

Report on the Results of Rába Nyrt. during Q1-Q3 of 2012

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

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SUMMARY

- In Q1-Q3 of 2012, the Company at group level registered sales of HUF 31.1 billion, which is an increase of 17.9 per cent compared to the HUF 26.4 billion of Q1-Q3 of 2011. Such increase is fundamentally a tribute to the 24.5% increase of the Axle business, while the Component business suffered a minor decline by 2.1% and the performance of the Vehicle business increased substantially, by 41.0 per cent. The increase was even more considerable on a quarterly basis, amounting to 20.4 % compared to the same period of the previous 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 2.7 percentage points during Q1-Q3 of 2012 compared to Q1-Q3 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 Q1-Q3 of 2012 the gross profit was nearly HUF 1.6 billion, i.e. 35.6 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, 3.2 per cent compared to Q1-Q3 of 2011, thus its ratio compared to the sales revenue declined by 2.6 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 140 million during the review period, which is HUF 791 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 Q1-Q3 of 2012, grew significantly, by HUF 630 million and amounted to a profit of HUF 560 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 Q3 amounted to HUF 159 million, which is HUF 392 million higher than during 2011. All of Rába's business registered a positive operating result. The largest improvement during Q1-Q3 was demonstrated by the Axle business, amounting to HUF 823 million.
- EBITDA increased by 38.0 per cent, amounting to HUF 2,176 million.
- The financial profit during Q1-Q3 of 2012 amounted to a loss of HUF 219 million, against the loss of HUF 841 million generated during Q1-Q3 of 2011.
- The profit was HUF 178 million during Q1-Q3 of 2012, in contrast to the loss of HUF -

1,257 million of Q1-Q3 of 2011. The result from external companies amounted to HUF 0 million in Q1-Q3 of 2012, against HUF -124 million last year. 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 935 million, thus the result as per the total aggregate income is a profit of HUF 1,113 million.

- The net loan portfolio was HUF 13.0 billion, HUF 0.8 billion lower than during the year end of 2011. This is due to the profitable operation, as well as to the stagnating working capital, in spite of the profitable operation.

thousand HUF	2011 Q1-Q3	2012 Q1-Q3	Index	2011 Q3	2012 Q3	Index
Sales revenue	26 378 221	31 110 663	17,9%	8 217 664	9 890 388	20,4%
Gross profit	4 470 495	6 063 990	35,6%	1 339 641	1 991 054	48,6%
<i>Gross margin</i>	16,9%	19,5%	2,6%p	16,3%	20,1%	3,8%p
EBITDA	1 576 395	2 175 513	38,0%	301 245	693 352	130,2%
<i>EBITDA level</i>	6,0%	7,0%	1%p	3,7%	7,0%	3,3%p
Operating profit	-70 338	559 716	895,8%	-232 938	158 878	168,2%
Net financial profit	-841 240	-218 807	-74,0%	-1 207 179	-40 229	96,7%
Profit for current year	-1 256 727	178 055	-114,2%	-1 506 973	18 784	101,2%
Aggregate income	-1 256 727	1 113 232	-188,6%	-1 506 973	154 797	110,3%

'The Axle Business has performed outstandingly both in Europe and in America. We are selling an increasing number of axle developed by Rába both in both our key segments: the markets of agricultural utility vehicles and special vehicles. Our development projects are beginning to yield results in the sales revenue and profit lines and are contributing substantially to the increase in added value. It is promising that in spite of the slow-down in the world economy, our plans conceived at the beginning of the year are being fulfilled', said 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, 27% increase, although the speed of the expansion declined slightly. 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, from where it is beginning to proliferate into other regions of Europe, as well, as has been experienced. What's noteworthy of the European market is that future prospects of the demand have become much more uncertain. The sale of agricultural axles is stronger on the American market, in this segment the European market demand is characterised by stagnation. The performance of the Russian heavy vehicle market exceeded the level of the previous year by some 2 per cent. The Russian bus market is showing sustainable and considerable growth, exceeding 37 per cent compared to the 2011 level. The business of passenger car components remains at the level of the previous year's.
- The stagnation experienced in raw material prices since the end of 2011, seemed to have come to an end in Q3 of 2012, the decline in raw material prices by 4.7 per cent during the period on average, affected purchases compared to Q2 of 2012. During the first 9 months of 2012, average raw material prices were 5.9 per cent below the previous level.

- In terms of energy prices, the pressure on the cost side characteristic since the beginning of 2012, seems to be coming to an end, energy prices were on average 9.6 per cent lower in Q3 of 2012 compared to the first half of 2012. Considering the Q1-Q3 period of 2012, though, average energy prices were still 11.2 per cent higher than those during the same period of the previous year.
- During Q1-Q3 of 2012, the average USD exchange rate was 17,9% higher and the average EUR exchange rate was 7,4 per cent higher compared to the same period of 2011. Compared to the previous quarter, the exchange rate of the USD was 1.4% and the exchange rate of the EUR was 3,8% lower during Q3 of 2012¹.

	2011 Q1-Q3	2012 Q1-Q3	Index	2011 Q3	2012 Q3	Index
HUFEUR - average	271,3	291,4	7,4%	274,9	283,1	3,0%
HUFEUR – end of term	292,1	283,7	-2,9%	292,1	283,7	-2,9%
HUFUSD - average	193,0	227,5	17,9%	194,6	226,4	16,3%
HUFUSD – end of term	215,7	219,2	1,6%	215,7	219,2	1,6%
Trends in raw material prices*	148%	134%	-9,4%	148%	134%	-9,4%
Trends in energy prices**	195%	184%	-5,8%	195%	184%	-5,8%

*Rába indices – own calculation - basis: 2006. Q1; closing values during the period

**Rába indices – own calculation - basis: 2004. dec.; closing values during the period

Rába Futómű Kft. (Axle Ltd)

The sales revenue of Rába Futómű Kft. during Q1-Q3 of 2012 amounted to HUF 21,3 billion compared to HUF 17,1 billion achieved during the same period of 2011. This corresponds to an increase of 24,5%.

On the **American market**, the sales revenue during Q1-Q3 of 2012 was USD 36,3 million, against USD 28,2 million of 2011. This means an increase of 28,7%.

On the **EU market** Rába's sales figures in HUF terms increased by 14,0%, amounting to HUF 10,6 billion, compared to HUF 9,3 billion during the base period.

European exports amounted to EUR 26,5 million during Q1-Q3 of 2012 compared to EUR 24,7 million during Q1-Q3 of 2011. This is an increase of 7,3%.

Domestic sales before consolidation amounted to HUF 2,884 million which represents an increase of 10,8 per cent compared to the HUF 2,602 million of the base period.

On the **CIS and East-European markets** export sales revenues achieved by Rába Axle Ltd. decreased by 15,9%, from EUR 6,9 million during the base period in 2011 to EUR 5,8 million during Q1-Q3 of 2012.

On the **other markets** the sales revenue during Q1-Q3 of 2012 amounted to EUR 2,8 million, against EUR 1,6 million of the previous year. This corresponds to an increase of 75,0%.

The operating result of the company during Q1-Q3 of 2012 was a profit of HUF 528 million, compared to the loss of HUF 295 million during the same period of 2011.

At EBITDA level, the operating profit of the Axle business was HUF 1,580 million compared to HUF 750 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-Q3	Q1-Q3		Q3	Q3	
America	5 432	8 197	50,9%	1 700	2 933	72,5%
EU - export	6 712	7 708	14,8%	2 063	2 104	2,0%
EU - domestic	2 602	2 884	10,8%	755	829	9,8%
CIS and former Yugoslavia	1 883	1 675	-11,0%	443	635	43,3%
Others	447	803	79,6%	184	242	31,5%
Total sales revenue	17 076	21 268	24,5%	5 146	6 743	31,0%
EBITDA	750	1 580	110,7%	174	508	192,0%
Operating profit	-295	528	279,0%	-164	167	-201,8%

Rába Járműipari Alkatrészgyártó Kft. (Component Ltd.)

The sales revenue of the Component Ltd. amounted to HUF 7,6 billion during Q1-Q3 of 2012, which is a decrease of 2,1% compared to the sales of HUF 7,8 billion a year earlier.

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

European exports amounted to EUR 6,8 million during Q1-Q3 of 2012, against EUR 8,8 million during the base period. This corresponds to a decline of 22.7%.

Domestic sales before consolidation amounted to HUF 5,653 billion during Q1-Q3 of 2012, which is an 4,6% increase compared to the sales revenue of HUF 5,405 billion during Q1-Q3 of 2011.

The company generated a profit of HUF 82 million during Q1-Q3 of 2012 compared to a profit of HUF 53 million during the same period of Q1-Q3 of 2011.

On the level of EBITDA, the profit of the Component Ltd. increased to HUF 311 million during the period, from HUF 299 million of the previous year.

million HUF	2011	2012	Change	2011	2012	Change
	Q1-Q3	Q1-Q3		Q3	Q3	
EU - export	2 402	1 987	-17,3%	835	565	-32,3%
EU - domestic	5 405	5 653	4,6%	1 979	1 931	-2,5%
Total sales revenue	7 807	7 640	-2,1%	2 814	2 496	-11,3%
EBITDA	299	311	4,0%	143	83	-42,0%
Operating profit	53	82	-54,7%	61	1	98,4%

Rába Jármű Kft. (Vehicle Ltd.)

The sales revenue of Rába Jármű Kft. amounted to HUF 3,2 billion during Q1-Q3 of 2012, which is an increase by 41% compared to the HUF 2,3 billion of the base period.

On the **EU market** Rába Vehicle's sales figures during Q1-Q3 of 2012 equalled the total sales revenue realised.

European exports exceeded the level of the base period by 45.5%, thus increasing from EUR 4,4 million to EUR 6,4 million.

Domestic sales before consolidation amounted to HUF 1,346 million during Q1-Q3 of 2012, an increase of 26.5 per cent compared to the HUF 1,064 million during the base period.

The operating profit was HUF 18 million during Q1-Q3 of 2012, compared to the loss of HUF 100 million during the base period.

On the level of EBITDA, during Q1-Q3 of 2012 the Company registered a profit of HUF 192 million compared to HUF 84 million during Q1-Q3 of 2011.

million HUF	2011 Q1-Q3	2012 Q1-Q3	Change	2011 Q3	2012 Q3	Change
EU - export	1 210	1 862	53,9%	386	541	40,2%
EU -domestic	1 064	1 346	26,5%	119	554	365,5%
Total sales revenue	2 274	3 207	41,0%	504	1 094	117,1%
EBITDA	84	192	128,6%	11	62	463,6%
Operating profit	-100	18	118,0%	-49	4	108,2%

The Rába Group

The consolidated sales revenue of the Rába group during Q1-Q3 of 2012 amounted to HUF 31,1 billion, which is an increase of 17,9% compared to the figure of HUF 26,4 billion for the same period of 2011.

The operating profit of the group during Q1-Q3 of 2012 amounted to HUF 560 million, compared to the loss of HUF 70 million during the same period of 2011.

In Q1-Q3 of 2012 the financial result was a loss of HUF 219 million, which includes, among others, a net interest payment of HUF 295 million, as well as exchange rate gains of HUF 95 million.

Based on the above, the Rába group generated a net profit of HUF 178 million during Q1-Q3 of 2012, compared to HUF 1,257 million during the same period of 2011.

On the level of EBITDA, the group registered profits of HUF 2,176 million during Q1-Q3 of 2012, against last year's figure of HUF 1,576 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	
2011 Q2	5 925	2 406	780	8 896
2011 Q3	5 146	2 814	504	8 218
2012 Q1	6 592	2 676	807	9 827
2012 Q2	7 933	2 468	1 306	11 393
2012 Q3	6 743	2 496	1 094	9 890

Breakdown of sales revenue of Q1-Q3 of 2012

mHUF	America	EU			CIS	Other	Total
		total	export	domestic			
Axles	8 197	10 592	7 708	2 884	1 675	803	21 268
Components	0	7 640	1 987	5 653	0	0	7 640
Vehicles	0	3 207	1 862	1 346	0	0	3 207
Consolidated	8 197	20 435	11 557	8 878	1 675	803	31 111

Breakdown of operating profit of group companies

	Operating profit					
	2011			2012		
	Q1	Q2	Q3	Q1	Q2	Q3
Axles	-139	8	-164	109	252	167
Components	5	-13	61	38	43	1
Vehicles	6	-57	-49	7	7	4
Other	-52	405	-81	-50	-5	-13
Total	-180	343	-233	104	297	159

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	Q1-Q3 of 2011	Q1-Q3 of 2012	Index	Q3 of 2011	Q3 of 2012	Index
Domestic sales revenues	8 292 455	8 878 150	107,1%	2 606 105	2 869 952	110,1%
Export sales revenues	18 085 766	22 232 513	122,9%	5 611 559	7 020 436	125,1%
Net sales revenues	26 378 221	31 110 663	117,9%	8 217 664	9 890 388	120,4%
Direct cost of sales	21 907 726	25 046 673	114,3%	6 878 023	7 899 334	114,8%
Gross profit	4 470 495	6 063 990	135,6%	1 339 641	1 991 054	148,6%
Cost of sales	557 445	590 161	105,9%	192 788	188 226	97,6%
General and administration expenses	4 914 679	5 054 623	102,8%	1 582 202	1 655 368	104,6%
Other revenues	1 411 403	263 477	18,7%	179 835	57 411	-168,1%
Other expenditures	480 112	122 967	25,6%	-22 576	45 993	-403,7%
Other items related to business activities	-4 540 833	-5 504 274	121,2%	-1 572 579	-1 832 176	116,5%
Operating profit before interest payment and taxation (EBIT)	-70 338	559 716	895,8%	-232 938	158 878	168,2%
Financial revenues	1 643 985	1 851 502	112,6%	255 309	422 543	165,5%
Financial expenditures	2 485 225	2 070 309	83,3%	1 462 488	462 772	31,6%
Net financial result	-841 240	-218 807	74,0%	-1 207 179	-40 229	96,7%
Dividend from affiliated companies	-124 262	0		-15 421		
PROFIT BEFORE TAXATION	-1 035 840	340 909	132,9%	-1 455 538	118 649	108,2%
Corporate profit tax	220 887	162 854	73,7%	51 435	99 865	194,2%
PROFIT AFTER TAXATION	-1 256 727	178 055	114,2%	-1 506 973	18 784	101,2%
Other aggregate income						
Profit from cash-flow hedge transaction		1 104 933			161 971	
Deferred tax of cash-flow hedge transaction		169 756			25 958	
Other aggregate income	0	935 177		0	136 013	
Total aggregate income	-1 256 727	1 113 232	188,6%	-1 506 973	154 797	110,3%

1. EARNED REVENUES

In Q1-Q3 of 2012, Rába achieved HUF 31.111 million in sales revenue, compared to HUF 26,378 million during Q1-Q3 of 2011, with a growth of 17,9%. 71.5 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 Q1-Q3 of 2012, the direct cost level of Rába was 80.5 per cent, compared to 83,1% of the base period. The amount of direct costs was HUF 25,047 million (Q1-Q3 of 2011: HUF 21,908 million).

Gross Profit

The gross profit changed from HUF 4,471 million to HUF 6,064 million, (HUF +1,593 million), which is due to the increase in sales revenue by HUF +4,732 million and to a lesser increase in direct expenses (HUF +3,139 million).

2.2. Cost of sales

The cost of sales increased by 5.9 per cent and amounted to HUF 590 million during Q1-Q3 of 2012, compared to HUF 557 million during Q1-Q3 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 (Q1-Q3 of 2012: HUF 5,055 million, Q1-Q3 of 2011: HUF 4,915 million), and adjusts them with the net value of the non-capitalised, according to international regulations, costs of technical development (HUF -23 million), and by restating certain bank charges to financial expenditures (HUF -22 million).

2.4. Other revenues

Other revenues amounted to HUF 263 million during Q1-Q3 of 2012. This amount was HUF 1,148 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 -911 million) and the lack of CO₂ sales during the current period (HUF -33 million).

2.5. Other expenditures

The amount of other expenditures during Q1-Q3 of 2012 was HUF 123 million, which is HUF 357 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 -127 million) and the decline in the release of provisions (HUF -272 million), the decline in the write-off of inventories (HUF -49 million), together with the increase in stock impairment (HUF 106 million).

3. OPERATING PROFIT

The operating profit of Rába during Q1-Q3 of 2012 was HUF 560 million (Q1-Q3 of 2011: HUF -70 million). The increase in gross profit (HUF 1,593 million) was deteriorated by the combined change in sales and general overhead costs (HUF +172 million) and the changes in other revenues and expenditures (HUF -791 million). Profitability changed from 0.3% during the base period to 1.8%. The profitability of operating profit + depreciation was 7.0 per cent, against the figure of 6.0 per cent during the base period.

4. FINANCIAL REVENUES AND EXPENDITURES

In Q1-Q3 of 2012, the net financial result was HUF -219 million, compared to HUF -841 million during the base period. There was no activated profit from derivative transactions during Q1-Q3 of 2012, compared to the HUF +30 million during Q1-Q3 of 2011.

The net profit of interest incomes and expenses was HUF -295 million during Q1-Q3 of 2012, against HUF -328 million during the base period. The net exchange rate difference of FX items

was HUF 95 million during Q1-Q3 of 2012, the exchange rate loss was HUF 413 million during Q1-Q3 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 -1,105 million during Q1-Q3 of 2012.

Financial revenues and expenditures consisted of the following principal items:

	Q1-Q3 2011	Q1-Q3 2012
Revenue from dividends	6 780	6 660
Interest income	210 597	5 218
Realised gains of derivative transactions	30 040	0
Exchange rate gains	1 395 540	1 839 275
Other financial revenues	1 028	349
Financial revenues	1 643 985	1 851 502
Interest payable	538 483	300 481
Release of unrealised loss from previous year of derivative transactions	-8 782	0
Unrealised loss of derivative transactions	86 071	0
Exchange rate loss	1 808 313	1 744 259
Other financial expenditures	61 140	25 569
Financial expenditures	2 485 225	2 070 309

5. PROFIT FROM EXTERNAL COMPANIES

No profit from external companies was taken into account during Q1-Q3 of 2012 (Q1-Q3 of 2011: HUF -124 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 -55 million during Q1-Q3 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 HUF 341 million during Q1-Q3 of 2012, which, because of the factors outlined in sections 1-5 is HUF 1,377 million more than the figure for Q1-Q3 of 2011. The profitability ratio represents a 1.1 per cent return on sales on the basis of profit before taxation, compared to -3,9 per cent during the base period.

At group level the tax liability amounted to HUF 163 million, of this the actual corporate tax liability for the tax base of Q1-Q3 is HUF 41 million, the trade tax liability is HUF 216 million, the deferred tax liability for the current period is HUF 77 million, whereas the deferred tax receivable accounted in the equity is HUF 171 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. The FX deals among the financial liabilities of the Group were designated as hedge transactions. In Q1-Q3 of 2012, the net amount of the cash-flow hedge transaction is HUF 935 million, which is accounted under other aggregate income and also reflects the effect of the corporate income tax.

8. IFRS-HAS DIFFERENCE

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.

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 Sept 2012	Index
Properties, machines, equipment	13 939 631	13 955 055	100,1%
Intangible assets	971 345	1 015 845	104,6%
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	587 055	88,3%
Total invested assets	16 112 348	16 094 812	99,9%
Inventories	8 188 147	8 634 609	105,5%
Receivables	10 540 582	8 459 301	80,3%
Corporate tax receivables	41 238	107 998	261,9%
Liquid assets, bank account	894 712	295 612	33,0%
Total current assets	19 664 679	17 497 520	89,0%
Total ASSETS	35 777 027	33 592 332	93,9%
Share capital	12 921 066	12 921 066	100,0%
Other aggregate income	-804 416	130 761	116,3%
Capital reserve	85 004	85 004	100,0%
Share option reserve	165 198	177 720	107,6%
Retained earnings	-2 375 451	-2 197 396	92,5%
Total equity and reserves	9 991 401	11 117 155	111,3%
Long-term liabilities	8 043 520	9 826 811	122,2%
Provisions	650 410	466 319	71,7%
Total long-term liabilities	8 693 930	10 293 130	118,4%
Short term loans and credits	6 653 414	3 503 829	52,7%
Short-term liabilities	10 438 282	8 678 218	83,1%
Short-term liabilities total	17 091 696	12 182 047	71,3%
Total LIABILITIES (equity and liabilities)	35 777 027	33 592 332	93,9%

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

The consolidated net value of properties, machines and equipment changed from the closing value of HUF 13,940 million on 31 December of 2011 to HUF 13,955 million, the change was an increase of 0.1 %. The depreciation of fixed assets during Q1-Q3 of 2012 was HUF 1,486 million.

1.2. Intangible assets

The net value of intangible assets changed from HUF 971 million to HUF 1,016 million. This represents an increase of 4.6 per cent. The amount of depreciation accounted during the period was HUF 129 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 September 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 587 million on 30 September 2012, which is HUF 77 million less than the amount on 31 December of 2011. The main reason for the decline in deferred tax receivables was the decline in deferred tax receivable due because of the release of accrued losses (HUF - 46 million).

1.7. Receivables from the sale of assets

On 30 September 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 September 2012, the closing value of stocks was HUF 8,635 million (31st December 2011: HUF 8,188 million). The change is +5,5%, due to the growth in materials and goods by HUF 690 million and to the decline in unfinished, semi-finished and finished goods by HUF 244 million.

2.2. Receivables

The closing figure of receivables as at 30 September 2012 was HUF 8,459 million, a decline of HUF 2,081 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 -2,500 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 September 2012 was HUF 296 million, HUF 599 million lower 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				-1 256 728		-1 256 728
Purchase of treasury shares	-92 710	28 615				-64 095
Share based expenditure made in equity instrument			83 068			83 068
Deferred tax of share based expenditure			-8 307			-8 307
Share-based payments drawn	43 459		-30 182	30 182		43 459
Deferred tax of share-based payments			3 018			3 018
Balance as at 30 September 2011.	12 501 669	54 893	257 045	-3 953 922	0	8 859 685
Profit of current year				1 711 257		1 711 257
Other aggregate loss					-804 416	-804 416
Share-based expenditure met in equity instrument			-14 363			-14 363
Deferred tax of share-based payments in equity instrument			-1 312			-1 312
Purchase of treasury shares	-67 000	30 111				-36 889
Profit from share-based payments drawn	486 397		-79 156	-132 786		274 455
Deferred tax of share-based payments drawn, deferred tax rate change			2 984			2 984
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				178 055		178 055
Share-based payment met in capital instrument			14 560			14 560
Deferred tax of share-based payment made in capital instrument			-2 038			-2 038
Other aggregate profit					935 177	935 177
Balance as at 30 September 2012.	12 921 066	85 004	177 720	-2 197 396	130 761	11 117 155

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 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 effective hedge relation are cash-flow hedge transactions, the profit during the period minus the deferred tax of which, in the amount of HUF 935 million is accounted for under other

aggregate profit, the closing value as at 30. September was HUF 131 million.

3.3. Capital reserve

On 30 September 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 launched 1 January, 2012 with the approval of the general meeting of shareholders of 2010 were not fulfilled, since the weighted average rate of the Rába shares during the first half of 2012 remained under two thousand forints on twenty consecutive stock trading day.

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.

The pro rata portion of the amount due for the current year of the share based payment made in equity instruments was HUF gross 14,560, the deferred tax, HUF 2,038 thousand was accounted for.

No draw down was done during Q1-Q3 of 2012.

3.5. Retained earnings

The retained earnings (HUF -2,197 million) changed by HUF +178 million (the net profit of Q1-Q3) 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 September 2012 amounted to HUF 9,827 million, which was 22,2 per cent more 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 September 2012 was HUF 466 million, which is HUF 184 million less than the closing value for last year. The principal reasons for the change were the following:

- positive balance of the release and use of provisions set aside for guarantee obligations in the amount of HUF -176 million,
- release of provisions in the amount of HUF -8 million for redundancies.

5. SHORT-TERM LIABILITIES

5.1. Short-term credits and loans

The total amount of short-term credits and loans (HUF 3,504 million) declined by 47,3% 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 September 2012: HUF 8,678 million)

declined by 16,9% compared to the closing value of December 2011 (HUF 10,438 million). The most significant change took place in accounts payable (HUF -2,102 million), passive accruals (HUF +52 million) and other liabilities (HUF +431 million).

PK 5. CONSOLIDATED CASH-FLOW STATEMENT FOR Q1-Q3 OF 2012

Data in HUF thousand

	<u>Q1-Q3 2011</u>	<u>Q1-Q3 2012</u>
<u>Cash flows of operating activities</u>		
Profit before taxation	-1 035 841	340 909
<i>Adjustment items related to items with no cash movement:</i>		
Interest income/expenditure	327 886	295 264
Depreciation and amortisation	1 646 734	1 615 797
Impairment of properties, machinery and equipment	129 971	2 530
Impairment of bad and doubtful receivables and of long term receivables	23 003	300
Impairment of stocks kept at net realisable value	7 119	112 737
Inventory reject	76 306	27 535
Provisions	11 713	-184 091
Share based payments made in equity instruments	83 067	14 560
Changes in real value of derivative financial assets and receivables	77 289	0
Result of sale and in-kind contribution of real assets, machinery and fixtures and intangible assets	-937 485	8 527
Participation in profit of affiliated companies	124 313	0
Revaluation of loans and credits at end of period	652 727	310 783
<i>Changes in working capital:</i>		
Changes in trade and other receivables	198 427	2 079 083
Changes in stocks	-1 234 498	-586 734
Changes in accounts payable and other liabilities	-443 346	-1 608 253
Share based payment made in financial instrument	-562	0
Profit tax paid	-208 570	-328 509
Interests paid	-549 192	-506 851
Net cash flows from operating activity	-1 050 939	1 593 587
<u>Cash flows from investment activities</u>		
Purchase of real estate, machinery and fixtures, as well as of intangibles	-2 152 569	-1 822 226
Revenues from the sale of real estate, machinery and fixtures	1 071 928	12 789
Interests received	209 839	188 895
Net cash flows used for investment activities	-870 802	-1 620 542
<u>Cash flow from financing activities</u>		
Revenues from the sale/purchase of treasury shares	-20 636	0
Receipt of loans and credits	8 946 427	12 792 838
Repayment of loans and credits	-6 805 190	-13 364 983
Net cash flows from financing activities	2 120 601	-572 145
Net increase/decline of financial instruments and equivalents	198 860	-599 100

PK6. Major off-balance sheet items

Description	Value (HUF)
According to a separate list*	

* On 30 September 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 12,723 million, of which the loans secured with liens and mortgages on movable assets and real property amount to HUF 12,158 million. The amount of bank guarantees issued on behalf of the Rába Group is HUF 1,263 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 September)			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	1,41	1,46	189 350				
Foreign institutional/corporate	1,10	1,14	147 584	1,04	1,08	139 815				
Foreign private individual	0,24	0,25	32 639	0,27	0,28	35 830				
Domestic private individual	19,65	20,49	2 648 048	19,49	20,32	2 626 181				
Employees, managing executives	0,01	0,01	825	0,05	0,05	6 571				
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				

¹If 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 30th Sept 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	30 September
At corporate level	548 160	548 160	548 160	548 160
Subsidiaries				
Total	548 160	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	15	15	16
Group level	1900	1 861	1959

The consolidated closing headcount as at 30 September 2012 was 1959, which represented an increase of 3.1% 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		2182
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 Kerégyártó	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	2182
SP	Béla Balog	Deputy CEO	2004	Indefinite	884
SP	Ferenc Vissi	HR Director	2001	Indefinite	884
SP	József Szabó	Purchasing and Asset Mgmt. Director	2001	Indefinite	1295

SP	István Pintér	Managing Director	2004	Indefinite	2182
1SP	László Urbányi	Managing Director	2005	Indefinite	884
SP	János Torma	Managing Director	2005	Indefinite	442
Total number of treasury shares owned (pcs):					6571

RÁBA NYRT. (INDIVIDUAL) BALANCE SHEET (HAS)

Data in HUF thousand

No	Description of item	31 Dec 2011.	30 Sept 2012.	Index
A.	Invested assets	16 584 348	16 575 784	99,95%
I.	Intangible assets	88 448	54 233	61,32%
II.	Fixed assets	5 773 248	5 798 899	100,44%
III.	Financial assets invested	10 722 652	10 722 652	100,00%
B.	Current assets	2 365 483	5 580 416	235,91%
I.	Stocks	351 099	352 469	100,39%
II.	Receivables	1 343 881	4 712 109	350,63%
III.	Securities	489 421	489 421	100,00%
IV.	Liquid assets	181 082	26 417	14,59%
C.	Active accruals	21 998	73 495	334,10%
	TOTAL ASSETS	18 971 829	22 229 695	117,17%
D.	Shareholders' equity	13 163 590	14 003 335	106,38%
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	839 745	1572,33%
E.	Provisions	44 650	14 846	33,25%
F.	Liabilities	5 678 468	8 121 927	143,03%
III.	Short-term liabilities	5 678 468	8 121 927	143,03%
G.	Passive accruals	85 121	89 588	105,25%
	TOTAL LIABILITIES	18 971 829	22 229 696	117,17%

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

Data in thousand HUF

No	Description of item	Q1-Q3 of 2011	Q1-Q3 of 2012	Index
I.	Net sales revenue	843 089	947 818	112,42%
II.	Direct costs of sales	143 836	167 733	116,61%
III.	Gross sales revenue	699 253	780 085	111,56%
IV.	Indirect sales costs	815 841	747 429	91,61%
V.	Other revenues	1 078 239	37 641	3,49%
VI.	Other expenditures	597 982	113 358	18,96%
A.	OPERATING PROFIT	363 669	-43 061	-111,84%
VIII.	Revenues from financial transactions	799 672	1 036 788	129,65%
IX.	Expenditures of financial transactions	802 307	139 704	17,41%
B.	Profit of financial transactions	-2 635	897 084	
C.	ORDINARY BUSINESS PROFIT	361 034	854 023	236,55%
D.	EXTRAORDINARY PROFIT	-6 753	-2 817	158,29%
E.	PROFIT BEFORE TAXATION	354 281	851 206	240,26%

XII.	TAX LIABILITY	641	11 461	1787,99%
F.	AFTER-TAX PROFIT	353 640	839 745	237,46%
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:			Other	<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 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, 7 November 2012.

István Pintér
Chairman-CEO

Béla Balog
CFO