HALF YEAR REPORT, 2020

NV Nederlandse Spoorwegen

The Half year report is published in both English and Dutch. In the event of any discrepancies between the Dutch and the English version, the information in the Dutch version prevails.

Unaudited

NV Nederlandse Spoorwegen Half year report 2020

Condensed consolidated statement of income
for the first six months period ending on 30 June 2020
NV Nederlandse Spoorwegen

(in millions euros)		**first six months**	
	Note	**2020**	**2019**
Revenue	6)	3,318	3,156
Operating expenses		-3,371	-3,039
Share in result of equity accounted investees, accounted for using the equity method		1	3
Result from operating activities		**-52**	**120**
Net finance income		-24	-25
Result before income tax		**-76**	**95**
Income tax	7)	-109	-1
Result for the period		**-185**	**94**
Attributable to:			
Equity holder of the Company		-186	90
Minority interest		1	4
Result for the period		**-185**	**94**

Condensed consolidated statement of comprehensive income
for the six months period ending on 30 June 2020
NV Nederlandse Spoorwegen

(in millions euros)	first six months 2020	2019
Result for the period	-185	94
Other comprehensive income that is or may be classified into the income statement	-33*	7
Other comprehensive income not being reclassified into the income statement	-	3
Other comprehensive income recognised directly in equity	**-33**	**10**
Total comprehensive income	**-218**	**104**
Attributable to:		
Equity holder of the Company	-219	99
Minority interest	1	5
Total comprehensive income	**-218**	**104**

*Refers to the change in the market value of commodity derivatives (dieselhedges) to which hedge accounting is applied.

Condensed consolidated balance sheet*
as at 30 June 2020
NV Nederlandse Spoorwegen

(in millions euros)	Note	30 June 2020	31 December 2019
Assets			
Property, plant and equipment		4,361	4,260
Investment property		131	135
Intangible non-current assets		498	484
Right-of-use assets		2,070	2,022
Investments recognised using the equity method		18	19
Other financial assets, including investments	1)	151	159
Deferred tax assets		95	202
Total non-current assets		**7,324**	**7,281**
Inventories		187	184
Trade and other receivables		1,229	1,144
Income tax receivable		15	13
Other financial assets, including investments		-	8
Cash and cash equivalents		864	818
Total current assets		**2,295**	**2,167**
Total assets		***9,619***	***9,448***
Equity and liabilities			
Total equity	2)	**3,490**	**3,781**
Deferred credits		220	240
Loans and other financial liabilities, including derivatives	3)	857	656
Lease liabilities		1,720	1,676
Employee benefits		38	35
Provisions		156	126
Accruals		19	32
Deferred tax liabilities		53	54
Total non-current liabilities		**3,063**	**2,819**
Loans and other financial liabilities, including derivatives	3)	269	99
Lease liabilities		420	433
Corporate tax payable		7	10
Trade and other payables		1,779	1,497
Deferred income		524	738
Provisions		67	71
Total current liabilities		**3,066**	**2,848**
Total liabilities		**6,129**	**5,667**
Total equity and liabilities		***9,619***	***9,448***

Condensed consolidated cash-flow statement*
for the six months period ending on 30 June 2020
NV Nederlandse Spoorwegen

(in millions euros)	first six months 2020	2019
Profit for the period	**-185**	**94**
Adjustments for:		
Depreciation and amortisation	448	384
Impairment losses	-	-
Other changes	116	21
	379	**499**
Changes in working capital and other positions	-77	-208
	302	**291**
Finance expenses paid and income tax paid	-26	-34
Net cash flow from operating activities	**276**	**257**
Finance revenues received	6	4
Dividend from investments recognised using the equity method	2	4
Acquisition of assets (tangible and intangible)	-337	-319
Acquisition of property investments	-	-1
Disposal of assets (tangible and intangible)	1	11
Receipts/payments for other investments	-	-
Disposal of financial assets, including investments	-	9
Acquisition of financial assets, including investments	-29	-20
Net cash from investment activities	**-357**	**-312**
Net cash from operating and investments activities	**-81**	**-55**
Repayment of loans taken out	-117	-121
Repayment of lease liabilities	-233	-153
Long-term loans and other financial liabilities taken out	499	250
Dividend paid	-	-37
Net cash from financing activities	**149**	**-61**
Net increase/decrease in cash and cash equivalents	**68**	**-116**
Cash and cash equivalents as at 1 January	818	906
Cash and cash equivalents classified as held for sale	-	4
Effect of exchange rate fluctuations on cash held	-22	1
Cash and cash equivalents as at 30 June	**864**	**795**

The net cash flow from operating activities over the first half of 2020 has been positively impacted for an amount of € 135 by an advance grant received in the United Kingdom under Emergency Measures Agreements (EMA).

Condensed consolidated statement of changes in equity in the six months period ending on 30 June 2020 NV Nederlandse Spoorwegen

(in millions euros)	Subscribed share capital	Miscellaneous reserves	Retained profits	Undistributed result	Total	Minority interest	Total equity
Balance as at 1 January 2019	**1,012**	**36**	**2,428**	**106**	**3,582**	**10**	**3,592**
Realised and non-realised profits over the period							
Result for the period				90	90	4	94
Non-realised profit		9			9	1	10
Total recognised profit for the period	-	9	0	90	99	5	104
Transactions with owners, recognised directly in equity							
Other movements		5	101	-106	-		-
Dividend paid to shareholders			-37		-37		-37
	-	5	64	-106	-37	-	-37
Balance as at 30 June 2019	**1,012**	**50**	**2,492**	**90**	**3,644**	**15**	**3,659**

(in millions euros)	Subscribed share capital	Miscellaneous reserves	Retained profits	Undistributed result	Total	Minority interest	Total equity
Balance as at 1 January 2020	1,012	48	2,495	208	3,763	18	3,781
Realised and non-realised profits over the period							
Result for the period				-186	-186	1	-185
Non-realised profit		-31			-31	-2	-33
Total recognised profit for the period	-	-31	0	-186	-217	-1	-218
Transactions with owners, recognised directly in equity							
Other movements			208	-208	0		0
Dividend paid to shareholders			-73		-73		-73
	-	-	135	-208	-73	-	-73
Balance as at 30 June 2020	**1,012**	**17**	**2,630**	**-186**	**3,473**	**17**	**3,490**

*The dividend of €73 million has been made available, but has not been paid in view of the financial perspectives

Explanatory notes to the condensed consolidated Half year Report for 2020

General information

Reporting entity

NV Nederlandse Spoorwegen has its registered office in Utrecht in the Netherlands.
The company's consolidated six-monthly report for the first half of 2020 covers the company and its subsidiaries (hereinafter referred to as the 'Group') and the Group's share in associates and companies that it controls jointly with third parties. NV Nederlandse Spoorwegen is the holding company of NS Groep, which in turn is the holding company of the operating companies that carry out the Group's various business operations.

The Half year report is published in both English and Dutch. In the event of any discrepancies between the Dutch and the English version, the information in the Dutch version prevails.

Statement of compliance

This condensed consolidated Half year report was prepared in accordance with IAS 34 - Interim financial reporting except for the determination of a potential impact on the measurement of assets and liabilities as a result of the Covid-19 pandemic (IAS 36 Impairment of Assets), see note on impairments. It does not contain all the information that is required for full financial statements and it should be read in combination with the Group's consolidated financial statements for 2019.

This condensed consolidated Half year report was prepared by the Executive Board and discussed and approved by the Supervisory Board on 15 August 2020. This condensed consolidated Half year report has not been reviewed by an external auditor and this is due to the current significant uncertainties included in the analysis of the valuation of assets and liabilities as a result of the Covid-19 pandemic. This is different from the previous year reporting.

Significant accounting policies

The accounting policies for the Group's financial reporting that are applied in this condensed consolidated interim report are the same as were applied in the consolidated financial statements for the 2019 financial year, with the exception of the application of IAS 36.

New and revised guidelines for 2020

The revised standards that come into effect as of 2020 will not have a significant impact on the Group's consolidated figures.

Estimates and assessments

The preparation of the Half year report requires the management to make judgements, estimates and assumptions that affect the application of accounting policies for financial reporting and the reported value of assets and liabilities, and the size of items of income and expenditure. Important estimates and assessments concerning Covid-19 are set out below. To the extent possible, the estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Unless stated otherwise below, the significant judgements formed by the management in the application of the Group's accounting policies for financial reporting and the main sources of estimates used in the preparation of this consolidated Half year report are the same as the judgements and sources used in the preparation of the consolidated financial statements for the financial year 2019.

Financial risk management
The Group's objectives and policy with regard to financial risk management are the same as the objectives and policy set out in the consolidated financial statements for 2019.

Acquisition and sale of equity interests
There were no acquisitions or disposals of investments in the first half of 2020.

Impact Covid 19

Going concern assumption (12 months ahead)

An uncertain situation has arisen as a result of the outbreak of the Corona crisis. For the Group, the Corona crisis has resulted in a sharp drop in turnover in all concessions (before government subsidies) and consequently a sharp drop in results. It is unclear when the turnover will pick up again to levels that will restore the Group's profitability. The Dutch government has announced support measures in the form of 'beschikbaarheidsvergoeding' for 2020. The exact implementation and final settlement of this is still unclear.

In the United Kingdom, the revenue risk has been taken over by the concession grantors until 20 September 2020. The measures for the period thereafter will be clarified by the government before 20 September 2020.

On the basis of the agreements that have already been formalised, there is a financing shortfall. However, this does not take into account possible additional availability payment for 2021. The Group is in consultation with its stakeholders to fill this possible financing gap, whereby various options are available.

With the receipt of the availability fee for 2020 and 2021, the Group expects to be able to attract sufficient funding to maintain continuity. The Group therefore believes that its accounting policies can be maintained on a going concern basis.

Impairment of fixed assets / Onerous contracts

Reizigersbedrijf NL

On 15 March, the Cabinet announced measures in the Netherlands that largely brought social life to a standstill. NS then started operating a basic timetable and from 1 July a full timetable again. The government has promised the public transport sector an availability fee for 2020 that will cover 93% of the costs over the period 1 March to 31 December 2020. The exact schedule has yet to be worked out. Uncertainties remain about commitments on compensation after 2020.

The Corona crisis has forced the Group to carry out an analysis for the main rail network contract to determine whether the contract is impaired or loss-making for the current period up to 2025.

Important assumptions and assumptions have been made with regard to this analysis:

- Expected passenger transport revenue for the remaining contract period;
- The level of government support in the period after 2020
- Estimates with regard to the results of making the organisation and investments appropriate to the lower passenger revenues
- Estimates of cost reduction programmes
- Estimation with regard to the expected WACC

The Group notes that the underlying analyses contain significant estimation uncertainties, these uncertainties being amplified by uncertainties about how and when the Dutch economy will recover from the Covid-19 pandemic, the impact this will have on passenger behaviour and how public transport companies will be supported in the future.

Based on this analysis, the Group concludes that, given the large uncertainties in both the short and long term, no reliable estimate can be made at this moment in time of the possible loss that would result in a possible impairment and/or loss-making contract.

The outcome of relevant scenarios might lead to an impairment. The range of possible outcomes is up to € 2 billion. In view of the considerable uncertainties and size of the bandwidth of the various scenarios, no impairment and/or provision has been recognised for the Dutch concession in these interim figures. The Group expects the uncertainties to decrease in the coming six months.

An average WACC of 6% has been used for the entire group (31 December 2019: 4.6%). This increase is mainly due to the increased beta as a result of uncertainties in the market.

Abellio UK

On 23 March 2020, the United Kingdom went into lockdown as a result of the Covid 19 pandemic. The UK government responded by working with UK train operators to put in place Emergency Measures Agreements (EMAs) which helped to provide short-term financial stability, with the interim arrangements implemented in Scotrail, Greater Anglia, East Midlands and West Midlands until 20 September. To date, this has resulted in an additional grant to compensate for costs incurred of GBP 549 million.

There is therefore uncertainty about the position after 20 September and about the impact of the franchise agreements after 20 September, which may have a significant impact on the book value of assets and future contract outturn assessments.

As part of the half-yearly closing, the Group has analysed the potential financial result of a number of scenarios per franchise to assess whether there is loss and/or impairment.

Important assumptions have been made with regard to this analysis:

- Expected passenger transport revenue for the remaining contract period;
- The level of government support in the period after 2020
- Estimates of cost reduction programmes
- Estimation with regard to the Wacc

The underlying analyses contain significant estimation uncertainties. If EMA is not extended and goes back to the old/current contract conditions, several concessions are expected to be loss-making. Based on this analysis, and taking into account these significant uncertainties, the Group has concluded that for a number of contracts the range of outcomes and uncertainties is too great to enable an accurate assessment.

On the whole, however, it was decided to recognise an impairment of assets. This amounts to € 28 million as at 30 June 2020 and is included in the half year report.

Abellio Germany

The situation in Germany is different from that in the United Kingdom and the Netherlands, as German contracts are to a lesser extent dependent on passenger revenue.

All concessions have now been mobilised. Replacement services are being provided at various locations (e.g. due to delayed delivery of Stuttgart trains and a shortage of RRX/SBRR drivers), and we expect clarity about additional compensation (crucial for the future of Abellio Germany) in the second half of the year.

In assessing goodwill, Abellio Germany has been treated as a single cash-generating unit. The assessment for potential loss on the contracts is made on an individual contract basis. As at 30 June 2020 this has not yet led to an impairment or provision for onerous contracts. Important assumptions in the analysis are:

- The implementation of specific contractual provisions in order to achieve additional compensation from the various principals, mainly with regard to compensation for increased wage costs and penalties due to deteriorating punctuality, the cause of which does not lie with the contractor. Implementation of these provisions is essential for future profitability;
- Realisation of profit optimisation programmes initiated over the remaining contract term, as well as the timing thereof;
- The successful introduction of new trains for the Stuttgarter Netz concession;
- Serving the concession contracts until the end of the remaining term; and
- The WACC used.

Deferred tax assets

On 30 June 2020, the Group has deferred tax assets for temporary differences of €141 million. In virtually all scenarios, these deferred tax assets are not covered by forecasted profits over the period of 6 years (up to and including 2025). For this reason the Group has written down tax assets to an amount of €107 million taking into account the offsetting of deferred tax liabilities. See note 7 for an explanation of the tax charge.

Receivable in respect of availability fee

On the basis of the agreements made with the Ministry of I&W and the fact that the agreements made have been discussed by the Cabinet, the compensation is so certain that the criterion to include a claim for this as of 30 June 2020 is met.

Since the exact scheme is not yet available, the Group has made a number of assumptions when determining the amount of the remuneration for the first half year. These assumptions may lead to an adjustment of the amount at the time the plan is finalized. The recognised availability fee for the first half year 2020 amounts to €351 million.

Notes to the consolidated balance sheet

1) Other financial non-current assets, including investments

The 'Other financial non-current assets, including investments' can be specified as follows:

(in millions euros)	**30 June 2020**	**31 December 2019**
Other financial assets included in the fixed assets		
Interest in Eurofima	87	88
Interest in bonds	37	29
Loans and receivables	27	7
Financial leases	-	33
Commodity derivatives	-	2
Other financial fixed assets	-	-
Total	**151**	**159**

There are no material differnces between the carrying amounts and fair values of the financial assets and liabilities recognised in the statement of financial position.The interests in equity securities, bonds and commodity derivatives are measured at fair value.

2) Equity and dividends

The annual accounts for 2019 and the profit appropriation were adopted at the shareholders' meeting of 10 March 2020. In accordance with the proposal, an amount of € 135 million of the profit for the reporting period of € 208 million has been added to the reserves and an amount of € 73 million has been made available as dividend, but has not yet been distributed to the shareholder in view of the financial outlook. The dividend tax to be withheld (€ 11 million) has, however, been paid to the tax authorities.

3) Loans and other financial liabilities, including derivatives

The total amount in loans and other financial liabilities can be specified as follows:

(in millions euros)	30 June 2020	31 December 2019
Non-current liabilities		
Private loans	795	600
Other financial obligations	32	39
FX derivatives	1	9
Commodity derivatives	29	8
Total	**857**	**656**
Short-term liabilities		
Private loans	246	58
Current account financial institutions	16	40
Commodity derivatives	7	1
Total	**269**	**99**
Total liabilities	**1,126**	**755**

When determining the value of commodity derivatives used for hedging, the Group uses valuation methods in which all the necessary significant data is derived from published market data.

4) Settlement of claims and legal proceedings

Chromium 6

On Thursday, 31 January 2019, the National Institute for Public Health and the Environment (RIVM) presented the results of the chromium VI investigation for the reintegration project tROM in Tilburg. In the Tilburg tROM project, people on unemployment benefit worked between 2004 and 2011 on trains belonging to NS and the Dutch Railway Museum at the then NedTrain workshop in Tilburg. RIVM carried out an investigation, with which NS cooperated. An independent committee drew conclusions and formulated recommendations based on the investigation results. The committee drew some strong conclusions, including about the role of NS in the Tilburg project. According to the committee, the municipality of Tilburg, NS and the Dutch Railway Museum all individually cut corners. At the start of February 2019, the parties announced that they would be jointly making arrangements, each taking their share of the responsibility, with the aim of providing clarity to the people affected as soon as possible.

The provision is unchanged compared to 31 December 2019.

Furthermore, the police are currently carrying out a criminal investigation on the instructions of the Public Prosecution Service, whereby NedTrain is one of the suspects. It is not clear at present what the outcome is likely to be of this investigation.

Authority for Consumers and Markets (ACM)
In its judgement of 6 March 2015, the ACM concluded that NS had infringed Sections 67 and 71 of the Railways Act by not making a reasonable offer for a number of facilities in the Limburg tendering process.

On 22 May 2017, the ACM ruled that NS had acted in violation of Section 24 of the Competitive Trading Act and Section 102 of the Treaty on the Functioning of the European Union. The ACM therefore imposed a penalty of €40.95 million on NS. Based on a framework of norms that the ACM itself devised, the ACM concluded that NS's offer did not satisfy the 'internal rate of return' requirement. This approach taken by the ACM is new and has far-reaching consequences for the rail sector and future tenders and investments by NS. In view of this, NS lodged an objection to the decision. NS disputes the conclusion that it made a loss-making offer for the public transport tender in Limburg. The bid also satisfied the 'internal rate of return' requirement. NS therefore disagrees with the ACM's ruling and the supporting arguments for the decision. NS submitted a notice of objection, asking the ACM to reconsider its decision. On 29 March 2018, the ACM dismissed NS's objections. NS lodged an appeal against the ruling on the objection. The penalty was paid in 2017 and charged to the income statement in 2017.
On 27 June 2019, the district court of Rotterdam overturned the ruling by the ACM. The penalty no longer applies; it was refunded to NS in July 2020 and this is recognised in the income statement as at 30 June 2019. The ACM has lodged an appeal and asked for a timeframe for adding to its arguments. There are no significant developments in the first half of 2020.

Public Prosecution Service
The Public Prosecution Service (specifically, the Office for Financial, Economic and Environmental Offences in 's-Hertogenbosch) started an investigation in 2015 into possible criminal acts in connection with the tendering process for public transport in Limburg. The investigation focused on the actions and circumstances surrounding an alleged arrangement regarding the disclosure of business secrets. The suspected parties include the companies NS Groep NV, Qbuzz BV, Abellio Transport Holding BV and Abellio Nederland BV. In February 2016, NS Groep NV received the final report of the criminal investigation. The Public Prosecution Service then issued NS Groep NV with a summons. The substantive proceedings took place in the second half of 2017. On 21 December 2017, the district court of Oost-Brabant acquitted NS of two of the offences with which NS was charged and ruled that the Public Prosecution Service was not allowed to prosecute in the case of a third offence with which NS was charged.

The Public Prosecution Service has appealed against the ruling of 21 December 2017. At present, no reliable indication can be given of the outcome of this appeal and the financial consequences (the size of any penalty, out-of-court settlement etc.). As a result, no provision has been included for this. There are no significant developments in the first half of 2020.

Individual redress for the Second World War
NS operated trains during the Second World War for the occupying forces. Various conversations with Mr Salo Muller, a Holocaust survivor, have shown that both Mr Muller and others have a wish that NS should not only commemorate the victims of the transportations and their immediate family

collectively but also recognise their individual suffering. There is a clear demand for individual compensation. NS does not believe that anyone benefits from lengthy legal proceedings. NS has expressed its willingness to provide individual financial compensation on moral grounds for those most directly affected by its actions. A joint decision was therefore made to renounce legal proceedings concerning liability and to set up a committee to implement the compensation scheme. This committee started work in January 2019 under the chairmanship of Mr Job Cohen, with the instructions to handle individual compensation on moral grounds to an as yet undefined group of survivors and their immediate family.
On 26 June 2019 , the Committee on Individual Compensation for Victims of WWII Transport by NS presented its recommendations. NS plans to implement these recommendations and has formed a provision of €47 million as at 31 December 2019 for the expected payments and administration costs. There is an inherent element of uncertainty in this estimate given the nature of the scheme, with uncertainty about both the numbers of survivors and immediate family and the proportion of applications.

In 2019, an amount of € 29 million was paid out and withdrawn from the provision. As at 31 December 2019, the provision was reassessed on the basis of the number of expected applications. Up to and including June 2020, there will be no developments with regard to this provision.

On 26 June, NS did, however, announce the manner in which it will give substance to the collective expression of recognition. To this end, NS will make an amount of € 5 million available to four existing reminder centres. This amount has been recognised as a liability as at 30 June 2020.

5) Off-balance-sheet liabilities

Investment commitments
At the end of June 2020, the Group had outstanding investment commitments of €1,293 million (31 December 2019: €1,312 million), primarily for purchasing rolling stock and investments in station surroundings.

Energy commitments in the Netherlands
In 2014, the Group signed a ten-year contract (2015-2024) with Eneco for the supply of ‘green’ traction electricity for the rolling-stock fleet in the Netherlands. As at 30 June 2020, the purchasing commitments were €226 million (31 December 2019: €235 million).

Explanatory notes to the consolidated income statement

6) Revenue/changes in profits

The following table gives a breakdown of the revenue by transport category and geographical area:

(in millions euros)	**first six months** **2020**	**2019**
Train related transport in the Neterlands	1,192	1,308
Station developement and explaitation in the Netherlands	202	274
Train related transport in the United Kingdom	1,468	1,211
Bus related transport in the United Kingdom	116	111
Train related transport in Germany	340	252
	3,318	**3,156**

Although turnover for the first two and a half months without Covid-19 developed according to expectations and in line with 2019, over the first six months NS has to contend with a substantial drop in turnover of € 900 million without support measures. Including the processing of the Dutch availability payment for the first half of 2020 (€ 351 million) and the support in the United Kingdom (€ 703 million), turnover will increase due to the start and follow-up phase of previously awarded concessions abroad. NS Group revenue for the first half of 2020 amounts to € 3,318 million (2019: € 3,156 million).

In the Netherlands revenues decreased by € 188 million to € 1,394 million (2019 : € 1,582 million). Passenger revenue decreased by € 467 million as a result of COVID-19. Revenue from station activities fell by more than € 72 million, mainly due to lower revenue from retail activities and the OV-fiets. Revenue in the Netherlands includes the availability fee of € 351 million. This covers part of the loss of passenger revenue as a result of the Covid-19 pandemic over the period March-June 2020, with compensation of 93% of costs without deduction of realised revenue. The availability compensation has not yet been definitively determined and no compensation has yet been received from this scheme. For the activities at the stations, NS has recognised an allowance of € 9 million for wage costs for the period March - June.

The revenues of Abellio UK grow to € 1,584 million (2019: € 1,322 million), including the additional support of € 703 million. This growth is mainly due to the East Midlands concession launched in August 2019. In the United Kingdom, too, passenger numbers plummeted to less than 10% of normal levels following the announcement of measures by the government. Since the relaxation of the measures in July, passenger volumes have grown to around 20% of normal levels. The UK government reacted quickly and adequately by taking over the revenue risk and making compensation available. The UK scheme is more generous than in the Netherlands and covers 100% of the costs for the period 1 March - 20 September 2020 plus a small management fee to cover the costs of the head office and general management of Abellio UK.

The revenues of Abellio Germany grow by € 88 million to € 340 million (2019: € 252 million). This growth is mainly achieved by the start of the Stuttgarter Netz, Ruhr-Sieg Netz 2 and S-Bahn Rhein-Ruhr concessions in the second half of 2019 and the second phase of these concessions in the first half of 2020.

Partly as a result of the support measures, the result from operating activities will be € 52 million negative in the first half of 2020 (€ 120 million positive in 2019). The exceptional items in the first half of 2020 mainly relate to the support measures in the context of the Covid-19 pandemic in the Netherlands and the United Kingdom.

NS reports a net loss of € 185 million for the first half of 2020 compared to a net profit of € 94 million in 2019. In addition to the negative operating result of € 52 million, the loss of € 185 million is mainly caused by a tax charge of € 108 million resulting from the write-down of the deferred tax asset of € 107 million because the future profitability of NS' operations in the Netherlands for the next 6 years is insufficient to realise this deferred tax asset.

7) Corporate income tax

(in millions euros)	first six months	
	2020	**2019**
Result before income tax	-76	95
Taxes on profit according to the Dutch tax band for corporate income tax (25% in 2020 and 2019)	19	-24
Write off deferred tax assets temporary differences	-107	
Wirte off deferred tax assets loss compensation current year	-20	-
Permanent differences	-2	21
Effect of the tax rate of foreign jurisdictions	1	2
	-109	**-1**

8) Staff

The year-end number of employees in FTEs increased slightly from 36,673 in 2019 to 36,577 as at 30 June 2020, partly as a result of new concessions abroad. The number of employees in the Netherlands fell by 264 from 17,750 at the end of 2019 to 17,486 on 30 June 2020.

9) Related parties

Transactions with related parties are conducted on an arm's-length basis.

All issued shares are held by the State of the Netherlands. One significant transaction with an enterprise that has a relationship with the State (DUO, the Dutch Education Executive Agency) is the revenue received for student railcards (€238 million in the first six months of 2019, €230 million in the first six months of 2019).

The infrastructure charge for the Dutch infrastructure paid to ProRail BV, a State-affiliated company, amounted to €156 million in the first half of 2020 (first half of 2019: €167 million). The decrease is caused by a decline in services in the first quarter of 2020.

There were no further significant transactions with related parties.

Other information

Events after the balance-sheet date

No events that require clarification took place after the balance-sheet date between 30 June 2020 and publication of this half year report.

Utrecht, 13 August 2020

Executive Board

R.H.L.M. van Boxtel, CEO
H.L.L. Groenewegen, Finance Director
A.M.E. de Vries, Director of Stations
W.E.F. Rintel, Director of Operations
T.B. Smit, Director of Commerce & Development