Half Year Report 2009

At a glance

Thousands of euros	2nd Quarter 2009	2nd Quarter 2008	Change	Half Year 2009	Half Year 2008	Change
Sales	74,369	89,030	-16%	147,686	168,559	-12%
Sales abroad as a percentage of sales	84%	86%	-2%-pts.	84%	85%	-1%-pts.
Cost of sales	29,356	35,207	-17%	59,477	66,740	-11%
as a percentage of sales	39.5%	39.5%		40.3%	39.6%	
Sales and service expenses	18,747	21,896	-14%	40,220	44,494	-10%
as a percentage of sales	25.2%	24.6%		27.2%	26.4%	
Research and development expenses	2,858	3,191	-10%	5,849	6,164	-5%
as a percentage of sales	3.8%	3.6%		4.0%	3.7%	
General administration expenses	3,651	4,141	-12%	7,672	8,039	-5%
as a percentage of sales	4.9%	4.7%		5.2%	4.8%	
EBIT – earnings before interest and taxes	20,054	23,920	-16%	35,259	42,653	-17%
as a percentage of sales	27.0%	26.9%		23.9%	25.3%	
EBT – earnings before taxes	19,987	24,064	-17%	35,201	43,093	-18%
as a percentage of sales	26.9%	27.0%		23.8%	25.6%	
Group earnings	14,728	17,684	-17%	25,847	31,609	-18%
as a percentage of sales	19.8%	19.9%		17.5%	18.8%	
per share in euros	1.30	1.56		2.27	2.78	
Cash flow from operating activities				30,219	26,390	+15%
per share in euros				2.66	2.32	
Balance sheet total				225,385	173,215	+30%
Equity				148,283	104,286	+42%
as a percentage of the balance sheet total				65.8%	60.2%	
Working capital (without liquid funds)				60,921	71,875	-15%
as a percentage of sales				41.3%	42.6%	
Employees (as an annual average)	1,056	1,086	-3%	1,065	1,076	-1%
Sales per employee	70.4	82.0	-14%	138.7	156.7	-11%

Management Report

Dear Shareholders,
Dear Business Partners,

Many thanks for your interest in RATIONAL AG.

This report sets out the information on business performance in the first six months of 2009, along with the outlook for the further development of the company during fiscal year 2009.

Economic report

First signs of bottoming out

The international economic climate was virtually unchanged compared to the first quarter of 2009. Reluctance to invest is still the order of the day in the global markets. According to the Ifo World Economic Survey, the assessment of the current economic situation fell to a new historic low in the second quarter of 2009. At the same time, however, the study provided some indications that recovery was underway. Economic expectations for the coming six months improved in all major regions of the world, and the Ifo World Economic Climate Indicator rose in the second quarter of 2009 for the first time since autumn 2007.

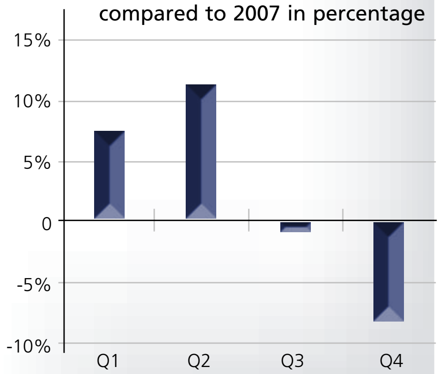
Net assets, financial position and results of operations

12 percent drop in sales in first six months

In the first half of 2009, RATIONAL posted sales of 147.7 million euros (previous year 168.6 million euros). Although this represents a 12-percent fall compared with the previous year, the figure is within the forecast bandwidth. This decline can also be attributed to the still strong performance in the first half of 2008. The 10-percent increase in sales recorded in the first half of 2008 was almost completely whittled away in the second half of the year by the drop in sales as a result of the worsening economic crisis.

The high currency fluctuations in the first half of 2009 compared with the previous year virtually balanced one other out. Thus, negative trends in Pound sterling, the Polish zloty and the Swedish krona were offset by increases in the value of the US dollar and the Japanese yen.

Growth in sales 2008
compared to 2007 in percentage



Moderate fall in sales in the "crisis-free countries"

Growth in the individual markets continued to be extremely heterogeneous in the first half of 2009. In Russia, Spain and the US – countries hit especially hard by the crisis – the pressure on sales remains. That said, other markets appear to be surprisingly robust.

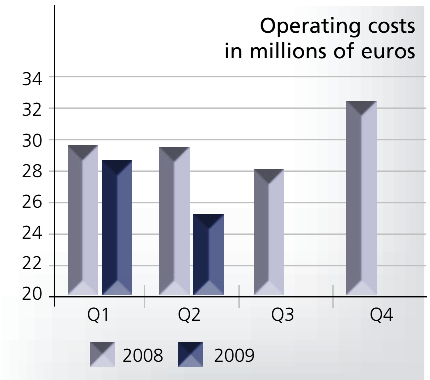
The development of many of the established markets is gratifying in the light of the current crisis. In Asia, sales have almost reached the previous year's level, but also the German market, with a loss of just 5 percent, is standing up quite well.

Gross profit margin reaches previous year's level

For many years now, RATIONAL has operated a highly flexible production system that can adjust automatically to fluctuations in order volumes. This approach is highly beneficial, especially in times of crisis. Efficiency-enhancing initiatives coupled with falling raw material prices helped cut manufacturing costs further in the second quarter of 2009. This meant that, despite the slump in sales, the gross profit margin for the first half of 2009 (59.7 percent) almost reached the previous year's level (60.4 percent). At 60.5 percent, the gross profit margin for the second quarter even succeeded in matching the figure for the previous year.

Costs down by 8 percent

In recognition of the decline in business fortunes, measures were introduced at the end of last year to adjust variable non-personnel-costs and capacities. In particular, the structures built up in 2008 in anticipation of continuing robust growth were re-calibrated to match the current volume of business.



In the second quarter of 2009, RATIONAL maintained an average workforce of 1,056 employees, around 3 percent fewer than at the same time last year (previous year 1,086).

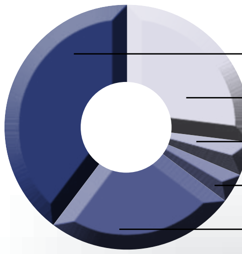
In the first half of 2009, the company succeeded in cutting its sales and service costs by 10 percent to 40.2 million euros (previous year 44.5 million euros).

Research and development hold a special importance for RATIONAL. They safeguard our technological edge over our rivals, and hence our outstanding market position. Research and development costs remain at a high level at 5.8 million euros, or around 4 percent of sales. At 7.7 million euros, general administrative expenses in the first half of the year are around 5 percent below the level in the first six months of 2008 (8.0 million euros). Overall, total operating costs in the first half of the year are around 5.0 million euros or 8 percent down on last year's figures.

27 percent EBIT margin in the second quarter

Due to early cost cutting initiatives and the ongoing positive effect of developments in raw material prices we were able to uphold our high profitability, despite the marked drop in sales compared with the previous year. Thus, although EBIT fell by 7.4 million euros in the first six months to 35.3 million euros compared with 42.7 million euros a year ago, the EBIT margin at 23.9 percent reached again the high level of the preceding years (previous year: 25.3 percent). And at 27.0 percent for the second quarter, the EBIT margin even managed to outperform the 26.9 percent figure achieved in the previous year.

Cost and earnings structure 2009

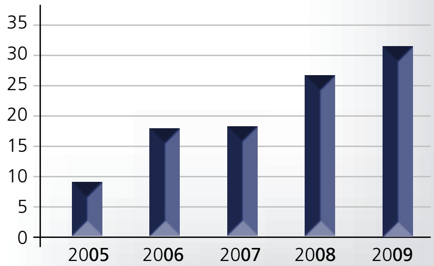


	Q1	Q2
Cost of Sales	41.1%	39.5%
Sales and Service	29.3%	25.2%
Research and Development	4.1%	3.8%
Administration and Others	4.8%	4.5%
EBIT	20.7%	27.0%

Operating cash flow 15 percent up on previous year

In the first half of the year, RATIONAL's operating cash flow amounted to 30.2 million euros (previous year: 26.4 million euros). This corresponds to a rise of 3.8 million euros or 15 percent compared with the previous year.

Cash flow from operating activities
first half year in millions of euros



In economically difficult times, it is especially important that accounts receivable are managed in a professional manner in order to safeguard a company's liquidity. In recent months, we have succeeded in considerably reducing DSO (days sales outstanding) and the volume of overdue receivables. In addition, RATIONAL insures the risk of loss from around 90 percent of its receivables with a global credit insurance company and via other securities such as letters of credit.

The cash flow from investment activities of 29.7 million euros is largely the result of investments in fixed deposits with terms of more than three months (29.0 million euros). At 1.5 million euros, investment in property, plant, and equipment is well below the level of the previous year (18.8 million euros).

The cash flow from financing activities includes a dividend distribution of 11.4 million euros and short-term loans amounting to 14.0 million euros. These additional loans are a cost-effective way of securing our credit lines and underpinning our healthy liquidity position.

On 30.06.2009, the company's cash and cash equivalents including fixed-term deposits amounted to 87.2 million euros, compared with 57.5 million euros on 31.03.2009.

66 percent equity ratio

With an equity ratio of 66 percent (previous year: 60 percent) and an equity-to-fixed-assets ratio of 245 percent (previous year: 194 percent), RATIONAL has an extremely solid assets and liabilities structure. This affords us considerable room for manoeuvre, flexibility, and almost complete autonomy in business decision-making.

Qualitative strengths

RATIONAL rewards its best suppliers

This year again saw RATIONAL rewarding its best suppliers. RATIONAL uses a points system to rate all its key suppliers in terms of quality, logistics and development. The 2008 winners were RAWE Electronics GmbH, Stengel Apparatebau GmbH and Huba Control AG. The top climber of the year was Vulcanic-Triatherm GmbH, which made the biggest improvement in performance. Mr. Wiedemann, Executive Board CTO, and Mr. Wirtz, Head of Strategic Procurement, visited the companies in person to award the prizes. The fact that the awards were presented on-site went down very well with the employees of the supplier companies in particular.

Best Supplier 2008 – RAWE Electronics GmbH

RATIONAL's CareControl awarded 1st prize again

In a nationwide survey, leading German trade magazine "Küche" asked 1,500 chefs to nominate the year's best and most successful product innovation. RATIONAL's innovative CareControl function on its SelfCooking Center® was awarded 1st prize at "Küche Award 2009, Technik". The system automatically recognises the degree of soiling and independently calculates the ideal cleaning and care process, thus saving energy and working time, protecting the environment, and preventing scale from building up in the steam generator from the outset.

Risk report

RATIONAL's global risk management system makes every effort to ensure that risks are detected and analysed at an early stage and that appropriate corrective measures are taken where necessary Because no one knows how the global economy will develop in the course of the world recession, there is great uncertainty on the part of market players. In terms of RATIONAL's business performance too, this is a risk never encountered in this form before. However, other than this there are no changes to the statement of risks given in the last group financial statements.

Outlook

Rarely have the various economic institutions differed more in their predictions regarding the intensity, duration and future course of the ongoing recession in the regions of the world. The World Bank, for instance, has considerably scaled back its global forecasts for growth. It expects growth in the eurozone to contract by 4.5 percent in 2009, a bigger fall than the 2.7 percent hitherto predicted. Its growth forecast for the eurozone for 2010 is a very modest 0.5 percent. By contrast, the International Monetary Fund is now predicting a stronger recovery in 2010 than previously expected, especially in the growth-oriented emerging nations.

Ultimately, since no one can say whether the economy is going to enter a sustained period of recovery this year, next year, or at some time in the future, a serious forecast for the current fiscal year is not possible at the moment. Nonetheless, the company's performance in the first half of the year gives us reason to believe that our revenue and profit development will attain a moderate level for the entire year.

Landsberg am Lech, July 30, 2009

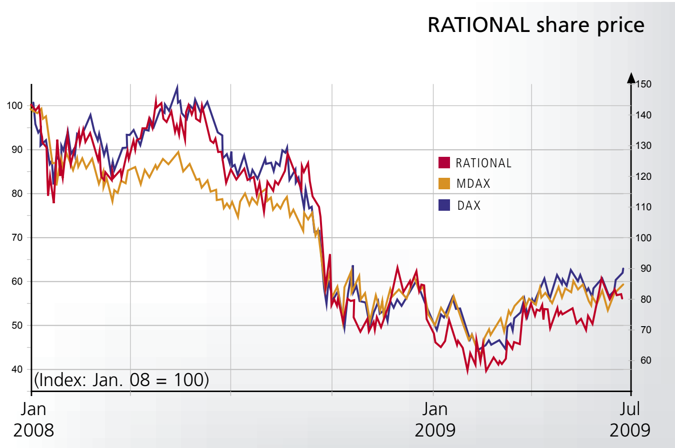
RATIONAL AG

The Executive Board

RATIONAL shares

Share price movement

Reflecting developments on the DAX and MDAX, RATIONAL's share price also increased in the second quarter of 2009. It thus succeeded in virtually ironing out the first-quarter losses and closed at 82.00 euros on 30.06.2009, an increase of 37 percent for the second quarter.



General Meeting of Shareholders 2009 – large majority for all items on the agenda

Around 700 shareholders and guests again took the opportunity to attend this year's General Meeting and gain first-hand information on the business performance of RATIONAL AG. Subsequent to the information provided by the Executive Board, all the agenda items put to the vote were adopted with large majorities.

Positive analyst rating for RATIONAL

RATIONAL's corporate structure and solid and flexible business model, its dynamic business approach and considerable earning power are held in very high esteem by analysts. They are currently predicting sales to fall by an average of 9 percent in 2009. The majority of analysts are recommending investors to purchase the share, or hold on to it.

Active investor relations held in high regard

In recent months, the Executive Board of RATIONAL AG has represented the company at a number of roadshows and conferences in Europe and the US. Shareholders, analysts and interested parties were also impressed by the sustained corporate quality at the company's headquarter in Landsberg. In periods of economic distress, the open, transparent, and timely provision of information has a particularly important role to play.

General Meeting of Shareholders 2009

Statement of Comprehensive Income

Thousands of euros	2nd Quarter 2009	2nd Quarter 2008	Half Year 2009	Half Year 2008
Sales	**74,369**	89,030	**147,686**	168,559
Cost of sales	-29,356	-35,207	-59,477	-66,740
Gross Profit	**45,013**	53,823	**88,209**	101,819
Sales and service expenses	-18,747	-21,896	-40,220	-44,494
Research and development expenses	-2,858	-3,191	-5,849	-6,164
General administration expenses	-3,651	-4,141	-7,672	-8,039
Other operating income	2,001	982	4,984	3,570
Other operating expenses	-1,704	-1,657	-4,193	-4,039
Earnings before interest and taxes (EBIT)	**20,054**	23,920	**35,259**	42,653
Financial results	-67	144	-58	440
Earnings from ordinary activities (EBT)	**19,987**	24,064	**35,201**	43,093
Taxes on income	-5,259	-6,380	-9,354	-11,484
Group earnings	**14,728**	17,684	**25,847**	31,609
Differences from currency conversion	112	212	249	-146
Total comprehensive income	14,840	17,896	**26,096**	31,463
Average number of shares (undiluted / diluted)	11,370,000	11,370,000	11,370,000	11,370,000
Earnings per share (undiluted / diluted) in euros relating to the group earnings results and the number of shares	**1.30**	1.56	**2.27**	2.78

Balance Sheet

Assets Thousands of euros	June 30, 2009	June 30, 2008	Dec. 31, 2008
Long-term assets	**63,452**	56,143	66,291
Intangible assets	1,540	1,890	1,861
Property, plant and equipment	58,987	51,669	61,195
Financial assets	50	218	50
Other long-term assets	259	259	268
Deferred tax assets	2,616	2,107	2,917
Short-term assets	**161,933**	117,072	142,719
Inventories	18,580	19,580	20,564
Trade receivables	51,587	63,052	57,659
Other short-term assets	4,588	6,423	7,386
Deposits with maturities of more than 3 months	54,000	-	25,000
Cash and cash equivalents	33,178	28,017	32,110
Balance sheet total	**225,385**	173,215	209,010

Equity and Liabilities Thousands of euros	June 30, 2009	June 30, 2008	Dec. 31, 2008
Equity	**148,283**	104,286	133,557
Subscribed capital	11,370	11,370	11,370
Capital reserves	25,975	26,527	25,726
Revenue reserves	514	514	514
Retained earnings	110,424	65,875	95,947
Long-term liabilities	**23,932**	23,732	25,474
Provision for pensions	609	601	614
Non-current loans	22,445	21,460	23,580
Other long-term liabilities	878	1,671	1,280
Short-term liabilities	**53,170**	45,197	49,979
Liabilities for current tax	1,937	3,059	3,264
Short-term provisions	19,807	18,101	18,233
Current portion of non-current loans	2,244	1,117	2,204
Liabilities to banks	14,000	4,926	-
Trade accounts payable	6,142	9,457	10,935
Other short-term liabilities	9,040	8,537	15,343
Liabilities	**77,102**	68,929	75,453
Balance sheet total	**225,385**	173,215	209,010

Statement of Changes in Equity

Thousands of euros	Subscribed capital	Capital reserve	thereof: non-realised	Revenue reserves	Retained earnings	Total
Balance on Jan. 1, 2008	11,370	26,673	-4,137	514	85,431	123,988
Dividend	-	-	-	-	-51,165	-51,165
Total comprehensive income	-	-146	-146	-	31,609	31,463
Balance on June 30, 2008	11,370	26,527	-4,283	514	65,875	104,286
Balance on Jan. 1, 2009	**11,370**	**25,726**	**-5,084**	**514**	**95,947**	**133,557**
Dividend	-	-	-	-	-11,370	-11,370
Total comprehensive income	-	249	249	-	25,847	26,096
Balance on June 30, 2009	**11,370**	**25,975**	**-4,835**	**514**	**110,424**	**148,283**

Cash Flow Statement

Thousands of euros	Half Year 2009	Half Year 2008
Earnings from ordinary activities	35,201	43,093
Cash flow from operating activities	**30,219**	26,390
Changes in cash funds including fixed deposits	-29,000	17,000
Cash flow from other investing activities	-692	-17,875
Cash flow from investing activities	**-29,692**	-875
Cash flow from financing activities	**452**	-42,521
Net changes in cash and cash equivalents	979	-17,006
Changes in cash from exchange rate changes	89	-272
Change in cash funds	**1,068**	-17,278
Cash and cash equivalents on January 1	32,110	45,295
Cash and cash equivalents on June 30	**33,178**	28,017
Deposits with maturities of more than 3 months on June 30	54,000	-
Cash funds including fixed deposits on June 30	**87,178**	28,017

Sales

Thousands of euros	Half Year 2009	% of total	Half Year 2008	% of total
Germany	23,428	16%	24,658	14%
Europe (excluding Germany)	75,220	51%	90,753	54%
Americas	18,887	13%	23,471	14%
Asia	20,364	14%	21,296	13%
Rest of the world	9,787	6%	8,381	5%
Total	**147,686**	**100%**	168,559	100%

Operating Segments

Half Year 2009 Thousands of euros	Activities of the subsidiaries in:				Activities	Total	Reconcil.	Group
	Germany	Europe excl. Germany	Americas	Asia	of the parent company	for segments		
External sales	23,225	93,084	15,743	6,902	8,732	**147,686**	-	**147,686**
vs. previous year	- 3%	- 16%	-9%	+ 34%	-26%	- 12%	-	- 12%
% of total	16%	63%	10%	5%	6%	100%	-	100%
Intercompany sales	-	1,840	-	-	93,186	**95,026**	-95,026	-
Segment sales	23,225	94,924	15,743	6,902	101,918	**242,712**	-95,026	**147,686**
vs. previous year	- 3%	- 15%	-9%	+ 34%	- 18%	- 14%	-	-12%
Segment result	-714	4,836	73	516	29,167	**33,878**	1,381	35,259
Financial result								-58
Earnings before taxes								35,201

Half Year 2008 Thousands of euros	Activities of the subsidiaries in:				Activities	Total	Reconcil.	Group
	Germany	Europe excl. Germany	Americas	Asia	of the parent company	for segments		
External sales	24,048	110,297	17,294	5,150	11,770	168,559	-	168,559
% of total	14%	66%	10%	3%	7%	100%	-	100%
Intercompany sales	-	1,909	-	-	112,384	114,293	-114,293	-
Segment sales	24,048	112,206	17,294	5,150	124,154	282,852	-114,293	168,559
Segment result	-1,428	7,811	-540	-115	37,039	42,767	-114	42,653
Financial result								440
Earnings before taxes								43,093

NOTES

Basis of preparation

The group six-month financial report was drawn up in line with the principles of the International Financial Reporting Standards (IFRS). With the exception of the changes set out below, the same assessment and balance sheet methods were used as in the last group closing statements. The rules in IAS 34 on condensed financial statements were applied in this case.

The revised IAS 1 standard (presentation of financial statements (revised 2007)) replaces the version of IAS 1 in force to date and is mandatory for fiscal years beginning on or after January 1, 2009. The revision of IAS 1 includes changes in the presentation of the profit and loss account and the equity change account compared to the last group closing statements.

The IFRS 8 standard (operating segments) is mandatory for fiscal years beginning on or after January 1, 2009 and replaces the IAS 14 standard on segment reporting.

This consolidated six-month financial report was not audited in accordance with § 317 HGB (German Commercial Code), nor was it subject to an audit inspection by a balance sheet auditor.

Basis of consolidation

On June 30, 2009 RATIONAL AG's consolidated group includes, besides the parent company RATIONAL AG, five German and eighteen foreign subsidiaries. Compared to June 30, 2008, the subsidiaries RATIONAL RUS OOO, based in Moscow, and RATIONAL Brasil Comércio E Distribuição De Sistemas De Cocção LTDA., based in São Paulo, have been added to the consolidated group. There were no other changes to the composition of the consolidated group compared to the balance sheet date of December 31, 2008.

Operating segments

RATIONAL groups the subsidiaries based in the various regions into the business segments. This corresponds to the management approach laid down in IFRS 8. Business segments are organization units, for which information is passed to the management in order to measure success and allocate resources. There are no significant changes compared to the segmentation undertaken in line with IAS 14 for the last group closing statements. Comparative figures considered in the segment results in the previous year have been eliminated in the present closing statements in application of IFRS 8.36.

Besides Germany, Europe excluding Germany, Americas and Asia segments, the fifth segment covers the work of the parent company (including LechMetall Landsberg GmbH, RATIONAL Technical Services GmbH and RATIONAL Komponenten GmbH). This segment represents the development, production and supply of products to subsidiaries and the provision of services. In addition, the parent company makes supplies to OEM customers around the world. The effects arising from the consolidation operations are reflected in the reconciliation column.

Associated businesses and persons

In the first half of 2009 no significant transactions occurred with companies or individuals in any way associated with RATIONAL AG.

DVFA result

The DVFA result on June 30, 2009 corresponds to the profit per share as per IAS or IFRS in the profit and loss account.

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the financial year.

Landsberg am Lech, July 30, 2009

RATIONAL AG
The Executive Board

Dr. Günter Blaschke
Chief executive officer

Erich Baumgärtner
Chief financial officer

Peter Wiedemann
Chief technical officer

Reinhard Banasch
Chief sales officer

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