



Key figures

Thousands of euros	Q1 2005	Q1 2004	Change
Sales	53,419	45,248	+18%
Sales abroad as a percentage of sales	84%	84%	+/-0%
Cost of sales	21,031	19,610	+7%
as a percentage of sales	39.4%	43.3%	
Sales and service expenses	15,461	13,048	+18%
as a percentage of sales	28.9%	28.8%	
Research and development expenses	2,351	2,622	-10%
as a percentage of sales	4.4%	5.8%	
General administration expenses	2,864	2,550	+12%
as a percentage of sales	5.4%	5.6%	
EBIT – earnings before interest and taxes	11,994	7,793	+54%
as a percentage of sales	22.5%	17.2%	
EBT – earnings before taxes	12,037	7,835	+54%
as a percentage of sales	22.5%	17.3%	
Group earnings	7,393	4,626	+60%
as a percentage of sales	13.8%	10.2%	
per share in euros	0.65	0.41	
Employees (as an annual average)	757	708	+7%
Sales per employee	70.6	63.9	+10%
Cash flow from operating activities	-6,908	510	
per share in euros	-0.61	0.04	
Balance sheet total	142,611	130,175	+10%
Equity	111,561	95,393	+17%
as a percentage of balance sheet total	78.2%	73.3%	
Working capital (without liquid funds)	47,230	43,387	+9%
as a percentage of sales	88.4%	95.9%	

**Dear Shareholders,
Dear Business Partners,**

Thank you for your interest in RATIONAL AG.

This report sets out information on our business situation in the first three months of 2005 and on the further development of our company.

Economic report

Moderate growth in the global economy in the first quarter of 2005

The global economy presented something of a mixed picture in the first quarter of 2005. Whereas America is continuing to expand steady, in Europe and in particular in Germany the positive forecasts have so far not proved correct. Indeed, the expected growth rates for 2005 have already been revised downwards again. Economic growth in Asia is continuing apace, especially in the emerging countries. Only in Japan the economy is slowing, following its unexpected strength last year, probably to less than two percent in 2005.

18 percent sales growth – RATIONAL set for global success with the SelfCooking Center®

Scarcely touched by economic trends, RATIONAL AG successfully continued its international growth in the first quarter of 2005. Sales revenues of 53.4 million euros represented an increase of 18 percent compared to the previous year (45.2 million euros). This success was due not only to the unique and unrivalled SelfCooking Center® but also to selective expansion of the sales and marketing network. Furthermore the high growth rate is based as well on a more moderate sales situation in the first quarter 2004 which was caused by a partial customer reluctance in the time before market launch of the SelfCooking Center®.

Europe – the winner when it comes to growth

Besides tapping the markets of the future in America and Asia, growth in Europe is crucially important for the successful development of RATIONAL AG. In the first quarter of 2005 sales revenues in Europe rose by 26 percent from 23.7 to 29.9 million euros. Hence with a 75 percent share in the first quarter, the European market is easily the winner within the company when it comes to growth.

In established markets such as Germany and Scandinavia high growth is due to the increase in replacement business and concurrent gain in market share. Better market penetration in the other countries of Europe such as the UK, France, Italy and Spain has contributed significantly to growth. In addition new sales markets in Southern and Eastern Europe are sources for growth.

EBIT up by 54 percent – earnings structure significantly improved once again

Despite higher prices for raw materials, RATIONAL AG actually managed to cut the cost of sales compared to last year. The gross yield margin improved significantly (60.6 percent compared to the previous year's figure of 56.7 percent). This was due to cost savings achieved together with some basic components of the new product technology, and the constantly increasing productivity and efficiency of the overall production and supply process.

In sales and service, the selective, potential-orientated expansion of the organization continued as planned in 2005. In the first quarter this resulted in a cost increase of 18 percent.

Research and development costs are slightly below last year's level at 4 percent of sales (previous year: 6 percent) due to one-off costs entailed in the market launch of the SelfCooking Center® in 2004.

With administration costs roughly on previous years level, EBIT growth of 54 percent to 12.0 million euros was achieved. Caused by one-off expenses for the new SelfCooking Center®, previous year's EBIT was low with 7.8 million euros. This means the EBIT margin has improved significantly to 22.5 percent after 17.3 percent in the previous year.

13 million euros corporation tax in the first quarter

The record profits in 2004 meant high tax payments in the first quarter. As taken into account, this disproportionately depressed the cash flow from operating activities.

The SelfCooking Center® even speaks Russian

Since it opened in December 2004, the high-tech Forum Hall has become one of Moscow's most popular venues. Besides playing host to concerts and theatre performances, it is also home to up-market, professionally organized banqueting events catering for up to 5000 guests.

The kitchen offers national and international cuisine to suit Muscovites' tastes. "Our customers decide what food is served at their banquets. From traditional roasts, to Italian antipasti, to sushi – nothing is impossible", says Vladimir Kolpakov, Executive Chef of the Forum Hall. Every event is tailored individually to the customer. No banquet is the same as another. Despite this extensive range of dishes, Kolpakov is very relaxed when working thanks to the RATIONAL SelfCooking Center®.

Only some 30 people currently work in the two kitchens. Four SelfCooking Center® appliances in the main kitchen and one SelfCooking Center® in the small overspill kitchen are in constant use and complete the team. "Without the SelfCooking Centers® I would definitely need 10 extra people for large events", says Kolpakov.



"The built-in cooking intelligence even speaks Russian"

Vladimir Kolpakov, Executive Chef of the Forum Hall in Moscow



"The SelfCooking Center® is indisputably the thermal heart of our kitchen. We do absolutely everything with it!"



High quality for reasonable prices with RATIONAL SelfCooking Center®, that's the secret of Vladimir Kolpakov, Executive Chef of the Forum Hall in Moscow

"We are certainly offering the biggest variety in banqueting in Moscow"

“Roasts, chicken, foie gras, fish or side dishes – all at the touch of a button. Even untrained staff can operate the equipment without any problems. I particularly like the way the built-in cooking intelligence even speaks Russian. Though I am often working with different personnel, depending on the size of the event, there is no need for any training courses”, adds Kolpakov.

The Moscow public has become spoiled, and understandably expects top quality as a matter of course. “We rely on the SelfCooking Center® one hundred percent. I’ve been working with RATIONAL for 12 years now, but the SelfCooking Center® puts everything that came before it in the shade. It is indisputably the thermal heart of our kitchen. We do absolutely everything with it”, enthuses Kolpakov.

I Award

RATIONAL – “Manufacturer of the Year 2004” in North America

In the first quarter of 2005 RATIONAL was awarded once again for the invention of the SelfCooking Center®. The Electric Foodservice Council voted “RATIONAL Manufacturer of the Year 2004”. The Electric Foodservice Council brings together kitchen planners, manufacturers, dealers and customers in order jointly to promote the modernization of kitchen technology, to make it non-polluting and user-friendly. Each year the award goes to manufacturers whose innovations significantly improve working conditions in professional kitchens.

In the words of the awards committee: “RATIONAL met and exceeded the qualifications for this award in 2004. With the SelfCooking Center®, RATIONAL created the most user-friendly, technologically advanced, cooking system in the 21st century and radically changed cooking as we know it for the next 50 years”.

Another award for the SelfCooking Center®



Electric Foodservice Council: "2004 Manufacturer of the Year"
"With the SelfCooking Center®, RATIONAL created the most user-friendly, technologically advanced, cooking system in the 21st century and radically changed cooking as we know it for the next 50 years".

Customers are enthusiastic



"The RATIONAL banqueting system has saved the Westin Calgary more than \$ 265,000.00 since being installed."

Martin Heuser
Executive Chef
Westin Hotel
Calgary, Alberta, Canada



"It's child's play, just press a button and the SelfCooking Center® copes with everything which used to be so labour-intensive and time-consuming."

Anna Schwartz
Housekeeper,
Almviksgårdens Nursery School
Malmö, Sweden



"Traditional wok and high tech RATIONAL SelfCooking Center® work perfectly together in our kitchen."

Stephen Choi
Restaurant Manager
China Bear,
Houston + Stafford,
Texas, USA



"The SelfCooking Center® is the ideal School food Cooking Center and I could imagine running a complete school kitchen relying only on the SelfCooking Center®."

Pat Barker
Director Food and Nutrition
Beaumont Independent School District,
Beaumont, Texas, USA



"It's just three months since we bought the SelfCooking Center® and already I know that this investment has paid for itself."

Juan Vicente
Cheff Ejecutivo
El Palacia de Hierro
Mexico City, Mexico

I Investor Relations

RATIONAL - the added-value share

RATIONAL shares reached a new high of 92.80 euros in the first days of April 2005, in a first place thanks to the excellent way in which the business has developed, but as well because of the in-depth investor relations work on the part of the Managing Board and the quality and transparency of financial communication.

Central to investor relations work in the first quarter were the publication of the 2004 annual financial statement, the DVFA conference, attendance at capital market conferences in Kronberg and London and numerous roadshows in Europe and the US. RATIONAL's corporate philosophy of highest possible customer benefit by specialisation and focusing as well as the excellent outlook for the future were put across persuasively and comprehensibly by the Managing Board. With the result that more and more institutional investors are showing an interest in RATIONAL shares. This improves the share price, as well as the share's price stability in the event of larger transactions.

Special dividend of 5.00 euros per share proposed

In consequence of the high earning power and the low level of working capital tied up, RATIONAL has a high free cashflow, well in excess of the liquidity needed for the future growth of the company. As a result, cash funds have risen year on year. The Managing Board and Supervisory Board are therefore proposing to RATIONAL AG's annual general shareholders meeting to distribute a special dividend of 5.00 euros per share for the financial year 2004. This equates to a total distribution of 56.9 million euros.

I Business outlook

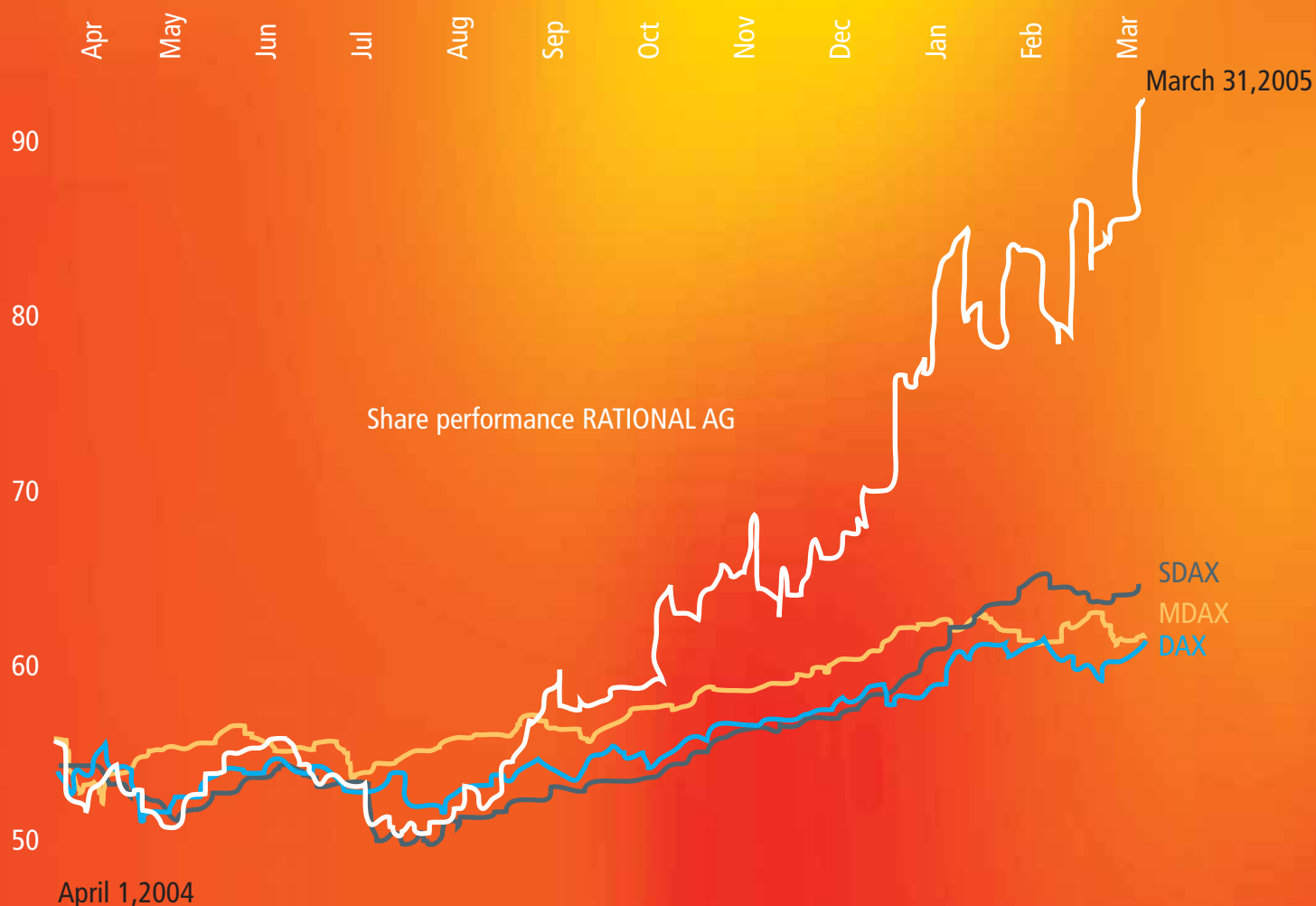
Positive outlook for 2005

Good business progress in the first quarter, coupled with the superiority of the SelfCooking Center® technology compared to its rivals and the large, as yet unexploited market potential of 80 percent, mean we are optimistic that the annual plan for ten percent sales growth to 244 million euros and the planned rise in earnings with EBIT of twelve percent to 60 million euros will be achieved in 2005.

Landsberg am Lech, May 4, 2005

RATIONAL AG
The Executive Board

RATIONAL – the jewel in the SDAX crown



Finance calendar

Annual-Shareholder-Meeting	May 10,2005
Half-Year-Report	August 9,2005
9-Month-Report	November 8,2005
SEQ-Conference	November 15/16,2005

Income Statement RATIONAL Group

Thousands of euros	Q1 2005	Q1 2004
Sales	53,419	45,248
Cost of sales	-21,031	-19,610
Gross profit	32,388	25,638
Sales and service expenses	-15,461	-13,048
Research and development expenses	-2,351	-2,622
General administration expenses	-2,864	-2,550
Other operating income	2,001	1,335
Other operating expenses	-1,719	-960
Earnings before interest and taxes (EBIT)	11,994	7,793
Financial results	43	42
Earnings before taxes (EBT)	12,037	7,835
Taxes on income	-4,644	-3,209
Group earnings	7,393	4,626
Retained earnings brought forward	63,721	50,911
Retained earnings	71,114	55,537

	Q1 2005	Q1 2004
Average number of shares (undiluted)	11,370,000	11,370,000
Earnings per share (undiluted) in euros relating to the consolidated results and the number of shares	0.65	0.41
Average number of shares (diluted)	11,404,500	11,393,000
Earnings per share (diluted) in euros relating to the consolidated results and the number of shares	0.65	0.41

		Thousands of euros	March 31,2005	March 31,2004	Dec. 31,2004
Balance Sheet RATIONAL Group Assets	Intangible assets		958	1,304	1,031
	Property, plant and equipment		27,300	25,962	26,858
	Financial assets		218	218	218
	Fixed assets		28,476	27,484	28,107
	Securities long-term		2,000	2,000	2,000
	Deferred tax assets		2,535	1,400	1,761
	Long-term assets		33,011	30,884	31,868
	Inventories		15,087	14,591	14,338
	Trade receivables		39,641	34,758	36,694
	Other assets		3,312	2,797	3,922
	Securities short-term		17,014	12,490	-
	Cash in hand and cash in bank accounts		34,546	34,655	59,941
	Short-term assets		109,600	99,291	114,895
	Balance sheet total		142,611	130,175	146,763

		Thousands of euros	March 31,2005	March 31,2004	Dec. 31,2004
Balance Sheet RATIONAL Group Equity and liabilities	Subscribed capital		11,370	11,370	11,370
	Capital reserve		28,563	27,972	28,472
	Revenue reserves		514	514	514
	Retained earnings		71,114	55,537	63,721
	Equity		111,561	95,393	104,077
	Provisions for pensions		596	538	591
	Other liabilities long-term		123	160	172
	Long-term liabilities		719	698	763
	Provisions for taxation		2,014	7,644	9,969
	Other provisions		10,878	9,452	11,416
	Liabilities to banks		2,314	2,456	2,202
	Trade accounts payable		6,871	5,421	5,844
	Other liabilities short-term		8,254	9,111	12,492
	Short-term liabilities		30,331	34,084	41,923
	Liabilities		31,050	34,782	42,686
	Balance sheet total		142,611	130,175	146,763

Statement of Changes in Equity RATIONAL Group

Thousands of euros	Subscribed capital	Capital reserve	thereof non-realised	Revenue reserves	Retained earnings	Total
Balance on Jan. 1,2004	11,370	27,790	-2,753	514	50,911	90,585
Dividends	-	-	-	-	-	-
Group earnings	-	-	-	-	4,626	4,626
Differences from currency conversion	-	142	-	-	-	142
Other changes	-	40	-	-	-	40
Balance on Mar. 31,2004	11,370	27,972	-2,753	514	55,537	95,393
Balance on Jan. 1,2005	11,370	28,472	-2,338	514	63,721	104,077
Dividends	-	-	-	-	-	-
Group earnings	-	-	-	-	7,393	7,393
Differences from currency conversion	-	31	-	-	-	31
Other changes	-	60	-	-	-	60
Balance on Mar. 31,2005	11,370	28,563	-2,338	514	71,114	111,561

Cash flow Statement RATIONAL Group

Thousands of euros	Q1 2005	Q1 2004
Earnings from ordinary activities	12,037	7,835
Cash flow from operating activities	-6,908	510
Cash flow from investing activities	-1,274	-801
Cash flow from financing activities	14,782	-3,309
Exchange rate changes	19	46
Change in cash funds	6,619	-3,554

Sales

Thousands of euros	Q1 2005		Q1 2004	
Germany	8,640	16.2%	7,407	16.4%
Europe (excluding Germany)	29,854	55.9%	23,746	52.5%
Americas	5,527	10.3%	4,746	10.5%
Asia	7,433	13.9%	7,789	17.2%
Rest of the world *)	1,965	3.7%	1,560	3.4%
Total	53,419	100.0%	45,248	100.0%

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

The sales per region are shown according to customer location.

Segment reporting Q1 2005 <small>Thousands of euros</small>	Activities of the subsidiaries in:				Activities of the parent company	Total for segments	Reconcil.	Group
	Germany	Europe excl. Germany	Americas	Asia				
External sales	8,587	21,857	3,885	3,680	15,410	53,419	-	53,419
vs. previous year	+17%	+27%	+23%	-2%	+12%	+18%	-	+18%
share	16.1%	40.9%	7.3%	6.9%	28.8%	100%	-	100%
Inter-company sales	-	-	-	-	26,828	26,828	-	26,828
Segment sales	8,587	21,857	3,885	3,680	42,238	80,247	-	80,247
vs. previous year	+17%	+27%	+23%	-2%	+16%	+18%	-	+18%
Segment result	-34	34	6	393	11,762	12,161	-167	11,994
vs. previous year	+445	-245	+36	-19	+3,874	+4,091	+110	+4,201

Segment reporting Q1 2004 <small>Thousands of euros</small>	Activities of the subsidiaries in:				Activities of the parent company	Total for segments	Reconcil.	Group
	Germany	Europe excl. Germany	Americas	Asia				
External sales	7,322	17,266	3,148	3,760	13,752	45,248	-	45,248
share	16.2%	38.1%	7.0%	8.3%	30.4%	100%	-	100%
Inter-company sales	-	-	-	-	22,545	22,545	-	22,545
Segment sales	7,322	17,266	3,148	3,760	36,297	67,793	-	67,793
Segment result	- 479	279	-30	412	7,888	8,070	-277	7,793

Segment reporting

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

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

| Accounting principles

The group financial statements of RATIONAL AG as per March 31, 2005 were prepared in compliance with the International Accounting Standards (IAS) respectively the International Financial Reporting Standards (IFRS) adopted and published by the International Accounting Standards Board (IASB) and the interpretation by the Standing Interpretations Committee (SIC) respectively the International Financial Reporting Interpretations Committee (IFRS). All the effective standards for the financial year 2005 were taken into account, with the result that a true and fair view of the RATIONAL Group's net assets, financial position and result of operations has been given. Accounting, valuation and consolidation methods generally have been kept unchanged compared to the previous year. Option rights on 34,500 RATIONAL shares, issued for the management on January 28, 2004, have been reflected in the profit and loss statement in compliance with IFRS 2. 2004 comparison figures have been adapted accordingly. Determination of goodwill and depreciation of goodwill was done in accordance with IFRS 3 and IAS 36. Balance sheet structure was adapted to requirements of IAS 1.

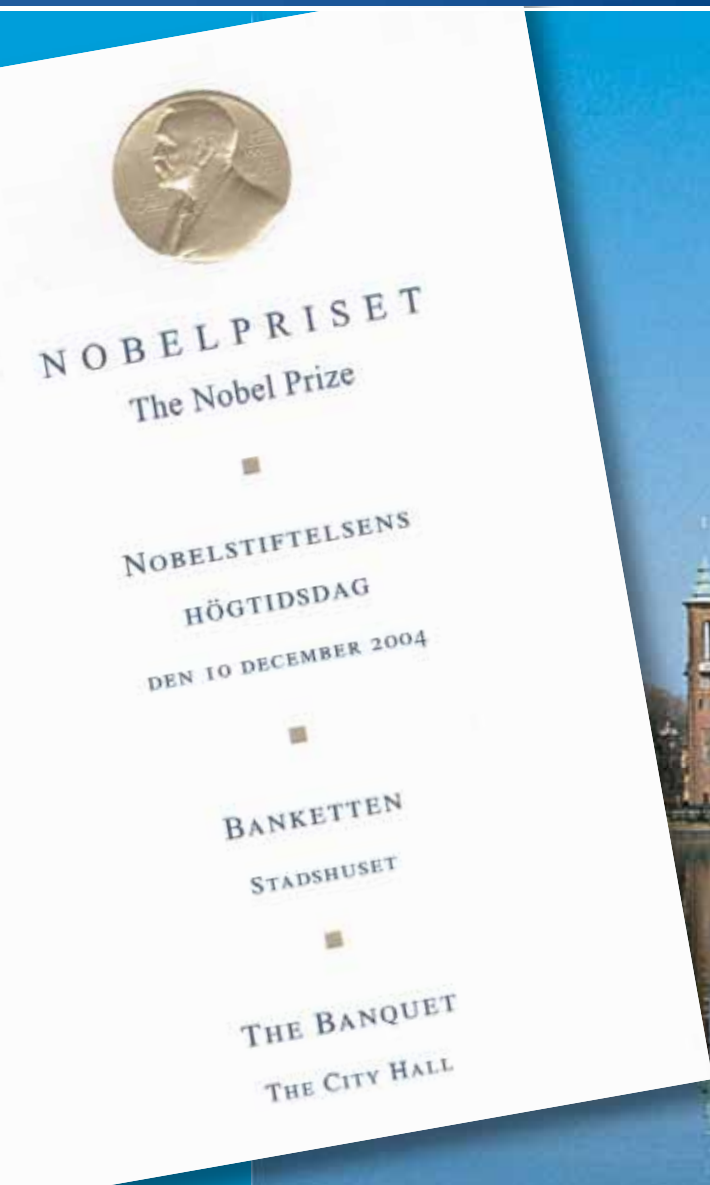
| Consolidated companies

The consolidated companies as per March 31, 2005 comprise three domestic and ten foreign subsidiaries, beside RATIONAL AG as the parent company. Starting from March 31, 2005 RATIONAL Austria, formed on March 17, 2005, as certified by notary public, with its registered office in Salzburg, Austria, was shown as a consolidated company for the first time. Business activities of the new sales subsidiary will accelerate strategic development of the Austrian market. RATIONAL Austria has subscribed capital of euro 35 thousand, of which RATIONAL AG as the parent company owns 100 percent.

| DVFA result

DVFA result as per March 31, 2005 matches to earnings per share according to IAS/IFRS as shown in the profit and loss statement.

RATIONAL-Technology is also used for the Nobel Prize Award dinner in the Stadshuset in Stockholm.



Iglinger Straße 62
D-86899 Landsberg am Lech
Tel. +49 8191 3270
Fax +49 8191 327272
www.rational-ag.com