

## Rába Rt. Flash Report for Q1-3 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, Budai u. 1-5.
Sector:	Machine industry
Period:	1 <sup>st</sup> -3 <sup>rd</sup> Quarters of 2004
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### Short summary

The consolidated sales revenue of the Rába group in Q1-3 of 2004 amounted to HUF 26.7 billion, an increase of 22.7% over Q1-3 of 2003. The increase in Q3 over Q1 of 2004 exceeded 42% and 16% over Q2 of 2004.

The operating result was a loss of HUF 3.9 billion, following the loss of HUF 5 billion registered in the first nine months of 2003 apart from the one-off revaluation items. It is noteworthy that after two years the management of the company has succeeded in reducing the quarterly operating loss to less than HUF 1 billion again.

The result of the Rába group during Q 1-3 of 2004 was improved by a financial profit of HUF 5.77 billion thus the net profit of the company during the first nine months exceeded HUF 1.7 billion.

### **Rába Futómű Kft. (Axle Ltd)**

The sales revenue of Rába Futómű Kft. during the first nine months of 2004 amounted to USD 87.24 million, an increase of 41.1% over the sales revenue of USD 61.83 million, registered during Q1-3 of 2003. On a quarterly basis, the sales revenue has shown a steady increase, Q1 with a sales revenue of USD 23.9 million was followed by Q2 of USD 28.8 million and Q3 of USD 34.5 million. The pro-rata portion of annual sales exceeded the budget (of USD 101.2 million). The management anticipates a similarly strong Q4 based on the orders to date, thus the level of sales revenue during the year 2004 is expected to be in excess of USD 115 million. The principal driver of the sales revenue is the expansion of European projects and the boom in the American utility vehicle industry and the effects of the price increases of July 2004 and that of the increase in raw material prices passed on to customers should also be reckoned with.

The substantial increase in iron and steel prices on the world market – which for certain items exceeded 55% by the end of the first 9 months of 2004 (based on the 2003 average) – is passed on to Rába's customers up to 75-80%, based on the agreements with Rába's partners, thus this significant negative effect does not have a major impact on the profitability of Rába.

Upon the assessment of the other figures of the flash report, mention must be made of the fact that due to the peculiarity of Rába's IT system, a part of the increase in raw material prices is accounted for under indirect costs. In order to facilitate comparison and analysis of data and cost levels, the aggregate amount of the differences in raw material prices is given below:

Q1 of 2004: HUF 50.669 million, Q2 of 2004: HUF 201.609 million, Q3 of 2004: HUF 489.781 million.

The analyses linked to the introduction have been prepared in consideration of these adjustments.

The significant further weakening of the USD against the HUF compared to the average of the previous year (-8.4%), continued to have a negative impact on the company. The sales revenue and gross margin lost due to the changes in cross exchange rates was in the range of HUF 700 million during Q1-3 of 2004.

As a result of the measures taken, however, the negative effect of the above two factors did not lead to any further deterioration in the gross margin of the Futómű Kft. or of the Rába group.

The product portfolio review process completed by the end of Q2 of 2004, which resulted in the elimination of loss-making deals or in the generation of tangible margins through price increases as from Q3, has lead, as a first result, to the 2.28% increase at group level and 7.62% increase within the Futómű Kft. of the gross margin level, compared to Q1.

The above improvement shows the results of not just the portfolio review process but also those of the series of measures aimed at cutting direct and indirect costs introduced as from 1 July, 2004.

In spite of the gradually improving monthly indicators and results, the management does not anticipate any further improvement in the gross margin for the fourth quarter within the Futómű Kft. due to the considerable further decline of 5% in the exchange rate of the USD.

#### **Rába Járműipari Alkatrészgyártó Kft (Component Ltd.)**

As a result of the relocation of the production line related to the introduction of the new Suzuki model, there was a three-week down-time, which has lead to considerable deterioration in both the sales and profit figures of the business in Q3 of 2004. In September both production and sales were resumed as planned.

The management anticipates an operating result of around breakeven point and a positive EBITDA during the closing quarter of 2004.

#### **Rába Jármű Kft. (Vehicle Ltd.)**

During Q1-2 of 2004, Jármű Kft. was particularly focusing on the assembly of the military test vehicles within the context of the military tender won. The costs associated with the project can be tracked by businesses within operating profits. The serial production of the vehicles began in August and 27 units of H14 military vehicles were delivered by 30 September. During Q4 an additional 53 H14 vehicles will be assembled and delivered upon profitable operation.

#### 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	6,177	2,453	1,532	9,909
2004 Q1	4,943	2,608	307	7,324
2004 Q2	6,036	2,885	396	8,942
2004 Q3	7,025	2,547	1,361	10,442

	Üzemi eredmény						
	Q1 2003.	Q2 2003.	Q3 2003.	Q4 2003.	Q1 2004.	Q2 2004.	Q3 2004.
Futómű (Axle)	-1,657	-1,427	-1,443	-1879	-1,484	-1,095	-822
Alkatrész (Component)	-119	-245	-397	-227	-194	-34	-181
Jármű (Vehicle)	-14	-30	-44	148	-35	-93	77
Other	98	650*	309	479	-105	-26	56
Total Consolidated	-1,692	-1,052	-1,575	-1,479	-1,818	-1,248	-870

\*Includes the profit generated through the changes in accounting policy related to the valuation of stocks of own production accounted in Q2 of 2003 in the amount of HUF 749 million.

Comments pertaining to the Q1-3 2004 flash report of Rába Rt.:

It must be noted that the Q1-3 2004 flash report includes the profit generated through the revaluation of the hedge transactions open on the closing day (HUF 266 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 the investors to the fact that as a result of the liquidation of BNA (earlier DAM), its principal Hungarian raw material supplier and of the import contents of the increased military orders, the FX exposure position of the Rába group has changed substantially. Consequently excess covering emerged in the company's hedge positions, which Rába put an end to during Q2 of 2004. The closing of the positions continued during Q3, which resulted in an exchange rate gain exceeding HUF 2.47 billion for the company.

#### PK2. Companies involved in consolidation

Company	Registered capital in HUF thousand	Participation (%)	Voting ratio <sup>1</sup>	Classification <sup>2</sup>
<b>RÁBA Futómű Kft.</b>	9,762,800	100.00	100.00	S
<b>RÁBA Járműipari Alkatrészgyártó Kft.</b>	300,000	100.00	100.00	S
<b>Rába Jármű Kft.</b>	835,100	100.00	100.00	S
RÁBA Ipartecnika Szolgáltató Kft.	266,860	100.00	100.00	S
<b>RÁBA Vagyonkezelő Kft.</b>	11,000	100.00	100.00	S
BPW- <b>RÁBA Futóműgyártó Kft.*</b>	1,780,000	25.00	25.00	A

<sup>1</sup> Voting right related to representation in decision-making at the general meeting of the company subject to consolidation.

Subsidiary (S); Jointly controlled (J); Association (A)

\* Sold as of 30 July, 2004.

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. BPW-Rába Futóműgyártó Kft. was sold during Q3, its involvement in the consolidation, however, did not exceed capital consolidation.

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

data in HUF thousand

Item	Q1-3 2004	Q1-3 2003.	Index
Domestic sales revenues	9,333,151	8,131,997	114.8%
Export sales revenues	17,375,160	13,634,922	127.4%
Sales revenues	26,708,311	21,766,919	122.7%
Direct cost of sales	22,435,694	18,883,548	118.8%
Gross margin	4,272,617	2,883,371	148.2%
Cost of sales	704,831	687,669	102.5%
General and administration expenses	8,798,594	8,602,755	102.3%
Other revenues	1,294,977	2,088,145	62.0%
Other items related to business activities	-8,208,448	-7,202,279	86.0%
Result of operation before interest payment and taxation	-3,935,831	-4,318,908	108.9%
Net financial revenues/expenses	5,622,879	-1,819,955	509.0%
Profit share from external companies	142,514	91,250	156.2%
PROFIT BEFORE TAXATION	1,829,562	-6,047,613	230.3%
Corporate profit tax	54,338	-510,960	210.6%
PROFIT AFTER TAXATION	1,775,224	-5,536,653	232.1%
Profit share of minority shareholders			
NET PROFIT	1,775,224	-5,536,653	232.1%

1. SALES AND MARKET POSITIONS

1.1. Revenues earned

In Q1-3 of 2004, Rába achieved HUF 26,708 million in revenues. 65.1 per cent of the revenues came from export (Q1-3 of 2003: 62.6 per cent), the rest came from domestic sales.

EXPORT:

The sales revenue achieved on the market of the United States of America amounted to USD 39.5 million (Q1-3 of 2003: USD 32.2 million). The increase year on year is 22.7% and 16.5% compared to Q2 of 2004.

In Q1-3 of 2004, Asian exports amounted to nearly USD 1.3 million.

On the European markets, Rába's sales went up by 44.1 per cent compared to the previous year, involving sales in the amount of EUR 34 million.

The revenues of the Axle business amounted to EUR 22.3 million, and those of Components represented EUR 11.7 million.

On the Western and South European markets, revenues went up by 56.7 per cent, increasing from EUR 18.7 million during the previous period to EUR 29.3 million. 61 per cent of the sales involved products of the Axle business and 39 per cent were related to the products of the Component business.

On the Eastern and Central European markets, Rába generated EUR 4.7 million of export

revenues in Q1-3 of 2004, which, compared to the base period, represents stagnation. This sales revenue figure is made up exclusively of the proceeds from axle sales.

On a comparative basis, the domestic sales revenues of the group increased by 15% to HUF 9.3 billion.

## 2. EXPENSES AND OTHER REVENUES

### 2.1. Direct expenditure

In Q1-3 of 2004 the direct expenditure of Rába represented 84.0 per cent, against the cost level of 86.8 per cent during Q1-3 of 2003.

It is upon a 9% decline in the exchange rate of the USD, that Rába has managed to achieve a 2.8% decline in its direct cost level. Direct costs, however, do not include the difference in raw material prices, which is accounted under indirect costs.

### 2.2. Gross Profit

The gross profit has changed from HUF 2,883 million to HUF 4,273 million, which is due to the increase in the sales revenue (+ HUF 4,941 million) and to the lesser increase of direct costs (+ HUF 3,552 million).

### 2.3. Cost of sales

The cost of sales increased by 2.5 per cent and amounted to HUF 705 million in Q1-3 of 2004, compared to HUF 688 million during Q1-3 of 2003.

### 2.4. General and administrative expenses

Rába accounts its administration expenses, as well as other general expenses (Q1-3 of 2004: HUF 7,635 million, Q1-3 of 2003: HUF 6,924 million), and various expenditures outside business operation (Q1-3 of 2004: HUF 1,040 million, Q1-3 of 2003: HUF 1,520 million), as well as capitalized expenditures of technical development (Q1-3 of 2004: HUF 124 million, Q1-3 of 2003: HUF 159 million) in the P&L line of general and administrative expenditure. General and administrative expenses increased slightly by 2.3 per cent, in spite of the fact that Rába accounts for material price differences among administration and other costs. Such material price differences increased substantially due primarily to the drastic changes in steel prices in 2004 (Q1-3 of 2004: HUF 742 million, Q1-3 of 2003: HUF 51 million).

### 2.5. Other revenues

Other revenues amounted to HUF 1,295 million in Q1-3 of 2004. This amount was HUF 793 million (48 per cent) lower than that of the previous period. Of this HUF 749 million was due to the one-off profit accounted during the previous year, which resulted from the changes in accounting policy related to the valuation of stocks of own production.

## 3. (“OPERATING”) PROFIT BEFORE INTEREST PAYMENT AND TAXATION

The result of Rába before interest payment and taxation was HUF -3,936 million in Q1-3 of 2004 (Q1-3 of 2003: HUF -4,319 million). The profit increasing effect of growth due to the gross profit (HUF +1,389 million) was deteriorated by the increase in administrative and general expenses (HUF 213 million) and by the decrease in other revenues as discussed in section 2.5 (HUF -793 million). Profitability changed from -19.8% during the base period to -14.7%.

## 4. FINANCIAL REVENUES AND EXPENSES

### 4.1. Net financial result

The net financial result amounted to HUF +5,623 million in Q1-3 of 2004. (In Q1-3 of 2003 it was a loss of HUF 1,820 million). The net financial revenues consisted of the following major items:

	30 <sup>th</sup> September 2004 million HUF	30 <sup>th</sup> September 2003 Million HUF
Dividend received	24	18
Net interest	-419	-399
Capital gain on share sold	131	0
Net other items	5,887	-1,439
<b>Net financial revenues</b>	<b>5,623</b>	<b>-1,820</b>

Within net financial revenues, the majority of other items involved exchange rate gains/exchange rate losses on FX items, the associated risks of which Rába reduced through hedge transactions. In Q1-3 of 2004, the net gain on hedging transactions amounted to HUF 2,479 million, the net gain realized in Q1-3 of 2003 amounted to HUF 1,188 million. The unrealised result on the revaluation of hedging transactions at 30 September 2004 was a gain of HUF 340 million, against the loss of unrealised hedge transactions of 1,231 million during the previous year. The unrealised loss of the year-end hedge of 2003 was released in Q1-3 of 2004, which has a positive effect of HUF 2,576 million on the financial result. The same value in Q 1-3 of 2003 was a loss of HUF 1,240 million.

In the flash report for Q1-3 of 2003 the unrealised loss of HUF 1,231 million from the revaluation at the turning day of the open forward FX transactions was not shown in the tables, since a significant volatility ensued in the HUF/EUR and HUF/USD exchange rates, as well as in the HUF interest rates instead of the stability characteristic for the previous period due to the significant events that occurred on the Hungarian money and foreign exchange markets during September of 2003. The exchange rates and interest rates applicable on the turning day for the open forward FX transactions were the high values of the period, which led to the significant deterioration of the value of open positions. Nevertheless, in order to facilitate the methodological comparison of the figures, the loss of open hedge transactions is featured among the results of the base 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. In Q1-3 of 2004, the profit from external companies amounted to HUF 143 million (in Q1-3 of 2003 it was HUF 91million). Rába Detroit Diesel Magyarország Kft. was sold on 11 June 2003, and BPW-RÁBA Futóműgyártó Kft. was sold on 30 July 2004, thus among the profit from external companies only the pro-rata portion of 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 profit before taxation was HUF 1,830 million in Q1-3 of 2004, which due to the factors listed under sections 2.1-4.2 was HUF 7,877 million higher than the figure for Q1-3 of 2003. The profitability index represents a 6.9 per cent return on sales on the basis of profit before taxation, compared to – 27.8 per cent during the base period.

At group level the tax liability amounts to HUF 54 million, which is entirely made up of the tax liability due on the basis of the unrealised profit of the hedge transactions. Thus the consolidated after tax profit is HUF 1,775 million.

#### 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, which are capitalised according to HAS.

PK. 3. CONSOLIDATED BALANCE SHEET ACCORDING TO IFRS

Data in HUF thousand

Item	30 Sept 2004	30 Sept 2003	Index
Properties, machines, equipment	18,332,421	21,124,430	86.8%
Intangible assets	289,486	76,330	379.3%
Long-term participations	0	1,743,265	0.0%
Other participations	434,620	432,620	100.5%
Other investments	28,121	39,228	71.7%
Deferred tax	1,708,052	574,355	297.4%
Total invested assets	20,792,700	23,990,228	86.7%
Securities	4,151	1,889	219.7%
Stocks	8,867,834	7,679,257	115.5%
Receivables related to tax	1,313,621	1,716,540	76.5%
Receivables	9,703,521	7,500,706	129.4%
Liquid assets, bank account	1,322,813	269,683	490.5%
Total current assets	21,211,940	17,168,075	123.6%
Total ASSETS	42,004,640	41,158,303	102.1%
Share capital	12,687,766	12,687,766	100.0%
Capital reserve	6,854,765	6,854,687	100.0%
Retained earnings	-2,356,211	-2,146,018	109.8%
Total capital and reserves	17,186,320	17,396,435	98.8%
Long-term liabilities	5,537,767	6,940,334	79.8%
Total long-term liabilities	5,537,767	6,940,334	79.8%
Short-term credits and loans	8,300,076	8,809,439	94.2%
Short-term liabilities	10,980,477	8,012,095	137.0%
Short-term liabilities total	19,280,553	16,821,534	114.6%
Total LIABILITIES (equity and liabilities)	42,004,640	41,158,303	102.1%

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 21,124 million at the end of 30 September 2003 to HUF 18,332 million, which represents a change of (-13 %). The reason for the decline is that as part of the territorial rationalization process, one of the sites was partially 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 289 million during Q1-3 of 2004, compared to HUF 76 million during the base period. Intangible assets of Rába's own production increased during the reporting period (licences related to product development).

1.3. Long-term participations

This balance sheet line shows the proportion of an associate enterprise relating to the parent

company. On 30 September 2004, it amounted to HUF 0 (on 30 September 2003 this was HUF 1,743 million). On July 30 2004 the company sold the associate enterprise accounted under this item.

#### 1.4. Other participations

Some of the other participations include subsidiaries not involved in consolidation, and the rest are other participations, where Rába's stake is less than 25 per cent. The closing figure on 30 September 2004 was HUF 435 million, while during the base period it amounted to HUF 433 million.

#### 1.5. Other investments

The closing value of other investments was HUF 28 million, which was HUF 11 million below the previous year's figure.

#### 1.6. Deferred tax

On 30 September 2004, the deferred tax amounted to HUF 1,708 million, HUF 1,134 million more than on 30 September 2003. The change is due to accrued subsidiary losses.

### 2. CURRENT ASSETS

#### 2.1. Stocks

On 30 September 2004, the closing value of stocks was HUF 8,868 million (30 September 2003: HUF 7,679 million). The increase in stocks of HUF 1,189 million is due to the increase in materials (of HUF 342 million) and in finished goods (of HUF 390 million), as well as to the increase in work in progress (by HUF 451 million). The change in stocks was significantly influenced by the increase in customer orders and sales revenue, specifically, the commencement of military orders. The increase in stocks of 15.5% was 7.2 percentage points less than the 22.7% increase in sales.

#### 2.2. Tax receivables

Tax receivables (HUF 1,314 million) originate mainly from the reclaimed VAT in relation to export activities.

#### 2.3. Receivables

The closing figure of receivables at 30 September 2004 was HUF 9,704 million (30 September 2003 closing figure: HUF 7,501 million) which represents a growth of 29%. The increase is due to the 43 % growth in customer orders and to the 49 % decline in short-term liabilities. The principal reason for the increase in customer receivables is the increase in deliveries and to a lesser extent the increase in the ratio of customers with payment terms exceeding the average payment deadline within the sales structure. The principal items for the decline in other short-term receivables are the declines in the receivables related to VAT and in the receivables linked to non-assigned controls, participations and securities.

#### 2.4. Liquid assets

The closing figure of liquid assets on 30 September 2004 was HUF 1,323 million (30 September 2003: HUF 270 million). The principal increase in the company's liquid assets is the result of the proceeds from the sale of an associated company.

### 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 shareholder to a dividend earned in a particular period, and providing one vote at the General Meeting of the Company. On 30 September 2004, the share capital of the company was HUF 12,688 million, which is equal to the figure prevailing on 30 September 2003.



### 3.2. Capital reserve

On 30 September 2004, the capital reserve was HUF 6,855 million, equal to the amount prevailing on 30 September 2003.

### 3.3. Retained earnings

The retained earnings (HUF –2,356 million) changed compared to the previous year (HUF - 2,146 million) because of the profit generated between the two periods..

## 4. LONG-TERM LIABILITIES

The closing value of long-term liabilities as at 30 September 2004 amounted to HUF 5,538 million (on September 30 2003, the closing figure was HUF 6,940 million), which no longer included the repayment liabilities of medium-term loans due within one year. The decline was HUF 1, 403 million, which is due to the decline in long-term and capital expenditure loans outstanding at the member companies of the Rába group.

## 5. SHORT-TERM LIABILITIES

### 5.1. Short-term credits and loans

The total amount of short-term credits and loans (HUF 8,300 million) decreased slightly (by – 5.8%) compared to the previous period (HUF 8,809 million).

### 5.2. Short-term liabilities

The amount of short-term liabilities (closing figure on 30 September 2004: HUF 10,980 million) increased compared to the base period of HUF 8,012 million. The increase 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 losses stemming from the revaluation at closing day of the open forward FX transactions.

The principal reasons for the increase in creditors are:

- Due to the liquidation of a strategic supplier, raw materials can only be secured using multiple import suppliers instead of deliveries from the stand-by warehouse;
- Increase in purchases due to increased production;
- Increase in purchases due to the commencement of military production;
- Significant increase in the price of steel;
- Increase in the payment deadline of supplier invoices.

## PK 5. CONSOLIDATED CASH-FLOW STATEMENT Q1-3 OF 2004

Data in HUF thousand  
Q1-3 of 2004.

### Cash-flow of ordinary operation:

Profit before taxation net of profit shares from associate companies	1,631,307
Revenues and expenses not affecting the ordinary cash flow	-1,511,825
Changes in assets and liabilities related to ordinary activities	-2,352,348
Of which: buyers	-2,337,812
Supplies	1,400,187
Tax paid in the current year	0
	<u>-2,232,866</u>

### Changes in financial assets due to financial transactions

Sale of own shares	0
Purchase of own shares	0
Net reduction / increase of securities	-1,701
Net increase / decrease of credits and loans	1,233,017
Dividend paid	0
	1,231,316
<u>Changes in cash-flow of investment activity</u>	
Revenues from the sale of invested assets	2,795,841
Purchase of invested assets	-787,230
	2,008,611
Changes in liquid assets	1,007,061
<u>Revenues and expenses not affecting the cash flow of ordinary activities</u>	
Depreciation	2,157,296
Revaluation	-3,002,098
Loss / gain on the sale of invested assets	-667,024
Depreciation of invested assets	0
	-1,511,825
<u>Changes in assets and liabilities related to ordinary activities</u>	
Reduction / increase of stocks	-2,849,901
Changes in receivables / liabilities	497,553
	-2,352,348
Control	1,007,061

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 33 million in exchange for HUF, in addition to the purchase of EUR 64 million for USD.

III. DESCRIPTION OF MAJOR FACTORS AND CHANGES

RS1. Ownership structure, ratio of participation

Description of ownership	Total equity						Series listed <sup>1</sup>			
	Beginning of current year (1 January)			At the end of the period (30 September 2004)			Start of period		End of period	
	% <sup>2</sup>	% <sup>3</sup>	No. of pcs.	% <sup>2</sup>	% <sup>3</sup>	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			

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

<sup>2</sup> Ownership ratio

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

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

<sup>5</sup> E.g.: EBRD, EIB, etc.

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

Name	Nationality <sup>1</sup>	Activity <sup>2</sup>	Quantity (pcs)	Ownership stake (%) <sup>3</sup>	Voting right (%) <sup>3,4</sup>	Comment <sup>5</sup>
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		

<sup>1</sup> Domestic (D), Foreign (F)

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

<sup>3</sup> Should be rounded to two decimal figures

<sup>4</sup> Voting right ensuring participation in the decision making process at the issuing general meeting of shareholders.

<sup>5</sup> 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	781,460	
Subsidiaries					
Total	781,460	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	30	29	13
Group level	3,626	3,342	3,247

The consolidated closing headcount as at 30 September of 2004 was 3,247 people. The reduction in headcount compared to the end of the base period is 10.5%. The headcount of Rába Szolgáltató Kft. (131 people) sold 31 October 2003 is still included in the headcount of the group for the base period.

TSZ3. Managing executives, strategic employees

Type <sup>1</sup>	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	Antal Apró	Board member	1998.		0
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	Dr János Benedek	Chairman of the SB	2004		
SB	András Geszti	Supervisory Board member	2000.		0
SB	Lajos Horváth	Supervisory Board member	2003.		0
SB	Csaba Zoltán	Supervisory Board member	2003.	2004	
SB	Péter Budaházy	Supervisory Board member	2004		0
SB	István Préda	Supervisory Board member	2004		0
SP	István Pintér	CEO	2003.	Definite	414
SP	Ferenc Romvári	Deputy CEO	1998.	Indefinite	0
SP	Péter Lengyel	Deputy CEO	2002.	2004	0
SP	Béla Balog	Deputy CEO	2004	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	István Simon	Managing Director	2003.	Indefinite	0
SP	Csaba Kovács	Managing Director	2002.	Indefinite	0
SP	Dr. Jenő Surányi	Managing Director	2002.	2003.	
TOTAL No. of shares held (pcs):					826

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

#### Changes in employment

As a result of the organisational changes implemented as from 1 January 2004, the following personnel changes have taken place:

- 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 function 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 of 2004 the General Meeting of Shareholders elected three new members, Dr János Benedek, Péter Budaházy and István Préda to the Supervisory Board. At the same time the mandate of András Geszti and Csaba Zoltán as Supervisory Board members came to an end.

Concluding three years of activities within the company, Péter Lengyel, CFO of Rába Rt. and finance director of Rába Futómű Kft. left the company upon mutual consent. His successor in the above positions is Béla Balog, who assumed his new 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. MATÖKE	Rába Rt.'s 2003 flash report
29-03-2003	No. 60. MATÖKE	Invitation to the AGM of Rába Rt.
28-04-2004	No. 81. MATÖKE	Information about the venue for viewing the flash report for Q1 of 2004 of Rába Rt. 2004.
30-04-2004	No. 83. MATÖKE	Resolutions of the general meeting of shareholders of Rába Rt. held 29. 04. 2004.
25-05-2004	No. 100. MATÖKE	Announcement of Rába Rt. about the conversion into dematerialised securities of the printed shares issued by the company.
29-07-2004	No. 146. MATÖKE	New CFO at Rába Rt.
03-08-2004	No. 149. MATÖKE	Information of Rába Rt. about the sale of its share in BPW-Rába Axle Co. Ltd.
03-08-2004	No. 149. MATÖKE	Announcement of Rába Rt. about the conclusion of the conversion into dematerialised securities of the printed shares issued by the company
12-08-2004	No. 156. MATÖKE	About the venue of viewing the flash report of Rába Rt.

PK1. General information regarding the financial data:

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

**Other:** .....

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 group companies, the accounting policies of the companies included in the consolidation are consistent with each other.

Győr, 8 November 2004.

István Pintér  
CEO

Béla Balog  
Deputy CEO