

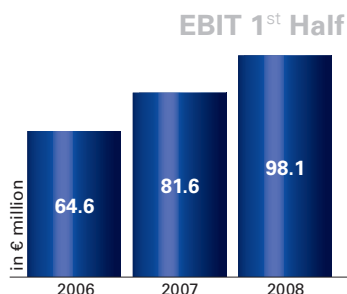
Half-year Financial Report 2008



Key Figures RHI Group

in € million	1 st Half		
	2008	2007	Change
Revenues	806.8	723.8	11.5%
EBITDA	122.7	106.0	15.8%
EBITDA margin	15.2%	14.6%	4.1%
EBIT	98.1	81.6	20.2%
EBIT margin	12.2%	11.3%	8.0%
Profit before income taxes	81.6	61.9	31.8%
Profit from continuing operations	71.6	54.6	31.1%
Loss from discontinued operations	-1.2	-0.9	33.3%
Profit	70.4	53.7	31.1%
Equity	146.8	52.1	181.8%
Basic earnings per share (in €)	1.87	1.47	27.2%
Diluted earnings per share (in €)	1.77	1.34	32.1%
Continuing operations:			
Number of employees at 30 June	7,860	7,245	8.5%
Half year average number of employees	7,549	7,094	6.4%

Management Report RHI Group



The RHI Group increased revenues to € 806.8 million in the first half of 2008, an increase by 11.5% compared to the same period in 2007. EBITDA rose by 15.8% to € 122.7 million; EBIT improved to € 98.1 million, up 20.2%. The EBIT margin, at 12.2%, clearly exceeded the prior-year figure of 11.3%.

It was decided as of 30 June 2008 to sell the remaining activities of the Waterproofing Division. Isolit-Isolier GmbH contributed € 6.9 million (previous year: € 8.2 million) to revenues and € -0.4 million (previous year: € -0.8 million) to EBIT.

Profit before income taxes amounted to € 81.6 million (previous year: € 61.9 million), up 31.8%. The tax rate, at 12.3%, remained at the level of the previous year. At € 70.4 million, the profit of the RHI Group exceeded the comparable figure of 2007 (€ 53.7 million) by 31.1%. At 30 June 2008, equity amounted to € 146.8 million, an increase by € 51.2 million compared to December 2007. Financial liabilities amounted to € 456.7 million at the balance sheet date and, taking into account cash and cash equivalents, net financial liabilities were € 428.1 million. Cash flow from operating activities, at € 22.6 million in the first half of 2008 (previous year: € 37.9 million), fell short of the prior-year figure. Cash flow from investing activities, at € -38.1 million, primarily reflects investments in the raw material joint venture in China.

No further progress was made in the US Chapter 11 proceedings by 30 June 2008.

Segment Reporting

	2 nd Quarter		1 st Half	
	2008	2007	2008	2007
Sales (thousand tonnes)	551.7	488.4	1,077.8	977.0
in € million				
Revenues	415.0	366.4	806.8	723.8
Segment Steel	254.1	219.5	486.6	439.5
Segment Industrial	150.3	137.1	299.9	266.3
Segment Raw Materials/Production	265.7	236.2	521.9	473.7
Consolidation	-255.1	-226.4	-501.6	-455.7
EBIT	51.2	39.2	98.1	81.6
Segment Steel	24.4	19.4	44.6	39.4
Segment Industrial	20.9	17.1	42.0	33.0
Segment Raw Materials/Production	5.9	2.7	11.5	9.2
EBIT margin	12.3%	10.7%	12.2%	11.3%
Segment Steel	9.6%	8.8%	9.2%	9.0%
Segment Industrial	13.9%	12.5%	14.0%	12.4%
Segment Raw Materials/Production	2.2%	1.1%	2.2%	1.9%

Steel Division

The world steel output, at 696 million tonnes in the first six months of 2008, exceeded the comparable figure of 2007 by approx. 5.7%. Adjusted for output in China, production rose by 3.5%. During the same period the Steel Division increased its revenues by 10.7% to € 486.6 million and sales volume by 6.7%. EBIT was up 13.2% on the previous year; The EBIT margin, at 9.2%, also improved on the first half of 2007. This is attributable to the generally good development throughout all regions,

with the ongoing weak US dollar still having to be compensated in the US-dollar markets.

The integration of the newly acquired Deltex business from Foseco has already been completed successfully; RHI's market share in the specialist segment of isostatic products has thus doubled.

Industrial Division

RHI's Industrial Division recorded a 12.6% increase in revenues to € 299.9 million in the first half of 2008. With an EBIT margin of 14.0%, an increase of 12.9% on the previous year was reported. This further improvement is primarily attributable to the cement/lime and nonferrous metals segments, which are heading towards another record year. The Cement/Lime Business Unit benefits from the boom in cement plant technology and the consistent servicing of large global suppliers over many years. In the nonferrous metals segment, major contracts with the Brazilian nickel industry and the focus on markets such as South Africa, Australia, India and China are contributing to the good order situation.

The Business Unit Glass continued to concentrate on extending the global network with a focus on the USA. The flat glass segment experienced further above-average growth rates, which resulted from the growing demand for glass in the construction and automotive sector, especially in threshold countries and the increasing share of glass substrates for the solar industry.

Raw materials/ Production Division

RHI's Raw Materials/Production Division increased revenues by 10.2% to € 521.9 million in the first half of 2008. EBIT, at € 11.5 million, exceeded the comparative period of 2007.

In the first half-year of 2008 another increase in prices reflected a further shortage of raw materials. In addition, the expected production stops during the Olympic Games in China caused increased raw material purchases to stock up warehouses. It is currently not possible for RHI to estimate whether and to what extent constraints in raw material and energy supply will occur during the Olympic Games; however, raw materials were purchased in advance in the first half of 2008.

Due to the tense raw material situation, a large part of the production of the Turkish raw material subsidiary Magnesit Anonim Sirketi will be used directly within the Group as of 1 July 2008. As a result, external sales revenues will be reduced by approx. € 20.0 million in the second half of 2008.

Outlook

RHI expects an ongoing positive market environment with positive growth rates in both divisions in the second half of 2008. The continued good level of incoming orders indicates a good business development for the remainder of the year.

The dramatic price increases and shortages of raw materials as well as the soaring energy prices will require further massive price adjustments in the next quarters.

With the extension of capacities in China and India in the year 2008 further steps are being taken to ensure continued profitable growth.

Consolidated Financial Statements

Balance Sheet

in € million	30.06.2008	31.12.2007
ASSETS		
Non-current assets		
Property, plant and equipment	427.7	419.9
Goodwill	14.3	15.3
Other intangible assets	34.5	36.6
Shares in associates	14.0	12.4
Other non-current financial assets	39.5	39.5
Non-current receivables	1.0	1.1
Deferred tax assets	76.5	72.6
	607.5	597.4
Current assets		
Inventories	338.0	311.3
Trade and other current receivables	347.3	283.8
Current portion of non-current receivables	0.6	1.3
Income tax receivables	0.9	8.1
Current financial assets	3.4	3.4
Cash and cash equivalents	28.6	35.0
	718.8	642.9
Assets classified as held for sale	7.4	
	1,333.7	1,240.3
EQUITY AND LIABILITIES		
Equity		
Share capital	272.5	272.3
Group reserves	-141.2	-193.1
Equity attributable to equity holders of RHI AG	131.3	79.2
Minority interest	15.5	16.4
	146.8	95.6
Non-current liabilities		
Subordinated convertible bond	17.0	17.2
Non-current financial liabilities	367.4	349.4
Deferred tax liabilities	10.2	10.1
Personnel provisions	314.0	318.1
Other non-current provisions	3.0	3.0
Other non-current liabilities	6.0	6.4
	717.6	704.2
Current liabilities		
Trade and other current payables	262.0	251.9
Current financial payables	89.3	84.3
Income tax payables	42.2	37.7
Current provisions	69.5	66.6
	463.0	440.5
Liabilities classified as held for sale	6.3	
	1,333.7	1,240.3

Income Statement

in € million	2 nd Quarter		1 st Half	
	2008	2007	2008	2007
Continuing operations				
Revenues	415.0	366.4	806.8	723.8
Special direct distribution costs	-35.3	-27.8	-69.6	-59.9
Cost of sales	-278.2	-250.8	-540.0	-488.9
Gross profit	101.5	87.8	197.2	175.0
Distribution costs	-22.0	-20.3	-40.8	-39.4
Administrative expenses	-31.5	-28.2	-59.1	-53.3
Other income	2.9	1.4	5.5	3.6
Other expenses	0.3	-1.5	-4.7	-4.3
Operating results	51.2	39.2	98.1	81.6
Financial results	-9.4	-10.3	-18.3	-19.4
Results from associates	0.8	-0.1	1.8	-0.3
Profit before income taxes	42.6	28.8	81.6	61.9
Income taxes	-5.2	-3.4	-10.0	-7.3
Profit from continuing operations	37.4	25.4	71.6	54.6
Loss from discontinued operations	-0.8	-0.6	-1.2	-0.9
Profit	36.6	24.8	70.4	53.7
Profit attributable to				
equity holders of RHI AG	36.3	24.3	70.1	52.6
minority interest	0.3	0.5	0.3	1.1
	36.6	24.8	70.4	53.7

Cash flow Statement

in € million	2008	2007
Cash and cash equivalents at 1 January	35.0	66.7
thereof cash and cash equivalents from continuing operations	34.6	66.5
Cash flow from operating activities	22.6	37.9
Cash flow from investing activities	-38.1	-54.7
Cash flow from financing activities	9.4	-2.7
Cash flow from discontinued operations	-0.2	0.1
Cash and cash equivalents at 30 June	28.7	47.3
thereof cash and cash equivalents from continuing operations	28.6	47.1

Statement of Changes in Equity

in € million	2008	2007
Equity at 1 January	95.6	-64.5
Change in currency translation reserves	-18.7	2.7
Profit	70.4	53.7
Total recognised income and expenses	51.7	56.4
Dividend payments	-0.7	-1.8
Capital increase	0.2	59.9
Effects of convertible bonds	0.0	-1.7
Change in minority interest	0.0	3.8
Equity at 30 June	146.8	52.1

Consolidated Financial Statement

Notes

Principles and methods

The unaudited interim financial statements at 30 June 2008 were drawn up in accordance with the provisions of IAS 34 and, applying § 245a UGB (Austrian Commercial Code), in accordance with the provisions of the International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB) as amended and recognised by the European Union (EU).

The explanations given in the notes to the consolidated financial statements 2007, in particular with a view to principles of accounting and valuation, apply correspondingly.

IFRIC 11 „IFRS 2 – Group and Treasury Share Transactions“ will be applied for the first time in the consolidated statements for the financial year 2008.

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.

Events after the Balance Sheet Data

No events subject to disclosure occurred between the balance sheet date on 30 June 2008 and release for publication on 31 July 2008.

Other Tasks

On 30 June 2008 the Management Board decided to sell Isolit-Isolier GmbH, Vienna, Austria. In accordance with IFRS 5, Isolit-Isolier GmbH will be divested from the Raw Materials, Production, Other Division and shown as discontinued operations. The relevant comparable figures were adjusted.

Statement by the Management Board

The Management Board of RHI AG declares, to the best of its knowledge, that the unaudited quarterly financial report is a fair presentation of the assets, financial and earnings position of the Group in accordance with IFRS to be applied in the EU.

Vienna, 31 July 2008

Andreas Meier
Chairman

Stefano Colombo
Deputy Chairman & CFO

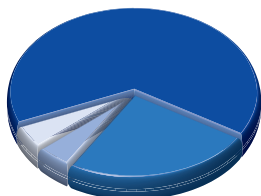
Giorgio Cappelli
Steel Division

Manfred Hödl
Industrial Division

Rudolf Payer
Accounting, Taxes & IT

RHI Share

RHI Shareholder structure



- < 65% Free float
- > 25% MS Private Foundation, Austria
- > 5% Wilhelm Winterstein, Germany
- > 5% AvW Group, Austria

The shares of RHI AG are traded on the Vienna Stock Exchange. At the Vienna Stock Exchange, RHI is represented in the Prime Market and the Austrian Traded Index ATX, the lead index and most important trading segment of the Austrian capital market. In the second quarter of 2008, no convertible bonds of tranches A and B were converted. Thus, 37,503,539 no-par common shares with voting rights of RHI AG were admitted to trading at 30 June 2008.

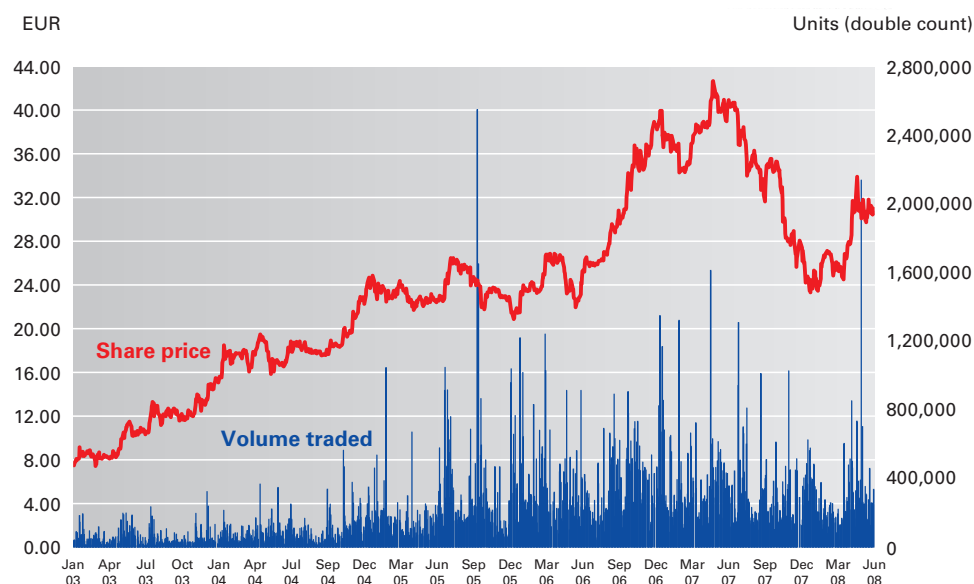
Financial calendar for 2008

Half-year result 2008 31 July 2008
 Result Q3/2008 30 October 2008

Stock market figures

in €	1 st Half	
	2008	2007
Lowest share price	23.35	34.34
Highest share price	33.95	42.73
Share price at 30 June	31.00	40.43
Market capitalisation (in € million)	1,162.62	1,512.70

Performance of the RHI share 01/2003 - 06/2008



ISIN

RHI share:
 AT0000676903
 Convertible bond tranche A:
 AT0000443049
 Convertible bond tranche B:
 AT0000443056

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Concept, graphic design and coordination:

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Production:

In-house produced with FIRE.sys by
Michael Konrad GmbH
Kasseler Straße 1a
D-60486 Frankfurt am Main

Print:

E. Schausberger & Co. Ges.m.b.H.
Heidestraße 19
A-4623 Gunskirchen

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

This half-year financial 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.