

Report on the Results of Rába Nyrt. during the first 6 months of 2012

Unaudited, consolidated 6-month report
in consideration of the International Financial Reporting Standards (IFRS)

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Sector:	Machine industry
Period:	The first 6 months of 2012
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SUMMARY

- In the first 6 months of 2012, the Company at group level registered sales of HUF 21.2 billion, which is an increase of 16.8 per cent compared to the HUF18.2 billion of the first 6 months of 2011. Such increase is fundamentally a tribute to the nearly 21.7% increase of the Axle business and to the lesser increase, by 3 per cent of the Component business and to the significant increase, by 19.4 per cent in the performance of the Vehicle business. The increase was even more considerable on a quarterly basis, amounting to 28.1% compared to the same period of the previous year and to 15.9% compared to the previous quarter of this year. The increase in sales was largely due to the fruition of the business and product development projects announced during previous periods, with market movements not contributing to the increase.
- The gross margin improved by 2.0 percentage points during the first 6 months of 2012 compared to the first 6 months of 2011. The gross margin was improved besides favourable exchange rates by a positive change in the product mix of the Axle business, as well as by the product launch costs lower than those of last year, together with the increased capacity utilisation.
- As the aggregate effect of the increase in sales revenue in HUF terms and of the improvement in the margin, during the first 6 months of 2012 the gross profit was HUF 942 million, i.e. 30.1 per cent higher than the level during the previous year. In spite of the increase in sales revenues, administrative and sales costs increased to but a minor extent, 2.8 per cent compared to the first 6 months of 2011, thus its ratio compared to the sales revenue declined by 2.4 percentage points. This is due to the measures implemented last year as well as to the continued stringent cost management, even though during the first quarter, cold weather resulted in unusually high communal energy charges.
- Other revenues and expenditures contained just the usual items, the balance of which was HUF 129 million during the review period, which is HUF 600 million lower than during the same period of the previous year. This is due to the profit resulting from the sale of a substantial property during the second quarter of last year.
- The operating profit during the first 6 months of 2012, grew significantly, by HUF 238 million and amounted to a profit of HUF 401 million. This is particularly noteworthy in view of the fact that contrary to last year, this result is from operations exclusively. The operating result during Q2 amounted to HUF 297 million. All of Rába's business registered a positive operating result, exceeding last year's level, The largest improvement during the first 6 months was demonstrated by the Axle business, amounting to HUF 492 million.
- EBITDA increased by 16.2 per cent, amounting to HUF 1,482 million.

- The financial profit during the first 6 months of 2012 amounted to a loss of HUF 179 million, against the profit of HUF 366 million generated during the first 6 months of 2011.
- The profit was HUF 159 million during the first 6 months of 2012, in contrast to the profit of HUF -109 million of the first 6 months of 2011. Regarding the last quarter, the company decided that in consideration of the extreme exchange rate fluctuations, its IFRS regulations for accounting and risk management should be amended as from 01, 10, 2011. and the opportunity granted under IAS 39.88 would be made use of, thus better revealing the actual situation of the company. Accordingly, the group applied hedge accounting, as a result of which the revaluation result of the majority of the loans is shown in the overall result, in accordance with the regulations for the accounting of the cash-flow hedge transactions. The net result of the transaction was HUF 799 million, thus the result as per the total aggregate income is a profit of HUF 958 million.
- The net loan portfolio was HUF 12.0 billion, HUF 1.8 billion lower than during the year end of 2011. This is due, besides the profitable operation, to the decline in working capital.

thousand HUF	2011. Q1-Q2	2012. Q1-Q2	Change	2011. Q2	2012. Q2	Change
Sales revenue	18 160 557	21 220 275	16,8%	8 896 098	11 392 837	28,1%
Gross profit	3 130 854	4 072 936	30,1%	1 494 803	2 156 614	44,3%
<i>Gross margin</i>	17,2%	19,2%	2%p	16,8%	18,9%	2,1%p
EBITDA	1 275 150	1 482 160	16,2%	894 223	833 720	-6,8%
<i>EBITDA level</i>	7,0%	7,0%	0%p	10,1%	7,3%	-2,7%p
Operating profit	162 601	400 838	146,5%	342 890	297 050	-13,4%
Net financial result	365 939	-178 578	-148,8%	-101 725	-69 953	31,2%
Net profit	252 470	159 271	-36,9%	75 249	125 385	66,6%

'The dynamic increase in our sales revenue is based upon our relations with internationally dominant customers, as well as upon our intensive product development efforts. These provide the company with stable growth opportunities in spite of the negative market moves. In light of the results, our Axle business remains the driving force of our development. Our global market leading partners by now clearly reckon with our research and development capabilities, which has contributed substantially to the growing number of customers choosing Rába products these days in the selected segments. The prestige of our developments currently under way represent a major market building potential,' summarized István Pintér, Chairman-Chief Executive Officer of Rába Nyrt.

EXTERNAL ENVIRONMENT

- Growth within the heavy vehicle sector of the North American market continued and amounted to a significant, 35% increase compared to the same period of last year. The European segment, contrary to the American one did not show any similar demand, the market of utility vehicles shrank by 9% compared to the level of a year earlier. The decline in European demand continues to be most severe in Southern Europe. The remaining regions of Europe are characterised by stagnation on the market. What's noteworthy of the European market is that future prospects of the demand have become much more uncertain. The sales of agricultural axles is stronger on the American market, although in this segment there is no decline in the European region either. The performance of the Russian heavy vehicle market exceeded the level of the previous year by some 5 per cent. The Russian bus market is showing sustainable and considerable growth, exceeding 30 per cent compared to the 2011 level. The business of passenger car components remains at the level of the previous year's.

- The raw material price level declining during the last quarter of 2011 showed no further decline during the first quarter of 2012 but stabilised at the level of the last quarter and then slightly increased during Q2 of 2012. Compared to the base period of the previous year, material prices affecting the cost side of the operation were 4,1 per cent lower during the first 6 months of 2012.
- In terms of energy prices, the pressure on the cost side continued in Q2 of 2012, as a result of which in the first half of 2012 energy process affecting the operation were 19.2% higher than a year earlier.
- The average USD exchange rate was 18,7% higher and the average EUR exchange rate was 9.7 per cent higher compared to the same period of 2011. Compared to the previous quarter, the exchange rate of the USD was 1.4% higher and the exchange rate of the EUR was 0,9% lower during Q2 of 2012¹.

	2011. Q1-Q2	2012. Q1-Q2	Change	2011. Q2	2012. Q2	Change
HUFEUR - average	269,4	295,6	9,7%	266,3	294,3	10,5%
HUFEUR – end of term	265,6	288,2	8,5%	265,6	288,2	8,5%
HUFUSD - average	192,1	228,0	18,7%	185,0	229,6	24,1%
HUFUSD – end of period	183,4	229,1	24,9%	183,4	229,1	24,9%
Trends in raw material prices*	145%	141%	-2,8%	145%	141%	-2,8%
Trends in energy prices**	165%	195%	18,2%	165%	195%	18,2%

*Rába indices –own calculation - base: Q1 2006.; closing values of period

**Rába indices- own calculation - base: Dec. 2004.;closing values of period

Rába Futómű Kft. (Axle Ltd)

The sales revenue of Rába Futómű Kft. during the first 6 months of 2012 amounted to HUF 14,5 billion compared to HUF 11,9 billion achieved during the same period of 2011. This corresponds to an increase of 21,8%.

On the **American market**, the sales revenue during the first 6 months of 2012 was USD 23,2 million, against USD 19,5 million of 2011. This means an increase of 19,0%.

On the **EU market** Rába's sales figures in HUF terms increased by 18,5%, amounting to HUF 7,7 billion, compared to HUF 6,5 billion during the base period.

European exports amounted to EUR 19,1 million during the first 6 months of 2012 compared to EUR 17,3 million during the first 6 months of 2011. This is an increase of 10,4%.

Domestic sales before consolidation amounted to HUF 2,055 million which represents an increase of 11,3 per cent compared to the HUF 1.847 million of the base period.

On the **CIS and East-European markets** export sales revenues achieved by Rába Axle Ltd. decreased by 34,0%, from EUR 5,3 million during the base period in 2011 to EUR 3,5 million during the first 6 months of 2012.

On the **other markets** the sales revenue during the first 6 months of 2012 amounted to EUR 1,9 million, against EUR 1,0 million of the previous year. This corresponds to an increase of 90%.

The operating result of the company during the first 6 months of 2012 was a profit of HUF 361 million, compared to the loss of HUF 131 million during the same period of 2011.

At EBITDA level, the operating profit of the Axle business was HUF 1,072 million compared to HUF 576 million registered a year earlier.

¹ Average exchange rates are calculated on the basis of the official FX rates of the National Bank of Hungary. Source: <http://www.mnb.hu/arfolyam-lekerdezes>

million HUF	2011.	2012.	Change	2011.	2012.	Change
	Q1-Q2	Q1-Q2		Q1	Q2	
America	3 731	5 264	41,1%	1 789	2 982	66,7%
EU - export	4 648	5 604	20,6%	2 331	2 847	22,1%
EU - domestic	1 847	2 055	11,3%	1 046	1 190	13,8%
CIS and former Yugoslavia	1 440	1 041	-27,7%	630	772	22,5%
Others	263	561	113,3%	129	142	10,1%
Total sales	11 930	14 525	21,8%	5 925	7 933	33,9%
EBITDA	576	1 072	86,1%	360	607	68,6%
Operating profit	-131	361	375,6%	8	252	3050,0%

Rába Járműipari Alkatrészgyártó Kft. (Component Ltd.)

The sales revenue of the Component Ltd. amounted to HUF 5,1 billion during the first 6 months of 2012, which is an increase of 2,0% compared to the sales of HUF 5,0 billion a year earlier.

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

European exports amounted to EUR 4,8 million during the first 6 months of 2012, against EUR 5,8 million during the base period. This corresponds to an increase of 17,2%.

Domestic sales before consolidation generated HUF 3.723 billion during the first 6 months of 2012, which is an 8,6% increase compared to the sales revenue of HUF 3427 billion during the first 6 months of 2011.

The company generated a profit of HUF 81 million during the first 6 months of 2012 compared to a loss of HUF 8 million during the same period of the first 6 months of 2011.

On the level of EBITDA, the profit of the Component Ltd. increased to HUF 228 million during the period, from HUF 156 million of the previous year.

million HUF	2011.	2012.	Change	2011.	2012.	Change
	Q1-Q2	Q1-Q2		Q2	Q2	
EU - export	1 567	1 422	-9,3%	774	647	-16,4%
EU – domestic	3 427	3 723	8,6%	1 633	1 821	11,5%
Total sales	4 994	5 144	3,0%	2 406	2 468	2,6%
EBITDA	156	228	46,2%	62	113	82,3%
Operating profit	-8	81	1112,5%	-13	43	430,8%

Rába Jármű Kft. (Vehicle Ltd.)

The sales revenue of Rába Jármű Kft. amounted to HUF 2.1 billion during the first 6 months of 2012, which is an increase by 16.7% compared to the HUF 1.8 billion of the base period.

On the **EU market** Rába Vehicle's sales figures during the first 6 months of 2012 equalled the total sales revenue realised.

European exports exceeded the level of the base period by 45.2%, thus increasing from EUR 3.1 million to EUR 4.5 million.

Domestic sales before consolidation amounted to HUF 792 million during the first 6 months of 2012, a decline of 16.2 per cent compared to the HUF 945 million during the base period.

The operating profit was HUF 14 million during the first 6 months of 2012, compared to the loss of HUF 51 million during the base period.

On the level of EBITDA, during the first 6 months of 2012 the Company registered a profit of HUF 130 million compared to HUF 73 million during the first 6 months of 2011.

million HUF	2011.	2012.	Change	2011.	2012.	Change
	Q1-Q2	Q1-Q2		Q2	Q2	
EU - export	824	1 321	60,3%	471	658	39,7%
EU - domestic	945	792	-16,2%	310	648	109,0%
Total sales	1 769	2 113	19,4%	780	1 306	67,4%
EBITDA	73	130	78,1%	5	65	1200,0%
Operating profit	-51	14	127,5%	-57	7	112,3%

The Rába Group

The consolidated sales revenue of the Rába group during the first 6 months of 2012 amounted to HUF 21.2 billion, which is an increase of 16.5% compared to the figure of HUF 18.2 billion for the same period of the first 6 months of 2011.

The operating profit of the group during the first 6 months of 2012 amounted to HUF 401 million, compared to HUF 163 million during the same period of the first 6 months of 2011.

In the first 6 months of 2012 the financial result was a loss of HUF 179 million, which includes, among others, a net interest payment of HUF 202 million, as well as exchange rate gains of HUF 43 million.

Based on the above, the Rába group generated a net profit of HUF 159 million during the first 6 months of 2012, compared to HUF 252 million during the same period of the first 6 months of 2011.

On the level of EBITDA, the group registered profits of HUF 1482 million during the first 6 months of 2012, against last year's figure of HUF 1 275 million.

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

Sales revenue by business division

Sales revenue (million HUF)	Axles	Components	Vehicles	Rába Group Consolidated
2011 Q1	6 005	2 587	989	9 264
2011 Q2	5 925	2 406	780	8 896
2012 Q1	6 592	2 676	807	9 827
2012 Q2	7 933	2 468	1 306	11 393

Breakdown of sales revenue of the first 6 months of 2012

million HUF	America	EU			CIS	Other	Total
		total	export	domestic			
Axles	5 264	7 659	5 604	2 055	1 041	561	14 525
Components	0	5 145	1 422	3 723	0	0	5 144
Vehicles	0	2 113	1 321	792	0	0	2 113
Consolidated	5 264	14 355	8 347	6 008	1 041	561	21 220

Breakdown of operating profit of group companies

	Operating profit			
	2011.		2012.	
	Q1	Q2	Q1	Q2
Axles	-139	8	109	252
Components	5	-13	38	43
Vehicles	6	-57	7	7
Other	-52	405	-50	-5
Total	-180	343	104	297

PK2. Companies involved in the consolidation

Company	Capital in HUF thousand	Ownership ratio (%)	Voting ratio ¹	Classification ²
RÁBA Axle Ltd. Co.	9,762,800	100.00	100.00	S
RÁBA Component Ltd. Co.	300,000	100.00	100.00	S
RÁBA Vehicle Ltd. Co.	835,100	100.00	100.00	S
Fehrer Automotive-Rába Kft.	1.076.000	30,00	30,00	A

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

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

PK. 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	First 6 months of 2011	First 6 months of 2012	Index	Q2 of 2011	Q2 of 2012.	Index
Domestic sales revenues	5 686 350	6 008 198	105,7%	2 772 348	3 344 248	120,6%
Export sales revenues	12 474 207	15 212 077	121,9%	6 123 750	8 048 589	131,4%
Net sales revenues	18 160 557	21 220 275	116,8%	8 896 098	11 392 837	128,1%
Direct cost of sales	15 029 703	17 147 339	114,1%	7 401 295	9 236 223	124,8%
Gross profit	3 130 854	4 072 936	130,1%	1 494 803	2 156 614	144,3%
Cost of sales	364 657	401 935	110,2%	185 542	227 106	122,4%
General and administration expenses	3 332 477	3 399 255	102,0%	1 598 135	1 615 016	101,1%
Other revenues	1 141 124	206 066	18,1%	970 743	-44 945	-204,6%
Other expenditures	412 243	76 974	18,7%	338 979	-27 503	-208,1%
Other items related to business activities	-2 968 253	-3 672 098	-123,7%	-1 151 913	-1 859 564	-61,4%
Operating profit before interest payment and taxation (EBIT)	162 601	400 838	246,5%	342 890	297 050	86,6%
Financial revenues	1 263 767	1 428 959	113,1%	107 086	660 376	616,7%
Financial expenditures	897 828	1 607 537	179,0%	208 811	730 329	349,8%
Net financial result	365 939	-178 578	-248,8%	-101 725	-69 953	31,2%
Dividend from affiliated companies	-108 841	0		-62 051		
PROFIT BEFORE TAXATION	419 699	222 260	53,0%	179 114	227 097	126,8%
Corporate profit tax	167 229	62 989	37,7%	103 865	101 712	97,9%

PROFIT AFTER TAXATION	252 470	159 271	63,1%	75 249	125 385	166,6%
Other aggregate income						
Profit from cash-flow hedge transaction		942 962			165 089	
Deferred tax of cash-flow hedge transaction		143 798			24 338	
Other aggregate income	0	799 164		0	140 751	
Total aggregate income	252 470	958 435		75 249	266 136	

1. EARNED REVENUES

In the first 6 months of 2012, Rába achieved HUF 21,220 million in sales revenue, compared to HUF 18,161 million during the first 6 months of 2011, with a growth of 16.8%. 71.7 per cent of the revenues came from export, the rest came from domestic sales.

2. COSTS AND OTHER REVENUES, EXPENDITURES

2.1. Direct costs

In the first 6 months of 2012, the direct cost level of Rába was 80.8 per cent, compared to 82.8% of the base period. The amount of direct costs was HUF 17,147 million (first half of 2011: HUF 15,030 million).

Gross Profit

The gross profit changed from HUF 3,131 million to HUF 4,073 million, (HUF +942 million), which is due to the increase in sales revenue by HUF +3,059 million and to a lesser increase in direct expenses (HUF +2,117 million).

2.2. Cost of sales

The cost of sales increased by 10.2 per cent and amounted to HUF 402 million during the first 6 months of 2012, compared to HUF 365 million during the first 6 months of 2011.

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 (first 6 months of 2012: HUF 3,399 million, first 6 months of 2011: HUF 3,332 million), and adjusts them with the net value of the non-capitalised, according to international regulations, costs of technical development (HUF -17 million), and by restating certain bank charges to financial expenditures (HUF -16 million).

2.4. Other revenues

Other revenues amounted to HUF 206 million during the first 6 months of 2012. This amount was HUF 935 million lower than that of the base period. The change is due to the following factors: the decline in the net revenues from the sale of fixed assets (HUF -910 million) and the lack of CO₂ sales during the current period (HUF -33 million)

2.5. Other expenditures

The amount of other expenditures during the first 6 months of 2012 was HUF 77 million, which is HUF 335 million lower than the amount during the base period. The most important reason for this is the decline in the write-off of fixed assets (HUF -129 million) and the decline in provisions (HUF -252 million), together with the increase in stock impairment (HUF 76 million).

3. OPERATING PROFIT

The operating profit of Rába during the first 6 months of 2012 was HUF 401 million (first 6

months of 2011: HUF 163 million). The increase in gross profit (HUF 942 million) was deteriorated by the combined change in sales and general overhead costs (HUF +104 million) and the changes in other revenues and expenditures (HUF -600 million). Profitability changed from 0.9% during the base period to 1.9%. The profitability of operating profit + depreciation was 7.0 per cent, equal to the figure during the base period.

4. FINANCIAL REVENUES AND EXPENDITURES

In the first 6 months of 2012, the net financial result was HUF -179 million, compared to HUF 366 million during the base period. There was no activated profit from derivative transactions during the first 6 months of 2012, compared to the HUF +30 million during the first 6 months of 2011.

The net profit of interest incomes and expenses was HUF -202 million during the first 6 months of 2012, against HUF -206 million during the base period. The net exchange rate difference of FX items was HUF 43 million during the first 6 months of 2012, the exchange rate gain was HUF 569 million during the first 6 months of 2011. .

The risk management strategy of the Rába Group views the mitigation of the uncertainties in the HUF value of FX based cash-flows resulting from sales contracts concluded in FX as its primary risk management objective. The uncertainty in the HUF value is determined by the strengthening/weakening of the HUF (as the accounting currency of the Company) compared to foreign exchanges. Therefore, in order to offset the adverse effect on the result of the Company of the strengthening of the HUF, part of the financing needs of the operation of the enterprise is met in FX (FX loans are used) and thus these are viewed as hedge transactions suitable for maintaining the value of FX revenues, to the extent of the expected exposure. The exchange rate difference of these cash-flow hedge transactions was HUF -943 million during the first 6 months of 2012.

Financial revenues and expenditures consisted of the following principal items:

	<i>First 6 months of 2011</i>	<i>First 6 months of 2012</i>
Revenue from dividends	4 183	0
Interest income	24 143	4 706
Realised gains of derivative transactions	30 040	0
Exchange rate gains	1 204 525	1 422 402
Other financial revenues	876	1 851
Financial revenues	1 263 767	1 428 959
Interest payable	230 057	207 016
Release of unrealised loss from previous year of derivative transactions	-8 782	0
Exchange rate losses	635 407	1 378 907
Other financial expenditures	41 146	21 614
Financial expenditures	897 828	1 607 537

5. PROFIT FROM EXTERNAL COMPANIES

No profit from external companies was taken into account during the first 6 months of 2012 (first 6 months of 2011: HUF -109 million). This line represents the portion the parent company is entitled to from the net loss of Fehrer Automotive-Rába Kft. The amount Rába is liable for from the net result of the affiliated company exceeded in the second half of 2011 the book value of the investment, thus further losses cannot be accounted for, according to the IFRS regulations. Rába Nyrt's share of the amount of the net profit of the affiliated company not yet accounted for in 2011 is HUF -216 million, and a loss of HUF -38 million during the first 6 months of 2012. According to the IFRS regulations, losses can be accounted for up to the value of the investment.

6. PROFIT BEFORE TAXATION AND NET PROFIT

The earnings before taxation amounted to a loss of HUF 222 million during the first 6 months of 2012, which, because of the factors outlined in sections 1-5 is HUF 197 million less than the figure for the first 6 months of 2011. The profitability ratio represents a 1.05 per cent return on sales on the basis of profit before taxation, compared to 2.3 per cent during the base period.

At group level the tax liability amounted to HUF 63 million, of this the actual corporate tax liability for the tax base of the first 6 months is HUF 38 million, the trade tax liability is HUF 147 million, the deferred tax liability for the current period is HUF 22 million, whereas the deferred tax receivable accounted in the equity is HUF 144 million.

7. OTHER AGGREGATE INCOME

In line with the risk management strategy of the Company, in 2011 the fluctuation of the FX exchange rate risks resulting from the sales contracts ("Basic Transaction") was hedged through the conclusion of FX loan deals. In the first 6 months of 2012, the net amount of the cash-flow hedge transaction is HUF 799 million, which is accounted under other aggregate income and also reflects the effect of the corporate income tax.

8. IFRS-HAS DIFFERENCES

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

- accounting under IFRS as costs of technical development in part and of foundation and reorganisation expenses in full, capitalised according to HAS;
- accounting of the share options made available to the managers within the Share Option Programme;
- the reclassification into profit tax of the business tax accounted under HAS as other expenditures;
- 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;
- accounting of cash-flow hedge transaction (according to IAS 39.88) in other aggregate income.

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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.2011.	30 June 2012.	Index
Properties, machines, equipment	13 939 631	13 903 399	99,7%
Intangible assets	971 345	1 010 241	104,0%
Long-term receivables	4 392	4 392	100,0%
Property for investment purposes	338 217	338 217	100,0%
Other investments accounted through the capital method	205	205	100,0%
Receivables from sale of assets	194 043	194 043	100,0%
Deferred tax receivables	664 515	642 589	96,7%
Total invested assets	16 112 348	16 093 086	99,9%
Inventories	8 188 147	8 442 137	103,1%
Receivables	10 540 582	7 850 011	74,5%
Corporate tax receivables	41 238	107 998	261,9%
Liquid assets, bank account	894 712	1 683 342	188,1%
Total current assets	19 664 679	18 083 488	92,0%
Total ASSETS	35 777 027	34 176 574	95,5%
Share capital	12 921 066	12 921 066	100,0%
Other aggregate income	-804 416	-5 252	99,3%
Capital reserve	85 004	85 004	100,0%
Share option reserve	165 198	165 198	100,0%
Retained earnings	-2 375 451	-2 216 180	93,3%
Total equity and reserves	9 991 401	10 949 836	109,6%
Long-term liabilities	8 043 520	7 596 507	94,4%
Provisions	650 410	503 478	77,4%
Total long-term liabilities	8 693 930	8 099 985	93,2%
Derivative financial liabilities	0	0	
Short term loans and credits	6 653 414	6 066 171	91,2%
Short-term liabilities	10 438 282	9 060 582	86,8%
Short-term liabilities total	17 091 696	15 126 753	88,5%
Total LIABILITIES (equity and liabilities)	35 777 027	34 176 574	95,5%

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 13,940 million on 31 December of 2011 to HUF 13,903 million, the change was a decline of 0.3 %. The depreciation of fixed assets during The first 6 months of 2012 was HUF 1,001 million.

1.2. Intangible assets

The net value of intangible assets changed from HUF 971 million to HUF 1,010 million. This represents an increase of 4.0 per cent. The amount of depreciation accounted during the period was HUF 80 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 remained unchanged compared to the closing value as at 31st December of 2011.

1.4. Real estate for investment purposes

The value of real estate for investment purposes – amounting to HUF 338 million on 30 June 2012 at book value – remained unchanged.

1.5. Investments accounted using the capital method

In 2009, Rába Nyrt and F.S. Fehrer Automotive GmbH. established Fehrer Automotive-Rába Kft. Rába's stake in the joint venture is 30%. The line of the balance sheet entitled investments accounted using the capital method shows that the book value of this investment has declined to zero, since Rába's share of the Kft's losses exceeded the value of the stake in the enterprise.

1.6. Deferred tax receivable

It amounted to HUF 643 million on 30 June 2012, which is HUF 22 million less than the amount on 31 December of 2011.

1.7. Receivables from the sale of assets

On 30 June 2012, the present value of the receivable was HUF 194 million, equal to the 31st December, 2011 amount.

2. CURRENT ASSETS

2.1. Stocks

On 30 June 2012, the closing value of stocks was HUF 8,442 million (31st December 2011: HUF 8,188 million). The change is +3.1%, due to the growth in materials and goods by HUF 469 million and to the decline in unfinished, semi-finished and finished goods by HUF 215 million.

2.2. Receivables

The closing figure of receivables as at 30 June 2012 was HUF 7,850 million, a decline of HUF 2,691 million compared to the 31st December 2011 figure (closing figure for 31st December 2011: HUF 10,541 million). The most significant changes occurred in the accounts receivable (HUF -2,887 million). Deliveries during the last months of the previous year reached a higher level, these accounts receivable were settled during the current period.

2.3. Liquid assets

The closing figure of liquid assets on 30 June 2012 was HUF 1,683 million, HUF 789 million more than on 31st December 2011 (HUF 895 million).

3. EQUITY AND RESERVES

The change occurred as follows:

	Registered capital	Capital reserve	Share based payments reserve	Retained earnings	Other aggregate income	Total shareholders equity
Balance as at 1 January, 2011	12 550 920	26 278	209 448	-2 727 376		10 059 270
Profit of current year				252 470		252 470
Purchase of treasury shares	-55 940	11 129				-44 811
Share based expenditure made in equity instrument			83 494			83 494
Deferred tax of share based expenditure			-7 780			-7 780
Share-based payments drawn	39 237		-27 923	27 923		39 237
Balance as at 30 June 2011.	12 534 217	37 407	257 239	-2 446 983	0	10 381 880
Profit of current year				202 059		202 059
Other aggregate loss					-804 416	-804 416
Share-based expenditure met in equity instrument			-14 789			-14 789
Deferred tax of share-based payments in equity instrument			-1 839			-1 839
Purchase of treasury shares	-103 770	47 597				-56 173
Profit from share-based payments drawn	490 619		-81 415	-130 527		278 677
Deferred tax of share-based payments drawn, deferred tax rate change			6 002			6 002
Balance as at 31st December 2012	12 921 066	85 004	165 198	-2 375 451	-804 416	9 991 401
Profit of current year				159 271		159 271
Other aggregate profit					799 164	799 164
Balance as at 30 June 2012.	12 921 066	85 004	165 198	-2 216 180	-5 252	10 949 836

3.1. Share capital

RÁBA Nyrt.'s share capital consists of common shares with a nominal value of HUF 1,000 each, entitling the shareholders to the dividend announced in a particular period, and providing one vote at the General Meeting of the Company. On 30 June 2012, the share capital of the company was HUF 12,921 million.

On 7th November of 2011, the Hungarian State Holding Company Ltd. made a public takeover bid for the purchase of all of the shares issued by the Company. The bid was approved by the Hungarian State Financial Supervision on 8th November 2011. For the public takeover bid the Bidder initiated the procedure of the European Commission for the uniform competition law licencing of the transaction (encompassing the territory of the entire EU). The approval was granted on 18th April 2012, thus the Hungarian State Holding Company acquired 9,925,829 shares and a 73.67 per cent stake in the Company.

3.2. Other aggregate result

In accordance with its risk management strategy, the Company has concluded USD and EUR foreign exchange loan transactions in order to hedge the USD/HUF and EUR/HUF foreign exchange risks stemming from its sales contracts ("Basic transaction"). The transactions with an efficient hedge relation are cash-flow hedge transactions, the profit during the period minus the deferred tax of which, in the amount of HUF +799 million is accounted for under other aggregate profit.

3.3. Capital reserve

On 30 June 2012, the capital reserve was HUF 85 million, equal to the difference between the

cost and the face value of the repurchased treasury shares.

3.3. Share option reserve

To foster shared interests between the shareholders of Rába and the management of the Rába Group, as well as to further increase the value of the company, in 2006 the Board of Directors of Rába launched 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 programme consists of three separate draw-down tranches, each of which is implemented separately, subject to unrelated conditions.

The programme originally planned for five years was extended in 2010 until 31st December, 2014.

The conditions of the first and the second tranches were met and could thus be drawn. The conditions of opening the third tranche were not fulfilled and therefore the tranche was reopened on 1st January 2012, with the approval of the annual general meeting held in 2010.

The participants of the option programme availed themselves to the opportunity to draw down the first tranche and thus the shares of the first tranche were fully drawn before the end of 2011.

No draw down was done during the first 6 months of 2012.

3.5. Retained earnings

The retained earnings (HUF -2,216 million) changed by HUF +159 million (the net profit of H1) compared to the closing balance of the previous year (HUF -2,375 million).

4. LONG-TERM LIABILITIES

4.1 Long-term liabilities

Long-term liabilities contain the amount of long-term loans and credits. The closing value of long-term liabilities as at 30 June 2012 amounted to HUF 7,597 million, which was 5.6 per cent lower than the opening balance of the period (on 31st December 2011, the closing figure was HUF 8,044 million).

4.2. Provisions

The closing value of provisions as at 30 June 2012 was HUF 503 million, which is HUF 147 million less than the closing value for last year. The principal reasons for the change were the following:

- release and use of provisions set aside for guarantee obligations in the amount of HUF -138 million,
- release of provisions in the amount of HUF -8 million for redundancies.

5. SHORT-TERM LIABILITIES

5.1. Derivative financial liabilities

The company had no derivative transactions on the turning date of the balance sheet.

5.2. Short-term credits and loans

The total amount of short-term credits and loans (HUF 6,066 million) declined by 8.8% compared to the closing balance of December (HUF 6,653 million).

5.3. Short-term liabilities

The total short-term liabilities (closing balance on 30 June 2012: HUF 9,061 million) declined by 13.2% compared to the closing value of December 2011 (HUF 10,438 million). The most significant change took place in accounts payable (HUF -1,675 million), passive accruals (HUF -24 million) and other liabilities (HUF +334 million).

PK 5. CONSOLIDATED CASH-FLOW STATEMENT FOR THE FIRST 6 MONTHS OF 2012

Data in HUF thousand

	<u>First 6</u> <u>months of</u> <u>2011.</u>	<u>First 6</u> <u>months of</u> <u>2012.</u>
<u>Cash flows of operating activities</u>		
Profit before taxation	419 697	222 259
<i>Adjustment items related to items with no cash movement:</i>		
Interest income/expenditure	205 914	202 309
Depreciation and amortisation	1 112 550	1 081 323
Impairment of properties, machinery and equipment	125 765	2 460
Impairment of bad and doubtful receivables and of long term receivables	15 822	946
Impairment of stocks kept at net realisable value	-338	75 813
Inventory reject	52 095	30 809
Provisions	82 108	-146 932
Share based payments made in equity instruments	83 493	0
Changes in real value of derivative financial assets and receivables	-8 782	0
Result of sale and in-kind contribution of real assets, machinery and fixtures and intangible assets	-920 651	8 659
Participation in profit of affiliated companies	108 892	0
Revaluation of loans and credits at end of period	-705 233	135 530
<i>Changes in working capital:</i>	0	0
Changes in trade and other receivables	-670 143	2 687 725
Changes in stocks	-478 514	-360 611
Changes in accounts payable and other liabilities	-300 145	-1 316 181
Share based payment made in financial instrument	121	0
Profit tax paid	-105 072	-192 576
Interests paid	-363 539	-357 155
Net cash flows from operating activity	-1 345 960	2 074 378
<u>Cash flows from investment activities</u>		
Purchase of real estate, machinery and fixtures, as well as of intangibles	-1 256 051	-1 205 445
Revenues from the sale of real estate, machinery and fixtures	1 071 159	12 461
Interests received	149 518	134 061
Net cash flows used for investment activities	-35 374	-1 058 923
<u>Cash flow from financing activities</u>		
Revenues from the sale/purchase of treasury shares	-5 574	0
Receipt of loans and credits	4 029 130	7 595 765
Repayment of loans and credits	-2 750 472	-7 822 590
Net cash flows from financing activities	1 273 084	-226 825
Net increase/decline of financial instruments and equivalents	-108 250	788 630

PK6. Major off-balance sheet items

Description	Value (HUF)
According to a separate list*	

* On 30 June 2012 there were no forward FX transaction serving to hedge the exchange rate risk of export sales revenues.

The bank loans of the Rába Group amount to HUF 13,008 million, of which the loans secured with liens and mortgages on movable assets and real property amount to HUF 12,435 million. The amount of bank guarantees issued on behalf of the Rába Group is HUF 1,983 million.

RS1. Ownership structure, ratio of participation

Description of ownership	Total equity						Series listed ¹			
	At beginning of current year (1st January)		At end of term (30 June)				At beginning of term		At end of term	
	% ²	% ³	% ²	% ³	% ²	% ³	%	Pcs	%	Pcs
Domestic institutional/corporate	1,56	1,62	209 933	1,38	1,44	185 798				
Foreign institutional/corporate	1,10	1,14	147 584	1,04	1,09	140 264				
Foreign private individual	0,24	0,25	32 639	0,26	0,27	34 890				
Domestic private individual	19,65	20,49	2 648 048	19,56	20,39	2 635 970				
Employees, managing executives	0,01	0,01	825	0,01	0,01	825				
Treasury shares	4,07		548 160	4,07		548 160				
Shareholder forming part of general government ⁴	15,49	16,14	2 086 439	73,68	76,81	9 927 539				
International Development Institutions ⁵	0,00	0,00	0	0,00	0,00	0				
Other	57,89	60,35	7 799 818	0,00	0,00	0				
TOTAL	100,00	100,00	13 473 446	100,00	100,00	13 473 446				

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

² Ownership ratio

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

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

⁵ E.g.: EBRD, EIB, etc.

RS3. List and introduction of shareholders with a stake exceeding 5% (as at 31st March 2012)

Name	Nationality ¹	Activity ²	Quantity (pcs)	Ownership stake (%) ³	Voting right (%) ^{3,4}	Comment ⁵
Hungarian State Holding Company Ltd. (MNV Zrt)	D	G	9 925 829	73.76	76.79	

¹ Domestic (D), Foreign (F)

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

³ Should be rounded to two decimal figures

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

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

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

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

	1 Jan	31 March	30 June
At corporate level	548 160	548 160	548 160
Subsidiaries			
Total	548 160	548 160	548 160

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

	End of Base Period	Beginning of Current Period	End of current period
Company level	14	15	16
Group level	1960	1 861	1937

The consolidated closing headcount as at 31st March 2012 was 1902, which represented a decline of 6.1% compared to the end of the base period.

TSZ2. Managing executives, strategic employees

Type ¹	Name	Position	Beginning of mandate	End/ termination of mandate	Shares held (pcs)
BD	István Pintér	Chairman of the BD	2005		414
BD	Alan Spencer	Board member	2006		0
BD	Dr. Zoltán Borbíró	Board member	2012		0
BD	Dr. Tibor Zoltán Hajdú	Board member	2012		0
BD	Dr. Péter Székács	Board member	2012		0
BD	György Wáberer	Board member	2012		0
BD	Olivér Martin	Board member	2003	2012	n.a.
BD	Róbert Hrabovszky	Board member	2005	2012	n.a.
BD	Khalid Abdol Rahman	Board member	2007	2012	n.a.
BD	Dr. Ádám Fintha-Nagy	Board member	2008	2012	n.a.
BD	Gábor Földvári	Board member	2008	2012	n.a.
SB	Dr. Csaba Polacsek	Chairman of the SB	2012		0
FB	Dr. Mirjána Markovics	SB member	2012		0
FB	Dr. János Kerékgyártó	SB member	2012		0
SB	Dr. János Benedek	Chairman of the SB	2004	2012	n.a.
SB	Zoltán Varga	Supervisory Board member	2006	2012	n.a.
SB	Balázs Sándorfi	Supervisory Board member	2009	2012	n.a.
SP	István Pintér	Chief Executive	2003	Definite	414
SP	Béla Balog	Deputy CEO	2004	Indefinite	0

SP	Ferenc Vissi	HR Director	2001	Indefinite	0
SP	József Szabó	Purchasing and Asset Mgmt. Director	2001	Indefinite	411
SP	István Pintér	Managing Director	2004	Indefinite	0
1SP	László Urbányi	Managing Director	2005	Indefinite	0
SP	János Torma	Managing Director	2005	Indefinite	0
Total number of treasury shares owned (pcs):					825

RÁBA NYRT. (INDIVIDUAL) BALANCE SHEET (HAS)

Data in HUF thousand

No	Description of item	31 Dec 2011.	30 June 2012.	Index
A.	Invested assets	16 584 348	16 595 390	100,07%
I.	Intangible assets	88 448	65 521	74,08%
II.	Fixed assets	5 773 248	5 807 217	100,59%
III.	Financial assets invested	10 722 652	10 722 652	100,00%
B.	Current assets	2 365 483	4 973 480	210,25%
I.	Stocks	351 099	353 329	100,64%
II.	Receivables	1 343 881	3 691 604	274,70%
III.	Securities	489 421	489 421	100,00%
IV.	Liquid assets	181 082	439 126	242,50%
C.	Active accruals	21 998	50 950	231,61%
	TOTAL ASSETS	18 971 829	21 619 820	113,96%
D.	Shareholders' equity	13 163 590	13 930 743	105,83%
I.	Registered capital	13 473 446	13 473 446	100,00%
	Of which: ownership stake repurchased at face value	548 160	548 160	100,00%
III.	Capital reserve	127 654	127 654	100,00%
IV.	Retained earnings	-869 896	-926 931	-106,6%
V.	Fixed reserves	489 421	489 421	100,00%
VII.	Net profit	-57 035	767 153	1445,06%
E.	Provisions	44 650	44 650	100,00%
F.	Liabilities	5 678 468	7 568 427	133,28%
III.	Short-term liabilities	5 678 468	7 568 427	133,28%
G.	Passive accruals	85 121	76 002	89,29%
	TOTAL LIABILITIES	18 971 829	21 619 822	113,96%

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

Data in thousand HUF

No	Description of item	First 6 months of 2011.	First 6 months of 2012.	Index
I.	Net sales revenue	564 506	632 643	112,07%
II.	Direct costs of sales	97 279	112 367	115,51%
III.	Gross sales revenue	467 227	520 276	111,35%
IV.	Indirect sales costs	545 706	497 266	91,12%
V.	Other revenues	1 078 783	7 818	0,72%
VI.	Other expenditures	558 425	77 107	13,81%
A.	OPERATING PROFIT	441 879	-46 279	-110,47%
VIII.	Revenues from financial transactions	854 841	932 187	109,05%
IX.	Expenditures of financial transactions	113 895	107 552	94,43%
B.	Profit of financial transactions	740 946	824 635	111,29%

C.	ORDINARY BUSINESS PROFIT	1 182 825	778 356	65,80%
D.	EXTRAORDINARY PROFIT	-5 131	-2 159	157,92%
E.	PROFIT BEFORE TAXATION	1 177 694	776 197	65,91%
XII.	TAX LIABILITY	641	9 044	
F.	AFTER-TAX PROFIT	1 177 053	767 153	65,18%
G.	NET PROFIT	1 177 053	767 153	65,18%

PK1. General information pertaining to the financial data

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

Declaration of liability

We, the undersigned, authorised signatories of the Company, hereby declare that the data and statements contained in the 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 Nyrt wishes to emphasize the following:

- The figures shown in the 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).

Győr, 2 August 2012.

István Pintér
Chairman-CEO

Béla Balog
CFO