



Key figures	Thousands of euros	Q1 2004	Q1 2003	Change
		Sales	45,248	43,205
Sales abroad as a percentage of sales	84%	83%		
Cost of sales	-19,603	-17,866	+10%	
as a percentage of sales	43.3%	41.4%		
Sales and service expenses	-13,035	-12,345	+ 6%	
as a percentage of sales	28.8%	28.6%		
Research and development expenses	-2,615	-2,724	- 4%	
as a percentage of sales	5.8%	6.3%		
General administration expenses	-2,537	-2,634	- 4%	
as a percentage of sales	5.6%	6.1%		
EBIT – earnings before interest and taxes	7,833	7,644	+ 2%	
as a percentage of sales	17.3%	17.7%		
EBT – earnings before taxes	7,875	7,556	+ 4%	
as a percentage of sales	17.4%	17.5%		
Group earnings	4,666	4,504	+ 4%	
as a percentage of sales	10.3%	10.4%		
per share in euros	0.41	0.40		
Cash flow from operating activities	510	2,012	-75%	
per share in euros	0.04	0.18		
Balance sheet total	130,175	116,980	+11%	
Equity	95,393	83,189	+15%	
as a percentage of the balance sheet total	73.3%	71.1%		
Working capital (without liquid funds)	43,387	37,498	+16%	
Employees (as an annual average)	708	664	+ 7%	
Sales per employee	63.9	65.1	- 2%	

Dear Shareholders,
Dear Business Partners,

Thank you for your interest in RATIONAL AG.

| Business report

Weak start for the economy in the 1st quarter of 2004

Underlying global economic conditions did not improve significantly in the first quarter of 2004. In Germany in particular, the year got off to a somewhat muted start. Hence for the first half of 2004 we expect to see no more than a hesitant economic recovery.

However, we anticipate a definite upward trend in the second half of the year, primarily because of positive trends in Europe, America and Asia.

Continued growth at RATIONAL

Besides the weak economy, the launch of our totally new product line, announced in Europe in the 1st quarter, had a negative effect on business, due to reticence about purchasing on the part of customers.

Despite this, RATIONAL AG continued its international growth in the first three months of 2004. Sales revenues of 45.2 million euros were 5 per cent up on the previous year. In fact, currency-adjusted growth, and hence actual sales performance, rose by 6 per cent.

54 per cent growth in North America

Because of its very high untapped potential the American market is particularly important for the future growth of RATIONAL AG.

Rising sales figures, in conjunction with the fact that RATIONAL technology is making ever more of a name for itself in America's commercial kitchens, bear impressive testimony to the success of our market development strategy.

In the first quarter of 2004 RATIONAL grew by 54 per cent in North America in local currency terms. The North American market, with subsidiaries in the US and Canada, is thus already making a major contribution to the successful growth of the company.

High earning power despite extra costs

One-off extra costs for fully converting production and preparing for the global market launch of the new product generation had a negative effect on profits in the first quarter 2004 of around 1 million euros.

Nevertheless RATIONAL was able to further improve its earning power, with earnings before taxes (EBT) at 7.9 million euros, up by 4 per cent.

| New product

The world's first SelfCooking Center® – We do the unexpected!

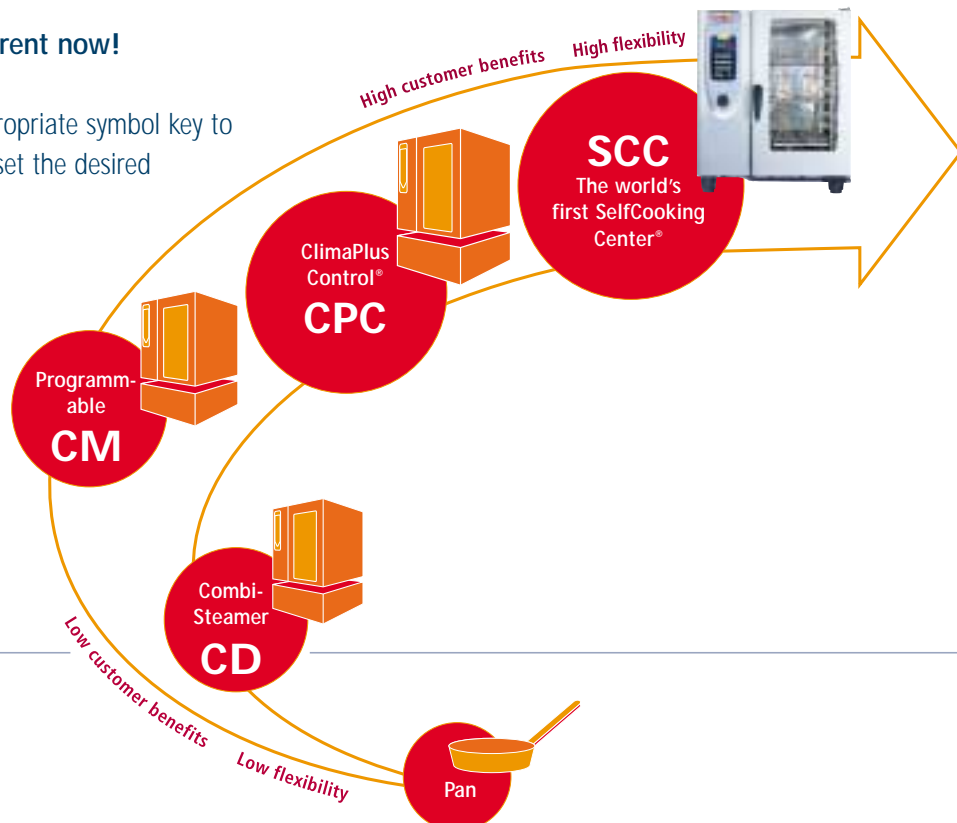
In line with our principle of "Never me too", or "Never copy", we have permanently transformed our industry. From hot-air oven to combi-steamer, from combi-steamer to ClimaPlus Combi® and now from ClimaPlus Combi® to a totally new, revolutionary technology, the world's first SelfCooking Center® (SCC).

With this new product line we bid farewell to the pursuit of ever more conspicuous technology, complex operation, expensive training for operating personnel and constant supervision of cooking processes.

The timing is perfect. Just as certain competitors have slowly moved in the direction of our ClimaPlus Combi® technology, RATIONAL has come up with a totally new approach. From now on, fascination with cooking is to the fore. The new SCC is easier to use than the frying pan. Yet at the same time this technology offers our customers significantly more benefits and flexibility than a combi-steamer ever could.

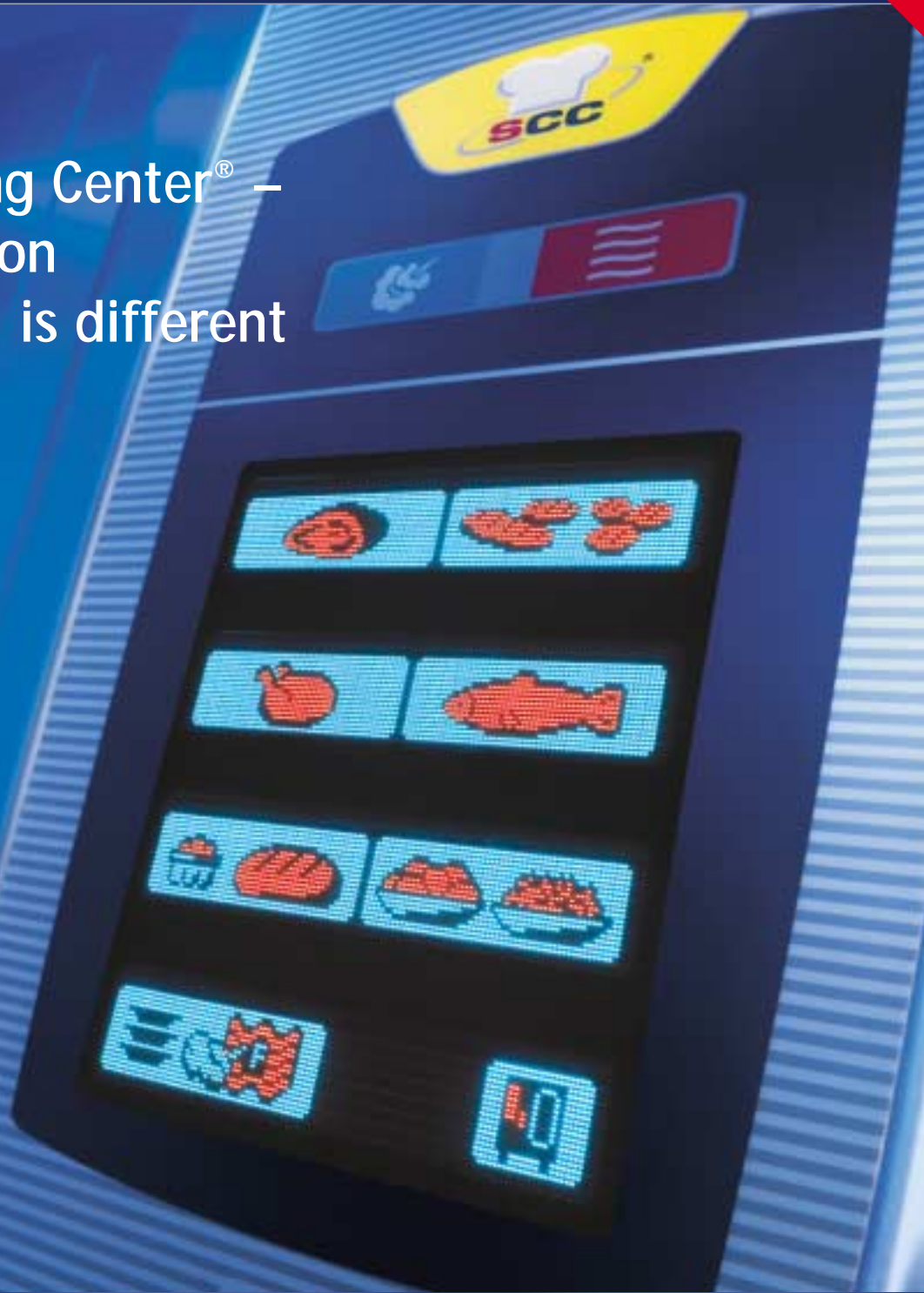
Everything is different now!

Simply press the appropriate symbol key to select the food, and set the desired result.
That's it!



World
Première

RATIONAL
SelfCooking Center® –
from now on
everything is different



As of now, traditional settings such as temperature, time and humidity, or complex programming, constant checks and a host of routine tasks are all things of the past.

SelfCooking Control® automatically identifies the product-specific requirements, such as the size of the food and the size of the batch. SelfCooking Control® sensitively checks and optimises the cooking process 3600 times an hour. The food is cooked to perfection – overnight if necessary, and repeatable time after time.

Above all, the world's first SelfCooking Center® now gives chefs time for what is really important – in other words, time for creative menu planning, careful purchasing, the perfect mise en place and the creative presentation.

The more intelligent the technology, the easier it is to operate

On the principle of "Keep it simple", the new SCC technology works entirely unobtrusively in the background to ensure that all the unit's functions are used fully automatically and to the maximum at all times, to produce the desired perfect result. Hence purchasers always get the full benefit from the money they have invested.

The ease of operation will help us to bring our technology to the fore even more quickly, particularly in the still largely untapped strategic future markets of Asia and America.

| Award

GEO Award for top company quality

On February 27, 2004 RATIONAL AG was presented with the Global Excellence in Operations (GEO) Award for top company quality at the "Meet the Best" ceremony, held under the auspices of the German Ministry for Economic Affairs and Labour. This prestigious award is presented each year by management consultants A.T. Kearney and business magazine "Produktion" for outstanding performance in terms of customer satisfaction, quality, profitability and innovation. Special praise went to RATIONAL AG's company-wide process organisation, from product development, selective customer identification and customer relations through to order-related manufacture and the seamless integration of suppliers.

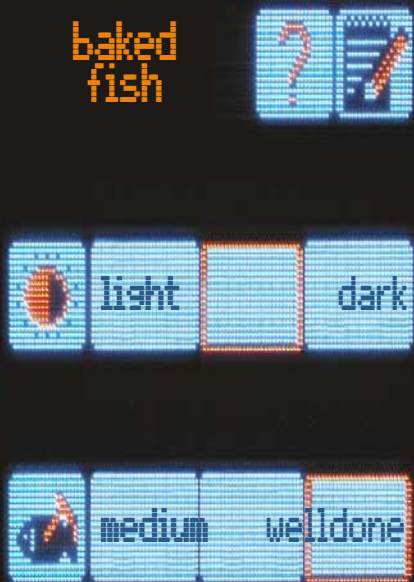
A new dimension in fish

50, 100, 400 whole fish or fish fillets - poached, grilled or pan fried in the classical manner – no worries, SelfCookingControl® SCC cooks them perfectly.

There is only one good method of cooking your fish the way you want it. SelfCooking Control® SCC knows that method. Cooking temperature, humidity and air speed are adjusted automatically, depending on whether you want the fish cooked. You get the result you want – consistently reproduced.

Suddenly everything's so simple

Decide on the degree of browning you want - from "light" to "dark" - and the degree of cooking - from "medium" to "well done". That's it!



I Investor Relations

Roadshows convince analysts and investors

Investor Relations work has a very high profile at RATIONAL. Board members are always personally available for all queries about the business situation and business trends, and disseminate information to analysts and investors at numerous roadshows. At the end of the first quarter of 2004, roadshows were held with various investment houses in Munich, Frankfurt, Vienna, Zurich, Paris, London, Edinburgh and Copenhagen.

RATIONAL's corporate philosophy of specialisation and focussing is persuasive, and its business development and future prospects are easy to understand. So more and more institutional investors are interested in RATIONAL shares. Not only does this improve the liquidity of the share, but also their price stability in the case of larger transactions.

RATIONAL share up again - anniversary dividend for 2003

The price of RATIONAL shares continued the trend of 2003 and rose by 17 per cent in the first quarter of 2004.

At the Shareholders' Meeting to be held in Augsburg on 12 May 2004 the Supervisory Board and Managing Board will propose to shareholders distributing a dividend of 1.85 euros for the 2003 financial year. This includes an anniversary bonus of 0.45 euros per share to mark RATIONAL AG's 30th anniversary.

Based on the price at the end of the first quarter of 2004 the dividend yield is 3.5 per cent, making RATIONAL share once again an outstanding growth and earning stock.

I Forecast

Positive outlook for 2004

The business trend in the first quarter of 2004, combined with the enthusiastic response by the trade press and by our customers to the new RATIONAL SelfCooking Center®, make us optimistic that the annual budget of 10 per cent growth to 205 million euros can be achieved, with proportionate EBIT growth to 47 million euros. This is supported by the high order intake which was generated after the introduction of our new products in Europe in April.

Landsberg am Lech, May 5, 2004

RATIONAL AG
The Executive Board

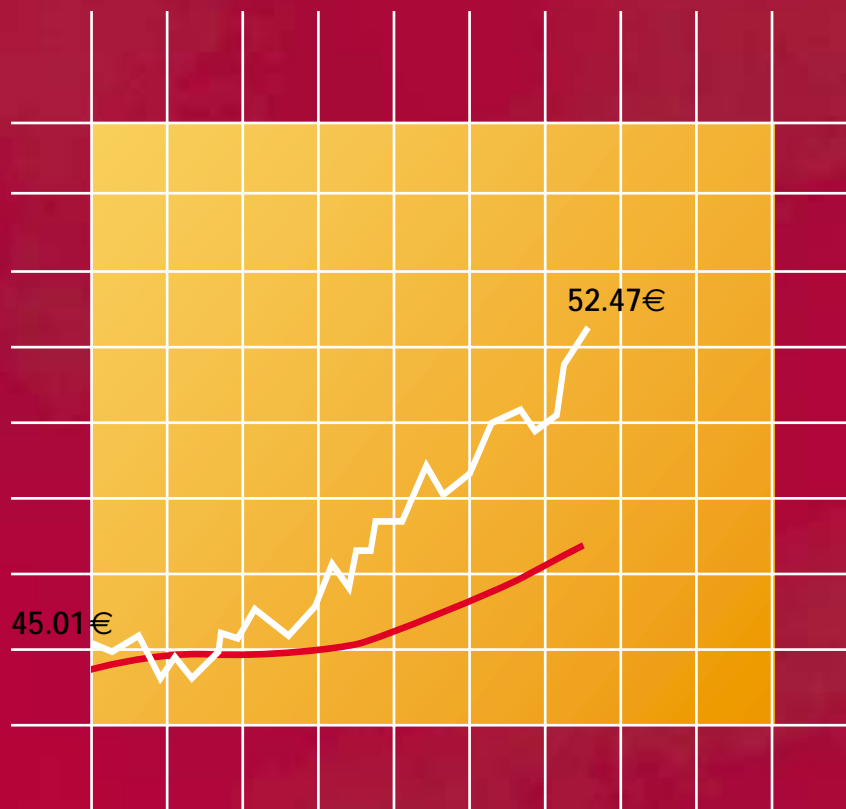
Finance Calendar



Shareholders' Meeting	May 12, 2004
Half Year Results	August 5, 2004
Roadshow	August 2004
9 Month Results	November 4, 2004
German Mid Cap Conference	November 2004

Share

1st Quarter 2004



Income Statement RATIONAL Group	Thousands of euros	Q1 2004	Q1 2003
Sales		45,248	43,205
Cost of sales		– 19,603	– 17,866
Gross profit		25,645	25,339
Sales and service expenses		– 13,035	– 12,345
Research and development expenses		– 2,615	– 2,724
General administration expenses		– 2,537	– 2,634
Other operating income		1,335	1,063
Other operating expenses		– 960	– 1,055
Earnings before interest and taxes (EBIT)		7,833	7,644
Financial results		42	– 88
Earnings from ordinary activities		7,875	7,556
Taxes on income		– 3,209	– 3,052
Group earnings		4,666	4,504
Retained earnings brought forward		50,911	37,875
Retained earnings		55,577	42,379
Average number of shares		11,370,000	11,370,000
Earnings per share (diluted/non diluted) in euros relating to the consolidated results and the number of shares		0.41	0.40

Balance Sheet RATIONAL Group Assets	Thousands of euros	March 31, 2004	March 31, 2003	Dec. 31, 2003
	Intangible assets		1,304	1,805
Property, plant and equipment		25,962	24,303	25,881
Financial assets		218	218	218
Fixed assets		27,484	26,326	27,532
Inventories		14,591	12,849	12,768
Trade receivables		34,758	31,255	32,687
Other assets		2,301	2,725	3,458
Securities		14,490	11,607	2,000
Cash in hand and cash in bank accounts		34,655	29,598	47,699
Current assets		100,795	88,034	98,612
Deferred tax assets		1,400	2,128	1,389
Prepaid expenses		496	492	461
Balance sheet total		130,175	116,980	127,994

Balance Sheet RATIONAL Group Equity and liabilities	Thousands of euros	March 31, 2004	March 31, 2003	Dec. 31, 2003
	Subscribed capital		11,370	11,370
Capital reserve		27,932	28,926	27,790
Revenue reserves		514	514	514
Retained earnings		55,577	42,379	50,911
Equity		95,393	83,189	90,585
Provisions for pensions		538	507	533
Provisions for taxation		7,644	2,796	6,782
Other provisions		9,452	10,597	9,387
Accruals		17,634	13,900	16,702
Liabilities to banks		2,456	2,751	2,399
Trade accounts payable		5,421	6,003	4,550
Other liabilities		9,062	10,867	13,537
Liabilities		16,939	19,621	20,486
Deferred income		209	270	221
Balance sheet total		130,175	116,980	127,994

Statement of Changes in Equity RATIONAL Group	Thousands of euros	Subscribed capital	Capital reserve	thereof non-realised	Revenue reserves	Retained earnings	Total
	Balance on Jan. 1, 2003		11,370	29,004	- 1,620	514	38,041
Dividends							
Group earnings						4,504	4,504
Differences from currency conversion			- 78				- 78
Other changes not affecting operating results						- 166	- 166
Balance on Mar. 31, 2003		11,370	28,926	- 1,620	514	42,379	83,189
Balance on Jan. 1, 2004		11,370	27,790	- 2,753	514	50,911	90,585
Dividends							
Group earnings						4,666	4,666
Differences from currency conversion			142				142
Other changes not affecting operating results							
Balance on Mar. 31, 2004		11,370	27,932	- 2,753	514	55,577	95,393

Cash Flow Statement RATIONAL Group	Thousands of euros	Q1 2004	Q1 2003
	Earnings from ordinary activities		7,875
Cash flow from operating activities		510	2,012
Cash flow from investing activities		- 801	- 1,335
Cash flow from financing activities		- 3,309	9,588
Exchange rate changes		46	- 66
Change in cash funds		-3,554	10,199

Sales	Thousands of euros	Q1 2004		Q1 2003	
	Germany		7,407	16.4%	7,265
Europe (excluding Germany)		23,746	52.5%	23,568	54.6%
Americas		4,746	10.5%	3,542	8.2%
Asia		7,789	17.2%	7,836	18.1%
Rest of the world *)		1,560	3.4%	994	2.3%
Total		45,248	100.0%	43,205	100.0%

*) Australia, New Zealand, Near/Middle East, Africa

The sales per region are shown according to customer location.

Segment reporting Q1 2004	Activities of the subsidiaries in:				Activities of the parent company	Total for segments	Reconcl.	Group
	Germany	Europe excl. Germany	Americas	Asia				
Thousands of euros								
External sales	7,322	17,266	3,148	3,760	13,752	45,248	0	45,248
vs. previous year	+ 5%	- 4%	+ 39%	+ 1%	+ 12%	+ 5%	0	+ 5%
share	16.2%	38.1%	7.0%	8.3%	30.4%	100%	0	100%
Inter-company sales	0	0	0	0	22,545	22,545	0	22,545
Segment sales	7,322	17,266	3,148	3,760	36,297	67,793	0	67,793
vs. previous year	+ 5%	- 4%	+ 39%	+ 1%	+ 6%	+ 4%	0	+ 4%
Segment result	- 479	279	- 30	412	7,928	8,110	- 277	7,833
vs. previous year	+ 38	- 507	+ 81	+ 66	+ 667	+ 345	0	+ 189

Segment reporting Q1 2003	Activities of the subsidiaries in:				Activities of the parent company	Total for segments	Reconcl.	Group
	Germany	Europe excl. Germany	Americas	Asia				
Thousands of euros								
External sales	6,995	17,996	2,262	3,719	12,233	43,205	0	43,205
share	16.2%	41.7%	5.2%	8.6%	28.3%	100%	0	100%
Inter-company sales	0	0	0	0	21,942	21,942	0	21,942
Segment sales	6,995	17,996	2,262	3,719	34,175	65,147	0	65,147
Segment result	- 517	786	- 111	346	7,261	7,765	- 121	7,644

Segment reporting

RATIONAL activities are focussed on one business segment: the development, production and marketing of devices used for the thermal preparation of food in industrial kitchens. The company does currently not engage in further significant independent product lines which are also reported internally as segments. That is why the primary and only reporting format for the segments is organised geographically.

In the segments RATIONAL summarises the subsidiaries in the geographical regions in accordance with the stipulations in IAS 14.13 governing the structure according to the location of assets. Besides the segments Germany, Europe excl. Germany, Americas and Asia the fifth segment represents the activities of the parent company, including the LechMetall Landsberg GmbH. The activity of this segment comprises the development, production and delivery of the products to the subsidiaries, but also the supply of both partners in markets that are not covered by any subsidiary and OEM-customers around the world. The reconciliation column reflects the effects of consolidation.

| Accounting principles

The group financial statements of RATIONAL AG for the first quarter 2004 were prepared in compliance with the International Accounting Standards (IAS) respectively the International Financial Reporting Standards (IFRS) adopted and published by the International Accounting Standard Board (IASB) and the interpretation by the Standing Interpretations Committee (SIC) respectively the International Financial Reporting Interpretations Committee (IFRIC).

The accounting and valuation methods as well as the consolidation methods remain unchanged from those used last year. For transparency reasons, the balance sheet position "Cash in hand and cash in bank accounts" as per first quarter 2003 was specified into "Securities" and "Cash in hand and cash in bank accounts".

| Consolidated companies

The consolidated companies as per March 31, 2004 comprise two domestic and nine foreign subsidiaries, besides RATIONAL AG as the parent company. The consolidated companies remain unchanged versus last year.

| DVFA result

DVFA result as per March 31, 2004 matches to earnings per share according to IAS/IFRS as shown in the profit and loss statement.



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