

Report on the 1st Half Year 2011



Key Figures

m EUR	2nd Quarter 2011	2nd Quarter 2010	Change absolute	Change in %	1st Half Year 2011	1st Half Year 2010	Change absolute	Change in %
Sales and earnings								
Sales	92.2	84.9	+7.3	+9	180.2	157.5	+22.7	+14
Sales abroad in %	85	84	+1	-	85	85	+/-0	-
Cost of sales	36.1	32.3	+3.8	+12	70.4	62.1	+8.3	+13
Sales and service expenses	22.5	20.5	+2.0	+10	47.3	40.5	+6.8	+17
Research and development expenses	3.7	3.3	+0.4	+11	7.1	6.4	+0.7	+10
General administration expenses	4.2	3.8	+0.4	+12	8.6	7.7	+0.9	+12
Earnings before interest and taxes (EBIT)	25.3	26.5	-1.2	-4	45.6	43.3	+2.3	+5
Group earnings	19.2	19.7	-0.5	-3	34.5	32.1	+2.4	+7
Balance sheet								
Balance sheet total					229.9	250.6	-20.7	-8
Working capital ¹					66.2	61.1	+5.1	+8
Equity					162.2	182.7	-20.5	-11
Equity ratio in %					70.5	72.9	-2.4	-
Cash flow								
Cash flow from operating activities					29.3	32.3	-3.0	-9
Investments					2.3	1.9	+0.4	+23
Free cash flow ²					27.0	30.4	-3.4	-11
Key figures RATIONAL share								
Earnings per share (in EUR)					3.03	2.83	+0.20	+7
Share price (in EUR) ³					181.75	126.55	+55.20	+44
Market capitalization					2,066.5	1,438.9	+627.6	+44
Employees								
Number of employees as of Jun. 30					1,179	1,037	+142	+14
Number of employees (average)	1,164	1,039	+125	+12	1,158	1,031	+127	+12
Sales per employee (in kEUR)	79.2	81.7	-2.5	-3	155.6	152.8	+2.8	+2

¹ Excluding liquid funds.

² Cash flow from operating activities less investments.

³ XETRA-closing share price on the last trading day of the fiscal period.

Letter from the Executive Board



Dear Shareholders, Customers and Business Partners,

In the second quarter of 2011, RATIONAL was able to tap into the positive business trends of recent quarters. Compared to the second quarter of last year, sales revenues were up 9%. If the negative foreign currency effect is eliminated, especially regarding the US dollar, growth in the second quarter stands at 10%. For the first six months of 2011, this means a 14% rise in sales compared to the previous year. Growth is being supported by the positive business climate in all regions, especially in Europe and Asia.

Based on previous business trends and the overall positive global economic prospects, we are assuming we will achieve our sales growth target of around 10% in 2011, and that this will be coupled with positive trends regarding earnings.

A handwritten signature in black ink, appearing to read 'G. Blaschke'.

Dr. Günter Blaschke
Chief Executive Officer

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Management Report

Economic report

Economic trends positive – uncertainties remain

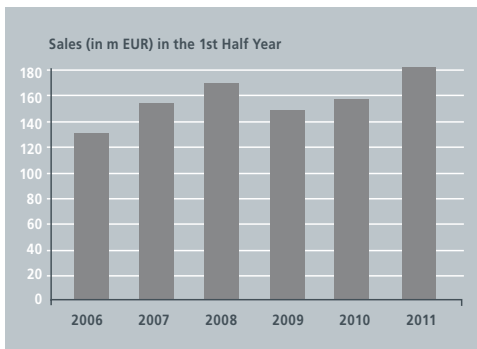
The economy is still on course for growth. Most economists are assuming a strong rise in economic output for 2011 (Deutsche Bank forecast: +4%). Businesses, themselves, also continue to rate the environment as positive. The Ifo World Economic Climate once again exceeded the figure for the previous quarter. The current situation, in particular, was deemed positive; however, future prospects are somewhat less optimistic. The majority of the 400 capital market experts surveyed in connection with the ZEW Index compiled by the Mannheim Centre for European Economic Research are expecting a slowdown in the economy. The main reasons for this are the existing risks posed by the crisis in the Eurozone, the critical debt situation in the US and the continuing unrest in the Arab world.

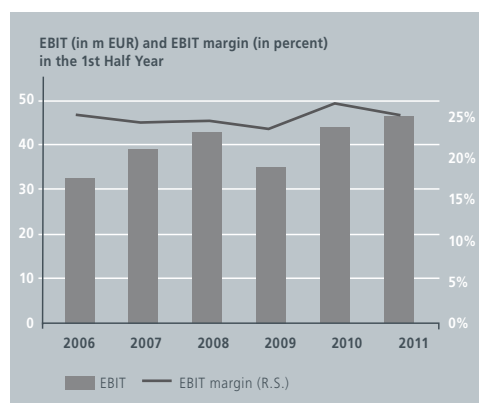
Net Assets, Financial Position and Results of Operations

Sales up 14% in the first six months compared to the previous year.

In the first six months of 2011, RATIONAL saw sales rise by 14% to 180.2 million euros (previous year 157.5 million euros). With prices stable, this sales growth is solely the result of increased sales volumes. The second quarter of 2011 reached a sales increase of 9%. Earnings climbed to 99.2 million euros (previous year 84.9 million euros). This includes negative currency effects of 1.3 million euros, in particular as a result of the movements in the US dollar, which diminished sales. Growth excluding this effect stands at 10% in the second quarter.

All regions around the world contributed to the growth. In Asia, sales revenues were up 31% in the first six months, and in the Americas 15%, while Germany, along with the rest of Europe, posted an increase of around 10% compared to the previous year. The rest of the world experienced a sales increase of 23%.





25% EBIT margin – 5% rise in EBIT

The favourable business trends have resulted in a year-on-year increase in operating income. Earnings before interest and taxes (EBIT) improved in the first six months by 2.3 million euros, or 5%, to 45.6 million euros (previous year 43.3 million euros). Whereas in the first half of 2010, earnings were being positively impacted by currency effects, the impact this year was negative. If the currency effect is eliminated, EBIT is up 14% in the first six months of 2011 in line with sales growth.

The EBIT margin in the first six months is 25%, compared to 27% the previous year. In the second quarter, the EBIT margin reached 27% and so is 4 percentage points lower than the same quarter last year (31%).

High operating cashflow – 70% equity ratio

In the first six months RATIONAL achieved an operating cashflow of 29.3 million euros (previous year 32.3 million euros). The primary reason for the fall compared to the previous year, besides a growth-driven rise in working capital, was 3.9 million euros higher tax payments in the first half of 2011. The negative cashflow from financing activities essentially reflects the dividend payment of 102.3 million euros in May 2011.

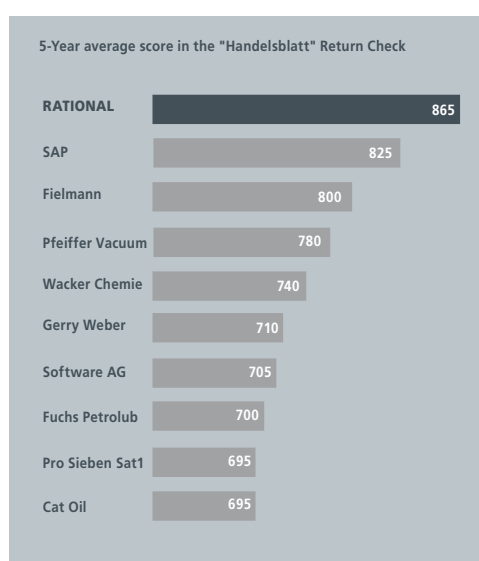
The finance structure is very sound. The equity ratio stands at 70% as of June 30, 2011. Liquid funds amount to 86.4 million euros and, thus, represent around 40% of the balance sheet total. The fall in both, equity and liquid funds, compared to December 31, 2010 can be attributed to the dividend payment.

RATIONAL is Number 1 in the "Handelsblatt"-Return Check

Every year Germany's "Handelsblatt" business newspaper assesses the companies listed on the DAX, MDAX, SDAX and TecDax against the criteria of equity ratio, return on investment, cashflow/sales and cashflow/total capital, and so assess their earning power.

With 850 out of a possible 1,000 points, RATIONAL this year leaped to first place and was crowned the "Return King" of Germany's 135 largest listed companies.

An even greater accolade is taking first place in the 5-year ranking. With an average of 865 points, RATIONAL took the top position by a wide margin. This is testimony to the sustainability of the earnings structure and the result of the successful implementation of the long-term strategic corporate orientation.



Source: Handelsblatt

Employees

RATIONAL invests in the future

The planned expansion in sales capacities in order to consistently exploit the global potential for growth is progressing on schedule. In the second quarter, 42 additional highly-skilled jobs were created. As of June 30, 2011, the company employs 1,179 people – 87 more than at the start of the year.

Regarding long-term qualification of employees, RATIONAL places particular emphasis on the further development of personal and professional strengths in the company itself. In addition to skilled vocational training and the junior management program for new entrants plus an international high-potentials program, international training programs covering technical, sales and commercial aspects are offered, with managers themselves acting as internal trainers. Participants are familiarized with the tasks, objectives, strategies and tools of the relevant specialized field, and, thus, develop a deeper understanding of processes and acquire an overview of the whole picture.

Non-financial Performance Indicators

RATIONAL nominated as German representative for European Business Awards 2011

RATIONAL AG was selected out of 800 contenders in the preliminary round in Düsseldorf to represent Germany as one of 25 companies at the European finals of the European Business Awards 2011. Because of the high calibre of the contenders and the stringent selection procedure, only the crème de la crème of businesses are selected as national representatives. The awards are regarded as a seal of quality for innovation, success and sustainability. Winners of the “Ruban d’Honneur” in each of ten award categories are selected from the European finalists. The overall winners are presented with the European Business Award, the highest accolade for European companies.



RATIONAL is “Supplier of the Year”

RATIONAL was awarded “Supplier of the Year 2010” and recognised for its product excellence by KFC UK & Ireland.



The Supplier of the Year award goes to a partner who is committed to passion and the strict focus on the customer. “We value the solution-oriented thinking and the excellent application support at RATIONAL,” said Hicham Naciri, Head of Equipment at KFC UK International. This was the first time the “Supplier of the Year” award was given to an equipment manufacturer.

Progressive customer service and support

Ever since the company was founded, providing the highest possible customer benefit has always been firmly entrenched as the overriding aim in the company's mission statement. Growth, stability and profit are not aims, but results. The higher the customer benefit, the better these results are. This promise underpins all the company's actions and thoughts.

Thus, when customers make a purchase, they not only get the promise of top quality at a reasonable price, but also a wide range of additional free services, such as membership in Club RATIONAL or participation in Academy RATIONAL.

To ensure continuous further development of optimum customer service, the company is also embarking on new strategies. Special internet services are being added, in line with the general trend whereby people increasingly also look for product information online and exchange and discuss it using social media. Examples of this are Facebook, Twitter and YouTube.

Risk report

RATIONAL's global risk management system makes every effort to ensure that risks are detected and analysed early on and that appropriate corrective measures are taken as necessary. The existing uncertainties regarding developments in the global economy continue to represent an uncertainty factor; however, there are no significant changes to the statement of risks given in the last group financial statements.

Outlook

With a forecast of 4% global growth for the current year, the economic experts at Deutsche Bank are expecting the economic environment to remain positive. Together with product technology superior to that of competitors, the sizable untapped market potential, maximum customer retention plus a highly efficient sales and marketing network, supported by the outstanding financial base, the prospects for RATIONAL to continue to successfully develop its business are well-founded.

Against this backdrop and thanks to the trading climate in the first six months, we can confirm our forecast for 2011, set out in the last consolidated financial statements, of sales growth of around 10%. For the operating result, we also believe the trend will continue to be positive.

Landsberg am Lech, August 1, 2011

RATIONAL AG

The Executive Board

5,000 Visitors on Open Day



Show cooking in the company restaurant in plant 3, Alexander Jelitto (Product Management Application) with Caroline Pittrich (Mini Chefs Europe, Ammersee-Lech)



Starting left: Klaus Feurecker, Peter Wiedemann, Marlies Klocker (Landsberger Tafel), Dr. Günter Blaschke and Bernhard Leydolph at the handover of the donation cheque



RATIONAL-Band "NO LIMITS"

On Saturday, July 9, 2011, interested visitors were able to experience RATIONAL AG in Landsberg first hand. Besides the visit to the state-of-the-art workplaces, the employees involved in the various company processes presented their work live and were on hand to answer questions. A varied programme had something to offer for everyone, from cooking demonstrations with RATIONAL chefs and live chats with TV celebrity chefs including Thies Möller, Stefan Marquard and Sarah Wiener, to a children's quiz with a tombola. An art exhibition by art@RATIONAL, staff band "NO LIMITS" and an extensive selection of food in the Festival Hall rounded out the event.

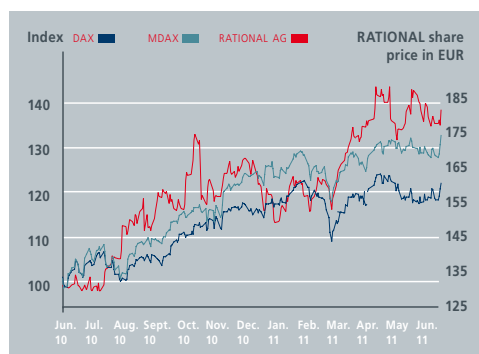
We are delighted with the level of interest shown. Our main aim was to present ourselves as an attractive employer in the region, since a company's success depends above all on the extent to which it manages to attract and retain good employees.

The proceeds from the sales of promotional items, pictures from the art exhibition and extra drinks vouchers were matched one-for-one by the company and then rounded up. As a result we were able to present the "Landsberger Tafel" charity with a cheque for 10,000 euros. This donation will help buy an urgently needed refrigerated vehicle. In Germany as a whole there are now over 600 similar charities that distribute food to large numbers of individuals. The idea is to collect surplus food in shops and pass it on free to people who in their current circumstances find themselves reliant on this aid.



Erwin Schuller (Product development) with an interested visitor

RATIONAL Shares



51% overall return in 12 months

Since the start of the year, stock markets have been sidestepping. In the first six months of the year, trading on Germany's DAX share index was subject to considerable volatility on occasion, and swung back and forth in the range between 6,500 and 7,500. On June 30, 2011 it closed at 7,376 points. These fluctuations were largely driven by mood swings in the international capital markets, occasioned by a mixture of positive economic and company reports as well as negative headlines from Greece, Japan and the Middle East.

RATIONAL shares have now attained a new valuation level. From October 2010 to March 2011, the price largely fluctuated in the range between 150 and 160 euros. Following the publication of the positive trading figures for 2010, this climbed to a new high of 189.45 euros. After the dividend distribution of 9.00 euros per share the share price eventually settled at around the 180 euro level. On June 30, 2011, the shares closed at 181.75 euros, equivalent to a price increase of over 44% in 12 months. Including the dividend distribution of 9.00 euros per share the overall return is 51%.

General Meeting of Shareholders 2011 – Large majority for all items on the agenda

Some 600 shareholders and guests once again attended the General Meeting of Shareholders this year to discover first hand how the business was faring. After the presentations by the Executive Board, which was followed by a general debate, all items on the agenda that were subject to a vote were adopted by a large majority.

For the first time shareholders and other interested parties are now able to take advantage of a reporting service covering the topics discussed at the General Meeting of Shareholders and the voting results. This report can be viewed on the company's homepage under Investors / Shareholders Meeting.

Analysts' ratings

All share analysts are impressed by the very good quality of RATIONAL's business and its extraordinary earning power. As a result of the welcome price movements and the subsequent fairly assessed rating, a majority of analysts are classifying the shares as Hold/Neutral.

Financial Statements

STATEMENT OF COMPREHENSIVE INCOME

kEUR	2nd Quarter 2011	2nd Quarter 2010	1st Half Year 2011	1st Half Year 2010
Sales	92,208	84,926	180,211	157,547
Cost of sales	-36,101	-32,288	-70,400	-62,082
Gross profit	56,107	52,638	109,811	95,465
Sales and service expenses	-22,539	-20,499	-47,319	-40,450
Research and development expenses	-3,654	-3,281	-7,054	-6,441
General administration expenses	-4,249	-3,806	-8,597	-7,707
Other operating income	1,060	4,118	1,983	6,276
Other operating expenses	-1,414	-2,707	-3,250	-3,838
Earnings before interest and taxes (EBIT)	25,311	26,463	45,574	43,305
Financial results	89	-40	204	-239
Earnings from ordinary activities (EBT)	25,400	26,423	45,778	43,066
Taxes on income	-6,213	-6,739	-11,298	-10,941
Group earnings	19,187	19,684	34,480	32,125
Differences from currency translation	-18	356	-266	585
Total comprehensive income	19,169	20,040	34,214	32,710
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 and the number of shares	1.69	1.73	3.03	2.83

BALANCE SHEET**ASSETS**

kEUR	Jun. 30, 2011	Jun. 30, 2010	Dec. 31, 2010
Long-term assets	57,694	60,445	59,415
Intangible assets	1,065	1,195	1,155
Property, plant and equipment	52,952	55,167	54,155
Financial assets	-	50	50
Other long-term assets	234	254	245
Deferred tax assets	3,443	3,779	3,810
Short-term assets	172,185	190,190	246,299
Inventories	20,721	18,760	19,347
Trade receivables	59,538	53,144	58,726
Other short-term assets	5,511	5,308	5,089
Deposits with maturities of more than 3 months	25,000	76,000	115,900
Cash and cash equivalents	61,415	36,978	47,237
Balance sheet total	229,879	250,635	305,714

EQUITY AND LIABILITIES

kEUR	Jun. 30, 2011	Jun. 30, 2010	Dec. 31, 2010
Equity	162,150	182,665	230,266
Subscribed capital	11,370	11,370	11,370
Capital reserves	28,058	28,058	28,058
Retained earnings	124,544	144,726	192,394
Other components of equity	-1,822	-1,489	-1,556
Long-term liabilities	21,943	23,446	22,755
Provisions for pensions	677	666	697
Other long-term provisions	3,218	2,684	3,076
Non-current loans	18,048	20,096	18,982
Short-term liabilities	45,786	44,524	52,693
Liabilities for current tax	4,296	5,013	7,172
Short-term provisions	19,402	18,487	17,261
Current portion of non-current loans	2,098	2,396	2,315
Trade accounts payable	8,762	7,079	9,240
Other short-term liabilities	11,228	11,549	16,705
Liabilities	67,729	67,970	75,448
Balance sheet total	229,879	250,635	305,714

CASH FLOW STATEMENT

KEUR	1st Half Year 2011	1st Half Year 2010
Earnings from ordinary activities	45,778	43,066
Cash flow from operating activities	29,283	32,265
Changes at fixed deposits with maturities of more than 3 months	90,900	20,000
Cash flow from other investing activities	-1,399	-1,442
Cash flow from investing activities	89,501	18,558
Cash flow from financing activities	-104,408	-50,014
Net changes in cash and cash equivalents	14,376	809
Changes in cash from exchange rate changes	-198	540
Change in cash funds	14,178	1,349
Cash and cash equivalents on Jan. 1	47,237	35,629
Cash and cash equivalents on Jun. 30	61,415	36,978
Deposits with maturities of more than 3 months on Jun. 30	25,000	76,000
Cash funds including fixed deposits on Jun. 30	86,415	112,978

STATEMENT OF CHANGES IN EQUITY

KEUR	Subscribed capital	Capital reserves	Retained earnings	Differences from currency translation	Total
Balance on Jan. 1, 2010	11,370	28,058	152,396	-2,074	189,750
Dividend	-	-	-39,795	-	-39,795
Total comprehensive income	-	-	32,125	585	32,710
Balance on Jun. 30, 2010	11,370	28,058	144,726	-1,489	182,665
Balance on Jan. 1, 2011	11,370	28,058	192,394	-1,556	230,266
Dividend	-	-	-102,330	-	-102,330
Total comprehensive income	-	-	34,480	-266	34,214
Balance on Jun. 30, 2011	11,370	28,058	124,544	-1,822	162,150

Fundamental accounting principles

The group six-month report was prepared in line with the principles of the International Financial Reporting Standards (IFRS). The same valuation and balance sheet methods were, therefore, applied as in the group's last financial statements. The rules in IAS 34 on condensed financial statements were applied in this case.

This was the first time use was made of the new or amended standards and interpretations IAS 24 "Related Party Disclosures", IAS 32 "Classification of rights issues", IFRS 1 "Limited exemption from comparative IFRS 7 disclosures for first-time adopters", IFRIC 14 "Prepayments of a minimum funding requirement" and IFRIC 19 "Extinguishing financial liabilities with equity instruments", as well as various amendments resulting from the "Improvements to IFRSs (IASB May 2010)". The mandatory first use did not result in any effects on the net assets, the financial position or the results of operations in the present interim financial statements.

This group six-month financial report was neither audited in accordance with § 317 German Commercial Code (HGB) nor reviewed by an auditor.

Consolidated companies

On June 30, 2011, RATIONAL AG's consolidated group includes, besides the parent company RATIONAL AG, five German and 19 foreign subsidiaries. MEIKU Vermögensverwaltung GmbH, which had not previously been included in the consolidated companies, took over the assets of TAGO Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Landsberg KG in June 2011 and was subsequently merged into RATIONAL AG. This had no material effect on the net assets, the financial position or the results of operations of the group.

Other operating income

The significant decline in other operating income from 6,276 thousand euros in the first half of 2010 to 1,983 thousand euros in the first half of 2011 is essentially due to the lower exchange gains included in this position.

Operating segments

In its business segments, RATIONAL combines the subsidiaries located in the different regions. This corresponds to the internal reporting structure and thus the management approach set forth in IFRS 8. Business segments are organisational units for which information is communicated to management in order to measure success and allocate resources.

Besides the Germany, Europe excluding Germany, Americas and Asia segments, the fifth segment covers the work of the parent company. This segment represents the development, manufacture and supply of products to subsidiaries. The effects arising from the consolidation procedures are reflected in the reconciliation column.

Associated companies and persons

Apart from the information shown under Consolidated companies no significant transactions occurred in the first six months of 2011 with companies or individuals in any way associated with RATIONAL AG.

Responsibility Statement

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, August 1, 2011

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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