



RATIONAL: a “star company” with great future potential

Forbes global, October 2000

RATIONAL is a specialist

Our target group comprises those people who prepare foods thermally in high-volume and commercial kitchens worldwide. We focus on fulfilling a continuous, basic human requirement: The provision of hot meals away from home.

Our primary corporate goal is to offer maximum benefit to our customers.

We are part of their world, know their needs and desires, and are therefore in a better position than others to solve their problems and improve their working environment continuously.

RATIONAL is the product leader

We continuously offer our customers the best technology and quality available on the market at an attractive price. The average amortization period is between four and twelve months.

RATIONAL is the technology leader

RATIONAL's superior technology and continuous innovations give us a unique market position. We have achieved technological lead of up to seven years with 85 patents and patent registrations.

RATIONAL is the global market leader

With a global market share of 44 %, we are the world's Number 1, by far.

RATIONAL is the growth leader

We generate above-average annual growth rates organically. However, we have only exploited about 15 % of our products' market potential worldwide. Thus, RATIONAL is in a position to generate double-digit growth in sales and earnings in the future.

RATIONAL is among the “Best of the Best” of the top 300 small companies in the world

Forbes global magazine recently presented the 300 best-performing small companies in the world. Out of these top 300, RATIONAL was rated one of the 20 “star companies” with the greatest future potential.

“Specialising proves a recipe for success”
Financial Times

“A genuine pearl with great price expectations”
Börse Online

“Something's cooking for investors”
Süddeutsche Zeitung

“RATIONAL offers added value”
Börsenzeitung

“Many cooks push up the share price”
Welt am Sonntag

“RATIONAL – unstoppable...”
Platow-Brief

“RATIONAL offers protection in stormy times”
Euro am Sonntag

“RATIONAL – full steam ahead to the SMAX”
Handelsblatt

RATIONAL Group key indicators	1998	1999	2000	2000
	TDM	TDM	TDM	T-EURO
Sales	222,089	255,789	298,741	152,744
Sales abroad in %	74	76	78	78
Material expenses	77,513	91,004	104,348	53,352
in % of sales	34.9	35.6	34.9	34.9
Personnel expenses	54,365	60,341	70,853	36,227
in % of sales	24.5	23.6	23.7	23.7
Other operating expenses	45,858	58,723	70,548	36,071
in % of sales	20.6	23.0	23.6	23.6
Depreciation	4,216	3,737	4,513	2,307
in % of sales	1.9	1.5	1.5	1.5
EBIT	41,654	49,227	56,754	29,018
in % of sales	18.8	19.2	19.0	19.0
EBT	39,480	47,763	56,821	29,052
in % of sales	17.8	18.7	19.0	19.0
Net income for the year	24,743	28,317	26,537	13,568
in % of sales	11.1	11.1	8.9	8.9
by share in DM/Euro	2.18	2.49	2.33	1.19
DVFA/SG net income for the year	23,381	29,684	30,438	15,563
in % of sales	10.5	11.6	10.2	10.2
by share in DM/Euro	2.06	2.61	2.68	1.37
Cash flow	33,528	24,365	31,051	15,876
by share in DM/Euro	2.95	2.14	2.73	1.40
DVFA/SG Cash flow	29,024	33,540	37,675	19,263
by share in DM/Euro	2.55	2.95	3.31	1.69
Balance sheet amount	97,133	106,297	154,815	79,156
Equity	25,168	46,023	99,303	50,773
in % of balance sheet amount	26	43	64	64
ROCE in %	199	111	82	82
R&D expenses	8,077	10,149	12,236	6,256
in % of sales	3.6	4.0	4.1	4.1
Employees (end of the year)	number	534	551	626
Sales by employee		416	477	244



RATIONAL is a global player

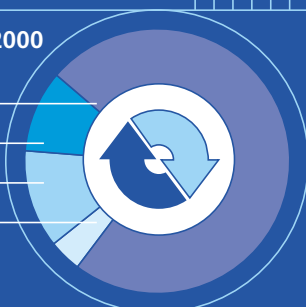
Our Combi-Steamer technology is successfully employed in over 80 countries worldwide. Approximately 85 million meals are prepared every day using RATIONAL Combi-Steamers.

78 % export share in 2000

The above-average growth of our strategic future markets in the US and Asia is continuing. Despite considerable growth in Germany and in Europe in particular, the sales shares of the US and Asian markets will increase to about 30 % each in future as a result of the large backlog in demand.

Sales breakdown by region 2000

Europe 74 %
America 10 %
Asia 12 %
Rest of World 4 %



Market potential by region

Europe 40 %
America 30 %
Asia 30 %



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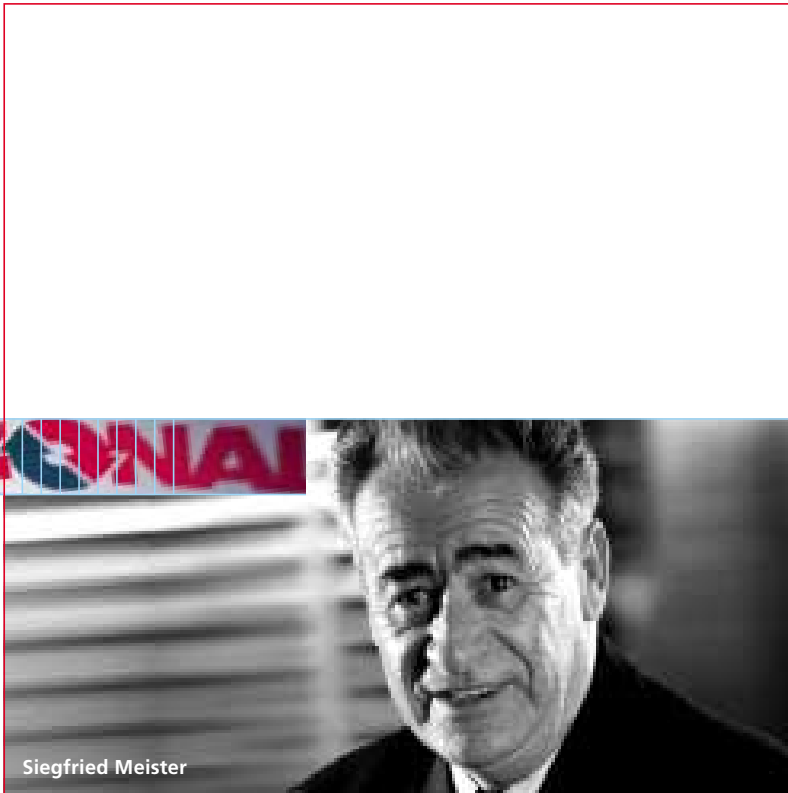
RATIONAL technology – shaping the **future**

The invention of RATIONAL's Combi-Steamer over 20 years ago revolutionized the work of people in professional kitchens. Just as the PC is replacing the typewriter, and opening up enormous additional opportunities, traditional high volume catering technology is being superseded by RATIONAL's Combi-Steamer technology. The implementation of this state-of-the-art technology simultaneously optimizes costs, time, quality

and flexibility. Its average period of amortization is a mere 4 – 12 months.

The launch of RATIONAL's ClimaPlus Combi® in mid-1997 laid the foundation for a completely new dimension of service. Perfect hardware technology is complemented by cutting-edge intelligence (software), meaning that even complex, multi-stage cooking processes can be fully automated. Easy as child's play.

Our intelligent systems ClimaPlus Control®, IQT®, CleanJet®, and CDS® have again set a new global competitive standard. And our technological edge is growing all the time.



Success through globalization

RATIONAL's Combi-Steamer technology can be used all over the world. This is proven by our successful sales growth in over 80 countries worldwide. And RATIONAL has only begun to systematically tap the substantial backlog in demand in America and Asia in particular. The consistent implementation of RATIONAL's sales and marketing process, which is globally standardized, has been extraordinarily successful in our own subsidiaries. The success of this strategy is highlighted by well above-average growth rates in 2000, such as 74 % in the US and 38 % in Japan.

Investing in the future

Due to the increasing global demand for RATIONAL's technology, plus the huge – and yet still unexploited – market potential, we have to expand production capacity. The current expansion of our manufacturing facilities in Germany will cover pan-European demand in the long term. Production sites close to our customers, to start with in the US and subsequently including Asia as well, are the logical result of RATIONAL's growing globalization.

IPO improves corporate quality

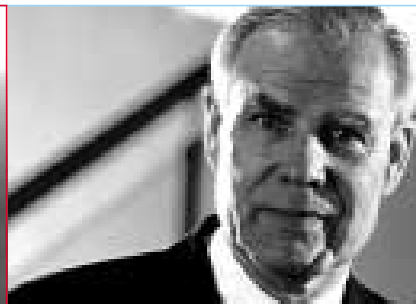
Our IPO started a new chapter in RATIONAL's success story. The company I founded is now a listed Aktiengesellschaft (German public company). The management is geared towards increasing the company value by improving its quality. A sustained increase in shareholder value can only be achieved if the value of the company also increases continuously.



Siegfried Meister,
Chairman of the Supervisory Board



Walter Kurtz



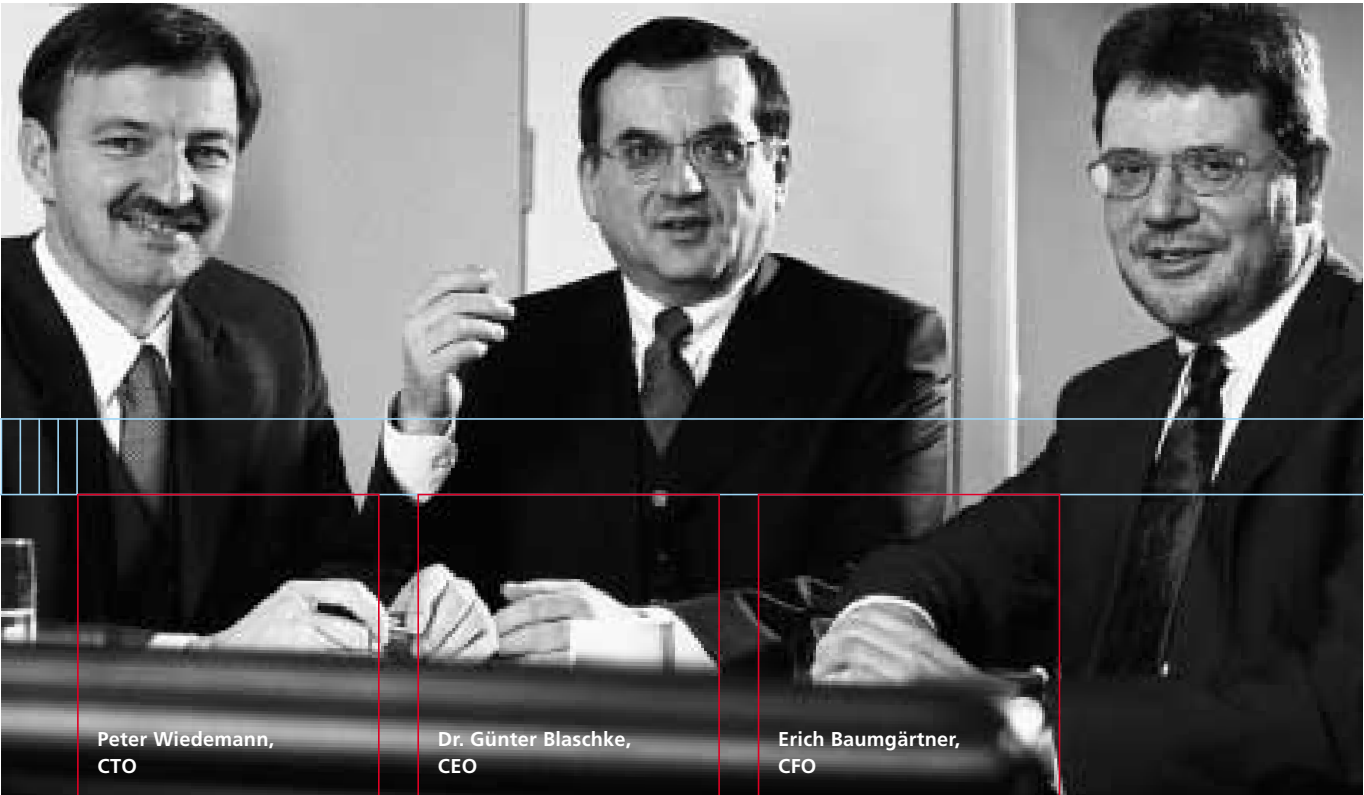
Roland Poczka

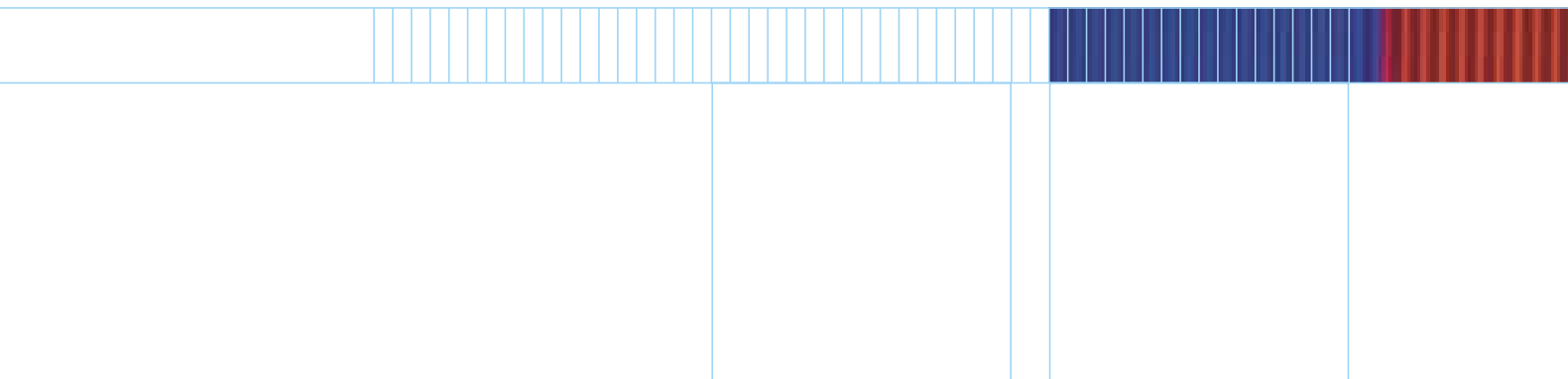


CV's and responsibilities

Dr. Günter Blaschke

Born in 1949, Günter Blaschke studied business administration at the University of Cologne before taking a doctorate in industrial economies. Dr. Blaschke began his professional career in 1978 as Assistant Marketing Manager at Procter & Gamble GmbH in Schwalbach. From 1981 to 1990 he headed the Marketing, Product Management and Video Products Sales departments at 3M Germany and later at 3M Europe in Brussels, before successively managing the Sales, Marketing, Production, Research and Development departments for domestic and international markets at Joh. Vaillant GmbH in Remscheid. Dr. Blaschke joined RATIONAL GmbH as Managing Director in 1997. He was appointed **Chief Executive Officer** in September 1999.





Foreword by the Executive Board

2000 was an extraordinary year for our company. Our IPO was a new and exciting challenge for us all. In addition to our customers and business associates, who are already very familiar with RATIONAL, the world of finance is now also taking an interest in us. For this reason, we have included a detailed description of our company in the present Annual Report, and, on the basis of selected examples of international applications, show you how enthusiastic our customers are about the RATIONAL technology.

Specialization – the mainstay of success

Since its formation, RATIONAL has focused on a single target group – the people responsible for thermal food preparation in high volume and commercial kitchens.

This means that we focus at the same time on a lasting basic human requirement: the provision of hot meals in the **catering sector**. This basic requirement grows as the purchasing power of a particular country increases.

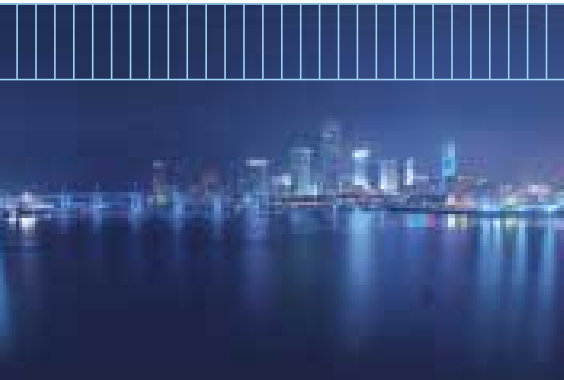
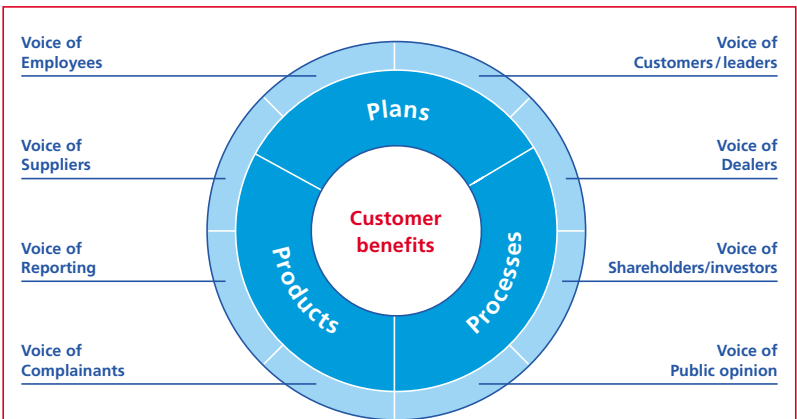
Our close relationship with our target group makes us part of their world. We know their desires and needs, and are able to solve their problems and continually improve their working environment – better than others.

Customer benefit – at the heart of what we think and do

Offering our customers the maximum benefit at all times is firmly established as the key goal in RATIONAL's corporate philosophy. Everything we do focuses on continually increasing the customer benefits. The key factors of influence are the voices of our customers, suppliers, employees and shareholders.

The new global standard – ClimaPlus Combi®

The invention of RATIONAL's Combi-Steamer in 1976 radically changed thermal food preparation in high volume and commercial kitchens. The launch of our ClimaPlus Combi® in mid-1997 started a new era in Combi-Steamer technology and created again a new global standard.



Forward-looking, application-oriented systems intelligence

As with developments in information processing, of the unique global position of the ClimaPlus Combi® is no longer exclusively based on perfect hardware, but rather and in particular on cutting-edge, user-oriented intelligence (software). This presents our customers with completely new opportunities in terms of food quality, the avoidance of routine work thanks to self-regulating cooking processes, and the greatest possible level of user-friendliness.

The intelligent, patented advantages offered by ClimaPlus Combi® include ClimaPlus Control® (which maintains an ideal level of humidity for the product in the cooking cabinet), IQT® (all you have to do is set the required degree of browning and core temperature and IQT® does “the rest”), CleanJet® (which automatically cleans the ClimaPlus Combi® without any effort by the user) and CDS® (which waves goodbye the limescale problems). These features have increased our technological edge to the point where we are up to seven years ahead of competition.

The massive global acceptance of ClimaPlus Combi® is an impressive confirmation of the direction of our research efforts. The business share generated by ClimaPlus Combi® is constantly growing, already amounting to 62 % in 2000. In other words, we have created a new global standard.

Internationalization drives higher growth

Innovative products and the consistent implementation of our sales and marketing process enabled us to increase our growth rate year-on-year. After 10 % growth in 1998, we grew by 15 % in 1999 and 17 % in 2000. Consequently, our market share increased – from 41 % to 44 % in 2000.

In addition to our excellent sales partners, the key growth drivers were our subsidiaries, who generated 32 % sales growth in sales in 2000.

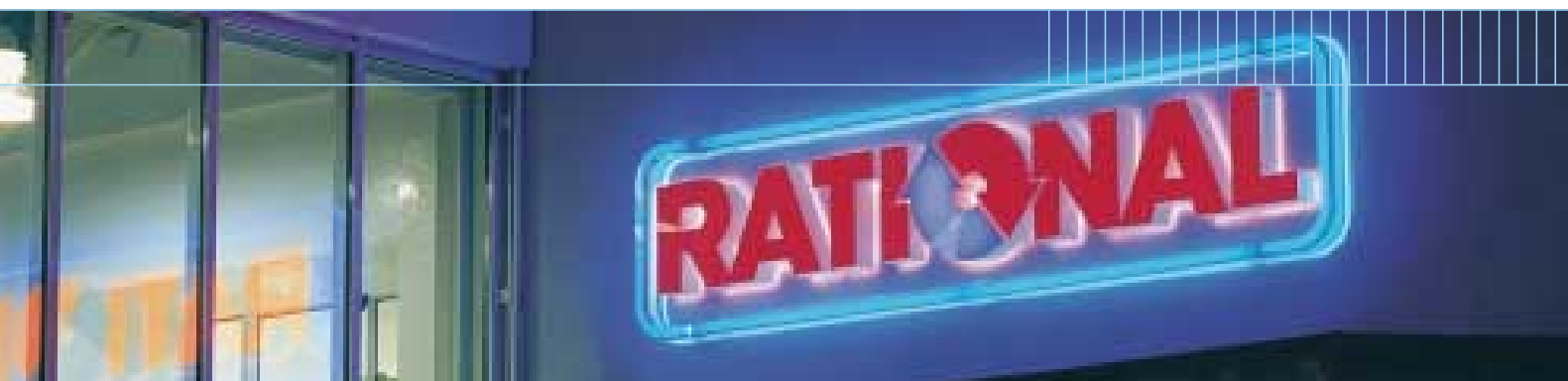
Thus RATIONAL subsidiaries increased their share of total sales further, to 46 % in 2000.

New subsidiaries create opportunities for the future

By forming four new subsidiaries in Canada, Spain, South Korea and Argentina/Chile in 2000, we developed further potential for above average growth in the future.

We see excellent prospects for growth in the US and Japan – the individual markets with the largest potential worldwide. The high growth rates achieved by RATIONAL USA of 74 % and RATIONAL Japan of 38 % are convincing proof that our technology is becoming established in these key markets.

Despite these successful sales figures, only 15 % of the global market potential of around DM 35 billion has been exploited so far.



RATIONAL – a hidden champion

Strong earnings

RATIONAL's extraordinarily strong earnings are in particular due to large production runs, low manufacturing costs ("Factory of the Year" 1999), hierarchy-free structures (quick decision-making) and the absence of a centralised approach ("entrepreneurs within the enterprise").

Since 1998, we have consistently generated pre tax margins of between 18 % – 19 % – despite the fact that our products are medium-priced in relation to our competitors. Given this background, we are confident that we will maintain this level in the future too.

2000 – a Record year

RATIONAL received many international awards this year.

Forbes global, the business magazine, voted RATIONAL one of the 20 best performing medium-sized companies in the world in its October issue. The key criteria leading to this judgement were our technological leadership, global market dominance, strong earnings and vast untapped global market potential.

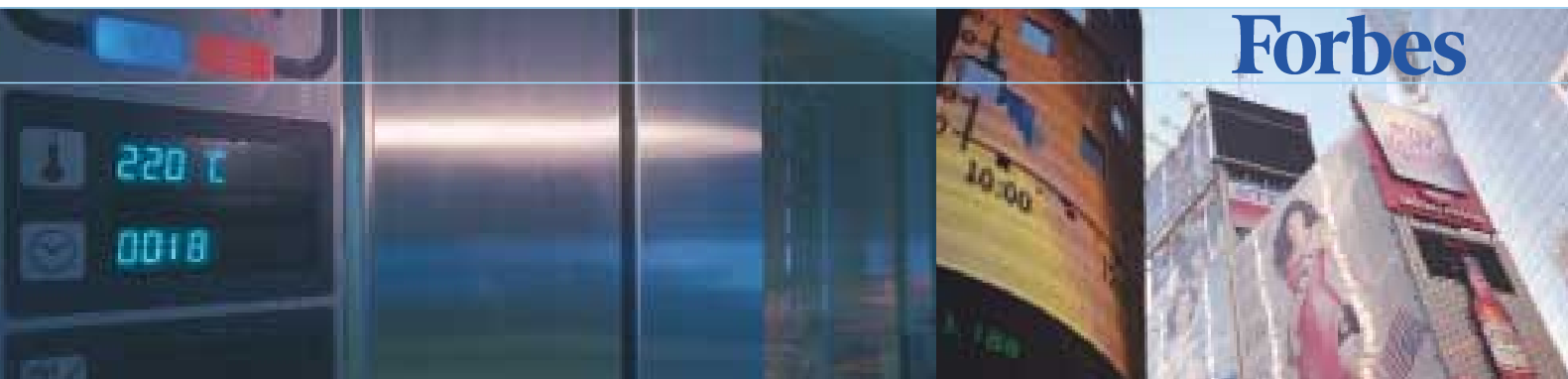
Once again we also received many awards for our superior innovations:

- February: Gastro Innovation Prize 2000 for IQT®
- June: Innovation Prize 2000 from the Verband der Fachplaner (Association of Catering Planners).
- November: Baanbreker 2000, Horeca Expo for CleanJet®
- December: Most successful Product of the Year award for IQT®, from readers of the magazine "Küche"

The listing of RATIONAL's growth shares on March 3, 2000 started a completely new chapter in our success story.

The milestones were:

- 52 % gain on the subscription price on the day of initial listing
- Admission to the S-DAX on June 19, 2000
- 211 % increase in value over the issuing price as of December 31, 2000
- The most successful issue on the Geregelter Markt and the Amtlicher Handel
- Best issue in 2000 in the SMAX-segment and
- One of the Top 5 performers among all German IPO's in 2000.



Competing with the global elite for the world championship

This goal is firmly rooted in RATIONAL's corporate philosophy motivating employees to give their best every day. As a "hidden champion" (Tom Peters on RATIONAL in "Liberation Management"), we are already in an ideal position today to achieve record performance in the future.

The key foundations for achieving this will be technological leadership, global market dominance, maximum customer loyalty in a dynamic growth market and high profitability.

The challenge: to double our company value

Our medium-term challenge is to double both sales and earnings and thus the value of our company.

Focusing all our sales and marketing activities on defined "A" potential countries and increasing our global market share to 50 % are vital for future success.

Work began in November 2000 on expanding our production facilities in Landsberg. This will increase our annual capacity up to 30,000 units a year.

Exceptional success thanks to exceptional employees

RATIONAL has exceptional employees. Their high degree of personal responsibility, their expertise, motivation and identification with our corporate goals ensure our success.

Our employees participate in the success of our company by an earnings contribution granted on a voluntary basis. Since 1997, the employees' share in the profits increased from the equivalent of 65 % of one month's salary to 120 % in 2000.

We would like to thank everyone, but above all our employees, for the dedication and confidence they have in our company.



RATIONAL – best SMAX issue in 2000, full steam ahead to the stock market

Full steam ahead to the stock market – this was the motto we used in spring 2000 to introduce RATIONAL shares to potential investors.

Press campaigns, briefings, TV interviews, but in particular our international roadshows convinced potential investors of RATIONAL's success story in the run-up to the IPO and aroused their enthusiasm.

Around 2.5 million shares were offered in the bookbuilding process by an excellent banking syndicate lead by Schroder Salomon Smith Barney, HypoVereinsbank (co-lead), Sal. Oppenheim jr. & Cie. and Landesbank Baden-Württemberg. Heavily oversubscribed, the shares were submitted at € 23, the upper end of the bookbuilding range.



Beatrix Melis, Erich Baumgärtner, Dr. Günter Blaschke, Peter Wiedemann

211 % growth in value

Before the IPO, our goal was to become the pearl on the SMAX quality segment in addition to being the pearl in our industry. We achieved this goal in 2000.

Taking the stock market as a whole, it is obvious that the RATIONAL growth share is one of the few securities which gains consistent improvement in value.

With a closing price of € 71.50 (December 29, 2000), the value of the share increased by 211 % as against the submission price of € 23. The investor magazine "Börse Online" sees an upside target of € 90 for RATIONAL shares.

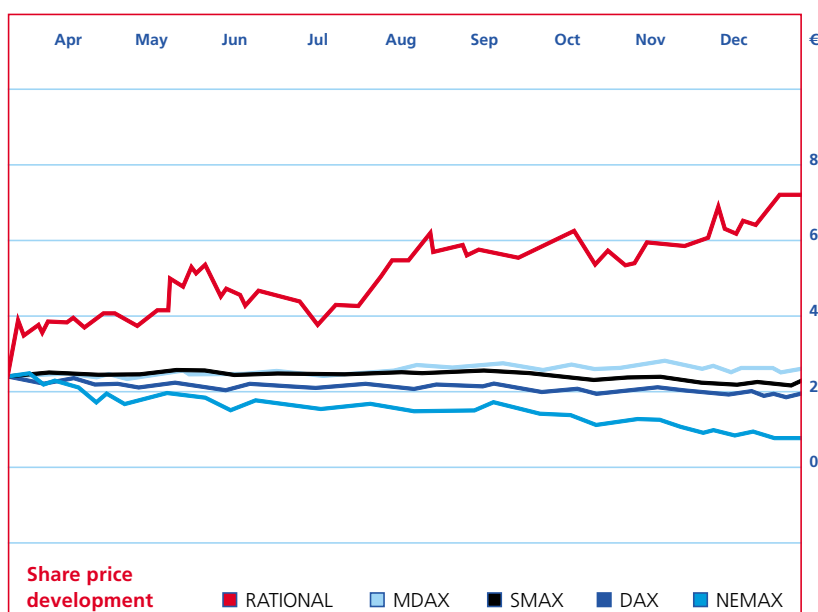


Chart analysis Börse Online, No. 3, 2001

RATIONAL's share price is experiencing a stable upwards trend. If there are any adjustments, there is a strong support line at € 60.

WKN 701080

Price January 9 66.00 €

Hi/Lo (1 year) 73.50/34.00 €

Upside target 90.00 €

Stop price 52.00 €

Stock exchange All German exchanges

Reuters symbol RAAG.F

Maximum share portfolio 4%

The best IPO's

	Increase on issuing price	Increase on initial listing
1. Umweltkontor	304.35%	93.75%
2. Biodata	275.67%	-29.39%
3. Linos	256.67%	35.62%
4. Thiel Logistik	249.44%	137.40%
5. RATIONAL	219.87%	104.25%
6. Energiekontor	162.30%	127.03%
7. AdPhos	120.00%	109.52%

Newcomers leading on stock market

Change since January 1, 2000

1. RATIONAL	210.87%
2. PA Power Autom.	186.43%
3. HWAG	130.26%
4. German Brokers	125.37%
5. Amadeus Pers.	110.28%
6. Loewe	93.04%
7. Concord Effekten	83.56%

Open communication for a long-term partnership

The focal point of our communication strategy is to provide our shareholders and financial analysts with continuous, up-to-date information. Annual reports, quarterlies, international roadshows, and the RATIONAL Web Site (www.rational-ag.com) are just some of the means we utilise.

This continuous, open and transparent information policy further strengthens the confidence of the financial world in RATIONAL.

During the past fiscal year, the Executive Board presented the company at various international roadshows and numerous investment conferences. RATIONAL is in direct contact with more than 200 institutional investors worldwide.

Positive public response thanks to
transparent information



Press and PR work as a quality factor

A key component of RATIONAL's open and up-to-the-minute information policy is its dedicated press and public relations work. We took the opportunity offered by numerous interviews and briefings to introduce the company to journalists, thus increasing awareness beyond the specialist press.

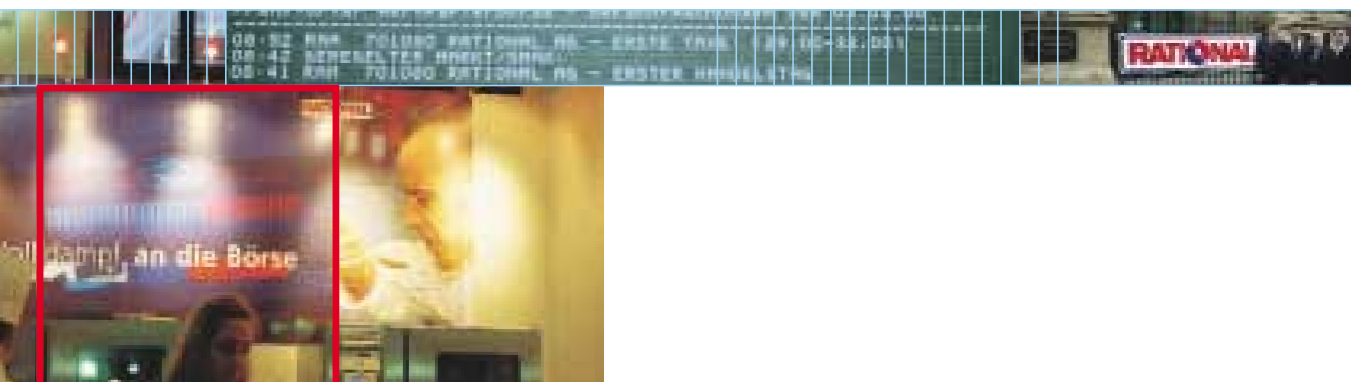
The response was extremely encouraging and we were featured in many German and international print media during the past fiscal year. Television companies visited RATIONAL frequently, and vice versa, making TV an integral part of our press and PR work, in addition to print titles. We will continue our active communications strategy in the coming fiscal year and maintain journalists interest in RATIONAL.

IR contact

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Financial calendar 2001

Earnings 2000 conference	March 15, 2001, 09.30, Hilton, Tucher Park, Munich
DVFA meeting	March 15, 2001, 16.00, Dresdener Bank, Frankfurt
Annual Shareholder Meeting	April 27, 2001, 10.30, Congress Hall, Augsburg
Quarterly report	May 2001
Six-month report	August 2001
Nine-month report	November 2001
DVFA-GMC conference	November 2001
Schroders-GMC conference	November 2001



Key events in 2000 at a glance

Successful IPO

RATIONAL's shares were listed for the first time on March 3, 2000 in the SMAX quality segment of the Frankfurt Stock Exchange. At € 23, the shares were priced at the upper end of the bookbuilding range, and their initial listing was an extremely successful € 35.

RATIONAL's IPO was the most successful SMAX issue of 2000 with a 211% increase in value.

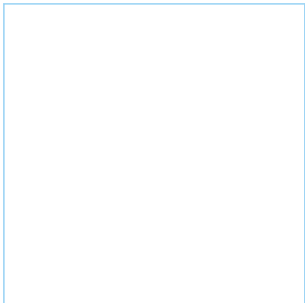
Future growth through new subsidiaries

RATIONAL is driving forward its successful market development strategy via its own subsidiaries. In the past fiscal year, RATIONAL formed new subsidiaries in Canada, Spain, South Korea and Argentina/Chile.

Technological lead extended

Key factors behind RATIONAL's success are its state-of-the-art product technology and its exceptional application expertise.

In March 2000, we succeeded in further expanding our unique position and increasing our competitive technological edge with two world-wide firsts: Clean-Jet® and the Calc-Diagnose System®.



Prizes for superior innovative performance

The unique intelligent and patented features of our Clima-Plus Combi® received many awards:

- February : Gastro Innovation Prize 2000 for IQT®
- June : Innovation Prize 2000, Association of Catering Planners
- November : Baanbreker 2000, Horeca Expo for CleanJet®
- December 2000: Most Successful Product of the Year award for IQT® from the readers of the magazine “Küche”

Forbes global – RATIONAL is the Best of the Best

In its October issue, the business magazine Forbes global voted RATIONAL one of the 20 best medium-sized companies in the world. The key criteria leading to this judgement were technological leadership, global market dominance, strong earnings and vast untapped global market potential.

Increasing demand requires capacity expansion

Work started at the end of November on expanding production facilities in Landsberg. RATIONAL is expanding its production capacity to up to 30,000 units per year in response to increasing demand. This will create numerous jobs for highly qualified people over the next few years in Germany.

175,000th RATIONAL Combi-Steamer

RATIONAL’s 175,000th Combi-Steamer was built in December. This means that nearly every second Combi-Steamer in the world is a RATIONAL Combi-Steamer.



Ingo Lehmann,
Mayor of Landsberg

Erwin Filser, Head of Administration
of the Landkreis

Siegfried Meister,
Chairman of the Supervisory Board

Dr. Günter Blaschke,
Chief Executive Officer



175,000th RATIONAL Combi-Steamer

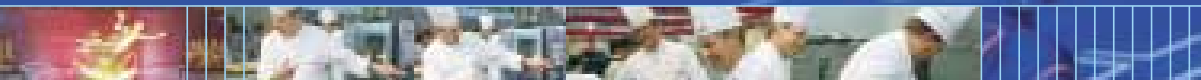


The Future

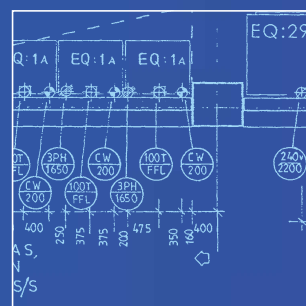
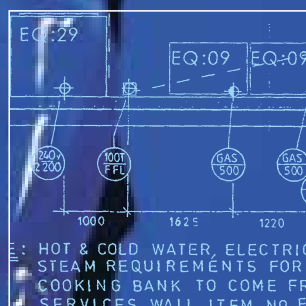
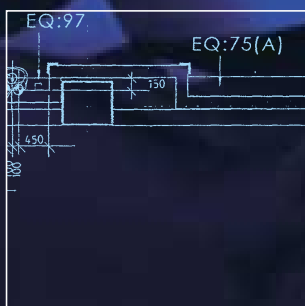
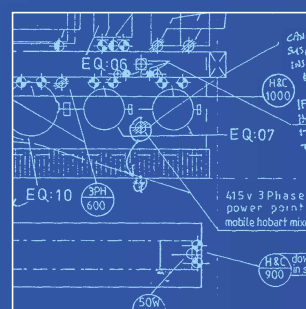
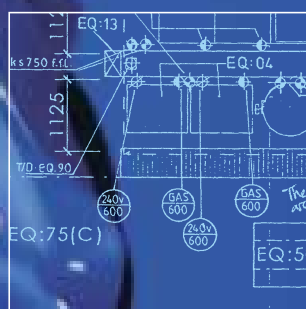
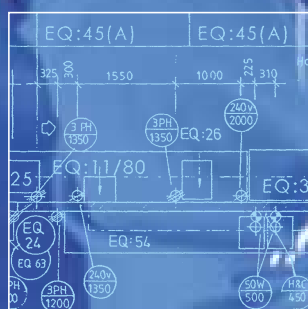
"The younger the target group, the more 'global' products and programs should be. The menu-based approach is increasingly being replaced by an assortment-based approach – the customer wants multiple choices."

"The food & beverage business is getting trendier and more international. Multi-cultural variety is in line with the expectations of today's consumer generation. There is a tendency for a modern concept to draw on every possible culinary origin."

Café Future, Denk-Bar,
Deutscher Fachverlag FFM



Challenge



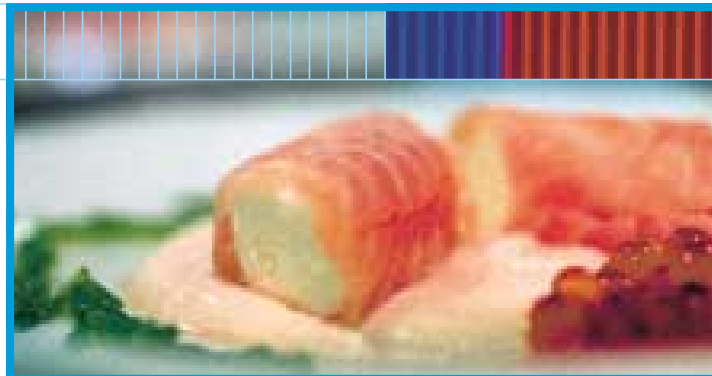
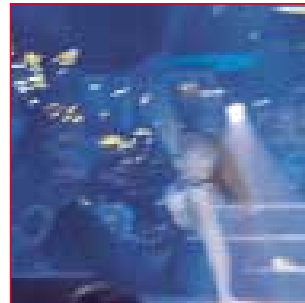
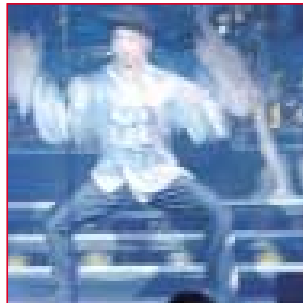
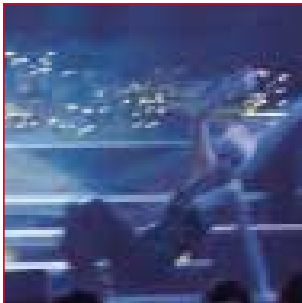
The catering trade of tomorrow will be shaped by innovative technologies

Spontaneous **enjoyment** not regular mealtimes

Developments and trends in society are also reflected in enormous changes in people's eating habits. The more wealth increases, the more mobile and willing to travel people are, the more women in employment, the smaller households become, the more unpopular housework becomes, and the less time families spend together; the greater is the pressure on traditional consumption patterns.

There is a shift from eating-in to eating-out, to high-class restaurants and mass catering. Long-established and traditional habits are losing out to new, spontaneous ones.

The tradition of eating three meals a day is being replaced by snacks to go. "Eat around the clock" is the motto for the future.



Full social life versus cocooning

Sociologists are predicting two major behavioral trends for the future, in particular for young urban consumers. People will oscillate between a full social life outside home and cocooning – withdrawing within one's own four walls. This means there will be a need for new catering distribution channels.

Take-away systems and home delivery will be the winners with regard to these target groups. For professional kitchens, this means an opportunity to grow beyond their seating capacity.

The eating experience

For the consumers of the future, food will have two meanings: on the one hand, it will fulfill the basic daily need for food; while on the other, eating out will become an experience.

Going out is becoming a means of social communication. This no longer only applies to bars or theme parks; other types of business, such as company canteens or the food service industry will also have to ensure their concepts offer emotional added-value to their guests.

Global variety versus regional monotony

Modern consumers expect an offer of multicultural variety. From Italian to Tex-Mex, from Asian to Australian – experience-oriented concepts are winning customers.

Mobility, people's desire to travel and the media, particularly television, have ensured that information and trends have spread not only within Europe, but worldwide. Ethnic trends will become more significant in the future, although distinctive regional cuisine will also have its place.

Vegetarian and alcohol-free offerings are becoming more common due to the still growing wellness trend and the rise of functional food. Light meals and careful preparation methods will play an important role alongside fast food.

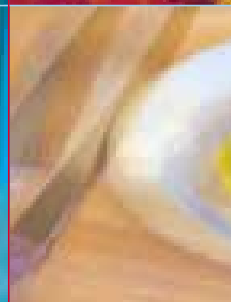
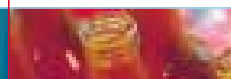
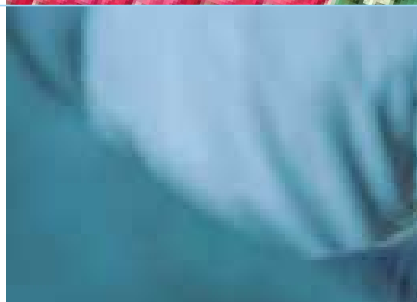
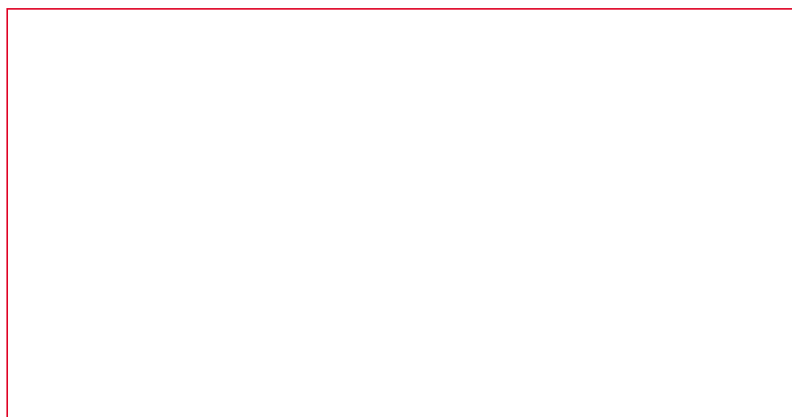


Good food – a feelgood factor

The future in the kitchen began a long time ago – and not only in Europe, where RATIONAL's Combi-Steamer has been a standard in state-of-the-art production facilities for years. Planners' visions are also becoming increasingly successful in markets with a totally different gastronomic tradition, more and more Americans, Japanese and Australians now see good food as a "feelgood factor" – just as in France, the "birthplace of good food". In the US, Asia and Europe, the best chefs already enjoy a cult status matched only by popstars. They set examples and trends and deliver a key contribution to the style of living.

Convenience – opening up new dimensions

In order to meet the increasing demands of the market on flexibility, chefs in all segments of the industry rely on two things: convenience products (industrially processed goods) and leading-edge cooking devices. Convenience in all stages of processing is a leitmotif running through the entire restaurant business.

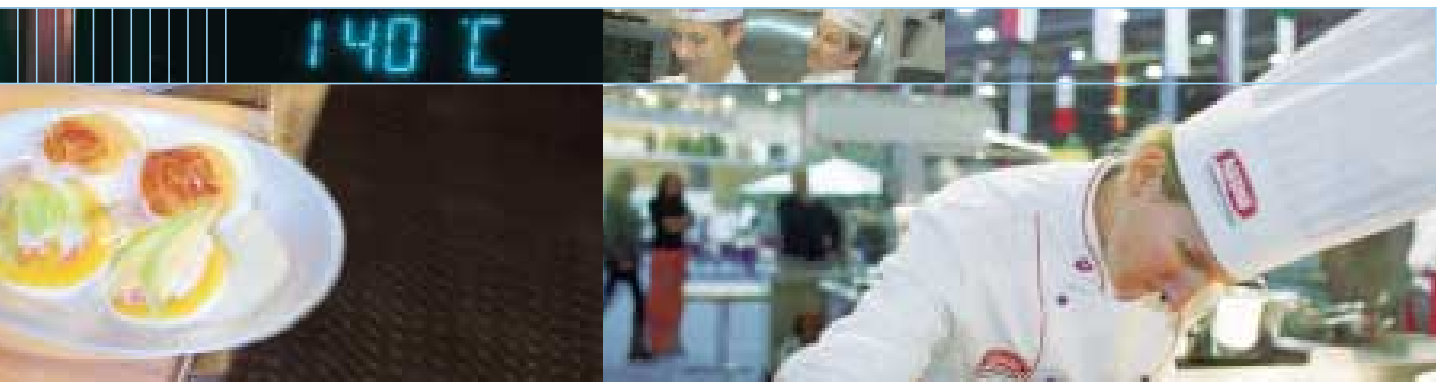


Even though chefs originally regarded them as an attack on their professional honor, they stopped being a taboo subject a long time ago. Nowadays in fact, they are almost indispensable for a flexible range of modern, gastronomical concepts, since the use of these industrially processed products opens up completely new opportunities for efficient work.

Creativity through rationalization

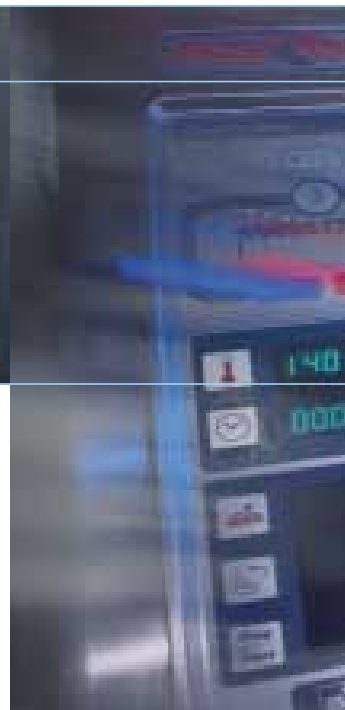
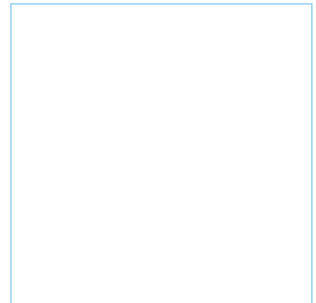
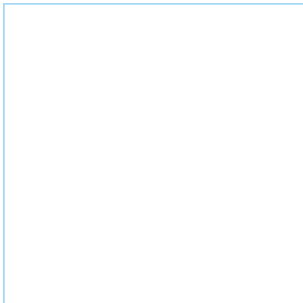
Convenience products not only save time and money, the rationalization of workflows offers new, creative opportunities for preparing and finishing high quality meals – be they Asian spring rolls, deep-fried scampi, traditional roasts or popular potato gratins. The potential benefits and cost-savings are high, even in gourmet restaurants which have their own rules and where artistry and ambience count above all. **Dieter Schlösser, Managing Director of Nestlé Food Service Deutschland:** “Many convenience products are suitable for these kitchens, and are used in them in practice. In general too, the food service and mass catering industries have to work with convenience products to achieve high quality at low cost.”

“Convenience products should not require any specialist knowledge if possible – rather, they should be uncomplicated and quickly ready for serving. In such situations, the Combi-Steamer is the ideal solution when it comes to creating better overall kitchen designs,” says Dieter Schlösser.



Meeting **future** challenges – RATIONAL's innovative technology

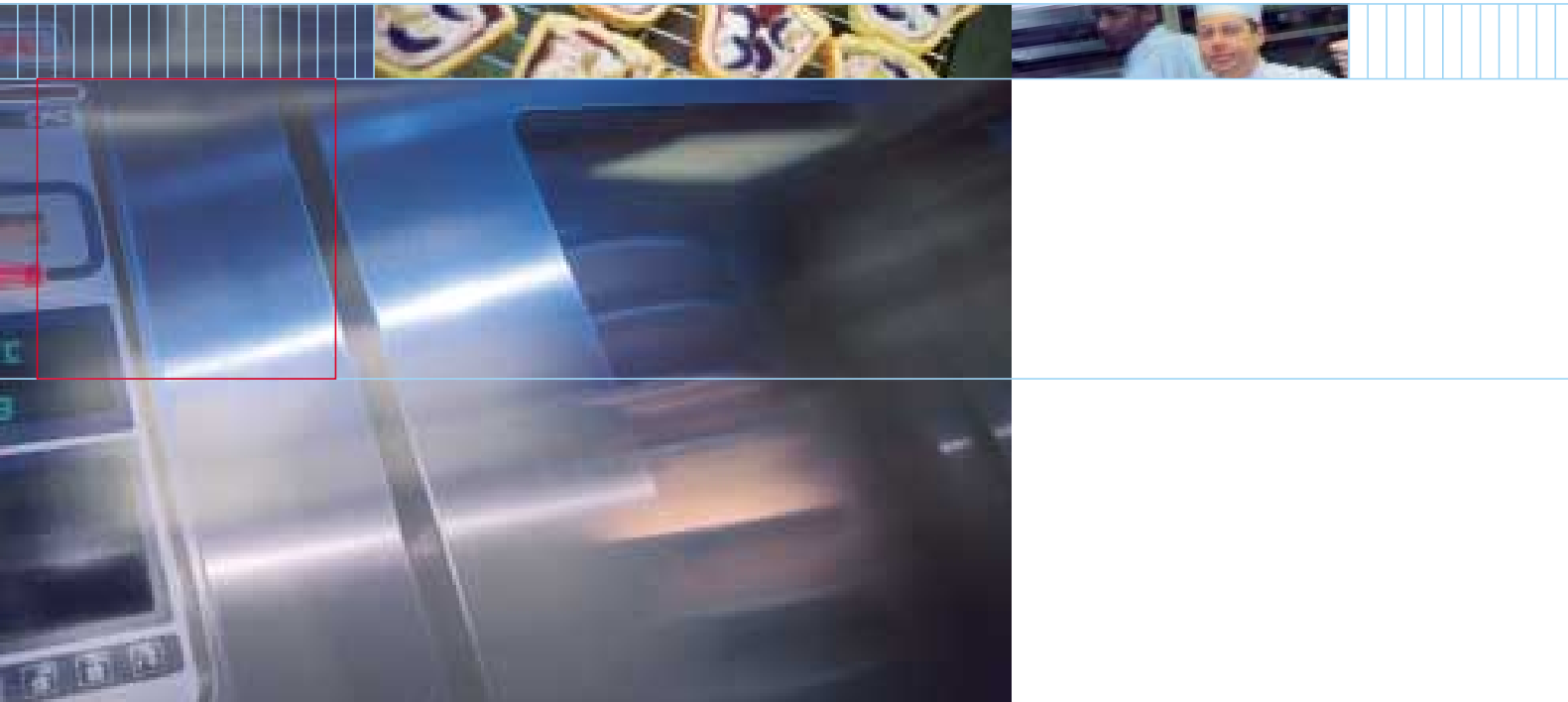
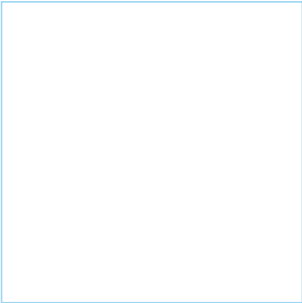
Whether in company canteens, hospitals, senior citizen homes, institutions and universities or schools, whether in demanding gourmet or standard restaurants, hotel kitchens or fast-food outlets of food service providers, there is an increasing focus on cooking technology. According to mass catering kitchen experts, RATIONAL's technology plays a key role here. Which means they are predicting a great future for RATIONAL's Combi-Steamers in a global sense.



In future, intelligent and efficient solutions will determine workflows in modern kitchens. Improving quality and saving space are at the top of the agenda. “Cooking in a minimum of space” is the motto for the future around the globe – from Europe through Asia and America to Australia.

RATIONAL's technology will largely help shape the changes taking place in tomorrow's kitchen. RATIONAL offers the solution needed to meet the complex challenge: how to serve high-quality food fast and cost-effectively. We have recognized the change in trends that is taking place and already provide the markets with innovative technology to meet future requirements.

Satisfied chefs, satisfied employees, satisfied consumers – all proof of a good idea with an excellent future.





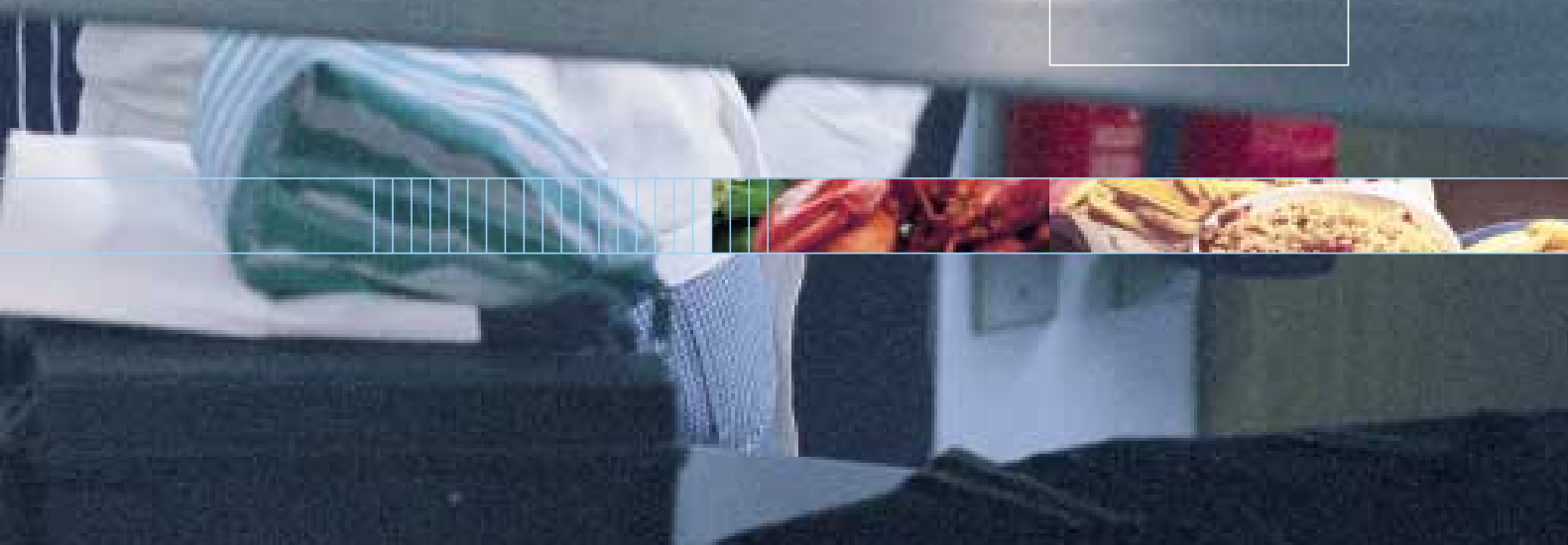
The Changing

RATIONAL technology keeps professional kitchens on the road to success



Kitchen

"The trend is towards larger seating areas, smaller production areas and shorter cooking processes." Café Future, Denk-Bar, Deutscher Fachverlag Frankfurt.



RATIONAL's ClimaPlus Combi® – the **core** of the modern kitchen

High-tech – the answer to increasing demands

The technical revolution in the kitchen is closely related to the name RATIONAL. The Combi-Steamer is shaping work in the professional kitchen like no other thermal device. An increasing demand for freshness, speed and food quality on the one hand is combined with ongoing cost pressure and the standardization of all production workflows on the other. RATIONAL's high-tech products play a key role in solving everyday problems, worldwide and irrespective of the type of operation concerned: RATIONAL's Combi-Steamers are used just as much in individual cooking or the food service industry as they are in mass catering.

For more than a quarter of a century, RATIONAL's product developers have been working systematically on improving Combi-Steamer technology in line with the motto "maximum efficiency, minimum effort during use". Proven technology ensures consistently good performance. Giving qualified employees valuable time for more creative tasks.

"Plug & Cook" –

as easy as possible

Intelligent solutions which substantially reduce time and effort are gaining ground. Multiple consecutive steps are being radically simplified: complicated production processes can be automated and set in motion at the click of a mouse on the PC or by touching the display of the ClimaPlus Combi®.



A supposedly simple exterior hides sophisticated technology which, due to our cutting-edge device intelligence, fulfils users' requirements to the letter, product by product. "Plug & Cook" – an idea based loosely on the term "Plug & Play" – became a reality a long time ago. And the more intelligent the technology, the easier we make it to use.

Increased sales by reduced space

RATIONAL's Combi-Steamers are in a special position compared to other kitchen devices whose technology has been optimized over the years, but which only partially improve efficiency in the kitchen. In fact, kitchen designers, such as Heinrich Steuer (Husum), who specializes in planning and equipping kitchens for traditional catering businesses, regard them as "the core of the modern kitchen."

Depending on the type of business and the meals on offer, Combi-Steamers can partially or completely replace other thermal devices such as kettles, tilting pans, hot-air ovens, and boiling pans. The benefits: Investment costs are substantially lower and the production units only require a fraction of the space previously required. Whereas Heinrich Steuer used to plan a 50:50 seating to kitchen and storage space ratio several years ago, this climbs to up to 75:25 when Combi-Steamers are used. Meaning more revenue from the same kitchen space for the owner.



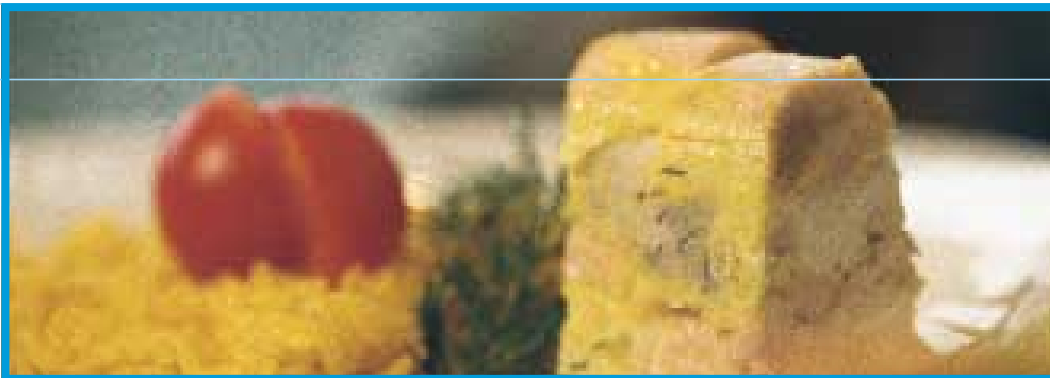
Heinrich Steuer relies on RATIONAL's high-tech

Greater efficiency through separating production and service

The economic benefit to be gained from using Combi-Steamers is not just causing catering professionals in Europe to change their views. All around the globe, but particularly in the US, kitchen managers are increasingly relying on RATIONAL's innovative technology to increase the cost effectiveness of their businesses.

For **Foster Frable, a kitchen designer in New York**, for example, efficiency means changing in-house structures: in American kitchens, meals are traditionally produced either "just in time" – which involves a substantial effort – or using a "cook & hold" procedure (in which the food is precooked and kept warm). As a result, staff workloads are correspondingly high during peak times but otherwise relatively low. RATIONAL's Combi-Steamer technology, on the other hand, enables employees to produce meals during quieter times in the kitchen, stopping the cooking process immediately by shock cooling. This ensures the certainty that the meal the customer subsequently receives will have the quality of a fresh one – after being rethermalized briefly in RATIONAL's ClimaPlus Combi®.

Quality and **cost effectiveness**
go hand in hand with RATIONAL's
ClimaPlus Combi®

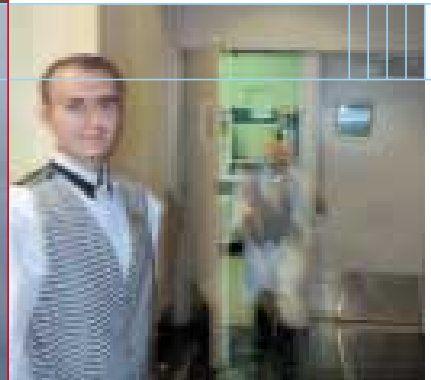


"Cook & Chill" – the kitchen of tomorrow

Experts, irrespective in which country they work, are unanimous that a clear distinction will be made between production and service in the future. Therefore the Cook & Chill procedure – preproducing, cooling and rethermalising food – is one of the most interesting catering systems for the future in terms of costs and quality.

Cook & Chill has already been a standard in high volume kitchens for years in many European countries, and particularly in the USA it will become a winner, too. This applies basically to all kind of banquets, where the secret is to retherm many meals on the spot. Cook & Chill is an area of application in which RATIONAL has been a proven, expert partner for kitchen staff all over the world for years.

Foster Frable, kitchen designer, New York



24 hours a day, 365 days a year – for the customer's **benefit**

Consistently high quality meals and maximum operational safety

Kitchen organization in the hospitality industry and, last but not least, in catering establishments stands and falls with the versatility of the technology used. The successful combination of entertainment and culinary enjoyment makes Casino Arizona in the US city of Phoenix a leading establishment in the colorful world of gamblers. Not only the range of games seems to be unlimited, the selection of food and drinks in the Casino restaurants leaves hardly any wish open.

24 hours a day, 365 days a year, kitchen and service staff are ready to fulfill guests' every whim.

"The future of the kitchen lies in separating food production and service. In order to do this, we need RATIONAL's ClimaPlus Combi®, which allows meals to be produced in advance and rethermalized just in time. In future, devices to keep food warm, convection ovens and other kitchen equipment will be replaced by Combi-Steamers. This does not only mean that less equipment and less staff will be needed, but the food will be of a better quality, too. The ClimaPlus Combi® consumes less energy and can be easily used by kitchen staff at various stages of training. User-friendly and robust even when in continuous use, our equipment offers maximum operational safety." **Michael S. Joynt, kitchen designer, Mesa, Arizona.**



Amortization within 4 – 12 months on average

"RATIONAL's ClimaPlus Combi® is the focal point of our food production in all five areas of production," says Executive Chef Steve Gerken. An extremely wide range of products can be cooked to precision – for breakfast, lunch or dinner. "One of the greatest benefits of these devices is that the use of humidity accelerates the cooking process," says Steve Gerken.

"This means we have been able to reduce the preparation time for many products. However, one of the particular economic benefits which makes RATIONAL technology outstanding is the minimum shrinkage during cooking – which occurs in particular with meat when it is cooked at low temperatures." Steve Gerken says he saves around USD 100,000 per year, meaning that the investment in a RATIONAL ClimaPlus Combi® pays off extremely quickly.

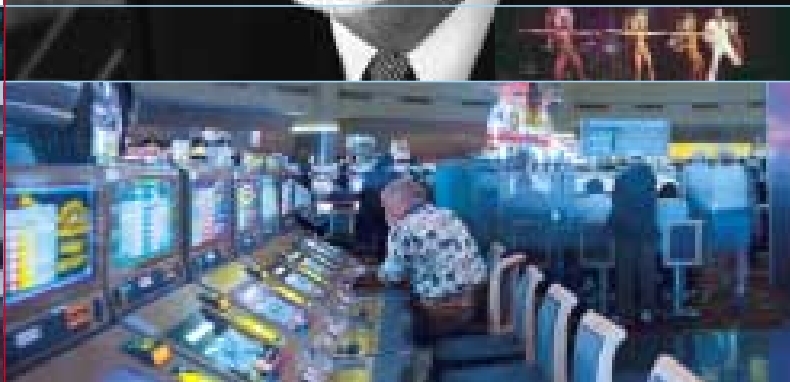
Food quality as a success factor

For **Norm Ryanan, Director of Operations**, high-quality food is the key factor in the success of his business – and the main reason why he chose RATIONAL's technology. "The quality of our food is what keeps people coming to us; they like it and it is always fresh. If the food is good, then they come again and bring other people. This is indispensable for a casino if it is to be successful in the long term."



The future of the kitchen lies in separating food production and service. In order to do this, we need RATIONAL's ClimaPlus Combi®.

Michael S. Joynt, kitchen designer, MESP Arizona



Case study: Newcastle United

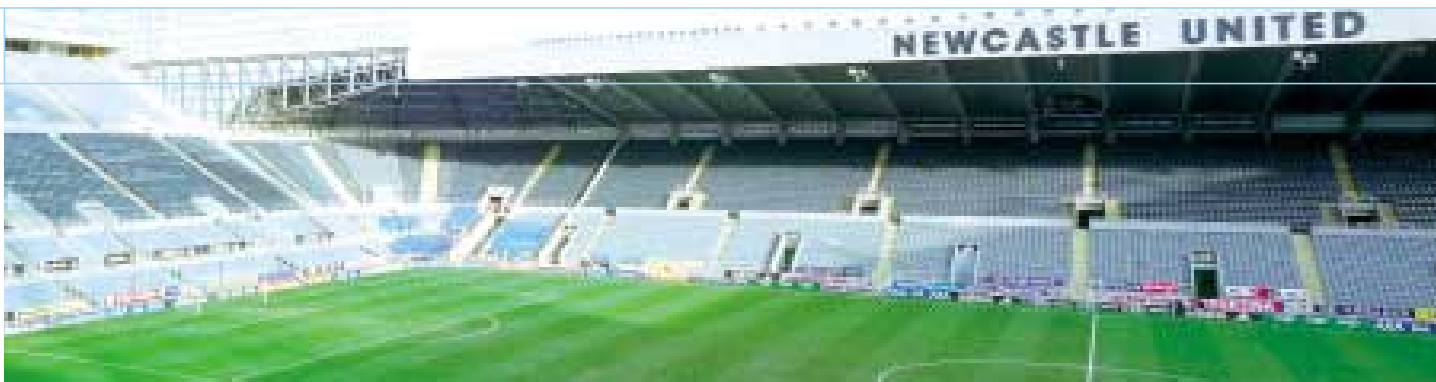
From fast food to the gourmet kitchen

Kitchen managers around the world are benefiting from the strategic advantages offered by RATIONAL's technology. The use of the Cook & Chill process catapulted the English football club Newcastle United into the Premier League also from a culinary point of view. This northern English club invested around DM 2 million in hospitality when it expanded its stadium. On the days of the matches, employees in a total of 23 kitchens stand clear to meet the wishes of up to 52,000 spectators before and during the game. The offering ranges from fast food to sophisticated à la carte menus in the club's own restaurant, "Magpie". Another key aspect is catering the suites and banquet rooms in the VIP area. All in all, around 10,000 guests are served per game. On days without matches, congresses and company meetings are also held here. At the heart of the facilities is the main kitchen run by **head chefs Steve Welch and Steve Lackenby**, where all hot meals are prepared in advance. In addition to two of RATIONAL's ClimaPlus Combi® steamers used for rethermalising in the main kitchen, other devices are available in the satellite kitchens which are spread around the entire stadium.

Event catering – a playing field with high **growth rates**



Steve Lackenby and Steve Welch



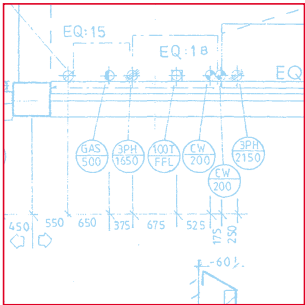
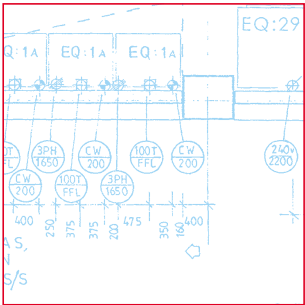
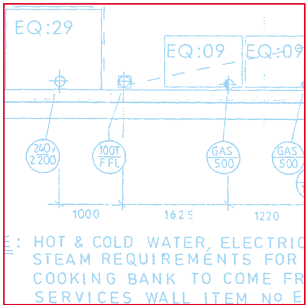
St. James' Park, Newcastle upon Tyne

“The future is Cook & Chill”

Sunil Malik, Deputy CEO and Director of Catering Operations at the Adelaide Convention

Center in Australia relies on high tech made in Germany. Since the kitchen opened in the 80s, RATIONAL technology has been a key element. In the course of expanding the Convention Center, which will be completed in September 2001, further development of production processes is planned. The banquet area, which will then cater for up to 6,000 guests, has a total of 18 serving counters equipped with RATIONAL’s Clima-Plus Combi® technology.

According to Sunil Malik, this ensures that the guests will not have to wait long for their food, even at large events. The 16 full-time employees – supported by up to 25 part-timers – are currently still producing meals according to the “Cook & Hold” principle. This is no longer state of the art, particularly for prestigious locations such as the Adelaide Convention Center.



The Convention Centre in Adelaide

Event catering – Stars in Concert

High revenue with maximum results

Peter Griebel, Kitchen Director of the Estrel Hotel in Berlin lives from – and for – big events. Be it global brand names introducing their latest product range, captains of industry meeting or the Dalai Lama visiting the Spree – the ECC Convention Center next to the hotel is one of the top addresses for festivities and events. Griebel, a professional chef, also became known for special arrangements combining art and culinary expertise. A wide choice of gastronomical treats are on the menu before and after the “Stars in Concert”, the show taking place every evening in the Estrel Hotel, one of the biggest crowd-pullers in the capital.



The event area has space for up to 10,000 guests – and serving up to 4,500 meals in just 20 minutes is now a matter of routine. A total of 13 RATIONAL Combi-Steamers are used in the kitchen; this number will increase with the planned expansion of the production area.

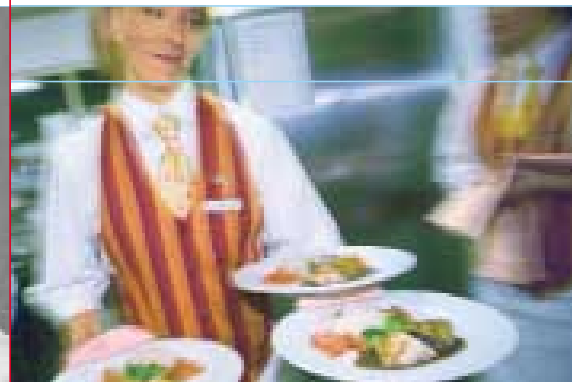
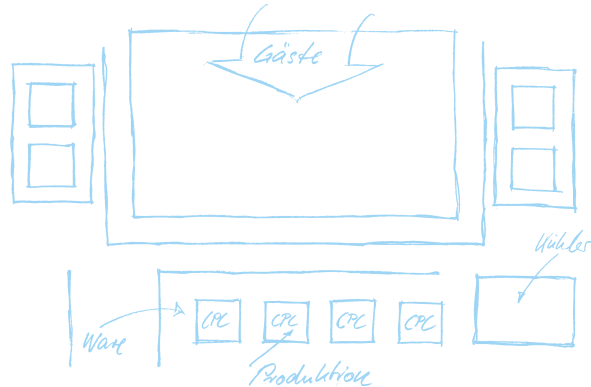
A glance at the kitchen plan shows the importance of the ClimaPlus Combi® in daily practice. They are strategically located in center stage, and all other devices are grouped around them.

“Many of the events that we host wouldn't be possible at all in a traditionally equipped kitchen,” says Peter Griebel.

With RATIONAL's banquet solutions, the production process and service are no longer so closely intertwined as they were previously. Even labor-intensive meals can be produced effortlessly in advance, portioned on plates and then be cooled to three degrees Celsius (plus 37.4 °F).

In order to have the meals on the table “just in time” at the event, they only have to be rethermalised for around seven minutes.

This means that even ambitious meals become an option for banquets. RATIONAL's banquet solutions are a self-contained system which guarantees high revenue and maximum profits for all, thanks to savings on staff and materials and the minimal production areas required.



Peter Griebel trusts in RATIONAL

No more sleepless nights

Speed and optimal food quality – no contradiction

Speed is the order of the day in both kitchens at the Inter Continental Hotel, Miami – the restaurant and for banquets. Since operations were reorganized, five RATIONAL ClimaPlus Combi® have formed the backbone of meal production. “These devices are a good choice,” sum up **Executive Chef Marcel Driessen** and his colleague, **Barry D. Rhodes, Executive Sous-chef**.

The sous-vide process is the main procedure used in the restaurant sector, in order to be able to serve guests the meals they want fast. In sous-vide, meals are cooked portioned, vacuum packed, cooled and rethermalized as needed. “We have to move fast”, says Driessen.



Timothy Klauder, Dr. Günter Blaschke and Marcel Driessen



Barry D. Rhodes

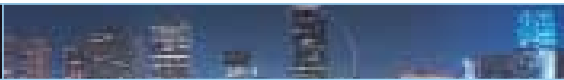
Meals which leave the kitchen towards the banquet rooms are also rethermalized just-in-time. RATIONAL's technology enables kitchen brigades to produce the components in advance in accordance with precisely defined product standards. In this case, standardization means better, constant food quality, less stress and reduced labor costs, in particular due to less overtime.

Less stress – more fun at work

The separation of production and service reduces stress here as well. This reduces the workload during busy periods – and hence the need for staff overall. “We were able to save three positions in the banquet kitchens,” says Barry D. Rhodes, stressing the rationalization effect. Thanks to RATIONAL, the chefs have substantially more time to devote to creative tasks than in the past, thus increasing the attractiveness of the workplace.

“Today, it is a real pleasure to hold banquets for 800 people – it used to be a nightmare! We had sleepless nights wondering if everything was prepared correctly for the banquet the next day – now we know that all the meals have been plated, are in the refrigeration and only have to be rethermalized,” says Barry D. Rhodes.

“For me as head of the banquet kitchen, a key reason to work at the Inter Continental Miami is the fact that the hotel uses RATIONAL's banquet systems. They give me the opportunity to work much more easily and without stress. By use of this state-of-the-art technology I am qualifying myself for further challenges in the future.”



Sky-high enjoyment

Standardization a success factor

Life without RATIONAL's cooking technology is unimaginable for airline caterers. LSG Lufthansa Service Sky Chefs, one of the global market leaders in this hotly contested market segment, has been successfully practicing the clear separation of production and finishing for many years. Otherwise, the company would not be able to successfully manage the daily balancing act between quality requirements and cost-effectiveness.

In the kitchen at Frankfurt Airport, the most important and also the largest branch of the company, **Claus Bureik, Manager**, and his staff produce between 42,000 and 57,000 "trays" – as they are known in the trade – in two shifts daily. Special meals, children's menus, hot meals, as well as sandwiches for Lufthansa and its charter subsidiary Condor are produced. As far as capacity is concerned, LSG in Frankfurt would have no problem catering for a small town. This is enabled by a high level of standardization.

All meals are catalogued, be they the sophisticated and regularly changing culinary offerings for first class, which are always produced in advance from fresh ingredients, or snacks for the economy class.



Cost-saving opportunities exploited consistently

In view of the number of items which leave the kitchen of LSG Sky Chefs in Frankfurt every day, production costs per meal have to be calculated to several decimal digits. Claus Bureik has been swearing on RATIONAL's technology in this context for over twelve years. It gives him the reassurance that all potential savings are being systematically exploited. This begins with investment requirements: RATIONAL's ClimaPlus Combi® technology is the focal point when it comes to the preparation of warm meals. Around 25 food components are rethermalized using computer-controlled technology at LSG Sky Chefs. The systems' user friendliness means that programs can be quickly modified to take account of the changes in the menu made every two months. Another advantage is that food shrinkage during cooking is substantially lower than in conventional preparation – thus reducing the strain on purchasing budgets.

No compromises on quality

RATIONAL's technology enables professional chefs to devote more time to creative activities, which are required above all when producing meals for first-class passengers. Star chefs create series of menus at regular intervals. In spite of mass production and a high degree of standardization, Claus Bureik doesn't accept any shortcuts when it comes to quality. On the contrary, in the case of long-haul flights, it may take 18 hours before meals produced in Frankfurt and rethermalized on the plane are served to passengers. "This means it is important that the preparatory cooking process in our kitchen is interrupted at exactly the right point," says Bureik. The challenge is to provide passengers with a consistent quality standard again and again. Claus Bureik: "This requires flexible technology – and that's what RATIONAL does offer."

Claus Bureik and his LSG team



Case study: RWE, Niederaußem

The kitchen of the future – RATIONAL ClimaPlus Combi® and Thermojet®

It is not only kitchen managers in the catering area who have to economize – the budget for company catering is also generally tight. Economic considerations were the decisive factor for the staff canteen at Rheinisch-Westfälische Elektrizitätswerke (RWE) in Niederaußem near Cologne being equipped with RATIONAL technology when the kitchens were renovated.

The new feature: RWE is combining RATIONAL's Combi-Steamer technology and Thermojets®, which are manufactured by RATIONAL's French subsidiary FRIMA. While large batches of meat, vegetables and desserts can be prepared in the former, the latter can be used to boil, roast or fry meat, sautés, pasta, mashed potatoes or French fries. Two pieces of equipment, one catering idea that makes other thermal devices largely obsolete when it comes to producing the 500 to 600 meals which are currently served in the staff canteen daily.

Since RATIONAL cooking technology has been in use, the number of meals being served has increased steadily, according to chef de cuisine Herma Parotat-Sell. "The new, versatile devices have enabled us to expand our offering considerably. Our guests really appreciate the variety. We have come a long way from the canteen food of the past and are now moving towards providing a culinary experience."

Yesterday just a canteen – today a **culinary experience**



Gerhard Richter and Herma Parotat-Sell

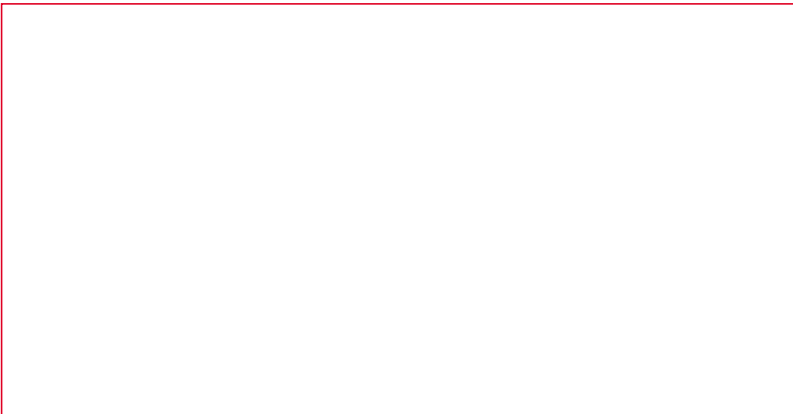
Enjoyment and
joie de vivre into old age

As society gets more affluent, people's life expectancy is rising. In an age in which senior citizens still enjoy the pleasures in life and keep their joie de vivre to an advanced old age, the meals on offer are becoming more and more significant for this group. Which is why the kitchen crew of the Jewish Home and Hospital, Miami, uses RATIONAL's ClimaPlus Combi® technology.

"The satisfaction of our inhabitants is our greatest asset," says **Executive Chef Steven Singer.**

"And good food contributes greatly to this satisfaction. Since we started working with RATIONAL's technology, we receive hardly any complaints. I believe that the ClimaPlus Combi® is one of the key achievements in cooking technology of the last two decades. The Combi-Steamer technology does not only make life easier and save energy and labor costs – even more important for us at the Jewish Home and Hospital in Miami is the fact that the quality of food has increased enormously.

With more than 2,500 meals per day, it was difficult to constantly provide good, hot meals to multiple wards. The quality of the food is now a deciding factor for choosing our home."

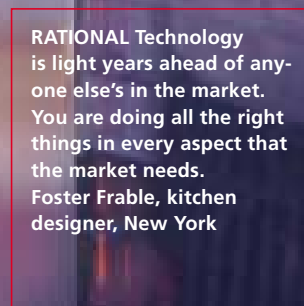
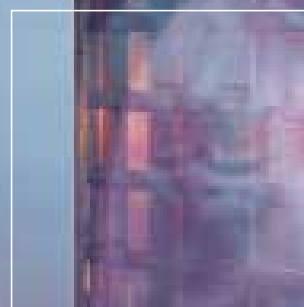


Steve Singer

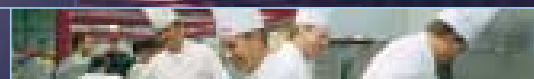


RATIONAL's technology – the basis for international growth





RATIONAL Technology is light years ahead of anyone else's in the market. You are doing all the right things in every aspect that the market needs. Foster Frable, kitchen designer, New York



Future Success

In future, every fifth meal will be eaten out – and RATIONAL can turn **this trend** into a success story.

RATIONAL's unique technology stands for the kitchen of the future. People's way of life and eating habits are changing. These changes require new solutions for modern kitchens. Thanks to the versatility of its applications, RATIONAL is in an excellent position here. No matter whether customers are producing gourmet menus or fast food, our technology forms the core of the modern kitchen of today and tomorrow.



Quality, time and costs are playing an increasingly decisive role in professional kitchens, and RATIONAL pays particular attention to these factors. With our technology, food is prepared not only fast but with a maximum of care. For the customer, this means short waiting times and maximum quality.

RATIONAL is excellently positioned worldwide for the global transformation in commercial kitchens and consumer behavior.

As a result, we are confident that we will continue our success in the future. The market for the catering sector is almost infinite, since people's basic requirement for hot meals does not change. We recognized which developments require new solutions at an early stage. Customers' higher demands for quality, time and cost effectiveness must be met by sophisticated kitchen technology.

We are already successfully active in many markets and this trend will continue.

We aim to enter new countries and to increase our market penetration where we are already present. The versatility of RATIONAL technology offers all customer groups and countries the right solution.

RATIONAL operates successfully in more than 80 markets around the world.

Extremely high demands from customers for quality, timeliness and cost-effectiveness must be met by sophisticated kitchen technology

From gourmet restaurants to fast food outlets, RATIONAL technology is at the heart of modern kitchens and meets the most demanding requirements.



Management



Report



140 °C

272

2000 – a record year for RATIONAL

In many respects, the year 2000 was a record year for RATIONAL. Sales and earnings growth exceeded our already ambitious plans. The competitiveness of our products and services increased substantially due to the launch of CleanJet®, CalcDiagnose System®, and the RATIONAL service partner program.

Our global presence was reinforced for the long term by the formation of four new subsidiaries and the expansion of our existing sales and marketing organization.

RATIONAL also received many international awards this year. In its October issue, Forbes global business magazine voted RATIONAL one of the 20 best medium-sized companies in the world. The key evaluation criteria were technological leadership, global market dominance, strong earnings and the huge untapped global market potential.

Our superior innovative performance also showed in receiving numerous awards once again: in February Gastro Innovation Prize 2000 for IQT®, in June Innovation Prize 2000 from the Association of Catering Planners (VdF) and in November Baanbreker 2000 for CleanJet®, at the Horeca Expo.

The company's IPO was particularly successful. The excellent performance of RATIONAL's shares reflects the market's high regard for our company – something that has inspired not only investors but also our customers and employees. RATIONAL was clearly the most successful new issue in the SMAX in 2000, and made one of the top 5 German stock market debuts overall.



Positive general economic conditions

The global economy has been on the rise for years and also grew substantially in 2000, by around 4%. Even in the former crises regions, Asia and Latin America, economic growth was above-average. This boom was overshadowed by the massive increase in energy prices, which led to a slowdown in the rate of expansion worldwide in fall 2000. Although signs that global economic climate is cooling off are increasing, forecasts for further development in 2001 are predominantly positive. Thus an increase in GDP in real terms of 2.1 % is expected in industrial countries, and one of 4.7 % in the emerging markets.

US on course for soft landing

The US is on course for a "soft landing," which is expected to temporarily drop the growth rate below that of potential. The Federal Reserve has recognized the risk of a sudden decline in economic growth and is supporting the soft landing through its interest rate policy.

Recovery in Japan

The Japanese economy is slowly recovering from the greatest economic crisis in its post-war history. A solid, though rather modest upward economic trend in international terms, is expected. In the medium term, the successful restructuring process currently being performed will also be reflected in increasing GDP growth rates.

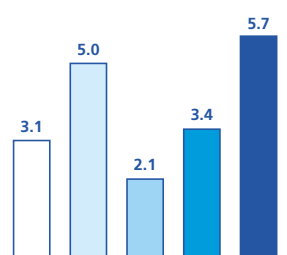


Increase of GDP in real terms

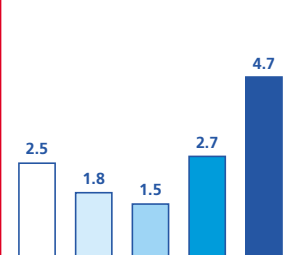
- Germany
- US
- Japan
- Euro Zone
- Emerging Markets

(Source: Deutsche Bank, Outlook, January 2001)

2000



2001

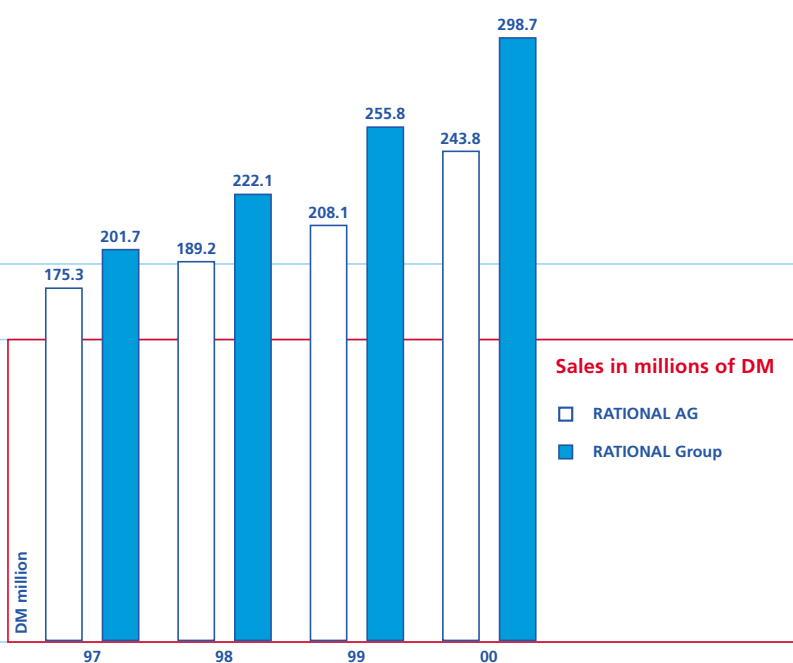


Euro nations on the up

The Euro zone is on the up and is probably at the beginning of a longer phase of sustained economic growth. Over the next few years, overall economic performance is expected to grow by around 3 % annually, thus approximately at US growth rates. Both domestic economic trends – buoyed up by a substantial increase in employment – and a growth in exports will support a further upturn.

We are expecting the overall positive economic prospects in all sales markets to have a positive effect on our further business development.

However, our products also have good global sales potential in times of economic recession, since they lead to substantial rationalization effects and produce a return on investment in an average of 4 – 12 months. This increases the competitiveness of our customers in the long term, which is of particular importance in times of economic difficulty.



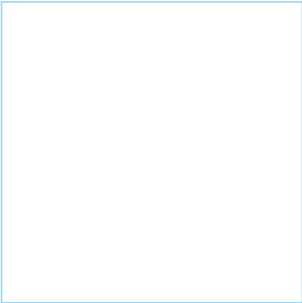
Company situation

We improved our market position once again in 2000.

Since RATIONAL's first Combi-Steamer was invented 24 years ago, we have globally driven this technology forward and have already launched it in many of the world's markets. Today, we are the clear global market leader, with nearly every second Combi-Steamer being produced by RATIONAL. The speed at which the enormous global sales potential can be exploited – something that we at RATIONAL have rigorously promoted – determines our growth.

In an effort to further increase the benefits for our customers we have equipped our ClimaPlus Combi® – at no extra charge –, with cutting-edge intelligence (IQT®), self-cleaning facilities (CleanJet®) and the CalcDiagnose System® (CDS®). The resulting increased attractiveness of our offer is improving our marketing opportunities and thus facilitating substantial sales increases.

Our growth rate increased further in 2000. Following increases of 10 % in 1998 and 15 % in 1999, sales increased by around 17 % in 2000 to DM 299 million. RATIONAL grew considerably faster than the market and was able to increase its market share from 41 % to 44 %.



Earnings

Earnings reach new high

Growth in RATIONAL's consolidated earnings was up by a double-digit figure, at 15.3 % for 2000. Consolidated EBIT – excluding IPO expenses – increased to the new record level of DM 56.8 million (DM 49.2 million).

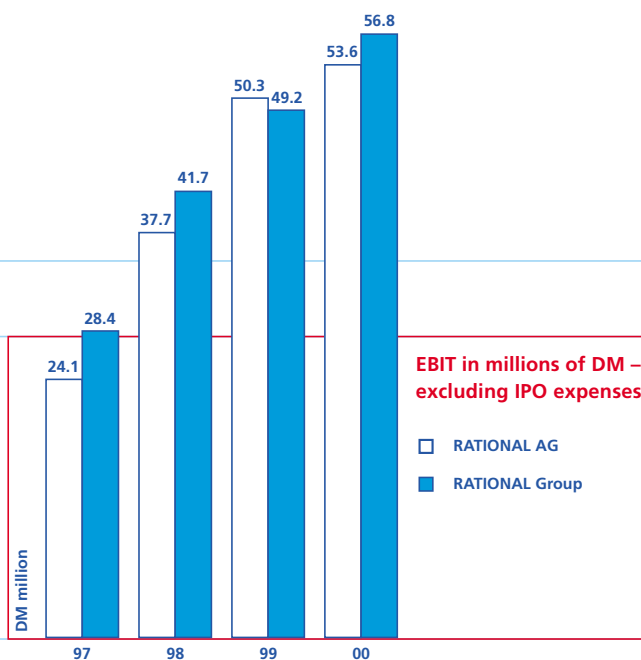
The cost structure remained almost unchanged from 1999 to 2000. The ratio of the cost of materials to total operating revenue was lower than that of the previous year at 34.5 (35.5)%, despite increased delivery of supplies (IQT®, CleanJet® and CDS®) and rising high-grade steel and electronics prices.

The personnel ratio amounts to 23.4 (23.5)% and other operating expenses amount to 23.3 (22.9)%.

In spite of substantial investments to further enhance the global sales and marketing network, the Group generated a return on sales before tax of 19.0 % (18.7 %), excluding IPO expenses.

The Group's EBT was up by 8.5 % to DM 50.3 million (DM 46.4 million) in spite of one-off IPO expenses of DM 6.5 (1.4) million.

Net income for the Aktiengesellschaft amounts to DM 26.4 million (DM 30.7 million) and the consolidated net income amounts to DM 26.5 million (DM 28.3 million). Cash dividends of DM 1.27 or € 0.65 per share will be distributed after the approval of the General Shareholder Meeting. This corresponds to a total figure of DM 14.5 million, or 54.5 % of Group earnings.



Proportion of total expenses in 2000 in % in relation to the RATIONAL Group's total

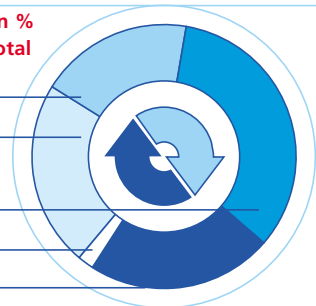
Personnel expenses 23 %

other operating expenses 23 %

Cost of materials 34 %

Amortization and depreciation 1 %

Operating result 19 %



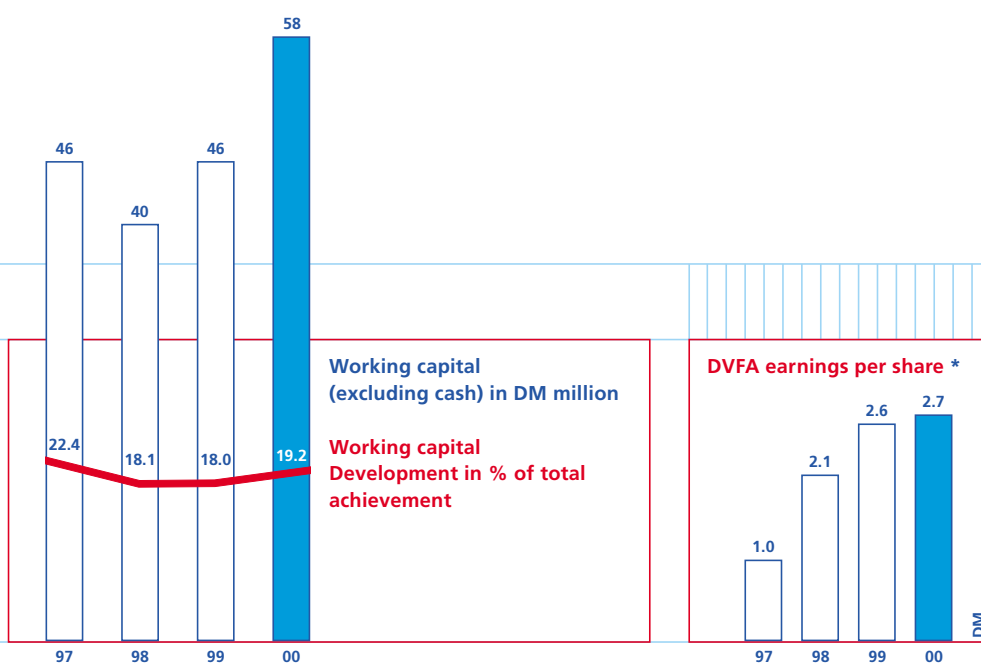
Record DVFA/SG earnings per share of DM 2.68

DVFA/SG earnings per share amount to DM 2.68. The difference to net income for the year includes one-off IPO expenses and deferred taxes on loss carry-forwards in individual subsidiaries.

Cash flow 27 % above previous year

The RATIONAL Group generated a cash flow of DM 31.1 million from operating activities, an increase of 27.4 % compared to the corresponding period of the previous year.

This is the result of RATIONAL's strong earnings, due in particular to extremely well managed manufacturing costs, high stock turnover (14 times in the Group in 2000), active receivables management and a low level of working capital required in proportion to total operating revenue. Cash of DM 58.7 million accrued to the company from its IPO.



*) 11,370,000 shares calculated for all years

Cash flow RATIONAL Group	1998	1999	2000
	TDM	TDM	TDM
Net income	24,743	28,317	26,537
Cash provided by operating activities	33,528	24,365	31,051
Cash used for investing activities	– 3,225	– 4,131	– 7,289
Cash used for financing activities	– 35,695	– 10,078	20,164
Exchange rate induced changes in cash and cash equivalents	277	– 449	– 590
Change in cash and cash equivalents	– 5,115	9,707	43,336

Cash flow RATIONAL AG	1998	1999	2000
	TDM	TDM	TDM
Net income	22,083	30,750	26,442
Cash provided by operating activities	28,231	27,180	39,639
Cash used for investing activities	– 1,696	– 3,016	– 5,705
Cash used for financing activities	– 37,146	– 16,620	9,648
Change in cash and cash equivalents	– 10,611	7,544	43,582



Improved liquidity

In addition to its positive business development, the company's successful IPO is also a reason for the sustained improvement in liquidity.

The AG's financial result increased by DM 1.3 million to DM 1.9 million (DM 0.6 million). This figure includes dividend payments and profit transfers from subsidiaries amounting to DM 0.8 million (DM 1.3 million).

The Group improved its financial result by DM 1.4 million to DM + 0.1 million (DM –1.3 million).

The cash which accrued to the company from the IPO will be invested in the expansion of our global sales network and the expansion of production capacity, as well as in extending our technological lead.

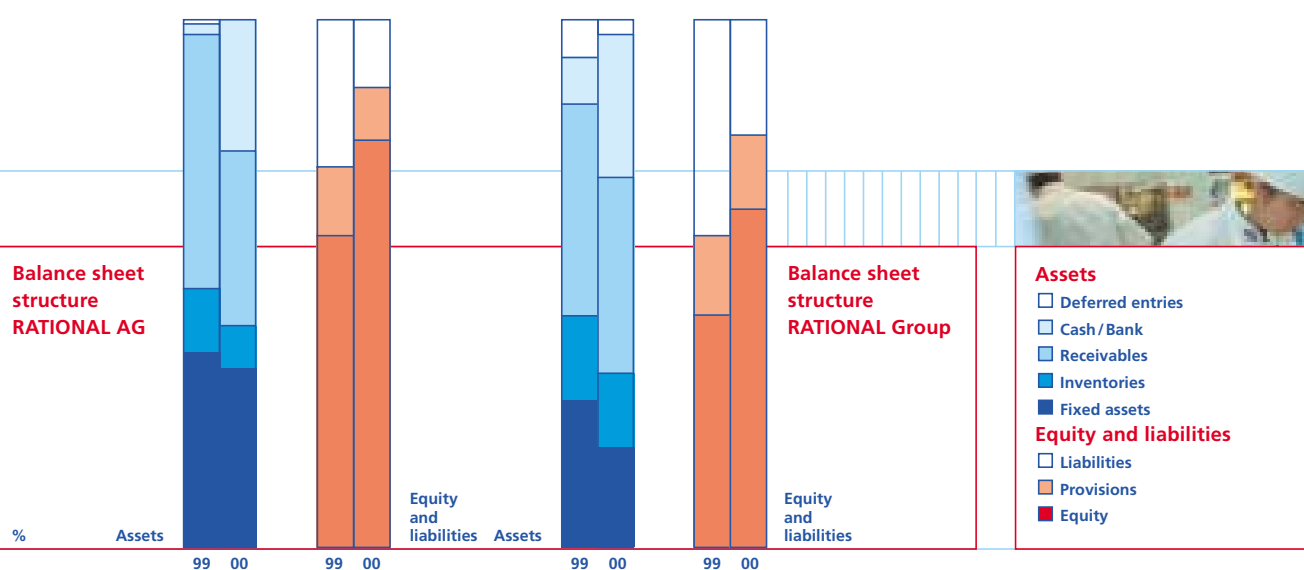
Solid balance sheet structure

The positive earnings situation, the optimization of inventories through order-related production, low levels of receivables, and not least, the net cash provided by the IPO, resulted in an extraordinarily solid balance sheet structure.

The relative increase in receivables and inventories in the Group is due to the establishment of the new subsidiaries, as well as their progressively rising share of total sales.

The increase in fixed assets is essentially attributable to factory extensions and investment in upgrading IT, training and development facilities.

The AG's equity ratio is 76 % (59%) and the Group's is 64 % (43%). Due to the planned payment of cash dividends of DM 14.5 million, the equity ratio will decrease accordingly.



Segments

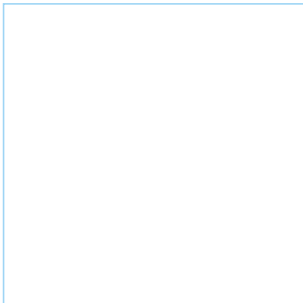
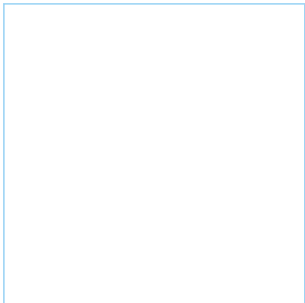
Growth through increased internationalization

RATIONAL's products are already being sold in more than 80 countries around the world. The successful exploitation of the massive potential in the strategic US and Asian key markets is resulting in over proportional growth in these regions.

Systematic acquisition of new customers

RATIONAL's sales and marketing process is globally standardized and consistently implemented by OEMs, sales partners and in particular, by own subsidiaries in the countries concerned.

The most successful sales channels are subsidiaries. They are driving the Group's growth with above-average growth rates of 32 (37)%. The share of subsidiaries in Group sales has increased to 46 (41)%.

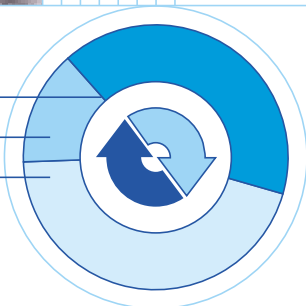


Sales by sales channel
RATIONAL Group 1999

Subsidiaries 41 %

OEM 14 %

Sales partners 45 %

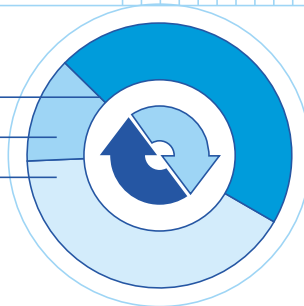


Sales by sales channel
RATIONAL Group 2000

Subsidiaries 46 %

OEM 13 %

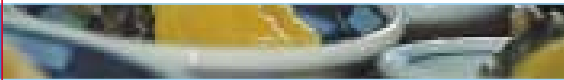
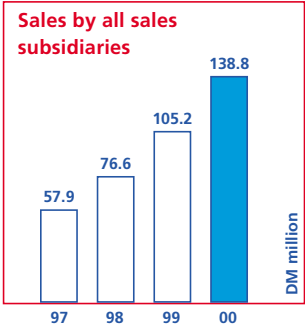
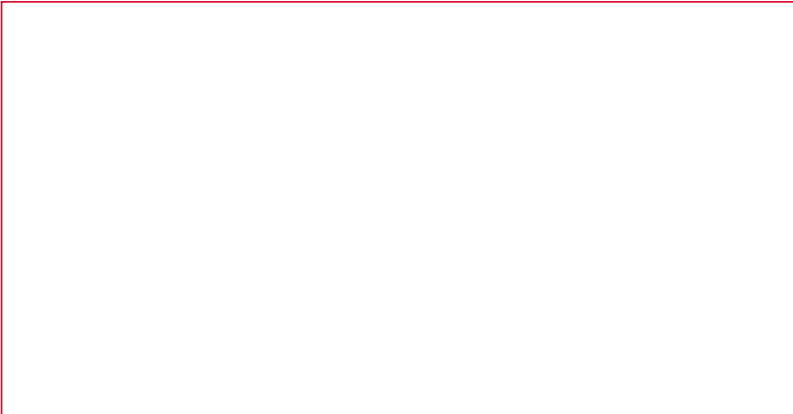
Sales partners 41 %



Subsidiaries – the success factor

Our subsidiaries are driving sales in the growth markets with the highest potential.

22 “A”-countries account for 80 % of untapped global sales potential. We already have individual subsidiaries, focusing on sales and service, in eleven of these countries. In the fiscal year 2000, we founded four new entities in Canada, Spain, Argentina/Chile and South Korea. These newly founded companies are currently generating start-up losses related to market development.



RATIONAL US – 74 % growth

The US is the strongest potential single market for RATIONAL’s technology in the world and market penetration is still extremely low. Since 1997, our annual growth rates have been well above-average. This was achieved by focusing our market activities on clearly defined core areas and consistently implementing RATIONAL’s sales and marketing processes.

RATIONAL US was able to substantially enhance its market position thanks to an increase in sales of 74 % (86) % to DM 16.6 million (DM 9.5 million), which was also favored by exchange rate developments. The increased sales volume and the favorable trend in the dollar exchange rate resulted in net income of DM 0.3 million in the year under review, compared to a loss of DM 2 million in the previous year. In previous years our earnings were impacted by high market development costs. We will continue to invest heavily in this growth market.

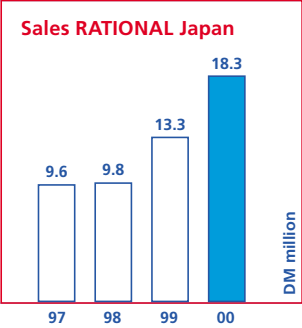
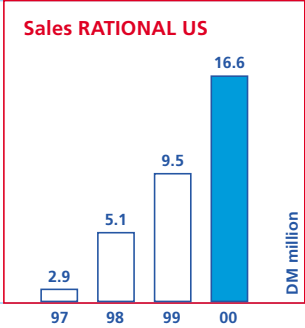
**RATIONAL Japan –
Reengineering successfully completed**

Japan is RATIONAL’s second most important export market and 2000 saw the completion of RATIONAL Japan’s restructuring and expansion.

RATIONAL Japan is now in an optimal position for further dynamic growth thanks to new sales, customer service and office management staff, the reclassification of its sales areas in line with market potential and the expansion of its nationwide dealer and service network.

In the year under review, sales increased by 38 % (36) %, thanks also to exchange rate developments. The net income of DM 0.4 million (DM 0.3 million) achieved was impacted by the substantial investments in the organizational structure.

In spite of the restructuring of the entire organization, which commenced in 1999, RATIONAL Japan’s annual growth was well above-average at more than 30% .



RATIONAL UK – under new management

RATIONAL UK experienced a hiatus in growth due to personnel changes at management level and to the reorientation of the sales organization.

In comparison to the previous year, sales merely grew by 8% (24) %, the exclusive result of exchange rate developments. The company generated net income of DM 0.7 million (DM 1.2 million).

However, we were able to report an improvement in growth in the 4th quarter of the fiscal year 2000 as the new organizational structure became effective.

RATIONAL France – FRIMA records solid success

Our French subsidiary FRIMA grew by 16 % (13) %, thus exceeding the previous year's positive result. This was fully in line with expectations.

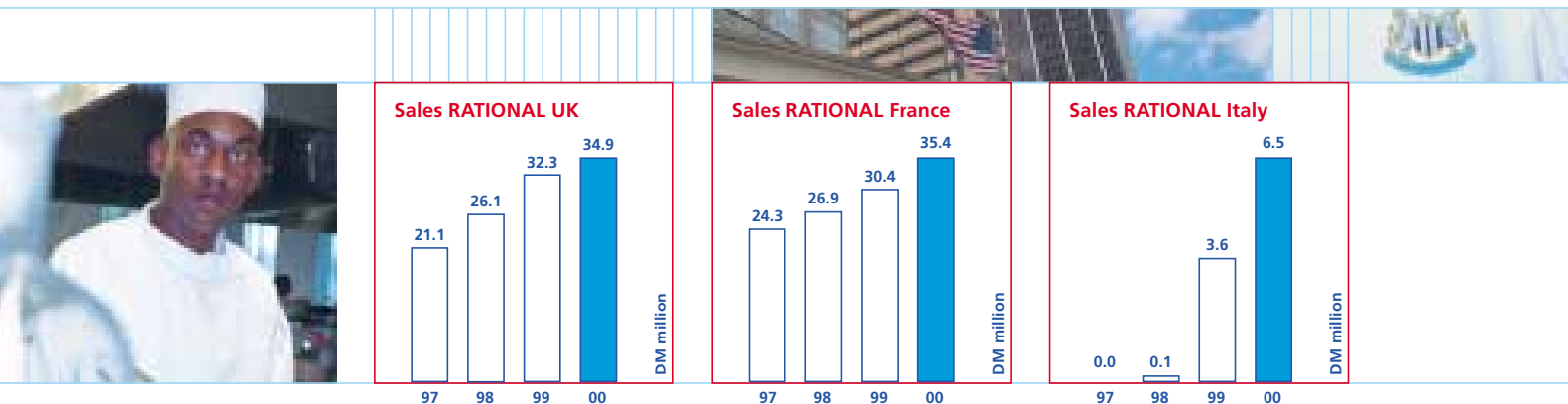
In addition, RATIONAL France was able to increase growth by improving efficiency, without having to make substantial investments during the fiscal year. The company generated net income of DM 1.6 million (DM 1.1 million).

RATIONAL Italy – successful breakthrough

RATIONAL Italy was able to substantially strengthen its position against Italian manufacturers, who previously dominated the market. RATIONAL has rapidly earned a reputation as providing the better solution for thermal food preparation among professionals in Italy.

In the fiscal year 2000, RATIONAL Italy generated sales of DM 6.5 million (DM 3.6 million) almost up 100%.

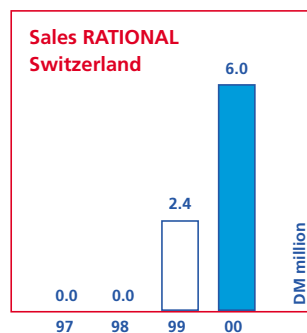
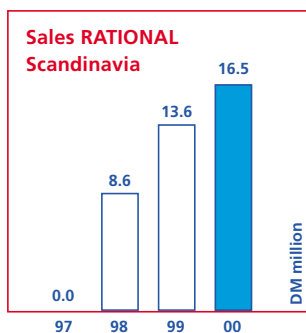
This strong growth was financed from RATIONAL Italy's own resources and the company broke even in the fiscal year 2000.



RATIONAL Scandinavia – high growth

In 2000 RATIONAL Scandinavia exceeded our expectations and enhanced its market position.

Sales rose by 21 % to DM 16.5 million compared to DM 13.6 million the previous year, and net income rose substantially to DM 0.8 million (DM 0.2 million) due to continued improvements in efficiency.

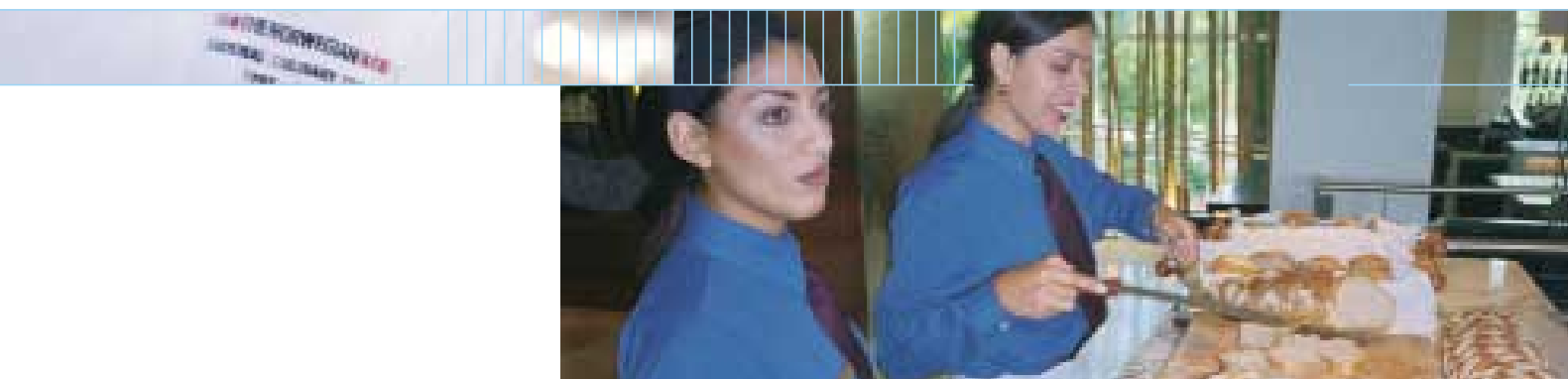


RATIONAL Switzerland – excellent growth of + 150 %

RATIONAL Switzerland's highly qualified team managed to more than double sales, which rose to DM 6.0 million (DM 2.4 million) within just two years.

German subsidiaries

In addition to our sales subsidiaries, RATIONAL's German subsidiaries include LechMetall Landsberg GmbH Edelstahlerzeugnisse and RATIONAL Großküchentechnik GmbH. LechMetall Landsberg GmbH Edelstahlerzeugnisse is the holding company for Plant I in Landsberg. RATIONAL Großküchentechnik GmbH has an operating agreement with RATIONAL AG.



Investments – the basis for future growth

The RATIONAL Group invested DM 7.4 million (DM 6.2 million) in 2000. The main focus of our investments was on expanding production capacity at the Landsberg plant and on further strengthening our market presence by establishing and expanding subsidiaries. Additional investments were made to improve the IT infrastructure and to expand the company's training capacity.



Distribution of investments
2000 RATIONAL Group

- 31 % IT
- 20 % Furnitures and fixtures
- 3 % Tools
- 1 % Machines
- 45 % Buildings



Research and Development

Research and Development – technology leadership enhanced

RATIONAL has to thank its superior technology and innovation power for its excellent market position. The Integrated Innovation Process ensures that our customers’ interests are taken into consideration in development projects by marketing and sales, production, customer service and purchasing.

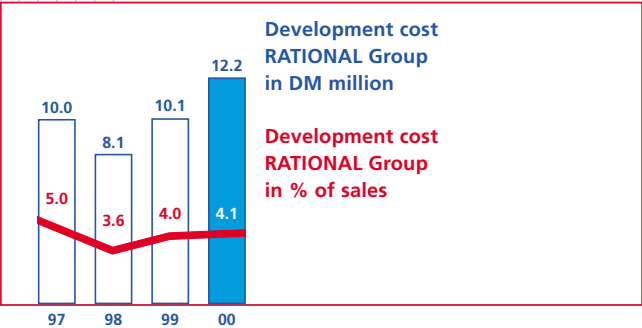
We were able to substantially increase our development efficiency by using state-of-the-art methods and tools.

The product innovations CleanJet® and CDS® which were launched in the period under review, are quantifiable development successes which have further reinforced our technological leadership over competitors.

Once again, RATIONAL received many awards for its exceptional innovation power in 2000.

In the year under review, RATIONAL spent DM 12.2 million (DM 10.1 million), or 4.1 % (4.0) % of sales on research and development. The largest portion of these expenses are personnel cost for the development teams.

Our activities in product development are focused on basic and application research. These areas form the basis for future innovative leadership.



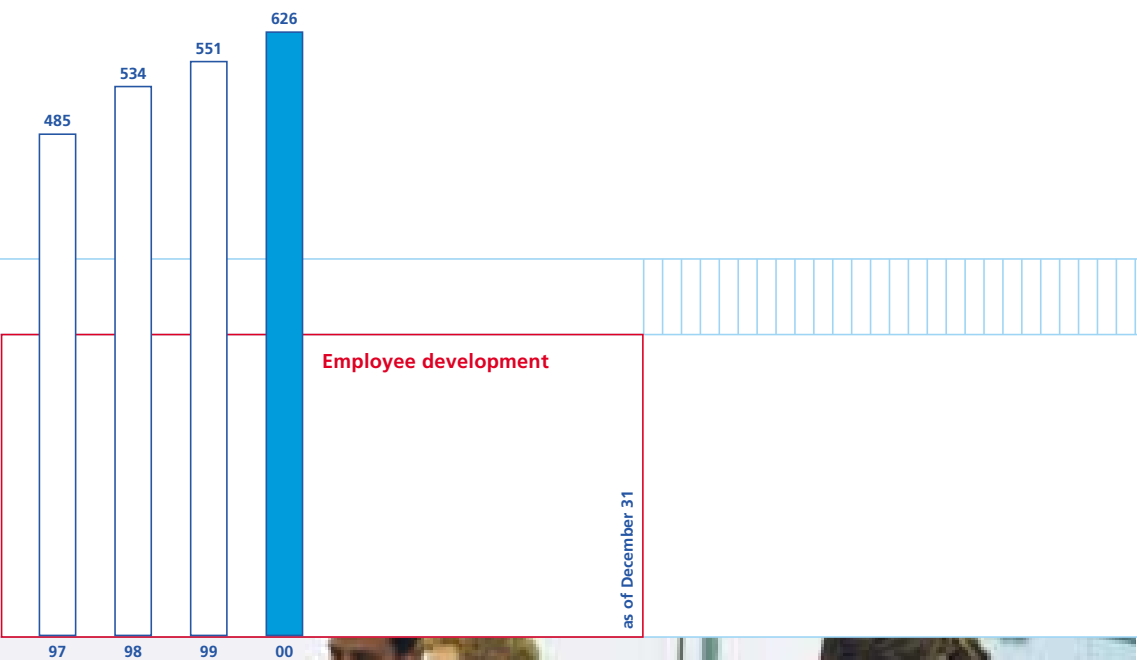
RATIONAL Employees – entrepreneurs within the enterprise

Our employees take responsibility for their work and are empowered to take the necessary decisions within their area of activity. RATIONAL’s success depends on our qualified employees who undergo continuous further training and solve complex tasks with ease.

RATIONAL’s growth offers its employees exceptional development opportunities at home and abroad. In the fiscal year 2000, a special management development program with an initial 18 participants was established. This program is intended to allow RATIONAL to recruit future managers internally also.

The Group employed a total of 626 (551) employees as of December 31, 2000, of whom 186 (157) were based outside Germany. The substantial increase in the number of employees working abroad is due to our strategy of developing growth markets by establishing our own subsidiaries.

Our lean, straightforward organizational structures are highly efficient. Employees acting like entrepreneurs within the enterprise make the necessary decisions within their area of activity, making pure decision-making levels and central staff units unnecessary. This resulted in a further increase in sales per employee from DM 464 thousand to DM 477 thousand in the year under review.

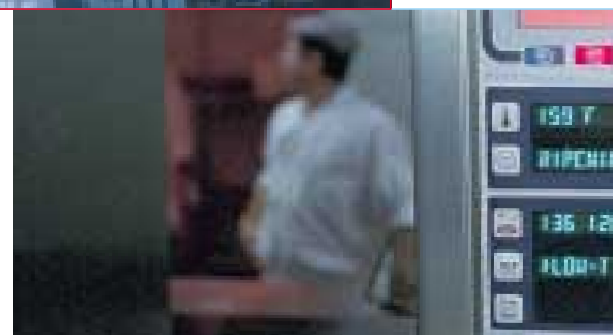
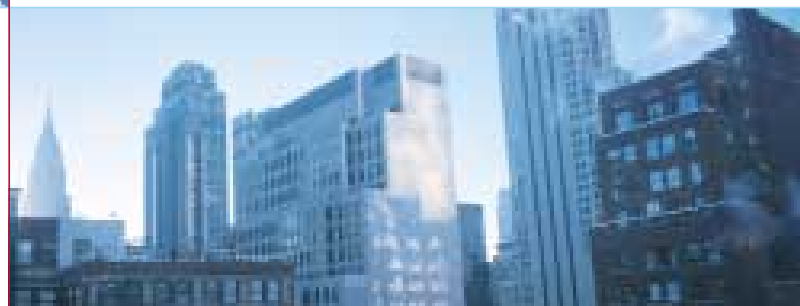
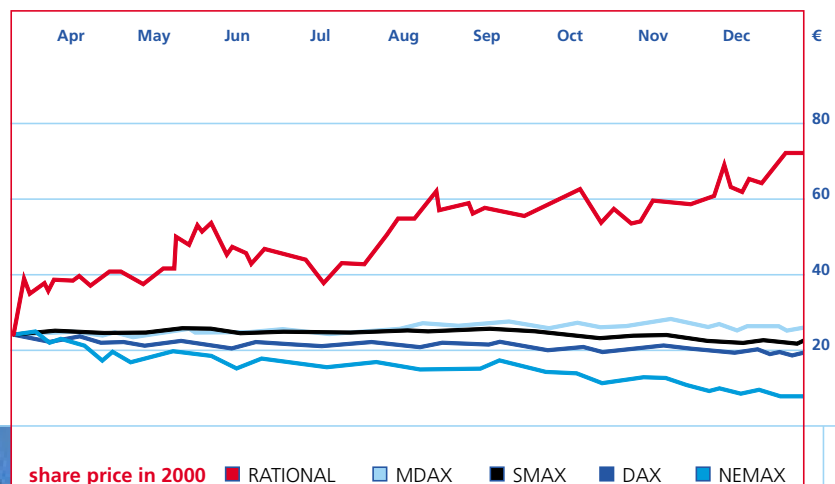


RATIONAL – the value-added share

RATIONAL's shares were listed for the first time on the Frankfurt Stock Exchange's SMAX segment on March 3, 2000. The share price for the issue, which was oversubscribed several times, was fixed at € 23 at the upper end of the bookbuilding spread. The stock market launch was a major success, with an initial listing price of € 35.

RATIONAL is now the pearl of the SMAX and was up 211 % compared to the issuing price on December 29, 2000 (closing price € 71.50). This makes it by far the most successful SMAX IPO in 2000, as well as one of the top 5 German stock market debuts. RATIONAL is thus one of the few top performers which have also managed to maintain its position against general stock market trends.

A dividend of € 0.65 per share will be proposed to the General Shareholder Meeting for the fiscal year 2000.

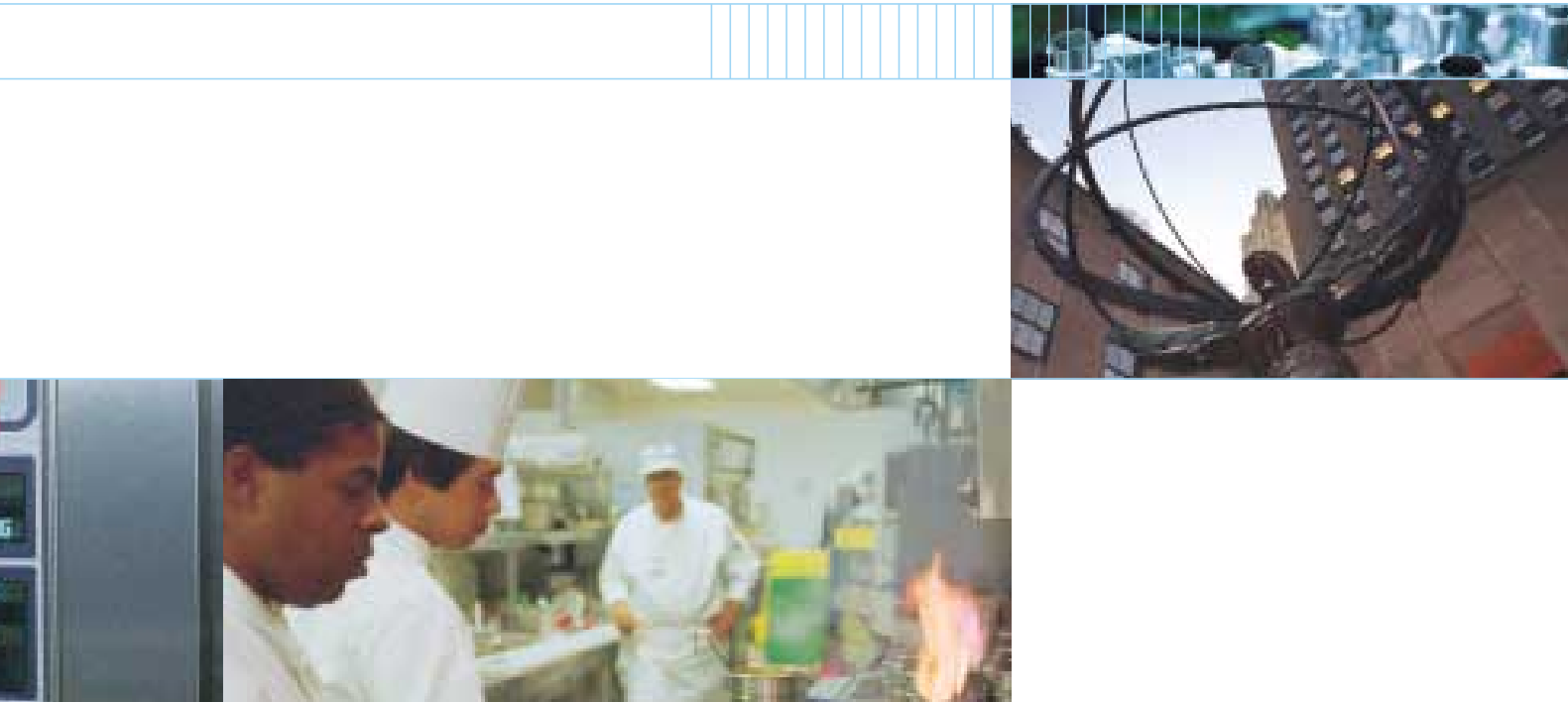


Efficient risk management

In RATIONAL's opinion, the legal requirement to make risks more transparent and easily calculatable via an efficient supervision system is an important pre-requisite for corporate management. In other words, efficient risk management is an important task to maintain and create value.

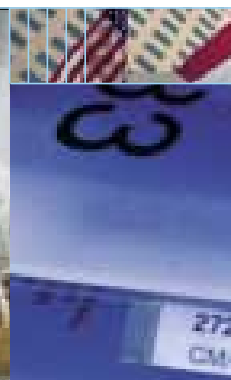
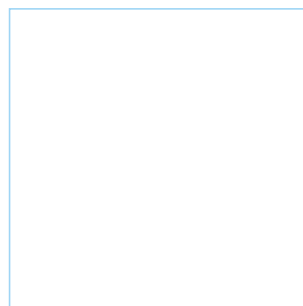
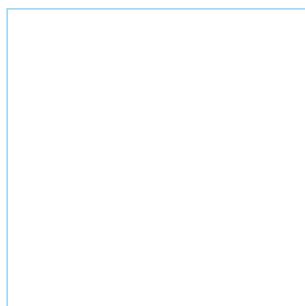
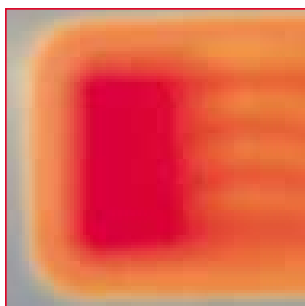
In collaboration with the management, opportunities and risks arising from business activities were analyzed, processed and evaluated as part of a risk management system that was further enhanced, standardized and documented in 2000. Potential risks were recorded, categorized, assessed and the corresponding responsibilities within the company laid down.

Operating globally, RATIONAL is confronted with numerous risks inherent in international trade. Appropriate precautionary measures are taken with regard to potential risks such as exchange rate fluctuations, bad debts, increased material expenses or supply shortages from suppliers.



RATIONAL will further improve its risk management system in 2001 by focusing on fully integrating all its subsidiaries.

RATIONAL AG's Executive Board does not foresee any risks that currently threaten the existence of the company. All the essential early warning indicators, such as the global economic situation, market potential, competitive position and the excellent balance sheet structure lead us to expect a continued positive performance for the RATIONAL Group in 2001.



Partnership with suppliers

RATIONAL AG's procurement volume amounted to DM 133 million (DM 109 million) in the fiscal year 2000. This figure underlines the particular importance of the suppliers for RATIONAL's success. Furthermore, the quality of the parts concerned is just as important as the price.

RATIONAL is increasingly working with selected system suppliers, who are subject to strict controls and continuously fulfill the high requirements. In this respect partnership is the key to success.

Euro Conversion

Once work on its 2000 financial statements has been completed, RATIONAL will adopt the Euro as its currency in the first half of 2001.



**Outlook – growth through
improved exploitation of market potential**

In spite of RATIONAL’s long history of success, the company so far only managed to persuade around 15 % of potential customers to switch to state-of-the-art Combi-Steamer technology. This means that more than 85 % of global sales potential has not yet been tapped.

Our key challenge is to globally communicate the benefits and advantages of RATIONAL’s technology over conventional cooking methods to potential customers. We are thus concentrating on “A”-country markets as they account for more than 80 % of global market potential.

The US and Japan are at the top of our list, but there are also substantial growth reserves in Europe. Intensive collaboration with selected sales partners and the further expansion of our subsidiaries will improve potential earnings and allow for high growth rates in the future. Our goal is to further increase our global market share from its current 44 %.



The strong demand for our products has pushed current production capacity to its limits. We are therefore going to put a new plant, located in Landsberg, into operation in 2001 in order to be able to guarantee timely supplies.

Offering our customers the maximum benefit possible remains our primary goal for the coming fiscal year. We will work intensively on further quality improvement of our products and services and thus increase the benefits for our customers in the long term.

We are confident that we will continue to be successful in future. Considering the favorable general economic conditions that are expected, we will be able to achieve clear double-digit growth in both sales and earnings in 2001 again.

Landsberg, February 14, 2001

The Executive Board



Annual Statement

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Balance sheet of the
RATIONAL Group
Assets
Equity and liabilities

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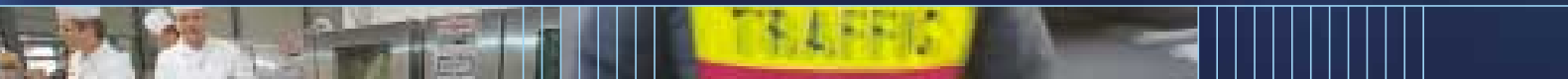
Balance sheet of the
RATIONAL AG
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Profit and loss statement
of the RATIONAL Group
and RATIONAL AG

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Statement of changes in
fixed assets from January 1
to December 31, 2000



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	< 71

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Report of the
Supervisory Board



Balance sheet of the RATIONAL Group

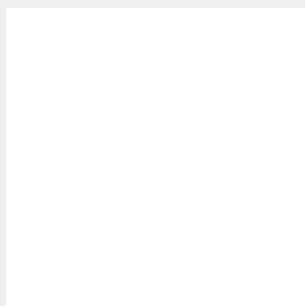
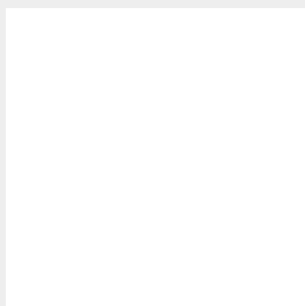
Assets	1999	2000	2000
	TDM	TDM	TEURO
Fixed assets			
Intangible assets			
Industrial and similar rights and assets	553	795	406
Goodwill	5,403	4,387	2,243
	5,956	5,181	2,649
Tangible assets			
Land and buildings	11,845	13,810	7,061
Technical equipment and machinery	233	204	104
Operating and office equipment	4,578	6,102	3,120
Payments on account	445	181	92
	17,101	20,297	10,378
Financial assets			
Shares in affiliated companies	428	427	219
Loans to associated companies	2,833	3,610	1,846
	3,261	4,037	2,064
	26,318	29,515	15,091
Current assets			
Inventories			
Raw materials, consumables and supplies	7,966	8,148	4,166
Work in progress	1,636	1,819	930
Finished goods	7,933	11,558	5,910
	17,535	21,526	11,006
Receivables and other assets			
Trade receivables	44,175	53,758	27,486
Other assets	3,624	3,036	1,552
	47,799	56,793	29,038
Own shares		90	46
Cash-in-hand, bank balances	9,845	41,812	21,378
	75,179	120,222	61,468
Prepaid expenses	4,800	5,079	2,597
Total assets	106,297	154,815	79,156

Balance sheet of the RATIONAL Group

Annual Statement < 72

Annual Statement < 73

Equity and liabilities	1999	2000	2000
	TDM	TDM	TEURO
Equity			
Subscribed capital	10,044	22,238	11,370
Capital reserves	2,000	60,663	31,017
Revenue reserves			
Legal reserve	1,004	1,004	514
Reserve for own shares		90	46
Net retained profit	33,351	16,275	8,321
	46,399	100,271	51,268
Difference from currency translation	– 376	– 967	– 495
	46,023	99,303	50,773
Provisions			
Provisions for pensions and similar obligations	929	1,028	526
Provisions for taxes	3,542	5,405	2,763
Other provisions	11,938	15,773	8,065
	16,409	22,205	11,353
Liabilities			
Liabilities to banks	24,682	13,094	6,695
Payments received on account of orders	5	25	13
Trade payables	7,781	7,599	3,885
Liabilities to affiliated companies	37	36	18
Other liabilities	11,360	12,553	6,418
	43,865	33,307	17,029
Total equity and liabilities	106,297	154,815	79,156



Balance sheet of RATIONAL AG

Assets	1999	2000	2000
	TDM	TDM	TEURO
Fixed assets			
Intangible assets			
Industrial and similar rights and assets	489	683	349
Goodwill	2,221	1,818	930
	2,710	2,502	1,279
Tangible assets			
Land and buildings		2,531	1,294
Technical equipment and machinery	168	124	63
Operating and office equipment	2,692	3,727	1,906
Payments on account	445	181	92
	3,305	6,563	3,356
Financial assets			
Shares in affiliated companies	19,129	19,398	9,918
Loans to affiliated companies	7,513	17,492	8,944
Loans to associated companies	2,833	3,610	1,846
	29,475	40,500	20,707
	35,490	49,565	25,342
Current assets			
Inventories			
Raw materials, consumables and supplies	7,870	7,988	4,084
Work in progress	1,295	1,409	721
Finished goods	2,101	2,370	1,212
	11,266	11,767	6,017
Receivables and other assets			
Trade receivables	22,620	21,118	10,797
Receivables from affiliated companies	21,722	24,251	12,399
Other assets	2,190	1,948	996
	46,532	47,317	24,193
Own shares		90	46
Cash-in-hand, bank balances	1,869	35,588	18,196
	59,667	94,761	48,451
Prepaid expenses	836	721	368
Total assets	95,993	145,047	74,161

Balance sheet of RATIONAL AG

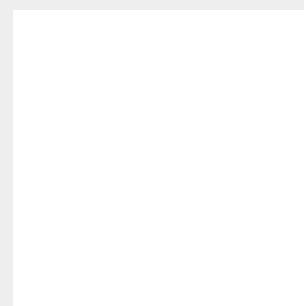
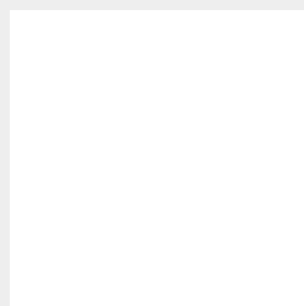
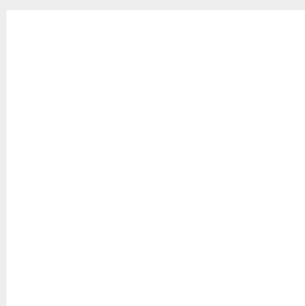
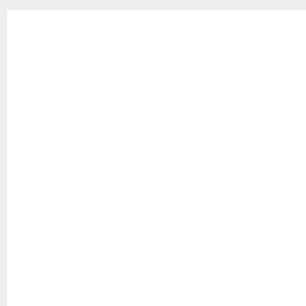
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Equity and liabilities	1999	2000	2000
	TDM	TDM	TEURO
Equity			
Subscribed capital	10,044	22,238	11,370
Capital reserve	2,000	60,663	31,017
Revenue reserves			
Legal reserve	1,004	1,004	514
Reserve for own shares		90	46
Net retained profit	43,663	26,492	13,545
	56,711	110,487	56,491
Provisions			
Provisions for pensions and similar obligations	929	1,028	526
Provisions for taxes	3,025	4,138	2,116
Other provisions	8,524	10,060	5,144
	12,478	15,226	7,785
Liabilities			
Liabilities to banks	15,384	5,522	2,823
Trade payables	5,508	5,066	2,590
Liabilities to affiliated companies	1,708	2,634	1,347
Other liabilities	4,204	6,112	3,125
	26,804	19,334	9,885
Total equity and liabilities	95,993	145,047	74,161

Profit and loss statement of the RATIONAL Group

	1999	2000	2000
	TDM	TDM	TEURO
Sales	255,789	298,741	152,744
Change in inventories	701	4,044	2,068
Total achievement	256,490	302,785	154,812
Other operating income	6,423	4,190	2,142
Operating income	262,913	306,975	156,954
Cost of materials	– 91,004	– 104,348	– 53,352
Personnel expenses	– 60,341	– 70,853	– 36,227
Amortization of intangible assets and depreciation of tangible assets	– 3,737	– 4,513	– 2,307
Other operating expenses	– 58,723	– 70,548	– 36,071
Operating result	49,108	56,712	28,996
Income from investments	119	42	21
Net interest income	– 1,464	67	34
IPO expenses	– 1,390	– 6,526	– 3,336
Taxes	– 18,056	– 23,759	– 12,148
Net income for the year	28,317	26,537	13,568
Retained profit/accumulated loss brought forward	5,034	– 10,172	– 5,201
Appropriations to revenue reserves		– 90	– 46
Net retained profit	33,351	16,275	8,321



Profit and loss statement of RATIONAL AG

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	1999	2000	2000
	TDM	TDM	TEURO
Sales	208,132	243,770	124,638
Change in inventories	– 525	366	187
Total achievement	207,607	244,136	124,825
Other operating income	5,300	2,245	1,148
Operating income	212,907	246,381	125,972
Cost of materials	– 77,653	– 94,062	– 48,093
Personnel expenses	– 45,623	– 50,573	– 25,858
Amortization of intangible assets and depreciation of tangible assets	– 1,856	– 2,411	– 1,233
Other operating expenses	– 38,817	– 46,548	– 23,800
Operating result	48,958	52,787	26,990
Income from investments	1,298	787	402
Net interest income	– 720	1,065	544
IPO expenses	– 1,390	– 6,526	– 3,336
Taxes	– 17,396	– 21,670	– 11,080
Net income for the year	30,750	26,442	13,520
Retained profit/accumulated loss brought forward	12,913	139	71
Appropriations to revenue reserves		– 90	– 46
Net retained profit	43,663	26,492	13,545

Statement of changes in fixed assets from January 1 to December 31, 2000

Group	Acquisition cost					
in DM	Balance at Jan 1, 2000	Translation differences	Additions	Disposals	Transfers	Balance at Dec 31, 2000
Intangible assets						
Industrial and similar rights and assets	26,537,012.30	0.00	485,486.54	1.00	0.00	27,022,497.84
Goodwill	11,827,925.17	0.00	0.00	0.00	0.00	11,827,925.17
	38,364,937.47	0.00	485,486.54	1.00	0.00	38,850,423.01
Tangible assets						
Land and buildings including buildings on third-party land	23,050,720.91	0.00	2,574,996.58	486,423.04	445,193.17	25,584,487.62
Technical equipment and machinery	3,946,957.77	0.00	45,526.95	1,547,596.85	779.91	2,445,667.78
Operating and office equipment	13,493,117.13	69,275.92	4,143,483.09	691,901.32	– 779.91	17,013,194.91
Payments on account and assets under construction	445,193.17	0.00	180,820.00	0.00	– 445,193.17	180,820.00
	40,935,988.98	69,275.92	6,944,826.62	2,725,921.21	0.00	45,224,170.31
Financial assets						
Shares in affiliated companies	5,331,018.80	0.00	0.00	0.00	0.00	5,331,018.80
Loans to associated companies	2,833,215.68	0.00	776,411.32	0.00	0.00	3,609,627.00
	8,164,234.48	0.00	776,411.32	0.00	0.00	8,940,645.80
	87,465,160.93	69,275.92	8,206,724.48	2,725,922.21	0.00	93,015,239.12

Parent Company	Acquisition cost					
in DM	Balance at Jan 1, 2000		Additions	Disposals	Transfers	Balance at Dec 31, 2000
Intangible assets						
Industrial and similar rights and assets	26,348,277.14		394,143.89	1.00	0.00	26,742,420.03
Goodwill	6,043,396.16		0.00	0.00	0.00	6,043,396.16
	32,391,673.30		394,143.89	1.00	0.00	32,785,816.19
Tangible assets						
Land and buildings including buildings on third-party land	0.00		2,110,734.42	0.00	445,193.17	2,555,927.59
Technical equipment and machinery	3,508,182.26		11,497.73	1,546,501.00	0.00	1,973,178.99
Operating and office equipment	9,148,158.11		2,833,658.24	438,213.61	0.00	11,543,602.74
Payments on account and assets under construction	445,193.17		180,820.00	0.00	– 445,193.17	180,820.00
	13,101,533.54		5,136,710.39	1,984,714.61	0.00	16,253,529.32
Financial assets						
Shares in affiliated companies	62,495,449.69		268,632.11	0.00	0.00	62,764,081.80
Loans to affiliated companies	7,512,691.74		9,979,641.96	0.00	0.00	17,492,333.70
Loans to associated companies	2,833,215.68		776,411.32	0.00	0.00	3,609,627.00
	72,841,357.11		11,024,685.39	0.00	0.00	83,866,042.50
	118,334,563.95		16,555,539.67	1,984,715.61	0.00	132,905,388.01

Depreciation and amortization/write-downs				Book values		
Balance at Jan 1, 2000	Translation differences	Additions	Disposals	Balance at Dec 31, 2000	Balance at Dec 31, 2000	Balance at Dec 31, 1999
25,984,107.66	0.00	243,860.55	1.00	26,227,967.21	794,530.63	552,904.64
6,424,873.17	0.00	1,016,402.00	0.00	7,441,275.17	4,386,650.00	5,403,052.00
32,408,980.83	0.00	1,260,262.55	1.00	33,669,242.38	5,181,180.63	5,955,956.64
11,205,485.92	0.00	671,942.31	103,052.37	11,774,375.86	13,810,111.76	11,845,234.99
3,714,084.12	0.00	74,266.09	1,546,500.00	2,241,850.21	203,817.57	232,873.65
8,915,083.07	28,415.32	2,506,377.72	538,969.89	10,910,906.22	6,102,288.69	4,578,034.06
0.00	0.00	0.00	0.00	0.00	180,820.00	445,193.17
23,834,653.11	28,415.32	3,252,586.12	2,188,522.26	24,927,132.29	20,297,038.02	17,101,335.87
4,903,632.80	0.00	0.00	0.00	4,903,632.80	427,386.00	427,386.00
0.00	0.00	0.00	0.00	0.00	3,609,627.00	2,833,215.68
4,903,632.80	0.00	0.00	0.00	4,903,632.80	4,037,013.00	3,260,601.68
61,147,266.74	28,415.32	4,512,848.67	2,188,523.26	63,500,007.47	29,515,231.65	26,317,894.19
Depreciation and amortization/write-downs				Book values		
Balance at Jan 1, 2000		Additions	Disposals	Balance at Dec 31, 2000	Balance at Dec 31, 2000	Balance at Dec 31, 1999
25,859,189.14		199,861.89	1.00	26,059,050.03	683,370.00	489,088.00
3,822,084.16		402,894.00	0.00	4,224,978.16	1,818,418.00	2,221,312.00
29,681,273.30		602,755.89	1.00	30,284,028.19	2,501,788.00	2,710,400.00
0.00		24,537.59	0.00	24,537.59	2,531,390.00	0.00
3,339,959.26		55,737.73	1,546,500.00	1,849,196.99	123,982.00	168,223.00
6,456,633.11		1,727,745.24	367,708.61	7,816,669.74	3,726,933.00	2,691,525.00
0.00		0.00	0.00	0.00	180,820.00	445,193.17
9,796,592.37		1,808,020.56	1,914,208.61	9,690,404.32	6,563,125.00	3,304,941.17
43,366,151.80		0.00	0.00	43,366,151.80	19,397,930.00	19,129,297.89
0.00		0.00	0.00	0.00	17,492,333.70	7,512,691.74
0.00		0.00	0.00	0.00	3,609,627.00	2,833,215.68
43,366,151.80		0.00	0.00	43,366,151.80	40,499,890.70	29,475,205.31
82,844,017.47		2,410,776.45	1,914,209.61	83,340,584.31	49,564,803.70	35,490,546.48

Notes

RATIONAL Aktiengesellschaft, Landsberg

Combined notes for the parent company and the group for the fiscal year 2000

I. Companies consolidated

The consolidated financial statements and the annual financial statements of RATIONAL Aktiengesellschaft as of December 31, 2000 were prepared in accordance with the provisions of the Aktiengesetz (AktG – German Public Companies Act) and the Handelsgesetzbuch (HGB – German Commercial Code). The accompanying notes are combined for the parent company and the Group in accordance with section 298 (3) of the HGB.

The following subsidiaries of RATIONAL Aktiengesellschaft as the parent company were included in the consolidated financial statements:

	Equity interest in %	Carrying amount at Rational AG in TDM	Equity in TDM	Net profit in TDM
LechMetall Landsberg GmbH Edelstahlerzeugnisse, Landsberg am Lech	100,0	6.868	300	379 *
RATIONAL Großküchentechnik GmbH, Landsberg am Lech	100,0	50	50	8 *
RATIONAL UK Limited, Luton, UK	100,0	121	4.637	725
FRIMA S.A., Wittenheim, France	99,9	10.565	7.181	1.620
RATIONAL Japan KK, Tokio, Japan	100,0	128	– 333	400
RATIONAL Cooking Systems Inc., Schaumburg, USA	100,0	804	– 6.238	327
RATIONAL Skandinavien AB, Lund, Sweden	100,0	23	1.347	824
RATIONAL Italia S.R.L., Marcon, Italy	100,0	20	25	– 39
RATIONAL Schweiz AG Oftringen, Switzerland	100,0	123	– 205	21
RATIONAL Canada Inc. Toronto, Canada	100,0	140	123	– 18
RATIONAL Iberica Cooking Systems S.L Barcelona, Spain	100,0	6	7	1
RATIONAL Korea Co. Ltd. Seoul, South Korea	100,0	97	45	– 39
RATIONAL Argentina S.A. Buenos Aires, Argentina	100,0	25	6	– 19

* before profit transfer to the parent company

Equity denominated in foreign currencies was translated at the middle rates at the balance sheet date, net profit denominated in foreign currencies was translated at the average rates for the year.

RATIONAL Aktiengesellschaft also holds a 98% interest in MEIKU Vermögensverwaltung GmbH, Landsberg, which in turn is the sole limited partner of TAGO Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Landsberg KG. At its balance sheet date April 30, 2000, MEIKU Vermögensverwaltung GmbH reported net income for the year of DM 29 thousand and equity of DM 86 thousand following the distribution of DM 85 thousand for the previous year. MEIKU Vermögensverwaltungs GmbH and the subsidiary of FRIMA S.A., Topinox Sarl, Nantes, France, were not consolidated due to their insignificance, as allowed by section 296 (2) of the HGB.

II. Consolidation principles

Capital consolidation uses the book value method, under which the acquisition cost of the equity investments are eliminated against the equity attributable to these investments.

Any resulting difference was taken to assets where its fair value differed from the book value at the time of initial consolidation. Any remaining difference is carried as goodwill. Capital consolidation is implemented at the time of acquisition or formation of the subsidiaries. Goodwill arising from capital consolidation is composed as follows:

Company	Goodwill	Cumulative	Residual	Amortization
	TDM	amortization TDM	book value TDM	2000 TDM
FRIMA S.A. (France)	4,253	2,290	1,963	284
RATIONAL Cooking Systems Inc. (USA)	1,243	777	466	311
RATIONAL Japan KK	289	149	140	19
	5,785	3,216	2,569	614

Receivables, liabilities and contingent liabilities, as well as sales revenues and other material income and expenses between the companies consolidated were eliminated.

Balance sheet items of foreign subsidiaries denominated in foreign currencies were translated consistently at the middle rates at the balance sheet date.

The portions of equity and retained profits/accumulated losses brought forward to be included in capital consolidation were translated at historic rates. Any resulting differences in the balance sheet were taken directly to the item "Difference from currency translation" in equity.

Income statement items of foreign subsidiaries denominated in foreign currencies were translated consistently at the relevant average rates for the year. "Depreciation and amortization" items were translated at the closing rates. The net resulting difference in the income statement was reported under "Other operating expenses."

The net differences resulting from consolidation due to exchange rate fluctuations was reported under "Other operating expenses."

III. Accounting policies

The classification of the balance sheet and the profit and loss statement was governed by the provisions of sections 266 and 275 (2) of the HGB (total cost/type of expenditure format). The same accounting policies as for the parent company were applied to all companies consolidated in compliance with the materiality principle. The principles applied in the previous year were retained unchanged.

Purchased intangible assets are capitalized at cost and reduced by straight-line amortization over three to five years unless a write-down to fair value is required. Goodwill is amortized over a useful life of four years or the fifteen-year useful life under tax law.

Tangible assets are carried at acquisition or production cost, less regular depreciation.

Depreciation is charged in part using the straight-line method, and partly using the declining balance method. Additions in the first half of the year are written down at the full annual rate, additions in the second half of the year are written down by half the annual rate. Low-value assets are written off in full in the year of acquisition.

Developed land is depreciated by between 2% and 10% using the straight-line method, and at 1.25% and 2.5% using the declining balance method. Other tangible assets are depreciated largely using the declining balance method (depreciation rate of 30%) unless depreciation using the straight-line method produces more favorable results.

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Notes	Annual Statement <	83

Shares in affiliated companies carried in the annual financial statements of the parent company are carried at acquisition cost or at the lower fair value at the balance sheet date. The same applies to non-consolidated associates carried in the consolidated financial statements.

Inventories are carried at the moving average acquisition or production cost unless a write-down to fair value is required. In addition to directly attributable cost, production cost also include material and production overheads. Where inventories to be included in the consolidated financial statements result from intercompany deliveries, these are carried at the consolidated acquisition or production cost.

Receivables and other assets are carried at their principal amount, liabilities are carried at their redemption amount. Specific valuation allowances are charged for identifiable specific risks in the receivables, and a global valuation allowance is charged for the general credit risk.

The pension provision was calculated using actuarial methods on the basis of a 6% interest rate and the 1998 mortality tables. The other provisions take account of all identifiable risks and uncertain obligations.

Assets and liabilities denominated in foreign currencies are generally carried in the consolidated single-entity financial statements at the rates prevailing at the transaction date. Where the rate at the balance sheet date is lower or higher, the item is carried at the lower or higher rate at the balance sheet date in compliance with the principle of prudence. Where hedge transactions were entered into for foreign currency receivables and the hedge rate is lower than the rate prevailing at the transaction date, the receivables are carried at the lower hedge rate.

IV. Notes to the balance sheet

1. Fixed assets

Changes in individual items of fixed assets and the depreciation and amortization during the fiscal year 2000 are presented separately in the "Statements of changes in fixed assets" for the parent company and the Group.

Differences as against the previous year's balance sheet date resulting from the translation at the closing rate of fixed asset items of foreign subsidiaries denominated in foreign currencies are presented in a separate column "Translation differences."

2. Receivables and other assets

The maturities are shown below:

Receivables from affiliated companies relate primarily to trade receivables.

	Remaining maturity up to 1 year TDM	Remaining maturity more than 1 year TDM	Total as carried on the balance sheet TDM
Parent company			
Trade receivables	21,118	—	21,118
Receivables from affiliated companies	19,781	4,470	24,251
Other assets	1,885	63	1,948
	42,784	4,533	47,317
Group			
Trade receivables	53,326	432	53,758
Other assets	2,511	524	3,035
	55,837	956	56,793

3. Own shares

On July 10, 2000 the Company purchased 2,000 own shares with a par value of EUR 2,000.00 (DM 3,911.66) at an issue price of EUR 23 (DM 45.73). The shares represent a 0.02% share in the share capital. The acquisition was authorized by the General Meeting on February 3, 2000 in accordance with section 71 (1) 8 of the Aktiengesetz.

In accordance with section 272 (4) of the HGB, a reserve for own shares was set up in the amount of the own shares acquired during the year (DM 89,968.18).

4. Prepaid expenses

The prepaid expenses in the consolidated balance sheet contain deferred tax assets from consolidation measures in the amount of DM 3,847 thousand.

5. Equity

The share capital of RATIONAL AG amounts to EUR 11,370,000.00 (DM 22,237,787.10) and is composed of EUR 11,370,000 no-par value shares. Capital of EUR 5,315,000 has been authorized.

DM 58,663,454.27 from the issue proceeds of the IPO was appropriated to the capital reserve during the fiscal year 2000.

The composition of, and changes in, the equity of RATIONAL Aktiengesellschaft are shown below:

	Share capital	Capital reserve	Legal reserve	Reserve for own shares	Net retained profit	Total
	TDM	TDM	TDM	TDM	TDM	TDM
Balance at January 1, 2000	10,044	2,000	1,004	—	43,663	56,771
Dividend	—	—	—	—	– 34,009	– 34,009
Capital increase from retained earnings	9,514	—	—	—	– 9,514	—
Capital increase	2,680	—	—	—	—	2,680
Premium from share issuance	—	58,663	—	—	—	58,663
Appropriation to reserve for own shares	—	—	—	90	– 90	–
Net income	—	—	—	—	26,442	26,442
Balance at December 31, 2000	22,238	60,663	1,004	90	26,492	110,487

6. Provisions

The other provisions of the parent company are composed as follows:

	TDM
Personnel expenses	4,013
Outstanding invoices	2,679
Warranty	2,420
Bonuses	340
Supervisory Board remuneration	220
Miscellaneous	388
	10,060

7. Liabilities

Maturity structure of liabilities:

	Up to one year TDM	One to five years TDM	More than five years TDM	Total as carried on the balance sheet TDM
Parent company				
Liabilities to banks	5,522	—	—	5,522
Trade payables	5,066	—	—	5,066
Liabilities to affiliated companies	2,634	—	—	2,634
Other liabilities	6,062	50	—	6,112
	19,284	50	—	19,334
Group				
Liabilities to banks	13,094	—	—	13,094
Payments received on account	25	—	—	25
Trade payables	7,599	—	—	7,599
Liabilities to affiliated companies	36	—	—	36
Other liabilities	10,368	50	2,135	12,553
	31,122	50	2,135	33,307

The liabilities to affiliated companies originate from short-term offsetting transactions.

8. Contingent liabilities

There are bills payable amounting to DM 2,030 thousand in the Group.

The parent company has issued guarantees totaling DM 7,128 thousand for bank liabilities of its consolidated subsidiaries.

V. Notes to the profit and loss statement

Geographic segment reporting for sales revenues:

	Parent company DM million	Group DM million
Germany	65,0	65,0
Rest of Europe	119.0	154.9
America	20.4	30.7
Africa	5.4	5.4
Asia	27.1	35.8
Australia	6.9	6.9
	243.8	298.7

The expenses of DM 6,526 thousand incurred in conjunction with the IPO in the fiscal year 2000 (1999: DM 1,390 thousand) are disclosed as extraordinary expenses, in contrast to the previous year. In the previous year, the corresponding expenses were carried under "Other operating expenses." The prior-period figures were adjusted accordingly.

DM 24,874 thousand of the tax expense disclosed relates to the result of ordinary activities. The extraordinary result produced tax relief of DM 3,268 thousand.

In calculating the tax expense, it was assumed that the Managing Board's proposed dividend of DM 14,455 thousand for the fiscal year 2000 will be distributed.

VI. Other disclosures

1. Financial position of the Group

The Group's liquidity position and financial development are shown in the separate cash flow statement.

2. Other financial obligations

Rental and leasing expenses for business premises in Germany and abroad in 2001 will probably amount to DM 2,261 thousand for the parent company and DM 1,877 thousand for the Group. The expenses of the parent company include leasing expenses of DM 1,053 thousand for Plant 1 payable to LechMetall Landsberg GmbH. The lease of Plant 2 in Landsberg is governed by a rental agreement running until April 30, 2007 that provides for variable rental payments. The agreement also provides for the grant of a non-interest-bearing loan to the lessor; this amounted to DM 3,610 thousand by December 31, 2000 and will reach an amount of DM 10,534 thousand by the end of the lease. The annual instalments from rental payments and loan instalments amount to DM 1,836 thousand. In the case of the other rental agreements, it should also be assumed that these are primarily long-term leases, and that expiring agreements will be prolonged.

There are also obligations from hardware and software leases and other leased assets with remaining terms of up to five years amounting to DM 5,215 thousand at the parent company and DM 6,827 thousand in the Group. DM 607 thousand is payable to former employees for agreed restraints on competition.

3. Number of employees

The parent company and the Group employed an average of 440 and 604 employees respectively in the 12 months prior to the balance sheet date. The number of employees at December 31, 2000 was as follows:

	Parent company	Group
Marketing	17	17
Production	207	221
Sales	53	158
Research/Development	41	41
Customer Service	50	88
Administration	81	101
	449	626

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4. Executive Board

The members of the Executive Board are:

- Mr. Dr. Günter Blaschke, Chief Executive Officer
- Mr. Erich Baumgärtner, Chief Financial Officer
- Mr. Peter Wiedemann, Chief Technology Officer

The total remuneration of the Executive Board in the fiscal year 2000 amounted to DM 2,338 thousand.

5. Supervisory Board

The members of the Supervisory Board are:

- Mr. Siegfried Meister, – Chairman –
- Mr. Walter Kurtz, – Deputy Chairman –
- Mr. Roland Poczka

The total remuneration of the Supervisory Board for the fiscal year 2000 amounted to DM 270 thousand. There are short-term receivables from Supervisory Board members for expenses amounting to DM 117 thousand.

Landsberg, February 14, 2001
RATIONAL Aktiengesellschaft



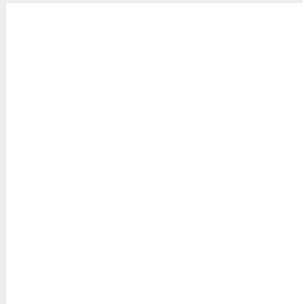
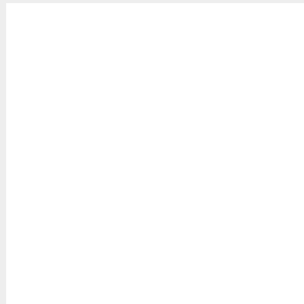
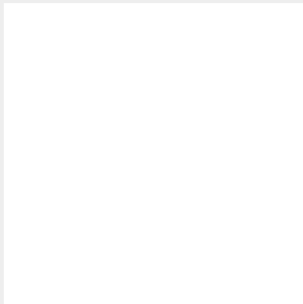
Dr. Günter Blaschke



Erich Baumgärtner



Peter Wiedemann



Audit opinion

“We audited the annual financial statements and the accounting of RATIONAL Aktiengesellschaft, as well as the consolidated financial statements prepared by the Company, and its management report on the Company and the Group for the fiscal year from January 1 to December 31, 2000. The legal representatives of the Company are responsible for preparing these documents in accordance with the German Commercial Code. Our responsibility is to express an assessment, based on our audit, of the annual financial statements, including the accounting, the consolidated financial statements prepared by the Company, and the management report on the Company and the Group.

We conducted our audit of the annual and consolidated financial statements in accordance with section 317 of the HGB (German Commercial Code) and the principles of proper auditing adopted by the IDW (Institut der Wirtschaftsprüfer – the German Institute of Auditors). Those standards require that we plan and perform our audit to obtain reasonable assurance about whether inaccuracies and violations are identified that could have a material effect on the annual and consolidated financial statement presentation in accordance with proper accounting principles and on the view of the net worth, financial position and results of operations presented by the management report on the Company and the Group.

The process of defining the audit procedures takes account of knowledge about the business activities and the economic and legal environment of the Company, as well as expectations of possible errors. An audit includes examining, largely on a test basis, the effectiveness of the internal control system and evidence supporting the amounts and disclosures in the accounts, the annual and consolidated financial statements and the management report on the Company and the Group. An audit also includes assessing the accounting and consolidation principles used and the significant estimates made by legal representatives, as well as evaluating the overall presentation of the annual and consolidated financial statements and the management report on the Company and the Group. We believe that our audit provides a reasonable basis for our opinion.

Our audit did not result in any objections.

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Audit opinion	Annual Statement < 91

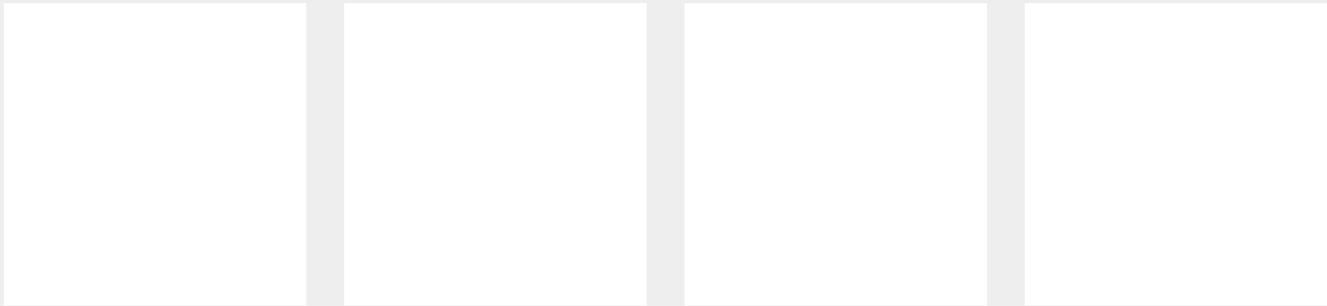
In our opinion, the annual and consolidated financial statements give a true and fair view, in accordance with the principles of proper accounting, of the net worth, financial position and results of operations of the Company and the Group. Overall, the management report on the Company and the Group accurately reflects the position of the Company and the Group and presents the risks associated with future developments.”

Munich, February 14, 2001
ALLREVISION
Allgemeine Revisions-und Beratungsgesellschaft mbH
Wirtschaftsprüfungsgesellschaft

Dr. Maerz
Chartered Accountant

Voshagen
Chartered Accountant

RATIONAL Aktiengesellschaft, Landsberg
Annual and consolidated financial statements as of December 31, 2000



Report of the Supervisory Board

In the course of the past fiscal year, the Supervisory Board informed itself in depth and in a timely manner via oral and written reports from the Executive Board of RATIONAL AG as to the situation and development of the Company. In the course of 2000, four meetings of the entire Supervisory Board were held in addition to numerous individual discussions.

Thanks to regular reports from the Executive Board on the sales and earnings position, the Supervisory Board was informed at all times of the current business situation of the Company. Questions of fundamental importance for the Company's business strategy were discussed by the Supervisory Board with the Executive Board.

In particular, strategic questions and medium- and long-term corporate planning were the subject of intense deliberations. Central topics in the year under report were the preparation and implementation of the Company's initial public offering, the further extension of its sales structure, including the foundation of four new subsidiaries, and the expansion of production capacity at our Landsberg site. Particular attention was also paid to the establishment of an efficient risk management system, especially with regard to the additional risks arising with the company's increasing internationalization.

The Supervisory Board performed the tasks laid down for it by the law and the Articles of Association and supervised the Company's management.

The annual financial statements as of December 31, 2000 and the Management Report, including the accounting, were audited by ALLREVISION GmbH Wirtschaftsprüfungsgesellschaft, Munich, in Landsberg and Munich and granted an unqualified audit opinion on February 14, 2001.

The Supervisory Board examined the annual financial statements, the consolidated annual financial statements, the Management Report and the Group Management Report for the fiscal year from January 1, 2000 to December 31, 2000 and discussed them at length with the auditors, ALLREVISION GmbH Wirtschaftsprüfungsgesellschaft, Munich. The examination did not reveal any causes for objections. The Supervisory Board therefore approved the annual financial statements prepared by the Executive Board in the version contained in the audit report by ALLREVISION by way of a resolution dated February 20, 2001. The annual financial statements for 2000 are thereby adopted in accordance with section 172 sentence 1 AktG (German Public Companies Act).

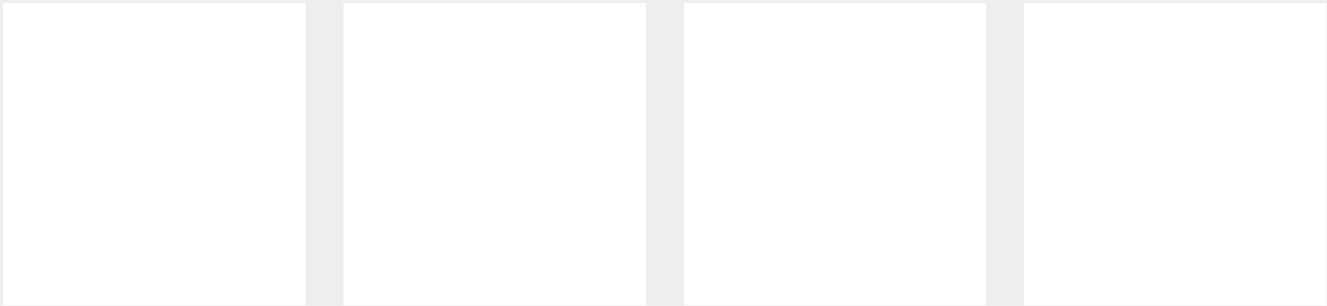
The Supervisory Board concurs with the proposal of the Executive Board to distribute from the total of € 13,544,983.12 of the net retained profits, the amount of € 0.65 per dividend bearing share, to shareholders and to carry forward the remainder to new account.

The Supervisory Board would like to thank the members of the Executive Board and the Company's management for their constructive participation and achievements in the fiscal year 2000. Our particular thanks go to all employees for their extremely high level of commitment, which once again was the critical success factor in 2000.

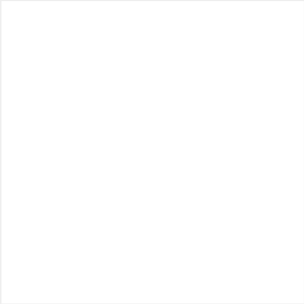
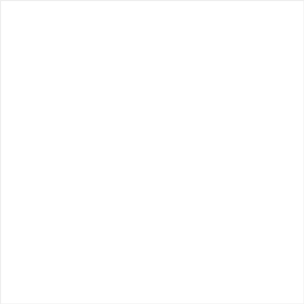
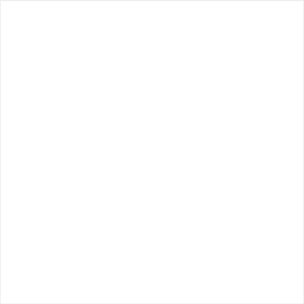
Landsberg, February 20, 2001



Siegfried Meister
Chairman of the Supervisory Board



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