

Report on the Results of Rába Nyrt. during the First 6 Months of 2011

Unaudited, consolidated 6-month report
in consideration of the International Financial Reporting Standards (IFRS)

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Sector:	Machine industry
Period:	first 6 months of 2011
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SUMMARY

- During the first 6 months of 2011, the Company at group level registered a 2.8% growth, with sales revenues of HUF 18.2 billion, compared to HUF 17.7 billion during the first 6 months of 2010. Such increase is a tribute to the nearly 23% increase of the Axle business, while the Component business grew to a lesser extent and the performance of the Vehicle business remained significantly lower.
- The gross margin declined by 3.9 percentage points during the first 6 months of 2011 compared to the first 6 months of 2010. The decline is due to the lower foreign exchange prices compared to the base period and to the lower utilisation of the Vehicle business and the delay in passing on the effect of the raw material price increase to the customers at the usual time, together with the one-off costs of newly acquired businesses.
- As the aggregate effect of the increase in sales revenue in HUF terms and of the deterioration of the gross margin, during the first 6 months of 2011 the gross profit was 16.1 per cent lower than the level during the same period of last year. Thanks to the continued stringent management within the fields of administration and sales, indirect costs further declined by HUF 141 million in the first 6 months of 2011 compared to the first 6 months of 2010.
- Other revenues and expenditures contained, in addition to the usual items, the sale of some of the unused premises and buildings, while the first quarter of last year contained the subsidy aimed at preserving jobs and there was a substantial damage compensation, as well. Thus the balance of other revenues/expenditures was HUF 213 million higher during the review period.
- The operating profit declined by HUF 248 million and amounted to HUF 163 million. During Q2 of 2011, Rába's Axle Business had a positive operating result. The activated hedge positions aimed at protecting the temporary fluctuation of foreign exchanges resulted in a profit of HUF 30 million in the first 6 months of 2011 compared to the loss of HUF 619 million of last year.
- EBITDA declined by 19.5%, amounting to HUF 1,275 million.
- The financial profit in the first 6 months of 2011 amounted to HUF 366 million, against the loss of HUF 1,118 million generated during the same period of last year. The profit – HUF 705 million - was largely generated through the revaluation of loans involving no cash movement
- The profit before taxation was HUF 250 million in the first 6 months of 2011, in contrast to HUF 967 million of the same period of last year. The profit from external companies was HUF -109 million in Q1 of 2011.

- The net loan portfolio was HUF 11.2 billion, HUF 1.9 billion higher than during the same period of last year and HUF 0.7 billion higher than at the end of last year.

Thousand HUF	2010. H1	2011. H 2	Change	2010. Q2	2011. Q2	Change
Sales revenue	17 717 041	18 160 557	2.5%	9 826 639	8 896 098	-9.5%
Gross profit	3 733 501	3 130 854	-16.1%	2 148 043	1 494 803	-30.4%
<i>Gross margin</i>	21.1%	17.2%	-3.9%p	21.9%	16.8%	-5.1%p
EBITDA	1 583 523	1 275 150	-19.5%	1 033 524	894 223	-13.5%
<i>EBITDA level</i>	8.9%	7.0%	-1.9%p	10.5%	10.1%	-0.5%p
Operating profit	410 712	162 600	-60.4%	454 503	342 889	-24.6%
Net financial result	-1 117 808	365 939	132.7%	-1 778 518	-101 725	-94.3%
Net profit	-966 981	250 246	125.9%	-1 365 447	73 025	-105.3%

'The first half of 2011 evolved in line with our expectations, the development of the heavy vehicle market provided us with the growth opportunities as well,' said István Pintér, Chairman-Chief Executive Officer of Rába. 'Focusing on the expansion experienced on our strategic markets we have managed to conclude long term agreements promising for the future with a number of dominant players in the automotive industry, which provides a foundation for our stability and growth potential. Since at the same time we continue to manage to keep our cost level under stringent control, these two factors allow us to improve the profitability of the company.'

EXTERNAL ENVIRONMENT

- Growth within the heavy vehicle sector of the North American market continued and amounted to 45% compared to the same period of last year. According to the forecasts the growth of the sector will not stop until the end of 2011. On the European market of heavy vehicles the activity experienced at the end of 2010 continued during the first half of 2011 as well, the increase was 60% compared to the same period of last year. According to the expectations of the market, the growth of the European region will not slow down during the second half of 2011 either. The sales of agricultural axles continue to be strong in the American region and a significant growth occurred on the European market. Substantial growth was characteristic on the Russian heavy vehicle market during the first half of 2011, the initial activity of the bus market, however, seems to have come to a halt during the second quarter. At the same time, the volatility of foreign currencies in certain regions of the CIS market had a negative impact on sales. The business of passenger car components is below the level of last year's.
- The significant increase of raw material prices experienced in Q1 of 2011, did not continue in Q2 of 2011, prices stabilized at a high level. Thus a price decrease of 1.0% compared to the last quarter and an increase of 11.8% compared to the same period of last year was experienced. Thus the prices of raw materials stabilised at slightly below the extraordinarily high prices prevalent before the economic crisis.
- Average energy prices decreased by 16.7% in Q2 of 2011 compared to the same period of last year and by 13.9% compared to Q4 of 2010. Thus the energy price level declined to the level of the second half of 2007.
- The average USD exchange rate was 6.4% lower and the average EUR exchange rate was 0.8 per cent lower compared to the same period of last year. Compared to the base period, the 14.4% weaker USD and the 3.0% weaker EUR during Q2 of 2011, had an impact on the operation of the company. Compared to the last quarter, though, the

exchange rate of the USD declined by 7.2% and of the EUR by 2.3% during Q2 of 2011.

	2010. H1	2011. H1	Change	2010. Q2	2011. Q2	Change
HUFEUR - average	271.5	269.4	-0.8%	274.4	266.3	-3.0%
HUFEUR – end of period	286.5	265.6	-7.3%	286.5	265.6	-7.3%
HUFUSD - average	205.2	192.1	-6.4%	216.1	185.0	-14.4%
HUFUSD – end of period	234.5	183.4	-21.8%	234.5	183.4	-21.8%
Changes in raw material prices*	130%	145%	11.8%	130%	145%	11.8%
Changes in energy prices**	195%	165%	-15.4%	195%	165%	-15.4%

*Rába indices – own calculation - base: 2006. Q1; closing values for the period
 **Rába indices – own calculation - base: Dec. 2004.; closing values for the period

Rába Futómű Kft. (Axle Ltd)

The sales revenue of Rába Futómű Kft. during the first 6 months of 2011 amounted to HUF 11.9 billion compared to HUF 9.7 billion achieved during the same period of 2010. This corresponds to an increase of 22.7%.

On the **American market**, the sales revenue in the first 6 months of 2011 was USD 19.5 million, against USD 17.6 million during the first half of 2010. This means an increase of 10.8%.

On the **EU market** Rába's sales figures in HUF terms increased by 62.5%, amounting to HUF 6.5 billion, compared to HUF 4.0 billion during the base period.

European exports amounted to EUR 17.3 million in the first 6 months of 2011 compared to EUR 9.6 million during the same period of last year. This is an increase of 80.2%.

Domestic sales before consolidation amounted to HUF 1.9 billion which represents an increase of 35.7 per cent compared to the HUF 1.4 billion of the base period.

On the **CIS and East-European markets** export sales revenues achieved by Rába Axle Ltd. decreased by 6.9%, from EUR 5.8 million during the base period to EUR 5.4 million in the first 6 months of 2011.

On the **other markets** the sales revenue in the first 6 months of 2011 amounted to EUR 1.0 million, against EUR 1.8 million of last year. This corresponds to a decline of 44.4%.

The operating result of the company during the first three months of 2011 was a loss of HUF 131 million, compared to the loss of HUF 72 million during the same period of last year.

At EBITDA level, the operating profit of the Axle business was HUF 576 million compared to HUF 709 million registered a year earlier.

Million HUF	2010. H1	2011. H1	Change	2010. Q2	2011. Q2	Change
America	3 632	3 731	2.7%	1 853	1 789	-3.5%
EU - export	2 621	4 648	77.3%	1 542	2 331	51.2%
EU - domestic	1 355	1 847	36.3%	787	1 046	32.9%
CIS and former Yugoslavia	1 581	1 440	-8.9%	839	630	-24.9%
Others	490	263	-46.3%	329	129	-60.8%
Total sales revenue	9 680	11 930	23.2%	5 351	5 925	10.7%
EBITDA	709	576	-18.8%	467	360	-22.9%
Operating profit	-72	-131	-81.9%	82	8	-90.2%

Rába Járműipari Alkatrészgyártó Kft. (Component Ltd.)

The sales revenue of the Component Ltd. amounted to HUF 5.0 billion in the first 6 months of 2011, which is an increase of 2.0% compared to the sales of HUF 4.9 billion a year earlier.

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

European exports amounted to EUR 5.8 million in the first 6 months of 2011, against EUR 4.0 million during the base period. This corresponds to an increase of 45.0%.

Domestic sales before consolidation generated HUF 3.4 billion in the first 6 months of 2011, which is a decline by 10.5% compared to the HUF 3.8 billion of the same period of 2010.

The company generated HUF 8 million in losses at operating level in the first 6 months of 2011 compared to a profit of HUF 7 million during the same period of 2010.

On the level of EBITDA, the profit of the Component Ltd. changed to HUF 156 million during the period, from HUF 195 million of the previous year.

Million HUF	2010. H1	2011. H1	Change	2010. Q2	2011. Q2	Change
EU - export	1 093	1 567	43.4%	550	774	40.7%
EU - domestic	3 823	3 427	-10.4%	1 963	1 633	-16.8%
Total sales	4 916	4 994	1.6%	2 512	2 406	-4.2%
EBITDA	195	156	-20.0%	100	62	-38.0%
Operating profit	7	-8	-214.3%	5	-13	-360.0%

Rába Jármű Kft. (Vehicle Ltd.)

The sales revenue of Rába Jármű Kft. amounted to HUF 1,769 million in the first 6 months of 2011, which is a decline of 52.5% compared to the HUF 3,725 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 342.9%, thus increasing from EUR 0.7 million to EUR 3.1 million.

Domestic sales before consolidation amounted to HUF 945 million in the first 6 months of 2011, a decline of 73.2 per cent compared to the HUF 3,523 million during the base period.

The operating loss was HUF 51 million in the first 6 months of 2011, compared to HUF 570 million during the same period of last year.

On the level of EBITDA, during the first 6 months of 2011 the Company registered a profit of HUF 73 million compared to HUF 693 million in the first 6 months of 2010.

Million HUF	2010. H1	2011. H1	Change	2010. Q2	2011. Q2	Change
EU - export	202	824	307.9%	119	471	295.8%
EU - domestic	3 523	945	-73.2%	2 169	310	-85.7%
Total sales	3 725	1 769	-52.5%	2 288	780	-65.9%
EBITDA	693	73	-89.5%	486	5	-99.0%
Operating profit	570	-51	-108.9%	424	-57	-113.4%

The consolidated sales revenue of the Rába group in the first 6 months of 2011 amounted to HUF 18.2 billion, which is an increase of 2.8% compared to the figure of HUF 17.7 billion for the same period of 2010.

The operating profit of the group in the first 6 months of 2011 amounted to HUF 163 million, compared to the HUF 441 million in profits during the same period of 2010.

In the first 6 months of 2011 the financial result was a profit of HUF 366 million, which includes, among others, a net interest payment of HUF 206 million and an exchange rate gain of HUF 569 million.

Based on the above, the Rába group generated a net profit of HUF 250 million in the first 6 months of 2011, compared to loss of HUF 967 million during the same period of last year.

On the level of EBITDA, the group registered profits of HUF 1,275 million in the first 6 months of 2011, against last year's figure of HUF 1,584 million.

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

Sales revenue by business division

Sales revenues (million HUF)	Axles	Components	Vehicles	Rába group consolidated
2010 Q1	4 329	2 403	1 437	7 890
2010 Q2	5 351	2 512	2 288	9 827
2011 Q1	6 005	2 587	989	9 264
2011 Q2	5 925	2 406	780	8 896

Breakdown of sales revenue of the first 6 months of 2011.

Million HUF	America	EU			CIS	Other	Total
		Total	<i>export</i>	<i>domestic</i>			
Axles	3 731	6 495	4 648	1 847	1 440	263	11 930
Components	0	4 994	1 567	3 427	0	0	4 994
Vehicles	0	1 769	824	945	0	0	1 769
Consolidated	3 731	12 726	7 039	5 686	1 440	263	18 161

Breakdown of operating profit of group companies

	Operating profit			
	2010.		2011.	
	Q1	Q2	Q1	Q2
Axles	-154	82	-139	8
Components	2	5	5	-13
Vehicles	146	424	6	-57
Others	-38	-56	-52	405
Total	-44	455	-180	343

PK2. Companies involved in the consolidation

Company	Capital in HUF thousand	Ownership ratio (%)	Voting ratio¹	Classificati on²
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 Automotive-Rába Kft.	1.076.000	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)

In December of 2010 an equity increase was carried out in Fehrer-Automotive-Rába Kft. in the amount of an additional HUF 1 million.

Rába Mérnöki Szolgáltató Kft. – earlier called Fehrer-Rába Járműipari Kft - was wound up through voluntary dissolution and was deleted from the Registry of Companies as of 16th November 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	2010. H1	2011. H1	Index	2010. Q2	2011. Q2	Index
Domestic sales revenues	8 097 329	5 686 350	70.2%	4 593 588	2 772 348	60.4%
Export sales revenues	9 619 712	12 474 207	129.7%	5 233 051	6 123 750	117.0%
Net sales revenues	17 717 041	18 160 557	102.5%	9 826 639	8 896 098	90.5%
Direct cost of sales	13 983 540	15 029 703	107.5%	7 678 596	7 401 295	96.4%
Gross profit	3 733 501	3 130 854	83.9%	2 148 043	1 494 803	69.6%
Cost of sales	295 240	364 657	123.5%	158 880	185 542	116.8%
General and administration expenses	3 543 022	3 332 477	94.1%	1 742 195	1 598 135	91.7%
Other revenues	689 300	1 231 568	178.7%	301 470	1 061 187	352.0%
Other expenditures	173 827	502 688	289.2%	93 935	429 424	457.2%
Other items related to business activities	-3 322 789	-2 968 254	110.7%	-1 693 540	-1 151 914	132.0%
Operating profit before interest payment and taxation (EBIT)	410 712	162 600	39.6%	454 503	342 889	124.6%
Financial revenues	1 915 060	1 388 676	72.5%	938 064	231 995	24.7%
Financial expenditures	3 032 868	1 022 737	33.7%	2 716 582	333 720	12.3%
Net financial result	-1 117 808	365 939	132.7%	-1 778 518	-101 725	194.3%
Dividend from affiliated companies	-116 747	-108 841	106.8%	-56 280	-62 051	-10.3%
PROFIT BEFORE TAXATION	-823 843	419 698	150.9%	-1 380 295	179 113	113.0%
Corporate profit tax	143 138	169 452	118.4%	-14 848	106 088	814.5%
PROFIT AFTER TAXATION	-966 981	250 246	125.9%	-1 365 447	73 025	105.3%
Profit share of minority shareholders						
NET INCOME	-966 981	250 246	125.9%	-1 365 447	73 025	105.3%
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)	-966 981	250 246	125.9%	-1 365 447	73 025	105.3%

1. EARNED REVENUES

In the first 6 months of 2011, Rába achieved HUF 18,161 million in sales revenue, compared to HUF 17,717 million during the same period of last year. 68.7 per cent of the revenues came from export, the rest came from domestic sales. The sales revenue is 2.5% higher than that of the base period.

2. COSTS AND OTHER REVENUES, EXPENDITURES

2.1. Direct costs

In the first 6 months of 2011, the direct cost level of Rába was 82.8 per cent, compared to 78.9% of the base period.

Gross Profit

The gross profit changed from HUF 3,734 million to HUF 3,131 million, (HUF -603 million), which is due to the increase in the sales revenue by HUF +443 million and to a substantial increase in direct expenses (HUF +1,046 million).

2.2. Cost of sales

The cost of sales increased by 23.5 per cent and amounted to HUF 365 million in the first 6 months of 2011, compared to HUF 295 million in the first 6 months of 2010.

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 6 months of 2011: HUF 3,332 million, first 6 months of 2010: 3,543 million), and adjusts them with the net value of the non-capitalised, according to international regulations, costs of technical development (HUF -14 million), and by restating certain bank charges to financial expenditure (HUF -21 million) and with the share-based payments made in capital instruments and cash (HUF +84 million).

2.4. Other revenues

Other revenues amounted to HUF 1,232 million in the first 6 months of 2011. This amount was HUF 542 million higher than that of the base period. The change is due to the following factors: increase in net proceeds from the sale of fixed assets: HUF +914 million, decrease in subsidies (HUF -174 million), decline in compensation, indemnification received (HUF -121 million) and decline in rebates received later (HUF -91 million).

In June of 2011 the Company sold a portion of its unused land and buildings, resulting in net proceeds of HUF 917 million. Expenditures related to the sale are shown in other lines of the financial accounts as well, the transaction is expected to be concluded by the end of 2011.

2.5. Other expenditures

The amount of other expenditures in the first 6 months of 2011 was HUF 503 million, which is HUF 329 million higher than the amount during the base period. The most important reasons for the increase are the increase in the write-off of inventories (HUF +37 million), the increase in impairment accounted for customers (HUF +18 million), the decline in local taxes paid (HUF -32 million), as well as the amount of expenditures incurred, or expected to be incurred in connection with the June 2011 sale of unused land and buildings (HUF 308 million).

3. OPERATING PROFIT

The operating profit of Rába in the first 6 months of 2011 was HUF 163 million (first 6 months of 2010: HUF 411 million). The decline in gross profit (HUF -602 million) was enhanced by the combined decline in sales and general overhead costs (HUF -142 million) and by the changes in other revenues and expenditures (HUF +213 million). Profitability changed from 2.3% during the base period to 0.9%. The profitability of the operating profit + depreciation was 7.0 per cent, against 8.9% during the base period.

4. FINANCIAL REVENUES AND EXPENDITURES

In the first 6 months of 2011, the net financial result was HUF 366 million, compared to HUF -1,118 million during the base period. The activated profit of derivative transactions in the first 6 months of 2011 was a profit of HUF 30 million, compared to the loss of HUF -619 million during the first 6 months of 2010. As of 30th June 2011, the group has no open forward positions, whereas the non-activated profit of the revaluation of derivative transactions in the same period of last year was HUF -1,055 million.

The net profit of interest incomes and expenses was HUF -206 million in the first 6 months of 2011, equal to the figure for the base period. The net exchange rate difference of FX items improved the financial result of the group by HUF 569 million in the first 6 months of 2011, in the first 6 months of 2010 the exchange rate gain was HUF -596 million.

Financial revenues and expenditures consisted of the following principal items:

	<i>H1 2010</i>	<i>H1 2011</i>
Revenue from dividends	1 845	4 183
Exchange rate gains of stakes sold	444 581	
Interest income	324 447	149 052
Realised gains of derivative transactions	82 475	30 040
Non-realised profit from derivative transactions		0
Exchange rate gains	1 059 407	1 204 525
Other financial revenues	2 305	876
Financial revenues	1 915 060	1 388 676
Interest payable	530 586	354 966
Realised loss of derivative transactions	701 121	0
Release of unrealised loss from previous year of derivative transactions	-944 267	-8 782
Non-realised profit or loss of derivative transactions	1 055 418	0
Exchange rate losses	1 655 725	635 407
Other financial expenditures	34 285	41 146
Financial expenditures	3 032 868	1 022 737

5. PROFIT FROM EXTERNAL COMPANIES

The profit from external companies in the first 6 months of 2011 amounted to HUF -109 million (H1 2010: HUF -117 million), which amount represents the portion the parent company is entitled to from the net profit of Fehrer Automotive-Rába Kft.

6. PROFIT BEFORE TAXATION AND NET PROFIT

The earnings before taxation amounted to HUF 420 million in the first 6 months of 2011, which, because of the factors outlined in sections 1-5 is HUF 1,244 million more than the figure for the first 6 months of 2010. The profitability ratio represents a 2.3 per cent return on sales on the basis of profit before taxation, compared to -4.7 per cent during the base period.

At group level the tax liability amounted to HUF 169 million, of which the deferred tax for the current period is HUF 58 million and the business tax is HUF 111 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 in part and of foundation and reorganisation expenses in full, capitalised according to HAS;
- accounting of the share options made available to the managers within the Share Option

Programme;

- the reclassification into profit tax of the business 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. 2010.	30 June 2011	Index
Properties, machines, equipment	13 772 582	13 371 595	97.1%
Intangible assets	631 396	736 952	116.7%
Long-term receivables	13 273	13 273	100.0%
Property for investment purposes	338 217	338 217	100.0%
Other investments accounted through the capital method	124 518	15 626	12.5%
Marketable financial assets	205 201	205 201	100.0%
Deferred tax receivables	261 756	197 044	75.3%
Total invested assets	15 346 943	14 877 908	96.9%
Inventories	7 568 030	7 994 787	105.6%
Receivables	7 591 462	8 245 317	108.6%
Corporate tax receivables	37 249	42 811	114.9%
Liquid assets, bank account	1 498 111	1 389 861	92.8%
Total current assets	16 694 852	17 672 776	105.9%
Total ASSETS	32 041 795	32 550 684	101.6%
Share capital	12 550 920	12 534 217	99.9%
Capital reserve	26 278	37 407	142.4%
Share option reserve	209 448	259 462	123.9%
Retained earnings*	-2 727 376	-2 449 207	110.2%
Total equity and reserves	10 059 270	10 381 879	103.2%
Long-term liabilities	7 294 131	6 826 111	93.6%
Provisions	843 385	925 493	109.7%
Total long-term liabilities	8 137 516	7 751 604	95.3%
Derivative financial liabilities	8 782	0	0.0%
Short term loans and credits	4 703 498	5 744 944	122.1%
Short-term liabilities	9 132 729	8 672 257	95.0%
Short-term liabilities total	13 845 009	14 417 201	104.1%
Total LIABILITIES (equity and liabilities)	32 041 795	32 550 684	101.6%

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 13,773 million on 31 December 2010 to HUF 13,372 million, the change was -2.9 %. The amount of depreciation stated, exceeded the value of assets purchased during the period. The net value of assets sold has been deleted from the accounts (HUF 152 million).

1.2. Intangible assets

The net value of intangible assets changed from HUF 631 million to HUF 737 million. The increase of 16.7 per cent was largely due to the accelerated development activities.

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 did not change compared to the closing value as at 31st December 2010.

1.4. Real estate for investment purposes

The value of real estate for investment purposes – amounting to HUF 338 million on 30th June 2011 at book value – remained unchanged.

1.5. Investments accounted using the capital method

The closing stock of investments as at 30th June 2011, was HUF 16 million. In 2009, Rába Nyrt and F.S. Fehrer Automotive GmbH. established Fehrer Automotive-Rába Kft. Rába's stake in the joint venture is 30%. The line of the balance sheet entitled investments accounted using the capital method contains the book value of this investment and Rába's due of the profit of the Kft.

1.6. Deferred tax receivable

It amounted to HUF 197 million on 30th June 2011, which is 24.7% less than the value prevailing on 31 December 2010. The main reason for the change is that the deferred tax receivable set aside for the accrued losses of the parent company has been released.

1.7. Receivables from the sale of assets

On 30th June 2011, the value was HUF 205 million, it remained unchanged compared to the value as at 31st December, 2010.

2. CURRENT ASSETS

2.1. Stocks

On 30th June 2011, the closing value of stocks was HUF 7,995 million (31st December 2010: HUF 7,568 million). The change is +5.6%, due to the growth in materials and goods by HUF 120 million and in unfinished, semi-finished and finished goods by HUF 307 million.

2.2. Receivables

The closing figure of receivables as at 30th June 2011 was HUF 8,245 million, an increase of HUF 654 million compared to the 31st December 2010 figure (closing figure for 31st December 2010: HUF 7,591 million). The most significant changes occurred in the accounts receivable (HUF +326 million), in down payments (HUF +103 million), in active accruals (HUF +13 million) and in other receivables (HUF +196 million).

2.3. Liquid assets

The closing figure of liquid assets on 30th June 2011 was HUF 1,390 million, HUF 108 million less than on 31st December 2010 (HUF 1,498 million).

3. EQUITY AND RESERVES

The change occurred as follows:

	Registere d capital	Capital reserve	Share based payments reserve	Retained earnings	Total shareholders equity
Balance as at 1 January, 2010	12 546 330	26 278	56 183	-1 882 561	10 746 230
Profit of current year				-859 271	-859 271
Obsolete dividend				12 308	12 308
Profit of share-based payments drawn	4 590		-1 933	1 933	4 590
Share-based expenditure met in equity instrument			165 518		165 518
Deferred tax of share-based payments in equity instrument			-10 320	215	-10 105
Balance as at 31st December 2010	12 550 920	26 278	209 448	-2 727 376	10 059 270
Profit during the current year				250 246	250 246
Share-based expenditure performed in equity instrument			83 494		83 494
Deferred tax of share-based expenditure met in equity instrument			-5 557		-5 557
Purchase of treasury shares	-55 940	11 129			-44 811
Share-based payments drawn	39 237		-27 923	27 923	39 237
Balance as at 30th June 2011	12 534 217	37 407	259 462	-2 449 207	10 381 879

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 30th June 2011, the share capital of the company was HUF 12,534 million. During H1 five people availed themselves to the share drawdown option and 39,237 treasury shares were drawn. Based on the authorization granted by the Board of Directors, the Company purchased 55,940 shares on the Budapest Stock Exchange.

3.2. Capital reserve

On 30th June 2011, the capital reserve was HUF 37 million, equal to the difference between the cost and the face value of the repurchased 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, in 2006 the Board of Directors of Rába launched 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 programme consists of three separate draw-down tranches, 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 1st January 2009 and 31st December 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 was extended until

31 December, 2014 and the third tranche is relaunched from 1 January, 2012 with unchanged terms. As from 2010, a draw-down restriction entered into force for the management with regards to their option already opened. The amount for the current year of share-based payments made in capital instruments was HUF 83,494 thousand. The draw-down and termination of the option during the year amounted to HUF 27,923 thousand gross.

3.4. Retained earnings

The retained earnings (HUF -2,449 million) increased by HUF 278 million (by the amount of the net profit during H1 and the restatement of the principal amount of the drawn-down and terminated option) compared to the closing balance of the previous year (HUF -2,727 million).

4. LONG-TERM LIABILITIES

4.1 Long-term liabilities

Long-term liabilities contain the amount of long-term loans and credits. The closing value of long-term liabilities as at 30th June 2011 amounted to HUF 6,826 million, which was 6.4 per cent lower than the opening balance of the period (on 31st December 2010, the closing figure was HUF 7,294 million).

4.2. Provisions

The closing value of provisions as at 30th June, 2011 was HUF 925 million, which is HUF 82 million over the closing value for last year. The principal reasons for the change were the following:

- release of provisions set aside for redundancies in the amount of HUF 32 million,
- release of provisions set aside for guarantee obligations in the amount of HUF84 million,
- provisions in the amount of HUF 183 million for the demolishing of buildings and other obligations.

5. SHORT-TERM LIABILITIES

5.1. Derivative financial liabilities

The company reports the valuation result of the derivative transactions on the cut-off date in this balance sheet line, which was HUF 0 on 30th June 2011, since the company had no derivative transactions on the given date. On 31st December 2010 the actual value of derivative transactions amounted to HUF 9 million.

5.2. Short-term credits and loans

The total amount of short-term credits and loans (HUF 5,745 million) increased by 22.1% compared to the closing balance of December (HUF 4,703 million).

5.3. Short-term liabilities

The total short-term liabilities (closing balance on 30th June 2011: HUF 8,672 million) declined by 5% compared to the December 2010 closing value (HUF 9,133 million). The most significant increase took place in accounts payable (HUF -1,181 million), passive accruals (HUF +602 million) and other liabilities (HUF +120 million).

PK 5. CONSOLIDATED CASH-FLOW STATEMENT FOR 2010

	Data in HUF thousand	
	<u>2010. H1</u>	<u>2011. H1</u>
<u>Cash flows of operating activities</u>		
Profit before taxation	-823 843	419 697
<i>Adjustment items related to items with no cash movement:</i>		
Interest income/expenditure	206 139	205 914
Depreciation and amortisation	1 172 811	1 112 550
Impairment of real estate, machinery and equipment	0	125 765
Impairment of bad and doubtful receivables and of long term receivables	-47 195	15 822
Impairment of stocks kept at net realisable value	0	-338
Inventory reject	15 203	52 095
Provisions	-44 773	82 108
Share-based payments made in capital instrument	5 833	83 493
Changes in real value of derivative financial assets and receivables	111 151	-8 782
Result of sale and in-kind contribution of real assets, machinery and fixtures and intangible assets	2 604	-920 651
Proceeds from sale of investments accounted through the capital method	-444 985	0
Participation in profit of affiliated companies	130 763	108 892
Revaluation of loans and credits at end of period	901 271	-705 233
<i>Changes in working capital:</i>		
Changes in trade and other receivables	169 507	-670 143
Changes in stocks	-399 518	-478 514
Changes in accounts payable and other liabilities	2 446 734	-289 358
Share-based payment made in liquid assets	24 061	121
Profit tax paid	-170 862	-115 859
Interests paid	-232 572	-363 539
Net cash flows from operating activity	3 022 329	-1 345 960
<u>Cash flows from investment activities</u>		
Revenue from the sale of investments accounted through the capital method	1 150 050	0
Purchase of real estate, machinery and fixtures and intangibles	-370 820	-1 256 051
Revenues from the sale of real estate, machinery and fixtures, as well as of intangibles	10 478	1 071 159
Interests received	26 432	149 518
Net cash flows used for investment activities	816 140	-35 374
<u>Cash flow from financing activities</u>		
Revenues/expenditures from the sale/purchase of treasury shares	0	-5 574
Receipt of loans and credits	3 793 259	4 029 130
Repayment of loans and credits	-4 931 194	-2 750 472
Net cash flows from financing activities	-1 137 935	1 273 084
Net increase/decline of financial instruments and equivalents	2 700 534	-108 250

PK6. Major off-balance sheet items

Description	Value (HUF)
According to a separate list*	

* The bank loans of the Rába Group amount to HUF 12,535 million, of which the loans secured with liens and mortgages on movable assets and real property amount to HUF 12,0077 million. The amount of bank guarantees issued on behalf of the Rába Group is HUF 2,342 million.

RS1. Ownership structure, ratio of participation

Description of ownership	Total equity						Series listed ¹			
	Beginning of current year (1 January)			At the end of the period (30th June)			Start of term		End of term	
	% ²	% ³	Pcs	% ²	% ³	Pcs	%	Pcs	%	Pcs
Domestic institutional/corporate	35.49	38.08	4 781 302	23.26	24.99	3 133 742				
Foreign institutional/corporate	14.40	15.45	1 939 724	14.36	15.43	1 934 456				
Foreign private individual	0.43	0.46	57 941	0.77	0.82	103 377				
Domestic private individual	42.46	45.56	5 720 683	41.47	44.56	5 587 567				
Employees, managing executives	0.40	0.43	53 780	0.40	0.43	53 780				
Treasury shares	6.82		918 306	6.94		935 009				
Shareholder forming part of general government ⁴	0.01	0.01	1 710	12.81	13.76	1 725 515				
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 30th June 2010)

Name	Nationality ¹	Activity ²	Quantity (pcs)	Ownership stake (%) ³	Voting right (%) ^{3,4}	Comment ⁵
Centre For The Management Of The State Debt Ltd. (Államadósság Ezelő Központ Zrt.) Pension Reform and Debt Reduction Fund	D	G	1 723 805	12.79	13.75	
DRB Hicom Group	F	B	1 462 446	10.85	11.66	
Treasury Shares	D	B	935 009	6.94		

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 general meeting of shareholders of the issuer.

⁵ E.g.: strategic investor, financial investor, etc.

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

	1 January	31 March	30 June	30 September	31 December
Company level	918 306	907 863	935 009		
Subsidiaries					
Total	918 306	907 863	935 009	0	0

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	13	14	14
Group level	2 070	2044	1 960

The consolidated closing headcount as at 30th June 2011 was 1 960, which represented a decline of 5.3% 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 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 Dec. 2010	30 June 2011	Index
A.	Invested assets	17 737 047	17 562 956	99.02%
I.	Intangible assets	127 429	109 670	86.06%
II.	Fixed assets	6 048 576	5 892 244	97.42%
III.	Financial assets invested	11 561 042	11 561 042	100.00%
B.	Current assets	2 081 449	3 868 209	185.84%
I.	Stocks	355 511	351 133	98.77%
II.	Receivables	801 707	1 672 369	208.60%
III.	Securities	706 350	727 619	103.01%
IV.	Liquid assets	217 881	1 117 088	512.71%
C.	Active accruals	20 654	51 401	248.87%
	TOTAL ASSETS	19 839 150	21 482 566	108.28%
D.	Shareholders' equity	14 470 625	15 647 677	108.13%
I.	Registered capital	13 473 446	13 473 446	100.00%
	Of which: ownership stake repurchased at face value	918 306	935 009	101.82%
III.	Capital reserve	127 654	127 654	100.00%
IV.	Retained earnings	-2 741 766	141 905	105.2%
V.	Fixed reserves	706 350	727 619	103.01%
VII.	Net profit	2 904 941	1 177 053	59.48%
E.	Provisions	85 585	268 706	313.96%
F.	Liabilities	5 238 093	5 381 443	102.74%
III.	Short-term liabilities	5 238 093	5 381 443	102.74%
G.	Passive accruals	44 847	184 740	411.93%
	TOTAL LIABILITIES	19 839 150	21 482 566	108.28%

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

Data in thousand HUF

No	Description of item	2010. H1	2011. H1	Index
I.	Net sales revenue	598 797	564 506	94.27%
II.	Direct costs of sales	92 269	97 279	105.43%
III.	Gross sales revenue	506 528	467 227	92.24%
IV.	Indirect sales costs	474 432	545 705	115.02%
V.	Other revenues	1 959	1 078 782	55067.99%
VI.	Other expenditures	123 297	558 425	452.91%
A.	OPERATING PROFIT	-89 242	441 879	495.1%
VIII.	Revenues from financial transactions	1 292 939	854 840	66.12%
IX.	Expenditures of financial transactions	501 478	113 895	22.71%
B.	Profit of financial transactions	791 461	740 945	93.62%
C.	ORDINARY BUSINESS PROFIT	702 219	1 182 824	168.4%
D.	EXTRAORDINARY PROFIT	-2 327	-5 130	-220.5%
E.	PROFIT BEFORE TAXATION	699 892	1 177 694	168.3%
XII.	TAX LIABILITY	24 090	641	
F.	AFTER-TAX PROFIT	675 802	1 177 053	174.2%
G.	NET PROFIT	675 802	1 177 053	174.2%

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 contained in the 6-month 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 6-month report Rába Nyrt wishes to emphasize the following:

- The figures shown in the 6-month report are unaudited but have been compiled from the available data relying on the best efforts of the management.
- Rába has prepared its 6-month report 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, 1st August, 2011.

István Pintér
Chairman-CEO

Béla Balog
CFO