



Key figures

Thousands of euros	1. Quarter 2006	1. Quarter 2005	Change
Sales	62,878	53,419	+18%
Sales abroad as a percentage of sales	86%	84%	+2%-pts.
Cost of sales	24,890	21,031	+18%
as a percentage of sales	39.6%	39.4%	
Sales and service expenses	17,720	15,461	+15%
as a percentage of sales	28.2%	28.9%	
Research and development expenses	2,452	2,351	+4%
as a percentage of sales	3.9%	4.4%	
General administration expenses	3,056	2,864	+7%
as a percentage of sales	4.9%	5.4%	
EBIT – earnings before interest and taxes	14,648	11,994	+22%
as a percentage of sales	23.3%	22.5%	
EBT – earnings before taxes	14,665	12,037	+22%
as a percentage of sales	23.3%	22.5%	
Group earnings	9,334	7,393	+26%
as a percentage of sales	14.8%	13.8%	
per share in euros	0.82	0.65	
Employees (as an annual average)	837	757	+11%
Sales per employee	75.1	70.6	+6%
Cash flow from operating activities	7,917	-6,908	
per share in euros	0.70	-0.61	
Balance sheet total	140,861	142,611	-1%
Equity as a percentage	97,398	111,561	-13%
of balance sheet total	69.1%	78.2%	
Working capital (without liquid funds)	55,161	47,230	+17%
as a percentage of sales	87.7%	88.4%	

**Dear Shareholders,
Dear Business Partners,**

Thank you for your interest in RATIONAL AG.

This report sets out information on RATIONAL AG's business situation in the first three months of 2006, along with the prospects for the development of our company in business year 2006.

| Economic report

Modest economic upswing in 2006

World economic prospects for 2006 are positive. Market sentiment indicates increasing rates of growth also for Germany, along with a generally improved economic climate. The main risks to the economic growth are likely to be further rises in prices for oil and increasing strength of the Euro.

| Business development

RATIONAL sales up by 18 percent

During the first quarter of 2006, RATIONAL AG generated sales revenue of 62.9 million euros, a substantial improvement of 9.5 million euros or 18 percent on the figure of 53.4 million euros achieved last year. The impressive worldwide success of the RATIONAL SelfCooking Center® has continued into 2006 as well. The growth has been aided by initial sales of the new VarioCooking Center® in selected test markets.

RATIONAL market leader in the US

We have now also achieved a sustained breakthrough in the US, our strategically most important market of the future. This is impressively confirmed by the 61 percent growth of the US-subsiidiary posted in the first quarter of 2006. With a market share of more than 30 percent for our technology we are now the market leader in the US too.

EBIT grows disproportional – up 22 percent

Further process optimizations in all parts of the company again made it possible to increase EBIT (earnings before interest and taxes) at an disproportional rate in the first quarter of 2006. At 14.6 million euros, EBIT is up 22 percent or 2.6 million euros on last year's figure of 12.0 million euros. The EBIT margin rose to 23.3 percent compared to 22.5 percent for the same quarter last year.

The increase in sales and service costs reflects further worldwide expansion of the sales structures. The gross profit margin of 60.4 percent is virtually the same as the already excellent 60.6 percent achieved last year.

RATIONAL is "European Champion" - first place in the "BEST FACTORY" competition

Engage with globalization, exploit the strengths of Germany as a location and help to shape the market with revolutionary innovations. These are the strategies with which RATIONAL has gained worldwide success. RATIONAL has left all of Europe's leading participating companies trailing in its wake and taken first place in Europe's most demanding business competition, the "BEST FACTORY AWARD", run by the famous Insead Management School in Fontainebleau and the Scientific University for Business Management in Vallendar, in conjunction with the business magazines "Wirtschaftswoche" and "L'Usine Nouvelle". The jury was particularly impressed by the management's clear objectives, the employees' high level of motivation, the company-wide process organization and the high degree of initiative and technical expertise exhibited by all employees.

RATIONAL was marked "excellent" in all criteria which make the quality of a company - from organisation and administration, to service, strategy, research and product innovation. This is how one of the jurors, Ludo Van der Heyden, expressed his enthusiasm: "No prize winner has ever managed this before; the management sets clear objectives, knows how to get the staff onside and has created clear, straightforward processes - quite simply perfect."

Among the factors which marked out the prize-winning companies was the fact that they set trends, rather than following market developments, build up a perfectly synchronized process chain with subcontractors and customers and above all develop products offering the maximum possible benefits to the customer. With the introduction of the world's first SelfCooking Center®, the new world standard in cooking technology, RATIONAL AG has once again proven this.

RATIONAL the "European Champion"



"Excellent" in all categories

RATIONAL						
Overall Company Strategy	■	■	■	■	■	
New Product Development	■	■	■	■	■	
Supply Chain Management	■	■	■	■	■	
Human Resource Management	■	■	■	■	■	
Service Management	■	■	■	■	■	
Continuous Improvement	■	■	■	■	■	
"Wirtschaftswoche" April 24, 2006	Grade	5	4	3	2	1

RATIONAL is "European Champion" –
1st place in "BEST FACTORY" competition/
"Industrial Excellence Award 2006"



"Excellent in all
categories, no prize
winner has ever
managed this before"

Highest quality in all
parts of the company through
lean process-organisation

RATIONAL celebrates the 300,000th unit

Now in existence for over thirty years, RATIONAL has time and again throughout its history managed to bring about substantial changes to professional kitchen technology. From the hot-air oven to the combi-steamer, from the combi-steamer to the ClimaPlus Combi® and finally from the ClimaPlus Combi® to the world's first SelfCooking Center®.

Another chapter was written in this unique success story in the first quarter of 2006. On February 22, 2006, the 300,000th unit left the RATIONAL factory in Landsberg am Lech. The landmark device, a SelfCooking Center® 101, is going to a famous RATIONAL customer in the US. It will join the 16-strong RATIONAL fleet already in place at the Gaylord Opryland Resort & Convention Center in Nashville, Tennessee, regarded as a mecca for country music, where it will be used by the kitchen team in their day-to-day work.

I Awards

RATIONAL receives "Gastro Innovation Award" for the SelfCooking Center®

RATIONAL AG's high levels of technological expertise and innovation have been confirmed time and again by a number of prizes. During the first quarter of 2006, RATIONAL was awarded one of Germany's most significant innovation prizes, the "Gastro Innovation Award". This is awarded every two years for particularly innovative and forward-looking product and job solutions and went to RATIONAL for the second time in a row. The RATIONAL SelfCooking Center® took first place in the Kitchen Technology category. The SelfCooking Center® ensures fully automatic use of all functions of the device to their full capacity, in order to achieve the perfect cooking results required. Complicated monitoring and ongoing checks are no longer necessary, allowing the chef more time for creativity, careful purchasing, perfect presentation and time for the guest.

The "Gastro Innovation Award" was presented to Dr. Günter Blaschke, the Chairman of the Managing Board of RATIONAL AG, by Günther H. Oettinger, Prime Minister of Baden-Württemberg, on February 18, 2006 during the Intergastra exhibition.

RATIONAL celebrates its 300,000th unit



Production of the 300.000th unit in Landsberg am Lech

Delivery of the 300.000th unit to Gaylord Opryland Resort & Convention Center in Nashville by Chris Köhler, Managing Director RATIONAL USA



Gastro Innovation Award for the SelfCooking Center®



Prime Minister Günther H. Oettinger presented the "Gastro Innovation Award" to Dr. Günter Blaschke, CEO of RATIONAL AG.



I Investor Relations**Attractiveness of RATIONAL share price reaches new record high**

Following the significant increase in rates in 2005 and the movement above the 100-euro mark in December 2005, RATIONAL shares scaled new heights in the first quarter of 2006. The increase in value of 64 percent within last year and of further 20 percent during the first three months of 2006 not only reflects RATIONAL AG's commercial success and the high earnings capacity, but also underlines the company's excellent future prospects in particular.

In the first quarter of 2006, the Executive Board provided shareholders, analysts, investors and the press with detailed information on current business trends and on future plans at a number of roadshows in Europe, the US and Japan, and during the conference for presentation of the balance sheet in Munich and the DVFA conference in Frankfurt.

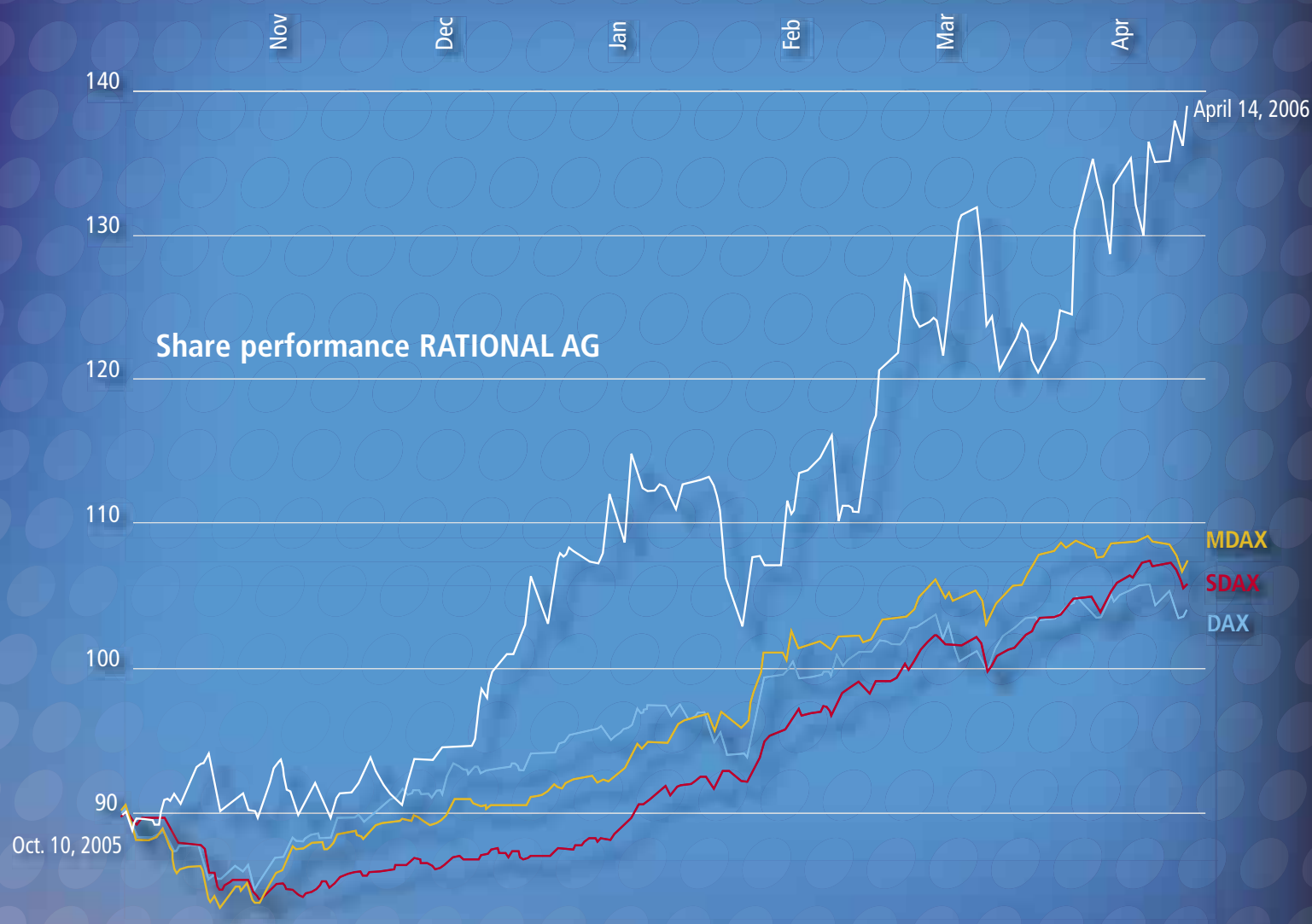
In the General Meeting of Shareholders, which this year is to be held in the Kongresshalle in Augsburg on May 17, 2006, the Executive Board and the Supervisory Board will be proposing a dividend of three euros per share to shareholders for fiscal year 2005.

I Outlook**Business development in line with expectations**

On the basis of the success achieved during the first quarter of 2006 and of the high degree of acceptance of the RATIONAL technology worldwide, we are confident that we can achieve the planned sales growth for the full year of 15 percent, to 283 million euros, with a simultaneous above-average increase in profits, with an EBIT of 17 percent, to 78 million euros.

Landsberg am Lech, May 10, 2006
RATIONAL AG
The Managing Board

RATIONAL – the jewel in the SDAX crown



Finance calendar

Annual-Shareholder-Meeting

May 17, 2006

Half-Year-Report

August 8, 2006

9-Month-Report

November 7, 2006

Income Statement

RATIONAL Group

Thousands of euros	Q1 2006	Q1 2005
Sales	62,878	53,419
Cost of sales	-24,890	-21,031
Gross profit	37,988	32,388
Sales and service expenses	-17,720	-15,461
Research and development expenses	-2,452	-2,351
General administration expenses	-3,056	-2,864
Other operating income	1,052	2,001
Other operating expenses	-1,164	-1,719
Earnings before interest and taxes (EBIT)	14,648	11,994
Financial results	17	43
Earnings before taxes (EBT)	14,665	12,037
Taxes on income	-5,331	-4,644
Group earnings	9,334	7,393
Retained earnings brought forward	49,248	63,721
Retained earnings	58,582	71,114

	Q1 2006	Q1 2005
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	0.82	0.65
Average number of shares (diluted)	11,381,500	11,404,500
Earnings per share (diluted) in euros relating to the consolidated results and the number of shares	0.82	0.65

Balance Sheet RATIONAL Group Assets

Thousands of euros	March 31, 2006	March 31, 2005	Dec. 31, 2005
Intangible assets	1,051	958	718
Property, plant and equipment	27,456	27,300	27,179
Financial assets	218	218	218
Fixed assets	28,725	28,476	28,115
Other long-term assets	94	181	195
Long-term securities	-	2,000	-
Deferred tax assets	3,245	2,535	2,992
Long-term assets	32,064	33,192	31,302
Inventories	15,322	15,087	16,219
Trade receivables	46,323	39,641	46,089
Other short-term assets	3,374	3,131	3,763
Short-term securities	12,997	17,014	-
Cash in hand and cash in bank accounts	30,781	34,546	34,763
Short-term assets	108,797	109,419	100,834
Balance sheet total	140,861	142,611	132,136

Balance Sheet RATIONAL Group Equity and liabilities

Thousands of euros	March 31, 2006	March 31, 2005	Dec. 31, 2005
Subscribed capital	11,370	11,370	11,370
Capital reserve	26,932	28,563	28,792
Revenue reserves	514	514	514
Retained earnings	58,582	71,114	49,248
Equity	97,398	111,561	89,924
Provisions for pensions	689	596	683
Other long-term liabilities	3,699	4,007	4,150
Long-term liabilities	4,388	4,603	4,833
Provisions for taxation	5,655	2,014	6,435
Other short-term provisions	16,867	10,878	14,167
Liabilities to banks	5,620	2,314	2,537
Trade accounts payable	6,820	6,871	5,361
Other short-term liabilities	4,113	4,370	8,879
Short-term liabilities	39,075	26,447	37,379
Liabilities	43,463	31,050	42,212
Balance sheet total	140,861	142,611	132,136

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. 1,2005	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
Balance on Jan. 1,2006	11,370	28,792	-2,338	514	49,248	89,924
Dividends	-	-	-	-	-	-
Group earnings	-	-	-	-	9,334	9,334
Differences from currency conversion	-	-59	-	-	-	-59
Other changes	-	-1,801	-1,801	-	-	-1,801
Balance on Mar. 31,2006	11,370	26,932	-4,139	514	58,582	97,398

Cash Flow Statement RATIONAL Group

Thousands of euros	Q1 2006	Q1 2005
Earnings from ordinary activities	14,665	12,037
Cash flow from operating activities	7,917	-6,908
Cash flow from investing activities	-1,688	-1,274
Cash flow from financing activities	5,814	14,782
Exchange rate changes	-28	19
Change in cash funds	12,015	6,619
Cash on January 1	31,763	44,941
Cash on March 31	43,778	51,560
Cash in hand, cash in bank accounts, securities on March 31	43,778	53,560
Long-term funds not included in cash position (>3 months)	0	2,000

Sales

Thousands of euros	Q1 2006		Q1 2005	
Germany	8,800	14.0%	8,640	16.2%
Europe (excluding Germany)	35,255	56.0%	29,854	55.9%
Americas	7,959	12.7%	5,527	10.3%
Asia	7,842	12.5%	7,433	13.9%
Rest of the world *)	3,022	4.8%	1,965	3.7%
Total	62,878	100.0%	53,419	100.0%

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

The sales per region are shown according to customer location.

Segment reporting Q1 2006 <small>Thousands of euros</small>	Activities of the subsidiaries in:				Activities	Total	Reconcil.	Group
	Germany	Europe excl. Germany	Americas	Asia	of the parent company	for segments		
External sales*	8,752	39,295	6,155	2,977	5,699	62,878	-	62,878
vs. previous year	+2%	+80%	+58%	-19%	-63%	+18%	-	+18%
share	14%	63%	10%	4%	9%	100%	-	100%
Inter-company sales	-	-	-	-	41,734	41,734	-	41,734
Segment sales*	8,752	39,295	6,155	2,977	47,433	104,612	-	104,612
vs. previous year	+2%	+80%	+58%	-19%	+12%	+30%	-	+30%
Segment result*	-122	375	449	-29	15,402	16,075	-1,410	14,665
vs. previous year	-88	+341	+443	-422	+3,640	+3,914	-1,243	+2,671

* Compared to 2005 the new group structure has effects on sales and results especially in the segments "Parent company" and "Europe" (see note "consolidated companies")

Segment reporting Q1 2005 <small>Thousands of euros</small>	Activities of the subsidiaries in:				Activities	Total	Reconcil.	Group
	Germany	Europe excl. Germany	Americas	Asia	of the parent company	for segments		
External sales	8,587	21,857	3,885	3,680	15,410	53,419	-	53,419
share	16%	41%	7%	7%	29%	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
Segment result	- 34	34	6	393	11,762	12,161	-167	11,994

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 and the RATIONAL Technical Services GmbH, founded in April 2004. 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 consolidated financial statements of RATIONAL AG as per March 31, 2006 were prepared in compliance with the International Accounting Standards (IAS) adopted and published by the International Accounting Standards Board (IASB) and the International Financial Reporting Standards (IFRS), and their interpretation by the Standing Interpretation Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC) respectively as these are to be applied in the EU, along with the IFRS in their entirety and those supplementary conditions to be applied as per section 315a (1) German Commercial Code (HGB). All the effective standards for the financial year 2006 were taken into account, with the result that a true and fair view of the RATIONAL group's net assets, financial positions and results of operations has been given. In compliance with IFRS 2, the 34,500 stock options granted to the Executive Board were shown in the balance sheet position "Capital reserves". Calculation of goodwill and amortization of goodwill was done in compliance with IFRS 3 and IAS 36. Balance sheet structure is in accordance with requirements of IAS 1.

| Consolidated companies

The consolidated companies as per March 31, 2006 comprise four domestic and fifteen foreign subsidiaries, beside RATIONAL AG as the parent company. In comparison with the 1st quarter 2005 RATIONAL International AG, Balgach (Switzerland), RATIONAL Polen, Warsaw (Poland), RATIONAL France SAS, Noisiel (France), FRIMA International AG, Balgach (Switzerland), FRIMA Deutschland, Frankfurt (Germany) and FRIMA France SAS, Wittenheim (France) are new members of consolidated companies. There is no change in consolidated companies versus balance sheet date December 31, 2005.

| DVFA result

DVFA result as per March 31, 2006 matches to earnings per share according to IAS/IFRS as shown in the profit and loss statement.



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