

ANNUAL FINANCIAL STATEMENTS OF FRoSTA AG

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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

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P PRODUCTION

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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

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