



Key figures	Thousands of euros						
	2 <sup>nd</sup> Quarter 2004	2 <sup>nd</sup> Quarter 2003	Change	Half Year 2004	Half Year 2003	Change	
Sales	52,522	44,980	+17%	97,770	88,185	+11%	
Sales abroad as a percentage of sales	86%	82%		85%	82%		
Cost of sales	-21,319	-19,354	+10%	-40,922	-37,220	+10%	
as a percentage of sales	40.6%	43.0%		41.9%	42.2%		
Sales and service expenses	-14,016	-10,913	+28%	-27,051	-23,259	+16%	
as a percentage of sales	26.7%	24.3%		27.7%	26.4%		
Research and development expenses	-2,519	-2,940	-14%	-5,134	-5,664	-9%	
as a percentage of sales	4.8%	6.5%		5.3%	6.4%		
General administration expenses	-2,806	-2,414	+16%	-5,343	-5,047	+6%	
as a percentage of sales	5.3%	5.4%		5.5%	5.7%		
EBIT – earnings before interest and taxes	10,971	10,066	+9%	18,804	17,710	+6%	
as a percentage of sales	20.9%	22.4%		19.2	20.1%		
EBT – earnings before taxes	11,030	10,065	+10%	18,905	17,621	+7%	
as a percentage of sales	21.0%	22.4%		19.3%	20.0%		
Group earnings	6,608	6,248	+6%	11,274	10,752	+5%	
as a percentage of sales	12.6%	13.9%		11.5%	12.2%		
per share in euros	0.58	0.55		0.99	0.95		
Employees (as an annual average)	743	669	+11%	725	667	+9%	
Sales per employee	70.69	67.23	+5%	134.86	132.21	+2%	
Cash flow from operating activities				6,167	7,350	-16%	
per share in euros				0.54	0.65		
Balance sheet total				120,856	109,809	+10%	
Equity as a percentage of the balance sheet total				80,950	74,482	+9%	
				67.0%	67.8%		
Working capital (without liquid funds)				46,000	41,839	+10%	

Dear Shareholders,  
Dear Business Partners,

## Business report

### Buoyant global economy

The recovery of the global economy continued throughout the first half of 2004. Following positive trends in the USA and Asia, a moderate upswing in the economy was also to be seen in the eurozone, mainly led by exports. The risks facing lasting economic growth are commodity prices, which continue to rise, and unemployment, which remains high. The euro continues to be strong against the major currencies.

### Outstanding second quarter growth - Sales up 17 percent

Q2 saw RATIONAL AG's successful international launch of the world's first SelfCooking Center<sup>®</sup>, a completely new product using revolutionary technology. A 17 percent uplift in Q2 sales from euro 45.0 million to euro 52.5 million reflected the market's enthusiastic response to this technology. For the first half of the year, this means our sales are euro 97.8 million (previous year euro 88.2 million), we are achieving double digit growth of 11 percent and are performing excellently against plan.

### America leads the way on growth

One of our most important markets for the future, America, continued its particularly strong performance. With sales growth of 60 percent in local currency in Q2, the American market once again leads the way on growth. This means that the American market already accounts for 37 percent of RATIONAL AG's entire growth of the current year.

With its combination of extreme ease of use, greater range of sizes and optimum range of possible combinations the new SelfCooking Center<sup>®</sup> is particularly well suited to the needs of our American customers.

## **EBT up by 10 percent despite one-off expenses**

Despite one-off expenses for conversion of production facilities and in particular for the launch of the SelfCooking Center<sup>®</sup>, Q2 2004 saw earnings before taxes (EBT) reach euro 11.0 million (previous year euro 10.1 million). This was 10 percent up on the previous year. At 21 percent the EBT margin is already significantly ahead of expectations.

In the first half of 2004, EBT was euro 18.9 million (previous year euro 17.6 million). This equates to an EBT margin of 19 percent (previous year 20 percent).

### **I Successful product launch**

## **The world's first SelfCooking Center<sup>®</sup> – Enthusiastic reception by customers and the trade press**

With the world's first SelfCooking Center<sup>®</sup>, RATIONAL has broken with the conventional combi-steamer and has done once again the unexpected. This has further reinforced RATIONAL AG's world-wide market differentiation and once again dramatically extended the technological lead over the competition.

The overwhelmingly well received product launches of April, in Europe, of May, in America and of June in Asia enthused not just the trade but end consumers and the trade press as well. "Wherever you find RATIONAL, you'll find the leader", "cooking as if by magic", "time for the essentials" or "the Empire makes everything different" are only a few examples of the euphoric reaction to RATIONAL's new technology.

## **Record output in June**

Starting in April, production was fully converted to the new product lines in a matter of only a few days. Assembly went up the planned learning curve in the shortest possible time. Today production is already completely up and running. It was only this achievement that allowed us to set a new record for output of more than 2,800 units in the month of June.

## **RATIONAL celebrates its 250,000<sup>th</sup> unit**

30 June 2004 saw production of the 250,000<sup>th</sup> RATIONAL appliance by Stefan Lugmair and the team of assembly island number 3 in factory number 1. It was a SelfCooking Center<sup>®</sup> 201 Gas. The customer, the Hamburg Student's Union, will be using it to prepare more than 3,000 meals a day in the most efficient way possible and of course to the highest quality standards.

# The first SelfCooking Center®

The  
World's First



Select food,  
define result,  
that's it!

Time for the essentials

**I Suppliers day****RATIONAL suppliers day – a winning partnership**

As a company with a limited vertical range of manufacture, the quality and reliability of our suppliers is of prime importance. We work as partners in close cooperation with our system suppliers on the extended workbench principle. In addition to supplier certification, successful cooperation is based in particular on annual partner plans with quality and output targets, a monthly reporting system for the key indicators and regular audits.

RATIONAL's supplier evaluation system makes a sophisticated judgement of the product quality but also the quality of cooperation. The best suppliers are honoured at the annual RATIONAL suppliers day event.

This year the suppliers day was held in Landsberg on May 18, 2004 and involved 85 representatives from 50 companies. Awards for extraordinary achievement went to Huba Control AG, Würenlos CH in first place, Stengel Apparatebau, Ellwangen in second place and Thermo Sensor TS GmbH, Bönen in third place. In addition to the top three places a further 5 suppliers were recognised for their very good performance.

**I Annual Shareholders' Meeting****RATIONAL Annual Shareholders' Meeting – broad agreement from the shareholders**

To complement the healthy business results and excellent dividend, RATIONAL's new SelfCooking Center® made it possible to "serve up" an additional highlight to the many shareholders attending the Annual Shareholders' Meeting on May 12, 2004.

In the ballot that followed, all the management's proposals met with the broad approval of the shareholders present. The dividend for fiscal 2003 was paid to shareholders on May 13, 2004 at the planned level of euro 1.85 including the euro 0.45 anniversary bonus to mark the 30 years of the company's existence.

**I Investor Relations****Capital-Investor Relations award for outstanding financial communication**

There was also recognition for the quality of RATIONAL AG's Investor Relations work with the award of the 2003 Capital-Investor Relations award. We took third place in the S-DAX category, placing us among the top rated companies. All 198 companies listed in the Euro Stoxx 50, Dax, M-Dax, Tec-Dax and S-Dax indices are tested. The evaluation is based on the credibility, quality and timeliness of financial information as well as the format and scope of Corporate Governance reporting.



RATIONAL Annual Shareholders' Meeting

RATIONAL suppliers day



250,000<sup>th</sup> RATIONAL Combi-Steamer



The company's Managing Board has given detailed presentations on the company in the course of numerous roadshows and responded promptly to the increasing number of enquiries from analysts, fund managers, shareholders and interested parties on new product launches and the current state of the business. RATIONAL was also represented at Commerzbank's Mid Cap Day on the subject of "Growth and Responsibility".

In the first half of 2004 there has been no significant change to RATIONAL AG's shareholder structure. The free float remains at 27.7 percent of the 11.37 million shares issued.

#### **| Business outlook**

#### **Business in line with expectations**

Business in the first half of 2004 was fully in line with our expectations. For the second half of the year, we are assuming unchanged conditions in our sales markets so that we remain confident of achieving our full year plan of a 10 percent increase in sales to euro 205 million (previous year euro 187 million) while maintaining a proportional increase in earnings (EBIT) to euro 47 million (previous year euro 42 million).

Landsberg am Lech, July 22, 2004

RATIONAL AG  
The Executive Board



# Finance Calendar

Half Year Results

5. August 2004

Roadshows

2004

Edinburgh

September 6, 2004

London

September 7./8, 2004

Frankfurt

September 15, 2004

Small Cap Conference, Munich

September 21, 2004

Zürich

November 10, 2004

German Mid Cap Conference, Frankfurt

November 29./30, 2004

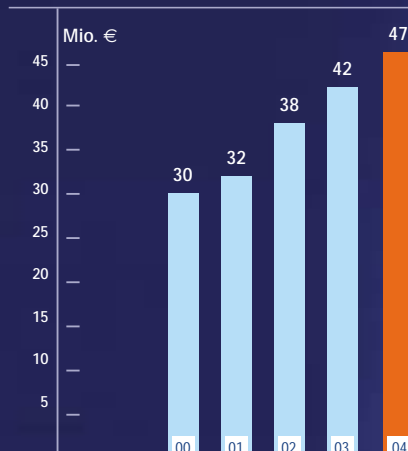
9 Month Results

November 4, 2004

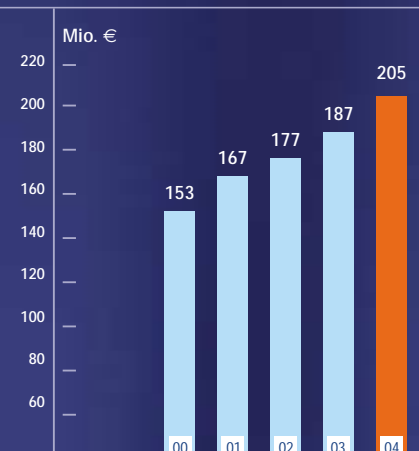
# Outlook

for business year 2004

EBIT in millions of euros



Sales in millions of euros



## Income Statement RATIONAL Group

Thousands of euros	2 <sup>nd</sup> Quarter 2004	2 <sup>nd</sup> Quarter 2003	Half Year 2004	Half Year 2003
Sales	52,522	44,980	97,770	88,185
Cost of sales	-21,319	-19,354	-40,922	-37,220
<b>Gross profit</b>	<b>31,203</b>	25,626	<b>56,848</b>	50,965
Sales and service expenses	-14,016	-10,913	-27,051	-23,259
Research and development expenses	-2,516	-2,940	-5,134	-5,664
General administration expenses	-2,806	-2,414	-5,343	-5,047
Other operating income	400	1,896	1,734	2,959
Other operating expenses	-1,290	-1,189	-2,250	-2,244
<b>Earnings before interest and taxes (EBIT)</b>	<b>10,971</b>	10,066	<b>18,804</b>	17,710
Financial results	59	-1	101	-89
<b>Earnings from ordinary activities</b>	<b>11,030</b>	10,065	<b>18,905</b>	17,621
Taxes on income	-4,422	-3,817	-7,631	-6,869
<b>Group earnings</b>	<b>6,608</b>	6,248	<b>11,274</b>	10,752
<b>Retained earnings brought forward</b>	<b>34,542</b>	28,609	<b>29,876</b>	24,105
<b>Retained earnings</b>	<b>41,150</b>	34,857	<b>41,150</b>	34,857
Average number of shares	11,370,000	11,370,000	11,370,000	11,370,000
Earnings per share (diluted/non diluted) in euros relating to the consolidated results and the number of shares	0.58	0.55	0.99	0.95

		Thousands of euros	30.06.2004	30.06.2003	31.12.2003
Balance Sheet RATIONAL Group Assets	Intangible assets		1,225	1,750	1,433
	Property, plant and equipment		25,812	24,984	25,881
	Financial assets		218	218	218
	<b>Fixed assets</b>		<b>27,255</b>	<b>26,952</b>	<b>27,532</b>
	Inventories		16,370	12,865	12,768
	Trade receivables		37,365	35,171	32,687
	Other assets		1,796	3,185	3,458
	Securities		16,993	16,108	2,000
	Cash in hand and cash in bank accounts		18,477	13,715	47,699
	<b>Current assets</b>		<b>91,001</b>	<b>81,044</b>	<b>98,612</b>
	<b>Deferred tax assets</b>		<b>1,824</b>	<b>1,362</b>	<b>1,389</b>
	<b>Prepaid expenses</b>		<b>776</b>	<b>451</b>	<b>461</b>
	<b>Balance sheet total</b>		<b>120,856</b>	<b>109,809</b>	<b>127,994</b>

		Thousands of euros	30.06.2004	30.06.2003	31.12.2003
Balance Sheet RATIONAL Group Equity and liabilities	Subscribed capital		11,370	11,370	11,370
	Capital reserve		27,916	27,741	27,790
	Revenue reserves		514	514	514
	Retained earnings		41,150	34,857	50,911
	<b>Equity</b>		<b>80,950</b>	<b>74,482</b>	<b>90,585</b>
	Provisions for pensions		543	517	533
	Provisions for taxation		8,628	2,898	6,782
	Other provisions		12,229	13,083	9,387
	<b>Accruals</b>		<b>21,400</b>	<b>16,498</b>	<b>16,702</b>
	Liabilities to banks		2,467	2,625	2,399
	Trade accounts payable		6,888	5,284	4,550
	Other liabilities		8,955	10,650	13,537
	<b>Liabilities</b>		<b>18,310</b>	<b>18,559</b>	<b>20,486</b>
	<b>Deferred income</b>		<b>196</b>	<b>270</b>	<b>221</b>
	<b>Balance sheet total</b>		<b>120,856</b>	<b>109,809</b>	<b>127,994</b>

Statement of Changes in Equity RATIONAL Group	Thousands of euros	Subscribed capital	Capital reserve	thereof non-realised	Revenue reserves	Retained earnings	Total
	<b>Balance on Jan.1, 2003</b>		<b>11,370</b>	<b>29,004</b>	<b>-1,620</b>	<b>514</b>	<b>38,041</b>
Dividends						-14,781	-14,781
Group earnings						10,752	10,752
Differences from currency conversion			-63				-63
Other changes not affecting operating results			-1,200	-1,200		845	-355
<b>Balance on Jun. 30, 2003</b>		<b>11,370</b>	<b>27,741</b>	<b>-2,820</b>	<b>514</b>	<b>34,857</b>	<b>74,482</b>
<b>Balance on Jan.1, 2004</b>		<b>11,370</b>	<b>27,790</b>	<b>-2,753</b>	<b>514</b>	<b>50,911</b>	<b>90,585</b>
Dividends						-21,035	-21,035
Group earnings						11,274	11,274
Differences from currency conversion			126				126
Other changes not affecting operating results							
<b>Balance on Jun. 30, 2004</b>		<b>11,370</b>	<b>27,916</b>	<b>-2,753</b>	<b>514</b>	<b>41,150</b>	<b>80,950</b>

Cash Flow Statement RATIONAL Group	Thousands of euros	Half Year 2004	Half Year 2003
	Earnings from ordinary activities		18,905
Cash flow from operating activities		6,167	7,350
Cash flow from investing activities		- 1,767	- 2,964
Cash flow from financing activities		- 21,659	- 4,449
Exchange rate changes		30	- 120
Change in cash funds		<b>- 17,229</b>	- 183

Sales	Thousands of euros	Half Year 2004		Half Year 2003	
	Germany		14,936	15.3%	15,594
Europe (excluding Germany)		53,387	54.6%	47,606	54.0%
Americas		11,282	11.5%	7,731	8.7%
Asia		14,615	15.0%	14,634	16.6%
Rest of the world*)		3,550	3.6%	2,620	3.0%
<b>Total</b>		<b>97,770</b>	<b>100.0%</b>	<b>88,185</b>	<b>100.0%</b>

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

The sales per region are shown according to customer location.

Segment reporting Half Year 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								
<b>External sales</b>	14,825	37,331	7,607	6,425	31,582	<b>97,770</b>	0	<b>97,770</b>
vs. previous year	- 3%	+ 6%	+ 43%	+ 6%	+ 19%	+ 11%	0	+ 11%
share	15.2%	38.1%	7.8%	6.6%	32.3%	100%	0	100%
<b>Inter-company sales</b>	0	0	0	0	49,479	<b>49,479</b>	0	<b>49,479</b>
<b>Segment sales</b>	14,825	37,331	7,607	6,425	81,061	<b>147,249</b>	0	<b>147,249</b>
vs. previous year	- 3%	- 6%	+ 43%	+ 6%	+ 17%	+ 12%	0	+ 12%
<b>Segment result</b>	- 633	1,672	117	254	18,880	<b>20,290</b>	- 1.486	<b>18,804</b>
vs. previous year	- 90	- 169	+ 88	- 21	+ 3,010	+ 2,818		+ 1,094

Segment reporting Half Year 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								
<b>External sales</b>	15,207	35,192	5,311	6,039	26,436	<b>88,185</b>	0	<b>88,185</b>
share	17.3%	39.9%	6.0%	6.8%	30.0%	100%	0	100%
<b>Inter-company sales</b>	0	0	0	0	42,977	<b>42,977</b>	0	<b>42,977</b>
<b>Segment sales</b>	15,207	35,192	5,311	6,039	69,413	<b>131,162</b>	0	<b>131,162</b>
<b>Segment result</b>	- 543	1,841	29	275	15,870	<b>17,472</b>	238	<b>17,710</b>

## 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 half year 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 half year 2003 was specified into "Securities" and "Cash in hand and cash in bank accounts".

**| Consolidated companies**

The consolidated companies as per June 30, 2004 comprise three domestic and nine foreign subsidiaries, besides RATIONAL AG as the parent company. Starting from half year 2004 RATIONAL Technical Services GmbH, founded in April, is part of the consolidated companies. RATIONAL Technical Services GmbH merges all international service and after sales activities of RATIONAL AG.

**| DVFA result**

DVFA result as per June 30, 2004 matches to earnings per share according to IAS/IFRS as shown in the profit and loss statement.





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