

QUARTERLY FINANCIAL REPORT III/2010



RHI

Key Figures RHI Group

Earnings indicators

in € million	2010	Q1 - Q3	
		2009 ¹⁾	Change
Revenues	1,122.0	900.2	24.6%
EBITDA	142.7	73.5	94.1%
EBITDA margin	12.7%	8.2%	55.8%
EBIT	96.7	32.8	194.8%
EBIT margin	8.6%	3.6%	138.9%
Profit before income taxes	83.3	6.7	1,143.3%
Profit	88.8	4.4	1,918.2%
Net cash flow from operating activities	(4.9)	145.3	(103.4)%
Investments in property, plant and equipment and intangible assets	30.4	21.8	39.4%
Number of employees at 1 October	7,370	7,078	4.1%
Average number of employees Q1 - Q3	7,223	7,317	(1.3)%

1) after reclassification

Balance sheet indicators

in € million	1 Oct 2010	Q1 - Q3	
		30 Sep 2009	Change
Balance sheet total	1,429.6	1,264.1	13.1%
Equity	331.3	189.9	74.5%
Net debt	278.1	268.5	3.6%
Gearing	83.9%	141.4%	(40.7)%

Stock exchange indicators

in €	2010	Q1 - Q3	
		2009	Change
Earnings per share	2.28	0.11 ¹⁾	1,972.7%
Share price: high	26.47	19.60	35.1%
Share price: low	16.43	8.70	88.9%
Share price: average	21.78	13.22	64.8%
Share price at 1 October	21.90	19.00	15.3%
Market capitalisation (in € million)	872.04	723.33	20.6%
Number of shares (million units)	39.82	38.07	4.6%

1) after reclassification

Management Report RHI Group

Business Development

The recovery of the global economy largely continued in the 3rd quarter of 2010, with the developing and emerging countries recording high growth rates again. In the industrialised countries, where high unemployment is still the main problem, the development was somewhat more sluggish.

In the "World Economic Outlook" of October 2010, the IMF forecast a 4.8% increase in the global GDP over the previous year. While growth in the industrialised countries was estimated at 2.7%, the IMF expects an increase by 7.1% in the developing and emerging countries. China, at 10.5% and India, at 9.7%, will record the strongest growth rates this year according to projections. The forecast for the Euro area was clearly better than in July: The IMF now expects the Euro area to grow by 1.7% (versus 1.0% in July 2010). In the USA and Japan, GDP growth is expected to reach 2.6% and 2.8% respectively.

This improvement in the economic framework conditions was also reflected in the business development of RHI in the first three quarters. In comparison to the prior-year period, which was marked by the crisis, a substantial increase in revenues and earnings was recorded.

In the reporting period RHI took first steps in the implementation its corporate strategy. The position in the emerging markets was strengthened through capacity expansions in China, an increase in the stake in the Russian refractories producer ZAO Podolsk Refractories to 23.5% and the acquisition of a piece of land in Brazil for the construction of a production site for bricks and mixes. In late September, the third tunnel kiln in Dalian, China, was commissioned, thus increasing the production capacity by 20% to 270,000 tonnes. Structural measures were taken through the decision to close the plants in Chile and Bécancour, Canada, which will allow cost savings in the future. Rising raw material prices had an adverse effect as price increases could only partially be enforced in the reporting period.

Revenues & earnings

Revenues of the RHI Group rose by 29.0% to € 381.3 million in the 3rd quarter of 2010 compared to the 3rd quarter of 2009 (Q3 2009: € 295.7 million). The Steel Division reported a 42% increase. Revenues of the Industrial Division were up 7.1% on the reference period of 2009. The Group's sales volume amounted to 449,995 tonnes (reference period 2009: 346,300 tonnes). The Group's operating result of the 3rd quarter soared by 124.7% to € 32.8 million compared to the reference period of 2009 (2009:€ 14.5 million). The pre-restructuring EBIT margin thus improved from 4.9% to 8.6%. The balance of impairment losses, the reversal of impairment losses and restructuring expenses amounted to € 6.4 million in the 3rd quarter and was largely related to the plant closures in Chile und Bécancour, Canada. The Group's EBIT thus equalled € 26.4 million in the 3rd quarter (reference period 2009: € 11.4 million).

In comparison with the 2nd quarter of 2010, the 3rd quarter of 2010 showed a slightly weaker development, which was primarily attributable to the Industrial Division. Revenues were 4.3% below the previous quarter, and EBIT declined from € 38.6 million to € 26.4 million.

Revenues of the RHI Group thus increased by 24.6% to € 1,122.0 million in the first three quarters of 2010 compared with the reference period of 2009 (2009: € 900.2 million). The operating result of the Group was up 135.6% on the reference period of 2009 and amounted to € 107.2 million (2009: € 45.5 million).

In the 3rd quarter, deferred taxes for loss carryforwards of € 27.8 million were additionally capitalised, which generated tax income to the amount of € 18.1 million. The tax rate for the first nine months thus equalled +6.6% (tax income). Hence, RHI has capitalised roughly 50% of the existing loss carryforwards.

As of 1 October 2010, the equity ratio was raised further to 23.2% versus 22.3% as of 2 July 2010. Cash and cash equivalents declined by € 44.7 million to € 103.6 million due to the negative cash flow development, which caused net debt, at € 278.1 million, to clearly exceed the level of the previous quarter of € 234.4 million. Net cash flow from operating activities declined further to € -4.9 million in the 3rd quarter of 2010 (1st half of 2010: € 16.2 million), which is primarily attributable to anticipated raw material purchases from China. Net cash flow from investing activities, at € -28.9 million (1st half of 2010: € -8.9 million) largely reflects the capacity expansion in Dalian, China, the cash payment in the squeeze-out proceedings of Didier-Werke AG as well as the down payment for the purchase of land in Brazil.

In the US Chapter 11 proceedings, the NARCO appeal proceedings were closed due to a settlement with the plaintiffs. In the GIT appeal proceedings the court has announced that a new hearing would be held on 13 October 2010 before the entire judges' college. Beyond that no further developments took place.

The number of employees rose by 1.5% to 7,370 compared to the previous quarter.

Segment Reporting

Development of the individual divisions

	3 rd Quarter		Q1 - Q3	
	2010	2009 ¹⁾	2010	2009 ¹⁾
Sales (thousand tonnes)	450.0	346.3	1,312.2	1,010.1
in € million				
Revenues	381.3	295.7	1,122.0	900.2
Steel Division	254.2	179.0	720.4	497.4
Industrial Division	120.3	112.3	382.4	387.7
Raw Materials Division				
External revenues	6.8	4.4	19.2	15.1
Internal revenues	36.4	28.0	101.7	80.8
Operating result²⁾	32.8	14.5	107.2	45.5
Steel Division	15.4	4.0	46.3	(5.8)
Industrial Division	13.0	13.1	52.2	46.1
Raw Materials Division	4.4	(2.6)	8.7	5.2
Operating result margin²⁾	8.6%	4.9%	9.6%	5.1%
Steel Division	6.1%	2.2%	6.4%	(1.1)%
Industrial Division	10.8%	11.7%	13.7%	11.9%
Raw Materials Division	10.2%	(8.0)%	7.2%	5.4%
EBIT	26.4	11.4	96.7	32.8
Steel Division	18.9	3.2	47.7	(10.8)
Industrial Division	3.2	8.5	40.5	39.1
Raw Materials Division	4.3	(0.3)	8.5	4.5
EBIT margin	6.9%	3.9%	8.6%	3.6%
Steel Division	7.4%	1.8%	6.6%	(2.2)%
Industrial Division	2.7%	7.6%	10.6%	10.1%
Raw Materials Division	10.0%	(0.9)%	7.0%	4.7%

1) after reclassification

2) before impairment losses and restructuring expenses

Steel Division

Following five consecutive quarters of growth since the crisis, the global steel output declined for the first time in the 3rd quarter of 2010. The developments varied greatly by region, which is also due to seasonal effects.

tonnes	2 nd Quarter 2010	3 rd Quarter 2010	Change
China	165,312,000	151,324,000	(8.5)%
EU	46,987,529	40,284,410	(14.3)%
North America	29,006,587	28,111,272	(3.1)%
World ex China	198,751,060	188,356,036	(5.2)%
Total	364,063,060	339,680,036	(6.7)%

The Steel Division reported a significant increase in revenues and earnings in the first three quarters compared to the prior-year reference period. Revenues, at € 720.4 million, were up 44.8% on the prior-year period. The operating result of the Steel Division rose significantly from € -5.8 million to € 46.3 million.

Quarterly results improved by 42.0% on the comparative period, from € 179.0 million to € 254.2 million; the operating result increased from € 4.0 million to € 15.4 million. In comparison with the 2nd quarter, the Steel Division recorded a 2.7% increase in revenues, thus clearly outperforming the market. Rising raw material prices could only partially be passed on to customers in the 3rd quarter via price increases. The pre-restructuring EBIT margin amounted to 6.1% versus 6.0% in the 2nd quarter.

EMEA Following dynamic growth in the 2nd quarter, seasonal effects during the summer led to a slowdown of the steel industry in Western Europe in the 3rd quarter. In September the Western European steel markets stabilised at the level of the first half of the year. In Eastern Europe, the level of the previous quarter was maintained in the 3rd quarter, with an unchanged moderate development in steel production. A positive development was, however, recorded in the Middle East countries. RHI managed to position itself as a reliable market and technology leader in all regions. This was illustrated especially through a major project in Turkey and the high capacity utilisation in this region.

North America In North America, steel output in the 3rd quarter was below the level of the 2nd quarter, but exceeded that of the 1st quarter of 2010. RHI used this phase of consolidation to intensively work the market and benefited especially from the high quality of the products offered as well as from its positioning as a full-range refractories supplier. Hence, first price increases were implemented and further full-line-service contracts were concluded.

South America Steel production in South America has shown strong growth so far this year. Based on increased market presence RHI massively expanded business and gained market share. RHI also won several major contracts with renowned steel producers such as AM Brazil, ThyssenKrupp and Vallourec Sumitomo in the reporting period.

Asia/Pacific In Asia/Pacific the steel markets recorded a stable development in comparison with the first half of 2010. RHI developed clearly better than the market in the 3rd quarter and increased revenues. Business in India showed a particularly positive development.

China Despite a decline in steel production, RHI managed to raise revenues in China further during the reporting period. RHI benefited from the successful focus on high-quality products and on project business.

Industrial Division

In the Industrial Division the 3rd quarter of 2010 was characterised by the seasonal weakness during the summer months. The environment in the construction and glass industries was still difficult. The global construction industry still showed no signs of a sustainable recovery in the reporting period. Customers in the glass business were still affected by difficulties in financing projects, which dampened demand significantly. In general, the investment cycle has not yet resumed after the crisis.

The division's revenues therefore fell below the prior-year level of € 387.7 million and amounted to € 382.4 million in the first three quarters of 2010. In the 3rd quarter of 2010, revenues, at € 120.3 million, exceeded the level of the 3rd quarter of 2009 of € 112.3 million; however, a decline was recorded compared to the 2nd quarter of 2010,

when revenues equalled € 144.8 million. The operating result amounted to € 13.0 million in the 3rd quarter. Restructuring costs of € 9.8 million were incurred in the context of the closure of plants in Chile and Canada.

Glass In the glass segment revenues continued at a low level in the 3rd quarter of 2010 due to the weak development of incoming orders. It was only towards the end of the reporting period that the situation improved noticeably. In the flat glass market several lines resumed operations. Moreover, the planning of new construction programmes recently gained momentum again, especially in the emerging markets (Brazil, India, Russia). RHI continued to expand its position in the Russian market as the share in the Russian refractories producer ZAO Podolsk Refractories was increased to 23.5% and due to the related sales activities. Positive impulses for the refractories industry also came from China, where the production of special glass is growing and modern production methods are increasingly used.

Cement/Lime In the cement/lime segment the regionally varied market development also continued in the 3rd quarter of 2010. In the cement market the downturn was finally stopped in some crisis-stricken regions, but no tangible turnaround with growing cement sales was recorded yet. While business in the USA and Western Europe focused on repair work, some first new plant projects were realised in Russia. In South America, the planned infrastructure projects and the related rise in the demand for cement provided for investments in new production plants. RHI participated in this development both in Russia and in South America. RHI also reacted to the increased demand for refractories in the Chinese refractories industry by commissioning a third tunnel kiln in Dalian, thus further expanding business in China. This is above all also attributable to the high product quality and the Group's problem solving competence.

In the lime business the 3rd quarter was characterised by weaker demand due to seasonal factors. Overall, the situation in project business, which has been weak so far, started to normalise. Only in the BRIC countries were major new construction projects started.

Nonferrous Metals In the nonferrous metals segment, the positive development of metal prices also continued in the 3rd quarter. The price of copper almost reached the historic record levels of 2007 during the reporting period. This favourable price development had clearly positive effects on project business. As activities in project business picked up again, RHI recorded double-digit growth rates in sales volume and revenues in the nonferrous metals segment in the third quarter as compared to the preceding quarters.

Environment, Energy, Chemicals The positive trend of the previous quarters continued in the environment, energy, chemicals segment in the 3rd quarter. New construction projects, which were postponed or stopped during the financial crisis, are now slowly being implemented. Accordingly, the development of revenues was positive.

Raw Materials Division

Revenues in the Raw Materials Division totalled € 120.9 million in the first nine months of 2010, versus € 95.9 million in the prior-year period. In the 3rd quarter of 2010, revenues improved by 33.3% compared with the reference period of 2009, from € 32.4 million to € 43.2 million. This increase was caused by significantly higher demand by the Steel Division and a 47.7% increase in external revenues. The operating result amounted to € 4.4 million in the reporting period, which corresponds to a 100% increase on the previous quarter and is attributable to the higher market prices of magnesitic raw materials.

In the 3rd quarter, raw material production hit a high, exceeding production of the previous quarter by roughly 12%. Capacity utilisation was raised by 39.2% compared to the first three quarters of 2009 so that the raw material plants are largely working to capacity.

The upward trend of raw material prices continued in the 3rd quarter of 2010. Market prices for Chinese raw materials remained at a high level due to price increases for export licenses. Other raw material suppliers used this development to increase their own prices.

Risk Report

In the 3rd quarter of 2010, no relevant changes occurred in the risk categories or the methods of risk management.

Outlook

In the Steel Division, RHI expects the business development in the 4th quarter of 2010 to be slightly below that of the previous quarter. The growth of steel output will decline slightly in comparison with the first half of 2010.

In the Industrial Division, the level of incoming orders and the beginning winter repair business give reason to expect a good 4th quarter.

The development of the Raw Materials Division will continue to be characterised by price increases and high capacity utilisation in the 4th quarter of 2010.

Overall, RHI expects a slight increase in revenues in the 4th quarter of 2010 compared to the 3rd quarter 2010. The result of the 4th quarter will be at the level of the 3rd quarter due to positive mixed effects from the growth in the Industrial business and price effects from raw material price increases, which have not yet been fully passed on. In the whole year 2010, RHI will generate revenues of roughly € 1.5 billion, thus exceeding the prior-year figure by a clear margin.

Condensed Consolidated Interim Financial Statements

Selected Explanatory Notes

Principles and methods

Starting with the 2nd quarter of 2010, the financial years of RHI AG are divided into four quarters of 13 weeks each. The resulting reporting periods for the financial year 2010 and the periods of the previous year are illustrated in the following table:

	2010	2009
1 st quarter	1 Jan - 31 Mar	1 Jan - 31 Mar
2 nd quarter	1 Apr - 2 Jul	1 Apr - 30 Jun
3 rd quarter	3 Jul - 1 Oct	1 Jul - 30 Sep
4 th quarter	2 Oct - 31 Dec	1 Oct - 31 Dec

The interim financial statements as of 1 October 2010 were prepared in accordance with IAS 34 and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as amended and endorsed by the European Union (EU).

In the interim financial statements as of 1 October 2010, the same accounting and valuation principles as in the preparation of the consolidated financial statements as of 31 December 2009 were applied. The following new or revised accounting standards and interpretations, which are also applicable within the EU, were applied for the first time in the year 2010:

- >> IAS 27 (amended 2008): Consolidated and Separate Financial Statements
- >> IAS 28 (amended 2008): Investments in Associates
- >> IAS 32 (amended 2009): Financial Instruments: Presentation - Classification of Rights Issues
- >> IAS 39 (amended 2008): Financial Instruments: Recognition and Measurement - Eligible Hedged Items
- >> IFRS 2 (amended 2009): Share-based Payment - Group Cash-settled Share-based Payment Arrangements
- >> IFRS 3 (amended 2008): Business Combinations
- >> Improvements to IFRSs (2009)
- >> IFRIC 17 (2008): Distributions of Non-Cash Assets to Owners
- >> IFRIC 18 (2009): Transfers of Assets from Customers
- >> IFRIC 19 (2009): Extinguishing Financial Liabilities with Equity Instruments

The revised versions of IFRS 3 "Business Combinations" and IAS 27 "Consolidated and Separate Financial Statements" have been applied by the RHI Group since 1 January 2010. Explanations on major changes compared to the previous version of these standards are provided in the quarterly report I/2010, Notes to the Consolidated Financial Statements, "Accounting principles, general".

The remaining new or revised standards and interpretations were also applied in these financial statements. Their application had no effect on the figures reported in these financial statements, but may affect the accounting of future transactions.

The presentation of the income statement has changed as follows:

In the year 2009, the costs of information technology of the production plants and the competence centres of production previously reported centrally were no longer recognised under general and administration costs, but under cost of sales. In the first three quarters of 2009 € 7.2 million were reclassified to the income statement

item cost of sales. Moreover, the costs of services previously included under sales and marketing costs amounting to € 3.7 million were transferred to cost of sales.

In 2010, a reclassification was introduced pursuant to which the originally reported line item special direct distribution costs was transferred to cost of sales and sales and marketing costs. The special direct distribution costs, the reporting of which is not common among our peers, originally consisted of freight, licences, commissions and other costs and amounted to € 72.8 million in the first nine months of 2009. Except for commissions amounting to € 17.3 million, which were allocated to sales and marketing costs, all other items were re-allocated to cost of sales. As a result the reclassified cost of sales for the first three quarters of 2009 increased by € 55.5 million and sales and marketing costs increased by € 17.3 million.

In 2010 segment reporting has changed as follows:

As of 2010 internal and external revenues in the Raw Materials segment only reflect internally produced raw materials. Previously raw materials purchased from third parties also led to internal revenues of the Raw Materials segment. This change resulted in a decline in revenues in the Raw Materials segment by € 229.8 million in the first nine months of 2009.

The proceeds from the sale of emission certificates of € 3.1 million realised in the 2nd quarter of 2009 were allocated to the divisions.

In order to enhance comparability and transparency of the operating segments Steel, Industrial and Raw Materials, expenses for central functions and other previously not assigned income and expenses are allocated to the three operating segments in the management reporting starting with 2010. The costs of € 20.0 million of the comparable period originally reported under "Holding and other" were allocated to the operating segments on the basis of external revenues of the segments realised in the first three quarters of 2009.

Review This interim financial report was reviewed based on ISRE 2410 by Deloitte Audit Wirtschaftsprüfungs GmbH, Vienna.

Consolidated companies With effect from 1 July 2010, the newly established subsidiary RHI US Ltd, Delaware, USA (100%) was added to the group of consolidated companies.

In the 3rd quarter 2010 the remaining 2.5% of the shares of Didier-Werke AG, Wiesbaden, Germany, held by minority shareholders were transferred by law to RHI AG, due to the registration of the executed squeeze-out in the commercial register. RHI AG now is the sole shareholder. The difference between the cost of the remaining shares amounting to € 5.7 million and the € 4.2 million proportional carrying value of the non-controlling interests equalled € 1.5 million, and was recognised directly in equity.

In the first half of 2009 RHI acquired the remaining 33.33% in RHI Refractories Spaeter GmbH, Urmitz, Germany, so that RHI holds 100% of the shares. The difference between the cost of the additional shares amounting to € 2.1 million and the proportional carrying value of the non-controlling interests of € 0.3 million amounted to € 1.8 million and was recognised directly in equity.

Income taxes	The RHI Group reported income from income taxes amounting to € 18.1 million in the 3 rd quarter of 2010. Of this amount, € 10.5 million are related to expenses for current income taxes and income taxes relating to prior periods. This is offset by deferred tax income amounting to € 28.6 million, which results essentially from the additional capitalisation of deferred taxes for tax loss carryforwards of € 27.8 million because the improved earnings outlook within the planning period defined for the accounting and measurement of deferred taxes has changed the estimate of the utilisation of tax loss carryforwards.
Earthquake in Chile in February 2010	The earthquake in Chile in late February 2010 had a massive impact on the RHI plant in Santiago. The reduction in carrying amounts of € 2.9 million related to the destroyed plants and the corresponding insurance compensation amounting to € 7.9 million are shown net under other income. In addition, it was decided to suspend all brick production at the production site in Chile rather than rebuilding the capacity, which was damaged beyond repair. Existing inventories for brick production have thus ceased to be useful. The resulting impairment losses on inventories amounting to € 1.2 million are included under restructuring costs. Currently the continuation of production of monolithics is under evaluation. Proceeds from the insurance compensation for the operational interruption and other damage amounts to roughly € 3.5 million for the first nine months of 2010 and is also shown under other income. Corresponding expenses are included in the individual items of the income statement.
Closure Bécancour plant	Following a series of temporary closures in the Canadian Bécancour plant throughout the past 12 months, the plant was definitely closed and all production activities were stopped. Due to the plant closure restructuring costs amounting to € 7.3 million were recognised in the income statement. RHI will cover the demand of clients in the affected region from alternative RHI production sites in the future.
Reversal of impairment losses	For property, plant and equipment of the Aken plant, Germany, a reversal of impairment losses of € 5.3 million was recognised to profit and loss as production was resumed at this plant due to an increase in demand for magnesia carbon products and a change in the logistics strategy for these products.
Contingent liabilities	There were no material changes to the contingent liabilities since the last balance sheet date.
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.
Changes in the Management Board	Mr. Rudolf Payer, a member of the Management Board of RHI AG since 6 June 2007, resigned from his mandate with effect from 12 March 2010. His responsibilities were taken over by Mr. Henning E. Jensen, CFO of RHI AG as of 18 January 2010.

Mr. Thomas Fahnemann, CEO of RHI AG since 1 January 2009, resigned from his mandate with effect from 21 August 2010. Also with effect from 21 August 2010, the RHI Supervisory Board appointed Henning E. Jensen "Sprecher des Vorstandes" in addition to his current role as CFO of RHI AG.

Vienna, 21 October 2010

Management Board



Giorgio Cappelli
COO Steel



Henning E. Jensen
CFO, "Sprecher des Vorstandes"



Manfred Hödl
COO Industrial and Raw Materials

Report on Review of Condensed Consolidated Interim Financial Information

Att. Managing Board of RHI AG

Introduction We have reviewed the accompanying Condensed Interim Financial Statements 3rd Quarter 2010 of RHI AG, Vienna. These interim financial statements comprise the Consolidated Statement of Financial Position as of October 1, 2010, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement for the nine-month period then ended, and Selected Explanatory Notes to the Condensed Interim Financial Statements 3rd Quarter 2010. Management is responsible for the preparation and fair presentation of the Condensed Interim Financial Statements 3rd Quarter 2010 in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. Our responsibility is to express a conclusion on this interim financial information based on our review.

Referring to § 275 of the Austrian Enterprise Code ("UGB") our responsibility and liability for actual damage due to gross negligence is limited to EUR million 2. According to the "General Conditions of Contract for the Public Accounting Professions," as issued by the Chamber of Public Accountants and Tax Advisors in Austria on March 8, 2000, revised on March 22, 2010 ("AAB 2010") our liability for slight negligence is excluded. The above mentioned limitations of liability as agreed with RHI AG are also applicable to our relation to third parties, who undertake or refrain from actions on the basis of our review report.

Scope of Review We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion Based on our review, nothing has come to our attention that causes us to believe that the accompanying Condensed Interim Financial Statements 3rd Quarter 2010 of RHI AG do not give a true and fair view of the financial position of the entity as at October 1, 2010, and of its financial performance and its cash flows for the nine-month period then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Vienna, October 21, 2010

Deloitte Audit Wirtschaftsprüfungs GmbH

Mag. Nikolaus Schaffer m.p. Dr. Gottfried Spitzer m.p.
Austrian Certified Public Accountant Austrian Certified Public Accountant

Condensed Consolidated Interim Financial Statements

Consolidated Statement of Financial Position

in € million	01.10.2010	31.12.2009
ASSETS		
Non-current assets		
Property, plant and equipment	412.0	411.2
Goodwill	14.8	14.7
Other intangible assets	39.1	41.3
Shares in associates	14.5	12.4
Other financial assets	36.2	36.9
Non-current receivables	0.7	2.8
Deferred tax assets	98.4	72.1
	615.7	591.4
Current assets		
Inventories	420.4	286.7
Trade and other current receivables	283.6	246.4
Income tax receivables	4.6	4.2
Other financial assets	1.7	2.7
Cash and cash equivalents	103.6	139.8
	813.9	679.8
	1,429.6	1,271.2
EQUITY AND LIABILITIES		
Equity		
Share capital	289.4	289.4
Group reserves	31.1	(80.1)
Equity attributable to equity holders of RHI AG	320.5	209.3
Non-controlling interests	10.8	18.5
	331.3	227.8
Non-current liabilities		
Non-current financial liabilities	249.7	217.6
Deferred tax liabilities	4.8	8.7
Personnel provisions	283.4	287.5
Other non-current provisions	3.3	3.2
Other non-current liabilities	6.4	5.7
	547.6	522.7
Current liabilities		
Current financial liabilities	132.0	155.4
Trade and other current payables	304.8	265.2
Other financial liabilities	3.5	1.4
Income tax payables	40.8	27.2
Current provisions	69.6	71.5
	550.7	520.7
	1,429.6	1,271.2

Consolidated Income Statement

in € million	3 rd Quarter		Q1 - Q3	
	2010	2009 ¹⁾	2010	2009 ¹⁾
Revenues	381.3	295.7	1,122.0	900.2
Cost of sales	(294.2)	(236.9)	(860.8)	(704.9)
Gross profit	87.1	58.8	261.2	195.3
Sales and marketing costs	(20.9)	(23.7)	(72.2)	(74.5)
General and administration costs	(27.9)	(23.8)	(78.6)	(76.2)
Other income	2.1	2.0	11.3	6.8
Other expenses	(7.6)	1.2	(14.5)	(5.9)
Operating result	32.8	14.5	107.2	45.5
Reversal of impairment losses/Impairment losses	3.7	0.0	3.7	(2.8)
Restructuring costs	(10.1)	(3.1)	(14.2)	(9.9)
Operating results	26.4	11.4	96.7	32.8
Interest income	0.3	0.3	1.2	1.0
Interest expenses	(3.1)	(4.9)	(10.0)	(15.7)
Other financial result	(3.7)	(4.0)	(9.9)	(12.5)
Financial result	(6.5)	(8.6)	(18.7)	(27.2)
Results from associates	1.7	0.8	5.3	1.1
Profit before income taxes	21.6	3.6	83.3	6.7
Income taxes	18.1	(1.5)	5.5	(2.3)
Profit from continuing operations	39.7	2.1	88.8	4.4
Profit from discontinued operations	0.5	0.0	0.5	0.0
Profit	40.2	2.1	89.3	4.4
Profit/Loss attributable to equity holders of RHI AG	40.5	2.2	90.7	4.0
non-controlling interests	(0.3)	(0.1)	(1.4)	0.4
in €	40.2	2.1	89.3	4.4
Basic earnings per share	1.02	0.06	2.28	0.11
Diluted earnings per share ²⁾	1.02	0.06	2.28	0.11

1) Explanation on the reclassified comparable data for 2009 are provided in the notes

2) The calculation of diluted earnings per share for the comparative period 2009 was based on the assumption that the convertible bonds issued would be converted by 31 December 2009. As of 31 December 2009, all convertible bonds had been converted.

Consolidated Statement of Comprehensive Income

in € million	3 rd Quarter		Q1 - Q3	
	2010	2009	2010	2009
Profit	40.2	2.1	89.3	4.4
Unrealised results from currency translation recognised in equity	(14.8)	(9.7)	23.3	5.7
Total comprehensive income	25.4	(7.6)	112.6	10.1
Total comprehensive income attributable to equity holders of RHI AG	26.7	(7.0)	112.7	10.1
non-controlling interests	(1.3)	(0.6)	(0.1)	0.0
	25.4	(7.6)	112.6	10.1

Consolidated Statement of Changes in Equity

in € million	Equity attributable to equity holders of RHI AG						Non-controlling interests	Total equity
	Share capital	Additional paid-in capital	Fair value reserves	Currency translation reserves	Accumulated results	Total		
31.12.2009	289.4	38.3	3.1	(61.3)	(60.2)	209.3	18.5	227.8
Total comprehensive income	-	-	-	22.0	90.7	112.7	(0.1)	112.6
Dividend income	-	-	-	-	-	0.0	(3.3)	(3.3)
Change in non-controlling interests	-	-	-	-	(1.5)	(1.5)	(4.3)	(5.8)
01.10.2010	289.4	38.3	3.1	(39.3)	29.0	320.5	10.8	331.3

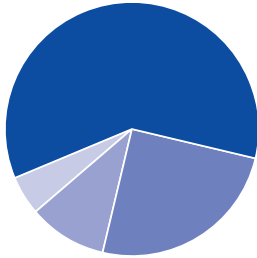
in € million	Equity attributable to equity holders of RHI AG						Non-controlling interests	Total equity
	Share capital	Additional paid-in capital	Fair value reserves	Currency translation reserves	Accumulated results	Total		
31.12.2008	275.6	38.3	3.1	(79.4)	(75.0)	162.6	19.2	181.8
Total comprehensive income	-	-	-	6.1	4.0	10.1	0.0	10.1
Capital increase	1.0	-	-	-	-	1.0	0.0	1.0
Dividend income	-	-	-	-	-	0.0	(0.9)	(0.9)
Change in non-controlling interests	-	-	-	-	(1.8)	(1.8)	(0.3)	(2.1)
30.09.2009	276.6	38.3	3.1	(73.3)	(72.8)	171.9	18.0	189.9

Consolidated Cash Flow Statement

in € million	Q1 - Q3	
	2010	2009
Profit from continuing operations	88.8	4.4
Adjustments for		
income taxes	(5.5)	2.3
depreciation and amortisation charges	40.3	37.9
impairment losses on property, plant and equipment and intangible assets	5.7	2.8
write-ups of property, plant and equipment and intangible assets	(5.3)	0.0
write-ups of financial assets	(1.1)	(0.3)
losses from sale of non-current assets	0.4	0.4
interest result	8.8	14.7
dividend income	(0.8)	(0.3)
results from associates	(5.3)	(1.1)
other non-cash changes	14.5	10.8
Change in working capital		
Inventories	(122.5)	85.2
Trade receivables	(20.3)	63.9
Other receivables and assets	(9.2)	4.8
Provisions	(14.6)	(18.4)
Trade payables	30.7	(40.6)
Other liabilities	0.9	(13.7)
Cash flow from operating activities	5.5	152.8
Income taxes paid	(10.4)	(7.5)
Net cash flow from operating activities	(4.9)	145.3
Investments in non controlling interests	(6.1)	(1.7)
Investments in property, plant and equipment and intangible assets	(30.4)	(21.8)
Cash inflows from the sale of property, plant and equipment and intangible assets	1.5	1.0
Investments in non-current receivables	(0.1)	(2.2)
Cash inflows from non-current receivables	0.1	0.4
Investments in financial assets	(0.5)	0.0
Cash inflows from the sale of financial assets	0.0	0.9
Dividend payments from associates	3.2	2.9
Investment subsidies received	1.4	0.0
Interest received	1.2	1.0
Dividends received	0.8	0.2
Net cash flow from investing activities	(28.9)	(19.3)
Dividend payments to non-controlling interests	(1.1)	(0.8)
Proceeds from non-current borrowings	5.7	10.2
Repayment of non-current borrowings	(4.6)	(13.0)
Proceeds from current borrowings	5.1	10.0
Repayment of current borrowings	0.0	(6.1)
Interest payments	(10.0)	(15.9)
Net cash flow from financing activities	(4.9)	(15.6)
Total cash flow	(38.7)	110.4
Change in cash and cash equivalents	(38.7)	110.4
Cash and cash equivalents as of 01.01.	139.8	46.3
Change in cash and cash equivalents due to currency translation	2.5	(0.4)
Cash and cash equivalents as of 01.10.	103.6	156.3

RHI Share

RHI Shareholder structure



- < 60% Free float
- > 25% MS Private Foundation, Austria
- > 10% FEWI BeteiligungsgmbH, Germany
- > 5% Raiffeisen Bank International AG, Austria

The shares of RHI AG are admitted to 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. In the year 2009, all outstanding convertible bonds were converted to new RHI shares. On 1 October 2010, 39,819,039 no-par common shares with voting rights of RHI AG were admitted to trading in Vienna.

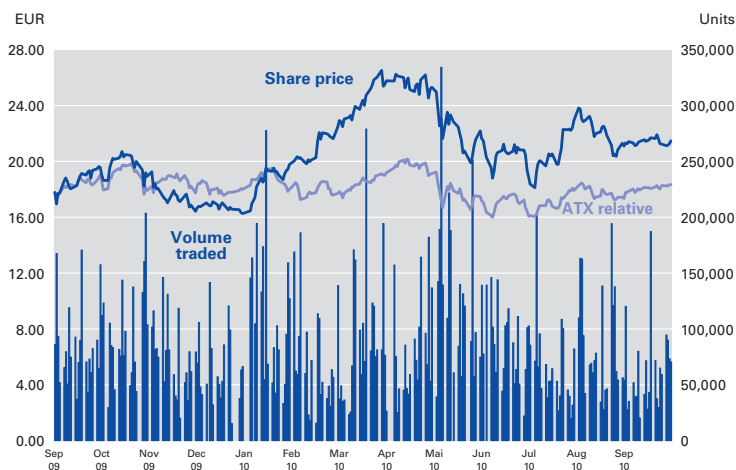
Financial Calendar 2011

Preliminary results 2010	8 March 2011
Final results 2010	25 March 2011
RHI Annual General Meeting	6 May 2011
Results for the 1 st quarter 2011	12 May 2011
Half-year results 2011	4 August 2011
Results for the 3 rd quarter 2011	3 November 2011

Stock exchange key figures

in €	Q1 - Q3	
	2010	2009
Highest share price	26.47	19.60
Lowest share price	16.43	8.70
Share price at 1 October	21.90	19.00
Market capitalisation (in € million)	872	723

Performance of the RHI share 09/2009 - 09/2010



ISIN

RHI Share: AT 0000676903

Reuters: RHIV.VI

Bloomberg: RHI AV

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In this report, terms may be used that are 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).