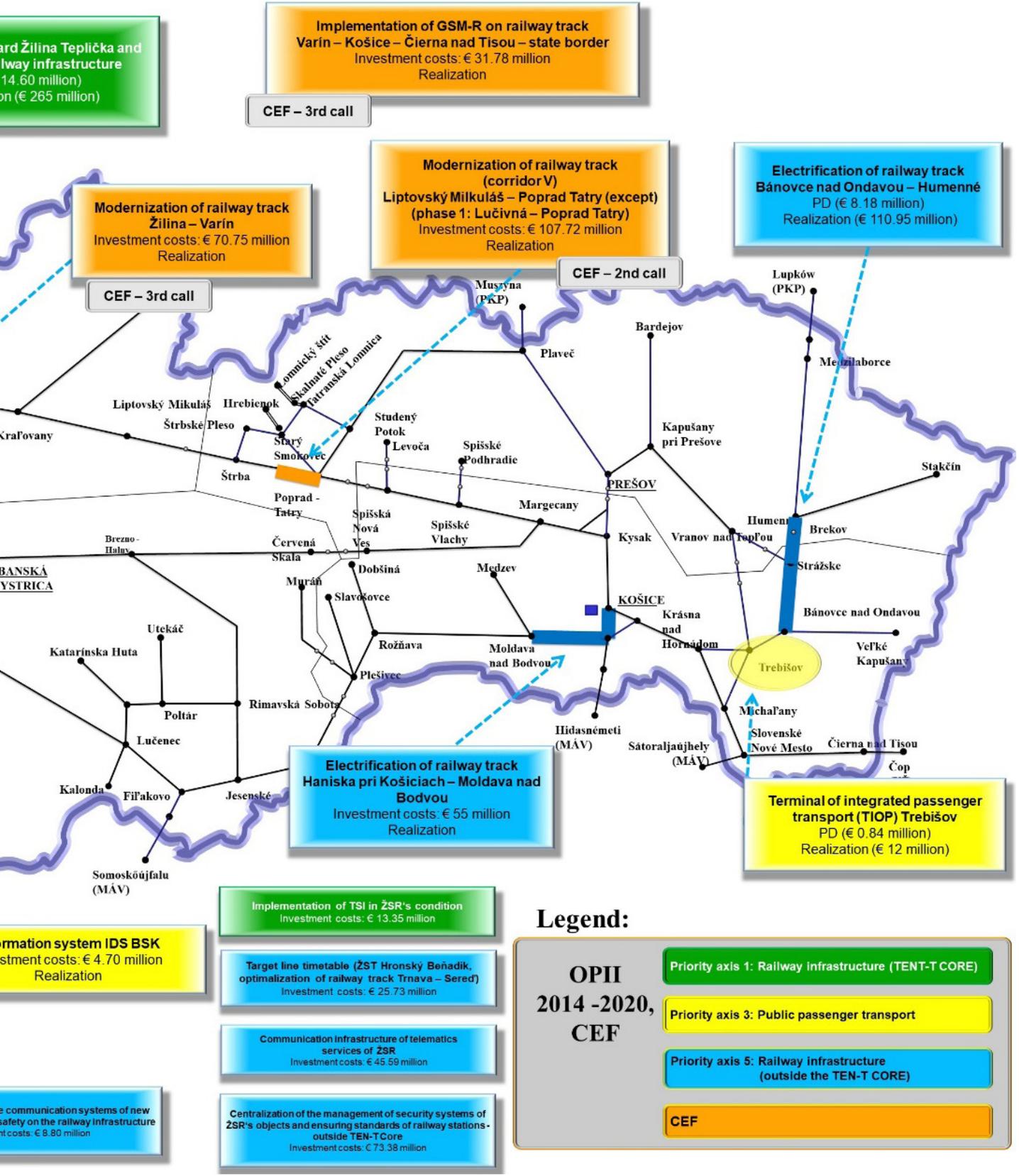
Modernization of railway track Váh – Varín – Strečno

Implementation of GSM-R on railway track Varín – Košice – Čierna nad Tisou, state border.

The following map shows the projects co-financed by the European Union on which ŽSR is currently working. Projects are color-coded by priority axis:

OPII 2014-2020 and CEF





V. Safety

The Act No. 513/2009 Coll. On Railroads and on amendments of some acts as amended defines which events in railroad operation shall be considered accidents. ŽSR conducts statistical register of accidents and its consequences, determination of the causes of accidents with objective to adopt measures to prevent future accidents and to enhance railway safety.

In respect of obligations in accordance with Act. No. 124/2006 Coll. On Occupational Safety and Health Protection, § 5, 6 and 9, and on amendment of certain acts as amended, ŽSR ensures preventive inspection activities aimed at observing safe working practices in relation to work activities, use of prescribed and assigned personal protective work equipment, adherence to the work discipline and other obligations arising from internal regulations, decrees and laws. ŽSR performs complex inspections of workplaces to determine the working environment and working conditions from the point of view of health and safety at work and assess its impact on the health of employees in all ŽSR's workplaces and facilities. Simultaneously, according to the cited law, it is the duty of the employer to investigate the causes of accidents at work, occupational diseases and occupational disease threats, to monitor the number and severity of occupational injuries and to perform necessary analyses of the state and development of occupational injuries, occupational diseases and occupational disease threats in order to adopt measures aimed at preventing or limiting the recurrence of similar events and to improve the state of occupational safety and health protection at work.

Accidents on the network of ŽSR

Type of accident	31 December 2018 Total/ŽSR	31 December 2017 Total/ŽSR	Difference Total/ŽSR
Train collision	19/5	14/2	+5/+3
Train derailment	6/2	2/2	+4/0
Collision with level crossings users	48/0	50/0	-2/0
Rolling stock fire accidents	15/0	10/0	+5/0
Injuries by rolling stock	112/0	120/0	-8/0
Shunting accidents	45/19.5	36/13	+9/+6.5
Consequences of accidents			
Level crossing fatalities	15	5	10
Unauthorized persons fatalities	85	92	-7
Staff fatalities	0	1	-1
Passenger fatalities	1	1	0

Occupational injuries Report

	31 December 2018	31 December 2017	Rozdiel
Total occupational injuries	45	56	-11
of which major occupational injuries	0	0	0
Number of missed calendar work days	3,151	4,434	-1,283
Number of injuries per 1,000 employees	3.289	4.051	-0.762
Average number of employees	13,683.69	13,823.731	-140.044

VI. Research and development

Expenditure on research and development assignments

Operational processes (in thousands of €)	31 December 2018	31 December 2017
research expenditures	87	55
development expenditures	32	20
Total	119	75

The most significant assignments completed and resolved in 2018:

- Pilot solution for electric heating of traction line fully controlled by the functionality of station control system in traction conditions of 25 kV.
- Preventing theft of railway infrastructure components in field of electrotechnics and energetics
- elaboration of a transport market study for the needs of the establishment of so-called „Amber“ corridor of railway freight transport
- transport market study for the project of "Silk road"
- determination of the maximum trains weights and the electrical interval
- archive of railway infrastructure documentation of field of electrotechnics and energetics

Other tasks dealt with issues in the field of energetics, testing, diagnostics and implementation of EU and Slovak legislation into practice of ŽSR.



VII. Environmental protection

The Company pays constant attention to compliance with environmental legislation and its application in the company environment.

It is well known that the production of greenhouse gas emissions in transport is determined by the most fundamental factor, namely the rapid growth in transport performance of environmentally unfriendly road transport, which is associated with high fossil fuel consumption, despite efforts to increase the ratio of electric vehicles. A necessary step to increase the ratio of train transport and its positive impact on landscape ecology is to continue in electrification of tracks and modernization of corridors with pan-European significance to such extent that it is advantageous for transport customers to prioritize train freight transport and for the traveling public to travel by train as a choice number one.

Measures to reduce the adverse impact of ŽSR on the environment

In 2018, the continuation of the geological project - environmental burden by remediation of rock subsoil and groundwater in Čierna nad Tisou was realized - operating of hydraulic protection and monitoring of groundwater.

Air protection

Under the statutory obligations, charges for air pollution by medium sources of pollution were calculated and approved by the competent air protection authorities in the amount of € 2,384 for the period under review.

Overviews of ecological accidents

In 2018, ŽSR recorded the following significant releases of pollutants:

Railway station Ulanka – Harmanecká jaskyňa – powered track vehicle of Železničná spoločnosť Slovensko, a. s. crashed into a fallen rock with the fuel tank breaking through and the diesel fuel leakage of 1,800 litres in track section 280 metres. The Slovak Environmental Inspectorate, Water protection Inspectorate declared aforementioned event as an extraordinary deterioration of water under §41 of the Act of the National Council of the Slovak republic No. 364/2004 Coll. on waters as amended. Železničná spoločnosť Slovensko, a. s. was identified as the originator and measures to eliminate the consequences of the exceptional water deterioration were imposed.

Railway station Plešivec – there was collision of outgoing train of Železničná spoločnosť Slovensko, a. s. with a separate track vehicle of Železničná spoločnosť Cargo Slovakia, a. s.. There was diesel fuel leakage of 2,600 litres from both damaged track vehicles. Both companies were identified as the originators and measures to eliminate the consequences of the exceptional water deterioration were imposed.

Workplace of ŽSR – circuit electric workshop in Liptovský Mikuláš – there was a transformer failure followed by transformer oil leakage of 70 litres. The event was declared as an extraordinary deterioration of water under §41 of the Act of the National Council of the Slovak republic No. 364/2004 Coll. on waters as amended. ŽSR was identified as the originator and measures to eliminate the consequences of the exceptional water deterioration were imposed.

Penalties for deficiencies identified by state authorities

No penalty was imposed on ŽSR in 2018 in the field of environmental protection.



VIII. Risks and uncertainties

Risk Management at ŽSR

Risk Management is a continuous systematic and methodological activity organized and coordinated by the Internal Audit Department. Internal audit independently and objectively reviews, evaluates and improves ŽSR's work processes and procedures, management and control systems. The Internal Audit Department is directly responsible to the Director General.

In order to efficiently fulfil the defined strategic objectives of ŽSR, strategic risk management system is introduced in ŽSR which acts as a support system for the successful implementation of the strategy. Its aim is to effectively manage identified strategic risks which could negatively affect the realization of strategic objectives of ŽSR.

Operational risks

The objective of operational risk management is to ensure the safe and trouble-free operation of railway infrastructure. These risks include e.g. violation of regulations by operation employees, accident events and abnormalities, non-respected technological procedures of railway stations and track sections. These are risks of medium to high importance, but measures are taken to eliminate risks from one-off to procedural. Transport risks include the risk of non-compliance with the requirements of railway undertakings in the creation / change of Line Timetable as well as unattractive products and services in terms of access to Railway Infrastructure. In railway infrastructure due to lack of funds for repair and maintenance and public procurement problems, transport actions are adopted (such as reducing of speed) that are criticized by customers – railway undertakings and traveling public.

Financial Risk

In the financial area, ŽSR is exposed to liquidity risk and credit risk.

The company is dependent on continuous state aid in the form of subsidies from the state budget. The State participates in the financing of the ordinary and capital expenditures of ŽSR through the category of budget of Ministry of Transport and Construction of the Slovak republic. Liquidity in this area is managed with regard to approved budget of ŽSR for the relevant budgetary period with emphasis on the observance of the conditions for drawing of subsidies and the minimization of possible penalties.

The Company has opportunity to draw resources from number of European Union financial instruments for modernization of transport corridors of pan-European importance. Due to the administrative complexity of contracting processes for financial resources, the risk of time discrepancy between real needs and their provision by the European Union can be met. In such situation, the Company may be under pressure as regards its internal sources of funding, possibly threatening the liquidity and financial stability of the Company.

In other areas primarily funded from sales, the key liquidity management tool is continuous monitoring of actual cash flows developments. In case of occurrences of risk events and externalities, the Company reviews and models them to manage liquidity by operational means.

Credit risk arises from the inability of debtors to pay their liabilities to ŽSR. The risk is regulated by monitoring and evaluating the status of receivables and by immediately resolving receivables overdue using all legal options. The procedures for monitoring, evaluating and recovering debts are governed by an internal directive, which is regularly reviewed.

Management is striving to eliminate all of the aforementioned risks, continually monitors the risk management situation and seeks to ensure the credibility, trustworthiness and long-term financial stability of the Company with its predictions and ex post analyses.

Human Resources Risks

Every year, ŽSR has to replace the expected natural loss of operation employees, mainly due to retirement, but also to job positions financially more lucratively evaluated by qualified professional workforce. Without increasing the financial motivation of employees, there is a high presumption of leaving qualified professionals, especially for higher wages, mainly in the business sphere.

It is not possible to provide activities of manager of railway infrastructure with the required scope and quality without a correspondingly regular increase in wage and other personnel costs. In the future, it is necessary to increase the subsidy for the operation of railway infrastructure so that ŽSR is able to reflect the current requirements of the labour market and create a competitive working environment towards the external labour market.

Risks in Information Technology and Cyber Security

Significant IT risks include misuse, corruption, loss of data, and possible disruption to important information systems. These risks are eliminated by various measures such as antivirus updates, operating system updates, managed applications, servers and networks, security patches, external penetration tests at regular intervals. An important factor in eliminating the risks is the regular review of the security policy of communication and information systems of ŽSR and the ŽSR's information security management system.

From a cyber-security perspective, networks and information systems are critical elements which, in terms of cyber law, directly or indirectly support the operation of identified fundamental services:

- signalling and security apparatus,
- railway energetics,
- electricity distributions,
- critical infrastructure operations.

In accordance with the organizational rules of ŽSR, information security is managed by Internal Organizational Unit of ŽSR - Railway Telecommunications, which provide comprehensive data protection and system protection of communication, information systems and technologies in accordance with applicable laws and standards and methodologically manage and control information and cyber security in ŽSR.

Anti-corruption measures

ŽSR has issued internal regulations, which ensure uniform rules and procedures for taking initiatives on serious anti-social activities under Act No. 307/2014 Coll. on certain measures related to reporting of anti-social activities and on amendment and supplements to certain acts as amendment. At the same time, a timely and effective response to the prevention of damage as a result of such proceedings is ensured.



IX. International cooperation

ŽSR is a member of several international organizations and groups:

- **CER – Community of European Railway and Infrastructure Companies**
CER develops activities to support the development of railways and promotes the transfer of transport to more environmentally friendly modes, minimizing external costs and improving the economic performance of railways. The membership in CER is important as it creates conditions for rail interoperability when submitting, elaborating and commenting on European rail legislation.
- **UIC – International Union of Railways**
The longest ŽSR's membership is in UIC, which maintains and develops the overall interconnection of the rail system and allows its interoperability to improve rail competitiveness. At present, UIC is actively involved in matters of standardization and preparation of International Rail Standards (in the past, decrees), global and regional project activities, digitization activities, research and innovation activities and quality management system activities.
- **RNE – RailNetEurope - European Infrastructure Managers Association**
Another important organization is RNE, which within international cooperation develops IT tools that are used in rail transport. It is currently working closely with the European Union Agency for Railways (ERA) in the field on the implementation of telematics applications for freight and passenger transport and technical interoperability specifications.
- **OSŽD – Organisation for Co-operation between Railways**
Organisation for Co-operation between Railways creates the basis of cooperation between member countries. It is an organization bringing together the relevant ministries of transport of the Member States. OSŽD together with the UIC are currently preparing common decrees aimed at unifying and simplifying East-West transport procedures.
- **G4 – Association of Southern and Eastern European Railway Organizations,**
- **V4 – Association of Railway Organizations of Visegrad Four Countries**

Both association provide cooperation between railway organizations within concerned regions.

ŽSR also participates in the activities of Railway Freight Corridors by participating in their management structures and working groups:

- Corridor of freight railway transport No. 5 – „Baltic - Adriatic“
- Corridor of freight railway transport No. 7 – „Orient / East Mediterranean“
- Corridor of freight railway transport No. 9 – „Czechoslovak“ – to which the Rhine–Danube Rail Freight Corridor will be affiliated, thereby extending it.
- Corridor of freight railway transport No. 11 – „Amber“ - in 2018 work continued on establishing a new corridor that will connect us with business and industrial centres in Poland, Hungary and Slovenia.

The main objective of the corridors is to facilitate the competitiveness of cross-border rail freight transport and to ensure efficient interconnection of individual rail routes.

In 2018, a number of important international conferences, seminars, exhibitions and meetings were held with the aim to promote and develop railway transport, to work together and to exchange experience at the level of individual railway infrastructure managers, government bodies (ministries, regulators, European Commission) and at the level of other railway market participants (carriers, combined transport operators, logistics companies, terminals, ...). Individual multilateral, but above all bilateral negotiations (permanent working groups and border conferences with neighbouring infrastructure managers) dealt with the solution of current issues related to the operation, service and strategic planning of the development of railway infrastructure.

X. Events that occurred after 2018

Relations with the state

In January 2019, the Ministry of Transport of the Slovak Republic started preparing the updating of databases for the Transport Model of the Slovak Republic, which serves to coordinate transport relations of all modes of transport and types of transport infrastructure, definition of the needs of transport infrastructure development at national and transnational level from the point of view of interconnection to European transport networks, provision the data for the transport service of the territory and processing forecasts of the transport model on the infrastructure.

On 4 February 2019, ŽSR concluded with the Slovak republic represented by Ministry of Transport and Construction of the Slovak republic Appendix No. 4 to the Contract on the Operation of the Railway Infrastructure for the years 2017 – 2021. The subject of Appendix No. 4 is the setting of financial and operational indicators into valid Contract on the Operation of the Railway Infrastructure for the year 2019.

Collective Agreement

The Collective Agreement of ŽSR for the years 2019 – 2020 was concluded with effect from 1 February 2019.

Organizational changes

Pursuant to the Resolution of Management Board of ŽSR, Internal Organizational Unit – Railway Services Centre was abolished with effect from 1 January 2019, its selected activities are provided by Central Institute for Education and Psychology, Bratislava.





Separate Financial Statements
Prepared in accordance with International Financial Reporting Standards
as adopted by the EU for the year ended 31 December 2018

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STATEMENT OF FINANCIAL POSITION

	Note	31 December 2018	31 December 2017
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment	4	3,403,799	3,331,088
Investment property	5	32,998	29,427
Intangible Assets	6	17,735	16,335
Financial Investment	7	5,649	5,662
Non-Current receivables	8	510	345
Total Non-Current Assets		3,460,691	3,382,857
CURRENT ASSETS			
Inventories	9	10,594	7,911
Trade receivables	10	16,239	12,707
Other receivables and assets	11	50,600	18,339
Cash and Cash Equivalents	12	71,519	64,003
Total Current assets		148,952	102,960
TOTAL ASSETS		3,609,643	3,485,817
EQUITY AND LIABILITIES			
EQUITY			
Registered capital		800,170	800,170
Capital funds		530,135	527,638
Legal reserve fund		21,904	21,904
Earnings from previous periods		330,934	330,311
Profit for accounting period		172	102
Accumulated earnings		331,106	330,413
Total Equity	13	1,683,315	1,680,125
NON-CURRENT LIABILITIES			
Loans	3,14	0	62,740
State and EU subsidies	15	1,523,060	1,377,947
Provisions and accruals	16,17,18	69,032	89,583
Deferred tax liability	37	53,611	48,147
Other non-current liabilities	19	40,264	23,875
Total Non-Current Liabilities		1,685,967	1,602,292
CURRENT LIABILITIES			
Short-term loans and current portion of long-term loans	3,14	62,741	8
Short-term state and EU subsidies	15	79,332	77,681
Trade liabilities	20	54,685	85,357
Payables to the public institutions	21	9,691	8,619
Other liabilities	22	27,118	25,256
Provisions and accruals	16,17,18	6,794	6,479
Total Current Liabilities		240,361	203,400
TOTAL EQUITY AND LIABILITIES		3,609,643	3,485,817

Accounting policies and explanatory notes are an integral part of the financial statements

STATEMENT OF COMPREHENSIVE INCOME

	Note	31 December 2018	31 December 2017
REVENUES			
Railway infrastructure operation	23	89,618	90,802
Subsidies for railway infrastructure operation	24	296,476	274,075
Electric energy	25	70,397	65,331
Telecommunication services and IT services	26	5,288	5,373
Property revenues	27	13,876	11,016
Other revenues	28	19,908	19,458
Total revenues		495,563	466,055
OPERATING COSTS			
Materials and consumables	30	-30,885	-34,889
Energy	31	-80,070	-74,782
Services	32	-50,941	-43,322
Payroll costs	33	-252,500	-233,776
Depreciation, amortization and impairment	34	-92,743	-87,737
Other operating costs, net	35	17,372	12,847
Total operating costs		-489,767	-461,659
PROFIT FROM OPERATIONS		5,796	4,396
FINANCIAL COSTS / INCOME			
Interest from loans	14	-127	-127
Other financial costs / income	36	0	688
Total financial costs / income		-127	561
PROFIT before tax		5,669	4,957
Income tax	37	-5,497	-4,855
NET PROFIT after tax		172	102
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Re-measurements of post-employment benefit obligations	18	379	520
Deferred tax related to re-measurements	37	-80	-109
Items that may be reclassified to profit or loss:			
Revaluation of financial investment		0	9
Deferred tax related to revaluation of financial investment	37	0	-2
COMPREHENSIVE PROFIT FOR PERIOD		471	520

Accounting policies and explanatory notes are an integral part of the financial statements

STATEMENT OF CHANGES IN EQUITY

	Registered capital	Capital funds	Legal reserve fund	Accumulated earnings	Total
As at 1 January 2017	760,234	520,228	21,904	376,113	1,678,479
Profit for the period	0	0	0	102	102
Registered capital	39,936	0	0	-39,936	0
Non-cash increase in capital	0	2,754	0	0	2,754
Allocation to Social fund	0	0	0	-500	-500
Other comprehensive income	0	4,656	0	-5,366	-710
As at 31 December 2017	800,170	527,638	21,904	330,413	1,680,125
As at 1 January 2018	800,170	527,638	21,904	330,413	1,680,125
Profit for the period	0	0	0	172	172
Non-cash increase in capital	0	2,616	0	0	2,616
Other comprehensive income	0	-119	0	521	402
As at 31 December 2018	800,170	530,135	21,904	331,106	1,683,315

Accounting policies and explanatory notes are an integral part of the financial statements



STATEMENT OF CASH FLOWS

		31 December 2018	31 December 2017
Profit before tax		5,669	4,957
Adjustments by non-cash transactions		74,917	79,523
Depreciation, amortization and impairment		191,185	177,191
Dividends and other profit sharing recorded against revenues		-5	-37
Interest recorded against expenses		142	270
Interest recorded against revenues		-7	-53
- Gain / + Loss from the sale of property, plant and equipment		-3,510	-1,571
+ Increase / - Decrease in provisions		-20,161	-11,050
Amortization of state subsidies		-98,396	-89,426
Other non-monetary items		0	-758
Effect on changes in working capital		-49,697	97,518
- Increase / + Decrease in receivables and other assets		-35,965	85,272
+ Increase / - Decrease in liabilities		-11,049	11,672
- Increase / + Decrease in inventories		-2,683	574
Cash flow from operating activities		25,220	177,041
Expenditure on income tax		-2	-12
Interest received		7	50
Interest paid		-134	-131
Net cash flows from operating activities		25,091	176,948
Property, plant and equipment and non-current intangible assets		-267,783	-240,120
Subsidies for acquisition of non-current assets		245,160	45,740
Revenue from the sale of property, plant and equipment and non-current intangible assets		13	0
Cash receipts from financial investment		5,042	2,583
Net cash flows from investment activities		-17,568	-191,797
Cash receipts from dividends and other profit sharing		5	37
Cash receipts from loans and borrowings		50,237	4
Spending for loans and borrowings		-50,242	0
Repayment of liabilities related to financial leasing		-1	-1
Net cash flows from financial activities		-1	40
Net increase / decrease in cash and cash equivalents		7,522	-14,809
Cash and cash equivalents at the beginning of the year	12	63,997	78,807
Exchange differences on cash and cash equivalents		-1	-1
Cash and cash equivalents at the end of the year	12	71,518	63,997

Accounting policies and explanatory notes are an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

1 COMPANY'S GENERAL INFORMATION

Železnice Slovenskej republiky was formed on 10 November 1993, pursuant to Act No. 258/1993 Coll. on Railways of Slovak republic of the National Council of the Slovak Republic dated 30 September 1993 (later amended by Act No. 152/1997 Coll. dated 14 May 1997 and Act No. 259/2001 Coll. dated 14 June 2001) and registered under number Po 312/B in the Commercial Register of the District Court I. in Bratislava.

Name:	Železnice Slovenskej republiky, Bratislava, in short form „ŽSR“
Registered office:	Klemensova 8, 813 61 Bratislava
Registration number (IČO):	31 364 501
Tax Registration number (DIČ):	20 20 480 121
Legal form:	Other legal entity established in accordance with Act No. 258/1993 Coll. on Railways of the Slovak Republic

The Company is a legal successor of Železnice Slovenskej republiky, š. p., which was established on 1 January 1993, at the time of the separation of the former Czechoslovakia into the Czech Republic and Slovak Republic.

The founder of the Company is the Ministry of Transport and Construction of Slovak republic that although is not directly involved in the Company's day-to day operations, does oversee certain aspects of the business through representation on the Management Board of ŽSR.

The Company is in accordance with Act No. 540/2001 Coll. §20, section 1 and §21 section 1, registered as a public administration body (Note 2).

The Company's assets although it is recognized in the statement of financial position of the Company is owned by the Slovak Republic and it is entrusted to the Company.

The Company cannot enter into credit relations of third parties as a guarantor; neither establishes a lien in favor of third parties to property belonging to the State. The Company is not a shareholder with unlimited liability in any company.

The managing bodies of ŽSR consist of the Management Board and General Director.

Management Board is the supreme body of ŽSR. It is composed of five members – four of them are experts from transport sector, expert on finances and law; and one member is elected representatives of the employees of the railways.

The members of Management Board of ŽSR:

JUDr. Marek BALKO	chairman
Ing. Róbert SZÜCS	deputy chairman
Ing. Peter STRYČEK	member
Ing. Radovan MAJERSKÝ, PhD.	member
Mgr. František ZAPARANIK	member

The Company has established Audit Committee of Railways of the Slovak republic pursuant to the Act No. 423/2015 Coll. on Statutory Audit and on amendments and supplements to the Act No. 431/2002 Coll. on Accounting as amended, composed of:

Ing. Jana KRUPCOVÁ	chairman
Ing. Peter ŠIŠOLÁK	member
Ing. Andrea DURÁKOVÁ	member

The Audit Committee monitors process of preparing of the financial statements, process of auditing of financial statements and independence of the statutory auditor.

ŽSR are manager of railway infrastructure in accordance with the Contract on the Operation of Railway Infrastructure concluded with the Slovak republic represented by Ministry of Transport as an owner of railway infrastructure. Manager of infrastructure is obliged to ensure track in serviceable condition, to restore the track after an accident or extraordinary event, to maintain the track according to the projected specifications, development of the track in accordance with technical progress and with the requirements for safety and flow of traffic on the track, operation of railway infrastructure, organization and management of railway transport on the railway network.

Owner of the infrastructure provides funds for the operation of railway infrastructure in accordance with the Contract on the Operation of Railway Infrastructure. Owner of the infrastructure also provides subsidy in the form of capital transfer to develop and modernize property.

The Company's ability to continue as a going concern and to fulfil its investment program and other operating and financial commitments remains dependent upon continual support from State in the form of capital and operating subsidies.

The accounting period is one calendar year.

Financial statements for the previous period ended 31 December 2017 were approved by Management Board of ŽSR on 5 April 2018 in Bratislava.

For the year ended 31 December 2018 the Company reported a net profit of € 172 thousand (for the year ended 31 December 2017 profit of € 102 thousand).

2 BASIS OF PREPARATION

The Company prepares separate financial statements in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS") in accordance with Accountancy Act No. 431/2002 Coll. § 17a, section 1 as amended. IFRS comprise standards and interpretations approved by EU committee.

The Company is part of the summary financial statements of public accounts of Slovak republic, compiled by Ministry of Finance of Slovak republic in accordance with Accountancy Act No. 431/2002 Coll. §22a, section 3 as amended.

In accordance with Accountancy Act No. 431/2002 Coll. §22, section 12 as amended, the Company is exempt from the requirement to prepare consolidated financial statements and consolidated annual report as compilation of separated financial statements does not significantly affect the financial situation, expenses, income and profit or loss of the consolidated group. Business names and registered office in which the Company has an ownership interest is disclosed in Note 7.

Separate financial statements ("financial statements") have been prepared on a going concern basis, which contemplates the realization of assets and the discharge of liabilities and commitments in the normal course of business, and do not give effect to any adjustments that may be necessary should the Company be unable to continue as a going concern.

Financial statements have been prepared on a historical cost basis. Further below basic accounting principles are described.

Figures disclosed in ŽSR's separate financial statements for the year ended 31 December 2018 are presented in thousands of euro („€" or „EUR"), unless otherwise stated. Based on the economic nature of fundamental events and circumstances, the currency euro was defined as a presentation currency of the Company.

The Company for clearer presentation of items of financial statements restructured some of the information in the notes compared to the previous period. Comparative period has also been adjusted.

2.1 Use of estimates and judgments

Preparation of financial statements requires use of estimates, judgments and assumptions which affect the application of accounting policies and accounting principles and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumption are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Provision for Employee benefits

The Company has a long-term employee benefit plan consisting of a one-off contribution upon retirement, bonus upon disabled retirement, compensating contribution and bonus upon life and work jubilees. Benefit value is paid based on reached age and length of service. These benefits are unfunded. The estimate of cost for providing these benefits is determined using a projected actuarial valuation method, so-called Projected Unit Credit Method. Under this method, all benefits costs are recorded in the Statement of comprehensive income that way in order to spread regularly repeated costs over the employment period. Liabilities from granting the benefits are valued at present value of foreseen future cash flows. Actuarial profits and losses from post-employment benefits are recognized in equity, others actuarial profits and losses are recognized in the Statement of comprehensive income.

Environmental Burden provision

Environmental burden provision is recorded if there is probable origin of costs to clean up the environment and can be measured reliably. The amount of the provision is the best estimate of necessary expenditures in future periods. Timing of these cash flows mirrors at the same time current assessment of priorities by the management, securing of technology and urgency of achieving these tasks.

Provision for legal claims

Provision for legal claims is created if the Company is sued by another entity in legal, administrative or other proceedings regarding paying a certain specific amount, where termination of the proceedings not in favor of the Company is more than probable. Management relies on own professional assessment upon assessing the forecasted results.

Provision for demolition of buildings

Provision for demolition of buildings is recognized if the Company has decided to demolish buildings or other operating equipment. Disposal of buildings are perform due to security reasons in cases where there is collapse of the object, the object is in a dilapidated condition and is unnecessary for operating activities and cannot be otherwise capitalized (sell or lease). Accounting for provision is based on expert estimate which corresponds to the future costs necessary for demolition of buildings.

The useful life of non-current assets

The Company estimates the useful life of non-current assets for the expected period of time that the asset will be available for use in the Company, taking into account the expected technical and moral depreciation. Economic useful life and depreciation method are reviewed annually, at a minimum, with the aim to ensure consistency of the depreciation method and period with the expected inflow of economic benefits from non-current assets.

2.2 Significant accounting policies

Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are stated at cost less accumulated depreciation/amortization, while lands are carried either at cost or an administrative value assigned by the State (which is not necessarily intended to represent market value).

Original cost of non-current tangible assets and intangible assets includes purchase price including import duty and non-reversible taxes and all directly attributable costs related to putting the asset into working condition and to place it where it will be used. Acquisition cost also includes induced investments and interest costs related to the acquisition.

Limit (minimum value) for the reporting of tangible assets in non-current assets (except building, structures, lands and works of art) is set at higher than € 1,700 if the operational and technical function of property is longer than one year; limit (minimal value) for the reporting of intangible assets in non-current assets is set at higher than € 2,400 if operational and technical function of property is longer than one year. Technical appreciation of assets (modernizations, reconstructions, additional buildings, superstructures, rebuildings or building modifications) is capitalized in non-current assets to the asset if the minimum value of technical appreciation per year is more than € 1,700.

Assets under constructions represent non-current tangible assets and intangible assets and are reported at acquisition cost. This includes the costs directly related to acquisition of assets. The value of assets under constructions is reduced by the difference resulting from recalculation of non-current payables (retained sum) to present value, if its value is material. The value is significant if the difference between the nominal value of non-current liability and present value of non-current liability is more than € 5 million. Assets under constructions are not depreciated until the relevant asset is ready for use.

Each item of non-current tangible and intangible assets is depreciated using the straight-line method over its expected economic useful life. Depreciation and amortization commences on the first day of the month following the date the asset was put into use. Useful life for various types on non-current intangible and tangible assets are as follows:

- buildings	40 to 50 years
- structures	from 15 to 40 years
- equipment and machinery	from 5 to 20 years
- other non-current assets	from 4 to 20 years
- intangibles	from 3 to 25 years

Land and works of art are not depreciated.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item and the useful life is significantly different from the useful life of the property as a whole is depreciated separately. The value originally assigned to the item of property, plant and equipment is divided relative to its significant parts and each part is depreciated separately.

An asset is removed from the Statement of financial position on disposal. The gain or loss on disposal are recognized in Statement of comprehensive income in profit or loss from operating activities.

The carrying values of property, plant and equipment and intangible assets are reviewed for impairment annually when events or changes in circumstances indicate the carrying value may not be recoverable.

If the event of such indications the estimate of recoverable amount of that asset is made to determine possible impairment loss. If the recoverable amount of an individual asset cannot be determined, the Company defines recoverable amount of cash-generating unit, which the asset belongs. The recoverable amount is the greater of fair value less costs to sell or value in use. The estimate of future cash flows is discounted to their present value using a pre-tax discount rate in assessing value in use that reflects current market assessment of the time value of money and risks specific to the assets.

Loss on impairment of assets is reported in the Statement of comprehensive income in the amount by which the carrying value of an asset exceeds its realizable value, which is the greater of net selling price of property or value in use.

If the Company decides to cease an assets under constructions or departs significantly from its planned completion, it reviews the potential decrease in value and records impairment. In case the Company has assets in use that is recognized on acquisition accounts, because of precautionary principle the Company records allowance in the amount of expected depreciation of assets acquired from own resources.

Expenditures incurred on non-current assets items after their being put into use increase their book value only if the Company can expect future economic benefits exceeding their original performance. All other expenditures are recorded as repairs and maintenance costs in the period to which they relate pertinently and timely.

At assets under construction within cost addition represents i) the value of acquired asset without putting into use in current year, ii) value of acquired asset with putting into use in current year, iii) creation of provision for unbilled investment supplies.

Disposal represents i) put asset into use from asset under construction to asset in use, where the asset is acquired in current year, ii) disposal charged to costs, iii) cancellation/reversal of provision for unbilled investment supplies.

Transfer represents transfer from asset under construction to asset in use, where the asset is acquired in previous periods.

At asset in use, within cost addition represents i) put asset into use from assets under construction to asset in use, where asset is acquired in current year, ii) put asset into use directly recorded to capital funds in equity.

Disposal of asset in use represents disposal of asset in use in current year.

Transfer represents transfer from asset under construction to asset in use, where the asset is acquired in previous periods.

Assets held for sale

Change in the classification of non-current assets to assets for sale occurs if the sale has been approved by Government resolution of Slovak Republic and decision to sell has been issued by Ministry of Transport by the end of 31 December, but the asset has not been removed from the current year's accounting records. On the date of the resolution, these assets cease to be depreciated and are recognized at a lower of book value and fair value less costs to sell.

Leased assets

Assets acquired as a finance lease, where practically all advantages and risks are characteristic for ownership of leased assets, are capitalized at the beginning of the lease period in their fair value or in the present value of minimum lease payments, if lower. Each lease payment is divided to finance part and repayment of the principal in order to obtain the constant interest rate applied to the unpaid part of the lease liability. Finance part is recorded as costs. Capitalized lease is being depreciated over estimated economic useful life of the asset. Initial direct costs related to finance lease contract closing are added to book value of leased asset and disclosed during the lease period.

Leases where a significant part of risk and benefits related to ownership rests with the lessor is classified as operating lease. Operating lease payments are reported as costs in the Statement of comprehensive income equally over the lease period.

Investment property

Investment property mean assets determined for obtaining rental fees and originally valued at acquisition cost including transaction costs. After first time disclosure investment property is valued at acquisition costs less accumulated depreciation and impairment losses.

Financial investments

Shares in subsidiaries and associated companies and other investments are presented at their acquisition costs. Acquisition costs consist of related to acquisition and represent fair value of paid price and directly attributable transaction costs. Revenues related to financial investments, such as dividends, are recognized after the entry into the legal entitlement to dividends in the income statement within the financial income. Financial investments held for sale are revaluated to fair value in equity and the revaluation is recognized in other comprehensive income. When financial investment is sold, revaluation will be reclassified to profit or loss.

Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is determined on a weighted average basis and includes acquisition cost plus costs related to the acquisition. Inventory is written down for any impairment of value equal to the difference between the acquisition cost and net realizable value. Net realizable value is the estimated selling price less the estimated costs necessary to make the sale. The Company writes down slow moving and obsolete inventory based on the age structure of the periodic review and assessment of management. To ensure continuous immediate maintenance and repairs, the Company keeps constant backup and long-needed supplies in operating warehouses. These inventories are not write down.

Cash and cash equivalents

Cash and cash equivalents are formed by financial funds in bank or in hand and short-term deposits with a maturity of less than three months from date of acquisition with only low risk of change in value.

Foreign currency transactions

Transactions in foreign currencies are reported according to IAS 21 and are converted at the exchange rate as at the day before transaction day and as at the day of preparation of financial statements according to rates announced by the European Central Bank. All differences are reported in the Statement of comprehensive income. Non-monetary items in foreign currencies are not converted as at end of the reporting period and are reported in original value.

Classification and clearing of financial instruments

Financial assets and liabilities disclosed in the Statement of financial position include cash and cash equivalents, receivables and liabilities, loans and borrowings. Financial instruments are classified as assets, liabilities or equity in accordance with the content of the contractual agreement. Financial instruments are offset if the Company has a legally enforceable right to offset them and also intends to realize an asset or settle a liability or mutually offset them. Clearing of the financial instrument is executed if the Company does not control contractual rights comprising financial instrument anymore, which is what usually happens if a particular instrument is sold or if all cash flows attributable to that instrument are transferred to an independent third party.

The discount rate of receivables is determined in accordance with IAS 36 – Impairment of Assets. As an asset-specific rate is not directly available from the market, estimate is used in accordance with Appendix A to IAS 36. Estimate takes into account the time value of money for the periods until the end of the asset's useful life, expectations about possible variations in the amount or timing of those cash flows, the price for bearing the uncertainty and other factors (such as insolvency).

The discount rate of liabilities is determined in accordance with IAS 37 - Provisions, contingent liabilities and contingent assets. The discount rate is a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

The estimate of discount rate takes into account other market borrowing rates. Based on the above information, the discount rate of receivables and liabilities as at 31 December 2018 is set to 2 % (as at 31 December 2017: 2 %).

Receivables

Receivables are recognized at nominal value after considering bad debts allowance. If time value of money is significant, receivables are valued at amortized costs using the effective interest rate method. Receivables are recognized in the statement of financial position as non-current or current assets according to maturity.

Bad debt allowance is recorded in the Statement of comprehensive income if there is an objective assumption (e. g. probability of insolvency, major financial problems of customers and others) that the Company is not able to collect all due amounts in accordance with original invoice conditions. The Company also determines the bad debt allowance on the age structure of receivables. Impaired outstanding amounts are written off if considered uncollectable regardless of legal proceedings for recovery of debt is complete.

Loans and borrowings

All loans and borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, all loans and borrowings are subsequently measured at their amortized cost, using the effective interest rate method.

Borrowings costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

Payables

Payables are initially recognized at nominal value and upon transfer at acquisition cost. If time value of money is significant, payables are valued at amortized costs using the effective interest rate method.

Provisions

Provisions are recognized when the Company has a present obligation (legal, contractual or non-contractual) as a result of a past event, it is probable that an outflow of resources representing economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of reporting period and the amount is adjusted to reflect current best estimate. The amount recognised as a provision represents present value of the expenditure, taking into account existing risks, that is expected to be settled. These expenditures are determined using the estimated fixed interest rate as a discount rate. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

State and EU subsidies

State subsidies are recognized at their fair value where there is reasonable assurance that the subsidy will be received and all attached conditions will be met. The claim for subsidy is recognized if asset will be financed from subsidy and received by the Company. Subsidies related to expense items are recognized as income over the periods necessary to match them on a systematic basis to the costs that they are intended to compensate. If a subsidy is related to the acquisition of a non-current asset, the fair value of the subsidy is credited to a deferred income account and released to the Statements of comprehensive income the expected useful life of the relevant asset by equal annual installments.



Revenue recognition

Revenues are recognized net of value added tax with taking into account discounts at the moment of transfer of control of goods or services to customer at an amount that ŽSR expects to be entitled exchange for those goods or services. The Company recognizes revenue from fees for access to railway infrastructure, sales of additional services of railway infrastructure, sales of energy, sales of telecommunications services and services of information technologies, revenue from real estate investments and other services based on five-step model to determine the moment, amount and recognition:

1. Identification of contracts with customer
2. Identification of performance obligations in the contract
3. Determination of transaction price
4. Allocation of transaction price to each performance obligation in the contract
5. Recognition of revenue when each performance obligation is satisfied under contract

Material adjustment of prior period costs and income

Upon recording prior period costs and income adjustment it is necessary to consider if the adjustment is material or not. Material adjustment is determined at a value of € 5,000 million recorded in current period. If balance of costs and income adjustments, recorded in current period, exceed the determined value of € 5,000 million, these adjustments do not affect profit/loss of current year and are recognized in the Statement of financial position in equity.

Income tax

Income tax includes current income tax and deferred income tax.

Current income tax is calculated from profit or loss defined in accordance with valid Slovak regulations, adjusted for taxable expenses and non-taxable income. The rate of tax due is 21 %, the interest rate on the withholding tax is 19 %.

Deferred income tax is provided, using the balance sheet method, on all temporary differences as at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts. Deferred tax is recognized as income or expense excluding deferred tax recognized in equity.

Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively legalized as at the date that the financial statements are authorised for issue.

2.3 New accounting standards and interpretations

During the reporting period 2018, the Company applied the following new and revised IFRSs and IFRIC interpretations (the list does not contain new or amended standards and interpretations that are not relevant for the Company):

- IFRS 9 - 'Financial Instruments' replaces the guidance in IAS 39 and includes requirements for the classification and measurement of financial assets and financial debts, includes also expected credit loss model, effective from 1 January 2018;
- IFRS 15 - 'Revenue from contracts with customers', effective from 1 January 2018;
- Amendments to IAS 40 - 'Investment property', effective from 1 January 2018;
- IFRIC 22 - 'Foreign Currency Transactions and Advance Consideration', effective from 1 January 2018

IFRS 9 - 'Financial Instruments'

The application of IFRS 9 has no material impact on the financial statements of the Company. Due to the nature of Company's operations and the type of financial instruments that the Company holds, there has been no change in classification or valuation of the Company's financial instruments.

IFRS 15 - 'Revenue from contracts with customers'

Based on the analysis, the adoption of IFRS 15 has no significant impact on the Company's activities and significant estimates and assumptions.

The Company has not applied any standards issued after 31 December 2018 in preparing the financial statements:

- IFRS 16 - 'Leases', effective from 1 January 2019
- IFRIC 23 - 'Uncertainty over Income Tax Treatments', effective from 1 January 2019
- Amendments to IAS 19 „Employee Benefits“ - 'Plan Amendment, Curtailment or Settlement', effective from 1 January 2019

IFRS 16 - 'Leases'

IFRS 16 replaces IAS 17 Leases and related interpretations. IFRS 16 will affect the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The income statement will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change.

Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented as operating cash flows.

Accounting for the lessor remains unchanged.

The Company expects to recognise right-of-use asset of € 1,512 thousand on 1 January 2019 and lease liabilities of € 1,512 thousand.

Operating cash flows will increase and financing cash flows decrease by approximately € 155 thousand, as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

The Company will apply the standard from its mandatory adoption date of 1 January 2019. The Company apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets will be measured on transition as if the new rules had always been applied.

IFRIC 23 - 'Uncertainty over Income Tax Treatments'

Interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

Amendments to IAS 19 „Employee Benefits“ - 'Plan Amendment, Curtailment or Settlement'

The amendments to IAS 19 clarify if there are plan amendments, curtailments or settlements, the entity must calculate current service costs and net interest for the remainder of the reporting period after a plan amendment by using the updated assumptions from the date of the change.

3 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company is exposed to various financial risks during performance of its activities, of which it identifies the most significant risks:

- credit risk,
- liquidity risk,
- interest rate risk.

Credit risk

The Company perceives the credit risk mainly in connection with trade receivables arising from business relationship with customers. Maximum risk of not paying represents the book value of each financial asset shown in the Statement of financial situation, less allowance for impairment.

The Company with respect to its position as manager of infrastructure is exposed to significant credit risk of an individual contractual party, as 22.10 % of receivables as at 31 December 2018 (as at 31 December 2017: 40.76 %) is due to from two of the most important customers: Železničná spoločnosť Cargo Slovakia, a. s., Bratislava ("ZSSK CARGO") and Železničná spoločnosť Slovensko, a. s., Bratislava ("ZSSK"), whose only shareholder is the State represented by Ministry of Transport and Construction of the Slovak republic.

The following table shows Company's receivables by maturity period in brutto:

	31 December 2018	31 December 2017
Receivables within maturity	83,041	57,418
Up to 1 month	13,682	11,128
From 1 to 3 months	14,245	7,727
From 3 to 12 months	49,210	19,739
From 1 to 5 years	5,614	18,566
Over 5 years	290	258
Receivables overdue	5,262	5,322
Total receivables	88,303	62,740

The Company does not define the credit risk associated with liquid assets deposited with financial institutions because contracting parties are reputable banks with high credit rating assigned to them or to their mother companies by international rating agencies.



Liquidity risk

The Company manages liquidity to limit the risk that it will not have the resources to cover its debts and liabilities at maturity. The Company manages its liquidity risk by continuously monitoring of planned and actual cash flows that are subsequently evaluated by the Company.

The following table shows loans and Company's payables by maturity period (payables do not include accounts of subsidiaries):

	Loans and borrowings		Payables	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Payables within maturity	62,741	62 748	244,421	269,099
On demand	0	0	0	0
Up to 1 month	1	6	53,987	41,895
From 1 to 3 months	0	0	20,254	19,606
From 3 to 12 months	62,740	2	22,106	62,006
From 1 to 5 years	0	62 740	53,736	56,033
Over 5 years	0	0	94,338	89,559
Payables overdue	0	0	202	295
Total payables	62,741	62,748	244,623	269,394

Interest rate risk

The Company has no significant interest bearing assets except for cash and cash equivalents. Company's current bank loan has a floating interest rate bound to the 6-month EURIBOR. The Company does not use derivative financial instruments for securing interest rate risks.

Sensitivity analysis to interest rate risk

Sensitivity analysis was prepared assuming that the amount of liability outstanding as at the reporting date will be settled at the maturity date of the loan. If the 6-month Euribor was at zero level, respectively with negative value, payables would bearing the interest rate equal to margin.

If the 6-month Euribor increased by 1 % and all other variables remained constant, the profit of the Company would change as follows:

Increase (decrease) of interest rate in % p. a.	Impact on profit before tax for 1 year period in € '000
6ME + 1 % / 6ME rate = 0 % p. a.	-577 / no impact

Managing capital risk

The aim of the Company upon capital risk management is to ensure ability of the Company to continue as a going concern and keep reasonable capital structure while decreasing costs. Managing capital risk is directly ensured by top management.

The Company monitors indebtedness using gearing ratio with following values at year-end:

	31 December 2018	31 December 2017
Debt (Note 14)	62,741	62,748
Cash and cash equivalents (Note 12)	71,519	64,003
of which purposefully bound cash of CEF	28,827	23,123
Net debt	20,049	21,868
Equity	1,683,315	1,680,125
Ratio Net debt to Equity	1.19%	1.30%

4 PROPERTY, PLANT AND EQUIPMENT

	Buildings and infrastructure	Lands	Machinery, Equipment and other assets	Assets under construction	Total
Cost					
As at 1 January 2017	4,082,004	508,169	1,020,063	549,205	6,159,441
Additions	69,038	4,753	8,143	252,441	334,375
Disposals	-35,226	-2,057	-28,647	-62,309	-128,239
Transfers	130,815	7,710	21,679	-160,204	0
Transfer to investment property (Note 5)	-458	-1,775	0	0	-2,233
Transfer from investment property (Note. 5)	1,788	2,331	0	0	4,119
As at 31 December 2017	4,247,961	519,131	1,021,238	579,133	6,367,463
Accumulated depreciation / Impairment					
As at 1 January 2017	2,114,299	179	759,502	22,234	2,896,214
Additions	116,796	1	66,596	2,853	186,246
Disposals	-16,954	-9	-28,052	-7,001	-52,016
Transfers	4,028	0	1,903	0	5,931
As at 31 December 2017	2,218,169	171	799,949	18,086	3,036,375
Net book value					
As at 1 January 2017	1,967,705	507,990	260,561	526,971	3,263,227
As at 31 December 2017	2,029,792	518,960	221,289	561,047	3,331,088
Cost					
As at 1 January 2018	4,247,961	519,131	1,021,238	579,133	6,367,463
Additions	43,626	4,279	1,626	283,693	333,224
Disposals	-13,047	-2,224	-13,554	-68,075	-96,900
Transfers	152,640	5,835	39,838	-198,313	0
Transfer to investment property (Note 5)	-3,307	-2,166	0	0	-5,473
Transfer from investment property (Note 5)	484	251	0	0	735
As at 31 December 2018	4,428,357	525,106	1,049,148	596,438	6,599,049
Accumulated depreciation / Impairment					
As at 1 January 2018	2,218,169	171	799,949	18,086	3,036,375
Additions	118,766	5	54,679	1,843	175,293
Disposals	-10,338	-2	-13,484	-4,857	-28,681
Transfers	6,212	0	6,051	0	12,263
As at 31 December 2018	2,332,809	174	847,195	15,072	3,195,250
Net book value					
As at 1 January 2018	2,029,792	518,960	221,289	561,047	3,331,088
As at 31 December 2018	2,095,548	524,932	201,953	581,366	3,403,799

Part of non-current assets as at 31 December 2018 is railway infrastructure assets in use in original cost in the amount of € 5,627,889 thousand (as at 31 December 2017: € 5,413,086 thousand) and in carrying value in the amount of € 2,722,846 thousand (as at 31 December 2017: € 2,669,172 thousand) of which assets acquired from subsidies in carrying value in the amount of € 1,186,716 thousand (as at 31 December 2017: € 1,156,849 thousand) and assets held for sale as at 31 December 2018 in carrying value of € 236 thousand (as at 31 December 2017: € 725 thousand).

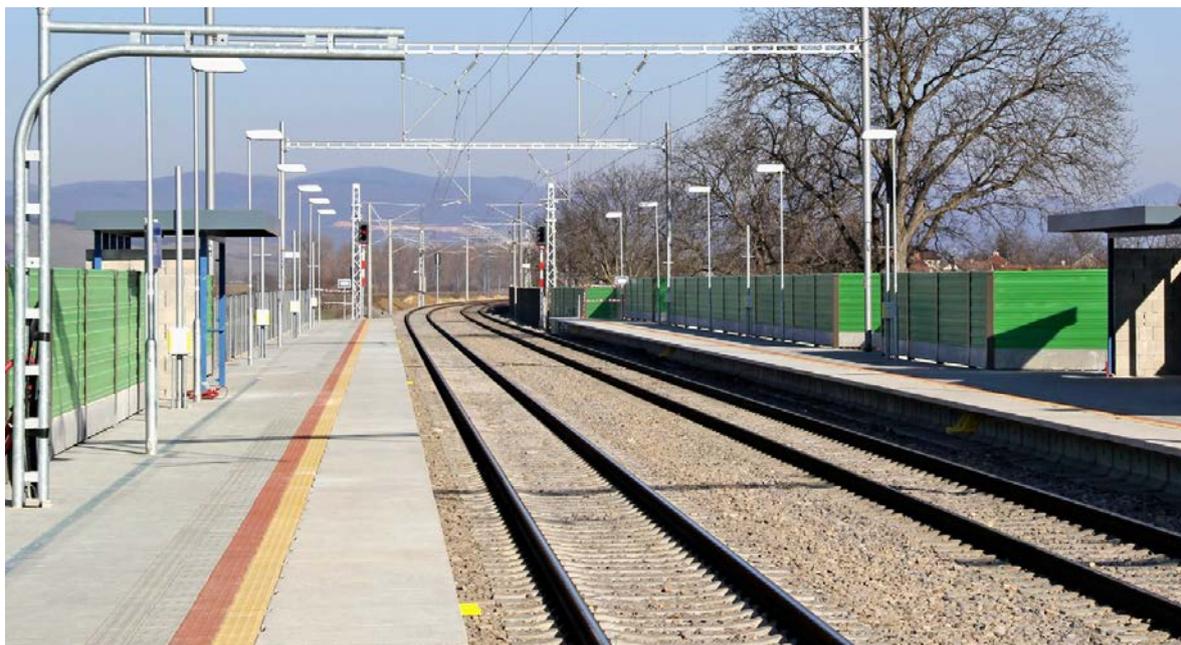
Acquisition cost of all fully written off property, plant and equipment that are utilized by the Company as at 31 December 2018 is in the amount of € 1,610,479 thousand (as at 31 December 2017: € 1,526,877 thousand). Temporary unused assets in original cost are in the amount of € 49,695 thousand (as at 31 December 2017: € 50,171 thousand) and in carrying value in the amount of € 33,995 thousand (as at 31 December 2017: € 35,601 thousand).

If the Company extends the average useful life of depreciated non-current assets by 1 year, depreciation will be reduced by € 1,000 thousand.

The Company administers land that is still subject to the resolution of title claims and which had an administrative value assigned to it by the State of € 35,615 thousand (as at 31 December 2017: € 36,190 thousand) and which is not reflected in the Company's statement of financial position. The Company is actively engaged in resolving these claims. During 2018 title to land with an administrative value of € 201 thousand was transferred to the Company and capitalized in its statement of financial position (as at 31 December 2017: € 2,216 thousand). In addition, administrative values assigned to land already reflected in the Company's statement of financial position were revised upward by an amount of € 2,415 thousand (as at 31 December 2017: € 525 thousand). These adjustments are recorded directly to Capital funds in Equity by calculating the general book value of land. This is the land acquired under the register of renewed land registration carried out by Land Register where the landowner has always been the Slovak republic, the land manager has always been the Company but the land has not been recorded in the Company's assets. The Company also manages land in the amount of € 30,625 thousand (as at 31 December 2017: € 34,888 thousand) reported on acquisition account and the Company is heavily involved with their transfer into use. During the year 2018, land were transferred into use in the amount of € 8,765 thousand (in 2017: € 8,971 thousand).

The Company reports on acquisition account constructions that are in use. The Company is intensively engaged in their reclassification into use, followed by applying depreciation. The Company considered reality of valuation of these assets and because of precautionary principle recorded allowance in the amount of expected depreciation of assets acquired from own resources in the amount of € 1,063 thousand (as at 31 December 2017: € 1,309 thousand), reported in table "Progress in allowances for property, plant and equipment". The Company recorded capitalized borrowing costs due to financing of construction in the amount of € 7 thousand.

Low-value tangible assets not included in the Statement of financial position as at the date of inventory of 2018 is in the amount of € 37,400 thousand (as at the date of inventory of 2017: € 33,263 thousand). These are asset items with a value of up to € 1,700 that are registered in the operational records of tangible assets in historical acquisition costs and are charged to costs at the time of acquisition.



The Company considered reality of valuation of assets and liabilities as at 31 December 2018. Following determined facts about reality of assets valuation that indicated assets impairment, recoverable amount has been determined. Recoverable amount (higher value of its fair value less costs to sell and value in use) was defined by the expert's opinion or assessment at individual assets.

Progress in allowances for property, plant and equipment:

Allowances	Buildings and infrastructure	Lands	Machinery, Equipment and other assets	Assets under construction	Total
As at 1 January 2017	4,113	179	43	22,234	26,569
Creation	608	1	0	2,853	3,462
Reversal	0	0	0	-1,419	-1,419
Reversal of impairment loss	-524	-9	-27	-5,582	-6,142
As at 31 December 2017	4,197	171	16	18,086	22,470
As at 1 January 2018	4,197	171	16	18,086	22,470
Creation	759	5	2	1,843	2,609
Reversal	0	0	0	-70	-70
Reversal of impairment loss	-936	-2	-8	-4,787	-5,733
As at 31 December 2018	4,020	174	10	15,072	19,276

Company's property insurance (real estate assets, movable property) is concluded in a reputable insurance company for various types of risks and for various insurance amounts (maximum annual insurance claim is in the amount of € 40,000 thousand for natural hazards with the exception of floods). ŽSR has also liability insurance (annual benefit limit is € 2,000 thousand). In 2018 the Company recorded claim against insurance company in the amount of € 1,596 thousand (in 2017: € 1,266 thousand).



5 INVESTMENT PROPERTY

	Buildings and infrastructure	Lands	Total
Cost			
As at 1 January 2017	39,647	12,697	52,344
Additions	0	0	0
Disposals	-44	-110	-154
Transfer from Property, Plant and Equipment (Note 4)	458	1775	2,233
Transfer to Property, Plant and Equipment (Note 4)	-1,788	-2,331	-4,119
As at 31 December 2017	38,273	12,031	50,304
Accumulated depreciation / Impairment			
As at 1 January 2017	18,369	0	18,369
Additions	3,093	0	3,093
Disposals	-36	0	-36
Transfers	-549	0	-549
As at 31 December 2017	20,877	0	20,877
Net book value			
As at 1 January 2017	21,278	12,697	33,975
As at 31 December 2017	17,396	12,031	29,427
Cost			
As at 1 January 2018	38,273	12,031	50,304
Additions	0	0	0
Disposals	-27	-304	-331
Transfer from Property, Plant and Equipment (Note 4)	3,307	2,166	5,473
Transfer to Property, Plant and Equipment (Note 4)	-484	-251	-735
As at 31 December 2018	41,069	13,642	54,711
Accumulated depreciation / Impairment			
As at 1 January 2018	20,877	0	20,877
Additions	764	0	764
Disposals	-208	0	-208
Transfers	280	0	280
As at 31 December 2018	21,713	0	21,713
Net book value			
As at 1 January 2018	17,396	12,031	29,427
As at 31 December 2018	19,356	13,642	32,998

According to IAS 36 – Impairment of Assets, as at 31 December 2018 the Company recognized allowance in the amount of € 1,998 thousand (as at 31 December 2017: € 2,180 thousand).

Allowances for IAS 40	Year 2018	Year 2017
As at 1 January	2,180	0
Creation	0	2,180
Reversal	-182	0
Reversal of impairment loss	0	0
As at 31 December	1,998	2,180

The following table presents assets disclosed at fair value.

Assets	Level 1	Level 2	Level 3
Hospital	0	26,970	0
Land	0	3,098	25,674
Building	0	1,548	12,403

Estate properties rented as a whole or offered for rent are recorded in investment property, for instance hospitals and clinics, apartment buildings and offices, hostels, guard houses, garages, stops and land related.

There were available expert valuations of property to determine fair value of hospitals, lands and buildings and therefore their fair values are reported at level 2 as at 31 December 2018.

The different levels have been defined as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – inputs for the asset or liability that are not based on observable market data

Valuation techniques used to derive fair values at the level 2 and level 3

The fair value of real estate investment at level 2 and level 3 as at 31 December 2018 is in the amount of € 69,693 thousand (as at 31 December 2017: € 64,518 thousand). All appropriate method were used to determine the fair value of the investment, in the case of expert property valuation, objectification method expertly determined general value of the relevant assets was primarily used. In case of lands this method was used to determine fair value for a total 651 property items (as at 31 December 2017: 736), simplified method of positional differentiation was used for a total 1,359 items (as at 31 December 2017: 1,362) income method was used for a total 525 items (as at 31 December 2017: 554) and acquisition cost method was used for a total 413 (as at 31 December 2017: 445).

The fair value of buildings was determined by time value method for a total 438 items (as at 31 December 2017: 429), simplified income method for a total 84 items (as at 31 December 2017: 97), objectification method expertly determined general value for a total 81 items (as at 31 December 2017: 88), acquisition cost method for a total 74 items (as at 31 December 2017: 55) and qualified estimate was used for a total 56 items (as at 31 December 2017: 57).

Costs related with investment property represent the amount of € 1,000 thousand (as at 31 December 2017: 749 thousand) and revenues related with investment property represent the amount of € 3,109 thousand (as at 31 December 2017: € 3,026 thousand).

6 INTANGIBLE ASSETS

	Capitalized Development Cost	Software	Assets under construction	Total
Cost				
As at 1 January 2017	52	25,131	2,783	27,966
Additions	0	4,109	9,217	13,326
Disposals	0	-3,285	-3,631	-6,916
Transfers	0	2,337	-2,337	0
As at 31 December 2017	52	28,292	6,032	34,376
Cost				
As at 1 January 2017	51	17,565	29	17,645
Additions	0	3,681	0	3,681
Disposals	0	-3,285	0	-3,285
Transfers	0	0	0	0
As at 31 December 2017	51	17,961	29	18,041
Net book value				
As at 1 January 2017	1	7,566	2,754	10,321
As at 31 December 2017	1	10,331	6,003	16,335
Cost				
As at 1 January 2018	52	28,292	6,032	34,376
Additions	0	3,411	6,425	9,836
Disposals	-40	-22	-3,114	-3,176
Transfers	0	5,146	-5,146	0
As at 31 December 2018	12	36,827	4,197	41,036
Accumulated depreciation / Impairment				
As at 1 January 2018	51	17,961	29	18,041
Additions	0	5,030	292	5,322
Disposals	-40	-22	0	-62
Transfers	0	0	0	0
As at 31 December 2018	11	22,969	321	23,301
Net book value				
As at 1 January 2018	1	10,331	6,003	16,335
As at 31 December 2018	1	13,858	3,876	17,735

Non-current intangible asset has definite useful life except licence agreement on use of collected work "The History of ŽSR". Useful life on Property, Plant and Equipment is definite; it is specified according to real useful life and for various types of Property, Plant and Equipment in the range from 3 to 25 years.

According to IAS 36 – Impairment of Assets, the Company recorded allowance for assets under construction (for software products) in the amount of € 292 thousand. As at 31 December 2018 the Company recognized allowance for assets under construction in the amount of € 321 thousand (as at 31 December 2017: € 29 thousand).

7 FINANCIAL INVESTMENTS

	Subsidiaries	Associated companies	Other investments	Total 2018	Total 2017
Opening balance as at 1 January	1,009	4,489	164	5,662	4,904
Additions	0	0	0	0	758
Disposals	0	0	13	13	0
Closing balance as at 31 December	1,009	4,489	151	5,649	5,662

Shares of Betamat, a. s., Zvolen were removed from accounting records on 15 August 2018 due to their sale.

Structure of capital participation as at 31 December 2018 is as follows:

Name	Amount of Equity	Profit / Loss	Country of registration	Share of equity in %	Core business
Subsidiaries					
Stabilita, d. d. s., a. s., Košice (Note 40)	8,624	491	Slovakia	55,26	Management of supplementary pension funds
Associated companies					
ŽPSV, a. s., Čaňa (Note 40)	7,340	308	Slovakia	41,06	Manufacturing of concrete products, prefabricated components and structures for construction purposes
Breitspur Planungs GmbH, Wien	2,549	-1,250	Austria	25,00	The planning and continuation of rail infrastructure with gauge 1,520 mm from the borders of Ukraine through Slovakia to and in Austria
Other investments					
HIT RAIL, b. v., Amsterdam, Netherland	3,166	116	Netherland	4,00	Implementation of the interconnection of information systems within the UIC

The Company Stabilita, d. d. s., a. s. has 100 % share in subsidiary Stabilita Service, s. r. o., that carries out technical and service activities and provides an economic asset management for the parent company. Other companies do not have any shares in other companies.



8 NON-CURRENT RECEIVABLES

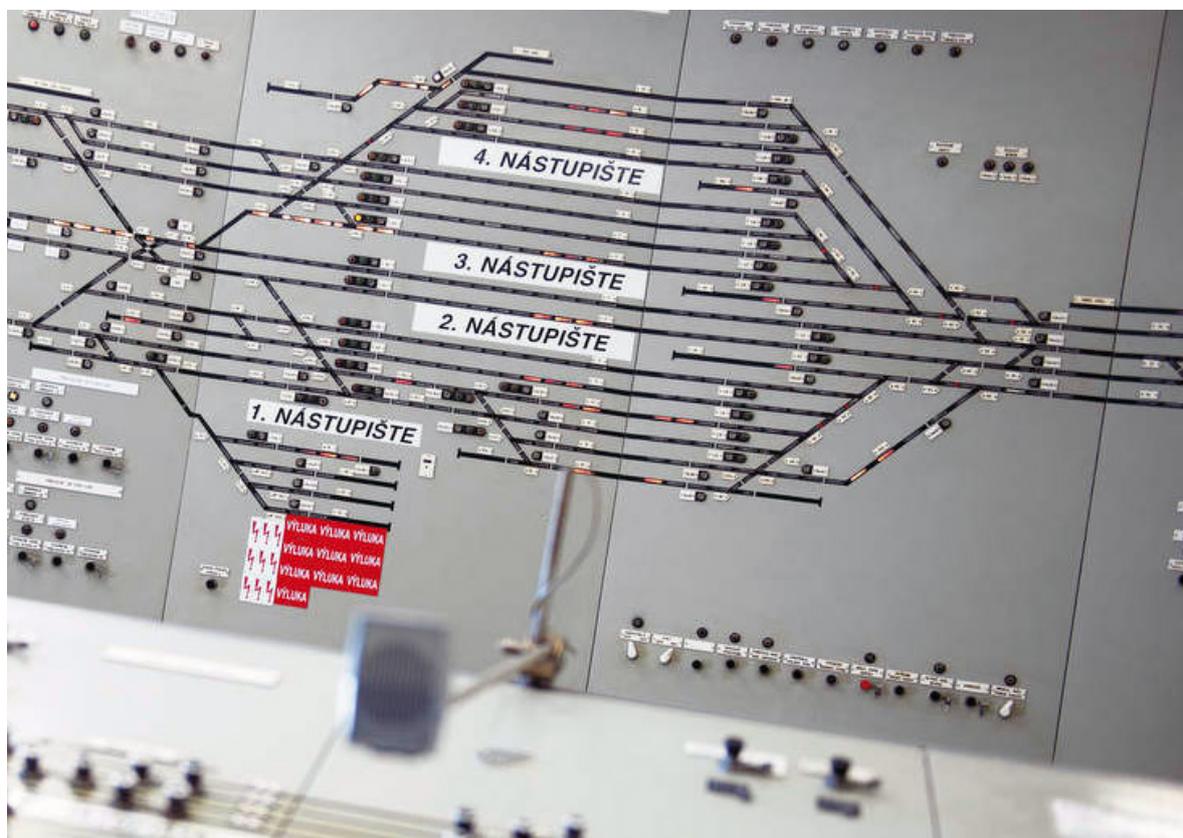
	31 December 2018	31 December 2017
Non-current trade receivables	78	11,024
Advances given	5,551	7,516
Receivables from sale of flats	261	265
Other non-current receivables	22	29
Allowances for receivables	-5,402	-18,489
Total non-current receivables	510	345

Non-current trade receivable from Železničná spoločnosť Cargo Slovakia, a. s. in the amount of € 10,998 thousand payable by December 2019 under Appendix No. 6 to Settlement Agreement of Payables was reclassified from non-current receivables to current receivables.

Progress in allowances for non-current receivables:

Balance as at 31 December 2017	18 489
Creation	0
Reversal	-2,089
Reclassification	-10,998
Balance as at 31 December 2018	5,402

Allowance to Železničná spoločnosť Cargo Slovakia, a. s. was reclassified from non-current allowance to current allowances in the amount of € 10,998 thousand.



9 INVENTORIES

	Cost 2018	Book value 2018	Cost 2017	Book value 2017
Products of engineering and metal industry	4,525	4,244	3,895	1,621
Products of electro-technical industry	4,507	3,214	3,723	2,206
Products of steel industry	2,399	587	1,625	1,393
Products of chemical industry	1,483	1,210	1,197	971
Personal protective equipment and uniforms	525	502	397	374
Building materials and products of wood industry	692	470	1,072	945
Other materials	586	367	673	401
Total inventories	14,717	10,594	12,582	7,911

The Company recorded allowances for slow moving and obsolete inventories following comparison of valuation with net realizable value as at 31 December 2018.

Progress in allowances for inventories:

Balance as at 31 December 2017	4,671
Creation	2,656
Disposal of inventories	-152
Dissolution of relevance	-3,052
Balance as at 31 December 2018	4,123



10 CURRENT TRADE RECEIVABLES

	31 December 2018	31 December 2017
Trade receivables	29,292	23,581
of which receivables from ZSSK CARGO for the year 2010	10,998	8,048
Advances given	253	75
Other trade receivables	2,134	1,747
Allowances for receivables	-15,440	-12,696
Total current receivables	16,239	12,707

Overdue receivables are in the amount of € 5,262 thousand (as at 31 December 2017: € 5,322 thousand). Trade receivables are interest-free and generally due from 14 to 60 days (Note 3).

Progress in allowances for bad and doubtful receivables:

	Allowances for bad and doubtful short-term receivables	Of which: Allowances for debtors in bankruptcy
Balance as at 31 December 2017	12,696	1,316
Creation	612	17
Reversal because of receivable write-off	-766	-162
Reversal because of full or partial collection	-8,100	-3
Reclassification	10,998	23
Balance as at 31 December 2018	15,440	1,191

11 OTHER RECEIVABLES AND ASSETS

	31 December 2018	31 December 2017
Other receivables	901	736
State receivables	47,517	15,561
Prepaid expenses	2,294	2,205
Allowances for receivables	-112	-163
Total other receivables	50,600	18,339

In state receivables the Company recorded claims for capital subsidies of Capital transfer, European Union, State budget to capital liabilities from constructions where there is certainty that the subsidies will be drawn in future periods in the amount of € 46,082 thousand (as at 31 December 2017: € 10,741 thousand). The highest claim is for the modernization of railway track "Púchov – Žilina", phase I., track section "Púchov – Považská Teplá" in the amount of € 43,007 thousand for invoiced work. Also in states receivables the Company recorded receivable from excess VAT in the amount of € 1,435 thousand (as at 31 December 2017: € 4,820 thousand).

Progress in allowances for other receivables:

Balance as at 31 December 2017	163
Creation	9
Reversal because of receivables write-off	-51
Reversal because of full or partial collection	-9
Balance as at 31 December 2018	112

12 CASH AND CASH EQUIVALENTS

	31 December 2018	31 December 2017
Cash on hand	53	554
Cash in bank	71,466	63,449
Total cash and cash equivalents in statement of financial position	71,519	64,003
Credit cards	-1	-6
Total cash and cash equivalents in statement of cash flow	71,518	63,997

Cash and cash equivalents include advances purposefully bound for financing of Connecting Europe Facility („CEF“) projects in the amount of € 28,827 thousand (as at 31 December 2017: € 23,123 thousand). Projects are aimed at improving of transport, energy and telecommunication network of European Union. In 2018, by the decision of the European Commission, advance payment was increased from 40 % to 50 % and provided in the form of supplementary payment at the end of 2018 in the total amount of € 5,778 thousand.

The advance payments are used to continuous finance the work carried out on approved individual projects. In 2018, there were no use of advance payments for investment projects, however in 2019 the Company expects to use advance payments in the amount of € 11,110 thousand (Note 22). In 2018, operating subsidies of CEF were used in the amount of € 74 thousand.

Advance payments as at 31 December 2018 are bound to following projects:	(in thousands of €)
Modernization of railway track:	
“Devínska Nová Ves – state border Slovak republic / Czech Republic	16,656
“Žilina – Košice”, track section “Liptovský Mikuláš - Poprad Tatry (except) – phase 1 (Poprad – Lučivná)”	11,816
“Devínska Nová Ves – state border Slovak republic / Czech Republic; track section “Malacky (except) – Kúty”, project documentation	319
“Váh - Varín – Strečno”	6
Implementation of GSM-R on railway track “Varín - Košice - Čierna nad Tisou”	6
Technical assistance	24

Interest rates on current accounts in banks ranged from 0.00 % p.a. to 0.15 % p.a. at the end of the reporting period. Temporarily free funds are recovered in banks and branches of foreign banks in the Slovak Republic.

13 EQUITY

Registered capital represents the State's investment in the Company in the form of cash and assets. Total capital is in the amount of € 800,170 thousand and there was no change in this area compared to previous accounting period.

Based on the Management Board Decision on 5 April 2018, profit from previous accounting period in the amount of € 102 thousand was used to retained earnings from previous years.

Capital funds includes capital contributions that do not increase share capital of the Company. The state studies the legal title and the value of the land managed by the Company and on the basis of which periodically adds assets to the Company and corrects administrative values. During the year 2018, ownership of lands was transferred and administrative value of lands were corrected in the amount of € 2,616 thousand (as at 31 December 2017: € 2,741 thousand). Capital funds also includes re-measurements of post-employment benefits in accordance with IAS 19 based on projected actuarial valuation method and deferred tax related to re-measurements of post-employment benefits.

The legal reserve fund is created in accordance with Act No. 258/1993 Coll. § 15 as amended and supplemented by the amount of at least 5 % of earnings, up to a maximum of 5 % of the value of the assets the Company has right manage with, less the value of the railway infrastructure. The carrying value of the managed assets less the value of the railway infrastructure as at 31 December 2018 is in the amount of € 178,324 thousand (as at 31 December 2017: € 190,015 thousand). The legal reserve fund is in the amount of € 21,904 thousand (as at 31 December 2017: € 21,904 tis. EUR) which represent more than 5 % of the value of assets less the value of railway infrastructure.

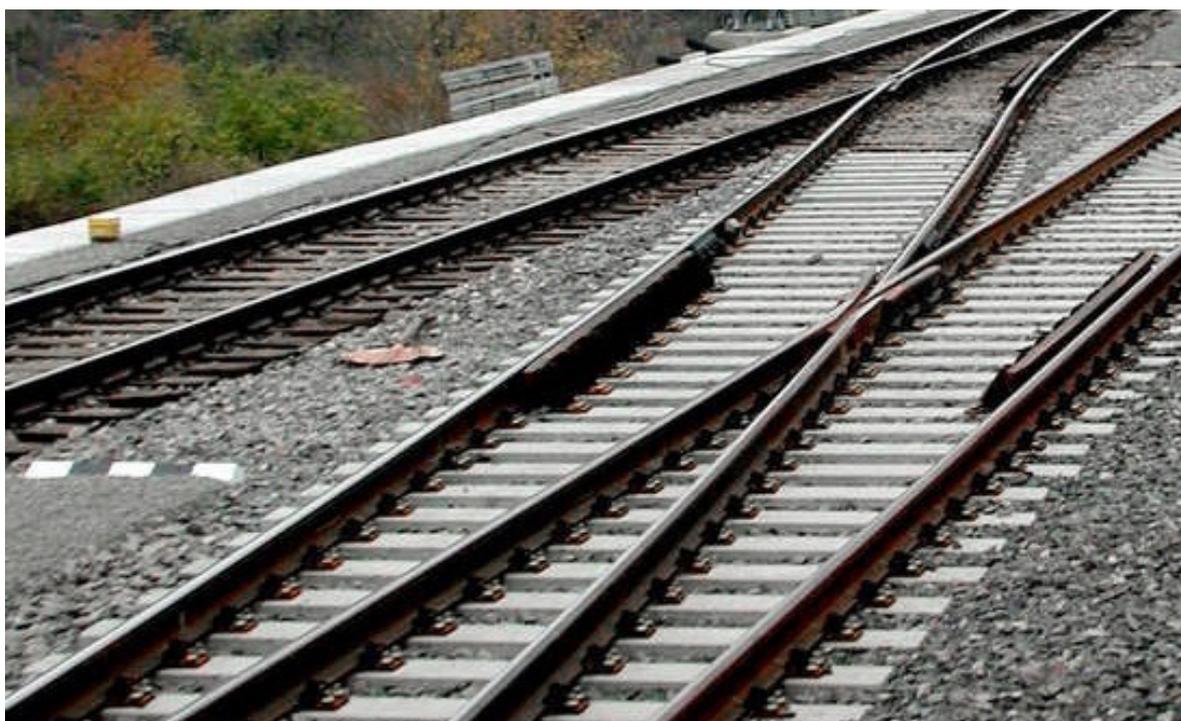
14 LOANS

	31 December 2018	31 December 2017
Short-term loans and current portion of long-term loans		
Euro		
6ME + margin, maturity 3 October 2019	62,740	0
Interest on loans	0	1
Credit cards	1	6
Short-term finance lease	0	1
Total Short-term loans and current portion of long-term loans	62,741	8
Loans		
Euro		
6ME + margin, maturity 3 October 2019	0	62,740
Total Long-term loans	0	62,740
Total loans	62,741	62,748

The Company reports bank loan as at 31 December 2018 in the amount of € 62,740 thousand (as at 31 December 2017: € 62,740 thousand) provided from reputable bank in Slovak republic, without security, bearing interest with floating interest rate linked to the 6-month Euribor (Note 3). ŽSR is contractually bound to meet specified loan covenants.

The interest costs for the year 2018 are at the same level as for the year 2017 in the amount of € 127 thousand.

In 2018, the Company drew loan from ING Bank N. V. in the amount of € 50,237 thousand, which was repaid on 23 November 2018 together with interest in the amount of € 7 thousand. The purpose of the loan was to finance the investment project for the modernization of railway track "Púchov – Žilina", phase I., track section "Púchov – Považská Teplá" until conclusion of Grant Agreement from Operational Programme Integrated Infrastructure. After the refund of funds under the Grant Agreement, the loan with interests were repaid. Acquisition costs of project were increased by borrowing costs.



15 STATE AND EU SUBSIDIES

Operational Programme Integrated Infrastructure 2014 - 2020 (OPII)

Within the project Operational Programme Integrated Infrastructure 2014 – 2020, in 2018 the Company drew capital subsidies in total amount of € 143,447 thousand (in 2017: € 43,325 thousand).

On 28 September 2018, the Grant Agreement to the project of modernization of railway track in track section "Púchov – Považská Teplá" came into effect. Pursuant to this, eligible expenditures were refunded, of which payments from own resources in previous years in the amount of € 70,841 thousand. As at 31 December 2018 the Company paid to contractor temporary from own resources the amount of € 15,091 thousand, whereby the refund is foreseen in the first half of 2019.

	2018	2017
Priority axis No. 1		
Railway track "Púchov - Žilina", phase I., track section "Púchov – Považská Teplá"	139,370	0
Railway track "Púchov - Žilina", phase II., stage 2, track section "Dolný Hričov - Žilina"	2,193	39,820
Transport hub Bratislava - feasibility study	455	0
Finishing of Marshalling yard "Žilina - Teplička" (Hub Žilina), PD	0	3 353
Priority axis No. 3		
Terminal of integrated passenger transport "Trebíšov", PD	42	152
Train stop "Pezinok" – parking place for individual car transport, PD	8	0
Train stop "Ivanka pri Dunaji" – parking place for individual car transport, PD	3	0
Priority axis No. 5		
Electrification of railway track "Bánovce nad Ondavou - Humenné", PD	1,376	0
	143,447	43,325

Capital subsidies from state budget

In 2018 the Company drew capital subsidies from state budget under contract of category of budget of Ministry of Transport in the amount of € 65,822 thousand (as at 31 December 2017: € 19,896 thousand). From the above subsidy, investment projects were provided as follows:

	2018	2017
Construction and renovation of railway network	45,211	7,267
Co-financing beyond the financial gap (OPII)	20,611	12,629
<i>Of which the most significant drawing to investment projects:</i>		
Railway track "Púchov – Žilina", phase I., track section Púchov - Považská Teplá	13,151	0
Railway track "Púchov – Žilina", phase II., stage 2, track section "Dolný Hričov - Žilina"	5,350	6,260
Finishing of Marshalling yard "Žilina - Teplička" (Hub Žilina), PD	0	6,267
	65,822	19,896

Within interministerial subprogram Support of defence, under Contract for provision of funds, funds in the amount of € 250 thousand were allocated from Ministry of Transport of Slovak republic.

Claim for subsidies

The Company records claims for capital subsidies to capital liabilities from constructions where there is certainty that the subsidies will be drawn in future periods. The highest claim for subsidy is for project of modernization of railway track in track section "Púchov - Považská Teplá" in the amount of € 43,007 thousand.

Balance of state and EU subsidies

Balance as at 31 December 2017	1,455,628
Drawing on subsidies	
Operational Programme Integrated Infrastructure 2014-2020	143,447
Capital subsidies from state budget	65,872
Claim for subsidies	35,342
Release of subsidy in the amount of depreciation	97,897
Balance as at 31 December 2018	1,602,392
Of which short term portion	79,332
long term portion	1,523,060

16 ACCRUALS

	31 December 2018	31 December 2017
Received free of charge depreciable non-current asset	13,987	15,132
Other accrued income	192	214
Prepaid expenses	104	10
Total accruals	14,283	15,356

The most significant items of received free of charge depreciable non-current asset represent mainly received objects of induced investments from company Národná diaľničná spoločnosť, a. s. in carrying value of € 3,404 thousand (as at 31 December 2017: € 3,515 thousand), received donated adjustments of signalling systems from company Žilina Invest, s. r. o. in carrying value of € 2,421 thousand (as at 31 December 2017: € 2,698 thousand) and objects of induced modifications from Ministry of Transport in carrying value of € 908 thousand (as at 31 December 2017: € 1,150 thousand).

17 PROVISIONS

	31 December 2018	31 December 2017
Environmental burden – long-term portion	13,410	32,286
– short-term portion	206	206
Legal claims	2,455	2,447
Provisions for demolition of buildings	2,047	1,490
Total provisions	18,118	36,429

Progress in provisions:

	Environmental burden provision	Provision for legal claims	Provisions for demolition of buildings	Total provisions
Balance as at 31 December 2017	32,492	2,447	1,490	36,429
Creation	7	322	1,023	1,352
Interest expense	15	0	0	15
Cancellation as not justified	-18,693	-314	-174	-19,181
Reversal due to provision drawing	-205	0	-292	-497
Balance as at 31 December 2018	13,616	2,455	2,047	18,118

Environmental burden provision

The Company recorded a provision for estimated costs relating to remedy former environmental damages caused by soil and ground water pollution. The amount of the provision has been determined on the basis of an estimate prepared by the Company's internal environmental team. The estimate of Company's environmental burden is based on existing technology and actual prices, whereas drawing of the provision is forecasted within a timeline of the next 1 – 10 years. In 2018, there has been continuation of the elimination of old environmental burdens in Čierna nad Tisou from the Company's resources. In compliance with environmental policy, the Company reviewed recorded provision. In this context, it was found that recorded provisions in some localities are no longer justified. It is mainly railway station Bratislava - východ, which was excluded from the information system of environmental burdens and the assumption of extensive contamination in this area was not confirmed at monitoring of pollution. Cancellation of provisions is in the amount of € 18,693 thousand. Long-term portion of provision is calculated by a fixed interest rate of 2.0 % as at 31 December 2018 (as at 31 December 2017: 2.0 %).

Interests from discounting as a result of the passage of time are in the amount of € 15 thousand (as at 31 December 2017: € 143 thousand).

Provision for legal claims

Reported amounts represent provision for certain legal claims raised against the Company. Management believes, after consultations with internal lawyers, that no significant liabilities will arise as a result of raising these legal claims, except for those for which the provision has been created. After reviewing of the evidence, the management of the Company presumes, it is probable as a result of settlement of legal claims, that the Company will have to incur financial resources in the amount of € 2,455 thousand (as at 31 December 2017: € 2,447 thousand).

Provision for legal claims is not discounted because the time of termination of proceedings is not known.

Provision for demolition of buildings

In accordance with the principles for provisions, as at 31 December 2018 the Company recorded provision in the amount of future costs for demolition of buildings and operating equipment, which are in poor technical condition. The amount of provision has been determined on the basis of an expert estimate of costs to perform demolition, including related costs for landscaping. Provision as at 31 December 2018 is in the amount of € 2,047 thousand (as at 31 December 2017: € 1,490 thousand).

Provision relates to buildings - objects such as guard houses, railway stations, warehouses, signal boxes, traction lines and others whose poor technical conditions does not enable its operational use, moreover threatens public safety. Its disposal will be carried out by own activity (gradual dismantling, using the mechanism) or by supplier – authorized person providing professional leadership and hazardous waste disposal (e.g. asbestos etc.).



18 EMPLOYEE BENEFITS

	31 December 2018	31 December 2017
Employee benefit - long -term portion	40,727	41,412
- short-term portion	2,698	2,865
Total employee benefit	43,425	44,277

Progress in employee benefit:

	2018	2017
Balance as at 1 January	44,277	44,742
Creation	2,392	2,865
Reversal due to provision drawing	-2,865	-1,783
Dissolution due to unrealized provision	0	-1,027
Re-measurement of post-employment benefit	-379	-520
Balance as at 31 December	43,425	44,277

Employee benefit provision

As at 31 December 2018 the Company recognized provision in the amount of € 43,425 thousand (as at 31 December 2017: € 44,277 thousand) for covering an estimated liability relating to bonus upon retirement or disabled retirement, bonus upon life and work jubilees and compensating contribution due to decrease in health capability of an employee (Note 33).

The Company has defined benefit plans based on which pays out a one-off retirement bonus amounting to € 100 for each year worked. A jubilee bonus upon reaching age of 50 and 60 years is paid out depending on the number of years worked ranging from € 100 (up to 10 years) to € 700 (over 35 years).

None of these programs is financially independent. The amount of the provision has been determined by using projected unit credit method based on financial and actuarial variables and assumptions which are reflections of official statistical data and are in accordance with the Company's business plan assumptions.

The Company does not have prepared any detailed plan to reduce the number of employees as at the day of preparation of financial statements.

Main actuarial assumptions used:

Discount rate	1,97 % p. a.
Future salary increases	in 2019 by 5.00 % p. a., in 2020 and in subsequent years by 5.00 % p. a.
Mortality	Mortality of the Slovak population based on the mortality tables issued by the Statistical office of the Slovak Republic from 2008 - 2012

Description of the risks

The Company has no assets to cover liability and thus avoids the risk of investing funds, on the other hand, there is no valorisation of assets to cover liabilities.

Amount of sensitivity of „employment benefits“ to assumptions

- change in discount by +1 % for all subsequent years, provided that the other assumptions in calculation remain unchanged, results in decrease of liability by 9.32 %;
- change in wage by +1 % for all subsequent years, provided that the other assumptions in calculation remain unchanged, results in increase of liability by 3.89 %;
- decrease of fluctuation by 10 % for all subsequent years, provided that the other assumptions in calculation remain unchanged, results in increase of liability by 0.78 %;
- decrease in mortality assumptions by 10 % for all subsequent years, provided that the other assumptions in calculation remain unchanged, results in increase of liability by 1.19 %.

The structure of employee benefit costs

	Employment benefits	Post-employment benefits	Total
Balance as at 31 December 2017	6,745	37,532	44,277
Current and past service cost	306	1,059	1,365
current service cost	300	1,656	1,956
past service cost	6	-597	-591
Interest expense	122	679	801
Re-measurements (gains and losses of actuarial)	-57	-379	-436
- changes in demographic assumptions	0	0	0
- changes in financial assumptions	-72	-577	-649
- resulting from practice	15	198	213
Payments program (benefits paid)	-710	-1,872	-2,582
Balance as at 31 December 2018	6,406	37,019	43,425

The average maturity of employment benefits is 7.10 years, future benefits is 11.35 years and the average maturity of post-employment benefits is 10.24 years, future benefits is 15.92 years.

As at 31 December 2018, re-measurements of post-employment benefit (gains) in the amount of € 379 thousand are disclosed in equity and other comprehensive income (as at 31 December 2017: gains of € 520 thousand).



19 OTHER NON-CURRENT LIABILITIES

	31 December 2018	31 December 2017
Social fund liabilities	542	826
Other non-current liabilities	19,636	7,847
Rent received in advance	2,393	2,576
Advance payments of CEF	17,693	12,626
Total other non-current liabilities	40,264	23,875

Other non-current liabilities increased due to accounting for long-term amount withheld of investments.

Structure of social fund:

	2018	2017
Balance of fund as at 1 January	826	561
Creation	1,586	1,977
of which creation from retained earnings	0	500
Spending	1,870	1,712
Balance as at 31 December	542	826

20 CURRENT TRADE PAYABLES

	31 December 2018	31 December 2017
Trade payables	51,690	81,521
Advances received	1,620	2,812
Other payables	1,375	1,024
Total current payables	54,685	85,357

Of the total amount of trade payables, the Company recorded investment payables in the amount of € 32,584 thousand (as at 31 December 2017: € 57,300 thousand) and operating payables in the amount of € 22,101 thousand (as at 31 December 2017: € 28,057 thousand). Advances received primarily represents received payments from future contracts.

21 PAYABLES TO PUBLIC INSTITUTIONS

	31 December 2018	31 December 2017
Payables to insurance companies	7,951	7,179
Payables to tax authorities	1,740	1,440
Total payables to public institutions	9,691	8,619

22 OTHER PAYABLES

	31 December 2018	31 December 2017
Employees	15,354	14,377
Advance payments of CEF	11,110	10,399
Other payables	654	480
Total other payables	27,118	25,256

23 SALES OF OPERATION OF RAILWAY INFRASTRUCTURE

Fees for access to railway infrastructure represent the allocation of infrastructure capacity for service of freight and passenger transport on railway network under Contract for access to railway infrastructure. Infrastructure capacity means the potential to schedule train paths for a certain period on certain section of railway track.

	31 December 2018	31 December 2017
Fees for access to railway infrastructure – cargo transport	25,474	28,168
– passenger transport	54,296	52,791
Total fees for access to railway infrastructure	79,770	80,959

Sales of additional services of shunting and technical office are separated from the fee for access to railway infrastructure, i. e. unregulated price is charged separately to railway companies.

	31 December 2018	31 December 2017
Sales of additional services of railway infrastr. – cargo	5,343	5,280
– passenger	4,505	4,563
Total sales of additional services of railway infrastructure	9,848	9,843

As at 31 December 2018, the total number of railway carriers is 42, herein the number of Slovak carriers is 25 and the number of foreign carriers is 17. In 2018, 6 carriers for passenger transport and 36 carries for freight transport operated on the railways of ŽSR.



24 SUBSIDY FOR RAILWAY INFRASTRUCTURE OPERATION

In accordance with Appendix No. 3 to the Contract on the Operation of the Railway Infrastructure for the years 2017 - 2021 concluded between Ministry of Transport and ŽSR, the Company received operational subsidy to cover fixed portion of economically eligible costs in the amount of € 270,000 thousand in 2018 (as at 31 December 2017: € 250,000 thousand) and will be evaluated within the half of 2019. Contract on the Operation of the Railway Infrastructure for the year 2017 was evaluated on 7 August 2018, resulted to return of funds in the amount of € 3 thousand to the account of Ministry of Transport.

Under the valid Contract on the Operation of the Railway Infrastructure, compensation of financial impact was provided to the Company, associated with reduction of charges for access to railway infrastructure for cargo carriers in the amount of € 26,479 thousand (as at 31 December 2017: € 24,086 thousand). The compensation was complied with the condition of application of non-discriminatory access to rail cargo carriers and cleared in accordance with the terms of the contract.

	31 December 2018	31 December 2017
Subsidies for railway infrastructure operation	270,000	250,000
Evaluation of Contract on the Operation of the Railway Infrastructure	-3	-11
Compensation from the reduction of fees for access	26,479	24,086
Total subsidies and compensation for railway infrastructure operation	296,476	274,075

25 ELECTRIC ENERGY

ŽSR provides sales and distribution of electricity and gas for internal and external customers. The Company is also sole supplier of track energy for carriers using traction unit of electric traction.

	31 December 2018	31 December 2017
Sales of track energy	25,957	21,554
Sales of distribution of track energy	39,192	38,482
Sales of non-track energy	1,513	1,490
Sales of distribution of non-track energy	2,170	2,243
Sales of energy – national nuclear fund	1,565	1,562
Total sales of track energy	70,397	65,331

26 TELECOMMUNICATIONS SERVICES AND INFORMATICS

ŽSR provides data, voice, internet services and rental of digital circuits and network; operation of communication infrastructure including terminals, main and backup data centres, data warehousing, international data exchange and customer service.

	31 December 2018	31 December 2017
Sales of IT services	2,725	2,764
Sales of telecommunication services – data	1,734	1,779
Sales of telecommunication services – voice	396	406
Sales of telecommunication services – others	433	424
Total sales of telecommunication services and informatics	5,288	5,373

27 RENT OF PROPERTY

ŽSR provides the possibility of operating lease of buildings, premises, land and service facilities in the district of railway stations and tracks (i.e. space on ticket sales, places for information and commercial services, ramps, cranes, rail scales, etc.). Payments made under operating lease are recognized as revenue evenly throughout the period of the lease.

	31 December 2018	31 December 2017
Revenues from rental of non-residential premises	6,191	5,407
Revenues from rental – land	2,929	2,828
Revenues from rental – residential premises	622	644
Revenues from rental – movable assets	304	310
Profit from disposal of non-current assets	3,510	1,571
Profit from sale of material	320	256
Total revenues from rental	13,876	11,016

28 OTHER REVENUES

	31 December 2018	31 December 2017
Sales of trailers turned out and other technical services	2,240	2,073
Sales for heat and steam	1,523	1,556
Sales for training, education	1,295	1,325
Sales of water and sewage charges	730	689
Sales of accommodation services	817	843
Sales of works canteens and catering services	350	371
Own work capitalized	8,397	8,058
Re-earned material	1,823	1,467
Others revenues	2,733	3,076
Total sales of other services	19,908	19,458

29 NET SALES

	31 December 2018	31 December 2017
Sales of services	183,169	178,437
Sales of goods	57	56
Subsidy in accordance with the Contract on the Operation of the Railway Infrastructure	296,476	274,075
Total net sales	479,702	452,568

30 MATERIALS AND CONSUMABLES

	31 December 2018	31 December 2017
Consumption of materials and consumables	-25,382	-24,873
Fuel consumption	-4,399	-4,317
Consumption of fixed asset	-1,651	-5,612
- Creation / + Reversals of allowances for inventories	547	-87
Total materials and consumables	-30,885	-34,889

31 ENERGIES

	31 December 2018	31 December 2017
Electricity	-73,192	-67,413
Gas	-2,065	-2,120
Steam and heat	-3,739	-3,666
Water	-1,074	-1,583
Total energies	-80,070	-74,782

32 SERVICES

	31 December 2018	31 December 2017
Repairs and maintenance	-27,532	-21,817
Costs of waste disposal	-1,829	-3,038
Costs of cleaning	-4,216	-3,753
Costs of information technology	-1,909	-1,609
Costs for machineries performance with operator	-1,163	-538
Paid rent and remuneration	-788	-749
Costs of diagnostics, metrology, project documentation, experts opinions	-1,313	-950
Costs of telecommunication services	-1,133	-1,255
Costs for sewage, sludge disposal	-1,084	-1,040
Materiology costs	-2,419	-2,222
Transportation if not included in the cost	-513	-609
Costs of software and software licences	-116	-198
Guarding, security and investigation services	-1,269	-872
IT support and consulting costs	-1,413	-1,381
of which costs of auditing services	-67	-65
Others	-4,244	-3,291
Total services	-50,941	-43,322

33 PERSONNEL COSTS

	31 December 2018	31 December 2017
Salary costs	-172,294	-159,875
Social security costs	-65,904	-61,015
Employee benefit provision	473	-55
Other personnel costs	-14,775	-12,831
Total personnel costs	-252,500	-233,776

Average number of employees during the financial year as at 31 December 2018 was 13,693.69 (as at 31 December 2017: € 13,823.73) and the Company employed 13,665 employees as at 31 December 2018 (as at 31 December 2017: 13,781 employees) of which manager employees directly responsible of general director is 36 (as at 31 December 2017: 39).

34 DEPRECIATION, AMORTIZATION AND IMPAIRMENT

	31 December 2018	31 December 2017
Depreciation and amortization and residual value of disposed assets	-194,269	-179,110
Release of accruals in the amount of depreciation	98,442	89,454
Impairment	3,084	1,919
Total depreciation, amortization and impairment	-92,743	-87,737

35 OTHER OPERATING COSTS, NET

	31 December 2018	31 December 2017
Fare	-4,343	-4,088
Taxes and fees	-2,994	-3,016
Property insurance	-2,402	-2,390
Other costs and revenues	-78	151
Reversal of allowances for receivables	8,305	12,028
- Creation / + Reversal of legal claims provision	-8	-100
Settlement of provision for environmental burden	18,892	10,262
Total other operating costs, net	17,372	12,847

36 OTHER FINANCIAL COSTS AND INCOME

	31 December 2018	31 December 2017
Bank charges	-5	-6
Other financial expenses	-16	-144
Interest income	7	50
Other financial income	14	788
Total other financial costs and income	0	688

37 CORPORATE INCOME TAX

	31 December 2018	31 December 2017
Profit before tax according to Slovak accounting standards	5,418	4,835
of which theoretical tax at	21%	21%
	1,138	1,015
Tax effect of		
Items increasing profit or loss	56,910	50,017
Items decreasing profit or loss	-99,999	-83,205
Tax base (+) / Tax loss (-)	-37,671	-28,353
Deferred tax	-53,611	-48,147
Tax expense	0	3
Temporary differences arising between the tax bases of assets and their carrying amounts, of which:	387,672	357,622
Deductible	-45,481	-59,381
- allowances for property, plant and equipment	-21,594	-24,678
- allowances for receivables	-19,763	-30,032
- allowances for inventories	-4,124	-4,671
Taxable	433,153	417,003
- Property, Plant and Equipment	424,490	408,294
- Financial investments recorded in equity	0	9
- Income recognized after payment	8,663	8,700
Temporary differences arising between the tax bases of liabilities and their carrying amounts, of which:	-63,440	-86,849
Deductible	-63,440	-86,849
- provisions recorded as expenses	-63,560	-87,022
- provisions recorded in equity	379	520
- costs recognized after payment	-259	-347
Taxable	0	0
Possibility to carry forward tax losses in future	68,943	41,503
Tax rate	21%	21%
Deferred tax (+ assets / - liabilities):		
- deferred tax at valid tax rate, net	-68,009	-56,751
- deferred tax recorded in equity	-80	-111
- deferred tax from possibility to carry forward tax losses in future	14,478	8,715
Total deferred tax (+ assets / - liabilities)	-53,611	-48,147
Change in deferred tax liability	-5,464	-6,081
recorded in income statement	-5,495	-4,843
recorded in equity	31	-1,238

In the period of taxation 2018 the Company disclosed tax loss in the amount of € 37,680 thousand (as at 31 December 2017: tax loss € 28,353 thousand).

Withholding tax on interest in the amount of € 2 thousand was deducted in the period of taxation 2018 (as at 31 December 2017: € 9 thousand).

At the reporting date, the Company recorded deferred tax asset in equity from re-measurement of post-employment benefit in the amount of € 29 thousand (as at 31 December 2017: deferred tax liability in the amount of € 1,236 thousand), deferred tax asset in equity from revaluation of financial investments in the amount of € 2 thousand (as at 31 December 2017: deferred tax liability in the amount of € 2 thousand) and deferred tax liability in the income statement in the amount of € 5,495 thousand (as at 31 December 2017: € 4,843 thousand).

38 COMMITMENTS AND CONTINGENCIES

Capital commitments

The Company is engaged in a continuous capital investment program, including projects for environmental improvements, modernization, replacement and expansion, whereby the majority of these objectives is associated with the reduction of regional differences within the EU. The Company's capital expenditure budget for each of the years 2019 – 2021 is set out in the table below:

Year	Track and infrastructure	IT and telecom	Total
2019	245,860	2,252	248,112
2020	130,624	1,517	132,141
2021	149,579	0	149,579
Total	526,063	3,769	529,832

39 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

ŽSR registers legal claims for which is not recorded a provision, where termination of the proceedings not in favor of the Company is less than probable.



40 RELATED PARTY TRANSACTIONS

Based on the volume of realized transactions in 2018, the most significant related parties were Železničná spoločnosť Slovensko, a. s., and Železničná spoločnosť Cargo Slovakia, a. s., with the State as the sole shareholder. Fees for access to railway infrastructure from Železničná spoločnosť Slovensko, a. s., represent 14.23 % (as at 31 December 2017: 14.69 %) and from Železničná spoločnosť Cargo Slovakia, a. s., represent 5.71 % (as at 31 December 2017: 6.92 %) of the total revenues for rendered services (Note 23, Note 24).

Summary of liabilities and receivables is as follows:

	ZSSK CARGO		ZSSK	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Liabilities	49	19	74	73
Receivables	16,185	22,834	3,329	2,736
Allowances	11,014	19,061	1	0

In accordance with the Contract on the Operation of the Railway Infrastructure as amended, the Company received subsidy to cover fixed portion of economically eligible costs in the amount of € 270,000 thousand in 2018 and will be evaluated within the half of 2019. Based on this Contract, compensation of financial impact in the amount of € 26,500 thousand was provided to the Company, associated with reduction of charges for access to railway infrastructure for cargo carriers (Note 24). The actual compensation drawing was € 26,479 thousand. Contract on the Operation of the Railway Infrastructure for the year 2017 was evaluated on 7 August 2018, resulted to return of funds in the amount of € 3 thousand to the account of Ministry of Transport.

The Company draws capital subsidies from the state budgeted under contract of category of budget of Ministry of Transport to modernization and development of railway property (Note 15).

ŽSR executes pension retirement additional insurance via pension funds managed by the subsidiary Stabilita, d. d. s., a. s., with which the employment contract was closed (Note 7). As at 31 December 2018, 11,971 employees of the Company is involved (as at 31 December 2017: 11,396). Based on the Collective Labor Agreement, ŽSR contributes for employee's additional insurance from 2 % up to 5 % from the base of assessment for the calculation of insurance premium. Costs of additional insurance are recorded monthly in personnel costs – total for year 2018 are in the amount of € 4,195 thousand (as at 31 December 2017: € 3,830 tis. EUR). As at 31 December 2018, the Company records liabilities in the amount of € 501 thousand (as at 31 December 2017: € 458 thousand).

As at 31 December 2018, the Company records no receivables from associated company Železničná priemyselná stavebná výroba, Čaňa (as at 31 December 2017: € 2 thousand). Revenues for the year 2018 were in the amount of € 20 thousand (as at 31 December 2017: € 14 thousand). As at 31 December 2018, the Company records liabilities from the acquisition of material in the amount of € 20 thousand (as at 31 December 2017: € 0) (Note 7).

In 2018 the Company paid out employee benefits in the amount of € 653 thousand (in 2017: € 593 thousand) to the key management of the Company, of this Management Board in the amount of € 118 thousand (as at 31 December 2017: € 118 thousand).

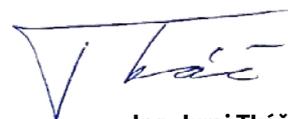
The Company as other legal entity (Note 1) is part of the summary financial statements of public accounts of Slovak republic, compiled by Ministry of Finance of Slovak republic (Note 2). Transactions within the consolidation of public accounts are not material, respectively are included in the financial statements (Note 3, Note 8, Note 10, Note 11, Note 15, Note 21, Note 22, Note 24).

41 EVENTS AFTER THE REPORTING PERIOD

There were no material events in the Company between the end of the reporting period and the date that the financial statements are authorised for issue except events stated in Section X. of Annual Report.

42 APPROVAL OF FINANCIAL STATEMENTS

Financial statements in notes 1 to 42 were prepared and signed on behalf of the Company on 8 March 2019:



Ing. Juraj Tkáč
General Director



List of signs and abbreviations

a. s.	joint-stock company
CEF	Connecting Europe Facility
CER	Community of European Railway and Infrastructure Companies
Coll.	Collection of Laws
EBITDA	Earnings before interest, taxes, depreciation, and amortization
ERA	European Union Agency for Railways
ERTMS	European Rail Traffic Management System
EU	European Union
GAP	financial gap
GSM – R	Global System for Mobile Communications – Railway – is an international standard for wireless communications designed for railway applications
grtkm	gross tonne kilometre
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IFRIC	International Financial Reporting Interpretations Committee
IT	information technologies
km	kilometre
no.	unit
No.	number
m	metre
MÁV	Hungarian State Railways (Magyar Államvasutak Zrt)
OPII	Operational Programme Integrated Infrastructure
OSŽD	Organisation for Co-operation between Railways
PD	project documentation
RNE	Rail Net Europe – European Infrastructure Managers Association
SPŠ	secondary technical school
SR	Slovak republic
TIP	terminal of integrated transport
TIOP	terminal of integrated passenger transport
trkm	train kilometre
UIC	International Union of Railways
VAT	Value added tax
ŽSR	Railways of Slovak republic (Železnice Slovenskej republiky)



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