



Key figures	Thousands of euros	3 rd Quarter 2005	3 rd Quarter 2005	Change	9 Months 2005	9 Months 2004	Change
	Sales		60,356	58,866	+3%	172,087	156,636
Sales abroad as a percentage of sales		84%	84%	0%-pt	84%	85%	-1%-pt
Cost of sales		23,485	23,102	+2%	67,401	64,041	+5%
as a percentage of sales		38.9%	39.2%		39.2%	40.9%	
Sales and service expenses		15,029	13,876	+8%	46,042	40,960	+12%
as a percentage of sales		24.9%	23.6%		26.8%	26.1%	
Research and development expenses		2,368	2,622	-10%	7,364	7,773	-5%
as a percentage of sales		3.9%	4.5%		4.3%	5.0%	
General administration expenses		2,723	2,477	+10%	8,805	7,853	+12%
as a percentage of sales		4.5%	4.2%		5.1%	5.0%	
EBIT – earnings before interest and taxes		16,710	16,450	+2%	42,904	35,154	+22%
as a percentage of sales		27.7%	27.9%		24.9%	22.4%	
EBT – earnings before taxes		16,666	16,473	+1%	43,149	35,278	+22%
as a percentage of sales		27.6%	28.0%		25.1%	22.5%	
Group earnings		10,371	10,448	-1%	26,523	21,622	+23%
as a percentage of sales		17.2%	17.7%		15.4%	13.8%	
per share in euros		0.91	0.92		2.33	1.90	
Employees (as an annual average)		796	764	+4%	777	738	+5%
Sales per employee		75.8	77.0	-2%	221.5	212.2	+4%
Cash flow from operating activities					20,482	22,532	-9%
per share in euros					1.80	1.98	
Balance sheet total					114,560	136,337	-16%
Equity as a percentage of the balance sheet total					73,980	91,649	-19%
					64.6%	67.2%	
Working capital (without liquid funds)					48,814	50,226	-3%
as a percentage of sales					28.4%	32.1%	

**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 nine months of 2005, and gives a perspective of the further development of our company.

| Economic Report

Global economy is still robust despite negative influences

The economic growth of the major industrial nations has been restrained over the course of this year by the significant rise in the cost of raw materials, in particular crude oil. In the USA, however, reconstruction in the wake of the natural disasters should stimulate the already robust market conditions again, so that growth of 3.7 percent is expected here for 2005. Likewise bolstered by domestic demand, economic growth of 2.5 percent on average is expected for Japan. For the rest of Asia a figure of as much as 7.1 percent is expected. The euro zone however has a negative impact on the global economic growth by lagging well behind the global economy. Following the dent in growth in the first half of 2005, annual growth of still only 1.3 percent seems realistic here.

| Business development

RATIONAL AG grows double-digit

In the first year following the introduction of the new SelfCooking Center® RATIONAL AG's growth rate has also continued incessantly. Despite last year's record sales, the sales figure in the first 9 months of 2005 rose by 10 percent to 172.1 million euros (last year's figure: 156.6 million euros).

The sales revenue for the third quarter of 2005 is 3 percent up on last year's figure, at 60.4 million euros. This figure for last year was significantly inflated by the typical "pipeline-filling" effect involving independent sales partners. In particular, this building-up of stocks after the successful market launch of the new RATIONAL SelfCooking Center® caused the disproportionately high 31 percent growth during the 3rd quarter of the previous year. After adjustment for the special effects from 2004, which involved taking the normal seasonal distribution as the basis for the previous year's sales figure, sales are developing precisely as expected.

SelfCooking Center® becomes new global standard

Despite the continuingly weak economic situation, we have managed to increase sales in Germany disproportional by 14 percent in the first 9 months of 2005. RATIONAL AG is thus continuing to achieve a sustained improvement in its competitive situation in a fiercely contested internal market. The international subsidiaries, though, have likewise been able to push ahead, with a disproportionately high sales growth of 20 percent. Only the partner business in Europe remains at last year's level, owing to the special circumstances in 2004.

This sustained sales success, even under difficult market conditions, is an impressive indication of the great superiority of the RATIONAL SelfCooking Center® technology, as well as highlighting the excellent levels of acceptance achieved among our customers around the world. With some 20,000 SelfCooking Center® units sold during 2005 alone, this RATIONAL technology is developing into the new global standard.

Record result – EBIT up 22 percent

With an EBIT (earnings before interest and taxes) of 42.9 million euros in the first 9 months of 2005, last year's figure (35.2 million euros) has been significantly exceeded by 7.7 million euros or 22 percent. The EBIT margin rose to 25 percent compared to 22 percent at the same time last year.

At 60.8 percent (last year's figure: 59.1 percent), the significantly increased gross profit margin essentially causes this disproportionately high increase in earnings. The moderate rise in sales and administration costs reflects the strategic development of the global sales organization with a view to safeguarding the medium-term and long-term growth of the company.

28 percent EBIT margin in 3rd quarter of 2005

Because of the special effects stemming from the distribution of sales during 2004, the EBIT for the 3rd quarter of 2005, at 16.7 million euros, stands at just 2 percent higher than the figure for last year (16.5 million euros). At the same time the EBIT margin of 28 percent represents a record level in absolute terms.



Russia, PIR Moscow



United Arab Emirates, Gulfood Dubai

Enthusiasm with RATIONAL



Malaysia, F&H Malaysia Kuala Lumpur



Switzerland, IGEHO Basel

I Product innovation **The world's first VarioCooking Center®**

Alongside the SelfCooking Center®, RATIONAL AG's French subsidiary FRIMA has developed a completely new and revolutionary complementary product, which was successfully launched in selected European test markets during May 2005. While the SelfCooking Center® cooks items for which the heat transmission is ideally performed by means of rapidly flowing hot gases, the new VarioCooking Center® caters for the remaining output of a professional kitchen, namely dishes that are prepared in liquid or with direct contact heat. These include milk-based recipes, pasta, blancmange, goulash etc. The widest variety of dishes can be handled, using all kinds of cooking methods such as boiling, roasting, grilling, frying or pressure-cooking, individually or simultaneously – the new VarioCooking Center® makes everything possible.

The completely new heating technology of the VarioCooking Center® enables significantly faster heat transmission, and with hitherto unparalleled power, precision and controllability. Cooking times are thus cut by an average of 50 percent, and entirely without food burning, sticking to the cooking vessel, or boiling over. And thanks to the pressure cooking option, it is practically possible to reduce cooking times by a further 50 percent.

The VarioCooking Center® and the SelfCooking Center® boast the same intelligent "easy-as-children's-play" operating concept, so that the item to be cooked is simply selected via a symbol button. Select food, that's it. Now there is no longer any need to enter details like temperature and cooking time, perform complicated programming procedures or continuously monitor the cooking process.

Where the SelfCooking Center® already replaces some 40 to 50 percent of all traditional cooking appliances, the VarioCooking Center® makes the remainder superfluous. A combination of the two units creates a fully-equipped kitchen, so that producing an exclusive menu for 100 guests in just 50 minutes is simplicity itself.

VarioCooking Center®: Creating a new world market

Just as happened with the invention of the combi-steamer more than 30 years ago, the VarioCooking Center® is once again creating a new world market. The available global market potential for this technology is made up of some 2.5 million professional kitchens, and the task will be to open up this market over the coming years. Just a few weeks after its launch in selected test markets, the VarioCooking Center® is already garnering an overwhelmingly enthusiastic reception from dealers, kitchen planners and end customers alike. In September 2005, the VarioCooking Center® picked up the Association of German Technical Designers' Dr. Georg Triebe Innovation Award 2005 for being an outstanding system innovation.. After completion of the test market phase, the global marketing strategy will be set out, provisionally at the end of 2006.

FRIMA



The
World's First

... and the kitchen is complete!



Awards

First place for the RATIONAL Annual Report 2004

In addition to the awards for the superior technology and innovative strength of RATIONAL AG, the company's own financial communication has again enjoyed a high degree of recognition. Thus the RATIONAL Annual Report 2004 won the League of American Communication Professionals' (LACP) "2004 vision platinum award" for the best annual report in the "Equipment, Machinery, Instruments" sector. With 95 out of a possible 100 points, RATIONAL managed to provide a convincing picture, and outstrip all rivals in the categories of transparency, significance, financial information, creativity and layout.

Investor Relations

RATIONAL shares up 53 percent compared to last year

Following the significant increase in rates over the course of the year, the RATIONAL share price in recent weeks has a level at around 90 euros. With a 53 percent increase, therefore, the shares have grown at a better rate on a year-to-year basis than the German share indexes DAX, MDAX, SDAX and TecDAX.

In the third quarter of 2005 the Managing Board of RATIONAL AG presented the company at a number of roadshows, including events in Paris und Edinburgh, and at numerous meetings with analysts, investors and press representatives. The positive feedback and the confidence of shareholders confirm the importance of this open, timely and direct financial communication.

With Deutsche Bank and the Westdeutsche Landesbank, two more major institutes have in recent months started coverage of RATIONAL AG's business. In their detailed studies, the analysts arrive at consistently positive judgments with regard to the quality of the company and the future growth prospects.

Business outlook

Results may outstrip forecasts

Business growth both in the first 9 months of 2005 and in the 3rd quarter of 2005 completely met our expectations. On the basis of the sales revenue previously achieved, we are confident that we can achieve the planned sales growth for the full year of 10 percent, to 244 million euros (last year's figure: 222 million euros).

Given how results have developed to date, we might even exceed the originally expected EBIT growth figure of 12 percent to 60 million euros (last year's figure: 54 million euros).

Landsberg am Lech, 25 October 2005

RATIONAL AG
The Managing Board



Bankhaus Lampe

CHEUVREUX

Seh. Oppenheim

SEIT 1789

Deutsche Bank



HypoVereinsbank

COMMERZBANK



LB= BW

CAZENOVE



BERENBERG BANK

Joh. Berenberg, Gossler & Co. AG

HSBC Trinkaus & Burkhardt



Bank seit 1785

citigroup



**RATIONAL –
first class quality**

Financial Calendar

9-Month Report	November 8, 2005
Roadshow Copenhagen	November 10, 2005
SEQ-Conference Frankfurt	November 16, 2005
Roadshow New York	November 28, 2005
Balance Sheet Press Conference	March 2006
Q1 Report	May 2006
Annual Shareholder's Meeting	May 2006

Income Statement RATIONAL Group

Thousands of euros	3. Quarter 2005	3. Quarter 2004	9 Months 2005	9 Months 2004
Sales	60,356	58,866	172,087	156,636
Cost of sales	-23,485	-23,102	-67,401	-64,041
Gross profit	36,871	35,764	104,686	92,595
Sales and service expenses	-15,029	-13,876	-46,042	-40,960
Research and development expenses	-2,368	-2,622	-7,364	-7,773
General administration expenses	-2,723	-2,477	-8,805	-7,853
Other operating income	289	564	4,535	2,298
Other operating expenses	-329	-903	-4,106	-3,153
Earnings before interest and taxes (EBIT)	16,710	16,450	42,904	35,154
Financial results	-44	23	245	124
Earnings before taxes (EBT)	16,666	16,473	43,149	35,278
Taxes on income	-6,295	-6,025	-16,626	-13,656
Group earnings	10,371	10,448	26,523	21,622
Retained earnings brought forward	23,023	41,050	6,871	29,876
Retained earnings	33,394	51,498	33,394	51,498

	3. Quarter 2005	3. Quarter 2004	9 Months 2005	9 Months 2004
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	0.91	0.92	2.33	1.90
Average number of shares (diluted)	11,404,500	11,404,500	11,404,500	11,400,667
Earnings per share (diluted) in euros relating to the consolidated results and the number of shares	0.91	0.92	2.33	1.90

		Thousands of euros	30.09.2005	30.09.2004	31.12.2004
Balance Sheet RATIONAL Group Assets	Intangible assets		775	1,095	1,031
	Property, plant and equipment		27,512	25,790	26,858
	Financial assets		218	218	218
	Fixed assets		28,505	27,103	28,107
	Securities long-term		-	8,000	2,000
	Deferred tax assets		2,934	1,840	1,761
	Long-term assets		31,439	36,943	31,868
	Inventories		15,641	16,299	14,338
	Trade receivables		41,357	40,775	36,694
	Other assets		2,458	2,642	3,922
	Securities short-term		13,002	15,976	-
	Cash in hand and cash in bank accounts		10,663	23,702	59,941
	Short-term assets		83,121	99,394	114,895
	Balance sheet total		114,560	136,337	146,763

		Thousands of euros	30.09.2005	30.09.2004	31.12.2004
Balance Sheet RATIONAL Group Equity and liabilities	Subscribed capital		11,370	11,370	11,370
	Capital reserve		28,702	28,267	28,472
	Revenue reserves		514	514	514
	Retained earnings		33,394	51,498	63,721
	Equity		73,980	91,649	104,077
	Provisions for pensions		606	549	591
	Other liabilities long-term		209	221	172
	Long-term liabilities		815	770	763
	Provisions for taxation		3,591	12,003	9,969
	Other provisions		17,573	15,104	11,416
	Liabilities to banks		2,488	2,432	2,202
	Trade accounts payable		6,540	5,852	5,844
	Other liabilities short-term		9,573	8,527	12,492
	Short-term liabilities		39,765	43,918	41,923
	Liabilities		40,580	44,688	42,686
	Balance sheet total		114,560	136,337	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	-	-	-	-	-21,035	-21,035
Group earnings	-	-	-	-	21,622	21,622
Differences from currency conversion	-	317	-	-	-	317
Other changes	-	160	-	-	-	160
Balance on Sept. 30, 2004	11,370	28,267	-2,753	514	51,498	91,649
Balance on Jan.1, 2005	11,370	28,472	-2,338	514	63,721	104,077
Dividends	-	-	-	-	-56,850	-56,850
Group earnings	-	-	-	-	26,523	26,523
Differences from currency conversion	-	50	-	-	-	50
Other changes	-	180	-	-	-	180
Balance on Sept. 30, 2005	11,370	28,702	-2,338	514	33,394	73,980

Cash Flow Statement RATIONAL Group

Thousands of euros	9 Months 2005	9 Months 2004
Earnings from ordinary activities	43,149	35,278
Cash flow from operating activities	20,482	22,532
Cash flow from investing activities	-2,845	-2,579
Cash flow from financing activities	-38,965	-27,978
Exchange rate changes	52	4
Change in cash funds	-21,276	-8,021

Sales

Thousands of euros	9 Months 2005		9 Months 2004	
Germany	27,514	16.0%	24,190	15.4%
Europe (excluding Germany)	94,605	55.0%	82,741	52.8%
Americas	21,279	12.4%	18,665	11.9%
Asia	21,421	12.4%	23,755	15.2%
Rest of the world*)	7,268	4.2%	7,285	4.7%
Total	172,087	100.0%	156,636	100.0%

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

The sales per region are shown according to customer location.

Segment reporting 9 Months 2005 Thousands of euros	Activities of the subsidiaries in:				Activities of the parent company	Total for segments	Reconcl.	Group
	Germany	Europe excl. Germany	Americas	Asia				
External sales	27,269	70,382	15,442	9,886	49,108	172,087	-	172,087
vs. previous year	+15%	+21%	+25%	+6%	-7%	+10%	-	+10%
share	15.8%	40.9%	9.0%	5.8%	28.5%	100%	-	100%
Inter-company sales	-	739	-	-	86,324	87,063	-	87,063
Segment sales	27,269	71,121	15,442	9,886	135,432	259,150	-	259,150
vs. previous year	+15%	+22%	+25%	+6%	+5%	+11%	-	+11%
Segment result	653	2,030	61	-32	40,782	43,494	-590	42,904
vs. previous year	+1,096	-1,181	-436	-174	+7,294	+6,598	+1,152	+7,750

Segment reporting 9 Months 2004 Thousands of euros	Activities of the subsidiaries in:				Activities of the parent company	Total for segments	Reconcl.	Group
	Germany	Europe excl. Germany	Americas	Asia				
External sales	23,769	58,160	12,391	9,369	52,947	156,636	-	156,636
share	15.2%	37.1%	7.9%	6.0%	33.8%	100%	-	100%
Inter-company sales	-	-	-	-	76,320	76,320	-	76,320
Segment sales	23,769	58,160	12,391	9,369	129,267	232,956	-	232,956
Segment result	- 442	3,211	497	142	33,488	36,896	-1,742	35,154

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. 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 accounts of RATIONAL Aktiengesellschaft for the first 9 months were produced in accordance with the International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS) that have been agreed and published by the International Accounting Standards Board (IASB), and their interpretation by the Standing Interpretations Committee (SIC) or International Financial Reporting Interpretations Committee (IFRIC). All standards valid for fiscal 2005 have been taken into account and result in the presentation of an accurate picture of the situation regarding the assets, finances and earnings of the RATIONAL corporation. The financial accounting practices and the evaluation and consolidation methods have remained unchanged compared to last year. The balancing of the 34,500 share options issued for the Managing Board on 28 January 2004 is carried out with effect on net income according to the standards of the IFRS 2, and the comparative figures for the previous year have been adjusted accordingly. The specifications of IFRS 3 and of IAS 36 are used as the basis for the calculation of goodwill and goodwill amortizations. The structure of the balance sheet has been adapted to the new classification standards of IAS 1.

| Consolidated companies

The consolidated group of RATIONAL AG as at 30.09.2005 includes three domestic and twelve foreign subsidiaries, in addition to RATIONAL AG as the parent company. On 31.03.2005, the RATIONAL Austria subsidiary founded by notarial judgment of 07.03.2005 and based in Salzburg, was included in the consolidated group for the first time. The capital stock of RATIONAL Austria is 35,000 euros and was taken over in its entirety by RATIONAL AG as the parent company. On 30.09.2005, the new subsidiaries RATIONAL France, based in Paris, and founded on 17.08.2005 with a capital stock of 37,000 euros, and RATIONAL Polska, based in Warsaw, and founded on 01.07.2005 with a capital stock of 12,000 euros, were included as consolidated companies for the first time. In both cases, 100 percent of the capital stock was carried by RATIONAL AG as the parent company. On 01.05.2005 the RATIONAL subsidiary Frima, based in Wittenheim, France, and Frima Deutschland, based in Frankfurt, were founded as 100 percent subsidiaries with a capital stock of 25,000 euros.

| DVFA result

The DVFA result as at 30.09.2005 corresponds to the result per share, according to IAS or IFRS respectively, as shown in the profit and loss account.



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