



FOCUS ON THE ESSENTIALS



Report on the first
9 months of 2014

Key Figures

in m EUR	3rd Quarter 2014	3rd Quarter 2013	Change absolute	Change in %	9 Months 2014	9 Months 2013	Change absolute	Change in %
Sales and earnings								
Sales	129.5	117.9	+11.6	+10	352.7	328.7	+24.0	+7
Sales abroad in %	86.5	86.3	+0.2	-	86.8	86.9	-0.1	-
Cost of sales	49.9	46.6	+3.3	+7	139.0	131.0	+8.0	+6
Sales and service expenses	29.8	25.8	+4.0	+16	90.5	81.5	+9.0	+11
Research and development expenses	4.6	4.0	+0.6	+14	13.3	11.8	+1.5	+12
General administration expenses	5.5	4.9	+0.6	+13	16.2	15.0	+1.2	+8
Earnings before interest and taxes (EBIT)	43.4	35.9	+7.5	+21	99.2	86.5	+12.7	+15
Net income	33.1	27.4	+5.7	+20	75.3	65.7	+9.6	+15
Balance sheet								
Balance sheet total					382.8	332.0	+50.8	+15
Working capital ¹⁾					93.8	80.9	+12.9	+16
Equity					276.4	237.7	+38.7	+16
Equity ratio in %					72.2	71.6	+0.6	-
Cash flow								
Cash flow from operating activities					69.8	71.6	-1.8	-3
Investments					14.0	8.8	+5.2	+59
Free cash flow ²⁾					55.8	62.8	-7.0	-11
Key figures RATIONAL shares								
Earnings per share (in EUR)					6.63	5.78	+0.85	+15
Quarter-end closing price ³⁾ (in EUR)					234.24	220.50	+13.74	+6
Market capitalization					2,663.3	2,507.1	+156.2	+6
Employees								
Number of employees as of 30 Sep					1,407	1,316	+91	+7
Number of employees (average)	1,424	1,325	+99	+7	1,393	1,310	+83	+6
Sales per employee (in kEUR)	90.9	89.0	+1.9	+2	253.2	251.0	+2.2	+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,

July this year was marked by two special events: The 300,000th SelfCookingCenter® left our manufacturing halls. The recipient is the well-known restaurant D.O.M. in São Paulo, Brazil. D.O.M. ranks number 7 among the “World’s 50 Best Restaurants”. The other event was the opening of our new service parts centre at our Landsberg am Lech site. At 7,700 square metres of space, this energy-efficient building offers sufficient capacity for all service parts required worldwide. With the help of the around 1,300 RATIONAL service partners, deliveries are often made on the same day, which is especially important for our customers.

Prompted by the new composition of the Executive Board, we have spent the past few months working on our strategy for the coming years. RATIONAL’s key success factors to date – commitment to customer benefit, concentration and specialisation – have been confirmed in this context and will be further strengthened. We will continue to grow organically in the future and invest in the qualitative and quantitative expansion of sales and marketing. We will realign our business with major customers (chains) and have identified excellent prospects for the future in this regard. The cornerstone of our success, from the customer’s perspective, is that the quality and reliability of our products and services are superior to those of our competitors. To maintain and increase our technological lead, we will continue to invest in research and development.

In the third quarter, we continued the growth trend of the second quarter and achieved year-on-year growth of 10%. Sales grew by 7% in the nine-month period. Germany and Europe were major drivers of this achievement. The FRIMA segment has experienced very good growth of 19% in the fiscal year to date.

We expanded by 8% in Germany in the first nine months, and by 15% in the rest of Europe. In the Americas and Asia, sales were again lower than in the previous year. Although regional business in both regions performed well, this was not enough to balance out partner and chain business development, which was down compared to the previous year.

Due to the positive company’s development in the first nine months, we confirm our previous forecast of continued positive sales and earnings performance for the full fiscal year 2014.

Dr. Peter Stadelmann
CEO of RATIONAL AG

Management Report

Economic Report

Economic conditions

Global economy continues to show positive growth

The estimated growth in global economic output of 3.2% for 2014 is still on course. In North America, experts are assuming an increase of over 2%. For Europe, the forecast has been cut to 1.2%. The reasons include the unexpectedly, adverse development in the second quarter, the persistent Russia/Ukraine crisis, deflation fears and a continuing weak economy in France and Italy. The prospects for Japan have improved significantly, with a growth rate of 1.1%. For Asia excluding Japan, a rise in economic output of 6.4% is forecast. In contrast, expectations for Latin America have been cut yet again, to 1.1%, due to a slow-down in current industrial growth and a fall in investment demand. Because of the crisis in Ukraine, the estimate for Russia has been downgraded compared with December 2013, from 2.4% to 0.5%. (Source: Deutsche Bank, October 2014)

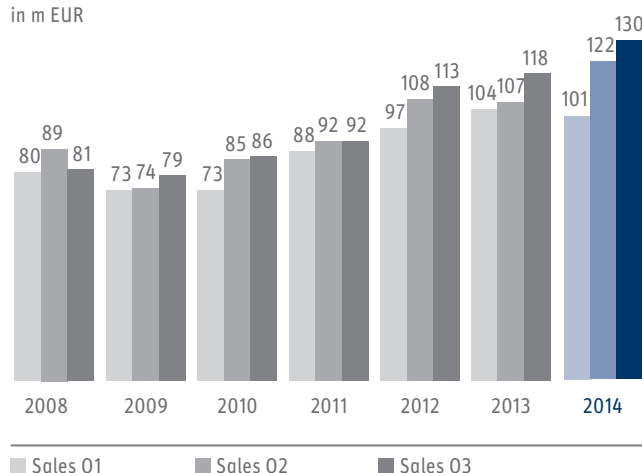
Net assets, financial position and results of operation

Sales grow by 10% in the third quarter

The strong year-on-year growth recorded in the second quarter continued in the third quarter, with an increase of 10%. In the first nine months of this year, sales rose by 7% to 352.7 million euros (2013: 328.7 million euros). After exchange rate adjustments, sales growth in the third quarter stood at 9%, while the nine-month growth rate was 8%.

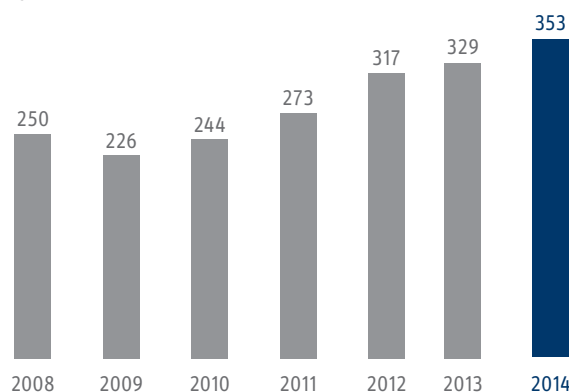
Sales by quarter

in m EUR



Sales in the first 9 months

in m EUR



The growth drivers of business in the year to date include Germany, the rest of Europe and FRIMA. In Europe, the UK market's performance was especially positive. This is firstly due to a law passed in February 2014, which guarantees all pupils in reception (years 1 and 2) a free school lunch from September 2014 on. This resulted in a non-recurring benefit, because many school kitchens chose to be equipped with RATIONAL appliances. Secondly, regional business is also performing very well. This helps us offset poor business in Russia. FRIMA, with significant growth of 19%, likewise posted a positive performance, driven by increased sales activities and positive developments in the export markets.

After nine months, sales in the Americas and Asia regions were down 8% and 10% year-on-year respectively. Adjusted for negative currency effects, the fall in the Americas was 4% and in Asia 7%. Whereas the regional business handled through our own sales people performed well both in the Americas and in Asia, we are still down, in both regions, on last year's figures in partner and chain business, which has experienced greater volatility.

Sales in the "Rest of the world" region grew by 31% year-on-year in the nine-month period.

61% gross margin, 28% EBIT margin

In the first nine months of 2014, gross profit rose slightly faster than sales to 213.7 million euros (2013: 197.7 million euros). At 61%, the gross margin remained at a high level (2013: 60%).

Operating costs rose by 11.8 million euros year-on-year to 120.0 million euros (2013: 108.3 million euros). The rise was, in essence, attributable to the Sales and Service division, which saw a rise of 11% to 90.5 million euros (2013: 81.5 million euros). Investments were made primarily in sales capacities to boost customer activities as well as in the market launch of the SelfCooking Center® 5 Senses and the table-top version of the VarioCooking Center MULTIFICIENCY®. In addition, we invested 13.3 million euros in research and development, 12% more than in the previous year (2013: 11.8 million euros). A total of 16.2 million was spent on Administration in the first nine months (2013: 15.0 million euros). This represents an increase of 8%.

Positive valuation effects on our foreign currency positions in other operating expenses and income had a significant impact on our EBIT (earnings before interest and taxes). They increased the EBIT for the first nine months by 6.0 million euros, after these effects had caused a 2.4 million euros reduction in the previous year.

EBIT stood at 99.2 million euros, 15% up on the previous year (2013: 86.5 million euros). An EBIT margin of 28% was achieved after nine months (2013: 26%). After exchange rate adjustments, EBIT was up 6.0 million euros compared to the previous year, while the EBIT margin stayed similar.

EBIT in the first 9 month

in m EUR

**72% equity ratio – high liquidity**

At 72% (2013: 72%) on 30 September 2014, the equity ratio was at its usual high level. Liquid funds, at 185.8 million euros (2013: 162.8 million euros), represent 49% of total assets (2013: 49%).

Cash flow

In the first nine months of 2014, our cash flow from operating activities was 69.8 million euros (2013: 71.6 million euros), slightly down on the previous year. The decline was primarily due to an increase in inventories, a smaller increase in provisions and higher tax payments.

The cash flow from investment activities includes, among other things, investments in intangible assets and property, plant and equipment. After nine months, these amounted to 14.0 million euros, up 5.1 million euros compared to the previous year. The main reason is the construction of the new service parts centre in Landsberg, which went live in July. Furthermore, long-term deposits fell by 21.0 million euros.

The cash flow from financing activities essentially reflects the dividend of 68.2 million euros distributed in May and stands at -71.4 million euros (2013: -66.2 million euros).

Segments**RATIONAL**

The RATIONAL segment, which covers the production and sale of the SelfCookingCenter® 5 Senses and the CombiMaster® Plus, grew its sales in the first nine months by 6% to 332.1 million euros (2013: 312.1 million euros). Segment earnings stood at 95.5 million euros, up 14% compared to the previous year (2013: 84.1 million euros).

FRIMA

FRIMA produces and markets the VarioCooking Center MULTIFICIENCY®. Segment sales in the first nine months were 23.5 million euros, up 19% compared to the previous year (2013: 19.8 million euros). Segment earnings stood at 3.8 million euros (2013: 2.4 million euros).

Corporate social responsibility

Employees

RATIONAL invests in developing young talents

The long-term success of companies depends critically on making preparations in good time, recruiting the best employees and developing them for the right jobs. With that in mind, we have long focused on filling future vacancies with skilled junior staff from within our own ranks. So far in 2014, we are training 72 apprentices in technical and business administration professions as industrial business managers, IT specialists, mechatronics engineers and industrial mechanics, as well as in dual courses of studies in electrical engineering, mechanical engineering, international business, hotel and restaurant management as well as business informatics.

Our trainee programme for university graduates is another key component of our strategic succession planning system. As part of this programme, we are training 30 junior employees in technical, sales and marketing, and business administration fields so we can assign them to future management and other key functions.

Expansion of sales capacities

The selective expansion to boost sales capacities, which began last year, continued in the fiscal year to date. In the last twelve months, we have taken on 58 people in sales and marketing. The regions of Europe, Asia and Latin America have been reinforced in particular.

With a total of 91 people taken on in the last 12 months, some 1,407 people (2013: 1,316) were employed around the world as at 30 September 2014, 805 of whom are in Germany (2013: 757).

Social responsibility

RATIONAL donates 21,000 euros to Herkomer Foundation

A major classical concert was performed at our Plant 3 for the second time. This year, the concert was devoted entirely to the 100th anniversary of the death of the famous artist Sir Hubert von Herkomer and to the Richard Strauss year (the composer's 150th birthday). Herkomer and Strauss, who achieved greatness in different fields, are both uniquely connected with our beautiful town of Landsberg. In Strauss' case, it is through his grandmother Juliane Riegg, who came from Landsberg. In Herkomer's case, it is through the village Waal, his birthplace, his extended holidays in Landsberg and the Herkomer estate on the river Lech, with its Mutterstock, a tower that has long been one of Landsberg's landmarks.

In composing his Alpine Symphony, Richard Strauss expressed his particular admiration for his Bavarian home, and especially the magnificent scenery at the foothills of the Bavarian Alps. To keep this heritage alive by performing the symphony in our manufacturing halls gives particular pleasure to RATIONAL as a Landsberg-based company. 1,400 guests enjoyed a wonderful concert. RATIONAL is donating the net proceeds of the evening, 21,000 euros, to the Herkomer Foundation in Landsberg. The Foundation is committed to refurbishing the Herkomer Museum so that Sir Hubert von Herkomer's paintings, sculptures and graphic works can be appreciated in an appropriate setting when it reopens.

Qualitative strengths

RATIONAL believes in sustainability

RATIONAL has always attached particular importance to treating the environment in a responsible manner. To minimise the Company's impact on the environment, the resource efficiency of our products and their production are being continuously improved. For RATIONAL, sustainable development means giving the same consideration to environmental concerns as to social and economic aspects.

RATIONAL's latest building project is a case in point. Completed in July 2014 and measuring 7,700 square metres, the service parts centre at the Landsberg site is impressive, especially in terms of energy efficiency. The building is heated by a geothermal heat pump and heat recovery ventilation. The lighting in the hall automatically adapts to the time of day and the natural ambient light. Its north-facing saw-tooth roof ensures optimal glare-free lighting from the outside.

In August 2014, RATIONAL received another sustainability award, the "Lean & Green Management Award 2014" in the "Manufacturing Industry SMEs" category. This award is given to companies that combine economic efficiency with resource efficiency. The Lean & Green consultants certified that RATIONAL was "impressively successful in terms of energy and water consumption as well as waste and sewage figures". "Customer-focused and business-minded employees are real-life values at RATIONAL," they continued. Ergonomics had been defined as a clear focus and the environment-friendly design was a firm target specified in the production guidelines, explained the jury.

Customer Innovation Award 2014

RATIONAL's corporate objective is to offer the greatest possible benefit for the people preparing hot food in commercial kitchens. We are, therefore, extremely pleased that RATIONAL has won the Customer Innovation Award 2014. This award is presented by the German Institute for Service Quality, DUB-UNTERNEHMER magazine and Goethe University Frankfurt am Main. Awards went to nine companies that had increased customer benefit and customer satisfaction through innovation. RATIONAL's SelfCookingCenter® 5 Senses placed first in the "Technology" category.

Outlook, opportunities and risk report

Outlook

Our superior products are highly appreciated by our customers around the globe. In conjunction with the large market potential and the mainly positive forecasts for the global economy, we are ideally positioned to further continue our growth.

This being the case, as well as the generally positive development in the sales regions, we can confirm the forecast we gave in the Annual Report 2013 of continued positive sales and earnings performance in fiscal year 2014.

Opportunities and risk report

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 in respect to the development of the global economy continue to represent an uncertainty factor for the development of the business. There are no significant changes to the report on risks and opportunities set out in the last consolidated financial statements.

Landsberg am Lech, 23 October 2014

RATIONAL AG

The Executive Board

RATIONAL shares

Volatile share price development

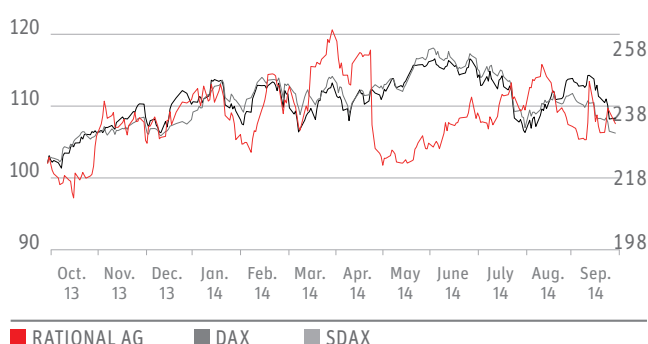
RATIONAL share prices remained volatile in the third quarter of 2014. On 30 September 2014, the share price closed at 234.24 euros. This gave a market capitalisation of 2.7 billion euros.

Since the IPO, the share price has risen by 17% a year on average. Including the dividends distributed, this equates to an average annual return of 21%.

Performance of RATIONAL shares in the last 12 months

Index: 30 September 2013 = 100

RATIONAL share price in EUR



Historical development of RATIONAL shares and relevant benchmark indices on 30 September 2014

	YTD	1 year	3 year	5 year	Since the IPO
RATIONAL AG (share price development)	-3%	+6%	+38%	+150%	+918%
RATIONAL AG (incl. dividends) ¹⁾	0%	+9%	+50%	+193%	+1,446%
DAX 30	-1%	+10%	+72%	+67%	+19%
SDAX	+1%	+7%	+59%	+96%	+115%

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

RATIONAL on the SDAX

After five years on the MDAX, RATIONAL AG shares were reclassified to the SDAX as of 22 September 2014. The composition of the index is determined by two criteria: market capitalisation and order book turnover, which are reviewed twice a year. Because of the small proportion (29%) of shares in free float, it was to be expected that, given the low order book turnover, RATIONAL AG would be included in the SDAX again.

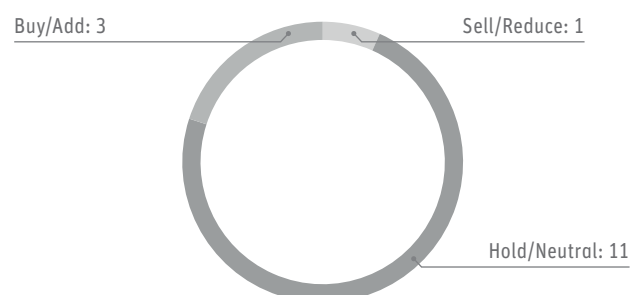
Analysts' ratings

At the balance sheet date, 15 banks published detailed analyses and investment recommendations for RATIONAL shares. The analysts are convinced of the Company's high quality and exceptional earning power.

The majority of analysts rate the Company's shares at the present price level as fair and hence recommend holding them.

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

Analysts' ratings



Status: 30 September 2014

Statement of Comprehensive Income

For the period 1 January - 30 September

kEUR	3rd Quarter 2014	3rd Quarter 2013	9 Months 2014	9 Months 2013
Sales	129,471	117,914	352,708	328,745
Cost of sales	-49,850	-46,620	-138,976	-131,004
Gross profit	79,621	71,294	213,732	197,741
Sales and service expenses	-29,799	-25,761	-90,544	-81,450
Research and development expenses	-4,594	-4,042	-13,308	-11,840
General administration expenses	-5,484	-4,851	-16,196	-15,008
Other operating income	4,825	2,032	8,636	4,234
Other operating expenses	-1,194	-2,775	-3,114	-7,223
Earnings before interest and taxes (EBIT)	43,375	35,897	99,206	86,454
Interest and similar income	164	114	457	351
Interest and similar expenses	-183	-243	-800	-733
Earnings from ordinary activities (EBT)	43,356	35,768	98,863	86,072
Income taxes	-10,298	-8,333	-23,530	-20,395
Net income	33,058	27,435	75,333	65,677
Items that may be reclassified to profit and loss in the future:				
Differences from currency translation	335	-92	436	-604
Other comprehensive income	335	-92	436	-604
Total comprehensive income	33,393	27,343	75,769	65,073
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 net income and the number of shares	2.91	2.41	6.63	5.78

Balance Sheet

Assets

kEUR	30 Sep 2014	30 Sep 2013	31 Dec 2013
Non-current assets	75,473	64,530	66,893
Intangible assets	1,971	1,608	1,671
Property, plant and equipment	66,613	58,037	59,201
Financial assets	0	0	0
Other non-current assets	1,260	312	1,120
Deferred tax assets	5,629	4,573	4,901
Current assets	307,351	267,440	310,402
Inventories	30,246	26,879	27,169
Trade receivables	81,448	71,387	75,863
Other current assets	9,831	6,389	7,249
Deposits with maturities of more than 3 months	75,000	85,000	96,000
Cash and cash equivalents	110,826	77,785	104,121
Balance sheet total	382,824	331,970	377,295

Equity and Liabilities

kEUR	30 Sep 2014	30 Sep 2013	31 Dec 2013
Equity	276,395	237,657	268,846
Subscribed capital	11,370	11,370	11,370
Capital reserves	28,058	28,058	28,058
Retained earnings	239,107	200,427	231,994
Other components of equity	-2,140	-2,198	-2,576
Non-current liabilities	31,514	25,102	34,882
Provisions for pensions	743	757	780
Other non-current provisions	3,167	2,859	2,963
Non-current liabilities to banks	27,604	21,486	31,139
Current liabilities	74,915	69,211	73,567
Current income tax liabilities	6,203	7,109	11,097
Current provisions	36,232	34,948	26,766
Current liabilities to banks	4,382	3,175	3,236
Trade accounts payable	11,725	10,260	11,995
Other current liabilities	16,373	13,719	20,473
Liabilities	106,429	94,313	108,449
Balance sheet total	382,824	331,970	377,295

Cash Flow Statement

For the period 1 January - 30 September

kEUR	9 Months 2014	9 Months 2013
Earnings from ordinary activities	98,863	86,072
Cash flow from operating activities	69,757	71,621
Changes of fixed deposits with maturities of more than 3 months	21,000	-5,000
Cash flow from other investing activities	-13,308	-8,505
Cash flow from investing activities	7,692	-13,505
Cash flow from financing activities	-71,409	-66,169
Net changes in cash and cash equivalents	6,040	-8,053
Changes in cash from exchange rate fluctuations	665	-582
Change in cash funds	6,705	-8,635
Cash and cash equivalents on 1 Jan	104,121	86,420
Cash and cash equivalents on 30 Sep	110,826	77,785

Statement of Changes in Equity

kEUR	Subscribed capital	Capital reserves	Retained earnings	Other components of equity	Total
Balance on 1 Jan 2013	11,370	28,058	199,559	-1,594	237,393
Dividend	–	–	-64,809	–	-64,809
Total comprehensive income	–	–	65,677	-604	65,073
Balance on 30 Sep 2013	11,370	28,058	200,427	-2,198	237,657
Balance on 1 Jan 2014	11,370	28,058	231,994	-2,576	268,846
Dividend	–	–	-68,220	–	-68,220
Total comprehensive income	–	–	75,333	436	75,769
Balance on 30 Sep 2014	11,370	28,058	239,107	-2,140	276,395

Notes

Sales by region¹⁾

kEUR	9 Months 2014	% of total	Y-o-y-change in %	9 Months 2013	% of total
Germany	46,507	13	+8	43,210	13
Europe (excluding Germany)	189,199	54	+15	164,768	50
Americas	53,725	15	-8	58,154	18
Asia	40,729	12	-10	45,422	14
Rest of the world ²⁾	22,548	6	+31	17,191	5
Total	352,708	100	+7	328,745	100

¹⁾ Revenue by customer location

²⁾ Australien, Neuseeland, Naher/Mittlerer Osten, Afrika

Operating segments

9 Months 2014

kEUR	RATIONAL	FRIMA	Total of segments	Reconciliation	Group
External sales	330,739	21,958	352,697	11	352,708
Intercompany sales	1,327	1,504	2,831	-2,831	–
Segment sales	332,066	23,462	355,528	-2,820	352,708
Segment result	95,512	3,793	99,305	-99	99,206
Financial result	–	–	–	–	-343
Earnings before taxes	–	–	–	–	98,863

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

Fundamental accounting principles

The consolidated quarterly report has been prepared in compliance with the International Financial Reporting Standards (IFRS). The same accounting and valuation methods were used as in the last consolidated financial statements. The IAS 34 rules on interim financial reporting were applied.

With the start of the fiscal year the following new or amended standards which were not applied voluntarily in previous years entered into force. These have little or no significant impact on the present consolidated quarterly report:

- > Amendment to IAS 32 “Financial instruments: presentation - offsetting financial assets and financial liabilities”
- > Amendment to IAS 36 “Impairment of assets – recoverable amount of disclosures for non-financial assets”
- > Amendment to IAS 39 “Financial instruments: recognition and measurement – novation of derivatives and continuation of hedge accounting”
- > Amendment to IAS 27 “Separate financial statements”
- > Amendment to IAS 28 “Investments in associates and joint ventures”
- > IFRS 10 “Consolidated financial statements”
- > IFRS 11 “Joint arrangements”
- > IFRS 12 “Disclosure of interest in other entities”
- > Amendment to IFRS 10 “Consolidated financial statements”, IFRS 11 “Joint arrangements” and IFRS 12 “Disclosure of interests in other entities”: transition guidance
- > Amendment to IFRS 10 “Consolidated financial statements”, IFRS 12 “Disclosure of interests in other entities”, IAS 27 “Separate financial statements”: investment entities

Consolidated companies

On 30 September 2014 seven domestic and 21 foreign subsidiaries, in addition to RATIONAL AG as the parent company, were included in the interim financial statements. The consolidated group has not changed compared to the balance sheet dates on 31 December 2013 and 30 September 2013.

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.

Because of the short maturities, it is assumed that for reasons of simplicity the fair values are equivalent to the carrying amounts for trade receivables, other current assets, cash and cash equivalents, trade accounts payable and other current liabilities.

kEUR	Fair value hierarchy	Book value 30 Sep 2014	Fair value 30 Sep 2014	Book value 31 Dec 2013	Fair value 31 Dec 2013
Assets					
Trade receivables		81,448		75,863	
Other financial assets					
Other current assets		417		735	
Other non-current assets		265	264	86	85
Derivatives not in a hedging relationship	Level 2	1,195	1,195	53	53
Deposits with maturities of more than 3 months		75,000	75,006	96,000	96,088
Cash and cash equivalents		110,826		104,121	
Financial assets		0	0	0	0
Liabilities					
Trade accounts payable		11,725		11,995	
Other financial liabilities					
Other current liabilities		1,528		6,580	
Derivatives not in a hedging relationship	Level 2	316	316	54	54
Liabilities from loans		31,986	35,188	34,375	36,503

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

For the assessment of the fair value of derivatives, the valuations, with zero impact on credit rating of the respective counterparty bank for the measurement date in question will be used, supplemented by the credit risk of the contracting party or 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 forwards and swaps, the Black-Scholes method for options). To take account of the credit risk RATIONAL uses the value of the respective contracting party's credit default swap or for the own credit risk an interest curve corresponding to the average value of corporate bonds with a comparable credit-rating after deduction of the money market rate.

Notes on the Statement of Comprehensive Income

There are foreign exchange rate gains of 7,537 thousand euros included in "Other operating income" (2013: 2,738 thousand euros) and foreign exchange rate losses of 1,576 thousand euros in "Other operating expenses" (2013: 5,120 thousand euros).

Notes on the Consolidated Balance Sheet

Compared with 31 December 2013, positive price changes in derivative financial instruments as well as customs duty and value added tax prepayments led to an increase in other current assets.

The fall in current income tax liabilities compared with 31 December 2013 results from tax payments for the current and previous years. The reduction in other current liabilities was attributable to a decline in liabilities to trade partners and lower wage and church tax liabilities.

Operating segments

The Group is exclusively concerned with 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 by means of 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, manufacturing, sales and service, as well as administration.

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

The reconciliation column mainly reflects the effects of consolidation. In addition, differences between the internal reports submitted to management and the externally reported figures are included.

Related parties

In the first nine months of 2014, no significant transactions occurred with companies or individuals in any way related to RATIONAL AG.



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