



CLUB RATIONAL

Key figures	Thousands of euros	3 rd Quarter	3 rd Quarter	Change	9 Months	9 Months	Change
		2006	2005		2006	2005	
Sales		68,516	60,356	+14%	198,761	172,087	+16%
Sales abroad as a percentage of sales		84%	84%	0%-pts.	84%	84%	0%-pts.
Cost of sales		26,570	23,485	+13%	77,683	67,401	+15%
as a percentage of sales		38.8%	38.9%		39.1%	39.2%	
Gross profit		41,946	36,871	+14%	121,078	104,686	+16%
as a percentage of sales		61.2%	61.1%		60.9%	60.8%	
Sales and service expenses		16,977	15,029	+13%	51,257	46,042	+11%
as a percentage of sales		24.8%	24.9%		25.8%	26.8%	
Research and development expenses		2,387	2,368	+1%	7,215	7,364	-2%
as a percentage of sales		3.5%	3.9%		3.6%	4.3%	
General administration expenses		2,909	2,723	+7%	9,053	8,805	+3%
as a percentage of sales		4.2%	4.5%		4.6%	5.1%	
EBIT – earnings before interest and taxes		19,646	16,710	+18%	53,215	42,904	+24%
as a percentage of sales		28.7%	27.7%		26.8%	24.9%	
EBT – earnings before taxes		19,704	16,666	+18%	53,455	43,149	+24%
as a percentage of sales		28.8%	27.6%		26.9%	25.1%	
Group earnings		12,583	10,371	+21%	34,243	26,523	+29%
as a percentage of sales		18.4%	17.2%		17.2%	15.4%	
per share in euros		1.11	0.91		3.01	2.33	
Employees (as an annual average)		873	796	+10%	853	777	+10%
Sales per employee		78.5	75.8	+4%	233.0	221.5	+5%
Cash flow from operating activities					37,820	20,482	+85%
per share in euros					3.33	1.80	
Balance sheet total					127,082	114,560	+11%
Equity as a percentage					88,282	73,980	+19%
of balance sheet total					69.5%	64.6%	
Working capital (without liquid funds)					52,953	48,814	+8%
as a percentage of sales					26.6%	28.4%	

**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 nine months of 2006, along with the prospects for the further development of the company during fiscal year 2006.

Economic Report

Positive trends in the global economy

The global economy continued to grow in 2006. Economic trends remained buoyant in the industrialized countries as well as in the emerging countries, though the rate of economic expansion slowed somewhat in the US and Japan following strong growth in their economies in the first quarter of the year. The growth rate in Europe was up again. During the year the euro appreciated by more than 7 percent against the yen and the US dollar.

Business development

Set for success with 16 percent global sales growth

In the first 9 months of fiscal 2006 RATIONAL AG posted sales of 198.8 million euros, what is 16 percent up on the previous year's figure of 172.1 million euros. Sales in the third quarter of 2006 rose by 14 percent to 68.5 million euros.

A disproportional share of this enjoyable development is caused by the success of our high-potential markets of the future like America. The European countries are also still forging ahead in terms of growth, with high double-digit rates of increase. At the same time this underlines the extraordinary opportunities for growth world-wide.

Above-average rise in earnings: +24 percent

Earnings before interest and taxes (EBIT) of 53.2 million euros in the first 9 months of 2006 are once again well up on the previous year (42.9 million euros), by 10.3 million euros or 24 percent. The EBIT margin rose to 27 percent, compared to 25 percent for the same period last year. The structural improvement in earnings is due to the gross yield margin – which improved slightly despite higher raw material prices – and to costs for research and development and for administration, which remained at last year's levels.

EBIT in the 3rd quarter of 2006 is 19.6 million euros, an increase of 18 percent or 2.9 million euros compared to 16.7 million euros last year.

Operational cashflow up to 37.8 million euros

The improvement in RATIONAL AG's earning power, coupled with the low capitalization ratio for production and a generally very low working capital resulted in another excellent cashflow situation in the first nine months of 2006. Cashflow from operational business activities as at 30.09.2006 is 37.8 million euros, no less than 17.3 million euros or 85 percent above last year's figure of 20.5 million euros.

Customer satisfaction

Customer satisfaction among SelfCooking Center®-owners beats all expectations

A satisfaction survey conducted by renowned market research organization TNS Infratest among 550 chefs and decision-makers in the hotel, catering and communal catering sectors about their experience with manufacturers of professional kitchen technology produced an unequivocal result: RATIONAL is among the top 10 percent of German companies with the highest customer satisfaction.

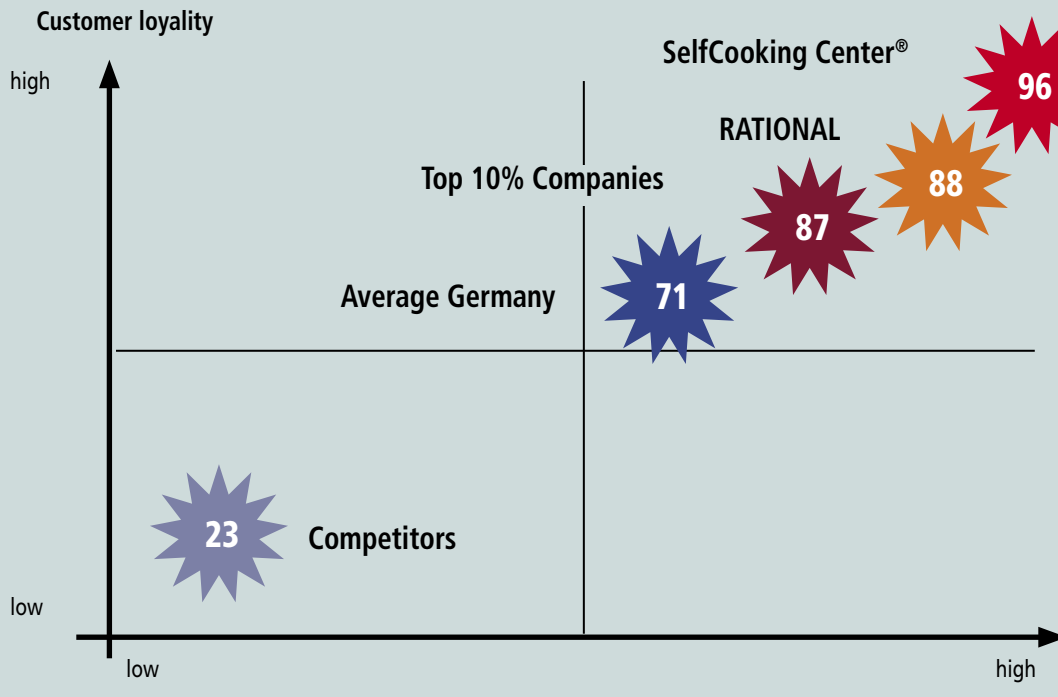
The TNS survey also confirms that the new, innovative RATIONAL SelfCooking Center® meets the needs of its users in the best way. Some 88 percent of those questioned used the SelfCooking Center® in the intelligent SelfCooking Control® mode daily. All the user has to do is select the food and set the desired result – that's it! The SelfCooking Center® guarantees a perfect cooking process – for ideal results every time.

RATIONAL has a unique position with its customers in the market, with 84 percent being ready to recommend the SelfCooking Center® to others, compared to the cross-industry figure in Germany of 44 percent. So our customers really do see the SelfCooking Center® as a genuine innovative breakthrough.

RATIONAL – the strongest brand in professional kitchen technology

The high level of customer satisfaction and the unique brand image of RATIONAL were further confirmed by a survey conducted by "Küche" magazine on the occasion of the Hogatec trade fair. Chefs from professional and commercial kitchens voted RATIONAL number 1 in the "Most Innovative", "Best Value" and "Most Reliable" categories, making it the strongest brand in mass-catering technology.

The particular importance of product quality is demonstrated time and again at major events such as the Munich Oktoberfest, an essential feature of which has for years been RATIONAL's world-leading cooking technology. The RATIONAL SelfCooking Center® is indispensable for most marquee operators at the fair. "With up to 8000 meals and 2000 menus a day we can always rely on outstanding results every time", says Erhard Schneider, executive chef at the Hippodrom.



RATIONAL among the top 10 percent of German companies with the highest customer satisfaction.

Customer satisfaction

source: tns infratest, 2006



„Thanks to the SelfCooking Center® I have much more time to spend in the restaurant and to take care of my customers.“

Chez Charles Victor, Paris



With the help of the SelfCooking Center® we became one of the top restaurants in Taipei.

Dafang Regimen Cate Restaurant, Taipei

| Club RATIONAL**Club RATIONAL – maximum customer loyalty**

Club RATIONAL, which was set up in the 3rd quarter of 2006, will in future enable us to further improve and intensify the loyalty of our end customers. Registration and free club membership give customers a host of benefits, such as the exchange of knowledge with other chefs, information about RATIONAL technology and accessories, software updates for the latest technologies, attendance at user seminars or regular newsletters on hot topics in professional kitchen industry.

At the same time RATIONAL is offering all SelfCooking Center® owners the immediate opportunity to benefit free of charge from the progress made by RATIONAL in cooking research. By requesting a special USB stick, two extra buttons can be added to any SelfCooking Center® in no time at all. With these buttons for "egg dishes/desserts" and "potato products", plus many other new cooking processes, the SelfCooking Center® at once becomes more versatile yet even easier to operate.

| New plant**RATIONAL invests 10 million euros in a new plant in Landsberg**

From small beginnings, RATIONAL AG has become the world market leader in cooking technology for professional kitchens in the last 30 years. This particular success story is closely tied to the location in Landsberg. With the decision to build a third plant in Landsberg, a new chapter now opens in the company's history.

Despite all past successes, only around 20 percent of the international market potential for RATIONAL appliances has been tapped to date. Of the world's 2.5 million professional kitchens, 80 percent or 2 million still cook with conventional cooking appliances, which we hope gradually to replace by modern RATIONAL technology. Continual growth means capacity limits will have been reached in both existing plants in Landsberg in the foreseeable future. So to meet the growing demand considerable expansion is now called for.

Construction will start in 2007. The new plant is due to go on stream by mid-2008. Total investment will amount to around 10 million euros.

It costs nothing to upgrade your SelfCooking Center® – That has never happend before!

- Simply order
- Download
- That's it!



OLD



NEW

BEST FACTORY**RATIONAL wins "Industrial Excellence Award 2006" as overall European winner in the "BEST FACTORY" contest**

Back in the first quarter of 2006, in Europe's most demanding corporate competition, "THE BEST FACTORY", run by renowned management school Insead in Fontainebleau and the WHU School of Management in Vallendar, RATIONAL AG was selected as overall European winner in all disciplines – operational strategy, product development, supply chain management, organisation and human resources, service and partner management – with the highest possible rating "excellent". The "Industrial Excellence Award 2006" was presented on October 10, 2006 at the third annual conference of business magazine WirtschaftsWoche. Dr. Günter Blaschke, CEO of RATIONAL AG and Peter Wiedemann, Chief Technology Officer, accepted the "Industrial Excellence Award 2006" from Prof. Arnd Huchzermeier, from Prof. Christoph H. Loch and from Dieter Dürand, editor of WirtschaftsWoche. In his acceptance speech Dr. Blaschke explained the importance of corporate culture, innovation, company-wide process orientation and above all of employee motivation and qualification for sustained worldwide corporate success.

Investor Relations**RATIONAL shares**

In a generally positive stock market environment, RATIONAL shares also performed well in the 3rd quarter of 2006. Following a temporary drop to 127.84 euros on 30.06.2006 the price climbed 19 percent to 151.55 euros at the end of the 3rd quarter of 2006.

In the past months the Managing Board has answered all questions from shareholders, analysts and interested parties personally and in full, and has also attended question-and-answer sessions at roadshows in Paris, Zurich, London and Frankfurt or at company Headquarters in Landsberg. The strategic decision on plant expansion at the Landsberg site was communicated to the capital market in an ad-hoc report pursuant to §15 Securities Trading Act (WpHG). There will be further opportunities to find out about the company and the current business situation in the 4th quarter of 2006 at investor conferences in New York and Frankfurt and a roadshow in Scandinavia.

Outlook**Business on course**

Business growth in the first 9 months and in the 3rd quarter of 2006 is completely in line with our expectations. On the basis of the sales revenue previously achieved, we continue to be confident that we can achieve the planned sales growth for the full year of 15 percent, to 283 million euros.

Given how results have developed to date, we believe even to exceed the originally expected EBIT growth figure of 17 percent to 78 million euros (last year's figure: 66.9 million euros).

Landsberg am Lech, October 24, 2006

RATIONAL AG
The Managing Board

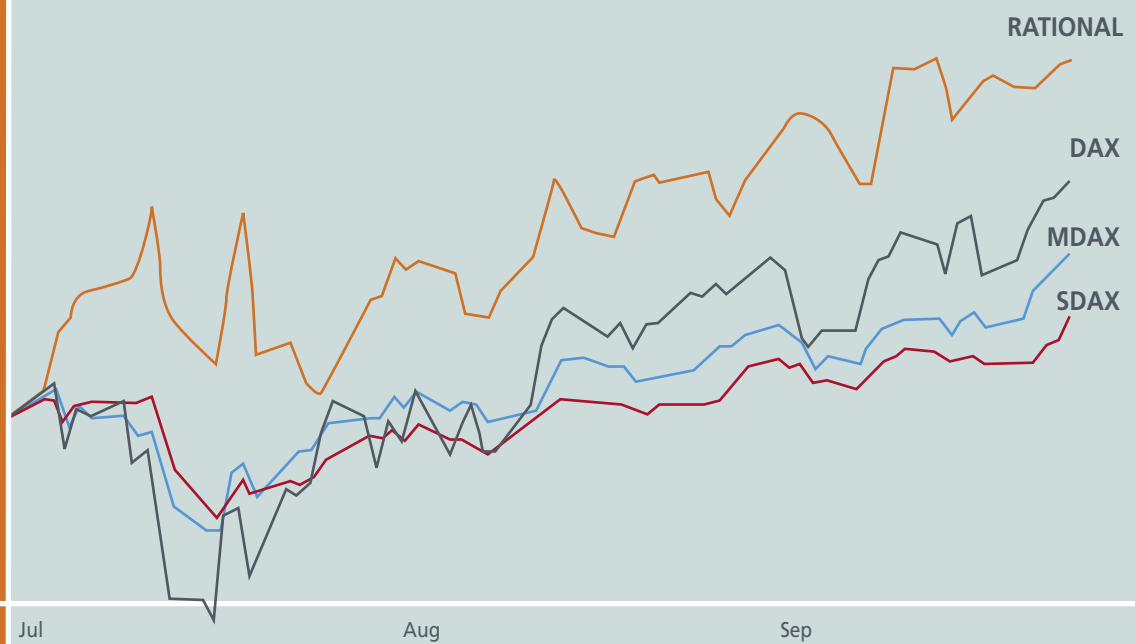
„Industrial Excellence Award 2006“



The “Industrial Excellence Award 2006” was presented on October 10, 2006 at the third annual conference of business magazine WirtschaftsWoche.

From the left:
Dieter Dürand, Editor WirtschaftsWoche, Prof. Christoph Loch, INSEAD
Prof. Arndt Huchzermeier, WHU - Otto Beisheim School of Management,
Dr. Günter Blaschke (CEO RATIONAL AG), Peter Wiedemann (CTO RATIONAL AG)

RATIONAL AG
Share price performance
3rd Quarter 2006



Income Statement RATIONAL Group

Thousands of euros	3 rd Quarter 2006	3 rd Quarter 2005	9 Months 2006	9 Months 2005
Sales	68,516	60,356	198,761	172,087
Cost of sales	-26,570	-23,485	-77,683	-67,401
Gross profit	41,946	36,871	121,078	104,686
Sales and service expenses	-16,977	-15,029	-51,257	-46,042
Research and development expenses	-2,387	-2,368	-7,215	-7,364
General administration expenses	-2,909	-2,723	-9,053	-8,805
Other operating income	1,361	289	3,159	4,535
Other operating expenses	-1,388	-329	-3,496	-4,106
Earnings before interest and taxes (EBIT)	19,646	16,710	53,215	42,904
Financial results	58	-44	240	245
Earnings before taxes (EBT)	19,704	16,666	53,455	43,149
Taxes on income	-7,121	-6,295	-19,212	-16,626
Group earnings	12,583	10,371	34,243	26,523
Retained earnings brought forward	36,798	23,023	15,138	6,871
Retained earnings	49,381	33,394	49,381	33,394

	3 rd Quarter 2006	3 rd Quarter 2005	9 Months 2006	9 Months 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	1.11	0.91	3.01	2.33
Average number of shares (diluted)	11,370,000	11,404,500	11,373,833	11,404,500
Earnings per share (diluted) in euros relating to the consolidated results and the number of shares	1.11	0.91	3.01	2.33

I Balance Sheet RATIONAL Group Assets	Thousands of euros	30.09.2006	30.09.2005	31.12.2005
	Intangible assets		1,553	775
Property, plant and equipment		26,664	27,512	27,179
Financial assets		218	218	218
Fixed assets		28,435	28,505	28,115
Other long-term assets		87	197	195
Long-term securities		-	-	-
Deferred tax assets		3,925	2,934	2,992
Long-term assets		32,447	31,636	31,302
Inventories		14,308	15,641	16,219
Trade receivables		46,840	41,357	46,089
Other short-term assets		2,131	2,261	3,763
Short-term securities		8,006	13,002	-
Cash in hand and cash in bank accounts		23,350	10,663	34,763
Short-term assets		94,634	82,924	100,834
Balance sheet total		127,082	114,560	132,136

I Balance Sheet RATIONAL Group Equity and liabilities	Thousands of euros	30.09.2006	30.09.2005	31.12.2005
	Subscribed capital		11,370	11,370
Capital reserve		27,017	28,702	28,792
Revenue reserves		514	514	514
Retained earnings		49,381	33,394	49,248
Equity		88,282	73,980	89,924
Provisions for pensions		682	606	683
Other long-term liabilities		3,169	4,597	4,150
Long-term liabilities		3,851	5,203	4,833
Provisions for taxation		1,668	3,591	6,435
Other short-term provisions		22,004	17,573	14,167
Liabilities to banks		-	2,488	2,537
Trade accounts payable		6,643	6,540	5,361
Other short-term liabilities		4,634	5,185	8,879
Short-term liabilities		34,949	35,377	37,379
Liabilities		38,800	40,580	42,212
Balance sheet total		127,082	114,560	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	-	-	-	-	-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
Balance on Jan. 1, 2006	11,370	28,792	-2,338	514	49,248	89,924
Dividends	-	-	-	-	-34,110	-34,110
Group earnings	-	-	-	-	34,243	34,243
Differences from currency conversion	-	26	-	-	-	26
Other changes	-	-1,801	-1,801	-	-	-1,801
Balance on Sept. 30, 2006	11,370	27,017	-4,139	514	49,381	88,282

Cash Flow Statement RATIONAL Group

Thousands of euros	9 Months 2006	9 Months 2005
Earnings from ordinary activities	53,455	43,149
Cash flow from operating activities	37,820	20,482
Cash flow from investing activities	-3,274	-2,845
Cash flow from financing activities	-34,908	-38,965
Exchange rate changes	-45	52
Change in cash funds	-407	-21,276
Cash on January 1	31,763	44,941
Cash on September 30	31,356	23,665
Cash in hand, cash in bank accounts, securities on September 30	31,356	23,665
Long-term funds not included in cash position (>3 months)	0	0

Sales

Thousands of euros	9 Months 2006		9 Months 2005	
Germany	31,335	15.8%	27,514	16.0%
Europe (excluding Germany)	108,847	54.7%	94,605	55.0%
Americas	27,570	13.9%	21,279	12.4%
Asia	21,102	10.6%	21,421	12.4%
Rest of the world *)	9,907	5.0%	7,268	4.2%
Total	198,761	100.0%	172,087	100.0%

*) Australia, New Zealand, Near/Middle East, Africa
The sales per region are shown according to customer location.

Segment reporting 9-Month 2006 <small>Thousands of euros</small>	Activities of the subsidiaries in:				Activities of the parent company	Total for segments	Reconcl.	Group
	Germany	Europe excl. Germany	Americas	Asia				
External sales*	30,900	124,214	20,788	7,313	15,546	198,761	-	198,761
vs. previous year	+13%	+76%	+35%	-26%	-68%	+16%	-	+16%
share	16%	62%	10%	4%	8%	100%	-	100%
Inter-company sales	-	23,937	-	-	136,523	160,460	-	160,460
Segment sales*	30,900	148,151	20,788	7,313	152,069	359,221	-	359,221
vs. previous year	+13%	+108%	+35%	-26%	+12%	+39%	-	+39%
Segment result*	371	6,457	2,046	-45	47,214	56,042	-2,587	53,455
vs. previous year	-282	+4,427	+1,985	-13	+6,187	+12,303	-1,997	+10,306

* 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 9-Month 2005 <small>Thousands of euros</small>	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
share	16%	41%	9%	6%	29%	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
Segment result	653	2,030	61	-32	41,027	43,739	-590	43,149

I 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 September 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 September 30, 2006 comprise four domestic and fifteen foreign subsidiaries, beside RATIONAL AG as the parent company. In comparison with September 30, 2005 RATIONAL International AG, Balgach (Switzerland), FRIMA International AG, Balgach (Switzerland) 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 September 30, 2006 matches to earnings per share according to IAS/IFRS as shown in the profit and loss statement.



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