

Report on the Results of Rába Nyrt. in Q1 of 2010

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

Company:	RÁBA Járműipari Holding Nyilvánosan Működő Részvénytársaság
Company address:	H-9027 Győr, Martin u. 1.
Sector:	Machine industry
Period:	Q1 of 2010
Telephone	36-96-624-460
Telefax:	36-96-624-006
E-mail:	adam.steszli @ raba.hu
Company:	Ádám Steszli

SUMMARY

- During Q1 of 2010, the group registered a decline in sales of 18.4% compared to Q1 of 2009, thus the total revenue amounted to HUF 7.9 billion. This was largely due to the lower foreign exchange rates and to some extent to the decline in raw material prices manifest in the price of the products as well. At the same time, after the law achieved in Q3 of 2009 it is also clear that all business divisions, with the exception of the vehicle business are demonstrating steady growth.
- The gross margin declined by 2.3 percentage points in Q1 of 2010 compared to Q1 of 2009. The lower foreign exchange rates had a negative effect, amounting to about 4%. This was offset by the scale-down launched last year and the measures aimed at improving efficiency.
- In Q1 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.
- 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. There was no major item among other expenditures during the period.
- The operating profit declined by HUF 581 million in Q1 of 2010 and amounted to HUF - 44 million. Of Rába's business divisions Rába Components Ltd. and Rába Vehicle Ltd. had a positive operating result. The activated hedge positions aimed at protecting the temporary fluctuation of foreign exchanges resulted in a loss of HUF 235 million compared to the loss of HUF 876 million of last year. The open currency hedge portfolio of the company continued to decrease.
- EBITDA declined by 42.6%, amounting to HUF 550 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 661 million, against the loss 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 profit after taxation was HUF 398 million in Q1 of 2010 compared to HUF -10,373 in the previous year. The result of the external company was HUF -60 million in Q1 of 2010.
- The net loan portfolio was HUF 9.7 billion, HUF 2.5 billion lower than at the end of the previous year. This decline in the net line is the result of the profitable operation, the

decline in working capital and of the sale of the joint venture business stake.

Thousand HUF	2009. Q1	2010. Q1	Change
Sales revenue	9 670 294	7 890 402	-18.4%
Gross profit	2 250 066	1 585 458	-29.5%
<i>Gross margin</i>	23.3%	20.1%	-3.2%p
EBITDA	1 289 514	549 999	-57.3%
<i>EBITDA level</i>	13.3%	7.0%	-6.3%p
Operating profit	537 062	-43 791	-108.2%
Net financial profit	-12 788 716	660 710	105.2%
Net income	-10 373 177	398 466	103.8%

'Although there is still a considerable amount of uncertainty on the market, predictability has improved palpably by the beginning of the year, said István Pintér, Rába's Chairman - Chief Executive. The impact of the new type of financial risks apparent these last few days (the "Greek crisis") is difficult to estimate, we expect 2010 to be the year of balanced growth already. The criteria for this are in place since our costs are aligned with the lower level of production as a result of measures taken last year and the company's positive cash generating capability gradually increases our market flexibility. Accordingly, we project a 5 per cent increase in sales and an increase in EBITDA commensurate with it by the end of 2010.'

EXTERNAL ENVIRONMENT

- The freight vehicle market of the US has begun to grow, a larger improvement, though is not expected until the second half of the year. Growth amounted to 12% compared to Q1 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 29 per cent compared to the same period of last year. There seems to be a revival in the orders on this market as well, though. 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 increase in raw material prices reached the highest point in Q3 of 2008 and showed a declining trend until Q2 of 2009. Since then stagnation can be observed. In Q1 of 2010 prices dropped by 4.5 percent compared to the same period of the previous year but an increase by 5.2 percent was manifest compared to Q4 of 2009. Thus prices have remained at the level of the second quarter of 2006.
- Average energy prices decreased by 16.9% compared to the same period of last year and by 8.9% compared to the last quarter of 2009.
- The average USD exchange rate was significantly lower, by 14.2 per cent and the EUR exchange rate was 8.8 per cent lower compared to the same period of last year. Compared to the last quarter the USD was characterised by a 5.9% higher while the EUR was at a 0.9 per cent lower exchange rate.

	2009. Q1	2010. Q1	Change
HUFEUR - average	294,6	268,6	-8.8%
HUFEUR – end of period	309,2	266,4	-13.8%
HUFUSD - average	226,4	194,2	-14.2%
HUFUSD – end of period	233,0	198,0	-15.0%
Trends in raw material prices*	112%	107%	-4.5%
Trends in energy prices**	220%	178%	-19.1%

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

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

Rába Futómű Kft. (Axle Ltd)

The sales revenue of Rába Futómű Kft. in Q1 of 2010 amounted to HUF 4.3 billion compared to HUF 6.1 billion achieved during the same period of 2009. This corresponds to a decline of 29.5%.

On the **American market**, the sales revenue in Q1 of 2010 was USD 9.1 million, against USD 13.2 million during Q1 of 2009. This means a decline of 31.1%.

On the **EU market** Rába's sales figures in HUF terms declined by 23.8%, amounting to HUF 1.6 billion, compared to HUF 2.1 billion in Q1 of 2009.

European exports amounted to EUR 4.0 million in the first three months of 2010 compared to EUR 5.7 million during the same period of last year. This is a decline of 29.8%.

Domestic sales before consolidation amounted to HUF 568 million which represents an increase of 43.8 compared to the base period.

On the **CIS and East-European markets** export sales revenues achieved by Rába increased by 64.7% from EUR 1.7 million during the base period to EUR 2.8 million in Q1 of 2010.

On the **other markets** the sales revenue in Q1 of 2010 amounted to EUR 0.6 million, against EUR 1.7 million of last year. This corresponds to a decline of 64.7%. The considerable decline is due to the project-based sales characteristic for the base period.

The operating result of the company in Q1 of 2010 was a loss of HUF 154 million, compared to the profit of HUF 393 million during the same period of last year.

At EBITDA level the operating profit of the Axle business line was HUF 242 million compared to the HUF 922 million a year earlier.

Million HUF	2009. Q1	2010. Q1	Change
America	2 958	1 779	-39.9%
EU - export	1 713	1 079	-37.0%
EU - domestic	395	568	43.8%
CIS and former Yugoslavia	498	742	49.0%
Other	504	161	-68.1%
Total sales revenue	6 068	4 329	-28.7%
EBITDA	922	242	-73.8%
Operating profit	393	-154	-139.2%

Rába Járműipari Alkatrészgyártó Kft. (Component Ltd.)

The sales revenue of the Component Ltd. declined by 17.2% in Q1 of 2010 to HUF 2.4 billion, from HUF 2.9 billion in the same period of 2009.

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

European exports amounted to EUR 2.0 million in Q1 of 2010, which was equal to the amount during the base period in EUR terms.

Domestic sales before consolidation generated HUF 1.9 billion in Q1 of 2010, which is a decline by 17.4% compared to the HUF 2.3 billion of the same period of 2009.

The company generated HUF 2 million in profits at operating level in Q1 of 2010 compared to HUF 129 million during the same period of 2009.

On the level of EBITDA, the profit of the Component Ltd. changed to HUF 95 million during the period, from HUF 257 million of the previous year.

Million HUF	2009. Q1	2010. Q1	Change
EU - export	584	543	-7.0%
EU - domestic	2 316	1 860	-19.7%
Total sales revenue	2 900	2 403	-17.1%
EBITDA	257	95	-63.0%
Operating profit	129	2	-98.4%

Rába Jármű Kft. (Vehicle Ltd.)

The sales revenue of Rába Jármű Kft. amounted to HUF 1,437 million in Q1 of 2010, which is an increase of 52.4% compared to HUF 943 million of the base period.

On the **EU market** Rába Vehicle's sales figures in HUF terms equalled the total sales revenue realised, amounting to HUF 1,437 million, which is 52.4% above the level of the previous year of HUF 943 million.

European exports remained at an unchanged level during Q1 of 2010 compared to the same period of last year, amounting to EUR 0.3 million.

Domestic sales before consolidation amounted to HUF 1,354 million in Q1 of 2010, an increase of 56.4 per cent over the HUF 866 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 146 million in Q1 of 2010, compared to HUF 44 million during the same period of last year.

On the level of EBITDA, during Q1 of 2010 the Company registered a profit of HUF 207 million compared to HUF 103 million in Q1 of 2009.

Million HUF	2009. Q1	2010. Q1	Change
EU - export	77	83	7.8%
EU - domestic	866	1 354	56.4%
CIS and former Yugoslavia	0	0	
Total sales revenue	943	1 437	52.4%
EBITDA	103	207	101.0%
Operating profit	44	146	231.8%

The Rába Group

The consolidated sales revenue of the Rába group in Q1 of 2010 amounted to HUF 7.9 billion, which is a decline of 18.6% compared to the figure for the same period of 2009.

The operating profit of the group during Q1 of 2010 amounted to a loss of HUF 44 million, compared to the profit of HUF 537 million during the same period of 2009.

In Q1 of 2010 the financial profit was HUF 661 million, against the losses of the same period of last year. This figure includes the profit generated through the sale of the joint venture stake accounted for in this line.

Based on the above, the Rába group generated a net profit of HUF 398 million in Q1 of 2010, compared to HUF 10,373 million in losses during the same period of last year.

On the level of EBITDA, the group registered profits of HUF 550 million in Q1 of 2010, against last year's figure of HUF 1,290 million.

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

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

Breakdown of sales revenue during Q1 of 2010

Million HUF	America	EU			CIS	Other	Total
		Total	export	domestic			
Axle	1779	1648	1079	568	742	161	4329
Component	0	2403	543	1860	0	0	2403
Vehicle	0	1437	83	1354	0	0	1437
Consolidated	1779	5209	1705	3504	742	161	7890

Breakdown of operating profit of group subsidiaries

	Operating profit					
	2009.					2010.
	Q1	Q2	Q3	Q4	year	Q1
Axle	393	14	-388	173	192	-154
Component	129	7	-129	295	302	2
Vehicle	44	65	161	350	620	146
Other	-29	-71	-140	-150	-390	-38
Total	537	15	-496	668	724	-44

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
Fehrer-Rába Járműipari Kft.	3,000	100.00	100.00	A
Fehrer Automotive-Rába Kft.	1.075.000	30,00	30,00	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)

Rába Vagyonkezelő Kft. (Asset Management Kft.) is no longer active, it was finally wound-up 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 Öntöde (Foundry) Kft. to BPW Bergische Achsen Kommanditgesellschaft on 29 March 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
Domestic sales revenues	3 337 262	3 503 741	105.0%
Export sales revenues	6 333 032	4 386 661	69.3%
Net sales revenues	9 670 294	7 890 402	81.6%
Direct cost of sales	7 420 228	6 304 944	85.0%
Gross profit	2 250 066	1 585 458	70.5%
Cost of sales	169 904	136 360	80.3%
General and administration expenses	1 758 928	1 800 827	102.4%
Other revenues	295 021	387 830	131.5%
Other expenditures	79 193	79 892	100.9%
Other items related to business activities	-1 713 004	-1 629 249	104.9%
Operating profit before interest payment and taxation (EBIT)	537 062	-43 791	-108.2%
Financial revenues	1 650 798	976 996	59.2%
Financial expenditures	14 439 514	316 286	2.2%
Net financial result	-12 788 716	660 710	105.2%
Dividend from affiliated companies	-60 973	-60 467	100.8%
PROFIT BEFORE TAXATION	-12 312 627	556 452	104.5%
Corporate profit tax	-1 939 450	157 986	108.1%
PROFIT AFTER TAXATION	-10 373 177	398 466	103.8%
Profit share of minority shareholders			
NET INCOME	-10 373 177	398 466	103.8%
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	
Total aggregate income (attributable in full to shareholders in the company)	-10 373 177	398 466	103.8%

1. EARNED REVENUES

In Q1 of 2010, Rába achieved HUF 7,890 million in sales revenue, compared to 9,670 million during the same period of last year. 55.6 per cent of the revenues came from export, the rest came from domestic sales. The sales revenue is 18.4% lower than that of the base period.

2. COSTS AND OTHER REVENUES, EXPENDITURES

2.1. Direct costs

In Q1 of 2010, the direct cost level of Rába was 79.9 per cent, compared to 76.7% of the base period.

Gross Profit

The gross profit changed from HUF 2,250 million to HUF 1,585 million, (HU -665 million), which is due to the decline in the sales revenue (HUF -1,780 million) and the decrease in direct expenses (HUF -1,115 million).

2.2. Cost of sales

The cost of sales declined by 19.7 per cent and amounted to HUF 136 million in Q1 of 2010, compared to HUF 170 million during Q1 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 (Q1 of 2010: HUF 1,841 million, Q1 of 2009: 1,800 million), and adjusts them with the net value of the capitalised costs of technical development (HUF -9 million), and by restating certain bank charges to financial expenditure (HUF -22 million).

2.4. Other revenues

Other revenues amounted to HUF 388 million in Q1 of 2010. This amount was HUF 93 million higher 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 -56 million), revenues from wage support (HUF +138 million), and a decline in the release of provisions (HUF -115 million) and the increase in compensation, penalty received (HUF +105 million).

2.5. Other expenditures

The amount of other expenditures in Q1 of 2010 was HUF 80 million, which is nearly equal to the figure during the base period.

3. OPERATING PROFIT

The operating profit of Rába in Q1 of 2010 was HUF -44 million (Q1 of 2009: HUF 537 million). The decline in gross profit (HUF -665 million) was deteriorated by the marginal increase in sales and overhead costs (HUF 8 million) and was improved by the increase in other revenues (HUF +93 million). Profitability dropped from 5.6% during the base period to -0.6%. The profitability of operating profit + depreciation was 7 per cent, against 13.3% during the base period.

4. FINANCIAL REVENUES AND EXPENDITURES

In Q1 of 2010, the net financial result was HUF 661 million, compared to HUF -12,789 during the same period of 2009. The activated profit of derivative transactions in Q1 of 2010 was a loss of HUF 235 million, compared to the loss of HUF 876 million in Q1 of 2009. HUF -466 million loss was reported as the non-activated loss of derivative transactions restated on 31 March 2010, compared to the HUF - 15,317 million in the base period.

The net profit of interest incomes and expenses was HUF -106 million in Q1 of 2010, compared to HUF -144 million during the base period. The net exchange rate gain on the FX items was HUF 98 million on 31 March 2010, compared to the HUF -1,510 million on 31 March 2009.

Financial revenues and expenditures consisted of the following principal items:

	Q1 of 2009	Q1 of 2010
Revenue from dividends	0	1 845
Exchange rate gains of stakes sold	0	444 581
Interest income	82 748	244 967
Realised gains of derivative transactions	81 573	30 675
Reversed non-realised profit of derivative transactions in the previous year	0	0
Exchange rate gains	1 485 308	253 397
Other financial revenues	1 169	1 531
Financial revenues	1 650 798	976 996
Interest payable	226 962	350 576
Realised loss of derivative transactions	957 806	266 010
Reversed non-realised loss of derivative transactions in the previous year	-5 078 664	-944 267
Non-realised profit of derivative transactions	15 316 757	466 460
Exchange rate losses	2 995 294	155 029
Other financial expenditures	21 359	22 478
Financial expenditures	14 439 514	316 286

5. Profit from external companies

The profit from external companies in Q1 of 2010 amounted to HUF -60 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 -61 million, which represented 25.5 per cent of the loss of Busch-Rába Öntöde Kft.

6. PROFIT BEFORE TAXATION AND NET PROFIT

The earnings before taxation amounted to a profit of HUF 556 million in Q1 of 2010, which, because of the factors outlined in sections 1-5 is HUF 12,869 million higher than the figure for Q1 of 2009. The profitability ratio represents a 7.1 per cent return on sales on the basis of profit before taxation, compared to -127.3 per cent during the base period.

At group level the tax liability amounted to HUF 158 million, of which the deferred tax for the current period is HUF 55 million and the trade tax is HUF 103 million.

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	31 March 2010	Index
Properties, machines, equipment	14 745 940	14 337 577	97.2%
Intangible assets	612 945	555 829	90.7%
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	169 653	18.0%
Marketable financial assets	192 221	192 221	100.0%
Deferred tax receivables	917 801	814 925	88.8%
Total invested assets	17 788 295	16 446 591	92.5%
Inventories	6 917 526	7 351 819	106.3%
Receivables	7 267 272	7 211 849	99.2%
Corporate tax receivables	75 184	87 436	116.3%
Liquid assets, bank account	374 820	2 096 160	559.2%
Total current assets	14 634 802	16 747 264	114.4%
Total ASSETS	32 423 097	33 193 855	102.4%
Share capital	12 546 330	12 546 330	100.0%
Capital reserve	26 278	26 278	100.0%
Share option reserve	56 183	56 183	100.0%
Retained earnings*	-1 882 561	-1 484 096	121.2%
Total equity and reserves	10 746 230	11 144 695	103.7%
Long-term liabilities	6 883 835	7 057 853	102.5%
Provisions	907 727	903 543	99.5%
Total long-term liabilities	7 791 562	7 961 396	102.2%
Derivative financial liabilities	944 267	466 460	49.4%
Short term loans and credits	5 694 145	4 739 368	83.2%
Short-term liabilities	7 246 893	8 881 936	122.6%
Short-term liabilities total	13 885 305	14 087 764	101.5%
Total LIABILITIES (equity and liabilities)	32 423 097	33 193 855	102.4%

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 14,338 million, the change was -2.8 %.

1.2. Intangible assets

The net value of intangible assets changed from HUF 613 million to HUF 556 million. The decline was 9.3 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. include the following items:

1.4. Real estate for investment purposes

The value of real estate for investment purposes amounted to HUF 338 million on 31 March 2010.

1.5. Investments accounted using the capital method

The closing stock of investments as at 31 March 2010 was HUF 170 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 951 million was reported under this title on 31 March 2010, which was HUF 103 million lower than on 31 December 2009. The most significant change was the decrease in the deferred tax receivable resulting from the release of the restatement of the December 31, 2009 and the conclusion as at 31 March 2010 of forward deals.

1.7. Proceeds from the sale of assets

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

2. CURRENT ASSETS

2.1. Stocks

On 31 March 2010, the closing value of stocks was HUF 7,352 million (31 December 2009: HUF 6,918 million). The change is +6.3%. The majority of the increase is related to the growth in produced stocks (HUF +118 million), and to the increase in materials and goods (HUF +317 million).

2.2. Receivables

- The closing figure of receivables as at 31 March 2010 was HUF 7,212 million, a decline of HUF 55 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 31 March 2010 was HUF 2,096 million (31 March 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 31 March 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 31 March 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 are 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.

There were no changes in this line of the balance sheet during Q1 of 2010.

3.4. Retained earnings

The retained earnings (HUF -1,484 million) changed compared to the closing balance of the previous year (HUF -1,883 million) by the net income of Q1 of 2010 only (HUF 398 million).

	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
Profit during the current year				398 465	398 465
Balance as at 31 March 2010	12 546 330	26 278	56 183	-1 484 096	11 144 695

4. LONG-TERM LIABILITIES

The closing value of long-term liabilities as at 31 March 2010 amounted to HUF 7,058 million, which was 2.5 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 466 million on 31 March 2010, compared to the HUF 977 million recorded on 31 December 2009.

5.2. Short-term credits and loans

The total of short-term credits and loans (HUF 4,739 million) decreased by 16.8% compared to the closing balance of December (HUF 5,694 million).

5.3. Short-term liabilities

The total short-term liabilities (closing balance on 31 March 2010: HUF 8,882 million) increased by 22.6% compared to the December 2009 closing value (HUF 7,247 million). The most significant increase took place in the accounts payable (HUF 1,654 million), the other short-term liabilities decreased by HUF 96 million, passive accruals increased by HUF 50 million.

PK 5. CONSOLIDATED CASH-FLOW STATEMENT FOR 2009

Data in HUF thousand

	<u>2009.03.31</u>	<u>2010.03.31</u>
<u>Cash flow of operating activity</u>		
Profit before taxation	-12 312 627	556 452
<i>Adjustment items related to items with no cash movement:</i>		
Interest income/expenditure	143 600	105 609
Depreciation and amortisation	752 452	593 790
Impairment of bad and doubtful receivables and of long term receivables	3 328	-38 847
Impairment of stocks recorded at net realisable value	0	-60 885
Inventory reject	0	2 956
Provisions	-126 373	-4 184
Share-based payments made in capital instruments	0	0
Changes in real value of derivative financial assets and receivables	10 238 093	-477 807
Result of sale and in-kind contribution of real assets, machinery and fixtures	-56 654	5 728
Proceeds from sale of investments accounted through the capital method	0	-444 985
Participation in profit of affiliated companies	61 379	68 284
Revaluation of loans and credits at end of period	1 997 657	-34 107
<i>Changes in working capital:</i>		
Trade and other receivables, changes in corporate tax	1 128 655	94 270
Changes in stocks	314 189	-376 364
Changes in accounts payable and other liabilities	-3 313 059	1 656 067
Share-based payment made in liquid assets	0	0
Income from the sale of financial investments	0	0
Profit tax paid	-83 433	-67 362
Interest expenses	-149 999	-129 471
Net cash-flows from operating activities	-1 402 792	1 449 144
<u>Cash flows from investment activities</u>		
Purchase of investments accounted through the capital method		0
Purchase of real estate, machinery and intangibles	-403 631	-138 666
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	105 132	3 367
Income, expenditure from the sale and purchase of securities	-249 999	0
Interests received	5 786	4 097
Net cash flows used for investment activities	-542 712	1 018 848
<u>Cash flow from financing activities</u>		
Revenues/expenditures from the sale/purchase of treasury shares	-55 900	0
Budget subsidy	0	0
Receipt of loans and credits	2 396 537	1 234 110
Repayment of loans and credits	-1 295 924	-1 980 762
Net cash flows from financing activities	1 044 713	-746 652
Net increase/decline of financial instruments and equivalents	-900 791	1 721 340

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 6 million in exchange for EUR, and sale of USD 13 million for HUF and sale of EUR 44 million for HUF (of which EUR 1 million represents option transactions).

The bank loans of the Rába Group amount to HUF 11,786 million, of which the loans secured with liens and mortgages on movable assets and real property amount to HUF 11,193 million.

The amount of bank guarantees issued on behalf of the Rába Group is HUF 3,308 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 (31 March)			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	37.52	40.28	5 055 093				
Foreign institutional/corporate	18.80	20.19	2 533 359	19.70	21.15	2 654 820				
Foreign private individual	0.33	0.36	44 894	0.33	0.36	44 659				
Domestic private individual	38.36	41.18	5 168 198	35.18	37.77	4 740 488				
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				
T O T A L	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 31 March 2010)⁶

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		

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	922896	922896			
Subsidiaries	-	-	-	-	-
Total	922896	922896			

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	14
Group level	2286	2131	2124

The consolidated closing headcount as at 31 March 2010 was 2124, which represented a decline of 7.1% compared to the end of the base period.

TSZ2. Managing executives, strategic employees

Type ¹	Name	Position	Beginning of mandate	End/ termination of mandate	Shares held (pcs)
BD	István Pintér	Chairman of the BD	2005		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
SB	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 Asset Mgmt. 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

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

RÁBA NYRT. (INDIVIDUAL) BALANCE SHEET (HAS)

Data in HUF thousand

No	Description of item	31.12.2009	31.03.2010	Index
A.	Invested assets	16 362 810	15 641 845	95.59%
I.	Intangible assets	157 346	149 213	94.83%
II.	Fixed assets	6 172 276	6 150 105	99.64%
III.	Financial assets invested	10 033 188	9 342 527	93.12%
B.	Current assets	2 273 319	3 547 999	156.07%
I.	Stocks	351 355	351 477	100.03%
II.	Receivables	1 158 305	901 319	77.81%
III.	Securities	709 105	709 104	100.00%
IV.	Liquid assets	54 554	1 586 098	2907.39%
C.	Active accruals	73 681	34 929	47.41%
	TOTAL ASSETS	18 709 810	19 224 773	102.75%
D.	Shareholders' equity	12 915 685	13 360 062	103.44%
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	444 378	126.59%
E.	Provisions	119 633	119 633	100.00%
F.	Liabilities	5 553 429	5 707 220	102.77%
III.	Short-term liabilities	5 553 429	5 707 220	102.77%
G.	Passive accruals	121 063	37 857	31.27%
	TOTAL LIABILITIES	18 709 810	19 224 773	102.75%

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

Data in HUF thousand

No	Description of item	Q1 2009	Q1 2010	Index
I.	Net sales revenue	234 765	275 722	117.45%
II.	Direct costs of sales	46 927	44 055	93.88%
III.	Gross sales revenue	187 838	231 667	123.33%
IV.	Indirect sales costs	238 253	230 723	96.84%
V.	Other revenues	105 009	767	0.73%
VI.	Other expenditures	90 476	39 315	43.45%
A.	OPERATING PROFIT	-35 882	-37 604	95.2%
VIII.	Revenues from financial transactions	45 625	676 346	1482.40%
IX.	Expenditures of financial transactions	382 402	193 711	50.66%
B.	Profit of financial transactions	-336 777	482 635	243.31%
C.	ORDINARY BUSINESS PROFIT	-372 659	445 031	219.4%
D.	EXTRAORDINARY PROFIT	-653	-653	100.00%
E.	PROFIT BEFORE TAXATION	-373 311	444 378	219.0%
XII.	TAX LIABILITY	0	0	
F.	AFTER-TAX PROFIT	-373 311	444 378	219.0%
G.	NET PROFIT	-373 311	444 378	219.0%

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, 11 May, 2010

István Pintér
Chairman-CEO

Béla Balog
CFO