

# Report on the Results of Rába Plc. during Q1-Q4 of 2010

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

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## SUMMARY

- During Q4 of 2010, the Company registered the highest sales revenue at group level since the economic downturn, exceeding the figure for the same period of last year by 20.8 per cent. At group level, the sales revenue of the Company in 2010 was 5.5% higher than in 2009, amounting to HUF 35.8 billion.
- The gross margin increased by 0.6 percentage points in 2010 compared to 2009. The scale-down launched last year already and the measures aimed at improving efficiency accounted for the improvement, while foreign exchange rates remained largely unchanged on average.
- In 2010 the gross profit was 8.7 per cent, i.e. HUF 618 million higher than the level during the same period of last year, due to the combined effect of the increase in sales revenue in HUF terms and the improvement in margins. In spite of low share prices, HUF 189 million had to be accrued for the share option programme, in line with the IFRS rules. Thus adjusted, thanks to the continued stringent management within the fields of administration and sales, indirect costs further declined by HUF 20 million during the year 2010 compared to 2009. The increase in indirect costs, including the accruals amounted to HUF 169 million.
- The period of state subsidies aimed at preserving jobs ended 30<sup>th</sup> April, thus the level of other revenues was lower in 2010 than in 2009, as well. There was no major item among other expenditures during the period.
- The operating profit increased by 18.9%, corresponding to HUF 137 million in 2010 and amounted to HUF 861 million. In 2010 all of Rába's business divisions had a positive operating result both during Q4 and on an annual level. The activated hedge positions aimed at protecting the temporary fluctuation of foreign exchanges resulted in a loss of HUF 1,008 million in 2010 compared to the loss of HUF 3,743 million of last year. The open currency hedge portfolio of the company continued to decrease.
- EBITDA declined by 1.0%, amounting to HUF 3,118 million at an annual level and to HUF 3,307 million upon a 5% increase, adjusted by the reserve set aside for the share option programme.
- The financial profit in 2010 amounted to a loss of HUF 389 million, against the loss of HUF 217 million generated during the same period of last year. This amount also includes the profit generated through the sale of the business stake in a joint venture, accounted for under this line. The loss was largely equal to the revaluation of loans involving no cash movement, which deteriorated the profit by HUF 217 million.
- The profit before taxation was HUF 272 million in 2010, which is double the amount generated in 2009. The after-tax profit, largely due to the release of deferred tax of HUF 651 million, involving no cash expenditure, was a loss of HUF 856 million in 2010,

against the loss of HUF 701 million last year. The profit from external companies was HUF -201 million in 2010.

- The net loan portfolio was HUF 10.5 billion, HUF 1.7 billion lower than at the end of the previous year and HUF 0.2 billion lower than during the last quarter. This decline in the net line is the result of the cash flow from the usual operation and of the sale of the joint venture business stake.

Thousand HUF	2009. Q1-Q4	2010. Q1-Q4	Change	2009. Q1-Q4	2010. Q1-Q4	Change
Sales revenue	33 923 124	35 777 557	5,5%	8 521 086	10 294 761	20,8%
Gross profit	7 075 425	7 693 189	8,7%	2 306 486	2 383 976	3,4%
<i>Gross margin</i>	20,9%	21,5%	0,6%p	27,1%	23,2%	-3,9%p
EBITDA	3 148 501	3 118 167	-1,0%	831 105	1 130 356	36,0%
<i>EBITDA level</i>	9,3%	8,7%	-0,6%p	9,8%	11,0%	1,2%p
Operating profit	724 467	861 156	18,9%	668 829	597 655	-10,6%
Net financial result	-216 722	-388 523	-79,3%	498 318	-100 655	-120,2%
Net profit	-700 645	-855 564	-22,1%	845 716	-279 550	-133,1%

'In 2010 Rába managed to be part of the growth manifest on the European, regional and overseas markets. We intend to further increase our sales revenues and market activity focusing on the designated target segments. In September 2010 the Board of Directors of Rába adopted the new medium term strategy of the company, envisaging focused growth. The Rába Development Institute has been launched. As the first result of the development programme based on the unique engineering expertise of Rába, the development of the axle for the second generation of low-floor buses was concluded at the end of last year', said István Pintér, Chairman-Chief Executive of the company, upon assessing the 2010 results. 'Based on our order logbook, the positive sales increase trend remains uninterrupted at the beginning of this year as well.'

## EXTERNAL ENVIRONMENT

- Growth on the freight vehicle market of the US has started and amounted to 20% compared to last year in the heavy vehicle category. On the European market of heavy vehicles sales declined by 14 per cent during the first half of the year, compared to the same period of last year but an 8.4% growth was projected for the whole of the year. The sales of agricultural axles is Janus-faced, since this segment continues to be strong on the US market, while there is a marked decline compared to last year's level on the European market. Market activities continued to rise on the Russian bus market but they have yet to reach the earlier level. The business of passenger car components is expected to be on an annual level in line with the level of last year.
- Since the significant increase experienced in Q2 of 2010, raw material prices have stagnated at this higher level. Thus a price increase of 28.6% compared to the same period of last year had an effect on the cost side of the company's profitability. Thus prices reached the level of Q1 2008.
- Average energy prices decreased by 14.2% in 2010 compared to last year and by 7.3% in Q4 compared to the same period of last year.
- The average USD exchange rate was 2.9% higher and the average EUR exchange rate was 1.8 per cent lower compared to the same period of last year. Compared to the last quarter, though, the USD declined by 7.1% and the EUR by 2.3% in Q4 of 2010.

	2009. Q1-Q4	2010. Q1-Q4	Change	2009. Q4	2010. Q4	Change
HUFEUR - average	280.6	275.4	-1.9%	270.9	275.9	1.8%
HUFEUR – end of period	270.8	278.8	3.0%	270.8	278.8	3.0%
HUFUSD - average	202.3	208.1	2.9%	183.3	203.1	10.8 %
HUFUSD – end of period	188.1	208.7	11.0%	188.1	208.7	11.0%
Trends in raw material prices*	102%	131%	28.4%	102%	131%	28.4%
Trends in energy prices**	227%	201%	-11.5%	227%	201%	-11.5%

\*Rába indices – own calculation - base: 2006. Q1; closing value for the period

\*\*Rába indices – own calculations - base: Dec. 2004; closing value for the period

### Rába Futómű Kft. (Axle Ltd)

The sales revenue of Rába Futómű Kft. in Q1-Q4 of 2010 amounted to HUF 20.9 billion compared to HUF 18.8 billion achieved during the same period of 2009. This corresponds to an increase of 11.2%.

On the **American market**, the sales revenue in 2010 was USD 36.0 million, against USD 42.4 million during Q1-Q4 of 2009. This means a decline of 15.1%.

On the **EU market** Rába's sales figures in HUF terms increased by 38.7%, amounting to HUF 8.6 billion, compared to HUF 6.2 billion during Q1-Q4 of 2009.

**European exports** amounted to EUR 20.4 million in 2010 compared to EUR 16.6 million during the same period of last year. This is an increase of 22.9%.

**Domestic sales** before consolidation amounted to HUF 2,982 million which represents an increase of 106.1 per cent compared to the HUF 1,447 million of the base period.

On the **CIS and East-European markets** export sales revenues achieved by Rába Axle Ltd. increased by 76.5 %, from EUR 8.1 million during the base period to EUR 14.3 million in Q1-Q4 of 2010.

On the **other markets** the sales revenue in 2010 amounted to EUR 3.3 million, against EUR 6.2 million of last year. This corresponds to a decline of 46.8%. The considerable decline is due to the project-based sales, characteristic for the base period.

The operating result of the company in 2010 was a profit of HUF 333 million, compared to the profit of HUF 192 million during the same period of last year.

At EBITDA level, the operating profit of the Axle business line was HUF 1,855 million compared to HUF 1,779 million registered a year earlier.

Million HUF	2009. Q1-Q4	2010. Q1-Q4	Change	2009. Q4	2010. Q4	Change
America	8 645	7 483	-13,4%	1 543	2 336	51,4%
EU - export	4 714	5 626	19,3%	1 034	1 813	75,3%
EU - domestic	1 447	2 982	106,1%	439	846	93,0%
CIS and former Yugoslavia	2 291	3 931	71,6%	852	1 450	70,1%
Other	1 747	897	-48,6%	223	203	-8,8%
<b>Total sales revenue</b>	<b>18 844</b>	<b>20 919</b>	<b>11,0%</b>	<b>4 092</b>	<b>6 650</b>	<b>62,5%</b>
<b>EBITDA</b>	<b>1 779</b>	<b>1 855</b>	<b>4,3%</b>	<b>205</b>	<b>870</b>	<b>324,3%</b>
<b>Operating profit</b>	<b>192</b>	<b>333</b>	<b>73,4%</b>	<b>173</b>	<b>518</b>	<b>-199,4%</b>

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

The sales revenue of the Components Ltd. remained in the same level in 2010 as that of 2009, amounting to HUF 9.8 billion

Rába Automotive Components Ltd. is selling on the European market only.

**European exports** amounted to EUR 8.5 million in 2010, against EUR 5.9 million during the base period. This corresponds to an increase of 44.1%.

**Domestic sales** before consolidation generated HUF 7.4 billion in 2010, which is a decline by 8.6% compared to the HUF 8.1 billion of the same period of 2009.

The company generated HUF 118 million in profits at operating level in 2010 compared to HUF 303 million during the same period of 2009.

On the level of EBITDA, the profit of the Components Ltd. changed to HUF 446 million during the period, from HUF 754 million of the previous year.

Million HUF	2009. Q1-Q4	2010. Q1-Q4	Change	2009. Q4	2010. Q4	Change
EU - export	1 657	2 346	41,6%	444	637	43,5%
EU - domestic	8 109	7 401	-8,7%	1 932	1 867	-3,4%
<b>Total sales revenue</b>	<b>9 767</b>	<b>9 747</b>	<b>-0,2%</b>	<b>2 376</b>	<b>2 504</b>	<b>5,4%</b>
<b>EBITDA</b>	<b>754</b>	<b>446</b>	<b>-40,9%</b>	<b>366</b>	<b>173</b>	<b>52,7%</b>
<b>Operating profit</b>	<b>303</b>	<b>118</b>	<b>-61,1%</b>	<b>295</b>	<b>93</b>	<b>68,5%</b>

#### Rába Jármű Kft. (Vehicle Ltd.)

The sales revenue of Rába Jármű Kft. amounted to HUF 6,170 million in 2010, which is an increase of 1.4% compared to HUF 6,086 million of the base period.

On the **EU market** Rába Vehicle's sales figures in HUF terms equalled the total sales revenue realised.

**European exports** exceeded the level of the base period by 171.4%, thus increasing from EUR 0.7 million to EUR 1.9 million.

**Domestic sales** before consolidation amounted to HUF 5,652 million in 2010, a decline of 4.1 per cent compared to the HUF 5,893 million during the base period.

On the **CIS and East-European** markets Rába Vehicle Ltd. generated no sales revenue compared to the minimum amount, HUF 0.2 million in sales during the base period.

The operating profit was HUF 699 million in 2010, compared to HUF 620 million during the same period of last year.

On the level of EBITDA, during Q1 of 2010 the Company registered a profit of HUF 947 million compared to HUF 620 million in 2009.

Million HUF	2009. Q1-Q4	2010. Q1-Q4	Change	2009. Q4	2010. Q4	Change
EU - export	193	518	168,4%	17	171	905,9%
EU - domestic	5 893	5 652	-4,1%	2 202	1 237	-43,8%
CIS and former Yugoslavia	0	0		0	0	
<b>Total sales revenue</b>	<b>6 086</b>	<b>6 170</b>	<b>1,4%</b>	<b>2 220</b>	<b>1 408</b>	<b>-36,5%</b>
<b>EBITDA</b>	<b>852</b>	<b>947</b>	<b>11,2%</b>	<b>407</b>	<b>187</b>	<b>-54,1%</b>
<b>Operating profit</b>	<b>620</b>	<b>699</b>	<b>12,7%</b>	<b>350</b>	<b>125</b>	<b>-64,3%</b>

## The Rába Group

The consolidated sales revenue of the Rába Group in 2010 amounted to HUF 35.8 billion, which is an increase of 5.6% compared to the figure of HUF 33.9 billion for the same period of 2009.

The operating profit of the Group in 2010 amounted to HUF 861 million, compared to the profit of HUF 725 million during the same period of 2009.

In 2010 the financial result was a loss of HUF 389 million, which includes, among others, a net interest payment of HUF 368 million and an exchange rate loss of HUF 334 million. Additionally, this profit line includes the profit generated through the sale of the joint venture stake.

Based on the above, the Rába Group generated a net loss of HUF 856 million in 2010, compared to HUF 701 million in losses during the same period of last year.

On the level of EBITDA, the Group registered profits of HUF 3,119 million in Q1-Q4 of 2010, against last year's figure of HUF 3,149 million.

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

### Sales revenue by business division

Sales revenue (HUF million)	Axle	Components	Vehicle	Rába Group consolidated
2009 Q1	6 068	2 900	942	9 670
2009 Q2	5 237	2 244	1 336	8 618
2009 Q3	3 448	2 247	1 588	7 113
<b>2009 Q4</b>	<b>4 092</b>	<b>2 376</b>	<b>2 220</b>	<b>8 521</b>
2009 Q4	4 092	2 376	2 220	8 521
2010 Q1	4 329	2 403	1 437	7 890
2010 Q2	5 351	2 512	2 288	9 827
2010 Q3	4 589	2 327	1 037	7 766
<b>2010 Q4</b>	<b>6 650</b>	<b>2 504</b>	<b>1408</b>	<b>10 295</b>

### Breakdown of sales revenue in 2010

Million HUF	America	EU			CIS	Other	Total
		Total	export	domestic			
Axle	7 483	8 608	5 626	2 982	3 931	897	<b>20 919</b>
Components	0	9 747	2 346	7 401	0	0	<b>9 747</b>
Vehicle	0	6 170	518	5 652	0	0	<b>6 170</b>
<b>Consolidated</b>	<b>7 483</b>	<b>23 466</b>	<b>8 494</b>	<b>14 973</b>	<b>3 931</b>	<b>897</b>	<b>35 778</b>

## Breakdown of operating profit of group subsidiaries

	Operating profit									
	2009.					2010.				
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
Axle	393	14	-388	173	192	-154	82	-113	518	333
Components	129	7	-129	295	302	2	5	17	93	117
Vehicle	44	65	161	350	620	146	424	5	125	700
Others	-29	-71	-140	-150	-390	-38	-56	-56	-139	-289
<b>Total</b>	<b>537</b>	<b>15</b>	<b>-496</b>	<b>668</b>	<b>724</b>	<b>-44</b>	<b>455</b>	<b>-147</b>	<b>597</b>	<b>861</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
Rába Mérnöki Szolgáltató Kft.	3,000	100.00	100.00	S
Fehrer Automotive-Rába Kft.	1.075.000	30,00	30,00	A

<sup>1</sup> Voting right securing 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)

In 2009 Rába invested HUF 322,500 thousand into the establishment of a joint venture, Fehrer Automotive-Rába Kft,. The joint venture was established on 16 June 2009 to manufacture seat foam for the automotive industry. Rába has 30 percent equity participation in the business. An equity increase was carried out in the company in December 2010, which however was not registered by the court of registration until 31<sup>st</sup> December 2010.

The Company sold its 25.5 % holding in Busch-Rába Kft. to BPW Bergische Achsen Kommanditgesellschaft on 29 March 2010.

Rába Mérnöki Szolgáltató Kft. – earlier called Fehrer-Rába Járműipari Kft. - was wound up through voluntary dissolution and was deleted from the Registry of Companies as of 16<sup>th</sup> November 2010.

**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	2009.	2010.	Index	Q4 2009.	Q4 2010.	Index
Domestic sales revenues	14 628 508	14 972 630	102,4%	4 359 630	3 684 222	84,5%
Export sales revenues	19 294 616	20 804 927	107,8%	4 161 456	6 610 539	158,9%
<b>Net sales revenues</b>	<b>33 923 124</b>	<b>35 777 557</b>	<b>105,5%</b>	<b>8 521 086</b>	<b>10 294 761</b>	<b>120,8%</b>
Direct cost of sales	26 847 699	28 084 368	104,6%	6 214 600	7 910 785	127,3%
<b>Gross profit</b>	<b>7 075 425</b>	<b>7 693 189</b>	<b>108,7%</b>	<b>2 306 486</b>	<b>2 383 976</b>	<b>103,4%</b>
Cost of sales	623 655	645 996	103,6%	169 895	180 637	106,3%
General and administration expenses	6 465 055	6 611 609	102,3%	1 021 013	1 477 326	144,7%
Other revenues	1 612 557	1 302 376	80,8%	166 116	476 945	287,1%
Other expenditures	874 805	876 804	100,2%	612 865	605 303	98,8%
<b>Other items related to business activities</b>	<b>-6 350 958</b>	<b>-6 832 033</b>	<b>-7,6%</b>	<b>-1 637 657</b>	<b>-1 786 321</b>	<b>-9,1%</b>
<b>Operating profit before interest payment and taxation (EBIT)</b>	<b>724 467</b>	<b>861 156</b>	<b>118,9%</b>	<b>668 829</b>	<b>597 655</b>	<b>110,6%</b>
Financial revenues	2 410 049	2 284 777	94,8%	79 771	46 436	58,2%
Financial expenditures	2 626 771	2 673 300	101,8%	-418 547	147 091	135,1%
<b>Net financial result</b>	<b>-216 722</b>	<b>-388 523</b>	<b>-79,3%</b>	<b>498 318</b>	<b>-100 655</b>	<b>-120,2%</b>
Dividend from affiliated companies	-371 991	-200 628	146,1%	-147 997	-30 444	179,4%
<b>PROFIT BEFORE TAXATION</b>	<b>135 754</b>	<b>272 005</b>	<b>200,4%</b>	<b>1 019 150</b>	<b>466 556</b>	<b>45,8%</b>
<b>Corporate profit tax</b>	<b>836 399</b>	<b>1 127 784</b>	<b>134,8%</b>	<b>173 434</b>	<b>746 321</b>	<b>430,3%</b>
<b>PROFIT AFTER TAXATION</b>	<b>-700 645</b>	<b>-855 779</b>	<b>-22,1%</b>	<b>845 716</b>	<b>-279 765</b>	<b>-133,1%</b>
Profit share of minority shareholders						
<b>NET INCOME</b>	<b>-700 645</b>	<b>-855 779</b>	<b>-22,1%</b>	<b>845 716</b>	<b>-279 765</b>	<b>-133,1%</b>
<b>Other aggregate income</b>						
Gain (loss) on share-based payments		0				
Profit tax of other aggregate 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>-700 645</b>	<b>-855 779</b>	<b>-22,1%</b>	<b>845 716</b>	<b>-279 765</b>	<b>-133,1%</b>

## **1. EARNED REVENUES**

In 2010, Rába achieved HUF 35,778 million in sales revenue, compared to HUF 33,923 million during the same period of last year. 58.2 per cent of the revenues came from export, the rest came from domestic sales. The sales revenue is 5.5% higher than that of the base period but the fourth quarter resulted in a 21% increase.

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

### **2.1. Direct costs**

In 2010, the direct cost level of Rába was 78.5 per cent, compared to 79.1 % of the base period.

### **Gross Profit**

The gross profit changed from HUF 7,075 million to HUF 7,693 million, (HUF +618 million), which is due to the increase in the sales revenue by HUF +1,855 million and to the lesser increase in direct expenses (HUF +1,237 million).

### **2.2. Cost of sales**

The cost of sales increased by 3.6 per cent and amounted to HUF 646 million in 2010, compared to HUF 624 million in 2009.

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

Rába accounts its costs incurred in relation to the administration of the company and other general expenses under general overhead and administrative expenses (2010: HUF 6,612 million, 2009: 6,465 million), and adjusts them with the net value of the capitalised costs of technical development (HUF -41 million), and by restating certain bank charges to financial expenditure (HUF -57 million) plus the expenditure in equity and financial instruments (HUF +189 million).

### **2.4. Other revenues**

Other revenues amounted to HUF 1,302 million in 2010. This amount was HUF 310 million lower than that of the base period. The change is due to the following factors: decline in the net revenues from the sale of fixed assets (HUF -123 million), decrease in subsidies (HUF -500 million), and the increase in compensation, penalty received (HUF +138 million).

### **2.5. Other expenditures**

The amount of other expenditures in 2010 was HUF 877 million, which is roughly equal to the figure during the base period.

## **3. OPERATING PROFIT**

The operating profit of Rába in 2010 was HUF 861 million (2009: HUF 724 million). The increase in gross profit (HUF +618 million) was deteriorated by the increase in sales and general overhead costs (HUF +169 million) and by the decline in other revenues and the increase in other expenditures (HUF -312 million). Profitability changed from 2.1% during the base period to 2.4%. The profitability of the operating profit + depreciation was 8.7 per cent, against 9.3% during the base period.

## **4. FINANCIAL REVENUES AND EXPENDITURES**

In 2010, the net financial result was HUF -389 million, compared to HUF -217 million during the base period. The activated profit of derivative transactions in 2010 was a loss of HUF -64 million, compared to the profit of HUF 1,335 million during 2009. HUF -9 million was reported as the non-activated loss of derivative transactions restated on 31<sup>st</sup> December, 2010, compared to the HUF - 944 million during the base period.

The net profit of interest incomes and expenses was HUF -367 million in 2010, compared to

HUF -554 million during the base period. The net exchange rate loss on the FX items was HUF -334 million on 31<sup>st</sup> December 2010, compared to the HUF -93 million on 31<sup>st</sup> December, 2009.

Financial revenues and expenditures consisted of the following principal items:

	<b>2009</b>	<b>2010</b>
Revenue from dividends	11 138	2 879
Exchange rate gains of stakes sold	96 400	444 581
Interest income	55 967	81 781
Realised gains of derivative transactions	140 788	117 343
Exchange rate gains	2 100 965	1 634 719
Other financial revenues	4 791	3 474
<b>Financial revenues</b>	<b>2 410 049</b>	<b>2 284 777</b>
Interest payable	610 319	449 253
Realised loss of derivative transactions	-1 194 590	181 008
Non-realised profit or loss of derivative transactions	944 267	8 782
Exchange rate losses	2 193 825	1 968 254
Other financial expenditures	72 950	66 003
<b>Financial expenditures</b>	<b>2 626 771</b>	<b>2 673 300</b>

## **5. PROFIT FROM EXTERNAL COMPANIES**

The profit from external companies in 2010 amounted to HUF -201 million, which amount represents the portion the parent company is entitled to from the net profit of Fehrer Automotive-Rába Kft. During the base period this amounted to HUF -372 million, which also included 25.5 per cent of the loss of Busch-Rába Kft, sold during the current year.

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

The earnings before taxation amounted to a loss of HUF 272 million in 2010, which, because of the factors outlined in sections 1-5 is HUF 136 million more positive than the figure for 2009. The profitability ratio represents a 0.8 per cent return on sales on the basis of profit before taxation, compared to 0.4 per cent during the base period.

At group level the tax liability amounted to HUF 1,128 million, of which the deferred tax for the current period is HUF 641 million and there is a tax liability of HUF 235 million arising at the parent company and the subsidiary for the current period and for the previous period.

## **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;

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

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

\* Indicate with X.

Item	31 Dec 2009	31 Dec 2010	Index
Properties, machines, equipment	14 745 940	13 772 582	93.4%
Intangible assets	612 945	631 396	103.0%
Long-term receivables	38 169	13 273	34.8%
Property for investment purposes	338 217	338 217	100.0%
Other investments accounted through the capital method	943 002	120 023	12.7%
Marketable financial assets	192 221	205 201	106.8%
Deferred tax receivables	917 801	266 752	29.1%
<b>Total invested assets</b>	<b>17 788 295</b>	<b>15 347 444</b>	<b>86.3%</b>
Inventories	6 917 526	7 559 574	109.3%
Receivables	7 267 272	7 689 439	105.8%
Corporate tax receivables	75 184	37 249	49.5%
Liquid assets, bank account	374 820	1 498 111	399.7%
<b>Total current assets</b>	<b>14 634 802</b>	<b>16 784 373</b>	<b>114.7%</b>
<b>Total ASSETS</b>	<b>32 423 097</b>	<b>32 131 817</b>	<b>99.1%</b>
Share capital	12 546 330	12 550 920	100.0%
Capital reserve	26 278	26 278	100.0%
Share option reserve	56 183	209 448	372.8%
Retained earnings*	-1 882 561	-2 736 191	-45.3%
<b>Total equity and reserves</b>	<b>10 746 230</b>	<b>10 050 455</b>	<b>93.5%</b>
Long-term liabilities	6 883 835	7 294 131	106.0%
Provisions	907 727	842 034	92.8%
<b>Total long-term liabilities</b>	<b>7 791 562</b>	<b>8 136 165</b>	<b>104.4%</b>
Derivative financial liabilities	944 267	8 782	0.9%
Short term loans and credits	5 694 145	4 703 498	82.6%
Short-term liabilities	7 246 893	9 232 917	127.4%
<b>Short-term liabilities total</b>	<b>13 885 305</b>	<b>13 945 197</b>	<b>100.4%</b>
<b>Total LIABILITIES (equity and liabilities)</b>	<b>32 423 097</b>	<b>32 131 817</b>	<b>99.1%</b>

**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 14,746 million on 31 December 2009 to HUF 13,773 million, the change was -6.6 %.

**1.2. Intangible assets**

The net value of intangible assets changed from HUF 613 million to HUF 631 million. The increase was 3 per cent.

**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 changed compared to the closing value as at 31<sup>st</sup> December 2009 as follows:

	<b>31 Dec 2009</b>	<b>31 Dec 2010</b>
Opening	73 064	38 169
Decline	-	
Repayment	(42 053)	(5 858)
Impairment	-	(21 370)
Effect of discounting	7 157	2 333
<b>Closing</b>	<b>38 169</b>	<b>13 273</b>

#### **1.4. Real estate for investment purposes**

The value of real estate for investment purposes – amounting to HUF 338 million on 31 December 2010 – remained unchanged.

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

The closing stock of investments as at 31 December 2010 was HUF 120 million. In 2007 the Company participated in the establishment of a joint venture, Busch-Rába Öntőde Kft. Rába's stake in the venture was 25.5%, which was sold on 29 March 2010 and deleted from Rába's books. In 2009 Rába took part in the establishment of Fehrer Automotive-Rába Kft. with a 30 percent participation. A capital increase was performed in the company in December 2010, of which Rába's share is HUF 82,713 thousand. At the end of the current term this line of the balance sheet contains the book value of this investment and Rába's due of the profit.

#### **1.6. Deferred tax receivable**

It amounted to HUF 267 million on 31 December 2010, which is 70% less than the value prevailing on 31 December 2009. The key reasons for the change are:

- changes in the tax rate,
- changes in the deferred taxes for derivative financial liabilities
- release of deferred tax provisioned for accrued losses.

#### **1.7. Proceeds from the sale of assets**

On 31 December 2010 the value was HUF 205 million, which changed in line with the effect of the discounting compared to the closing value as at 31 December 2009.

## **2. CURRENT ASSETS**

### **2.1. Stocks**

On 31 December 2010, the closing value of stocks was HUF 7,560 million (31 December 2009: HUF 6,918 million). The change is +9.3%, due to the growth in materials and goods by HUF 106 million and in unfinished, semi-finished and finished goods by HUF 536 million.

### **2.2. Receivables**

The closing figure of receivables as at 31 December 2010 was HUF 7,689 million, an increase of HUF 422 million compared to the 31 December 2009 figure (closing figure for 31 December 2009: HUF 7,267 million). The most significant changes occurred in the accounts receivable (HUF +631 million) and in the related receivables (HUF -424 million) and in other receivables (HUF +256 million).

### **2.3. Liquid assets**

The closing figure of liquid assets on 31 December 2010 was HUF 1,498 million (31 December 2009: HUF 375 million). The substantial change is due to the collection of the proceeds from the investment sold.

**3. EQUITY AND RESERVES**

The change occurred as follows:

	Registered capital	Capital reserve	Share based payments reserve	Retained earnings	Total shareholders equity
<b>Balance as at 1 January, 2009</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				-700 645	-700 645
Share-based payments drawn	4 691	0	-10 137	5 442	-4
Deferred tax of share-based payments			2 818		2 818
Purchase of treasury shares	-82 177	26 278			-55 899
<b>Balance as at 31 December 2009</b>	<b>12 546 330</b>	<b>26 278</b>	<b>56 183</b>	<b>-1 882 561</b>	<b>10 746 230</b>
Share-based expenditure performed in equity instrument			165 303	216	165 519
Deferred tax of share-based expenditure performed in equity instrument			-10 105		-10 105
Profit of share-based payments drawn	4 590		-1 933	1 933	4 590
Profit during the current year				-855 778	-855 778
<b>Balance as at 31 December 2010</b>	<b>12 550 920</b>	<b>26 278</b>	<b>209 448</b>	<b>-2 736 190</b>	<b>10 050 456</b>

**3.1. Share capital**

RÁBA Plc.'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 December 2010, the share capital of the company was HUF 12,551 million. During the year one person availed himself to the share drawdown option and 4,590 treasury shares were drawn.

**3.2. Capital reserve**

On 31 December 2010, the capital reserve was HUF 26 million, equal to the difference between the cost and the 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 were offered on 1 July, 2006 and the closing date of the programme is 31 December 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 would have taken place, each of which is implemented separately, subject to unrelated conditions.

At its meeting held on 2 July 2009 the Board of Directors of Rába Plc. 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 31 December 2009.

Upon authorization from the General Meeting of Shareholders, as per resolution No. 5/2010 04.29. of the General Meeting, the term of the ESOP launched 1 July, 2006 was extended until 31 December, 2014 and the third tranche is relaunched from 1 January, 2012 with unchanged terms.

Based on the changes, the modified value of the revalued share option programme for the share-based payment transactions performed in equity instruments, is HUF 165,518 thousand, and HUF 25,086 thousand for the share-based payment transactions performed in liquid assets. HUF 2,148 thousand and HUF 1,472 thousand gross amounts have been accounted for the mid-year drawdown of the option.

### **3.4. Retained earnings**

The retained earnings (HUF -2,736 million) declined by HUF 854 million compared to the closing balance of the previous year (HUF -1,883 million).

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

Long-term liabilities contain the amount of long-term loans and credits. The closing value of long-term liabilities as at 31 December 2010 amounted to HUF 7,294 million, which was 6 per cent higher than the opening balance of the period (on 31 December 2009, the closing figure was HUF 6,884 million).

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

### **5.1. Derivative financial liabilities**

The company reports the valuation result of the derivative transactions on the cut-off date in this balance sheet line, which was HUF 9 million on 31 December 2010, compared to the HUF 944 million recorded on 31 December 2009.

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

The total of short-term credits and loans (HUF 4,703 million) decreased by 17.4% compared to the closing balance of December (HUF 5,694 million).

### **5.3. Short-term liabilities**

The total short-term liabilities (closing balance on 31 December 2010: HUF 9,233 million) increased by 27.4% compared to the December 2009 closing value (HUF 7,247 million). The most significant increase took place in accounts payable (HUF 2,345 million), short-term liabilities towards affiliated companies declined (HUF -255 million), as did customer deposits (HUF -89 million).

**PK 5. CONSOLIDATED CASH-FLOW STATEMENT FOR 2010**

	Data in HUF thousand	
	<b><u>31. Dec</u></b>	<b><u>31. Dec</u></b>
	<b><u>2009</u></b>	<b><u>2010</u></b>
<b><u>Cash flows of operating activity</u></b>		
Profit before taxation	135 754	272 005
<i>Adjustment items related to items with no cash movement:</i>		
Interest income/expenditure	554 355	380 161
Depreciation and amortisation	2 424 035	2 257 010
Impairment of bad and doubtful receivables and of long term receivables	174 513	-27 778
Impairment of stocks kept at net realisable value	335 201	205 600
Inventory reject	111 897	104 896
Provisions	-459 270	-65 693
Share-based payments made in capital instruments	2 815	170 108
Changes in real value of derivative financial assets and receivables	-4 134 397	-935 485
Result of sale and in-kind contribution of real assets, machinery and fixtures and intangible assets	-209 086	-40 183
Proceeds from sale of investments accounted through the capital method	0	-444 985
Participation in profit of affiliated companies	427 312	200 628
Revaluation of loans and credits at end of period	7 948	236 235
<i>Changes in working capital:</i>		
Changes in trade and other receivables	1 840 652	-382 474
Changes in stocks	2 736 760	-936 592
Changes in accounts payable and other liabilities	-3 314 013	1 747 999
Share-based payment made in liquid assets	-24 997	24 061
Profit of sale of financial assets	-96 400	0
Profit tax paid	-230 375	-448 904
Interests paid	-625 960	-461 765
<b><u>Net cash-flows from operating activities</u></b>	<b><u>-343 256</u></b>	<b><u>1 854 844</u></b>
<b><u>Cash flows from investment activities</u></b>		
Purchase of investments accounted through the equity method	-321 831	-82 713
Revenue from the sale of investments accounted through the capital method	0	1 150 050
Purchase of real estate, machinery and fixtures and intangibles	-1 687 198	-1 203 800
Revenues from the sale of real estate, machinery and fixtures, as well as of intangibles	591 025	139 893
Income, expenditure from the purchase, sale of other investments, securities	176 400	0
Interests received	55 965	81 604
<b><u>Net cash flows used for investment activities</u></b>	<b><u>-1 185 639</u></b>	<b><u>85 034</u></b>
<b><u>Cash flow from financing activities</u></b>		
Revenues/expenditures from the sale/purchase of treasury shares	-55 900	0
Receipt of loans and credits	9 218 100	12 316 765
Repayment of loans and credits	-8 757 244	-13 133 352
<b><u>Net cash flows from financing activities</u></b>	<b><u>404 956</u></b>	<b><u>-816 587</u></b>
<b><u>Net increase/decline of financial instruments and equivalents</u></b>	<b><u>-1 123 939</u></b>	<b><u>1 123 291</u></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 0 million in exchange for EUR, and sale of USD 1 million for HUF and sale of EUR 4 million for HUF (of which EUR 0 million represents option transactions).

The bank loans of the Rába Group amount to HUF 11,992 million, of which the loans secured with liens and mortgages on movable assets and real property amount to HUF 11,438 million. The amount of bank guarantees issued on behalf of the Rába Group is HUF 2,919 million.

**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 (31 December)			Start of term		End of term	
	% <sup>2</sup>	% <sup>3</sup>	Pcs	% <sup>2</sup>	% <sup>3</sup>	Pcs	%	Pcs	%	Pcs
Domestic institutional/corporate	35,24	37,84	4 748 609	35,49	38,08	4 781 302				
Foreign institutional/corporate	18,80	20,19	2 533 359	14,40	15,45	1 939 724				
Foreign private individual	0,33	0,36	44 894	0,43	0,46	57 941				
Domestic private individual	38,36	41,18	5 168 198	42,46	45,56	5 720 683				
Employees, managing executives	0,40	0,43	53 780	0,40	0,43	53 780				
Treasury shares	6,85		922 896	6,82		918 306				
Shareholder forming part of general government <sup>4</sup>	0,01	0,01	1 710	0,01	0,01	1 710				
International Development Institutions <sup>5</sup>	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 31 December 2010)**

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	F	B	1 462 446	10.85	11.65	
AEGON Magyarország Befektetési Alapkezelő Zrt.	D	I	1 229 289	9.12	9.79	
Treasury Shares	D	B	918 306	6.82		

<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 general meeting of shareholders of the issuer.

<sup>5</sup> E.g.: strategic investor, financial investor, etc.

\* As per the disclosure dated 4 October, the number of treasury shares declined to 918,306.

## **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	922 896	922 896	922 896	922 896	918 306
Subsidiaries	-	-	-	-	-
Total	922 896	922 896	922 896	922 896	918 306

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

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

	Beginning of current year	End of current period
Company level	15	15
Group level	2 131	2050

The consolidated closing headcount as at 31 December 2010 was 2 050, which represented a decline of 3.8% 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)
BD	István Pintér	Chairman of the BD	2005		19 429
BD	Olivér Martin	Board member	2003		555
BD	Róbert Hrabovszky	Board member	2005		555
BD	Alan Spencer	Board member	2006		0
BD	Khalid Abdol Rahman	Board member	2007		0
BD	Dr. Ádám Fintha-Nagy	Board member	2008		5 350
BD	Gábor Földvári	Board member	2008		0
SB	Dr. János Benedek	Chairman of the SB	2004		0
SB	Zoltán Varga	Supervisory Board member	2006		0
SB	András Lovas-Romváry*	Supervisory Board member	2008	2009	-
SB	Balázs Sándorfi	Supervisory Board member	2009		0
SP	István Pintér	Chief Executive	2003	Definite	19 429
SP	Béla Balog	Deputy CEO	2004	Indefinite	5 821
SP	Ferenc Vissi	HR Director	2001	Indefinite	7 797
SP	József Szabó	Purchasing and Asset Mgmt. Director	2001	Indefinite	8 211
SP	István Pintér	Managing Director	2004	Indefinite	19 429
SP	László Urbányi	Managing Director	2005	Indefinite	4 412
SP	János Torma	Managing Director	2005	Indefinite	1 650
Total number of treasury shares owned (pcs):					53 780

<sup>1</sup> Employee in strategic position (SP). Member of the Board of Directors (BD). Member of the Supervisory Board (SB)

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

Data in HUF thousand

No	Description of item	31 Dec 2009	31 Dec 2010	Index
<b>A.</b>	<b>Invested assets</b>	<b>16 362 810</b>	<b>17 698 476</b>	<b>108,16%</b>
I.	Intangible assets	157 346	127 429	80,99%
II.	Fixed assets	6 172 276	6 048 576	98,00%
III.	Financial assets invested	10 033 188	11 522 471	114,84%
<b>B.</b>	<b>Current assets</b>	<b>2 273 319</b>	<b>2 085 492</b>	<b>91,74%</b>
I.	Stocks	351 355	355 510	101,18%
II.	Receivables	1 158 305	805 750	69,56%
III.	Securities	709 105	706 350	99,61%
IV.	Liquid assets	54 554	217 881	399,39%
<b>C.</b>	<b>Active accruals</b>	<b>73 681</b>	<b>20 655</b>	<b>28,03%</b>
	<b>TOTAL ASSETS</b>	<b>18 709 810</b>	<b>19 804 623</b>	<b>105,85%</b>
<b>D.</b>	<b>Shareholders' equity</b>	<b>12 915 685</b>	<b>14 418 250</b>	<b>111,63%</b>
I.	Registered capital	13 473 446	13 473 446	100,00%
	Of which: ownership stake repurchased at face value	922 896	918 306	99,50%
III.	Capital reserve	127 654	127 654	100,00%
IV.	Retained earnings	57 457	-2 741 766	-4771,86%
V.	Fixed reserves	928 343	706 350	76,09%
VII.	Net profit	-1 671 215	2 852 566	270,69%
<b>E.</b>	<b>Provisions</b>	<b>119 633</b>	<b>85 585</b>	<b>71,54%</b>
<b>F.</b>	<b>Liabilities</b>	<b>5 553 429</b>	<b>5 254 460</b>	<b>94,62%</b>
III.	Short-term liabilities	5 553 429	5 254 460	94,62%
<b>G.</b>	<b>Passive accruals</b>	<b>121 063</b>	<b>46 328</b>	<b>38,27%</b>
	<b>TOTAL LIABILITIES</b>	<b>18 709 810</b>	<b>19 804 623</b>	<b>105,85%</b>

### **RÁBA PLC. (INDIVIDUAL) PROFIT AND LOSS STATEMENT (HAS)**

Data in HUF thousand

No	Description of item	2009	2010	Index
I.	Net sales revenue	963 086	1 194 010	123,98%
II.	Direct costs of sales	197 658	188 407	95,32%
<b>III.</b>	<b>Gross sales revenue</b>	<b>765 428</b>	<b>1 005 603</b>	<b>131,38%</b>
IV.	Indirect sales costs	1 013 058	1 017 451	100,43%
V.	Other revenues	478 601	206 080	43,06%
VI.	Other expenditures	297 758	309 361	103,90%
<b>A.</b>	<b>OPERATING PROFIT</b>	<b>-66 787</b>	<b>-115 129</b>	<b>27,6%</b>
VIII.	Revenues from financial transactions	304 607	3 705 136	1216,37%
IX.	Expenditures of financial transactions	1 905 679	707 215	37,11%
B.	Profit of financial transactions	-1 601 072	2 997 921	287,24%
<b>C.</b>	<b>ORDINARY BUSINESS PROFIT</b>	<b>-1 667 859</b>	<b>2 882 792</b>	<b>272,8%</b>
D.	EXTRAORDINARY PROFIT	-3 356	-6 136	-82,8%
<b>E.</b>	<b>PROFIT BEFORE TAXATION</b>	<b>-1 671 215</b>	<b>2 876 656</b>	<b>272,1%</b>
XII.	TAX LIABILITY	0	24 090	
<b>F.</b>	<b>AFTER-TAX PROFIT</b>	<b>-1 671 215</b>	<b>2 852 566</b>	<b>270,7%</b>
<b>G.</b>	<b>NET PROFIT</b>	<b>-1 671 215</b>	<b>2 852 566</b>	<b>270,7%</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>	<input type="checkbox"/>

**Declaration of liability**

We, the undersigned, authorised signatories of the Company, hereby declare that the data and statements contained in the quarterly 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 quarterly report Rába Plc. wishes to emphasize the following:

- The figures shown in the quarterly report are unaudited but have been compiled from the available data relying on the best efforts of the management.
- Rába has prepared its quarterly report 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, 14 February, 2011.

**István Pintér**  
Chairman-CEO

**Béla Balog**  
CFO