

## Rába Rt. Flash Report for Q1 of 2005

Unaudited, consolidated flash report in accordance with the International Accounting Standards  
(International Financial Reporting Standards - IFRS)

Company:	Rába Járműipari Holding Részvénytársaság
Company address:	H-9027 Győr, Martin u. 1.
Sector:	Machine industry
Period:	1 <sup>st</sup> quarter of 2005
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### Short summary

The consolidated sales revenue of the Rába group during Q1 of 2005 amounted to HUF 10.6 billion, an increase of 44.3% over Q1 of 2004.

The operating result was a loss of HUF -983 million, following the loss of HUF 2,771 million registered during the same period of 2004 and of HUF 1,069 million during the fourth quarter of 2004. The amount of the operating losses remained under HUF 1 billion, even though the exchange rates of foreign currencies of determining importance for RABA deteriorated further to a large extent compared to the base period. (USD: by 9.4%, EUR by 5.0%) or remained at the low level of Q4, and even though the company incurred substantial excess seasonal communal energy (heating) costs during this quarter.

The result of the Rába group during Q1 of 2005 was a financial loss of HUF 631 million, due mainly to the rewrite of unrealized profits of the derivative transactions and to the revaluation of FX positions open until 31 March and of the FX assets and liabilities. As a result, the net income of the company as at 31 March 2005 amounted to a loss of HUF 1.5 billion.

The substantially increased sales revenue was achieved by the RABA group with unchanged headcount, amounting to 3,267 people at the end of the period, thus contributing to the improvement of the company's efficiency.

### Rába Futómű Kft. (Axle Ltd.)

The sales revenue of Rába Futómű Kft. during Q1 of 2005 amounted to HUF 7.2 billion, increase of 47% over the sales revenue of HUF 4.9 billion registered during Q1 of 2004. This equals the result of Q4, which was the strongest period. The sales revenue during Q1 of 2005 in USD terms amounted to USD 38.6 million, which is 62% over the USD 23.9 million value of the same period of 2004.

The principal driver behind the sales revenue can be linked to the fruition of the European projects resulting in significant growth and the boom substantial demand on the American commercial vehicle industry. It is noteworthy that the company could meet these increased demands fully and seamlessly and managed to expand production.

Following the dramatic increase in iron and steel prices on the world market, purchase prices were stabilized at a high level. Based on its agreements with its partners, Rába passes on the substantial increase in the price of iron and steel on the world market to its customers, consequently the negative effect of this is unlikely to carry any significant negative risk for the profitability of Rába.

The continuing weakening of the USD, by 9.4% over the level of Q1 of last year and leveling compared to the last quarter continued to have a negative impact on the company.

As a result of the measures implemented last year, the profitability of the Axle Business improved considerably in spite of the strong negative effects of the increase in iron and steel prices and of the weakening of the USD.

The result from operations amounted to a loss of HUF 830 million, against the loss of HUF 1,513 million during the same period of 2004 and the HUF 1,187 million of Q4 of 2004. The improvement over the base period is 45.1% and 30.1 % compared to the previous quarter.

#### **Rába Járműipari Alkatrészgyártó Kft (Component Ltd.)**

The new Suzuki Swift models rolled off the conveyor belt within the Esztergom plant of Suzuki. Rába is once again supplying seat components for this model. In order to serve the market the Component Business of Rába implemented a substantial capital expenditure project, as part of which a welding robot line was installed in the Mór plant and the capacity of the logistics supply facility in Esztergom was doubled.

The sales revenue of the Component Business of Rába amounted to HUF 2.8 billion in Q1 of 2005, as compared to the HUF 2.6 billion in Q1 of 2004. This represents an increase of 7.7%.

The result from operations amounted to a loss of HUF 172 million, against the loss of HUF 202 million during the same period of 2004 and the HUF 314 million of Q4 of 2004. The improvement over the base period is nearly 14.9% and 45.3% compared to the previous quarter.

#### **Rába Jármű Kft. (Vehicle Ltd.)**

In line with the agreement signed last year, during Q1 of 2005 Rába Jármű Kft. delivered 18 units of H18 military vehicles to the Military Technology Supply Centre of the Ministry of Defense. On 15 February, 2005, Rába signed another agreement with the Ministry of Defense about the supply of military vehicles. As a result of the agreement, during 2005 Rába supplies off-road vehicles for an additional HUF 4.8 billion gross, in addition to the vehicles amounting to HUF 1.2 billion ordered last year and in 2006 deliveries will amount to an additional HUF 4.8 billion, gross. The sales revenue of Rába Jármű Kft. during Q1 of 2005 amounted to HUF 964 million. The operating profit was HUF 9 million.

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

#### **Sales revenue by business divisions**

<b>Sales revenue (HUF million)</b>	<b>Axle</b>	<b>Component</b>	<b>Vehicle</b>	<b>Rába group consolidated</b>
2004 Q1	4943	2608	307	7324
2004 Q2	6036	2885	396	8942
2004 Q3	7025	2547	1361	10442
2004 Q4	7260	2979	4026	13447
<b>2005 Q1</b>	<b>7227</b>	<b>2797</b>	<b>964</b>	<b>10572</b>

	Operating profit				
	2004. Q1*	2004. Q2*	2004. Q3*	2004. Q4	2005. Q1
Axles	-1.513	-1.116	-826	-1.187	-830
Components	-202	-56	-188	-314	-172
Vehicles	-99	-106	27	445	9
Others	-3	30	117	-166	10
<b>Total</b>	<b>-1.817</b>	<b>-1.248</b>	<b>-870</b>	<b>-1.222</b>	<b>-983</b>

\* Due to the clarification of the IFRS interpretation the operating results of the business divisions during the first three quarters of 2004 were modified.

## PK2. Companies involved in the consolidation

Company	Capital in HUF thousand	Participatio n (%)	Voting ratio <sup>1</sup>	Classification <sup>2</sup>
<b>RÁBA Futómű Kft.</b>	<b>9,762,800</b>	<b>100.00</b>	<b>100.00</b>	<b>S</b>
<b>RÁBA Járműipari Alkatrészgyártó Kft.</b>	<b>300,000</b>	<b>100.00</b>	<b>100.00</b>	<b>S</b>
<b>Rába Jármű Kft.</b>	<b>835,100</b>	<b>100.00</b>	<b>100.00</b>	<b>S</b>
<b>RÁBA Ipartecnika Szolgáltató Kft.</b>	<b>266,860</b>	<b>100.00</b>	<b>100.00</b>	<b>S</b>
<b>RÁBA Vagyonkezelő Kft.</b>	<b>11,000</b>	<b>100.00</b>	<b>100.00</b>	<b>S</b>

<sup>1</sup> Voting right related to participation in the decision-making at the general meeting of the company subject to consolidation.

<sup>2</sup> Subsidiary (S); Jointly controlled (J); Affiliated (A)

The following factors need to be taken into account for the comparison of the consolidated figures of the two periods:

Due to its sale, BPW-Rába Axle Kft. was released from consolidation in 2004. This does not, however, have an impact on the comparability of data, since the consolidation of the Kft. occurred as a capital consolidation only.

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

data in HUF thousand

Item	Q1. 2005.	Q1. 2004.	Index
Domestic sales revenues	3.312.114	2.582.493	128,3%
Export sales revenues	7.259.787	4.741.743	153,1%
<b>Sales revenues</b>	<b>10.571.901</b>	<b>7.324.236</b>	<b>144,3%</b>
Direct cost of sales	8.764.334	6.370.475	137,6%
<b>Gross margin</b>	<b>1.807.567</b>	<b>953.761</b>	<b>189,5%</b>
Cost of sales	210.005	171.838	122,2%
General and administration expenses	2.926.346	3.152.147	92,8%
Other revenues	345.998	552.649	62,6%

<b>Other items related to business activities</b>	<b>-2.790.353</b>	<b>-2.771.336</b>	<b>99,3%</b>
<b>Result of operation before interest payment and taxation</b>	<b>-982.786</b>	<b>-1.817.575</b>	<b>145,9%</b>
Net financial revenues/expenses	-631.322	4.877.487	-12,9%
Profit share from external companies	0	17.243	0,0%
<b>PROFIT BEFORE TAXATION</b>	<b>-1.614.108</b>	<b>3.077.155</b>	<b>-52,5%</b>
<b>Corporate profit tax</b>	<b>-90.585</b>	<b>345.120</b>	<b>-26,2%</b>
<b>PROFIT AFTER TAXATION</b>	<b>-1.523.523</b>	<b>2.732.035</b>	<b>-55,8%</b>
Profit share of minority shareholders			
<b>NET PROFIT</b>	<b>-1.523.523</b>	<b>2.732.035</b>	<b>-55,8%</b>

## **1. SALES AND MARKET POSITIONS**

### **1.1 Earned revenues**

During Q1 of 2005, Rába achieved HUF10,572 million in sales revenue. 68.7 per cent of the revenues came from export (Q1 of 2004: 58.4 per cent), the rest came from domestic sales.

#### **EXPORT:**

The sales revenue achieved on the **US market** in Q1 of 2005 amounted to USD 19.8 million (Q1 of 2004: USD 10.5 million). The increase compared to the base period is 88.6%.

During Q1 of 2005, **Asian** exports amounted to nearly USD 1.2 million.

**On the European markets**, Rába's sales went up by 34.7 per cent compared to Q1 of the previous year which represents sales of EUR 12.8 million.

The revenues of the Axle business amounted to EUR 8.8 million, and those of Components represented EUR 4.0 million of total sales.

On the *West and South European markets* revenues went up by 29.4 per cent; revenues increased from EUR 8.5 million during the previous period to EUR 11.0 million. 64 per cent of the sales involved products of the Axle business and 36 per cent were related to the products of the Component business.

On the *Eastern and Central European* markets, in 2004 Rába generated sales in excess of EUR 9.8 million which compared to the base period represents approximately stagnation. This sales revenue figure is made up predominantly of the proceeds from axle sales.

On a comparative basis, in Q1 of 2005 **the domestic sales revenues of the group** increased by 27% to HUF 3.3 billion.

## **2. EXPENSES AND OTHER REVENUES**

### **2.1. Direct expenditure**

During Q1 of 2005 the direct expenditure of Rába represented 82.9 per cent, versus the 87.0 cost level characteristic for Q1 of 2004.

Rába achieved the 4.1 percentage points of decrease in direct cost level upon the 9.4% decline in the exchange rate of the USD. A change compared to the previous period is that direct costs include HUF 199 million of material price difference, which was shown previously among indirect costs.

### **2.2. Gross Profit**

The gross profit changed from HUF 954 million to HUF 1,808 million, which is due to the increase in the sales revenue (+ HUF 3,248 million) and to the lesser increase in direct costs (+ HUF 2,394 million)

### **2.3. Cost of sales**

The cost of sales increased by 22.2 per cent and amounted to HUF 210 million during Q1 of 2005, compared to HUF 172 million during Q1 of 2004.

### **2.4. General overhead and administrative expenses**

General overhead and administrative costs declined by 7.2%. Rába accounts its costs incurred in relation to the management of the company, as well as other general expenses (Q1 of 2005: HUF 2,722 million, Q1 of 2004: HUF 2,507 million), and various expenditures outside the ordinary business operation (Q1 of 2005: HUF 192 million, Q1 of 2004: HUF 657 million) in the P&L line of general and administrative expenditure. The decline in general overhead and administrative expenses is largely the result of the value loss (HUF -317 million) and the decline in the record at book value of tangible assets sold (HUF -110 million). General overhead and administrative expenses include furthermore capitalized technical development expenditures in the amount of HUF 12 million.

### **2.5. Other revenues**

Other revenues amounted to HUF 346 million during Q1 of 2005. This amount was HUF 207 million (37.4 per cent) lower than that of the previous period. The change is due to the decline in the sale of tangible assets (HUF -130 million), to the release of provisions (HUF -37 million) created for lay-offs and repairs under guarantee and from the reduction of the rewrite of receivables (HUF -28 million) .

## **3. ("OPERATING") PROFIT BEFORE INTEREST PAYMENT AND TAXATION**

The profit of Rába before interest payment and taxation was HUF -983 million during Q1 of 2005 (Q1 of 2004: HUF -1,818 million). The positive effect of the growth due to the gross margin (HUF +854 million) and of the decline in cost of sales and in general expenses (HUF +188 million) was deteriorated by the decline in other revenues (HUF -207 million) as described in section 2.5. Profitability changed from -24.8% during the base period to -9.3%. The profitability of the operating profit + depreciation increased from -15.1 per cent to -3.3 per cent.

## **4. FINANCIAL REVENUES AND EXPENSES**

### **4.1. Net financial result**

The net financial result was HUF -631 million in Q1 of 2005. (Q1 of 2004: a loss of HUF 4,877 million). The net financial revenues consisted of the following principal items:

	31 <sup>st</sup> March 2005 million HUF	31 <sup>st</sup> March 2004 million HUF
Net interest	-102	-99
Net other items	-529	4,977
Net financial revenues	-631	4,877

Within net financial revenues, the majority of other items involved exchange rate gains/exchange rate losses on FX items, the related risks of which Rába reduced through hedging transactions. During Q1 of 2005, the net gain on hedging transactions amounted to HUF 316 million (the exchange rate loss of Q1 of 2004 amounted to HUF 130 million). The unrealised gain on the revaluation of forward transactions at the end of 31<sup>st</sup> March 2005 was a positive HUF 709 million, compared to the positive HUF 2,157 million of the base period. The unrealized gain of the year-end forward transactions of 2004 was released during Q1 of 2005, which had a negative effect of HUF 1,402 million on the financial result. The same value

resulted in gains of HUF 2,576 million during Q1 of 2004.

#### **4.2. Profit from external companies**

The profit from external companies contains the profit share of the parent company of the net profit of associated companies, included in Rába's profit and loss account, consolidated according to IFRS. During Q1 of 2005, the profit from external companies amounted to HUF 0 million (in Q1 of 2004 it was HUF 17 million, from BPW-Rába Axles Kft.). BPW-Rába Axle Kft. was sold as at 30<sup>th</sup> July, 2004, thus there was no profit from external companies during Q1 of 2005.

#### **5. PROFIT BEFORE TAXATION AND NET PROFIT**

The result before taxation was HUF 1,614 million during Q1 of 2005, which as a result of the decline in net financial profit is HUF 4,691 million less than during Q1 of 2004. The profitability index represents a -15.3 per cent return on sales on the basis of profit before taxation, compared to 42 per cent during the base period.

At group level the tax liability amounts to HUF -91 million, which is the tax liability due almost exclusively on the basis of the unrealized profit of the forward deals.

#### **6. 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:

- revaluation of open hedging positions and reversal of revaluation of the previous year,
- accounting under IFRS as costs of technical development expenses capitalised according to HAS
- taxation differences as described under section 5.

**PK. 3. CONSOLIDATED BALANCE SHEET ACCORDING TO IFRS**

Data in HUF thousand

Item	31st March 2005	31st March 2004.	Index
Properties, machines, equipment	17,769,248	19,469,293	91.3%
Intangible assets	243,567	63,752	382.1%
Long-term participations	0	1,718,375	0.0%
Other participations	83,952	434,620	19.3%
Other investments	19,251	24,393	78.9%
Deferred tax	1,708,939	1,417,270	120.6%
<b>Total invested assets</b>	<b>19,824,957</b>	<b>23,127,703</b>	<b>85.7%</b>
Securities	354,386	6,688	5298.8%
Stocks	8,917,347	6,889,896	129.4%
Receivables related to tax	1,204,643	1,982,425	60.8%
Receivables	9,129,900	7,802,049	117.0%
Liquid assets, bank account	175,178	418,708	41.8%
<b>Total current assets</b>	<b>19,781,454</b>	<b>17,099,766</b>	<b>115.7%</b>
<b>Total ASSETS</b>	<b>39,606,411</b>	<b>40,227,469</b>	<b>98.5%</b>
Share capital	12,687,766	12,687,766	100.0%
Capital reserve	6,853,150	6,854,765	100.0%
Retained earnings	-4,018,662	-1,399,362	-87.2%
<b>Total capital and reserves</b>	<b>15,522,254</b>	<b>18,143,169</b>	<b>85.6%</b>
Long-term liabilities	5,670,389	2,612,406	217.1%
<b>Total long-term liabilities</b>	<b>5,670,389</b>	<b>2,612,406</b>	<b>217.1%</b>
Short-term credits and loans	6,792,148	11,253,500	60.4%
Short-term liabilities	11,621,620	8,218,394	141.4%
<b>Short-term liabilities total</b>	<b>18,413,768</b>	<b>19,471,894</b>	<b>94.6%</b>
<b>Total LIABILITIES (equity and liabilities)</b>	<b>39,606,411</b>	<b>40,227,469</b>	<b>98.5%</b>

**I. 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 dropped from the closing value of HUF 19,469 million of 31<sup>st</sup> March 2004 to HUF 17,769 million, which represents a change of (-8.7%).

**1.2. Intangible assets**

The net closing value as at 31<sup>st</sup> March 2005 of intangible assets was HUF 244 million, compared to HUF 64 million during the base period. Rába Rt. has only licences among intangible assets.

**1.3. Long-term participations**

This balance sheet line shows the proportion of an associate enterprise relating to the parent company. On 31<sup>st</sup> March 2005, it amounted to HUF 0, (31<sup>st</sup> March, 2004: HUF 1,718 million). As of July 30<sup>th</sup> 2004 the company sold its affiliated company recorded here and mentioned in section 4.2.

**1.4. Other participations**

Some of the other participations include subsidiaries not involved in the consolidation, and the rest are other participations, in the case of which Rába's stake is less than 25 per cent. The closing figure on 31<sup>st</sup> March 2005 was HUF 84 million, HUF 350 million less than during the base period, which is due to the fact that Questor's shares were regrouped to securities from among investments at the end of 2004.

### **1.5. Other investments**

The closing value of other investments was HUF 19 million, which was HUF 5 million below the previous year's figure.

### **1.6. Deferred tax**

On 31<sup>st</sup> March 2005, the deferred tax amounted to HUF 1,709 million, HUF 292 million more than the HUF 1,417 million of 31<sup>st</sup> March, 2004. The change is due to the increase in accrued subsidiary losses and to the change in tax liabilities as detailed under section 5.

## **2. CURRENT ASSETS**

### **2.1. Stocks**

On 31<sup>st</sup> March 2005, the closing value of stocks was HUF 8,917 million (31<sup>st</sup> March 2004: HUF 6,890 million). The increase in stocks of HUF 2,027 million is due to the increase in materials (of HUF 707 million), in finished goods (of HUF 707 million), as well as in work in progress (of HUF 618 million). The increase in stocks of 29.4% is considerably influenced by the increase in orders and sales, i.e. the launch of military deliveries, the increase in production volume and the fulfillment of the conditions of more efficient production (combinations of series). The stock of finished goods was considerably increased by the units produced for the orders of customers within the ex-Soviet successor states, through series combined in order to reduce production costs. The sale of these units will be realized later during the year.

### **2.2. Tax receivables**

Tax receivables (HUF 1,205 million) originate mainly from the reclaimed VAT in relation to export activities (31<sup>st</sup> March, 2004: HUF 1,982 million).

### **2.3. Receivables**

The closing figure of receivables as at 31<sup>st</sup> March, 2005 was HUF 9,130 million (closing figure for 31<sup>st</sup> March 2004: HUF 7,802 million) which represents an increase of 17%. The increase is the result of the 41.5% increment of the receivables from customers and of the 53% decline in other short-term receivables. The substantial increase in receivables from customers is largely due to the increase in military deliveries and the substantial deliveries during the last month of the quarter within the axle business. The principal reason for the decline in other short-term receivables is the substantial decline compared to 31<sup>st</sup> March 2004 of the unrealized gains of forward transactions (HUF -1,448 million).

### **2.4. Liquid assets**

The closing figure of liquid assets on 31<sup>st</sup> March 2005 was HUF 175 million (31<sup>st</sup> March 2004: HUF 419 million).

## **3. EQUITY AND RESERVES**

### **3.1. Share capital**

Rába Rt.'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 31<sup>st</sup> March, 2005, the share capital of the company was HUF 12,688 million, which is the same figure as the one prevailing on 31<sup>st</sup> March 2004.

### **3.2. Capital reserve**

On 31<sup>st</sup> March 2005, the capital reserve was HUF 6,855 million, equal to that on 31<sup>st</sup> March,

2004.

### 3.3. Retained earnings

The retained earnings (HUF -4,020 million) changed compared to the previous year (HUF -1,399 million) in line with the result realized between the two periods (HUF -2,621 million).

	Share capital	Capital reserve	Profit reserve	Total
Balance as at 1st January 2004	12.688	6.855	-4.131	15.411
Net income	-	-	2.732	2.732
Balance as at 31st March 2004	12.688	6.855	-1.399	18.143
Balance as at 1st April 2004	12.688	6.855	-1.399	18.143
Net income	-	-	-1.097	-1.097
Balance as at 31st December 2004	12.688	6.855	-2.497	17.046
Balance as at 1st January 2004	12.688	6.855	-2.497	17.046
Net income	-	-	-1.524	-1.524
Balance as at 31st March 2004	12.688	6.855	-4.021	15.522

## 4. LONG-TERM LIABILITIES

The closing value of long-term liabilities as at 31<sup>st</sup> March 2005 amounted to HUF 5,670 million (on 31<sup>st</sup> March 2004, the closing figure was HUF 2,612 million), which no longer included the repayment liabilities of medium-term loans due within one year. The increase is HUF 3,058 million. On 1<sup>st</sup> March 2005 a HUF 6 billion investment and development loan agreement was signed with Magyar Fejlesztési Bank, aimed at the development of the forging and finishing facility for axle products. Of this loan HUF 993 million was disbursed until 31<sup>st</sup> March 2005. The other portion of the increase is due to the restructuring of the long-term and short-term loan portfolio of the member companies of the Rába group.

## 5. SHORT-TERM LIABILITIES

### 5.1. Short-term credits and loans

The amount (HUF 6,792 million) of short-term credits and loans declined substantially (by 39.6%) compared to the previous period (HUF 11,254 million). The reason for the decline is that the company used the proceeds from portfolio streamlining for the repayment of loan and the repayment installment of long-term loans due within one year was paid in accordance with the contract.

### 5.2. Short-term liabilities

The amount of short-term liabilities (closing figure on 31<sup>st</sup> March, 2005: HUF 11,622 million) increased compared to the base period (of HUF 8,218 million). The change is due to the increase in other short-term liabilities and to the increase in liabilities to suppliers. The principal reasons for the increase in liabilities to suppliers are:

- Increase in purchases necessary for increased production;
- Procurements have increased due to the launch of serial production of military vehicles of our own production and to the increase in the range of types offered;
- The price of steel needed for production has increased considerably and pre-payments have become frequent due to the general shortage of steel on the world market;

- The payment terms for the payment of supplier invoices have been extended;
- A consignment warehouse has ceased to exist due to the liquidation of our key steel supplier.

**PK 5. CONSOLIDATED CASH-FLOW STATEMENT FOR THE FIRST HALF OF 2004**

**Data in HUF thousand**

31st March 2005

Cash-flow of ordinary operation:

Profit before taxation net of profit shares from associate companies	-1,523,521
Revenues and expenses not affecting the cash flow of ordinary operation	1,470,695
Changes in assets and liabilities related to ordinary activities	-2,876,631
Of which: customers	-1,874,129
Suppliers	-509,398
	<b>-2,929,457</b>

Changes in financial assets due to financial transactions

Net reduction / increase of securities	-4,386
Net increase / decrease of credits and loans	2,470,347
	<b>2,465,961</b>

Changes in cash-flow of investment activity

Revenues from the sale of invested assets	0
Sale of tangible assets	14,504
Purchase of invested assets	-291,413
	<b>-276,909</b>

**Changes in liquid assets** **-740,404**

**Revenues and expenses not affecting the cash flow of ordinary activities**

Depreciation	638,849
Revaluation	845,566
- of which: unrealized exchange rate gains/loss of forward transactions	693,083
- of which: revaluation of customer, supplier loans	152,484
Loss (gain) on the sale of tangible assets	-13,721
	<b>1,470,695</b>

**Changes in assets and liabilities related to ordinary activities**

Reduction / increase of stocks	-555,221
Changes in receivables / liabilities	-2,321,410
	<b>-2,876,631</b>

**Control** **-740,404**

**PK6. Major off-balance sheet items**

Description	Value (HUF)
<b>According to a separate list*</b>	

Forward FX deals serving as collateral for the exchange rate risk of export sales revenues: sale of EUR 15 million in exchange for HUF, in addition to the purchase of EUR 78 million for USD.

The bank loans of the Rába Group amount to HUF 11,810 million, of which real estate and loans secured with liens on movable assets amount to HUF 10,230 million.

The amount of bank guarantees issued on behalf of the Rába Group is HUF 491 million.

### III. DESCRIPTION OF MAJOR FACTORS AND CHANGES

#### RS1. Ownership structure, ratio of participation

Description of ownership	Total equity						Series listed <sup>1</sup>			
	Beginning of current year (1 January)			At the end of the period (28 <sup>th</sup> April)			Beginni ng of term		End of term	
	% <sup>2</sup>	% <sup>3</sup>	No. of pcs.	% <sup>2</sup>	% <sup>3</sup>	No. of pcs.	%	Pcs	%	Pcs
Domestic institutional/corporate	15,22	16,15	2.050.221	12,13	12,87	1.634.028				
Foreign institutional/corporate	29,10	30,89	3.920.354	30,19	32,05	4.067.448				
Foreign private individual	0,02	0,02	2.120	0,02	0,02	2.120				
Domestic private individual	31,79	33,74	4.282.749	32,55	34,56	4.386.184				
Employees, managing executives										
Treasury shares	5,80		781.460	5,80		781.460				
Shareholder forming part of general government	7,19	7,63	968.850	8,44	8,96	1.137.760				
International Development Institutions	10,85	11,52	1.462.446	10,85	11,52	1.462.446				
Other	0,04	0,04	5.246	0,01	0,02	2.000				
<b>TOTAL</b>	<b>100,00</b>	<b>100,00</b>	<b>13.473.446</b>	<b>100,00</b>	<b>100,00</b>	<b>13.473.446</b>				

<sup>1</sup> 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.

<sup>2</sup> Ownership ratio

<sup>3</sup> Voting right ensuring participation in 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!

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

<sup>5</sup> E.g.: EBRD, EIB, etc.

#### RS3. Listing, introduction of shareholders with a stake exceeding 5% (as at 28<sup>th</sup> April 2005)

Name	Nationality <sup>1</sup>	Activity <sup>2</sup>	Quantity (pcs)	Ownership stake (%) <sup>3</sup>	Voting right (%) <sup>3,4</sup>	Comment <sup>5</sup>
EBRD	F	IFI	1,462,446	10.85	11.52	
DRB Hicom Group	F	B	1,462,446	10.85	11.52	
Local Government of Győr County town	D	G	968,850	7.19	7.63	
Rába Investments Limited	D	B	734,731	5.45	5.79	
Treasury shares	D	B	781,460	5.80		

<sup>1</sup> Domestic (D), Foreign (F)

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

<sup>3</sup> Should be rounded to two decimal figures

<sup>4</sup> Voting right ensuring participation in the decision making process at the issuing general meeting of shareholders.

<sup>5</sup> 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	30 September	31 December
Company level	781,460	781,460			
Subsidiaries					
Total	781,460	781,460			

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

**TSZ2. Headcount of full-time employees (No. of people)**

	End of base period	Beginning of current year	End of current year
Company level	28	12	12
Group level	3,263	3,265	3,267

The consolidated closing headcount as at 31<sup>st</sup> of March 2005 was 3,267 people, which was on the same level as at the end of the base period.

**TSZ3. Managing executives, strategic employees**

Type <sup>1</sup>	Name	Position	Beginning of mandate	End/ termination of mandate	Shares held (pcs)
BD	Péter Jancsó	Chairman of the BD	1998.		0
BD	Abbas Mehad	Board member	1998.		0
BD	Antal Apró	Board member	1998.		0
BD	Gordon Bajnai	Board member	2003.		0
BD	Péter Küllői	Board member	2003.		0
BD	Olivér Martin	Board member	2003.		0
SB	Dr. János Benedek	Chairman of the SB	2004.		
SB	András Geszti	Supervisory Board member	2000.	2004	0
SB	Lajos Horváth	Supervisory Board member	2003.		0
SB	Csaba Zoltán	Supervisory Board member	2003.	2004	0
SB	Péter Budaházy	Supervisory Board member	2004.		0
SB	István Préda	Supervisory Board member	2004.		0
SP	István Pintér	CEO	2003.	Definite	414
SP	Ferenc Romvári	Deputy CEO	1998.	Indefinite	0
SP	Péter Lengyel	Deputy CEO	2002.	2004	0
SP	Béla Balog	Deputy CEO	2004	Indefinite	0
SP	Ferenc Vissi	HR Director	2001.	Indefinite	0
SP	Sándor Kocsis	Quality Management Director	2001.	Indefinite	0
SP	József Szabó	Purchasing and Asset Mgmt. Director	2001.	Indefinite	412
SP	Dr. Béla Fekecs	Managing Director	2002.	2004.	
SP	István Simon	Managing Director	2003.	Indefinite	0

SP	Kovács Csaba	Managing Director	2002.	Indefinite	0
TOTAL No. of shares held (pcs):					826

<sup>†</sup> Employee in strategic position (SP). Member of the Board of Directors (BD). Member of the Supervisory Board (SB)

### **Changes in employment**

In consequence of the organisational changes implemented as from 1 January 2004, the following changes occurred among the employees of the Company:

- The employment of Dr Béla Fekecs came to an end, the tasks of managing director of Rába Futómű (Axle) Kft. are now performed by István Pintér in addition to performing his tasks as CEO of Rába Holding.
- The tasks of finance director of Rába Futómű (Axle) Kft are performed by Péter Lengyel in addition to his functions within Rába Járműipari Holding Rt.
- The tasks of director of operations and quality management of Rába Futómű (Axle) Kft. are now performed by Sándor Kocsis as a new function.

On 29 April 2004 the General Meeting of Shareholders elected three new members, Dr János Benedek, Péter Budaházy and István Préda to the Supervisory Board. The Supervisory Board membership of András Geszti and Csaba Zoltán is simultaneously terminated.

Concluding over three years of activities within Rába, Péter Lengyel, CFO of Rába Rt. and finance director of Rába Futómű Kft. left the company upon mutual consent on 31<sup>st</sup> August, 2004. His successor in the above positions is Béla Balog, who took up his position on 16 August 2004.

### **ST1. Extraordinary communications published during the current period**

Date	Place of publication	Subject, brief summary
14-02-2005	No. 31. MATÖKE	Flash Report of Rába Rt. on the year 2004.
10-03-2005	No. 49. MATÖKE	Corporate announcements, Rába Axle Kft., the subsidiary of Rába Rt. has taken out a development loan of HUF 6 billion.
25-03-2005	No. 58. MATÖKE	Invitation to the AGM of Rába Járműipari Holding Rt.

### **PK1. General information pertaining to the financial data:**

	<b>Yes</b>	<b>No</b>		
<b>Audited</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
<b>Consolidated</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
<b>Accounting principles</b>	<b>Hungarian</b>	<input type="checkbox"/>	<b>IFRS</b>	<input checked="" type="checkbox"/>
		<input type="checkbox"/>	<b>Other</b>	<input type="checkbox"/>
<b>Other:</b> .....				

In the context of the flash report Rába Rt wishes to emphasize the following:

- The figures shown in the flash report are unaudited but have been compiled from the available data relying on the best efforts of the management.
- Rába has prepared its flash report in a form in line with the requirements of the Stock Exchange Regulations (balance sheet and profit and loss statement) in consideration of the International Financial Reporting Standards. This does not, however, mean the entire publication of the accounts as per the IFRS.

- There have been no changes in the accounting policy of the group companies, the accounting policies of the companies involved in the consolidation are consistent with each other.

Győr. 11<sup>th</sup> May 2005.

**István Pintér**  
**CEO**

**Béla Balog**  
**Deputy CEO**