

Marel Food Systems hf.

**Condensed Consolidated Interim
Financial Information 30 September 2009**

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Statement by the Board of Directors and the CEO

The condensed consolidated financial information for the nine-month period ended 30 September 2009 have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and additional Icelandic disclosure requirements for consolidated financial information of listed companies.

According to our best knowledge it is our opinion that the condensed consolidated information gives a true and fair view of the consolidated financial performance of the Company for the nine-month period ended 30 September 2009, its assets, liabilities and consolidated financial position as at 30 September 2009 and its consolidated cash flows for the nine-month period ended 30 September 2009.

Further, in our opinion the consolidated financial information and the endorsement of the Board of Directors and the CEO give a fair view of the development and performance of the Group's operations and its position and describes the principal risks and uncertainties faced by the Group.

The Board of Directors and the CEO have today discussed the condensed interim financial information of Marel Food Systems hf. for the nine-month period ended 30 September 2009 and confirm them by means of their signatures.

Garðabær, 3 November 2009

Board of Directors

Árni Oddur Þórðarson
Arnar Þór Másson
Friðrik Jóhannsson
Helgi Magnússon
Lars Grundtvig
Margrét Jónsdóttir

Chief Executive Officer

Theo G.M. Hoen

Financial Ratios

	2009 Q3	2008 Q3	2009 YTD Q3	2008 YTD Q3	2008 YE	2007 YE
Operating results						
Revenue	133,659	170,633	395,995	389,648	540,149	289,817
Gross profit	49,744	58,967	140,955	136,047	178,931	97,236
Result before depreciation (EBITDA)	17,986	20,754	46,738	42,196	42,108	20,980
Result from operations (EBIT)	11,771	14,528	27,604	27,853	20,434	10,029
Result for the period	858	4,529	11,233	15,325	(8,405)	6,066
Cash flow statement						
Net cash from (to) operating activities	5,065	2,746	24,669	13,885	15,288	2,778
Investing activities	(5,227)	(14,103)	15,346	(408,454)	(410,671)	(70,249)
Financing activities	(9,187)	3,501	(9,946)	381,067	386,480	34,118
Financial position						
Total assets	872,660	946,050	872,660	946,050	920,259	427,304
Working capital	81,876	12,870	81,876	12,870	(25,941)	109,887
Equity	303,749	307,454	303,749	307,454	288,279	181,835
Various figures in proportion to sales						
Gross profit	37.2%	34.6%	35.6%	34.9%	33.1%	33.6%
Selling and marketing expenses	12.7%	12.4%	13.9%	13.2%	13.3%	15.5%
Research and development expenses	4.7%	5.0%	5.7%	5.1%	5.1%	5.0%
Administrative expenses	10.8%	8.7%	12.9%	9.8%	11.1%	10.0%
Result before depreciation (EBITDA)	13.5%	12.2%	11.8%	10.8%	7.8%	7.2%
Depreciation/amortization	4.6%	3.6%	4.8%	3.7%	4.0%	3.8%
Result from operations (EBIT)	8.8%	8.5%	7.0%	7.1%	3.8%	3.5%
Result for the period	0.6%	2.7%	2.8%	3.9%	-1.6%	2.1%
Other key ratios						
Current ratio	1.5	1.0	1.5	1.0	1.0	1.9
Quick ratio	1.1	0.5	1.1	0.5	0.5	1.3
Equity ratio	34.8%	32.5%	34.8%	32.5%	31.3%	42.5%
Return on owners' equity	1.2%	7.4%	5.1%	8.4%	-3.6%	3.7%
Return on total assets	0.4%	2.6%	2.5%	3.0%	-1.2%	1.5%
Net Debt	347,958	384,352	347,958	384,352	379,405	129,919

Explanation of other key ratios

Current ratio	Current assets / Current liabilities
Quick ratio	(Current assets -/- Inventories -/- Production contracts) / (Current liabilities -/- Production contracts)
Equity ratio	Total equity / (Total equity + Total liabilities)
Return on owners' equity	Annualized result for the period / Average of equity (beginning balance + ending balance for the period / 2)
Return on total assets	Annualized result for the period / Average of total assets (beginning balance + ending balance for the period / 2)
Net Debt	Borrowings (Current & Non-current) -/- Cash & Cash equivalents

The notes on pages 8-14 are an integral part of the condensed consolidated interim financial information.

Statement of Comprehensive Income

YTD 2008 numbers include SFS and SFDS as of May 1st 2008

	Notes	2009 Q3	2008 Q3	2009 YTD	2008 YTD
Revenue	4	133,659	170,633	395,995	389,648
Cost of sales		<u>(83,915)</u>	<u>(111,666)</u>	<u>(255,040)</u>	<u>(253,601)</u>
Gross profit		49,744	58,967	140,955	136,047
Other operating income	20	(339)	134	15,409	905
Selling and marketing expenses		(16,960)	(21,092)	(55,134)	(51,251)
Research and development expenses		(6,263)	(8,552)	(22,622)	(19,693)
Administrative expenses		<u>(14,410)</u>	<u>(14,929)</u>	<u>(51,003)</u>	<u>(38,155)</u>
Result from operations	5	11,771	14,528	27,604	27,853
Finance costs - net	6	(10,572)	(9,194)	(15,577)	(9,807)
Share of results of associates	19	0	0	0	473
Result before income tax		1,200	5,334	12,028	18,519
Income tax	7	<u>(342)</u>	<u>(805)</u>	<u>(795)</u>	<u>(3,194)</u>
Net result	5	858	4,529	11,233	15,325
Other Comprehensive Income					
Currency translation differences		(1,606)	508	(1,981)	32
Cash flow hedges		(1,304)	(1,930)	(1,869)	(6,764)
Income tax relating to cash flow hedges		333	492	477	1,725
Other comprehensive income for the year, net of tax		<u>(2,577)</u>	<u>(930)</u>	<u>(3,374)</u>	<u>(5,007)</u>
Total comprehensive income for the year		<u><u>(1,718)</u></u>	<u><u>3,599</u></u>	<u><u>7,860</u></u>	<u><u>10,318</u></u>
Net result attributable to:					
Equity holders of the Company		858	4,529	11,233	15,325
Minority interest		0	0	0	0
		<u>858</u>	<u>4,529</u>	<u>11,233</u>	<u>15,325</u>
Comprehensive income attributable to:					
Equity holders of the Company		(1,718)	3,599	7,860	10,318
Minority interest		0	0	0	0
		<u>(1,718)</u>	<u>3,599</u>	<u>7,860</u>	<u>10,318</u>
(Loss) Earnings per share for result attributable to equity holders of the company during the period (expressed in EUR cent per share):					
- basic	8	0.15	2.74	1.91	3.29
- diluted	8	0.15	2.73	1.91	3.22

The notes on pages 8-14 are an integral part of the condensed consolidated interim financial information.

Statement of Financial Position

	Notes	30/9 2009	31/12 2008
ASSETS			
Non-current assets			
Property, plant and equipment	10	127,178	145,420
Goodwill	11	392,867	394,978
Other intangible assets	11	87,843	85,459
Investments in associates	19	305	305
Available-for-sale investments		28	28
Receivables		462	2,683
Deferred income tax assets	14	11,067	5,620
		<u>619,750</u>	<u>634,493</u>
Current assets			
Inventories		92,494	113,636
Production contracts		15,878	26,473
Trade receivables		79,634	85,603
Assets held for sale	20	0	0
Other receivables and prepayments		8,937	34,652
Derivative financial instruments		858	4,364
Cash and cash equivalents	24	55,109	21,038
		<u>252,910</u>	<u>285,766</u>
Total assets		<u><u>872,660</u></u>	<u><u>920,259</u></u>
EQUITY			
Capital and reserves attributable to equity holders of Marel Food Systems hf.			
Share capital	18	5,986	5,852
Share premium		277,466	269,988
Fair value and other reserves		(12,823)	(9,449)
Retained earnings		33,121	21,888
		<u>303,749</u>	<u>288,279</u>
Minority interest		0	0
Total equity		<u><u>303,749</u></u>	<u><u>288,279</u></u>
LIABILITIES			
Non-current liabilities			
Borrowings	13	366,815	265,807
Deferred income tax liabilities	14	9,561	10,362
Provisions	15	9,596	8,563
Derivative financial instruments		11,905	35,542
		<u>397,877</u>	<u>320,274</u>
Current liabilities			
Trade and other payables	12	126,623	156,204
Liabilities held for sale	20	0	0
Derivative financial instruments		1,876	8,261
Current income tax liabilities		2,953	6,703
Borrowings	13	36,253	134,636
Provisions	15	3,329	5,902
		<u>171,034</u>	<u>311,706</u>
Total liabilities		568,911	631,980
Total equity and liabilities		<u><u>872,660</u></u>	<u><u>920,259</u></u>

The notes on pages 8-14 are an integral part of the condensed consolidated interim financial information.

Statement of Changes in Shareholders' Equity

	Attributable to equity holders of the Company						Minor. interest	Total equity
	Share capital	Share premium	Hedge reserve	Transl. reserves	Retained earnings	Total		
Balance at 1 January 2008	4,414	147,584	1,044	(1,546)	30,293	181,789	46	181,835
Result for the period					15,325	15,325		15,325
Other comprehensive income			(5,039)	32		(5,007)		(5,007)
Total comprehensive income	0	0	(5,039)	32	15,325	10,318	0	10,318
Sale of treasury shares	22	2,200				2,222		2,222
Business combination						0	(46)	(46)
Purchases of treasury shares						0		0
Employee share option scheme:						0		0
Value of services provided		20				20		20
Dividend related to previous year						0		0
Issue of share capital	1,293	111,812				113,105		113,105
	1,315	114,032	(5,039)	32	15,325	125,665	(46)	125,619
Balance at 30 September 2008	5,729	261,616	(3,995)	(1,514)	45,618	307,454	0	307,454
Result for the period					(23,730)	(23,730)		(23,730)
Other comprehensive income			(3,482)	(458)		(3,940)		(3,940)
Total comprehensive income	0	0	(3,482)	(458)	(23,730)	(27,670)	0	(27,670)
Business combination						0	0	0
Sale (purchases) of treasury shares, net		(185)				(185)		(185)
Employee share option scheme:						0		0
Value of services provided		23				23		23
Issue of share capital - acquisition	123	8,534				8,657		8,657
	123	8,372	(3,482)	(458)	(23,730)	(19,175)	0	(19,175)
Balance at 31 December 2008	5,852	269,988	(7,477)	(1,972)	21,888	288,279	0	288,279
Result for the period					11,233	11,233		11,233
Other comprehensive income			(1,393)	(1,981)		(3,374)		(3,374)
Total comprehensive income	0	0	(1,393)	(1,981)	11,233	7,860	0	7,860
Sale (purchases) of treasury shares, net	(14)	(595)				(609)		(609)
Employee share option scheme:						0		0
Value of services provided		357				357		357
Issue of share capital - acquisition	148	7,716				7,864		7,864
	134	7,478	(1,393)	(1,981)	11,233	15,471	0	15,471
Balance at 30 September 2009	5,986	277,466	(8,870)	(3,953)	33,121	303,750	0	303,750

The notes on pages 8-14 are an integral part of the condensed consolidated interim financial information.

Statement of Cash Flows

	Notes	YTD 2009	YTD 2008
Cash flows from operating activities			
Operational result		27,604	27,853
Adjustments to reconcile operational result to net cash provided by operating activities:			
Depreciation and impairment of fixed assets	10	10,550	7,515
Amortisation and impairment of intangible assets	11	8,584	6,829
Currency fluctuations and indexation		9,414	11,236
Income tax paid		(3,182)	(697)
Interest and finance costs paid		(39,773)	(16,480)
Share of results of associates		0	473
Gain on sale of subsidiary		(10,479)	0
Gain on sale of property, plant and equipment		(5,386)	0
Changes in non current receivables		2,248	0
Other changes		0	5,827
Working capital provided by operating activities		(419)	42,556
Changes in operating assets and liabilities:			
Inventories and production contracts		26,791	(10,194)
Trade and other receivables		6,376	10,656
Trade and other payables		(7,095)	(29,133)
Provisions		(984)	0
Changes in operating assets and liabilities		25,088	(28,671)
Net cash from operating activities		24,669	13,885
Cash flows from investing activities			
Interest received		978	4,131
Acquisition of subsidiary, net of cash acquired	23	0	(431,433)
Purchase of property, plant and equipment (PPE)	10	(8,407)	(17,322)
Investments in intangibles	11	(11,856)	(16,519)
Divestment of subsidiary, net of cash divested		16,038	0
Loans to associates		0	49,607
Proceeds from sale of property, plant and equipment (PPE)		18,486	210
Proceeds from sale of associates		0	3,469
Changes in securities		0	(597)
Other changes		107	0
Net cash used in investing activities		15,346	(408,454)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		7,864	112,763
Proceeds from (purchase of) treasury shares, net		(609)	2,222
Proceeds from borrowings		156,273	287,693
Repayments of borrowings		(149,038)	(21,548)
Finance lease principal payments		125	(63)
Non current Financial Derivates		(24,925)	0
Other changes		364	(0)
Net cash from (to) financing activities		(9,946)	381,067
Net increase (decrease) in cash and cash equivalents		30,068	(13,502)
Exchange losses on cash and bank overdrafts		46	(2,125)
Cash and cash equivalents at beginning of period		21,038	30,438
Cash and cash equivalents at end of period		51,152	14,811
Cash and cash equivalents		55,109	
Bankoverdrafts		(3,957)	
		<u>51,152</u>	

The notes on pages 8-14 are an integral part of the condensed consolidated interim financial information.

Notes to the financial information

1. General information

Marel Food Systems hf (the Company) is a limited liability company incorporated and domiciled in Iceland. The Company has its listing on the OMX The Nordic Exchange in Iceland.

These condensed consolidated interim financial statements have been approved for issue by the board of directors on 3 November 2009. The information included herein is not audited.

YTD 2008 numbers include Stork Food Systems (SFS) and Stork Food and Dairy Systems (SFDS) as of May 1st 2008.

All amounts are in thousands of EUR, unless otherwise stated.

2. Basis of preparation

These condensed interim consolidated financial statements of Company and its subsidiary (the Group) are for nine months ended 30 September 2009. They have been prepared in accordance with IAS 34. The interim condensed consolidated report should be read in conjunction with the annual financial statements for the year ended 31 December 2008. The consolidated financial statements for the Group as for the period ended 31 December 2008 are available upon request from the Company's registered office at Austurhraun 9, Gardabær or at www.marel.com.

3. Accounting policies

The accounting policies adopted are consistent with those of the annual consolidated financial statements for the year ended 31 December 2008, as described in the annual Financial Statements for the year ended 31 December 2008. As of January 1st 2009 we have applied IAS 1 (amended) and IFRS 8. The impact on the condensed interim consolidated financial statements of IFRS 8 is explained in Note 4.

4. Segment information

Business segments

The segment reporting has changed compared to 2008, based on the application of IFRS 8. The segments comprise the industries, which form the basis for managerial decision taking.

The segment information for the nine months ended 30 September 2009 are as follows:

	Fish	Poultry	Meat	Further Processing	Others	Total
Total gross segment sales	66,125	163,572	81,759	58,854	54,751	425,061
Inter-segment sales	(884)	(5,037)	(12,677)	(9,763)	(705)	(29,066)
	65,241	158,535	69,082	49,091	54,046	395,995
Result from operations	4,519	15,782	(3,637)	(1,073)	12,014	27,605
Finance costs - net						(15,577)
Result before tax						12,028
Income tax						(795)
Result for the period						11,233
Assets	170,342	187,777	106,676	69,033	338,832	872,660

Result from operations of the Other Segment includes EUR 5.5 million profit on the sale of Real Estate Ketelstraat and EUR 10.5 million profit on the sale of Scanvaegt Nordic.

The segment information of 2008 is not comparable, because the separation into these segments only makes sense for the combined Marel–Stork Food Systems organisation going forward. The Further Processing segment contains business that was part of the former segments Fish and Poultry, therefore these segments have changed as well. The 'Others' segment contains Stork Food & Dairy and Scanvaegt Nordic (up to divestment end of April 2009), as well as the holdings.

The Group does not allocate financial income and expenses between business segments. The segments are held responsible for the result from operations. Decisions on Tax and Financing structures are taken on corporate level.

Inter-segment transfers or transactions are entered into under at arm's length terms and conditions comparable to those available to unrelated parties.

Notes to the financial information

5. Quarterly results

	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008
Revenue	133,659	132,002	130,334	150,502	170,633
Cost of sales	(83,915)	(82,771)	(88,354)	(107,617)	(111,666)
Gross profit	<u>49,744</u>	<u>49,231</u>	<u>41,980</u>	<u>42,885</u>	<u>58,967</u>
Other operating income.....Note 20	(339)	15,715	32	(189)	134
Selling and marketing expenses	(16,960)	(18,441)	(19,733)	(20,587)	(21,092)
Research and development expenses	(6,263)	(7,330)	(9,029)	(7,644)	(8,552)
Administrative expenses	(14,410)	(17,587)	(19,007)	(21,884)	(14,929)
Result from operations (EBIT)	<u>11,771</u>	<u>21,588</u>	<u>(5,757)</u>	<u>(7,419)</u>	<u>14,528</u>
Finance costs - net	(10,572)	(1,598)	(3,407)	(22,387)	(9,194)
Share of results of associates	0	0	0	0	0
Result (loss) before income tax	<u>1,200</u>	<u>19,991</u>	<u>(9,164)</u>	<u>(29,806)</u>	<u>5,334</u>
Income tax	(342)	(2,651)	2,198	6,076	(805)
Net result for the period	<u>858</u>	<u>17,340</u>	<u>(6,966)</u>	<u>(23,730)</u>	<u>4,529</u>
Net result before deprec. & amortisation (EBITDA)	17,986	27,998	754	(89)	20,755

6. Finance costs – net

YTD 2008 numbers include SFS and SFDS as of May 1st 2008

	YTD 2009	YTD 2008
Interest expense:		
- borrowings	(28,288)	(21,776)
- finance leases	(52)	(33)
- other interest expenses	(4,348)	(506)
	<u>(32,688)</u>	<u>(22,315)</u>
Interest income	542	4,249
Other finance income (cost)	(2,136)	0
Net foreign exchange transaction gains/(losses) *	18,705	8,247
Dividend received	0	12
	<u>(15,577)</u>	<u>(9,807)</u>

* Net foreign exchange transaction gains include EUR 15.9 million result on closed ISK financing contracts with Icelandic banks.

7. Income tax expense

YTD 2008 numbers include SFS and SFDS as of May 1st 2008

	YTD 2009	YTD 2008
Current tax	(4,444)	(1,868)
Deferred tax	3,649	(1,326)
	<u>(795)</u>	<u>(3,194)</u>

of which (2,375) is a transfer from current tax to deferred tax in 2009.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate

Result before tax	<u>12,028</u>	<u>18,519</u>
Tax calculated at domestic tax rates applicable to profits in the respective countries	(1,812)	2,777
Permanent differences for tax purposes	1,916	30
Impacts from change in tax rate	(77)	(323)
Other items	(822)	710
Tax charge	<u>(795)</u>	<u>3,194</u>

The weighted average applicable tax rate was 19.4% (2008: 18.0%).

Notes to the financial information

8. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased by the Company and held as treasury shares.

YTD 2008 numbers include SFS and SFDS as of May 1st 2008	YTD 2009	YTD 2008
Net result attributable to equity holders (EUR 000)	11,233	15,325
Weighted average number of outstanding shares in issue (thousands)	588,260	466,461
Basic earnings per share (EUR cent)	<u>1.91</u>	<u>3.29</u>
Net result used to determine diluted earnings per share (EUR 000)	11,233	15,325
Weighted average number of outstanding shares in issue (thousands)	588,260	466,461
Adjustments for share options (thousands)	0	9,092
Weighted average number of outstanding shares for diluted earnings per share (thousands)	<u>588,260</u>	<u>475,553</u>
Diluted earnings per share (EUR cent)	<u>1.91</u>	<u>3.22</u>

The outstanding share options will not be exercised at the current market share price, therefore no adjustment for share options is applied.

9. Dividend per share

There are no dividends paid YTD 2008 and YTD 2009.

10. Property, plant and equipment

	Land & buildings	Plant & machinery	Vehicles & equipment	Total
At 1 January 2009				
Cost	110,452	45,670	26,840	182,962
Accumulated depreciation	<u>(7,826)</u>	<u>(16,366)</u>	<u>(13,350)</u>	<u>(37,542)</u>
Net book amount	<u>102,626</u>	<u>29,304</u>	<u>13,490</u>	<u>145,420</u>
Nine months ended 30 September 2009				
Opening net book amount	102,626	29,304	13,490	145,420
Exchange differences	1,431	(3,151)	(1,080)	(2,800)
Additions	1,179	5,226	2,002	8,407
Disposals	(11,560)	(1,366)	(373)	(13,299)
Depreciation charge	<u>(2,640)</u>	<u>(4,599)</u>	<u>(3,311)</u>	<u>(10,550)</u>
Closing net book amount	<u>91,036</u>	<u>25,414</u>	<u>10,728</u>	<u>127,178</u>
At 30 September 2009				
Cost	101,502	46,379	27,389	175,270
Accumulated depreciation	<u>(10,466)</u>	<u>(20,965)</u>	<u>(16,661)</u>	<u>(48,092)</u>
Net book amount	<u>91,036</u>	<u>25,414</u>	<u>10,728</u>	<u>127,178</u>
			YTD 2009	YTD 2008
Depreciation of property, plant and equipment analyses as follows in the income statement:				
Cost of sales			6,004	4,288
Selling and marketing expenses			651	746
Research and development expenses			695	472
Administrative expenses			<u>3,200</u>	<u>2,009</u>
			<u>10,550</u>	<u>7,515</u>

Notes to the financial information

11. Intangible assets

	Goodwill	Developm. costs	Patents & Trade nm	Other Intangible	Total
At 1 January 2009					
Cost	395,038	54,254	5,839	45,181	500,312
Accumulated amortisation	(59)	(15,252)	(327)	(4,236)	(19,874)
Net book amount	<u>394,979</u>	<u>39,002</u>	<u>5,512</u>	<u>40,945</u>	<u>480,438</u>
Nine months ended 30 September 2009					
Opening net book amount	394,979	39,002	5,512	40,945	480,438
Costprice changes 1-1	(2,210)	(8,670)	45,647	(36,868)	(2,101)
Exchange differences	86	116	(1,686)	606	(878)
Additions	12	11,567	0	256	11,835
Amortisation charge	0	(5,514)	(2,313)	(757)	(8,584)
Closing net book amount	<u>392,867</u>	<u>36,501</u>	<u>47,160</u>	<u>4,182</u>	<u>480,709</u>
At 30 September 2009					
Cost	392,926	57,267	49,801	9,175	509,169
Accumulated amortisation	(59)	(20,766)	(2,640)	(4,993)	(28,458)
Net book amount	<u>392,867</u>	<u>36,501</u>	<u>47,160</u>	<u>4,182</u>	<u>480,710</u>

	YTD 2009	YTD 2008
Amortisation of intangible assets analyses as follows in the income statement:		
Cost of sales	57	72
Selling and marketing expenses	106	73
Research and development expenses	6,531	5,672
Administrative expenses	1,890	1,011
	<u>8,584</u>	<u>6,828</u>

Impairment of Goodwill

The Group has tested end 2008 whether goodwill has suffered any impairment. At the closing of Q3 2009, there are no reasons to deviate from the conclusions taken at year-end.

12. Trade and other payables

	30/9 2009	31/12 2008
Trade payables	37,274	41,444
Accruals	5,372	7,791
Production contracts	43,583	42,416
Other payables	40,394	64,552
	<u>126,623</u>	<u>156,203</u>

13. Borrowings

Non-current:		
Bank borrowings	300,725	208,453
Debentures	64,934	57,166
Finance lease liabilities	1,156	188
	<u>366,815</u>	<u>265,807</u>
Current:		
Revolver	3,000	47,508
Bank borrowings	32,384	51,692
Debentures	408	35,238
Finance lease liabilities	461	198
	<u>36,253</u>	<u>134,636</u>
Total borrowings	<u>403,068</u>	<u>400,443</u>

The borrowings include secured liabilities (leases and bank borrowings) in a total amount of EUR 214,245 (31/12/2008: EUR 248,837). The bank borrowings are secured over certain of the land and buildings of the Group and over certain of the inventories. Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

Notes to the financial information

	Finance lease liabilities	Other borrowings	Total 30/9 2009	Total 31/12 2008
Liabilities in currency recorded in EUR:				
Liabilities in CHF	0	2,120	2,120	2,332
Liabilities in DKK	969	10,340	11,309	20,980
Liabilities in EUR	0	215,534	215,534	218,696
Liabilities in GBP	49	1,454	1,503	2,303
Liabilities in ISK, index linked	0	129,533	129,533	102,901
Liabilities in JPY	0	814	814	1,299
Liabilities in NOK	0	251	251	499
Liabilities in SKK	0	0	0	12,483
Liabilities in USD	350	41,384	41,734	38,186
Liabilities in other currency	249	21	270	764
	<u>1,617</u>	<u>401,451</u>	<u>403,068</u>	<u>400,443</u>
Current maturities	(461)	(35,792)	(36,253)	(134,636)
	<u>1,156</u>	<u>365,659</u>	<u>366,815</u>	<u>265,807</u>
Annual maturities of non-current liabilities:				
Period 1/10 2010 - 30/9 2011 / year 2010	408	7,925	8,333	41,135
Period 1/10 2011 - 30/9 2012 / year 2011	332	183,894	184,226	8,445
Period 1/10 2012 - 30/9 2013 / year 2012	238	17,466	17,704	58,471
Period 1/10 2013 - 30/9 2014 / year 2013	178	28,498	28,676	12,084
Later	0	127,876	127,876	145,672
	<u>1,156</u>	<u>365,659</u>	<u>366,815</u>	<u>265,807</u>

14. Deferred income tax

Deferred income taxes are calculated in full on temporary differences under the liability method. The gross movement on the deferred income tax account is as follows:

At 1 January 2008	(2,838)
Business combination	(2,943)
Exchange differences and changes within the group	380
Income statement charge	(3,194)
Less current tax	1,868
Tax effect on revaluations via equity	912
At 30 September 2008	<u>(5,815)</u>
Business combination.....(Note 23)	(6,133)
Exchange differences and changes within the group	(238)
Income statement charge	6,076
Less current tax	(540)
Tax effect on revaluations via equity	1,908
At 31 December 2008	<u>(4,742)</u>
At 1 January 2009	(4,742)
Business combination	12
Exchange differences and changes within the group	(81)
Deferred tax charged P&L	3,726
Tax effect on revaluations via equity	3,084
Rate change	(77)
Others	(416)
Nine months ended 30 September 2009	<u>1,506</u>

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet:

	30/9 2009	30/12 2008
Deferred tax assets	11,067	5,620
Deferred tax liabilities	(9,561)	(10,362)
	<u>1,506</u>	<u>(4,742)</u>

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable.

Notes to the financial information

15. Provisions

At 1 January 2008		1,893
Business combination		12,121
Changes entered into income statement		451
At 1 January 2009		14,465
Changes entered into income statement		(1,540)
At 30 September 2009		12,925
	30/9 2009	31/12 2008
Analysis of total provisions:		
Current	3,329	5,902
Non current	9,596	8,563
	12,925	14,465

16. Contingencies

Contingent liabilities:

At 30 September 2009 the Group had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise. In the ordinary course of business the Group has given guarantees amounting to EUR 7,154 (31/12/2008: EUR 4,651) to third parties.

17. Commitments and insurance

Operating lease commitments – where a group company is the lessee

The Group has made some rental agreements for building, motor vehicles and office equipment, now with the remaining balance of EUR 7,917. The amount will be charged at the relevant rental time of each agreement. The rental agreements will materialise in the years 2009 - 2017.

18. Share capital

	Number of shares (thousands)	Ordinary shares	Treasury shares	Value in ISK Total
At 1 January 2008	400,350	403,786	(3,436)	400,350
Treasury shares sold	2,000		2,000	2,000
Issue of shares	156,440	156,440		156,440
At 30 September 2008	558,790	560,226	(1,436)	558,790
Issue of shares	20,074	20,074		20,074
Treasury shares purchased	0			0
Treasury shares sold	0		0	0
At 1 January 2009	578,864	580,300	(1,436)	578,864
Issue of shares				0
Ordinary shares purchased	(2,127)	0	(2,127)	(2,127)
	0			
Issue of shares	26,568	26,568		26,568
At 30 September 2009	603,305	606,868	(3,563)	603,305

The total subscribed number of ordinary shares is 606,9 million shares (2008: 580,3 million shares) with a par value of ISK 1 per share (2008: ISK 1 per share). After 30 September, a new share issue took place, see note 22.

19. Investments in associates

	30/9 2009	31/12 2008
Beginning of period	305	3,281
Business combination	0	225
Additions	0	80
Sale of associate	0	(3,754)
Share of results	0	473
End of period	305	305

Notes to the financial information

20. Assets and liabilities held for sale

Assets held for sale reported in the Q1 report have been divested in Q2, therefore no assets nor liabilities held for sale are reported anymore at the end of Q3. The result of both transactions is captured in other operating income, real estate Ketelstraat for EUR 5.5 million, Scanvaegt Nordic for EUR 10.5 million.

21. Related party transactions

At the end of September 2009, there are no loans to directors (31 December 2008: EUR nil). On April 14th Marel Group entered into a Share Purchase Agreement to divest Scanvaegt Nordic to Grundtvigt Invest A/S, see Note 20. The Grundtvigt family is among the largest shareholders of Marel Food Systems and has supported the company's growth. Grundtvigt Invest owns 10.6% of Marel Food Systems' shares and Lars Grundtvigt is a member of the Board of Directors.

22. Events after the balance sheet date

In the first days of October an issue of new shares was effectuated. The number of new shares issued were 9,131,725. The total shares after the increase are 616,000,000. The shares were sold at the rate of ISK 59.0 per share. Marel also sold 3,563,200 treasury shares at the same price. The proceeds of the share capital increase and the sale of treasury shares was EUR 4,115,025 net of commission.

23. Business combination

On the 8th of May 2008 the group acquired 100% share of Stork Food Systems. Marel Food Systems paid an acquisition price of EUR 431.6 million plus deal cost of EUR 14 million. Stork Food Systems is subsidiary of Marel Holding B.V. which was established in relation to the acquisition.

24. Cash & cash equivalents

Cash & cash equivalents contain EUR 19.5 million restricted cash for collaterals and guarantees.

25. Principal subsidiaries

Marel ehf	Iceland
AEW Delford Group	UK
Carnitech Group	Denmark
Scanvaegt International Group	Denmark
Stork PMT B.V.	Netherlands
Stork Gamco Inc.	USA
Stork Titan B.V.	Netherlands
Stork Townsend B.V.	Netherlands
Stork Townsend Inc.	USA
Stork Food & Dairy Systems B.V.	Netherlands
Marel Chile S.A.	Chile
Marel Food Systems	Slovakia
Marel Food Systems A/S	Denmark
Marel Food Systems GmbH & Co KG	Germany
Marel Food Systems Inc	USA
Marel Food Systems LLC	Russia
Marel Food Systems Ltd	Thailand
Marel Food Systems Pty Ltd	Australia
Marel Food Systems South Africa	South Africa
Marel Holding B.V.	Netherlands
Marel Spain S.L.	Spain

All subsidiaries are wholly owned. All holdings are in the ordinary share capital of the entity concerned.