



Keyfigures	Thousands of euros	2 <sup>nd</sup> Quarter 2006	2 <sup>nd</sup> Quarter 2005	Change	Half Year 2006	Half Year 2005	Change
Sales		67,367	58,312	+16%	130,245	111,731	+17%
Sales abroad as a percentage of sales		84%	84%	0%-pts.	85%	84%	+1%-pt.
Cost of sales		26,223	22,885	+15%	51,113	43,916	+16%
as a percentage of sales		38.9%	39.2%		39.2%	39.3%	
Gross profit		41,144	35,427	+16%	79,132	67,815	+17%
as a percentage of sales		61.1%	60.8%		60.8%	60.7%	
Sales and service expenses		16,560	15,553	+6%	34,280	31,014	+11%
as a percentage of sales		24.6%	26.7%		26.3%	27.8%	
Research and development expenses		2,376	2,645	-10%	4,828	4,996	-3%
as a percentage of sales		3.5%	4.5%		3.7%	4.5%	
General administration expenses		3,088	3,218	-4%	6,144	6,082	+1%
as a percentage of sales		4.6%	5.5%		4.7%	5.4%	
EBIT – earnings before interest and taxes		18,921	14,200	+33%	33,569	26,194	+28%
as a percentage of sales		28.1%	24.4%		25.8%	23.4%	
EBT – earnings before taxes		19,086	14,446	+32%	33,751	26,483	+27%
as a percentage of sales		28.3%	24.8%		25.9%	23.7%	
Group earnings		12,326	8,760	+41%	21,660	16,153	+34%
as a percentage of sales		18.3%	15.0%		16.6%	14.5%	
per share in euros		1.08	0.77		1.91	1.42	
Employees (as an annual average)		847	778	+9%	842	767	+10%
Sales per employee		79.5	75.0	+6%	154.7	145.7	+6%
Cash flow from operating activities					18,788	9,309	+102%
per share in euros					1.65	0.82	
Balance sheet total					116,150	100,828	+15%
Equity as a percentage					75,678	63,537	+19%
of balance sheet total					65.2%	63.0%	
Working capital (without liquid funds)					54,005	47,349	+14%
as a percentage of sales					41.5%	42.4%	

**Dear Shareholders,  
Dear Business Partners,**

Thank you for your interest in RATIONAL AG.

This report informs you about RATIONAL AG's business situation in the first six months of 2006, along with the prospects for the expected development of the company during fiscal year 2006.

**Economic  
report**

**Modest economic upswing in the first half of 2006**

After a somewhat weaker autumn 2005, growth in the global economy picked up again in the first half of 2006. Despite suffering from the prolonged rise in oil prices, which have recently moved sharply upwards once again, development prospects for the global economy were revised upwards in line with the overwhelmingly positive early indicators. Greater economic optimism in Europe and the consequent likelihood that interest rates will rise, meant the euro climbed in value, especially against the yen and the US dollar.

**Business  
development**

**Sales up 17 percent**

Once again, RATIONAL AG posted record sales in the first half of 2006. At 130.2 million euros compared to last year's figure of 111.7 million euros, they were up by 18.5 million euros or 17 percent. Particularly gratifying in this respect is the situation in the foreign subsidiaries, whose sales rose by 20 percent. This boosted the proportion of sales made outside Germany from 84 percent to 85 percent. Group sales in the second quarter of 2006 stand at 67.4 million euros, compared to 58.3 million euros in the same period last year. This represents an increase of 9.1 million euros or 16 percent.

**Earnings rise disproportionately: +28 percent**

Earnings before interest and taxes (EBIT) rose at a disproportionate rate in the first half of 2006, by 7.4 million euros or 28 percent to 33.6 million euros. Despite higher raw material prices, cost of sales exhibited a structural improvement compared to the first half of 2005 caused by productivity gains. The relatively small rise in sales and marketing costs compared to sales growth is due to the increasing efficiency of the sales organizations world-wide. Spending on research and development and on administration was kept at the previous year's levels.

Thanks to the further improvement in the cost structure, EBIT stands at 18.9 million euros in the second quarter of 2006, what is 33 percent or 4.7 million euros up on last year's figure of 14.2 million euros. This underlines the sustained high earning power of RATIONAL AG.

#### **Russian success story**

#### **RATIONAL Russia – an object lesson in how to tap a market successfully**

Thanks to the steadily rising economic power and more stable basic structural conditions in Russia, this is another market that has become ever more important for RATIONAL technology in recent years. RATIONAL first began systematically tapping the market in 2003 with its own branch in Moscow. In just three years RATIONAL Russia has succeeded in continually expanding the market for the RATIONAL SelfCooking Center® and in capturing an outstanding market position in the professional kitchen technology. With high growth rates, Russia makes a major contribution to the growth of the group and is confirmation of our strategy of tapping high-potential regions with our own highly efficient sales companies. Jacqueline Bauch, head of RATIONAL in Russia, and her team were awarded "Subsidiary of the Year" by Dr. Blaschke, CEO of RATIONAL AG, at the "Restaurant World" trade fair in Moscow for their successful work.

#### **New trade fair strategy**

#### **2006 trade fair strategy sets new standards**

"Standing still means going backwards". True to this maxim, RATIONAL has revamped its approach to international trade fairs. To make the 'Time for the Essentials' that the SelfCooking Center® gives the chef a reality for trade fair visitors too, 'excellent quality of food' and 'attractively presented dishes' are central to the new RATIONAL trade fair experience.

Whether it's in front cooking, the new theatre show or the relaxed atmosphere of the restaurant, the new strategy focuses on the excellent cooking results that can be obtained with the SelfCooking Center® at the touch of a button. In front cooking visitors are not only given an impressive demonstration of cooking, but also shows the trade fair restaurant's fully functioning 'glass kitchen', in which several hundred a la carte meals are served a day.



# Success story **Russia**



Jacqueline Bauch,  
Head of RATIONAL Russia



The team of RATIONAL Russia was awarded "Subsidiary of the Year" at the "Restaurant World" trade fair in Moscow.

## Suppliers' day

### RATIONAL suppliers' day – Partnership to the fore

As a company with little vertical integration, the quality and reliability of our system suppliers is especially important for the company's success. In line with the principle of the extended workbench, RATIONAL works in close partnership with them. In addition to supplier certification, the cooperation is underpinned, in particular, by annual partner plans with quality and productivity targets, monthly reporting for the principal key figures and regular audits. The RATIONAL supplier evaluation system examines product quality closely and also considers the quality of cooperation.

The annual RATIONAL suppliers' day has become a fixed part of the relationship with suppliers over the years. More than 130 attended this year, and followed the reports and presentations by the individual corporate divisions with interest.

To conclude the event, the best suppliers of 2005 have been awarded for their outstanding efforts by Peter Wiedemann, Chief Technology Officer of RATIONAL AG, and Thomas Polonyi, Chief Operating Officer Sales and Marketing of RATIONAL AG.

## Investor Relations

### RATIONAL receives German Investor Relations Award 2006

For its outstanding and exemplary work in financial communication RATIONAL AG was presented with the Investor Relations Award 2006 by the German Investor Relations Association (DIRK) in the second quarter of 2006. In the study conducted jointly for the first time with international financial service provider Thomson Financial, over 500 experts from 270 finance houses were asked about the quality of investor relations work by more than 150 quoted German companies. In the SDAX category RATIONAL AG easily took first place. Clarity, transparency, technical competence, quality and reliability of investor relations work were assessed by the study.

Erich Baumgärtner, CFO of RATIONAL AG, accepted the award at the 9th annual conference of DIRK in Frankfurt. Investor Relations work takes a very high priority at RATIONAL AG. The Executive Board is always personally available to provide up-to-date answers to questions from shareholders, analysts, fund managers and prospects. The German Investor Relations Award 2006 is a significant confirmation of our IR-strategy.



# Suppliers' day 2006

## TQ Systems GmbH – “Best Supplier of the Year 2005”



TQ Systems GmbH was ranked 1st place because of its extraordinary performance in all categories.

From left: Wolfgang Wirtz, Purchasing Director RATIONAL AG, Detlef Schneider, Managing Director TQ Systems GmbH, Andreas Hösler, Head of Sales and Project Planning TQ Systems GmbH

## Winners of the Year 2005



TQ Systems GmbH, Punker GmbH & Co., Huba Control AG., F & W Mediencenter GmbH, Duropack Wellpappe Ansbach GmbH, Stengel Apparatebau GmbH, Rawe Electronic GmbH, ebm-papst Mulfingen GmbH & Co. KG, Engeser GmbH

**I General Meeting  
of Shareholders**

**Enthusiasm from shareholders**

At RATIONAL's General Meeting of Shareholders on May 17, 2006, more than 650 shareholders took the opportunity to find out about their company's business situation at first hand, to ask questions and to represent their opinions on the individual items on the agenda in the subsequent vote. The results expressed their high level of satisfaction with the operational and strategic management of the company and the results achieved in fiscal year 2005.

The proposed dividend of 3.00 euros per share received the broad approval of the shareholders present, as did all other points of the agenda on which a vote was taken.

**I Outlook**

**Business on course**

Based on the successes achieved in the first half of 2006, we are still confident that the sales growth budgeted for the whole year of 15 percent to 283 million euros can be achieved alongside a simultaneous above-average rise in earnings (EBIT) of 17 percent to 78 million euros.

Landsberg am Lech, July 28, 2006  
RATIONAL AG



# General Meeting of Shareholders 2006



## Income Statement RATIONAL Group

Thousands of euros	2 <sup>nd</sup> Quarter 2006	2 <sup>nd</sup> Quarter 2005	Half Year 2006	Half Year 2005
Sales	67,367	58,312	130,245	111,731
Cost of sales	-26,223	-22,885	-51,113	-43,916
<b>Gross profit</b>	<b>41,144</b>	<b>35,427</b>	<b>79,132</b>	<b>67,815</b>
Sales and service expenses	-16,560	-15,553	-34,280	-31,014
Research and development expenses	-2,376	-2,645	-4,828	-4,996
General administration expenses	-3,088	-3,218	-6,144	-6,082
Other operating income	745	2,245	1,797	4,246
Other operating expenses	-944	-2,056	-2,108	-3,775
<b>Earnings before interest and taxes (EBIT)</b>	<b>18,921</b>	<b>14,200</b>	<b>33,569</b>	<b>26,194</b>
Financial results	165	246	182	289
<b>Earnings before taxes (EBT)</b>	<b>19,086</b>	<b>14,446</b>	<b>33,751</b>	<b>26,483</b>
Taxes on income	-6,760	-5,686	-12,091	-10,330
<b>Group earnings</b>	<b>12,326</b>	<b>8,760</b>	<b>21,660</b>	<b>16,153</b>
<b>Retained earnings brought forward</b>	<b>24,472</b>	<b>14,264</b>	<b>15,138</b>	<b>6,871</b>
<b>Retained earnings</b>	<b>36,798</b>	<b>23,024</b>	<b>36,798</b>	<b>23,024</b>

	2 <sup>nd</sup> Quarter 2006	2 <sup>nd</sup> Quarter 2005	Half Year 2006	Half Year 2005
Average number of shares (undiluted)	11,370,000	11,370,000	11,370,000	11,370,000
Earnings per share (undiluted) in euros relating to the consolidated results and the number of shares	1.08	0.77	1.91	1.42
Average number of shares (diluted)	11,370,000	11,404,500	11,375,750	11,404,500
Earnings per share (diluted) in euros relating to the consolidated results and the number of shares	1.08	0.77	1.90	1.42

## Balance Sheet

### RATIONAL Group

#### Assets

Thousands of euros	30.06.2006	30.06.2005	31.12.2005
Intangible assets	1,502	880	718
Property, plant and equipment	26,904	27,652	27,179
Financial assets	218	218	218
<b>Fixed assets</b>	<b>28,624</b>	<b>28,750</b>	<b>28,115</b>
Other long-term assets	98	196	195
Long-term securities	-	-	-
Deferred tax assets	3,318	2,982	2,992
<b>Long-term assets</b>	<b>32,040</b>	<b>31,928</b>	<b>31,302</b>
Inventories	14,996	15,309	16,219
Trade receivables	47,082	39,321	46,089
Other short-term assets	2,509	2,226	3,763
Short-term securities	-	2,500	-
Cash in hand and cash in bank accounts	19,523	9,544	34,763
<b>Short-term assets</b>	<b>84,110</b>	<b>68,900</b>	<b>100,834</b>
<b>Balance sheet total</b>	<b>116,150</b>	<b>100,828</b>	<b>132,136</b>

## Balance Sheet

### RATIONAL Group

#### Equity and liabilities

Thousands of euros	30.06.2006	30.06.2005	31.12.2005
Subscribed capital	11,370	11,370	11,370
Capital reserve	26,996	28,629	28,792
Revenue reserves	514	514	514
Retained earnings	36,798	23,024	49,248
<b>Equity</b>	<b>75,678</b>	<b>63,537</b>	<b>89,924</b>
Provisions for pensions	684	601	683
Other long-term liabilities	3,344	3,393	4,150
<b>Long-term liabilities</b>	<b>4,028</b>	<b>3,994</b>	<b>4,833</b>
Provisions for taxation	1,221	2,590	6,435
Other short-term provisions	18,070	14,231	14,167
Liabilities to banks	5,490	5,502	2,537
Trade accounts payable	6,996	6,063	5,361
Other short-term liabilities	4,667	4,911	8,879
<b>Short-term liabilities</b>	<b>36,444</b>	<b>33,297</b>	<b>37,379</b>
<b>Liabilities</b>	<b>40,472</b>	<b>37,291</b>	<b>42,212</b>
<b>Balance sheet total</b>	<b>116,150</b>	<b>100,828</b>	<b>132,136</b>



## Statement of Changes in Equity RATIONAL Group

Thousands of euros	Subscribed capital	Capital reserve	thereof non-realised	Revenue reserves	Retained earnings	Total
<b>Balance on Jan. 1,2005</b>	<b>11,370</b>	<b>28,472</b>	<b>-2,338</b>	<b>514</b>	<b>63,721</b>	<b>104,077</b>
Dividends	-	-	-	-	-56,850	-56,850
Group earnings	-	-	-	-	16,153	16,153
Differences from currency conversion	-	37	-	-	-	37
Other changes	-	120	-	-	-	120
<b>Balance on Jun. 30,2005</b>	<b>11,370</b>	<b>28,629</b>	<b>-2,338</b>	<b>514</b>	<b>23,024</b>	<b>63,537</b>
<b>Balance on Jan. 1,2006</b>	<b>11,370</b>	<b>28,792</b>	<b>-2,338</b>	<b>514</b>	<b>49,248</b>	<b>89,924</b>
Dividends	-	-	-	-	-34,110	-34,110
Group earnings	-	-	-	-	21,660	21,660
Differences from currency conversion	-	5	-	-	-	5
Other changes	-	-1,801	-1,801	-	-	-1,801
<b>Balance on Jun. 30,2006</b>	<b>11,370</b>	<b>26,996</b>	<b>-4,139</b>	<b>514</b>	<b>36,798</b>	<b>75,678</b>

## Cash Flow Statement RATIONAL Group

Thousands of euros	Half Year 2006	Half Year 2005
Earnings from ordinary activities	<b>33,751</b>	26,483
Cash flow from operating activities	<b>18,788</b>	9,309
Cash flow from investing activities	<b>-2,267</b>	-2,038
Cash flow from financing activities	<b>-28,716</b>	-40,226
Exchange rate changes	-45	59
Change in cash funds	<b>-12,240</b>	-32,896
Cash on January 1	31,763	44,941
Cash on June 30	19,523	12,044
Cash in hand, cash in bank accounts, securities on June 30	19,523	12,044
Long-term funds not included in cash position (>3 months)	0	0

## Sales

Thousands of euros	Half Year 2006		Half Year 2005	
Germany	20,052	15.4%	17,867	16.0%
Europe (excluding Germany)	73,283	56.2%	61,755	55.3%
Americas	17,601	13.5%	13,346	11.9%
Asia	13,331	10.3%	14,274	12.8%
Rest of the world *)	5,978	4.6%	4,489	4.0%
<b>Total</b>	<b>130,245</b>	<b>100.0%</b>	<b>111,731</b>	<b>100.0%</b>

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

The sales per region are shown according to customer location.

Segment reporting Half Year 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		
<b>External sales*</b>	19,743	82,170	13,211	5,030	10,091	<b>130,245</b>	-	<b>130,245</b>
vs. previous year	+11%	+81%	+36%	-26%	-69%	+17%	-	+17%
share	15%	63%	10%	4%	8%	100%	-	100%
<b>Inter-company sales</b>	-	-	-	-	85,121	<b>85,121</b>	-	<b>85,121</b>
<b>Segment sales*</b>	19,743	82,170	13,211	5,030	95,212	<b>215,366</b>	-	<b>215,366</b>
vs. previous year	+11%	+81%	+36%	-26%	+7%	<b>+28%</b>	-	<b>+28%</b>
<b>Segment result*</b>	-23	4,771	1,095	-101	30,421	<b>36,163</b>	-2,412	<b>33,751</b>
vs. previous year	-158	+4,238	+1,379	-8	+3,790	+9,241	-1,684	+7,557

\* 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 Half Year 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		
<b>External sales</b>	17,751	45,342	9,720	6,767	32,151	<b>111,731</b>	-	<b>111,731</b>
share	16%	40%	9%	6%	29%	100%	-	100%
<b>Inter-company sales</b>	-	-54	-	-	56,854	<b>56,800</b>	-	<b>56,800</b>
<b>Segment sales</b>	17,751	45,288	9,720	6,767	89,005	<b>168,531</b>	-	<b>168,531</b>
<b>Segment result</b>	135	533	-284	-93	26,631	<b>26,922</b>	-728	<b>26,194</b>

## I Segmentreporting

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 June 30, 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 June 30, 2006 comprise four domestic and fifteen foreign subsidiaries, beside RATIONAL AG as the parent company. In comparison with the 1st half year 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 June 30, 2006 matches to earnings per share according to IAS/IFRS as shown in the profit and loss statement.







**RATIONAL**

**SelfCooking Center®**  
**Программа "Театр-шоу"**

- |             |   |
|-------------|---|
| 11:00 часов | Печем как профессионалы                 |
| 12:00 часов | Finishing банкет                        |
| 13:00 часов | Жарение, приготовление блюд гриль и фри |
| 14:00 часов | приготовление рыбы                      |
| 15:00 часов | Finishing a la carte                    |
| 16:00 часов | Finishing банкет                        |
| 17:00 часов | Жарение, приготовление блюд гриль и фри |

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