

CONSOLIDATED MANAGEMENT REPORT

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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%.

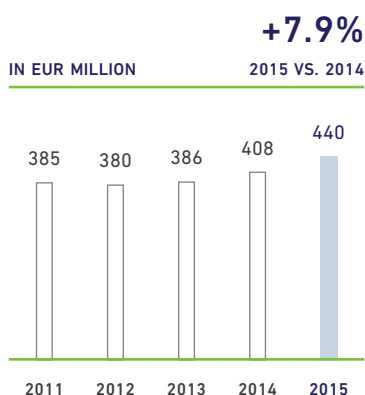
MARKET DEVELOPMENT VALUE

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

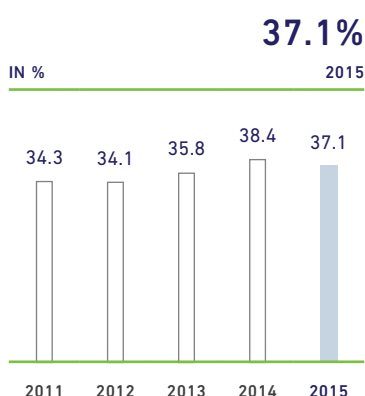
(Source: IRI 2015)

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).

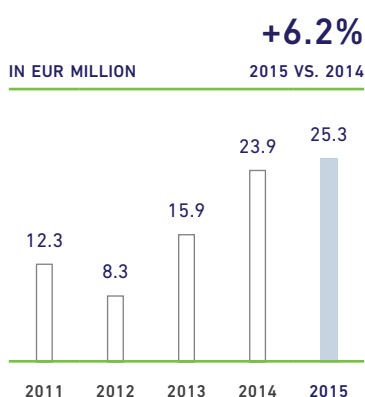
CONSOLIDATED TURNOVER



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.

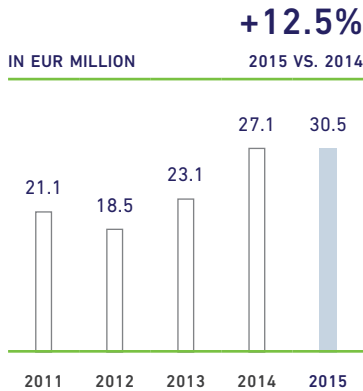
We are satisfied with the performance of the business in the 2015 financial year. We were able to grow successfully and record higher profit than in the previous year, despite increased raw material costs and lower margins. The Executive Board would like to express its sincere thanks to all members of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



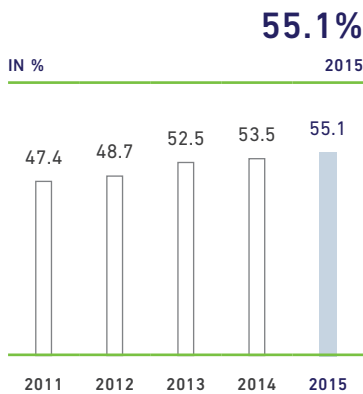
Capital expenditures amounting to EUR 14.1 million were below the previous year's amount of EUR 16.3 million. They were completely financed from the "cash flow before change in working capital" amounting to EUR 30.5 million (previous year: EUR 27.1 million).

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

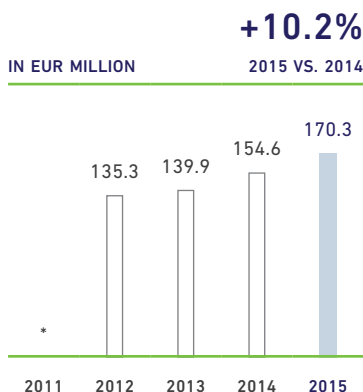
The FRoSTA operating segment (brand business in Germany, Austria, Poland, Hungary, Czech Republic, Romania, Russia and Italy, some parts of the private label business as well as the home delivery service in Europe) enjoyed a positive development in almost all sales areas. Various sales and marketing 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.

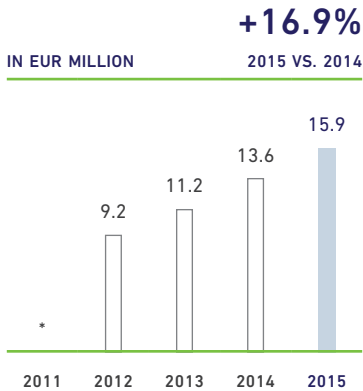
Turnover for FRoSTA's vegetable mixes grew by 25.4% (source: IRi 2015). Turnover from FRoSTA vegetable pans alone grew by 18.6%, a much stronger rise than in the previous year (source: IRi 2014/2015). Growth in this fiercely competitive market is particularly encouraging. The introduction of a range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

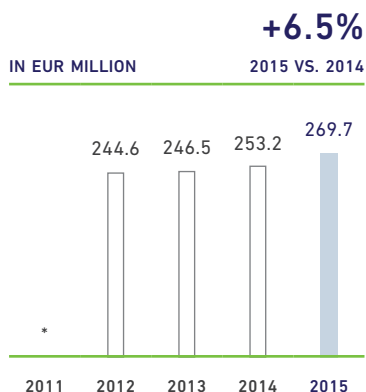
We made some progress in Russia in 2015, as our own company in Moscow now manages the entire supply chain. The weak ruble, import restrictions, foreign policy conflicts and extremely low oil prices in particular have markedly changed the country and its consumer behaviour. Retail chains in Russia are 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.

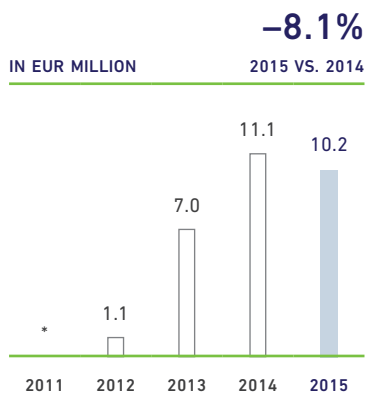
In the Home Delivery distribution channel, we were forced to record a reduction in turnover and earnings despite placing additional items in the catalogues.

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