Rába Rt. Flash Report for the First 6 Months of 2004

Unaudited, consolidated flash report in accordance with the International Accounting Standards (International Financial Reporting Standards - IFRS)

Company:	Rába Járműipari Holding Részvénytársaság
Company address:	H-9027 Győr, Martin u. 1.
Sector:	Machine industry
Period:	1st 6 months of 2004
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Short summary

The consolidated sales revenue of the Rába group during the first 6 months of 2004 amounted to HUF 16.3 billion, an increase of 11.7% over the first 6 months of 2003 and an increase of over 22% over Q1 of 2004.

The operating result was a loss of HUF 3.1 billion, following the loss of HUF 3.5 billion registered in the first half of 2003, following the removal of one-off, revaluation items.
The result of the Rába group during the first six months of 2004 was improved by a financial profit of HUF 4.6 billion thus the net profit of the company during the first six months is nearly HUF 1.6 billion.

Rába Futómű Kft. (Axle Ltd.)

The sales revenue of Rába Futómű Kft. during the first six months of 2004 amounted to USD 52.7 million, an increase of 31.9% over the sales revenue of USD 39.9 million, registered during the first 6 months of 2003. The first three months were followed by a second quarter characterized by a sales revenue of USD 28.8 million, which exceeded the expectations of the management, thus the pro-rata portion of the annual sales revenue plan (USD 101.2 million) was over-fulfilled. The principal driver behind the sales revenue can be linked to the growth in the European projects and the boom in the American commercial vehicle industry.

The significant weakening of the USD compared to the average of the previous year (-6.2) had a negative effect on the company, the deterioration of the cross exchange rates, however, did not lead to any further decline in the gross margin of either the Futómű Kft (Axle Ltd.) or of the Rába group.
The first result of the product portfolio streamlining process completed by the end of Q2 - whereby as from Q3 deals with a margin deficit were either eliminated or turned profitable through price increase - was that the group managed to increase the gross margin compared to Q1 by 1.6% at group level and to an even larger extent within the axle business.

Besides the sales review, a further series of direct and indirect cost cutting measures has been introduced as from 1st July, 2004, the results of which will be manifest in the figures from Q3 as well.

Based on its agreements with its partners, Rába passes on the substantial increase in the price of iron and steel on the world market - exceeding 50% for certain products by the end of the first 6 months of 2004 (base: average of 2003) - to its customers, consequently the negative effect of this is unlikely to have an impact on Rába's activity according to the management.

In view of the gradually increasing monthly indices and results, the management of the company is optimistic. According to management expectations the second half of the year will continue to be characterized by dynamically increasing turnover, and as a result of the product portfolio and cost review implemented, further substantial growth of the margin will be feasible.

Rába Járműipari Alkatrészgyártó Kft (Component Ltd.)
A further increase of 10.6% in the sales revenue is manifest over Q1 of 2004, as a result of the growth in new European deals.
In line with the forecasts of the previous quarterly flash report, sales revenues and operating profit have increased month after month continuously and the business division achieved a positive EBITDA during Q2 of 2004.

Rába Jármű Kft. (Vehicle Ltd.)
During the first 6 months of 2004 Jármű Kft. was involved in the assembly of the military test vehicles within the context of the military tender won. The costs associated with the project can be tracked in the divisional breakdown of the operating results of the company. The troop testing of the vehicles assembled is now underway and the assembly of 90 pieces of H14 military vehicles began in July, in line with the plans.

The supplementary agreement for 2004 was signed in April of 2004, thus the Jármű Kft. disposes over some HUF 5.8 billion net worth of military orders. The above deliveries shall take place during Q3 and Q4 of 2004, as well as during the first months of 2005, thus the sales revenue generated will be manifest in the accounts of Rába as from the second half of 2004.

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

Sales revenue by business divisions

Sales revenue (HUF million)	Axle	Component	Vehicle	Rába group consolidated
2003 Q1	4,141	3,043	48	7,243
2003 Q2	4,863	2,408	31	7,325
2003 Q3	4,944	2,154	24	7,199
2003 Q4	6177	2453	1532	9909
2004 Q1	4943	2608	307	7324
2004 Q2	**6036**	**2885**	**396**	**8942**

Business development
In addition to laying down the foundations for a sustainable competitive business, Rába continued the intensive market and product development started in 2003. Priority markets are: USA, Western Europe, CIS countries and China.

- Favourable trends started in the vehicle industry, especially the North American freight vehicle market at the end of 2003 - market players expect prosperous years for 2004 and 2005 as well. The sales figures of Rába during the second quarter of 2004 showed - parallel to the tangible expansion of the market - a sales revenue increase exceeding 28% compared to Q1 of 2004.
- In 2004, in addition to the US market, representing growth, Rába supplies a growing volume of axle components to the West European sites of its American partners (Dana, ArvinMeritor), with the increase exceeding 50%, thus making Rába gradually part of the European supply chain.

- On 16 December 2003, Rába Járműipari Holding Rt. signed a declaration of understanding in China with Liaoning Shuguang Automotive Group Co. Ltd. and Dandong Huanghai Automotive Co. Ltd. for the establishment of a joint venture manufacturing axles for buses. Negotiations continued in the first half of 2004 and according to the joint plans, the joint venture may be established before the end of this year.

- On the CIS markets in line with the cyclical nature of the business, Q2 resulted stronger, thus making significant progress towards achieving Rába's strategic objectives. Rába and the RuspromAvto group, representing the leading Russian bus manufacturers have signed a letter of intent, with the aim of establishing a strategic co-operation to improve the international competitiveness of the Russian vehicle industry through the increase of Rába's market share.

- On the basis of a government decree, the government authorised the Minister of Defence and his representative to sign a supplementary agreement with Rába Jármű Kft. for vehicle supplies in 2004 and 2005 within the framework of the long-term development programme of the Hungarian army, and to undertake a payment obligation of HUF 7,680 million net for 2005 and HUF 10,240 million net for 2006. Rába Jármú Kft. in its updated plans is projecting net sales of HUF 5.9 billion for 2004 and HUF 17.6 billion for 2005.

Breakdown of the operating result of the member companies in Rába's flash report

	Result of operation					
	2003. Q1	**2003. Q2**	**2003. Q3**	**2003. Q4**	**2004. Q1**	**2004. Q2**
Axle	-1.657	-1.427	-1.443	-1879	-1.484	**-1.095**
Components	-119	-245	-397	-227	-194	**-34**
Vehicle	-14	-30	-44	148	-35	**-93**
Other	98	650*	309	479	-105	**-26**
Total consolidated	**-1.692**	**-1.052**	**-1.575**	**-1.479**	**-1.818**	**-1.248**

* This figure contains the result of valuation of manufactured stocks in accordance with the changed accounting policy, based on which HUF 749 million was accounted in the second quarter of 2003.

Comments pertaining to the flash report for the first 6 months of 2004 of Rába Rt.:

It must be noted that the flash report for the first 6 months of 2004 contains the profit generated through the revaluation of the hedge transactions open on the closing day (HUF 344 million), as well as the profit resulting from the reversal of revaluations accounted earlier (HUF 2,576 million), which appear in the financial result line.

Rába Rt. draws the attention of its investors to the fact that as a result of the liquidation of its principal Hungarian supplier, BNA (earlier DAM) and of the import contents of the increased military orders, the foreign exchange exposure of the Rába group has changed substantially. As a result, our hedge positions were excessively covered, a phenomenon that was eliminated by Rába during Q2 of 2004. The company has registered exchange rate gains of HUF 1.6 billion on the closed positions.

PK2. Companies involved in the consolidation

Company	Capital in HUF thousand	Participation (%)	Voting ratio[1]	Classification[2]
RÁBA Futómű Kft.	**9,762,800**	**100.00**	**100.00**	**S**
RÁBA Járműipari Alkatrészgyártó Kft.	**300,000**	**100.00**	**100.00**	**S**

Rába Jármű Kft.	**835,100**	**100.00**	**100.00**	**S**
RÁBA Ipartechnika Szolgáltató Kft.	**266,860**	**100.00**	**100.00**	**S**
RÁBA Vagyonkezelő Kft.	**11,000**	**100.00**	**100.00**	**S**
BPW-RÁBA Futóműgyártó Kft.	**1,780,000**	**25.00**	**25.00**	**A**

[1] Voting right related to participation in the decision-making at the general meeting of the company subject to consolidation.
[2] Subsidiary (S); Jointly controlled (J); Affiliated (A)

The following factors need to be taken into account for the comparison of the consolidated figures of the two periods:

Because of their sale, Rába Szolgáltatóház Kft. and Rába Detroit Diesel Kft. were taken out of the consolidation. This does not, however, impact the comparability of data, since Rába Szolgáltatóház Kft. rendered services almost exclusively within the group, while the result of the activity of Rába Detroit Diesel Kft. over the past two years did not have an influence on the actual situation

PK. 4. CONSOLIDATED PROFIT AND LOSS ACCOUNT ACCORDING TO IFRS

data in HUF thousand

Item	Months 1-6, 2004.	Months 1-6, 2003	Index
Domestic sales revenues	5,437,364	5,443,312	99.9%
Export sales revenues	10,828,832	9,124,321	118.7%
Sales revenues	**16,266,196**	**14,567,633**	**111.7%**
Direct cost of sales	14,006,912	12,551,964	111.6%
Gross margin	**2,259,284**	**2,015,669**	**112.1%**
Cost of sales	498,621	471,561	105.7%
General and administration expenses	5,678,211	6,120,633	92.8%
Other revenues	851,501	1,832,159	46.5%
Other items related to business activities	**-5,325,331**	**-4,760,035**	**111.9%**
Result of operation before interest payment and taxation	**-3,066,047**	**-2,744,366**	**111.7%**
Net financial revenues/expenses	4,555,610	-6,434,464	-70.8%
Profit share from external companies	142,514	91,249	156.2%
PROFIT BEFORE TAXATION	**1,632,077**	**-9,087,581**	**-18.0%**
Corporate profit tax	**55,109**	**-1,278,762**	**-4.3%**
PROFIT AFTER TAXATION	**1,576,968**	**-7,808,819**	**-20.2%**
Profit share of minority shareholders			
NET PROFIT	**1,576,968**	**-7,808,819**	**-20.2%**

1. SALES AND MARKET POSITIONS

1.1 Earned revenues

During the first 6 months of 2004, Rába achieved HUF16,266 million in sales revenue. 66.6 per cent of the revenues came from export (first half of 2003: 62.6 per cent), the rest came from domestic sales.

EXPORT:

The sales revenue achieved on the **US market** amounted to USD 23.9 million (first 6 months of 2003: USD 22.2 million). The increase is 7.7% on a year on year basis, and 27.6% compared to Q1 of 2004.

During the first 6 months of 2004, **Asian** exports exceeded USD 0.4 million.

On the European markets, Rába's sales went up by 42.9 per cent compared to the previous year and by 31.6% compared to Q1 of 2004, involving sales in the amount of EUR 22 million.

The revenues of the Axle business amounted to EUR 13.7 million, and those of Components represented EUR 8.3 million of total sales.

On the *West and South European markets,* revenues went up by 56.9 per cent; revenues increased from EUR 12.3 million during the previous period to EUR 19.3 million. 62 per cent of the sales involved products of the Axle business and 38 per cent were related to the products of the Component business.

On the *Eastern and Central European* markets, Rába generated sales in excess of EUR 2.7 million which compared to the base period represents approximately stagnation. This sales revenue figure is made up of the proceeds of axle sales only.

On a comparative basis, **the domestic sales revenues of the group** stagnated at HUF 5.4 billion.

2. EXPENSES AND OTHER REVENUES

2.1. Direct expenditure

During the first 6 months of 2004 the direct expenditure of Rába represented 86.1 per cent, which is equal to the cost level of the first half of 2003.
In spite of the 7% decline in the exchange rate of the USD, Rába has managed to maintain the direct cost level prevailing during the previous year.

2.2. Gross Profit

The gross profit has changed from HUF 2,016 million to HUF 2,259 million, which is due to the increase in the sales revenue (+ HUF 1,699 million) and to the lesser increase in direct costs (+ HUF 1,455 million)

2.3.Cost of sales

The cost of sales increased by 5.7 per cent and amounted to HUF 499 million during the first 6 months of 2004, compared to HUF 472 million during the first half of 2003.

2.4. General overhead and administrative expenses

Rába accounts its costs incurred in relation to the management of the company, as well as other general expenses (first 6 months of 2004: HUF 4,890 million, first 6 months of 2003: HUF 5,053 million), and various expenditures outside business operation (first 6 months of 2004: HUF 766 million, first 6 months of 2003: HUF 1,003 million) in the P&L line of general and administrative expenditure. General overhead and administrative expenses were reduced by 7.2 per cent. The decline in general overhead and administrative expenses is the result of the cost cutting and austerity measures introduced, as well as of the decline in expenses related to lay-offs.

2.5. Other revenues

Other revenues amounted to HUF 852 million during the first 6 months of 2004. This amount was HUF 981 million (53.5 per cent) lower than that of the previous period. A Of this HUF 749 million was the profit accounted last year as one-off item, which was due to the changes in the accounting policy related to the valuation of stocks of own production. A significant other portion of the difference is the aggregate decline resulting from the sale of tangible assets, from the release of provisions and from the rewrite of receivables.

3. ("OPERATING") PROFIT BEFORE INTEREST PAYMENT AND TAXATON

The profit of Rába before interest payment and taxation was HUF -3,066 million during the first 6 months of 2004 (first 6 months of 2003: HUF –2,744). The positive effect of the growth due to the gross margin (HUF +244 million) and of the decline in cost of sales and in general expenses (HUF 415 million) was deteriorated by the decline in other revenues (HUF –981 million) as described in section 2.5. Profitability remained unchanged compared to the 18.8% rate of the base period.

4. FINANCIAL REVENUES AND EXPENSES

4.1. Net financial result

The net financial result was HUF +4,556 million during the first 6 months of 2004. (first half of 2003: a loss of HUF 6,434 million). The net financial revenues consisted of the following principal items:

	30th June 2004 million HUF	30th June 2003 million HUF
Dividend received	22	18
Net interest	-279	-241
Net other items	4,812	-6,211
Net financial revenues	4,556	-6,434

Within net financial revenues, the majority of other items involved exchange rate gains/exchange rate losses on FX items, in relation to which Rába reduced the risks through hedging transactions. During the first 6 months of 2004, the net gain on hedging transactions amounted to HUF 1,596 million (the exchange rate gain realized during the first half of 2003 amounted to HUF 1,105 million). The unrealised gain on the revaluation of hedging transactions at the end of the first half of 2004 was HUF 344 million, compared to the loss of HUF 5,497 million of the previous year. The unrealized loss of the year-end hedge transactions of 2003 was released during the first 6 months of 2004, which has a positive effect of HUF 2,576 million on the financial result. The same value resulted in a loss of HUF 1,240 million during the first half of 2003.

The unrealized loss of HUF 5,497 million resulting from the revaluation at the closing day of the open forward FX transactions within the flash report of the first half of 2003 did not feature in the tables, since - as a result of the significant events that occurred on the Hungarian money and FX markets during the month of June of 2003 - the exchange rate of the HUF against the EUR and the USD, as well as the interest rates on the HUF were characterized by extreme volatility instead of the stability experienced previously. The exchange rates and interest rates applicable for the revaluation of open forward FX transactions at the closing date were among the highest of the period, thus deteriorating the value of the open positions to an extraordinary extent. In spite of this, for the sake of methodological comparability of the data, the loss of the open hedge transactions is shown in the result of the basis period.

4.2. Profit from external companies

The profit from external companies contains the profit share of the parent company of the net profit of associated companies, included in Rába's profit and loss account, consolidated according to IFRS. During the first 6 months of 2004, the profit from external companies amounted to HUF 143 million (in the first half of 2003 it was HUF 91 million). Rába Detroit Diesel Magyarország Kft. was sold on 11th June 2003, thus among profit from external companies only the profit due for the parent company from the net profit of BPW-RÁBA Futóműgyártó Kft is accounted.

5. PROFIT BEFORE TAXATION AND NET PROFIT

The result before taxation was HUF 1,632 million during the first 6 months of 2004, which, due to the factors listed under sections 2.1-4.2, was HUF 10,720 million higher than the figure for the first 6 months of 2003. The profitability index represents a 10.0 per cent return on sales on the basis of profit before taxation, compared to – 62.4 per cent during the base period.

At group level the tax liability amounts to HUF 55 million, which is the tax liability due on the basis of the unrealized profit of the hedge transactions. Thus the consolidated result after taxation is a profit of HUF 1,577.

6. 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:

- revaluation of open hedging positions and reversal of revaluation of the previous year,
- accounting under IFRS as costs of technical development expenses capitalised according to HAS.

PK. 3. CONSOLIDATED BALANCE SHEET ACCORDING TO IFRS

Data in HUF thousand

Item	30 June 2004	30 June 2003	Index
Properties, machines, equipment	19,197,217	21,351,572	89.9%
Intangible assets	17,115	200,453	8.5%
Long-term participations	1,843,647	1,794,232	102.8%
Other participations	434,620	432,620	100.5%
Other investments	25,833	39,228	65.9%
Deferred tax	1,707,281	1,342,157	127.2%
Total invested assets	**23,225,713**	**25,160,262**	**92.3%**
Securities	6,392	2,858	223.7%
Stocks	7,842,903	7,210,281	108.8%
Receivables related to tax	1,811,137	1,716,540	105.5%
Receivables	8,928,284	8,211,524	108.7%
Liquid assets, bank account	240,206	379,359	63.3%
Total current assets	**18,828,922**	**17,520,562**	**107.5%**
Total ASSETS	**42,054,635**	**42,680,824**	**98.5%**
Share capital	12,687,766	12,687,766	100.0%
Capital reserve	6,854,765	6,856,499	100.0%
Retained earnings	-2,554,466	-4,418,013	57.8%
Total capital and reserves	**16,988,065**	**15,126,252**	**112.3%**
Long-term liabilities	5,830,198	7,313,079	79.7%
Total long-term liabilities	**5,830,198**	**7,313,079**	**79.7%**
Short-term credits and loans	8,668,691	8,552,455	101.4%
Short-term liabilities	10,567,681	11,689,038	90.4%
Short-term liabilities total	**19,236,372**	**20,241,493**	**95.0%**
Total LIABILITIES (equity and liabilities)	**42,054,635**	**42,680,824**	**98.5%**

I. 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 dropped from the closing value of HUF 21,352 million of the previous year to HUF 19,197 million, which represents a change of (-10%). The reason for the decline is that as part of the territorial rationalization process part of one of the sites was sold together with the equipment of Rába Szolgáltatóház Kft. at the end of 2003.

1.2. Intangible assets

The net value of intangible assets was HUF 17 million, which is HUF 183 million below the base figure. The reduction occurred due to the sale of Rába Szolgáltatóház Kft. at the end of 2003.

1.3. Long-term participations

This balance sheet line shows the proportion of an associate enterprise relating to the parent company. On 30th June 2004, it amounted to HUF 1,844 million.

1.4. Other participations

Some of the other participations include subsidiaries not involved in consolidation, and the rest are other participations, in the case of which Rába's stake is less than 25 per cent. The closing figure on 30th June 2004 was HUF 435 million

1.5. Other investments

The closing value of other investments was HUF 26 million, which was HUF 13 million below the previous year's figure.

1.6. Deferred tax

On 30th June 2004, the deferred tax amounted to HUF 1,707 million, HUF 365 million more than on 30th June 2003. The change is due to accrued subsidiary losses.

2. CURRENT ASSETS

2.1. Stocks

On 30th June 2004, the closing value of stocks was HUF 7,843 million (30th June 2003: HUF 7,210 million). The increase in stocks of HUF 633 million is due to the decline in materials (of HUF -110 million) and to the substantial growth in finished goods (of HUF +240 million), as well as in work in progress (of HUF +491 million) due to the growth in customer orders.

2.2. Tax receivables

Tax receivables (HUF 1,811 million) originate mainly from the reclaimed VAT in relation to export activities.

2.3. Receivables

The closing figure of receivables for the first 6 months of 2004 was HUF 8,928 million (closing figure for the first half of 2003: HUF 8,212 million) which represents an increase of 8.7%. The increase is the result of the 19% increment of the receivables from customers and of the 18% decline in other short-term liabilities. The increase in receivables from customers is largely due to the increase in deliveries to customers and to a lesser extent to the increasing ratio within the sales structure of customers exceeding the average payment terms.

2.4. Liquid assets

The closing figure of liquid assets on 30th June 2004 was HUF 240 million (30th June 2003: HUF 379 million). The company operates a cash-pool system. This system optimises the available cash, with the help of which the difference between the deposit and credit interests related to the cash and debt portfolio of the individual companies within the system can be saved.

3. EQUITY AND RESERVES

3.1. Share capital

Rába Rt.'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 30th June 2004, the share capital of the company was HUF 12,688 million, which is the same figure as the one prevailing on 30th June 2003.

3.2. Capital reserve

On 30th June 2004, the capital reserve was HUF 6,855 million. The slight decrease is explained by the sale of a subsidiary and an associate enterprise during the second half of 2003.

3.3. Retained earnings

The retained earnings (HUF –2,554 million) changed compared to the previous year (HUF -4,418 million) in line with the result realized between the two periods.

4. LONG-TERM LIABILITIES

The closing value of long-term liabilities as at 30th June 2004 amounted to HUF 5,830 million (on 30th June 2003, the closing figure was HUF 7,313 million), which no longer included the repayment liabilities of medium-term loans due within one year. The decline is HUF 1,483 million, resulting from the decline in the long-term and capital expenditure loan portfolio of the subsidiaries. The currency composition of our debt portfolio (USD, EUR and HUF) proportionately reflected the composition of our revenues, thus mitigating our exchange rate exposure.

5. SHORT-TERM LIABILITIES

5.1. Short-term credits and loans

There has been no significant change (+1.4%) in the amount (HUF 8,669 million) of short-term credits and loans compared to the previous period (HUF 8,552 million).

5.2. Short-term liabilities

The amount of short-term liabilities (closing figure on 30th June 2004: HUF 10,568 million) declined compared to the base period (of HUF 11,689 million). The change is due to the decline in other short-term liabilities and to the increase in liabilities to suppliers. The reason for the decline in other short-term liabilities is that the figure for the base period shows the loss resulting from the revaluation at closing day of the open forward FX transactions. The principal reasons for the increase in liabilities to suppliers are:

- Due to the liquidation of a strategic supplier, the supply of base materials can only be secured using multiple import suppliers instead of deliveries from stand-by warehouses.
- Procurements have increased due to the launch of military production.
- The price of steel has increased considerably.
- The payment terms for the payment of supplier invoices have been extended.

PK 5. CONSOLIDATED CASH-FLOW STATEMENT FOR THE FIRST HALF OF 2004

Data in HUF thousand

	First half of 2004
Cash-flow of ordinary operation:	
Profit before taxation net of profit shares from associate companies	1,434,416
Revenues and expenses not affecting the cash flow of ordinary operation	-1,633,058
Changes in assets and liabilities related to ordinary activities	-1,340,950
Of which: buyers	-856,454
Supplies	1,313,010
Tax paid in the current year	0
	-1,539,592
Changes in financial assets due to financial transactions	
Sale of own shares	0
Purchase of own shares	0
Net reduction / increase of securities	-3,942
Net increase / decrease of credits and loans	1,626,415
Dividend paid	0
	1,622,473
Changes in cash-flow of investment activity	
Revenues from the sale of invested assets	464,393
Purchase of invested assets	-622,820
	-158,427
Changes in liquid assets	**-75,546**
Revenues and expenses not affecting the cash flow of ordinary activities	
Depreciation	1,424,624
Revaluation	-2,776,712
Loss / gain on the sale of invested assets	-280,970
Depreciation of invested assets	0
	-1,633,058
Changes in assets and liabilities related to ordinary activities	
Reduction / increase of stocks	-1,824,970
Changes in receivables / liabilities	484,020
	-1,340,950

PK6. Major off-balance sheet items

Description	Value (HUF)
According to a separate list*	

Forward FX deals serving as collateral for the exchange rate risk of export sales revenues: sale of EUR 79 million in exchange for HUF, in addition to the purchase of EUR 53 million for USD.

III. DESCRIPTION OF MAJOR FACTORS AND CHANGES

RS1. Ownership structure, ratio of participation

Description of ownership	Total equity						Series listed[1]			
	Beginning of current year (1 January)			At the end of the period (30th June 2004)			Beginning of term		End of term	
	% [2]	% [3]	No. of pcs.	% [2]	% [3]	No. of pcs.	%	Pcs	%	Pcs
Domestic institutional/corporate	18.36	19.49	2,473,274	22.66	24.05	3,052,426				
Foreign institutional/corporate	30.38	32.25	4,093,640	27.28	28.96	3,675,665				
Foreign private individual	0.09	0.09	11,669	0.01	0.01	1,900				
Domestic private individual	22.22	23.59	2,993,874	24.91	26.45	3,356,419				
Employees, managing executives										
Treasury shares	5.80		781,460	5.80		781,460				
Shareholder forming part of general government	12.28	13.04	1,655,087	8.44	8.96	1,137,760				
International Development Institutions	10.85	11.52	1,462,446	10.85	11.52	1,462,446				
Other	0.01	0.02	1,996	0.04	0.04	5,370				
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 in the decision making process at the issuing general meeting of shareholders. If the ownership ratio and the voting right are the same, only the column regarding the ownership ratio needs to be filled in/published while stating such fact!
[4] E.g.: ÁPV Rt., Social Security, Local Government, 100% state-owned companies, etc.
[5] E.g.: EBRD, EIB, etc.

RS3. Listing, introduction of shareholders with a stake exceeding 5% (as at 30th June 2004)

Name	Nationality [1]	Activity [2]	Quantity (pcs)	Ownership stake (%) [3]	Voting right (%) [3,4]	Comment [5]
Local Government of Győr County town	D	G	968,850	7.19	7.63	
EBRD	F	IFI	1,462,446	10.85	11.52	
DRB Hicom Group	F	B	1,462,446	10.85	11.52	
Rába Investments Limited	F	B	736,843	5.47	5.81	
Treasury shares	D	B	781,460	5.80		

[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 in the decision making process at the issuing general meeting of shareholders.
[5] E.g.: strategic investor, financial investor, etc.

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

	1 January	31 March	30 June	30 September	31 December
Company level	781,460	781,460	781,460		
Subsidiaries					
Total	781,460	781,460	781,460		

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

TSZ2. Headcount of full-time employees (No. of people)

	End of base period	Beginning of current year	End of current year
Company level	33	29	13
Group level	3,765	3,342	3,249

The consolidated closing headcount as at 30th June 2004 was 3,249 people. The reduction in headcount compared to the end of the base period is 13.7%. The headcount of Rába Szolgáltató Kft. (144 people) sold 31st October 2003 is still included in the closing headcount of the group for the base period.

TSZ3. Managing executives, strategic employees

Type[1]	Name	Position	Beginning of mandate	End/ termination of mandate	Shares held (pcs)
BD	Péter Jancsó	Chairman of the BD	1998.		0
BD	Abbas Mehad	Board member	1998.		0
BD	Merrick W. Taylor	Board member	1998.	2003.	0
BD	Antal Apró	Board member	1998.		0
BD	József Szabó	Board member	2000.	2003.	
BD	Gordon Bajnai	Board member	2003.		0
BD	Péter Küllői	Board member	2003.		0
BD	Olivér Martin	Board member	2003.		0
SB	József Patonai	Chairman of the SB	1996.	2003.	
SB	András Geszti	Supervisory Board member	2000.	2004	0
SB	Dr. Imre Czinege	Supervisory Board member	2001.	2003.	
SB	Lajos Horváth	Supervisory Board member	2003.		0
SB	Csaba Zoltán	Supervisory Board member	2003.	2004	0
SB	Dr. János Benedek	Chairman of the Supervisory Board	2004.		0
SB	Péter Budaházy	Supervisory Board member	2004.		0
SB	István Préda	Supervisory Board member	2004.		0
SP	László Steiner	CEO	2001	2003.	
SP	István Pintér	CEO	2003.	Definite	414
SP	Ferenc Romvári	Deputy CEO	1998.	Indefinite	0
SP	István Pintér	Deputy CEO	2000.	2003.	

SP	Péter Lengyel	Deputy CEO	2002.	Indefinite	0
SP	Ferenc Vissi	HR Director	2001.	Indefinite	0
SP	Sándor Kocsis	Quality Management Director	2001.	Indefinite	0
SP	József Szabó	Purchasing and Asset Mgmt. Director	2001.	Indefinite	412
SP	Dr. Béla Fekecs	Managing Director	2002.	2004.	
SP	Dr. János Megyeri	Managing Director	2002.	2003.	
SP	István Simon	Managing Director	2003.	Indefinite	0
SP	Kovács Csaba	Managing Director	2002.	Indefinite	0
SP	Dr. Surányi Jenő	Managing Director	2002.	2003.	
TOTAL No. of shares held (pcs):					826

[1] Employee in strategic position (SP). Member of the Board of Directors (BD). Member of the Supervisory Board (SB)

Changes in employment

The general meeting of shareholders held 23 April 2003 elected a new Board of Directors and Supervisory Board. The board membership of Merrick W. Taylor and József Szabó came to an end, their board seats were taken by Gordon Bajnai, Péter Küllői and Olivér Martin, thus increasing the number of board members to six. The number of Supervisory Board members was raised to four, Dr. Imre Czinege was replaced by Lajos Horváth and Csaba Zoltán was also appointed to the Supervisory Board.

József Patonai, chariman of the Supervisory Board of Rába Rt. died on 14 December 2003.

The contract of László Steiner, CEO expired at the date of the general meeting. The Board elected István Pintér, former deputy CEO to be the CEO of Rába Rt.

As from 31 May 2003 the employment of Dr János Megyeri, managing director of Rába Alkatrészgyártó Kft (Component Manufacturing) came to an end, the tasks of the managing director are now performed by István Simon.

In consequence of the organisational changes implemented as from 1 January 2004 the following changes occurred among the employees:

- The employment of Dr Béla Fekecs came to an end, the tasks of managing director of Rába Futómű (Axle) Kft. are now performed by István Pintér in addition to performing his tasks as CEO of Rába Holding.
- The tasks of finance director of Rába Futómű (Axle) Kft are performed by Péter Lengyel in addition to his functions within Rába Holding.
- The tasks of director of operations and quality management of Rába Futómű (Axle) Kft. are now performed by Sándor Kocsis as a new function.

On 29 April 2004 the General Meeting of Shareholders elected three new members, Dr János Benedek, Péter Budaházy and István Préda to the Supervisory Board. The Supervisory Board membership of András Geszti and Csaba Zoltán is simultaneously terminated.

Concluding over three years of activities within Rába, Péter Lengyel, CFO of Rába Rt. and finance director of Rába Futómű Kft. will leave the company upon mutual consent on 31st August, 2004. His successor in the above positions will be Béla Balog, taking up his position on 16 August 2004.

ST1. Extraordinary communications published during the current period

Date	Place of publication	Subject, brief summary
06-01-2004	No. 2. MATÖKE	Rába Rt extraordinary announcement about the direct control of a subsidiary and about personnel changes
12-02-2004	No. 29.	Rába Rt.'s 2003 flash report

	MATÖKE	
29-03-2003	No. 60. MATÖKE	Invitation to the AGM of Rába Rt.
28-04-2004	No. 81. MATÖKE	Information about the venue where the Q1 2004 flash report of Rába Rt. can be viewed
30-04-2004	No. 83. MATÖKE	AGM resolutions of Rába Rt. passed 29. 04. 2004.
25-05-2004	No. 100. MATÖKE	Announcement of Rába Rt. about the conversion into dematerialised shares of the printed securities issued by the company.

Other events:

Rába Járműgyártó Kft. (Vehicle Manufacturing Ltd.) was selected as the supplier of the Hungarian Army in the category of off-road vehicles, based on the proposal Rába submitted for the military vehicle procurement tender issued by the Hungarian Army. It is expected that this will allow Rába to deliver some 8000 motor vehicles within a 15-year period.

In its decree No. 2341/2003 (XII.23.), the government authorised the Minister of Defense to sign with Rába Vehicle Kft. the supplementary agreement for the motor vehicle deliveries in 2004 and 2005 and to assume payment obligations amounting to HUF 9.6 billion (HUF 7.68 billion, net) in 2005 and to HUF 12.8 billion (HUF 10.24 billion net) in 2006.

The company sold its 25 per cent holding in BPW-Rába Kft. on 30 July 2004.

PK1. General information pertaining to the financial data:

	Yes	**No**
Audited		X
Consolidated	X	

Accounting principles	**Hungarian**		**IFRS**	X	**Other**	

Other: …………………..

In the context of the flash report Rába Rt wishes to emphasize the following:

- The figures shown in the flash report are unaudited but have been compiled from the available data relying on the best efforts of the management.
- Rába has prepared its flash report (balance sheet and profit and loss statement) in consideration of the International Financial Reporting Standards.
- There have been no changes in the accounting policy of the group companies, the accounting policies of the companies included in the consolidation are consistent with each other.

Győr. 12th August 2004.

István Pintér **CEO**	**Péter Lengyel** **Deputy CEO**