



AT HOME
IN THE WORLD'S
PROFESSIONAL KITCHENS

Report on the first
9 months of 2015

Key Figures

in m EUR	3rd Quarter 2015	3rd Quarter 2014	Change absolute	Change in %	9 Months 2015	9 Months 2014	Change absolute	Change in %
Sales and earnings								
Sales revenues	143.0	129.5	+13.5	+10	403.5	352.7	+50.8	+14
Sales revenues abroad in %	86.6	86.5	+0.1	-	87.0	86.8	+0.2	-
Cost of sales	52.8	49.9	+2.9	+6	152.6	139.0	+13.6	+10
Sales and service expenses	32.1	29.8	+2.3	+8	99.3	90.5	+8.8	+10
Research and development expenses	4.6	4.6	+0.0	-0	16.5	13.3	+3.2	+24
General administration expenses	6.5	5.5	+1.0	+19	18.9	16.2	+2.7	+17
Earnings before interest and taxes (EBIT)	42.2	43.4	-1.2	-3	116.1	99.2	+16.9	+17
Net income	32.5	33.1	-0.6	-2	88.6	75.3	+13.3	+18
Balance sheet								
Balance sheet total					437.3	382.8	+54.5	+14
Working capital ¹⁾					99.8	93.8	+6.0	+6
Equity					322.8	276.4	+46.4	+17
Equity ratio in %					73.8	72.2	+1.6	-
Cash flow								
Cash flow from operating activities					97.0	69.8	+27	+39
Investments					8.6	14.0	-5	-39
Free cash flow ²⁾					88.4	55.8	+33	+59
Key figures RATIONAL shares								
Earnings per share (in EUR)					7.79	6.63	+1.16	+18
Quarter-end closing price ³⁾ (in EUR)					357.45	234.24	+123.21	+53
Market capitalization					4,064.2	2,663.3	+1,400.9	+53
Employees								
Number of employees as of 30 Sep					1,517	1,407	+110	+8
Number of employees (average)	1,517	1,424	+93	+7	1,490	1,393	+97	+7
Sales per employee (in kEUR)	94.2	90.9	+3.3	+4	270.8	253.2	+17.6	+7

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,

As announced last month, Erich Baumgärtner will step down as Chief Financial Officer at the end of the year, after more than 17 successful years on RATIONAL's Executive Board. With his commitment and wealth of expertise, he successfully facilitated the internationalisation of RATIONAL and turned it into one of the most recognised companies on the German stock market. I would like to take this opportunity to thank Mr Baumgärtner most sincerely for his great commitment to RATIONAL and his many years of work in the interest of our customers. We are delighted that he will continue to be available in a consulting capacity even after he has stepped down from his position.

Mr Baumgärtner will be succeeded by Dr Axel Kaufmann at the beginning of 2016. With his broad financial and industrial background at an international level, Dr Kaufmann's skills and experience make him a first-rate successor for the position of Chief Financial Officer. He joined our company on 1 October 2015 and will gradually assume the tasks for which he will be responsible in the future. Together with him, we will continue to drive the ongoing internationalisation successfully while at all times placing customer benefits at the heart of our actions.

The figures underlying our business performance to date are an excellent basis for this. RATIONAL continued to grow in the third quarter, generating sales revenues of 143.0 million euros. This is equivalent to a growth rate of 10%. In the first nine months, sales revenues rose by 14% in total to 403.5 million euros.

The biggest contributors to growth were the individual markets in the USA and Germany. Growth in the Europe region was 6% after nine months. In the year-on-year comparison, it has to be taken into account that a positive special factor affected the third quarter of 2014 because of the schools business in the UK. Besides this, performance in Russia has been considerably weaker this year due to the difficult political situation. Sales revenues also increased again in Asia, Latin America and the "Rest of the world". FRIMA expanded by 14% in the nine-month period, thus performing in line with our expectations.

A particularly positive factor for us is that growth is primarily driven by broadly based core business with small and medium-sized customers, who account for the main part of our sales. But we are also pleased to be cooperating successfully with chain customers. This is a confirmation for us that we are able to offer the greatest benefit to the different customer groups we target and thus support them in their work in the best possible way.

Given our business performance to date, we can confirm our previous outlook of a continued positive sales and earnings performance for financial year 2015.

Dr Peter Stadelmann
CEO of RATIONAL AG

Management Report

Economic Report

Economic conditions

Global economic growth forecast for 2015 virtually unchanged

The estimated growth in global economic output of 3.3% for 2015 is still on course. For China, the forecast has been reduced slightly to 6.8% in light of the latest developments and the comparatively weak economy. Brazil and Russia are still in a recession, and economic output is expected to decline by 1.5% and 3.4% respectively in 2015. The growth forecast for the USA and Latin America has been lifted slightly and now stands at 2.5% and 0.5%. The growth outlook for the eurozone (+1.5%) and Asia (+6.6%) has largely remained unchanged. Overall, economic experts are predicting a slowdown in growth for the global economy, but there are no expectations of another global economic crisis. (Source: Warburg, October 2015)

Net revenues assets, financial position and results of operations

Sales revenues grew by 14% in the first nine months

Year-on-year growth was 10% in the third quarter. In the first nine months, our sales revenues increased by 14% year-on-year to 403.5 million euros (previous year: 352.7 million euros).

After exchange rate adjustments, sales growth in the third quarter stood at 9%, while the nine-month growth rate was 11%. In particular, the US dollar and pound sterling strengthened against the euro. Conversely, fluctuations in the rate of the Russian rouble had a negative impact on sales revenues in the nine-month period.

The main driver of business performance to date has been the Americas region, where sales revenues expanded by 39%. Especially the USA and Mexico delivered convincing growth rates. In addition to good business performance in general, this was also due to positive currency effects. After exchange rate adjustments, growth in the Americas stands at 25%. Our well-developed home market of Germany also continued to perform well, generating growth of 13%.

Sales revenues in Europe (excluding Germany) increased by 6% in the nine-month period. It should be borne in mind in this context that the comparable period in 2014 was particularly strong thanks to many school kitchens in the UK being equipped with RATIONAL appliances. Poor business in Russia was offset by positive trends in other European countries.

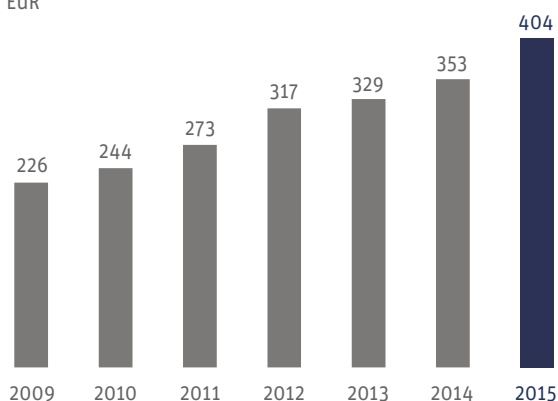
In Asia, sales revenues increased by 24% year-on-year in the first nine months. Positive sales growth in all regions contributed to this rise.

Sales revenues in the "Rest of the world" region grew by 12% year-on-year in the nine-month period.

FRIMA performed particularly well in the third quarter, delivering an increase of 19%. In the nine-month period, FRIMA's sales revenues rose by 14% year-on-year and are thus in line with our expectations overall.

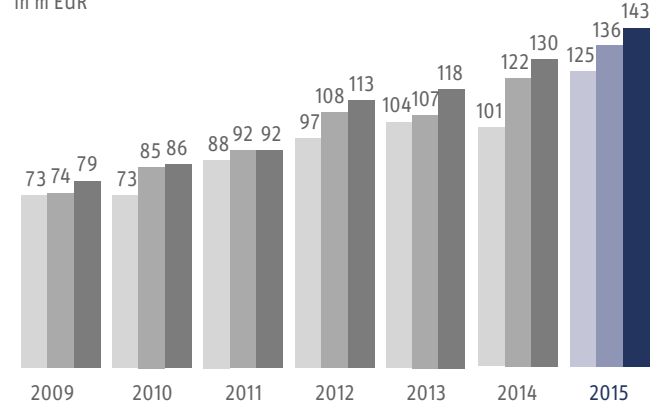
Sales revenues in the first 9 months

in m EUR



Sales revenues by quarter

in m EUR



■ Sales revenues Q1 ■ Sales revenues Q2 ■ Sales revenues Q3

62% gross margin, 29% EBIT margin

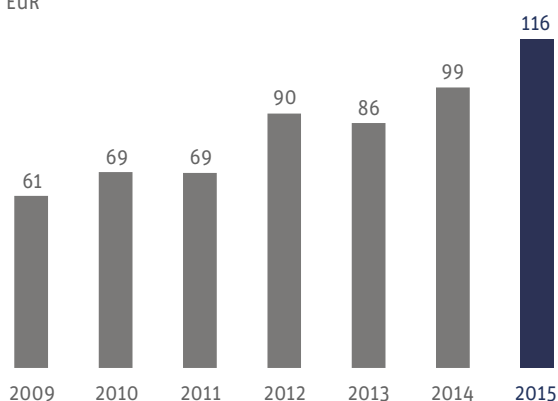
In the first nine months of 2015, we achieved gross profit on sales of 250.9 million euros (previous year: 213.7 million euros). The gross margin of 62% slightly exceeded the previous year's high level of 61%. The good gross margin was primarily attributable to efficiency gains in manufacturing, as well as positive contributions from exchange rate and commodity price movements.

Operating costs rose by 12%, or 14.7 million euros, compared with the first nine months of 2014, to 134.7 million euros (previous year: 120.0 million euros). The rise was largely attributable to the sales and service divisions, which saw a rise of 10% to 99.3 million euros (previous year: 90.5 million euros). Investments were above all made in expanding sales capacities. IAS 38.57 requires us for the first time to recognise development costs as an asset. Despite the capitalisation of development costs in the amount of 1.7 million euros, research and development expenses rose by 24% year-on-year to 16.5 million euros in the first nine months of 2015 (previous year: 13.3 million euros). Adjusted for the effect of the capitalisation, research and development expenses increased by 37%. A total of 18.9 million was spent on administration in the first nine months (previous year: 16.2 million euros). This represents an increase of 17%.

Translation effects on our foreign currency positions in other operating expenses and income had a negative impact on our EBIT (earnings before interest and taxes) in the third quarter. This led to a decrease of 0.3 million euros in nine-month earnings. In the first nine months of the previous year, the corresponding effect had been positive at 6.0 million euros.

EBIT in the first 9 month

in m EUR



EBIT stood at 116.1 million euros, 17% up on the previous year (99.2 million euros) and an EBIT margin of 29% was achieved after nine months (previous year: 28%). After exchange rate adjustments, EBIT was 14.4 million euros (+15%) up on the previous year, with an EBIT margin of 28% (previous year: 26%).

74% equity ratio – high liquidity

At 74% (previous year: 72%) on 30 September 2015, the equity ratio was at its usual high level. Liquid funds, at 232.5 million euros (previous year: 185.8 million euros), represented 53% of total assets (previous year: 49%).

Cash flows

In the first nine months of 2015, our cash flow from operating activities was 97.0 million euros, significantly up on the previous year (69.8 million euros). The increase is primarily due to the higher net profit and an increase in provisions.

The cash flow from investing activities includes investments in property, plant and equipment and in intangible assets. After nine months, these amounted to 8.6 million euros, 5.4 million euros down on the previous year. While in 2014 investments were made in the new service parts centre in Landsberg, there was capital expenditure on the modernisation of buildings, and development costs of 1.7 million euros were recognised as intangible assets for the first time in 2015.

The cash flow from financing activities reflects the dividend of 77.3 million euros distributed in April; it stands at -81.6 million euros as at the end of the nine-month period (previous year: -71.4 million euros).

Segments**RATIONAL**

The RATIONAL segment, which represents the production and sale of the SelfCooking Center® 5 Senses and the CombiMaster® Plus, grew its sales revenues in the first nine months by 14% to 379.6 million euros (previous year: 332.1 million euros). Segment earnings amounted to 111.4 million euros, 17% up on the previous year (95.5 million euros).

FRIMA

FRIMA produces and markets the VarioCookingCenter MULTIFICIENCY®. Segment sales revenues in the first nine months were 26.8 million euros, 14% up on the previous year (23.5 million euros). Segment earnings amounted to 4.5 million euros, an increase of 19% compared with the previous year (3.8 million euros).

Customer Benefit as our Overriding Corporate Goal

RATIONAL appliances assist Oktoberfest caterers

RATIONAL again provided combi steamers to around 70% of the beer tents at this year's Oktoberfest. The large tents in particular have opted for RATIONAL for a number of years now. The Oktoberfest caterers were won over not only by the highly reliable appliances, but also the excellent cooking result, automatic cleaning and on-site service. An additional benefit is that the appliances are suitable for a wide variety of applications. Whether it's legs of pork, spare ribs, grilled beef, duck, sausages, vegetables or potato gratin – RATIONAL helps Oktoberfest caterers achieve perfect, stress-free meal preparation. The positive feedback confirms the success of our customer benefit strategy.

Continuing education with the Academy RATIONAL

For RATIONAL, training for customers is a very important component of the successful customer benefit strategy. This includes making sure that the possibilities and earnings potential of RATIONAL appliances are used to their full advantage. The Academy RATIONAL offers chefs the opportunity to obtain information and continuous training on the latest techniques, trends and preparation methods. In addition to free-of-charge basic training, chargeable seminars have been offered as follow-up training from this year onwards. There is a programme tailored to the specific customer requirements in any kitchen – from the restaurant and hotel to the kindergarten or hospital. The feedback from participants has been positive throughout. In addition to new ideas and helpful practical tips, the delegates receive extensive course notes and attendance certificates. These seminars, which have to date been presented in Germany, Austria and Switzerland, are now to be rolled out to other countries. In the UK and Scandinavia, corresponding follow-up courses will be held as early as 2016.

Latin America "Trade Partner Summit"

RATIONAL attaches particular importance to the kind of personal advice and professional service that only specialist dealers can provide. It is all the more important to train dealers regularly in order to familiarise them with the values of RATIONAL's corporate philosophy so that they can apply this know-how for the benefit of the end customer. With this in mind, RATIONAL organises regular events for dealers from the various sales regions. In August, for example, specialist dealers from the Latin America region were invited to the Latin America "Trade Partner Summit" at the Landsberg location. In total, over 30 external trade partners from all over Latin America took part in the event. The programme included a tour of

the plant, a meeting with the RATIONAL Executive Board and a presentation by guest speaker Axel Weber (former Bundesbank President) on "How can dealers sell their benefits?". Workshops and various team events designed to give attendants the opportunity to exchange views and to network completed the programme.

Corporate Social Responsibility: Employees and Human Resources Development

At 30 September 2015, 1,517 people were employed worldwide (previous year: 1,407), 857 of whom were in Germany (previous year: 805).

RATIONAL promotes young talents

Committed and well-trained professionals are the key to corporate success. The consistent promotion of young talents is a matter particularly close to our hearts. RATIONAL regularly trains young people so it can fill future vacancies with skilled junior staff from within its own ranks. On 1 September 2015, 22 apprentices started their professional training as mechatronics engineers, industrial mechanics, industrial business managers, IT specialists, as well as in dual courses of studies in international business, mechanical engineering and mechatronics. RATIONAL employs 78 apprentices in total. For us, training young people is an important investment in the future of our company.

The young talent programme to facilitate internal promotion of selected university graduates is a fixed element of our corporate culture. The aim is to fill future management and other key positions internally with highly trained employees. During this programme, the junior employees are deployed in different processes each for around 12 to 24 months and have the opportunity not only to acquire expertise in various areas, but also to understand how the system is interconnected and to build a network throughout the company. At present, 37 young talents work in technical, sales and marketing and business administration fields. Out of this total, eleven people are currently based at the subsidiaries in France, Switzerland, Austria, India and the USA. Through the foreign assignment, young people are given an insight into other countries, develop intercultural understanding and thus gain the experience that is increasingly becoming more important in the globalised world of business.

“Entrepreneur in the Company” (U.i.U®)

RATIONAL's strengths include its special employees. Long-term corporate success can only be ensured with well trained, committed employees, who give their best day after day and act in the interest of the entire company. At RATIONAL employees act like “Entrepreneurs in the Company”. This means that they know and master their tasks, are happy to make decisions and take responsibility for them. They work with other RATIONAL employees on an equal footing and make decisions holistically. In order to prepare employees optimally for these tasks and to develop improvement suggestions, RATIONAL has been conducting U.i.U.® workshops across all processes for a number of years. The aim is to achieve continuous improvement and in this way to make progress every day towards the overriding corporate goal “to offer people working in commercial kitchens the most beneficial solutions for their cooking tasks”.

Social Responsibility

“Classics at Plant 3”

Another event marking the links between RATIONAL and the town of Landsberg was held in September. As in the past two years, RATIONAL hosted the popular charity concert, “Classics at Plant 3”. With an audience of around 1,500 people, it is now regarded as a major musical event in the Landsberg region.

This year's proceeds from ticket sales of around 21,000 euros will again be donated to a charitable cause.

Outlook, Opportunities and Risk Report

Outlook report

Our products are superior in the eyes of customers and are highly appreciated by them around the globe. In conjunction with the large market potential and the, on balance, positive forecasts for the global economy, we are well placed to keep on growing in the future.

In view of that, as well as the development in the sales regions to date, we can confirm the growth forecast for financial year 2015 we gave in the Annual Report 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 of 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, 30 October 2015

RATIONAL AG
The Executive Board

RATIONAL Shares

RATIONAL share price stabilises at high level

Bucking the downward trend of the DAX and SDAX, RATIONAL's share price remained stable in the third quarter of 2015. On 3 August 2015, the share price reached a new high of 375.90 euros. It closed at 357.45 euros on 30 September 2015. This gave a market capitalisation of 4.1 billion euros.

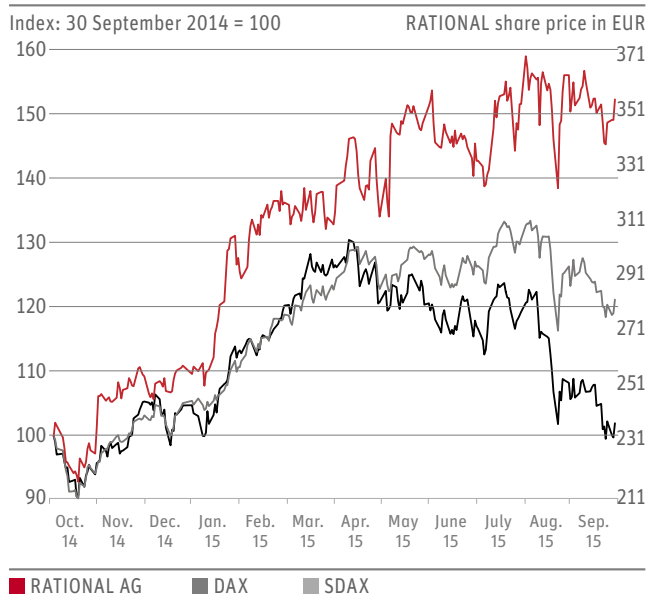
Since the IPO, the share price has risen by 19% a year on average. Including the dividends distributed, this equates to an average annual return of 23%.

Analysts' ratings

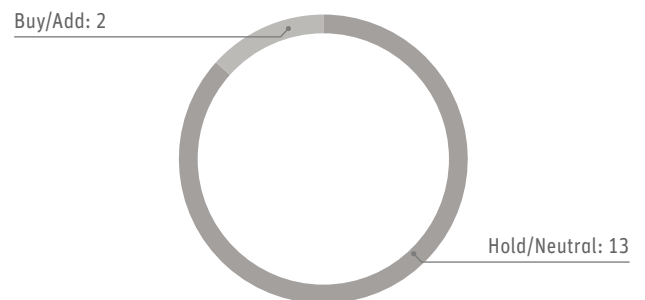
At the balance sheet date, 15 banks published detailed analyses and investment recommendations for RATIONAL shares. The analysts are convinced of the Company's high quality and exceptional earning power. The majority of analysts rate the Company's shares at the present price level as fair and hence recommend holding them.

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

Performance of RATIONAL shares in the last 12 months



Analysts' ratings



Status: 30 September 2015

Historical development of RATIONAL shares and relevant benchmark indices on 30 September 2015

	YTD	1 year	3 year	5 year	Since the IPO
RATIONAL AG (share price development)	+38%	+53%	+83%	+136%	+1,454%
RATIONAL AG (incl. dividends) ¹⁾	+41%	+56%	+97%	+175%	+2,309%
DAX 30	-1%	+2%	+34%	+55%	+21%
SDAX	+16%	+21%	+66%	+90%	+161%

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

Statement of Comprehensive Income

For the period 1 January - 30 September

kEUR	3rd Quarter 2015	3rd Quarter 2014	9 Months 2015	9 Months 2014
Sales revenues	142,952	129,471	403,479	352,708
Cost of sales	-52,779	-49,850	-152,625	-138,976
Gross profit	90,173	79,621	250,854	213,732
Sales and service expenses	-32,062	-29,799	-99,297	-90,544
Research and development expenses	-4,588	-4,594	-16,488	-13,308
General administration expenses	-6,539	-5,484	-18,870	-16,196
Other operating income	1,066	4,825	10,060	8,636
Other operating expenses	-5,879	-1,194	-10,154	-3,114
Earnings before interest and taxes (EBIT)	42,171	43,375	116,105	99,206
Interest and similar income	163	164	459	457
Interest and similar expenses	-268	-183	-768	-800
Earnings from ordinary activities (EBT)	42,066	43,356	115,796	98,863
Income taxes	-9,590	-10,298	-27,212	-23,530
Net income	32,476	33,058	88,584	75,333
Items that may be reclassified to profit and loss in the future				
Differences from currency translation	-571	335	857	436
Other comprehensive income	-571	335	857	436
Total comprehensive income	31,905	33,393	89,441	75,769
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	2.86	2.91	7.79	6.63

Balance Sheet

Assets

kEUR	30 Sep 2015	30 Sep 2014	31 Dec 2014
Non-current assets	77,925	75,473	75,943
Intangible assets	3,881	1,971	2,232
Property, plant and equipment	67,273	66,613	66,747
Financial assets	0	0	0
Other non-current assets	1,681	1,260	1,954
Deferred tax assets	5,090	5,629	5,010
Current assets	359,413	307,351	347,455
Inventories	30,303	30,246	30,289
Trade receivables	85,127	81,448	82,902
Other current assets	11,472	9,831	8,862
Deposits with maturities of more than 3 months	95,900	75,000	119,000
Cash and cash equivalents	136,611	110,826	106,402
Balance sheet total	437,338	382,824	423,398

Equity and Liabilities

kEUR	30 Sep 2015	30 Sep 2014	31 Dec 2014
Equity	322,797	276,395	310,672
Subscribed capital	11,370	11,370	11,370
Capital reserves	28,058	28,058	28,058
Retained earnings	285,105	239,107	273,837
Other components of equity	-1,736	-2,140	-2,593
Non-current liabilities	28,357	31,514	31,151
Provisions for pensions	771	743	807
Other non-current provisions	4,348	3,167	3,930
Non-current liabilities to banks	22,897	27,604	26,414
Deferred tax liabilities	341	0	0
Current liabilities	86,184	74,915	81,575
Current income tax liabilities	12,219	6,203	8,988
Current provisions	39,337	36,232	31,087
Current liabilities to banks	6,209	4,382	6,218
Trade accounts payable	12,860	11,725	12,403
Other current liabilities	15,559	16,373	22,879
Liabilities	114,541	106,429	112,726
Balance sheet total	437,338	382,824	423,398

Cash Flow Statement

For the period 1 January - 30 September

kEUR	3rd Quarter 2015	3rd Quarter 2014	9 Months 2015	9 Months 2014
Earnings from ordinary activities	42,066	43,356	115,796	98,863
Cash flow from operating activities	43,724	41,829	96,975	69,757
Changes of fixed deposits with maturities of more than 3 months	-25,900	-44,000	23,100	21,000
Cash flow from other investing activities	-4,622	-3,525	-8,013	-13,308
Cash flow from investing activities	-30,522	-47,525	15,087	7,692
Cash flow from financing activities	-1,668	-1,076	-81,610	-71,409
Net changes in cash and cash equivalents			30,452	6,040
Changes in cash from exchange rate fluctuations			-243	665
Change in cash funds			30,209	6,705
Cash and cash equivalents on 1 Jan			106,402	104,121
Cash and cash equivalents on 30 Sep			136,611	110,826

Statement of Changes in Equity

kEUR	Subscribed capital	Capital reserves	Retained earnings	Other components of equity	Total
Balance on 1 Jan 2015	11,370	28,058	273,837	-2,593	310,672
Dividend	-	-	-77,316	-	-77,316
Total comprehensive income	-	-	88,584	857	89,441
Balance on 30 Sep 2015	11,370	28,058	285,105	-1,736	322,797
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 region ¹⁾

kEUR	3rd Quarter 2015	% of total	Y-o-y-change in %	3rd Quarter 2014	% of total
Germany	19,212	13	+10	17,420	13
Europe (excluding Germany)	69,802	49	+6	66,097	51
Americas	26,625	19	+24	21,483	17
Asia	16,789	12	+9	15,334	12
Rest of the world ²⁾	10,524	7	+15	9,137	7
Total	142,952	100	+10	129,471	100

kEUR	9 Months 2015	% of total	Y-o-y-change in %	9 Months 2014	% of total
Germany	52,336	13	+13	46,507	13
Europe (excluding Germany)	201,023	50	+6	189,199	54
Americas	74,452	18	+39	53,725	15
Asia	50,398	13	+24	40,729	12
Rest of the world ²⁾	25,270	6	+12	22,548	6
Total	403,479	100	+14	352,708	100

¹⁾ Revenue by customer location

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

Operating segments**3rd Quarter 2015**

kEUR	RATIONAL	FRIMA	Total of segments	Reconciliation	Group
External sales revenues	132,789	10,121	142,910	42	142,952
Intercompany sales revenues	566	646	1,212	-1,212	-
Segment sales revenues	133,355	10,767	144,122	-1,170	142,952
Segment result	39,341	2,533	41,874	297	42,171
Financial result	-	-	-	-	-105
Earnings before taxes	-	-	-	-	42,066

3rd Quarter 2014

kEUR	RATIONAL	FRIMA	Total of segments	Reconciliation	Group
External sales revenues	120,907	8,557	129,464	7	129,471
Intercompany sales revenues	457	464	921	-921	-
Segment sales revenues	121,364	9,021	130,385	-914	129,471
Segment result	41,083	2,286	43,369	6	43,375
Financial result	-	-	-	-	-19
Earnings before taxes	-	-	-	-	43,356

9 Months 2015

kEUR	RATIONAL	FRIMA	Total of segments	Reconciliation	Group
External sales revenues	378,057	25,380	403,437	42	403,479
Intercompany sales revenues	1,493	1,420	2,913	-2,913	-
Segment sales revenues	379,550	26,800	406,349	-2,871	403,479
Segment result	111,360	4,522	115,882	223	116,105
Financial result	-	-	-	-	-309
Earnings before taxes	-	-	-	-	115,796

9 Months 2014

kEUR	RATIONAL	FRIMA	Total of segments	Reconciliation	Group
External sales revenues	330,739	21,958	352,697	11	352,708
Intercompany sales revenues	1,327	1,504	2,831	-2,831	-
Segment sales revenues	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

Fundamental accounting policies

The consolidated quarterly 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.

With the exception of the accounting rules for the capitalisation of development costs, the same accounting and valuation policies were used as in the last consolidated financial statements. Previously, research and development expenses were expensed immediately in the income statement, as the prerequisites for the capitalisation of development costs in accordance with IAS 38.57 (f) were not met. Development costs were capitalised for the first time in the third quarter.

Capitalised development costs comprise all directly attributable costs as well as a proportion of indirect costs. They are amortised over their useful lives using the straight-line method. Amortisation charges on capitalised development costs are reported under research and development expenses in the income statement.

Research and development expenses, other than those that require capitalisation under IAS 38, continue to be recognised in profit or loss at the time they are incurred.

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

- > IFRIC 21 “Levies”
- > Improvements to IFRS 2011 – 2013

Scope of consolidation

On 30 September 2015, the scope of consolidation of RATIONAL AG included the parent company RATIONAL AG as well as seven German and 24 foreign subsidiaries.

The change compared with the balance sheet date (31 December 2014) is the result of the establishment of a sales company in Singapore in February 2015 and of a sales company in Turkey in May 2015. The share capital for each transaction was paid in during the second quarter of 2015; it amounted to 50 thousand Singapore dollars and 6,000 thousand Turkish lira respectively.

Compared with 30 September 2014, three foreign subsidiaries were added to the scope of consolidation. In addition to the sales companies in Singapore and Turkey, a subsidiary was established in Colombia in December 2014. The share capital of 80,000 thousand Colombian pesos was paid in during the first quarter of 2015. All three companies are wholly owned subsidiaries of RATIONAL AG or RATIONAL International AG.

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 payables and other current liabilities.

kEUR	Fair value hierarchy	Book value 30 Sep 2015	Fair value 30 Sep 2015	Book value 31 Dec 2014	Fair value 31 Dec 2014
Assets					
Financial assets		0	0	0	0
Other financial assets					
Other current assets		440		532	
Other non-current assets		827	825	635	632
Derivatives not in a hedging relationship	Level 2	0	0	873	873
Trade receivables		85,127		82,902	
Deposits with maturities of more than 3 months		95,900	95,813	119,000	119,096
Cash and cash equivalents		136,611		106,402	
Liabilities					
Liabilities to banks					
Current liabilities to banks		6,209	6,277	6,218	5,628
Non-current liabilities to banks		22,897	25,243	26,414	28,820
Trade accounts payable		12,860		12,403	
Other financial liabilities					
Other current liabilities		1,767		7,608	
Derivatives not in a hedging relationship	Level 2	0	0	0	0

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

Research and development expenses include firstly research and development expenses that are not capitalised in the amount of 16,488 thousand euros (previous year: 13,308 thousand euros) and secondly amortisation charges on capitalised development costs, currently amounting to 0 thousand euros (previous year: 0 thousand euros).

Other operating income includes exchange gains of 8,745 thousand euros (previous year: 7,537 thousand euros). Other operating expenses include exchange losses of 9,016 thousand euros (previous year: 1,576 thousand euros).

The differences from currency translation amount to 857 thousand euros (previous year: 436 thousand euros) due to sharp fluctuations in exchange rates.

Notes on the Balance Sheet

Intangible assets for the first time include capitalised development costs of 1,747 thousand euros (previous year: 0 thousand euros).

The year-on-year rise in current tax liabilities results from comparatively lower income tax payments on account and the generally positive business performance.

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 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 results correspond 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 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 month of 2015, no significant transactions occurred with companies or individuals in any way related to RATIONAL AG.



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