

Report on the results of Rába Nyrt. in H1 of 2015

Unaudited, consolidated half-year report
according to the International Financial Reporting Standards (IFRS)

| | |
|----------------------------|------------------------------|
| Company: | RÁBA Automotive Holding Plc. |
| Company address: | H-9027 Győr, Martin u. 1. |
| Sector: | Machine industry |
| Period: | H1 of 2015 |
| Phone: | 36-96-624-460 |
| Fax: | 36-96-624-006 |
| E-mail: | adam.steszli@raba.hu |
| Investor's contact person: | Ádám Steszli |

SUMMARY

- In H1 of 2015 the group registered sales of HUF 24.5 billion upon a decline in sales by 8.7 per cent. A positive factor is that export sales increased, but minimally in spite of the fact that the demand on the agricultural axles and the CIS market determining the portfolio of our company has remained rather passive. Growth in exports was 0.1 per cent in H1 of 2015, while in Q1 it amounted to 9.0 per cent. Domestic sales remained below the level of the base period for both the six-month period and the quarter. Outstanding growth was manifest within the segment for metal structures within the Vehicle Business Unit selling for European exports, generating double digit growth. The group level sales figure was the result of the decline by 5.0 per cent in the sales of the Axle Business Unit compared to the performance of a year earlier, due to the low activity on major target markets and of a decline by 0.9 % in the Component and by 21.4 per cent in the Vehicle Business Unit. During Q2 though, the two largest business divisions of the group registered sales growth already, amounting to 7.5 per cent for the Axle Business Unit and 3.3 per cent for the Component Business Unit. The exchange rate of the Euro, generating the majority of FX sales remained more or less unchanged, while the more modest exports in USD were influenced by the considerable increase in the exchange rate of the USD. The exchange rate of the EUR exceeded the levels of the base period by 0.2 per cent, whereas that of the USD exceeded the previous level by 23.2 per cent.
- The gross margin increased during both H1 and Q2 compared to the base period, by 2.1 and 8.4 per cent respectively. The increase in the margin is the result of the favourable changes in the product portfolio.
- In spite of the continuing market challenges and the decline in turnover, in H1 of 2015, the Rába Group generated gross profit of HUF 5.0 billion, exceeding last year's level by 1.8 per cent, i.e. HUF 89 million. The Group succeeded in achieving substantial cost cutting amounting to HUF 215 million in terms of fixed costs.
- Other revenues and expenditures contained the usual items only, amounting to HUF 48 million in losses during the review period, against the profit of HUF 18 million during the same period of the previous year. The difference stems from the release of provisions characteristic for the base period.
- The operating profit in H1 of 2015 was HUF 1,148 million, so that two of the largest business divisions of the group registered an operating profit. The group achieved considerable operating profit since both the Axle and the Component Business Unit managed to increase their profit for both the six-month period and the second quarter. The Company at group level generated substantial results in terms of reducing fixed costs, thus contributing to the improvement in profitability.
- The EBITDA, reflecting the cash generating efficiency exceeded the level of the base period both in terms of sales efficiency and volume during the first six-month period. The volume of EBITDA exceeded HUF 2.3 billion, its level reached 9.4 per cent. The two largest business divisions improved their cash generating efficiency: the Axle Business Unit, with an EBITDA level of 13.5 per cent generated HUF 1.7 billion and has kept its efficiency rate above the industrial average, whereas the Component Business Unit achieved HUF 543 million in EBITDA,

exceeding the efficiency of the base period.

- The financial result in H1 of 2015 amounted to HUF 146 million, against the loss of HUF 468 million generated during the same period of 2014. The difference was caused primarily by the exchange rate gains generated by the exchange rate changes.
- The result during the first 6 months of 2015 was a profit of HUF 1,027 million, in contrast to the profit of HUF 244 million in the same period of 2014. The result as per the total aggregate income was HUF 1,027 million.
- The Company's net borrowing during the period in question was the lowest since the establishment of the current structure of the company. This means that the company reduced its net borrowing to HUF 4.8 billion which was considerably lower than the HUF 7.5 billion of a year ago and than the HUF 8.6 billion at the end of 2014 (HUF 2.7 billion lower than the former, HUF 3.8 billion lower than the latter). The considerable decline is due to the profitable operation and the HUF 559 million decline in working capital. Additionally, the revaluation of loans in the amount of HUF 11 million, resulting from the changes in FX rates, not involving any cash movement also contributed to a minimal extent.

| th HUF | 2014. H1 | 2015. H1 | Change | 2014. Q2 | 2015. Q2 | Change |
|-------------------------|-------------|-------------|--------|-------------|-------------|---------|
| Sales revenue | 26 870 833 | 24 520 914 | -8.7% | 15 034 026 | 10 606 659 | -29.4% |
| Gross profit | 4 896 850 | 4 985 848 | 1.8% | 2 384 935 | 2 582 150 | 8.3% |
| <i>Gross margin</i> | 18.2% | 20.3% | 2.1%p | 15.9% | 24.3% | 8.4%p |
| EBITDA | 2 025 658 | 2 300 741 | 13.6% | 1 019 346 | 1 317 851 | 29.3% |
| <i>EBITDA level</i> | 7.5% | 9.4% | 1.9%p | 6.8% | 12.4% | 5.6%p |
| Operating profit | 908 977 | 1 147 591 | 26.3% | 464 851 | 744 557 | 60.2% |
| Net financial result | -467 581 | 146 157 | 131.3% | -92 792 | -309 480 | -233.5% |
| Profit for current year | 244 172 | 1 026 611 | 320.4% | 260 927 | 317 426 | 21.7% |
| Total aggregate profit | 263 485 | 1 026 611 | 289.6% | 260 927 | 317 426 | 21.7% |

“Striving to counteract the effects of volatile markets, Rába has been actively searching ways to further develop its operation. This year marks a turning point for the company: indebtedness has decreased at an unprecedented rate, which leaves us sufficient room to strengthen our position in the market. In the context of intensive business development we expand and modernize our capacities, we sign new deals with strategic partners, and we explore new markets.”, emphasized István Pintér, Chairman-CEO of Rába Automotive Holding Plc.

EXTERNAL ENVIRONMENT

- The heavy vehicle sector during the first half was characterised by continued considerable growth in demand on both the North American and the European markets. Demand, however, on the CIS markets, as well as in South America remained low. The increase in demand on the North American heavy truck market is explained by the reviving effect of overall economic expansion, where market growth exceeded 20 per cent¹ although the rate of growth seems to decline following the first quarter. Growth on the European heavy truck market was continuously increasing, reaching 20 per cent during H1 of 2015. The agricultural vehicle segment failed to be set into motion during H1 of 2015, both the European and the American markets were characterised by decline. While the American demand declined by 40 per cent, decline in Europe slowed down, amounting to 6 per cent compared to H1 of 2014. The Russian truck and bus markets continued to be affected by the weak exchange rate of the Russian rouble, consequently the truck market suffered a 23 per cent, while the bus market registered a 16 per cent decline in H1 of 2015. The European market of passenger vehicles underwent a significant increase in the demand, amounting to more than 8 per cent in H1 of 2015.
- During the first 6 months of 2015, the price level of steel was 8.0 per cent lower than during the base period, and during Q2 of 2015 the decline was 8.2 per cent, which had an impact on the

¹ Based on January-May 2015 figures

cost side of the operation.

- Energy prices showed a decline during both the 6-month period and Q2. The decline was 5.2 and 6.4 per cent, respectively over the same periods of 2014.
- In H1 of 2015 the average exchange rate of the USD was considerably higher than one year ago, whereas the Euro basically stagnated between the two periods. The increase in the exchange rate of the USD was 23.2 per cent, whereas that of the EUR was 0.1 per cent over the exchange rates of the first 6 months of 2014. In Q2, the same exchange rate environment shaped the operation of the company: the increase in the exchange rate of the USD was 24.2 per cent, whereas that of the EUR was 0.1 per cent.²

| | 2014. H1 | 2015. H1 | Change | 2014. Q2 | 2015. Q2 | Change |
|---------------------------------|-------------|-------------|--------|-------------|-------------|--------|
| HUFEUR – average | 306.9 | 307.4 | 0.2% | 305.9 | 306.1 | 0.1% |
| HUFEUR – end of term | 310.2 | 315.0 | 1.6% | 310.2 | 315.0 | 1.6% |
| HUFUSD – average | 223.9 | 275.8 | 23.2% | 223.1 | 277.0 | 24.2% |
| HUFUSD – end of term | 227.1 | 282.8 | 24.5% | 227.1 | 282.8 | 24.5% |
| Changes in raw material prices* | 108% | 100% | -8.0% | 107% | 99% | -8.2% |
| Changes in energy prices** | 188% | 178% | -5.2% | 185% | 173% | -6.4% |

*Rába indices – own calculation - base: 2007. Q1; average values for the period

** Rába indices – own calculation - base: 2004. Dec; average values for the period

Rába Axle Ltd.

The sales revenue of Rába Axle Ltd. in H1 of 2015 amounted to HUF 12.4 billion compared to HUF 13.1 billion achieved during the base year of 2014. This corresponds to a decrease of 5.0 per cent.

On the **American market**, the sales revenue in the reporting period was USD 13.9 million, against USD 19.9 million in H1 of 2014. This means a decrease of 30.2 per cent.

On the **EU market** Rába Axle Ltd's sales figures in HUF terms decreased by 8.2%, amounting to HUF 6.7 billion, compared to HUF 7.3 billion during the base period.

In H1 of 2015 **European exports** equalled the level of the same period a year earlier, amounting to EUR 17.4 million.

Domestic sales before consolidation amounted to HUF 1,401 million, which represents a decline of 22.4 per cent compared to the HUF 1,805 million during the base period.

On the **CIS and East-European markets** export sales revenues achieved by Rába Axle Ltd. in H1 of 2015 was 2.9 per cent lower than the base period, amounting to EUR 2.7 million.

On the **other markets** the sales revenue during the review period amounted to EUR 3.3 million, against EUR 1.9 million of H1 of the previous year. The increase by 71.6 per cent in FX terms is due to the expansion of the customer portfolio in the context of the company's strategy.

The operating result of the company in H1 of 2015 was a profit of HUF 934 million, compared to HUF 771 million during the same period of 2014.

At EBITDA level, the operating profit of the Axle Business Unit was HUF 1,674 million compared to HUF 1,490 million registered a year earlier.

² The average exchange rates were calculated based on the official FX exchange rates of the NBH.
Source: <http://www.mnb.hu/arfolyam-lekerdezes>

| million Ft | 2014 H1 | 2015 H1 | Change | 2014 Q2 | 2015 Q2 | Change |
|-------------------------|---------------|---------------|--------------|--------------|--------------|--------------|
| America | 4 480 | 3 827 | -14.6% | 1 762 | 1 947 | 10.5% |
| EU - export | 5 334 | 5 337 | 0.0% | 2 581 | 2 677 | 3.7% |
| EU – domestic | 1 805 | 1 401 | -22.4% | 858 | 713 | -16.9% |
| CIS | 849 | 824 | -2.9% | 429 | 407 | -5.1% |
| Other | 591 | 1 014 | 71.5% | 390 | 730 | 208.0% |
| Total sales | 13 060 | 12 403 | -5.0% | 6 020 | 6 474 | 7.5% |
| EBITDA | 1 490 | 1 674 | 12.3% | 727 | 1 036 | 42.5% |
| Operating profit | 771 | 934 | 21.1% | 368 | 671 | 82.3% |

Rába Automotive Components Ltd.

The sales revenue of the Rába Automotive Components Ltd. amounted to HUF 7.0 billion in H1 of 2015, which is a decline of 0.9% compared to the base period.

Rába Automotive Components Ltd. generates a considerable portion of its sales on the European market.

European exports during H1 of 2015 amounted to EUR 9.7 million, which represents an increase of 2.1 per cent compared to the base period of 2014.

Domestic sales before consolidation amounted to HUF 3,983 million during the reporting period of 2015, which is a decrease of 3.5 per cent compared to the sales revenue of HUF 4,128 million during 2014.

The company generated a profit of HUF 334 million at operating level during the reporting period compared to a profit of HUF 259 million in H1 of 2014.

On the level of EBITDA, the profit of the Components Business Unit increased to HUF 543 million during the period, from HUF 463 million of the previous year.

| million HUF | 2014 H1 | 2015 H1 | Change | 2014 Q2 | 2015 Q2 | Change |
|-------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| EU - export | 2 911 | 2 968 | 2.0% | 1 323 | 1 395 | 5.4% |
| EU - domestic | 4 128 | 3 983 | -3.5% | 1 994 | 2 014 | 1.0% |
| Other | 1 | 22 | 2100.0% | 1 | 19 | 1800.0% |
| Total sales | 7 040 | 6 974 | -0.9% | 3 317 | 3 428 | 3.3% |
| EBITDA | 463 | 543 | 17.3% | 254 | 293 | 15.4% |
| Operating profit | 259 | 334 | 29.0% | 153 | 187 | 22.2% |

Rába Vehicle Ltd.

The sales revenue of Rába Vehicle Ltd. in H1 of 2015 was below the figure of the base period by 21.8 per cent and declined from HUF 7.4 billion to HUF 5.8 billion.

A significant portion of the sales revenue of Rába Vehicle Ltd. is generated on the European market.

European exports were 14.3 per cent higher than the level of the base period, thus increasing from EUR 4.9 million to EUR 5.6 million.

Domestic sales before consolidation amounted to HUF 4,115 million in H1 of 2015, compared to HUF 5,934 million during the base period, a decline of 30.7 per cent.

The operating profit amounted to a loss of HUF 53 million during the reporting period, compared to the profit of HUF 1 million during the base period last year.

On the level of EBITDA, in H1 of 2015 the Vehicle Business Unit registered HUF 55 million profit compared to HUF 97 million in H1 of 2014.

| million HUF | 2014 H1 | 2015 H1 | Change | 2014 Q2 | 2015 Q2 | Change |
|----------------------------|--------------|--------------|-----------------|--------------|--------------|----------------|
| EU - export | 1 508 | 1 707 | 13.2% | 846 | 817 | -3.4% |
| EU – domestic | 5 934 | 4 115 | -30.7% | 5 144 | 276 | -94.6% |
| Total sales revenue | 7 442 | 5 822 | -21.8% | 5 990 | 1 094 | -81.7% |
| EBITDA | 97 | 55 | -43.1% | 88 | -9 | 611.1% |
| Operating profit | 1 | -53 | -5400.0% | 40 | -63 | -257.5% |

The Rába Group

The consolidated sales revenue of the Rába Group in H1 of 2015 amounted to HUF 24.5 billion, which is a decline of 8.7% compared to the figure of HUF 26.9 billion reported for the base period in 2014.

The operating profit of the group during the current period amounted to HUF 1,148 million, compared to HUF 909 million during the same period of 2014.

During the reporting period the financial result was HUF 146 million, which includes, among others, a net interest payment of HUF 67 million, as well as an exchange rate gain of HUF 222 million.

Based on the above, the Rába Group generated a net profit of HUF 1,027 million in H1 of 2015, compared to HUF 244 million during the same period of 2014.

On the level of EBITDA, the group registered profits of HUF 2,301 million in H1 of 2015, against last year's figure of HUF 2,026 million.

The Rába Group – other data and events pertaining to the business activity

Sales revenue by business units

| Sales revenue (million HUF) | Axle | Components | Vehicle | Rába Group consolidated |
|--------------------------------|--------------|--------------|--------------|----------------------------|
| 2014.Q1 | 7 040 | 3 723 | 1 452 | 11 837 |
| 2014.Q2 | 6 020 | 3 317 | 5 990 | 15 034 |
| 2014.Q3 | 3 792 | 2 672 | 830 | 7 033 |
| 2014.Q4 | 6 399 | 2 683 | 5 206 | 14 012 |
| 2015 Q1 | 5 928 | 3 546 | 4 728 | 13 914 |
| 2015 Q2 | 6 474 | 3 428 | 1 094 | 10 607 |

Breakdown of the sales revenues during H1 of 2015

| million HUF | America | EU | | | CIS | Other | Total |
|---------------------|--------------|---------------|---------------|--------------|------------|--------------|---------------|
| | | Total | export | domestic | | | |
| Axle | 3 827 | 6 737 | 5 337 | 1 401 | 824 | 1 014 | 12 403 |
| Components | 22 | 6 951 | 2 968 | 3 983 | 0 | 0 | 6 974 |
| Vehicle | 0 | 5 822 | 1 707 | 4 115 | 0 | 0 | 5 822 |
| Consolidated | 3 849 | 18 834 | 10 012 | 8 822 | 825 | 1 014 | 24 521 |

Operating profit of group companies

| million HUF | Operating profit | | | | | |
|--------------|------------------|------------|-------------|--------------|------------|------------|
| | 2014. | | | | 2015. | |
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 |
| Axle | 403 | 368 | -241 | 734 | 263 | 671 |
| Components | 106 | 153 | -70 | 54 | 147 | 187 |
| Vehicle | -39 | 40 | -94 | 661 | 10 | -63 |
| Others | -26 | -96 | -52 | -10 | -17 | -50 |
| Total | 444 | 465 | -457 | 1 439 | 403 | 745 |

PK2. Companies involved in the consolidation

| Company | Share/ Issue capital in HUF thousand | Ownership ratio (%) | Voting ratio ¹ | Classifica- tion ² |
|---------------------------------|--|------------------------|---------------------------|----------------------------------|
| Rába Axle Ltd. | 9,762,800 | 100.00 | 100.00 | S |
| Rába Automotive Components Ltd. | 300,000 | 100.00 | 100.00 | S |
| Rába Vehicle Ltd. | 835,100 | 100.00 | 100.00 | S |

¹ Voting right securing participation in the decision-making at the general meeting of the company subject to consolidation.

² Subsidiary (S); Jointly controlled (J); Affiliated (A)PK.

PK. 4. CONSOLIDATED PROFIT AND LOSS ACCOUNT ACCORDING TO IFRS

| | | | | |
|-----------|-------|---|-----------|--|
| Currency* | HUF | X | EUR | |
| Unit* | 1,000 | X | 1,000,000 | |

* Indicate with an X.

| Description of item | 2014. H1 | 2015. H1 | Index | 2014. Q2 | 2015. Q2 | Index |
|---|-------------------|-------------------|---------------|-------------------|-------------------|----------------|
| Domestic sales revenues | 11 191 866 | 8 821 838 | 78.8% | 7 699 010 | 2 614 491 | 34.0% |
| Export sales revenues | 15 678 967 | 15 699 076 | 100.1% | 7 335 016 | 7 992 168 | 109.0% |
| Net sales revenues | 26 870 833 | 24 520 914 | 91.3% | 15 034 026 | 10 606 659 | 70.6% |
| Direct cost of sales | 21 973 983 | 19 535 066 | 88.9% | 12 649 091 | 8 024 509 | 63.4% |
| Gross profit | 4 896 850 | 4 985 848 | 101.8% | 2 384 935 | 2 582 150 | 108.3% |
| Cost of sales | 374 149 | 309 388 | 82.7% | 194 000 | 161 759 | 83.4% |
| General and administration ex- penses | 3 631 979 | 3 481 162 | 95.8% | 1 707 268 | 1 634 242 | 95.7% |
| Other revenues | 258 967 | 207 412 | 80.1% | 104 426 | 95 736 | 91.7% |
| Other expenditures | 240 712 | 255 119 | 106.0% | 123 242 | 137 328 | 111.4% |
| Other items related to business activities | -3 987 873 | -3 838 257 | 96.2% | -1 920 084 | -1 837 593 | 95.7% |
| Earnings before interest pay- ment and taxation (EBIT) | 908 977 | 1 147 591 | 126.3% | 464 851 | 744 557 | 160.2% |
| Financial revenues | 629 797 | 814 624 | 129.3% | 250 996 | -179 708 | -171.6% |
| Financial expenditures | 1 097 378 | 668 467 | 60.9% | 343 788 | 129 772 | 37.7% |
| Net financial profit/loss | -467 581 | 146 157 | 131.3% | -92 792 | -309 480 | -233.5% |
| Dividend of affiliated company | 0 | 0 | | | | |
| PROFIT BEFORE TAXATION | 441 396 | 1 293 748 | 293.1% | 372 059 | 435 077 | 116.9% |
| Profit tax | 197 224 | 267 137 | 135.4% | 111 132 | 117 651 | 105.9% |
| PROFIT AFTER TAXATION | 244 172 | 1 026 611 | 420.4% | 260 927 | 317 426 | 121.7% |
| Other aggregate income | | | | | | |
| Profit of cash-flow hedge transac- tions | 22 992 | 0 | | 0 | 0 | |
| Deferred tax of cash-flow hedge transaction | 3 679 | 0 | | 0 | 0 | |
| Other aggregate income | 19 313 | 0 | | 0 | 0 | |
| Total aggregate income | 263 485 | 1 026 611 | 389.6% | 260 927 | 317 426 | 121.7% |

1. EARNED REVENUES

During H1 of 2015 Rába achieved HUF 24,521 million in sales revenue, compared to HUF 26,871 million during the same period of 2014, which is a change of -8.7 per cent. 64 per cent of the revenues came from exports, while the rest came from domestic sales.

2. COSTS AND OTHER REVENUES, EXPENDITURES

2.1. Direct costs

During H1 of 2015, the direct cost level of Rába was 79.7 per cent, compared to 81.8% of the base period. The amount of direct costs was HUF 19,535 million (in H1 of 2014: HUF 21,974 million), 11 per cent lower than during the base period.

Gross Profit

The gross profit changed from HUF 4,897 million to HUF 4,986 million, (HUF +89 million), which is due to the decrease in sales revenue by HUF 2,350 million and to the change by -2,439 million in direct expenses.

2.2. Cost of sales

The cost of sales decreased by 17.3 per cent and amounted to HUF 309 million during H1 of 2015, compared to HUF 374 million in H1 of 2014.

2.3. General overhead and administrative expenses

Rába accounts its costs incurred in relation to the administration of the company (H1 of 2015: HUF 1,302 million) and other general expenses (H1 of 2015: HUF 2,189 million) under general overhead and administrative expenses (H1 of 2015: HUF 3,481 million, H1 of 2014: HUF 3,632 million), and adjusts them with the net value of the non-capitalised, according to international regulations, costs of technical development, and by restating certain bank charges to financial expenditures.

2.4. Other revenues

Other revenues amounted to HUF 207 million during H1 of 2015. This amount was HUF 52 million lower than that of the base period. The major cause for the decline is that in H1 of 2014 the Company released HUF 67 million worth of provisions, whereas this was not significant during the current period and in H1 of 2015 HUF 22 million more in subsidies were accounted for.

2.5. Other expenditures

The amount of other expenditures during in H1 of 2015 was HUF 255 million, HUF 14 million more than during the base period. The company paid HUF 12 million more in penalties, compensations and HUF 4 million more in taxes during the review period.

3. OPERATING PROFIT

The operating profit of the Company during H1 of 2015 was HUF 1,148 million (H1 of 2014: HUF 909 million). The increase in gross profit (HUF +89 million) was further increased by the combined change in sales and general overhead costs (HUF -216 million) and was deteriorated by the change in the balance of other revenues and expenditures (HUF -66 million). Profitability changed from 3.4% during the base period to 4.7%. The profitability of operating profit + depreciation was 9.4 per cent, against 7.5 per cent during the base period.

4. FINANCIAL REVENUES AND EXPENDITURES

During H1 of 2015, the net financial result was HUF 146 million, compared to a loss of HUF 468 million during the base period.

The net result of interest incomes and expenses was HUF -67 million during H1 of 2015, against HUF -83 million during the base period. The net exchange rate difference of FX items during H1 of 2015 was a profit of HUF 222 million (HUF -380 million in H1 of 2014).

Financial revenues and expenditures consisted of the following principal items:

| | in thousand HUF | |
|---|-------------------|-------------------|
| | <i>H1 of 2014</i> | <i>H1 of 2015</i> |
| Revenue from dividends | 1 298 | 4 999 |
| Exchange rate gains of participation sold | 0 | 0 |
| Interest income | 977 | 1 381 |
| Gains on share draw down | 10 186 | 0 |
| Exchange rate gains | 615 906 | 806 685 |
| Other financial revenues | 1 430 | 1 559 |
| Financial revenues | 629 797 | 814 624 |
| Interest payable | 83 677 | 68 778 |
| Exchange rate loss | 995 552 | 584 412 |
| Other financial expenditures | 18 149 | 15 277 |
| Financial expenditures | 1 097 378 | 668 467 |

5. EARNINGS DURING THE YEAR

The earnings before taxation during H1 of 2015 amounted to HUF 1,294 million, which, because of the factors outlined in sections 1-4, is HUF 852 million more than the figure for H1 of 2014. The profitability ratio represents a 5.3 per cent return on sales on the basis of profit before taxation, compared to 1.6 per cent during the base period.

At group level the tax liability amounted to HUF 267 million, of this corporate tax liability represented HUF 64 million, the trade tax liability is HUF 169 million, the deferred tax liability for the current period is HUF 34 million.

6. OTHER AGGREGATE INCOME

During H1 of 2015, there was no other aggregate income resulting from cash-flow hedge transactions (H1 of 2014: HUF 19 million).

7. IFRS-HAS DIFFERENCES

In the case of Rába, the differences between the profit and loss accounts prepared according to the Hungarian Accounting Standards (HAS) and the International Accounting Standards (IFRS) are predominantly due to the following factors:

- accounting under IFRS as costs of technical development in part and of foundation and reorganisation expenses in full, capitalised according to HAS;
- accounting of the share options made available to the managers within the Share Option Programme;
- the reclassification into profit tax of the business tax accounted under HAS as other expenditures;
- any rebate accounted as other expenditure according to the HAS requirements must be accounted as an item reducing the sales revenues according to the IFRS requirements;
- restatement of certain bank charges accounted as indirect expenditure under the Hungarian Accounting Regulations into financial expenditure;

PK. 3. CONSOLIDATED BALANCE SHEET ACCORDING TO IFRS

| | | | | |
|-----------|-------|---|-----------|--|
| Currency* | HUF | X | EUR | |
| Unit* | 1 000 | X | 1 000 000 | |

* Indicate with X.

| Item | 31.12.2014 | 30.06.2015 | Index |
|---|-------------------|-------------------|---------------|
| Real estate, machines, equipment | 14 976 905 | 14 403 489 | 96.2% |
| Intangible assets | 1 070 705 | 934 055 | 87.2% |
| Long-term receivables | 501 458 | 465 250 | 92.8% |
| Property for investment purposes | 338 217 | 338 217 | 100.0% |
| Investments accounted through the capital method | 205 | 205 | 100.0% |
| Receivables from sale of assets | 199 690 | 199 690 | 100.0% |
| Deferred tax receivables | 189 007 | 155 218 | 82.1% |
| Total invested assets | 17 276 187 | 16 496 124 | 95.5% |
| Inventories | 6 629 452 | 6 921 144 | 104.4% |
| Receivables | 11 303 990 | 7 744 171 | 68.5% |
| Corporate tax receivables | 16 839 | 25 813 | 153.3% |
| Liquid assets, bank account | 1 025 460 | 2 141 399 | 208.8% |
| Total current assets | 18 975 741 | 16 832 527 | 88.7% |
| Total ASSETS | 36 251 928 | 33 328 651 | 91.9% |
| Share capital | 13 047 555 | 13 047 555 | 100.0% |
| Capital reserve | 73 120 | 73 120 | 100.0% |
| Share option reserve | 97 017 | 97 017 | 100.0% |
| Retained earnings | 1 857 255 | 2 883 866 | 155.3% |
| Total equity and reserves | 15 074 947 | 16 101 558 | 106.8% |
| Long-term liabilities | 6 423 756 | 4 883 120 | 76.0% |
| Provisions | 315 379 | 315 179 | 99.9% |
| Total long-term liabilities | 6 739 135 | 5 198 299 | 77.1% |
| Short term loans and credits | 3 185 465 | 2 079 264 | 65.3% |
| Short-term liabilities | 11 252 381 | 9 949 530 | 88.4% |
| Short-term liabilities total | 14 437 846 | 12 028 794 | 83.3% |
| Total LIABILITIES (equity and liabilities) | 36 251 928 | 33 328 651 | 91.9% |

Analysis of principal balance sheet items and their changes**1. INVESTED ASSETS****1.1. Properties, machines and equipment**

The consolidated net value of properties, machines and equipment changed from the closing value of HUF 14,977 million on 31 December 2014 to HUF 14,403 million, the change was a decline of 3.8%. The depreciation of fixed assets during H1 of 2015 was HUF 997 million.

1.2. Intangible assets

The net value of intangible assets changed from HUF 1,071 million to HUF 934 million. This represents a decline of 12.8 per cent. The amount of depreciation accounted during the period was HUF 156 million.

1.3. Long-term receivables

This balance sheet line shows other long-term loans given (HUF 4 million), as well as long-term advance payments in the amount of HUF 461 million are also shown here, as this is the consequence of the partial payment of a long-term liability upon favourable conditions, to be recorded annually in the indirect cost line. In consequence of the discharge of liabilities during the

year, and the repayments of the loans, the amount of long term receivables declined by HUF 36 million during the period.

1.4. Real estate for investment purposes

The value of real estate for investment purposes did not change during the period, it amounted to HUF 338 million on 30 June, 2015 at book value.

1.5. Receivables from the sale of assets

On 30 June, 2015, the present value of the receivables was HUF 200 million.

1.6. Deferred tax receivable

The amount of receivable was HUF 155 million on 30 June 2015, which is HUF 34 million less than the amount on 31 December 2014. The most substantial part of the decline in the deferred tax receivable is the release of the deferred tax receivable set aside for the negative tax base accrued.

2. CURRENT ASSETS

2.1. Stocks

On 30 June, 2015, the closing value of stocks was HUF 6,921 million (31 December 2014: HUF 6,629 million). The change is an increase by HUF 292 million, due to the increase in materials and goods by HUF 394 million and the decline of unfinished, semi-finished and finished goods by HUF 103 million.

2.2. Receivables

The closing figure of receivables as at 30 June 2015 was HUF 7,744 million, a decline by HUF 3,560 million compared to the 31 December figure (closing figure for 31 December 2014: HUF 11,304 million). Accounts receivable declined by HUF 2,967 million, advances paid declined by HUF 483 million, whereas other receivables declined by HUF 100 million.

2.3. Liquid assets

The closing figure of liquid assets on 30 June 2015 was HUF 2,141 million, HUF 1,116 million higher than on 31 December 2014 (HUF 1,025 million).

3. EQUITY AND RESERVES

The change occurred as follows:

Figures in thousand HUF

| | Registered capital | Capital reserve | Share based payments reserve | Retained earnings | Other aggregate income | Total share-holders' equity |
|---|--------------------|-----------------|------------------------------|-------------------|------------------------|-----------------------------|
| Balance as at 1 Jan 2014 | 12 940 238 | 83 140 | 86 354 | 985 665 | -19 313 | 14 076 084 |
| Profit of current year | | | | 244 172 | | 244 172 |
| Other aggregate income | | | | | 19 313 | 19 313 |
| Share based expenditure made in equity instrument | | | 35 375 | | | 35 375 |
| Profit of share based payments drawn | 95 056 | -9 239 | -24 426 | 20 298 | | 81 689 |
| Deferred tax of share based expenditure made in equity instrument | | | 3 183 | | | 3 183 |
| Balance as at 30 June 2014 | 13 035 294 | 73 901 | 100 486 | 1 250 135 | 0 | 14 459 816 |
| Profit of current year | | | | 607 952 | | 607 952 |
| Rewrite of equity | 4 220 | | | (4 220) | | 0 |
| Share-based expenditure made in capital instrument | | | 0 | | | 0 |
| Profit of share based payments drawn | 8 041 | -781 | -3 893 | 3 388 | | 6 755 |
| Deferred tax of share based payments drawn | | | 424 | 0 | | 424 |
| Balance as at 31 Dec 2014 | 13 047 555 | 73 120 | 97 017 | 1 857 255 | 0 | 15 074 947 |
| Profit of current year | | | | 1 026 611 | | 1 026 611 |
| Balance as at 30 June, 2015 | 13 047 555 | 73 120 | 97 017 | 2 883 866 | 0 | 16 101 558 |

3.1. Share capital

RÁBA Nyrt.'s share capital consists of common shares with a nominal value of HUF 1,000 each, entitling the shareholders to the dividend announced in a particular period, and providing one vote at the General Meeting of the Company. On 30 June 2015, the share capital of the company was HUF 13,048 million.

3.2. Capital reserve

On 30 June, 2015, the capital reserve was HUF 73 million, equal to the difference between the cost and the face value of the repurchased Rába treasury shares.

3.3. Share option reserve

The general meeting of shareholders of the Company held 17 April 2014, authorised the Company to extend the term of the Management Share Option Incentive Programme expiring on 30 June, 2014, until 30 June, 2016, upon unchanged terms.

No share option was drawn during H1 of 2015.

3.4. Retained earnings

The retained earnings (HUF 2,884 million) changed by HUF 1,027 million, i.e. the net profit of H1 of 2015, compared to the closing balance of the previous year (HUF 1,857 million).

4. LONG-TERM LIABILITIES

4.1 Long-term liabilities

Long-term liabilities contain the amount of long-term loans and credits. The closing value of long-term liabilities as at 30 June, 2015 amounted to HUF 4,883 million, which was 24 per cent lower than the opening balance of the period (on 31 December 2014, the closing figure was HUF 6,424 million).

4.2. Provisions

The closing value of provisions as at 30 June 2015 was HUF 315 million, no major changes occurred compared to the situation as at 31 December, 2014.

5. SHORT-TERM LIABILITIES

5.1. Short-term credits and loans

The total amount of short-term credits and loans (HUF 2,079 million) decreased by 34.7 per cent compared to the closing value at the end of December 2014 (HUF 3,185 million). Thus the net borrowing of the Rába Group was HUF 4,821 million on 30 June 2015, a decline by HUF 3,763 million compared to the level as at 31 December 2014.

5.2. Short-term liabilities

The total short-term liabilities on 30 June 2015 amounted to HUF 9,950 million, which is a decline of 11.6 per cent compared to the closing value (HUF 11,252 million) as at December 2014. Accounts payable decreased by HUF 2,117 million, other liabilities increased by HUF 814 million.

PK 5. CONSOLIDATED CASH-FLOW STATEMENT

Figures in thousand HUF

| | <u>H1 2014</u> | <u>H1 2015</u> |
|---|-----------------------|-----------------------|
| <u>Cash-flows of operating activities</u> | | |
| Profit before taxation | 441 396 | 1 293 748 |
| <i>Adjustment items related to items with no cash movement:</i> | | |
| Interest expenditure | 29 410 | 21 907 |
| Depreciation and amortisation | 1 116 681 | 1 153 150 |
| Impairment of intangible assets, real estate, machinery and fixtures | 1 425 | 1 846 |
| Impairment of bad and doubtful receivables and of long term receivables | 3 734 | -18 395 |
| Impairment of stocks kept at net realisable value | 76 594 | 93 893 |
| Inventory reject | 33 124 | 12 160 |
| Provisions (release) | -67 001 | -200 |
| Share based payments made in equity instruments | 25 189 | 0 |
| Result from the sale, write-off and in kind contribution of real estate, machinery and fixtures and intangible assets | -6 828 | -2 235 |
| Revaluation of loans and credits at end of period | 331 034 | 11 195 |
| <i>Changes in working capital:</i> | | |
| Changes in trade and other receivables | 1 564 265 | 3 532 458 |
| Changes in stocks | -381 925 | -397 745 |
| Changes in accounts payable and other liabilities | -262 060 | -672 577 |
| Profit tax paid | -228 265 | -173 458 |
| Interests paid | -94 205 | -72 995 |
| Net cash flows from operating activity | 2 582 568 | 4 782 752 |
| <u>Cash-flows from investment activities</u> | | |
| Purchase of real estate, machinery and fixtures, as well as of intangibles | -984 420 | -1 016 015 |
| Revenues from the sale of real estate, machinery and fixtures | 6 985 | 2 235 |
| Interests received, dividend | 1 298 | 4 999 |
| Net cash flows used for investment activities | -976 137 | -1 008 781 |
| <u>Cash flows from financing activities</u> | | |
| Revenues from sale (purchase) of treasury shares | 95 056 | 0 |
| Borrowing | 2 165 575 | 1 966 529 |
| Repayment of loans and credits | -3 935 405 | -4 624 561 |
| Net cash flows from financing activities | -1 674 774 | -2 658 032 |
| Net increase/decrease of cash and cash equivalents | -68 343 | 1 115 939 |

PK6. Major off-balance sheet items

| Description | Value (HUF) |
|-------------------------------|-------------|
| According to a separate list* | |

* The bank loans of the Rába Group amount to HUF 6,962 million, of which the loans secured with liens and mortgages on movable assets and real property amount to HUF 6,962 million.

The amount of bank guarantees issued on behalf of the Rába Group is HUF 913 million.

RS1. Ownership structure, ratio of participation

| Description of ownership | Total equity | | | | | | Series listed ¹ | | | |
|---|---|----------------|-------------------|-----------------------------|----------------|-------------------|----------------------------|-----|----------------|-----|
| | At beginning of current year (1st January) | | | At end of term (30 June) | | | At beginning of term | | At end of term | |
| | % ² | % ³ | % ² | % ³ | % ² | % ³ | % | Pcs | % | Pcs |
| Domestic institutional/corporate | 4.42 | 4,6 | 595 475 | 3.90 | 4.03 | 526 040 | | | | |
| Foreign institutional/corporate | 0.54 | 0.56 | 72 635 | 1.92 | 1.99 | 259 239 | | | | |
| Foreign private individual | 0.24 | 0.25 | 32 198 | 0.07 | 0.08 | 9 860 | | | | |
| Domestic private individual | 17.82 | 18.40 | 2 400 970 | 17.12 | 17.67 | 2 306 139 | | | | |
| Employees, managing executives | 0.14 | 0.14 | 18 738 | 0.14 | 0.14 | 18 738 | | | | |
| Treasury shares | 3.16 | | 425 891 | 3.16 | | 425 891 | | | | |
| Shareholder forming part of general government ⁴ | 73.68 | 76.09 | 9 927 539 | 73.68 | 76.09 | 9 927 539 | | | | |
| International Development Institutions ⁵ | 0.00 | 0.00 | 0 | 0.00 | 0.00 | 0 | | | | |
| Other ⁶ | 0.00 | 0.00 | 0 | 0.00 | 0.00 | 0 | | | | |
| TOTAL | 100.00 | 100.00 | 13 473 446 | 100.00 | 100.00 | 13 473 446 | | | | |

¹ If the series listed equals the total equity, it need not be filled in if so indicated. If more than one series are listed on the Stock Exchange, the ownership structure should be specified for each series.

² Ownership ratio

³ Voting right ensuring participation during the decision making process at the issuing general meeting of shareholders. If the ownership ratio and the voting right are the same, only the column regarding the ownership ratio needs to be filled in/published while stating such fact!

⁴ E.g.: ÁPV Rt., Social Security, Local Government, 100% state-owned companies, etc.

⁵ E.g.: EBRD, EIB, etc.

RS3. List and introduction of shareholders with a stake exceeding 5%

| Name | Nationality ¹ | Activity ² | Quantity (pcs) | Ownership stake (%) ³ | Voting right (%) ^{3,4} | Comment ⁵ |
|--|--------------------------|-----------------------|----------------|----------------------------------|---------------------------------|----------------------|
| Hungarian State Holding Company Ltd. (MNV Zrt) | D | G | 9 925 829 | 73,67 | 76,07 | |

¹ Domestic (D), Foreign (F)

² Asset manager(A). General government (G). International Development Institution (IFI). Institutional(I). Business entity (B) Private (P). Employee. Managing executive (E)

³ Should be rounded to two decimal figures

⁴ Voting right ensuring participation during the decision making process at the general meeting of shareholders of the issuer.

⁵ E.g.: strategic investor, financial investor, etc.

RS2. Changes in the number of treasury shares during the current year (No. of pcs.)

| | 1 January | 31 March | 30 June |
|--------------------|-----------|----------|---------|
| At corporate level | 425 891 | 425 891 | 425 891 |
| Subsidiaries | | | |
| Total | 425 891 | 425 891 | 425 891 |

All of the shares repurchased are directly owned by the parent company

TSZ1. Headcount of full-time employees (No. of people)

| | End of base period | Beginning of Current Year | End of current period |
|---------------|--------------------|---------------------------|-----------------------|
| Company level | 18 | 16 | 18 |
| Group level | 1 844 | 1749 | 1 728 |

The consolidated closing headcount as at 30 June 2015, was 1,728, which represented a decline in headcount by 6 per cent compared to the end of the base period.

TSZ2. Managing executives, strategic employees

| Type ¹ | Name | Position | Beginning of mandate | End/ termination of mandate | Shares held (pcs) |
|-------------------------------------|------------------------|-------------------------------------|----------------------|-----------------------------|-------------------|
| BD | István Pintér | Chairman of the BD | 2005 | | 7 082 |
| BD | Alan Spencer | Board member | 2006 | | 0 |
| BD | Dr. Zoltán Borbíró | Board member | 2012 | 2013 | n.a. |
| BD | Dr. Tibor Zoltán Hajdu | Board member | 2012 | | 0 |
| BD | Dr. Miklós Rátty | Board Member | 2014 | | |
| BD | József Steigler | Board member | 2013 | | 0 |
| BD | Dr. Péter Székács | Board member | 2012 | 2014 | 0 |
| BD | István György Filótás | Board member | 2015 | | 0 |
| BD | György Wáberer | Board member | 2012 | | 0 |
| SB | Dr. Csaba Polacsek | Chairman of the SB | 2012 | | 0 |
| SB | Dr. Tamás Berencsi | SB member | 2013 | | 0 |
| SB | Dr. János Kerékgyártó | SB member | 2012 | | 0 |
| SP | István Pintér | Chief Executive Officer | 2003 | Definite | 7 082 |
| SP | Béla Balog | Deputy CEO | 2004 | Indefinite | 3 332 |
| SP | Ádám Steszli | HR and controlling director | 2014 | indefinite | 1 664 |
| SP | Ákos Farkas | Purchasing and Asset Mgmt. Director | 2013 | | 1 664 |
| SP | István Pintér | Managing Director | 2004 | Indefinite | 7 082 |
| SP | László Urbányi | Managing Director | 2005 | Indefinite | 3 332 |
| SP | János Torma | Managing Director | 2005 | Indefinite | 1 664 |
| Total number of shares owned (pcs): | | | | | 18 738 |

1 Employee in strategic position (SP), Member of the Board of Directors (BD), Member of the Supervisory Board (SB), Member of the Board (ITT)

The General Meeting of Shareholders of Rába Nyrt, with its resolution adopted by the extraordinary general meeting of shareholders recalled, effective 2 July, 2015, Dr. Tamás Berencsi and Dr. János Kerékgyártó from the Supervisory Board and Audit Committee of the Company and at the same time elected Dr. Mónika Bartha and Mr. László Somodi to the Supervisory Board and – pursuant to the Articles of Associations of the Company – to the Audit Committee, for the period until 20 June, 2017. The extraordinary general meeting of shareholders elected Dr. Zsolt Harmath to the Board of Directors for the period until 2 July, 2020. None of Dr. Mónika Bartha, Mr. László Somodi or Dr. Zsolt Harmath hold any Rába shares.

RÁBA NYRT. (INDIVIDUAL) BALANCE SHEET (HAS)

Data in HUF thousand

| Description of item | 31.12.2014 | 30.06.2015 | Index |
|---|-------------------|-------------------|----------------|
| Invested assets | 16 311 916 | 16 260 535 | 99.69% |
| Intangible assets | 17 326 | 14 239 | 82.18% |
| Fixed assets | 5 977 151 | 5 928 857 | 99.19% |
| Financial assets invested | 10 317 439 | 10 317 439 | 100.00% |
| Current assets | 2 250 562 | 3 027 405 | 134.52% |
| Stocks | 348 591 | 348 627 | 100.01% |
| Receivables | 1 223 192 | 673 258 | 55.04% |
| Securities | 380 254 | 380 254 | 100.00% |
| Liquid assets | 298 525 | 1 625 266 | 544.43% |
| Active accruals | 12 913 | 50 774 | 393.20% |
| TOTAL ASSETS | 18 575 391 | 19 338 714 | 104.11% |
| Shareholders' equity | 15 035 183 | 14 979 563 | 99.63% |
| Registered capital | 13 473 446 | 13 473 446 | 100.00% |
| Of which: ownership stake repurchased at face value | 425 891 | 425 891 | 100.00% |
| Capital reserve | 127 654 | 127 654 | 100.00% |
| Retained earnings | 1 352 273 | 1 053 829 | 77.93% |
| Fixed reserves | 380 254 | 380 254 | 100.00% |
| Net profit | -298 444 | -55 620 | 81.36% |
| Provisions | 84 454 | 84 454 | 100.00% |
| Liabilities | 3 346 470 | 4 094 297 | 122.35% |
| Short-term liabilities | 3 346 470 | 4 094 297 | 122.35% |
| Passive accruals | 109 284 | 180 400 | 165.07% |
| TOTAL LIABILITIES | 18 575 391 | 19 338 714 | 104.11% |

RÁBA NYRT. (INDIVIDUAL) PROFIT AND LOSS STATEMENT (HAS)

Data in thousand HUF

| No | Description of item | H1 2014 | H1 2015 | Index |
|-------------|---|-----------------|----------------|----------------|
| I. | Net sales revenue | 605 335 | 630 523 | 104.16% |
| II. | Direct costs of sales | 111 480 | 112 869 | 101.25% |
| III. | Gross sales revenue | 493 855 | 517 654 | 104.82% |
| IV. | Indirect sales costs | 530 193 | 510 444 | 96.28% |
| V. | Other revenues | 27 352 | 178 | 0.65% |
| VI. | Other expenditures | 83 995 | 84 844 | 101.01% |
| A. | OPERATING PROFIT | -92 981 | -77 456 | 16.70% |
| B. | Profit of financial transactions | -82 880 | 22 613 | 127.28% |
| C. | ORDINARY BUSINESS PROFIT | -175 861 | -54 843 | 68.81% |
| D. | EXTRAORDINARY PROFIT | -2 750 | -777 | 71.75% |
| E. | PROFIT BEFORE TAXATION | -178 611 | -55 620 | 68.86% |
| XII. | TAX LIABILITY | 0 | 0 | |
| F. | AFTER-TAX PROFIT | -178 611 | -55 620 | 68.86% |
| G. | NET PROFIT | -178 611 | -55 620 | 68.86% |

PK1. General information pertaining to the financial data

| | Yes | No | | | |
|------------------------------|-------------------------------------|-------------------------------------|--------------------------|--------------|-------------------------------------|
| Audited | <input type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Consolidated | <input checked="" type="checkbox"/> | <input type="checkbox"/> | | | |
| Accounting principles | | Hungarian | <input type="checkbox"/> | IFRS | <input checked="" type="checkbox"/> |
| | | | | Other | <input type="checkbox"/> |

Other:

Declaration of liability

We, the undersigned, authorised signatories of the Company, hereby declare that the data and statements contained in the half-year report are true and accurate. The report reflects the true and fair value of the Company's assets, liabilities, financial position, profit and loss, the situation, development and performance of the business and also describes the main risks and factors of uncertainty. The Company does not conceal any fact that is important for assessing its financial and economic position.

In the context of the half-year report, Rába Nyrt wishes to emphasize the following:

- The figures shown in the half-year report are unaudited but have been compiled from the available data relying on the best efforts of the management.
- Rába has prepared its half-year report in compliance with the requirements of the Stock Exchange Regulations and in consideration of the IAS 34 Standard (interim financial statement).

Győr, 6 August, 2015.

István Pintér
Chairman-CEO

Béla Balog
CFO