



Key figures	Thousands of euros		2 <sup>nd</sup> Quarter 2007	2 <sup>nd</sup> Quarter 2006	Change	Half Year 2007	Half Year 2006	Change
	Sales		79,972	67,367	+19%	153,921	130,245	+18%
Sales abroad as a percentage of sales		86%	84%	+2%-pts.	85%	85%	+/- 0%-pts.	
Cost of sales		32,616	26,223	+24%	62,766	51,113	+23%	
as a percentage of sales		40.8%	38.9%		40.8%	39.2%		
Gross profit		47,356	41,144	+15%	91,155	79,132	+15%	
as a percentage of sales		59.2%	61.1%		59.2%	60.8%		
Sales and service expenses		19,415	16,560	+17%	38,816	34,280	+13%	
as a percentage of sales		24.3%	24.6%		25.2%	26.3%		
Research and development expenses		2,921	2,376	+23%	5,636	4,828	+17%	
as a percentage of sales		3.7%	3.5%		3.7%	3.7%		
General administration expenses		3,849	3,088	+25%	7,719	6,144	+26%	
as a percentage of sales		4.8%	4.6%		5.0%	4.7%		
EBIT – earnings before interest and taxes		21,111	18,921	+12%	38,650	33,569	+15%	
as a percentage of sales		26.4%	28.1%		25.1%	25.8%		
EBT – earnings before taxes		21,294	19,086	+12%	39,008	33,751	+16%	
as a percentage of sales		26.6%	28.3%		25.3%	25.9%		
Group earnings		13,622	12,326	+11%	24,951	21,660	+15%	
as a percentage of sales		17.0%	18.3%		16.2%	16.6%		
per share in euros		1.20	1.08		2.19	1.91		
Employees (as an annual average)		966	847	+14%	947	842	+12%	
Sales per employee		82.8	79.5	+4%	162.5	154.7	+5%	
Cash flow from operating activities					18,823	18,788	0%	
per share in euros					1.66	1.65		
Balance sheet total					130,046	116,150	+12%	
Equity as a percentage					88,557	75,678	+17%	
of balance sheet total					68.1%	65.2%		
Working capital (without liquid funds)					66,670	54,005	+23%	
as a percentage of sales					43.3%	41.5%		

Dear Shareholders,  
Dear Business Partners,

Thank you for your interest in RATIONAL AG.

This report sets out information on RATIONAL AG's business situation in the first half of 2007, along with the prospects for the further development of the company during fiscal year 2007.

## **Economic report**

### **Robust global economy**

The prospects for the global economy still look positive for the second half of 2007. The Ifo Institute's business climate index was unchanged in the second quarter of 2007, standing at a high 106.5 points. However, economic prospects differ significantly by region. Whereas economic expectations for North America have been revised downwards, the Ifo climate indicator for Western Europe was up again, reaching a six-year high of 106.6 points. Economic trends in China also continue to look good. The euro has again risen in value against the US dollar and the Japanese yen, and is now well above the rates prevailing in the first half of 2006.

## **Business development**

### **18 percent sales growth exceeds expectations**

In the first half of 2007 RATIONAL increased sales revenues by 18 percent or 23.7 million euros compared to the previous year, to 153.9 million euros (previous year 130.2 million euros). An especially positive feature is that all regions managed to achieve definite double-digit growth. The driver for growth is the European market, with an increase of 20 percent compared to the previous year. The strong euro had an adverse effect on growth in euro terms in the Americas and Asia, but after exchange rate adjustments, sales revenues in the Americas were up by 23 percent and in Asia by 18 percent.

### **EBIT growth of 15 percent despite high raw material prices**

Despite unexpected high raw material prices, especially of the alloy surcharge for stainless steel, leading to an increase in cost of sales of 23 percent, the forecasted earnings in the first half year were hit exactly. An EBIT (earnings before interest and taxes) of 38.7 million euros (previous year 33.6 million euros) was achieved, this corresponds a growth of 5.1 million euros or 15 percent. First signs of an easing in nickel prices means that the alloy surcharge is expected to fall in the second half of 2007.

### **Further improvement in equity ratio**

As at June 30, 2007 RATIONAL AG's equity capital is 12.9 million euros higher than the figure for June 30, 2006, at 88.6 million euros, giving an equity ratio of 68 percent (previous year 65 percent). This rise in the equity ratio was achieved despite the further increase in dividend payments of 3.75 euros a share (previous year 3.00 a share).

### High levels of cash flow

Cash flow from business activities reached 18.8 million euros in the first half of 2007, the same high level as last year. The main factors influencing this were good earnings, the rise in accounts receivable and inventories and the reduction in liabilities as at key date June 30, 2007 compared to December 31, 2006. For the fiscal year a proportional development of the cash flow from business compared to the growth in earnings is expected.

### RATIONAL suppliers' day - Partnership of success

As a company with a low vertical integration in manufacturing the quality and reliability of our systems suppliers is of prime importance for corporate success. We work on the principle of the extended workbench, in close partnership with our suppliers. The particular basis of cooperation, besides supplier certification, is annual partner plans containing quality and production targets, a monthly report on principal key figures, and regular audits. The RATIONAL supplier evaluation system assesses product quality on a differentiated basis, as well as the quality of cooperation.

This year's RATIONAL suppliers' day was held on May 10, 2007. More than 150 participants were offered a highly varied programme. Mr. Wiedemann, Chief Technology Officer of RATIONAL AG, welcomed the guests and presented the latest figures and developments in RATIONAL AG. The participants had opportunity to get to know RATIONAL processes in detail in a series of presentations and workshops. The day was rounded off by selecting the best suppliers. The top three, Stengel Apparatebau GmbH, TQ Systems GmbH and Thermo Sensor GmbH, were each able to take the prized RATIONAL trophy home with them as best suppliers of 2006.

### RATIONAL UK Ltd, by royal appointment

**„By Appointment to  
Her Majesty The Queen,  
RATIONAL UK Ltd.  
suppliers of combi ovens”,**

reads the official letter granting RATIONAL UK Ltd its royal warrant. And RATIONAL products aren't just in use in Buckingham Palace; they can be found in Clarence House and Windsor Castle too. The status of royal supplier is highly regarded in the United Kingdom. The appointment is an indicator of the outstanding quality and considerably benefit of the SelfCooking Center®.





## Suppliers' day 2007 – learning from the best



Managers and staff of our suppliers took the opportunity to attend presentations and workshops to find out about developments at RATIONAL AG, their customer and partner.



Stengel Apparatebau GmbH, TQ Systems GmbH and Thermo Sensor GmbH were awarded the prized RATIONAL trophy for best suppliers of 2006.



### Strong customer loyalty thanks to the RATIONAL Chef Academy

The RATIONAL Chef Academy was set up to improve after-sales service for SelfCooking Center® owners even further. In a one-day seminar for these owners, experienced RATIONAL chefs pass on tips and suggestions to our customers in order to get the very best out of their SelfCooking Center®. Enthusiastic participants prove impressively the appropriateness of this innovative worldwide concept.

### RATIONAL is top partner of KFC (YUM!)

Under the headline "grow big – grow strong through innovative partnership", YUM! China Restaurants work closely with partners on future-oriented strategies and developments. RATIONAL provides top-class support for the fast-growing YUM! business in China, with a large team of experts in research & development, quality management, sales and service. At the YUM! Restaurants China Partner Dinner 2007, RATIONAL was selected for this role as TOP Partner from more than 500 suppliers.

### KÜCHE Award Technik 2007

Once again, the leading trade magazine "Küche", has conducted a national survey of chefs and kitchen managers. They were looking for the most successful new launches of kitchen technology and equipment in the past 30 months. In top spot came the RATIONAL SelfCooking Center®, which, as a quantum leap in technology, sets a new world standard.

Those surveyed were assessing the innovative strength, the ease of use of the SelfCooking Center® but also the communication strategy for the market launch. This result bore impressive confirmation of the customer satisfaction survey undertaken by market researchers TNS Infratest, which showed that the SelfCooking Center® offers four times the customer benefit of its forerunner the Combi-Steamer.



### Investor Relations is a Board matter at RATIONAL

In the second quarter of 2007 the Managing Board of RATIONAL AG presented the company at the Deutsche Bank German Corporate Conference in Frankfurt, at roadshows in Amsterdam, Vienna, Paris, London, Milan, Copenhagen, Helsinki and Stockholm, and on the occasion of numerous visits by investors to the Landsberg site. The confidence shown by analysts and institutional investors in the further positive development of the company derives from the Investor Relations work which takes a very high priority at RATIONAL, and hence is handled directly by the Board.



# RATIONAL: Top-supplier of KFC in China



Partner Dinner YUM! Restaurants China 2007



Bob Myers – Senior Director YUM! Brands Inc. - handover the award to Simon Seymer – President Sales RATIONAL International AG

### Enthusiastic shareholders at the annual general meeting

Some 700 shareholders and guests attended this year's annual general meeting of RATIONAL AG, to find out at first hand about how the company was progressing, to ask questions and to voice their opinions on the items on the agenda. The words of praise by the shareholder representatives, as well as the results of the votes, are evidence of how satisfied the shareholders are with their company. The proposal to distribute a dividend of 3.75 euros per share as well as all other items on the agenda which were put to a vote were passed with a large majority.

### Risk report



### Opportunities and risks

The opportunities for the further successful development of RATIONAL AG lie in its competition-beating technology, the transparent and highly efficient global sales and marketing network with its own sales companies and the fact that only a small part of the potential market of 2.5 million professional kitchens with a requirement for RATIONAL technology has been tapped. The technology lead is being further extended through targeted investment in research and development. Opening up new high-potential markets and the ever better penetration of established markets combined with rising sales efficiency mean that outstanding growth rates can also be expected in future.

Possible risks relate to a further rise in raw material prices, the increasing strength of the euro against the USD and JPY, and general geopolitical processes of change in individual sales markets. One factor reducing risks is that some 70 percent of group sales are in euros and so are not affected by currency fluctuations, as well as the expectation that, based on the reductions of nickel prices, the alloy surcharge prices will ease in the second half of the year.

RATIONAL AG has a worldwide risk management system in place to ensure that opportunities and risks are identified and analysed at an early stage, thereby enabling the appropriate measures to be taken.

### Outlook

#### High sales and earnings growth confirmed for 2007

2007 will see investments in the expansion of the international sales and marketing network, in research and development and in the expansion of production capacities. With the SelfCooking Center® and the VarioCooking Center® the RATIONAL group has a unique, innovative technology platform entailing maximum customer acceptance. Against this background we expect sales growth in fiscal 2007 of at least 15 percent to 325 million euros, together with a rise in EBIT, of 15 percent, to 93 million euros.

Landsberg am Lech, July 30, 2007

RATIONAL AG  
The Managing Board



# RATIONAL Annual General Meeting 2007 – lots of compliments and recognition



Openness and transparency in corporate communications are important principles for RATIONAL.



RATIONAL's general meeting of shareholders on May 3, 2007: Shareholders and guests listened with great interest to what the Board had to say about the current and future business situation and the clear strategic corporate orientation.

## I Income Statement RATIONAL Group

Thousands of euros	2 <sup>nd</sup> Quarter 2007	2 <sup>nd</sup> Quarter 2006	Half Year 2007	Half Year 2006
Sales	79,972	67,367	153,921	130,245
Cost of sales	-32,616	-26,223	-62,766	-51,113
<b>Gross profit</b>	<b>47,356</b>	<b>41,144</b>	<b>91,155</b>	<b>79,132</b>
Sales and service expenses	-19,415	-16,560	-38,816	-34,280
Research and development expenses	-2,921	-2,376	-5,636	-4,828
General administration expenses	-3,849	-3,088	-7,719	-6,144
Other operating income	983	745	1,596	1,797
Other operating expenses	-1,043	-944	-1,930	-2,108
<b>Earnings before interest and taxes (EBIT)</b>	<b>21,111</b>	<b>18,921</b>	<b>38,650</b>	<b>33,569</b>
Financial results	183	165	358	182
<b>Earnings before taxes (EBT)</b>	<b>21,294</b>	<b>19,086</b>	<b>39,008</b>	<b>33,751</b>
Taxes on income	-7,672	-6,760	-14,057	-12,091
<b>Group earnings</b>	<b>13,622</b>	<b>12,326</b>	<b>24,951</b>	<b>21,660</b>
<b>Retained earnings brought forward</b>	<b>35,605</b>	<b>24,472</b>	<b>24,276</b>	<b>15,138</b>
<b>Retained earnings</b>	<b>49,227</b>	<b>36,798</b>	<b>49,227</b>	<b>36,798</b>

	2 <sup>nd</sup> Quarter 2007	2 <sup>nd</sup> Quarter 2006	Half Year 2007	Half Year 2006
Average number of shares (undiluted)	11,370,000	11,370,000	11,370,000	11,370,000
Earnings per share (undiluted) in euros relating to the consolidated results and the number of shares	1.20	1.08	2.19	1.91
Average number of shares (diluted)	11,370,000	11,370,000	11,370,000	11,375,750
Earnings per share (diluted) in euros relating to the consolidated results and the number of shares	1.20	1.08	2.19	1.90

		Thousands of euros	June 30, 2007	June 30, 2006	Dec. 31, 2006
Balance Sheet RATIONAL Group Assets	<b>Long-term assets</b>		<b>33,599</b>	32,040	32,525
	Intangible assets		1,639	1,502	1,441
	Property, plant and equipment		28,521	26,904	27,576
	Financial assets		218	218	218
	Other long-term assets		214	98	191
	Deferred tax assets		3,007	3,318	3,099
	<b>Short-term assets</b>		<b>96,447</b>	84,110	114,034
	Inventories		18,330	14,996	15,496
	Trade receivables		56,517	47,082	53,140
	Other short-term assets		3,278	2,509	4,815
	Cash and cash equivalents		18,322	19,523	40,583
	<b>Balance sheet total</b>		<b>130,046</b>	116,150	146,559

		Thousands of euros	June 30, 2007	June 30, 2006	Dec. 31, 2006
Balance Sheet RATIONAL Group Equity and liabilities	<b>Equity</b>		<b>88,557</b>	<b>75,678</b>	<b>105,816</b>
	Subscribed capital		11,370	11,370	11,370
	Capital reserves		27,446	26,996	27,018
	Revenue reserves		514	514	514
	Retained earnings		49,227	36,798	66,914
	<b>Long-term liabilities</b>		<b>4,149</b>	<b>4,028</b>	<b>3,633</b>
	Provision for pensions		683	684	672
	Long-term loan		1,000	-	-
	Other long-term liabilities		2,466	3,344	2,961
	<b>Short-term liabilities</b>		<b>37,340</b>	<b>36,444</b>	<b>37,110</b>
	Liabilities for current tax		1,644	1,221	3,432
	Short-term provisions		19,064	18,070	17,675
	Liabilities to banks		4,801	5,490	-
	Trade accounts payable		8,841	6,996	6,787
	Other short-term liabilities		2,990	4,667	9,216
	<b>Liabilities</b>		<b>41,489</b>	<b>40,472</b>	<b>40,743</b>
	<b>Balance sheet total</b>		<b>130,046</b>	<b>116,150</b>	<b>146,559</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 at Jan. 1, 2006</b>	<b>11,370</b>	<b>28,792</b>	<b>-2,338</b>	<b>514</b>	<b>49,248</b>	<b>89,924</b>
Dividends	-	-	-	-	-34,110	-34,110
Group earnings	-	-	-	-	21,660	21,660
Differences from currency conversion	-	5	5	-	-	5
Other changes	-	-1,801	-1,801	-	-	-1,801
Total changes	-	-1,796	-1,796	-	-12,450	-14,246
<b>Balance at June 30, 2006</b>	<b>11,370</b>	<b>26,996</b>	<b>-4,134</b>	<b>514</b>	<b>36,798</b>	<b>75,678</b>
<b>Balance at Jan. 1, 2007</b>	<b>11,370</b>	<b>27,018</b>	<b>-3,792</b>	<b>514</b>	<b>66,914</b>	<b>105,816</b>
Dividends	-	-	-	-	-42,638	-42,638
Group earnings	-	-	-	-	24,951	24,951
Differences from currency conversion	-	428	428	-	-	428
Other changes	-	-	-	-	-	-
Total changes	-	428	428	-	-17,687	-17,259
<b>Balance at June 30, 2007</b>	<b>11,370</b>	<b>27,446</b>	<b>-3,364</b>	<b>514</b>	<b>49,227</b>	<b>88,557</b>

## Cash Flow Statement RATIONAL Group

Thousands of euros	Half Year 2007	Half Year 2006
Earnings from ordinary activities	39,008	33,751
Cash flow from operating activities	<b>18,823</b>	<b>18,788</b>
Cash flow from investing activities	<b>-3,684</b>	<b>-2,267</b>
Cash flow from financing activities	<b>-37,392</b>	<b>-28,716</b>
Exchange rate changes	-8	-45
Change in cash funds	<b>-22,261</b>	<b>-12,240</b>
Cash on January 1	40,583	31,763
Cash on June 30	18,322	19,523
Cash in hand, cash in bank accounts, securities on June 30	18,322	19,523
Long-term funds not included in cash position (> 3 months)	0	0

## Sales

Thousands of euros	Half Year 2007		Half Year 2006	
Germany	22,743	15%	20,052	15%
Europe (excluding Germany)	87,989	57%	73,283	56%
Americas	20,356	13%	17,601	14%
Asia	15,300	10%	13,331	10%
Rest of the world *)	7,533	5%	5,978	5%
<b>Total</b>	<b>153,921</b>	<b>100%</b>	<b>130,245</b>	<b>100%</b>

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

The sales per region are shown according to customer location.



Segment reporting Half Year 2007 Thousands of euros	Activities of the subsidiaries in:				Activities of the parent company	Total for segments	Reconcl.	Group
	Germany	Europe excl. Germany	Americas	Asia				
<b>External sales</b>	22,599	98,786	16,857	4,570	11,109	<b>153,921</b>	-	<b>153,921</b>
vs. pervious year	+14%	+20%	+28%	-9%	0%	+18%	-	+18%
share	15%	64%	11%	3%	7%	100%	-	100%
<b>Inter-company sales</b>	-	1,283	-	-	102,709	<b>103,992</b>	-	<b>103,992</b>
<b>Segment sales</b>	22,599	100,069	16,857	4,570	113,818	<b>257,913</b>	-	<b>257,913</b>
vs. pervious year	+14%	+22%	+28%	-9%	+20%	<b>+20%</b>	-	<b>+20%</b>
<b>Segment result</b>	373	8,249	231	-163	30,411	<b>39,101</b>	-451	<b>38,650</b>
vs. pervious year	+397	+3,486	-867	-70	+3,435	+6,381	-1,300	+5,081

Segment reporting Half Year 2006 Thousands of euros	Activities of the subsidiaries in:				Activities of the parent company	Total for segments	Reconcl.	Group
	Germany	Europe excl. Germany	Americas	Asia				
<b>External sales</b>	19,743	81,103	13,211	5,030	11,158	<b>130,245</b>	-	<b>130,245</b>
share	15%	62%	10%	4%	9%	100%	-	100%
<b>Inter-company sales</b>	-	1,067	-	-	84,054	<b>85,121</b>	-	<b>85,121</b>
<b>Segment sales</b>	19,743	82,170	13,211	5,030	95,212	<b>215,366</b>	-	<b>215,366</b>
<b>Segment result</b>	- 24	4,763	1,098	-93	26,976	<b>32,720</b>	849	<b>33,569</b>

## I Segment reporting

RATIONAL's activities are focused on one business segment: the development, production and sale of devices used in the thermal preparation of food in industrial kitchens. The company does currently not engage in further significant independent product lines which are also reported as segments internally. For this reason, the primary and only segment reporting format is geographical. RATIONAL therefore summarises its subsidiaries on the basis of their various geographical regions, in accordance with the stipulations of IAS 14.13 governing the apportionment of assets by location.

Besides the Germany, Europe excluding Germany, Americas and Asia segments, the fifth segment covers the work of the parent company (including LechMetall Landsberg GmbH, RATIONAL Technical Services GmbH and the newly founded RATIONAL Komponenten GmbH). This segment represents the development, manufacture and supply of products to subsidiaries as well as supplies to OEM customers. The newly founded RATIONAL Trading (Shanghai) Co., Ltd has been added to the Asia segment. The effects arising from the consolidation operations are reflected in the reconciliation column.

- Accounting principles** The consolidated six-month financial report is based on the accounting principles of the International Financial Reporting Standard (IFRS). Valuation and balance sheet methods were therefore applied as in the last financial statements.  
This consolidated six-month financial report was not audited in accordance with § 317 HGB (German Commercial Code), nor was it subject to an audit inspection by a balance sheet auditor.
- Consolidated companies** On June 30, 2007 the consolidated RATIONAL AG group contains, in addition to the parent company RATIONAL AG, five subsidiaries in Germany and sixteen outside Germany. On June 30, 2007 the sales company RATIONAL Trading (Shanghai) Co., Ltd, based in Shanghai, China, a 100percent holding of RATIONAL International AG, with a nominal capital of 220,000 euros, founded April 19, 2007 and the RATIONAL Komponenten GmbH, based in Landsberg, Germany, a 100percent holding of RATIONAL AG, with a nominal capital of 25,000 euros, founded May 31, 2007 were included in the consolidated group for the first time. There were no other changes to the composition of the consolidated group compared to June 30, 2006 and to the balance sheet date of December 31, 2006.
- Associated companies and persons** In the first half of 2007 no significant transactions occurred with companies or individuals which are in any way associated with RATIONAL AG.
- Change in the Executive Board** Mr Thomas Polonyi, the board member responsible for Sale & Marketing, left RATIONAL AG on April 30, 2007.
- DVFA result** DVFA results as per June 30, 2007 match to the earnings per share according to IAS/IFRS as shown in the profit and loss statement.
- Responsibility statement** To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the financial year.

Landsberg am Lech, July 30, 2007

RATIONAL AG  
The Managing Board



