

# Report on the Results of Rába Nyrt. in Q1-3 of 2009

Unaudited, consolidated quarterly report  
in consideration of the International Financial Reporting Standards (IFRS)

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## SUMMARY

- In Q1-3 of 2009 the company registered a decline in sales of 43.9% compared to Q1-3 of 2008, thus the total revenue amounted to HUF 25.4 billion.
- The gross margin was 0.9% percentage points higher in Q1-3 of 2009 than during the same period of 2008. The more favourable currency exchange rates had an improving effect, but on the contrary, the significant fall in volume deteriorated the margin through the non-scalable fixed portion of direct costs. The Company took a lot of efforts in order to improve the margin and achieve the economies of scale. The impacts can be felt gradually in staff reduction, working time reduction, reduction or elimination of services, development of work procedures at more favourable costs and other efficiency improving measures. In Q3 the margin was 4.7 percentage point lower than in the previous period of the year, which was the result of the stronger currencies and lower volumes.
- In Q1-3 of 2009 the gross profit was HUF 3,312 million lower than the level of last year's, due to the combined effect of the decline in volume and the improvement in the margin. This was offset by the savings of HUF 1,861 million achieved this quarter by the company in terms of indirect costs as a result of continued stringent cost management within the fields of administration and sales. Such savings (24%) in indirect costs was achieved through the termination of services or through the appropriate reduction and through the introduction of reduced working time for white-collar and management positions and of the appropriate wages.
- The result of the period improved due to minor property sales, the revenues from which incurred in Q1, generating proceeds of approximately HUF 100 million. Furthermore, other revenues were increased through the release of provisions set aside earlier for redundancies, as well as the state support for job retention, granted from 1 May.
- Despite major decline in revenues, in Q1-3 2009 the operating profit was only slightly, by HUF 352 million lower, in total HUF 56 million, but remained within the positive range. All three business lines generated a profit in the first three quarters of the year. The activated hedge positions aimed at protecting the temporary fluctuation of foreign exchanges resulted in a loss of HUF 3,215 million compared to the profit of HUF 1,724 million of last year. As Q3 can be considered the lowest point in terms of trade and also the most unfavourable seasonal period, it generated HUF -496 million operated loss, which was only slightly lower than the HUF -339 loss last year. Rába made a HUF 888 million loss on hits hedging transactions. This total figure was positively influenced by the stronger HUF rate then in the previous quarter and was negatively affected by the closing of the positions, not required for the subsequent period.
- The EBITDA declined by 10.6%, amounting to HUF 2,317 million.
- In Q1-3 2009 the profit after taxation was HUF – 4,034 million compared to HUF 1,198

million last year. (It does not contain the revaluation of the hedge transactions, open on the cut-off date – the cash flow was neutral.) All in all, the profit before taxation is HUF - 883 million.)

- The net loan portfolio was HUF 11.7 billion, HUF 1.1 billion higher than at the end of last year. However, it continued to decrease and was HUF 0.6 billion lower than at the end of the previous quarter.
- During the period all three divisions occasionally suspended production for periods agreed with customers, the majority of which occurred in Q3.

HUF thd	2008. Q1-3	2009. Q1-3	Change	2008. Q3	2009 Q3	Change
Sales revenue	45 247 033	25 402 039	-	12 328 741	7 113 471	-
Gross profit	8 080 443	4 768 940	-	2 080 693	1 005 952	-
<i>Gross margin</i>	17.9%	18,8%	0.9%p	16.9%	14.1%	-
EBITDA	2 590 919	2 317 395	-	393 028	226 342	-
<i>EBITDA level</i>	5.7%	9,1%	3.4%p	3.2%	3.2%	0%p
Operating profit	407 998	55 638	-	-338 598	-495 910	-
Net financial profit	1 394 507	-3 824 212	-	786 810	-878 868	-
Net profit	1 197 581	-4 033 698	-	308 500	-1 300 995	-

'In Q3 2009 production volume reached its lowest point.' – described the performance of the first six months István Pintér, Rába Chairman Chief Executive. 'The increase in business activities indicates that the worst of the cycle is now over in the sector, yet the degree of uncertainty is still higher than average. It is an extremely important achievement that Rába maintained profitable operation even during the critically difficult business environment. One of the most important developments of the last three months is that the additional risk of excessive coverage, arising from the hedging transactions opened before the crisis and triggered by the fall in production caused by a significant drop in demand, was almost fully eliminated.

Our overall expectation for 2009 includes approximately HUF 35 billion revenues depending on the intra-trade turnover of companies and the currencies, as well as an EBITDA figure in the lower half of the previously projected range of HUF 3-5 billion.'

## EXTERNAL ENVIRONMENT

- Because of the economic slow-down in the US, the American freight vehicle market has shrunk further, suffering a decline of approximately 35% compared to the level of last year. The European market of heavy vehicles during the first three quarters of the year showed a decline of 50 per cent, although starting from a higher level. The sales volume of agricultural axles declined only slightly only compared to the other segments. The market activities continued to rise on the Russian bus market, but they were still significantly lower than last year. The CIS trolleybus market has not changed since last year. The business of passenger car components declined substantially, in line with the European trends.
- The increase of raw material prices reached the highest point in Q3 last year, and showed a declining trend until the previous quarter. In the first three months of this year prices dropped by 36.2 percent, compared to last year, however they picked up by 2.0 percent since Q2. Thus prices have reached the level of the second quarter of 2006.
- Energy prices increased by 39.6% compared to the same period of last year and by 2.6% compared to the last quarter.
- Considerably, 28.0% higher USD exchange rate and 14.6% higher EUR exchange rate compared to the same period of last year. However, some exchange rates fell since Q1: the USD rate fell by 9.7 percentage points and the Euro fell by 5.1 percentage points. At

the end of the period the exchange rate were significantly lower than in Q1, which has an impact on the revaluation of the currency items. The revaluation of the currency items other than hedge transactions improved the company results slightly, by HUF 207 million, compared to the 2008 year-end figure, while the revaluation of the loans involved a positive adjustment of HUF 17 million.

	2008. Q1-3	2009. Q1-3	Change	2008. Q3.	2009. Q3	Change
EURHUF - average	247.7	283.8	14.6%	236.1	271.4	15.0%
EURHUF – end of period	243.2	270.4	11.2%	243.2	270.4	11.2%
USDHUF - average	163.0	208.6	28.0%	157.2	189.8	20.7%
USDHUF – end of period	169.2	184.8	9.2%	169.2	184.8	9.2%
Raw material prices*	161%	103%	-36.0%	161%	103%	-36.0%
Energy prices**	185%	214%	15.7%	185%	214%	15.7%

\* Rába indices – own calculation - base: 2006. Q1; closing figures

\*\* Rába indices – own calculation - base: Dec 2004; closing figures

### Rába Futómű Kft. (Axle Ltd)

The sales revenue of Rába Futómű Kft. in Q1-3of 2009 amounted to HUF 14.8 billion compared to HUF 29.5 billion achieved during Q1-3 of 2008. This corresponds to a decline of 49.8%.

On the **American market**, the sales revenue in H1 of 2009 was USD 33.8 million, against USD 86.3 million during the same period of 2008. This means a decline of 60.8%.

On the **EU market** Rába's sales figures in HUF terms declined by 54.4%, amounting to HUF 4.7 billion, compared to HUF 10.3 billion of last year.

**European exports** amounted to EUR 12.8 million during Q1-3 of 2009 compared to EUR 26.8 million during the same period of last year. This is a decline of 52.2%.

**Domestic sales** before consolidation amounted to HUF 1,008 million during Q1-3 of 2009, a decline of 72.4% compared to HUF 3,657 million in 2008.

On the **CIS and East-European markets** export sales revenues achieved by Rába declined by 70.9% from EUR 17.2 million during the base period to EUR 5.0 million during Q1-3 of 2009.

On the **other markets** the sales revenue in Q1-3 of 2009 amounted to USD 5.3 million, against USD 3.3 million of last year. This corresponds to an increase of 60.6%, which is due to the relaunch of a sale earlier managed on a project basis.

The operating result of the company during Q1-3 of 2009 was a profit of HUF 19 million, compared to the profit of HUF 137 million of the same period of last year.

On the level of EBITDA, the operating result of the Axle Business during the period increased to HUF 1,574 million, compared to HUF 1,686 million of last year.

HUF million	2008. Q1-3.	2009. Q1-3	Change	2008. Q3	2009. Q3	Change
America	14 093	7 102	-49.6%	4 015	1 650	-58.9%
EU - export	6 642	3 680	-44.6%	1 919	709	-63.1%
EU - domestic	3 653	1 008	-72.4%	989	277	-72.0%
CIS and former Yugoslavia	4 258	1 438	-66.2%	1 044	551	-47.2%
Other	824	1 524	84.9%	295	262	-11.2%
<b>Total sales</b>	<b>29 471</b>	<b>14 753</b>	<b>-49.9%</b>	<b>8 261</b>	<b>3 448</b>	<b>-58.3%</b>
<b>EBITDA</b>	<b>1 686</b>	<b>1 574</b>	<b>-6.6%</b>	<b>339</b>	<b>113</b>	<b>-66.7%</b>
<b>Operating profit</b>	<b>137</b>	<b>19</b>	<b>-86.1%</b>	<b>-181</b>	<b>-388</b>	<b>-114.4%</b>

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

The sales revenue of the Component Ltd. declined by 42.6% during Q1-3 of 2009 to HUF 7.4 billion, from HUF 12.9 billion in the same period of 2008.

Rába Component Ltd. is selling on the European market only.

**European exports** amounted to EUR 4.2 million in Q1-3 of 2009, compared to EUR 13.5 million during the same period of last year. This corresponds to a decline of 68.9%

**Domestic sales** generated HUF 6.2 million during the first nine months of 2009, which is a decline by 35.4% compared to the HUF 9.6 billion of 2008.

The company generated HUF 7 million in profits at operating level during Q1-3 of 2009 compared to HUF 487 million during the same period of 2008.

On the level of EBITDA, the profit of the Component Ltd. changed to HUF 388 million during the period, from HUF 886 million of last year.

HUF million	2008. Q1-3	2009. Q1-3	Change	2008. Q3	2009. Q3	Change
EU - export	3 343	1 213	-63.7%	896	322	-64.1%
EU - domestic	9 571	6 177	-35.5%	2 994	1 925	-35.7%
<b>Total sales</b>	12 915	7 391	-42.8%	3 890	2 247	-42.2%
<b>EBITDA</b>	886	388	-56.2%	230	-4	-101.7%
<b>Operating profit</b>	487	7	-98.6%	105	-129	-222.9%

### Rába Jármű Kft. (Vehicle Ltd.)

The sales revenue of Rába Jármű Kft. amounted to HUF 4,935 million in Q1-3 of 2009, which is a decline of 21.7% compared to HUF 3,866 million of the base period.

On the **EU market** Rába's sales figures in HUF terms declined by 21.7%, amounting to HUF 3,866 million, compared to HUF 4,935 million of last year.

**European exports** amounted to EUR 0.6 million during Q1-3 of 2009 compared to EUR 3.0 million during the same period of last year. This is a decline of 80.0%.

**Domestic sales** before consolidation amounted to HUF 3,580 million during Q1-3 of 2009, a decline of 11.8% compared to HUF 4,183 million in the first nine months of 2008.

On the **CIS and East-European** markets Rába Vehicle Ltd. Had minimal export sales only amounting to HUF 0.2 million in Q1-3 of 2009. During the same period of 2008 the company had no sales in this market segment.

The operating profit was HUF 270 million in Q1-3 of 2009, compared to HUF 255 million during the same period of last year.

On the level of EBITDA, during Q1-3 of 2009 the Company registered a profit of HUF 445 million compared to HUF 398 million in Q1-3 of 2008.

HUF million	2008. Q1-3	2009. Q1-3	Change	2008. Q3	2009. Q3	Change
EU - export	752	176	-76.6%	134	31	-76.9%
EU - domestic	4 183	3 690	-11.8%	576	1 557	170.3%
CIS and former Yugoslavia	0	0		0	0	
<b>Total sales</b>	4 935	3 866	-21.7%	710	1 588	123.7%
<b>EBITDA</b>	398	445	11.8%	-74	220	397.3%
<b>Operating profit</b>	255	270	5.9%	-123	161	230.9%

## **The Rába Group**

The consolidated sales revenue of the Rába group in Q1-3 of 2009 amounted to HUF 25.4 billion, which is a decline of 43.9% over the figure for the same period of 2008.

The operating profit of the group during Q1-3 of 2009 amounted to HUF 56 million, compared to the profit of HUF 408 million during the same period of 2008.

In Q1-3 of 2009 the financial profit contains the activated loss of HUF 3,215 million from derivative transactions, as well as net interest payment of HUF 456 million in addition to the HUF 117 million of exchange rate gains, HUF 11 million dividend revenues and HUF 47 million losses from other items. As a result, the net financial profit is HUF -3,824 million.

Based on the above, the Rába group generated a net loss of HUF 4,034 billion in the first nine months of 2009, compared to the profit of HUF 1,198 million in the same period of last year.

On the level of EBITDA, the group registered profits of HUF 2,591 million in Q1-3 of 2009, against last year's figure of HUF 2,317 million.

**The Rába Group – other data and events pertaining to the business activity****Sales revenue by business divisions**

Sales revenue (HUF million)	Axles	Components	Vehicles	Rába group consolidated
2008 Q1	10 816	4 407	2 347	16 848
2008 Q2	10 394	4 618	1 878	16 071
<b>2008 Q3</b>	<b>8 261</b>	<b>3 890</b>	<b>710</b>	<b>12 329</b>
2008 Q4	7 205	3 384	3 175	13 436
2009 Q1	6 068	2 900	942	9 670
2009 Q2	5 237	2 244	1 336	8 618
<b>2009 Q3</b>	<b>3 448</b>	<b>2 247</b>	<b>1 588</b>	<b>7 113</b>

**Breakdown of sales revenue during Q1-3 of 2009**

Million HUF	America	EU			CIS	Other	Total
		Total	export	domestic			
Axle	7.102	4.689	3.680	1.008	1.438	1.524	<b>14.753</b>
Component	0	7.391	1.213	6.177	0	0	<b>7.391</b>
Vehicle	0	3.866	176	3.690	0	0	<b>3.866</b>
<b>Consolidated</b>	<b>7.102</b>	<b>15.337</b>	<b>5.069</b>	<b>10.269</b>	<b>1.438</b>	<b>1.524</b>	<b>25.402</b>

**Breakdown of operating profit of group subsidiaries**

	Operating profit							
	2008					2009		
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3
Axles	272	47	-181	381	518	393	14	-388
Components	231	151	105	-70	417	129	7	-129
Vehicles	280	98	-123	594	849	44	65	161
Other	-181	-152	-139	-204	-676	-29	-71	-140
<b>Total</b>	<b>602</b>	<b>144</b>	<b>-339</b>	<b>701</b>	<b>1 109</b>	<b>537</b>	<b>15</b>	<b>-496</b>

**PK2. Companies involved in the consolidation**

Company	Capital in HUF thousand	Ownership ratio (%)	Voting ratio <sup>1</sup>	Classification <sup>2</sup>
RÁBA Futómű Kft.	9,762,800	100.00	100.00	S
RÁBA Járműipari Alkatrészgyártó Kft.	300,000	100.00	100.00	S
RÁBA Jármű Kft.	835,100	100.00	100.00	S
Busch-Rába Kft.	4,510,000	25.50	25.50	A

<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)

As from 30 November 2008, Rába Vagyonkezelő Kft. (Asset Management Kft.) is no longer active; it was finally wound-up and deleted from the company register on 16 September 2009.

**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.

Item	2008 Q1-3	2009 Q1-3	Index	2008 Q3	2009 Q3	Index
Domestic sales revenues	15 333 824	10 268 718	67.0%	4 026 668	3 589 045	89,1%
Export sales revenues	29 913 209	15 133 321	50.6%	8 302 073	3 524 426	42,5%
<b>Net sales revenues</b>	<b>45 247 033</b>	<b>25 402 039</b>	<b>56.1%</b>	<b>12 328 741</b>	<b>7 113 471</b>	<b>57,7%</b>
Direct cost of sales	37 166 590	20 633 099	55.5%	10 248 048	6 107 519	59,6%
<b>Gross profit</b>	<b>8 080 443</b>	<b>4 768 940</b>	<b>59.0%</b>	<b>2 080 693</b>	<b>1 005 952</b>	<b>48,3%</b>
Cost of sales	884 143	453 760	51.3%	254 396	137 321	54,0%
General and administration expenses	6 874 476	5 444 042	79.2%	2 177 763	1 822 359	83,7%
Other revenues	459 531	1 446 440	314.8%	121 921	529 528	434,3%
Other expenditures	373 357	261 940	70.2%	109 053	71 710	65,8%
<b>Other items related to business activities</b>	<b>-7 672 445</b>	<b>-4 713 302</b>	<b>138.6%</b>	<b>-2 419 291</b>	<b>-1 501 862</b>	<b>137.9%</b>
<b>Operating profit before interest payment and taxation (EBIT)</b>	<b>407 998</b>	<b>55 638</b>	<b>13.6%</b>	<b>-338 598</b>	<b>-495 910</b>	<b>146.5%</b>
Financial revenues	5 974 111	2 330 278	39.0%	2 671 603	398 514	14.9%
Financial expenditures	4 579 604	6 154 490	134.4%	1 884 793	1 277 382	67.8%
<b>Net financial result</b>	<b>1 394 507</b>	<b>-3 824 212</b>	<b>-374.2%</b>	<b>786 810</b>	<b>-878 868</b>	<b>-211.7%</b>
Dividend from affiliated companies	-145 877	-223 994	-153.5%	-82 317	-65 692	120.2%
<b>PROFIT BEFORE TAXATION</b>	<b>1 656 628</b>	<b>-3 992 568</b>	<b>-341.0%</b>	<b>365 895</b>	<b>-1 440 470</b>	<b>-493.7%</b>
<b>Corporate profit tax</b>	<b>459 047</b>	<b>41 130</b>	<b>9.0%</b>	<b>57 395</b>	<b>-139 475</b>	<b>-243.0%</b>
<b>PROFIT AFTER TAXATION</b>	<b>1 197 581</b>	<b>-4 033 698</b>	<b>-436.8%</b>	<b>308 500</b>	<b>-1 300 995</b>	<b>-521.7%</b>
Profit share of minority shareholders						
<b>NET INCOME</b>	<b>1 197 581</b>	<b>-4 033 698</b>	<b>-436.8%</b>	<b>308 500</b>	<b>-1 300 995</b>	<b>-521.7%</b>
<b>Other aggregate income</b>						
Gain (loss) on share-based payments		0				
Profit tax of other complex income		0				
<b>Other aggregate income netted by profit tax</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>	
<b>Total aggregate income (attributable in full to shareholders in the company)</b>	<b>1 197 581</b>	<b>-4 033 698</b>	<b>-436.8%</b>	<b>308 500</b>	<b>-1 300 995</b>	<b>-521.7%</b>

\* In order to allow fair assessment of the fundamental values of the company, due to the extremely volatile exchange rate movements, the interest spread opened due to the crisis and to the extreme closing exchange rates, in consideration of the guidelines of IAS 34 (Interim reports) it is noted that our quarterly report does not include the (cash-flow neutral) revaluation of hedge transactions as per IAS 39 (Financial instruments) open on the closing day and does not include the rewrite of earlier accounted revaluations either. \* In the annual report these evaluation principles will not be ignored, regardless of the market conditions prevailing at the time.

The value of activated hedge and the revaluations of other FX items are present in the accounts.

Considering the significant decline in the utilisation of assets compared to previous years, the annual useful life of assets is currently being reviewed according to IAS16, as a result of which the depreciation accounted for the entire year may yet change.

## **1. EARNED REVENUES**

In Q1-3 of 2009, Rába achieved HUF 25,402 million in sales revenue, compared to HUF 45,247 million during the same period of last year. 59.6 per cent of the revenues came from export, the rest came from domestic sales. The sales revenue is 43.9 lower than that of the base period.

## **2. COSTS AND OTHER REVENUES, EXPENDITURES**

### **2.1. Direct costs**

In Q1-3 of 2009 the direct cost level of Rába was at 81.2 per cent, compared to 82.1% of the base period.

### **Gross Profit**

The gross profit changed from HUF 8,080 million to HUF 4,769 million, (-3,311) which is due to the decline in the sales revenue (HUF -16,533 million).

### **2.2. Cost sales**

The cost of sales declined by 48.7 per cent and amounted to HUF 454 million in Q1-3 of 2009, compared to HUF 884 million during the same period of 2008.

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

Rába accounts its costs incurred in relation to the administration of the company, other general expenses (Q1-3 2009: HUF 5,557 million, Q1-3 2008: HUF 6,861 million), and adjust them with the net value of the capitalised costs of technical development (HUF -57 million) and restating certain bank charges to financial expenditure (HUF -45 million).

### **2.4. Other revenues**

Other revenues amounted to HUF 1,446 million in Q1-3 of 2009. This amount was HUF 987 million higher than that of the base period. The change is due to the following factors: increase in net income from the sale of fixed assets (HUF -13 million), increase due to the release of provisions HUF +371 million), increase in compensation, penalty received (HUF +35 million), the income from wage support (HUF +455 million) and an increase in subsequent discounts (HUF +60 million).

### **2.5. Other expenditures**

The amount of other expenditures in Q1-3 of 2009 amounted to HUF 262 million. In Q3 default penalty and compensation payments increased by HUF 10 million, and HUF 15 million more tax was paid also. The scrapped inventories declined by HUF 72 million compared to the base period.

## **3. OPERATING PROFIT**

The operating profit of Rába in Q1-3 of 2009 was HUF 56 million (Q1-3 of 2008: HUF 408 million). The decline in gross profit (HUF -3,312 million) was improved by the decline in sales and overhead costs (HUF -1,861 million) and by the increase in other revenues (HUF 987 million) and by the decline in other expenditures (HUF -111 million). Profitability increased from 0.9% during the base period to 6.7%. The profitability of operating profit + depreciation is 9.1 per cent, against 5.7% during the base period.

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

In Q1-3 of 2009, the net financial profit was HUF -3,824 million, compared to the same period of 2008, when it was HUF 1,395 million. The activated profit of derivative transactions during Q1-3 of 2009 was a loss of HUF 3,215 million, compared to a profit of HUF 1,724 million in Q1-3 of 2008.

The net profit of interest incomes and expenses was HUF -456 million during Q1-3 of 2009, compared to HUF -468 million during the base period. The exchange rate gains/losses of FX



items on 30 September 2009 was HUF -117 million, compared to HUF +137 million on 30 September 2008.

Financial revenues and expenditures consisted of the following principal items:

	<b>2008 Q1-3</b>	<b>2009 Q1-3</b>
Revenue from dividends	0	10 542
Interest income	371 364	237 631
Realised gains of derivative transactions	1 901 718	132 088
Exchange rate gains	3 695 254	1 948 017
Other financial revenues	5 775	2 000
<b>Financial revenues</b>	<b>5 974 111</b>	<b>2 330 278</b>
Interest payable	839 139	693 392
Realised loss of derivative transactions	177 910	3 346 612
Exchange rate losses	3 558 598	2 065 124
Other financial expenditures	3 957	49 363
<b>Financial expenditures</b>	<b>4 579 604</b>	<b>6 154 490</b>

### **5. Profit from external companies**

The profit from external companies in Q1-3 of 2009 amounted to HUF -224 million, which amount represents the portion the parent company is entitled to from the net profit of Busch-Rába Kft. This figure was HUF – 146 million in the base period.

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

The earnings before taxation amounted to a loss of HUF –4,033 million in Q1-3 of 2009, which because of the factors outlined in sections 1-5 is HUF 5,649million less than the figure for Q1-3 of 2008. The losses resulted entirely on the financial line. The profitability ratio represents a - 15.7 per cent return on sales on the basis of profit before taxation, compared to 3.7 per cent during the base period.

At group level the tax liability amounts to HUF 41 million, of which the deferred tax for the current period is HUF -178million and the trade tax is HUF 218 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, foundation and reorganisation expenses capitalised according to HAS;
- treatment as financial leasing of production equipment purchased as operating leasing within the group;
- accounting of the share options made available to the managers within the Share Option Programme;
- the reclassification into profit tax of the trade tax accounted under HAS as other expenditures;
- accounting under IFRS among indirect costs of the FX shipping costs reducing the sales revenues under the Hungarian accounting rules;
- 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;
- the difference between the book value and the actual value of the Railway Vehicle site to be sold to Engel is under IFRS accounted as profit during the current year;

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

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

\* Indicate with X.

Item	31.12.2008	30.09.2009	Index
Properties, machines, equipment	16 173 131	15 097 805	93.4%
Intangible assets	589 351	530 976	90.1%
Long-term receivables	73 064	73 064	100.0%
Property for investment purposes	338 217	338 217	100.0%
Other investments accounted through the capital method	1 048 483	824 983	78.7%
Marketable financial assets	255 055	255 055	100.0%
Deferred tax receivables	1 489 254	1 661 604	111.6%
<b>Total invested assets</b>	<b>19 966 555</b>	<b>18 781 704</b>	<b>94.1%</b>
Securities	80 000	80 000	100.0%
Inventories	10 101 383	8 095 296	80.1%
Receivables	9 184 711	5 751 833	62.6%
Derivative instruments	213 916	77 409	36.2%
Corporate tax receivables	1 498 759	1 812 880	121.0%
Liquid assets, bank account	<b>21 078 769</b>	<b>15 817 418</b>	<b>75.0%</b>
<b>Total current assets</b>	<b>41 045 324</b>	<b>34 599 122</b>	<b>84.3%</b>
<b>Total ASSETS</b>	<b>12 623 816</b>	<b>12 541 639</b>	<b>99.3%</b>
Share capital	0	26 278	
Capital reserve	63 502	55 675	87.7%
Share option reserve	-1 187 358	-5 213 228	-539.1%
Retained earnings*	<b>11 499 960</b>	<b>7 410 364</b>	<b>64.4%</b>
<b>Total equity and reserves</b>	<b>6 270 505</b>	<b>5 802 394</b>	<b>92.5%</b>
Long-term liabilities	1 366 997	990 659	72.5%
Provisions	104 162	98 425	94.5%
Deferred tax liability	<b>7 741 664</b>	<b>6 891 478</b>	<b>89.0%</b>
<b>Total long-term liabilities</b>	<b>5 078 664</b>	<b>5 078 664</b>	<b>100.0%</b>
Derivative financial liabilities	5 838 671	7 760 445	132.9%
Short-term credits and loans	10 886 365	7 458 171	68.5%
Short-term liabilities	<b>21 803 700</b>	<b>20 297 280</b>	<b>93.1%</b>
<b>Short-term liabilities total</b>	<b>41 045 324</b>	<b>34 599 122</b>	<b>84.3%</b>
<b>Total LIABILITIES (equity and liabilities)</b>			

\* In order to allow fair assessment of the fundamental values of the company, due to the extremely volatile exchange rate movements, the interest spread opened due to the crisis and to the extreme closing exchange rates, in consideration of the guidelines of IAS 34 (Interim reports) it is noted that our quarterly report does not include the (cash-flow neutral) revaluation of hedge transactions as per IAS 39 (Financial instruments) open on the closing day and does not include the rewrite of earlier accounted revaluations either. In the annual report these evaluation principles will not be ignored, regardless of the market conditions prevailing at the time.

The value of activated hedge and the revaluations of other FX items are present in the accounts.

**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 16,173 million on 31 December 2008 to HUF 15,098 million, the decline was not significant, only 6.6 %.

**1.2. Intangible assets**

The net value of intangible assets increased from HUF 589 million to HUF 531 million. The decline was HUF 58 million.

**1.3. Long-term receivables**

This balance sheet line shows long-term receivables at a discounted value among invested assets in the balance sheet. Long-term receivables include the following items:

	<b>30.09. 2008</b>	<b>31.12.2008</b>	<b>30.09.2009</b>
Opening	147 099	147 099	73 064
Increase	-	3 339	-
Repayment	-	(36 811)	-
Impairment	-	(52 740)	-
Effect of discounting	-	12 177	-
<b>Closing</b>	<b>147 099</b>	<b>73 064</b>	<b>73 064</b>

**1.4. Real estate for investment purposes**

The value of real estate for investment purposes amounted to HUF 338 million on 30 September 2009.

**1.5. Investments accounted using the capital method**

The closing stock of investments as at 30 September 2009 was HUF 825 million. The Company participated in the establishment of a joint venture, Busch-Rába Öntöde Kft., charged with the management of the foundry division. Rába's stake in the venture is 25.5%. The change since the closing balance of 31 December 2008 is the portion of the subsidiary profit due to the parent company (HUF -224 million).

**1.6. Deferred tax receivable**

On 30 December 2009, the deferred tax amounted to HUF 1,662 million, HUF 172 million lower than on of 31 December 2008.

**2. CURRENT ASSETS****2.1. Stocks**

On 30 September 2009, the closing value of stocks was HUF 8,095 million (31 December 2008: HUF 10,101 million). The change is -19.9%. The majority of the decline related to the variation of produced stocks (HUF -1,402 million), materials decreased by HUF -607 million.

**2.2. Receivables**

The closing figure of receivables as at the end of Q1-3 of 2009 was HUF 5,751 million, a decline of HUF 3,433 million compared to the 31 December (closing figure for 2008: HUF 9,185 million). The change is due to the following factors:

- decline in accounts receivable (HUF -3,288 million);
- increase in active accrual of revenues ( HUF +312 million);
- decline in other short-term receivables (HUF -535 million).

### **2.3. Liquid assets**

The closing figure of liquid assets on 30 September 2009 was HUF 1,813 million (31 December 2008: HUF 1,499 million).

## **3. EQUITY AND RESERVES**

### **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 September 2009, the share capital of the company was HUF 12,542 million, which is HUF 82 million less than the figure prevailing on 31 December 2008. This change occurred because based on the Board of Directors' authorisation the Company purchased 82,177 treasury shares in the reporting period.

### **3.2. Capital reserve**

On 30 September 2009, the capital reserve was HUF 26 million, identical with the difference between the cost and face value of the redeemed treasury shares.

### **3.3. Share option reserve**

To foster common interests between the shareholders of Rába and the management of the Rába Group, as well as to further increase the value of the company, the Board of Directors of Rába decided to launch a five-year management share option programme, entitled Management Share Option Incentive Programme for the senior and middle management of the Company. The program is for the Rába shares. The options are offered on 1 July, 2006 and the closing date of the programme is 30 September 2011, which is the last date for option draw-down. All options are offered upon the same terms.

Within the five-year term of the programme three separate draw-down tranches are defined, each of which is implemented separately, subject to unrelated conditions.

At its meeting held on 2 July 2009 the Board of Directors of Rába Nyrt. concluded that the conditions of opening the third tranche were not fulfilled considering the price of Rába shares and the average price weighted with the stock exchange turnover during the opening period of the third tranche between 1 January 2009 and 30 June 2009.

Consequently, the HUF 8 million share option provisions, accounted for the third drawdown period were released in the reporting period.

### **3.4. Retained earnings**

The retained earnings (HUF -5,213 million) changed compared to the closing balance of the previous year (HUF -1,187 million) by HUF -4,025 million, as follows:

	Registered capital	Capital reserve	Share option capital reserve	Retained earnings	Total shareholders equity
<b>Balance as at 1 January, 2008</b>	<b>12 891 977</b>	<b>6 852 528</b>	<b>49 779</b>	<b>-2 898 056</b>	<b>16 896 228</b>
After-tax profit				1 197 580	1 197 580
Share-based payments drawn	35 709		16 869	-11 652	40 926
Deferred tax of share-based payments			-3 373		-3 373
Purchase of treasury shares	-113 960	-68 761			-182 721
Regrouping from capital reserve to retained earnings		-10 912 362		10 912 362	0
<b>Balance as at 30 September 2008</b>	<b>12 813 726</b>	<b>-4 128 595</b>	<b>63 275</b>	<b>9 200 234</b>	<b>17 948 640</b>
After-tax profit				-6 295 807	-6 295 807
Share-based payments drawn	0		285	-227	58
Deferred tax of share-based payment			-58		-58
Purchase of treasury shares	-189 910	37 037			-152 873
Regrouping from capital reserve to retained earnings		4 091 558		-4 091 558	0
<b>Balance as at 31 December, 2008</b>	<b>12 623 816</b>	<b>0</b>	<b>63 502</b>	<b>-1 187 358</b>	<b>11 499 960</b>
After-tax profit				-4 033 697	-4 033 697
Provisions for share-based payments			-9 664	7 828	-1 836
Deferred tax of share-based payment			1 836		1 836
Purchase of treasury shares	-82 177	26 278			-55 899
<b>Balance as at 30 September 2009</b>	<b>12 541 639</b>	<b>26 278</b>	<b>55 674</b>	<b>-5 213 227</b>	<b>7 410 364</b>

#### **4. LONG-TERM LIABILITIES**

The closing value of long-term liabilities as at 30 September 2009 amounted to HUF 5,802 million, nearly identical with the opening balance of the period (on 31 December 2008, the closing figure was HUF 6,271 million).

##### **Deferred tax liability**

Amounted to HUF 98 million on 30 September 2009, which is HUF 6 million less than the value at 31 December 2008.

#### **5. SHORT-TERM LIABILITIES**

##### **5.1. Short-term credits and loans**

The total of short-term credits and loans (HUF 7,760 million) increased by 32.9% compared to the closing balance of December (HUF 5,839 million).

##### **5.2. Short-term liabilities**

The total short-term liabilities (closing balance on 30 September 2009: HUF 7,458 million) dropped by 31.5% compared to 31 December (HUF 10,886 million). The most significant decline took place in the accounts payable (HUF -4,024 million), the other short-term liabilities decreased by HUF -42, the accruals grew by HUF 659 million.

**PK 5. CONSOLIDATED CASH-FLOW STATEMENT FOR Q1-3 OF 2009**

Data in HUF thousand

	30.09.2008	30.09.2009
<b><u>Cash flow of operating activity</u></b>		
Profit before taxation	1 656 627	-3 992 568
<i>Adjustment items related to items with no cash movement:</i>		
Interest income/expenditure	467 775	453 993
Depreciation and amortisation	2 182 922	2 261 757
Impairment of real estate, machinery, and fixtures	0	0
Impairment of bad and doubtful receivables	9 149	-16 545
Impairment of stocks recorded at net realisable value	635	0
Inventory reject		0
Provisions	-4 431	-376 338
Share-based payments made in capital instruments	41 584	0
Changes in real value of derivative financial assets	0	0
Result of sale and in-kind contribution of real assets, machinery and fixtures	-90 099	-76 755
Result of sale of financial investments	0	0
Participation in profit of affiliated companies	149 334	223 500
Revaluation of loans and credits at end of period	118 921	-17 349
<i>Changes in working capital:</i>		
Trade and other receivables, changes in corporate tax	213 602	3 687 054
Changes in stocks	-1 114 751	2 006 087
Changes in accounts payable and other liabilities	-2 827 803	-3 843 634
Share-based payment made in liquid assets	0	0
Profit tax paid	-461 724	-82 710
Interest expenses	0	0
<b>Net cash-flows from operating activities</b>	<b>341 740</b>	<b>226 491</b>
<b><u>Cash flows from investment activities</u></b>		
Purchase of investments accounted through the capital method	0	0
Purchase of real estate, machinery and intangibles	-2 601 828	-1 455 416
Revenue from the sale of investments accounted through the capital method	2 100	0
Revenues from the sale of real estate, machinery and fixtures, as well as of intangibles	163 176	127 933
Income, expenditure from the sale and purchase of securities		0
Interests received	0	0
<b>Net cash flows used for investment activities</b>	<b>-2 436 553</b>	<b>-1 327 483</b>
<b><u>Cash flow from financing activities</u></b>		
Revenues/expenditures from the sale/purchase of treasury shares	-182 721	-55 900
Reserves	0	0
Receipt and repayment of loans and credits and repayment	1 472 334	1 471 012
<b>Net cash flows from financing activities</b>	<b>1 289 613</b>	<b>1 415 112</b>
<b>Net increase/decline of financial instruments and equivalentents</b>	<b>-805 200</b>	<b>314 121</b>

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

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

\* Forward FX deals to cover the exchange rate risk of export sales revenues: sale of USD 22 million in exchange for HUF, and sale of EUR 78 million for HUF (of which EUR 6 million represents option transactions).

The balance of the revaluation at closing of derivative instruments is HUF 3,110 million.

The bank loans of the Rába Group amount to HUF 13,504 million, of which the loans secured with liens and mortgages on movable assets and real property amount to HUF 12,965 million.

The amount of bank guarantees issued on behalf of the Rába Group is HUF 3,250 million.

**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 (30 June)			Beginnin g of term		End of term	
	% <sup>2</sup>	% <sup>3</sup>	Pcs	% <sup>2</sup>	% <sup>3</sup>	Pcs	%	Pcs	%	Pcs
Domestic institutional/corporate	39,80	42,46	5.362.319	36,45	39,14	4,910,612				
Foreign institutional/corporate	21,32	22,75	2.872.678	20,01	21,49	2,696,199				
Foreign private individual	0,29	0,31	38.700	0,35	0,37	46,608				
Domestic private individual	31,91	34,04	4.298.761	35,90	38,55	4,836,950				
Employees, managing executives	0,40	0,43	53.868	0,40	0,43	53,780				
Treasury shares	6,27		845.410	6,88		927,587				
Shareholder forming part of general government	0,01	0,01	1.710	0,01	0,01	1,710				
International Development Institutions	0,00	0,00	0	0,00	0,00	0				
Other	0,00	0,00	0	0,00	0,00	0				
<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. List and introduction of shareholders with a stake exceeding 5% (as at 30 September 2009)**

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>
DRB Hicom Group	K	T	1 462 446	10.85	11,66	
Treasury Shares	B	T	927 587	6.88		

<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	845 410	927 587	927 587	927 587	
Subsidiaries	-	-	-	-	
Total	845 410	927 587	927 587	927 587	

All of the shares repurchased are treasury shares 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	21	29	30
Group level	2 616	2 415	2 217

The consolidated closing headcount as at 30 September 2009 was 2,219, which represented a decline of 15.3% compared to the end of the base period.

## **TSZ2. Managing executives, strategic employees**

Type <sup>1</sup>	Name	Position	Beginning of mandate	End/ termination of mandate	Shares held (pcs)
IT	István Pintér	Chairman of the BD	2005		19 429
IT	Olivér Martin	Board member	2003		555
IT	Róbert Hrabovszky	Board member	2005		555
IT	Alan Spencer	Board member	2006		0
IT	Khalid Abdol Rahman	Board member	2007		0
IT	Dr. Ádám Fintha-Nagy	Board member	2008		5 350
IT	Gábor Földvári	Board member	2008		0
FB	Dr. János Benedek	Chairman of the SB	2004		0
FB	Zoltán Varga	Supervisory Board member	2006		0
FB	András Lovas-Romváry*	Supervisory Board member	2008	2009	-
FB	István Pintér	Chairman-CEO	2009		0
SP	Béla Balog	Deputy CEO	2003	Definite	19 429
SP	Ferenc Vissi	HR Director	2004	Indefinite	5 821
SP	József Szabó	Purchasing and Asset Mgmt. Director	2001	Indefinite	7 797
SP	István Pintér	Managing Director	2001	Indefinite	8 211
SP	László Urbányi	Managing Director	2004	Indefinite	19 429
SP	János Torma	Managing Director	2005	Indefinite	4 412
SP	István Pintér	Chairman of the BD	2005	Indefinite	1 650



Total number of treasury shares owned (pcs):	53 780
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<sup>1</sup> Employee in strategic position (SP). Member of the Board of Directors (BD). Member of the Supervisory Board (SB)

### **RÁBA NYRT. (INDIVIDUAL) BALANCE SHEET (HAS)**

Data in HUF thousand

No	Description of item	2008.12.31	2009.09.30	Index
<b>A.</b>	<b>Invested assets</b>	<b>17 435 745</b>	<b>17 294 863</b>	<b>99.19%</b>
I.	Intangible assets	145 988	114 983	78.76%
II.	Fixed assets	6 363 759	6 253 407	98.27%
III.	Financial assets invested	10 925 998	10 926 474	100.00%
<b>B.</b>	<b>Current assets</b>	<b>5 017 592</b>	<b>5 128 187</b>	<b>102.20%</b>
I.	Stocks	352 676	352 408	99.92%
II.	Receivables	2 533 726	3 513 401	138.67%
III.	Securities	877 134	933 034	106.37%
IV.	Liquid assets	1 254 056	329 344	26.26%
<b>C.</b>	<b>Active accruals</b>	<b>92 286</b>	<b>157 202</b>	<b>170.34%</b>
	<b>TOTAL ASSETS</b>	<b>22 545 624</b>	<b>22 580 252</b>	<b>100.15%</b>
<b>D.</b>	<b>Shareholders' equity</b>	<b>14 586 899</b>	<b>14 124 461</b>	<b>96.83%</b>
I.	Registered capital	13 473 446	13 473 446	100.00%
	Of which: ownership stake repurchased at face value	845 410	927 587	109.72%
III.	Capital reserve	127 654	127 654	100.00%
IV.	Retained earnings	1 109 359	52 766	95.24%
V.	Fixed reserves	877 134	933 034	106.37%
VII.	Net profit	-1 000 693	-462 439	153.79%
<b>E.</b>	<b>Provisions</b>	<b>392 959</b>	<b>357 919</b>	<b>91.08%</b>
<b>F.</b>	<b>Liabilities</b>	<b>7 389 877</b>	<b>7 946 924</b>	<b>107.54%</b>
III.	Short-term liabilities	7 389 877	7 946 924	107.54%
<b>G.</b>	<b>Passive accruals</b>	<b>175 888</b>	<b>150 948</b>	<b>85.82%</b>
	<b>TOTAL LIABILITIES</b>	<b>22 545 624</b>	<b>22 580 252</b>	<b>100.15%</b>

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

Data in HUF thousand

No	Description	2008 Q1-3	2009 Q1-3	Index
I.	Net sales revenue	796 765	697 140	87.50%
II.	Direct costs of sales	172 691	144 380	83.61%
<b>III.</b>	<b>Gross sales revenue</b>	<b>624 074</b>	<b>552 761</b>	<b>88.57%</b>
IV.	Indirect sales costs	1 008 329	761 326	75.50%
V.	Other revenues	158 467	161 593	101.97%
VI.	Other expenditures	316 264	184 101	58.21%
<b>A.</b>	<b>OPERATING PROFIT</b>	<b>-542 053</b>	<b>-231 073</b>	<b>157.4%</b>
VIII.	Revenues from financial transactions	925 484	128 957	13.93%
IX.	Expenditures of financial transactions	343 837	358 606	104.30%
B.	Profit of financial transactions	581 647	-229 649	-139.48%
<b>C.</b>	<b>ORDINARY BUSINESS PROFIT</b>	<b>39 595</b>	<b>-460 722</b>	<b>-1263.6%</b>
D.	EXTRAORDINARY PROFIT	-18 711	-1 716	190.83%
<b>E.</b>	<b>PROFIT BEFORE TAXATION</b>	<b>20 883</b>	<b>-462 439</b>	<b>-2314.4%</b>
XII.	TAX LIABILITY	-17 444	0	
<b>F.</b>	<b>AFTER-TAX PROFIT</b>	<b>38 327</b>	<b>-462 439</b>	<b>-1306.6%</b>
<b>G.</b>	<b>NET PROFIT</b>	<b>38 327</b>	<b>-462 439</b>	<b>-1306.6%</b>

**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"/>	<b>Other</b>
<b>Other:</b>	.....				

**Declaration of liability**

We, the undersigned, authorised signatories of the Company hereby declare that the data and statements of the semi-annual 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 uncertainty factors. The Company does not conceal any fact that is important for assessing its financial and economic position.

In the context of the Q1-3 report Rába Nyrt wishes to emphasize the following:

- The figures shown in the Q1-3 report are unaudited but have been compiled from the available data relying on the best efforts of the management.
- Rába has prepared its Q1-3 report in a form in compliance with the requirements of the Stock Exchange Regulations and in consideration of the IAS 34 Standard (interim financial statement)

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, 16 November 2009

**István Pintér**  
Chairman-CEO

**Béla Balog**  
CFO