

Report on the Results of Rába Plc. during the first 6 months of 2010

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

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SUMMARY

- During Q2 of 2010, the Company registered the highest sales revenue at group level of the past 18 months, exceeding the figure for the same period of last year by 14 per cent. At group level, the sales revenue of the Company in the first 6 months of 2010 was 3.1 per cent lower compared to the first half of 2009, amounting to HUF 17.7 billion. This was due to the lower foreign exchange rates in the first place and to the decline in raw material prices manifest in product prices in the second place.
- The gross margin increased by 0.5 percentage points during the first 6 months of 2010 compared to the first half of 2009. The lower foreign exchange rates had a negative effect, amounting to about 2 %. This was offset by the scale-down launched last year and the measures aimed at improving efficiency. In Q2 of 2010 the improvement in the gross margin amounted to 1.8 % already compared to the same period of the previous year.
- During the first 6 months of 2010 the gross profit was HUF 665 million lower than the level during the same period of last year, due to the combined effect of the decline in volume and in the margin. Thanks to the continued stringent management within the fields of administration and sales indirect costs were at the level of the same period of last year, exceeding it by HUF 8 million. The reduced working time regime for white-collar and management positions and the appropriate wages prevailed during Q1 of 2010 as well.
- As the combined effect of the decline in revenue in HUF terms and of the increase in margins the gross profit in the first half of the year was nearly equal to that of the same period of last year, it was HUF 29 million less. During Q2, however, the increase amounted to HUF 935 million. As a result of the continued extremely stringent management of the administrative and sales aspects of the business, indirect costs further declined by HUF 100 million in Q1 compared to the first half of last year, the decline amounted to HUF 108 million on a Q2 basis.
- Other revenues were also increased by the state subsidy received as from 1 May 2009 for job retention and the rebates and compensations, the volume of which increased in this period. The period of state subsidies ended 30th April, thus the level of other revenues was lower in Q2 than in Q2 of 2009. There was no major item among other expenditures during the period.
- The operating profit declined by HUF 141 million during the first 6 months of 2010 and amounted to HUF 411 million. Of Rába's business divisions Rába Automotive Components Ltd. and Rába Vehicle Ltd. had a positive operating result. The Rába Group generated profits in the amount of HUF 455 million, to which all three business divisions contributed. The activated hedge positions aimed at protecting the temporary

fluctuation of foreign exchanges resulted in a loss of HUF 619 million compared to the loss of HUF 2,170 million of last year. The open currency hedge portfolio of the company continued to decrease.

- EBITDA declined by 24.2%, amounting to HUF 1,584 million. This was partly due to the lower operating profit, partly to the lower amount of depreciation.
- The financial profit during Q1 of 2010 amounted to HUF 1,118 million, against the loss of HUF 2,484 million generated during the same period of last year. This amount also includes the profit generated through the sale of the business stake in a joint venture, accounted for under this line. The loss was largely due to the revaluation of loans involving no cash movement, which deteriorated the profit by HUF 901 million.
- The profit after taxation was HUF 967 million during the first 6 months of 2010 compared to HUF -2,363 in the previous year. The result of the external company was HUF -117 million during the first 6 months of 2010.
- The net loan portfolio was HUF 9.3 billion, HUF 2.9 billion lower than at the end of the previous year and HUF 0.4 billion lower than during the last quarter. This decline in the net line is the result of the cash flow from the usual operation and of the sale of the joint venture business stake.

Thousand HUF	2009. H1	2010. H1	Change	2009. Q2	2010. Q2	Change
Sales revenue	18 288 568	17 717 041	-3,1%	8 618 274	9 826 639	14,0%
Gross profit	3 762 988	3 733 501	-0,8%	1 512 922	2 148 043	42,0%
<i>Gross margin</i>	20,6%	21,1%	0,5%p	17,6%	21,9%	4,3%p
EBITBA	2 091 053	1 583 523	-24,3%	801 539	1 033 524	28,9%
<i>EBITDA level</i>	11,4%	8,9%	-2,5%p	9,3%	10,5%	1,2%p
Operating profit	551 548	410 712	-25,5%	14 486	454 503	3037,5%
Net financial profit	-2 483 616	-1 117 808	55,0%	10 305 100	-1 778 518	-117,3%
Net income	-2 363 321	-966 981	59,1%	8 009 856	-1 365 447	-117,0%

'The results of the first half of this year are suggesting moderate, albeit steady growth, in line with our expectations,' said István Pintér, Rába's Chairman Chief Executive. 'As a result of the slow growth in our key markets and of the developments launched, the sales volume can increase gradually, which can be manifest in the continued improvement of our results, upon continued stringent cost management.'

EXTERNAL ENVIRONMENT

- The freight vehicle market of the US has begun to grow, further improvement is expected to follow during the second half of the year. Growth amounted to 19% compared to the first half of last year. The European market of heavy vehicles is characterised by a vehicle fleet younger than that of the US, as a result, vehicle sales declined by 14 per cent compared to the same period of last year, the extent of the decline diminished, though, by Q2. There seems to be a revival in the orders on this market as well. The sales of agricultural axles is Janus-faced, since this segment continues to be strong on the US market, while there is a marked decline compared to last year's level on the European market. This is also supported by the fact that lead-times for these products are considerably longer, hence the delayed effect of the crisis. Market activities continued to rise on the Russian bus market, but they were still significantly below the earlier values. The business of passenger car components was substantially lower than during Q1 of last year, in line with the European trends. On an annual level it is expected to be in line with the level of last year.
- The price level of raw materials stagnating since Q2 of 2009 showed a marked change in Q2 of 2010. The price increase of 28.7% compared to the same period of last year and

of 27.5% compared to the last quarter off 2009 had an effect on the cost side of the company's profitability. Thus prices reached the level of Q1 2008.

- Average energy prices decreased by 14% compared to the same period of last year and by 4.2% compared to the last quarter of 2009.
- The average USD exchange rate was 6.0% lower and the EUR exchange rate was 6.4 per cent lower compared to the same period of last year. Compared to the last quarter, though, the USD increased by 11.3%, while the EUR was 2.2% higher.

	2009. Q1	2010. Q1	Change	2009. Q2	2010. Q2	Change
HUFEUR - average	290,2	271,5	-6,4%	285,9	274,4	-4,0%
HUFEUR – end of period	272,4	286,5	5,2%	272,4	286,5	5,2%
HUFUSD - average	218,3	205,2	-6,0%	210,2	216,1	2,8%
HUFUSD – end of period	193,3	234,5	21,3%	193,3	234,5	21,3%
Trends in raw material prices	101%	130%	28,7%	101%	130%	28,7%
Trends in energy prices**	256%	195%	-23,8%	256%	195%	-23,8%

*Rába indices – own calculation - base: 2006. Q1; closing value for the period

**Rába indices – own calculations - base: Dec. 2004.; closing value for the period

Rába Futómű Kft. (Rába Axle Ltd.)

The sales revenue of Rába Futómű Kft. during the first 6 months of 2010 amounted to HUF 9.7 billion compared to HUF 11.3 billion achieved during the same period of 2009. This corresponds to a decline of 14.2%.

On the **American market**, the sales revenue during the first 6 months of 2010 was USD 17.6 million, against USD 25 million during the first 6 months of 2009. This means a decline of 29.6%.

On the **EU market** Rába's sales figures in HUF terms increased by 8.1%, amounting to HUF 4.0 billion, compared to HUF 3.7 billion during the first 6 months of 2009.

European exports amounted to EUR 9.6 million in the first six months of 2010 compared to EUR 10.2 million during the same period of last year. This is a decline of 5.9%.

Domestic sales before consolidation amounted to HUF 1,355 million which represents an increase of 85.4per cent compared to the base period.

On the **CIS and East-European markets** export sales revenues achieved by Rába increased by 93.3% from EUR 3.0 million during the base period to EUR 5.8 million during the first 6 months of 2010.

On the **other markets** the sales revenue during the first 6 months of 2010 amounted to EUR 1.8 million, against EUR 4.3 million of last year. This corresponds to a decline of 58.1%. The considerable decline is due to the project-based sales characteristic for the base period.

The operating result of the company during the first 6 months of 2010 was a loss of HUF 72 million, compared to the profit of HUF 407 million during the same period of last year.

At EBITDA level the operating profit of the Axle business line was HUF 709 million compared to the HUF 1,462 million a year earlier.

Million HUF	2009. Q1	2010. Q1	Change	2009. Q2	2010. Q2	Change
America	5 452	3 632	-33,4%	2 495	1 853	-25,7%
EU - export	2 972	2 621	-11,8%	1 259	1 542	22,5%
EU - domestic	731	1 355	85,4%	336	787	134,2%
CIS and former Yugoslavia	887	1 581	78,2%	389	839	115,7%
Other	1 263	490	-61,2%	759	329	-56,7%
Total sales revenue	11 304	9 680	-14,4%	5 237	5 350	2,2%
EBITDA	1 462	709	-51,5%	539	467	-13,4%
Operating profit	407	-72	-117,7%	14	82	485,7%

Rába Járműipari Alkatrészgyártó Kft. (Rába Automotive Components Ltd.)

The sales revenue of the Rába Automotive Components Ltd. declined by 3.9% during the first 6 months of 2010 to HUF 4.9 billion, against HUF 5.1 billion in the same period of 2009.

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

European exports amounted to EUR 5.3 million during the first 6 months of 2010, against EUR 4.1 million during the base period. This corresponds to an increase of 29.3%.

Domestic sales before consolidation generated HUF 3.8 billion during the first 6 months of 2010, which is a decline by 11.6% compared to the HUF 4.3 billion of the same period of 2009.

The company generated HUF 7 million in profits at operating level during the first 6 months of 2010 compared to HUF 136 million during the same period of 2009.

On the level of EBITDA, the profit of the Components Ltd. changed to HUF 195 million during the period, from HUF 392 million of the previous year.

Million HUF Ft	2009. Q1	2010. Q1	Change	2009. Q2	2010. Q2	Change
EU - export	891	1 093	22,7%	307	550	79,2%
EU - domestic	4 253	3 823	-10,1%	1 936	1 963	1,4%
Total sales revenue	5 144	4 916	-4,4%	2 243	2 513	12,0%
EBITDA	392	195	-50,3%	135	100	-25,9%
Operating profit	136	7	-94,9%	7	5	28,6%

Rába Jármű Kft. (Rába Vehicle Ltd.)

The sales revenue of Rába Jármű Kft. amounted to HUF 3,725 million during the first 6 months of 2010, which is an increase of 63.5% compared to HUF 2,278 million of the base period.

On the **EU market** Rába Vehicle's sales figures in HUF terms equalled the total sales revenue realised.

European exports exceeded the level of the base period by 40%, thus increasing from EUR 0.5 million to EUR 0.7 million.

Domestic sales before consolidation amounted to HUF 3,523 million during the first 6 months of 2010, an increase of 65.1 per cent over the HUF 2,134 million during the base period.

On the **CIS and East-European** markets Rába Vehicle Ltd. generated no sales revenue compared to the minimum amount, HUF 0.2 million in sales during the base period.

The operating profit was HUF 570 million during the first 6 months of 2010, compared to HUF 109 million during the same period of last year.

On the level of EBITDA, during Q1 of 2010 the Company registered a profit of HUF 693 million compared to HUF 224 million in the first half of 2009.

Million HUF	2009. Q1	2010. Q1	Change	2009. Q2	2010. IQ2	Change
EU - export	145	202	39,3%	68	119	75,0%
EU - domestic	2 134	3 523	65,1%	1 268	2 169	71,1%
CIS and former Yugoslavia	0	0		0	0	
Total sales revenue	2 278	3 725	63,5%	1 336	2 288	71,3%
EBITDA	224	693	209,4%	122	486	298,4%
Operating profit	109	570	422,9%	65	424	552,3%

The Rába Group

The consolidated sales revenue of the Rába Group during the first 6 months of 2010 amounted to HUF 17.7 billion, which is a decline of 3.3% compared to the figure for the same period of 2009.

The operating profit of the group during the first half of 2010 amounted to HUF 411 million, compared to the profit of HUF 552 million during the same period of 2009.

During the first 6 months of 2010 the financial result was a loss of HUF 1,118 million, which includes a net interest payment of HUF 206 million and an exchange rate loss of HUF 596 million. Additionally, this profit line includes the profit generated through the sale of the joint venture stake.

Based on the above, the Rába group generated a net loss of HUF 967 million during the first 6 months of 2010, compared to HUF 2,363 million in losses during the same period of last year.

On the level of EBITDA, the group registered profits of HUF 1,584 million during the first 6 months of 2010, against last year's figure of HUF 2,091 million.

The Rába Group – other data and events pertaining to the business activity
Sales revenue by business division

Sales revenue (HUF million)	Axles	Components	Vehicles	Rába Group consolidated
2009 Q1	6 068	2 900	942	9 670
2009 Q2	5 237	2 244	1 336	8 618
2009 Q3	3 448	2 247	1 588	7 113
2009 Q4	4 092	2 376	2 220	8 521
2010 Q1	4 329	2 403	1 437	7 890
2010 Q2	5 351	2 512	2 288	9 827

Breakdown of sales revenue during the first half of 2010

Million HUF	America	EU			CIS	Other	Total
		total	export	domestic			
Axle	3 632	3 976	2 621	1 355	1 581	490	9 680
Component	0	4 916	1 093	3 823	0	0	4 916
Vehicle	0	3 725	202	3 523	0	0	3 725
Consolidated	3 632	12 014	3 916	8 097	1 581	490	17 717

Breakdown of operating profit of group subsidiaries

	Operating profit						
	2009.					2010.	
	Q1	Q2	Q3	Q4	year	Q1	Q2
Axles	393	14	-388	173	192	-154	82
Components	129	7	-129	295	302	2	5
Vehicles	44	65	161	350	620	146	424
Other	-29	-71	-140	-150	-390	-38	-56
Total	537	15	-496	668	724	-44	455

PK2. Companies involved in the consolidation

Company	Capital in HUF thousand	Ownership ratio (%)	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 Mérnöki Szolgáltató Kft.	3,000	100.00	100.00	S
Fehrer Automotive-Rába Kft.	1.075.000	30,00	30,00	A

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

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

Rába Vagyonkezelő Kft. (Asset Management Kft.) is no longer active, it was finally wound-up through voluntary dissolution and deleted from the company register on 16 September 2009.

In 2009 Rába invested HUF 322,500 thousand into the establishment of a joint venture, Fehrer Automotive-Rába Kft. The joint venture was established on 16 June 2009 to manufacture seat foam for the automotive industry. Rába has 30 percent equity participation in the business.

The Company sold its 25.5 % holding in Busch-Rába Kft. to BPW Bergische Achsen Kommanditgesellschaft on 29 March 2010.

Rába Mérnöki Szolgáltató Kft. – earlier called Fehrer-Rába Járműipari Kft. -has been in voluntary dissolution since 1 May, 2010.

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

Currency*	HUF	X	EUR	
Unit*	1 000	X	1 000 000	

* Indicate with an X.

Item	Q1 2009	Q1 2010	Index	Q2 2009	Q2 2010	Index
Domestic sales revenues	6 679 833	8 097 329	121,2%	3 342 571	4 593 588	137,4%
Export sales revenues	11 608 735	9 619 712	82,9%	5 275 703	5 233 051	99,2%
Net sales revenues	18 288 568	17 717 041	96,9%	8 618 274	9 826 639	114,0%
Direct cost of sales	14 525 580	13 983 540	96,3%	7 105 352	7 678 596	108,1%
Gross profit	3 762 988	3 733 501	99,2%	1 512 922	2 148 043	142,0%
Cost of sales	316 439	295 240	93,3%	146 535	158 880	108,4%
General and administration expenses	3 621 683	3 543 022	97,8%	1 862 755	1 742 195	93,5%
Other revenues	916 912	707 646	77,2%	621 891	319 816	51,4%
Other expenditures	190 230	192 173	101,0%	111 037	112 281	101,1%
Other items related to business activities	-3 211 440	-3 322 789	96,5%	-1 498 436	-1 693 540	87,0%
Operating profit before interest payment and taxation (EBIT)	551 548	410 712	25,5%	14 486	454 503	3137,5%
Financial revenues	1 933 114	1 915 060	99,1%	282 316	938 064	332,3%
Financial expenditures	4 416 730	3 032 868	68,7%	-10 022 784	2 716 582	127,1%
Net financial result	-2 483 616	-1 117 808	155,0%	10 305 100	-1 778 518	-117,3%
Dividend from affiliated companies	-158 302	-116 747	126,3%	-97 329	-56 280	142,2%
PROFIT BEFORE TAXATION	-2 090 370	-823 843	60,6%	10 222 257	-1 380 295	-113,5%
Corporate profit tax	272 951	143 138	47,6%	2 212 401	-14 848	-100,7%
PROFIT AFTER TAXATION	-2 363 321	-966 981	159,1%	8 009 856	-1 365 447	-117,0%
Profit share of minority shareholders						
NET INCOME	-2 363 321	-966 981	159,1%	8 009 856	-1 365 447	-117,0%
Other aggregate income						
Gain (loss) on share-based payments		0				
Profit tax of other aggregate income		0				
Other aggregate income netted by profit tax	0	0		0	0	
Total aggregate income (attributable in full to shareholders in the company)	-2 363 321	-966 981	159,1%	8 009 856	-1 365 447	-117,0%

1. EARNED REVENUES

During the first 6 months of 2010, Rába achieved HUF 17,717 million in sales revenue, compared to 18,289 million during the same period of last year. 54.3 per cent of the revenues came from export, the rest came from domestic sales. The sales revenue is 3% lower than that of the base period but the second quarter resulted in a 14 % increase.

2. COSTS AND OTHER REVENUES, EXPENDITURES

2.1. Direct costs

During the first 6 months of 2010, the direct cost level of Rába was 78.9 per cent, compared to 79.4% of the base period.

Gross Profit

The gross profit changed from HUF 3,763 million to HUF 3,734 million, (HUF -30 million), which is due to the decline in the sales revenue (HUF -572 million) and the decrease in direct expenses (HUF -542 million).

2.2. Cost of sales

The cost of sales declined by 6.7 per cent and amounted to HUF 295 million during the first 6 months of 2010, compared to HUF 316 million during the first half of 2009.

2.3. General overhead and administrative expenses

Rába accounts its costs incurred in relation to the administration of the company and other general expenses under general overhead and administrative expenses (first half of 2010: HUF 3,576 million, first half of 2009: 3,679 million), and adjusts them with the net value of the capitalised costs of technical development (HUF -21 million), and by restating certain bank charges to financial expenditure (HUF -32 million) plus the expenditure in equity and financial instruments (HUF +30 million).

2.4. Other revenues

Other revenues amounted to HUF 708 million during the first 6 months of 2010. This amount was HUF 209 million lower than that of the base period. The change is due to the following factors: decline in the net revenues from the sale of fixed assets (HUF -71 million), revenues from CO₂ (HUF +54 million), and a decline in the release of provisions (HUF -261 million) and the decrease in subsidies (HUF -10 million), and the increase in compensation, penalty received (HUF +95 million).

2.5. Other expenditures

The amount of other expenditures during the first 6 months of 2010 was HUF 192 million, which is nearly equal to the figure during the base period.

3. OPERATING PROFIT

The operating profit of Rába during the first 6 months of 2010 was HUF 411 million (first half of 2009: HUF 552 million). The decline in gross profit (HUF -30 million) was mitigated by the decline in sales and overhead costs (HUF -100 million) and was deteriorated by the decline in other revenues (HUF -209 million). Profitability dropped from 3.0% during the base period to 2.3%. The profitability of operating profit + depreciation was 8.9 per cent, against 11.4% during the base period.

4. FINANCIAL REVENUES AND EXPENDITURES

During the first 6 months of 2010, the net financial result was HUF -1,118 million, compared to HUF -2,484 during the same period of 2009. The activated profit of derivative transactions during the first 6 months of 2010 was a loss of HUF 619 million, compared to the loss of HUF 2,170 million during the first 6 months of 2009. HUF -1,055 million was reported as the non-activated loss of derivative transactions restated on 30 June 2010, compared to the HUF –

4,775 million in the base period.

The net profit of interest incomes and expenses was HUF -206 million during the first 6 months of 2010, compared to HUF -314 million during the base period. The net exchange rate loss on the FX items was HUF 596 million on 30 June 2010, compared to the HUF 272 million on 30 June 2009.

Financial revenues and expenditures consisted of the following principal items:

	<i>First half of 2009</i>	<i>First half of 2010</i>
Revenue from dividends	8 820	1 845
Exchange rate gains of stakes sold	0	444 581
Interest income	165 729	324 447
Realised gains of derivative transactions	127 855	82 475
Reversed non-realised profit of derivative transactions in the previous year	1 628 790	1 059 407
Exchange rate gains	1 920	2 305
Other financial revenues	1 933 114	1 915 060
Financial revenues		
Interest payable	479 584	530 586
Realised loss of derivative transactions	2 297 529	701 121
Reversed non-realised loss of derivative transactions in the previous year	-5 078 664	-944 267
Non-realised profit of derivative transactions	4 774 597	1 055 418
Exchange rate losses	1 900 298	1 655 725
Other financial expenditures	43 386	34 285
Financial expenditures	4 416 730	3 032 868

5. PROFIT FROM EXTERNAL COMPANIES

The profit from external companies during the first 6 months of 2010 amounted to HUF -117 million, which amount represents the portion the parent company is entitled to from the net profit of Fehrer Automotive-Rába Kft. During the base period this amounted to HUF -158 million, which represented 25.5 per cent of the loss of Busch-Rába Kft.

6. PROFIT BEFORE TAXATION AND NET PROFIT

The earnings before taxation amounted to a loss of HUF -824 million during the first 6 months of 2010, which, because of the factors outlined in sections 1-5 is HUF 1,267 million higher than the figure for the first half of 2009. The profitability ratio represents a -4.7 per cent return on sales on the basis of profit before taxation, compared to -11.4 per cent during the base period.

At group level the tax liability amounted to HUF 143 million, of which the deferred tax for the current period is HUF -3 million and the trade tax is HUF 122 million and there is a tax liability arising at the parent company for the previous period.

7. IFRS-HAS DIFFERENCES

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

- accounting under IFRS as costs of technical development, foundation and reorganisation expenses capitalised according to HAS;
- treatment as financial leasing of production equipment purchased as operating leasing within the group;
- accounting of the share options made available to the managers within the Share Option Programme;
- the reclassification into profit tax of the trade tax accounted under HAS as other

expenditures;

- accounting under IFRS among indirect costs of the FX shipping costs reducing the sales revenues under the Hungarian accounting rules;
- any rebate accounted as other expenditure according to the HAS requirements must be accounted as an item reducing the sales revenues according to the IFRS requirements;
- restatement of certain bank charges accounted as indirect expenditure under the Hungarian Accounting Regulations into financial expenditure;

PK. 3. CONSOLIDATED BALANCE SHEET ACCORDING TO IFRS

Currency*	HUF	X	EUR	
Unit*	1 000	X	1 000 000	

* Indicate with X.

Item	31 Dec 2009	30 June 2010	Index
Properties, machines, equipment	14 745 940	14 037 166	95,2%
Intangible assets	612 945	512 240	83,6%
Long-term receivables	38 169	38 169	100,0%
Property for investment purposes	338 217	338 217	100,0%
Other investments accounted through the capital method	943 002	107 174	11,4%
Marketable financial assets	192 221	192 221	100,0%
Deferred tax receivables	917 801	919 840	100,2%
Total invested assets	17 788 295	16 145 027	90,8%
Inventories	6 917 526	7 301 841	105,6%
Receivables	7 267 272	7 144 960	98,3%
Corporate tax receivables	75 184	99 761	132,7%
Liquid assets, bank account	374 820	3 075 354	820,5%
Total current assets	14 634 802	17 621 916	120,4%
Total ASSETS	32 423 097	33 766 943	104,1%
Share capital	12 546 330	12 546 330	100,0%
Capital reserve	26 278	26 278	100,0%
Share option reserve	56 183	60 908	108,4%
Retained earnings*	-1 882 561	-2 849 543	-51,4%
Total equity and reserves	10 746 230	9 783 973	91,0%
Long-term liabilities	6 883 835	7 768 649	112,9%
Provisions	907 727	862 954	95,1%
Total long-term liabilities	7 791 562	8 631 603	110,8%
Derivative financial liabilities	944 267	1 055 418	111,8%
Short term loans and credits	5 694 145	4 572 669	80,3%
Short-term liabilities	7 246 893	9 723 280	134,2%
Short-term liabilities total	13 885 305	15 351 367	110,6%
Total LIABILITIES (equity and liabilities)	32 423 097	33 766 943	104,1%

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

The consolidated net value of properties, machines and equipment changed from the closing value of HUF 14,746 million on 31 December 2009 to HUF 14,037 million, the change was -4.8 %.

1.2. Intangible assets

The net value of intangible assets changed from HUF 613 million to HUF 512 million. The decline was 16.4 per cent.

1.3. Long-term receivables

This balance sheet line shows long-term receivables at a discounted value among invested assets in the balance sheet. Long-term receivables have not changed compared to the closing value as at 31. December 2009.

1.4. Real estate for investment purposes

The value of real estate for investment purposes amounted to HUF 338 million on 30 June 2010.

1.5. Investments accounted using the capital method

The closing stock of investments as at 30 June 2010 was HUF 107 million. In 2007 the Company participated in the establishment of a joint venture, Busch-Rába Öntőde Kft., charged with the management of the foundry division. Rába's stake in the venture was 25.5%, which was sold on 29 March 2010 and deleted from Rába's books. In 2009 Rába took part in the establishment of Fehrer Automotive-Rába Kft. with a 30 percent participation.

1.6. Deferred tax receivable

HUF 920 million was reported under this title on 30 June 2010, which was basically equal to the figure on 31 December 2009.

1.7. Proceeds from the sale of assets

On 30 June 2010 the value was HUF 192 million, which equalled the closing value as at 31. December 2009.

2. CURRENT ASSETS

2.1. Stocks

On 30 June 2010, the closing value of stocks was HUF 7,302 million (31 December 2009: HUF 6,918 million). The change is +5.6%. The change is related to the growth in produced stocks (HUF +301 million), and to the increase in materials and goods (HUF +83 million).

2.2. Receivables

The closing figure of receivables as at 30 June 2010 was HUF 7,145 million, a decline of HUF 122 million compared to the 31 December figure (closing figure for 31 December 2009: HUF 7,267 million).

2.3. Liquid assets

The closing figure of liquid assets on 30 June 2010 was HUF 3,075 million (31 December 2009: HUF 375 million). The substantial change is due to the arrival of the proceeds from the investment sold.

3. EQUITY AND RESERVES

3.1. Share capital

RÁBA Nyrt.'s share capital consists of common shares with a nominal value of HUF 1,000 each, entitling the shareholders to the dividend announced in a particular period, and providing one vote at the General Meeting of the Company. On 30 June 2010, the share capital of the company was HUF 12,546 million, which is equal to the figure prevailing on 31 December 2009.

3.2. Capital reserve

On 30 June 2010, the capital reserve was HUF 26 million, equal to the difference between the cost and the face value of the redeemed treasury shares.

3.3. Share option reserve

To foster common interests between the shareholders of Rába and the management of the Rába Group, as well as to further increase the value of the company, the Board of Directors of Rába decided to launch a five-year management share option programme, entitled

Management Share Option Incentive Programme for the senior and middle management of the Company. The program is for the Rába shares. The options were offered on 1 July, 2006 and the closing date of the programme is 31 December 2011, which is the last date for option draw-down. All options are offered upon the same terms.

Within the five-year term of the programme three separate draw-down tranches would have taken place, each of which is implemented separately, subject to unrelated conditions.

At its meeting held on 2 July 2009 the Board of Directors of Rába Nyrt. concluded that the conditions of opening the third tranche were not fulfilled considering the price of Rába shares and the average price weighted with the stock exchange turnover during the opening period of the third tranche between 1 January 2009 and 30 June 2009.

Upon authorization from the General Meeting of Shareholders, as per resolution No. 5/2010 04.29. of the General Meeting, the term of the ESOP launched 1 July, 2006 is extended until 30 July, 2014 and the third tranche is re-launched from 1 January, 2012 with unchanged terms.

Based on valuation, as per the equity requirements for the 3rd tranche, HUF 5,833 thousand was accounted for as share based payment transaction performed in equity instrument and HUF 24,060 thousand was accounted for as share based payment transaction performed in liquid assets to cover wage costs related to the share based payment transactions.

3.4. Retained earnings

The retained earnings (HUF -2,850 million) changed compared to the closing balance of the previous year (HUF -1,883 million) by HUF 967 million, as follows:

	Registered capital	Capital reserve	Share option capital reserve	Retained earnings	Total shareholders equity
Balance as at 1 January, 2009	12 623 816	0	63 502	-1 187 358	11 499 960
After-tax profit				-700 645	-700 645
Share-based payments drawn	4 691	0	-10 137	5 442	-4
Deferred tax of share-based payments			2 818		2 818
Purchase of treasury shares	-82 177	26 278			-55 899
Balance as at 31 December 2009	12 546 330	26 278	56 183	-1 882 561	10 746 230
Share-based expenditure performed in equity instrument			5 833		5 833
Deferred tax of share-based expenditure performed in equity instrument			-1 108		-1 108
Profit during the current year				-966982	-966982
Balance as at 30 June 2010	12 546 330	26 278	60 908	-2 849 543	9 783 973

4. LONG-TERM LIABILITIES

The closing value of long-term liabilities as at 30 June 2010 amounted to HUF 7,769 million, which was 12.9 percent higher than the opening balance of the period (on 31 December 2009, the closing figure was HUF 6,884 million).

5. SHORT-TERM LIABILITIES

5.1. Funds originating from derivative transactions

The company reports the valuation result of the derivative transactions on the cut-off date in this balance sheet line, which was HUF 1,055 million on 30 June 2010, compared to the HUF 944 million recorded on 31 December 2009.

5.2. Short-term credits and loans

The total of short-term credits and loans (HUF 4,573 million) decreased by 19.7% compared to the closing balance of December (HUF 5,694 million).

5.3. Short-term liabilities

The total short-term liabilities (closing balance on 30 June 2010: HUF 9,723 million) increased by 34.2% compared to the December 2009 closing value (HUF 7,247 million). The most significant increase took place in the accounts payable (HUF 2,286 million), other short-term liabilities decreased by HUF 101 million, passive accruals increased by HUF 550 million.

PK 5. CONSOLIDATED CASH-FLOW STATEMENT FOR H1 2010

Data in HUF thousand

	<u>30 June</u> <u>2009</u>	<u>30 June</u> <u>2010</u>
<u>Cash flow of operating activity</u>		
Profit before taxation	-2 090 370	-823 843
<i>Adjustment items related to items with no cash movement:</i>		
Interest income/expenditure	312 645	206 139
Depreciation and amortisation	1 539 505	1 172 811
Impairment of bad and doubtful receivables and of long term receivables	7 100	-47 195
Inventory reject	0	15 203
Provisions	-327 726	-44 773
Share-based payments made in capital instruments	0	5 833
Changes in real value of derivative financial assets and receivables	-461 728	111 151
Result of sale and in-kind contribution of real assets, machinery and fixtures	-75 107	2 604
Proceeds from sale of investments accounted through the capital method	0	-444 985
Participation in profit of affiliated companies	157 808	130 763
Revaluation of loans and credits at end of period	170 523	901 271
<i>Changes in working capital:</i>		
Trade and other receivables, changes in corporate tax	2 696 933	169 507
Changes in stocks	1 419 389	-399 518
Changes in accounts payable and other liabilities	-3 430 814	2 446 734
Share-based payment made in liquid assets	0	24 061
Profit tax paid	-186 897	-170 862
Interest expenses	-327 101	-232 572
<u>Net cash-flows from operating activities</u>	-595 840	3 022 329
<u>Cash flows from investment activities</u>		
Purchase of real estate, machinery and intangibles	-1 006 828	-370 820
Revenue from the sale of investments accounted through the capital method	0	1 150 050
Revenues from the sale of real estate, machinery and fixtures, as well as of intangibles	127 978	10 478
Interests received	14 456	26 432
<u>Net cash flows used for investment activities</u>	-864 394	816 140
<u>Cash flow from financing activities</u>		
Revenues/expenditures from the sale/purchase of treasury shares	-55 900	0
Receipt of loans and credits	5 453 037	3 793 259
Repayment of loans and credits	-3 359 337	-4 931 194
<u>Net cash flows from financing activities</u>	2 037 800	-1 137 935
<u>Net increase/decline of financial instruments and equivalents</u>	577 566	2 700 534

PK6. Major off-balance sheet items

Description	Value (HUF)
According to a separate list*	

* Forward FX deals to cover the exchange rate risk of export sales revenues: sale of USD 10.8 million in exchange for EUR, and sale of USD 5 million for HUF and sale of EUR 26.8 million for HUF (of which EUR 1 million represents option transactions).

The bank loans of the Rába Group amount to HUF 12,320 million, of which the loans secured with liens and mortgages on movable assets and real property amount to HUF 11,750 million.

The amount of bank guarantees issued on behalf of the Rába Group is HUF 3,303 million.

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 (30 June)			Beginnin g of term		End of term	
	% ²	% ³	Pcs	% ²	% ³	Pcs	%	Pcs	%	Pcs
Domestic institutional/corporate	35,24	37,84	4 748 609	34,71	37,27	4 677 009				
Foreign institutional/corporate	18,80	20,19	2 533 359	14,36	15,42	1 935 007				
Foreign private individual	0,33	0,36	44 894	0,39	0,42	52 849				
Domestic private individual	38,36	41,18	5 168 198	43,27	46,45	5 830 195				
Employees, managing executives	0,40	0,43	53 780	0,40	0,43	53 780				
Treasury shares	6,85		922 896	6,85		922 896				
Shareholder forming part of general government ⁴	0,01	0,01	1 710	0,01	0,01	1 710				
International Development Institutions ⁵	0,00	0,00	0	0,00	0,00	0				
Other	0,00	0,00	0	0,00	0,00	0				
TOTAL	100,00	100,00	13 473 446	100,00	100,00	13 473 446				

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

² Ownership ratio

³ Voting right ensuring participation 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. List and introduction of shareholders with a stake exceeding 5% (as at 30 June 2010)

Name	Nationality ¹	Activity ²	Quantity (pcs)	Ownership stake (%) ³	Voting right (%) ^{3,4}	Comment ⁵
DRB Hicom Group	F	B	1 462 446	10.85	11,65	
Treasury Shares	D	B	922 896	6.85		
AEGON Magyarország Befektetési Alapkezelő Zrt.	D	I	815 170	6.05	6.50	

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.

⁶ Based on an announcement made on 26 April 2010, the number of shares held by AEGON Magyarország Befektetési Alapkezelő Zrt. is 709,835. Thus the ownership stake of AEGON Magyarország Befektetési Alapkezelő Zrt. changed to 5.27%, their voting ratio changed to 5.66%.

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	922 896	922 896	922 896		
Subsidiaries	-	-	-	-	-
Total	922 896	922 896	922 896		

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

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

	End of base period	Beginning of current year	End of current period
Company level	30	15	13
Group level	2219	2131	2070

The consolidated closing headcount as at 30 June 2010 was 2 070, which represented a decline of 6.7% compared to the end of the base period.

TSZ2. Managing executives, strategic employees

Type ¹	Name	Position	Beginning of mandate	End/termination of mandate	Shares held(pcs)
BD	István Pintér	Chairman of the BD	2005		19 429
BD	Olivér Martin	Board member	2003		555
BD	Róbert Hrabovszky	Board member	2005		555
BD	Alan Spencer	Board member	2006		0
BD	Khalid Abdol Rahman	Board member	2007		0
BD	Dr. Ádám Fintha-Nagy	Board member	2008		5 350
BD	Gábor Földvári	Board member	2008		0
SB	Dr. János Benedek	Chairman of the SB	2004		0
SB	Zoltán Varga	Supervisory Board member	2006		0
SB	András Lovas-Romváry*	Supervisory Board member	2008	2009	-
SB	Balázs Sándorfi	Supervisory Board member	2009		0
SP	István Pintér	Chief Executive	2003	Definite	19 429
SP	Béla Balog	Deputy CEO	2004	Indefinite	5 821
SP	Ferenc Vissi	HR Director	2001	Indefinite	7 797
SP	József Szabó	Purchasing and AssetMgmt. Director	2001	Indefinite	8 211
SP	István Pintér	Managing Director	2004	Indefinite	19 429
SP	László Urbányi	Managing Director	2005	Indefinite	4 412
SP	János Torma	Managing Director	2005	Indefinite	1 650

Total number of treasury shares owned (pcs):	53 780
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¹ Employee in strategic position (SP). Member of the Board of Directors (BD). Member of the Supervisory Board (SB)

RÁBA PLC. (INDIVIDUAL) BALANCE SHEET (HAS)

Data in HUF thousand

No	Description of item	31 Dec 2009	30 June 2010	Index
A.	Invested assets	16 362 810	15 608 457	95,39%
I.	Intangible assets	157 346	141 683	90,05%
II.	Fixed assets	6 172 276	6 124 246	99,22%
III.	Financial assets invested	10 033 188	9 342 527	93,12%
B.	Current assets	2 273 319	4 382 551	192,78%
I.	Stocks	351 355	351 002	99,90%
II.	Receivables	1 158 305	918 158	79,27%
III.	Securities	709 105	709 104	100,00%
IV.	Liquid assets	54 554	2 404 287	4407,17%
C.	Active accruals	73 681	33 072	44,89%
	TOTAL ASSETS	18 709 810	20 024 080	107,02%
D.	Shareholders' equity	12 915 685	13 591 485	105,23%
I.	Registered capital	13 473 446	13 473 446	100,00%
	Of which: ownership stake repurchased at face value	922 896	922 896	100,00%
III.	Capital reserve	127 654	127 654	100,00%
IV.	Retained earnings	57 457	-1 394 520	-2427,07%
V.	Fixed reserves	928 343	709 104	76,38%
VII.	Net profit	-1 671 215	675 801	140,44%
E.	Provisions	119 633	143 694	120,11%
F.	Liabilities	5 553 429	6 247 870	112,50%
III.	Short-term liabilities	5 553 429	6 247 870	112,50%
G.	Passive accruals	121 063	41 032	33,89%
	TOTAL LIABILITIES	18 709 810	20 024 080	107,02%

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

Data in HUF thousand

No	Description of item	First half of 2009	First half of 2010	Index
I.	Net sales revenue	465 031	598 797	128,77%
II.	Direct costs of sales	94 284	92 269	97,86%
III.	Gross sales revenue	370 746	506 528	136,62%
IV.	Indirect sales costs	504 717	474 432	94,00%
V.	Other revenues	159 394	1 959	1,23%
VI.	Other expenditures	135 854	123 297	90,76%
A.	OPERATING PROFIT	-110 431	-89 242	119,2%
VIII.	Revenues from financial transactions	90 270	1 292 937	1432,30%
IX.	Expenditures of financial transactions	264 956	501 478	189,27%
B.	Profit of financial transactions	-174 685	791 459	553,08%
C.	ORDINARY BUSINESS PROFIT	-285 116	702 217	346,3%
D.	EXTRAORDINARY PROFIT	-2 485	-2 327	106,38%
E.	PROFIT BEFORE TAXATION	-287 601	699 891	343,4%
XII.	TAX LIABILITY	0	24 090	
F.	AFTER-TAX PROFIT	-287 601	675 801	335,0%
G.	NET PROFIT	-287 601	675 801	335,0%

PK1. General information pertaining to the financial data

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

Declaration of liability

We, the undersigned, authorised signatories of the Company, hereby declare that the data and statements of the quarterly report are true and accurate. The report reflects the true and fair value of the Company's assets, liabilities, financial position, profit and loss, the situation, development and performance of the business and also describes the main risks and factors of uncertainty. The Company does not conceal any fact that is important for assessing its financial and economic position.

In the context of the quarterly report Rába Nyrt wishes to emphasize the following:

- The figures shown in the quarterly report are unaudited but have been compiled from the available data relying on the best efforts of the management.
- Rába has prepared its quarterly report in a form in compliance with the requirements of the Stock Exchange Regulations and in consideration of the IAS 34 Standard (interim financial statement)

There have been no changes in the accounting policy of the group companies; the accounting policies of the companies involved in the consolidation are consistent with each other.

Győr, 28 July 2010

István Pintér
Chairman-CEO

Béla Balog
CFO