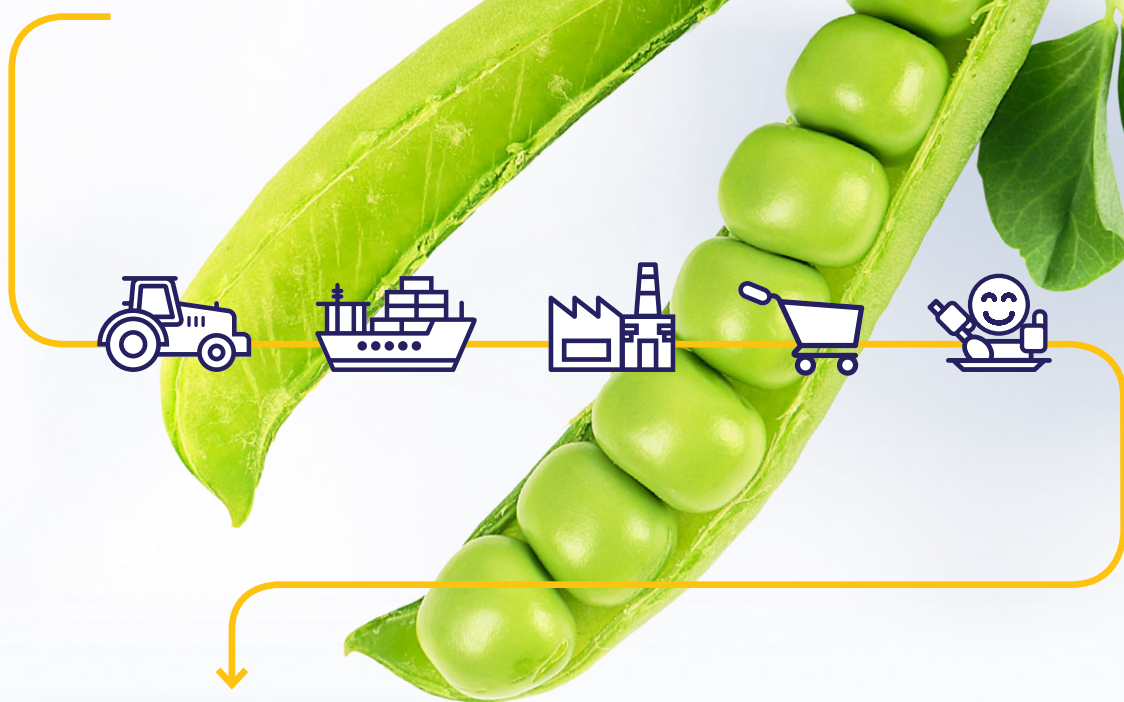


ANNUAL REPORT 2015



**FROSTA tastes better.
Convincing customers, employees
and shareholders. And not
forgetting eagle-eyed auditors
and bean counters.**

FROSTA AG

KEY FIGURES

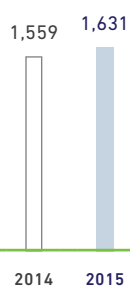
KEY FIGURES OF THE FRoSTA GROUP

		2014	2015
Employees (average)	NUMBER	1,559	1,631
Turnover	EUR MILLION	407.8	440.0
EBITDA ¹	EUR MILLION	36.2	38.3
in % of turnover		8.9%	8.7%
Depreciation / amortisation	EUR MILLION	11.4	12.2
EBIT ²	EUR MILLION	24.8	26.1
in % of turnover		6.1%	5.9%
Result from ordinary business activities	EUR MILLION	23.9	25.3
Consolidated profit / loss	EUR MILLION	17.3	18.2
Cash flow	EUR MILLION	27.1	30.5
Capital expenditures	EUR MILLION	16.3	14.1
Dividend per share	EUR	1.36	1.36

1 Earnings before interest, taxes, depreciation and amortisation

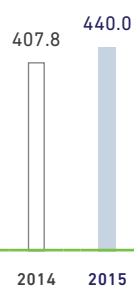
2 Earnings before interest and taxes

EMPLOYEES



TURNOVER

IN EUR MILLION



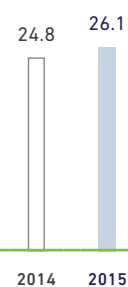
EBITDA¹

IN EUR MILLION



EBIT²

IN EUR MILLION



EXCELLENCE FOR OUR CUSTOMERS

IS OUR MISSION

Our **mission** is to develop and produce excellent frozen fish, ready meals, vegetables, herbs and fruit.

- We aim for **innovation** in all areas of our organisation to constantly improve the **quality** of our products and services.
- Through our **entrepreneurship** we strive for opportunities in the interest of our customers.
- Strong and trustful **cooperation** with our customers and throughout the whole organisation is very important to us.
- **Simplicity** in our processes and clear priorities improve our efficiency.
- **Sustainability** and protection of our environment are fundamental to us.



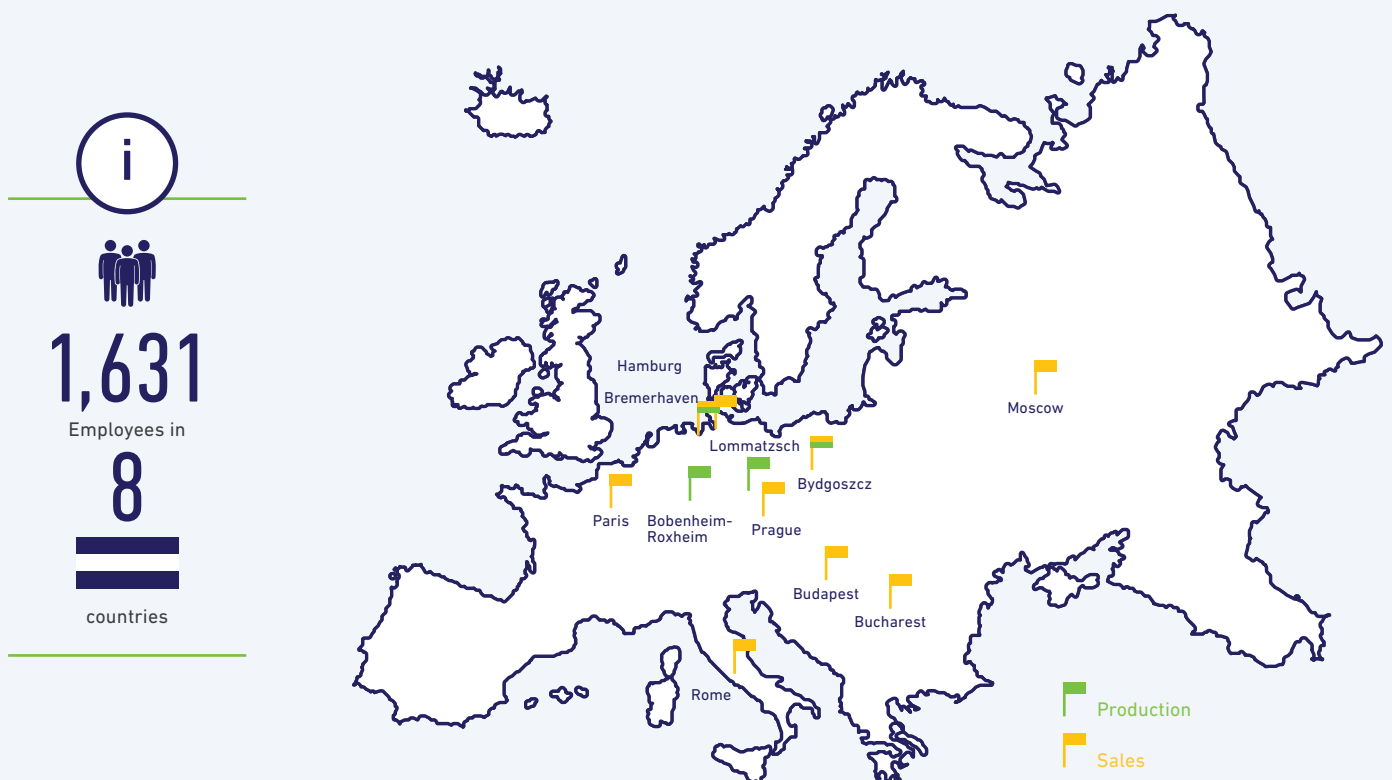
ABOUT FRoSTA AG

More than 1,600 people work for FRoSTA AG in eight countries. We produce at three plants in Germany and one in Poland.

The FRoSTA brand is a successful provider of frozen fish, vegetables and meals in Germany, Poland, Austria, Italy and Eastern Europe. The FRoSTA "Purity Command" is our way of promising that we will never add any colours, flavourings, flavour enhancers, stabilisers or emulsifiers to any of our branded products. FRoSTA products are available from supermarkets and include a range of vegetables, fish, fruit and herbs as well as classic dishes such as nasi goreng and paella. In April 2013, FRoSTA was the first frozen food brand to publish on the Internet the countries of origin of each batch of our ingredients. Since autumn 2015, we have included this information on all of our product packaging as well.

FRoSTA AG is also a specialist production partner in the development and production of high-quality customer brands for the European retail and wholesale sectors.

[YOU CAN FIND OUT MORE AT WWW.FRoSTA-AG.COM.](http://WWW.FRoSTA-AG.COM)



OUR BUSINESS

→ FROZEN PRODUCTS

FISH



MEALS



VEGETABLES



FRUIT



HERBS



→ PRODUCTION

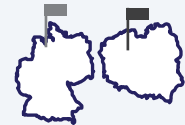
VEGETABLES, FRUIT AND HERBS FROM OUR OWN AND PARTNER FARMS

- Bobenheim-Roxheim, Germany
- Lommatzsch, Germany



FISH AND MEALS

- Bremerhaven, Germany
- Bydgoszcz, Poland



→ BUSINESS LINES

BRAND BUSINESS



FROSTA brand
with Purity Command



TIKO brand
Fish and meals



ELBTAL brand
Vegetables

PRIVATE LABEL BUSINESS

FROSTA AG

copack®

Production partner according to
customer requirements

NON-RETAIL-GESCHÄFT



CONTENTS

WE LOVE TRANSPARENCY – THE FRoSTA MAGAZINE _____ 08 – 23



LETTER TO OUR SHAREHOLDERS _____ 06

WELCOME! NEW FRoSTA PRODUCTS IN 2015 _____ 24

CONSOLIDATED MANAGEMENT REPORT _____ 26

I.	BUSINESS AND GENERAL CONDITIONS	27
1.	BUSINESS STRUCTURE	27
2.	EMPLOYEES	27
3.	PROCUREMENT	28
4.	PRODUCTION	28
5.	CAPITAL EXPENDITURES	29
6.	R&D REPORT	29
7.	ORGANISATION, ADMINISTRATION AND COMPANY STRUCTURE	29
II.	RESULTS OF OPERATIONS, NET ASSETS AND FINANCIAL POSITION	30
1.	MACROECONOMIC ENVIRONMENT	30
2.	DEVELOPMENT OF THE FROZEN FOOD MARKET	30
3.	BUSINESS DEVELOPMENT	31

4.	SEGMENT REPORTING	32
4.1.	PERFORMANCE OF THE FRoSTA OPERATING SEGMENT	32
4.2.	PERFORMANCE OF THE "COPACK" OPERATING SEGMENT	34
5.	INDIVIDUAL FINANCIAL STATEMENTS OF FRoSTA AG	34
6.	THE FRoSTA SHARE	36
III.	RISK MANAGEMENT SYSTEM / INTERNAL CONTROL SYSTEM	37
IV.	REPORT ON RISKS AND OPPORTUNITIES	38
1.	PROCUREMENT MARKET	38
2.	CURRENCY SITUATION	38
3.	SALES MARKET	39
4.	FINANCING	39
5.	LEGAL RISKS	39
V.	REPORT ON POST-BALANCE SHEET DATE EVENTS	40
VI.	BRANCH REPORT	40
VII.	FORECAST	40



Nowadays, many people want to know exactly what is in their food and how it was produced. At FRoSTA, we understand that. A transparent and responsible approach to running our business is at the heart of our brand. What exactly that means, you can read in our magazine.

ANNUAL FINANCIAL STATEMENTS OF THE FRoSTA GROUP _____	41	ANNUAL FINANCIAL STATEMENTS OF FRoSTA AG _____	82
CONSOLIDATED INCOME STATEMENT OF FRoSTA AG	42	INCOME STATEMENT OF FRoSTA AG	83
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF FRoSTA AG	43	BALANCE SHEET OF FRoSTA AG	84
CONSOLIDATED BALANCE SHEET OF FRoSTA AG	44	STATEMENT OF CHANGES IN FIXED ASSETS OF FRoSTA AG	86
CONSOLIDATED STATEMENT OF CHANGES IN FIXED ASSETS OF FRoSTA AG	46	NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE 2015 FINANCIAL YEAR OF FRoSTA AG ACCORDING TO HGB _____	88
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF FRoSTA AG	48		
CONSOLIDATED STATEMENT OF CASH FLOWS OF FRoSTA AG	49	TEN-YEAR OVERVIEW FOR THE FRoSTA GROUP _____	100
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 2015 FINANCIAL YEAR OF FRoSTA AG ACCORDING TO IFRSs _____	50	REPORT OF THE SUPERVISORY BOARD FOR THE 2015 FINANCIAL YEAR _____	102
MANAGEMENT BODIES	81	GROUP STRUCTURE AND ADDRESSES _____	105
		FINANCIAL CALENDAR _____	106
		PUBLISHING INFORMATION _____	107

LETTER TO OUR SHAREHOLDERS

Dear Shareholders,

In 2015, the FRoSTA brand embarked upon a very important project to disclose the country of origin of all our ingredients. In September, we started printing the country of origin of each individual ingredient on all FRoSTA packaging. As we source our ingredients from more than 27 countries, and some – like mangos or bamboo shoots – are fairly exotic, printing the information on all packaging during production was a great challenge.

This step towards greater transparency was important to us because we believe our customers have a right to know where their food comes from. Even though it means we sometimes have to tackle difficult issues, we have seen over the past few months that consumers appreciate this openness. While the total German market for frozen food shrank by 0.5%, sales of FRoSTA meals, vegetables and fish rose by more than 10%.

We have also introduced greater transparency to our production plant in Bremerhaven. In March last year, we opened our 50-metre long “transparent fish production facility”. Everybody can now look through large glass windows to see from the street how we produce our fish fingers.

We are particularly proud of our new vegetable products, which we have been manufacturing in Lommatzsch since mid-2015: traditional varieties such as turnips, kohlrabi and lentils combined with various herbs from our own herb gardens in Bobenheim-Roxheim in the Rhine valley (see page 24). It did not take long for retail sales of these products to reach the 1 million euro mark (source: IRI 2016).

Overall in 2015, we were able to increase our revenue by 8%. The success of our FRoSTA brand in Germany and abroad played a significant role here. Earnings increased by 5%, slightly less than our turnover increase. The weak euro had a negative impact on our result for 2015. It lost 16% of its value against the US dollar, which led to a significant increase in our buying-in cost for fish, since this is traded globally in US dollars. We could not fully compensate for this by cutting costs and raising prices. Overall, given these circumstances and the unfavourable exchange rates, we are satisfied with the results for 2015.



This year, our annual report is published for the first time exclusively in digital format. This move enables us to save substantial printing costs. At the same time, we have noted the wishes expressed by many of our shareholders and this year we will be reporting not only on our financial figures but also on the projects and initiatives that we believe are important to ensure that our business remains environmentally and socially responsible.

In 2016, we will be investing much more than in previous years. We want to keep our technology right up-to-date and reach our energy efficiency targets. For this purpose, we will analyse and evaluate every investment in detail for its environmental impact, too.

The good sales figures from the first months of 2016 show that these investments are going to pay off.

We would like to take this opportunity to congratulate all FRoSTA AG employees for their excellent work during 2015.

And we would like to thank you, our shareholders, for the confidence you have placed in us. We hope you will continue to do so in future.

Yours,


F. Ahlers



H. Ehlers



J. Marggraf

From left to right:

HINNERK EHLERS

Chief Marketing and Sales Officer

FELIX AHLERS

Chief Executive Officer,
 Chairman of the Executive Board

JÜRGEN MARGGRAF

Chief Operations Officer,
 Vice Chairman of the Executive Board

Bremerhaven, April 2016

FRoSTA
REINHEITSGEBOT
seit 2003
100% frei
von
zusetzten
Geschmacksverstärkern,
Farbstoffen &
Aromen

WHERE DO FRoSTA PEAS COME FROM?

These FRoSTA peas come straight from the Lommatzcher Pflege, a traditional vegetable growing region in Saxony. We use a lush green, sweet variety.



WE LOVE TRANSPARENCY

Nowadays, many people want to know exactly what is in their food. At FRoSTA, we understand that. We are the first frozen food brand to list the origin, country by country, of all our ingredients on our packaging. And since 2003, we have abided by our own FRoSTA Purity Command: no additives – guaranteed. We also calculate our carbon footprint very accurately and publish it on a regular basis. This is the kind of information our customers are interested in. And it tells us where we can make further improvements.

A transparent and responsible approach to running our business is at the heart of our brand. How well we have succeeded in achieving our aims, you can read in our magazine.

SUSTAINABILITY – EVERY STEP OF THE WAY



STEP 1

GROWING, FISHING, BREEDING: OUR INGREDIENTS

All our suppliers agree to do as we do at FRoSTA: to strictly avoid the use of additives and to comply with our strict standards. We maintain close contact with all of our suppliers to ensure that this happens.

For its fish-based products, FRoSTA uses only fish from sustainable, MSC-certified fisheries or ASC-certified aquaculture.

STEP 3

PURITY COMMAND

Our FRoSTA products are 100% free from additives such as flavour enhancers, flavourings and colours. With no exceptions, since 2003.

ENVIRONMENTAL PROTECTION

Careful management of the environment and natural resources is the basis of our business. We have set ourselves ambitious targets for the conservation of resources in each of our four production plants.

CARBON FOOTPRINT

Since 2008, we have been calculating the carbon footprint of our FRoSTA products and are publishing the results on www.frosta.de.

1

PRODUCTION



3

FRoSTA AG



Our business is based on ecologically, economically and socially sustainable policies. These policies are applied to every step – from the production of our raw materials through to the enjoyment of our FRoSTA products by consumers. The diagram below shows some examples of the most important steps.



STEP 2 TRANSPORT
 Because frozen food is not time-sensitive, we do not need to use energy-intensive air freight. Our overseas ingredients always come by sea.

STEP 4 PARTNERSHIP-BASED RELATIONSHIP WITH OUR RETAIL CUSTOMERS
 Working in partnership with our retail customers is second nature to us.

STEP 5 SOCIAL COMMITMENT
 Since 2015, we have donated 2% of the annual dividend sum to charitable projects.

INFORMATION & TRANSPARENCY
 We provide open and honest first-hand information about our FRoSTA brand products and ingredients and maintain a public dialogue with all stakeholders.



IT ALL STARTS WITH GOOD INGREDIENTS

OF OPEN-AIR FARMS, WILD FISH AND PALE BUTTER

The whole is only as good as its parts. That's why all of us at FRoSTA make sure that each individual ingredient is of the finest possible quality. We have long-term relationships and sustainability agreements with most of our suppliers and contract farmers. And our colleagues from Sourcing visit them regularly to ensure they adhere to our strict specifications.

INGREDIENTS FROM ALL OVER THE WORLD

Our FRoSTA products are created using more than 200 ingredients from 35 different countries. Local vegetables such as peas, carrots, spinach, beans and herbs grow close to our two vegetable processing plants in the Elbe Valley and Rhine Valley, some of them in our own fields. We buy other ingredients like exotic fruit and vegetables and spices from all over the world – only the finest quality and always in accordance with our "Original FRoSTA Purity Command". Because purity does not start with us in production, but with our partners all around the world.

PHOTO 1



OPEN-AIR GROWING ONLY

Cultivation outdoors saves the energy used in greenhouses that have to be heated and lit by fossil fuels. But more than anything else, vegetables grown outdoors taste so much better. We grow our vegetables under ideal climatic conditions in areas where they can take time to ripen. [SEE PHOTO 1 AND PHOTO 2](#)

CO₂ PER KG OF TOMATOES

Source: FRoSTA 2011

400g

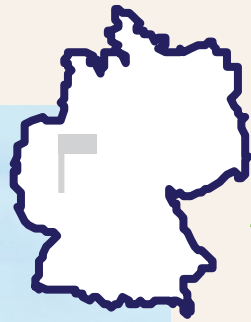


3,200g



From open-air farming, deep-frozen and stored

From heated greenhouses acc. to Gemis 4.2



HARVESTING BASIL IN THE RHINE VALLEY

FROSTA basil grows in fields in the Rhine Valley ("Germany's Tuscany") right next to our production facility.



PHOTO 2



WATER CHESTNUTS FROM CHINA

Because they require a specific cycle of light and darkness, water chestnuts grow almost exclusively close to the equator in Asia where these conditions exist.

MSC FISH FROM ALASKA

For our FROSTA brand, we use only "single frozen" Alaska pollock that has been frozen at sea.

PHOTO 3



SUSTAINABLY SOURCED FISH AND SEAFOOD

FROSTA uses only fish and seafood sourced in ways that do not compromise their continued availability in the future. The main ingredient of FROSTA fish products is frozen-at-sea / single frozen Alaska pollock from MSC-certified fisheries. [SEE PHOTO 3](#)

NO ADDITIVES

The FROSTA Purity Command also applies to all ingredients. We therefore use cream without carrageenan, for example, salt without any chemical anti caking agents and butter without beta carotene colouring. We are happy to accept that our butter might look a little pale in the winter.

TRANSPARENT SUPPLY CHAIN

Everyone has to play a part. We can trace the origin of each batch of leaves and each batch of fish. We even go as far as printing the origin of each ingredient directly on the FROSTA packaging. And we are the first frozen food brand to take this important step, which goes much further than is required by law.

FROSTA SOCIAL AND ETHICAL CODE OF CONDUCT

Based on the conventions of the International Labour Organization (ILO) and the ETI (Ethical Trading Initiative), all FROSTA suppliers agree to abide by a code of conduct on decent working conditions, which excludes forced or



child labour and discrimination, recognises freedom of association and the right to collective bargaining, and prescribes reasonable wages and working hours. We have been a member of Sedex (www.sedexglobal.com) since 2015. This database allows us to obtain detailed information about the working conditions and health care of those working for our suppliers, as well as about the environmental effects and the transparency of their business processes.

MONITORING OF COMPLIANCE WITH ALL AGREED STANDARDS

FRoSTA reserves the right to carry out unannounced inspections at any time. Our business relationship may be terminated if it is found that agreements are not being kept.

LATEST MEASURES IN 2015

FROZEN AT SEA FROM ALASKA

There is always a way to do things better. In 2015, we switched all FRoSTA brand products to “single frozen” and “frozen-at-sea” quality for our Alaska pollock. The freshly caught fish is filleted and frozen on board. It is then sent directly to Bremerhaven. When it arrives, the fish is processed into fish fingers, for example, or “Schlemmerfilet” gourmet fish fillet dishes without having first been thawed. In fact, the fish remains frozen until just before the consumer is ready to enjoy it.

SCHLEMMERFILETS IN CARDBOARD TRAYS – NO ALUMINIUM

We now pack our FRoSTA Schlemmerfilets in an environmentally friendly cardboard tray rather than in the usual aluminium tray.

We have received lots of positive feedback from our customers for this.

SEE PHOTO 4, PHOTO 5 AND PHOTO 6

PHOTO 4



PHOTO 5

21.11.2015 11:51

Julia



Einfach nur super lecker! Der Fisch schmeckt wunderbar, die Soße ist schön cremig. Eure Schlemmerfilets sind mittlerweile mein liebstes Abendessen, das es mehrmals pro Woche gibt. Bitte unbedingt weitermachen!! :-)

28.10.2015 11:52

odin



1. Sehr leckeres Filet.
2. Man schmeckt den Unterschied und den Verzicht auf künstliche Zusatzstoffe.
3. Keine Aluschale! Perfekt!

17.10.2015 10:58

Hanne W.



Extrem lecker. Ich genieße dieses Filet regelmäßig. Für frosta-Produkte lasse ich fast alle anderen Marken generell im Regal stehen. Leider sind nicht überall Ihre Produkte verfügbar.

Respekt für Ihr Firmenkonzept!

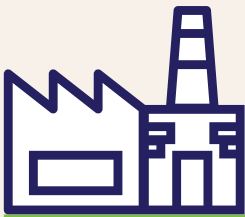


PHOTO 6



TRANSPORT

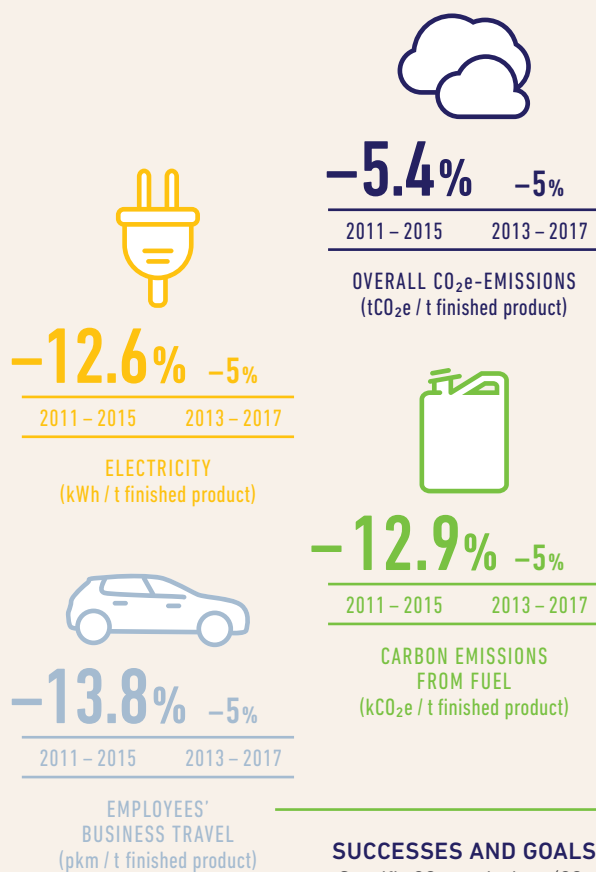
We transport our raw materials and finished products by road and sea – but never by air!



CLIMATE AWARE

HOW FRoSTA CONSERVES RESOURCES EVERY DAY

At FRoSTA, we keep a close eye on the environmental impact of our business. We know exactly where we stand. As a result, we are quite clear about what direction we want to take and regularly set goals to get us there. Striving to reach our goals, we are assisted by our in-depth environmental reporting and by the sustainability management systems in our four plants, which cover everything from production to our company car policy.



SUCCESSES AND GOALS
 Specific CO₂e emissions (CO₂ equivalents of greenhouse gases) and consumption per ton of finished product

FIRST SUCCESSES AND NEW GOALS

In the years 2007 to 2015, we reduced our greenhouse gas emissions by 13%. A variety of measures made this possible. For example, we pay for 100% certified green electricity from Norwegian hydropower plants for the production and storage of FRoSTA products. Since 2011, we are tracking our corporate carbon footprint for FRoSTA AG on a two-yearly basis. This contains information on consumption and emissions from within FRoSTA AG plants. And we have targeted further reductions for 2017. Our environmental reporting allows us to recognise those areas in which we need to improve. For example, we have noticed an increase in the amount of goods transported between our plants. We need to do something about this. →



READ MORE ON THE INTERNET

THE FRoSTA AG CORPORATE CARBON FOOTPRINT

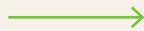
www.frosta-ag.com/en

PHOTO 7



840t

CO₂e-emissions are saved by our new CHP plant every year.



INVESTING IN RESOURCE-EFFICIENT TECHNOLOGY

The savings we have made in recent years have been achieved primarily as a result of our investments in modern environmental technology. Refrigeration equipment with heat recovery systems, special air curtains in refrigerated areas, biogas plants that recycle our vegetable waste as well as photovoltaic installations and resource-efficient water purification systems. Our most recent investment – our cogeneration plant in Bremerhaven – became operational in January 2015.

SEE PHOTO 7

GREEN CAR POLICY

In 2015, for the second time, FRoSTA was awarded the “green card” from the German environmental organisation “Deutsche Umwelthilfe” for its fleet of clean vehicles. Many voluntary “downgraders” have chosen smaller and more fuel-efficient vehicles than their contracts entitle them to. In addition, all company car users – including members of the Executive Board – have had to comply with stricter CO₂ limits since 2012. These measures have enabled us to reduce the fuel consumption of our company car fleet by 9.5% since 2013. We purchase Gold Standard carbon certificates to compensate fully for unavoidable emissions. The proceeds support an environmental project in China. In the Chinese province of Shanxi, the conventional coal-burning stoves in rural households are being replaced by clean biomass boilers.



Each boiler prevents the emission of around 5 tons of carbon dioxide per year.

SEE PHOTO 9

FRESH RATHER THAN POWDERED INGREDIENTS

Just like any demanding chef, we use fresh ingredients without additives – simply because it tastes better. The fact that this also saves energy is a welcome by-product. By using, for example, fresh dairy products, we avoid the energy-intensive drying process needed to produce ingredients like powdered cream or milk. We even produce some fresh products ourselves according to our own Purity Command: our pasta, for example SEE FIGURE RIGHT or our roux in a huge “frying pan”.

EVERY FRoSTA MEAL WITH ITS OWN CARBON FOOTPRINT

Since 2008, we have recorded all the carbon emissions related to each product, from seed to plate so to speak. At the click of a mouse we can calculate the carbon footprint of each FRoSTA product and publish it on our web site.

PHOTO 8



PHOTO 9



CO₂ PER KG OF PASTA

Source: FRoSTA 2011

190 g



350 g



FRoSTA fresh pasta

pasta from dried ingredients



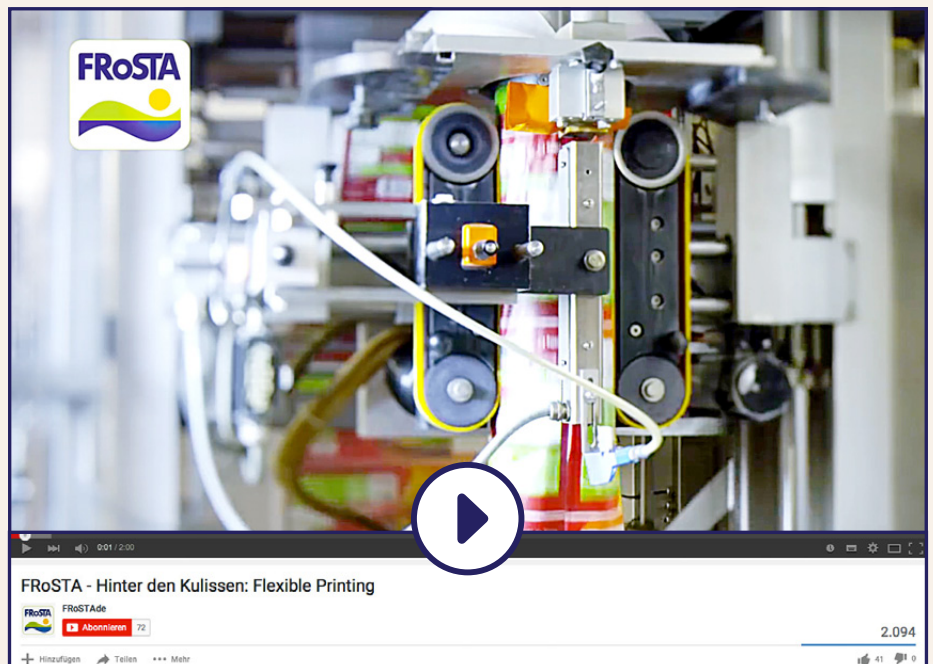
VIDEO

FRoSTA – BEHIND THE SCENES: FLEXIBLE PRINTING

IMPOSSIBLE? NOT AT ALL!

Some of the FRoSTA employees who were involved describe how they successfully carried out a challenging project, which looks a lot easier than it is: printing countries of origin on product packaging.

www.youtube.com/FRoSTAdE



LATEST MEASURES IN 2015

WORKING WELL: FLEXIBLE PRINTING

In 2015, we started an ambitious project. We wanted to print the country of origin of all ingredients directly on our packaging so that it would not just be available online (as it has been since 2013). Although this looked like an easy task, it was a pioneering achievement in the industry and required a great deal of hard work on the part of the project team. But it is now working well. Our engineers developed a system that prints the list of ingredients and the origin of the respective batches on the packaging without slowing down production. By the end of 2016, all FRoSTA packaging will have this batch-specific origin labelling.

SEE PHOTO 8

COMBINED HEAT AND POWER PLANT

This gas-fired power plant has supplied almost 11% of our Bremerhaven facility's electricity requirement since January 2015. The waste heat it produces supplies all the steam needed for production and cleaning, and also heats the buildings. It saves 840 tons of carbon dioxide annually.

SEE PHOTO 7

NEW DONATION POLICY FROM 2015

Sustainability also means being socially responsible. In order to create transparency here too, starting from the 2015 financial year, FRoSTA has officially donated 2% of its total dividend sum to charitable initiatives that are local to our plants and farming areas. FRoSTA employees suggest which projects we should support.

SEE PHOTO 10



PHOTO 10

PHOTO 11

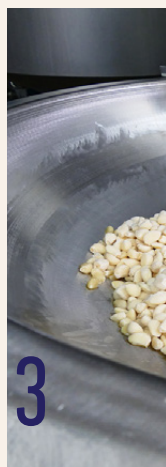


PHOTO 13

NEW DONATION POLICY

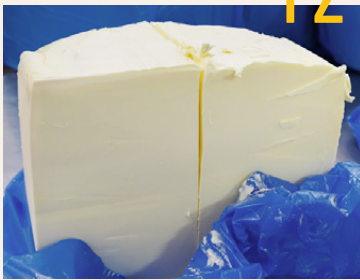
Since 2015, we have supported the association Rückenwind e. V. in Bremerhaven, which looks after disadvantaged children in the Lehe district of Bremerhaven.

THE ORIGINAL FRoSTA PURITY COMMAND. **SINCE 2003.**

NO TRICKS. NO SECRETS.

We were the first frozen food brand in Germany to ban all additives from our products and to use only the finest natural ingredients. [SEE PHOTO 11](#), [PHOTO 12](#) AND [PHOTO 13](#)

PHOTO 12



OUR PURITY COMMAND

Our own spice mixes, real butter instead of margarine, fresh garlic: at FRoSTA we only work with unadulterated ingredients.



ONLY THE BEST INGREDIENTS



Freshly made stock and our own spice mixes



Fresh milk and cream



Real butter



Freshly made noodles



Freshly squeezed garlic

NO ADDITIVES



No added colours or flavourings



No added flavour enhancers



No added emulsifiers or stabilisers



No chemically modified starches or hydrogenated fats





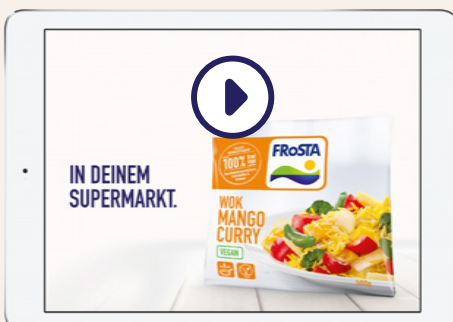
COMMON CAUSE

FROSTA IN THE SUPERMARKET

Working in partnership with our retail customers is second nature to us. And we demand a lot from ourselves in these partnerships. We want to offer our trading partners useful and unique innovations on a regular basis.

Our product range, which comprises new products as well as proven classics, gives all our trade customers an opportunity to target a group of particularly demanding consumers and thus boost their sales in the sector. We support our trade partners by actively using the new digital communication channels such as Facebook, Google and Youtube alongside our regular advertising in traditional media such as TV and print. At this point, we would like to warmly thank all of our trade customers for their valued cooperation.

OUR LATEST DIGITAL AD



Themen ▾

Wir haben einen Fehler gemacht...

8. Dezember 2015 | Sylwia Bocian (Marketing) | Kritisches & Kontroverses, Produkte & Marketing
4 Kommentare

...und ihr habt uns darauf hingewiesen! Sorry und danke!

Im September haben wir eine neue Produktlinie eingeführt: **Traditionelles Gemüse**. Unter anderem dabei ist ein Produkt mit Süßkartoffeln und eins mit grünem Spargel. Die Produkte schmecken super und wir waren überzeugt, dass sie wie eine Bombe einschlagen werden. Damit hatten wir auch nicht ganz unrecht. Denn geschmacklich kommen die Produkte super an.

Was vielen von Euch nicht so „geschmeckt“ hat, waren die Mengenanteile der Gemüsesorten. Die Produktnamen haben einen höheren Anteil an Süßkartoffeln bzw. grünem Spargel suggeriert. Das haben wir jetzt kurzfristig geändert:

1. Den grünen Spargel haben wir um **33% auf 20% Anteil** im Produkt erhöht und den Anteil der gelben Karotten entsprechend gesenkt. Ähnlich sind wir bei den Süßkartoffeln vorgegangen. Hier haben wir um **31% erhöht** und haben jetzt **35% Süßkartoffeln** in der Gemüse Mischung.
2. Darüber hinaus haben wir auch die Produktnamen geändert. Jetzt heißen die Produkte: „Gelbe Karotten mit grünem Spargel und Romanesco“ sowie „Gelbe Karotten mit Süßkartoffeln“

Das Produkt „Gelbe Karotten mit grünem Spargel und Romanesco“ wird seit gestern ausgeliefert. Die „Gelbe Karotten mit Süßkartoffeln“ kommen beim nächsten Produktionstermin ca. Februar 2016 in die neue Verpackung.

Wir entschuldigen uns nochmal bei allen, die sich über unsere Produkte geärgert haben!



12.10.2015 12:34 **Franziska** ★★★★★

Super lecker, als Beilage oder auch mal einfach so....es könnte etwas mehr Süßkartoffel drin sein

11.10.2015 21:55 **Katrin** ★★★★★

Zu wenig Süßkartoffeln aber sehr lecker!

02.10.2015 21:18 **Dietmar Sittek** ★★★★★

Toller Geschmack. Schön, dass ein Deutscher Hersteller mal Süßkartoffeln verwendet. Einziger, negativer Punkt: Für zwei Personen ist die Portion recht klein.

02.10.2015 12:04 **Ralf B.** ★★★★★

Das Produkt enthält fast nur Karotten und es sind gerade mal 26 % Süßkartoffeln !!!
Der Name ist absolut irreführend und entspricht nicht dem Inhalt .

30.09.2015 12:40 **Martin Hinsch** ★★★★★

Schmeckt gut, aber leider wird der Verbraucher hier irreführt. Ich wollte Kartoffeln essen, und freue mich bei Rewe das Produkt "Süßkartoffeln - mit gelben Karotten" gefunden zu haben. Aber von wegen Kartoffeln essen... Karotten essen wurde daraus.
Das Produkt muss heißen:
Gelbe Karotten - mit Süßkartoffeln.

Hat zwar gut geschmeckt - aber wegen der bewußten? Irreführung gibt es schlechte Noten



PHOTO 14



TRANSPARENCY FOR THE CONSUMER

A FRANK DIALOGUE WITH FRoSTA

Our FRoSTA brand is particularly committed to promoting quality food without additives, to support the sustainable production of raw materials, and to protect the environment. It is only logical for us to create transparency about the origin and processing of our ingredients and to maintain a frank and open dialogue with our consumers.



FIRST-HAND INFORMATION

Employees express their personal opinions in the FRoSTA blog.

www.frostablog.de

Infos v Kontakt Impressum FRoSTA.de Q

FRoSTA Blog

Das FRoSTA-Blog ist ein Webtagebuch von FRoSTA-Mitarbeitern. Wir möchten auf diese Weise offen, ehrlich und aus erster Hand über die Marke FRoSTA berichten und mit Ihnen über aktuelle Themen aus dem Bereich Ernährung diskutieren.

[Hier weiterlesen...](#)

Neue Kommentare

ZDF und WDR testen FRoSTA

Schlemmerfilets und Fischstäbchen

Daniel : Ich glaube ich habe schon seit 15 Jahren keine Fischstäbchen mehr gegessen. Aber ich habe... [weiterlesen...](#)

Wo kommt unser Rindfleisch her?

Dan : Ich esse ja auch hin und wieder auch mal eure Produkte. Jedoch war Bio und Regionalität mir... [weiterlesen...](#)

Gänsebrust Rezept – einfach und zart

Anna : super!Dankel!letz weiß ich was zum Abenessen kochen) (Anm. d. Admin: Casino-Spam gelöscht, URL... [weiterlesen...](#)

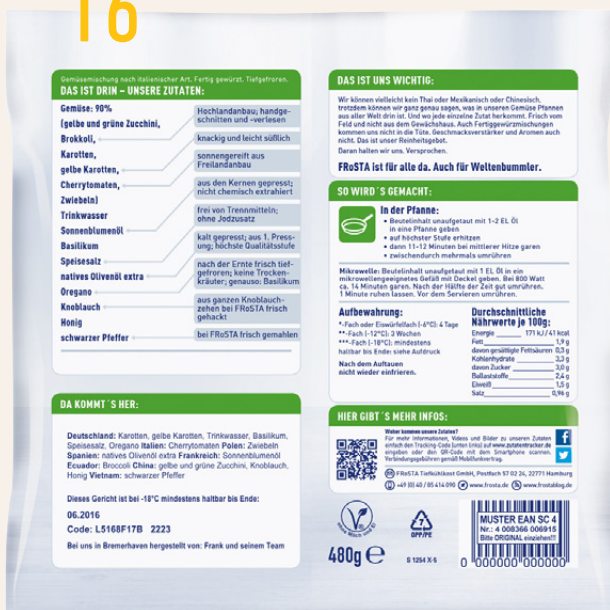
Wir haben einen Fehler gemacht...

Sascha Hammer : Ein großes Kompliment an Frosta. Ich habe noch nie erlebt das eine Firma so schnell... [weiterlesen...](#)

FRoSTA verwendet nur „See / Single

Frozen“ Alaska Seelachs, der ohne Umwege nach Bremerhaven kommt.

PHOTO 16



COMPLETE PRODUCT INFORMATION

The FRoSTA list of ingredients is our calling card. This is why we provide a generous amount of space for it on our packaging and why we list all ingredients in an easy-to-read format. [SEE PHOTO 16](#) It is also why we will never use collective terms such as “herbs” or “spices” or hidden additives, even if they are permitted by law. In autumn 2015, FRoSTA was also the first frozen food brand to start printing the countries of origin on its packaging.

DIALOGUE WITH THE CONSUMER

We are happy to talk to our customers – and to do so in public so that everyone can have a say. In the FRoSTA blog, our employees give a first-hand account of their current projects. They also express their views on a variety of issues, answer questions from users on anything related to food and the FRoSTA brand, and respond to their critical concerns. Every visitor to our website can publicly rate our products and comment on them. We take suggestions and criticism very seriously and frequently base product changes on what our consumers have told us. [SEE PHOTO 14 AND PHOTO 15](#)

FROSTA can also be reached via Facebook, Twitter or the direct hotline to our Hamburg office. This is how the questions, opinions and wishes of consumers reach the ears of our management and product development specialists.



[FROSTA on Facebook](#)



[FROSTA on Twitter](#)



OVER 200 INGREDIENTS

from 35 different countries are found in FROSTA products.

Since 2013, consumers have been able to use our online ingredients tracker to find out where each batch of ingredients comes from.

www.zutatentracker.de

The screenshot shows the FROSTA Zutatentracker interface. At the top, there's a logo and navigation links: 'Zur FROSTA-Website' and 'Über den Zutatentracker'. Below is a world map with blue dots indicating ingredient origins. A search bar contains the text 'Verpackungscode eingeben' and 'z.B. L5230F17'. Below the search bar, there are sections for 'Nach Zutaten suchen' with icons for 'Auberginen', 'Sohnen', 'Erdäsen', 'Blumenkohl', 'Brokkoli', and 'Karotten'. There's also a 'Zutatenvideos' section with a video player showing 'Bohnen aus der Lemmattscher Pflanz' and an 'Aus dem FROSTA-Blog' section with a snippet of text about 'Früher bei Frosta...'.

COOKING FROM SCRATCH
The FROSTA Cookery School in the Klimahaus Bremerhaven 8° Ost.

LATEST MEASURES IN 2015

COMMITMENT TO EDUCATION AND HEALTH

In February 2015, we opened the FROSTA Cookery School in the Klimahaus Bremerhaven 8° Ost. Here, children can learn to cook healthy, delicious dishes with simple and inexpensive ingredients. At the same time, they learn all about regional, seasonal and natural ingredients, and how to get along without additives. They can also take a tour through the different climate zones of the Klimahaus to see how people cook in other parts of the world. In 2015, FROSTA also launched a partnership programme with the Klimastadt Bremerhaven, Energiekonsens – die Klimaschützer, ¾-plus Bremerhaven and selected schools from the city of Bremerhaven with the aim of determining the carbon footprint of schools.

SEE PHOTO 17

PRODUCTION "BEHIND GLASS" FOR EVEN GREATER TRANSPARENCY

The walls came down at FROSTA in Bremerhaven in March 2015. Along a 50-metre stretch of "Am Lunedeich", it is now possible to look into the production area for FROSTA fish fingers directly from the street.

SEE PHOTO 18, PHOTO 19 AND PHOTO 20



“When you learn to cook, you gain a lifelong appreciation of good food. That is why we support the Cookery School in the Klimahaus.”

Felix Ahlers,
“Head Chef” at FROSTA



PHOTO 17

PHOTO 18



TANGIBLE TRANSPARENCY
Passers-by look directly into the fish finger production area from the street.

PHOTO 19



PHOTO 20

26 March 2015

WELCOME!

NEW FRoSTA PRODUCTS

2015

At FRoSTA, we listen to our customers very carefully and take inspiration from global food trends – always creating new classics.

VEGETABLES



CREAM SPINACH

The tender spinach comes from the Rhine Valley, where we harvest it in April and process it immediately. With a touch of fresh cream and fine seasonings, it makes a wonderful accompaniment to a traditional fried egg, for example. Pasta lovers will enjoy it with Gorgonzola and fusilli.



TRADITIONAL VEGETABLES



TRADITIONAL AND TRENDY

For these new vegetable mixes, we've combined traditional vegetable varieties with modern herb butters – such as yellow carrots, green asparagus and romanesco with arugula butter.

→ AVAILABLE IN SIX VARIETIES

FISH

SCHLEMMERFILETS



FOUR NEW VARIETIES IN CARDBOARD TRAYS

With creamed potatoes, buttered vegetables or Bordelaise-style crème fraîche: FRoSTA is now offering four new types of Schlemmerfilets made of 100% fine Alaska pollock from sustainable fisheries, refined with natural, fresh ingredients and packaged in environmentally friendly cardboard trays instead of aluminium.

→ NOW AVAILABLE IN SEVEN VARIETIES

KNUSPER MINIS

FISH MINIS

Our breaded fish is made exclusively of 100% juicy, sustainable, wild-caught Alaska pollock filets (MSC). The crispy mini-filets can be prepared quickly in the oven or the frying pan.

→ AVAILABLE IN THREE VARIETIES



MEALS

KLEINE MAHLZEIT



SMALL MEALS

A portion size of 375g is just right for those times when you're not so hungry. And from traditional fricassee with spätzle to wild salmon in a herb cream sauce, there's something for every taste.

→ AVAILABLE IN FIVE VARIETIES

VEGAN MEALS

FRoSTA FOR VEGANS

FRoSTA has something for everyone – even those who want to eat a purely plant-based diet, either every day or just on Meatless Monday. Refined combinations using the best ingredients will satisfy vegans and non-vegans alike.

→ NOW AVAILABLE IN FOUR VARIETIES



CONSOLIDATED MANAGEMENT REPORT

I.	BUSINESS AND GENERAL CONDITIONS	27
1.	BUSINESS STRUCTURE	27
2.	EMPLOYEES	27
3.	PROCUREMENT	28
4.	PRODUCTION	28
5.	CAPITAL EXPENDITURES	29
6.	R&D REPORT	29
7.	ORGANISATION, ADMINISTRATION AND COMPANY STRUCTURE	29
II.	RESULTS OF OPERATIONS, NET ASSETS AND FINANCIAL POSITION	30
1.	MACROECONOMIC ENVIRONMENT	30
2.	DEVELOPMENT OF THE FROZEN FOOD MARKET	30
3.	BUSINESS DEVELOPMENT	31
4.	SEGMENT REPORTING	32
4.1.	PERFORMANCE OF THE FRoSTA OPERATING SEGMENT	32
4.2.	PERFORMANCE OF THE "COPACK" OPERATING SEGMENT	34
5.	INDIVIDUAL FINANCIAL STATEMENTS OF FRoSTA AG	34
6.	THE FRoSTA SHARE	36
III.	RISK MANAGEMENT SYSTEM / INTERNAL CONTROL SYSTEM	37
IV.	REPORT ON RISKS AND OPPORTUNITIES	38
1.	PROCUREMENT MARKET	38
2.	CURRENCY SITUATION	38
3.	SALES MARKET	39
4.	FINANCING	39
5.	LEGAL RISKS	39
V.	REPORT ON POST-BALANCE SHEET DATE EVENTS	40
VI.	BRANCH REPORT	40
VII.	FORECAST	40

I. BUSINESS AND GENERAL CONDITIONS

1. BUSINESS STRUCTURE

Our sales activities are split into three areas:

1. the brand business with our FRoSTA brand
2. the private label business and
3. the non-retail business including the Foodservice and Home Delivery business units

In addition to our distribution activities in Germany and Poland we also operate sales offices in France, Italy, the Czech Republic, Romania, Hungary and Russia.

Our products are manufactured in four specialised facilities: vegetables and herbs harvested by ourselves in Lommatzsch and Bobenheim-Roxheim, and fish and meals in Bremerhaven and Bydgoszcz (Poland).

In general, we make a distinction between our own brand FRoSTA and our customers' brands, which we produce according to their requirements. In addition, we also have the brands Tiko (fish and meals) and Elbtal (vegetables), which we market without the support of advertising.

Our certified organic vegetables, herbs and meals are mostly grown and processed in Lommatzsch and Bobenheim-Roxheim. In Europe, we are one of the leading producers of frozen organic products.

2. EMPLOYEES

The average number of employees for the year rose by 4.6%. The number of workers employed in production increased above average by 5.4% while administration staff remained at more or less the same level.

It is our aim to further increase the proportion of women working at the Group. The share of women working at the first and second management level in 2015 was 24% and 31%, respectively. For the next years we adopted a target of 25% women for the first management level and 35% for the second management level. Overall, 40% of the Company's employees are women.

Total personnel expenses fell slightly from EUR 64.8 million to EUR 64.3 million. This was largely the result of lower Executive Board remuneration (EUR –0.8 million). Salaries for employees covered by collective bargaining agreements increased by 3.5% effective 1 June 2015. Due to the positive financial results, a voluntary special payment totalling EUR 0.7 million will again be made to employees in 2015 who do not receive an earnings-related bonus.

We employed 30 apprentices in 2015 (previous year: 27). The fluctuation rate remains at an encouragingly low level of 2.2% and the sickness rate for our staff in Germany has once again fallen to 4.9%, down from 5.1% the previous year.

In 2015 we again offered our employees the opportunity to share in the ownership of FRoSTA AG by purchasing employee shares at a reduced price. The number of shares purchased amounted to 55,814 (previous year: 61,894). A total of 387 buyers took part in the campaign (previous year: 333). We are very pleased with our employees' involvement in this scheme and with the trust demonstrated. We hope that even more employees will become FRoSTA shareholders in future.

During the past year, all of our employees and the Works Council contributed with great commitment and dedication to the successful financial year. Many thanks for this!

EMPLOYEES

	2014	2015
FRoSTA HEAD OFFICE	211	210
– thereof administration	133	131
– thereof sales (incl. abroad)	78	79
PRODUCTION FACILITIES	1,348	1,421
– thereof Schottke, Bremerhaven	522	539
– thereof Rheintal, Bobenheim-Roxheim	128	131
– thereof ELBTAL, Lommatzsch	161	160
– thereof Bydgoszcz, Poland	537	591
GROUP TOTAL	1,559	1,631

3. PROCUREMENT

Global procurement markets were highly influenced by currency fluctuations between the euro and the US dollar as well as extremely volatile energy costs (oil and gas prices) in the 2015 financial year. The aim for 2015 was to compensate for these macroeconomic factors and achieve attractive purchasing prices.

Poor harvest yields in certain vegetable commodities in Europe caused some supply bottlenecks. In these cases, the Company was partly forced to accept price increases because of lower availability.

4. PRODUCTION

Due to extremely strong demand in European markets, we were able to increase production volumes by more than 5% compared to the previous year. As a result, capacity utilisation was extremely good at all production facilities, and the capital expenditures made led to an increase in productivity. All of FRoSTA AG's production facilities are certified in accordance with ISO 50001 (energy management). FRoSTA AG was able to further reduce its energy use per ton of finished products (measured in CO₂ equivalents).

5. CAPITAL EXPENDITURES

Capital expenditures totalled EUR 14.1 million for the 2015 financial year. This primarily consisted of replacement investments in equipment and systems as well as investments targeting more energy-efficient production. Preparatory investments and plans were also made for major projects at the Elbtal facilities (construction of a tunnel freezer for pea production) and the expansion of production (fish products) in Poland.

6. R&D REPORT

A total of 28 staff (previous year: 27) were employed in research and development in 2015. We developed many innovative new products for the FRoSTA brand, including new products from traditional vegetables such as turnip and kohlrabi and special recipes for our gourmet fish fillets ("Schlemmerfilets").

7. ORGANISATION, ADMINISTRATION AND COMPANY STRUCTURE

The proven organisation structure was maintained. Executive Board responsibility is split into the fields of Marketing and Sales, Finance and Administration and Operations. At the same time, the business is subdivided into the FRoSTA and COPACK sales areas.

The Executive Board of FRoSTA AG is made up of Felix Ahlers (Chairman), Jürgen Marggraf (Vice Chairman and Operations), Hinnerk Ehlers (Marketing and Sales) and Dr Stephan Hinrichs (Finance and Administration, until December 2015). Felix Ahlers took over responsibility for Finance after Dr Hinrichs had left the Executive Board. His other duties were distributed among Jürgen Marggraf and Hinnerk Ehlers.

The Supervisory Board of FRoSTA AG comprises Dirk Ahlers (Chairman of the Supervisory Board), Oswald Barckhahn (Vice Chairman of the Supervisory Board) and Jürgen Schimmelpfennig as the elected workers' representative. The Supervisory Board appoints the members of the Executive Board and determines their number. The Supervisory Board has transferred the completion, amendment or termination of employment contracts to the Finance and Personnel Committee.

On the recommendation of its Finance and Personnel Committee, FRoSTA AG's Supervisory Board determines the amount and structure of the Executive Board members' remuneration. Dirk Ahlers and Oswald Barckhahn are members of this committee.

The members of the Executive Board receive remuneration made up of the following components:

- a fixed basic annual salary
- a variable remuneration for the purchase of FRoSTA shares
- a variable remuneration based on consolidated profit before tax
- a long-term bonus based on the three-year average return on investment (ROI) of FRoSTA AG (applies only to some members of the Executive Board)

The members of the Supervisory Board receive remuneration made up of the following components:

- a fixed basic annual salary paid once a year
- a bonus related to the proposed dividend payment which is also paid once per year

II. RESULTS OF OPERATIONS, NET ASSETS AND FINANCIAL POSITION

1. MACROECONOMIC ENVIRONMENT

In 2015, the German economy and the economies in the euro zone grew by 1.5%. Inflation once again fell slightly year-on-year, to 0.2% in Germany and just 0.1% in the euro zone (source: www.economist.com).

2015 was marked by the euro's sharp decline against the US dollar. The average exchange rate dropped from 1.33 USD in 2014 to 1.11 USD in 2015. This impacted our business accordingly, as we purchase the majority of our raw materials in US dollars.

Throughout 2015 we worked intensively to counteract increasing raw material costs by reducing our cost base and raising prices.

2. DEVELOPMENT OF THE FROZEN FOOD MARKET

In 2015, frozen food sales in the German food retail segment, including hard discounters (Aldi / Lidl / Norma), fell by 0.5% to EUR 5.9 billion (source: IRI 2015). Meat products suffered a particularly sharp decline (–4.1%), while turnover in our key meals market also decreased by 3.3%.

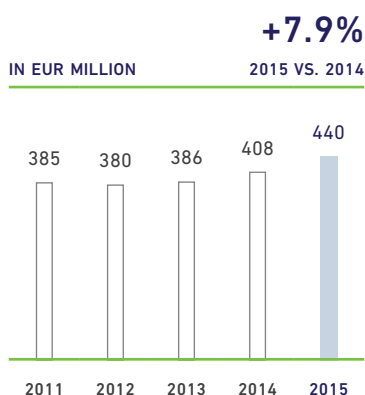
MARKET DEVELOPMENT VALUE

IN %	2013	2014	2015
Ready meals	4.3	1.2	–3.3
– thereof complete ready meals	3.2	1.3	0.7
Fish	2.9	–1.5	–0.9
Vegetables	2.9	–3.2	1.2
Fruit	4.6	11.9	5.8
Frozen food (food retail overall)	2.5	–1.1	–0.5

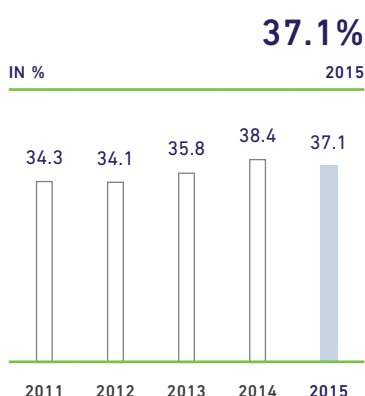
(Source: IRI 2015)

As in the previous year, the FRoSTA brand nevertheless enjoyed a very positive development in 2015, with turnover growing by 12.5%. The strongest growth was recorded in the sales of our fish and vegetable products (source: IRI 2015).

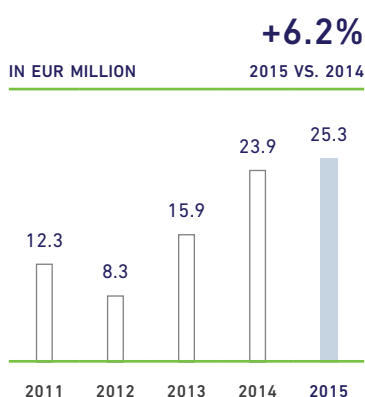
CONSOLIDATED TURNOVER



GROSS PROFIT MARGIN



RESULT FROM ORDINARY BUSINESS ACTIVITIES



3. BUSINESS DEVELOPMENT

In 2015, we managed to increase FRoSTA Group turnover substantially from EUR 407.8 million to EUR 440.0 million year-on-year, i.e. by 7.9%. This encouraging performance was particularly apparent in the FRoSTA brand business as well as in France / Italy and the Foodservice business. Turnover performance was also positive in the private label business.

At EUR 26.1 million, earnings before interest and taxes (EBIT) is up on the previous year's figure of EUR 24.8 million, with depreciation and amortisation increasing by 6.4% to EUR 12.2 million.

This trend is essentially due to the increase in turnover. Earnings, however, showed disproportionately low growth, with the gross margin declining from 38.4% to 37.1%. This is due to the fact that we were unable to compensate for all currency-related raw material cost increases by raising prices. Advertising costs fell by just under EUR 1 million.

Adjusted for net finance income (EUR 0.8 million), the result from ordinary activities totalled EUR 25.3 million, up 6.2% on the previous year's figure of EUR 23.9 million.

Group taxes amounted to EUR 7.1 million (previous year: EUR 6.6 million), leaving an after-tax profit of EUR 18.2 million as compared to EUR 17.3 million the year before.

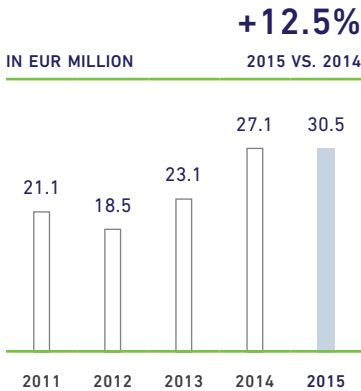
We are satisfied with the performance of the business in the 2015 financial year. We were able to grow successfully and record higher profit than in the previous year, despite increased raw material costs and lower margins. The Executive Board would like to express its sincere thanks to all members of staff for this outstanding performance!

The equity shown in the consolidated balance sheet of FRoSTA AG can be broken down as follows, in each case as at 31 December:

EQUITY

IN EUR THOUSAND	31.12.2014	31.12.2015
Subscribed capital	17,407	17,424
+ Capital reserves	12,815	12,815
+ Retained earnings	77,331	79,914
+ Other reserves	-962	-958
+ Net result	19,090	25,505
Equity	125,681	134,700
Total assets	235,121	244,676
Equity ratio	53.5%	55.1%

CASH FLOW BEFORE CHANGE IN WORKING CAPITAL



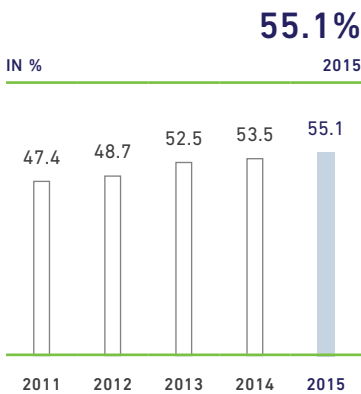
Capital expenditures amounting to EUR 14.1 million were below the previous year's amount of EUR 16.3 million. They were completely financed from the "cash flow before change in working capital" amounting to EUR 30.5 million (previous year: EUR 27.1 million).

Our balance sheet total of EUR 245 million exceeded the previous year's level of EUR 235 million. This included a 4.9% reduction in inventories to EUR 69 million (previous year: EUR 73 million), as the particularly strong turnover we recorded at the end of the year enabled us to reduce our excess stock of vegetables from the previous year. Fixed assets amounted to EUR 74.9 million, 1.9% above the 2014 figure (EUR 73.5 million). Trade receivables of EUR 79 million exceeded the previous year's level of EUR 65 million. This is also due to strong turnover, particularly in the final four months of the year. At the end of 2015, cash amounted to around EUR 14 million (previous year: EUR 16 million).

Our balance sheet total was funded by both equity, which increased by 7.2% from EUR 126 million to EUR 135 million, and current and non-current provisions and liabilities. Bank borrowings of EUR 29 million in 2014 rose by 14% to EUR 33 million in 2015 after we increased the scope of our receivables refinancing as part of the ABS programme.

Our equity ratio rose slightly from 54% to 55%. This equity ratio allows us to retain our financial independence.

EQUITY RATIO



4. SEGMENT REPORTING

4.1. PERFORMANCE OF THE FRoSTA OPERATING SEGMENT

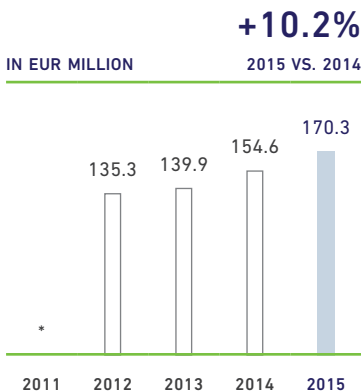
The FRoSTA operating segment (brand business in Germany, Austria, Poland, Hungary, Czech Republic, Romania, Russia and Italy, some parts of the private label business as well as the home delivery service in Europe) enjoyed a positive development in almost all sales areas. Various sales and marketing activities resulted in improved consumer demand, increasing turnover and encouraging growth in the profit from operations.

In the past year, the FRoSTA brand increased consumer turnover by 12.5% in terms of value (source: IRi 2015).

The brand extended its clear market leadership in stir-fry meals even further. The FRoSTA complete meals segment recorded growth of 8.4%, which was considerably more than the market as a whole (+1.3%) (source: IRi 2015). This made FRoSTA the strongest growing brand in this segment, allowing us to consolidate our market leadership once more, despite the fact that our main brand competitors advertised new stir-fry meals on television during the past year.

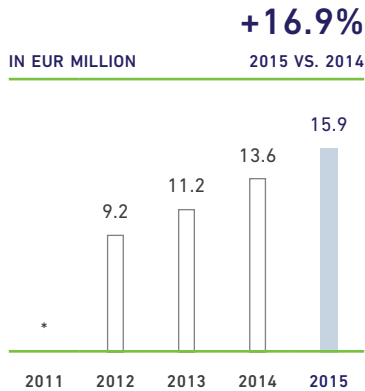
Turnover for FRoSTA's vegetable mixes grew by 25.4% (source: IRi 2015). Turnover from FRoSTA vegetable pans alone grew by 18.6%, a much stronger rise than in the previous year (source: IRi 2014/2015). Growth in this fiercely competitive market is particularly encouraging. The introduction of a range of modern interpretations of traditional vegetable mixes in autumn 2015 gave the brand an additional boost.

TURNOVER OPERATING SEGMENT FRoSTA



* Until 2011 sales units were allocated differently, which is why no figures prior to 2012 are presented.

EBIT OPERATING SEGMENT
FROSTA



* Until 2011 sales units were allocated differently, which is why no figures prior to 2012 are presented.

In the second full year since the introduction of FROSTA fish, consumer turnover rose by 23.4% to EUR 12.6 million (source: IRI 2015). This result was driven by the especially high demand for FROSTA “Schlemmerfilets” and fish fingers.

In Poland, the ever-changing retail landscape posed a major challenge over the past year. A takeover among wholesalers led to problems supplying small shops in the Warsaw area during the year. The particularly attractive prices of the largest retailers’ private label products led to rapid changes in consumers’ purchasing behaviour in 2015, which hit small independent retailers and large self-service department stores particularly hard. This change caused FROSTA brand turnover in Poland to stagnate. As in Germany, a new vegetable concept was introduced in autumn 2015 that was very well received by consumers according to early indications.

In Hungary, we also continue to focus our activities on the brand business, which generated a very acceptable growth rate supported by advertising.

In Romania, we increased awareness for the FROSTA brand through advertising, which led to a further increase in demand for our brand.

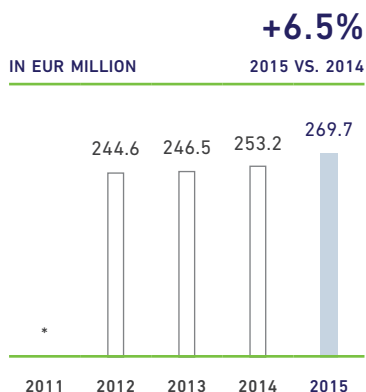
We made some progress in Russia in 2015, as our own company in Moscow now manages the entire supply chain. The weak ruble, import restrictions, foreign policy conflicts and extremely low oil prices in particular have markedly changed the country and its consumer behaviour. Retail chains in Russia are also adjusting to this shift, making negotiations difficult. Despite this strained situation, we were able to improve our listings and believe the crisis and the diminished supply structure in supermarkets represent a good opportunity for FROSTA.

In the Balkans, our business was once again encouraging. We were able to create once more additional contracts for private label fish products in Serbia, Croatia and Slovenia. However, consumer behaviour in this region continues to be affected by the strained overall economic situation.

In Italy, we were again able to improve turnover and thus achieve good earnings.

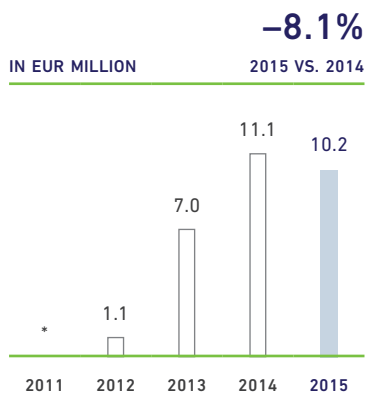
In the Home Delivery distribution channel, we were forced to record a reduction in turnover and earnings despite placing additional items in the catalogues.

TURNOVER OPERATING SEGMENT COPACK



* Until 2011 sales units were allocated differently, which is why no figures prior to 2012 are presented.

EBIT OPERATING SEGMENT COPACK



* Until 2011 sales units were allocated differently, which is why no figures prior to 2012 are presented.

4.2 PERFORMANCE OF THE "COPACK" OPERATING SEGMENT

The COPACK operating segment comprises the private label business's sales channels with food retailers in Western Europe as well as caterers (Foodservice) and industrial customers.

The marked rise in turnover was primarily achieved by new ready meal and vegetable product listings. Operating profit fell from EUR 11.1 million to EUR 10.2 million. As a result of extremely high competitive pressure, we were unable to fully implement the necessary price increases. One major cost driver over the past year was the euro's significant decline against the US dollar, as around 70% of the raw materials used are traded on a US dollar basis.

5. INDIVIDUAL FINANCIAL STATEMENTS OF FRoSTA AG

The individual and consolidated financial statements of FRoSTA AG are identical with regard to changes in most balance sheet and income statement items. Any material differences between the financial statements are caused by consolidation of the Polish subsidiary and the differences in financial reporting standards.

Unlike the consolidated financial statements governed by international IFRS rules, the individual financial statements for FRoSTA AG are prepared in accordance with the provisions of the German Commercial Code (HGB).

Turnover of FRoSTA AG in 2015 was up by 6.9% on the previous year. This was mainly due to the good development in turnover of the FRoSTA brand in Germany, Eastern Europe and sales in France, Italy and the Foodservice business. The increase in turnover had a correspondingly positive effect on our earnings.

The individual financial statements show a profit after tax of EUR 13.3 million in accordance with the accounting principles of the German Commercial Code. The previous year's figure was EUR 11.8 million.

The detailed differences between the profit for the year according to German Commercial Code and the consolidated profit for the year according to IFRSs are illustrated below:

RECONCILIATION CONSOLIDATED PROFIT FOR THE YEAR

EUR THOUSAND	2015
PROFIT FOR THE YEAR OF FRoSTA AG FOR 2015 (HGB)	13,349
IFRSs adjustments:	
Depreciation and amortisation	-2,679
Pallet expenditure	539
Deferred taxes	404
Foreign currencies	-239
Other	241
PROFIT FOR THE YEAR OF FRoSTA AG FOR 2015 (IFRSs)	11,615
Sum total of profit / loss for the year of subsidiaries included in the consolidated financial statements	6,616
Effects of the consolidating entries through profit or loss	-21
PROFIT FOR THE YEAR OF THE FRoSTA GROUP FOR 2015	18,210

The higher depreciation figures in the IFRS financial statements result from the fact that fixed assets measured in accordance with IFRSs have a higher carrying amount than in the HGB financial statements, and from different depreciation / amortisation rules and useful lives.

The individual financial statements according to German commercial law remain the basis for determining the dividend amount.

The Executive Board will propose to the Annual General Meeting to distribute a dividend of EUR 1.36 per share from net retained profits (unchanged from the previous year) and allocate the remainder to reserves. Based on 6,812,598 shares, less 6,448 treasury shares not entitled to a dividend in accordance with Section 71b of the German Stock Corporation Act, this results in a total dividend of EUR 9.3 million. As a result, 27% of the FRoSTA Group's profit before tax of EUR 25.3 million will be distributed as a dividend and 38% paid as taxes, with 35% being retained by the Company.

APPROPRIATION OF PROFITS 2015

	IN EUR THOUSAND	PERCENTAGE
Current company taxes	7,119	28%
Capital gains tax including solidarity surcharge on dividends	2,441	10%
Total taxes	9,560	38%
Net dividend	6,815	27%
Retained by the Company	8,954	35%
Consolidated profit before tax	25,329	100%

The individual and consolidated financial statements correspond for all other statements made in the management report, with the exception of special matters typically found within a Group.

6. THE FRoSTA SHARE

KEY DATA OF THE FRoSTA SHARE

Market segment	Entry Standard of Frankfurt Stock Exchange
German SIN (WKN)	606900
ISIN	DE0006069008
Nominal share value	EUR 2.56

The FRoSTA share saw the following development in 2015: In January 2015, the share price was EUR 26.84 and in December 2015 it was EUR 40.20. The dividend yield is 3%. Since February 2011, the FRoSTA share has been traded in the Entry Standard of the Frankfurt Stock Exchange.

KEY FIGURES FOR THE FRoSTA SHARE

	2014	2015
Share capital (EUR thousand)	17,440	17,440
Number of shares	6,812,598	6,812,598
Equity acc. to consolidated balance sheet (EUR thousand)	125,681	134,700
Equity per share (EUR)	18.45	19.77
Share price at year-end (EUR)	27.18	40.20
Year high (EUR)	27.80	42.49
Year low (EUR)	18.05	26.21
Trading volume in shares	634,060	731,892
P / E ratio (Price at year-end / profit for the year)	10.74	15.11
Dividend payout per share (EUR)	1.36	1.36
Dividend yield (Dividende / price at year-end)	5.0%	3.4%
Consolidated profit for the year (EUR thousand)	17,254	18,210
Profit for the year per share (EUR)	2.53	2.67
Cash flow before change in working capital (EUR thousand)	27,093	30,539
Cash flow before change in working capital per share (EUR)	3.98	4.48

III. RISK MANAGEMENT SYSTEM / INTERNAL CONTROL SYSTEM

The risks described affect all segments of the Group.

The main features of the internal control and risk management process relevant for the Group's financial reporting system are presented as follows: FRoSTA has set up an internal control and monitoring system to be enforced by the Group's Controlling, Accounting, Debtor Management and Human Resources departments. Process-integrated and independent monitoring procedures make up the main components of the control system. Besides manual measures such as the two-person integrity principle, automatic controls integrated in our SAP-ERP system with its BO analysis tool are also a material component of measures integrated into processes. The strict separation of administrative, executive, accounting and approval functions reduces the likelihood of fraudulent actions.

The most important internal control variable at FRoSTA AG alongside "contribution margin II" (contribution margin I less sales and marketing costs) and "operating profit" is "return on Investment".

Our process-independent monitoring programme includes the internal audits of our quality management officers, internal auditing projects and indeed the Supervisory Board.

The compliance and reliability of our corporate accounting is guaranteed by adherence to the work instructions and internal accounting manual, which apply to all relevant Group companies. These regulations also stipulate the material and formal requirements concerning the preparation of the financial statements. Despite the large number of regulations, there is still a possibility of risk, for example as a result of unusual or complex transactions.

All our managerial staff are actively involved in our risk management system. The system ensures that warning signals are given early enough, even in times of crisis.

Market-related business risks are naturally borne by the Company itself. These include risks from the development of new products. The Company generally tries as far as possible to transfer any risks not stemming from the Company's core areas of activity, such as currency, liability and property damage risks, to third parties.

The risk management system at FRoSTA AG is the subject of a continual improvement process. In 2015, a management workshop was held to review and assess all company risks and opportunities.

IV. REPORT ON RISKS AND OPPORTUNITIES

1. PROCUREMENT MARKET

The production of frozen food involves the use of a wide range of raw materials, the procurement of which can be subject to considerable fluctuation. By co-operating with strategic suppliers we smoothen these fluctuations and avoid dependencies. Being located in various different places our own vegetable production is also largely secured against the effects of inclement local weather conditions which can lead to poor harvests. Despite all this, considerable changes in the prices of raw materials are still possible and, if we are to remain competitive, we cannot always pass these on directly to the customers. This situation presents risks and opportunities. However, price agreements with customers with a term of more than six months increase our risk / opportunity as we are not normally in a position to secure raw material cover for such a long period. As far as possible, we therefore try to avoid contractual or delivery agreements with our customers which go beyond this period. However, competition sometimes makes this impossible.

The quality of the raw materials is monitored by audits at our suppliers' facilities and by checking goods as they arrive at our plants. Quality checks, however, cannot guarantee the absolute safety of raw materials since the thresholds for contamination are becoming ever lower and the checks are only carried out on a random basis.

2. CURRENCY SITUATION

FRoSTA purchases most of its raw materials from international markets. Most of these goods are invoiced in US dollars. We make use of the usual options and futures trading instruments available on the market to hedge exchange rate fluctuations. The way these currency hedging instruments are dealt with is precisely stipulated by a set of procedural regulations, and financial controlling instruments are employed to ensure that these are adhered to. In general, a deterioration of the EUR / USD exchange rate results in higher prices for goods purchased – and vice versa. The hedging of exchange rate risks can only compensate to a limited extent for a continually rising US dollar. Opportunities may derive from falling US dollar exchange rates.

3. SALES MARKET

The increasing concentration of trade is leading to risks arising from the potential loss of bulk contracts. One example is the expected sale of the Kaisers-Tengelmann supermarkets to Edeka in Germany. Our broad customer structure is based on private label and customer brands, as well as the supplying of home delivery services, caterers and industrial customers, all of which protects us against excessive fluctuations in individual market segments. Our contracts with our customers normally include items and prices but do not guarantee fixed volumes, which means that we carry the risk of reduced purchases by the consumer.

The risk of losing outstanding receivables is limited by credit risk insurances with the usual deductibles, a strict reminder system and internal credit limits.

The frozen food market is subject to constant change. Our competitors might respond to product trends more quickly or gain technological leads. In close cooperation with our product development department, we conduct intensive research to identify market trends. This enables us to produce innovative product concepts to respond to changes or even to initiate changes ourselves within the market.

Besides market growth in Germany and Western Europe there are special opportunities for FRoSTA AG, particularly in Eastern Europe. Combined with FRoSTA's strong market position, the low per-capita consumption in these countries offers good potential for growth.

4. FINANCING

Our financing is dependent on loans. By exercising alternative forms of financing such as selling receivables through asset-backed securities, but also by maintaining an adequate equity base, we aim to reduce our dependence on borrowing and to meet increasingly strict requirements from the capital market. In doing so, we are exposed to interest rate risk on the capital market. By using long-term loans and interest-rate hedging we can limit the interest rate risk.

5. LEGAL RISKS

There are no legal risks.

V. REPORT ON POST-BALANCE SHEET DATE EVENTS

There have been no events after the reporting date which would have any bearing on the financial year under review.

VI. BRANCH REPORT

FRoSTA AG has the following branches:

- F. Schottke, Bremerhaven, Germany
- Elbtal Tiefkühlkost, Lommatzsch, Germany
- Rheintal Tiefkühlkost, Bobenheim-Roxheim, Germany

VII. FORECAST

Although we expect the frozen food market in Europe to remain stable over the next few years, we believe the catering business (Foodservice) will grow slightly. We want to increase margins slightly compared to the previous year to enable us to invest in advertising and state-of-the-art technology in the future. We want to achieve this through strict cost control and increased growth in profitable business segments.

In the first two months of 2016, we saw an increase in revenue of 6.6% compared to the previous year. One of our most important objectives is to further improve our relative margin. This will require additional price increases, particularly in fish products, and cost reductions.

We believe we have the personnel and organisational capability necessary to continue growing FRoSTA AG. In this endeavour, we will be supported by our long-standing good relations with our customers, suppliers and banks as well as by our dedicated workforce.

Bremerhaven, March 2016

The Executive Board

ANNUAL FINANCIAL STATEMENTS OF THE FRoSTA GROUP

CONSOLIDATED INCOME STATEMENT OF FRoSTA AG	42
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	43
CONSOLIDATED BALANCE SHEET OF FRoSTA AG	44
CONSOLIDATED STATEMENT OF CHANGES IN FIXED ASSETS OF FRoSTA AG	46
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF FRoSTA AG	48
CONSOLIDATED STATEMENT OF CASH FLOWS OF FRoSTA AG	49
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 2015 FINANCIAL YEAR OF FRoSTA AG ACCORDING TO IFRSs	50
MANAGEMENT BODIES	81

CONSOLIDATED INCOME STATEMENT OF FRoSTA AG

CONSOLIDATED INCOME STATEMENT OF FRoSTA AG FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2015

IN EUR THOUSAND	NOTE	2014	2015	IMPACT ON PROFIT/LOSS
1. Turnover	(40)	407,839	439,950	7.9%
2. Reduction in inventories of finished goods and work in progress (previous year: increase in inventories)		5,790	-1,286	< -100%
3. Other own work capitalised		11	120	> 100%
4. Other operating income	(41)	8,421	11,151	32.4%
5. OPERATING INCOME		422,061	449,935	6.6%
6. Cost of materials				
a) Cost of raw materials, consumables and supplies		-245,495	-266,584	-8.6%
b) Cost of purchased services		-11,429	-9,175	19.7%
		-256,924	-275,759	-7.3%
7. GROSS PROFIT		165,137	174,176	5.5%
8. Personnel expenses	(42)			
a) Wages and salaries		-55,873	-54,825	1.9%
b) Social security, post-employment and other employee benefit costs of which post-employment benefits: EUR 10 thousand (previous year: EUR 3 thousand)		-8,969	-9,511	-6.0%
		-64,842	-64,336	0.8%
9. Depreciation and amortisation of intangible assets and fixed assets including property, plant and equipment	(43)	-11,449	-12,178	-6.4%
10. Other operating expenses	(44)	-64,059	-71,562	-11.7%
11. OPERATING PROFIT		24,787	26,100	5.3%
12. Income from equity investments of which associates: EUR 89 thousand (previous year: EUR -83 thousand)		1	160	> 100%
13. Other interest and similar income	(45)	440	319	-27.5%
14. Write-downs of financial assets and on securities classified as current assets		0	-301	n.a.
15. Interest and similar expenses	(45)	-1,370	-949	30.7%
16. Financial result		-929	-771	17.0%
17. RESULT FROM ORDINARY BUSINESS ACTIVITIES		23,858	25,329	6.2%
18. Current taxes on income	(46)	-7,051	-7,244	-2.7%
19. Deferred taxes	(46)	447	125	-72.0%
20. CONSOLIDATED PROFIT FOR THE YEAR		17,254	18,210	5.5%

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF FRoSTA AG

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF FRoSTA AG FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2015

IN EUR THOUSAND	2014	2015	IMPACT ON PROFIT / LOSS
1. Consolidated profit for the year	17,254	18,210	5.5%
2. Other comprehensive income			
a) Items that will never be reclassified to profit or loss			
Actuarial gains and losses	26	-28	-207.7%
b) Items that were or can subsequently be reclassified to profit or loss			
Gains and losses on the translation of annual financial statements of foreign subsidiaries	-797	32	104.0%
3. COMPREHENSIVE INCOME	16,483	18,214	10.5%
Allocation of comprehensive income to owners of the parent company	16,483	18,214	10.5%
Non-controlling interests	0	0	0.0%
	16,483	18,214	10.5%

CONSOLIDATED BALANCE SHEET OF FRoSTA AG

CONSOLIDATED BALANCE SHEET OF FRoSTA AG AS AT 31 DECEMBER 2015

IN EUR THOUSAND	NOTE	31.12.2014	31.12.2015	DEVIATION
ASSETS				
NON-CURRENT ASSETS				
A. FIXED ASSETS				
1. Intangible assets	(24)	1,152	1,149	-0.3%
2. Property, plant and equipment	(25)	71,908	73,357	2.0%
3. Financial assets	(26)	271	120	-55.7%
4. Investments accounted for using the equity method	(26)	218	307	40.8%
		73,549	74,933	1.9%
B. DEFERRED TAXES				
	(47)	1,889	1,553	-17.8%
		75,438	76,486	1.4%
CURRENT ASSETS				
C. CURRENT ASSETS				
1. Inventories	(27)	72,970	69,384	-4.9%
2. Trade receivables	(28)	64,783	79,221	22.3%
3. Receivables from affiliated companies		2	3	50.0%
4. Receivables from current taxes on income		519	441	-15.0%
5. Other assets	(29)			
Financial assets		4,963	4,412	-11.1%
Miscellaneous other assets		385	290	-24.7%
6. Funds		16,061	14,439	-10.1%
		159,683	168,190	5.3%
BALANCE SHEET TOTAL		235,121	244,676	4.1

CONSOLIDATED BALANCE SHEET OF FRoSTA AG AS AT 31 DECEMBER 2015

IN EUR THOUSAND	NOTE	31.12.2014	31.12.2015	DEVIATION
EQUITY AND LIABILITIES				
A. EQUITY (30)				
1. Subscribed capital				
Nominal amount	(31)	17,440	17,440	0.0%
Treasury shares		-33	-16	-51.5%
		17,407	17,424	0.1%
2. Capital reserves	(32)	12,815	12,815	0.0%
3. Retained earnings	(33)	77,331	79,914	3.3%
4. Other reserves	(34)	-962	-958	-0.4%
5. Equity earned by the Group (without retained earnings)		19,090	25,505	33.6%
		125,681	134,700	7.2%
B. NON-CURRENT PROVISIONS AND LIABILITIES				
1. Provisions for pensions	(36)	886	892	0.7%
2. Other provisions	(37)	2,131	2,302	8.0%
3. Liabilities to banks	(38)	18,135	12,368	-31.8%
4. Deferred tax liabilities	(47)	3,370	2,906	-13.8%
		24,522	18,468	-24.7%
C. CURRENT PROVISIONS AND LIABILITIES				
1. Other provisions	(37)	147	0	-100.0%
2. Liabilities to banks	(38)	11,334	20,871	84.1%
3. Trade payables	(38)	53,466	46,380	-13.3%
4. Liabilities to long-term investees	(38)	34	0	-100.0%
5. Liabilities from current taxes on income		2,368	2,233	-5.7%
6. Other liabilities	(39)			
Financial liabilities		6,044	6,248	3.4%
Miscellaneous other liabilities		11,525	15,776	36.9%
		84,918	91,508	7.8%
BALANCE SHEET TOTAL		235,121	244,676	4.1%

CONSOLIDATED STATEMENT OF CHANGES IN FIXED ASSETS OF FRoSTA AG

CONSOLIDATED STATEMENT OF CHANGES IN FIXED ASSETS OF FRoSTA AG 2014

IN EUR THOUSAND	PURCHASE AND MANUFACTURING COSTS					AS AT 31.12.14
	AS AT 01.01.14	EXCHANGE RATE EFFECTS	ADDITIONS	TRANSFERS	DISPOSALS	
1. INTANGIBLE ASSETS						
Concessions, industrial and similar rights and assets, and licenses in such rights and assets	13,681	-3	577	271	129	14,397
2. PROPERTY, PLANT AND EQUIPMENT						
a. Land, land rights and buildings, including buildings on third-party land	78,239	-259	1,948	59	921	79,066
b. Plant and machinery	140,186	-441	9,574	672	2,078	147,913
c. Other operating and office equipment	43,980	-28	2,970	59	1,281	45,700
d. Prepayments and assets under construction	1,101	-3	1,058	-1,061	0	1,095
	263,506	-731	15,550	-271	4,280	273,774
3. LONG-TERM FINANCIAL ASSETS						
a. Financial assets	423	0	205	0	247	381
b. Investments accounted for using the equity method	1,876	0	0	0	83	1,793
	2,299	0	205	0	330	2,174
	279,486	-734	16,332	0	4,739	290,345

CONSOLIDATED STATEMENT OF CHANGES IN FIXED ASSETS OF FRoSTA AG 2015

IN EUR THOUSAND	PURCHASE AND MANUFACTURING COSTS					AS AT 31.12.15
	AS AT 01.01.15	EXCHANGE RATE EFFECTS	ADDITIONS	TRANSFERS	DISPOSALS	
1. INTANGIBLE ASSETS						
Concessions, industrial and similar rights and assets, and licenses in such rights and assets	14,397	1	414	92	27	14,877
2. PROPERTY, PLANT AND EQUIPMENT						
a. Land, land rights and buildings, including buildings on third-party land	79,066	31	1,634	189	76	80,844
b. Plant and machinery	147,913	57	5,616	648	1,159	153,075
c. Other operating and office equipment	45,700	6	3,152	126	900	48,084
d. Prepayments and assets under construction	1,095	0	2,981	-1,055	0	3,021
	273,774	94	13,383	-92	2,135	285,024
3. LONG-TERM FINANCIAL ASSETS						
a. Financial assets	381	0	210	0	60	531
b. Investments accounted for using the equity method	1,793	0	89	0	0	1,882
	2,174	0	299	0	60	2,413
	290,345	95	14,096	0	2,222	302,314

ACCUMULATED DEPRECIATION, AMORTISATION AND IMPAIRMENT							NET BOOK VALUE	
AS AT 01.01.14	EXCHANGE RATE EFFECTS	ADDITIONS	REVERSALS OF WRITE DOWNS	TRANSFERS	DISPOSALS	AS AT 31.12.14	AS AT 31.12.13	AS AT 31.12.14
12,918	-2	458	0	0	129	13,245	763	1,152
48,897	-68	2,172	0	0	921	50,080	29,342	28,986
110,636	-255	6,173	0	1	2,038	114,517	29,550	33,396
35,910	-18	2,646	0	-1	1,268	37,269	8,070	8,431
0	0	0	0	0	0	0	1,101	1,095
195,443	-341	10,991	0	0	4,227	201,866	68,063	71,908
324	0	0	38	0	176	110	99	271
1,575	0	0	0	0	0	1,575	301	218
1,899	0	0	38	0	176	1,685	400	489
210,260	-343	11,449	38	0	4,532	216,796	69,226	73,549

ACCUMULATED DEPRECIATION, AMORTISATION AND IMPAIRMENT							NET BOOK VALUE	
AS AT 01.01.15	EXCHANGE RATE EFFECTS	ADDITIONS	REVERSALS OF WRITE DOWNS	TRANSFERS	DISPOSALS	AS AT 31.12.15	AS AT 31.12.14	AS AT 31.12.15
13,245	0	510	0	0	27	13,728	1,152	1,149
50,080	9	2,305	0	0	2	52,392	28,986	28,452
114,517	33	6,665	0	0	1,037	120,178	33,396	32,897
37,269	2	2,698	0	0	872	39,097	8,431	8,987
0	0	0	0	0	0	0	1,095	3,021
201,866	44	11,668	0	0	1,911	211,667	71,908	73,357
110	0	301	0	0	0	411	271	120
1,575	0	0	0	0	0	1,575	218	307
1,685	0	301	0	0	0	1,986	489	427
216,796	44	12,479	0	0	1,938	227,381	73,549	74,933

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF FRoSTA AG

STATEMENT OF CHANGES IN EQUITY

IN EUR THOUSAND	SUBSCRIBED CAPITAL	CAPITAL RESERVES	RETAINED EARNINGS	OTHER RETAINED EARNINGS		EQUITY EARNED BY THE GROUP (WITHOUT RETAINED EARNINGS)	EQUITY
				ACTUARIAL GAINS/ LOSSES	ADJUSTMENT ITEM FROM FOREIGN CURRENCY TRANSLATION		
AS AT 1 JANUARY 2014	17.440	12.815	76.956	-50	-141	9.594	116.614
Dividends paid						-6.813	-6.813
Acquisition of own shares	-211		-1.792				-2.003
Employee share programme	178		1.512				1.690
Appropriation to retained earnings			945			-945	0
Currency change					-797		-797
Liquidation of FRoSTA GmbH in Baden			-290				-290
Change in profit / loss				26			26
Consolidated profit for the year						17.254	17.254
AS AT 31 DECEMBER 2014	17.407	12.815	77.331	-24	-938	19.090	125.681
Dividends paid						-9.247	-9.247
Acquisition of own shares	-154		-1.983				-2.137
Employee share programme	171		2.018				2.189
Appropriation to retained earnings			2.548			-2.548	0
Currency change					32		32
Change in profit / loss				-28			-28
Consolidated profit for the year						18.210	18.210
AS AT 31 DECEMBER 2015	17.424	12.815	79.914	-52	-906	25.505	134.700

CONSOLIDATED STATEMENT OF CASH FLOWS OF FRoSTA AG

CONSOLIDATED STATEMENT OF CASH FLOWS OF FRoSTA AG

IN EUR THOUSAND	2014	2015
Consolidated profit before tax	23,858	25,329
Amortisation and depreciation of fixed assets	11,449	12,178
Interest income	-440	-319
Interest expense	1,370	949
Increase in non-current provisions	89	177
Gain / loss on disposal of fixed assets	-13	-62
Other non-cash income and expenses	-999	597
Interest paid	-1,345	-925
Interest received	48	17
Income taxes paid	-6,930	-7,417
Income taxes received	6	15
CASH FLOW BEFORE CHANGE IN WORKING CAPITAL	27,093	30,539
Increase / decrease in current provisions	146	-147
Increase in inventories, trade receivables and other assets not attributable to investing or financing activities	-9,105	-9,905
Increase / decrease in trade payables and other liabilities not attributable to investing or financing activities	14,287	-2,896
CASH FLOW FROM OPERATING ACTIVITIES	32,421	17,591
Proceeds from disposal of fixed assets	100	221
Proceeds from grants	172	—
Payments for investments in tangible fixed assets	-15,722	-13,383
Payments for investments in intangible fixed assets	-577	-414
Payments for investments in long-term financial assets	-205	-210
CASH FLOW FROM INVESTING ACTIVITIES	-16,232	-13,786
Payments to acquire own shares	-2,003	-2,137
Proceeds from disposal of own shares	1,690	2,189
Dividends to shareholders	-6,813	-9,247
Proceeds from obtaining bank loans	—	875
Payments to repay bank loans	-9,884	-6,162
Increase in bank overdrafts	293	9,046
CASH FLOW FROM FINANCING ACTIVITIES	-16,717	-5,436
Effect on cash funds of exchange rate movements	-64	9
Net change in cash funds	-528	-1,631
Cash funds at beginning of period	16,653	16,061
CASH FUND AT END OF PERIOD	16,061	14,439

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 2015 FINANCIAL YEAR

FRoSTA AKTIENGESELLSCHAFT, BREMERHAVEN

FRoSTA Aktiengesellschaft (hereafter referred to as FRoSTA AG), is a public limited company according to German law and is listed in the Entry Standard of the Frankfurt Stock Exchange. FRoSTA AG and its subsidiaries develop, produce and market frozen food products in Germany and Europe. The products are sold under their FRoSTA, Elbtal and TIKO own brand labels and as private labels. The Group's registered seat is in 27572 Bremerhaven, Germany, Am Lunedeich 116. FRoSTA AG's Executive Board released the consolidated financial statements on 16 March 2016 for presentation to the Supervisory Board. It is the task of the Supervisory Board to review the consolidated financial statements and to state whether it approves them.

(1) 1. ACCOUNTING PRINCIPLES

FRoSTA AG's consolidated financial statements as at 31 December 2015 have been prepared in compliance with the International Accounting Standards Board's (IASB) financial reporting standards – the International Accounting Standards (IASs) and the International Financial Reporting Standards (IFRSs) – as applicable within the European Union.

In doing so, all IASs or IFRSs to be applied as at 31 December 2015 and the appropriate interpretations provided by the Standing Interpretations Committee (SIC) or the International Financial Reporting Interpretations Committee (IFRIC) were complied with. The requirements of the above mentioned regulations were fulfilled, so that FRoSTA AG's consolidated financial statements convey an appropriate picture of the net assets, financial position and results of operations as well as the cash flows within the financial year.

The conditions laid down in section 315a of the German Commercial Code (HGB) on the exemption from preparing consolidated financial statements according to German accounting standards have been fulfilled. To put the statements on an equal footing with the consolidated financial statements drawn up according to HGB regulations, all legal obligations on disclosure and notes above and beyond the IASB regulations, in particular preparing a management report, have been fulfilled.

The income statement is structured according to the nature of expense format.

Comparisons are made based on the reference date of 31 December 2014.

The consolidated financial statements are prepared in euros. Unless stated otherwise, all amounts are shown in thousands of euros (EUR thousand).

2. CONSOLIDATION

(2)

A. CONSOLIDATION PRINCIPLES

All essential German and foreign subsidiaries where FRoSTA AG can directly or indirectly control financial and business policies in these companies are included in FRoSTA AG's consolidated financial statements. These companies' statements are drawn up according to uniform accounting principles.

The subsidiaries are consolidated. In this context, the carrying amount of the equity investment is compared with the proportion of the subsidiary's equity to be consolidated at the time when the shares were purchased (acquisition method) according to IFRS 3. In doing so equity must be determined according to the revaluation method. As a rule, IFRS 3 must be shown retrospectively for all business combinations before the effective date (31 December 2005).

As regards business combinations before the transition date (1 January 2004) FRoSTA AG will take advantage of the following facilities under IFRS 1:

- IFRS 3 will not be used retrospectively for business combinations that took place before the transition date (1 January 2004).
- This means that the consolidation method originally chosen will be retained.

Expenses and income as well as accounts receivable and payable between consolidated companies are eliminated. Interim profits and losses from inter-company transactions are eliminated through profit or loss.

(3)

B. BASIS OF CONSOLIDATION

CONSOLIDATED SUBSIDIARIES

NAME OF ENTITY	REGISTERED SEAT OF ENTITY	PERCENTAGE OF CAPITAL HELD IN 2014 IN %	PERCENTAGE OF CAPITAL HELD IN 2015 IN %
Copack Tiefkühlkost-Produktions GmbH	Bremerhaven / Germany	100.00	100.00
Elbtal Tiefkühlkost Vertriebs GmbH	Lommatzsch / Germany	100.00	100.00
Feldgemüse GmbH Lommatzsch	Lommatzsch / Germany	100.00	100.00
FRoSTA France S.a.r.l.	Boulogne-Billancourt / France	100.00	100.00
FRoSTA Tiefkühlkost GmbH	Bremerhaven / Germany	100.00	100.00
FRoSTA Foodservice GmbH	Bremerhaven / Germany	100.00	100.00
FRoSTA Italia s.r.l.	Rome / Italy	100.00	100.00
FRoSTA ČR s.r.o.	Prague / Czech Republic	100.00	100.00
FRoSTA Sp. z o.o.	Bydgoszcz / Poland	100.00	100.00
BioFreeze GmbH	Bremerhaven / Germany	100.00	100.00
TIKO Vertriebsgesellschaft mbH	Bremerhaven / Germany	100.00	100.00

ASSOCIATED COMPANIES (EQUITY METHOD)

NAME AND REGISTERED SEAT OF ENTITY	PERCENTAGE OF CAPITAL HELD IN 2014 IN %	PERCENTAGE OF CAPITAL HELD IN 2015 IN %	CARRYING AMOUNT IN 2014 IN EUR THOUSAND	CARRYING AMOUNT IN 2015 IN EUR THOUSAND
BIO-FROST Westhof GmbH, Wöhrden / Germany	45.00	45.00	218	307

In view of the equity share of 45% held in BIO-FROST Westhof GmbH, Wöhrden, a case can be made for "significant influence" on that company. The BIO-FROST Westhof GmbH operates a coldstore facility in Wöhrden. It is also involved in the manufacture, trading and distribution of organic frozen fruit and vegetable products as well as the buying and selling of other similar food. At a meeting of the shareholders on 22 November 2013, it was decided to change the dates of the financial year. As from 1 January 2014, the financial year runs from 1 June to 31 May. For this reason, 1 January 2014 to 31 May 2014 was recorded as a short financial year. The comparability of annual figures is therefore limited.

FINANCIAL FIGURES OF BIO-FROST WESTHOF GMBH

IN EUR THOUSAND	31.5.2014	31.5.2015
Total assets	2,882	2,996
Total liabilities	1,793	1,709
Net assets	1,089	1,287
Group share of net assets	490	579
Turnover	878	4,551
Profit / loss for the year	-185	198
Group share	-83	89

As the entity does not prepare IFRS financial statements, classification of assets and liabilities as current and non-current is not possible.

The consolidated financial statements for the financial year do not include the following entities which are in total of minor importance for the Group's net assets, financial position and results of operations:

COMPANIES NOT INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

NAME OF ENTITY	REGISTERED SEAT OF ENTITY	PERCENTAGE OF CAPITAL HELD IN 2014 IN %	PERCENTAGE OF CAPITAL HELD IN 2015 IN %
FRoSTA Romania S.R.L.	Bucharest / Romania	100.00	100.00
NORDSTERN America Inc.	Seattle / USA	100.00	100.00
OOO FRoSTA	Moscow / Russia	100.00	100.00
FRoSTA Hungary Kft.	Esztergom / Hungary	100.00	100.00
Copack Sp. z o.o.	Bydgoszcz / Poland	100.00	100.00
Columbus Spedition GmbH	Bremerhaven / Germany	33.33	33.33

(4)

C. TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS

The assets and liabilities of subsidiaries whose functional currency is not the euro are translated at the applicable exchange rate on the balance sheet date. Income statement items are translated at average monthly exchange rates, because due to minor exchange rate fluctuations in the given period, this is an accurate reflection of the exchange rates on the day the transactions occurred.

The exchange rate differences that occur from translation are recorded as an adjustment from currency translation.

The following exchange rates were taken into account when preparing the consolidated financial statements and the consolidated income statement (equivalent value for EUR 1):

DEVELOPMENT OF ESSENTIAL EXCHANGE RATES

CLOSING RATE	31.12.2014	31.12.2015
Polish zloty	4.2805	4.2660
Czech koruna	27.718	27.022

3. NOTES ON THE ACCOUNTING AND VALUATION POLICIES

(5)

A. RECOGNITION OF INCOME AND EXPENSES

Revenue from the sale of products and goods is recognised once the delivery owed has been carried out and risk and ownership have been passed on. Customer discounts and rebates as well as returned goods are entered on an accrual basis according to the sales they are based on.

Operating expenses are recognised in profit or loss once the service in question is taken up or at the time it is triggered.

Interest is recognised as an expense or as income at the time it occurs.

Dividends are recognised at the time they are paid out.

(6)

B. INTANGIBLE ASSETS

Purchased intangible assets are carried at cost.

Intangible assets that have a determinable useful life are subjected to straight-line amortisation over their expected useful lives as follows, starting on the date on which they are made available:

AMORTISATION PERIOD OF INTANGIBLE ASSETS

IN YEARS	USEFUL LIFE
Software	4
Licences	4

(7)

C. PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are recognised at cost and subjected to straight-line depreciation according to their probable useful life. Costs of self-constructed items of property, plant and equipment include all direct costs and all overheads that are incurred as a result of the production process.

Investment grants and investment subsidies are recognised if it is sufficiently certain that these payments are actually made and the requirements attached to them are fulfilled. They result in a reduction of acquisition or production costs. Expenditure-related grants and subsidies are recognised as revenue in the financial year in which the expenditure concerned took place. Borrowing costs are capitalised as part of costs in line with IAS 23. Costs incurred for repairs of items of property, plant and equipment are always expensed. They are only capitalised if the costs result in an enhancement or significant improvement of the asset. The assets to be recognised are subjected to separate analyses for the purposes of measuring depreciation expense if significant cost segments have different economic lives.

Finance lease assets, where basically all risks and benefits associated with an asset are transferred to the Group, are carried less accumulated depreciation and an appropriate liability in the amount of the lower of the fair value of the asset or the present value of the rent or lease payments.

The assets are depreciated using the straight-line method over their useful life.

Gains or losses from the disposal of fixed assets are shown in other operating income or expenses.

Depreciation is carried out uniformly throughout the Group over the following useful lives:

DEPRECIATION PERIOD OF PROPERTY, PLANT AND EQUIPMENT

IN YEARS	USEFUL LIFE
Buildings	25 – 40
Other constructions	12 – 15
Plant and machinery	7 – 15
IT equipment	3 – 7
Other factory and office equipment	5 – 13

(8)

D. IMPAIRMENT OF INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT AND FINANCIAL ASSETS

FRoSTA AG examines the carrying amounts of fixed assets to establish whether impairment charges are necessary, as soon as events occur or circumstances change implying that permanent impairment has occurred ("impairment test"). An impairment charge is recognised when the expected proceeds from sale or the capital value of the cash flows to be expected from the assets are lower than the asset's carrying amount.

If it is not possible to determine the recoverable amount for individual assets, the cash flow for the next higher group of assets for which this type of cash flow can be established, will be determined. The cash flow forecast of these cash-generating units is based on the detailed financial budget for the next years and the financial planning strategy going beyond this period. The growth rates assumed do not exceed the average growth rates for the industry in which the respective cash-generating unit is active. The discount rate is based on a weighted average calculation of capital costs taking into account the borrowing capital / equity structure and amounts to 8.35% before taxes. If the reasons for impairment no longer apply, the impairment loss is reversed, with such reversal not exceeding amortised cost.

(9)

E. FINANCIAL ASSETS AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Disposable financial assets are recognised as at the reporting date at fair value or, if this cannot be established, at amortised cost.

(10)

F. INVENTORIES

Inventories are measured at cost. Costs of raw materials and consumables as well as merchandise are determined using the weighted average cost formula and result from the purchasing prices plus incidental costs. Cost includes, apart from the directly attributable costs, overheads directly attributable to the production process including appropriate depreciation of manufacturing assets assuming normal utilisation. Borrowing costs are not included in the measurement of the inventories, but are recognised as an expense in the period they are incurred.

Write-downs for inventory risks are recognised as appropriate and sufficient. If necessary, the lower net realisable value is recognised. The net realisable value is the estimated selling price achievable in the course of ordinary business less the estimated manufacturing and selling costs.

Should the reasons that have led to an impairment of the inventories no longer apply, an appropriate reversal of the impairment loss is recognised.

(11)

G. RECEIVABLES AND OTHER ASSETS

Trade receivables and other assets are initially measured and carried at fair value plus transaction costs and subsequently at amortised cost. The fair value (transaction price) is calculated based on quoted prices in active markets for identical assets (Level 1). The sales market is used as the active market for assets. If not covered by insurance, counterparty credit risks are taken into account by recognising sufficient valuation allowances.

(12) H. FUNDS

The cash holdings and credit balances at banks are recognised at their nominal value.

(13) I. PROVISIONS FOR PENSIONS

Provisions for pension obligations are determined in accordance with IAS 19 using the projected unit credit method, taking into account future payment and pension adjustments. Pension obligations are measured based on expert pension reports. The present value of the defined benefit obligations is determined by discounting the estimated future payments of the current benefits. The interest rate is based here on prime fixed-interest corporate bonds of a comparable term on the reporting date. The currency and maturity of the bonds should be in the same currency and have the same term as the vested pension claims.

Service costs are recognised under personnel expenses. The interest included in the pension expenses is recognised under interest expense. The actuarial gains and losses are recognised in other reserves. A pension fund does not exist.

(14) J. OTHER PROVISIONS

Other provisions take into account all clear legal and actual obligations a corporation has towards third parties, where settlement is likely and the level of settlement can be reliably estimated. The provisions are recognised according to IAS 37 with the expected settlement amount.

Jubilee benefits and partial retirement obligations are part of the long-term employee benefits. Provisions for jubilee benefits are measured in accordance with IAS 19 using the projected unit credit method. Each year the present value of the rights obtained on the reporting date must be recognised as a provision. Provisions for partial retirement benefits must also be made at their present value. Existing plan assets are to be set off against provisions for partial retirement, with the plan assets to be measured at fair value.

Non-current provisions are recognised at their settlement amount discounted to the balance sheet date. Discounting is based on appropriate market interest rates.

Provisions for restructuring are only taken into account, if on the balance sheet date the measures intended have become sufficiently concrete and have been communicated.

(15) K. LIABILITIES

Liabilities are initially measured and recognised at fair value plus transaction costs and subsequently at amortised cost. The fair value (transaction price) is calculated based on quoted prices in active markets for identical liabilities (Level 1). The procurement market is used as the active market for liabilities. There is no counterparty credit risk arising from liabilities.

Liabilities in foreign currencies are translated at closing rates. Hedged items in foreign currency are also measured at the closing rate.

(16) L. DEFERRED TAXES

Under IAS 12 (income taxes) deferred tax assets and liabilities are recognised for all temporary differences in assets and liabilities between tax accounts and the annual financial statements prepared in accordance with commercial law, and for the future use of tax loss carry forwards. The calculation is made on the basis of the tax rates applicable in future at the balance sheet date. Deferred tax assets are only recognised if it is likely that these can be used against future taxable income.

M. DERIVATIVE FINANCIAL INSTRUMENTS

(17)

Currency forwards, options contracts and interest rate swaps

Currency forwards and option contracts as well as interest rate swaps and caps can be used as derivative financial instruments. These are only concluded with banks which have an excellent credit rating. These transactions are only carried out strictly in line with FRoSTA's own internal procedures and are subject to stringent internal controls. These transactions are only concluded to safeguard the operating business and the financing transactions associated with it. Hedging mainly concerns US dollar requirements. These occur because FRoSTA purchases some of the required raw materials in this currency without reporting any US dollar income.

In currency forwards, a fixed amount of US dollars is bought on an agreed date at an agreed exchange rate. This reduces the Company's risk of having to use a less favourable exchange rate which would make the purchase of raw materials in US dollars more expensive. On the other hand, currency forwards do not allow for currency translation at a more favourable rate should the market develop more positively for the buyer.

In forward options, the Company is guaranteed the right to purchase a fixed amount of US dollars on an agreed date at an agreed exchange rate. If, after completion of the contract, the market exchange rate develops unfavourably for the Company, it can buy the agreed amount of US dollars at the agreed exchange rate. If the exchange rate develops more positively, there is no obligation to exercise the option and the US dollar amounts required can be purchased on the market at a more favourable rate. By means of forward options, FRoSTA can lower the risk of rising dollar prices without foregoing the opportunities offered by lower dollar prices. However, for this flexibility charges are incurred which become payable on conclusion of the forward option contract.

Interest hedging instruments are used to secure medium- and long-term variable financing.

In the case of an interest-rate swap contract, the Company pays the bank a fixed interest rate on a fixed amount at regular intervals over an agreed period. Each time the interest payment is due, the bank offers a variable rate (based, for example, on the Euribor) for the fixed amount. No matter how the market develops within the agreed period, it cannot be less favourable for the Company than the original fixed interest rate.

Derivative financial instruments are accounted for at cost when purchased. They are subsequently recognised at their fair value. The banks establish the fair values based on market quotations.

All derivative financial instruments are treated as standalone derivatives, i.e. all realised and unrealised gains and losses resulting from the development of the fair values are immediately recognised in profit or loss.

(18)

SCOPE AND FAIR VALUES OF THE DERIVATIVES

IN EUR THOUSAND		31.12.2014		31.12.2015	
		NOTIONAL AMOUNT	FAIR VALUE	NOTIONAL AMOUNT	FAIR VALUE
Currency forwards	Purchase, USD thousand	38,055	2,692	44,882	1,043
	Sale, GBP thousand	3,289	-47	1,298	34
Currency swaps	Purchase, USD thousand	501	6	940	7
	Sale, GBP thousand	0	0	38	1
Interest rate swaps	Loan, EUR thousand	6,777	-363	4,043	-147

The notional amount of a derivative hedging transaction is the index from which the payments are derived. Collateral and risk are not the notional amount itself, but only the price changes referred to it.

The fair value is the amount that would have to be paid or would be received on the reporting date at the assumed termination of the hedging transaction. As the hedging transaction only concerns commonly tradable financial instruments the fair value is established on the basis of market quotations. Hedge accounting is not applied.

The positive fair value of financial instruments is presented in other assets and the negative fair value is presented in other liabilities. As the underlying contracts have been agreed with banks with sound credit ratings, no credit risks exist for these financial instruments.

DUE DATES FOR THE INTEREST HEDGING INSTRUMENTS

IN EUR THOUSAND	31.12.2014	31.12.2015
Within one year	2,734	2,722
Between one and five years	4,043	1,321
Over five years	0	0
Total	6,777	4,043

(19)

N. EMPLOYEE SHARE PROGRAMME

Every year FRoSTA AG employees can purchase a limited amount of shares at a fixed preferential price. The vesting date is the same as the purchase date.

There are two different purchasing prices per share. The retention period for both is four years, during which the securities may not be sold.

Employees must opt to take up the offer within one month.

(20) O. FAIR VALUES OF THE FINANCIAL INSTRUMENTS

The fair values of the financial instruments are determined based on appropriate market values or valuation methods (Level 1). Cash and cash equivalents and other current primary financial instruments correspond to the fair values of the book values on the respective reporting dates.

For non-current provisions and liabilities the fair value is determined based on the cash flows to be expected by using the benchmark interest rates valid on the balance sheet date. The derivative financial instruments are established based on existing forward exchange rates and benchmark interest rates on the balance sheet date.

(21) P. FOREIGN CURRENCY TRANSACTIONS

Purchases and sales in foreign currencies are translated at the current rate applicable at the time of the transactions. Assets and liabilities in foreign currencies are translated at the exchange rate on the balance sheet date to the Group's functional currency. Gains and losses from the translations are recognised in profit or loss.

(22) Q. USE OF ESTIMATES

Preparing the IFRS consolidated financial statements requires estimates and assumptions which affect the identification of assets and liabilities, the disclosure of contingent liabilities on the balance sheet date and the presentation of income and expenses.

Significant estimates and assumptions have in particular been made with regard to establishing depreciable lives, the actuarial parameters in assessing pensions, jubilee and partial retirement provisions and the ability to realise deferred tax assets. The actual amounts can be different from the amounts produced by estimates and assumptions. Changes will be recognised in profit or loss when more accurate figures are available.

(23) 4. APPLICATION OF ADDITIONAL IAS AND IFRS STANDARDS**New standards and interpretations not previously applied**

A series of new and amended standards become effective in the first reporting period of a financial year after 1 January 2015. The Group did not apply the following new or amended standards when preparing these consolidated financial statements.

IFRS 9 (Financial Instruments)

Issued in July 2014, IFRS 9 replaces the existing guidelines in IAS 39 (Financial Instruments: Recognition and Measurement). IFRS 9 contains revised guidelines for the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment losses on financial assets, as well as new general accounting standards for hedging transactions. It also incorporates guidelines on the recognition and derecognition of financial instruments from IAS 39. IFRS 9 becomes effective initially in the first reporting period of a financial year commencing on or after 1 January 2018; earlier adoption is also permissible. The Group is currently assessing the possible effects of IFRS 9 on the consolidated financial statements.

IFRS 15 (Revenue from Contracts with Customers)

IFRS 15 establishes a comprehensive framework for establishing whether, to what extent and at what point revenue should be recognised. It replaces existing revenue recognition guidelines including IAS 18 (Revenue), IAS 11 (Construction Contracts) and IFRIC 13 (Customer Loyalty Programmes). IFRS 15 becomes effective initially in the first reporting period of a financial year commencing on or after 1 January 2018; earlier adoption is also permissible. The Group is currently assessing the possible effects of IFRS 15 on the consolidated financial statements.

Amendments to IAS 16 and IAS 41 (Agriculture: Bearer Plants)

These amendments require a bearer plant, defined as a live plant, to be recognised as property, plant and equipment and places it within the scope of IAS 16 (Property, Plant and Equipment) instead of IAS 41 (Agriculture). These amendments become effective initially in the first reporting period of a financial year commencing on or after 1 January 2016; earlier adoption is also permissible. The Group has no bearer plants.

The following new or revised standards are not expected to have a significant effect on the consolidated financial statements: IFRS 14 (Regulatory Deferral Accounts); amendments to IFRS 11 (Acquisition of an Interest in a Joint Operation); amendments to IAS 16 and IAS 38 (Clarification of Permissible Methods); amendments to IAS 27 (Application of the Equity Method in Individual Financial Statements); amendments to IFRS 10 and IAS 28 (Sale or Contribution of Assets between an Investor and an Associate or a Joint Venture); Annual Improvements to IFRSs 2012–2014; amendments to IFRS 10, IFRS 12 and IAS 28 (Investment Entities: Application of the Consolidation Exception); and amendments to IAS 1 (Disclosure Initiative).

New standards or amendments to be applied for the first time in 2015 and future requirements

A succession of new or amended standards and interpretations have been issued since the last publication. The new or amended standards and interpretations published up to and including 1 August and not yet applicable for periods that began on 1 January 2014 are outlined below. They must therefore be taken into consideration for the first time when preparing IFRS financial statements relating to reporting periods for the financial year beginning on 1 January 2015.

New, currently effective requirements

Latest IFRS amendments effective for financial years commencing on 1 January 2015.

Effective as at 1 July 2014: amendments to IAS 19 (Employee Contributions to Defined Benefit Plans), Annual Improvements to IFRSs 2010–2012, Annual Improvements to IFRSs 2011–2013.

Future requirements

The latest amendments to the IFRSs that can be applied early in financial years beginning on 1 January 2015, despite only becoming effective in later reporting periods. These requirements are not taken into consideration in the consolidated financial statements.

Effective as at 1 January 2016: IFRS 14 (Regulatory Deferral Accounts); amendments to IFRS 11 (Acquisition of an Interest in a Joint Operation); amendments to IAS 16 and IAS 38 (Clarification of Permissible Methods of Depreciation and Amortisation); amendments to IAS 16 and IAS 41 (Agriculture: Bearer Plants); amendments to IAS 27 (Application of the Equity Method in Individual Financial Statements); amendments to IFRS 10 and IAS 28 (Sale or Contribution of Assets between an Investor and an Associate or a Joint Venture); Annual Improvements to IFRSs 2012 – 2014; amendments to IFRS 10, IFRS 12 and IAS 28 (Investment Entities: Application of the Consolidation Exception); and amendments to IAS 1 (Disclosure Initiative).

Effective as at 1 January 2018: IFRS 15 (Revenue from Contracts with Customers), IFRS 9 (Financial Instruments).

5. CONSOLIDATED BALANCE SHEET DISCLOSURES

(24)

A. INTANGIBLE ASSETS

The development of the individual items of intangible assets is shown in the consolidated statement of changes in non-current assets (appendix to the notes). The share of foreign subsidiaries in the net carrying amount as per 31 December 2015 amounted to EUR 78 thousand (previous year: EUR 34 thousand).

In the FRoSTA Group development costs have not been capitalised, as their future economic use cannot be reliably determined as long as the products have not been launched on the market. The expenses for product development for the financial year 2015 amounted to EUR 1,532 thousand (previous year: EUR 1,485 thousand).

(25)

B. PROPERTY, PLANT AND EQUIPMENT

As regards the development of property, plant and equipment, please see the consolidated statement of changes in non-current assets. The share of property, plant and equipment located abroad, primarily in Poland, in the net carrying amount as at 31 December 2015 amounted to EUR 14,595 thousand (previous year: EUR 14,599 thousand). Investment grants and subsidies received in the financial year reduce procurement costs by EUR 4,278 thousand (previous year: EUR 5,315 thousand). Based on current earnings forecasts no impairment losses were recognised in the reporting year. In prior years, impairment losses were recognised. If the reasons for impairment no longer apply, the impairment loss is reversed, with such reversal not exceeding amortised cost. This reversal amounted to EUR 821 thousand as at 31 December 2015 (previous year: EUR 1,142 thousand). In the reporting year no borrowing costs were capitalised according to IAS 23.

(26)

C. FINANCIAL ASSETS AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Changes in the financial assets and equity-accounted investments are shown in the consolidated statement of changes in non-current assets. The non-consolidated equity investments in subsidiaries are measured at amortised costs as at the reporting date. Loans to affiliated companies were amortised by EUR 301 thousand (previous year: EUR 0 thousand). Write-ups of EUR 0 thousand (previous year: EUR 38 thousand) were recognised on other loans and are shown in profit or loss for the period. Equity-method investments were presented separately in both the consolidated balance sheet and statement of changes in fixed assets in the reporting year.

(27)

D. INVENTORIES**INVENTORIES**

IN EUR THOUSAND	31.12.2014	31.12.2015
Raw materials and consumables	30,466	27,928
Unfinished goods	16,951	16,692
Finished products and goods	25,234	24,621
Prepayments	319	143
Inventories	72,970	69,384

The lower net realisable value, in so far as this was necessary, taking into account sales and manufacturing costs still being incurred was recognised. The carrying amount of inventories recognised at the lower net realisable value amounted to EUR 607 thousand in 2015. The impairments of inventories shown in expenses amount to EUR 183 thousand (previous year: EUR 508 thousand).

(28)

E. TRADE RECEIVABLES**TRADE RECEIVABLES**

IN EUR THOUSAND	31.12.2014	31.12.2015
Trade receivables, gross	65,283	79,957
Impairment charges on trade receivables	-500	-736
Trade receivables	64,783	79,221

IMPAIRMENT CHARGES ON TRADE RECEIVABLES

IN EUR THOUSAND	2014	2015
Impairment charges as at 1 January	454	500
Exchange rate differences	-2	0
Allocations	63	269
Utilisation	-10	-16
Dissolutions	-5	-17
Impairment charges as at 31 December	500	736

The expenses for the full derecognition of receivables are based on payment defaults and amount to EUR 25 thousand (previous year: EUR 2 thousand). Income from derecognised receivables amounts to EUR 17 thousand (previous year: EUR 5 thousand).

RISKS INCLUDED IN THE TRADE RECEIVABLES

IN EUR THOUSAND	31.12.2014	31.12.2015
Neither past due nor impaired receivables	61,394	76,175
Receivables past due but not impaired		
Less than 30 days	2,887	2,643
30 to 60 days	204	145
More than 60 days	298	258
Total receivables past due	3,389	3,046
Carrying amount (net)	64,783	79,221

Receivables sold in asset-backed securities transactions (ABS) amounted to EUR 17,957 thousand. According to the structure of the contract, ownership of the receivables is retained by FRoSTA. Liabilities resulting from the advance financing of the receivables collection are recognised under liabilities to banks.

In asset-backed securities contracts receivables are sold to a special purpose entity in the financial sector, which then offers the receivables on the capital market. The price paid for the receivables is based on the receivables' nominal value less the expected deductions. At the same time, a variable interest rate based on current rates for short-term loans is payable until collection. FRoSTA AG collects the receivables as a service provider for the special purpose entity. There is a risk that the receivables cannot be marketed. But the special purpose entity does commit itself to the purchase of the receivables for a one-year period.

(29)

F. OTHER ASSETS**OTHER ASSETS**

IN EUR THOUSAND	31.12.2014	31.12.2015
Creditors with debit balances	199	292
Employees	30	37
VAT and consumer tax	1,966	2,438
Other financial assets	2,768	1,645
Financial assets	4,963	4,412
Accruals	385	290
Miscellaneous other assets	385	290
Other assets	5,348	4,702

No counterparty credit risks have been identified for the other assets.

Excess of plan assets over post-employment benefit liability

An excess of plan assets over post-employment benefit liability amounting to EUR 15 thousand (previous year: EUR 46 thousand) is shown under other assets.

EXCESS OF PLAN ASSETS OVER POST-EMPLOYMENT BENEFIT LIABILITY

IN EUR THOUSAND	31.12.2014	31.12.2015
Fair value of invested assets	214	96
Costs of invested assets	204	85

For further explanations, please refer to item 37.

(30) G. EQUITY

The change of consolidated equity is shown in the statement of changes in equity.

Minimum capital requirements have been met.

A higher than average equity ratio is being aimed at. Achieving this target will be enhanced through self-financing and the issue of employee shares.

(31) Subscribed capital

Subscribed capital amounts to EUR 17,440 thousand. Based on 6,812,598 shares, each share has an arithmetical value of EUR 2.56.

A total of 6,448 individual FRoSTA AG no-par value bearer shares with a nominal value of EUR 16 thousand or 0.09% of the share capital were set off against equity. Purchasing costs in excess of the nominal value amounting to EUR 242 thousand are presented in a reduction of retained earnings. The no-par value bearer shares are not entitled to any rights under section 71b of the German Stock Corporation Act.

Apart from this there is an authorised capital, as yet unused, for a fixed period until 17 July 2018, amounting to EUR 201 thousand for the issuing of shares to employees of FRoSTA AG and its affiliated companies, as well as authorised capital of EUR 5,000 thousand for a fixed period until 17 July 2018, for a capital increase from cash contributions.

(32) Capital reserves

The capital reserves include the premiums from issuing the shares and the personnel expenses from the employee share programme.

(33) Retained earnings and equity earned by the group (without retained earnings)

Retained earnings include the profits achieved in the past of the companies included in the consolidated financial statements, if they have not been paid out.

The consolidated equity includes the profits achieved in the current period of the companies included in the consolidated financial statements, unless they have been allocated to the reserves.

According to the German Stock Corporation Act, the dividend to be paid out to the shareholders is measured according to the net retained profits shown in FRoSTA AG's annual financial statements. As at 31 December 2015, these came to EUR 13,349 thousand (previous year: EUR 11,795 thousand).

The Annual General Meeting on 19 June 2015 decided to pay out a dividend of EUR 1.36 per share (totalling a dividend sum of EUR 9,247 thousand) from the net retained profits of FRoSTA AG as at 31 December 2014.

FRoSTA AG's Executive Board proposes a dividend of EUR 1.36 per share for 2015 subject to the approval of the Annual General Meeting.

(34)

Other reserves

The other reserves comprise the differences resulting from currency translation at subsidiaries who report in a currency different from that of the parent company. The measurement difference is mainly the result of the equity investment in FRoSTA Sp. z o.o., Bydgoszcz / Poland, whose annual financial statements are prepared in Polish zloty. The adjustment from currency translation amounted to EUR -906 thousand on the reporting date as opposed to EUR -938 thousand in the previous year. As at 31 December 2015, the other reserves also include actuarial losses totalling EUR 52 thousand (previous year: EUR 24 thousand).

(35)

Employee share programme

FRoSTA AG has offered its employees the opportunity of purchasing FRoSTA shares at a preferential price. There are two proposals on offer with a limited purchasing opportunity for each employee.

EMPLOYEE SHARE PROGRAMME: SHARE PURCHASES MADE

	2014	2015
Proposal I		
Number of shares	46,039	37,419
Issue price (EUR)	12.00	16.50
Average stock exchange price (EUR)	24.30	34.51
Difference (EUR)	12.30	18.01
Value (EUR thousand)	566	674
Proposal II		
Number of shares	15,855	18,395
Issue price (EUR)	5.00	7.50
Average stock exchange price (EUR)	24.30	34.51
Difference (EUR)	19.30	27.01
Value (EUR thousand)	306	497
Total (EUR)	872	1,171

The difference between the market value of the FRoSTA share and the reduced price paid by employees is reported under personnel expenses.

Share-based payments

The Company has introduced a bonus scheme for employees at management level in the parent company as well as its subsidiaries. This scheme provides for payment in the form of company shares. The number of shares to be transferred is determined according to a defined-benefit formula which rewards staff based on corporate and personal target achievement as well as other qualitative and quantitative criteria.

SHARE-BASED PAYMENTS

	2014	2015
Shares issued for the previous financial year	7,640	10,845

(36)

H. PENSION OBLIGATIONS

Provisions for pensions are recognised for liabilities from future pensions and current payments due to individual commitments to former and current employees of the FRoSTA Group and their surviving dependents.

The Group pension schemes are all defined benefit plans.

The calculation of pension obligations for the defined benefit plan is made in accordance with IAS 19 on an actuarial basis.

PARAMETERS USED FOR CALCULATING PENSION PROVISIONS

IN %	2014	2015
Interest rate	2.20	2.29
Salary trend	2.00	2.00
Pension trend	2.00	1.80

The actuarial assumptions regarding life expectancy are based on the "Richttafeln 2005 G" mortality tables by Dr Klaus Heubeck.

PENSIONS COSTS

IN EUR THOUSAND	2014	2015
Other pension costs	25	29
Personnel expenses	25	29
Interest expense	22	13
Pensions costs	47	42

NET OBLIGATIONS RECOGNISED IN THE BALANCE SHEET

IN EUR THOUSAND	2014	2015
Provision as at 1 January	939	886
Pensions costs	47	42
Payments to pensioners	-74	-64
Actuarial losses (+) / gains (-)	-26	28
Provision as at 31 December	886	892

The number of beneficiaries receiving pension payments was 14.

(37)

I. OTHER PROVISIONS**OTHER PROVISIONS**

IN EUR THOUSAND	AS AT 01.01.2015	UTILISATION	REVERSAL	ADDITION	AS AT 31.12.2015
Jubilee payments	2,116	247	0	430	2,299
Other non-current provisions	2,116	247	0	430	2,299
Severance payments	147	146	1	0	0
Other current provisions	147	146	1	0	0
Other provisions	2,263	393	1	430	2,299

PARTIAL RETIREMENT PLAN ASSETS

IN EUR THOUSAND	AS AT 01.01.2015	UTILISATION	REVERSAL	ADDITION	AS AT 31.12.2015
Partial retirement	184	134	12	45	83
Plan assets	214	122	0	4	95

Since the plan assets are assigned on the basis of individual partial retirement obligations, the principle of item-by-item measurement resulted in a surplus of assets of EUR 15 thousand as well as a provision for partial retirement obligations of EUR 3 thousand.

(38)

J. LIABILITIES**LIABILITIES**

IN EUR THOUSAND	TOTAL AMOUNT	OF WHICH DUE WITHIN		
		UP TO ONE YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS
Liabilities to banks	33,239	20,871	10,173	2,195
(previous year)	(29,469)	(11,334)	(14,644)	(3,491)
Trade payables	46,380	46,380	0	0
(previous year)	(53,466)	(53,466)	(0)	(0)
Liabilities to long-term investees	0	0	0	0
(previous year)	(34)	(34)	(0)	(0)
Other liabilities	22,024	22,024	0	0
(previous year)	(17,569)	(17,569)	(0)	(0)

The liabilities to banks are guaranteed by mortgages amounting to EUR 16,781 thousand (previous year: EUR 19,435 thousand) and similar rights amounting to EUR 0 thousand (previous year: EUR 1,572 thousand). The customary retentions of title apply to trade payables.

LIABILITIES TO BANKS

IN EUR THOUSAND	31.12.2014	31.12.2015
Non-current loans	18,135	12,368
Current loans	6,031	6,521
Bank overdrafts	5,303	14,350
Current liabilities to banks	11,334	20,871
Liabilities to banks	29,469	33,239

Receivables sold in asset-backed securities transactions (ABS) amounted to EUR 17,957 thousand as at 31 December 2015. After deducting a discount of EUR 3,607 thousand, an amount of EUR 14,350 thousand is included in bank overdrafts.

Two of the financing agreements made with credit institutes include financial covenants. These are prescribed key balance sheet figures with minimum values which must be adhered to. Failing this, the loan commitment can be withdrawn. In 2015, all such covenants were met.

LOANS PAYABLE

31.12.2014 IN EUR THOUSAND	31.12.2015 IN EUR THOUSAND	INTEREST RATE IN %	DUE DATE
23	0	Wibor 3M + 2.25	27.02.2015
750	375	3.00	30.12.2016
2,906	1,462	Euribor 3M + 1.00	31.12.2016
0	750	4.98	31.05.2017
1,750	1,250	3.29	29.03.2018
3,047	2,109	5.31	31.03.2018
1,094	781	3.20	31.03.2018
2,188	1,563	3.20	31.03.2018
2,438	1,925	3.40	30.09.2019
1,500	1,278	3.00	30.09.2021
2,880	2,496	2.65	30.06.2022
2,001	1,734	3.05	30.06.2022
3,589	3,166	2.05	30.06.2023
24,166	18,889		

(39)

OTHER CURRENT LIABILITIES

IN EUR THOUSAND	31.12.2014	31.12.2015
Collection commissions	5,598	6,120
Customers with a credit balance	286	78
Miscellaneous other financial liabilities	160	50
Financial liabilities	6,044	6,248
Liabilities to employees	5,999	5,800
Social security contributions	182	225
Taxes	661	636
Accruals	4,683	9,115
Miscellaneous other liabilities	11,525	15,776
Other liabilities	17,569	22,024

Liabilities to employees include outstanding bonus, wage and salary payments.

Accruals include both employee claims for leave and non-working shifts not yet taken as well as other liabilities. During the reporting year, provisions were also recognised for possible VAT backpayments for previous years totalling EUR 2,510 thousand. These potential obligations result from the tax treatment of the flow of goods into FRoSTA AG warehouses in Italy and the United Kingdom. Accruals also include EUR 1,484 thousand of tax liabilities to the Austrian Tax Office from previous years. These obligations result from the tax treatment of deliveries from FRoSTA AG's Austrian warehouses to customers in Austria. Austrian customers have already been invoiced for this amount. Incoming payments were received in January 2016.

6. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME DISCLOSURES

(40)

A. TURNOVER

Turnover concerns the sale of goods and is measured at the fair value of the consideration received or receivable.

TURNOVER BY REGION

IN EUR THOUSAND	2014	2015
Germany	230,399	250,238
Abroad	177,440	189,712
Turnover	407,839	439,950

TURNOVER BY PRODUCT GROUPS

IN EUR THOUSAND	2014	2015
Fish	187,839	203,977
Vegetables and fruit	101,338	109,461
Ready meals and other products	118,662	126,512
Turnover	407,839	439,950

(41)

B. OTHER OPERATING INCOME

OTHER OPERATING INCOME

IN EUR THOUSAND	2014	2015
Currency translation gains	4,572	8,664
Income from the derecognition of accruals	1,137	1,108
Income from credits from previous years and the derecognition of liabilities	573	149
Income from energy tax refund	767	0
Miscellaneous operating income	1,372	1,230
Other operating income	8,421	11,151

Income from energy tax refund are offset against electricity costs in the reporting period, thus reducing expenses.

(42)

C. PERSONNEL EXPENSES**PERSONNEL EXPENSES**

IN EUR THOUSAND	2014	2015
Wages and salaries	55,001	53,654
Social security contributions	8,966	9,501
Pension costs	3	10
Costs of share-based payments	872	1,171
Personnel expenses	64,842	64,336

Interest contained in personnel expenses is shown in net finance income.

EMPLOYEES (ANNUAL AVERAGE)

NUMBER	2014	2015
Wage-earners	1,019	1,051
Salaried staff	408	418
Temporary employees	105	132
Number of employees according to Section 314 (1) No. 4 HGB	1,532	1,601
Apprentices	27	30
Number of employees	1,559	1,631

(43)

D. DEPRECIATION AND AMORTISATION**DEPRECIATION AND AMORTISATION**

IN EUR THOUSAND	2014	2015
Amortisation of intangible assets	458	510
Depreciation of property, plant and equipment	10,991	11,668
Depreciation and amortisation	11,449	12,178

(44)

E. OTHER OPERATING EXPENSES**OTHER OPERATING EXPENSES**

IN EUR THOUSAND	2014	2015
Storage and transport costs	19,297	20,547
External personnel costs	8,863	9,709
Marketing costs	11,872	11,308
Rent and cold-storage expenses	7,239	7,610
Maintenance	4,450	4,697
Currency losses	2,839	5,163
Fees, contributions and insurance	2,726	2,921
Other expenses	6,773	9,607
Other operating expenses	64,059	71,562

The other operating expenses include severance payments amounting to EUR 85 thousand (previous year: EUR 238 thousand) as well as topping-up payments for the early retirement scheme amounting to EUR 46 thousand (previous year: EUR 42 thousand). They also contain provisions for possible VAT backpayments for previous years totalling EUR 2,197 thousand. These potential obligations result from the tax treatment of the flow of goods into FRoSTA AG warehouses in Italy and the United Kingdom.

(45)

F. INTEREST RESULT**INTEREST RESULT**

IN EUR THOUSAND	2014	2015
Interest income on bank balances	48	12
Interest income from loans	1	13
Interest income from a reduction in provisions for anticipated losses from interest swaps	320	222
Other interest income	71	72
Interest income	440	319
Interest expense for liabilities to banks	-1,298	-865
Interest expense from interest swaps	0	-6
Interest expense for provisions for pensions and partial retirement schemes	-18	-12
ABS	-51	-64
Other interest expense	-3	-2
Interest and similar expenses	-1,370	-949
Interest result	-930	-630

(46)

G. TAXES ON INCOME AND DEFERRED TAXES

Taxes on income are made up of trade tax, corporation tax, solidarity surcharge and the applicable foreign taxes.

TAX EXPENSE BY ORIGIN

IN EUR THOUSAND	2014	2015
Current taxes Germany	5,253	5,768
Current foreign taxes	1,831	1,587
Current taxes for the financial year	7,084	7,355
Taxes for previous years	-33	-111
Taxes on income	7,051	7,244
Deferred taxes Germany	-179	-402
Deferred foreign taxes	-268	277
Deferred taxes	-447	-125
Tax expense according to the income statement	6,604	7,119

The expected expense for taxes on income, which would have resulted if the tax rate of the Group's ultimate parent FRoSTA AG of 30.53% (previous year: 30.31%) had been applied on the IFRS consolidated pre-tax profit, is reconciled to taxes on income according to the income statement as follows:

TAX EXPENSE RECONCILIATION

IN EUR THOUSAND	2014	2015
Profit before taxes on income	23,858	25,329
FRoSTA AG's tax rate	30.31%	30.53%
Anticipated tax expense	7,231	7,733
Different tax rates (especially for deferred taxes)	-1,055	-706
Taxes on income for previous years	-33	-111
Tax expense for non-deductible operating expenses	520	359
Tax savings from tax-free income	-59	-156
Tax expense according to the income statement	6,604	7,119

For corporations based in Germany, 15% is paid for corporation tax and 5.5% for solidarity surcharge due on corporation tax. In addition, these corporations are liable to trade tax with the level depending on a community-based taxation scale.

The transition from imputation method to half income system has resulted in a cooperation tax credit of EUR 1,794 thousand, which is paid out in ten equal instalments as from 2008. Following a tax audit, the corporation tax credit rose in 2010 to EUR 1,871 thousand. This amount less two payments received in 2008 and 2009 are paid in eight equal annual instalments as from 2010. The present value was recognised in receivables from current taxes on income.

(47)

DEFERRED TAX ASSETS AND LIABILITIES

IN EUR THOUSAND	31.12.2014		31.12.2015	
	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES
Intangible assets	0	11	3	1
Property, plant and equipment	103	3,004	146	2,535
Financial assets	625	0	602	0
Inventories	23	140	0	224
Trade receivables	10	14	10	16
Other assets	61	195	29	95
Pension provisions	112	0	159	0
Other provisions	484	0	425	0
Trade payables	0	4	0	20
Other liabilities	471	2	179	15
Temporary differences	1,889	3,370	1,553	2,906

(48)

H. EARNINGS PER SHARE

EARNINGS PER SHARE

	2014	2015
Consolidated profit for the year (EUR thousand)	17,254	18,210
Number of ordinary shares issued (in thousand)	6,813	6,813
Consolidated profit for the year per share (EUR)	2.53	2.67

A figure of EUR 2.67 (previous year: EUR 2.53) is reported as both basic and diluted earnings per share.

7. CONSOLIDATED STATEMENT OF CASH FLOWS DISCLOSURES

(49)

Composition of cash funds

The cash funds are made up of cash and credit at banks of EUR 14,439 thousand (previous year: EUR 16,061 thousand).

(50)

8. SEGMENT REPORTING

Please refer to the management report for more information on segment reporting as presented below.

Due to the changes made to IFRS 8.23 as amended in April 2009, we are now required to adapt our segment reporting to correspond with the FRoSTA AG structure ("management approach"). We manage FRoSTA AG in two separate sales units. Firstly, there is the FRoSTA operating segment, which includes the brand business in Germany, Austria, Eastern Europe and Italy, the private label business in Italy and Eastern Europe as well as sales to home delivery services in Germany; and secondly, there is the COPACK operating segment, which is responsible for the private label, industrial and catering businesses in Germany and the private label

business in the rest of Western Europe. Management only considers the profit performance of the segments. Assets or liabilities are not considered in the segment reporting. The presentation of the segment report corresponds to the structure of the internal reporting.

DEVELOPMENT BY REGION

IN EUR MILLION	GERMANY 2014	GERMANY 2015	+/-	ABROAD 2014	ABROAD 2015	+/-	TOTAL 2014	TOTAL 2015	+/-
Turnover	230.5	250.3	8.6%	177.3	189.7	7.0%	407.8	440.0	7.9%
Operating income	238.6	255.9	7.3%	183.5	194.0	5.7%	422.1	449.9	6.6%
Gross profit	90.1	96.6	7.2%	75.0	77.6	3.5%	165.1	174.2	5.5%
in % of turnover	39.1%	38.6%		42.4%	40.9%		40.5%	39.6%	
Depreciation and amortisation	-7.0	-7.5	-7.1%	-4.4	-4.7	-6.8%	-11.4	-12.2	-6.4%
Operating profit	10.1	12.1	19.8%	14.7	14.0	-4.8%	24.8	26.1	5.3%
in % of turnover	4.4%	4.8%		8.3%	7.4%		6.1%	5.9%	
Financial result							-0.9	-0.8	17.0%
Result from ordinary business activities							23.9	25.3	6.2%
in % of turnover							5.9%	5.8%	
Current taxes							-7.0	-7.2	-2.7%
Deferred taxes							0.4	0.1	-72.0%
Consolidated profit for the year							17.3	18.2	5.5%

DEVELOPMENT BY SEGMENT

IN EUR MILLION	SEGMENT FRoSTA 2014	SEGMENT FRoSTA 2015	+/-	SEGMENT COPACK 2014	SEGMENT COPACK 2015	+/-	TOTAL 2014	TOTAL 2015	+/-
Turnover	154.6	170.3	10.2%	253.2	269.7	6.5%	407.8	440.0	7.9%
Operating income	160.0	174.1	8.8%	262.1	275.8	5.2%	422.1	449.9	6.6%
Gross profit	71.1	76.1	7.0%	94.0	98.1	4.4%	165.1	174.2	5.5%
in % of turnover	46.0%	44.7%		37.1%	36.4%		40.5%	39.6%	
Depreciation and amortisation	-4.1	-4.6	-12.2%	-7.3	-7.6	-4.1%	-11.4	-12.2	-6.4%
Operating profit	13.7	15.9	16.1%	11.1	10.2	-8.1%	24.8	26.1	5.3%
in % of turnover	8.8%	9.3%		4.4%	3.8%		6.1%	5.9%	
Financial result							-0.9	-0.8	17.0%
Result from ordinary business activities							23.9	25.3	6.2%
in % of turnover							5.9%	5.8%	
Current taxes							-7.0	-7.2	-2.7%
Deferred taxes							0.4	0.1	-72.0%
Consolidated profit for the year							17.3	18.2	5.5%

The line items from “net finance income” to “consolidated profit for the year” are not used within the Company as part of its “management approach”.

Net income from investments amounting to EUR 160 thousand (previous year: EUR 1 thousand) comprises income from the investment in Columbus Spedition totalling EUR 71 thousand (previous year: EUR 84 thousand) and income from the investment in associated company BIO-FROST Westhof of EUR 89 thousand (previous year: investment loss of EUR 83 thousand).

As in the previous year, no single customer contributed 10% or more to consolidated turnover in 2015.

(51) 9. OTHER DISCLOSURES

A. PRIMARY FINANCIAL INSTRUMENTS

PRIMARY FINANCIAL INSTRUMENTS

IN EUR THOUSAND	31.12.2014		31.12.2015	
	BOOK VALUE	FAIR VALUE	BOOK VALUE	FAIR VALUE
Liabilities to banks	29,469	30,339	33,239	34,045
Other financial liabilities	6,044	6,044	6,248	6,248

For the other primary financial instruments the book values conform to the fair values.

(52) B. CONTINGENT LIABILITIES

The FRoSTA Group believes there are no significant contingencies.

(53) C. OTHER FINANCIAL OBLIGATIONS

OTHER FINANCIAL OBLIGATIONS

IN EUR THOUSAND	2014	2015
Liabilities from current lease agreements	1,410	1,510
Liabilities under current rental and maintenance contracts	3,534	3,101
Purchase obligation from expansion investments	1,753	4,611
Consignment agreements	1,711	2,140
Other financial obligations	8,408	11,362

Liabilities from current lease agreements result mostly from the leasing of cars and industrial trucks and are handled exclusively in the form of operative lease agreements. The existence of a lease agreement is verified on submission of the agreement or invoice.

Obligations under current leases concern rent for office space, software and communications systems.

REMAINING MATURITIES OF RENTAL, MAINTENANCE AND LEASE AGREEMENTS AS AT 31 DECEMBER 2015

IN EUR THOUSAND	< 1 YEAR	1 TO 5 YEARS	> 5 YEARS
Future payments from current lease agreements	865	645	0
Future payments from current rental and maintenance contracts	2,323	721	57
Total	3,188	1,366	57

Total expenditure from rental and lease agreements amounted to EUR 3,613 thousand (previous year: EUR 3,740 thousand) in the financial year.

(54)

D. AUDITORS' FEES**AUDITORS' FEES**

IN EUR THOUSAND	2015
Auditing services	53
Other assurance services	27
Total	80

(55)

E. RELATED PARTIES**Executive Board**

The following persons were members of the Executive Board of FRoSTA AG in financial year 2015:

- Felix Ahlers, businessman, Hamburg (Chairman)
As at 31 December 2015: 2,279,429 FRoSTA shares = 33.5%
- Hinnerk Ehlers, businessman, Hamburg (Chief Marketing and Sales Officer)
- Dr Stephan Hinrichs, businessman, Kampen (Chief Financial and Administrative Officer, until 31 December 2015)
- Jürgen Marggraf, businessman, Bremen (Chief Operations Officer)

The total number FRoSTA shares owned by the Executive Board as at 31 December 2015 was 2,333,895 shares = 34.3%.

Supervisory Board

The following persons were members of the Supervisory Board of FRoSTA AG in financial year 2015:

- Dirk Ahlers, businessman, Hamburg (Chairman of the Supervisory Board)
As at 31 December 2015: 681,259 FRoSTA shares = 10.0%
- Oswald Barckhahn, businessman, Chicago / USA (Vice Chairman of the Supervisory Board)
- Jürgen Schimmelpfennig, Chairman of the Works Council of FRoSTA AG, Bremerhaven

The total number of FRoSTA AG shares owned by the Supervisory Board as at 31 December 2015 was 683,459 shares = 10.0%.

Other

All transactions with related parties are disclosed.

In financial year 2015, Kommanditgesellschaft Lenox Handels- und Speditionsgesellschaft mbH & Co., Hamburg, whose partners include Dirk Ahlers, invoiced FRoSTA AG a total of EUR 70 thousand for travel expenses, rents

and other services (previous year: EUR 93 thousand for travel expenses, rents, goods delivered and other services). In the financial year, FRoSTA AG charged personnel expenses amounting to EUR 5 thousand (previous year: personnel expenses and goods amounting to EUR 59 thousand). The balance at 31 December 2015 amounted to EUR 0 thousand (previous year: EUR 5 thousand).

In 2015, Lenox Frozen Food Ltd., an 80% shareholding of Dirk Ahlers, invoiced FRoSTA AG EUR 548 thousand for goods delivered (previous year: EUR 740 thousand). In the same year, FRoSTA AG charged EUR 14 thousand (previous year: EUR 11 thousand) for goods (foil). The balance at 31 December 2015 amounted to EUR 0 thousand (previous year: EUR 0 thousand).

In the financial year 2015, BIO-FROST Westhof GmbH invoiced FRoSTA AG EUR 218 thousand for goods delivered (previous year: EUR 1,011 thousand). The balance as per 31 December 2015 amounted to EUR 0 thousand (previous year: EUR 34 thousand).

In the financial year 2015, Columbus Spedition GmbH invoiced FRoSTA AG, Bremerhaven, as well as FRoSTA Sp. z o.o., Poland, EUR 1,882 thousand for freight costs (previous year: EUR 2,062 thousand). The balance as per 31 December 2015 amounted to EUR 59 thousand (previous year: EUR 181 thousand).

In the financial year, marketing costs amounting to EUR 322 thousand (previous year: EUR 310 thousand) were invoiced by non-consolidated subsidiaries.

(56)

F. REMUNERATION ACCORDING TO SECTION 314 (1) NO. 6 HGB

The total remuneration of the Executive Board for the financial year 2015 amounted to EUR 4,217 thousand (previous year: EUR 4,794 thousand). Of this the fixed remuneration came to EUR 1,208 thousand (previous year: EUR 1,199 thousand) and variable remuneration to EUR 3,009 thousand (previous year: EUR 3,595 thousand).

TOTAL REMUNERATION OF THE EXECUTIVE BOARD

IN EUR			2015			
	2013	2014	TARGET AT 100% GOAL ACHIEVE- MENT	GOAL ACHIEVEMENT IN % (PER- FORMANCE)	EFFECTIVE REMU- NERATION	+/- PREVIOUS YEAR
Fixed remuneration						
Fixed compensation	1,062,150	1,062,156			1,066,956	0.5%
Other non-cash benefits	129,631	136,555			140,737	3.1%
Fixed remuneration, total	1,191,781	1,198,711			1,207,693	0.7%
Variable remuneration						
Short-term bonus	1,440,320	2,043,972	1,623,950	105%	1,702,799	-16.7%
Long-term bonus	490,654	577,355	325,000	137%	445,355	-22.9%
Remuneration to purchase shares	943,096	973,949	817,102	105%	860,772	-11.6%
Variable remuneration, total	2,874,070	3,595,276	2,766,052	109%	3,008,926	-16.3%
Total remuneration of the Executive Board	4,065,851	4,793,987			4,216,619	-12.0%
Additional provisions		200,043				
TOTAL EXPENSES	4,065,851	4,994,030			4,216,619	-15.6%

The total remuneration of former members of the Executive Board was EUR 52 thousand in the financial year (previous year: EUR 60 thousand). Pension provisions for former Executive Board members amounted to EUR 477 thousand on the balance sheet date (previous year: EUR 486 thousand).

The remuneration of the Supervisory Board totalled EUR 107 thousand, of which EUR 93 thousand was variable and EUR 14 thousand was fixed remuneration. The remuneration of the previous year at EUR 102 thousand comprised variable remuneration of EUR 88 thousand and fixed remuneration of EUR 14 thousand.

Remuneration for the purpose of buying shares is subject to a lock-up period of five years. The long-term bonus components are based on average performance over three years and are payable at the end of the three-year period.

(57)

G. APPROPRIATION OF PROFITS

Based on 6,812,598 no-par value bearer shares, less 6,448 no-par value bearer treasury shares not entitled to a dividend in accordance with Section 71b of the German Stock Corporation Act, this results in 6,806,150 no-par value bearer shares entitled to a dividend. At the Annual General Meeting, we will be proposing a gross dividend payment of EUR 1.36 per share corresponding to a total dividend payment of EUR 9,256,364.00. This payment will be taken from the net income for the year reported by FRoSTA AG as at 31 December 2015 of EUR 13,349,401.21. The remaining EUR 4,093,037.21 will be allocated to other retained earnings. The gross dividend is subject to capital gains tax (25%) amounting to EUR 2,314,091.00 as well as a 5.5% solidarity surcharge of EUR 127,275.01. This results in a net dividend payment of EUR 6,814,997.99. The owners of the parent company are fully entitled to the result. No non-controlling interests are held in the FRoSTA AG Group.

(58)

H. RISK REPORT

The Company secures itself against any risks not part of its core activities, such as currency, liability and property damage risks by concluding agreements and contracts.


Business risks are carried by the Group itself. We try to avoid or keep damages as low as possible by applying appropriate risk management.

Please refer to the combined management report and the Group management report of FRoSTA AG for detailed information about the corporate risks.

Bremerhaven, 16 March 2016
The Executive Board



(F. Ahlers)



(H. Ehlers)



(J. Marggraf)


RESPONSIBILITY STATEMENT IN ACCORDANCE WITH SECTION 297 (2) SENTENCE 4 HGB AND SECTION 315 (1) SENTENCE 6 HGB

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group.

Bremerhaven, 16 March 2016



(F. Ahlers)



(H. Ehlers)



(J. Marggraf)

AUDITOR'S REPORT

We have audited the consolidated financial statements – comprising the balance sheet, the income statement, the statement of changes in equity, the statement of cash flows and the notes – as well as the consolidated management report and the Group management report prepared by FRoSTA Aktiengesellschaft, Bremerhaven, for the financial year from 1 January to 31 December 2015. The preparation of the consolidated financial statements and the Group management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to section 315a (1) HGB [Handelsgesetzbuch: German Commercial Code] are the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements substantially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the Group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of the companies included in the consolidated financial statements, the determination of the companies to be included in the consolidated financial statements, the accounting and consolidation principles used and significant estimates made by the management as well as evaluating the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU and the supplementary provisions of German commercial law required to be applied under section 315a(1) of the HGB and of IFRSs overall and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The Group management report is consistent with the consolidated financial statements, as a whole provides a suitable understanding of the Group's position and suitably presents the opportunities and risks of future development.

Bremen, 18 March 2016

Gräwe & Partner GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft



Dr Meyer
Auditor



Manke
Auditor

MANAGEMENT BODIES

SUPERVISORY BOARD

Dirk Ahlers
Hamburg
Businessman
Chairman

Oswald Barckhahn
Chicago / USA
Businessman
Vice Chairman

Jürgen Schimmelpfennig
Bremerhaven
Machine fitter

EXECUTIVE BOARD

Felix Ahlers
Hamburg
Chairman

Hinnerk Ehlers
Hamburg

Dr Stephan Hinrichs
Bremerhaven
(until 31.12.2015)

Jürgen Marggraf
Bremerhaven

ANNUAL FINANCIAL STATEMENTS OF FRoSTA AG

INCOME STATEMENT OF FRoSTA AG	83
BALANCE SHEET OF FRoSTA AG	84
STATEMENT OF CHANGES IN FIXED ASSETS OF FRoSTA AG	86
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE 2015 FINANCIAL YEAR OF FRoSTA AG ACCORDING TO HGB	88

INCOME STATEMENT OF FRoSTA AG

INCOME STATEMENT OF FRoSTA AG FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2015

IN EUR THOUSAND	NOTE	2014	2015	IMPACT ON PROFIT / LOSS
1. Turnover	(10)	388,634	415,477	6.9%
2. Reduction in inventories of finished goods and work in progress (previous year: increase in inventories)		6,528	-1,678	< -100%
3. Other own work capitalised		11	120	> 100%
4. Other operating income	(11)	6,945	9,360	34.8%
5. OPERATING INCOME		402,118	423,279	5.3%
6. Cost of materials				
a) Cost of raw materials, consumables and supplies		-250,083	-267,963	-7.1%
b) Cost of purchased services		-10,262	-7,862	23.4%
		-260,345	-275,825	-5.9%
7. GROSS PROFIT		141,773	147,454	4.0%
8. Personnel expenses				
a) Wages and salaries		-48,984	-47,561	2.9%
b) Social security, post-employment and other employee benefit costs of which post-employment benefits: EUR 46 thousand (previous year: EUR 67 thousand)		-7,558	-7,986	-5.7%
		-56,542	-55,547	1.8%
9. Depreciation and amortisation of intangible assets and fixed assets including property, plant and equipment	(3)	-7,177	-7,393	-3.0%
10. Other operating expenses	(11)	-59,922	-64,366	-7.4%
11. OPERATING RESULT		18,132	20,148	11.1%
12. Income from equity investments		85	71	-16.5%
13. Other interest and similar income of which from affiliated companies: EUR 4 thousand (previous year: EUR 1 thousand)		221	165	-25.3%
14. Write-downs of financial assets		0	-301	n.a.
15. Interest and similar expenses of which to affiliated companies: EUR 8 thousand (previous year: EUR 11 thousand)	(13)	-1,237	-896	27.6%
16. Financial result		-931	-961	-3.2%
17. RESULT FROM ORDINARY BUSINESS ACTIVITIES		17,201	19,187	11.5%
18. Taxes on income	(14)	-5,250	-5,680	-8.2%
19. Other taxes		-156	-158	-1.3%
20. NET INCOME FOR THE YEAR		11,795	13,349	13.2%
21. BALANCE SHEET PROFIT		11,795	13,349	13.2%

BALANCE SHEET OF FRoSTA AG

BALANCE SHEET OF FRoSTA AG AS AT 31. DECEMBER 2015

IN EUR THOUSAND	NOTE	31.12.2014	31.12.2015	DEVIATION
ASSETS				
A. FIXED ASSETS				
I. Intangible assets	(3)			
Concessions, industrial and similar rights and assets, and licenses in such rights and assets		1,115	1,070	-4.0%
		1,115	1,070	-4.0%
II. Tangible assets	(3)			
1. Land, land rights and buildings, including buildings on third-party land		19,160	18,560	-3.1%
2. Plant and machinery		21,682	23,672	9.2%
3. Other operating and office equipment		5,433	6,636	22.1%
4. Prepayments and assets under construction		835	1,949	>100%
		47,110	50,817	7.9%
III. Long-term financial assets	(3)			
1. Shares in affiliated companies		11,064	11,064	0.0%
2. Loans to affiliated companies		151	0	-100.0%
3. Equity investments		17	17	0.0%
4. Securities classified as fixed assets		6	6	0.0%
		11,238	11,087	-1.3%
		59,463	62,974	5.9%
B. CURRENT ASSETS				
I. Inventories	(2)			
1. Raw materials and consumables		22,479	19,699	-12.4%
2. Work in progress		16,443	16,030	-2.5%
3. Finished products and goods		21,786	20,560	-5.6%
		60,708	56,289	-7.3%
II. Receivables and other assets	(4)			
1. Trade receivables		58,540	72,302	23.5%
2. Receivables from affiliated companies		1,970	2,845	44.4%
3. Other assets		2,174	2,483	14.2%
		62,684	77,630	23.8%
III. Cash-in-hand, bank balances and cheques		11,809	8,252	-30.1%
		135,201	142,171	5.2%
C. PREPAID EXPENSES				
Other prepaid expenses		358	265	-26.0%
D. EXCESS OF PLAN ASSETS OVER POST-EMPLOYMENT BENEFIT LIABILITY				
		48	16	-66.7%
BALANCE SHEET TOTAL		195,070	205,426	5.3%

BALANCE SHEET OF FRoSTA AG AS AT 31. DECEMBER 2015

IN EUR THOUSAND	NOTE	31.12.2014	31.12.2015	DEVIATION
EQUITY AND LIABILITIES				
A. EQUITY	(6)			
I. Subscribed capital				
1. Nominal amount		17,440	17,440	0.0%
2. Treasury shares		-33	-16	-51.5%
		17,407	17,424	0.1%
II. Capital reserves		11,447	11,447	0.0%
III. Revenue reserves				
1. Legal reserve		200	200	0.0%
2. Other revenue reserves		57,562	60,147	4.5%
		57,762	60,347	4.5%
IV. Balance sheet profit		11,795	13,349	13.2%
		98,411	102,567	4.2%
B. PROVISIONS				
1. Provisions for pensions and similar obligations	(7)	521	526	1.0%
2. Provisions for taxes		1,542	2,052	33.1%
3. Other provisions	(8)	21,987	24,378	10.9%
		24,050	26,956	12.1%
C. LIABILITIES	(9)			
1. Liabilities to banks		26,539	31,777	19.7%
2. Trade payables		31,792	24,501	-22.9%
3. Liabilities to affiliated companies		5,508	8,737	58.6%
4. Liabilities to long-term investees		34	0	-100.0%
5. Other liabilities – of which taxes: EUR 1,950 (previous year: EUR 518 thousand)		8,731	10,843	24.2%
		72,604	75,858	4.5%
D. ACCRUALS AND DEFERRED INCOME		5	45	>100%
BALANCE SHEET TOTAL		195,070	205,426	5.3%

CHANGES IN FIXED ASSETS OF FRoSTA AG

CHANGES IN FIXED ASSETS OF FRoSTA AG

IN EUR THOUSAND	PURCHASE AND MANUFACTURING COSTS				AS AT 31.12.15
	AS AT 01.01.15	ADDITIONS	TRANSFERS	DISPOSALS	
1. INTANGIBLE ASSETS					
Concessions, industrial and similar rights and assets, and licenses in such rights and assets	12,784	350	91	0	13,225
2. TANGIBLE ASSETS					
a. Land, land rights and buildings, including buildings on third-party land	69,977	1,170	90	0	71,237
b. Plant and machinery	129,647	5,160	568	1,137	134,238
c. Other operating and office equipment	41,650	2,489	51	348	43,842
d. Prepayments and assets under construction	835	1,915	-800	0	1,950
	242,109	10,734	-91	1,485	251,267
3. LONG-TERM FINANCIAL ASSETS					
a. Shares in affiliated companies	11,515	0	0	0	11,515
b. Loans to affiliated companies	151	210	0	60	301
c. Equity investments	1,768	0	0	0	1,768
d. Securities classified as fixed assets	6	0	0	0	6
e. Other loans	22	0	0	0	22
	13,462	210	0	60	13,612
	268,355	11,294	0	1,545	278,104

ACCUMULATED DEPRECIATION, AMORTISATION AND WRITE-DOWNS						NET BOOK VALUE	
AS AT 01.01.15	ADDITIONS	REVERSALS OF WRITE- DOWNS	TRANSFERS	DISPOSALS	AS AT 31.12.15	AS AT 31.12.14	AS AT 31.12.15
11,669	486	0	0	0	12,155	1,115	1,070
50,817	1,860	0	0	0	52,677	19,160	18,560
107,965	3,624	0	0	1,022	110,567	21,682	23,671
36,217	1,423	108	0	326	37,206	5,433	6,636
0	0	0	0	0	0	835	1,950
194,999	6,907	108	0	1,348	200,450	47,110	50,817
451	0	0	0	0	451	11,064	11,064
0	301	0	0	0	301	151	0
1,751	0	0	0	0	1,751	17	17
0	0	0	0	0	0	6	6
22	0	0	0	0	22	0	0
2,224	301	0	0	0	2,525	11,238	11,087
208,892	7,694	108	0	1,348	215,130	59,463	62,974

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE 2015 FINANCIAL YEAR

FRoSTA AKTIENGESELLSCHAFT, BREMERHAVEN

(1) A. BASIS OF PREPARATION

The financial statements of FRoSTA Aktiengesellschaft (hereafter referred to as FRoSTA AG) are prepared in accordance with the regulations for corporations included in the German Commercial Code (HGB), taking into account the additional provisions of the German Stock Corporation Act (AktG); the figures are specified in thousand euros (EUR thousand).

(2) B. ACCOUNTING POLICIES

Income statement

FRoSTA AG uses the total cost method for its income statement.

Fixed assets

Intangible fixed assets are shown at costs less depreciation and amortisation. Depreciation and amortisation is recorded straight-line on the basis of the normal useful lives of the assets concerned. The option to capitalise internally created intangible assets was not used. Costs for research and development are thus posted entirely to expenses.

Tangible assets are recognised at cost, less depreciation in case of assets with a limited useful life. The depreciation is calculated on the basis of the normal useful life of the assets concerned. A transition from the declining-balance method to the straight-line method is made as soon as this leads to higher depreciation rates. This rule applies to additions to fixed assets up to 31 December 2009. From 1 January 2010, additions to fixed assets have been depreciated according to the straight-line method. Write-downs are recognised for foreseeable permanent impairments.

Low value assets with costs of up to EUR 150.00 are recorded as expenditure in the year in which they are acquired. In case of costs between EUR 150.01 and EUR 410.00, low value assets are fully depreciated and shown as disposals in the schedule of fixed assets.

A fixed value is assigned to recognised transport pallets.

Investment grants and subsidies received or requested lower the costs of the subsidised assets.

Financial assets are recognised at cost less any write-downs to the fair value.

Current assets

Inventories are measured at cost unless a lower measurement is required in accordance with the lower-of-cost-or-market principle. The costs of raw materials, supplies and goods are based on the purchase prices plus incidental acquisition expenses less purchase price reductions.

Besides the individual costs, the manufacturing costs include also adequate shares of the manufacturing and material overheads as well as of the depreciation of the fixed assets. General administration costs as well as expenses for social facilities of the Company, for voluntary social benefits and for company pension schemes are not capitalised. Write-downs are recognised for loss-free measurement and inventory risks due to excessive storage times or reduced usability.

Receivables and other assets are shown at nominal value.

Nonpayment and credit risks are accounted for by specific or global valuation allowances. The percentage used to calculate the global valuation allowance is 1.0.

Expenses prior to the reporting deadline for this report which represent expenditure for a certain time subsequent to that date have been posted under prepaid expenses.

Deferred taxes

Deferred taxes on temporary differences between the carrying amounts of assets, liabilities, prepaid expenses and deferred income according to commercial law and for tax purposes are shown net. In case the deferred tax assets exceed the deferred tax liabilities, the option not to present them is used. The calculation is made on the basis of the tax rates applicable in future at the balance sheet date.

Offsetting assets, income and expenses

Assets that are exempt from access by all other creditors and serve exclusively to fulfil liabilities for partial retirement benefit obligations are measured at the fair value.

Income and expenses from these assets are offset against the income from discounting and shown in net finance income. Furthermore, these assets are offset against the obligation they are based on. If there is a surplus of obligations, this is recognised in the reserves. If the value of the assets exceeds the obligations, this is shown as an excess of plan assets over post-employment benefit liability.

Pensions and similar obligations

Pension obligations are measured in accordance with the recognised principles of actuarial mathematics by means of the projected unit credit method. The amount of the reserves is determined by including expected trends with respect to future pension developments as well as any probabilities of fluctuation. Since 1 January 2010, the average interest rate used for discounting has been the rate published by the Deutsche Bundesbank for a residual term of 15 years.

Other provisions

The other provisions include to a reasonable and sufficient extent individual provisions for any recognisable risks and uncertain liabilities and for any contingent losses from executory contracts.

Partial retirement obligations are measured in accordance with comment IDW RS HFA 3 published by the main committee (HFA) of the German Institute of Auditors (IDW). Jubilee obligations are measured in accordance with the recognised principles of actuarial mathematics by means of the projected unit credit method. Any increases of salaries and pensions to be expected for the future are taken into account when the present value is determined. Since 1 January 2010, the interest rate used for discounting has been the rate published by the Deutsche Bundesbank. Liability insurance policies have been taken out for partial retirement commitments. For offsetting obligations against assets and for offsetting income and expenses, please refer to the sections "Excess of plan assets over post-employment benefit liability" and "Offsetting assets, income and expenses".

Liabilities

Liabilities are recognised with the amount to be paid at the balance sheet date.

Deferred income

Proceeds prior to the reporting deadline for this report which represent income for a certain time subsequent to that date have been posted under deferred income.

Currency translation

Trade payables in foreign currencies are generally measured at the average exchange rate at the balance sheet date. Unrealised profits and losses are recognised. Derivative financial instruments, in contrast, are recognised according to the imparity principle, i.e. provisions are created for negative values whereas positive values are not recognised.

C. BALANCE SHEET DISCLOSURES

(3)

1. FIXED ASSETS

An overview of the fixed assets based on the total costs is attached to these Notes.

In the financial year under review, write-downs of EUR 301 thousand (previous year: EUR 0 thousand) were recognised with respect to the financial assets of FRoSTA AG.

The value of recognised transport pallets has been fixed at EUR 327 thousand (previous year: EUR 219 thousand).

The impairment loss on the costs of fixed assets subsidised due to investment grants and subsidies as at 31.12.2015 amounted to EUR 1,006 thousand (previous year: EUR 1,338 thousand). The release of investment grants and subsidies of EUR 322 thousand (previous year: EUR 344 thousand) directly reduces gross depreciation / amortisation.

Equity investments

EQUITY INVESTMENTS

NAME OF ENTITY	REGISTERED SEAT OF ENTITY	SHARE OF CAPITAL	SUBSCRIBED CAPITAL IN EUR THOUSAND	EQUITY IN EUR THOUSAND	NET INCOME / LOSS 2014 IN EUR THOUSAND	NET INCOME / LOSS 2015 IN EUR THOUSAND
COPACK Tiefkühlkost-Produktions GmbH	Bremerhaven	100.00%	256	244	-1	-2
ELBTAL Tiefkühlkost Vertriebs GmbH	Lommatzsch	100.00%	26	27	0	0
FRoSTA Tiefkühlkost GmbH	Bremerhaven	100.00%	255	264	1	1
FRoSTA Foodservice GmbH	Bremerhaven	100.00%	256	268	1	1
TIKO Vertriebsgesellschaft mbH	Bremerhaven	100.00%	256	272	2	1
BioFreeze GmbH	Bremerhaven	100.00%	256	253	0	-1
Feldgemüse GmbH Lommatzsch	Lommatzsch	100.00%	26	14	1	0
FRoSTA Sp. z o.o.	Bydgoszcz / Poland	100.00%	8,204	33,707	6,115	6,558
FRoSTA France S.a.r.l.	Boulogne-Billancourt / France	100.00%	153	355	10	11
FRoSTA Italia s.r.l.	Rome / Italy	100.00%	10	389	43	41
FRoSTA ČR s.r.o.	Prague / Czech Republic	100.00%	37	206	5	6
FRoSTA Hungary Kft.	Esztergom / Hungary	100.00%	20	50	6	8
Copack Sp. z o.o.	Bydgoszcz / Poland	100.00%	12	1	-2	-1
BIO-FROST Westhof GmbH	Wöhrden	45.00%	617	1,287	-185 ¹	198
Columbus Spedition GmbH	Bremerhaven	33.33%	225	370 ²	145	³

1 concerns net income / loss from short financial year ended 31.05.2014

2 concerns 2014

3 no data available

In addition, there are four other equity investments which are not included in the overview with reference to Section 286 (3) No. 1 HGB.

(4)

2. RECEIVABLES AND OTHER ASSETS

The receivables from associated companies include EUR 1,144 thousand (previous year: EUR 637 thousand) from intercompany supplies and services and EUR 1,701 thousand (previous year: EUR 1,333 thousand) from clearing transactions. Of these, EUR 0 thousand are for financing purposes (previous year: EUR 0 thousand).

As at 31 December 2015, trade receivables of EUR 17,957 thousand (previous year: EUR 6,758 thousand) were sold in asset backed security transactions.

Of the other assets, EUR 191 thousand (previous year: EUR 432 thousand) have a residual term of more than one year.

(5)

3. EXCESS OF PLAN ASSETS OVER POST-EMPLOYMENT BENEFIT LIABILITY

The excess of plan assets over post-employment benefit liability amounts to EUR 16 thousand (previous year: EUR 48 thousand). The fair value of assets invested amounts to EUR 96 thousand (previous year: EUR 214 thousand); procurement costs amount to EUR 85 thousand (previous year: EUR 204 thousand). The assets in question were pension liability insurance policies. The resulting amount excluded from dividend distribution was EUR 8 thousand (previous year: EUR 7 thousand).

(6)

4. EQUITY

On 31 December 2015, share capital amounted to EUR 17,440,250.88 and was divided into 6,812,598 no-par value shares. The shares are made out to the bearer.

In accordance with a resolution passed at the Annual General Meeting on 19 June 2015, it was decided to place in other revenue reserves the sum of EUR 2,547,569.79 from the net retained profits of EUR 11,795,062.51.

A total of 6,448 FRoSTA AG no-par value bearer shares with a nominal value of EUR 16,506.88 or 0.09% of the share capital was set off against equity. Purchasing costs in excess of the nominal value amounting to EUR 242,314.12 are presented in a reduction of revenue reserves.

These 6,448 own no-par value bearer shares are the result of the following sales and purchases:

In addition to the 12,971 treasury shares with a nominal value of EUR 33,205.76 already existing from 2014, FRoSTA AG repurchased 60,136 own shares by way of a share buy-back between 23 April 2015 and 14 December 2015. This equates to a nominal value of EUR 153,948.16 or 0.88% of equity. For this, costs were incurred amounting to EUR 2,133,933.58, which corresponds to a weighted average share price of EUR 35.49.

After that, FRoSTA AG disposed of a total of 66,659 no-par value bearer shares as part of various share-based payments and employee share programmes. This corresponds to a nominal amount of EUR 170,647.04 or 0.98% of the equity applicable as at 31 December 2015. In return for 55,814 no-par value bearer shares sold as part of an employee share programme, FRoSTA AG took in a total of EUR 755,376.00 to be used as it sees fit.

The share buy-backs were quantified on the basis of the previous year's share-based payments and employee share programmes. Since in the financial year 2015 less shares were sold as part of the employee share programme, a total of 6,448 no-par value bearer shares remained with FRoSTA AG. The no-par value bearer shares are not entitled to any rights under section 71b of the German Stock Corporation Act.

Apart from this there is authorised capital, as yet unused, for a fixed period until 17 July 2018, amounting to EUR 201,253.12 for the issuing of shares to employees of the Company and its affiliated companies, as well as authorised capital of EUR 5,000,000.00 for a fixed period until 17 July 2018, for a capital increase in return for cash contributions.

(7)

5. PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

The settlement amount for pension provisions apply only to pensioners already receiving a pension and amounted to EUR 526 thousand in this financial year (previous year: EUR 521 thousand). The actuarial valuation of settlement amount is based on a discount rate of 3.89% (previous year: 4.53%) and a pension trend of 1.8% (previous year: 2.0%). The calculation of mortality rates is based on the "Richttafeln 2005 G" by Dr Klaus Heubeck.

(8)

6. OTHER PROVISIONS

The other provisions include provisions for personnel costs amounting to EUR 9,398 thousand. This includes jubilee provisions with a settlement amount of EUR 1,674 thousand. The discount rate on which this is based is 3.89% assuming a residual term of 15 years.

Partial retirement provisions are measured at a settlement amount of EUR 82 thousand. Calculations were made using an adequate discount rate. Since the plan assets in the amount of EUR 96 thousand are assigned on the basis of individual partial retirement obligations, the principle of item-by-item measurement resulted in a surplus of EUR 16 thousand as well as a provision for partial retirement obligations of EUR 2 thousand.

Further provisions result from potential VAT backpayments for previous years in the amount of EUR 2,510 thousand, collection commissions of EUR 6,120 thousand, and outstanding invoices amounting to EUR 4,436 thousand.

(9)

7. LIABILITIES**LIABILITIES**

IN EUR THOUSAND	TOTAL AMOUNT	OF WHICH DUE WITHIN		
		UP TO ONE YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS
Liabilities to banks	31,777	19,409	10,173	2,195
(previous year)	(26,539)	(9,862)	(13,186)	(3,491)
Trade payables	24,501	24,501	0	0
(previous year)	(31,792)	(31,792)	(0)	(0)
Liabilities to affiliated companies	8,737	8,737	0	0
(previous year)	(5,508)	(5,508)	(0)	(0)
Liabilities to long-term investees	0	0	0	0
(previous year)	(34)	(34)	(0)	(0)
Other liabilities	10,843	10,843	0	0
(previous year)	(8,731)	(8,731)	(0)	(0)
	75,858	63,490	10,173	2,195
	(72,604)	(55,927)	(13,186)	(3,491)

The liabilities towards financial institutions are guaranteed by mortgages amounting to EUR 15,318 thousand (previous year: EUR 16,528 thousand) and similar securities amounting to EUR 0 thousand (previous year: EUR 1,572 thousand).

The customary retentions of title apply to trade payables.

The liabilities towards affiliated companies result from intercompany supplies amounting to EUR 6,566 thousand (previous year: 3,549 thousand) and clearing transactions amounting to EUR 2,171 thousand (previous year: EUR 1,959 thousand).

Other liabilities also include EUR 1,484 thousand in tax liabilities to the Austrian Tax Office from previous years. These concern obligations from the tax treatment of deliveries from FRoSTA AG's Austrian warehouses to customers in Austria. Austrian customers have already been invoiced for this amount. Incoming payments were received in January 2016.

8. CONTINGENT LIABILITIES

FRoSTA AG gave collateral securities towards banks for liabilities of FRoSTA Sp. z o.o. At 31 December 2015, these liabilities had a value of EUR 1,463 thousand (previous year: EUR 2,929 thousand). The Company does not expect that these securities will be made use of.

D. INCOME STATEMENT DISCLOSURES

(10)

1. TURNOVER

TURNOVER BY REGION

IN EUR MILLION	2014	2015	DEVIATION
- Germany	284	314	10.6%
- Abroad	159	167	5.0%
	443	481	8.6%
Sales deductions	55	66	20.0%
	388	415	7.0%

TURNOVER BY PRODUCT GROUP

IN EUR MILLION	2014	2015	DEVIATION
- Fish	166	178	7.2%
- Vegetables and fruit	101	108	6.9%
- Ready meals and other products	121	129	6.6%
	388	415	7.0%

(11)

2. INCOME AND EXPENSES FOR OTHER ACCOUNTING PERIODS

The income statement of FRoSTA AG includes income for other accounting periods of EUR 3,794 thousand (previous year: EUR 3,166 thousand) and expenses for other accounting periods in the amount of EUR 2,761 thousand (previous year: EUR 392 thousand). The income for other accounting periods is mainly due to charge-off of advertising subsidies and bonus payments, the reversal of personnel provisions and other provisions.

The expenses related to other periods also contain provisions for possible VAT backpayments for previous years totalling EUR 2,197 thousand. These potential obligations result from the tax treatment of the flow of goods into FRoSTA AG warehouses in Italy and the United Kingdom.

(12)

3. OFFSETTING OF INCOME AND EXPENSES

Earnings from a plan asset amounting to EUR 3 thousand (previous year: EUR 5 thousand) were set off against interest expense for partial retirement benefit obligations amounting to EUR 7 thousand (previous year: EUR 12 thousand).

(13)

4. TAXES ON INCOME

This item includes, among other things, tax income of EUR 87 thousand for other accounting periods (previous year: EUR 0 thousand).

Deferred taxes on temporary differences between the carrying amounts of assets, liabilities, prepaid expenses and deferred income according to commercial law and for tax purposes are as follows:

DEFERRED TAX ASSETS AND LIABILITIES

IN EUR THOUSAND	31.12.2014		31.12.2015	
	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES
Intangible assets	0	11	0	0
Tangible assets	87	0	0	109
Other financial assets	691	0	696	0
Prepaid expenses / deferred income	58	0	29	0
Provisions for pensions	24	0	30	0
Other provisions	227	0	213	0
Trade payables	0	9	0	23
Total	1,087	20	968	132
Offsetting	-20	-20	-132	-132
Total	1,067	0	836	0

The temporary differences were measured based on the combined tax rate of corporation tax and trade tax of 30.53% (previous year: 30.31%).

The tax relief arithmetically possible as a result of this was not recognised in accordance with the option as set forth in Section 274 HGB, as amended.

E. OTHER DISCLOSURES

(14)

1. OTHER FINANCIAL OBLIGATIONS

OTHER FINANCIAL OBLIGATIONS

IN EUR THOUSAND	2014	2015
Liabilities from current lease agreements	1,223	1,378
Liabilities under current rental and maintenance contracts	3,341	2,956
Purchase obligation from expansion investments	1,555	4,381
Consignment agreements	1,711	2,140
Other financial obligations	7,830	10,855

REMAINING MATURITIES OF RENTAL, MAINTENANCE AND LEASE AGREEMENTS AS AT 31 DECEMBER 2015

IN EUR THOUSAND	< 1 YEAR	1 TO 5 YEARS	> 5 YEARS
Future payments from current lease agreements	784	594	0
Future payments from current rental and maintenance contracts	2,268	631	57
Purchase obligation from expansion investments	4,381	0	0
Consignment agreements	2,140	0	0
Total	9,573	1,225	57

(15)

2. HEDGING TRANSACTIONS / DERIVATIVES

Currency hedging is used to hedge incoming payments in pounds sterling and outgoing payments in US dollars. Derivative financial instruments are accounted for at cost when purchased. As at the balance sheet date, the banks determine the fair values on the basis of market quotations. Hedging transactions are measured made according to the imparity principle, i.e. provisions for anticipated losses are created for negative values whereas positive values are not recognised.

Interest rate swaps are entered into in order to safeguard interests.

The following table shows the individual financial instruments. The fair values were determined on the basis of the individual closing rate:

HEDGING TRANSACTIONS / DERIVATIVES

	TYPE	SCOPE	FAIR VALUE IN EUR THOUSAND
Currency forwards	Purchase, USD thousand	26,110	-70
	Sale, GBP thousand	930	0
Currency swaps	Purchase, USD thousand	932	0
	Sale, GBP thousand	28	0
Interest rate swaps	Loan, EUR thousand	2,577	-100

(16)

3. AUDITORS' FEES AND SERVICES

The total fees invoiced by the auditors, Gräwe & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, for the financial year are included in the relevant section in the appendix of the consolidated financial statements.

(17)

4. NUMBER OF EMPLOYEES

EMPLOYEES (ANNUAL AVERAGE)

	2014	2015
Wage-earners	582	577
Salaried staff	298	291
Temporary employees	105	132
Number of employees according to Section 285 No. 7 HGB	985	1,000
Apprentices	27	30
	1,012	1,030

(18)

5. EXECUTIVE BOARD

The following persons were members of the Executive Board of FRoSTA AG in the financial year 2015:

- Felix Ahlers, businessman, Hamburg (Chairman)
As at 31 December 2015: 2,279,429 FRoSTA shares = 33.5%
- Hinnerk Ehlers, businessman, Hamburg (Chief Marketing and Sales Officer)
- Dr Stephan Hinrichs, businessman, Kampen (Chief Financial and Administrative Officer, until 31 December 2015)
- Jürgen Marggraf, businessman, Bremen (Chief Operations Officer)

The total number FRoSTA shares owned by the Executive Board as at 31 December 2015 was 2,333,895 shares = 34.3%.

(19)

6. SUPERVISORY BOARD

The following persons were members of the Supervisory Board of FRoSTA AG in the financial year 2015:

- Dirk Ahlers, businessman, Hamburg (Chairman of the Supervisory Board)
As at 31 December 2015: 681,259 FRoSTA shares = 10.0%
- Oswald Barckhahn, businessman, Chicago / USA (Vice Chairman of the Supervisory Board)
- Jürgen Schimmelpfennig, Chairman of the Works Council of FRoSTA AG, Bremerhaven

The total number of FRoSTA AG shares owned by the Supervisory Board as at 31 December 2015 was 683,459 shares = 10.0%.

(20)

7. REMUNERATION ACCORDING TO SECTION 285 NO. 9 HGB

The total remuneration of the Executive Board of FRoSTA AG in the financial year amounted to EUR 4,217 thousand (previous year: EUR 4,794 thousand). Of this the fixed remuneration came to EUR 1,208 thousand (previous year: EUR 1,199 thousand) and variable remuneration to EUR 3,009 thousand (previous year: EUR 3,595 thousand).

The total remuneration of former members of the Executive Board of FRoSTA AG was EUR 52 thousand in the financial year (previous year: EUR 60 thousand). Pension provisions for former Executive Board members of FRoSTA AG amounted to EUR 435 thousand on the balance sheet date (previous year: EUR 422 thousand).

The remuneration of the Supervisory Board amounted to EUR 107 thousand (previous year: EUR 102 thousand), of which EUR 93 thousand (previous year: EUR 88 thousand) was variable remuneration and EUR 14 thousand (previous year: EUR 14 thousand) was fixed remuneration.

(21)


8. APPROPRIATION OF PROFITS

Based on 6,812,598 no-par value bearer shares, less 6,448 no-par value bearer shares treasury shares not entitled to a dividend in accordance with Section 71b of the German Stock Corporation Act, this results in 6,806,150 no-par value bearer shares entitled to a dividend. At the Annual General Meeting, we will be proposing a dividend of EUR 1.36 per share corresponding to a total dividend of EUR 9,256,364.00. This payment will be taken from the net income for the year as at 31 December 2015 of EUR 13,349,401.21. The remaining EUR 4,093,037.21 will be allocated to other revenue reserves.

Bremerhaven, 16 March 2016

The Executive Board


(F. Ahlers)


(H. Ehlers)



(J. Marggraf)


RESPONSIBILITY STATEMENT IN ACCORDANCE WITH SECTION 289 (1) SENTENCE 5 HGB

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and the management report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the material opportunities and risks associated with the expected development of the Company.

Bremerhaven, 16 March 2016


(F. Ahlers)


(H. Ehlers)


(J. Marggraf)

AUDITOR'S REPORT

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes – including the accounting and the consolidated management report and the Group management report of FRoSTA Aktiengesellschaft, Bremerhaven, for the financial year from 1 January 2015 to 31 December 2015. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law and the supplementary provisions in the articles of association are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with Section 317 of the German Commercial Code (Handelsgesetzbuch – HGB) and the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany – IDW). Those standards require that we plan and perform the audit such that misstatements substantially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with (German) principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit also includes assessing the accounting principles used and significant assessments made by the Company's management, as well as evaluating the overall presentation of the annual financial statements and the management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit, the annual financial statements comply with the legal requirements and supplementary provisions of the articles of association and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with the (German) principles of proper accounting. The management report is consistent with the annual financial statements, provides a suitable understanding of the Company's situation and suitably presents the opportunities and risks of future development.

Bremen, 18 March 2016

Gräwe & Partner GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft



Dr Meyer
Auditor



Manke
Auditor

TEN-YEAR OVERVIEW FOR THE FRoSTA GROUP

TEN-YEAR OVERVIEW FOR THE FRoSTA GROUP

		2015	2014	2013
Employees (average)	NUMBER	1,631	1,559	1,523
Turnover	EUR MILLION	440	408	386
Gross profit margin	%	37.1%	38.4%	35.8%
EBITDA	EUR MILLION	38.3	36.2	29.5
EBIT	EUR MILLION	26.1	24.8	18.2
Return on sales (in relation to profit from operations) ¹	%	5.9%	6.1%	4.7%
Result from ordinary business activities	EUR MILLION	25.3	23.9	15.9
Income taxes	EUR MILLION	7.1	6.6	3.9
Consolidated profit / loss	EUR MILLION	18.2	17.3	12.0
Cash flow before change in working capital	EUR MILLION	30.5	27.1	23.1
Capital expenditures	EUR MILLION	14.1	16.3	8.4
Shares	NUMBER	6,812,598	6,812,598	6,812,598
Total dividend	EUR THOUSAND	9,256	9,247	6,813
Dividend per share	EUR	1.36	1.36	1.00
Earnings per share	EUR	2.67	2.53	1.80
Fixed assets	EUR MILLION	76.5	75.4	71.1
Current assets	EUR MILLION	168.2	159.7	150.9
Equity	EUR MILLION	134.7	125.7	116.6
Equity ratio	%	55.1%	53.5%	52.5%
Liabilities to banks	EUR MILLION	33.2	29.4	39.1
Debt ratio ²	%	13.6%	12.5%	17.6%
Return on investment ³	%	13.7%	13.8%	10.1%
Return on equity ⁴	%	18.8%	19.0%	13.6%

1 Operating profit / (turnover / 100)

2 Bank liabilities / (balance sheet total / 100)

3 [EBIT / (average balance sheet total including ABS – average trade payables)] x 100

4 (Consolidated profit for the year + taxes on income) / (reported equity / 100)

	2012	2011	2010	2009	2008	2007	2006
	1,504	1,528	1,520	1,614	1,539	1,372	1,248
	380	385	393	411	392	349	307
	34.1%	34.3%	35.0%	35.8%	35.9%	37.6%	37.7%
	21.5	26.0	29.8	32.5	32.0	30.2	27.4
	10.3	14.9	17.7	20.9	20.8	19.3	16.6
	2.7%	3.9%	4.5%	5.1%	5.3%	5.5%	5.4%
	8.3	12.3	14.2	17.4	17.7	16.6	14.6
	2.2	3.6	4.4	5.4	5.6	4.4	4.2
	6.1	8.7	9.8	12.0	12.1	12.2	10.4
	18.5	21.1	21.8	25.1	25.7	20.0	17.6
	7.8	8.6	10.7	12.1	25.7	20.0	7.7
	6,695,900	6,609,188	6,531,457	6,450,833	6,413,386	6,373,673	6,338,389
	5,022	4,957	4,899	4,838	4,810	4,207	3,803
	0.75	0.75	0.75	0.75	0.75	0.66	0.60
	0.92	1.33	1.52	1.87	1.89	1.93	1.64
	75.1	76.8	81.5	82.9	88.4	75.9	66.7
	147.2	144.8	144.0	140.2	148.9	129.1	107.3
	108.4	105.0	101.2	94.8	87.0	80.2	70.4
	48.7%	47.4%	44.9%	42.5%	36.6%	39.1%	40.5%
	50.0	55.3	63.6	76.7	86.3	69.6	49.5
	22.5%	25.0%	28.2%	34.4%	36.4%	34.0%	28.4%
	5.7%	8.2%	9.3%	10.8%	11.4%	12.2%	11.7%
	7.7%	11.7%	14.0%	18.4%	20.4%	20.7%	20.7%

REPORT OF THE SUPERVISORY BOARD FOR THE 2015 FINANCIAL YEAR

DEAR SHAREHOLDERS!

In the financial year 2015, the Supervisory Board of FRoSTA AG fulfilled all its legal and statutory obligations. In the same period, it was regularly and extensively involved in matters concerning the economic and financial development as well as the strategy of FRoSTA AG and the Group as a whole. It held regular consultations with the Executive Board and monitored its activities closely. The Supervisory Board participated directly in all decisions of fundamental importance to the Company. The Executive Board informed the Supervisory Board regularly, comprehensively and in a timely fashion, in written form and verbally, on all matters concerning business policy, current revenue and earnings, as well as the business development and the financial situation of the Group company as a whole. The Chairman of the Supervisory Board, Dirk Ahlers, exchanged information at regular intervals with the Executive Board, for example by attendance at day-long Group management meetings three times per year.

After thorough examination the Supervisory Board approved those decisions of the Executive Board which require Supervisory Board consent.

A total of four scheduled meetings of the Supervisory Board were held on 25 March, 19 June, 14 October and 21 December 2015. The meetings of the Supervisory Board were all attended by all members.

In the reporting period, there arose no conflicts of interest for Supervisory Board members from their activities as members of the Supervisory Board of FRoSTA AG.

Main points discussed by Supervisory Board

During the past financial year, the Supervisory Board devoted its efforts to implementing key annual planning objectives. As in the previous year, these were:

for the Group as a whole

- growth through innovation
- above-average growth of the FRoSTA brand
- increased return on sales

for the FRoSTA brand

- intensification of listing efforts for the fish range in Germany
- standardisation of the brand identity under the FRoSTA Purity Command in all sales countries
- focus on Germany, Poland, Hungary, the Czech Republic and Romania by supporting the brand through consumer advertising in these countries

for the private label business

- focus on items with a positive return on sales
- expansion of a profitable fish range
- optimisation and expansion of assortment overall

for the Foodservice (catering) business

- growth and expansion of business in other European countries

The main topics discussed at the individual Supervisory Board meetings were as follows: On 25 March 2015, the audit of the 2014 annual financial statements, the current development of business and the long-term strategic alignment of FRoSTA AG; on 19 June 2015, the preparation of the Annual General Meeting, the current development of business and deliberations on specifying a target for the share of women on the Executive Board and the Supervisory Board; on 14 October 2015, the current development of business, profit estimate and Executive Board matters; and finally on 21 December 2015 the annual planning for 2016.

Furthermore, at the Supervisory Board meetings held on 19 June 2015 and 14 October 2015, both the Personnel Committee and the Supervisory Board as a whole turned their attention to the composition of the Executive Board in light of the upcoming departure of Dr Hinrichs as Chief Financial Officer on 31 December 2015. After a careful selection process, contract negotiations were conducted and concluded with a successor to the previous Chief Financial Officer.

The Supervisory Board defined the following targets for the share of women, which are to be met by 30 June 2017:

- Supervisory Board: 1/3, i.e. one person
- Executive Board: 1/3 or 1/4, i.e. at least one person if the Executive Board has three or four members.

Finance and Personnel Committee

As well as appointing a new Chief Financial Officer, the Finance and Personnel Committee, consisting of Supervisory Board members Dirk Ahlers and Oswald Barckhahn, met before each Supervisory Board meeting and made preparations for these meetings. The Committee consulted with the Supervisory Board on the 2014 annual financial statements at a joint session in Hamburg on 25 March 2015. The current brand strategy was discussed in numerous telephone conversations with the Chairman of the Executive Board.

Composition of Executive Board and Supervisory Board

The composition of the Supervisory Board did not change in the financial year 2015. The former Chief Financial Officer Dr Stephan Hinrichs left the Executive Board effective 31 December 2015. From 1 January 2016, Chief Executive Officer Felix Ahlers has temporarily assumed his duties until the new Chief Financial Officer begins work on 1 July 2016. The other duties previously carried out by Dr Hinrichs were assumed by Jürgen Marggraf and Hinnerk Ehlers.

Individual and consolidated financial statements

In accordance with a decision taken at the Annual General Meeting, the Supervisory Board commissioned Gräwe & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Bremen, with the task of auditing the individual and consolidated financial statements of FRoSTA AG. The auditors examined both the individual and the consolidated financial statements and issued unqualified auditor's reports. The combined management report of FRoSTA AG and the Group was also issued an unqualified auditor's report.

The audit reports were submitted to the members of the Supervisory Board in good time. On 5 April 2016, they were initially discussed by the Finance and Personnel Committee and then discussed in detail by the complete Supervisory Board in the presence of the auditor. For its part, the Supervisory Board thoroughly reviewed the individual financial statements, the consolidated financial statements, the consolidated management report of FRoSTA AG and the Group as well as the proposal on the appropriation of net retained profits. The Supervisory Board declares that, having completed its review, it has no objections either to the consolidated and individual financial statements as at 31 December 2015, nor to the consolidated management report of FRoSTA AG and the Group as at 31 December 2015. The Supervisory Board therefore unanimously approved the individual and consolidated financial statements prepared by the Executive Board. The annual financial statements were thereby adopted.

The Supervisory Board also approved the proposal of the Executive Board on the appropriation of net retained profits.

The Finance and Personnel Committee also discussed the amount and structure of Executive Board remuneration. These were subsequently adopted accordingly by the full Supervisory Board.

The fixed remuneration remained virtually unchanged as measured against the previous year. Compared to companies of a similar size they come in at the lower end. The variable, i.e. performance-related, remuneration is considerably above average. However, despite improved earnings, these were down 16% year-on-year. In total, the Executive Board remuneration decreased by 12% compared with the previous year.

Given the positive results of operations overall and the fact that the other goals were met as well, the Supervisory Board deems the level of Executive Board remuneration appropriate.

Word of thanks

The Supervisory Board would like to express its thanks to the Executive Board and to all employees for their great commitment in the financial year 2015.

Hamburg, 5 April 2016



For the Supervisory Board
Dirk Ahlers

GROUP STRUCTURE AND ADDRESSES

V SALES

P PRODUCTION

LOCATIONS IN GERMANY

FRoSTA Aktiengesellschaft
Am Lunedeich 116
27572 Bremerhaven
Phone: +49-471-9736-0
Fax: +49-471-75163
E-mail: info@frosta.de

FRoSTA Foodservice GmbH
Am Lunedeich 116
27572 Bremerhaven
Phone: +49-471-9736-0
Fax: +49-471-9736-445
E-mail: foodservice@frosta.de

F. Schottke
Zweigniederlassung der FRoSTA AG
Am Lunedeich 116
27572 Bremerhaven
Phone: +49-471-9736-0
Fax: +49-471-74349
E-mail: schottke@frosta.de

FRoSTA Tiefkühlkost GmbH
Mendelssohnstraße 15 d
22761 Hamburg
Phone: +49-40-854140-60
Fax: +49-40-854140-88
E-mail: info@frosta.de

Bio Freeze GmbH
Am Lunedeich 116
27572 Bremerhaven
Phone: +49-471-9736-190
Fax: +49-471-72076

Elbtal Tiefkühlkost
Zweigniederlassung der FRoSTA AG
Messaer Straße 3 – 5
01623 Lommatzsch
Phone: +49-35241-59-0
Fax: +49-35241-59-193
E-mail: elbtal@frosta.de

COPACK Tiefkühlkost Produktions GmbH
Am Lunedeich 116
27572 Bremerhaven
Phone: +49-471-9736-190
Fax: +49-471-72076
E-mail: info@copack.de

ELBTAL Tiefkühlkost Vertriebs GmbH
Messaer Straße 3 – 5
01623 Lommatzsch
Phone: +49-471-9736-190
Fax: +49-471-72076

Rheintal Tiefkühlkost
Zweigniederlassung der FRoSTA AG
Industriestraße 4
67240 Bobenheim-Roxheim
Phone: +49-6239-807-0
Fax: +49-6239-807-163
E-mail: rheintal@frosta.de

TIKO Vertriebsges. mbH
Am Lunedeich 116
27572 Bremerhaven
Phone: +49-471-9736-190
Fax: +49-471-72076

LOCATIONS ABROAD

FRoSTA Sp. z o.o.
ul. Witebska 63
85-778 Bydgoszcz
Poland
Phone: +48-52-36 06 700
Fax: +48-52-34 34 746
E-mail: info@frosta.pl

FRoSTA Romania
2 Ciresilor Street
Mogosoia, jud. Ilfov
Romania
Phone: +40-722-366555
E-mail: info@frosta.pl

FRoSTA Hungary
Szent Tamás u. 1
2500 Esztergom
Hungary
Phone: +36-33-500 350
Fax: +36-33-500 351
E-mail: info@frosta.hu

COPACK France S.a.r.l.
36, Rue de l'Ancienne Mairie
92100 Boulogne-Billancourt
France
Phone: +33-1-46 948 460
Fax: +33-1-46 948 469
E-mail: info@copack.eu

FRoSTA Italia s.r.l.
Via Lazio 9
00187 Rome
Italy
Phone: +39-06-687 1749
Fax: +39-06-687 3197
E-mail: info@frostaitalia.it

FRoSTA ČR s.r.o.
U Nikolajky 833/5
158 00 Prague 5
Czech Republic
Phone: +42 02 51 56 07 35
Fax: +42 02 51 56 07 39
E-mail: info@frosta.cz

FRoSTA Russia
2-aya Nauchnaya Street, d. 5
142190 Moscow, Troitsk
Russian Federation
Phone/Fax: +7495-6428596
E-mail: info@frosta.ru

FINANCIAL CALENDAR

FINANCIAL CALENDAR

EVENT	DATE
Financial press conference	6 April 2016
General Shareholders' Meeting	17 June 2016
Half-yearly financial report	29 July 2016

PUBLISHING INFORMATION

PUBLISHED BY

FRoSTA Aktiengesellschaft
Am Lunedeich 116
27572 Bremerhaven
Germany

Phone: + 49 471 9736 - 0

Fax: + 49 471 75163

E-mail: info@frosta.de

www.frosta-ag.com

CONCEPT, DESIGN AND REALISATION

CAT Consultants, Hamburg

www.cat-consultants.com

FROSTA Aktiengesellschaft
Am Lunedeich 116
27572 Bremerhaven
Germany

Phone: + 49 471 9736 - 0
Fax: + 49 471 75163
E-mail: info@frosta.de

www.frosta-ag.com