LOOKING AHEAD TO 2020.

Half-year Financial Report 2013

Quarterly Overview

Earnings indicators (in € million)	Q2/2013	Q1/2013	Delta	Q4/2012	Q3/2012	Q2/2012[1)]
Revenues	445.2	425.5	4.6%	463.0	459.9	475.9
EBITDA	**102.2**	**65.9**	**55.1%**	**48.4**	**72.8**	**60.6**
Operating result[2)]	27.2	49.4	(44.9)%	31.8	50.3	48.7
EBIT	84.0	49.4	70.0%	33.3	56.6	44.1
Financial result	(10.2)	(10.5)	2.9%	(6.6)	(7.3)	(7.7)
Results from associates	1.8	1.9	(5.3)%	0.9	1.2	1.7
Profit before income taxes	75.6	40.8	85.3%	27.6	50.5	38.1
Income taxes	(15.1)	(18.0)	16.1%	0.3	(27.2)	(7.8)
Profit	60.5	22.8	165.4%	27.9	23.3	30.3
EBITDA %	23.0%	15.5%	7.5pp	10.5%	15.8%	12.7%
EBIT %	18.9%	11.6%	7.3pp	7.2%	12.3%	9.3%
Profit %	13.6%	5.4%	8.2pp	6.0%	5.1%	6.4%

Cashflow indicators (in € million)	Q2/2013	Q1/2013	Delta	Q4/2012	Q3/2012	Q2/2012
Cashflow from operating activities	**25.5**	**37.8**	**(32.5)%**	**69.7**	**43.0**	**3.4**
Cashflow from investing activities	(8.3)	(60.1)	(86.2)%	(59.7)	(36.9)	(27.4)
Cashflow from financing activities	(45.2)	(12.0)	276.6%	(56.9)	120.8	(22.6)
Free Cashflow	17.2	(22.3)	177.1%	10.0	6.1	(24.0)

Balance sheet indicators (in € million)	Q2/2013	Q1/2013	Delta	Q4/2012	Q3/2012	Q2/2012
Balance sheet total	1,824.1	1,887.0	(3.3)%	1,850.3	1,888.5	1,752.3
Equity	525.6	511.6	2.7%	480.5	492.8	471.1
Equity ratio (in %)	28.8%	27.1%	1.7pp	26.0%	26.1%	26.9%
Net debt	464.2	444.6	4.4%	418.5	424.4	424.7
Gearing-Ratio (in %)*	88.3%	86.9%	1.4pp	87.1%	86.1%	90.2%
Net debt / (EBITDA x 4)	**1.1**	**1.7**	**(35.3)%**	**2.2**	**1.5**	**1.8**
Working Capital	542.9	514.1	5.6%	479.6	528.2	518.0
Working Capital %	30.5%	30.2%	0.3pp	25.9%	28.7%	27.2%
Capital Employed	1,271.3	1,220.6	4.2%	1,184.4	1,183.8	1,150.2
Return on capital employed (in %)	**22.1%**	**10.4%**	**11.7pp**	**11.4%**	**10.1%**	**13.0%**

Stock exchange indicators (Vienna)	Q2/2013	Q1/2013	Delta	Q4/2012	Q3/2012	Q2/2012
Number of shares (million units)	39.819	39.819	0.0%	39.819	39.819	39.819
Closing price (in €)	26.75	25.26	5.9%	24.90	20.69	18.35
Market capitalization (in € million)	**1,065**	**1,006**	**5.9%**	**991**	**824**	**731**
Earnings per share (in €)	1.51	0.57	164.9%	0.71	0.58	0.76
Price-earnings ratio	**4.4**	**11.1**	**(60.4)%**	**8.8**	**8.9**	**6.0**

1) For details on reclassifications see page 72 et seq. (other changes in presentation)
2) EBIT before restructuring costs and result from Chapter 11 proceedings
* excluding non-current provisions for pensions, termination benefits and service anniversary bonuses
Working Capital: Inventories + Trade receivables and receivables from long-term construction contracts – Trade payables – Prepayments received
Capital Employed: Property, plant and equipment + Goodwill + Other intangible assets + Working Capital
Return on capital employed: (EBIT - Taxes) / average Capital Employed

Economic Environment

The International Monetary Fund reduced its global growth expectations for 2013 again by 0.2% to 3.1%.

Hopes of a recovery of the global economy failed to materialize in the second quarter of 2013. In its update of the "World Economic Outlook", the International Monetary Fund again reduced the global growth forecast for 2013 by 0.2% to 3.1%. While existing risks remain with the recession in Europe and low economic growth in the USA, new risks emerged including a longer growth slowdown in the emerging market economies. These countries have so far failed to compensate the decline in exports with higher domestic demand. In addition, low raw material prices, banks' concerns regarding credit quality and increased capital outflow of foreign investors have an adverse effect on growth.

In Europe, the reform efforts of the euro area peripheral states are beginning to show results. Labor market reforms, for example, have produced further progress in the reduction of unit labor costs. As a consequence of increased competitiveness, some of the euro crisis states reported substantial export growth. The high unemployment rate, especially unemployment of young people, which exceeds 50% in some countries, and the associated weak internal demand, persist as negative aspects.

In order to boost the sluggish economic growth, representatives of the USA and the European Union entered into negotiations about a transatlantic free-trade agreement. The elimination of tariff and non-tariff trade barriers such as approval procedures, standards and norms is intended to have a positive effect of some 0.5% per year on economic growth and create approx. 500,000 jobs. The free-trade area would represent nearly 50% of the global economic performance and comprise roughly 800 million people.

Experts warn of a potential real estate and credit bubble in China.

Experts point out that China, with extremely high debt of non-financial institutes, tendencies of a real estate bubble and a slow-down of economic growth, shows similar symptoms as Japan, the USA, Europe and Southeast Asia prior to the respective financial crises. In the past five years, the business volume of Chinese banks grew nearly twice as fast as the real economy due to massive lending. In addition, the problem of a credit bubble is aggravated by the massively growing system of shadow banks. Large state-owned enterprises often pass on part of the capital from bond issues to smaller companies at an elevated price. Due to the growing mistrust, lending among banks nearly came to a standstill in China in mid-June and caused refinancing rates in the interbank market to rise drastically. The top overnight interest rate, for example, increased to more than 12%. The situation only eased after the hesitant intervention by the Chinese central bank. However, the refinancing rates are still substantially higher than in May 2013.

The statement of the Chairman of the US Federal Reserve about reducing bond purchases in case of a sustainable economic recovery led to turbulences in the financial markets.

Hopes of a stabilizing global economy combined with the continuing loose monetary policy of the central banks caused share prices to soar to new record levels in the first half of 2013, especially in the USA and in Europe. When the Chairman of the US Federal Reserve announced that the monthly purchases of long-term US government bonds as well as mortgage-backed securities of currently USD 85 billion per month would be reduced if there were any signs of a sustainable economic recovery and the situation in the labor market eased accordingly, this briefly led to turbulences in the financial markets. Bonds as well as equity markets, gold and other raw materials, and especially the currencies of the emerging market economies, which had previously benefitted from inflows due to low interest rates in the advanced economies, came under pressure.

Assets, Financial and Earnings Position

EBIT is characterized by positive effects from the termination of the Chapter 11 proceedings and by restructuring costs related to the announced closure of the Duisburg plant.

The RHI Group's sales volume declined slightly by 0.9% in comparison with the first quarter of 2013 and totaled roughly 434,000 tons in the second quarter of 2013 (second quarter of 2012: 470,000 tons). The Industrial Division recorded a decline by 16.9% due to the seasonally weak cement business, whereas the Steel Division increased its sales volume by 4.4%.

Revenues in the second quarter of 2013 increased by 4.6% compared to the preceding quarter, to € 445.2 million. While revenues of the Industrial Division decreased by 7.5% due to the seasonally weak cement business, the Steel Division recorded an 11.6% increase due to the integration of the Indian company Orient Refractories Ltd., which was acquired at the end of April, into the reporting of the RHI Group. The operating result amounted to € 27.2 million in the past quarter and is adversely affected by negative currency effects and expenses related to the changes in the Management Board of RHI AG adding up to roughly € 11 million. Compared with the operating result of the first quarter of 2013 of € 49.4 million, this is equivalent to a decrease by 44.9%. The operating result margin fell from 11.6% to 6.1%.
EBIT amounted to € 84.0 million in the second quarter of 2013 and is influenced by positive effects from the termination of the Chapter 11 proceedings amounting to € 75.8 million and the formation of provisions for restructuring related to the announced closure of the plant in Duisburg, Germany, amounting to € 19.0 million. The EBIT margin improved significantly from 11.6% in the first quarter of 2013 to 18.9%. The tax rate was at 20.0% in the second quarter of 2013. The tax rate calculated from the cash flow item "income taxes paid" amounted to 13.0%.

In comparison with the second quarter of 2012, sales volume dropped by 7.7% and revenues by 6.5%. This is above all attributable to a weaker development of the business units cement/lime and steel and to declining project business in the segment environment, energy, chemicals. As a result of that and due to the above-mentioned one-off effects, the operating result fell by 44.1% compared with the same quarter of 2012. The operating result margin consequently declined from 10.2% to 6.1%.

The equity ratio increased to 28.8% in the past quarter.

Equity amounted to € 525.6 million at the balance sheet date on June 30, 2013, after € 480.5 million at December 31, 2012. Consequently, the equity ratio rose from 26.0% at the end of the financial year 2012 to 28.8% at the end of the first half of 2013. Cash and cash equivalents decreased from € 152.4 million in the first quarter of 2013 to € 121.3 million, which was, among other things, due to the dividend payment of € 29.9 million. Net debt increased from € 444.6 million to € 464.2 million. As a result, the gearing ratio was up slightly from 86.9% to 88.3%. Net cash flow from operating activities amounted to € 25.5 million in the past quarter, and cash flow from investing activities to € (8.3) million.

In comparison with the first quarter of 2013, the number of employees increased by 444 persons from 7,976 to 8,420 due to the integration of Orient Refractories Ltd. in the reporting system.

Segment Reporting

	H1/2013	H1/2012[1]	Q2/2013	Q1/2013	Q4/2012	Q3/2012	Q2/2012[1]
Sales (thousand tons)	872	945	434	438	456	449	470
in € million							
Revenues	**870.7**	**912.8**	**445.2**	**425.5**	**463.0**	**459.9**	**475.9**
Steel Division	542.8	575.9	286.3	256.5	264.7	272.1	296.8
Industrial Division	307.4	312.2	147.7	159.7	186.9	174.8	169.2
Raw Materials Division							
External revenues	20.5	24.7	11.2	9.3	11.4	13.0	9.9
Internal revenues	122.5	97.5	59.3	63.2	44.3	46.7	52.1
EBITDA	**168.1**	**108.2**	**102.2**	**65.9**	**48.4**	**72.8**	**60.6**
EBITDA margin	19.3%	11.9%	23.0%	15.5%	10.5%	15.8%	12.7%
Operating result[2]	**76.6**	**82.3**	**27.2**	**49.4**	**31.8**	**50.3**	**48.7**
Steel Division	34.8	33.7	14.3	20.5	3.8	16.5	21.6
Industrial Division	36.2	36.0	10.7	25.5	26.7	29.1	21.7
Raw Materials Division	5.6	12.6	2.2	3.4	1.3	4.7	5.4
Operating result margin	**8.8%**	**9.0%**	**6.1%**	**11.6%**	**6.9%**	**10.9%**	**10.2%**
Steel Division	6.4%	5.9%	5.0%	8.0%	1.4%	6.1%	7.3%
Industrial Division	11.8%	11.5%	7.2%	16.0%	14.3%	16.6%	12.8%
Raw Materials Division	3.9%	10.3%	3.1%	4.7%	2.3%	7.9%	8.7%
EBIT	**133.4**	**77.7**	**84.0**	**49.4**	**33.3**	**56.6**	**44.1**
Steel Division	71.3	29.1	50.8	20.5	5.1	15.9	17.0
Industrial Division	54.7	36.0	29.2	25.5	27.1	28.7	21.7
Raw Materials Division	7.4	12.6	4.0	3.4	1.1	12.0	5.4
EBIT margin	**15.3%**	**8.5%**	**18.9%**	**11.6%**	**7.2%**	**12.3%**	**9.3%**
Steel Division	13.1%	5.1%	17.7%	8.0%	1.9%	5.8%	5.7%
Industrial Division	17.8%	11.5%	19.8%	16.0%	14.5%	16.4%	12.8%
Raw Materials Division	5.2%	10.3%	5.7%	4.7%	2.0%	20.1%	8.7%
Financial result	**(20.7)**	**(7.4)**	**(10.2)**	**(10.5)**	**(6.6)**	**(7.3)**	**(7.7)**
Results from associates	3.7	3.2	1.8	1.9	0.9	1.2	1.7
Profit before income taxes	**116.4**	**73.5**	**75.6**	**40.8**	**27.6**	**50.5**	**38.1**
Income taxes	(33.1)	(11.2)	(15.1)	(18.0)	0.3	(27.2)	(7.8)
Income taxes in %	28.4%	15.2%	20.0%	44.1%	(1.1%)	53.9%	20.5%
Profit	**83.3**	**62.3**	**60.5**	**22.8**	**27.9**	**23.3**	**30.3**
Earnings per share in €[3]	2.08	1.56	1.51	0.57	0.71	0.58	0.76

1) For details on reclassifications see page 72 et seq. (other changes in presentation)

2) EBIT before restructuring costs and result from Chapter 11 proceedings

3) basic and diluted

Steel Division

Outside Asia, all regions recorded a decline in steel output in the first half of 2013.

Low steel prices due to excess capacities bear down on the results of steel producers. In addition, the current economic environment provides little tailwind. The gloomy prospects of the construction and automotive industries, the two most important customer industries of the steel sector, have a negative impact on demand, especially in Europe. Unlike before the beginning of the financial crisis, significantly less steel is exported from Europe due to Russian discount prices.

As the global economy continues to be weak, the conflict between the individual economic regions regarding illegal subsidies and the resulting distortions of competition is getting increasingly fierce. The European Commission has filed a formal complaint with the World Trade Organization against China's imposition of anti dumping duties on imports of stainless steel tubes, thus aggravating trade relations, which had been strained for months. The two trade areas have been accusing each other of protectionism and dumping for some time now.

Crude steel production showed a split development in the first half of 2013. While China increased its output by 7.6% in comparison with the first half of 2012, no region outside Asia recorded any growth. In the European Union in particular and, surprisingly, also in North America, steel output fell by more than 5%. After a slow start to the year, the low point seems to have been reached now. In the second quarter of 2013, steel production in the European Union, for example, was up 3.6% on the previous quarter.

in million tons	H1/2013	H1/2012	Delta	Q2/2013	Q1/2013	Delta
China	389.0	361.4	7.6%	197.3	191.7	2.9%
World ex China	400.0	411.0	(2.7)%	202.7	197.3	2.7%
thereof EU27	84.3	88.8	(5.1)%	42.9	41.4	3.6%
thereof North America	59.2	62.7	(5.6)%	29.5	29.7	(0.7)%
World	**789.0**	**772.4**	**2.1%**	**400.0**	**389.0**	**2.8%**

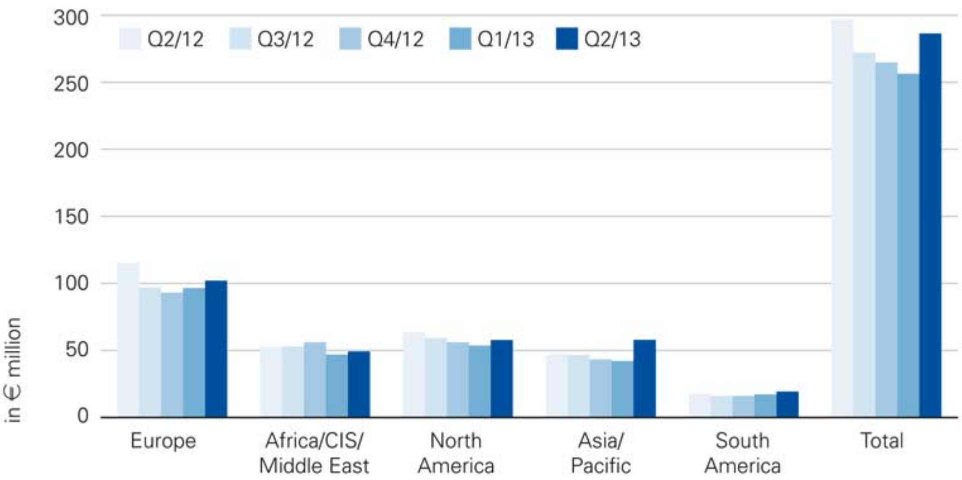
Source: World Steel Association

Compared to the first quarter of 2013, sales volume of the Steel Division was up 4.4% to roughly 307,000 tons in a market environment that continues to be challenging. Revenues rose by 11.6%, one of the reasons being the initial consolidation of the 69.6% share in the Indian Orient Refractories Ltd acquired in late April. In comparison with the prior-year reference period, sales volume dropped by 8.4% and revenues by only 3.5% due to implemented price adjustments.

The increase in revenues is attributable to a slightly improved environment and the full consolidation of Orient Refractories Ltd.

Revenues of the Steel Division amounted to € 286.3 million in the second quarter of 2013 and exceeded revenues of the first quarter of 2013 of € 256.5 million, but fell short of the revenues of the comparable period 2012, with € 296.8 million. The operating result dropped from € 20.5 million in the first quarter of 2013 to € 14.3 million in the second quarter of 2013. Consequently, it also fell short of the comparable quarter of 2012, when it had totaled € 21.6 million. The operating result margin, at 5.0%, was lower than in the preceding quarter, at 8.0%, and also lower than in the 2012 reference period. The effects allocated from the termination of the Chapter 11 proceedings and from the planned closure of the Duisburg plant added up to € 36.5 million and led to an EBIT margin of 17.7%.

Revenues developed as shown below in the past five quarters:



Development of revenues

EMEA

While the market environment remains challenging, RHI realized a slight increase in revenues in Europe in comparison with the previous quarters. Following a further year-on-year decline in steel production by 5.1%, the European steel market appears to have bottomed out now. In the second quarter of 2013, steel output in the European Union was up 3.6% on the previous quarter.

The European steel market appears to have bottomed out now.

A smaller contribution to revenues on the part of Germany and the Benelux countries was offset by stronger business in Southern Europe. In the linings segment, RHI recorded slightly lower revenues in the electric arc furnace sector, which were, however, compensated by a positive development in the ladle and converter segments. In this area, market share was expanded further due to convincing product performance. While revenues in the flow control segment saw a positive development in the European Union, they lagged behind expectations in the CIS region and in the Middle East.

The Italian steel industry, the second largest in Europe after Germany, is suffering from the industry's reluctance to make investments due to the austerity measures introduced by the government. Consequently, steel output in Italy dropped by another 15% year-on-year. In order to avoid insolvency and the associated job cuts, the country's largest steel manufacturer, with a market share of 40%, was also put under state control, after the country's second largest producer had already suffered this fate at the end of last year. Europe's largest steel mill, Taranto in Southern Italy with more than 20,000 workers, is confronted not only with a decline in demand, but also with significant environmental problems. Despite this challenging market environment, the RHI Group realized solid revenues and earnings.

In Italy, the country's largest steel producer has now also been put under state control, after the same happened to the second-largest producer.

To support the European steel sector, the European Commission presented a comprehensive action plan.

To support the European steel sector with its roughly 360,000 employees, the European Commission presented the "Action Plan for a competitive and sustainable steel industry in Europe" in mid-June, the first comprehensive initiative for the industry since the Davignon Plan in 1977. The objectives are to reduce red tape and bureaucracy resulting from official regulations, to facilitate necessary restructuring processes and the access to foreign markets and raw materials, and to strengthen the demand of important customer industries. In addition, innovation, energy efficiency – high energy costs in international comparison have the effect that barely any investments are made anymore within the European Union – and sustainable production processes will be subsidized with approx. € 280 million. An ambitious goal of the Action Plan is to raise the share of the European steel industry in the economic performance of the European Union from currently 15% to 20% by 2020.

North America

Electric steel mills can react more flexibly to short-term capacity requirements than converter steel mills, which makes them more competitive.

In North America, steel production declined by roughly 6% year-on-year despite a positive economic outlook. Low steel prices and shorter order cycles of customers and, consequently, short-term capacity requirements burden many steel producers. Especially the traditional converter steel mills suffer from weak incoming orders in comparison with the more flexible and more modern electric steel mills. These problems do not affect companies specializing in products for the oil and gas industry as well as tool steel as they benefit from brisk investment activities for the development of shale gas deposits.

The increase in revenues compared to the previous quarter is primarily attributable to the positive development in Mexico, where RHI further expanded its ladle business and at the same time also increased the sales volume of magnesia-carbon bricks. In the other countries of the region, business was largely stable.

South America

Low economic growth and a significant devaluation of the currency provide for a difficult market environment in Brazil.

Steel production in South America was only 1.6% higher in the second quarter of 2013 than in the prior-year reference period despite an increase in import duties in the important Brazilian market and a related decline in steel imports.

Macroeconomic data of the region are disappointing again. The Brazilian economy only grew by 0.6% in the first quarter of 2013. At 6.7% in June, the inflation rate reached the highest level in 20 months. The Brazilian central bank was therefore forced to increase the base rate for the third time this year, to now 8.5%. Moreover, the Brazilian real devalued by roughly 12% against the euro in the past quarter, which makes foreign imports even more expensive. This development has a significant impact on the business of the RHI Group and leads to high pressure on realizable margins.

Despite the challenging economic environment in South America, RHI recorded a positive development of revenues in the second quarter of 2013. Especially in Brazil and Argentina, business in the ladle and vacuum system segments developed well and balanced out the slightly declining converter business.

Asia/Pacific

The region Asia/Pacific suffers from cheap steel imports from China, which also have a negative impact on local production. It is all the more gratifying that RHI recorded an increase in revenues both in the linings segment and in the flow control business in India, Indonesia and Vietnam. In the linings segment, it was especially the electric arc furnace business and the related higher sales volume of magnesia-carbon bricks and basic mixes that contributed to the positive development of revenues. In the flow control segment, RHI expanded the business with slide gate plates, isostatic products and tundish mixes further, which was possible through the integration of the Indian company Orient Refractories Ltd., which was acquired in late April.

The Indian company Orient Refractories Ltd., which was acquired in late April, contributed € 1.6 million to the RHI Group's EBIT.

Orient Refractories Ltd., in which RHI has held 69.6% of the share capital since the end of April, increased its revenues by roughly 19% to approximately € 53 million in the financial year 2012/2013, which ended on March 31, 2013. The EBIT margin amounted to roughly 17%. In the two months since its initial consolidation at the end of April, the company contributed € 8.8 million to revenues and € 1.6 million to the EBIT of the RHI Group. The objective is to double the company's revenues in the coming years by increasing synergies on the sales side.

The feared change in the monetary policy of the US Federal Reserve led to a devaluation of the local currencies in the region Asia/Pacific. The Indian rupee lost roughly 11% of its value against the euro, thus marking a historic low. As the RHI Group primarily invoices in US dollars, euros and the Chinese renminbi in Asia, the impact of exchange rate fluctuations was limited.

In New Zealand, the economy is boosted by the reconstruction of the city of Christchurch, which was severely damaged by several earthquakes in the years 2010 and 2011. Accordingly, an increase in cement and steel requirements is to be expected in the near future.

China

Economic growth in China fell short of expectations in the past months. The growth rate of 7.5% forecast by the Chinese government for the year 2013 represents the lowest level in more than 20 years. The weaker economic data are amongst other things due to recent reforms introduced to restructure the Chinese economic model. This way, surplus capacities, which are estimated at some 30% in the local steel industry, for example, will be reduced and domestic consumption and the production of higher-quality, knowledge-based products will be promoted.

The reforms introduced to restructure the economy in China dampen future growth.

In addition, the currency and interest rates will be floated gradually, and lending will increasingly be based on economic criteria in order to contain the rapid credit growth – since the beginning of the global economic crisis in 2008 alone, loans totaling more than ten trillion euros were granted. Another key element of the planned structural reform refers to environmental protection. In the past quarter, China introduced emissions trading with CO_2 certificates in Shenzhen, a multi-million metropolis, which is to be extended to six other regions by 2014. RHI considers itself well-positioned with its three western-standard production plants and expects to benefit from the reforms introduced in the medium term.

Industrial Division

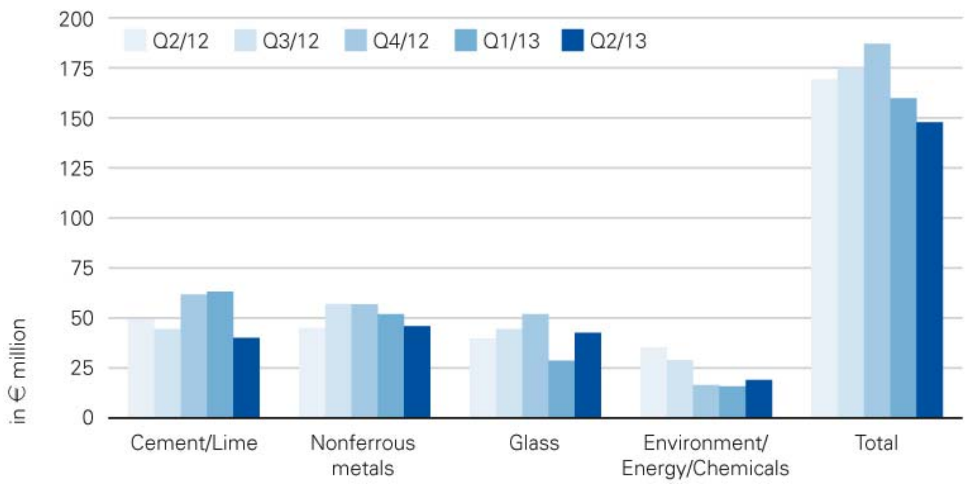
Low cement revenues and an increase in the lower-margin glass business led to a decline in the operating result.

In the Industrial Division, sales volume fell by 16.9% in comparison with the first quarter of 2013 to roughly 98,000 tons due to a seasonally weak cement business. The decline in revenues was more moderate, at 7.5%, because of shifts in the product mix. In comparison with the same period of the previous year, sales volume dropped by 8.4% and revenues by 12.7%.

Revenues of the Industrial Division amounted to € 147.7 million in the second quarter of 2013, thus falling short of the first quarter of 2013, at € 159.7 million, and also of the revenues in the comparable period of 2012, at € 169.2 million. Low cement revenues and an increase in the lower-margin glass business led to an operating result of € 10.7 million in the second quarter of 2013, after € 25.5 million in the first quarter of 2013. It was therefore also lower than in the comparable quarter of 2012, at € 21.7 million. The operating result margin, at 7.2%, was below the level of the previous quarter, at 16.0%, and also below that of the comparable quarter of 2012. The allocated effects from the termination of the Chapter 11 proceedings and from the planned closure of the Duisburg plant totaled € 18.5 million and lead to an EBIT margin of 19.8%.

Revenues developed as shown below in the past five quarters:

Development of revenues



Cement/Lime

Due to seasonal fluctuations, the business unit cement/lime was unable to match the high contribution to revenues and earnings of the previous quarter.

The business unit cement/lime was unable to continue its high contributions to revenues and earnings of the first quarter of 2013 due to seasonal fluctuations and fell short of expectations in the second quarter. Especially in Europe, the development was sobering after a good start to the year 2013.

In China the government tries to reduce the dependence of economic growth on exports and investments by strengthening domestic consumption through subsidies. Prime Minister Li Keqiang especially wants to increase the wealth and standard of living of the people and boost private consumption this way. The shift of growth away from capital goods and the construction industry is supposed to contribute to reducing existing excess capacities in various industries and to contain the high property prices. For this reason, only few additional cement capacities are to be expected in China.

In all other emerging markets, no such development is to be seen. In India in particular, where RHI is one of the most important partners of the cement industry due to its high market share, there are continuous construction activities for new plants, and existing plants are expanded.

Due to a lack of infrastructure in Russia and Brazil, which is, however, necessary for further economic growth, cement markets are expected to expand in these two countries. Despite import duties of 30%, RHI gained market share in Brazil thanks to the combination of its outstanding service and product performance, which leads to significantly lower refractory downtimes in comparison with competitors.

In Europe, the recession and the low level of investments in infrastructure due to tight state budgets still have a negative effect on the construction sector. In Spain, for example, cement production is expected to total only roughly 9 million tons in 2013; in the year 2007, it had been some 55 million tons. While there are no signs that the construction industry is picking up in Southern Europe and further cement capacities have been shut down, the market environment is slowly stabilizing in the rest of Europe.

In the second quarter of 2013, the repair business recorded a weaker development due to seasonal fluctuations, but showed a positive trend at the end of the quarter, which is also reflected in the level of incoming orders. In addition, RHI won contracts for new plant projects in South America and Russia.

Nonferrous metals

The business unit nonferrous metals met the targets set for the second quarter of 2013 despite falling prices for all relevant nonferrous metals. Long-planned major projects or the relevant repair materials for key aggregates were delivered.

Despite falling prices for all relevant nonferrous metals, long-planned major projects were delivered.

In Spain, for example, the entire refractory material for the repair of the flash smelter of a copper mill was supplied, and two key aggregates in the platinum metals sector were lined in Zambia and South Africa respectively. Revenues in the million range were also recorded in the copper segment in Germany. This gratifying quarterly result was rounded off by repairs in Chile and Mexico, as well as major projects in Canada and in China.

The bottoming-out, which is currently to be observed, should continue in the coming months. If the price level continues to decline, negative effects on the new construction project business are to be expected, in particular in the ferroalloy sector. As repairs and project activities are planned in the long term in the nonferrous metals segment, no negative impact is to be expected for the full year 2013.

Glass

The environment for the global glass industry is still challenging, the main reason being worldwide excess capacities, especially in the flat glass sector, which is dependent on the construction industry. Many glass manufacturers therefore not only put off investments for planned new construction projects, but also for repairs due to the low capacity utilization, because plants can no longer be operated economically.

Worldwide excess capacities in the flat glass segment lead to postponements of both new construction projects and major repairs.

In the USA, the approx. USD 1.7 billion takeover of the bottle glass manufacturer Verallia North America by the Ardagh Group is threatening to fail because of competition concerns. As the combined market share adds up to roughly 50% in the US market, the Federal Trade Commission stopped the takeover for the time being.

In China, there are no indications for growing refractories demand in the short term despite a slight improvement in the flat glass segment. However, in the medium term, the development towards environmentally friendly production technologies in the glass industry should have a positive effect on the business development. The corresponding products were placed with plant engineering firms, which produced good results in the first test runs.

In Russia, small glass producers suffer from the competition of large corporations which establish plants of western design. RHI won a major contract in the million range in this segment. Furthermore, the tangible decline in the consumption of spirits due to stricter legal regulations also has an impact on the container glass market.

The special glass segment developed at a stable level in terms of volume, but manufactures also report a poor earnings situation in this segment. RHI expects the market environment to brighten up gradually for the refractory industry due to lower zirconium prices and the investment backlog of glass producers.

Environment, energy, chemicals

Due to higher demand in North America and Russia, the contribution to both revenues and earnings rose slightly.

The business unit environment, energy, chemicals increased its contribution to revenues and earnings slightly in the second quarter as compared with the first quarter of 2013. Higher revenues were recorded especially in North America.

In Europe, the fact that there are barely any new construction activities anymore has an immediate impact on the demand for refractories. The operators of existing plants try to minimize maintenance costs and only have absolutely necessary maintenance work carried out. As a rule, the focus is placed on installation work and less on refractory products. The current market situation, especially for alumina products, has caused economic difficulties for competitors with a strong focus on the European market. Existing excess capacities can no longer be compensated by price reductions and lead to first plant closures and insolvencies. This situation is not expected to improve before 2014.

In contrast, demand in Russia developed positively. Interesting construction projects are carried out especially in the oil and gas sectors, but investments are also made in the modernization of existing plants. An increase in demand is also tangible in North America. However, some of the major new construction projects planned will only be realized in the coming year.

In Mexico and South America the competitive pressure by Chinese refractories suppliers is constantly increasing. Standard materials in particular are delivered in large quantities and are also held by stockists. The competitive situation in Brazil with four local producers and high import duties remains difficult. In addition, the Brazilian market develops by far more slowly than expected.

In Asia and the Middle East, high-grade products continue to be applied both in new construction and in existing plants. However, competitive pressure from Asian producers is also increasing here.

Raw Materials Division

The plants of the Raw Materials Division were still faced with weak capacity utilization in the second quarter of 2013 due to a decline in the production of finished products. At the same time, this situation was used to bring forward planned maintenance measures and repairs with block downtimes.

Problems in causter loading at the newly established fusion plant in Norway will have a negative impact on the result in the second half of the year.

Revenues of the Raw Materials Division, at € 70.5 million in the second quarter of 2013, fell slightly short of the figure of the first quarter of 2013, at € 72.5 million, but significantly exceeded revenues of the 2012 reference period, at € 62.0 million. The operating result dropped from € 3.4 million in the first quarter of 2013 to € 2.2 million in the second quarter of 2013. It thus also fell short of the operating result of the comparable quarter of 2012, at € 5.4 million. The operating result margin amounted to 3.1% and was lower than the 4.7% in the preceding quarter and also lower than in the comparable period of 2012. The allocated effects from the termination of the Chapter 11 proceedings and from the planned closure of the Duisburg plant totaled € 1.8 million and lead to an EBIT margin of 5.7%.

In the course of the optimization process of the newly built fusion plant in Norway, problems occurred during causter loading and led to a clogging of the feeding pipes. These problems are expected to have a negative effect in the high single-digit million range on the result in the second half of 2013.

US Chapter 11 Proceedings

On March 11, 2013, the competent district court confirmed the decision of the bankruptcy court regarding a settlement with all insurance companies successful in the appeals proceedings. After expiry of the objection period and the fulfillment of conditions precedent, the reorganization plans of the US companies entered into force with effect from April 30, 2013. Consequently, the Chapter 11 proceedings of the US companies, which were deconsolidated as of December 31, 2001, and the associated claims for damages have now been finally completed with full legal security after eleven years. On May 2, 2013, RHI received a payment of € 30.5 million from the previous owner of one of the US companies. Due to the reversal of provisions and the derecognition of liabilities, the effect of the termination of the Chapter 11 proceedings on EBIT amounted to € 75.8 million.

Outlook

In a stable macroeconomic environment and with unchanged exchange rates, RHI expects similar revenues in the Steel Division for the third quarter of 2013 as in the second quarter of 2013, and higher revenues in the Industrial Division as projects are expected to be delivered in the business units environment, energy, chemicals and nonferrous metals. The operating result margin is expected to exceed the level of the second quarter of 2013 despite the problems that occurred during causter loading in the newly established fusion plant in Norway.

RHI still expects revenues at the level of the previous year for the full year 2013. However, realizing the operating result margin of the year 2012 appears to be challenging in view of the one-off expenses in the second quarter as well as the negative effects from Norway, which are expected for the second half of the year. As a result of the positive effects from the closing of the Chapter 11 proceedings, the EBIT margin will continue to significantly exceed the prior-year level.

Risk Report

In the second quarter of 2013, the risk management processes and key risks remained unchanged. No risks that are considered to be a threat to the existence of the Group were identified.

Condensed, Unaudited Interim Consolidated Financial Statements

Consolidated Statement of Financial Position

in € million	06/30/2013	12/31/2012
ASSETS		
Non-current assets		
Property, plant and equipment	616.5	625.8
Goodwill	55.4	20.0
Other intangible assets	56.5	59.0
Shares in associates	15.3	14.1
Other non-current financial assets	32.2	31.8
Other non-current assets	12.4	10.7
Deferred tax assets	101.2	119.5
	889.5	**880.9**
Current assets		
Inventories	438.2	423.2
Trade and other current receivables	364.4	351.9
Income tax receivables	8.9	6.9
Other financial assets	1.8	1.7
Cash and cash equivalents	121.3	185.7
	934.6	**969.4**
	1,824.1	**1,850.3**
EQUITY AND LIABILITIES		
Equity		
Share capital	289.4	289.4
Group reserves	231.3	190.4
Equity attributable to equity holders of RHI AG	520.7	479.8
Non-controlling interests	4.9	0.7
	525.6	**480.5**
Non-current liabilities		
Non-current financial liabilities	373.8	390.7
Deferred tax liabilities	9.1	9.1
Personnel provisions	329.7	330.6
Other non-current provisions	4.1	3.7
Other non-current liabilities	4.8	5.2
	721.5	**739.3**
Current liabilities		
Current financial liabilities	211.7	213.5
Trade and other current payables	271.7	310.7
Other financial liabilities	1.2	2.3
Income tax payables	42.6	38.5
Current provisions	49.8	65.5
	577.0	**630.5**
	1,824.1	**1,850.3**

Consolidated Income Statement

in € million	2nd Quarter 2013	2nd Quarter 2012[1)]	1st Half-year 2013	1st Half-year 2012[1)]
Revenues	445.2	475.9	870.7	912.8
Cost of sales	(347.4)	(368.0)	(665.5)	(711.6)
Gross profit	**97.8**	**107.9**	**205.2**	**201.2**
Sales and marketing costs	(30.5)	(28.8)	(59.4)	(58.1)
General and administration costs	(33.8)	(29.6)	(63.7)	(60.5)
Other income	1.1	1.9	4.5	7.7
Other expenses	(7.4)	(2.7)	(10.0)	(8.0)
Operating result	**27.2**	**48.7**	**76.6**	**82.3**
Restructuring costs	(19.0)	(4.6)	(19.0)	(4.6)
Net income from US Chapter 11 proceedings	75.8	0.0	75.8	0.0
Operating results (EBIT)	**84.0**	**44.1**	**133.4**	**77.7**
Interest income	0.5	0.7	1.1	1.3
Interest expenses	(7.5)	(4.3)	(16.0)	(8.9)
Other financial results	(3.2)	(4.1)	(5.8)	0.2
Financial results	(10.2)	(7.7)	(20.7)	(7.4)
Results from associates	1.8	1.7	3.7	3.2
Profit before income taxes	**75.6**	**38.1**	**116.4**	**73.5**
Income taxes	(15.1)	(7.8)	(33.1)	(11.2)
Profit	**60.5**	**30.3**	**83.3**	**62.3**
Profit attributable to				
equity holders of RHI AG	60.2	30.3	82.9	62.3
non-controlling interests	0.3	0.0	0.4	0.0
	60.5	30.3	83.3	62.3
in €				
Earnings per share (basic and diluted)	1.51	0.76	2.08	1.56

1) Explanations regarding the reclassified comparative figures are shown in the notes.

All items up to and including the operating result do not include any restructuring effects or any results from US Chapter 11 proceedings.

Consolidated Statement of Comprehensive Income

	2nd Quarter		1st Half-year	
in € million	2013	2012[1)]	2013	2012[1)]
Profit after income taxes	**60.5**	**30.3**	**83.3**	**62.3**
Other results recognized in equity net of income taxes				
Currency translation differences				
Unrealized results from currency translation	(22.4)	7.4	(13.4)	6.9
Reclassification to the income statement due to the disposal of subsidiaries	0.0	0.0	(0.1)	0.0
Market valuation of cash flow hedges				
Unrealized results from fair value change	1.1	0.0	1.1	0.0
Deferred taxes on unrealized results from fair value change	(0.3)	0.0	(0.3)	0.0
Market valuation of available-for-sale financial instruments				
Unrealized results from fair value change	(0.2)	0.0	0.1	0.0
Reclassification reserves to the income statement	0.0	0.0	0.0	(7.1)
Deferred taxes on unrealized results from fair value change	0.1	0.0	0.0	0.0
Items that will be reclassified subsequently to profit or loss	(21.7)	7.4	(12.6)	(0.2)
Total comprehensive income	**38.8**	**37.7**	**70.7**	**62.1**
Total comprehensive income attributable to				
equity holders of RHI AG	39.0	37.7	70.8	62.1
non-controlling interests	(0.2)	0.0	(0.1)	0.0
	38.8	37.7	70.7	62.1

1) Explanations regarding changes in presentation are shown in the notes.

Consolidated Statement of Changes in Equity

in € million	Share capital	Additional paid-in capital	Fair value reserves	Currency translation reserves	Accumulated results	Total	Non-controlling interests	Total equity
	Equity attributable to equity holders of RHI AG							
		Group reserves						
12/31/2012	**289.4**	**38.3**	**1.6**	**(33.2)**	**183.7**	**479.8**	**0.7**	**480.5**
Total comprehensive income	-	-	0.9	(13.1)	83.0	**70.8**	**(0.1)**	**70.7**
Dividends	-	-	-	-	(29.9)	**(29.9)**	**-**	**(29.9)**
Change in non-controlling interests	-	-	-	-	-	**0.0**	**4.3**	**4.3**
06/30/2013	**289.4**	**38.3**	**2.5**	**(46.3)**	**236.8**	**520.7**	**4.9**	**525.6**

in € million	Share capital	Additional paid-in capital	Fair value reserves	Currency translation reserves	Accumulated results	Total	Non-controlling interests	Total equity
	Equity attributable to equity holders of RHI AG							
		Group reserves						
12/31/2011 adjusted[1)]	**289.4**	**38.3**	**8.7**	**(30.7)**	**132.6**	**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**	**(23.8)**	**165.0**	**470.5**	**0.6**	**471.1**

1) Explanations regarding the adjustments are shown in the notes.

Consolidated Cash Flow Statement

in € million	1st Half-year 2013	2012[1)]
Profit	83.3	62.3
Adjustments for		
income taxes	33.1	11.2
depreciation and amortization charges	34.7	29.6
impairment losses of property, plant and equipment and intangible assets	0.0	2.2
reversal of impairment losses of property, plant and equipment	0.0	(1.3)
reversal of impairment losses of financial assets	(0.2)	(1.0)
gains from the disposal of property, plant and equipment	(3.4)	(5.2)
net income from US Chapter 11 proceedings	(75.8)	0.0
interest result	14.9	7.6
realized gains on financial instruments classified as available for sale	0.0	(7.1)
results from associates	(3.7)	(3.2)
other non-cash changes	34.1	11.2
Changes in assets and liabilities		
Inventories	(12.5)	(25.0)
Trade receivables	(7.0)	0.7
Other receivables and assets	(0.6)	(4.5)
Provisions	(10.2)	(8.6)
Trade payables	(23.0)	(11.6)
Other liabilities	(10.1)	5.4
Net cash inflows from US Chapter 11 proceedings	27.9	0.0
Cash flow from operating activities	**81.5**	**62.7**
Income taxes paid	(18.2)	(14.3)
Net cash flow from operating activities	**63.3**	**48.4**
Investments in subsidiaries net of cash	(48.9)	(16.3)
Cash inflows from the sale of subsidiaries net of cash	(0.2)	0.0
Investments in property, plant and equipment and intangible assets	(28.2)	(64.2)
Cash inflows from the sale of property, plant and equipment	5.4	6.4
Investments in / cash inflows from non-current receivables	(0.1)	(0.5)
Cash inflows from the sale of financial assets	0.0	0.2
Dividend payments from associates	2.6	3.9
Interest received	1.0	1.2
Net cash flow from investing activities	**(68.4)**	**(69.3)**
Dividend payments to shareholders of RHI AG	(29.9)	(29.9)
Proceeds from non-current borrowings and loans	0.8	51.7
Repayments of non-current borrowings and loans	(11.7)	(8.8)
Changes in current borrowings	(8.6)	(18.1)
Interest payments	(7.8)	(11.0)
Net cash flow from financing activities	**(57.2)**	**(16.1)**
Total cash flow	**(62.3)**	**(37.0)**
Change in cash and cash equivalents	**(62.3)**	**(37.0)**
Cash and cash equivalents at beginning of year	185.7	144.5
Change in cash and cash equivalents due to currency translation	(2.1)	(0.4)
Cash and cash equivalents at end of reporting period	121.3	107.1

1) Explanations regarding the reclassified comparative figures are shown in the notes.

Selected Explanatory Notes

Principles and methods

The interim consolidated financial statements as of 06/30/2013 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 consolidated 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 12/31/2012.

With the exception of the changes described in the following, the same accounting and measurement principles as in the previous year were used:

>> IAS 1 (amended 2011): Presentation of Items of Other Comprehensive Income
>> IAS 19 (amended 2011): Employee Benefits
>> IFRS 7 (amended 2011): Disclosures – Offsetting Financial Assets and Financial Liabilities
>> IFRS 13 (2011): Fair Value Measurement
>> IFRIC 20 (2011): Stripping Costs in the Production Phase of a Surface Mine
>> Improvements to IFRSs 2009-2011 (2012)

The amended IAS 1 "Presentation of Financial Statements" leads to a revised presentation of the statement of comprehensive income. The individual components of other comprehensive income have to be divided into items which are never reclassified to the income statement and items which are reclassified to the income statement if certain conditions apply. The statement of comprehensive income of the RHI Group has been adjusted accordingly.

In June 2011, the IASB adopted amendments to IAS 19 "Employee Benefits", which are applicable as of 01/01/2013 with retroactive effect from 01/01/2012. The change currently relevant for RHI is the abolishment of the expected return on plan assets and the introduction of interest on plan assets at the discount rate of the corresponding defined benefit liability. This leads to a net measurement of the net liability or the net asset and a net interest on defined benefit pension plans.

As the adjustment effects are insignificant, RHI did not adapt the comparative information. If a retrospective adjustment had been made, the financial results for the financial year 2012 would improve by roughly € 0.7 million from € (21.3) million to € (20.6) million. The effect on income taxes would amount to less than € (0.1) million and on earnings per share to less than € 0.01. Equity as of 01/01/2012, 06/30/2012 and 12/31/2012 would remain unchanged.

By prospectively applying the net interest method, the financial result of the financial year 2013 is expected to deteriorate by approximately € 0.1 million.

The changes to IAS 19 will, however, affect the form of presentation and the scope of the notes in the RHI annual financial statements of 2013.

The initial application of IFRS 13 "Fair value measurement" will result in additional notes.

The other reporting standards and interpretations to be initially applied in the year 2013 have no significant influence on the presentation of the asset, financial and earnings position of these interim financial statements.

Personnel provisions

In the first half-year of 2013, no revaluation of the net debt from employee-related defined benefit obligations was 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 and there were no significant changes in the actuarial assumptions.

Cash flow hedge

In order to counteract the risk of an increase in the interest rate level for financial liabilities carrying variable interest, RHI concluded interest swaps of a nominal value of € 100.0 million in the second quarter of 2013. As the requirements for the application of hedge accounting (documentation of the hedging relationship, proof of effectiveness) are given, unrealized gains and losses from changes in market value are initially recognized directly in equity. When the hedged item is realized, the profit contribution of the hedge will be shown in the income statement. Ineffective parts of the change in fair value of cash flow hedges are immediately recognized in the income statement.

Other changes in comparative information

In the third quarter of the previous year, the structure of the RHI Group was changed from a divisional to a functional organization. The adaptation of the reporting structure led to the following changes in the divisional results for the first half-year of 2012: Steel € (1.0) million, Industrial € 1.8 million, Raw Materials € (0.8) million. The adaptation of the organization also entailed changes in the management structure, resulting in shifts between sales and marketing costs and general and administration costs amounting to € (0.5) million and € 0.5 million respectively.

Due to a misrepresentation in the equity statement, € (2.2) million were reclassified from the item accumulated results to currency translation reserves as of 12/31/2010.

The reclassifications in the cash flow statement are related to proceeds from and repayments of non-current borrowings and loans, which are classified according to the total term of financing, rather than according to residual terms as it is done in the balance sheet, for better presentation as of the financial year 2012. Payments related to financial liabilities to non-controlling interests (dividend payments) are accounted for in the item interest payments.

Audit and Review

The consolidated interim financial statements as of 06/30/2013 were neither fully audited nor reviewed by an auditor.

Group of consolidated companies

The group of consolidated companies was extended by one fully consolidated subsidiary and reduced by one fully consolidated subsidiary in comparison with 12/31/2012.

Orient Refractories Ltd.

On 01/15/2013 the RHI subsidiary Dutch US Holding B.V., Arnhem, Netherlands, signed a contract to acquire 43.62% of the share capital of Orient Refractories Ltd. ("ORL"). ORL is a listed company based in India and produces special refractory products and refractory mixes for the iron and steel industry. The headquarters of the company is based in New Delhi; the production and R&D site is located in Bhiwadi, Rajasthan. In addition, ORL operates eight sales offices in India. ORL has 472 employees.

The closing of the acquisition of this block of shares through Dutch US Holding B.V. took place on 03/04/2013. The transaction price amounted to € 31.8 million and was paid in cash. The mandatory public offer to the shareholders of ORL related to the acquisition of the block of shares for up to another 26% of the shares commenced on 03/25/2013 and was closed on 04/29/2013. The public offer was accepted in full. The purchase price amounted to € 19.0 million and was also paid in cash. After the execution of the mandatory offer, Dutch US Holding B.V. now holds 69.62% in the share capital of ORL.

The acquisition is treated as a linked transaction. The initial consolidation was carried out with the execution of the mandatory public offer on the basis of 69.62% of the voting rights in ORL. Due to the short time period until the publication of the half-year financial statements at 08/06/2013, the initial consolidation is based on preliminary IFRS valuations. Therefore, changes will still be made in the allocation of the purchase price to the individual assets and liabilities. The measurement of non-controlling interests was made on the basis of the proportional share of net assets. The preliminary net assets of the company (before adjustment to fair value) at the date of initial consolidation are shown in the following table:

in € million	04/29/2013
Non-current assets	4.1
Current assets (without cash and cash equivalents)	18.9
Cash and cash equivalents	2.0
Non-current liabilities	(0.2)
Current liabilities	(8.3)
Net assets	**16.5**
Non-controlling interest	(5.0)
Proportional share of net assets acquired	**11.5**
Goodwill before purchase price allocation	39.3
Purchase price	**50.8**

RHI expects strategic advantages for the Group based on a stronger market position in the flow control business in the growing Indian and Asian steel industry.

The gross value of the receivables acquired corresponds to the fair value and amounts to € 10.4 million.

ORL contributed € 8.8 million to revenues and € 1.0 million to profit after income taxes in the second quarter of 2013. In the period from 01/01/2013 to the inclusion in the consolidated financial statements of RHI, ORL realized revenues of € 17.7 million and earnings after tax of € 2.9 million.

FC Technik AG

As of 03/21/2013, all shares (51 %) in FC Technik AG, Winterthur, Switzerland, were sold.

The result from deconsolidation is calculated as follows:

in € million	03/21/2013
Proceeds on the sale	0.7
Proportional share of net assets disposed	(0.8)
Reclassification currency translation differences	0.1
Result from deconsolidation	**0.0**

Termination of US Chapter 11 proceedings

With effect from 04/30/2013, the reorganization proceedings under Chapter 11 of the US Bankruptcy Code of the RHI US companies which were deconsolidated as of 12/31/2001 and the associated asbestos-related claims for damages were definitively completed with full legal security after eleven years.

As RHI AG no longer exercised control due to the Chapter 11 proceedings initiated by the US companies NARCO, Harbison-Walker, AP Green and GIT (together with their subsidiaries the "ANH companies") in early 2002, these companies were deconsolidated as of 12/31/2001 and all relevant receivables and investments were written off.

In the subsequent years, RHI AG and some RHI Group companies entered into agreements with the previous US owners of the ANH companies Honeywell and Halliburton/DII, the US companies themselves and other parties in order to clarify contractual agreements, mutual claims and claims of third parties, which included claims related to receivables, payables, bank guarantees, liabilities and tax matters, which existed in the context of the US subsidiaries' affiliation with the RHI Group until the beginning of the Chapter 11 proceedings. These agreements regulate, amongst other things, the waiver of RHI to receivables due from the US companies from the period prior to the Chapter 11 proceedings and the waiver of RHI to all shares in the US companies in conjunction the closing of the Chapter 11 proceedings. Based on these agreements, RHI had previously received payments by Honeywell and DII. Another important condition to the coming into effect of the agreements was a payment of USD 40.0 million by Honeywell to RHI Refractories Holding Company arranged in the context of the Chapter 11 proceedings of NARCO as soon as the decision of the court would become final and would be implemented.

In 2003, the companies operating under Chapter 11 submitted plans of reorganization for the NARCO and GIT groups to the court. Subsequently, the above-mentioned agreements were added to the plans and provide for the establishment of trust funds for asbestos-related claims for damages against the ANH companies. The progress of the Chapter 11 proceedings was delayed by several objections/appeals proceedings by the creditors and insurance companies and by adjustments to the plans.

It was only in the course of the year 2012 that the ANH companies agreed on a settlement with all insurance companies successful in the appeals proceedings; no objection was raised against this settlement. The confirmation hearing was held on 10/29/2012. The insolvency court confirmed the plan of reorganization on 02/13/2013 in a written opinion. Following a thorough review, RHI acknowledged this opinion. The competent district court confirmed the decision of the insolvency court on 03/11/2013. After the 30-day objection period expired and the conditions precedent were met, the plans of reorganization of the US companies became final as of 04/30/2013. RHI Refractories Holding Company received a payment of USD 40.0 million (€ 30.5 million) from Honeywell on 05/02/2013 as contractually agreed. With the completion of the reorganization proceedings, all present and future claims against the ANH companies and consequently also against RHI were finally and legally securely transferred to the trust funds.

As there had been several indications in the course of the Chapter 11 proceedings that the proceedings would draw to a close, which, however, did not prove true, RHI did not recognize the positive effect on the results from the implementation of the agreements until the final and legally secure conclusion of the proceedings. The effects on the asset, financial and earnings position of the RHI Group are shown in the table below:

in € million	06/30/2013	12/31/2012
Statement of Financial Position		
Deferred tax assets	0.4	5.2
Trade and other current payables	0.0	11.6
Income tax payables	5.6	0.0
Current provisions	7.8	41.7
Income Statement		
Net income from US Chapter 11 proceedings	75.8	0.0
Interest expenses	(1.2)	0.0
Income taxes	(10.6)	0.0
Cash Flow Statement		
Profit	64.0	0.0
Adjustments for		
income taxes	10.6	0.0
net income from US Chapter 11 proceedings	(75.8)	0.0
interest result	1.2	0.0
Net cash inflows from US Chapter 11 proceedings	27.9	0.0
Segment results		
Net income from US Chapter 11 proceedings		
Steel	48.8	0.0
Industrial	25.1	0.0
Raw Materials	1.9	0.0

With the termination of the Chapter 11 proceedings, RHI recorded the payment of € 30.5 million by Honeywell and a cash outflow of € 2.6 million, which is primarily related to calling guarantees which served as collateral for premiums and deductibles for insurance policies of ANH companies. A provision for a guarantee amounting to € 6.8 million still exists as of 06/30/2013.

Investment projects

Norway

Operations at the fusion lines in Porsgrunn, Norway, which had been damaged by a technical defect at the end of last year, were gradually resumed by the end of March. However, in the course of the optimization process unexpected problems occurred during causter loading, which will have a negative effect on the result in the coming months.

Brazil

In September 2012 the RHI Management Board decided to revise the original plan for the construction of a plant in Brazil. This decision was due to the changed political framework conditions in Brazil, especially the increase in import duties and the introduction of anti-dumping duties, and the significantly higher investment costs in comparison with the investment originally budgeted. The Management Board had made no new decision by the time of the publication of the half-year result.

Closure of Duisburg plant

On 05/03/2013 RHI decided to adjust the production capacity for magnesia-carbon bricks in Europe by closing the plant in Duisburg, Germany. This site employs roughly 120 people. The restructuring provision formed for the closure of the plant amounts to € 19 million.

Other income

Income from the sale of land, which is shown under other income, amount to € 2.9 million (first half of 2012: € 5.3 million), of which € 0.2 million result from the second quarter of 2013. The sale of land is allocable to the Raw Materials Division in its entirety (first half of 2012: € 2.7 million Raw Materials, € 1.8 million Industrial, € 0.8 million Steel).

Other expenses

The net effect of foreign currency losses recognized in the income statement and of the results of forward exchange contracts amounts to € (8.6) million in the first half of 2013 (first half of 2012: € (5.5) million).

Income taxes

The tax rate in the first half of 2013 amounts to 28%. In the first quarter of 2013, the tax rate amounted to 44% especially due to provisions for current tax audits.

Dividends

The Annual General Meeting on 05/03/2013 adopted the payout of a dividend of € 0.75 per share for the year 2012. Consequently, dividends of € 29.9 million were paid to the shareholders of RHI AG in the second quarter of 2013.

Segment reporting

The key figures of the operating segments for the first half-year of 2013 are shown in the table below:

in € million	Steel	Industrial	Raw Materials	Elimination/ Unallocated assets	Group
External revenues	542.8	307.4	20.5	0.0	870.7
Internal revenues	0.0	0.0	122.5	(122.5)	0.0
Segment revenues	**542.8**	**307.4**	**143.0**	**(122.5)**	**870.7**
Operating result	**34.8**	**36.2**	**5.6**	**0.0**	**76.6**
Restructuring costs	(12.3)	(6.6)	(0.1)	0.0	(19.0)
Net income from US Chapter 11 proceedings	48.8	25.1	1.9	0.0	75.8
EBIT	**71.3**	**54.7**	**7.4**	**0.0**	**133.4**
Financial results					(20.7)
Results from associates					3.7
Profit before income taxes					**116.4**
Segment assets at 06/30/2013	643.4	276.3	526.9	362.2	1,808.8
Shares in associates at 06/30/2013	0.2	0.0	15.1	0.0	15.3
					1,824.1

The operating segments for the first half-year of 2012 are shown in the following table:

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	**33.7**	**36.0**	**12.6**	**0.0**	**82.3**
Restructuring costs	(4.6)	0.0	0.0	0.0	(4.6)
EBIT	**29.1**	**36.0**	**12.6**	**0.0**	**77.7**
Financial results					(7.4)
Results from associates					3.2
Profit before income taxes					**73.5**
Segment assets at 12/31/2012	559.4	303.1	531.8	441.9	1,836.2
Shares in associates at 12/31/2012	0.2	0.0	13.9	0.0	14.1
					1,850.3

Financial assets and liabilities at fair value

As in the previous year, fair value is determined based on the following hierarchy:

Level 1: Prices quoted in active markets for identical financial instruments.
Level 2: Measurement techniques in which all important data used are based on observable market data.
Level 3: Measurement techniques in which all important data used are based on non-observable market data.

The following table shows the financial assets and liabilities measured at fair value according to measurement level:

	06/30/2013		
in € million	Level 1	Level 2	Level 3
Financial assets			
Other non-current financial assets - available for sale	30.7	0.0	0.0
Other non-current assets - derivatives with a hedging relationship	0.0	1.1	0.0
Other financial assets - available for sale	0.0	0.0	1.6
Financial liabilities			
Non-current financial liabilities - at fair value through profit or loss	0.0	0.0	19.8
Current financial liabilities - at fair value through profit or loss	0.0	0.0	7.4
Other financial liabilities - held for trading	0.0	1.2	0.0

	12/31/2012		
in € million	Level 1	Level 2	Level 3
Financial assets			
Other non-current financial assets - available for sale	30.3	0.0	0.0
Other financial assets - held for trading	0.0	0.1	0.0
Other financial assets - available for sale	0.0	0.0	1.6
Financial liabilities			
Non-current financial liabilities - at fair value through profit or loss	0.0	0.0	19.3
Current financial liabilities - at fair value through profit or loss	0.0	0.0	6.8
Other financial liabilities - held for trading	0.0	2.3	0.0

In the two reporting periods there were no transfers between fair value measurements of the levels 1, 2 and 3.

The development of level 3 financial liabilities measured at fair value is shown in the following table:

in € million	Financial assets	Financial liabilities
Fair value 12/31/2012	**1.6**	**26.1**
Changes recognized in the income statement	0.0	2.0
Changes recognized in other comprehensive income	0.0	0.6
Payments	0.0	(1.5)
Additions	51.1	0.0
Reclassification due to full consolidation	(51.1)	0.0
Fair value 06/30/2013	**1.6**	**27.2**

in € million	Financial assets	Financial liabilities
Fair value 12/31/2011	**13.1**	**27.4**
Changes recognized in the income statement	0.0	2.6
Changes recognized in other comprehensive income	0.0	(0.3)
Payments	0.0	(3.6)
Reclassification due to full consolidation	(11.5)	0.0
Fair value 12/31/2012	**1.6**	**26.1**

The changes of financial liabilities measured at fair value, which are recognized in the income statement, are included in interest expenses. The changes recognized in other comprehensive income are included in currency translation differences.

Financial assets and liabilities at (amortized) cost

The following table shows the carrying amounts and fair values of the financial assets and liabilities which are carried at (amortized) cost:

	06/30/2013		12/31/2012	
in € million	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Other non-current financial assets	1.5	1.5	1.5	1.5
Other non-current assets	2.8	2.8	2.6	2.6
Trade and other current receivables	364.4	364.4	351.9	351.9
Cash and cash equivalents	121.3	121.3	185.7	185.7
Financial liabilities				
Non-current financial liabilities	354.0	366.6	371.4	387.1
Current financial liabilities	204.3	205.7	206.7	207.8
Trade and other current payables	271.7	271.7	310.7	310.7

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.

Employees

In the first half-year of 2013, the average number of employees of the RHI Group amounted to 8,438 (first half-year of 2012: 8,122).

Changes in the RHI Management Board

As of 06/30/2013 Giorgio Cappelli and Manfred Hödl resigned from the Management Board of RHI AG by mutual agreement. They will be available to the RHI Group exclusively in a consulting function for upcoming projects; a corresponding agreement was concluded until 2017.

With effect from 07/01/2013, the Supervisory Board appointed Reinhold Steiner and Franz Buxbaum to the Management Board. Reinhold Steiner succeeds Giorgio Cappelli and is responsible for the Steel Division; Franz Struzl assumes responsibility for the Industrial Division, and Franz Buxbaum is responsible for the Raw Materials Division.

The change in the Management Board is associated with organizational changes which will lead to minor shifts in results between the segments. The RHI Group will report according to the new reporting structure for the first time in the third quarter of 2013.

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 2013 ending on June 30, do not necessarily allow conclusions regarding the development of future results.

Vienna, 08/06/2013

Management Board

Franz Struzl
CEO
CSO Industrial Division
CTO R&D

Barbara Potisk-Eibensteiner
CFO

Franz Buxbaum
COO

Reinhold Steiner
CSO Steel 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, 2013, 39,819,039 no-par common shares of RHI AG with voting rights were admitted to trading in Vienna.

Shareholder structure

- MS Private Foundation, AUT >25%
- Chestnut Beteiligungsgesellschaft mbH, GER* >5%
- Silver Beteiligungsgesellschaft mbH, GER* >5%
- Free Float <65%

* Voting rights are exercised jointly.

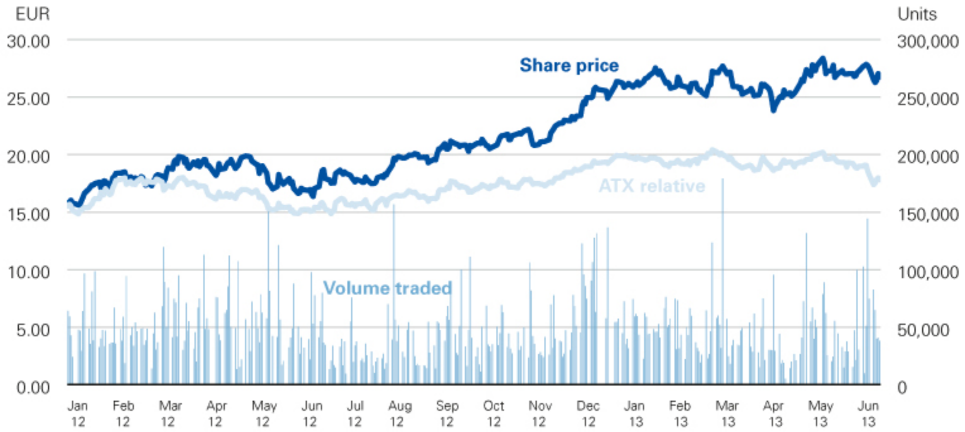
Capital market calendar 2013

Preliminary result 2012	March 8, 2013
Final result 2012	April 4, 2013
RHI Annual General Meeting	May 3, 2013
Ex-dividend day	May 8, 2013
Dividend payment day	May 13, 2013
Report on the 1st quarter of 2013	May 15, 2013
Half-year result 2013	August 6, 2013
Report on the 3rd quarter of 2013	November 5, 2013

Stock exchange key figures

	2nd Quarter	
in €	2013	2012
Highest share price	28,83	19,89
Lowest share price	23,84	16,37
Share price at end of quarter	26,75	18,35
Market capitalization (in € million)	1.065	731

Share performance 01/2012 - 06/2013



ISIN
RHI share: AT0000676903
Reuters: RHIV.VI
Bloomberg: RHI AV

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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).