Q1 2002 Flash Report

Unaudited, consolidated flash report in accordance with International Accounting Standards (IAS)

Data Sheet

Company name:	RÁBA Járműipari Holding Részvénytársaság (Rába Automotive Group Plc.)
Company seat:	H-9027 Győr, Budai u. 1-5.
Sector classification:	Automotive
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Summary

In the first quarter of 2002, Rába Rt. achieved higher after-tax profits, despite revenues that were lower than in the same period of last year. The decrease in revenues was due mainly to a decline in domestic and South American sales, as well as to the portfolio-cleaning initiative implemented in the past year (foundry, fireplace and bus assembly). FX hedge transactions, offsetting the negative effects of a strengthening dollar, and revenues from the sale of business stakes had a positive impact on the after-tax profit. Profit after tax was higher than that of a year ago in spite of the fact that the Group had to account for significant expenditures in connection with its restructuring and headcount optimization measures.

Businesses

Sales revenues generated by the Axle Business were the same as a year ago (HUF 7.8 billion), while in dollar terms this represents an increase of 4%. The strengthening of the forint is negatively impacting the operating profitability of this export-oriented business, although this is offset in financial terms by the FX hedge transactions concluded.

In the Components Business, the fireplace manufacturing unit was sold, with this representing the latest major step by Rába towards creating a legally integrated business by the end of the second quarter. As Rába had previously indicated would be the case, revenues from complete car-seat sales declined significantly due to car- and seat-model changes on the part of one of its main customers. In response to the new situation, Rába is modifying its product structure: in the future, it intends to manufacture seats for commercial vehicles as well, and at the same time it is implementing significant rationalization (headcount and cost-reduction) measures, through which the Company will be able to ensure the stability of its business by the second half of the year, notwithstanding a temporary drop in sales revenues.

The Engine Business, which is currently awaiting sale, closed the first quarter of 2002 with a negative result.

The Vehicle Business closed the first quarter with a lower loss than in the previous periods, and following the closing of the first quarter a restructuring program was implemented in the business as a part of which chassis manufacturing was integrated into the Axle Business – a move that should result in significant cost savings for the year as a whole.

Markets and Revenues

In the United States, Rába's largest export market, the sale of new heavy trucks is still stagnating. The Company's performance continues to reflect market trends. Fortunately, the US economy is showing signs of recovery. The tentative return to growth and falling inventory levels are reassuring indications that sales will start to pick up slowly but significantly in the second half of the year.

Rába's other export markets reveal a somewhat mixed picture. While the volume of exports to Asia has nearly tripled on a year-on-year basis (mainly as a consequence of the sales of axles to Iran), a significant decline has been noticeable in the South American and European markets. In South America, what had until recently been a large customer began to manufacture the axle-drives that had previously been supplied by Rába, while a decline in components sales and the sell-off of the fireplace manufacturing operation caused the weaker year-on-year results in the European market.

Domestic sales fell 28% compared with the base period. This decline can be attributed to two factors in particular. Firstly, the car- and seat-model change implemented by Rába's largest domestic customer has resulted in a significant loss of revenue in the area of seat sales, and secondly, the business units that Rába has sold or wound up over the past year were producing mainly for the domestic market.

Consolidated figures in HUF millions (IAS)	**Q1, 2002**	**Q1, 2001**
Net revenues	**11,886**	**14,164**
of which exports	7,658	8,307
of which domestic sales	4,228	5,857
Operating profit	**79**	
Profit before tax	**368**	**277**
Profit after tax	**270**	**99**

Main indicators	**Q1, 2002**	**Q1, 2001**
EBIT %	**0.7**	**3.3**
EBITDA %	**6.0**	**7.5**
Profit after-tax %	**2.3**	**0.7**
Liquidity ratio %	**131.8**	**105.8**
ROA %	**0.8**	**0.2**
ROE %	**1.5**	**0.3**

Consolidated revenues in the first quarter of 2002 were HUF 11.93 billion, which is 16.1% lower than last year's figure. Operating profit in the first quarter of 2002 amounted to HUF 79 million, or 0.7% of total sales revenue. The operating profit of the reporting period was augmented by the profit realized on asset sales.

Operating profit	**Q1, 2002**	**Q1, 2001**
Axle	452	777
Components*	-271	-330
Engine	-68	-65
Vehicle**	-165	-237
Other	18	127
Result of operations	**-34**	**272**
Result of asset and real estate sales	113	198
Provisions for shareholding sales (-) / release (+)	0	0
Operating profit	**79**	**470**

* The Q1 2001 results of the Components Business include the results of Rába Mór Kft., Rába Sárvár Kft., fireplace sales and Kispesti Öntöde [Kispest Foundry].
Q1 2002 results of the Components Business include the results of Rába Mór Kft., Rába Sárvár Kft. and Győri Alkatrészgyárto Kft. [Győr Components Manufacturing Ltd.].

**Q1 2001 results of the Vehicle Business include the figures of the unit transformed into Győri Alkatrészgyártó Kft. in December 2001.

The net result of financial operations was positive, as opposed to a loss in the base period. This profit figure contains the proceeds from the sale of the fireplace business (HUF 213 million) and the net gain on FX hedge transactions (HUF 141 million), which resulted in pre-tax profit – as opposed to operating profit – increasing relative to Q1 2001.

Consolidated-profit tax liabilities decreased and, as a consequence, the percentage increase in after-tax profit was higher than that of the pre-tax profit.

PK2. Companies in the consolidated group

Name	Share capital/ registered cap. HUF thousand	Ownership share (%)	Voting rate	Category [1]
RÁBA Futómű Kft.	**9,762,800**	**100.00**	**100.00**	**F**
RÁBA Mór Kft.	**785,200**	**100.00**	**100.00**	**F**
RÁBA Sárvár Alkatrészgyártó Kft.	**436,600**	**100.00**	**100.00**	**F**
RÁBA Járműipari Alkatrészgyártó Kft.	**415,400**	**100.00**	**100.00**	**F**
Rába Jármű Kft.	**835,100**	**100.00**	**100.00**	**F**
Rába Motor Kft.	**803,000**	**100.00**	**100.00**	**F**
RÁBA Ipartechnika Szolgáltató Kft.	**266,860**	**100.00**	**100.00**	**F**
RÁBA-Szolgáltatóház Kft.	**615,000**	**100.00**	**100.00**	**F**
RÁBAKÉSZ Kft	**8,000**	**100,00**	**100.00**	**F**
RÁBA Vagyonkezelő Kft.	**1,780,000**	**100.00**	**100.00**	**F**
RÁBA Detroit Diesel Magyarország Kft.	**51,000**	**50.00**	**50.00**	**J**
BPW-RÁBA Futóműgyártó Kft.	**1,780,000**	**25.00**	**25.00**	**A**

[1]Fully owned (F); Jointly managed (J); Associated (A)

The Rába Group possesses a number of production and service-providing subsidiaries, and despite the cleaning of its portfolio of holdings, it still has some strategic investments. In this regard, the following remarks should be taken into account when comparing the consolidated figures of the two periods:

1/ Since the end of Q1 2001, an additional subsidiary – RÁBA Győri Járműalkatrész Gyártó Kft. [Győr Vehicle Components Manufacturing Ltd.], formed by spinning-off the unit from RÁBA-JÁRMŰ Jármű és Buszgyártó Kft. [RÁBA-JÁRMŰ Vehicle and Bus Manufacturing Ltd.] – has been added to the circle of consolidated companies, with effect from December 1, 2001.

2/ At the same time, the consolidated companies have also welcomed to their ranks RÁBA Vagyonkezelő Kft. [RÁBA Asset Management Ltd.], established in 2001 and included in the consolidation since January 1, 2002.

3/ As a result of their sale in Q4 2001, the following subsidiaries were no longer included in the consolidation:

- Rába Bástya Kft.
- Rába Kispesti Öntőde és Gépgyár Kft. [Rába Kispest Foundry and Machine Factory Ltd.]

PK. 4. CONSOLIDATED PROFIT AND LOSS STATEMENT (IAS)

Figures in HUF thousands

Item	Q1, 2002	Q1, 2001	Index
Domestic sales	4,227,317	5,856,959	72.2%
Export sales	7,658,212	8,306,910	92.2%
Sales revenue	**11,885,529**	**14,163,869**	**83.9%**
Direct cost of sales	-6,443,088	-7,102,251	90.7%
Gross margin	**5,442,441**	**7,061,618**	**77.1%**
Cost of sales	-193,215	-275,474	70.1%
General and administrative costs	-5,845,205	-7,020,742	83.3%
Other revenues	675,329	704,854	95.8%
Other expenses related to operations	**-5,363,090**	**-6,591,362**	**81.4%**
Operating earnings before interest and tax	**79,351**	**470,256**	**16.9%**
Net result of financial revenues/expenses	245,834	-285,672	
Profit from external companies	42,500	92,301	46.0%
PRE-TAX PROFIT	**367,685**	**276,885**	**132.8%**
Corporate tax liability	**-97,337**	**-177,974**	**54.7%**
PROFIT AFTER-TAX	**270,348**	**98,911**	**273.3%**
Payments due to minority shareholders	0	0	
RETAINED PROFIT	**270,348**	**98,911**	**273.3%**

I. Analysis of the consolidated profit and loss statement items

1. SALES AND MARKET POSITIONS

1.1. Realized sales revenue

Rába achieved sales revenues of HUF 11,886 million in Q1 2002. 64.4% of these sales revenues came from exports (Q1 2001: 58.6%), and the rest from domestic sales.

1.2. Market positions

EXPORTS:

The United States continues to be the largest export market of the Rába Group, despite the fact that in certain of its product areas a strong decline due to cyclical and economic factors has been in evidence for close to 18 months now.
On a quarter-on-quarter basis, both the number of new heavy trucks sold in North America and Rába's deliveries to that market reveal a stagnation. In addition to the fact that the US economy is displaying the first tentative signs of a return to growth, North American heavy-truck inventory levels – important in terms of Rába's potential sales to the market – have significantly decreased, suggesting the possibility of consolidation on Rába's largest export market in the medium term.

In Q1 2002, revenues from sales to the **US market** amounted to USD 11.1 million (Q1 2001: USD 12.3 million).

Rába's biggest customers in the US market are ArvinMeritor, Dana, and Deere Co.
Sales to ArvinMeritor and Dana consist of axle shafts and axle-drives as well as axle components and parts. For Deere Co. Rába supplies rubber-tracked crawler axles and axle components.
For CNH, the Company supplies axles and spare parts for Rába tractors, while to Marmon it

sells driven front axles and components.
Intensive deliveries to Deere Co. started up again in December of 2001, in line with the annual cycle, and in Q1 2002 these resulted in sales revenues in excess of USD 2 million.
The approval process of a pre-production sample of axle shafts for Caterpillar was begun, and the investments necessary for series production will be completed by the end of May. Q1 sales revenues realized from the deal exceeded USD 0.3 million.

As indicated in our previous Flash Report, Rába's sales activities have significantly decreased in **South America**. The value of exports to South America in Q1 2001 barely totaled USD 0.8 million (Q1 2001: USD 2.6 million), representing a decrease of 70.0%.
Several countries in the region are beset with economic and financial woes. The long-term devaluation of the Brazilian real has "improved the competitiveness of Brazilian industry"; this year one of our large customers began producing its own axle-drives. Rába expects to realize significantly lower revenues in this market in 2002 compared to last year.

In Q1 2002, export sales to **Asia** exceeded USD 9.1 million, which represents a year-on-year increase of 193%. USD 8.4 million came from sales to the Iranian market, while sales to the South Korean and Chinese markets were USD 0.4 million and USD 0.3 million respectively. In the second quarter of 2002, bus axles are expected to be delivered to Iran in lower quantities (approx. USD 1-2 million) than in the last quarters. With the first day of the Iranian new year being March 23, the distribution of state public procurement funds is not expected to begin in earnest until the start of July.

In European markets, Rába's sales figures were more than 30% lower than in the past year, corresponding to a turnover of USD 6.3 million.
In these markets, the Axle and Components Businesses achieved sales revenues of USD 3.1 million and USD 2.8 million respectively, with the Engine Business accounting for the remaining USD 0.4 million.

Revenue figures from sales to the *Western and Southern European markets* reveal a decline, from USD 7.4 million in the previous period to USD 3.8 million. Deliveries consisted mainly of the products of the Axle Business (27.0%) and the Components Business (73.0%). The sales figures of the Components Business (USD 1 million YTD) no longer include the revenue of the sold fireplace business.

Rába Futómű Kft. [Rába Axle Ltd.] is a supplier to several commercial-vehicle and assembly-unit manufacturers. The most significant of these are Claas, Doppstadt, Horsch and Pialleport (wet-braking machine axles), as well as DaimlerChrysler and MAN (components). Front axle deliveries to Volvo have terminated, representing an annual loss of sales revenues of some USD 2 million.
Rába's components factory in Mór is a supplier to car manufacturers, with its main European customer being Lear Co., to which it sells seat frames and seat components. Seat component deliveries to Lear Co. have decreased by USD 1.6 million as a consequence of the seat-model changes implemented at what is the largest domestic customer of Rába's Components Business.

Rába's export sales revenue from the *Eastern and Central European* markets was USD 2.5 million in Q1 2002, representing an increase of almost 25% compared with the base period (USD 2 million).
Axle sales accounted for USD 2.1 million (Q1 2001: USD 1 million) of this total, while sales of engine and engine spare parts made up USD 0.4 million.

The Group's revenue from domestic sales decreased from HUF 5,857 million in Q1 2001 to HUF 4,227 million.

The key contribution to sales revenue (49.8%) came from the Components Business, most importantly from seats supplied to Magyar Suzuki Rt., 25.05% came from the Axle Business (axles and axle components for Ikarusbus and BPW Rába Kft.), 10.14% from self-propelling bus chassis and buses sold by the Vehicle Business, and 15.1% from the sales of the Engine Business.
The largest customer of Rába's Components Business has been in the process of implementing a car- and seat-model change in 2002. Rába's delivery to this key customer decreased by approximately HUF 560 million in the first three months of 2002. In accordance with the contract concluded with ISE Gmbh, the supply of crashboxes for the Opel Vectra has begun, with the project expecting to really get underway in the third quarter.

At the end of last year, Rába Rt.'s management decided to discontinue the unprofitable bus-assembly business and, as a result of the portfolio cleaning, Kispesti Öntőde was sold. The disposal of these operations has resulted in revenue loss relative to last year.

1.3. Sales by Business

In Rába's system of measurement based on performance per product group, the main emphasis is placed on the Axle and Components Businesses, with other "metering points" being the Engine, Vehicle and Other Businesses. The change in, and proportion of, sales revenue in 2001 and Q1 2002 is shown in the following table, broken down by businesses:

Sales revenue per Business	Q1, 2002 (HUF million)	Proportion (%)	Q1, 2001 (HUF million)	Proportion (%)
Axle Business	7,779	53.7	7,855	46.3
Components Business	3,239	22.3	4,279	25.2
Vehicle Business	429	3.0	1,234	7.3
Engine Business	749	5.2	939	5.5
Other Business	2,298	15.8	2,646	15.7
Total non-consolidated sales revenue	**14,504**	**100.0**	**16,953**	**100.0**

2. COSTS AND OTHER REVENUES

2.1. Direct costs

Rába's direct costs fell by a smaller extent than its revenue. A role was played in this, as had been predicted in Q4 2001, by the application of a consolidation method that better suits the change in the holding structure and by the extension of this new method from the start of 2002.

Compared with the base period, on a comparative basis, the direct cost level decreased by 2.9%. At the same time, however, a different "technical" accounting method, unrelated to the actual trends in the economy, resulted in a HUF 829 million (7%) increase in direct costs. Since this accounting technique had a greater effect than the total cost increase, the level of direct costs disclosed in the accounting records shows a 4.1 percentage-point increase.

2.2. Trends in gross margin

The fall in gross margin from HUF 7,062 million to HUF 5,442 million is attributable to the drop in revenue (HUF -1,043 million), the decrease in the cost level (HUF +253 million) and to the above-mentioned change in consolidation technique (HUF -829 million).

2.3. Cost of sales

Cost of sales dropped from HUF 275 million in Q1 2001 to HUF 193 million. At Rába, cost of sales includes packaging and logistics costs, the operational costs related to customer services and foreign trade representations, as well as the various costs incurred in connection with promoting customer contacts and relations. The reduction is primarily attributable to the cost saving measures of customer services and trade representations.

2.4. General and administrative costs

General and administrative costs fell from HUF 7,021 million to HUF 5,845 million, or by nearly 17%, of which – in line with what has already been mentioned – less than 12% was a reduction due to the change in accounting methods, and 5% was actual cost savings. At Rába, these costs include expenses incurred in connection with administration (HUF 2,424/3,631 million). The consolidation difference originates from these costs. General and administrative costs also include such costs as are not directly linked to product manufacturing (HUF 2,654/2,754 million). This latter cost category includes depreciation, whose value rose to HUF 634 million in Q1 2002, from HUF 534 million in Q1 in 2001.

General and administrative costs also include various expenses incurred outside the course of business (HUF 768/636 million).

Indirect wage costs were influenced in Q1 2002 by the severance pay of more than HUF 260 million, paid in connection with the headcount rationalization program.

Indirect costs include those items, primarily related to inventory and debtors, that were written off in the newly established Components Business as a part of the announced profile- and portfolio-cleaning initiative.

2.5. Other revenues

In Q1 2002, other revenues amounted to HUF 675 million, down HUF 30 million (4%) from the previous year. This change is mostly attributable to the fact that in the quarter preceding the reporting period a smaller value of depreciation was accounted for, and thus other revenues originating from the write-back of depreciation were also smaller.

3. (“OPERATING”) EARNINGS BEFORE INTEREST AND TAXES

Rába’s earnings before interest and taxation in Q1 2002 were HUF 79 million (Q1 2001: HUF 470 million). The drop in gross profits (HUF 1.6 billion) could not be completely offset by the savings in general costs (HUF 1.2 billion). Profitability dropped from a rate of return on sales of 3.3% in Q1 2001 to 0.7% in Q1 2002. However, favorable business trends are reflected in the fact that the drop in the profitability rate calculated on the basis of earnings before interest, taxes and depreciation (EBITDA) was much smaller (7.5%/6.0%).

4. RESULT OF FINANCIAL TRANSACTIONS

4.1. Net financial revenues

In Q1 2002 net financial revenue amounted to HUF 246 million (Q1 2001: HUF –286 million). Rába discloses as the net financial revenue the net result of interest received, dividends from companies outside the consolidation circle, other financial revenues, interest paid and other financial expenses. Net financial revenues resulted from the following major items:

	Q1 2002 HUF million	Q1 2001 HUF million
Dividends received	50	3

Net interest	-264	-299
Net other items	319	10
Unrealized net exchange rate gain on hedge deals	141	0
NET FINANCIAL REVENUES	**246**	**-286**

Within net financial revenues, a part of other financial revenues originates from the HUF 213 million gain realized from the sale of the fireplace business, and the other part from the exchange rate gain/loss on foreign exchange items, whose risk Rába reduced by means of hedge transactions. Due to a change in the provisions of IAS (IAS 39), the non-realized exchange rate gain of these deals is also accounted for as a net financial revenue that results from the balance of the write-back of the exchange rate gain accounted for in the previous period (HUF –297) and the exchange rate gain of the reporting period (HUF 438 million).

(The final, audited IAS figures contained the open hedge deals with a revaluation according to the exchange rate of December 31, 2001, and due to this, the Company recorded a net financial revenue of HUF 297 million last year.)

4.2. Profit from external companies

In Rába's IAS consolidated profit and loss statement, profit from external companies includes the share accruing to the parent company from the net result of associated companies. In Q1 2002 its value amounted to HUF 43 million (Q1 2001: HUF 92 million).

5. TRENDS IN PRE-TAX AND NET PROFIT

The pre-tax profit of Q1 2002 was HUF 368 million, which, due to factors described under points 2.1-2.4, was HUF 91 million more than in Q1 2001. On the pre-tax profit level, the profitability rate corresponds to a return on sales of 3.1%, as opposed to 2.0% in the corresponding period of last year.

The tax liability of the Rába Group is HUF 97 million. Both the consolidated after-tax profit and net profit were HUF 270 million.

6. DIFFERENCES BETWEEN IAS AND HAS

In Rába's case, most of the differences between the profit and loss statement according to Hungarian Accounting Standards (HAS) and International Accounting Standards (IAS) are the result of the following factors:

- the write-back of last year's upward valuation of foreign currency denominated cash, receivables and liabilities;
- downward valuation, as at the turning date of the financial statements, of foreign currency denominated cash, receivables and liabilities;
- setting off the result from the sale and buy-back of own shares against Rába's equity;
- the discounting of receivables for longer periods of time,
- accounting for the non-realized exchange rate gain, due to the turning-date revaluation of open-hedge positions, as a net financial revenue.

P.K.3. IAS CONSOLIDATED BALANCE SHEET

All figures in HUF thousands

Item	Q1 2002	Q1 2002	Index
Real estate, machines and equipment	19,399,703	20,766,582	93.4%
Intangible goods	447,155	200,717	222.8%
Long-term participation	1,765,306	1,554,855	113.5%
Other participation	590,896	587,318	100.6%
Other investments	15,426	10,084	153.0%
Deferred taxes	388,415	341,431	113.8%
Total invested assets	**22,606,901**	**23,460,987**	**96.4%**
Securities	1,895	267,246	0.7%
Inventory	7,668,152	10,112,726	75.8%
Receivables due to taxation	2,263,474	1,392,359	162.6%
Receivables	12,673,745	11,395,615	111.2%
Cash, cash at bank	2,160,115	1,470,437	146.9%
Total current assets	**24,766,381**	**24,638,383**	**107.8%**
TOTAL ASSETS	**47,373,282**	**48,099,370**	**98.5%**
Share capital	12,687,766	12,687,766	100.00%
Capital reserve	5,998,529	6,438,467	93.3%
Retained earnings	6,769,189	5,675,640	119.3%
Total capital and reserves	**25,455,484**	**24,801,873**	**102.6%**
Long-term liabilities	1,134,719	1,697,668	66.8%
Total long-term liabilities	**1,134,719**	**1,697,668**	**66.8%**
Short-term loans and credits	10,499,930	12,602,768	83.3%
Short-term liabilities	10,283,149	8,997,061	114.3%
Total short-term liabilities	**20,783,079**	**21,599,829**	**96.2%**
TOTAL LIABILITIES (equity plus liabilities)	**47,373,282**	**48,099,370**	**98.5%**

II. Analysis of the change in major balance sheet items

1. INVESTED ASSETS

1.1. Real estate, machines and equipment

Most of the Group's invested assets consisted of real estate, machines and equipment. (As at March 31, 2002 these accounted for 85.8% of total invested assets, while as at March 31, 2001 the corresponding figure was 88.5%.) Their consolidated net value dropped from a closing balance of HUF 20,767 million in Q1 2001 to HUF 19,400 million in Q1 2002. The drop is partially attributable to the postponement of investments and partially to significant sales of real estate.

Within this group of assets, real estate accounts for more than 50%. However, its share is declining for two reasons:

- the investments realized by the Group were characteristically machinery investments,
- the more important sales of business stakes included real estate.

The consolidated value of real estate dropped by HUF 392 million, corresponding to 3.5%.

The combined net value of machines and equipment and unfinished capital projects dropped by HUF 975 million, of which HUF 180 million is attributable to the change in the consolidation circle. The value of completed capital projects was HUF 549 million (compared to a depreciation of HUF 634 million).

1.2. Intangible goods

At Rába, intangible goods include manufacturing procedures (licensing), the capitalized value of research, the capitalized value of foundation and restructuring and negative goodwill. As at Q1 2002, the net value of intangible goods was HUF 447 million, up from the previous year by 246 million (122.8%). A significant part of the increment comes from the capitalization carried out in the second to fourth quarters of 2001.

1.3. Long-term participations

This balance sheet row discloses the parent company's stake in associated companies. As of March 31, 2002, its value was HUF 1,765.3 million.

1.4. Other participations

Other participations are partly made up of unconsolidated subsidiaries, or other ownership shares held by Rába in companies where the stake is less than 25%. As at March 31, 2002, the value of such participations was HUF 591 million (March 31, 2001: HUF 587 million). The change partly reflects the cost value of the newly founded subsidiary (Mérnöki Kft.: HUF 3 million), and partly the effect of the exchange rate translation into forint of other stakes expressed in foreign currency and the influence of the sale of certain ownership stakes between the two turning dates.

1.5. Deferred taxation

Deferred taxation is a tax receivable in connection with consolidation adjustments, originating mostly from the upward valuation arising from the non-cash capital contribution of real estate, machines and equipment, and to a lesser extent from the elimination of interim results which will be offset in the years following the non-cash capital contribution by a higher recorded depreciation and by the sale in the next period of the inventory that existed within the Group as at the turning date. As of March 31, 2002, the value of deferred taxation was HUF 388 million, with the increase over March 31, 2001 originating from the value difference of the calculation of the non-cash capital contribution belonging to this period and the tax on revaluing inventory within the Group

2. CURRENT ASSETS

2.1. Securities

As at the end of Q1 2002, the closing value of securities was HUF 2 million, which represents a decrease of HUF 265 million since the same period of last year. The drop in the balance is due to the fact that the short-term discount securities recorded at one of the Group's subsidiaries as of the previous turning date had since been sold.

2.2. Inventory

As of March 31, 2002, the closing balance of inventory was HUF 7,668 million (March 31, 2001: HUF 10,113 million; June 30, 2001: HUF 8,999 million; September 30, 2001: HUF 9,201 million; December 31, 2001: HUF 7,597 million). Falling inventory figures were attributable to the sale of inventories not necessary for Rába Group's operation and the application of modern inventory management methods. Of the total inventory, 47.3% is own-produced, while the remaining part (52.7%) is purchased inventory.

2.3. Receivables from taxation

Tax receivables are to a minor extent attributable to the making of advance payments, and to a larger degree the result of VAT refund claims due to high exports. As at the end of Q1 2002, the closing balance of such receivables was HUF 2,263 million, more than 70% of which originated from VAT refund claims.

2.4. Receivables

As at the end of Q1 2002, the closing balance of receivables stood at HUF 12,673 million, up 11.2% (HUF 11,396 million) from the corresponding period last year. Within total receivables, trade receivables (debtors) increased by a smaller extent, while other receivables decreased. The increase in debtors is attributable to the increase in the exports-ratio, since with foreign debtors payment deadlines are longer.

2.5. Cash and cash-at-bank

As at March 31, 2002, the closing value of cash and cash at bank was HUF 2,160.1 million (March 31, 2001: HUF 1,470.4 million).

3. CAPITAL AND RESERVES

3.1. Share capital

The nominal value of Rába's ordinary shares is HUF 1,000 per share. The owners of ordinary shares are entitled to receive dividends as paid from time to time, and each share ensures its owner one vote at the Company's meetings. As at March 31, 2002, the Company's share capital was HUF 12,688 million, and had not changed compared with either the closing value of the base period or with the year-end 2001 value.

3.2. Capital reserve

As at March 31, 2002, the Company's capital reserve stood at HUF 5,999 million. Compared with the closing value of HUF 6,438 million for the corresponding period of the previous year, the capital reserve was adjusted at the end of 2001 by the difference between the nominal value of own shares held by Rába and their buy-back value, as well as by the loss incurred in connection with deals transacted with own shares.

3.3. Retained earnings

Retained earnings (HUF 6,769 million) changed as follows compared with the Q1 2001 closing balance (HUF 5,676 million):

- they increased by the profit transfers of Q2-4 of 2001 and Q1 of 2002 (HUF1,974 million),
- they decreased by the dividends determined for external owners (HUF 1,346 million),
- they increased by the transfer into the capital reserve of the loss on the buy-back of shares (HUF 465 million).

4. LONG-TERM LIABILITIES

As of March 31, 2002, the closing value of long-term liabilities was HUF 1,135 million (Q1 2001 closing balance: HUF 1,698 million), which includes loans and credits for technical development purposes (in HUF million):

	Parent company	Subsidiaries
Investment and development loans	202	810
Other long-term loans		63
Long-term credits	24	36

5. SHORT-TERM LIABILITIES

5.1. Short-term loans and credits

Compared with the balance of HUF 12,603 million as of Q1 2001, the balance of short-term loans and credits (HUF 10,500 million) decreased 16.7%. The composition of short-term loans and credits was as follows (in HUF million):

	Parent company	Subsidiaries
Short-term credits	86	12
Short-term loans	4,812	5,700

5.2. Short-term liabilities

The balance of short-term liabilities (Q1 2002 closing value: HUF 10,283 million) dropped significantly compared with the closing value of the previous year (HUF 8,997 million).

PK 5. CONSOLIDATED CASH-FLOW STATEMENT OF Q1 2002

All figures in HUF thousand

Cash-flow from ordinary activities:	Year 2001	Q1 2002
Pre-tax profit excluding profit sharing from associated companies	1,738,892	325,185
Revenues and expenses not influencing the change in the cash-flow from ordinary activities	2,070,053	269,673
Change in the assets and liabilities related to ordinary activities	-3,120,141	4,579,404
Tax paid in the reporting year	-578,074	-97,337
	110,730	**5,076,926**
Cash-flow from financial transactions		
Sale of own shares	2,658,582	0
Purchase of own shares	-2,633,150	0
Net decrease/ (increase) of securities	-50,923	-386
Net increase/ (decrease) of loans and credits	836,635	-2,605,465
Dividends paid	-1,980,298	-1,269,199
	-1,169,154	**-3,875,050**
Cash-flow from investment activities		
Revenue from the sale of invested assets	1,773,216	605,769
Purchase of invested assets	-2,709,673	-549,25
	-936,457	**56,344**
Decrease in cash-flow	**-1,994,881**	**1,258,220**
Revenues and expenses not influencing the change in the cash-flow from ordinary activities		
Depreciation	2,455,641	634,029
Loss (gain) from the sale of financial investments	-463,501	-364,356
Write-off of invested assets	77,913	0
	2,070,053	**269,673**
Change in the assets and liabilities related to ordinary activities		
Decrease / (increase) in inventories	2,318,688	-71,605
Change in receivables/liabilities	-5,438,829	4,651,009
	-3,120,141	**4,579,404**

PK6. Major off-balance sheet items

Name	Value (HUF)
According to separate enumeration*	

* Foreign exchange forward contracts for hedging the exchange risk of export sales revenue: USD 20.0 million hedged, and an additional USD 32.4 million sold for Euro.

III. OTHER IMPORTANT FACTORS, MAJOR CHANGES

RS1. Ownership structure, with extent of participation

Shareholder category	Total share capital				Series for public offering			
	Start of period January 1		End of period March 31		Start of period		End of period	
	%	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares
Domestic institutional investors/companies	26.62	3,691,855	26.30	3,646,455				
Foreign institutional investors/companies	25.14	3,486,466	24.20	3,357,720				
Domestic private investors	15.43	2,139,794	16.69	2,313,940				
Foreign private investors	0.10	13,188	0.11	14,688				
Employees, executive managers								
Own shares	8.47	1,175,184	8.47	1,175,184				
State owner	13.9	1,898,237	13.68	1,896,737				
International development institutions	10.55	1,462,446	10.55	1,462,446				
Other								
TOTAL	100.00	13,867,170	100.00	13,867,170				

* Included in the category of domestic private investors.

RS3. Shareholders with a stake of more than 5% in the company (as at the end of the period)

Name	Domestic/ foreign [4]	Activity type/sphere [5]	No. of shares held	Participation (%)[6]	Remarks [7]
Municipality of Győr County	D	State	1,542,880	11.13	
EBRD	F	Development	1,462,446	10.55	
DRB Hicom Group	F	Company	1,462,446	10.55	
Graboplast Rt.	D	Company	1,162,446	8.38	
Own shares	D	Company	1,175,184	8.47	

In addition to the items listed, Rába Menedzsment Kft. (Rába Management Ltd.) holds a 4.47% stake.

RS2. Changes in the amount of treasury stock (expressed in number of shares) in the year under review

January 1	March 31	June 30	September 30	December 31
1,175,184	1,175,184			

All of the re-purchased shares are treasury shares directly held by the parent company.

TSZ2. Change in number of staff employed full-time by the company group (number of persons)

Company Group

End of base period	At start of review period	At end of review period
6,860	5,702	5,310

The closing consolidated headcount as at March 31, 2002 was 5,355 persons. The rate of reduction in staff numbers relative to the headcount as it stood at the end of the base period is 22%. The decrease reflects the reduction in the staff numbers of two companies due to the sale of Kandalló Kft. (Fireplace Ltd.) in Q4 of 2001 and Q1 of 2002.

TSZ3. Management executives and strategically important employees

Category[1]	Name	Position	Start of employment/ mandate	End of mandate	No. of shares held in the company
BD	Péter Jancsó	BoD Chairman	1998		0
BD	Abbas Mehad	BoD member	1998		0
BD	Merrick W. Taylor	BoD member	1998		0
BD	Antal Apró	BoD member	1998		0
BD	József Szabó	BoD member	2000		414
SB	József Patonai	SB chairman	1996		0
SB	András Geszti	SB member	2000		0
SB	Mrs Miklós Csákány	SB member	2000	2001	214
SB	Dr. Imre Czinege	SB member	2001		0
SP	Barnabás Zalán	CEO	1998	2000	
SP	Gyula Imre	CEO	2000	2001	414
SP	László Steiner	CEO	2001		2000
SP	Gyula Kugler	Deputy CEO	2000		414
SP	István Pintér	Deputy CEO	2000		414
SP	Mihály Horváth	CFO	1999	2001	0
SP	Péter Lengyel	CFO	2001		0
SP	Ferenc Vissi	HR Director	2001		0
SP	Dr. János Megyeri	Director of Technical Sales and Quality Management	2001		0
SP	László Peski	Controlling Director	1999		0
SP	Sándor Kocsis	Quality Management Director			
SP	József Csákány	Managing Director	1999	2001	414
SP	Gyula Imre	Managing Director	2001	2001	414
SP	László Csuport	Managing Director	2001	2002	0
SP	Ernő Udvardi	Managing Director	2002		0
SP	Dr. Béla Fekecs	Managing Director	2002		0
SP	Dr. János Megyeri	Managing Director	2002		0

Employee-related changes

The Board of Directors of Rába Rt. appointed László Steiner as CEO of the company, effective from May 1, 2001.
Following the retirement of Mihály Horváth, Rába Rt.'s CEO appointed Péter Lengyel as Chief Financial Officer of Rába Rt. with effect from May 15, 2001.
With effect from May 1, 2001, Gyula Imre replaced József Csákány as managing director of Motor Kft., and with effect from December 31, 2001, József Szakács replaced Gyula Imre as managing director of Motor Kft.
As a step towards the development of the car components business, József Szabó, managing director of Rába Sárvár Kft. also performed the duties of managing director at Rába Mór Kft. between February 2001 to April 15, 2002. Since April 15, 2002 Dr. János Megyeri has been performing the duties of managing director at Rába Mór Kft.
As a part of the organizational restructuring process launched at Rába Jármű Kft., László Csuport was appointed managing director of that subsidiary in February 2001 and performed his duties in this capacity until February 28, 2002. Since March 1, 2002 Ernő Udvardi has been managing director of Jármű Kft.
Since September 2001, Ferenc Vissi has been HR Director of Rába Rt., and Dr János Megyeri Director of Technical Sales and Quality Management.
With effect from February 1, 2002, Dr. Jenő Surányi replaced László Veress as managing director of Rába Szolgáltatóház Kft.

ST1. Special announcements occurring during the reporting period

Date	Published in	Subject, summary
8.1.2002	MATÖKE Issue 5	Rába Rt.'s announcement on its property utilization project
25.1.2002	MATÖKE Issue 18	An employee-related change at Rába Futómű Kft. (Dr. Károly Szőcs)
8.2.2002	MATÖKE Issue 28	Rába Rt.'s Flash Report 2001
7.3.2002	MATÖKE Issue 47	Rába Rt. sells Rába Kandallógyártó Kft.
22.3.2002	MATÖKE Issue 57	Invitation to Rába Rt.'s AGM

<u>Other events</u>
RÁBA Rt.'s AGM held on April 24, 2002 decided on the payment of a gross HUF 100 per share in dividends from the 2001 profits. The starting date of dividend disbursement will be June 4, 2002.

Pursuant to a resolution of the same AGM, Deloitte & Touche Kft. (1051 Budapest, Nádor u. 21) has been selected as the Company's auditor. Pursuant to the statutory provisions, the mandate of the auditor will be valid for one year, until the AGM that follows the 2002 business year.

The AGM held on April 24, 2002 decided (as a means of capital reduction) on the withdrawal of 393,724 of its own shares.

Changes occurring after the turning date of the reporting period

Effective from April 1, as a result of restructuring, 2002 bus axle manufacturing has been removed from the business operations of Rába Jármű Kft. and transferred to Futómű Kft.

Rába Rt.'s Board of Directors has determined that the companies (Rába Sárvár Kft., Rába Mór Kft. and Rába Alkatrész Gyártó Kft.) involved in the merger to create the unified components business, Alkatrész Kft., should prepare their draft balance sheets and inventories with a turning date of April 30.

On May 13, 2002 Rába Menedzsment Kft. sold 619,690 of its Rába ordinary shares in a stock exchange transaction, leaving just 3,000 in its ownership.

Staff-related changes occurring after the turning date

Effective from April 1, 2002 Dr. Béla Fekécs replaced Gyula Kugler as managing director of Futómű Kft. Since that time, Gyula Kugler has been exclusively focusing on his duties as deputy CEO, and in this capacity is responsible for directing the manufacturing subsidiaries.

In order to replace the traditional system of internal supervision, Rába Rt. has established an internal audit unit, with Csaba Hatvani as its head, effective from April 2002.

PK1. General information related to the financial data

	Yes	No
Audited		X
Consolidated	X	

Accounting principles	**Hungarian**		**IAS**	X	**Other**	

Other: …………………..

With respect to this flash report, Rába Rt. wishes to emphasize the following:

- The data related to Q1 of the year 2002 has not been audited, but to the best of Rába's knowledge, it has been compiled on the basis of all available information.
- Rába's Q1 report (i.e. the balance sheet and profit and loss statement) has been prepared in accordance with international accounting standards (IAS).
- No changes of great significance have occurred in the accounting policies of the companies in the Group, and the modifications approved by the Board of Directors in this regard have had no effect on Rába Rt.'s ability to present a true and fair picture of its performance, or on the comparability of its figures. The accounting policies of the companies newly included in the consolidated reports are in line with that of the Group's other companies.

Győr, May 14, 2002

László Steiner	Péter Lengyel
Chief Executive Officer	**Chief Financial Officer**