



Experiencing customer benefit



Report on the first
9 months of 2013

Key Figures

in m EUR	3rd Quarter 2013	3rd Quarter 2012	Change absolute	Change in %	9 Months 2013	9 Months 2012	Change absolute	Change in %
Sales and earnings								
Sales	117.9	113.0	+4.9	+4	328.7	317.4	+11.3	+4
Sales abroad in %	86	86	+/-0	-	87	86	+1	-
Cost of sales	46.6	43.8	+2.8	+6	131.0	126.6	+4.4	+4
Sales and service expenses	25.8	25.0	+0.8	+3	81.5	78.3	+3.2	+4
Research and development expenses	4.0	3.4	+0.6	+20	11.8	9.9	+1.9	+19
General administration expenses	4.9	4.5	+0.4	+8	15.0	13.7	+1.3	+10
Earnings before interest and taxes (EBIT)	35.9	36.2	-0.3	-1	86.5	89.8	-3.3	-4
Group earnings	27.4	27.3	+0.1	+/-0	65.7	68.2	-2.5	-4
Balance sheet								
Balance sheet total					332.0	298.5	+33.5	+11
Working capital ¹⁾					80.9	80.7	+0.2	+/-0
Equity					237.7	212.8	+24.9	+12
Equity ratio in %					71.6	71.3	+0.3	-
Cash flow								
Cash flow from operating activities					71.6	78.7	-7.1	-9
Investments					8.8	6.3	+2.5	+40
Free cash flow ²⁾					62.8	72.4	-9.6	-13
Key figures RATIONAL shares								
Earnings per share (in EUR)					5.78	6.00	-0.22	-4
Quarter-end closing price ³⁾ (in EUR)					220.50	195.05	+25.45	+13
Market capitalisation					2,507.1	2,217.7	+289.4	+13
Employees								
Number of employees as of Sep. 30					1,316	1,255	+61	+5
Number of employees (average)	1,325	1,269	+56	+4	1,310	1,256	+54	+4
Sales per employee (in kEUR)	89.0	89.0	+/-0	+/-0	251.0	252.7	-1.7	-1

¹⁾ Excluding liquid funds

²⁾ Cash flow from operating activities less investments

³⁾ German stock market

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Letter from the Executive Board



Dear Shareholders, Customers and Business Partners,

In July, we held a big celebration with our employees to mark our company's 40th anniversary. The commitment and passion of each and every employee to offer our customers the maximum possible benefit at all times have in particular meant that the RATIONAL brand is nowadays viewed around the globe as by far and away the market and technology leader.

Our own claim to have a monopoly position when it comes to customer benefit is also readily confirmed by our customers. According to the latest TNS Infratest survey in May 2013, 98% of all customers in Germany confirm that for them RATIONAL offers the maximum possible benefit.

This means our long-term business model – which focuses on maximum customer benefit – is working, and will also make us viable for the future and successful for the next 40 years.

The increased expansion of sales capacities in Europe began to pay off in the third quarter. After exchange rate adjustments we here grew by 10%. Thus, in the third quarter we overall succeeded in achieving 8% organic growth for our entire company (+4% including currency effects).

Against this backdrop, but also with an eye to business development to date, we are still expecting a 5% growth in sales, earnings at the previous year's level and an EBIT margin of around 27% for fiscal year 2013.

A handwritten signature in black ink, appearing to read 'G. Blaschke', written in a cursive style.

Dr. Günter Blaschke
CEO of RATIONAL AG

Management Report

Economic Report

Global prospects remain good

Economists continue to be optimistic about the prospects for the international economy and expect to see global growth of 3% for 2013. The highest growth rates of 5% are those of the emerging economies. But also North America and Japan are growing, at around 2%. The Eurozone emerged from the longest recession since the end of the Second World War. Here, economic experts are expecting growth of -0.2% for 2013 and +1.2% for 2014 (source: Deutsche Bank, October 2013).

The Ifo World Economic Climate, which represents the assessment of the current economic situation and future expectations by international representatives from business, science and the capital markets, declined slightly in the third quarter, but is still at a relatively high level. In particular, future expectations continue to be assessed as positive.

Net assets, financial position and results of operation

8% organic sales growth in the third quarter – 4% including currency effects

After the slight fall in sales in the second quarter, with 8% organic growth, we returned to the growth path in the third quarter.

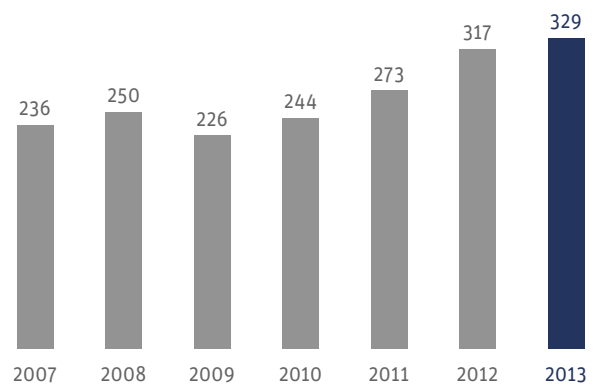
Once again in this quarter, developments in the foreign currencies of relevance to us had a negative impact. In particular the Japanese yen, the pound sterling, the US dollar and the Brazilian real, which in total account for around a quarter of our sales, all weakened. Therefore, sales were up by just 4%, reaching 117.9 million euros (2012: 113.0 million euros).

The improvement in business trends in the third quarter can essentially be traced back to the measures already started in the first six months of this year, aimed at targeted expanding sales capacities. Especially in Germany and the rest of Europe they are now starting to unleash their positive effects.

Following the unsatisfactory performance of the business in the first six months, we were therefore back on track in the third quarter with 10% growth in Europe (+8% including currency effects). The trend in Germany, too, was again positive (+3%) following a drop in sales in the second quarter. In the Americas, sales rose in the third quarter by 14% (+6% including currency effects). In Asia, business volume was on previous year's level. Due to negative performance of the Japanese yen, nevertheless, sales were down by 11%.

Sales in the first 9 months

in m EUR



The overall result was sales growth of 4% after nine months to 328.7 million euros (2012: 317.4 million euros). After exchange rate adjustments, sales in this period were 6% up on last year.

Earnings in the third quarter at last year's level

The earnings situation in the third quarter was also positive. EBIT (earnings before interest and taxes) reached 35.9 million euros, and hence was nearly unchanged from last year (2012: 36.2 million euros). With 30%, the EBIT margin stood at a high level in the third quarter, somewhat below last year's figure (2012: 32%). After adjusting for negative effects of weak currencies, EBIT nevertheless grew comparably to sales and the notional EBIT margin was of the same order as last year.

60% gross margin – 26% EBIT margin after nine months

In the first nine months of 2013, gross profit rose proportionately to sales by 4% to 197.7 million euros (2012: 190.9 million euros). At 60%, the gross margin remained at a high level (2012: 60%). The negative foreign exchange effects in the sales were essentially offset by low commodity prices and by the purchase of certain primary products in foreign currencies.

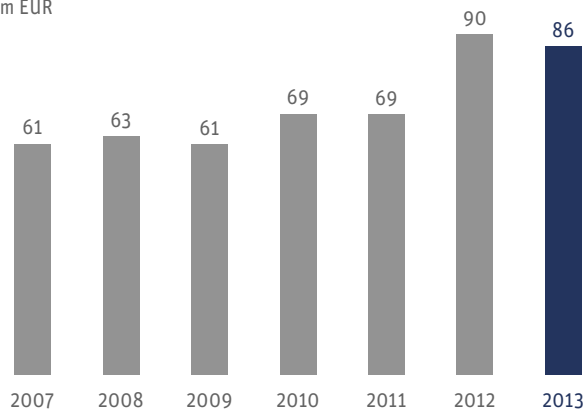
EBIT stood at 86.5 million euros after nine months (2012: 89.8 million euros). At 26%, the EBIT margin was lower than last year's figure (28%).

In particular, other operating expenses and income were adversely affected to the tune of 2.4 million euros by the negative currency movements. In contrast, the currency effect in the previous year was positive at 1.0 million euros.

Adjusted for negative currency effects, EBIT rose by 6%, with an EBIT margin at the previous year's level.

EBIT in the first 9 month

in m EUR

**72% equity ratio – High liquidity**

At 72% (2012: 71%) on September 30, 2013, the equity ratio was at a high level. Liquid funds of 162.8 million euros (2012: 135.5 million euros) represented 49% (2012: 45%) of the balance sheet total.

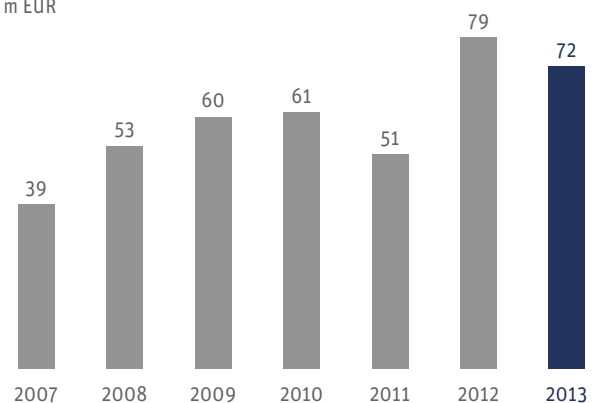
The company thus has sufficient liquid funds available to finance growth from its own resources. Furthermore, we continue to hold high liquid reserves for risk provisioning.

Operating cashflow

In the first nine months, we posted an operating cashflow of 71.6 million euros (2012: 78.7 million euros). The drop was essentially due to lower earnings, the increase in trade accounts receivable of 5.4 million euros in the first nine months of this year (2012: -1.7 million euros) and higher tax payments.

Operating cashflow in the first 9 month

in m EUR



The cashflow from investment activities includes, among other things, investments in intangible assets and property, plant and equipment. After nine months, these amounted to 8.8 million euros, 2.5 million euros up on the previous year. The main reason for this is the construction of the new office building and training center in Landsberg, which was opened in April 2013.

The cashflow from financing activities essentially reflected the dividend distribution in May this year and amounted to -66.2 million euros (2012: -58.5 million euros).

Business segments**RATIONAL**

The RATIONAL segment, which includes the production and sale of the SelfCookingCenter® whiteefficiency® and the CombiMaster® Plus, grew segment sales in the first nine months by 3% from 301.7 million euros to 312.1 million euros. EBIT stood at 84.1 million euros (2012: 88.0 million euros) and the EBIT margin was 27% (2012: 29%).

FRIMA

FRIMA produces and markets the VarioCookingCenter MULTIFICIENCY®. Segment sales reached 19.8 million euros in the first nine months (2012: 18.3 million euros), 8% up on last year. Thus, the very modest growth in the first six months was followed in the third quarter by a strong rise of 26% in sales.

Employees**Skilled junior staff safeguards the company's future**

For RATIONAL, to develop successfully in future, it is extremely important to attract talented young people, to develop them further in line with their strengths and to commit them to the business for the long term.

To find the right young professionals, we work closely together with universities in the region and develop joint strategies for a combination of theoretical learning and practical experience. For students, our program includes not only internships and work placements, but also support with dissertations. We give university graduates the opportunity to take responsibility from the outset in our tailor-made young talent programs, to gain experience in different parts of the business and accordingly to develop and display their own strengths rapidly thanks to goal-based educational activities.

In addition, we offer dual courses of study leading to a Bachelor of Engineering qualification in mechanical and electrical engineering or a Bachelor of Arts qualification in international business, business informatics and hotel and catering management.

Regional education fairs, such as the one held in Landsberg in September this year, are also important events for getting young people interested in vocational training at RATIONAL. At these fairs, we showcase our company to senior-grade school students as a training company for a range of apprenticeships. In our diverse educational opportunities we train young employees as industrial managers, industrial mechanics, mechatronics engineers and IT specialists.

This September, 18 apprentices began their professional future at RATIONAL. A total of 62 young people are currently undergoing training at RATIONAL.

On September 30, 2013, we employed 1,316 people worldwide, 757 of whom are in Germany.

Non-financial performance indicators**KÜCHE AWARDS 2013: SelfCookingCenter® whiteefficiency® and VarioCookingCenter MULTIFICIENCY® both take first place**

Some 600 chefs and managers from professional kitchens voted the two products from RATIONAL and FRIMA as top in their respective categories at the "KÜCHE AWARDS 2013".

The RATIONAL SelfCookingCenter® whiteefficiency® won first prize in the Combi-Steamer category. The deciding factors are its extraordinarily high performance and quality of cooking and the unrivalled range of applications. Other crucial factors are ease of operation and the self-cleaning function.

The FRIMA VarioCookingCenter MULTIFICIENCY®, likewise, came first in the Cooking and Stove Technology category. Customers are particularly impressed by how little time it takes to heat up and how evenly it transfers heat.

Using social media to demonstrate customer benefit

Our primary commercial aim is to offer our customers maximum possible benefit. Even and especially after the purchase. In other words, to provide customers with exemplary technical after-sales service, but also to supply numerous free-of-charge services that make work more efficient and life simpler.

Thanks to our own Social Media network, Club RATIONAL (which now has 44,000 members) and also Twitter, YouTube, Facebook and Co. we are getting our message across ever more effectively. Our increasing popularity is now evidenced by 32,000 fans on Facebook, 2500 followers on Twitter and 250,000 video hits on YouTube. Through the professional use of these communication media we create long-term proximity to customers, enabling us to respond faster to their wishes and problems.

RATIONAL equips the World Cooking Championships

RATIONAL supplied 23 SelfCookingCenter® whiteefficiency® units for the competition kitchens at this year's Cooking contests at the 42nd professional "World Skills 2013" championship in Leipzig. This biggest international training event was being held in Germany again for the first time after 40 years. RATIONAL regularly supports the event, to promote the best possible training and development for the next generation of chefs.

Social responsibility**RATIONAL helps people with cancer**

In December 2011, 180 employees responded to the call to be typed for the Bavarian Bone Marrow Donation Campaign (AKB) and to be included in an international donor database. We rounded up the costs incurred on the campaign and sent AKB a donation of 10,000 euros.

The hope of all the RATIONAL personnel involved, to save the life of a person with leukaemia by donating stem cells, came true for Helmut Steer, head of an assembly line at RATIONAL Montage GmbH. At the start of August, he was invited to a confirmation typing by AKB. After a positive match he donated the life-saving stem cells in September.

Helmut Steer feels the same as many people who have had this fantastic experience: he would do it again at any time.

art@RATIONAL at Landsberg's Night of Art

The love of art has brought people from various parts of the company together over the past four years. RATIONAL provides the art lovers who are members of art@RATIONAL with premises and material, so that after work is done, they can develop their creative side together in a relaxed atmosphere.

And the results are highly presentable. For the third time, the RATIONAL art group was represented at Landsberg's Night of Art, held each September. By presenting the works in an extraordinary bare setting, perfectly staged using sophisticated lighting technology, the exhibition was definitely an eye-catcher at this year's Landsberg Night of Art.

Festival symphony concert in the manufacturing hall

To mark RATIONAL's 40th anniversary, the company arranged a symphony concert on July 20, 2013. Symphonic sounds are not often heard in a manufacturing hall, but thanks to the new plant's light and clear architecture the event was a unique musical delight. About 70 musicians from the Prague Symphony Orchestra were conducted by Johannes Skudlik and accompanied by world-famous pianist Wayne Marshall. Entry to the anniversary symphony concert was free to the 1,300 visitors, as a mark of our links to Landsberg and the entire region.

Report on risks and opportunities

RATIONAL's global risk management system makes every effort to ensure that risks are detected early and that appropriate corrective measures are taken where necessary. The existing risks regarding developments in the global economy continue to represent an uncertainty factor for the further development of the business.

There are no significant changes to the statement of risks and opportunities given in the last group financial statements.

Outlook

Our customers are highly satisfied with our extremely competitive products. In conjunction with the large worldwide market potential and the sound financial foundation, these are the best preconditions for continuing on our successful growth path in future years. Furthermore the selective expansion of additional sales capacities, on which work has already started, is bearing the first fruits and will have long-term positive effects.

Against this backdrop, but also with an eye to business trends to date, we are still expecting around 5% growth in sales, earnings at the previous year's level and an EBIT margin of around 27% for fiscal year 2013.

Landsberg am Lech, October 31, 2013

RATIONAL AG
The Executive Board

RATIONAL Shares

Share price levels off at around 220 euros

Following the publication of our Ad-hoc announcement on July 10, the shares closed at 206 euros, a fall of 17% and the biggest daily drop since the IPO. Subsequently the shares recovered and levelled off in a range between 210 and 230 euros.

On September 30, the share price closed at 220.50 euros. This equates to a market capitalisation of 2.5 billion euros.

This, therefore, represents a 12-month rise of 13%. Together with the dividend payout of 5.70 euros per share in May, the total yield is 16% (DAX +22%, MDAX +37%).

Since the IPO the share price has risen by 18% a year on average, and including the dividends distributed this equates to an average annual yield of 22%.

The sustained increase in the price of RATIONAL shares since the IPO reflects the company's profitable long-term growth strategy and the favourable development of the business in recent years.

Historical development of RATIONAL shares and relevant benchmark indices on September 30, 2013

	YTD	1 year	3 year	5 year	Since the IPO
RATIONAL AG (share price development)	+1%	+13%	+46%	+102%	+859%
RATIONAL AG (incl. dividends) ¹⁾	+4%	+16%	+62%	+133%	+1,317%
DAX 30	+13%	+19%	+38%	+47%	+8%
MDAX	+26%	+37%	+71%	+116%	+252%
SDAX	+22%	+28%	+46%	+88%	+101%

¹⁾ Assumption: Reinvestment of dividends at the opening price of the ex-dividend date

Analysts' ratings

At the balance sheet date, 16 banks published detailed analyses and investment recommendations for RATIONAL shares. All analysts rate the quality of the business and the earning power as extraordinarily high.

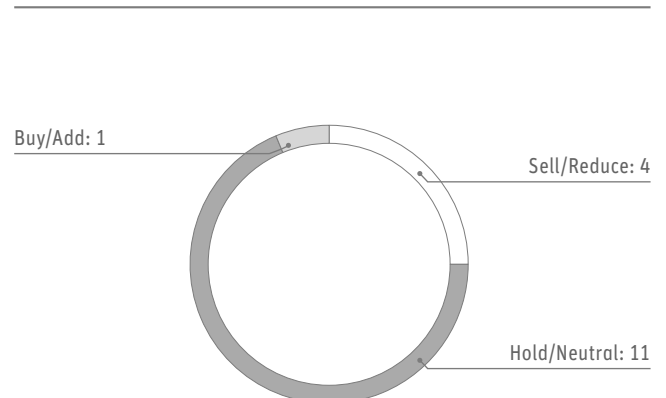
Most analysts assess the valuation of the company at the current price level as fair and, therefore, recommend holding the shares.

Interested investors can find the latest ratings and investment recommendations under Investor Relations / Analysts' Ratings at www.rational-online.com

Performance of RATIONAL shares in the last 12 months



Analysts' ratings



Status: September 30, 2013

Statement of Comprehensive Income

For the period January 1 - September 30

kEUR	3rd Quarter 2013	3rd Quarter 2012	9 Months 2013	9 Months 2012
Sales	117,914	112,998	328,745	317,437
Cost of sales	-46,620	-43,826	-131,004	-126,568
Gross profit	71,294	69,172	197,741	190,869
Sales and service expenses	-25,761	-25,020	-81,450	-78,310
Research and development expenses	-4,042	-3,378	-11,840	-9,917
General administration expenses	-4,851	-4,486	-15,008	-13,656
Other operating income	2,032	2,219	4,234	5,687
Other operating expenses	-2,775	-2,356	-7,223	-4,868
Earnings before interest and taxes (EBIT)	35,897	36,151	86,454	89,805
Interest and similar income	114	159	351	638
Interest and similar expenses	-243	-246	-733	-706
Earnings from ordinary activities (EBT)	35,768	36,064	86,072	89,737
Taxes on income	-8,333	-8,751	-20,395	-21,537
Group earnings	27,435	27,313	65,677	68,200
Items that may be reclassified to profit and loss in the future:				
Differences from currency translation	-92	29	-604	211
Total other comprehensive income	-92	29	-604	211
Total comprehensive income	27,343	27,342	65,073	68,411
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	2.41	2.40	5.78	6.00

Balance Sheet

Assets

kEUR	Sep. 30, 2013	Sep. 30, 2012	Dec. 31, 2012
Non-current assets	64,530	59,853	61,319
Intangible assets	1,608	1,465	1,532
Property, plant and equipment	58,037	53,488	54,629
Financial assets	0	0	0
Other non-current assets	312	384	355
Deferred tax assets	4,573	4,516	4,803
Current assets	267,440	238,613	264,873
Inventories	26,879	25,929	26,364
Trade receivables	71,387	69,980	65,941
Other current assets	6,389	7,179	6,148
Deposits with maturities of more than 3 months	85,000	50,000	80,000
Cash and cash equivalents	77,785	85,525	86,420
Balance sheet total	331,970	298,466	326,192

Equity and Liabilities

kEUR	Sep. 30, 2013	Sep. 30, 2012	Dec. 31, 2012
Equity	237,657	212,791	237,393
Subscribed capital	11,370	11,370	11,370
Capital reserves	28,058	28,058	28,058
Retained earnings	200,427	174,474	199,559
Other components of equity	-2,198	-1,111	-1,594
Non-current liabilities	24,702	24,162	25,453
Provisions for pensions	757	644	795
Other non-current provisions	2,859	2,057	2,187
Non-current loans	21,486	21,461	22,471
Current liabilities	69,611	61,513	63,346
Liabilities for current tax	7,109	5,708	7,772
Current provisions	34,948	30,552	23,680
Current portion of non-current loans	3,175	2,308	2,817
Trade accounts payable	10,260	10,984	10,468
Other current liabilities	13,719	11,961	18,609
Liabilities	94,313	85,675	88,799
Balance sheet total	331,970	298,466	326,192

Cash Flow Statement

For the period January 1 - September 30

kEUR	9 Months 2013	9 Months 2012
Earnings from ordinary activities	86,072	89,737
Cash flow from operating activities	71,621	78,677
Changes of fixed deposits with maturities of more than 3 months	-5,000	400
Cash flow from other investing activities	-8,505	-5,568
Cash flow from investing activities	-13,505	-5,168
Cash flow from financing activities	-66,169	-58,468
Net changes in cash and cash equivalents	-8,053	15,041
Changes in cash from exchange rate changes	-582	116
Change in cash funds	-8,635	15,157
Cash and cash equivalents on January 1	86,420	70,368
Cash and cash equivalents on September 30	77,785	85,525

Statement of Changes in Equity

kEUR	Subscribed capital	Capital reserves	Retained earnings	Differences from currency translation	Total
Balance on Jan. 1, 2012	11,370	28,058	168,809	-1,322	206,915
Dividend	-	-	-62,535	-	-62,535
Total comprehensive income	-	-	68,200	211	68,411
Balance on Sep. 30, 2012	11,370	28,058	174,474	-1,111	212,791
Balance on Jan. 1, 2013	11,370	28,058	199,559	-1,594	237,393
Dividend	-	-	-64,809	-	-64,809
Total comprehensive income	-	-	65,677	-604	65,373
Balance on Sep. 30, 2013	11,370	28,058	200,427	-2,198	237,657

Notes

Sales by region ¹⁾

kEUR	9 Months 2013	% of total	Y-o-y change in %	9 Months 2012	% of total
Germany	43,210	13	+/-0	43,224	14
Europe (excluding Germany)	164,768	50	+4	158,042	50
Americas	58,154	18	+4	55,914	18
Asia	45,422	14	+/-0	45,591	14
Rest of the world ²⁾	17,191	5	+17	14,666	4
Total	328,745	100	+4	317,437	100

¹⁾ Revenue by customer location

²⁾ Australia, New Zealand, Near/Middle East, Africa

Operating segments

9 Months 2013

kEUR	RATIONAL	FRIMA	Total of segments	Reconciliation	Group
External sales	310,734	18,028	328,762	-17	328,745
Intercompany sales	1,355	1,761	3,116	-3,116	-
Segment sales	312,089	19,789	331,878	-3,133	328,745
Segment result	84,105	2,388	86,493	-39	86,454
Financial result	-	-	-	-	-382
Earnings before taxes	-	-	-	-	86,072

9 Months 2012

kEUR	RATIONAL	FRIMA	Total of segments	Reconciliation	Group
External sales	300,484	16,953	317,437	-	317,437
Intercompany sales	1,212	1,337	2,549	-2,549	-
Segment sales	301,696	18,290	319,986	-2,549	317,437
Segment result	87,965	1,828	89,793	12	89,805
Financial result	-	-	-	-	-68
Earnings before taxes	-	-	-	-	89,737

Fundamental accounting principles

The group quarterly report was drawn up in line with the principles of the International Financial Reporting Standards (IFRS). The same valuation and balance sheet methods have therefore been applied as in the group's last financial statements. The rules in IAS 34 on interim financial reporting were applied in this case. With the start of the fiscal year, the following new or amended standards which are relevant to RATIONAL and were not applied voluntarily in previous years entered into force.

Implementation of IAS 1 "Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income" requires other comprehensive income to be broken down into items to be reclassified to profit or loss in subsequent periods and items to remain in other comprehensive income. The amendments to IAS 1 are mandatory for fiscal years starting on or after July 1, 2012.

The amendments associated with the new version of IAS 19 "Employee Benefits" affect RATIONAL in respect of how actuarial gains and losses are recognised in other comprehensive income. These must now be recognised immediately in other comprehensive income. The previous right to choose whether to recognise them in profit and loss or in other comprehensive income or to defer them using the corridor method has been abolished. RATIONAL used to recognise actuarial gains and losses immediately in administration and selling expenses in the income statement. The amendments to IAS 19 must be applied to fiscal years starting on or after January 1, 2013. The amended standard provides for retrospective application. Since the sums to be adjusted are insignificant, RATIONAL is only applying the amendment prospectively.

With the entry into force of IFRS 13 "Fair Value Measurement", the rules governing fair value measurement and the corresponding disclosures are summarised in a single standard. This standard affects RATIONAL in particular when determining the fair value of financial instruments and in the expanded notes. When determining the fair value, the credit risk of the contracting party is now additionally taken into account for financial assets, as is the own credit risk for financial liabilities. For this RATIONAL uses the value of the credit default swaps of the respective counterparty. For own default risk, the fair value market yield curve for companies with a comparable rating is used. IFRS 13 is mandatory for fiscal years starting on or after January 1, 2013.

The following new or amended standards which have no significant impact on the present interim financial statements also came into effect at the start of the fiscal year.

- > IFRS 1 "First-time Adoption of IFRS: Severe Hyperinflation and Removal of Fixed Dates of First-time Adopters"
- > IFRS 1 "First-time Adoption of IFRS: Government assistance"
- > IAS 12 "Deferred Taxes: Recovery of Underlying Assets"
- > IFRS 7 "Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities"
- > IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine"
- > Improvements to IFRS 2009 – 2011

Consolidated companies

On September 30, 2013, RATIONAL AG's consolidated group includes, besides the parent company RATIONAL AG, seven German and 21 foreign subsidiaries. The change compared to the balance sheet date (December 31, 2012) is the result of a sales company being set up in India in the first quarter of 2013. The entry in the Commercial Register and the payment of the equity capital of INR 17,500 thousand (approx. 252 thousand euros) was effected in March 2013. Compared to September 30, 2012 the consolidated companies included two new foreign subsidiaries. Besides the sales company in India, a sales company was set up in Mexico in November 2012.

Notes on financial instruments

The following table shows the carrying amounts and fair values of financial instruments. With the exception of derivative financial instruments, which are recognised at fair value, these instruments are carried at amortised cost in the balance sheet.

For the sake of simplicity due to the short residual maturity, it is generally assumed that the fair values of trade receivables, other current assets, trade accounts payable and other current liabilities are the same as their book values.

kEUR	Fair value hierarchy	Book value Sep. 30, 2013	Fair value Sep. 30, 2013	Book value Dec. 31, 2012	Fair value Dec. 31, 2012
Assets					
Trade receivables		71,387	71,387	65,941	65,941
Other financial assets					
Other current assets		543	543	233	233
Other non-current assets		312	308	355	352
Derivatives not in a hedging relationship	Level 2	56	56	60	60
Deposits with maturities of more than 3 months		85,000	85,072	80,000	80,048
Cash and cash equivalents		77,785	77,785	86,420	86,420
Financial assets		0	0	0	0
Liabilities					
Trade accounts payable		10,260	10,260	10,468	10,468
Other financial liabilities					
Other current liabilities		1,452	1,452	6,683	6,683
Derivatives not in a hedging relationship	Level 2	0	0	89	89
Liabilities from loans		24,661	26,878	25,288	27,789

During the reporting period, there were no reclassifications between the fair value hierarchy levels. If circumstances have occurred, which require the items to be classified differently, they will be reclassified at the end of the reporting period.

For the assessment of the fair value of derivatives, the valuations of the respective contracting party bank for the measurement date in question will be used, supplemented by the credit risk of the contracting party or of RATIONAL. The banks measure fair value on the basis of market data available as of the measurement date using recognised mathematical methods (discounted cash flow method for futures and swaps, the Black-Scholes method for options). To consider the default risks, RATIONAL uses the value of the credit default swaps of the respective counterparty. For own default risk, the fair value market yield curve for companies with a comparable rating is used. The effects of taking the credit risks into account have no significant impact on the level of the fair value of derivatives.

Notes on the Statement of Comprehensive Income

Since this year, sales with customers in Turkey have been allocated to “Europe” instead of to “Rest of the world”. Previous year’s figures have been adjusted accordingly.

There are foreign exchange rate gains of 2,738 thousand euros included in „Other operating income“ (2012: 4,300 thousand euros) and foreign exchange rate losses of 5,120 Tsd. Euro included in “Other operating expenses” (2012: 3,286 thousand euros).

Notes on the consolidated balance sheet

In fiscal year 2013, a loan of 1,620 thousand euros was taken out to finance investments in machinery.

Operating segments

The Group is exclusively active in the field of the thermal food preparation in professional kitchens. The reporting structure of the Group is geared to the RATIONAL and FRIMA brands. RATIONAL concentrates on cooking processes in which heat is transferred via steam, hot air or a combination of the two. FRIMA focuses on cooking applications in which food is cooked in liquid or with direct contact heat. Both segments include departments with responsibility for research and development, production, sales and marketing, service and administration.

Segment sales include both sales revenue from third parties and intercompany sales generated between Group companies across the segments. Intercompany sales are always based on arm's length prices. The segment profit is equivalent to the profit before interest and taxes of the respective segments. Also included in this, besides the segment sales, are all segment expenses except for taxes on earnings and the financial result.

The reconciliation column mainly reflects the effects of consolidation. It also includes differences between the internal reports submitted to management and the figures reported externally.

Associated companies and persons

In the first nine months of 2013, no significant transactions occurred with companies or individuals in any way associated with RATIONAL AG.



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