WE MAKE IT POSSIBLE:

TECHNOLOGIES FOR THE FUTURE

HALF-YEAR FINANCIAL REPORT 2012

RHI

Key Figures RHI Group

Earnings indicators

in € million	1st Half-year 2012	2011	Change
Revenues	912.8	850.9	7.3%
EBITDA	108.2	95.4	13.4%
EBITDA margin	11.9%	11.2%	0.7pp
Operating result[1)]	82.3	69.2	18.9%
Operating result margin	9.0%	8.1%	0.9pp
EBIT	77.7	69.2	12.3%
EBIT margin	8.5%	8.1%	0.4pp
Profit before income taxes	73.5	58.6	25.4%
Profit for the year	62.3	49.0	27.1%
Net cash flow from operating activities	48.4	29.1	66.3%
Investments in property, plant and equipment and intangible assets	64.2	15.1	325.2%
Number of employees at end of half-year	8,072	7,796	3.5%
Average half-year number of employees	8,122	7,640	6.3%

1) before reversal of impairment losses/impairment losses and restructuring costs

Balance sheet indicators

in € million	06/30/2012	07/01/2011	Change
Balance sheet total	1,752.3	1,480.4	18.4%
Equity	471.1	333.4	41.3%
Net debt	424.7	346.9	22.4%
Gearing Ratio[1)]	90.2%	104.0%	(13.8)pp

1) not including non-current personnel provisions

Stock exchange indicators

in €	1st Half-year 2012	2011	Change
Earnings per share	1.56	1.23	26.8%
Share price: high	20.00	29.92	(33.2)%
Share price: low	15.41	18.46	(16.5)%
Share price: average	18.07	24.81	(27.2)%
Share price at end of half-year	18.35	21.35	(14.1)%
Market capitalization at end of half-year (in million)	731	850	(14.0)%
Number of shares (in million units)	39.82	39.82	0.0%

Management Report RHI Group

Business Development

The growth momentum of the global economy slowed down noticeably in the second quarter of 2012. In an update of the World Economic Outlook, the IMF identifies increased risks related to the unresolved debt crisis in the euro area periphery. The uncertainty whether Greece would remain in the euro area, which arose in the run-up to the parliamentary elections, Spain's application for financial assistance of up to € 100 billion for its banks as well as the increasingly critical situation of the Spanish and Italian communities have tarnished the confidence of investors and consumers considerably. The IMF considers delayed or insufficient political measures to contain the European sovereign debt crisis the most immediate danger for the recovery of the global economy. At the conference of the European Council on June 28 and 29, important decisions were adopted to stabilize the monetary union. In order to break the vicious circle of troubled banks and high national debt, it will be possible to re-capitalize banks directly from the European Stability Mechanism ESM; consequently, public debt would not rise any further due to financial assistance for troubled banks. In addition, a European Banking Union under uniform oversight and common deposit protection is to be created. In addition, the heads of state and government adopted a growth pact of € 120 billion, which is intended to boost the economy with funds from the European Structural Funds and the European Investment Bank. However, the important ratification of the ESM in Germany is still outstanding because the Federal President of Germany is waiting for a verdict on the constitutional challenges. The Federal Constitutional Court will announce its decision in urgent proceedings on September 12, 2012.
In the USA, growth also cooled down slightly. According to the most recent report of the Federal Reserve, the economy is now only growing moderately. Especially the situation in the US labor market is still difficult. The unemployment rate currently amounts to 8.2%, after 9.1% in June 2011. However, a ray of hope comes from the property market, where important indicators such as the number of newly constructed residential buildings sold recorded a strong increase and property prices picked up for the first time since 2007. Due to the stagnant economy in the industrialized states, growth also slowed down noticeably in the emerging markets. Consequently, the IMF expects the increase in economic performance to amount to "only" 2.5% in Brazil, 6.1% in India and 8.0% in China in 2012, compared with 7.5%, 10.6% and 10.4% in the year 2010. Policymakers are confronted with a decline in export volume, capital outflow of foreign investors and the consequences of the soaring credit growth of the past years.
The uncertainty regarding further economic developments is also reflected in a significant drop in the price of crude oil despite the political uncertainty in the Middle East, as well as in the weak development of the stock markets.

Despite an environment strongly characterized by uncertainty, RHI recorded the second highest quarterly revenues in the group's history, which were only 0.4% or € 2.0 million below the record level of the fourth quarter of 2011. Revenues of the Steel Division exceeded the previous record of the third quarter of 2011 by 5.1%, thus reaching a new all-time high. In the Industrial Division, revenues were only 6.6% below the absolute record figure of the fourth quarter of 2011 despite the seasonality of the cement business, thus representing the second highest revenues ever generated in this division. Sales volume dropped by 1.1% compared to the first quarter of 2012 and amounted to roughly 470,000 tons in the second quarter of 2012 (Q2/2011: 503,000 tons). The lower volume is attributable to a shift in product mix within the Industrial Division and substantially lower external revenues in the Raw Materials Division, which are largely due to expiring contracts of the Irish company Premier Periclase Ltd. (PPL), which was acquired in 2011.

Revenues & earnings

In the second quarter of 2012, revenues of the RHI Group increased by 8.9% in comparison with the same quarter of 2011 and amounted to € 475.9 million. In an uncertain market environment, the Steel Division increased its revenues by 6.0% and the Industrial Division recorded growth of 13.3%. The operating result of the second quarter exceeded the comparative period of 2011 by 21.8% and, at € 48.7 million, reached a new record level since the severe recession in the year 2009. Restructuring expenses of € 4.6 million resulted from the partial close-down of the ISO production line at the Bonnybridge plant in Great Britain. The group's EBIT amounted to € 44.1 million in the past quarter and is 10.3% higher than in the second quarter of 2011 despite the restructuring expenses incurred. The EBIT margin improved slightly from 9.2% to 9.3%. In comparison with the reference quarter of 2011, the tax rate rose from 12.0% to 20.5%.

Compared with the first quarter of 2012, the RHI Group increased revenues by 8.9% and the operating result by 44.9%. While the operating result margin of 7.7% in the first quarter of 2012 rose to 10.2% in the second quarter, the increase in the group's EBIT margin from 7.7% to 9.3% was slightly lower due to restructuring expenses. Although a dividend of € 29.9 million (€ 0.75 per share) was paid out, the equity ratio as of June 30, 2012 improved to 26.9%, compared with 26.7% at March 31, 2012. Cash and cash equivalents fell from € 154.1 million at the end of the first quarter of 2012 to € 107.1 million as a result of significantly higher investments in Norway and Turkey designed to increase backward integration and the expansion of the RHI Group's largest plant for fired bricks in China, the dividend payment and an increase in working capital. Net debt rose from € 363.1 million to € 424.7 million.

Net cash flow from operating activities rose only marginally in the second quarter of 2012 to an accumulated € 48.4 million (Q1/2012: € 45.0 million). This is primarily attributable to an increase in receivables related to revenues.

The number of employees declined by 110 persons from 8,182 in the first quarter of 2012 to 8,072, which was primarily due to reduced capacity utilization at the glass plants in the USA and Russia.

Development of the individual divisions

Segment Reporting

	2nd Quarter		1st Half-year	
	2012	2011	2012	2011
Sales (thousand tons)	470	503	945	970
in € million				
Revenues	**475.9**	**437.1**	**912.8**	**850.9**
Steel Division	296.8	280.1	575.9	542.8
Industrial Division	169.2	149.3	312.2	293.9
Raw Materials Division				
External revenues	9.9	7.7	24.7	14.2
Internal revenues	52.1	47.1	97.5	91.2
Operating result 1)	**48.7**	**40.0**	**82.3**	**69.2**
Steel Division	21.9	20.6	34.7	26.7
Industrial Division	21.1	18.2	34.2	34.0
Raw Materials Division	5.7	1.2	13.4	8.5
Operating result margin	**10.2%**	**9.2%**	**9.0%**	**8.1%**
Steel Division	7.4%	7.4%	6.0%	4.9%
Industrial Division	12.5%	12.2%	11.0%	11.6%
Raw Materials Division	9.2%	2.2%	11.0%	8.1%
EBIT	**44.1**	**40.0**	**77.7**	**69.2**
Steel Division	17.3	20.6	30.1	26.7
Industrial Division	21.1	18.2	34.2	34.0
Raw Materials Division	5.7	1.2	13.4	8.5
EBIT margin	**9.3%**	**9.2%**	**8.5%**	**8.1%**
Steel Division	5.8%	7.4%	5.2%	4.9%
Industrial Division	12.5%	12.2%	11.0%	11.6%
Raw Materials Division	9.2%	2.2%	11.0%	8.1%

1) before restructuring expenses

Steel Division

With crude steel production amounting to 388.6 million metric tons, the second quarter of 2012 exceeded the first quarter by 11.3 million tons and reached a new record level since the massive slump in the year 2009 despite the uncertain macroeconomic environment. China surprised with a new record production although its economic growth slowed down. It is, however, questionable whether this development is sustainable. Nevertheless, China's steel companies intend to step up their capacity significantly. Two major Chinese steel producers in the south of China are each investing roughly € 9 billion in the construction of new plants with an annual capacity of 10 million metric tons each. Fortunately, steel production outside of China also saw a stable development. Contrary to widespread expectations, steel output was up 2.0% on the first quarter of 2012 even in the European Union.

in million tons	2nd Quarter 2012	1st Quarter 2012	Change
China	182.0	174.2	4.5%
World ex China	206.6	203.1	1.7%
thereof EU27	44.9	44.0	2.0%
thereof North America	31.8	31.5	1.0%
World	**388.6**	**377.3**	**3.0%**

Sales volume in the Steel Division increased to approx. 335,000 tons, up 6.0% on the first quarter of 2012. Revenues also rose by 6.3%. In comparison with the prior-year reference period, sales dropped by 4.3%, while revenues increased by 6.0%, reflecting the price adjustments made.

In the second quarter of 2012, revenues in the Steel Division reached a new record level of € 296.8 million, thus significantly exceeding the figure of € 279.1 million in the first quarter of 2012 and the revenues of € 280.1 million in of the comparable period of 2011. The operating result improved substantially from € 12.8 million in the first quarter of 2012 to € 21.9 million in the second quarter of 2012, also exceeding the result of € 20.6 million in the prior-year reference period. The operating result margin, at 7.4%, significantly exceeded that of the previous quarter at 4.6% and remained stable in comparison with the same period of 2011. The restructuring expenses resulting from the partial shutdown of the ISO production line at the Scottish plant Bonnybridge lowered the EBIT margin by 1.6 percentage points to 5.8%.

EMEA

Despite the negative mood in the steel industry due to low steel prices, the steel production in the European Union will reach the level of the previous year according to forecasts. With an output of roughly 175 million metric tons of crude steel, Europe is currently far off the production level of approx. 210 million tons before the crisis. The European Steel Association Eurofer sees structural overcapacities of roughly 50 million tons. At converter steel mills, just under 80% of the capacity is utilized; at electric steel works, just under 70% of capacity is utilized as it is easier to adjust production volume. Russia's forthcoming accession to the WTO this fall could exert pressure on manufacturers of more basic steel grades in Europe as the quota system will expire. In addition, higher energy prices burden European producers. Russian steel manufacturers in turn consider their positions in the local automotive industry at risk because the differences in quality, especially in the premium segment, continue to be high.

RHI recorded a slight decline in incoming orders in the second quarter of 2012. This is primarily due to the seasonally weaker summer months in Southern Europe as many plants are closed for vacation in the summer. However, as inventories are very low, demand should start to increase in the second half of the year. The necessary price adjustments also led to a moderate reduction of volume, which was partially regained through convincing product quality and the service level offered.

The environment also remained challenging for steel producers in Eastern Europe. Inefficiencies, delayed shut-downs of plants as well as cheaper Asian producers adversely affected the results of local producers. RHI expanded its market share above all through service packages.

In Northern Africa the political situation has largely stabilized again and reconstruction started after the unrest in the year 2011. The realization of planned new construction projects will be decided in the next few months. Uncertainties around the Persian Gulf caused revenues in this region to decline slightly.

North America

The steel market in North America maintained a stable high level in the second quarter of 2012 and even picked up slightly in comparison with the first quarter. The economic outlook for the region is still slightly positive, with the US labor market being the only element of uncertainty in the development.

The euro, which has come under depreciation pressure against the US dollar due to new uncertainties regarding the stability of the European Monetary Union, showed the performance at RHI in the previous quarters even more clearly. The proceeds per ton in US dollars have been increasing continuously for several quarters. The business unit Steel North America consequently realized the highest contribution to EBIT in the history of the group.

In order to reduce working capital requirements on a sustained basis, to realize advantages on the cost side by reducing logistics costs and to achieve shorter lead times, RHI is evaluating former industrial premises for a new production facility in the east of the USA.

South America

In Brazil, the government raised import duties on refractory bricks from 14% to 35%. Anti-dumping proceedings initiated against magnesia bricks imported from China, Mexico and the USA at the end of the second quarter add to the insecurity in Brazil. RHI is already negotiating price adjustments with customers, revising the delivery contracts concerned and evaluating new sourcing possibilities. In the short term, the high inventory range of roughly six months supports RHI's business.

In July, RHI was granted the environmental license and the last missing approval to start construction of the new plant in Brazil. It is scheduled to be commissioned in late 2013.

In Venezuela, the political and economic situation is still unstable, with no change to be expected for the third quarter due to the upcoming presidential election.

Asia/Pacific

The extension of existing plants and the commissioning of new plants in Vietnam helped RHI improve its market position. The low steel price is increasing the pressure on suppliers to the steel industry.

In India, investments in the expansion of steel production capacities continue. Due to the situation of the global economy, minor delays occur in carrying out large projects. A positive development can also be observed in countries like Bangladesh, which want to become less dependent on steel imports and invest in the establishment of their own steel industry.

In Australia, the strong Australian dollar has a negative effect on the profitability of steel producers and leads to an intensive revision of the sales markets of local producers.

China

The global downturn is also leading to slower growth of the Chinese economy. Economists assume that growth of roughly 7% is necessary to maintain the current level of prosperity.

At present, some 40% of the Chinese steel producers are not economically profitable in their operations, which leads to high pressure on suppliers and raw material prices. The environment in the Chinese refractories market is extremely challenging due to more than 3,000 competitors, many of which struggle with economic survival.

Despite full warehouses and overcapacities in the market, which experts currently estimate at 300 million tons, the Chinese government approved two new steelworks in the south of China, which had been stopped by the authorities because of overcapacities in the market three years ago. With these two major projects with a volume totaling some € 18 billion, the Chinese government apparently plans to initiate a series of investments in infrastructure.

Industrial Division

Sales volume in the Industrial Division was reduced by 8.0% to roughly 107,000 tons in comparison with the first quarter of 2012 due to the seasonality typical of business in the cement segment and a shift in the product mix. Despite the lower volume, revenues increased by 18.3%, which was in part attributable to a higher share of the service business. In comparison with the prior-year reference period, sales volume fell by 16.5%, while revenues were up 13.3%.

At € 169.2 million in the second quarter, revenues in the Industrial Division clearly exceeded the revenues of the first quarter of 2012 of € 143.0 million and those of the 2011 reference period of € 149.3 million. EBIT improved significantly from € 13.1 million in the first quarter of 2012 to € 21.1 million in the second quarter of 2012 and also exceeded the figure of the 2011 reference quarter of € 18.2 million. The EBIT margin, at 12.5%, was significantly higher than in the previous quarter with 9.2% and slightly above that of the prior-year period.

Glass

The global glass market is largely stable although signs of a threatening deterioration were visible in the reporting period. Production capacities were slightly reduced in Europe, North America and in the Middle East and planned projects as well as work in progress were postponed.

In Europe, it is especially the container glass market that is affected by capacity adjustments. Even in Turkey, where the economy is prospering, projects have been put off to 2013.

In China, there are indications that the flat glass market, which is important for RHI, is recovering. Due to the overcapacities in the market, obsolete plants were shut down, which in the medium term offers the opportunity to participate in the modernization of production technologies.

Due to the strained situation in their domestic market, many Chinese refractory producers have increasingly tried to gain a foothold in nearby export markets, which is why RHI was unable to realize price increases to the extent planned.

The weaker order situation in the USA and Russia affects capacity utilization of the local plants, which made adjustments in the production program and staff necessary.

RHI currently assumes that the decline in revenues in China, Russia and the USA in the first half of the year cannot be fully compensated by additional business in other regions in the second half of the year.

Cement/Lime

With respect to regions with clear growth tendencies, Eastern Europe, Russia and North America must be mentioned above all. The US property market appears to have finally bottomed out. The number of newly built residential buildings sold reached a new two-year high in May 2012 and the number of housing constructions started exceeded expectations by far. Moreover, prices in the US housing market are picking up for the first time in five years and many construction companies have recorded a high order level. Consequently, increasing demand for refractory materials can be observed for the first time since 2007.

Due to the unstable political situation in the Middle East and Northern Africa, business did not meet expectations in this region. The reconstruction of the economy in Libya should proceed quickly after the successful parliamentary elections, which should lead to the corresponding demand for refractory products in the short term.

China fell slightly short of expectations in the first half of the year. However, improvements in incoming orders indicate a good business development in the second half of the year.

Latin America and Southeast Asia are currently the markets with the most cement plants under construction. RHI recently won a contract in Indonesia. In Brazil, the increased import duties on fired basic refractory materials present a competitive disadvantage for RHI at least in the short term.

In the lime segment, incoming orders continued at a high level in the second quarter of 2012. RHI participated to a large extent in the project business for new plants worldwide. In India, RHI successfully entered the market with several projects or subprojects. In Russia and the USA the modernization of existing plants is approached very slowly; therefore, RHI's activities continue to be limited to individual contracts in these regions.

Nonferrous metals

In the nonferrous metals business unit, stable results, which were above target in nearly all segments, were realized in the second quarter despite volatile metal prices with a downward tendency. An important contribution to the result was generated through major contracts in the copper segment such as a flash repair in Chile or the lining of an electric furnace for a ferronickel project in New Caledonia. In the aluminum sector, a contract for a smelter in Brazil was realized. As previously reported, the deliveries for the major project in the ferrochrome sector in Kazakhstan were postponed to the second half of the year due to delays on the customer side and logistics bottlenecks. In June, a number of major contracts for the second half of 2012 and the beginning of 2013 took concrete shape. Contracts were won for a flash smelter in Serbia and two ilmenite electric furnaces for Saudi Arabia, which total roughly € 9 million. Equally, important contracts were obtained for the ferro-silicon segment in Korea, which is still young. They will provide an important reference for RHI in a market segment that has so far not been served.

Third-party business developed at a good level in all segments, thus completing a successful second quarter, which exceeded expectations in terms of revenues and earnings. The positive order situation allows a very positive forecast for the second half of the year.

Environment, Energy, Chemicals

In the past second quarter, many new construction projects were delivered, which led to a significant increase in revenues in comparison with the reference period of 2011. In the more short-term third-party and assembly business, new contracts, which had not been planned on, were won and will be executed this year still. In the particularly important Canadian market, the level of incoming orders was very positive and rose by more than 30%.

The significant drop in the oil price as well as excess supply of natural gas and liquid natural gas (LNG) weigh heavily on investment activities for new construction projects in production and treatment (upstream). In the processing segment (downstream), however, the investment climate is positive. Most projects are currently realized in the Middle East. Saudi Arabia in particular is massively stepping up capacity. As a result of the embargo against the oil and gas industry in Iran by the USA and the EU, investment activities in the country have dropped substantially. The gap that is opening up is increasingly filled by Chinese companies.

Very positive signals are coming from the USA. As a boom has broken out in shale gas production, projects aiming to process the gas extracted are being planned. Projects related to both gas liquefaction (LNG) and the conversion of gas to fuel (GTL) are discussed at present. The first projects are expected to be completed in 2014.

Raw Materials Division

In the second quarter of 2012, revenues of the Raw Materials Division amounted to € 62.0 million, slightly exceeding the figure of the first quarter of 2012 of € 60.2 million and significantly exceeding revenues of the 2011 reference period, which had amounted to € 54.8 million. The decline in external revenues resulting from the expiry of delivery obligations of the Irish company Premier Periclase Ltd. (PPL), which had been acquired in 2011, was compensated by higher internal demand for raw materials as externally purchased raw materials were replaced by own raw materials. EBIT declined due to a lack of income from the sale of properties (previous quarter: € 2.7 million) from € 7.7 million in the first quarter of 2012 to € 5.7 million in the second quarter of 2012, but significantly exceeded the figure of € 1.2 million in the comparable quarter of 2011. At 9.2%, the EBIT margin was lower than in the previous quarter, at 12.8%, and significantly exceeded that of the prior-year reference period.

Good capacity utilization was given at the plants of the Raw Materials Division because of solid demand by the Steel and Industrial Divisions again in the second quarter of 2012. The projects designed to enhance backwards integration of magnesia raw materials to approx. 80% are progressing according to plan. The second rotary kiln in Turkey will be commissioned in late August. Consequently, RHI will have another 70,000 tons of high-grade sinter magnesia at its disposal. The construction of the fusing plant in Norway is also progressing. The step-by-step commissioning of the fusing lines in Porsgrunn, Norway, is expected to start in September. Full-load operations, with an annual production of roughly 80,000 tons of seawater-based fused magnesia, can be expected for November; this will effectively make RHI self-sufficient in fused magnesia outside of China.

Due to elections and the subsequent formation of a government in Serbia, there are no new developments with respect to the auction of mining rights, in which RHI intends to participate.

At the end of the second quarter of 2012, a contract was signed for the sale of the Isithebe plant in South Africa to an Indian corporation. The decision was based on logistical disadvantages in the delivery of the European plants and economic disadvantages related to the soaring energy prices. The closing of the transaction and the resulting positive effects on the result are expected for the third quarter of 2012.

US Chapter 11 proceedings

In the US Chapter 11 proceedings, the court ruled in the year 2011 that in the remaining GIT appeals proceedings the case would be referred back to the first instance for the purpose of ascertaining further facts. In view of this decision, the ANH companies have now agreed on a settlement with all insurance companies successful in the appeals proceedings. The proceedings at the insolvency court, during which the plan of reorganization is to be confirmed, will take place in late October 2012. The final settlement of the proceedings is expected for the first quarter of 2013. Beyond that, no further developments of material importance took place.

Outlook

In a stable macroeconomic environment and with unchanged foreign currency exchange rates, RHI expects a slightly lower level of revenues in the Steel Division than in the first half of 2012 due to seasonal factors and significantly higher revenues in the Industrial Division in the second half of the year. Price increases in combination with a positive contribution to earnings from the initiated backwards integration projects as well as a higher share of industrial business should lead to a further increase in the EBIT margin in the second half of the year, which leads us to expect a higher EBIT margin in the entire year 2012 than in the previous financial year.

Risk Report

In order to promote dealing with risks and opportunities transparently and consciously, the risk management process, which has been in place since 2009, was adapted in the first half of 2012. For the first time, both risks and opportunities were recorded and evaluated by the risk owners. This reorientation was supported by the introduction of a new risk management software. All participants were repeatedly made aware of the importance of risk and opportunity management for the group through comprehensive process and system training.

In the first half of 2012, the risk situation of the group remained largely unchanged. There are still no risks that are considered to be a threat to the existence of the Group.

Condensed, Unaudited
Interim Consolidated Financial Statements

Consolidated Statement of Financial Position

in € million	06/30/2012	12/31/2011
ASSETS		
Non-current assets		
Property, plant and equipment	554.0	512.1
Goodwill	25.2	17.2
Other intangible assets	53.0	45.9
Shares in associates	13.9	14.5
Other non-current financial assets	31.1	41.7
Other non-current assets	11.9	11.0
Deferred tax assets	108.0	105.7
	797.1	**748.1**
Current assets		
Inventories	465.0	426.5
Trade and other current receivables	375.2	361.0
Income tax receivables	5.4	7.0
Other financial assets	2.5	2.8
Cash and cash equivalents	107.1	144.5
	955.2	**941.8**
	1,752.3	**1,689.9**
EQUITY AND LIABILITIES		
Equity		
Share capital	289.4	289.4
Group reserves	181.1	148.9
Equity attributable to equity holders of RHI AG	470.5	438.3
Non-controlling interests	0.6	0.6
	471.1	**438.9**
Non-current liabilities		
Non-current financial liabilities	307.0	285.7
Deferred tax liabilities	12.3	10.9
Personnel provisions	293.5	289.9
Other non-current provisions	3.7	3.5
Other non-current liabilities	7.0	7.5
	623.5	**597.5**
Current liabilities		
Current financial liabilities	224.8	220.3
Trade and other current payables	330.2	331.8
Other financial liabilities	1.5	0.3
Income tax payables	26.9	29.1
Current provisions	74.3	72.0
	657.7	**653.5**
	1,752.3	**1,689.9**

Consolidated Income Statement

	2nd Quarter		1st Half-year	
in € million	2012	2011	2012	2011
Revenues	475.9	437.1	912.8	850.9
Cost of sales	(368.0)	(340.0)	(711.6)	(668.1)
Gross profit	**107.9**	**97.1**	**201.2**	**182.8**
Sales and marketing costs	(28.5)	(27.1)	(57.6)	(52.8)
General and administration costs	(29.9)	(28.6)	(61.0)	(55.3)
Other income	1.9	1.1	7.7	4.7
Other expenses	(2.7)	(2.5)	(8.0)	(10.2)
Operating result	**48.7**	**40.0**	**82.3**	**69.2**
Restructuring costs	(4.6)	0.0	(4.6)	0.0
Operating results (EBIT)	**44.1**	**40.0**	**77.7**	**69.2**
Interest income	0.7	0.4	1.3	0.6
Interest expenses	(4.3)	(4.4)	(8.9)	(8.0)
Other financial result	(4.1)	(2.9)	0.2	(6.9)
Financial result	(7.7)	(6.9)	(7.4)	(14.3)
Results from associates	1.7	1.8	3.2	3.7
Profit before income taxes	**38.1**	**34.9**	**73.5**	**58.6**
Income taxes	(7.8)	(4.2)	(11.2)	(9.6)
Profit for the year	**30.3**	**30.7**	**62.3**	**49.0**
Profit attributable to				
equity holders of RHI AG	30.3	30.7	62.3	49.0
non-controlling interests	0.0	0.0	0.0	0.0
	30.3	30.7	62.3	49.0
in €				
Earnings per share (basic and diluted)	0.76	0.77	1.56	1.23

Consolidated Statement of Comprehensive Income

in € million	2nd Quarter 2012	2nd Quarter 2011	1st Half-year 2012	1st Half-year 2011
Profit after income taxes	30.3	30.7	62.3	49.0
Unrealized results from currency translation recognized in equity	7.4	(4.0)	6.9	(18.1)
Reclassification of fair value reserves of available-for-sale financial instruments to the income statement	0.0	0.0	(7.1)	0.0
Other changes	0.0	0.0	0.0	1.5
Total comprehensive income	**37.7**	**26.7**	**62.1**	**32.4**
Total comprehensive income attributable to				
equity holders of RHI AG	37.7	26.6	62.1	32.3
non-controlling interests	0.0	0.1	0.0	0.1
	37.7	26.7	62.1	32.4

Consolidated Statement of Changes in Equity

	Equity attributable to equity holders of RHI AG							
		Group reserves						
in € million	Share capital	Additional paid-in capital	Fair value reserves	Currency translation reserves	Accumulated results	Total	**Non-controlling interests**	**Total equity**
12/31/2011	**289.4**	**38.3**	**8.7**	**(28.5)**	**130.4**	**438.3**	**0.6**	**438.9**
Total comprehensive income	-	-	(7.1)	6.9	62.3	**62.1**	**-**	**62.1**
Dividends	-	-	-	-	(29.9)	**(29.9)**	**-**	**(29.9)**
06/30/2012	**289.4**	**38.3**	**1.6**	**(21.6)**	**162.8**	**470.5**	**0.6**	**471.1**

	Equity attributable to equity holders of RHI AG							
		Group reserves						
in € million	Share capital	Additional paid-in capital	Fair value reserves	Currency translation reserves	Accumulated results	Total	**Non-controlling interests**	**Total equity**
12/31/2010	**289.4**	**38.3**	**3.1**	**(28.7)**	**18.3**	**320.4**	**0.5**	**320.9**
Total comprehensive income	-	-	-	(18.1)	50.4	**32.3**	**0.1**	**32.4**
Dividends	-	-	-	-	(19.9)	**(19.9)**	**-**	**(19.9)**
07/01/2011	**289.4**	**38.3**	**3.1**	**(46.8)**	**48.8**	**332.8**	**0.6**	**333.4**

Consolidated Cash Flow Statement

	1st Half-year	
in € million	2012	2011
Profit for the year	62.3	49.0
Adjustments for		
income taxes	11.2	9.6
depreciation and amortization charges	29.6	26.2
impairment losses of property, plant and equipment and intangible assets	2.2	0.0
reversal of impairment losses of property, plant and equipment	(1.3)	0.0
result from financial assets	(1.0)	0.1
gains from the disposal of property, plant and equipment	(5.2)	(2.5)
interest result	7.6	7.4
realized gains on financial instruments classified as available for sale	(7.1)	0.0
dividend income	0.0	(0.8)
results from associates	(3.2)	(3.7)
other non-cash changes	11.2	12.4
Changes in assets and liabilities		
Inventories	(25.0)	(4.7)
Trade receivables	0.7	(29.0)
Other receivables and assets	(4.5)	(6.8)
Provisions	(8.6)	(12.5)
Trade payables	(11.6)	(5.3)
Other liabilities	5.4	2.5
Cash flow from operating activities	**62.7**	**41.9**
Income taxes paid	(14.3)	(12.8)
Net cash flow from operating activities	**48.4**	**29.1**
Acquisition of subsidiaries net of cash	(16.3)	(3.0)
Investments in non-controlling interests	0.0	(0.2)
Investments in property, plant and equipment and intangible assets	(64.2)	(15.1)
Cash inflows from the sale of property, plant and equipment	6.4	3.4
Changes in non-current receivables	(0.5)	(1.1)
Cash inflows from the sale of financial assets	0.2	0.0
Dividend payments from associates	3.9	5.2
Interest received	1.2	0.6
Dividends received	0.0	0.8
Net cash flow from investing activities	**(69.3)**	**(9.4)**
Dividend payments to shareholders of RHI AG	(29.9)	(19.9)
Proceeds from non-current borrowings and loans	51.7	20.7
Repayments of non-current borrowings and loans	(10.2)	(1.5)
Changes in current borrowings	(19.9)	18.3
Interest payments	(7.8)	(7.1)
Net cash flow from financing activities	**(16.1)**	**10.5**
Cash flow from continuing operations	**(37.0)**	**30.2**
Cash flow from discontinued operations	**0.0**	**(0.3)**
Total cash flow	**(37.0)**	**29.9**
Change in cash and cash equivalents	**(37.0)**	**29.9**
Cash and cash equivalents as of 1.1.	144.5	58.8
Change in cash and cash equivalents due to currency translation	(0.4)	(2.1)
Cash and cash equivalents at end of reporting period	107.1	86.6

Condensed, Unaudited
Interim Consolidated Financial Statements

Selected Explanatory Notes

Principles and methods

Starting on 01/01/2012, the reporting of RHI AG is based on calendar quarters. The reporting periods for the financial year 2012 and the periods of the previous year are shown in the table below:

	2012	2011
1st quarter	Jan 1 – March 31	Jan 1 – Apr 1
2nd quarter	Apr 1 – Jun 30	Apr 2 – Jul 1
3rd quarter	Jul 1 – Sep 30	Jul 2 – Sep 30
4th quarter	Oct 1 – Dec 31	Oct 1 – Dec 31

The interim financial statements as of 06/30/2012 were prepared in accordance with the requirements of IAS 34 "Interim Financial Reporting" and with the International Financial Reporting Standards (IFRS), as endorsed by the European Union (EU).

The interim financial statements do not include all information and disclosures required in the annual financial statements and should therefore be read in conjunction with the RHI Consolidated Financial Statements as of 12/31/2011.

In the interim financial statements as of 06/30/2012, the same accounting and valuation principles as in the preparation of the consolidated financial statements as of 12/31/2011 were used, with the exception of the amended IFRS 7 "Disclosures – Transfer of Financial Assets" as published in November 2011, which is also applicable in the EU and which is applied for the first time in the RHI Group in the year 2012. The amended IFRS 7 has no impact on the interim financial statements as the changes exclusively refer to disclosure obligations.

The interim consolidated financial statements as of 06/30/2012 were neither fully audited nor reviewed by an auditor.

Personnel provisions
For the first half-year of 2012, no actuarial gains or losses were recognized as the provisions for pensions, termination benefits and service anniversary bonuses were calculated on the basis of a preview for the entire year prepared by an actuary.

US Chapter 11 proceedings
In the US Chapter 11 proceedings, the court ruled in the year 2011 that in the remaining GIT appeals proceedings the case would be referred back to the first instance for the purpose of ascertaining further facts. In view of this decision, the ANH companies have now agreed on a settlement with all insurance companies successful in the appeals proceedings. The proceedings at the insolvency court, during which the plan of reorganization is to be confirmed, will take place in late October 2012. The final settlement of the proceedings is expected for the first quarter of 2013. Beyond that, no further developments of material importance took place.

Group of consolidated companies

In comparison with the balance sheet date 12/31/2011, five fully consolidated subsidiaries were added to the group of consolidated companies.

STOPINC-Group

With a purchase contract dated 01/18/2012, Radex Vertriebsgesellschaft mbH, Leoben, acquired the remaining 50% share in Stopinc AG, Hünenberg, Switzerland, with retroactive effect from 01/01/2012. RHI now holds 100% of the shares in equity and voting rights.

Stopinc AG and its subsidiaries Interstop Corp., Cincinnati, USA, Interstop (Shanghai) Co., Ltd., Shanghai, China, as well as Mezubag AG, Pfäffikon, Switzerland, (acquisition on 01/18/2012) manufacture and sell special products for the use in the steel industry. With this takeover, RHI has strengthened the flow control segment, which covers the regulated flow of liquid steel in the production process. Stopinc AG is one of the world market leaders in this market segment with the Interstop brand. RHI AG will maintain this brand. Activities will be expanded through intensified research work and a focus on Asia. At the time of acquisition, the Stopinc Group had 113 employees.

The effective date for the initial consolidation is 01/01/2012. The amounts recognized at the date of acquisition are preliminary and may therefore be adjusted or complemented during the measurement period. In the second quarter, fair values were adjusted, which led to a reduction of current assets amounting to € 0.8 million and an increase in current debt amounting to € 0.9 million. In contrast, non-current liabilities were reduced by € 0.2 million.

The purchase price based on the preliminary fair value adjusted in the second quarter of 2012 was made up of the following components:

in € million	01/01/2012
Non-current assets	15.6
Current assets (without cash and cash equivalents)	18.5
Cash and cash equivalents	1.9
Non-current liabilities	(6.6)
Current liabilities	(8.3)
Net assets acquired	**21.1**
Goodwill	7.8
Total purchase price	**28.9**

The total purchase price of € 28.9 million comprises the fair value of the equity share of 50% amounting to € 11.5 million held immediately before the acquisition as well as the purchase price of the remaining share paid in cash and cash equivalents, which amounted € 17.4 million. For the previously held shares no fair value adjustment was necessary at the time of the initial consolidation. The changes in fair value of € 7.1 million, which were recognized to equity in the previous years, were transferred to profit and loss through the financial results in accordance with IFRS 3.42. The costs related to the acquisition amount to less than € 0.1 million.

The goodwill of € 7.8 million resulting from the acquisition reflects the expected strategic advantages for the Group resulting from the expansion of the product portfolio in the flow control segment. The goodwill recognized is not usable for tax purposes.

The gross value of the receivables acquired at the time of acquisition amounts to € 10.2 million; the fair value amounts to € 9.4 million.

Stopinc AG and its subsidiaries contributed € 12.8 million to revenues and € (1.0) million to the profit after income taxes in the first half-year of 2012. The elimination of license fees creates an advantage for RHI AG.

RHI MARVO SRL
With effect from 06/01/2012, the newly established subsidiary RHI MARVO SRL, Ploiesti, Romania, (100%) was included in the range of consolidation.

RHI Isithebe (Pty) Limited
On 06/19/2012, RHI signed a contract for the sale of the shares in RHI Isithebe (Pty) Limited, Sandton, South Africa. The closing is expected for the third quarter of 2012.

Other income

The results from the sale of land shown under other income amount to € 5.3 million (first half of 2011: € 1.9 million), of which € 1.3 million resulted from the second quarter of 2012. In the first quarter of 2012, € 2.7 million of the sale of land (Q1/2011: € 1.9 million) is allocable to the Raw Materials Division and € 1.3 million to the Industrial Division.

Other expenses

The net effect from foreign currency losses and results from derivative financial instruments amounted to € (5.5 million) in the first half of 2012 (first half of 2011: € (9.3) million).

Restructuring costs

Restructuring costs include expenses related to the partial close-down of the ISO production line at the Bonnybridge plant in Great Britain.

Dividends

The 33rd Annual General Meeting of RHI AG on 05/03/2012 approved the payment of a dividend of € 0.75 per share for the year 2011. Therefore, dividends of € 29.9 million were paid to the shareholders of RHI AG in the 2nd quarter of 2012.

Segment reporting

The key figures of the operating segments for the first half of 2012 are shown in the table below:

in € million	Steel	Industrial	Raw Materials	Elimination/ Unallocated assets	Group
External revenues	575.9	312.2	24.7	0.0	912.8
Internal revenues	0.0	0.0	97.5	(97.5)	0.0
Segment revenues	**575.9**	**312.2**	**122.2**	**(97.5)**	**912.8**
Operating result	**34.7**	**34.2**	**13.4**	**0.0**	**82.3**
Restructuring costs	(4.6)	0	0	0	(4.6)
EBIT	**30.1**	**34.2**	**13.4**	**0.0**	**77.7**
Financial results					(7.4)
Results from associates					3.2
Profit before income taxes					**73.5**
Segment assets at 06/30/2012	599.2	335.6	420.4	383.2	1,738.4
Shares in associates at 06/30/2012	0.2	0.0	13.7	0.0	13.9
					1,752.3

The operating segments for the first half-year of 2011 are shown in the following table:

in € million	Steel	Industrial	Raw Materials	Elimination/ Unallocated assets	Group
External revenues	542.8	293.9	14.2	0.0	850.9
Internal revenues	0.0	0.0	91.2	(91.2)	0.0
Segment revenues	**542.8**	**293.9**	**105.4**	**(91.2)**	**850.9**
Operating result/EBIT	**26.7**	**34.0**	**8.5**	**0.0**	**69.2**
Financial results					(14.3)
Results from associates					3.7
Profit before income taxes					**58.6**
Segment assets at 12/31/2011	588.4	317.6	381.2	388.2	1,675.4
Shares in associates at 12/31/2011	0.2	0.0	14.3	0.0	14.5
					1,689.9

Segment assets include trade receivables and inventories, as well as property, plant and equipment, goodwill and other intangible assets, which are available to the segments and are reported to the management for control and measurement. Shares in associates are allocated to the segments. All other assets are shown under unallocated assets.

Related companies

The volume of transactions of RHI Group companies with affiliated, non-consolidated companies or associates is immaterial. The same also applies to accounts receivable from and accounts payable to related companies.

Contingent liabilities

Contingent liabilities recorded no material changes since the previous balance sheet date.

Seasonal and cyclical influences

Explanations regarding seasonal and cyclical influences on the operating activities of the RHI Group can be found in the management report.

Changes in the RHI Management Board

Mark J. Eckhout, CFO of RHI AG since 02/14/2011, resigned from the RHI Management Board with effect from 03/31/2012. The RHI Supervisory Board appointed Barbara Potisk-Eibensteiner CFO with effect from 04/01/2012.

Events after the balance sheet date

On 07/25/2012, RHI AG completed the placement of a "Schuldscheindarlehen" amounting to € 130 million. The "Schuldscheindarlehen" was placed in tranches with terms ranging from three to ten years with Austrian, German and Eastern European investors. The proceeds from the transactions will be used to secure liquidity in the long term.

Change in the reporting structure

The Management Board of RHI AG has decided to change the organization of the RHI Group from a divisional to a functional structure. The production plants currently assigned to the divisions Steel, Industrial and Raw Materials will be combined in technology clusters and concentrated in the reporting segment Operations. This reporting segment reports to the CEO. The research activities will be centrally managed in the future. This new reporting structure in the RHI Group will be applied for the first time in the 3rd quarter of 2012.

Statement by the Management Board according to § 87 (1) Austrian Stock Exchange Act

We confirm to the best of our knowledge that the condensed interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by IFRS and that the group management report gives a true and fair view of important events that have occurred during the first six months of the financial year and their impact on the condensed interim financial statements, of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions to be disclosed.

The results of the first half of 2012 ending on June 30, do not necessarily allow conclusions regarding the development of future results.

Vienna, 08/07/2012

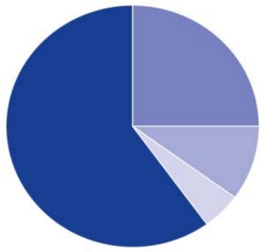
The Management Board

Franz Struzl CEO	Barbara Potisk-Eibensteiner CFO
Giorgio Cappelli COO Steel Division	Manfred Hödl COO Industrial Division and Raw Materials Division

RHI Share

The shares of RHI AG are admitted to official trading on the Vienna Stock Exchange. RHI is represented in the ATX, the lead index and the most important trading segment of the Austrian capital market, and a member of the Prime Market at the Vienna Stock Exchange. On June 30, 2012, 39,819,039 no-par common shares with voting rights of RHI AG were admitted to trading.

RHI shareholder structure



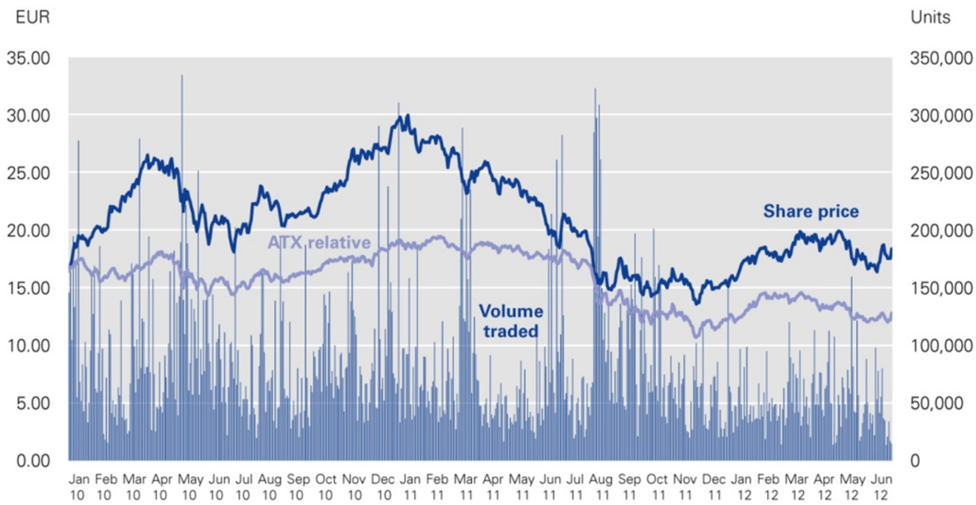
Financial Calendar 2012

Results of the 3rd quarter 2012 November 6, 2012

Stock exchange key figures

	1st Half-year	
in €	2012	2011
Highest share price	20.00	29.92
Lowest share price	15.41	18.46
Share price at end of half-year	18.35	21.35
Market capitalization (in € million)	731	850

Performance of the RHI share 01/2010 - 06/2012



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The English translation of the RHI quarterly report is for convenience.
Only the German text is binding.

This quarterly report contains forward-looking statements based on the currently held beliefs and assumptions of the management of RHI AG ("RHI"), which are expressed in good faith and, in their opinion, reasonable. These statements may be identified by words such as "expectation" or "target" and similar expressions, or by their context. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, financial condition, performance, or achievements of RHI to differ materially from the results, financial condition, performance or achievements express or implied by such forward-looking statements. Given these risks, uncertainties and other factors, recipients of this document are cautioned not to place undue reliance on these forward-looking statements. RHI disclaims any obligation to update these forward-looking statements to reflect future events or developments.

In this report, terms may be used that are not IFRS financial measures. These additional financial measures should therefore not be viewed in an isolated manner as alternatives to the key figures for the financial position, earnings development or cash flow of RHI. For definitions of these additional financial measures, comparison with the most directly comparable figures in accordance with IFRS and information regarding the benefits and limitations of these additional financial measures, please contact the RHI Investor Relations Team (investor.relations@rhi-ag.com).