Report / / on the first half year 2017

Landsberg am Lech, 8 August 2017

Ideas / /that change the world

Key Figures

in m EUR	2nd quarter 2017	2nd quarter 2016	Absolute change	Percentage change	1st half year 2017	1st half year 2016	Absolute change	Change in %
Sales revenues and earnings								
Sales revenues	165.4	147.4	+ 18.0	+ 12	331.1	283.1	+ 48.0	+ 17
Sales revenues generated abroad in %	88	88	0	–	88	87	+ 1	–
Cost of sales	64.0	55.8	+ 8.2	+ 15	128.6	107.6	+ 21.0	+ 20
Gross profit	101.4	91.6	+ 9.8	+ 11	202.5	175.5	+ 27.0	+ 15
Gross margin in %	61.3	62.1	– 0.8	–	61.2	62.0	– 0.8	–
Sales and service expenses	43.2	38.5	+ 4.7	+ 12	87.0	75.4	+ 11.6	+ 15
Research and development expenses	8.1	6.3	+ 1.8	+ 30	15.7	12.0	+ 3.7	+ 31
General administration expenses	7.3	6.3	+ 1.0	+ 17	14.4	12.8	+ 1.6	+ 12
Depreciation/amortisation	3.0	2.3	+ 0.7	+ 30	5.8	4.6	+ 1.2	+ 26
Earnings before interest and taxes (EBIT)	39.7	41.4	– 1.7	– 4	83.8	73.6	+ 10.2	+ 14
EBIT margin in %	24.0	28.1	– 4.1	–	25.3	26.0	– 0.7	–
Profit or loss after tax	30.3	31.7	– 1.4	– 4	64.0	56.1	+ 7.9	+ 14
Balance sheet								
Total assets					473.3	449.9	+ 23.4	+ 5
Working capital [1]					117.9	104.8	+ 13.1	+ 13
Equity					346.7	326.9	+ 19.8	+ 6
Equity ratio in %					73.2	72.7	+ 0.5	–
Cash flow								
Cash flow from operating activities					44.9	44.9	+ 0.0	– 0
Capital expenditures					8.9	10.5	– 1.6	– 15
Free cash flow [2]					36.0	34.4	+ 1.6	+ 5
Key figures for shares								
Earnings per share (in EUR)					5.62	4.94	+ 0.68	+ 14
Quarter-end closing price [3] (in EUR)					466.00	416.15	+ 49.85	+ 12
Market capitalisation					5,298.4	4,731.6	+ 566.8	+ 12
Employees								
Number of employees as at 30 June					1,822	1,625	+ 197	+ 12
Number of employees (average)					1,785	1,583	+ 202	+ 13
Sales revenues per employee (in kEUR)					185.5	178.8	+ 6.7	+ 4

1 Excluding liquid funds
2 Cash flow from operating activities less capital expenditures
3 XETRA

Letter from the Executive Board

Dear Shareholders, Customers and Business Partners,

We have received very positive feedback from our customers in the past few months on last year's successful product launches, at which we presented the new generation of SelfCookingCenter® appliances, our compact appliance, the SelfCookingCenter® XS, and the VarioCooking Center® 112 L. The new generation of appliances, which boast greater energy efficiency, LED lighting and triple-glazed doors, and the new appliance sizes have increased customer benefit even further.

The first half of 2017 shows that we do not rest on the laurels of our success, but continue to pursue our company's prime objective: to provide maximum customer benefit. Since March, our customers have been able to use our software application "ConnectedCooking" to network their appliances, control them remotely, update their software, and transfer cooking programs. We have thus made another important contribution to digitalising everyday tasks in the kitchen. In May, we launched the latest generation of the CombiMaster® Plus range. Our entry-level model now also has a self-cleaning function, which consumes fewer resources and ensures hygiene levels are maintained in day-to-day food preparation. Time savings and the safe and simple operation of the cleaning function provide additional customer benefit. What is more, following the SelfCookingCenter® XS, we have added the CombiMaster® Plus XS to complement our product range.

The innovations launched in the first half of 2017 show that we have taken another major step in advancing our efforts to provide maximum customer benefit. This is because we define success as the success of our customers. The prime objective of our company and of our employees is to provide our customers with the best possible benefit. We can only claim to have achieved sustainable success if we lighten our customers' workload in the thermal kitchen environment or help them make lasting improvements to the way they work in the kitchen.

For this reason, I am extremely pleased that we continued the positive performance of recent years in the first half of 2017, thus finding ever better ways to support more and more customers in their work. With a growth rate of 17 % in the six-month period, our sales revenues have outperformed expectations, while the EBIT margin has held steady at a consistently high level of 26 % after exchange rate adjustments. Against this backdrop, in early July, we raised our sales revenue growth target for full-year 2017 to 11–13 % compared with the previous year. We have maintained our earnings forecast that the EBIT margin will be between 26 % and 27 %.

This positive development, however, is overshadowed by the death of Siegfried Meister, our company founder, majority shareholder and Chairman of the Supervisory Board. He died on July 28th 2017 after a brief, serious illness. The well-being of the "entrepreneurs in the company", as he viewed his employees, was very important to Mr Meister. We are all very sad about this great loss and we are committed and prepared to continue his life's work in his spirit.

P. Stadelmann

Dr Peter Stadelmann
CEO of RATIONAL AG

Group Management Report

Report on economic position

4 % growth in the global economy

The growth outlook for global economic output in 2017 has improved slightly, to 3.6 %. The reason for the acceleration in economic growth is that economic conditions have improved significantly in recent months. Especially the emerging markets are expected to see positive developments, resulting in economic growth quickening to 4.5 % (2016: 4.1 %). The outlook for industrialised countries is also positive, with economic growth projected at 2.0 % (2016: 1.7 %). Decreasing political uncertainty is having a positive effect on the performance of the real economy. The forecasts for global economic output in Japan (0.8 %) and the eurozone (1.7 %) have remained virtually unchanged compared with the previous year. In the USA (2.3 %), growth is expected to accelerate compared with the previous year (2016: 1.6 %). For the UK, the forecast has been revised upwards, to 2.0 %, following a low point in 2016 resulting from the Brexit vote (2016: 1.8 %). (Source: Warburg, June 2017)

Net assets, financial position and results of operations

Sales revenues up 17 % in the first six months

After an excellent start in the first quarter of 2017, RATIONAL AG's successful business performance continued in the second quarter, with sales revenues up by 12 %.

In total, sales revenues amounted to 331.1 million euros in the first six months (2016: 283.1 million euros), an increase of 17 % compared with the previous year.

The foreign currencies of relevance to RATIONAL fell on average against the euro compared with the previous year. As a result, revenue performance was negatively impacted by exchange rate fluctuations, especially the weakness of pound sterling. After exchange rate adjustments, sales revenues growth after six months stood at 18 %

Growth driven by Americas and Asia

The main drivers of business growth to date have been the American markets and Asia, with an especially convincing performance in the North American market (USA and Canada), where sales revenues increased by 40 %. Similar to the first quarter, both business with small and medium-sized chain customers and the positive development in street business contributed to the rise in sales revenues. In addition, revenue growth was boosted by a delivery to a medium-sized chain customer being postponed from the previous year into the first quarter of 2017.

All Latin American markets contributed to the rapid growth in that region during the first six months (43 %), with above all Brazil performing successfully. The Brazilian market benefited from the launch of the new SelfCookingCenter® generation in the first quarter of 2017 and from orders from medium-sized chain customers.

Asia also held on to its strong growth performance from the first quarter, achieving an increase in sales revenues of 21 %. The major Chinese and Japanese markets are the main contributors to the positive development in the region. In China, both street business revenues and chain business are expanding rapidly. In Japan, performance is positive above all in street business, also including the VarioCooking Center®.

Europe (excluding Germany) continued on its growth path in the first six months, ending the period with an 11 % rise in sales revenues. Countries in southern Europe, such as Spain and Italy, are key growth drivers, with increases in revenues recorded for both the SelfCookingCenter® and the VarioCooking Center®. The business in both product segments was also up in France, Austria and Switzerland. In addition, Russia and Greece, which had been impacted by political problems in the past, returned to significant growth. Due to negative exchange rate effects, sales revenues in the UK remained at the previous year's level.

Germany, our home market, expanded by 5% in the six-month period, despite a decline in the first quarter because of the base effect of a price increase announced in 2016. The rise in sales revenues is mainly attributable to the FRIMA segment, which expanded by 24% in Germany. But even the combi steamer segment returned to a growth path, with sales revenues up 2% after six months.

The "Rest of the world" region closed the first half of 2017 with a year-on-year increase in sales revenues of 11%, driven by a rise in revenues with a major partner in Australia.

61% gross margin

In the first half of 2017, we generated gross profit of 202.5 million euros (2016: 175.5 million euros), which is an increase of 15% compared to the previous year. The gross margin of just over 61% was close to the previous year's high level of 62%. Negative contributions coming from commodity price trends and the envisaged expansion of small, lower-margin appliances were almost fully compensated by improvements in efficiency realised on an ongoing basis in production and procurement.

Currency-adjusted EBIT margin of 26%

EBIT (earnings before interest and taxes) increased by 14%, slightly more slowly than sales revenues, and, at 83.8 million euros, was up significantly on the prior-year figure (2016: 73.6 million euros). The EBIT margin was 25% after six months (2016: 26%).

Operating costs rose in line with sales revenues by 17% compared to the previous year, to 117.0 million euros (2016: 100.1 million euros). This increase was largely attributable to sales and service, which saw a rise of 15% to 87.0 million euros (2016: 75.4 million euros). Further investments were made here in expanding the global sales and service organisation, especially in the overseas growth markets. Research and development costs rose by 31% in the six-month period, to 15.7 million euros (2016: 12.0 million euros). That is mainly attributable to a decline in capitalised development costs to 0.2 million euros in the first six months (2016: 1.4 million euros). After adjusting for this effect, development expenses increased by 19%. Administration expenses rose by 12%, and thus more slowly than sales revenues; they amounted to 14.4 million euros after six months (2016: 12.8 million euros).

Translation effects on our foreign currency positions in other operating expenses and income had a negative impact on our EBIT after six months. That was due in particular to the decline of the US dollar against the euro. The translation effects reduced earnings by 2.1 million euros. In the prior-year period, the negative effect had amounted to 1.8 million euros. Adjusted for this measurement effect, RATIONAL generated an EBIT margin of 26% in the first half of 2017 (2016: 27%).

Net earnings for the period reached 64.0 million euros after six months, 14% more than in the previous year. The tax ratio was virtually unchanged at 24%.

73 % equity ratio

At 73 % (2016: 73 %) on 30 June 2017, the equity ratio was at its customary high level. Cash and cash equivalents, at 200.3 million euros (2016: 205.2 million euros), represent around 42 % of total assets (2016: 46 %).

45 million euros in operating cash flow

In the first six months of the current fiscal year, our cash flow from operating activities was 44.9 million euros, on a par with the previous year (2016: 44.9 million euros). The increase in earnings was largely offset by the settlement of trade accounts payable.

The cash flow from investing activities includes investments in property, plant and equipment and in intangible assets amounting to 8.9 million euros in the first six months, and thus still at a high level despite a year-on-year decline of 1.6 million euros. This is mainly attributable to new construction work and renovations to increase production capacities at the Landsberg location.

The cash flow from financing activities essentially reflects the dividend of 113.7 million euros distributed in May (2016: 85.3 million euros).

Segments

RATIONAL

The RATIONAL segment, which represents the production and sale of the SelfCookingCenter® and the CombiMaster® Plus, grew its sales revenues in the first six months by 17 % to 307.2 million euros (2016: 263.4 million euros). Segment earnings, which were negatively impacted by the currency effects described above, amounted to 81.2 million euros, up 13 % on the previous year (2016: 71.9 million euros).

FRIMA

FRIMA produces and markets the VarioCookingCenter MULTIFICIENCY®. Segment sales revenues in the first six months were 24.7 million euros, 21 % up on the previous year (2016: 20.5 million euros). Segment earnings, which amounted to 2.6 million euros, were also significantly up on the previous year (2016: 1.7 million euros). The VarioCooking Center® 112 L launched in the previous year continues to be a key driver of this positive development, as does the closer integration of the VarioCooking Center® sales activities into RATIONAL organisations. Currency effects have to date only played a minor role at FRIMA.

Employees

109 new employees in the first six months

Around 190 new posts are to be created worldwide in fiscal year 2017. One particular focus is on further expansion of the global sales and service organisations. 109 new employees were already added in the first half of 2017, almost half of them in Germany. Most of the new jobs are in sales and sales-related functions.

Outlook

Increased growth forecast

The large majority of customers of RATIONAL and FRIMA are so satisfied with the products and services that they would be happy to purchase them again at any time and also recommend them to friends and colleagues. Feedback on the new generation of appliances has confirmed this assessment. Given that, the still very high market potential and the all in all positive forecasts for the global economy, the Executive Board of RATIONAL AG believes the company is well placed to keep on growing as in the past years.

On the basis of the encouraging conditions overall, solid business growth in most regions, and a few major contracts, especially from North America, the revenue growth target for full-year 2017 was raised at the beginning of July to 11–13 % compared with the previous year. Our previous earnings forecast that the EBIT margin will be between 26 % and 27 % has been maintained.

Report on opportunities and risks

RATIONAL uses a global risk management system which ensures that risks are identified at an early stage and provides support for the appropriate corrective measures to be taken. The existing risks as regards developments in the global economy continue to represent an uncertainty factor for the development of the business. There are no significant changes to the statement of risks and opportunities given in the last group financial statements.

Landsberg am Lech, 27 July 2017

RATIONAL AG
The Executive Board

Financial statements

Statement of Comprehensive Income RATIONAL Group

for the period 1 January – 30 June

in kEUR	2nd quarter 2017	2nd quarter 2016	1st half year 2017	1st half year 2016
Sales revenues	165,364	147,405	331,081	283,060
Cost of sales	– 63,982	– 55,813	– 128,554	– 107,571
Gross profit	**101,382**	**91,592**	**202,527**	**175,489**
Sales and service expenses	– 43,153	– 38,492	– 86,966	– 75,372
Research and development expenses	– 8,135	– 6,256	– 15,650	– 11,968
General administration expenses	– 7,348	– 6,296	– 14,352	– 12,775
Other operating income	1,616	3,469	3,765	5,825
Other operating expenses	– 4,648	– 2,584	– 5,476	– 7,597
Earnings before interest and taxes (EBIT)	**39,714**	**41,433**	**83,848**	**73,602**
Interest and similar income	77	115	161	241
Interest and similar expenses	– 204	– 210	– 409	– 428
Earnings before taxes (EBT)	**39,587**	**41,338**	**83,600**	**73,415**
Income taxes	– 9,303	– 9,678	– 19,646	– 17,276
Profit or loss after taxes	30,284	31,660	63,954	56,139
Items that may be reclassified to profit and loss in the future:				
Differences from currency translation	– 777	229	– 551	– 76
Other comprehensive income	**– 777**	**229**	**– 551**	**– 76**
Total comprehensive income	**29,507**	**31,889**	**63,403**	**56,063**
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, based on profit or loss after taxes and the number of shares	**2.66**	**2.78**	**5.62**	**4.94**

Balance Sheet
RATIONAL Group

Assets

in kEUR	30 June 2017	30 June 2016	31 December 2016
Non-current assets	**113,371**	**105,705**	**112,276**
Intangible assets	8,239	6,979	8,803
Property, plant and equipment	88,539	78,197	85,067
Financial assets	5,000	11,000	8,000
Deferred tax assets	9,156	7,457	8,273
Other non-current assets	2,437	2,072	2,133
Current assets	**359,938**	**344,223**	**427,525**
Inventories	41,380	35,322	39,214
Trade receivables	100,839	88,158	100,180
Other current assets	17,396	15,546	9,979
Deposits with maturities of more than 3 months	72,500	88,957	175,700
Cash and cash equivalents	127,823	116,240	102,452
Total assets	**473,309**	**449,928**	**539,801**

Equity and liabilities

in kEUR	30 June 2017	30 June 2016	31 December 2016
Equity	**346,661**	**326,895**	**396,958**
Subscribed capital	11,370	11,370	11,370
Capital reserves	28,058	28,058	28,058
Retained earnings	310,396	289,174	360,142
Other components of equity	– 3,163	– 1,707	– 2,612
Non-current liabilities	**33,868**	**34,674**	**34,888**
Provisions for pensions	3,288	2,571	3,223
Other non-current provisions	10,065	7,189	9,203
Non-current liabilities to banks	18,412	23,134	20,747
Deferred tax liabilities	739	860	578
Other non-current liabilities	1,364	920	1,137
Current liabilities	**92,780**	**88,359**	**107,955**
Current income tax liabilities	5,486	8,806	8,340
Current provisions	40,559	37,759	38,518
Current liabilities to banks	7,034	7,576	7,046
Trade accounts payable	16,426	14,918	25,000
Other current liabilities	23,275	19,300	29,051
Liabilities	**126,648**	**123,033**	**142,843**
Total equity and liabilities	**473,309**	**449,928**	**539,801**

Cash Flow Statement RATIONAL Group

for the period 1 January – 30 June

in kEUR	1st half year 2017	1st half year 2016
Earnings before taxes (EBT)	83,600	73,415
Cash flow from operating activities	**44,859**	**44,945**
Change in fixed deposits with maturities of more than 3 months	106,200	10,943
Cash flow from other investing activities	– 8,649	– 10,277
Cash flow from investing activities	**97,551**	**666**
Cash flow from financing activities	**– 116,435**	**– 85,678**
Effects of exchange rate fluctuations in cash and cash equivalents	– 604	185
Change in cash and cash equivalents	**25,371**	**– 39,882**
Cash and cash equivalents as at 1 January	**102,452**	**156,122**
Cash and cash equivalents as at 30 June	**127,823**	**116,240**

Statement of Changes in Equity RATIONAL Group

in kEUR	Subscribed capital	Capital reserves	Retained earnings	Other components of equity		Total
				Differences from currency translation	Actuarial gains and losses	
Balance as at 1 January 2017	11,370	28,058	360,142	– 1,584	– 1,028	396,958
Dividend	–	–	– 113,700	–	–	– 113,700
Total comprehensive income	–	–	63,954	– 551	0	63,403
Balance as at 30 June 2017	11,370	28,058	310,396	– 2,135	– 1,028	346,661
Balance as at 1 January 2016	11,370	28,058	318,310	– 1,211	– 420	356,107
Dividend	–	–	– 85,275	–	–	– 85,275
Total comprehensive income	–	–	56,139	– 76	0	56,063
Balance as at 30 June 2016	11,370	28,058	289,174	– 1,287	– 420	326,895

Notes

Operating segments RATIONAL Group

in kEUR

2nd quarter 2017	RATIONAL	FRIMA	Total of segments	Reconciliation	Group
External sales revenues	152,476	12,888	165,364	0	165,364
Intercompany sales revenues	383	0	383	– 383	–
Segment sales revenues	152,859	12,888	165,747	– 383	165,364
Segment profit or loss	**37,872**	**1,802**	**39,674**	**40**	**39,714**
Financial result	–	–	–	–	– 127
Earnings before taxes	**–**	**–**	**–**	**–**	**39,587**

2nd quarter 2016	RATIONAL	FRIMA	Total of segments	Reconciliation	Group
External sales revenues	136,395	11,010	147,405	0	147,405
Intercompany sales revenues	390	0	390	– 390	–
Segment sales revenues	136,785	11,010	147,795	– 390	147,405
Segment profit or loss	**40,270**	**1,136**	**41,406**	**27**	**41,433**
Financial result	–	–	–	–	– 95
Earnings before taxes	**–**	**–**	**–**	**–**	**41,338**

1st half year 2017	RATIONAL	FRIMA	Total of segments	Reconciliation	Group
External sales revenues	306,370	24,711	331,081	0	331,081
Intercompany sales revenues	878	0	878	– 878	–
Segment sales revenues	307,248	24,711	331,959	– 878	331,081
Segment profit or loss	**81,183**	**2,649**	**83,832**	**16**	**83,848**
Financial result	–	–	–	–	– 248
Earnings before taxes	**–**	**–**	**–**	**–**	**83,600**

1st half year 2016	RATIONAL	FRIMA	Total of segments	Reconciliation	Group
External sales revenues	262,587	20,473	283,060	0	283,060
Intercompany sales revenues	802	0	802	– 802	–
Segment sales revenues	263,389	20,473	283,862	– 802	283,060
Segment profit or loss	**71,910**	**1,659**	**73,569**	**33**	**73,602**
Financial result	–	–	–	–	– 187
Earnings before taxes	**–**	**–**	**–**	**–**	**73,415**

Sales revenues by region

in kEUR	2nd quarter 2017	% of total	2nd quarter 2016	% of total
Germany	20,521	12	17,343	12
Europe (excluding Germany)	76,486	46	73,802	50
North America	28,960	18	23,158	15
Latin America	9,275	6	6,938	5
Asia	21,521	13	18,022	12
Rest of the world	8,601	5	8,142	6
Total	**165,364**	**100**	**147,405**	**100**

	1st half year 2017	% of total	1st half year 2016	% of total
Germany	39,886	12	37,831	13
Europe (excluding Germany)	156,178	47	141,283	50
North America	57,928	17	41,499	15
Latin America	19,027	6	13,322	5
Asia	41,815	13	34,491	12
Rest of the world	16,247	5	14,634	5
Total	**331,081**	**100**	**283,060**	**100**

Basis of preparation

The consolidated semi-annual report has been prepared in accordance with the International Financial Reporting Standards (IFRSs), as adopted in the EU. The IAS 34 rules on condensed financial statements were applied.

No new standards entered into effect as at the beginning of the new fiscal year that the company had not opted to apply early and that have a material impact on the current interim consolidated financial statements.

The following new standards do not yet apply on a mandatory basis in fiscal year 2017 and have not been applied early.

> IFRS 9 "Financial Instruments": IFRS 9 must be applied for the first time for the fiscal year starting on 1 January 2018. It is expected to have an impact on RATIONAL's consolidated financial statements only in terms the recognition of impairment losses on financial assets. We expect the use of the new expected loss model to result in an increase in the risk provision for trade receivables and for deposits with maturities of more than 3 months. To determine the risk provision on trade receivables in accordance with IFRS 9, a new impairment loss model has been developed, which takes into account not only objective indications, but also internal and external factors, and applies these criteria in calculating the credit loss expected during their term. For non-current deposits and deposits with a maturity of more than 3 months, the expected credit loss under IFRS 9 is determined on the basis of the corresponding credit default swap. We expect the transition to IFRS 9 to have an effect of less than 500 thousand euros from the increase in risk provisions on financial assets. This figures is based on estimates obtained from a simulation of the last consolidated financial statements. Since we will probably exercise the relief option and not restate comparative reporting periods in accordance with IFRS 9, the effect of the transition to IFRS 9 as at 1 January 2018 will be recognized directly in equity under retained earnings. In addition, we expect substantially more comprehensive disclosures to be required in the notes from fiscal year 2018 onwards, especially for impairment losses on financial assets.

> IFRS 15 “Revenue from Contracts with Customers”: IFRS 15 must be applied for the first time for the fiscal year starting on 1 January 2018. For the recognition of revenue for products, such as appliances, accessories, spare parts and care products, we do not expect IFRS 15 to have any impact on the consolidated financial statements, because the supply is immediate. In terms of services, there may be an impact on the timing of revenue recognition. Current estimates put the transition effect on sales revenues at around 1.2 million euros, about half of which would be recognised through profit or loss. This estimate is based on contracts not yet performed as at the end of the six-month period. RATIONAL will probably choose the modified retrospective approach for its initial application of IFRS 15. Under this approach, comparative periods will not have to be restated in accordance with IFRS 15. IFRS 15 will only have to be applied to new and existing contracts as from 1 January 2018. On initial application, the transition effect from existing contracts will have to be recognised as an accumulated figure in the opening balance of retained earnings. In addition, we expect more comprehensive disclosures to be required on revenue recognition in the notes from fiscal year 2018 onwards.

This consolidated semi-annual report was neither audited in accordance with section 317 of the German Commercial Code (HGB) nor reviewed by an auditor.

Scope of consolidation

On 30 June 2017, the scope of consolidation of RATIONAL AG included the parent company RATIONAL AG as well as eight German and 25 foreign subsidiaries.

The change compared to 30 June 2016 is the result of a subsidiary being established in Dubai. The newly established RATIONAL Kitchen and Catering Equipment Trading FZCO is a wholly owned subsidiary of RATIONAL International AG. Compared to the balance sheet date as at 31 December 2016, there have been no changes in the scope of consolidation.

Categories of financial assets and liabilities acc. to IAS 39

in kEUR	Carrying amount 30 June 2017	Fair value 30 June 2017	Carrying amount 31 Dec 2016	Fair value 31 Dec 2016
Loans and receivables	**307,631**		**387,382**	
Non-current deposits [1]	5,000	4,989	8,000	8,005
Other non-current financial assets [2]	669	669	654	654
Trade receivables	100,839		100,180	
Other current financial assets [3]	800		396	
Current deposits with maturities of more than 3 months	72,500	72,478	175,700	175,613
Cash and cash equivalents	127,823		102,452	
Financial assets at fair value through profit and loss (held for trading)	**888**		**192**	
Derivatives not in a hedging relationship [3]	888	888	192	192
Financial liabilities measured at amortised cost	**47,835**		**62,750**	
Non-current liabilities to banks	18,412	20,136	20,747	22,853
Other non-current financial liabilities [4]	0		59	
Current liabilities to banks	7,034	7,111	7,046	7,114
Trade accounts payable	16,426		25,000	
Other current financial liabilities [5]	5,963		9,898	
Financial liabilities at fair value through profit and loss (held for trading)	**102**		**1,126**	
Derivatives not in a hedging relationship [5]	102	102	1,126	1,126

1 Included in “Financial assets” balance sheet item
2 Included in “Other non-current assets” balance sheet item
3 Included in “Other current assets” balance sheet item
4 Included in “Other non-current liabilities” balance sheet item
5 Included in “Other current liabilities” balance sheet item

Notes on financial instruments

Based on the classification categories in IAS 39, financial assets and liabilities are in general recognised subsequently at amortised cost in the balance sheet. The only exception is derivative financial instruments, which are recognised at fair value in the balance sheet.

The table below shows the carrying amounts of financial instruments as well as their fair values, which require additional disclosure in accordance with IFRS 7.29. If no fair value is stated in the table for a financial instrument, the specified carrying amount of the financial instrument is a reasonable approximation of its fair value. That is the case in particular with current financial instruments with maturities of less than one year. Exceptions are derivative financial instruments, deposits with a maturity of more than three months, and the current portion of liabilities to banks, for which a fair value is calculated.

All financial instruments for which a fair value had been determined were allocated to Level 2 of the fair value hierarchy of IFRS 13. During the reporting period there were no reclassifications between the fair value hierarchy levels. If circumstances occur which necessitate a different classification, the financial instruments will be reclassified at the end of the reporting period.

Notes to the consolidated statement of comprehensive income

Research and development expenses comprise the research and development costs not eligible for capitalisation. Development costs of 240 thousand euros (2016: 1,420 thousand euros) were recognised as an intangible asset in the first six months.

Other operating income includes exchange gains of 2,696 thousand euros (2016: 5,188 thousand euros). Other operating expenses include exchange losses of 4,834 thousand euros (2016: 6,978 thousand euros).

Notes to the consolidated balance sheet

Intangible assets included capitalised development costs of 4,171 thousand euros as at the balance sheet date (2016: 4,298 thousand euros). The “Financial assets” item included non-current fixed-term deposits of 5,000 thousand euros as at the reporting date. In the prior-year report, an amount of 11,000 thousand euros was included for these deposits in other non-current assets. Trade accounts payable included an amount of 1,104 thousand euros liabilities for consulting and auditing services as at the reporting date. In the prior-year report, an amount of 1,045 thousand euros was included for these services in other liabilities.

Operating segments

As from fiscal year 2017, the definition of the segments reported to management has been changed. Up until then, the reporting structure of the Group was based on the legal entities, RATIONAL and FRIMA. The focus of the new reporting method has changed from the legal perspective in a product perspective. To make it easier to make comparisons, the prior-year figures have been restated in line with the new segment definition.

The Group is exclusively involved in the thermal preparation of food in professional kitchens. The reporting structure of the Group is geared to the RATIONAL and FRIMA products. RATIONAL concentrates on cooking processes in which heat is transferred by means of steam, hot air or a combination of the two. FRIMA focuses on cooking applications in which cooking is carried out in liquid or with direct contact heat. Both segments include the functions of development, manufacturing, sales and service, as well as administration.

Segment sales revenues include both sales revenues from third parties and intercompany sales revenues generated between Group companies across the segments. Intercompany sales and revenue are always based on arm’s length prices. Segment profit or loss corresponds to earnings before interest and taxes of the respective segments. Besides segment sales revenues, this includes all segment expenses except for income taxes and the financial result.

The reconciliation column essentially reflects the effects of consolidation. In addition, differences between the figures presented to management in the context of internal reporting and the externally reported figures are included there.

Related parties

In the first six months of 2017, no significant transactions occurred with companies or individuals in any way related to RATIONAL AG.

Statement of Responsibility

Statement of Responsibility

We confirm that, to the best of our knowledge, and in accordance with the applicable reporting principles for interim reporting, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the consolidated group, and that the interim consolidated management report 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 in the remainder of the fiscal year.

Landsberg am Lech, 27 July 2017

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Disclaimer

This half-yearly financial report contains forward-looking statements that are based on assumptions and expectations at the time the statement is published. They are subject to risks and uncertainties and the actual results may differ significantly from those in the forward-looking statements.

Many of these risks and uncertainties are determined by factors that are outside the influence of RATIONAL AG and cannot be assessed reliably at present. They include future market conditions and economic trends, the actions of other market players, and legal and political decisions.

RATIONAL AG is also not obligated to publish revisions to these forward-looking statements in order to reflect events or circumstances that have occurred after they were published.