

Report on the Results of Rába Nyrt. in Q1-Q4 of 2013

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

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SUMMARY

- In 2013, the Company at group level registered sales of HUF 47,5 billion, which is an increase of 12,1 per cent compared to the HUF 42,3 billion of 2012. Such increase is fundamentally a tribute to the substantial, 16,0 per cent increase of exports, while domestic sales grew by 3,2%. The above average increase in sales was achieved in spite of the stagnation of the global utility vehicle markets in general. The increase in sales was largely due to the fruition of the business and product development projects announced during previous periods. The increase in sales figures is the result of the contribution of all business divisions through increased turnover: the Axle Business, the core activity of the group expanded by 10,6 per cent, the Component Business grew by 25,9% owing to the outstanding second half of the year, while the Vehicle Business expanded by 5.2 per cent. Foreign currencies had little impact only on the growth since in terms of annual averages, the EUR increased by 2,6%, while the USD declined by 0,7 per cent. In Q4 of 2013, sales grew by 13,6% at group level, which is a tribute to the Component Business performing outstandingly due to the expanding armrest deals and to the introduction of the new model and to the output concentrated in the fourth quarter of the Vehicle Business, while the Axle Business performed at the level of the previous year.
- The gross margin improved by 1,9 percentage points during Q1-Q4 of 2013 compared to 2012. The gross margin was improved besides a positive change in the product mix of the Axle business, by the increase in the ratio of products with a higher added value as a result of focused product development and by the impact of ongoing measures aimed at efficiency improvement, together with the increased volume upon controlled fixed costs, although both the Component and the Vehicle Businesses were challenged by the considerable volatility of the workload during the year.
- As the aggregate effect of the increase in sales revenue in HUF terms and of the improvement in the margin, during Q1-Q4 of 2013 the gross profit was more than HUF 2.010 million, i.e. 22,1 per cent higher than the level during the previous year. In spite of the increase in sales revenues of 12,1%, administrative and sales costs increased to but a minor extent, 5,1 per cent compared to 2012.
- Other revenues and expenditures contained just the usual items and the sale of a minor real estate share, the balance of which was a profit of HUF 269 million during the review period, against the loss of HUF 60 million during the same period of the previous year.
- The operating profit during Q1-Q4 of 2013 was HUF 3,3 billion, which is two and a half times more than that of the previous year, i.e. it exceeded the level of 2012 by HUF 1,9 billion. Such improvement is largely a tribute to the outstanding result of the Axle Business, considered the group's core activity, which increased by HUF 1.591 million, more than two and a half-fold. In the business year 2013 the other two business divisions of the group also registered a profit: the Component Business registered a

nearly tripled profit of HUF 296 million, whereas the Vehicle Business generated operating profits of approximately the same amount as that of the previous year, i.e. HUF 376 million. During Q4 of 2013 the group achieved a profit of HUF 876 million upon a 13,0 per cent increase.

- EBITDA increased substantially, exceeding the level of the previous year by more than HUF 2,0 billion, amounting to HUF 5.510 million, an increase of 57,9 per cent.
- The financial profit during Q1-Q4 of 2013 amounted to HUF 29 million, against the loss of HUF 457 million generated during 2012. The financial profit includes the profit generated through the sale of the business stake held in Fehrer Automotive-Rába Kft during Q1, amounting to HUF 524 million.
- The profit was HUF 2.688 million during Q1-Q4 of 2013, in contrast to the profit of HUF 569 million in 2012. The net result of the cash-flow hedge transactions was a profit of HUF 0,5 million, thus the result as per the total aggregate income is a profit of HUF 2.689 million, which is twice the HUF 1.354 million achieved during 2012.
- The net loan portfolio was HUF 8,9 billion, HUF 4,5 billion lower than at the end of 2012. The considerable decline is due to the profitable operation and the decline in working capital by HUF 739 million and the proceeds of HUF 524 million from the sale of the business stake in the joint venture. It was offset by the revaluation of loans amounting to HUF 95 million, resulting from the changes in foreign exchange rates involving, however, no cash movements.

thousand HUF	2012 Q1-Q4	2013 Q1-Q4	Change	2012 Q4	2013 Q4	Change
Sales revenue	42 345 857	47 485 291	12,1%	11 235 194	12 761 019	13,6%
Gross profit	9 103 332	11 114 084	22,1%	3 039 342	2 870 974	-5,5%
<i>Gross margin</i>	21,5%	23,4%	1,9%p	27,1%	22,5%	-4,6%p
EBITDA	3 490 361	5 510 353	57,9%	1 314 848	1 452 074	10,4%
<i>EBITDA level</i>	8,2%	11,6%	3,4%p	11,7%	11,4%	-0,3%p
Operating profit	1 334 496	3 280 735	145,8%	774 780	875 778	13,0%
Net financial profit	-456 923	28 650	106,3%	-238 116	-15 741	93,4%
Profit of current year	569 008	2 688 181	372,4%	390 953	720 253	84,2%
Total aggregate income	1 353 581	2 688 711	98,6%	240 349	726 584	202,3%

'In 2013 all three business divisions of our company operated in a flexible and efficient manner, which is a token of our successes. The industrialisation of our major product development projects made a significant contribution to our results in 2013, which, together with the substantially improving operating results, the stringent control of our working capital and the focused capital expenditures generated outstanding cash flows, amounting to HUF 4,5 billion, thereby paving the road for further substantial reduction of our borrowings. One of the key objectives of the period ahead of us is to stabilise our results while focusing on active business development and to lay the foundation for further growth', said István Pintér, Chairman-Chief Executive Officer of Rába Automotive Holding Nyrt.

EXTERNAL ENVIRONMENT

- Market demand was weak in almost all geographical and product segments, growth trends were unpromising. The heavy vehicle sector of the North American market was characterised by a 5 per cent decline during 2013, compared to the same period of last year. Market outlooks for 2014 forecast slow growth. The European heavy vehicle market concluded an outstanding Q4, which resulted in an 8 per cent growth for the market segment in 2013. The outstanding Q4 demand is the result of the new environmental regulations which entered into force on 1 January 2014. On the same basis, the forecasts for the European utility vehicle market predict

an unchanged market size with weak demand during Q1. Demand for Rába products was manifest on both the European and the American markets for agricultural axles during H1 of 2013. During Q3 this favourable trend came to a halt and in Q4 there was a significant decline in demands exceeding 15,0 per cent. The Russian truck market, as well as the bus market were characterised by recession, the level of the decline was 1,0 per cent for trucks and 9,2 per cent for buses compared to 2012. The decline on the passenger vehicle component market experienced in H1 is diminishing, the decline in passenger vehicle registrations on the European market shrank from 6,6 to 1,9 per cent during Q1-Q4 of 2013, whereas the registration of new vehicles decreased by 1,7 per cent at the largest Rába partner in the segment.

- Steel raw material prices continued to decline during Q4 of 2013, thus the trend has been a steady decline since Q3 of 2012. During Q1-Q4 of 2013, steel prices were on average 8,3 per cent lower than during the same period of the previous year.
- Energy prices during Q1-Q4 of 2013 did not put any increased pressure on profitability compared to the previous period, the price level stagnated during the two periods. Considering Q4, though, average energy prices increased by 3,7 per cent.
- During Q1-Q4 of 2013, the average USD exchange rate was 0,7% lower and the average EUR exchange rate was 2,6 per cent higher compared to the same period of 2012. In terms of Q4 of 2013, the USD exchange rate was 0,1 per cent, the EUR exchange rate was 5,1 per cent higher on average than during the base period¹.

	2012 Q1-Q4	2013 Q1-Q4	Change	2012 Q4	2013 Q4	Change
HUFEUR - average	289,4	296,9	2,6%	283,1	297,6	5,1%
HUFEUR – end of period	291,3	296,9	1,9%	291,3	296,9	1,9%
HUFUSD - average	225,4	223,7	-0,7%	218,5	218,7	0,1%
HUFUSD – end of period	220,9	215,7	-2,4%	220,9	215,7	-2,4%
Changes in raw material prices*	120%	110%	-8,3%	117%	106%	-8,9%
Changes in energy prices**	194%	193%	-0,6%	192%	199%	3,7%

*Rába indices – own calculations - basis: 2007. Q1; average values for the period

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

Rába Futómű Kft. (Rába Axle Ltd.)

The sales revenue of Rába Axle Ltd. during Q1-Q4 of 2013 amounted to HUF 31,3 billion compared to HUF 28,3 billion achieved during the same period of 2012. This corresponds to an increase of 10,6%.

On the **American market**, the sales revenue during Q1-Q4 of 2013 was USD 54,7 million, against USD 49,3 million in 2012. This means an increase of 11,0%.

On the **EU market** Rába's sales figures in HUF terms increased by 2,4%, amounting to HUF 14,2 billion, compared to HUF 13,9 billion during the base period.

European exports amounted to EUR 36,0 million during Q1-Q4 of 2013 compared to EUR 35,6 million during the same period of 2012. This is an increase of 1,1%.

Domestic sales before consolidation amounted to HUF 3,5 billion which represents a decline of 3,4 per cent compared to the HUF 3,6 billion of the base period.

On the **CIS and East-European markets** export sales revenues achieved by Rába Axle Ltd. increased by 65,9%, from EUR 8,2 million during the base period in 2012 to EUR 13,6 million during Q1-Q4 of 2013.

On the **other markets** the sales revenue during Q1-Q4 of 2013 amounted to EUR 2,6 million,

¹ Average exchange rates were calculated based on the official FX exchange rates of the NBH. Source: <http://www.mnb.hu/arfolyam-lekerdezés>

against EUR 3,5 million of the previous year, which is a decline by 25,7 per cent.

The operating result of the company during Q1-Q4 of 2013 was a profit of HUF 2.521 million, compared to HUF 930 million during the same period of 2012.

At EBITDA level, the operating profit of the Axle business was HUF 3.966 million compared to HUF 2.326 million registered a year earlier.

million HUF	2012 Q1-Q4	2013 Q1-Q4	Change	2012 Q3	2013 Q3	Change
America	11057	12276	11%	2 860	2 268	-20,7%
EU - export	10251	10704	4,4%	2 543	2 700	6,2%
EU - domestic	3629	3504	-3,4%	745	707	-5,1%
CIS	2357	4051	71,9%	682	897	31,5%
Others	1009	774	-23,3%	205	329	60,5%
Total sales	28303	31309	10,6%	7035	6901	-1,9%
EBITDA	2326	3966	70,5%	746	680	-8,8%
Operating profit	930	2521	171,1%	402	302	-24,9%

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

The sales revenue of the Components Ltd. amounted to HUF 12,5 billion during Q1-Q4 of 2013, which is an increase of 25,9% compared to the sales of HUF 9,9 billion of a year earlier.

Rába Automotive Components Ltd. is selling on the European market only.

European exports amounted to EUR 14,2 million during Q1-Q4 of 2013, against EUR 9,0 million during the base period. This corresponds to an increase of 57,8%.

Domestic sales before consolidation amounted to HUF 8,2 billion during Q1-Q4 of 2013, which is an increase of 12,9% compared to the sales revenue of HUF 7,3 billion during 2012.

The company generated a profit of HUF 296 million at operating level during Q1-Q4 of 2013 compared to a profit of HUF 111 million during the same period of 2012.

On the level of EBITDA, the profit of the Components Ltd. increased to HUF 667 million during the period, from HUF 423 million of the previous year.

million HUF	2012 Q1-Q4	2013 Q1-Q4	Change	2012 Q4	2013 Q4	Change
EU - export	2 601	4 224	62,4%	614	1 188	93,5%
EU - domestic	7 338	8 288	12,9%	1 685	2 039	21,0%
Total sales	9 939	12 512	25,9%	2 299	3 227	40,4%
EBITDA	423	667	57,7%	112	130	16,1%
Operating profit	111	296	166,7%	29	31	7%

Rába Jármű Kft. (Rába Vehicle Ltd.)

The sales revenue of Rába Vehicle Ltd. amounted to HUF 5,9 billion during Q1-Q4 of 2013, which is an increase of 5,2 per cent compared to the HUF 5,6 billion of the base period.

On the **EU market** Rába Vehicle's sales figures during Q1-Q4 of 2013 equalled the total sales revenue realised.

European exports were 5,1 per cent lower than the level of the base period, thus declining from EUR 7,8 million to EUR 7,4 million.

Domestic sales before consolidation amounted to HUF 3,7 billion during Q1-Q4 of 2013, an increase of 9,6 per cent compared to the HUF 3,4 billion during the base period.

The operating result was a profit of HUF 376 million during Q1-Q4 of 2013, compared to the profit of HUF 403 million during the base period.

On the level of EBITDA, during Q1-Q4 of 2013 the Company registered HUF 589 million compared to the profit of HUF 635 million during 2012.

million HUF	2012 Q1-Q4	2013 Q1-Q4	Change	2012 Q4	2013 Q4	Change
EU - export	2 242	2 212	-1,3%	380	441	16,1%
EU - domestic	3 363	3 686	9,6%	2 017	2 589	28,4%
Total sales	5 605	5 898	5,2%	1 094	1 139	4,1%
EBITDA	635	589	-7,2%	443	591	33,4%
Operating profit	403	376	-6,7%	385	541	40,5%

The Rába Group

The consolidated sales revenue of the Rába group during Q1-Q4 of 2013 amounted to HUF 47,5 billion, which is an increase of 12,1% compared to the figure of HUF 42,3 billion for the same period of 2012.

The operating profit of the group during Q1-Q4 of 2013 amounted to HUF 3.281 million, compared to HUF 1.335 million during the same period of 2012.

During Q1-Q4 of 2013 the financial result was HUF 29 million, which includes, among others, a net interest payment of HUF 250 million, as well as an exchange rate loss of HUF 234 million.

Based on the above, the Rába group generated a net profit of HUF 2.688 million during Q1-Q4 of 2013, compared to HUF 569 million during the same period of 2012.

On the level of EBITDA, the group registered profits of HUF 5.510 million during Q1-Q4 of 2013, against last year's figure of HUF 3.490 million.

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

Sales revenue by business division

Sales revenue (million HUF)	Axles	Components	Vehicles	Rába Group consolidated
2012 Q1	6 592	2 676	807	9 827
2012 Q2	7 933	2 468	1 306	11 393
2012 Q3	6 743	2 496	1 094	9 890
2012 Q4	7 035	2 299	2 397	11 235
2013 Q1	8 248	2 913	900	11 434
2013 Q2	9 232	2 851	830	12 290
2013 Q3	6 928	3 520	1 139	11 000
2013 Q4	6 901	3 227	3 030	12 761

Breakdown of 2013 sales revenue

million HUF	America	EU			CIS	Other	Total
		total	export	domestic			
Axles	12 276	14 208	10 704	3 504	4 051	774	31 309
Components		12 512	4 224	8 288			12 512
Vehicles		5 898	2 212	3 686			5 898
Consolidated	12 276	30 384	17 143	13 242	4 051	774	47 485

Breakdown of operating profit of group companies

	Operating Profit									
	2012.					2013.				
	Q1	Q2	Q3	Q4	year	Q1	Q2	Q3	Q4	year
Axles	109	252	167	402	930	753	1 250	216	302	2 521
Components	38	43	1	29	111	84	82	99	31	296
Vehicles	7	7	4	385	403	-97	-40	-28	541	376
Other	-50	-5	-13	-42	-110	10	-35	110	2	87
Total	104	297	159	774	1 334	750	1 257	397	876	3 280

PK2. Companies involved in the consolidation

Company	Capital in HUF thousand	Ownership ratio (%)	Voting ratio ¹	Classificati on ²
RÁBA Axle Ltd. Co.	9,762,800	100.00	100.00	S
RÁBA Component Ltd. Co.	300,000	100.00	100.00	S
RÁBA Vehicle Ltd. Co.	835,100	100.00	100.00	S

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 February of 2013, Rába Nyrt. sold its stake representing 30% of the votes and 0.1% of the company's equity of Fehrer Automotive-Rába Kft. to Fehrer Automotive GmbH, the majority owner of the enterprise.

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.

Description of item	Year 2012	Year 2013	Index	Q4 of 2012	Q4 of 2013	Index
Domestic sales revenues	12 829 266	13 241 621	103,2%	3 951 116	4 938 063	125,0%
Export sales revenues	29 516 591	34 243 670	116,0%	7 284 078	7 822 956	107,4%
Net sales revenues	42 345 857	47 485 291	112,1%	11 235 194	12 761 019	113,6%
Direct cost of sales	33 242 525	36 371 207	109,4%	8 195 852	9 890 045	120,7%
Gross profit	9 103 332	11 114 084	122,1%	3 039 342	2 870 974	94,5%
Cost of sales	743 492	852 613	114,7%	153 331	249 139	162,5%
General and administration expenses	6 965 716	7 250 494	104,1%	1 911 093	1 874 434	98,1%
Other revenues	421 957	932 385	221,0%	158 480	300 057	189,3%
Other expenditures	481 585	663 227	137,7%	358 618	172 280	48,0%
Other items related to business activities	-7 768 836	-7 833 349	-100,8%	-2 264 562	-1 995 196	88,1%
Operating profit before interest payment and taxation (EBIT)	1 334 496	3 280 735	245,8%	774 780	875 778	113,0%
Financial revenues	1 874 443	1 946 273	103,8%	22 941	207 280	903,5%
Financial expenditures	2 331 366	1 917 623	82,3%	261 057	223 021	85,4%
Net financial result	-456 923	28 650	106,3%	-238 116	-15 741	93,4%
PROFIT BEFORE TAXATION	877 573	3 309 385	377,1%	536 664	860 037	160,3%
Corporate profit tax	308 565	621 204	201,3%	145 711	139 784	95,9%
PROFIT AFTER TAXATION	569 008	2 688 181	472,4%	390 953	720 253	184,2%
Other aggregate income						
Profit from cash-flow hedge transaction	926 760	631	0,1%	-178 173	7 537	104,2%
Deferred tax of cash-flow hedge transaction	142 187	101	0,1%	-27 569	1 206	104,4%
Other aggregate income	784 573	530	0,1%	-150 604	6 331	104,2%
Total aggregate income	1 353 581	2 688 711	198,6%	240 349	726 584	302,3%

1. EARNED REVENUES

During Q1-Q4 of 2013, Rába achieved HUF 47.485 million in sales revenue, compared to HUF 42.346 million during the same period of 2012, with a growth of 12,1%. 72,1 per cent of the revenues came from export, the rest came from domestic sales.

2. COSTS AND OTHER REVENUES, EXPENDITURES

2.1. Direct costs

During Q1-Q4 of 2013, the direct cost level of Rába was 76,6 per cent, compared to 78,5% of the base period. The amount of direct costs was HUF 36.371 million (in 2012: HUF 33.243 million).

Gross Profit

The gross profit changed from HUF 9.103 million to HUF 11.114 million, (HUF +2,011 million), which is due to the increase in sales revenue by HUF +5.139 million and to a lesser increase in direct expenses (HUF 3.128 million).

2.2. Cost of sales

The cost of sales increased by 14,7 per cent and amounted to HUF 853 million during Q1-Q4 of 2013, compared to HUF 743 million during 2012.

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-Q4 of 2013: HUF 7.250 million, 2012: HUF 6.966 million), and adjusts them with the net value of the non-capitalised, according to international regulations, costs of technical development (HUF -34 million), and by restating certain bank charges to financial expenditures (HUF -9,6 million), as well as by the share-based expenditures in capital instruments and cash (+HUF 20 million).

2.4. Other revenues

Other revenues amounted to HUF 932 million during Q1-Q4 of 2013. This amount was HUF 510 million higher than that of the base period. In 2013 the Company sold some of its idle property and accounted a larger amount of grants.

2.5. Other expenditures

The amount of other expenditures during Q1-Q4 of 2013 was HUF 663 million, which is HUF 181 million higher than the amount during the base period. The increase is due to the increase in inventory write-offs, to the increase in the amount of provisions set aside for future liabilities and to the balance of the decline in stock impairments.

3. OPERATING PROFIT

The operating profit of Rába during Q1-Q4 of 2013 was HUF 3.281 million (in 2012: HUF 1.334 million). The increase in gross profit (HUF 2,011 million) was deteriorated by the combined change in sales and general overhead costs (HUF -392 million) and was improved by the change in the balance of other revenues and expenditures (+HUF 329 million). Profitability changed from 3,2% during the base period to 6,9%. The profitability of operating profit + depreciation was 11,6 per cent, against 8,2 per cent during the base period.

4. FINANCIAL REVENUES AND EXPENDITURES

During Q1-Q4 of 2013, the net financial result was HUF 29 million, compared to HUF -547 million during the base period.

The net result of interest incomes and expenses was HUF -250 million during Q1-Q4 of 2013, against HUF -393 million during the base period. The net exchange rate difference of FX items was a loss of HUF 234 million during Q1-Q4 of 2013, and HUF -44 million in 2012.

The risk management strategy of the Rába Group views the mitigation of the uncertainties in the HUF value of FX based cash-flows resulting from sales contracts concluded in FX as its primary risk management objective. The uncertainty in the HUF value is determined by the strengthening/weakening of the HUF (as the accounting currency of the Company) compared to foreign exchanges. Therefore, in order to offset the adverse effect on the result of the Company of the strengthening of the HUF, part of the financing needs of the operation of the enterprise is met in FX (FX loans are used) and thus these are viewed as hedge transactions suitable for maintaining the value of FX revenues, to the extent of the expected exposure. The exchange rate difference of these cash-flow hedge transactions compared to 1 October 2011, the date when these cash-flow transactions were classified as hedge transactions, was a profit of HUF 0,6 million on 31. December 2013 whereas on 31 December 2012 it was a profit of HUF 927 million, accounted as other aggregate income.

The company sold its participation, the proceeds from the sale amounted to HUF 524 million.

Financial revenues and expenditures consisted of the following principal items:

	2012	2013.
Revenue from dividends	6 660	10 856
Exchange rate gains of participation sold		523 531
Interest income	27 281	18 203
Gains on share draw down		2 054
Exchange rate gains	1 840 072	1 387 929
Other financial revenues	430	3 700
Financial revenues	1 874 443	1 946 273
Interest payable	420 188	267 709
Exchange rate loss	1 884 009	1 622 126
Other financial expenditures	27 169	27 788
Financial expenditures	2 331 366	1 917 623

5. EARNINGS DURING THE YEAR

The earnings before taxation amounted to HUF 3.309 million during Q1-Q4 of 2013, which, because of the factors outlined in sections 1-4, is HUF 2.432 million more than the figure for 2012. The profitability ratio represents a 7,0 per cent return on sales on the basis of profit before taxation, compared to 2,1 per cent during the base period.

At group level the tax liability amounted to HUF 621 million, of this corporate tax liability represented HUF 54 million, the trade tax liability is HUF 365 million, the deferred tax liability for the current period is HUF 203 million, whereas the deferred tax liability accounted in the equity is HUF 1 million.

6. OTHER AGGREGATE INCOME

During Q1-Q4 of 2013, the net amount of the cash-flow hedge transaction is HUF 0,5 million, which is accounted under other aggregate income and also reflects the effect of the corporate income tax (in 2012: HUF 785 million).

7. IFRS-HAS DIFFERENCE

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;
- accounting of cash-flow hedge transaction (according to IAS 39.88) in other aggregate income.

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 2012	31 Dec 2013	Index
Properties, machines, equipment	13 777 744	13 955 874	101,3%
Intangible assets	1 046 740	879 193	84,0%
Long-term receivables	642 079	576 913	89,9%
Property for investment purposes	338 217	338 217	100,0%
Investments accounted through the capital method	205	205	100,0%
Receivables from sale of assets	194 043	198 586	102,3%
Deferred tax receivables	508 470	305 228	60,0%
Total invested assets	16 507 498	16 254 216	98,5%
Inventories	8 424 298	7 164 299	85,0%
Receivables	9 683 334	9 426 303	97,3%
Corporate tax receivables	112 298	35 952	32,0%
Liquid assets, bank account	176 525	265 010	150,1%
Total current assets	18 396 455	16 891 564	91,8%
Total ASSETS	34 903 953	33 145 780	95,0%
Share capital	12 921 066	12 940 238	100,1%
Other aggregate income	-19 843	-19 313	97,3%
Capital reserve	85 004	83 141	97,8%
Share option reserve	165 057	86 355	52,3%
Retained earnings	-1 767 906	1 005 048	156,8%
Total equity and reserves	11 383 378	14 095 469	123,8%
Long-term liabilities	3 286 679	5 819 436	177,1%
Provisions	406 620	414 356	101,9%
Total long-term liabilities	3 693 299	6 233 792	168,8%
Short term loans and credits	10 294 062	3 303 510	32,1%
Short-term liabilities	9 533 214	9 513 009	99,8%
Short-term liabilities total	19 827 276	12 816 519	64,6%
Total LIABILITIES (equity and liabilities)	34 903 953	33 145 780	95,0%

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 13,778 million on 31 December of 2012 to HUF 13.956 million, the change was an increase of 1,3 %. The depreciation of fixed assets during Q1-Q4 of 2013 was HUF 1,974 million.

1.2. Intangible assets

The net value of intangible assets changed from HUF 1,047 million to HUF 879 million. This represents a decline of 16 per cent. The amount of depreciation accounted during the period was HUF 256 million.

1.3. Long-term receivables

This balance sheet line shows long-term receivables at a discounted value among invested assets in the balance sheet of Rába. This line also shows other long-term loans given, as well as long-term advance payments in the amount of HUF 567 million are also shown here, as this is the consequence of the partial payment of a long-term liability upon favourable conditions, to be recorded annually in the indirect cost line. In consequence of the discharge of liabilities during the year, the amount of long term receivables declined by HUF 65 million during the period. .

	31 Dec 2012	31 Dec 2013
Opening	4 392	642 079
Increase	638 235	5 750
Repayment	(548)	
Impairment		(70 916)
Effect of discounting		
Closing	642 079	576 913

1.4. Real estate for investment purposes

The value of real estate for investment purposes – amounting to HUF 338 million on 31 Dec 2013 at book value – remained unchanged.

1.5. Investments accounted using the equity method

In 2009, Rába Nyrt and F.S. Fehrer Automotive GmbH. established Fehrer Automotive-Rába Kft. Rába's stake in the joint venture was 30%. The participation was sold and deleted from the books by Rába in February of 2013.

1.6. Deferred tax receivable

The amount of receivable was HUF 305 million on 31 Dec 2013, which is HUF 203 million less than the amount on 31 December 2012. The decline in the receivable is most significantly due to the deferred tax liability due to the creation of a development reserve, and to the release of the deferred tax liability set aside for the accrued negative tax base.

1.7. Receivables from the sale of assets

On 31 Dec 2013, the present value of the receivable was HUF 199 million.

2. CURRENT ASSETS**2.1. Stocks**

On 31 Dec 2013, the closing value of stocks was HUF 7.164 million (31st December 2012: HUF 8.424 million). The change is a 15% decline, due to the decline in materials and goods by HUF 1.033 million and in unfinished, semi-finished and finished goods by HUF 227 million.

2.2. Receivables

The closing figure of receivables as at 31 Dec 2013 was HUF 9.426 million, a decline of HUF 257 million compared to the 31st December figure (closing figure for 31 December 2012: HUF 9.683 million). Accounts receivable changed by HUF +91 million. Other accounts receivable decreased by HUF 296 million, advances paid declined by HUF 50 million.

2.3. Liquid assets

The closing figure of liquid assets on 31 Dec 2013 was HUF 265 million, HUF 88 million more than on 31 December 2012 (HUF 177 million).

3. EQUITY AND RESERVES

The change occurred as follows:

	Registered capital	Capital reserve	Share based payments reserve	Retained earnings	Other aggregate income	Total shareholders' equity
Balance as at 1 Jan 2012	12 921 066	85 004	165 198	-2 375 451	-804 416	9 991 401
Profit of current year				569 008		569 008
Other aggregate income					784 573	784 573
Share based expenditure made in equity instrument			63 438			63 438
Deferred tax of share based expenditure made in equity instrument			-8 881			-8 881
Ceaseure of share-based payments			-63 602	38 537		-25 065
Deferred tax of ceaseure of share-based payments			8 904			8 904
Balance as at 31 Dec 2012	12 921 066	85 004	165 057	-1 767 906	-19 843	11 383 378
Profit of current year				2 688 181		2 688 181
Other aggregate profit					530	530
Share based expenditure made in equity instrument			7 280			7 280
Deferred tax of share based expenditure made in equity instrument			-1 019			-1 019
Profit of share based payments drawn	19 172	-1 863	-5 255	4 328		16 382
Deferred tax of share based payments drawn			736			736
Ceaseure of share based payments			-93 540	80 445		-13 095
Deferred tax of ceaseure of share based payments			13 096			13 096
Balance as at 31 Dec 2013	12 940 238	83 141	86 355	1 005 048	-19 313	14 095 469

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 Dec 2013, the share capital of the company was HUF 12.940 million.

During the last quarter of 2013, within the Management Share Option Incentive Programme of the Rába Group 4 people availed themselves of the draw down option and 19.172 shares were drawn down.

3.2. Other aggregate result

In accordance with its risk management strategy, the Company designated the USD and EUR foreign exchange loan transactions under financial liabilities in order to hedge the USD/HUF and EUR/HUF foreign exchange risks stemming from its sales contracts ("Basic transaction"). The transactions with an effective hedge relation are cash-flow hedge transactions, the profit during the period minus the deferred tax of which, in the amount of HUF +0,5 million net is accounted for under other aggregate profit, the closing value as at 31 Dec 2013. was HUF -19 million.

3.3. Capital reserve

On 31 Dec 2013, the capital reserve was HUF 83 million, equal to the difference between the

cost and the face value of the repurchased Rába treasury shares.

3.4. Share option reserve

To foster shared 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. The programme originally planned for five years was extended in 2010 until 30 June, 2014.

The conditions of the first and the second tranches were met and could thus be drawn. The conditions of opening the third tranche launched 1 January, 2012 with the approval of the general meeting of shareholders of 2010 were not fulfilled, since the weighted average price of the Rába shares during the first half of 2012 remained under two thousand forints on any twenty consecutive stock trading day.

The participants of the option programme availed themselves of the opportunity to draw down the first tranche and thus the shares of the first tranche were fully drawn before the end of the year 2011.

The amount for the current year of share based payments made in equity instrument is HUF 7.280 thousand, the deferred tax of which amounted to HUF 1.019 thousand. The amount of share based payments made in equity instrument and drawn in 2013 was HUF -5.255 thousand, with deferred taxes of HUF 736 thousand. Due to the elimination of the third tranche, HUF 93.540 thousand of share option reserves were withdrawn, with deferred taxes of HUF 13.096 thousand.

3.5. Retained earnings

The retained earnings (HUF 1.005 million) changed by HUF +2.773 million (amount of annual net profit and the amount of drawn and withdrawn share based payments) compared to the closing balance of the previous year (HUF -1,768 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 31 Dec 2013 amounted to HUF 5.819 million, which was 77 per cent higher than the opening balance of the period (on 31st December 2012, the closing figure was HUF 3.287 million). In 2013 the Company repaid a short-term loan replacing it with a favourable, 5-year, fixed-interest loan instead.

4.2. Provisions

The closing value of provisions as at 31 Dec 2013 was HUF 414 million, which is HUF 8 million (1,9%) higher than the closing value for last year.

5. SHORT-TERM LIABILITIES

5.1. Short-term credits and loans

The total amount of short-term credits and loans on 31. December 2012 (HUF 3.304 million) decreased by 67,9% compared to the closing balance of December 2012 (HUF 10,294 million), due to repayments.

5.2. Short-term liabilities

The total short-term liabilities (closing balance on 31 Dec 2013: HUF 9.513 million) declined by 0,2% compared to the closing value of December 2012 (HUF 9,533 million).

PK 5. CONSOLIDATED CASH-FLOW STATEMENT FOR THE FIRST HALF OF 2013.

Data in HUF thousand

	<u>2012</u>	<u>2013</u>
<u>Cash flows of operating activities</u>		
Profit before taxation	877 573	3 309 385
<i>Adjustment items related to items with no cash movement:</i>		
Interest income/expenditure	33 172	36 371
Depreciation and amortisation	2 155 865	2 229 618
Impairment of properties, machinery and equipment	31 185	40 878
Impairment of bad and doubtful receivables and of long term receivables	-26 134	-101 118
Impairment of stocks kept at net realisable value	371 535	140 674
Inventory reject	45 872	151 771
Provisions	-243 790	7 736
Share based payments made in equity instruments	38 373	-1 381
Result of sale, write-off and in-kind contribution of real assets, machinery and fixtures and intangible assets	-8 417	-376 564
Proceeds from sale of investments accounted through the equity method	0	-523 530
Participation in profit of affiliated companies	0	0
Revaluation of loans and credits at end of period	517 106	95 370
<i>Changes in working capital:</i>		
Changes in trade and other receivables	876 751	335 931
Changes in stocks	-636 628	967 555
Changes in accounts payable and other liabilities	-459 407	270 239
Profit tax paid	-386 881	-272 747
Interests paid and received	-418 426	-246 307
Net cash flows from operating activity	2 767 749	6 063 881
<u>Cash flows from investment activities</u>		
Revenues, expenditures from long-term receivables	-637 687	65 166
Purchase of real estate, machinery and fixtures, as well as of intangibles	-2 161 289	-2 448 176
Revenues from the sale of real estate, machinery and fixtures	12 921	406 589
Proceeds from the sale of investments accounted through the equity method		523 530
Interests received, dividend	6 660	10 856
Net cash flows used for investment activities	-2 779 395	-1 442 035
<u>Cash flows from financing activities</u>		
Revenues from sale (purchase) of treasury shares	0	19 172
Borrowing	16 888 907	11 418 068
Repayment of loans and credits	-17 595 448	-15 970 601
Net cash flows from financing activities	-706 541	-4 533 361
Net increase/decline of financial instruments and equivalents	-718 187	88 485

PK6. Major off-balance sheet items

Description	Value (HUF)
According to a separate list*	

* The bank loans of the Rába Group amount to HUF 8.904 million, of which the loans secured with liens and mortgages on movable assets and real property amount to HUF 8.313 million. The amount of bank guarantees issued on behalf of the Rába Group is HUF 556 million.

RS1. Ownership structure, ratio of participation

Description of ownership	Total equity						Series listed ¹			
	At beginning of current year (1st January)			At end of term (31 Dec)			At beginning of term		At end of term	
	% ²	% ³	% ²	% ³	% ²	% ³	%	Pcs	%	Pcs
Domestic institutional/corporate	1.40	1.46	188,700	2,80	2,92	377 747				
Foreign institutional/corporate	1.01	1.06	136,632	0,68	0,70	91 067				
Foreign private individual	0.29	0.30	39,078	0,27	0,28	36 344				
Domestic private individual	19.43	20.25	2,617,651	18,49	19,25	2 491 355				
Employees, managing executives	0.12	0.12	15,686	0,15	0,16	20 406				
Treasury shares	4.07		548,160	3,93		528 988				
Shareholder forming part of general government ⁴	73.68	76.81	9,927,539	73,68	76,69	9 927 539				
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 during 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 Dec 2013)

Name	Nationality ¹	Activity ²	Quantity (pcs)	Ownership stake (%) ³	Voting right (%) ^{3,4}	Comment ⁵
Hungarian State Holding Company Ltd. (MNV Zrt)	D	G	9 925 829	73.67	76.79	

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 during 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.)

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

	1 Jan	31 March	30 June	31 Dec
At corporate level	548 160	548 160	548 160	528 988
Subsidiaries				
Total	548 160	548 160	548 160	528 988

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

	Beginning Of Current Year	End of current period
Company level	16	18
Group level	1 920	1990

The consolidated closing headcount as at 31 Dec 2013 was 1.990, which represented an increase of 2,7 per cent 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		7 082
BD	Alan Spencer	Board member	2006		0
BD	Dr. Zoltán Borbíró	Board member	2012	2013	n.a.
BD	Dr. Tibor Zoltán Hajdú	Board member	2012		0
BD	József Steigler	Board member	2013		0
BD	Dr. Péter Székács	Board member	2012		0
BD	György Wáberer	Board member	2012		0
BD	Olivér Martin	Board member	2003	2012	n.a.
IT	Róbert Hrabovszki	Board member	2005	2012	n.a.
IT	Khalid Abdol Rahman	Board member	2007	2012	n.a.
IT	Dr. Ádám Fintha-Nagy	Board member	2008	2012	n.a.
IT	Gábor Földvári	Board member	2008	2012	n.a.
SB	Dr. Csaba Polacsek	Chairman of the SB	2012		0
SB	Tamás Berencsi	SB member	2013		0
SB	Dr. Mirjana Markovics	SB member	2012	2013	n.a.
SB	Dr. János Kerékgyártó	SB member	2012		0
SB	Dr János Benedek	Chairman of the SB	2004	2012	n.a.
SB	Zoltán Varga	SB member	2006	2012	n.a.
SB	Balázs Sándorfi	SB member	2009	2012	n.a.
SP	István Pintér	Chief Executive	2003	Definite	7 082
SP	Béla Balog	Deputy CEO	2004	Indefinite	3 332
SP	Ferenc Vissi	HR Director	2001	Indefinite	3 332

SP	József Szabó	Strategic Purchasing and Asset Mgmt. Director	2001	2013	n.a.
SP	Ákos Farkas	Strategic Purchasing and Asset Mgmt. Director	2013		1 664
SP	István Pintér	Managing Director	2004	Indefinite	7 082
SP	László Urbányi	Managing Director	2005	Indefinite	3 332
SP	János Torma	Managing Director	2005	Indefinite	1 664
Total number of shares owned (pcs):					20 406

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

RÁBA NYRT. (INDIVIDUAL) BALANCE SHEET (HAS)

Data in HUF thousand

No	Description of item	31 Dec 2012	31 Dec 2013	Index
A.	Invested assets	16 607 193	16 330 532	98,33%
I.	Intangible assets	48 634	26 891	55,29%
II.	Fixed assets	5 835 907	5 986 202	102,58%
III.	Financial assets invested	10 722 652	10 317 439	96,22%
B.	Current assets	4 607 247	3 525 188	76,51%
I.	Stocks	351 012	351 436	100,12%
II.	Receivables	3 726 369	2 532 481	67,96%
III.	Securities	489 421	472 303	96,50%
IV.	Liquid assets	40 445	168 968	417,77%
C.	Active accruals	19 637	22 065	112,36%
	TOTAL ASSETS	21 234 077	19 877 785	93,61%
D.	Shareholders' equity	13 862 716	15 349 239	110,72%
I.	Registered capital	13 473 446	13 473 446	100,00%
	Of which: ownership stake repurchased at face value	548 160	528 988	96,50%
III.	Capital reserve	127 654	127 654	100,00%
IV.	Retained earnings	-1 026 931	889 313	186,60%
V.	Fixed reserves	589 421	472 303	80,13%
VII.	Net profit	699 126	386 523	44,71%
E.	Provisions	19 420	91 019	468,69%
F.	Liabilities	7 255 478	4 351 673	59,98%
III.	Short-term liabilities	7 255 478	4 351 673	59,98%
G.	Passive accruals	96 463	85 854	89,00%
	TOTAL LIABILITIES	21 234 077	19 877 785	93,61%

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

Data in thousand HUF

No	Description of item	2012.	2013.	Index
I.	Net sales revenue	1 302 337	1 279 473	98,24%
II.	Direct costs of sales	219 376	223 643	101,95%
III.	Gross sales revenue	1 082 961	1 055 830	97,49%
IV.	Indirect sales costs	1 037 489	1 078 895	103,99%
V.	Other revenues	41 719	389 710	934,13%
VI.	Other expenditures	165 279	299 131	180,99%
A.	OPERATING PROFIT	-78 088	67 514	186,46%
VIII.	Revenues from financial transactions	958 719	531 570	55,45%
IX.	Expenditures of financial transactions	176 576	203 387	115,18%
B.	Profit of financial transactions	782 143	328 183	41,96%
C.	ORDINARY BUSINESS PROFIT	704 055	395 697	56,20%
D.	EXTRAORDINARY PROFIT	-5 570	-3 070	55,12%
E.	PROFIT BEFORE TAXATION	698 485	392 627	56,21%
XII.	TAX LIABILITY	-641	6 104	952,26%
F.	AFTER-TAX PROFIT	699 126	386 523	55,29%
G.	NET PROFIT	699 126	386 523	55,29%

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 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).

Győr, 20 February, 2014.

István Pintér
Chairman-CEO

Béla Balog
CFO