

Report on the Results of Rába Nyrt. during Q1 of 2011

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

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SUMMARY

- During Q1 of 2011, the Company at group level registered a 17.4% growth, with sales revenues of HUF 9.3 billion, compared to HUF 7.9 billion during Q1 of 2010. Such increase is a tribute to the nearly 40% increase in the sales 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 2.4 percentage points in Q1 of 2011 compared to Q1 of 2010. The margin was deteriorated by 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, In Q1 of 2011 the gross profit was 3.2 per cent, i.e. HUF 51 million higher 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 24 million in Q1 of 2011 compared to Q1 of 2010.
- Other revenues and expenditures contained the usual items only in contrast to the first quarter of last year, when there was the subsidy aimed at preserving jobs still and there was a substantial damage compensation, as well. Thus the level of other revenues/expenditures was HUF 224 million lower in Q1 of 2011.
- The operating profit declined by HUF 136 million and amounted to HUF -180 million. In Q1 of 2011 Rába Component Business and Rába Vehicle 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 Q1 of 2011 compared to the loss of HUF 235 million of last year.
- EBITDA declined by 30.7%, amounting to HUF 381 million.
- The financial profit in Q1 of 2011 amounted to HUF 468 million, against the profit of HUF 661 million generated during the same period of last year. The profit was largely generated through the revaluation of loans involving no cash movement, amounting to HUF 664 million, while last year it stemmed from the sale of a participation.
- The profit before taxation was HUF 177 million in Q1 of 2011, in contrast to HUF 398 million of the same period last year. The profit from external companies was HUF -47 million in Q1 of 2011.
- The net loan portfolio was HUF 10.8 billion, HUF 1.1 billion higher than at the end of the same period of last year and HUF 0.3 billion higher than at the end of last year.

Thousand HUF	2010. Q1.	2011. Q1	Change
Sales revenue	7 890 402	9 264 459	17,4%
Gross profit	1 585 458	1 636 051	3,2%
<i>Gross margin</i>	20,1%	17,7%	-2,4%p
EBITDA	549 999	380 927	-30,7%
<i>EBITDA level</i>	7,0%	4,1%	-2,9%p
Operating profit	-43 791	-180 289	311,7%
Net financial result	660 710	467 664	-29,2%
Net profit	398 466	177 221	-55,5%

‘2011 is the year of strategic projects. Upon what is seen as stable overall growth, as a result of the development projects launched within the framework of the Rába Development Institute, we have plans to introduce new products on the market, through which we wish to support a balanced growth based on a stable customer base” said István Pintér, Chairman-Chief Executive Officer of the company, reflecting upon the year 2011. ‘We seem to stand a serious chance to be playing a role within the supply chain of the West European passenger car manufacturing industry, the breakthrough here too, is expected to occur in the second half of the year. In the vehicle business we expect to continue deliveries to the ministry of defense in Hungary and anticipate expanding sales opportunities in the civilian sector this year.’”

EXTERNAL ENVIRONMENT

- Growth on the freight vehicle market of the US continued and amounted to 35% compared to the same period of last year in the heavy vehicle category. On the European market of heavy vehicles the activity experienced at the end of 2010 continued during the first months of 2011 as well, the increase was 56% compared to the same period of last year. As a result of the favourable outlooks perceived on the North-American and European markets at the beginning of the year, market projections for the full year grew by an additional 5-8% in both regions. The sales of agricultural axles continue to be strong in the American region and a significant growth occurred on the European market. Market activities continued to be substantial on the Russian bus market and increased by 11 % compared to the previous year. The business of passenger car components is below the level of last year's.
- Since the significant increase experienced in Q2 of 2010, raw material prices stabilised at a high level to further increase in Q1 of 2011. Thus a price increase of 12.0% compared to the last quarter and of 36.9% compared to the same period of last year was experienced. Similarly high prices impacted the cost side of the company's results directly before the economic crisis only.
- Average energy prices decreased by 16.9% in Q1 of 2011 compared to the same period of last year and by 8.9% compared to Q4 of 2010. Thus the energy price level declined to the level of Q1 of 2008.
- The average USD exchange rate was 2.7% higher and the average EUR exchange rate was 1.5 per cent higher compared to the same period of last year. Compared to the last quarter, though, the exchange rate of the USD declined by 1.8% and of the EUR by 1.2% in Q1 of 2011.

	2010. Q1	2011. Q1	Change
HUFEUR - average	268,6	272,5	1,5%
HUFEUR – end of term	266,4	265,8	-0,2%
HUFUSD - average	194,2	199,4	2,7%
HUFUSD – end of term	198,0	187,0	-5,6%
Changes in raw material prices	107%	146%	36,4%
*Changes in energy prices	178%	166%	-6,7%

*Rába indices – own calculation - base: closing values of Q1 2006

**Rába indices – own calculation - base: closing values of Dec. 2004.

Rába Futómű Kft. (Axle Ltd)

The sales revenue of Rába Futómű Kft. in Q1 of 2011 amounted to HUF 6.0 billion compared to HUF 4.3 billion achieved during the same period of 2010. This corresponds to an increase of 39.5%.

On the **American market**, the sales revenue in Q1 of 2011 was USD 9.8 million, against USD 9.1 million during Q1 of 2009. This means an increase of 7.7%.

On the **EU market** Rába's sales figures in HUF terms increased by 93.8%, amounting to HUF 3.1 billion, compared to HUF 1.6 billion during the base period.

European exports amounted to EUR 8.5 million in Q1 of 2011 compared to EUR 4.0 million during the same period of last year. This is an increase of 112.5%.

Domestic sales before consolidation amounted to HUF 801 million which represents an increase of 41.0 per cent compared to the HUF 568 million of the base period.

On the **CIS and East-European markets** export sales revenues achieved by Rába Axle Ltd. increased by 7.1 %, from EUR 2.8 million during the base period to EUR 3.0 million in Q1 of 2011.

On the **other markets** the sales revenue in Q1 of 2011 amounted to EUR 0.5 million, against EUR 0.6 million of last year. This corresponds to a decline of 16.7%.

The operating result of the company during the first three months of 2011 was a loss of HUF 139 million, compared to the loss of HUF 154 million during the same period of last year.

At EBITDA level, the operating profit of the Axle business line was HUF 216 million compared to HUF 242 million registered a year earlier.

Million HUF	2010. Q1	2011. Q1	Change
America	1 779	1 942	9,2%
EU - export	1 079	2 317	114,7%
EU - domestic	568	801	41,0%
CIS and former Yougoslavia	742	810	9,2%
Others	161	135	-16,1%
Total sales	4 329	6 005	38,7%
EBITDA	242	216	-10,7%
Operating profit	-154	-139	9,7%

Rába Járműipari Alkatrészgyártó Kft. (Component Ltd.)

The sales revenue of the Component Ltd. amounted to HUF 2.6 billion in Q1 of 2011, which is an increase of 8.3% compared to the sales of HUF 2.4 billion a year earlier.

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

European exports amounted to EUR 2.9 million in Q1 of 2011, against EUR 2.0 million during the base period. This corresponds to an increase of 45.0%.

Domestic sales before consolidation generated HUF 1.8 billion in Q1 of 2011, which is a decline by 5.3% compared to the HUF 1.9 billion of the same period of 2010.

The company generated HUF 5 million in profits at operating level in Q1 of 2011 compared to HUF 2 million during the same period of 2010.

On the level of EBITDA, the profit of the Component Ltd. changed to HUF 94 million during the period, from HUF 95 million of the previous year.

Million HUF	2010. Q1	2011. Q1	Change
EU - export	543	793	46,0%
EU - domestic	1 860	1 794	-3,5%
Total sales	2 403	2 587	7,7%
EBITDA	95	94	1,1%
Operating profit	2	5	150,0%

Rába Jármű Kft. (Vehicle Ltd.)

The sales revenue of Rába Jármű Kft. amounted to HUF 989 million in Q1 of 2011, which is a decline of 31.2% compared to the HUF 1.437 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 333.3%, thus increasing from EUR 0.3 million to EUR 1.3 million.

Domestic sales before consolidation amounted to HUF 635 million in Q1 of 2011, a decline of 53.1 per cent compared to the HUF 1,354 million during the base period.

The operating profit was HUF 6 million in Q1 of 2011, compared to HUF 146 million during the same period of last year.

On the level of EBITDA, during Q1 of 2010 the Company registered a profit of HUF 69 million compared to HUF 207 million in Q1 of 2010.

Million HUF	2010. Q1	2011. Q1	Change
EU - export	83	354	326,5%
EU - domestic	1 354	635	-53,1%
Total sales revenue	1 437	989	-31,2%
EBITDA	207	69	-66,7%
Operating profit	146	6	-95,9%

The Rába Group

The consolidated sales revenue of the Rába group in Q1 of 2011 amounted to HUF 9.3 billion, which is an increase of 17.7% compared to the figure of HUF 7.9 billion for the same period of

2010.

The operating loss of the group in Q1 of 2011 amounted to HUF 180 million, compared to the loss of HUF 44 million during the same period of 2010.

In Q1 of 2011 the financial result was a profit of HUF 468 million, which includes, among others, a net interest payment of HUF 89 million and an exchange rate gain of HUF 554 million.

Based on the above, the Rába group generated a net profit of HUF 1177 million in Q1 of 2011, compared to profit of HUF 398 million during the same period of last year.

On the level of EBITDA, the group registered profits of HUF 381 million in Q1 of 2011, against last year's figure of HUF 550 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
2010 Q1	4 329	2 403	1 437	7 890
2011 Q1	6 005	2 587	989	9 264

Breakdown of sales revenue in Q1 of 2011

Million HUF	America	EU			CIS	Other	Total
		Total	export	Domestic			
Axle	1 942	3118	2317	801	810	135	6005
Component	0	2587	793	1794	0	0	2587
Vehicle	0	989	354	635	0	0	989
Consolidated	1 942	6378	3464	2914	810	135	9264

Breakdown of operating profit of group subsidiaries

	Operating profit	
	2010.	2011.
	Q1	Q1
Axle	-154	-139
Components	2	5
Vehicle	146	6
Others	-38	-52
Total	-44	-180

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 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	Q1 2010	Q1 2011.	Index
Domestic sales revenues	3 503 741	2 914 002	83,2%
Export sales revenues	4 386 661	6 350 457	144,8%
Net sales revenues	7 890 402	9 264 459	117,4%
Direct cost of sales	6 304 944	7 628 408	121,0%
Gross profit	1 585 458	1 636 051	103,2%
Cost of sales	136 360	179 115	131,4%
General and administration expenses	1 800 827	1 734 342	96,3%
Other revenues	387 830	170 381	43,9%
Other expenditures	79 892	73 264	91,7%
Other items related to business activities	-1 629 249	-1 816 340	-111,5%
Operating profit before interest payment and taxation (EBIT)	-43 791	-180 289	-411,7%
Financial revenues	976 996	1 156 681	118,4%
Financial expenditures	316 286	689 017	217,8%
Net financial result	660 710	467 664	29,2%
Dividend from affiliated companies	-60 467	-46 790	122,6%
PROFIT BEFORE TAXATION	556 452	240 585	43,2%
Corporate profit tax	157 986	63 364	40,1%
PROFIT AFTER TAXATION	398 466	177 221	44,5%
Profit share of minority shareholders			
NET INCOME	398 466	177 221	44,5%
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)	398 466	177 221	44,5%

1. EARNED REVENUES

In Q1 of 2011, Rába achieved HUF 9,624 million in sales revenue, compared to HUF 7,890 million during the same period of last year. 68.5 per cent of the revenues came from export, the rest came from domestic sales. The sales revenue is 17.4% higher than that of the base period but the fourth quarter resulted in a 21% increase.

2. COSTS AND OTHER REVENUES, EXPENDITURES

2.1. Direct costs

In Q1 of 2011, the direct cost level of Rába was 82.3 per cent, compared to 79.9 % of the base period.

Gross Profit

The gross profit changed from HUF 1,585 million to HUF 1,636 million, (HUF +51 million), which is due to the increase in the sales revenue by HUF +1,374 million and to the lesser increase in direct expenses (HUF +1,323 million).

2.2. Cost of sales

The cost of sales increased by 31.4 per cent and amounted to HUF 179 million in Q1 of 2011, compared to HUF 136 million in Q1 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 (Q1 of 2011: HUF 1,734 million, Q1 of 2010: 1,801 million), and adjusts them with the net value of the non-capitalised, according to international regulations, costs of technical development (HUF -8 million), and by restating certain bank charges to financial expenditure (HUF -22 million).

2.4. Other revenues

Other revenues amounted to HUF 170 million in Q1 of 2011. This amount was HUF 217 million lower than that of the base period. The change is due to the following factors: decrease in subsidies (HUF -138 million), and the decline in compensation, indemnification received (HUF -101 million).

2.5. Other expenditures

The amount of other expenditures in Q1 of 2011 was HUF 73 million, which is HUF 6 million lower than the amount during the base period.

3. OPERATING PROFIT

The operating profit of Rába in Q1 of 2011 was HUF -180 million Q1 of 2010: HUF -44 million). The increase in gross profit (HUF +51 million) was enhanced by the combined decline in sales and general overhead costs (HUF -24 million) and was deteriorated by the negative changes in other revenues and expenditures (HUF -211 million). Profitability changed from -0.6% during the base period to -1.9%. The profitability of the operating profit + depreciation was 4.1 per cent, against 7.0% during the base period.

4. FINANCIAL REVENUES AND EXPENDITURES

In Q1 of 2011, the net financial result was HUF 468 million, compared to HUF 661 million during the base period. The activated profit of derivative transactions in Q1 of 2011 was a HUF 30 million, compared to the loss of HUF -235 million during Q1 of 2010. As of 31st March 2011, the group has no open forward position, whereas the non-activated profit of the revaluation of derivative transactions in the same period of last year was HUF -466 million.

The net profit of interest incomes and expenses was HUF -89 million in Q1 of 2011, compared to HUF -106 million during the base period. The net exchange rate difference of FX items

improved the financial result of the group by HUF 544 million in Q1 of 2011, in Q1 of 2010 the exchange rate gain was HUF 98 million.

Financial revenues and expenditures consisted of the following principal items:

	Q1 2010	Q1 2011
Revenue from dividends	1 845	1 378
Exchange rate gains of stakes sold	444 581	0
Interest income	244 967	79 437
Realised gains of derivative transactions	30 675	30 040
Non-realised profit from derivative transactions		0
Exchange rate gains	253 397	1 045 292
Other financial revenues	1 531	534
Financial revenues	976 996	1 156 681
Interest payable	350 576	168 327
Realised loss of derivative transactions	266 010	0
Release of unrealised loss from previous year of derivative transactions	-944 267	-8 782
Non-realised profit or loss of derivative transactions	466 460	0
Exchange rate losses	155 029	501 253
Other financial expenditures	22 478	28 219
Financial expenditures	316 286	689 017

5. PROFIT FROM EXTERNAL COMPANIES

The profit from external companies in Q1 of 2011 amounted to HUF -47 million (Q1 2010: HUF -60 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 241 million in Q1 of 2011, which, because of the factors outlined in sections 1-5 is HUF 316 million inferior to the figure for Q1 of 2010. The profitability ratio represents a 2.6 per cent return on sales on the basis of profit before taxation, compared to 7.1 per cent during the base period.

At group level the tax liability amounted to HUF 63 million, of which the deferred tax for the current period is HUF 6 million and the business tax is HUF 57 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.	31 March 2011	Index
Properties, machines, equipment	13 772 582	13 537 048	98,3%
Intangible assets	631 396	691 063	109,5%
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	77 677	62,4%
Marketable financial assets	205 201	205 201	100,0%
Deferred tax receivables	261 756	255 765	97,7%
Total invested assets	15 346 943	15 118 244	98,5%
Inventories	7 568 030	8 030 670	106,1%
Receivables	7 591 462	7 266 421	95,7%
Corporate tax receivables	37 249	22 484	60,4%
Liquid assets, bank account	1 498 111	1 399 879	93,4%
Total current assets	16 694 852	16 719 454	100,1%
Total ASSETS	32 041 795	31 837 698	99,4%
Share capital	12 550 920	12 561 363	100,1%
Capital reserve	26 278	26 278	100,0%
Share option reserve	209 448	209 448	100,0%
Retained earnings*	-2 727 376	-2 550 155	106,5%
Total equity and reserves	10 059 270	10 246 934	101,9%
Long-term liabilities	7 294 131	6 845 221	93,8%
Provisions	843 385	808 742	95,9%
Total long-term liabilities	8 137 516	7 653 963	94,1%
Derivative financial liabilities	8 782	0	0,0%
Short term loans and credits	4 703 498	5 331 467	113,4%
Short-term liabilities	9 132 729	8 605 334	94,2%
Short-term liabilities total	13 845 009	13 936 801	100,7%
Total LIABILITIES (equity and liabilities)	32 041 795	31 837 698	99,4%

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 13,773 million on 31 December 2010 to HUF 13,537 million, the change was -1.7 %. The amount of depreciation accounted for exceeded the value of assets purchased during the period.

1.2. Intangible assets

The net value of intangible assets changed from HUF 631 million to HUF 691 million. The increase was 9.5 per cent, 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 31st March 2011 – remained unchanged.

1.5. Investments accounted using the capital method

The closing stock of investments as at 31st March 2011 was HUF 78 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 256 million on 31st March 2011, which is 2.3% less than the value prevailing on 31 December 2010.

1.7. Receivable from the sale of assets

On 31st March 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 31st March 2011, the closing value of stocks was HUF 8,031 million (31st December 2010: HUF 7,568 million). The change is +6.1%, due to the growth in materials and goods by HUF 392 million and in unfinished, semi-finished and finished goods by HUF 71 million.

2.2. Receivables

The closing figure of receivables as at 31st March 2011 was HUF 7,266 million, a decline of HUF 325 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 -769 million), in down payments (HUF +82 million), in active accruals (HUF +48 million) and in other receivables (HUF +299 million).

2.3. Liquid assets

The closing figure of liquid assets on 31st March 2011 was HUF 1,400 million, HUF 98 million less than on 31st December 2010 (HUF 1,498 million).

3. EQUITY AND RESERVES

The change occurred as follows:

	Registered 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				177 221	177 221
Share-based expenditure performed in equity instrument					0
Deferred tax of share-based expenditure met in equity instrument					0
Share-based payments drawn	10 443				10 443
Balance as at 31st March 2011	12 561 363	26 278	209 448	-2 550 155	10 246 934

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 31st March 2011, the share capital of the company was HUF 12,561 million. During Q1 two people availed themselves to the share drawdown option and 10,443 treasury shares were drawn.

3.2. Capital reserve

On 31st March 2011, 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, 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 1 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.

3.4. Retained earnings

The retained earnings (HUF -2,550 million) increased by HUF 177 million (by the amount of the net profit during Q1) compared to the closing balance of the previous year (HUF -2,727 million).

4. LONG-TERM LIABILITIES

Long-term liabilities contain the amount of long-term loans and credits. The closing value of long-term liabilities as at 31st March 2011 amounted to HUF 6,845 million, which was 6.2 per cent lower than the opening balance of the period (on 31st December 2010, the closing figure was HUF 7,294 million).

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 31st March 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 5,331 million) increased by 13.4% compared to the closing balance of December (HUF 4,703 million).

5.3. Short-term liabilities

The total short-term liabilities (closing balance on 31st March 2011: HUF 8,605 million) declined by 5.8% compared to the December 2010 closing value (HUF 9,133 million). The most significant increase took place in accounts payable (HUF -867 million), passive accruals (HUF +252 million), other liabilities (HUF +106 million) and customer down payments (HUF -24 million).

PK 5. CONSOLIDATED CASH-FLOW STATEMENT FOR 2010

	Data in HUF thousand	
	<u>Q1 2010.</u>	<u>Q1 2011.</u>
<u>Cash flows of operating activities</u>		
Profit before taxation	556 452	240 585
<i>Adjustment items related to items with no cash movement:</i>		
Interest income/expenditure	105 609	88 890
Depreciation and amortisation	593 790	561 216
Impairment of bad and doubtful receivables and of long term receivables	-38 847	-3 881
Impairment of stocks kept at net realisable value	-60 885	-338
Inventory reject	2 956	22 138
Provisions	-4 184	-34 643
Changes in real value of derivative financial assets and receivables	-477 807	-8 782
Result of sale and in-kind contribution of real assets, machinery and fixtures and intangible assets	5 728	-6 729
Proceeds from sale of investments accounted through the capital method	-444 985	0
Participation in profit of affiliated companies	68 284	46 841
Revaluation of loans and credits at end of period	-34 107	-664 257
<i>Changes in working capital:</i>		
Changes in trade and other receivables	94 270	334 978
Changes in stocks	-376 364	-484 440
Changes in accounts payable and other liabilities	1 656 067	-425 358
Profit tax paid	-67 362	-42 608
Interests paid	-129 471	-186 401
Net cash flows from operating activity	1 449 144	-562 789
<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	-138 666	-463 299
Revenues from the sale of real estate, machinery and fixtures, as well as of intangibles	3 367	716
Interests received	4 097	73 381
Net cash flows used for investment activities	1 018 848	-389 202
<u>Cash flow from financing activities</u>		
Revenues/expenditures from the sale/purchase of treasury shares	0	10 443
Receipt of loans and credits	1 234 110	1 484 158
Repayment of loans and credits	-1 980 762	-640 842
Net cash flows from financing activities	-746 652	853 759
Net increase/decline of financial instruments and equivalents	1 721 340	-98 232
Opening balance of financial instruments and equivalents	374 820	1 498 111
Closing balance of financial instruments and equivalents	2 096 160	1 399 879

PK6. Major off-balance sheet items

Description	Value (HUF)
According to a separate list*	

* The bank loans of the Rába Group amount to HUF 12,159 million, of which the loans secured with liens and mortgages on movable assets and real property amount to HUF 11,630 million. The amount of bank guarantees issued on behalf of the Rába Group is HUF 2,468 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 (31 March)			Start of term		End of term	
	% ²	% ³	Pcs	% ²	% ³	Pcs	%	Pcs	%	Pcs
Domestic institutional/corporate	35.49	38.08	4 781 302	36.31	38.93	4 892 094				
Foreign institutional/corporate	14.40	15.45	1 939 724	14.52	15.57	1 956 578				
Foreign private individual	0.43	0.46	57 941	0.32	0.35	43 610				
Domestic private individual	42.46	45.56	5 720 683	41.70	44.71	5 617 811				
Employees, managing executives	0.40	0.43	53 780	0.40	0.43	53 780				
Treasury shares	6.82		918 306	6.74		907 863				
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 31st March 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	11.64	
AEGON Magyarország Befektetési Alapkezelő Zrt.	D	I	1 230 765	9.13	9.79	
Treasury Shares	D	B	907 863	6.74		

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.

* As per the disclosure dated 4 October, the number of treasury shares declined to 918,306.

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			
Subsidiaries					
Total	918 306	907 863	0	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	14	14	15
Group level	2 124	2044	2025

The consolidated closing headcount as at 31st March 2011 was 2 025, which represented a decline of 5.1% 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	Balázs Sándorfi	Supervisory Board member	2009		0
SP	István Pintér	Chief Executive	2003	Indefinite	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	31st Dec 2010	31st March 2011	Index
A.	Invested assets	17 737 047	17 745 746	100.05%
I.	Intangible assets	127 429	120 862	94.85%
II.	Fixed assets	6 048 576	6 063 842	100.25%
III.	Financial assets invested	11 561 042	11 561 042	100.00%
B.	Current assets	2 081 449	2 112 666	101.50%
I.	Stocks	355 511	351 146	98.77%
II.	Receivables	801 707	1 032 291	128.76%
III.	Securities	706 350	700 084	99.11%
IV.	Liquid assets	217 881	29 144	13.38%
C.	Active accruals	20 654	45 518	220.38%
	TOTAL ASSETS	19 839 150	19 903 930	100.33%
D.	Shareholders' equity	14 470 625	14 587 608	100.81%
I.	Registered capital	13 473 446	13 473 446	100.00%
	Of which: ownership stake repurchased at face value	918 306	907 863	98.86%
III.	Capital reserve	127 654	127 654	100.00%
IV.	Retained earnings	-2 741 766	169 440	106.2%
V.	Fixed reserves	706 350	700 084	99.11%
VII.	Net profit	2 904 941	116 984	95.97%
E.	Provisions	85 585	85 585	100.00%
F.	Liabilities	5 238 093	5 192 438	99.13%
III.	Short-term liabilities	5 238 093	5 192 438	99.13%
G.	Passive accruals	44 847	38 299	85.40%
	TOTAL LIABILITIES	19 839 150	19 903 930	100.33%

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

Data in thousand HUF

No	Description of item	Q1 2010	Q1 2011	Index
I.	Net sales revenue	275 722	285 533	103.56%
II.	Direct costs of sales	44 055	48 595	110.31%
III.	Gross sales revenue	231 667	236 938	102.28%
IV.	Indirect sales costs	230 723	250 818	108.71%
V.	Other revenues	767	1 350	176.01%
VI.	Other expenditures	39 315	38 344	97.53%
A.	OPERATING PROFIT	-37 604	-50 874	64.7%
VIII.	Revenues from financial transactions	676 347	221 552	32.76%
IX.	Expenditures of financial transactions	193 711	52 699	27.20%
B.	Profit of financial transactions	482 636	168 853	34.99%
C.	ORDINARY BUSINESS PROFIT	445 032	117 979	26.5%
D.	EXTRAORDINARY PROFIT	-653	-995	47.6%
E.	PROFIT BEFORE TAXATION	444 379	116 984	26.3%
XII.	TAX LIABILITY	0	0	
F.	AFTER-TAX PROFIT	444 379	116 984	26.3%
G.	NET PROFIT	444 379	116 984	26.3%

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 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 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, 16th May, 2011.

István Pintér
Chairman-CEO

Béla Balog
CFO