



Shanghai Skyline

Key figures	Thousands of euros	2 nd Quarter	2 nd Quarter	Change	Half Year	Half Year	Change
		2008	2007		2008	2007	
Sales		89,030	79,972	+11%	168,559	153,921	+10%
Sales abroad as a percentage of sales		86%	86%	+/- 0%-pts.	85%	85%	+/- 0%-pts.
Cost of sales		35,207	32,616	+8%	66,740	62,766	+6%
as a percentage of sales		39.5%	40.8%		39.6%	40.8%	
Gross profit		53,823	47,356	+14%	101,819	91,155	+12%
as a percentage of sales		60.5%	59.2%		60.4%	59.2%	
Sales and service expenses		21,896	19,415	+13%	44,494	38,816	+15%
as a percentage of sales		24.6%	24.3%		26.4%	25.2%	
Research and development expenses		3,191	2,921	+9%	6,164	5,636	+9%
as a percentage of sales		3.6%	3.7%		3.7%	3.7%	
General administration expenses		4,141	3,849	+8%	8,039	7,719	+4%
as a percentage of sales		4.7%	4.8%		4.8%	5.0%	
EBIT – earnings before interest and taxes		23,920	21,111	+13%	42,653	38,650	+10%
as a percentage of sales		26.9%	26.4%		25.3%	25.1%	
EBT – earnings before taxes		24,064	21,294	+13%	43,093	39,008	+10%
as a percentage of sales		27.0%	26.6%		25.6%	25.3%	
Group earnings		17,684	13,622	+30%	31,609	24,951	+27%
as a percentage of sales		19.9%	17.0%		18.8%	16.2%	
per share in euros		1.56	1.20		2.78	2.19	
Cash flow from operating activities					26,390	18,851	+40%
per share in euros					2.32	1.66	
Balance sheet total					173,215	130,046	+33%
Equity as a percentage of the balance sheet total					60.2%	68.1%	+18%
Working capital (without liquid funds)					74,964	66,670	+12%
as a percentage of sales					44.5%	43.3%	
Employees (as an annual average)		1,086	966	+12%	1,076	947	+14%
Sales per employee		82.0	82.8	-1%	156.7	162.5	-4%

**Dear Shareholders,
Dear Business Partners,**

Many thanks for your interest in RATIONAL AG.

This report sets out information on RATIONAL AG's business performance in the first six months of 2008, along with the outlook for the further development of the company during fiscal year 2008.

Economic report

Difficult economic environment poses a challenge

In the first half of 2008, economic development in the large industrialised nations was significantly hampered by the financial crisis and the increase in energy prices. Growth is expected to slow for German exports, not least due to the sharp fall of the U.S. dollar and sterling against the euro. At the same time, a slowdown is also anticipated for Europe's economy. Although emerging economies have not been able to escape fully from the impact of these factors, their growth rates have proved relatively robust.

11 percent growth in revenue

Although the U.S. dollar and sterling have fallen unexpectedly sharply against the euro since January, RATIONAL increased its revenue by 11 percent in the second quarter, from 80.0 million euros to 89.0 million euros. Adjusted for the negative exchange rate factors, the rate of growth in the second quarter reached over 14 percent. Revenue for the first six months rose to 168.6 million euros, an increase of 14.6 million euros or 10 percent.

Asian success story

The region of the future, Asia, developed particularly successfully in 2008. Revenue in the first half of the year jumped by 39 percent, from 15.3 million euros to 21.3 million euros. The rapid growth rate is evidence of the widespread acceptance of RATIONAL's technology in this region of the world and confirms our strategy of making targeted investments in expanding our sales and marketing network in these markets.

EBIT up 13 percent

In the second quarter, EBIT rose from 21.1 million euros to 23.9 million euros (+13 percent), taking the EBIT margin to 26.9 percent. Adjusted for the negative exchange rate factors, EBIT grew by 26 percent in the second quarter.

EBIT for the first six months amounts to 42.7 million euros, an increase of 4.0 million euros or 10 percent. Consolidated profit in the first half of the year advanced 27 percent, from 25.0 million euros to 31.6 million euros. In addition to the increase in EBIT, this extraordinarily positive performance was due to the reduction in the tax rate from 36 percent in the first half of 2007 to 27 percent in the first half of 2008.

Cash flow from operations grows over proportional by 40 percent

In response to the rise in profits, the cash flow from operations was up 40 percent or 7.5 million euros in the first six months of 2008, from 18.9 million euros to 26.4 million euros. The cash flow from investing activities reflects expenditure on property, plant, and equipment for the new plant III in Landsberg and the withdrawal of fixed-term deposits, which led to a cash inflow of 17 million euros. The cash flow from financing activities was primarily driven by the dividend of 51.2 million euros distributed to shareholders in May 2008.



RATIONAL enlarges Executive Board

The consistent expansion of the global sales and marketing network has been and still is a critical success factor for the sustained growth of RATIONAL. Adequate and efficient management structures are a prerequisite for lasting growth. For this reason, RATIONAL has added another member to its Executive Board. Reinhard Banasch was appointed with responsibility for sales and marketing on April 1, 2008.

Reinhard Banasch has a Master in Business Administration and 20 years of experience in selling non-intuitive products, in his last position as European Sales Director for the Pilkington/NSG Group.

RATIONAL named Best Marketing Company

Well-known management and marketing consultants BBDO Consulting and the Chair for Innovative Brand Management of the University of Bremen conducted an empirical study, analysing the success factors of 282 companies listed on the German Stock Exchange. The study rated the companies' market orientation as well as their ability to generate earnings and growth and stock exchange performance over the past five years.

The list of the best and most market-oriented companies in Germany is topped by RATIONAL, ahead of Audi and Solarworld. The three best companies were honoured and given awards at a ceremony held in Düsseldorf on April 17, 2008.

"The frontrunner RATIONAL scores by clearly focusing on customer benefit. The company-wide general process organisation increases market orientation and defines responsibilities. A clear brand, marketing, and sales strategy and regular innovations form the basis of global market leadership. Products such as SelfCooking Center® demonstrate technological leadership and innovative power," says Udo Klein-Bölting, CEO of BBDO Consulting in his laudation.

Innovation award for RATIONAL's environment-friendly SelfCooking Center®

The natural gas version of RATIONAL's SelfCooking Center® significantly reduces carbon dioxide emissions. For this environment-friendly technology, RATIONAL received the innovation award of the German gas industry, which is handed out once every two years for outstanding and exemplary solutions for efficient energy use. The award ceremony took place in Berlin on June 3, 2008.

Marketing and innovation award



(from left) Christian Thunig (deputy chief editor, absatzwirtschaft), Frank Henn (CSO, SolarWorld AG - third prize), Dr. Günter Blaschke (CEO, RATIONAL AG - first prize), Michael Renz (head of central marketing, AUDI AG - second prize), Udo Klein-Bölting (CEO & Managing Partner, BBDO Consulting)

RATIONAL **Best Marketing Company**

Focus on customer benefit –
RATIONAL's key to success.

RATIONAL **receives innovation award**

Award for RATIONAL's
environment-friendly
SelfCooking Center®.



Rainer Otminghaus (1st from left) and Dr. Stefan Rusche (2nd from left) receive the award on behalf of RATIONAL.

Young talent from within the company

RATIONAL stimulates and develops high-potential employees. One example is the international development program, a 2-year program that encompasses all functions, divisions, and hierarchies. The objective is to prepare committed and capable employees for future management tasks.

In the development program, participants are taught the most important corporate processes and are thus given the opportunity to think outside the box of their own specific role. In addition, this system creates informal networks that facilitate cooperation and personal development. Real project tasks and corporate planning simulations round off the program. The current international development program came to a successful conclusion in May 2008, when the realisable results of the project work were presented to the Executive Board.

General Meeting of Shareholders 2008 – shareholders won over by business performance and strategy

With 660 shareholders and a large number of guests, this year's General Meeting was again one of the highlights of the fiscal year. All of the proposals put forward from the agenda were unanimously adopted. This is evidence that the shareholders of RATIONAL AG are very satisfied with the management and performance of their company.

Continuity of investor relations work

In the second quarter of 2008, the Executive Board of RATIONAL AG represented the company at a number of roadshows in Europe and the USA. Shareholders, analysts, and other interested parties also had the opportunity to see for themselves the sustained high quality of the company at its headquarters in Landsberg, where all questions were answered personally and fully.

RATIONAL sees the open, transparent, and timely provision of information as its top priority. Because of the high value placed on investor relations work, it is handled directly by the Executive Board.



International Development Program



General Meeting of Shareholders 2008



I Risk report

Opportunities and risks

RATIONAL has a global risk management system, which ensures that opportunities and risks are detected and analysed at an early stage and appropriate corrective measures are taken. There were no significant changes in the first six months of 2008 compared with the information published in the last consolidated financial statements.

The strength of the euro against the U.S. dollar and sterling poses particular risks at the moment. These are reduced by the fact that around 70 percent of Group sales are generated in euros, and so are unaffected by currency fluctuations.

I Prospects

Revenue and profit forecast confirmed for full-year 2008

Given the successful development in the second quarter of this year, we are confident that, in spite of the continuing adverse economic conditions and the sustained fall in the exchange rate of the U.S. dollar and sterling, we will be able to achieve the 15 percent increase in revenue and profit budgeted for 2008.

Landsberg am Lech, July 29, 2008

RATIONAL AG
The Executive Board

RATIONAL – one of the best companies in terms of earning power

In Handelsblatt's company ranking of June 24, 2008, RATIONAL scored 775 points out of a possible 1,000, achieving an excellent fourth place, and was thus again one of the top performing listed companies.

A total of 127 companies were analysed. The average number of points was 452. The rating included the return on investment (ROI), cash flow to equity, cash flow to revenue, and equity ratios.

With a return on investment of 50.1 percent, RATIONAL came first, well ahead of the others, in this particularly significant category.

RATIONAL generates highest return on investment (ROI)

Rank	Company	Index	ROI in %
1	RATIONAL	SDax	50.1
2	Pfeiffer Vacuum	TecDax	34.8
3	SAP	DAX	30.0
4	Phoenix Solar	TecDax	29.4
5	FuchsPetrolub	SDax	28.2
Average of all 127 companies analysed			10.0

Handelsblatt
.com

Income Statement RATIONAL Group

Thousands of euros	2 nd Quarter 2008	2 nd Quarter 2007	Half Year 2008	Half Year 2007
Sales	89,030	79,972	168,559	153,921
Cost of sales	-35,207	-32,616	-66,740	-62,766
Gross profit	53,823	47,356	101,819	91,155
Sales and service expenses	-21,896	-19,415	-44,494	-38,816
Research and development expenses	-3,191	-2,921	-6,164	-5,636
General administration expenses	-4,141	-3,849	-8,039	-7,719
Other operating income	982	983	3,570	1,596
Other operating expenses	-1,657	-1,043	-4,039	-1,930
Earnings before interest and taxes (EBIT)	23,920	21,111	42,653	38,650
Financial results	144	183	440	358
Earnings before taxes (EBT)	24,064	21,294	43,093	39,008
Taxes on income	-6,380	-7,672	-11,484	-14,057
Group earnings	17,684	13,622	31,609	24,951
Retained earnings brought forward	48,191	35,605	34,266	24,276
Retained earnings	65,875	49,227	65,875	49,227

	2 nd Quarter 2008	2 nd Quarter 2007	Half Year 2008	Half Year 2007
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	1.56	1.20	2.78	2.19
Average number of shares (diluted)	11,370,000	11,370,000	11,370,000	11,370,000
Earnings per share (diluted) in euros relating to the consolidated results and the number of shares	1.56	1.20	2.78	2.19

		Thousands of euros	June 30, 2008	June 30, 2007	Dec. 31, 2007
Balance Sheet RATIONAL Group Assets	Long-term assets		56,143	33,599	40,268
	Intangible assets		1,890	1,639	1,732
	Property, plant and equipment		51,669	28,521	36,097
	Financial assets		218	218	218
	Other long-term assets		259	214	248
	Deferred tax assets		2,107	3,007	1,973
	Short-term assets		117,072	96,447	147,154
	Inventories		19,580	18,330	18,638
	Trade receivables		63,052	56,517	61,393
	Other short-term assets		6,423	3,278	4,828
	Deposits with maturities of more than 3 months		-	-	17,000
	Cash and cash equivalents		28,017	18,322	45,295
	Balance sheet total		173,215	130,046	187,422

		Thousands of euros	June 30, 2008	June 30, 2007	Dec. 31, 2007
Balance Sheet RATIONAL Group Equity and liabilities	Equity		104,286	88,557	123,988
	Subscribed capital		11,370	11,370	11,370
	Capital reserves		26,527	27,446	26,673
	Revenue reserves		514	514	514
	Retained earnings		65,875	49,227	85,431
	Long-term liabilities		23,732	4,149	19,813
	Provision for pensions		601	683	617
	Non-current loans		21,460	1,000	17,144
	Other long-term liabilities		1,671	2,466	2,052
	Short-term liabilities		45,197	37,340	43,621
	Liabilities for current tax		3,059	1,644	3,646
	Short-term provisions		21,190	19,064	19,424
	Current portion of non-current loans		1,117	-	856
	Liabilities to banks		4,926	4,801	-
	Trade accounts payable		9,457	8,841	9,292
	Other short-term liabilities		5,448	2,990	10,403
	Liabilities		68,929	41,489	63,434
Balance sheet total		173,215	130,046	187,422	

Statement of Changes in Equity RATIONAL Group

Thousands of euros	Subscribed capital	Capital reserve	thereof: non-realised	Revenue reserves	Retained earnings	Total
Balance at Jan. 1, 2007	11,370	27,018	-3,792	514	66,914	105,816
Differences from currency conversion	-	428	428	-	-	428
Other changes	-	-	-	-	-	-
Income statement for the period taken directly to equity	-	428	428	-	-	428
Group earnings	-	-	-	-	24,951	24,951
Total of profit and expense items recorded in the period under review	-	428	428	-	24,951	25,379
Dividends	-	-	-	-	-42,638	-42,638
Balance at June 30, 2007	11,370	27,446	-3,364	514	49,227	88,557
Balance at Jan. 1, 2008	11,370	26,673	-4,137	514	85,431	123,988
Differences from currency conversion	-	-146	-146	-	-	-146
Other changes	-	-	-	-	-	-
Income statement for the period taken directly to equity	-	-146	-146	-	-	-146
Group earnings	-	-	-	-	31,609	31,609
Total of profit and expense items recorded in the period under review	-	-146	-146	-	31,609	31,463
Dividends	-	-	-	-	-51,165	-51,165
Balance at June 30, 2008	11,370	26,527	-4,283	514	65,875	104,286

Cash Flow Statement RATIONAL Group

Thousands of euros	Half Year 2008	Half Year 2007
Earnings from ordinary activities	43,093	39,008
Cash flow from operating activities	26,390	18,851
Cash flow from investing activities	-875	-3,684
Cash flow from financing activities	-42,521	-37,420
Changes in cash from exchange rate changes	-272	-8
Change in cash funds	-17,278	-22,261
Cash and cash equivalents on January 1	45,295	40,583
Cash and cash equivalents on June 30	28,017	18,322

Sales

Thousands of euros	Half Year 2008		Half Year 2007	
Germany	24,658	14%	22,743	15%
Europe (excluding Germany)	90,753	54%	87,989	57%
Americas	23,471	14%	20,356	13%
Asia	21,296	13%	15,300	10%
Rest of the world	8,381	5%	7,533	5%
Total	168,559	100%	153,921	100%

The sales per region are shown according to customer location.

Segment reporting Half Year 2008 Thousands of euros	Activities of the subsidiaries in:				Activities of the parent company	Total for segments	Reconcl.	Group
	Germany	Europe excl. Germany	Americas	Asia				
External sales	24,048	110,297	17,294	5,150	11,770	168,559	-	168,559
vs. previous year	+6%	+12%	+3%	+13%	+6%	+10%	-	+10%
share	14%	66%	10%	3%	7%	100%	-	100%
Intercompany sales	-	1,909	-	-	112,384	114,293	-114,293	-
Segment sales	24,048	112,206	17,294	5,150	124,154	282,852	-114,293	168,559
vs. previous year	+6%	+12%	+3%	+13%	+9%	+10%	-	+10%
Segment result	-607	+7,361	-540	-115	+36,668	+42,767	-114	42,653
vs. previous year	-980	-888	-771	+48	+6,257	+3,666	+337	+4,003

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				
External sales	22,599	98,786	16,857	4,570	11,109	153,921	-	153,921
share	15%	64%	11%	3%	7%	100%	-	100%
Intercompany sales	-	1,283	-	-	102,709	103,992	-103,992	-
Segment sales	22,599	100,069	16,857	4,570	113,818	257,913	-103,992	153,921
Segment result	373	8,249	231	-163	30,411	39,101	-451	38,650

I Segment reporting

RATIONAL's activities are focused on one business segment: the development, production and sale of appliances used in the thermal preparation of food in industrial kitchens. It does not currently carry any other significant independent product lines that would be reported as segments internally. For this reason, the primary and only segment reporting format is geographical. In the segments RATIONAL summarises its subsidiaries established in the various 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 RATIONAL Komponenten GmbH). This segment represents the development, manufacture and supply of products to subsidiaries as well as supplies of goods and services to OEM customers. The effects arising from the consolidation operations are reflected in the reconciliation column.

I Accounting principles

The consolidated six-month report is based on the accounting principles of the International Financial Reporting Standard (IFRS). The same valuation and balance sheet methods have therefore been applied as in the last financial statements. The rules in IAS 34 on condensed financial statements were applied in this case.

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.

I Consolidated companies

On June 30, 2008 the consolidated RATIONAL AG group contains, in addition to the parent company RATIONAL AG, five subsidiaries in Germany and sixteen outside Germany. There is no change in consolidated companies versus June 30, 2007 and the balance sheet date December 31, 2007.

I Associated companies and persons

In the first half of 2008 no significant transactions occurred with companies or individuals in any way associated with RATIONAL AG.

I DVFA result

DVFA earnings as at June 30, 2008 correspond to the earnings per share under IAS or IFRS shown in the profit and loss account.

I 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 29, 2008

RATIONAL AG
The Executive Board

RATIONAL

SelfCooking Center

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 **로스트**  

 **연한색** **진한색**

 **살짝익힘** **완전익힘**