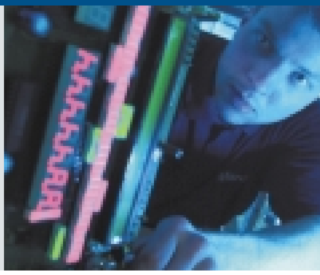
Index



Board of Directors
Benedikt Sveinsson, Chairman
Arnar Þór Másson
Hjörleifur Jakobsson
Þorkell Sigurlaugsson
Þórólfur Árnason

Alternates:
Andri Teitsson
Friðrik Jóhannsson

Managing Director
Hörður Arnarson

State Certified Public Accountant
PricewaterhouseCoopers ehf
Gunnar Sigurðsson

Marel hf
Annual Report 2001
19th Operational Year
Annual General Meeting, 20 March 2002

The Icelandic Knowledge Award 2002

The Association of Icelandic Economists awarded Marel the Icelandic Knowledge Award for transforming their knowledge into business assets.

Performance 2001

Marel's Financial Statement for the year 2001 employs the same basic accounting principles as the previous year.

While exchange rate differences resulted from foreign loans taken to finance the purchase of foreign subsidiaries, and to increase their share capital, they were for the first time entered in a revaluation account to counterbalance the calculated exchange rate differences from these same subsidiaries. Also, the presentation of the profit and loss account has been changed so that inflation adjustment is now all entered among financial items, while previously part of it was entered as bought material. Comparative figures from the year 2000 were changed to present conformity. Good-will is now for the first time capitalised in the annual report and will be depreciated over 20 years. A further description of the effect of these changes is found on page 29.

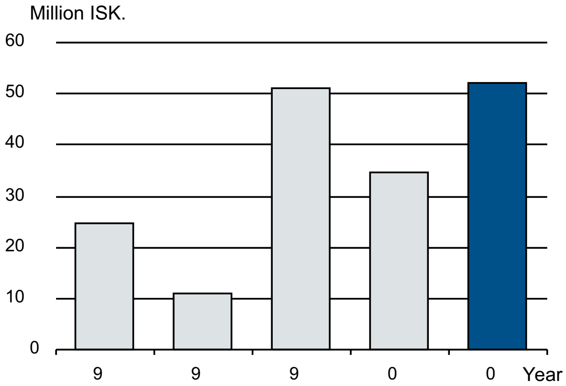
The discussion here on Marel's operations, balance sheet and cash flow is related to the consolidated account for the year 2001, unless otherwise stated. The financial statement for the Group and parent company is found on pages 21 – 38.

Operating Revenues and Operating Expenses 2001

Operating revenues for 2001 totalled ISK 8,481 million, compared with ISK 5,746 million the previous year. Operating revenues have therefore increased by about 48%, after having been static between the years 1999 and 2000. Two new companies entering the Marel Group at the beginning of 2001 effected operations. These companies are Marel TVM and Marel Deutschland. In addition, Carnitech purchased OL -Tool Production and merged operations last August. Operating revenues of the Group are substantially in foreign currency. The exchange rate index of the Icelandic króna rose by almost 17% from its year 2000 average to the year 2001 average. The real increase of the Group's revenue, therefore, is about 27%.

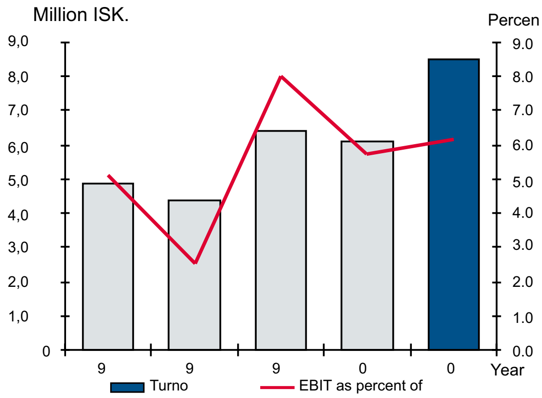
Operating expenses, excluding financial items, totalled ISK 7,959 million, compared with ISK 5,419 million in 2000. This is an increase of about 47%. The contribution margin for fixed costs, i.e., difference between operating revenue and bought material, has increased by about ISK 1,832 million, or about 48%. Wages and benefits have increased by about ISK 1,581 million or 47%.

Operating profit, EBIT



All figures based on 2001 price level

EBIT as percent of turnover from operation



All figures based on 2001 price level

As a percentage of operating revenue, the main items were as follows:

	2001	2000
Bought material	33.0%	33.0%
Wages & benefits	39.4%	40.3%
Other operational costs	19.2%	18.7%

Developmental costs entered for the parent company, Carnitech and Marel TVM amount to about ISK 480 million for the year 2001, compared with ISK 348 million for 2000.

Operating profit before depreciation, financial items and tax (EBITDA) and net profit before financial items and tax (EBIT) were as follows:

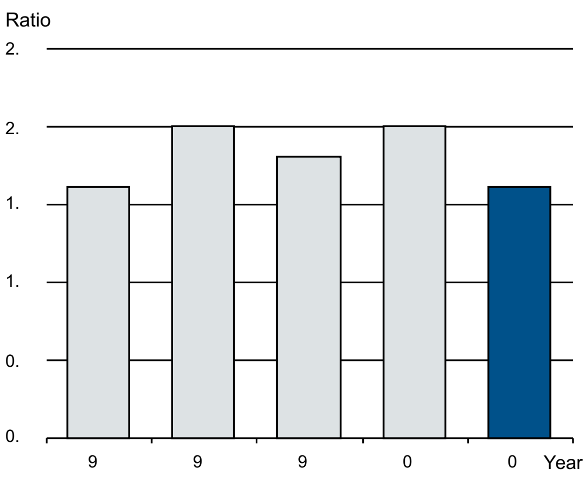
	2001	2000
EBITDA in millions ISK	713	462
EBITDA as % of revenue	8.4%	8.0%
EBIT in millions ISK	522	328
EBIT as % of revenue	6.2%	5.7%

EBITDA for the parent company was ISK 492 million in 2001, which is the best result ever. In the year 2000 the comparable result was ISK 165 million. As a percentage of the parent company's operating revenue, EBITDA was 14.1%.

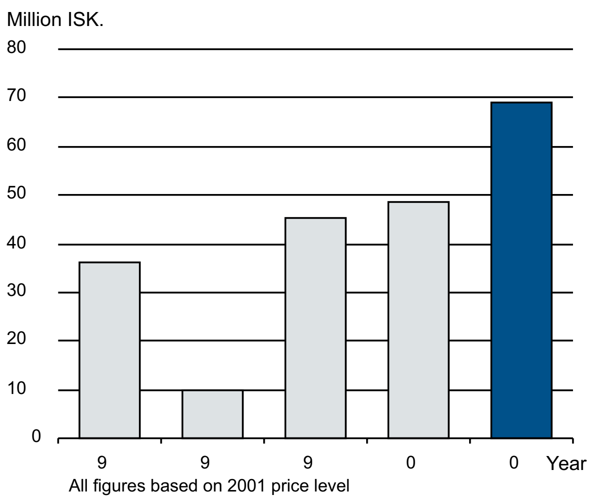
Financial expenses above financial income totalled ISK 181 million, compared with 63 million in the year 2000. Inflation adjustment entered as expenses in 2001 totalled ISK 92 million, while the previous year it was ISK 19 million. Among the financial items entered is an ISK 39 million expense resulting from a write-down of Marel shares in two companies. Income tax was calculated at ISK 137 million compared with 87 million the year before. Of this, ISK 22 million was entered as expenses because of the effect of the income tax rate being reduced from 30% to 18%. Of the calculated income tax, ISK 80 million is payable. Property tax was ISK 21 million, an increase of ISK 4 million from the year 2000.

Marel's net profit for the year 2001 was ISK184 million, compared with ISK 161 million the previous year from ordinary activities. In 2000, good-will was entered as ISK 169 million, which when taken into account results in a loss this year of ISK 8 million. In general there are quarterly fluctuations in the performance of the Marel Group, with the 2nd and 4th quarters usually showing the best results. Due to the effects of the livestock diseases that appeared in Europe at the end of 2000, sales to the meat processing industry declined significantly, resulting in operational difficulties for Marel during the 1st quarter of 2001. In this respect, the year was unusual for Marel.

Working capital ratio



Working capital



All figures based on 2001 price level

The Group's operations by quarters (million ISK).

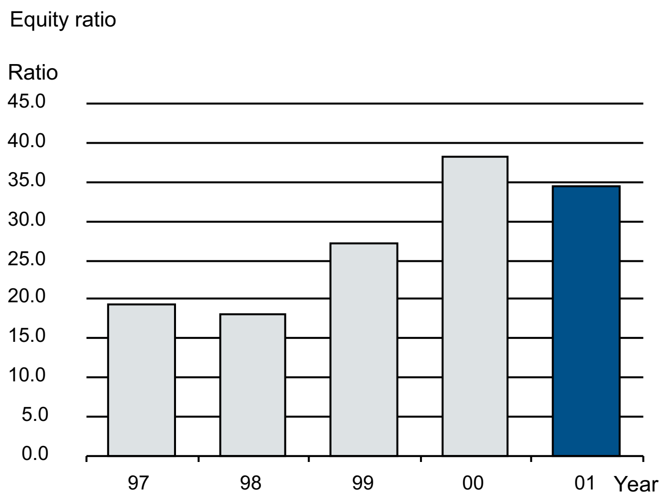
	1 Quarter	2 Quarter	3 Quarter	4 Quarter	Total
Operating revenue	1.538	1.966	2.111	2.866	8.481
Operating expenses	1.560	1.731	2.046	2.622	7.959
Operational profit (EBIT)	(22)	235	65	244	522
EBIT %	(1,4%)	12,0%	3,1%	8,5%	6,2%
Net financial expenses	(19)	(70)	(26)	(66)	(181)
Calculated taxes, etc.	(16)	(62)	(57)	(22)	(157)
Profit (loss)	(57)	103	(18)	156	184

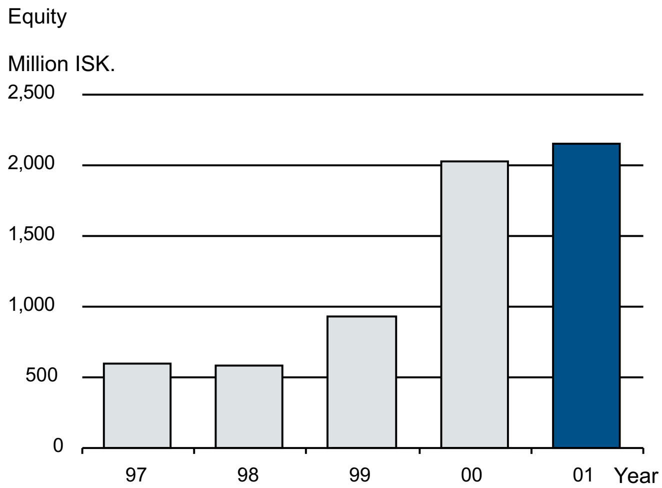
Assets and Liabilities at End of 2001

Marel's total assets at the end of 2001 were entered at ISK 6,265 million, an increase of about ISK 1,389 million, or 28%, from the previous year. The largest increase is due to the company's new headquarters in Garðabær. A total of ISK 718 million was earmarked for construction in 2001. As of the end of last year, a total of ISK 816 million of the estimated ISK 1.2 billion project had been invested.

The value of inventory was ISK 1,762 million, an increase of ISK 515 million or 41%. At the same time, operating income increased by about 48%.

Accounts receivable totalled ISK 1,428 million. This is an increase of ISK 304 million, or 27%, over the year, while at the same time operating revenues increased by about 48%. As a percentage of 4th quarter income in the years 2000 and 2001, this has declined from 68% to 50%. Allocated suppliers credit was on average 52 days during 2001 compared with 61 days in 2000.





All figures based on 2001 price level

Liabilities at the end of 2001 totalled ISK 4,112 million, an increase of ISK 1,100 million or 36%. Of this, new loans above payment instalments were taken; ISK 324 million, and increase in accounts payable totalled ISK 398 million.

Shareholders' equity at the end of 2001 was ISK 2,153 million, an increase of ISK 289 million over the year. The increase is itemised as follows in millions of ISK:

	2001	**2000**
Profit (loss)	184	(8)
Revaluation and inflation adjustment	187	67
Purchase of own stock	(78)	-
Sold new shares and own shares	-	979
Paid dividend	(24)	(22)
Other	20	31
Increase in shareholders' equity	289	1,047

Equity ratio at the end of 2001 was 34.4%, compared with 38.2% the previous year. The reduction in equity ratio can principally be attributed to the effect of investments during 2001, in particular to the new production and office complex in Garðabær. The current ratio was 1.6 compared with 2.0 at the end of the year 2000.

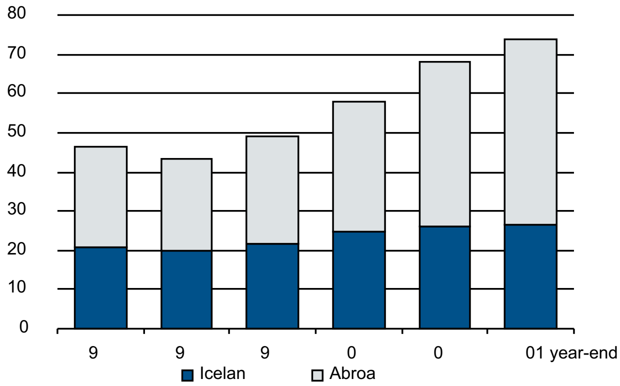
Cash flow

Working capital provided from operations was ISK 692 million in 2001 compared with ISK 457 million in 2000. Investments by Marel and its subsidiaries in permanent operational assets totalled ISK 1,042 million in 2001, primarily in Marel's new headquarters.

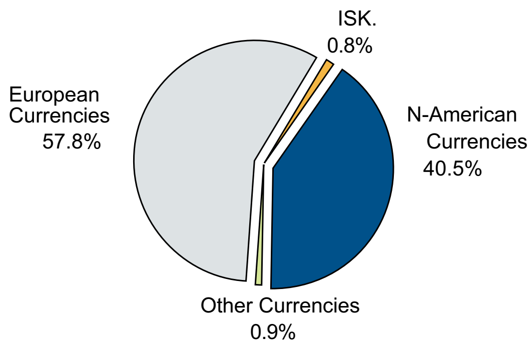
Employees

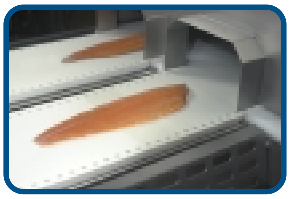
Employees of the Marel Group averaged a total of 679 during 2001, compared with 577 in 2000. At the end of 2001 they totalled 740. Of these, 263 worked in Iceland and 477 abroad. Employees in Iceland have increased by 12, while they have risen by 129 abroad, mostly at Carnitech.

Average no. of employees per year



Group income by origin 2001





Annual General Meeting 2001

Marel's Annual General Meeting for the operating year 2000 was held on 21 March 2001 at Grand Hótel in Reykjavík. The meeting consisted of general business. The Chairman introduced a report on the company's operations and prospects. The Managing Director explained the 2000 Financial Statements for Marel and its subsidiaries. These were agreed to unanimously. It was also agreed to pay a dividend to shareholders of 10%. A Board of Directors was elected comprising Benedikt Sveinsson, Arnar Þór Másson, Hjörleifur Jakobsson, Þorkell Sigur-laugsson and Þórólfur Árnason. Elected alternates were Andri Teitsson and Friðrik Jóhannsson. Gunnar Sigurðsson of Pricewater-houseCoopers ehf, was elected as certified auditor.

A proposal was passed permitting the Board to purchase Marel's stock for up to ISK 7.5 million at par value, or a total of ISK 375 million.

Stocks

Iceland's financial markets experienced difficulties during the year 2001. The Iceland Stock Exchange's index (ICEX-15) declined from the start of 2001, registering a 20% drop until last September. Since then the market has adjusted upwards: as of the middle of March 2002 the index is 2% higher than it was at the beginning of 2001.

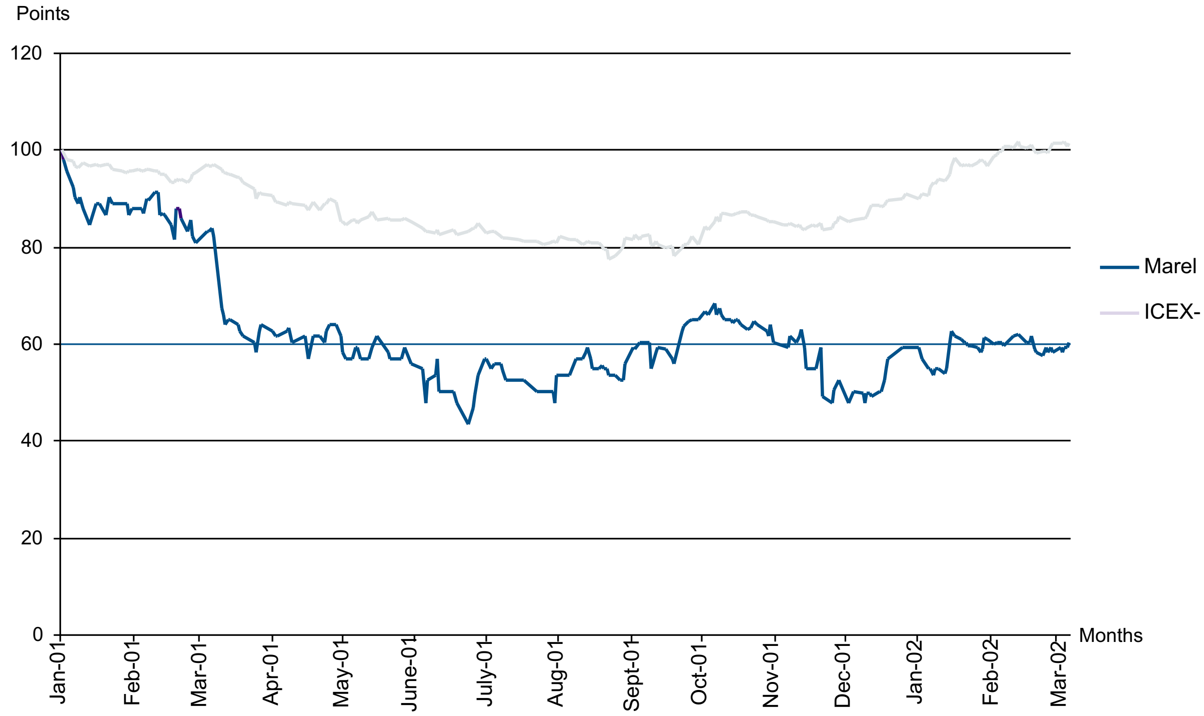
The listed price of Marel's stock at the end of 2001 was 26, a decline of 40% from the same time in 2000. On 14 March 2002 the price was 24.50. The market values Marel at some ISK 5.9 billion. Registered trading in Marel stock totalled ISK 3,048 million in 2001, compared with ISK 7,495 million in 2000. This figure accounted for 2.2% of all registered trading on the Iceland Stock Exchange in 2001, compared with 4.0% in 2000.

Marel shareholders at the beginning of March 2002 were 1,810, an increase of 113 from the start of 2001. The five largest shareholders as of 14 March 2002 were:

	Nominal value (in thous. ISK)	Ownership
Burðarás hf	73,921	30.79%
Búnaðarbanki Íslands hf	15,741	6.56%
Sjóvá-Almennar tryggingar hf	13,146	5.48%
Lífeyrissjóðir Bankastræti 7	12,589	5.24%
Íslandsbanki-FBA hf	7,147	2.98%
Aðrir: 1.805 hluthafar	117,520	48.95%
Samtals	240,064	100.00%

Marel purchased its own stock during the year for the nominal value of ISK 2,808 thousand for ISK 78 million.

Listed price of Marel's stock and ICEX-15, Jan. 2001 - March 2002, depicted as indexes



Operational Activities

Sales and marketing
Marel hf markets its products through a distribution system built around subsidiaries and agents. The company has sold products to over 60 countries with diverse languages, cultures, working practices and technological capabilities.

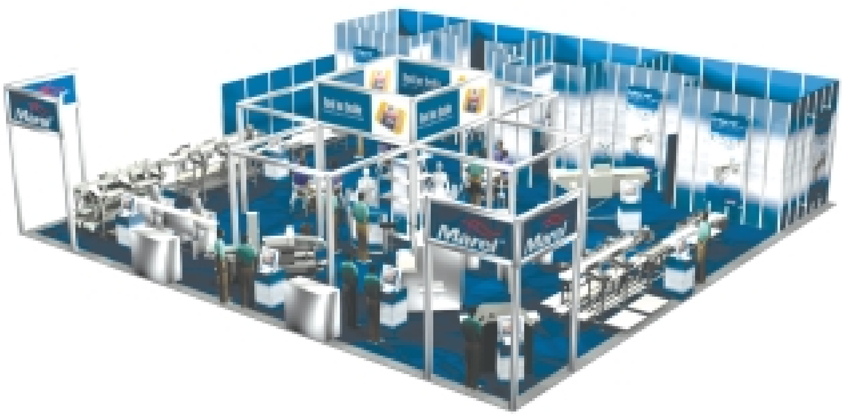
Marel has six subsidiaries to handle sales and marketing matters and to provide services: Marel Equipment in Canada, Marel USA in Kansas, Marel Scandinavia in Denmark, Marel UK in Great Britain, Marel Deutschland and Marel Australia that began operations at the start of 2002. Marel's subsidiaries conduct dynamic sales and marketing operations, and provide customer services. The company has also negotiated contracts with over 20 agents to sell and service Marel's products in many parts of the world. Over two-thirds of sales are conducted through subsidiaries or direct from Marel.

There was less investment in traditional fisheries industries last year, but there was significant growth in the production of farmed fish. In particular, there was a considerable increase in the production of farmed salmon prompted by the high prices received in 2000. Marel has greatly increased its range of salmon processing equipment, from slaughtering and packing to full processing. The positive effects of working with Carnitech have been particularly apparent in salmon processing projects. Major growth, company mergers and larger production entities characterise the salmon industry, which calls for increased automation.

Marel has also sold equipment for catfish processing in southern USA, where Marel plans and installs most of the catfish processing equipment.

Fish farming will play a large role in Marel's fish processing business in the near future as growth potential in the fisheries is greatest in this sector.

Last year was a difficult one for the meat industry, as well as Marel, due to mad-cow disease having broken out in Germany just as the company had installed its first meat deboning flowline there. This caused a major setback in projects that the company had been working on at the time. But in the wake of difficulty interest grew in processing systems, particularly as they provided unique traceability technology from breeder to buyer. In addition, foot and mouth disease appeared in Great Britain in mid-year that caused a reduction in meat consumption. Yet despite difficult times, sales of

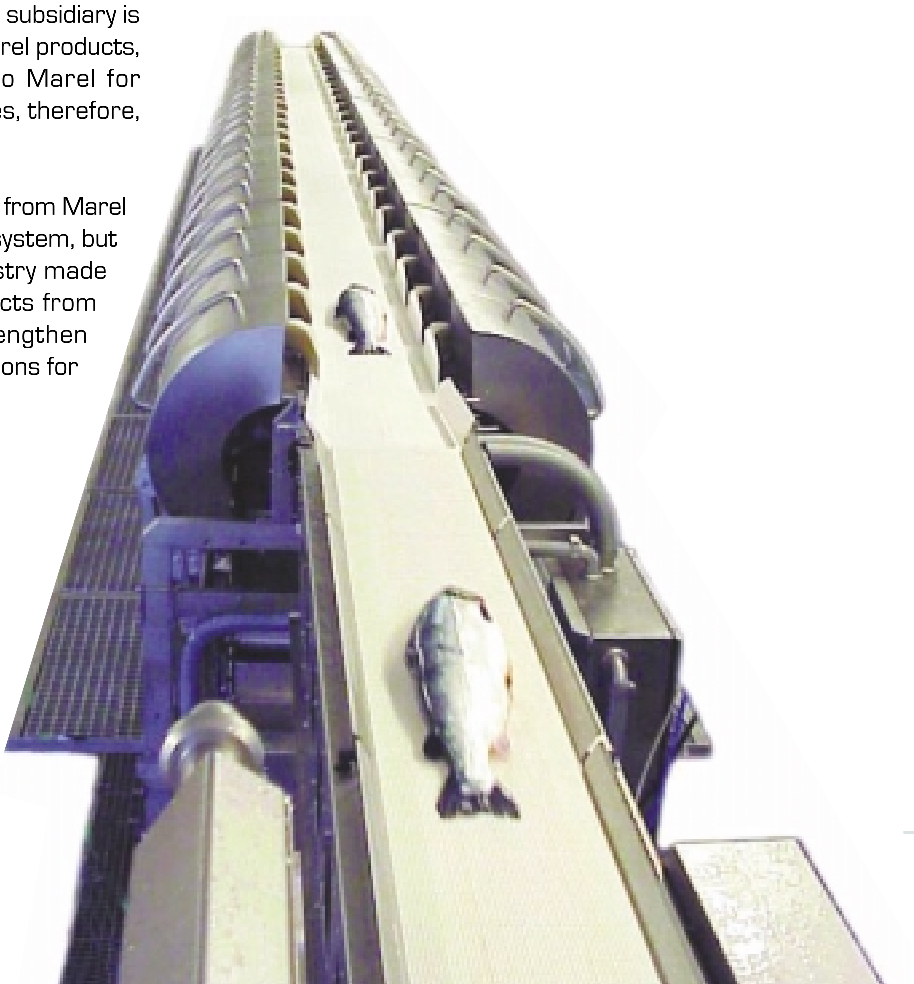


meat processing equipment were tolerable, for example, a milestone contract was negotiated in Norway for a total solution system for meat which included traceability and product quality control. This was one of Marel's and Carnitech's cooperative projects.

The years 2000 and 2001 were difficult in the USA's poultry industry due to over production which led to low product prices. The result was fewer sales than expected, but this has turned around in 2002 and companies are beginning to invest again. Considerable growth was experienced in Europe's chicken industry as consumers increasingly chose chicken over meat.

Marel hf founded a new subsidiary in Australia which began operations in January 2002. Marel Australia handles sales, marketing and service for customers in Oceania. The company's office is in Brisbane. Many of Marel's customers are located in that area, particularly in the meat industry: Australia is the world's largest exporter of beef. There are also excellent opportunities in salmon processing, chicken processing and shrimp processing. Marel has sold food processing equipment to companies in Australia over the past 13 years, and has gained a strong foothold in the market through its local agent. The enormous distance to the market, however, has hampered business. The new subsidiary is a step to service a growing market for Marel products, and improve customers' accessibility to Marel for consulting and other services. Great hopes, therefore, are tied to this new subsidiary.

Work has progressed on bringing products from Marel TVM in Germany into Marel's distribution system, but the outbreak of disease in the meat industry made matters difficult. Current and new products from Marel TVM have good potential to strengthen Marel's position as a supplier of total solutions for the meat industry.



Product Development
At the start of 2001 a second senior director of product development was appointed, followed by a reorganisation of the department and the formation of product groups for all products to ensure systematic and effective product development. A detailed product development plan was created for the year and priority projects defined.

By the end of 2001 a total of 52 employees worked in 5 product groups on product development, sales oriented design and basic research at the parent company. The cost of this product development was ISK 345 million in 2001, which is approximately 10% of the parent company's turnover. Development costs at Carnitech were ISK 85 million, or just over 2% of turnover while they were about ISK 50 million at Marel TVM.

Seven patents were applied for in 2001. One of Marel's aims is to protect its products and basic technology with patents.

Product development policy was reviewed and confirmed in the company's development strategy process, which has become an annual occurrence. As a result of this work, several internal projects were launched which were worked on during the second half of the year.

During 2001, Marel's development strategy process resulted in 13 new products, in addition to one product in association with Carnitech. During 2002 it is anticipated that development of 17 new products will be concluded. The main innovations for 2001 were the following:

- Development of a computer-controlled deboning system for meat concluded last year and put online at German meat processing company, Blockhouse. The system is the first of its kind in the world and has created a major niche in meat processing. Sophisticated software controls the processing line, which provides managers with data regarding performance of individual operators, cut components of raw-material and product values.

- A new and inexpensive grader was put on the market under the name, Compact Grader. The grader has 6 gates and is intended for smaller food-processing companies that do not require sophisticated control technology, registration capability or the capacity that Marel equipment usually provides. Along with new, simplified software for packing products – OptiPack Lite – these products underline Marel's policy of providing solutions for smaller and simpler food processing operations.

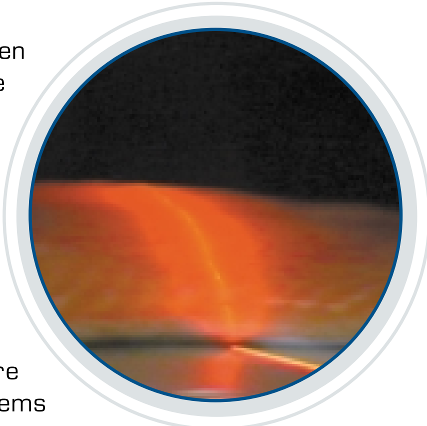
- An in-feed system for whole salmon was developed, as well as a flowline for trimming salmon fillets. The line is both designed and manufactured by Marel. In addition, design work was concluded on a flowline that can process both salmon fillets and bottom fish fillets.

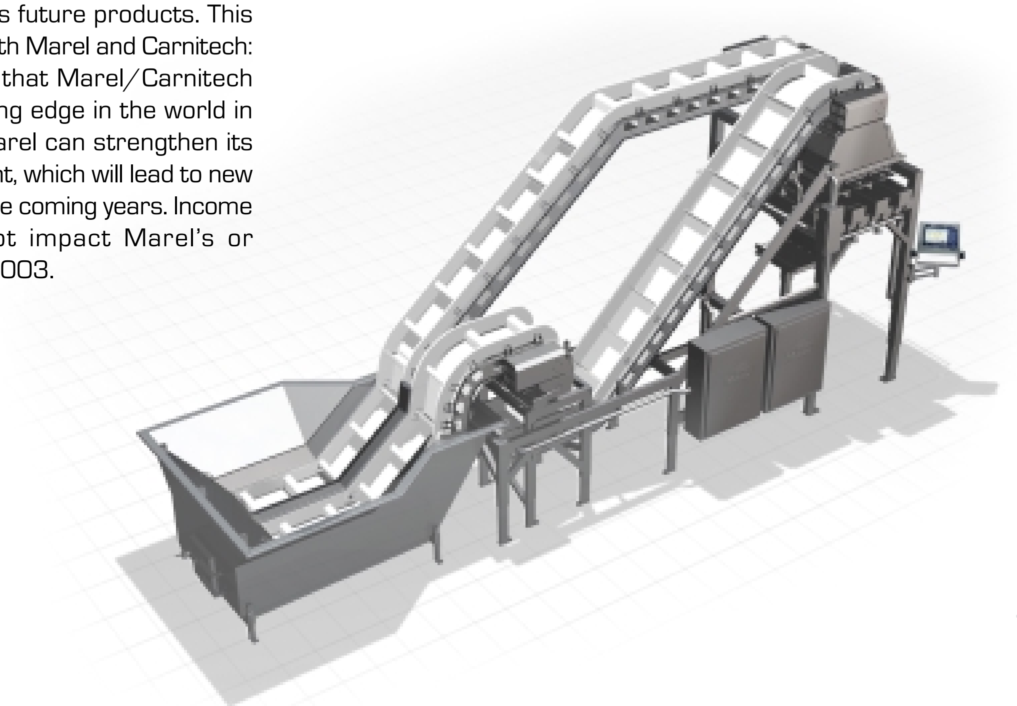
- A new version of the IPM Slicing Machine was marketed in 2001. Using computer vision, the machine horizontally slices meat pieces in accordance with its form.

- A 3rd generation portioning machine was in development during the year which incorporates Marel's new three dimensional computer vision. The machines, which will be much more precise than their predecessors, will be marketed for fish and meat in 2002.

- Cooperation between Marel and Carnitech resulted in a computer-controlled machine that uses computer vision to trim fat from pork backbones.

In 2001 Marel and Carnitech were chosen by a Norwegian party to work on a large research project in the field of pinbone scanning and removal. The project's aim is to development technology to remove pinbones from fish fillets while boneless fillets are passed through for further processing. This technology will revolutionize ground fish processing in that fewer man-hours will be required in trimming, and product categories will be much more economical as utilisation of high-value items increases by up to 10%. Marel will develop sensory technology based on X-radiation to find bones in fillets, while Carnitech will develop a machine that removes the bones. The project is valued at about ISK 330 million, with Marel and Carnitech providing about half of the financing, while the Norwegians finance the balance. The project concludes at the end of 2002, and by then Marel will have gained expertise in X-radiation technology that may be utilised in the company's future products. This contract is very important for both Marel and Carnitech: it is recognition by the market that Marel/Carnitech and their staff are on the leading edge in the world in this field. With this contract Marel can strengthen its product development department, which will lead to new technologies and machinery in the coming years. Income from such equipment will not impact Marel's or Carnitech's operations before 2003.



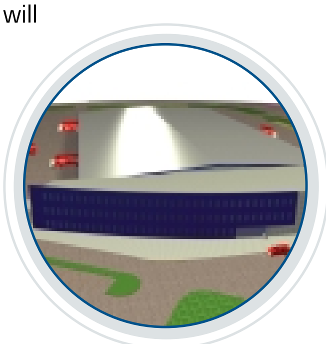



Marel

Marel's New Headquarters

In April 2001 work commenced on constructing a 14,200 m2 complex in Garðabær to house company operations in Iceland: about 10,000 m2 will be utilised for manufacturing and just over 4,000 m2 for offices and employee facilities. Total cost of the fully completed complex will be approximately ISK 1.2 billion. In addition, an estimated ISK 200 million will be invested in new equipment, particularly manufacturing equipment. Some of the manufacturing equipment will be delivered in April, and production in the new premises is expected to begin in May. Marel's operations are now conducted at two unsuitable locations in Reykjavík, both of which are leased. The move to Garðabær will be finalised in July. The construction is 80% financed with long-term loans which have already been negotiated.

Carnitech's new premises in Denmark, which became operational in 2000 and are similar to Marel's new complex, have had a positive impact on operations. The company has shown a considerable increase in productivity, and expectations are that Marel will experience similar results.



Carnitech a/s

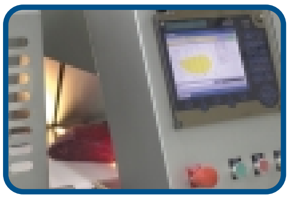
Carnitech's operations went well during the year. The company experienced considerable growth, particularly in increased sales of equipment for salmon and shrimp farming. Early in the year Carnitech founded a sales and service company in Bangkok, Thailand as well as a sales office in Vietnam. These companies primarily service the warm water shrimp industry in East Asia. Carnitech also operates subsidiaries in the USA and Norway, both of which had good results in 2001.

In 2001 Carnitech concluded a contract to manufacture equipment to process warm water shrimp in Saudi Arabia. This plant will be the largest and most sophisticated of its kind in the world. Carnitech purchased the Danish company OL - Tool Production Aps in August 2001, which has since merged with Carnitech. The company, which specialised in working with stainless steel, had 22 employees.

OL - Tool Production was well equipped with modern, automated manufacturing machinery. The aim of the purchase was to increase Carnitech's production capacity to handle the company's increased sales.

In addition, Carnitech bought all shares in Danish company CP Food Machinery a/s and took over operations at the beginning of January 2002. That purchase does not have an effect on the financial statements for 2001. CP Food was founded in 1969 and is currently in the forefront of companies developing and manufacturing portioning machinery for the salmon and trout industries. This equipment creates a new line of products to those currently offered by Carnitech and Marel, and strengthens their ability to offer total solutions in the processing of salmon products. CP Food is situated in the town of Hjörring in Jutland, located about 50 km north of Carnitech's headquarters. Operating revenues for CP Food in 2001 totalled about DKK 38.5 million, equivalent to about ISK 450 million. CP Food has a staff of 28.

CP FOOD MACHINERY

Prospects

Marel has a clearly defined policy, and will continue to focus on servicing three industrial sectors: fish, meat and poultry. Emphasis is placed on further developing the company's current markets with new products before moving to open new markets. Marel works in a highly competitive field, and must therefore keep a step ahead in all product development and marketing in order to maintain its leadership role. Work has progressed on a variety of innovations, and expectations are that they will positively impact the Group's operational revenues in 2002.

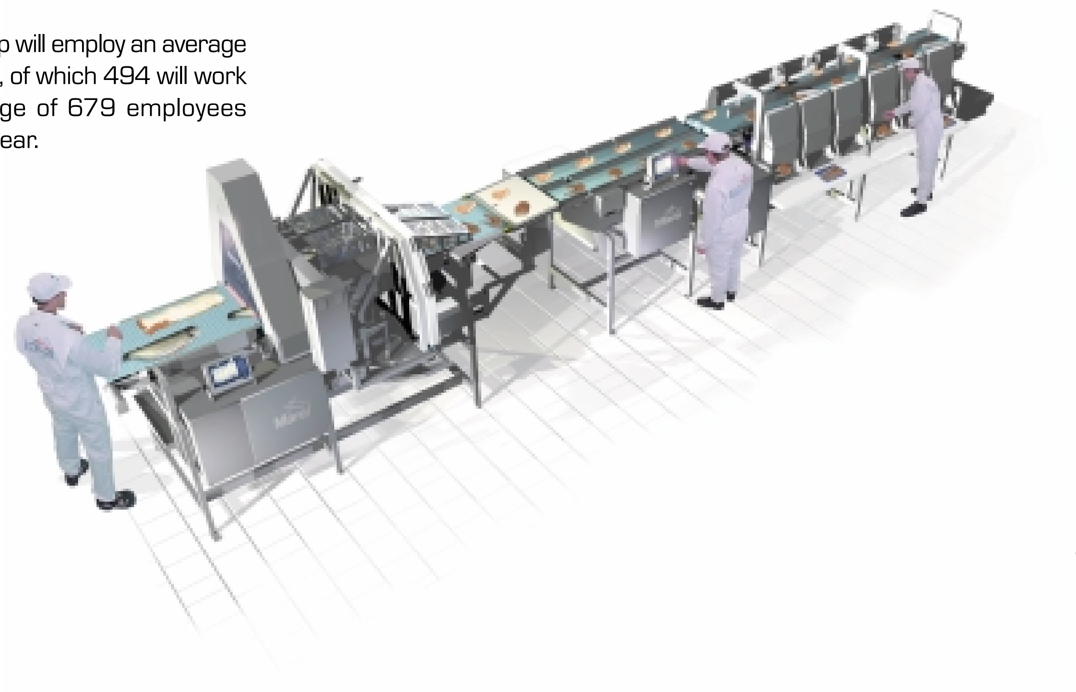
Production by the parent company is expected to increase in the second half of 2002 after operations have been relocated in the new premises which will be equipped with new manufacturing equipment. Carnitech's purchase of companies last year has created new sources of revenue as well as opportunities for increased production.

Three of Marel's European subsidiaries experienced considerable losses last year. One of these operations has been closed, and provisions made to improve results of the other two.

It is estimated that the Group will employ an average of 780 people during 2002, of which 494 will work outside Iceland. An average of 679 employees worked for the Group last year.

Marel has entered its accounts in both Euros and ISK since the start of 2002, but in future the company's quarterly reports will be published only in Euros.

The operating budget anticipates that the Group's revenues will total about 107 million Euros, an increase of about 11% over 2001. It is also calculated that operating profit (EBIT) will be 8.6 million Euros, which is 8.1% of operating revenues, an increase of some 44% over 2001. It is anticipated that EBITDA will be about 11.6 million Euros. The cost of moving the parent company's operations to the new facilities in Garðabær is estimated at 1 million Euros. The anticipated improvement over 2001 is in part due to positive external conditions such as an improved competitive position because of the Icelandic króna's exchange rate, increased productivity, and lower interest rates in Marel's primary markets, which stimulate investment. However, there is some uncertainty due to the economic condition in the world today, but no down-trend has been detected in the Group's primary markets.

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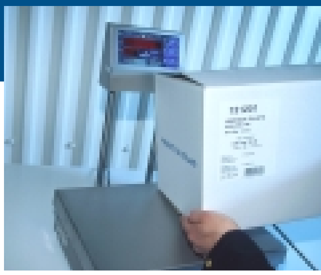
Financial Statements 2001



The Board and Managing Director's Report

The Financial Statements of Marel hf is in all main aspects made according to the same accounting principles as last year. It consists of Consolidated Financial Statements for Marel hf and its subsidiaries, which were eight at year-end, and the Financial Statements for the parent company.

Operating revenues of the Group according to the profit and loss account were ISK 8,481 million in the year and operating revenues of the parent company were ISK 3,495 million. Net profit of the Group and the parent company in 2001 amounted to ISK 184 million. Assets of the Group amounted to ISK 6,265 million, and assets of the parent company were ISK 4,397 million according to the balance sheet of the company. Shareholders' equity was ISK 2,153 million at year-end.

During the year an average of 679 employees were employed by the Group, with 259 employed by the parent company. Total wages and salaries amounted to ISK 3,013 million for the Group, and ISK 1,060 million for the parent company.

The number of shareholders in Marel hf at year's end 2001 were 1,716, and increased by 19 during the year. One shareholder had a holding interest of more than 10% in the company, Burdarás hf, which owned 30.8%.

The Board of Directors suggests that a dividend of 15% be paid in the year 2002, but refers to the Financial Statements regarding appropriation of the year's net profit and changes in shareholders' equity.

The Board of Directors and Managing Director of Marel hf hereby ratify the Financial Statements for 2001 with their signatures.

Reykjavík, 11 March 2002

Board of Directors:
Benedikt Sveinsson
Þorkell Sigurlaugsson
Arnar Þór Másson
Hjörleifur Jabobsson
Þórólfur Árnason
Andri Teitsson

Managing Director:
Hörður Arnarson

Auditors' Report

To the Board of Directors and Shareholders of Marel hf

We have audited the Financial Statements of Marel hf for the year 2001. The Financial Statements include Consolidated Financial Statements of the Group and Financial Statements of the parent company. They consist of the report of the board of directors, profit and loss account, balance sheet as of December 31, statement of cash flow, summary of accounting principles and notes 1 - 16. These Financial Statements are the responsibility of the company's management according to law and regulations. Our responsibility is to express an opinion on these Financial Statements based on our audit. We have not audited the foreign subsidiaries' Financial Statements, but they have been audited and signed by unqualified reports by other certified public accountants.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the Financial Statements are free of material misstatement. An audit includes, based on our assessment of materiality and risk, an analytical review and an examination, on a test basis, of evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Financial Statement presentation. We believe that our audit provides a reasonable basis for our opinion.

It is our opinion, based on our own audit and the auditors' reports of the foreign subsidiaries' Financial Statements, that the Financial Statements present fairly, the financial position of the company and its subsidiaries as of December 31, 2001 and the results of its operations and its cash flows for the year then ended, in accordance with law, the company's statutes and generally accepted accounting standards in Iceland.

Reykjavík, 11 March 2002

PricewaterhouseCoopers ehf
Gunnar Sigurðsson

Five-Year Summary of the Group

Figures are shown at 2001 price levels in millions of Icelandic króna.

	2001	2000	1999	1998	1997*
Operating results					
Operating income	8,481	6,103	6,391	4,347	4,843
Operating profit	522	348	512	109	248
Net profit	184	(9)	370	11	164
Financial trends					
Funds from operations	692	485	452	97	360
Investing activities	(1,101)	(1,024)	94	(32)	(1,636)
Changes in working capital	(402)	730	77	476	463
Financial position					
Total assets	6,265	5,296	3,395	3,238	3,098
Working capital	1,363	1,917	1,219	1,221	737
Equity	2,153	2,025	925	587	599
Various figures in proportion to turnover					
Bought material	33.0%	33.0%	37.8%	34.3%	35.6%
Wages and benefits	39.4%	40.3%	35.2%	41.0%	38.5%
Other operating expenses	19.2%	18.7%	17.0%	19.1%	18.0%
Depreciation	2.3%	2.3%	2.1%	3.1%	2.7%
Net income	2.2%	-0.1%	5.8%	0.2%	3.4%
Other key ratios					
Working capital ratio	1.6	2.0	1.8	2.0	1.6
Monetary working capital ratio	0.8	1.3	1.1	1.3	1.0
Equity ratio	34.4%	38.2%	27.2%	18.1%	19.3%
Return on owners' equity	9.4%	-1.0%	65.6%	1.8%	48.2%

*
Marel hf purchased the Danish company Carnitech A/S in 1997. Carnitech A/S goodwill, amounting to ISK 468 million, was booked as a reduction in shareholders' equity.

Profit and Loss Account for the Year 2001

	Notes	Group 2001	Group 2000	Parent 2001	Parent 2000
Operating revenues	1				
Sales of goods and services		8,210,721	5,689,154	3,324,815	2,513,774
Changes in work in progress and finished		105,058	20,278	27,248	2,656
Other income		164,938	36,854	142,503	65,992
		8,480,717	5,746,286	3,494,566	2,582,422
Operating expenses					
Bought material		2,796,787	1,894,356	965,668	809,329
Wages and benefits	2	3,343,006	2,315,390	1,230,986	1,043,596
Other operating expenses		1,627,783	1,074,535	806,375	564,520
Depreciation	9	191,510	134,285	86,753	87,796
		7,959,086	5,418,566	3,089,782	2,505,241
Operating profit		521,631	327,720	404,784	77,181
Financial income (expenses)	3				
Interest on long-term liabilities		(142,260)	(109,858)	(109,757)	(97,117)
Other interest income and expenses		(38,447)	47,256	(44,915)	44,330
		(180,707)	(62,602)	(154,672)	(52,787)
Profit before taxation		340,924	265,118	250,112	24,394
Calculated income tax	12	(136,521)	(86,852)	(105,485)	(8,179)
Calculated net worth tax		(20,657)	(17,055)	(20,657)	(17,055)
		(157,178)	(103,907)	(126,142)	(25,234)
Profit on regular operation		183,746	161,211	123,970	(840)
Share in subsidiaries' results		0	0	59,776	162,051
Charged goodwill	6	0	(169,661)	0	(169,661)
Net profit (loss)		183,746	(8,450)	183,746	(8,450)

Marel hf. Financial Statements 2001 Amounts in thousands of ISK

Balance Sheet as of December 31, 2001

Assets	Notes	Group 2001	Group 2000	Parent 2001	Parent 2000
Fixed assets					
Intangible assets:					
Product development costs	4	45,496	41,015	45,496	41,015
Long-term costs	5	25,560	29,146	25,560	25,597
Goodwill	6	36,046	0	0	0
		107,102	70,161	71,056	66,612
Tangible fixed assets:	9				
Buildings and premises		1,439,647	622,448	816,195	74,748
Machinery and equipment		353,428	207,611	95,487	85,915
Fixtures and fittings		149,824	89,921	25,483	28,792
Other assets		176,658	170,876	112,188	116,409
		2,119,557	1,090,856	1049,353	305,864
Investments and long-term debtors:					
Deferred tax assets	12	112,759	117,386	53,696	117,386
Shares in subsidiaries	10	0	0	1,160,564	907,598
Shares in other companies	10	67,664	99,940	67,664	51,952
Loan to subsidiaries		0	0	48,918	42,342
Long-term debtors and bonds		19,360	18,265	19,360	18,265
		199,783	235,591	1.350.202	1.137.543
Total fixed assets		2,426,442	1,396,608	2,470,611	1,510,019
Current assets					
Stock	7	1,762,003	1,246,612	583,476	599,110
Current portion of long-term debtors and bonds		10,860	2,217	10,860	2,217
Trade debtors	8	1,428,137	1,124,268	1,196,058	773,316
Other debtors and prepayments		318,499	161,791	129,076	69,185
Cash and cash equivalents		319,550	945,018	7,060	750,150
		3,839,049	3,479,906	1,926,530	2,193,978
Total assets		6,265,491	4,876,514	4,397,141	3,703,997

Marel hf. Financial Statements 2001 Amounts in thousands of ISK

Balance Sheet as of December 31, 20001

Equity and liabilities	Notes	Group 2001	Group 2000	Parent 2001	Parent 2000
Shareholders' equity	11				
Share capital		237,256	240,064	237,256	240,064
Legal reserve		1,019,220	1,074,124	1,019,220	1,074,124
Revaluation account		92,399	(38,866)	92,399	(38,866)
Retained earnings		804,372	588,962	804,372	588,962
		2,153,247	1,864,284	2,153,247	1,864,284
Liabilities					
Commitments:					
Deferred income tax liability	12	81,002	61,840	0	0
Contingent liabilities		40,679	27,251	18,459	12,724
		121,681	89,091	18,459	12,724
Long-term liabilities:	13				
Debentures		542,560	257,889	300,202	48,767
Financial institutions borrowings		972,361	950,344	754,500	862,897
		1,514,921	1,208,233	1054,702	911,664
Current liabilities:					
Financial institutions borrowings		312,162	159,334	97,288	110,089
Trade creditors		889,195	491,453	387,170	186,682
Owing to subsidiaries		0	0	39,033	30,844
Other current creditors		603,652	706,285	194,431	374,121
Prepaid income		231,584	145,395	107,790	38,580
Current portion of long-term liabilities	13	402,542	179,203	325,963	156,237
Accrued taxes payable		36,507	33,236	19,058	18,772
		2,475,642	1,714,906	1,170,733	915,325
Total liabilities		4,112,244	3,012,230	2,243,894	1,839,713
Total equity and liabilities		6,265,491	4,876,514	4,397,141	3,703,997

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Marel hf. Financial Statements 2001 Amounts in thousands of ISK

Statement of Cash Flows for the Year Ended December 31, 2001

	Notes	Group 2001	Group 2000	Parent 2001	Parent 2000
Cash flows from operating activities					
Cash generated from operations:					
Net profit (loss)		183,746	(8,450)	183,746	(8,450)
Items not affecting cash:					
Depreciation		191,510	134,285	86,753	87,796
Amortisation of product development		22,474	21,133	22,474	21,133
Amortisation of goodwill		0	242,374	0	242,374
Other items		294,515	67,663	217,787	(168,004)
		692,245	457,005	510,760	174,849
Decrease (increase) in operating items:					
Trade debtors and other debtors		(444,318)	(229,636)	(549,960)	(82,630)
Stock		(515,387)	(355,813)	15,635	(316,472)
Current liabilities		373,710	403,274	90,292	274,315
		(585,995)	(182,175)	(444,033)	(124,787)
Net cash from operating activities		106,250	274,830	66,727	50,062
Cash flows from investing activities					
Purchase of tangible fixed assets		(1,042,440)	(642,039)	(783,002)	(151,373)
Proceeds from sale of tangible fixed assets		22,705	4,339	9,404	1,186
Purchase of shares in other companies		(35,121)	(290,362)	(119,656)	(342,786)
Dividends received		0	0	84,336	28,305
Changes in bonds and long-term debtors		(9,738)	6,047	(9,738)	(19,357)
Capitalised product development cost		(22,500)	(21,000)	(22,500)	(21,000)
Capitalised long-term cost		(14,338)	(21,176)	(14,338)	(21,176)
		(1,101,432)	(964,191)	(855,494)	(526,201)
Cash flows from financing activities					
New long-term liabilities		510,324	276,830	319,174	257,690
Repayments of long-term liabilities		(185,917)	(126,321)	(158,581)	(108,837)
Changes in short-term borrowings		147,422	111,233	(12,801)	110,089
Changes in own shares		(78,109)	978,916	(78,109)	978,916
Dividends paid		(24,006)	(21,674)	(24,006)	(21,674)
		369,714	1,218,984	45,677	1,216,184
Increase (decrease) in cash		(625,468)	529,623	(743,090)	740,045
Cash at beginning of year		945,018	415,395	750,150	10,105
Cash at year end		319,550	945,018	7,060	750,150

Marel hf. Financial Statements 2001 Amounts in thousands of ISK

Accounting Policies

The Consolidated Financial Statements for Marel hf and the Financial Statements for the parent company are made in accordance with the Financial Statements Act. The principal accounting policies adopted in the preparation of these Financial Statements are mainly the same as last year except as depicted in this chapter.

The Group's Financial Statements

The Group's Financial Statements include the Financial Statements for Marel hf, and its subsidiaries. The subsidiaries, all totally owned by Marel hf, are Marel Equipment Inc., Marel Scandinavia A/S, Marel France SA, Marel UK Ltd., Marel USA Inc., Marel Management GmbH, Marel TVM GmbH & Co KG and Carnitech A/S. The operation of Marel Seattle Inc. was closed down at the year end 2000 and the company was merged with Marel USA Inc. In the year 2001.

The Financial Statements of the Group have been prepared by adding together like items of assets, liabilities, income and expenses from the Financial Statements of individual Group companies and eliminating intragroup balances, transactions and investments.

Valuation methods

When preparing the Financial Statements, managers need to value various items in connection with the Financial Statements. The valuation methods conform with generally accepted accounting principles. The final outcome, for example from the sale or recognition of the items relating to the valuation, may however be different from the outcome of the valuation.

Changes in accounting policies and presentation

Foreign exchange difference of long-term liabilities, taken to finance acquisition and additional paid in capital in the foreign subsidiaries, are now for the first time posted through the revaluation account to counter-balance calculated exchange difference due to the same subsidiaries. Previous year's comparison amounts have been changed in conformity. These changes do not effect shareholders equity, but the effects on the profit and loss account, after taking into consideration general price-level adjustment and taxes, are an increase in net profit of ISK 51 million, from what would have been if the older method had been used, and a decrease in loss of ISK 21 million in the year 2000.

Goodwill is now stated as an asset for the first time in the company's Financial Statements. This goodwill is related to Carnitech's A/S acquisition of OL-Tol Production's operation. The goodwill will be amortised over a period of 20 years.

The presentation of the company's profit and loss account has been changed so that the general price-level adjustment is now stated undivided under the financial income (expenses) section in the profit and loss account. The part which was before stated as bought material has now been shifted to other interest income and expenses. Previous year's comparison amounts have also been changed in conformity. This change in presentation does not effect net profit of the company, but the effects on individual items are that bought material is now ISK 49 million lower than if the previous presentation had been used and financial expenses higher by the same amount. Comparison amount for the year 2000 was ISK 17 million.

Assets and liabilities index linked or in foreign currency

Assets and liabilities in foreign currency are converted into Icelandic kronur at the year-end rates of exchange. The parent company's operating income and expenses in foreign currency are accounted for at the exchange rates prevailing at the date of the transactions. The foreign entities' operating income and expenses are translated into Icelandic kronur at the weighted average exchange rates for the year. Index linked assets and liabilities are stated using indexes that were valid at the beginning of the year 2002.

Accounting Policies

Computed gain from general price level changes

The effects of general price level changes for the parent company as measured by the Consumer Price Index on monetary assets and liabilities are calculated and recorded in the Financial Statements. The calculation is based on the net monetary position of the company at the beginning of the year, as well as at year-end, taking into consideration changes in that position during the year. The gain/(loss) on net monetary position offsets mainly the indexation and and inflation component of interest costs. The counterbalancing entry is made to the revaluation account.

The foreign subsidiaries make no such price-level adjustments as stated above, but their assets and liabilities are stated by the relevant year-end rates of exchange.

Profit and loss account

Revenue recognition

Sales revenue recognition is on delivery of goods and services. Revenue from ordered work in progress are in addition recognised at selling price as the work progresses.

Changes of work in progress and finished goods

Changes of work in progress and finished goods shows the increase or decrease in value of this stock during the year.

Other income

Other income consists of sold development work, including rental of equipment and miscellaneous income.

Calculated income tax

Income tax based on the year's profit or loss has been calculated and is stated in the profit and loss account.

Balance sheet

Product development cost

The company's research and development cost for new and saleable products is partly capitalised in the Financial Statements. This cost, which is revalued annually based on an increase in the consumer price index, will be amortised in three years. Other research and development cost is charged to income as it occurs.

Long-term cost

Capitalised long-term cost of the parent company consists of the cost of gaining patents. This cost, which is revalued annually based on an increase in the Consumer Price Index, will be amortised over a period of three years.

Tangible fixed assets

The parent company's tangible fixed assets are revalued by restating their cost and accumulated depreciation using a multiplier which reflects the increase in an index from the time of purchase or construction to the year's end. The index increase during the year was 8.61% and is credited to the revaluation account under the shareholders' equity section of the balance sheet.

The foreign subsidiaries' tangible fixed assets are stated at the year-end rate of exchange.

Depreciation is calculated on a straight line basis and is recorded at the average price level for the year, but at the average rate of exchange for the foreign companies. A building owned by Carnitech A/S will be depreciated over 40 years, but the parent company's building is still under construction and therefore not depreciated. Other tangible fixed assets are depreciated over 3 - 10 years.

Accounting Policies

Finance leases

Marel hf, Marel Scandinavia A/S, Marel USA Inc. and Marel UK Ltd. have made some finance lease agreements for the purchase of motor vehicles, machinery and equipment. Though the ownership of these assets are with the lessor, they have been capitalised in the balance sheet with other tangible fixed assets and are depreciated in the same way. The obligation under the capital leases have been stated among long-term liabilities at their present value.

Investments in other companies

Investments in subsidiaries are stated by using the equity method where owned proportion of their equity is stated in the balance sheet.

Ownership in Eignarhaldsfélag hlutafélaga ehf and Arbor SA are stated at purchase price, revalued to the year end. Ownership in Stáltak hf, which was written down in accordance with a composition there of, is stated at nominal value.

Stock

Stock of raw material and spare parts are valued at purchase price.

Cost of finished goods and work in progress consists of direct wages and material cost and indirect production cost.

Stock of ordered work in progress has been valued at selling price as work progresses and proportional profit or loss of individual orders. Down payments from customers are deducted from the value of work in progress of ordered goods, according to the balance sheet.

In those incidents when expected selling price of goods after deducting cost of full production and sale (market price) is lower than purchase price or production cost price, those goods are valued at market price.

Trade debtors

Trade debtors are valued at nominal value, less allowance for doubtful accounts. The allowance is based on an assessment of individual accounts.

Cash and cash equivalents

Cash at the beginning and end of the year according to the statement of cash flows includes cash and current bank deposits.

Deferred income tax liability (-assets)

Income tax based on the year' s profit has been calculated and included in the profit and loss account. The difference of income tax calculated that way, and income tax calculated on the base of taxable profit of the year which is payable next year, is stated with liabilities in the balance sheet as deferred income tax liability. This difference arises because taxable profit according to the company's tax return is based on another assumption than profit before taxation according to the company's profit and loss account. The main reason for this is time difference because expenses, especially depreciation, are normally charged earlier in tax returns than in the profit and loss account.

Deferred tax assets, due to tax losses carried forward and tax deductible temporary differences, are recognised to the extent that it is probable that future taxable profit will be available, against which deferred tax assets can be utilised.

Deferred income tax liability generally reflects the income tax which would be payable according to current tax law if the company's assets were to be sold or redeemed at book value.

Contingent liabilities

In addition to what has been allocated to a reserve due to known warranty repairs, a proportion of last year's sale has also been allocated to a general warranty fund.

Notes

1. Operating revenue

	2001	2000
The Group		
Marel hf and "Marel" companies	6,811,941	4,750,874
Carnitech A/S and its subsidiaries	4,015,785	2,579,774
	10,827,726	7,330,648
Intragroup sales	(2,347,009)	(1,584,362)
	8,480,717	5,746,286

2. Wages and benefits

	Group	Parent
Wages	3,012,590	1,059,703
Benefits	330,416	171,283
	3,343,006	1,230,986
Including wages and remuneration of board and managing director	17,338	17,338
Average number of employees	679	259

3. Financial income (expenses)

	Long-term items	Other items	Total 2001	Total 2000
Group:				
Interest and indexation income	0	58,986	58,986	21,293
Interest and indexation expenses	(110,348)	(23,271)	(133,619)	(99,514)
Exchange rate differences	(67,705)	92,572	24,867	34,756
	(178,053)	128,287	(49,766)	(43,465)
Computed price-level adjustment	35,793	(127,514)	(91,721)	(19,137)
Shares in companies written down	0	(39,220)	(39,220)	0
	(142,260)	(38,447)	(180,707)	(62,602)
Parent company:				
Interest and indexation income	0	49,770	49,770	12,951
Interest and indexation expenses	(77,845)	(15,178)	(93,023)	(82,464)
Exchange rate differences	(67,705)	87,227	19,522	35,863
	(145,550)	121,819	(23,731)	(33,650)
Computed price-level adjustment	35,793	(127,514)	(91,721)	(19,137)
Shares in companies written down	0	(39,220)	(39,220)	0
	(109,757)	(44,915)	(154,672)	(52,787)

Marel hf. Financial Statements 2001 Amounts in thousands of ISK

Notes

	Group 2001	Group 2000	Parent 2001	Parent 2000

4. Product development

	Group 2001	Group 2000	Parent 2001	Parent 2000
Product development 1/1	41,015	39,135	41,015	39,135
Revaluation in the year	4,455	2,013	4,455	2,013
Additions in the year	22,500	21,000	22,500	21,000
Amortisation of costs from prev. years	(22,474)	(21,133)	(22,474)	(21,133)
	45,496	41,015	45,496	41,015

5. Long-term costs

	Group 2001	Group 2000	Parent 2001	Parent 2000
Long-term cost 1/1	29,146	18,587	25,597	12,372
Revaluation in the year	3,254	1,699	2,793	898
Additions in the year	14,338	21,176	14,338	21,176
Amortisation of costs from prev. years	(21,178)	(12,316)	(17,168)	(8,849)
	25,560	29,146	25,560	25,597

6. Goodwill

	Group 2001	Group 2000	Parent 2001	Parent 2000
Bought goodwill in the year	35,121	169,661	0	169,661
Revaluation in the year	1,581	0	0	0
Amortisation of the year	(656)	0	0	0
Written down in the year	0	(169,661)	0	(169,661)
	36,046	0	0	282,638

7. Stock

	Group 2001	Group 2000	Parent 2001	Parent 2000
Raw materials and spare parts	755,963	554,095	344,619	271,552
Work in progress	201,548	90,809	0	10,321
Ordered work in progress	495,411	367,718	135,227	251,176
Finished goods	309,081	233,990	103,630	66,061
	1,762,003	1,246,612	583,476	599,110

8. Trade debtors

	Group 2001	Group 2000	Parent 2001	Parent 2000
Domestic trade debtors	16,035	11,635	16,035	11,635
Foreign trade debtors	1,412,102	1,112,633	523,571	505,953
Subsidiaries	0	0	656,452	255,728
	1,428,137	1,124,268	1,196,058	773,316

Marel hf. Financial Statements 2001 Amounts in thousands of ISK

Notes

9. Tangible fixed assets

Changes in net value of tangible fixed assets:

	Buildings and premises	Machinery and equipment	Fixtures and fittings	Other assets	Total
Group:					
Revalued cost 1/1	627,981	528,917	268,230	342,400	1,767,528
Revaluation	112,911	69,377	36,181	41,096	259,565
Additions	720,623	171,578	77,899	72,340	1042,440
Disposals	0	(4,168)	(20,490)	(35,488)	(60,146)
Revalued cost 31/12	1,461,515	765,704	361,820	420,348	3,009,387
Accumulated depr. 1/1 ..	5,535	318,792	170,963	181,382	676,672
Revaluation	1,571	37,086	20,581	21,402	80,640
Depreciation charge	14,762	60,437	39,478	54,999	169,676
Disposals	0	(4,039)	(19,026)	(14,093)	(37,158)
Acc. depr. 31/12	21,868	412,276	211,996	243,690	889,830
Net book value 31/12 2001	1,439,647	353,428	149,824	176,658	2,119,557

	Buildings and premises	Machinery and equipment	Fixtures and fittings	Other assets	Total
Parent company:					
Revalued cost 1/1	74,748	330,518	146,693	263,793	815,752
Revaluation	23,470	29,268	12,939	23,693	89,370
Additions	717,977	30,180	3,932	30,913	783,002
Disposals	0	0	0	(14,664)	(14,664)
Revalued cost 31/12	816,195	389,966	163,564	303,735	1,673,460
Acc. depr. 1/1	0	244,603	117,901	147,384	509,888
Revaluation	0	22,196	10,546	13,913	46,655
Depreciation charge	0	27,680	9,634	32,271	69,585
Disposals	0	0	0	(2,021)	(2,021)
Acc. depr. 31/12	0	294,479	138,081	191,547	624,107
Net book value 31/12 2001	816,195	95,487	25,483	112,188	1,049,353

Depreciation charged to the profit and loss account analyses as follows:

	Group	**Parent**
Depreciation of tangible fixed assets	169,676	69,585
Amortisation of long-term costs	21,178	17,168
Amortisation of goodwill	656	0
	191,510	86,753

Marel hf. Financial Statements 2001 Amounts in thousands of ISK

Notes

10. Investments in companies

	Subsidiaries	Other companies
Book value 1/1	902,888	99,940
Additions	64,757	,0
Revaluations	155,606	6,944
Dividends received	(84,336)	0
Written down	0	(39,220)
Share in profit/(loss)	59,776	0
Adjustment of subsidiaries' stock	(18,352)	0
	1,080,339	67,664
Shares with negative equity deducted from trade debtors	80,225	0
Book value 31/12	1,160,564	67,664

	Ownership	Capital stock	
Shares in subsidiaries:			
Carnitech A/S	100%	DKK	2,300
Marel Equipment Inc.	100%	CAD	185
Marel France SA	100%	FRF	6,000
Marel Management GmbH	100%	EUR	25
Marel Scandinavia A/S	100%	DKK	1,000
Marel TVM GmbH & Co KG	100%	DEM	1,500
Marel UK Ltd.	100%	GBP	150
Marel USA Inc.	100%	USD	600

	Ownership	Nominal value		Book value
Shares in other companies:				
Eignarhaldsfélag hlutafélaga ehf	1.43%	ISK	329	396
Stáltak hf	9.03%	ISK	12,368	12,368
Arbor SA	50.00%	FRF	2,300	54,900
				67,664

Marel hf. Financial Statements 2001 — Amounts in thousands of ISK

Notes

11. Equity

Share capital

Total share capital of the company amounted to ISK 240 million at year end 2001 of which ISK 2.8 million were owned by the company itself.

Legal reserve

The acquisition price of goodwill, used to reduce the legal reserve in the year of purchase, is now partly charged against income in the company's tax return. The effect on the company's income tax for the year 2001 is used to increase the legal reserve.

Retained earnings

Retained earnings have been revalued in accordance with general price-level changes during the year.

Changes in shareholders' equity

	Share capital	Legal reserve	Revaluation reserve	Retained earnings	Total
Balance 1/1	240,064	1,074,124	(38,866)	588,962	1,864,284
Bought own shares	(2,808)	(75,301)			(78,109)
Income tax effect on charged goodwill		20,397			20,397
Revaluation of subsidiaries			45,220		45,220
Revaluation of other fixed assets			49,994		49,994
Computed loss from price-level changes			91,721		91,721
Revaluation of other equity			(55,670)	55,670	0
Dividend paid				(24,006)	(24,006)
Net profit/(loss)				183,746	183,746
Balance 31/12	237,256	1,019,220	92,399	804,372	2,153,247

Real increase in equity in accordance with general price level changes of 8.61% during the year 2001:

	According to the Financial Statements	Price level 31.12.2001
Equity at beginning of 2001	1,864,284	2,024,791
Paid dividend	(24,006)	(24,785)
Bought own shares	(78,109)	(78,830)
Income tax effect on charged goodwill	20,397	20,397
Net profit/(loss)	183,746	191,201
Revaluation and price-level adjustment	186,935	0
Difference in assets not effected by price-level changes	0	20,473
	2,153,247	2,153,247

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12. Deferred income tax liability

Change in deferred income tax liability analysis as follows:

	Group	Parent
Deferred income tax liability (asset) at beginning of year	(55,546)	(117,386)
Revaluation	(1,347)	(10,107)
Income tax effects on charged goodwill	(20,397)	(20,397)
Income tax on regular operation	114,323	83.286
Income tax stated with other items	(11,291)	(11,291)
Income tax payable	(79,698)	0
Effects of change in tax rate from 30% to 18%	22,199	22,199
	(31,757)	(53,696)
Deferred income tax assets stated with investments and other long-term debtors	112,759	53,696
	81,002	0

Deferred income tax liability (assets) analyses on the following items:

	Group	Parent
Tangible fixed assets	44,955	5,326
Goodwill	(28,430)	(28,430)
Taxable loss carried forward	(92,213)	(33,149)
Other items	43,931	2,557
	(31,757)	(53,696)

13. Long-term liabilities

	Group	Parent
Liabilities in foreign currency:		
Liabilities in USD	480,421	480,421
Liabilities in DKK	631,193	147,861
Liabilities in NOK	56,753	56,753
Liabilities in DEM	33,732	0
Liabilities in GBP	75,183	75,183
Liabilities in JPY	195,011	195,011
Liabilities in SEK	12,244	12,244
Liabilities in CHF	32,123	32,123
Liabilities in EUR	334,381	334,381
	1,851,041	1,333,977
Liabilities, index-linked in ISK	7,580	7,580
Finance lease liabilities	58,842	39,108
	1,917,463	1,380,665
Current maturates	(402,542)	(325,963)
	1,514,921	1,054,702

Marel hf. Financial Statements 2001 Amounts in thousands of ISK

Notes

	Group	Parent
Annual maturates of the company’s long-term liabilities at year-end 2001 are as follows:		
Year 2002	402,542	325,963
Year 2003	375,447	321,863
Year 2004	407,514	370,793
Year 2005	86,222	50,631
Year 2006	347,596	311,415
Later	298,142	0
	1,917,463	1,380,665

14. Mortgages

To secure the remaining balance of liabilities amounting to ISK 52 million at the year end 2001, the parent company has collateralized various liquid assets of the company. Búnaðarbanki Íslands has at the same time a lien on the company’s stock amounting to ISK 180 million.

To secure a loan from the Nordisk Investeringsbank, now with the remaining balance of ISK 164.4 million, the company has collateralized its shares in Stáltak hf, nominal value of ISK 12.4 million, the company's trademarks and patents along with a bank account of ISK 12.3 million. Also in connection with that loan, the company has promised not to sell its shares in Carnitech A/S or Carnitech A/S shares in its subsidiaries without the bank's agreement.

Carnitech A/S has mortgaged fixed assets to secure its liabilities, the remaining balance of ISK 483 million.

15. Commitments

The company has made some rental agreements for building, motor vehicles and office equipment, now with the remaining balance of ISK 236 million. The amount will be charged against income at the relevant rental time of each agreement. The rental agreements will materialise in the years 2002 - 2006.

The parent company has issued guarantee for its subsidiaries amounting to ISK 22 million. At the same time the parent company has an open guarantee at Búnaðarbanki Íslands amounting to ISK 240 million.

16. Other information

Insurance

The company has bought a work stoppage insurance which will cover work stoppage for up to 12 months, based on terms of assets insurance agreement. The insurance benefits amount up to ISK 1,846 million. Insurance value of production machinery and equipment of the parent company including software and office equipment amounts to ISK 647 million but insurance value of stock is ISK 324 million.

Stock option agreements

At the beginning of 2001 the parent company entered into an option schema whereby the company’s employees can obtain shares, nominal value of ISK 8,580,000 at a par value of ISK 42, to be exercised in the year 2002 - 2007. To be able to fulfil this schema the company will use a permission to buy own shares or issue additional shares in accordance with an agreement of the company’s annual general meeting on March 17, 2000.

Marel hf. Financial Statements 2001 Amounts in thousands of ISK