

Condensed Consolidated Interim Financial Statements

31 March 2011

CONTENTS

1	The Board of Directors' and CEO's Report	2
2	Condensed Consolidated Statement of Comprehensive Income	3
3	Condensed Consolidated Statement of Financial Position	4
4	Condensed Consolidated Statement of Changes in Shareholders' Equity	5
5	Condensed Consolidated Statement of Cash Flows	6
6	Notes to the Condensed Consolidated Financial Statements	7

1 The Board of Directors' and CEO's Report

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 three-month period ended 31 March 2011, its assets, liabilities and consolidated financial position as at 31 March 2011 and its consolidated cash flows for the three-month period ended 31 March 2011.

Further, in our opinion the condensed 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.

As announced on 19 April 2011 and disclosed in note 21 to the statements, a principle agreement was reached between the Stork Pension Fund, the Dutch company Stork BV and a number of companies that were formerly part of the Stork group on the future arrangement of the pensions currently managed by the Fund. Marel is party to the agreement due to its acquisition of Stork Food Systems.

The Board of Directors and the CEO have today discussed the condensed interim financial information of Marel hf. for the three-month period ended 31 March 2011 and confirm these by means of their signatures.

Garðabær, 27 April 2011

Board of Directors

Árni Oddur Þórðarson
Arnar Þór Másson
Friðrik Jóhannsson
Helgi Magnússon
Margrét Jónsdóttir
Theo Bruinsma
Smári Rúnar Þorvaldsson
Ásthildur Margrét Otharsdóttir

Chief Executive Officer

Theo G.M. Hoen

2 Condensed Consolidated Statement of Comprehensive Income

		Q1 2011	Q1 2010
	Notes		
Revenue	5	153,537	147,166
Cost of sales		(94,619)	(90,462)
Gross profit		<u>58,918</u>	<u>56,704</u>
Other operating income (expenses)		4	159
Selling and marketing expenses		(19,471)	(18,975)
Research and development expenses		(9,640)	(8,708)
Administrative expenses		(12,690)	(13,308)
Result from operations		<u>17,121</u>	<u>15,872</u>
Finance costs	7	(6,596)	(8,792)
Finance income	7	235	254
Net finance costs	7	(6,361)	(8,538)
Result before income tax		<u>10,760</u>	<u>7,334</u>
Income tax	8	(1,984)	(1,721)
Profit (loss) for the period		<u>8,776</u>	<u>5,613</u>
Other Comprehensive Income			
Currency translation differences		(848)	2,131
Cash flow hedges		3,977	(1,631)
Income tax relating to cash flow hedges		(994)	416
Other comprehensive income for the period, net of tax		<u>2,135</u>	<u>916</u>
Total comprehensive income for the period		<u>10,911</u>	<u>6,529</u>
Profit (loss) attributable to:			
Shareholders of the Company		8,776	5,613
		<u>8,776</u>	<u>5,613</u>
Comprehensive income attributable to:			
Shareholders of the Company		10,911	6,529
		<u>10,911</u>	<u>6,529</u>
Earnings per share for result attributable to equity holders of the company during the period (expressed in EUR cent per share):			
- basic	9	1.20	0.76
- diluted	9	1.18	0.76
Earnings per share for total comprehensive income attributable to equity holders of the company during the period (expressed in EUR cent per share):			
- basic		1.49	0.89
- diluted		1.47	0.89

The notes on pages 7 - 15 are an integral part of the Condensed Consolidated Financial Statements

3 Condensed Consolidated Statement of Financial Position

	Notes	31/03 2011	31/12 2010
ASSETS			
Non-current assets			
Property, plant and equipment	10	106,828	109,418
Goodwill	11	378,166	379,879
Other intangible assets	11	92,656	92,884
Investments in associates		109	109
Receivables	12	3,610	3,669
Deferred income tax assets	13	10,899	12,619
		<u>592,268</u>	<u>598,578</u>
Current assets			
Inventories	14	83,690	80,590
Production contracts		19,344	18,354
Trade receivables		73,405	87,780
Assets held for sale	15	598	598
Other receivables and prepayments		31,624	27,815
Restricted cash		5,823	12,509
Cash and cash equivalents		37,590	51,399
		<u>252,074</u>	<u>279,045</u>
Total assets		<u><u>844,342</u></u>	<u><u>877,623</u></u>
EQUITY			
Capital and reserves attributable to equity holders of Marel hf.			
Share capital	16	6,728	6,694
Share premium	16	322,043	320,250
Reserves		(5,242)	(7,377)
Retained earnings		32,756	23,702
Total shareholders' equity		<u>356,285</u>	<u>343,269</u>
LIABILITIES			
Non-current liabilities			
Borrowings	17	274,311	310,751
Deferred income tax liabilities	13	5,997	4,925
Provisions	18	6,124	6,719
Derivative financial instruments		7,052	11,028
		<u>293,484</u>	<u>333,423</u>
Current liabilities			
Production Contracts		66,670	78,306
Trade and other payables		106,356	107,783
Current income tax liabilities		1,325	1,624
Borrowings	17	16,724	9,898
Provisions		3,498	3,320
		<u>194,573</u>	<u>200,931</u>
Total liabilities		<u>488,057</u>	<u>534,354</u>
Total equity and liabilities		<u><u>844,342</u></u>	<u><u>877,623</u></u>

The notes on pages 7 - 15 are an integral part of the Condensed Consolidated Financial Statements

4 Condensed Consolidated Statement of Changes in Shareholders' Equity

	Attributable to equity holders of the Company					
	Share Capital	Share premium *)	Hedge reserve	Translation reserve	Retained earnings	Total equity
Balance at 1 January 2010	6,674	318,495	(8,243)	(3,207)	10,077	323,796
Total comprehensive income			(1,215)	2,131	5,613	6,529
Employee share option scheme:						
Value of services provided						
Issue of share capital in regarding Stock Options ...						
Issue of share capital, transaction costs						
	0	0	(1,215)	2,131	5,613	6,529
Balance at 31 March 2010	6,674	318,495	(9,458)	(1,076)	15,687	330,324
Total comprehensive income			2,158	999	8,013	11,170
Employee share option scheme:						
Value of services provided		330				330
Issue of share capital in regarding Stock Options ...	20	1,431				1,451
Issue of share capital, transaction costs		(6)				(6)
	20	1,755	2,158	999	8,013	12,945
Balance at 31 December 2010	6,694	320,250	(7,300)	(77)	23,702	343,269
Total comprehensive income			2,983	(848)	8,776	10,911
Employee share option scheme:						
Value of services provided		(121)				(121)
Value of services provided released		(468)			278	(190)
Issue of share capital in regarding Stock Options ...	34	2,383				2,417
Issue of share capital, transaction costs		(1)				(1)
	34	1,793	2,983	(848)	9,054	13,016
Balance at 31 march 2011	6,728	322,043	(4,317)	(925)	32,756	356,285

*) Includes reserve for share based payments as per 31 March 2011 of 1,139 (31 December 2010: 1,330).

Dividend per share

No dividends were paid in 2010 and 2011.

The notes on pages 7 - 15 are an integral part of the Condensed Consolidated Financial Statements

5 Condensed Consolidated Statement of Cash Flows

	Notes	Q1 2011	Q1 2010
Cash flows from operating activities			
Result from operations		17,121	15,872
<i>Adjustments to reconcile result from operations to net cash provided by operating activities:</i>			
Depreciation and impairment of property, plant and equipment	10	2,686	3,605
Amortisation and impairment of intangible assets	11	3,516	3,074
Gain on sale of subsidiary		0	(9)
Changes in non current receivables		0	(1,149)
Working capital provided by (used in) operating activities		23,323	21,393
Changes in working capital:			
Inventories and production contracts		(18,507)	9,164
Trade and other receivables		8,622	(12,567)
Trade and other payables		(155)	20,657
Provisions		832	198
Changes in operating assets and liabilities		(9,208)	17,452
Cash generated from operating activities		14,115	38,845
Currency fluctuations and indexation		0	(237)
Income tax paid		(671)	361
Interest and finance costs paid		(4,982)	(7,917)
Net cash from operating activities		8,462	31,052
Cash flows from Investing activities			
Interest received		294	220
Divestment of subsidiary, net of cash		0	3,032
Purchase of property, plant and equipment		(1,267)	(959)
Investments in intangibles		(4,361)	(4,446)
Proceeds from sale of property, plant and equipment		95	202
Net cash from (used in) investing activities		(5,239)	(1,951)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		2,417	0
Repayments of borrowings		(25,218)	(14,665)
Loans to third parties		0	(4,000)
Finance lease principal payments		(62)	(111)
Other changes		0	1
Net cash from (used in) financing activities		(22,863)	(18,775)
Net increase (decrease) in net cash		(19,642)	10,326
Exchange gains (losses on) net cash		(850)	133
Net cash at beginning of the period		63,903	67,882
Net cash at end of the period		43,413	78,340
Cash and cash equivalents		37,590	67,070
Restricted cash		5,823	16,098
Bankoverdrafts		0	(4,828)
Net cash at end of the period		43,413	78,340

The notes on pages 7 - 15 are an integral part of the Condensed Consolidated Financial Statements

6 Notes to the Condensed Consolidated Financial Statements

1. General information

Marel 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 27 April 2011. The information included herein is not audited.

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

2. Basis of preparation

These condensed consolidated interim financial statements of the Company and its subsidiaries (the Group) are for the three months ended 31 March 2011. These have been prepared in accordance with IAS 34 as adopted by the EU. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2010. The consolidated financial statements for the Group as for the period ended 31 December 2010 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 2010, as described in the annual Financial Statements for the year ended 31 December 2010.

4. Financial risk management

Outstanding currency exposure in ISK in Quarter 1 2011 is EUR 7.2 million connected to bonds maturing in 2012.

More than 99% of Marel's revenues originate outside of Iceland and there is a good currency balance between the company's revenues and costs. The company's policy is to finance its operations in its revenue currencies to the maximum extent possible. Efforts have been made to systematically reduce currency risk in the company's financing and to reduce interest cost.

5. Segment information

Business segments

The segments comprise the industries, which form the basis for managerial decision taking.

The segment information for the period ended 31 March 2011 are as follows:

	Fish	Poultry	Meat	Further Processing	Others	Total
Total gross segment revenues	28,993	83,281	27,494	30,460	1,092	171,320
Inter-segment revenues	(957)	(4,529)	(5,213)	(7,073)	(11)	(17,783)
	<u>28,036</u>	<u>78,752</u>	<u>22,281</u>	<u>23,387</u>	<u>1,081</u>	<u>153,537</u>
Result from operations	3,396	10,343	1,864	1,468	50	17,121
Finance costs- net						(6,361)
Result before income tax						10,760
Income tax						(1,984)
Profit (loss) for the period						<u>8,776</u>
Assets	68,902	191,193	93,149	86,167	404,931	844,342
Depreciation and amortisation	(901)	(2,399)	(1,123)	(1,265)	(514)	(6,202)

The Others segment includes the holdings and a Food and Dairy company, which was not part of the divestment in 2010. 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.

The segment information for the period ended 31 March 2010 are as follows ¹⁾

	Fish	Poultry	Meat	Further Processing	Others ²⁾	Total
Total gross segment revenues	23,170	68,899	24,066	22,860	20,834	159,829
Inter-segment revenues	(128)	(2,458)	(3,663)	(5,457)	(957)	(12,663)
	<u>23,042</u>	<u>66,441</u>	<u>20,403</u>	<u>17,403</u>	<u>19,877</u>	<u>147,166</u>
Result from operations	2,730	8,972	1,433	908	1,830	15,873
Finance costs- net						(8,538)
Result before income tax						7,335
Income tax						(1,721)
Profit (loss) for the period						<u>5,614</u>
Assets	75,403	220,177	97,683	77,528	409,270	880,061
Depreciation and amortisation	(1,028)	(2,468)	(1,056)	(964)	(1,162)	(6,678)

¹⁾ Assets are restated to present the assets per segment excluding inter-company assets.

²⁾ Result from operation of the Other segment include EUR 0.7 million profit of the divested businesses of Carnitech A/S and the Stork Food & Dairy Systems group up to and including the divestment.

6. Quarterly results

	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Revenue	153,537	167,677	149,523	136,055	147,166
Cost of sales	(94,619)	(104,515)	(97,283)	(81,087)	(90,462)
Gross profit	58,918	63,162	52,240	54,968	56,704
Other operating income (expenses)	4	110	(243)	(8,099)	159
Selling and marketing expenses	(19,471)	(17,658)	(16,891)	(17,150)	(18,975)
Research and development expenses	(9,640)	(9,896)	(9,033)	(8,837)	(8,708)
Administrative expenses	(12,690)	(15,655)	(12,267)	(13,289)	(13,308)
Result from operations (EBIT)	17,121	20,063	13,806	7,593	15,872
Finance costs	(6,596)	(13,461)	(11,079)	(9,680)	(8,792)
Finance income	235	226	276	160	254
Net finance costs	(6,361)	(13,235)	(10,803)	(9,520)	(8,538)
Result before income tax	10,760	6,828	3,003	(1,927)	7,334
Income tax	(1,984)	(1,329)	(607)	2,045	(1,721)
Profit (loss) for the period	8,776	5,499	2,396	118	5,613
Profit before deprec. & amortisation (EBITDA)	23,323	26,104	19,938	13,584	22,551

7. Net finance costs

	Q1 2011	Q1 2010
Finance costs:		
Interest on borrowings	(3,190)	(6,354)
Interest on finance leases	(6)	(10)
Other finance expenses	(1,903)	(2,307)
Net foreign exchange transaction losses	(1,497)	(121)
Subtotal Finance costs	(6,596)	(8,792)
Finance income:		
Interest income	235	254
Subtotal Finance income	235	254
Net Finance costs	(6,361)	(8,538)

8. Income tax

	31/03 2011	31/03 2010
Current tax	(459)	(943)
Deferred tax	(1,525)	(778)
	<u>(1,984)</u>	<u>(1,721)</u>

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated companies as follows:

Reconciliation of effective income tax	31/03 2011		31/03 2010	
		%		%
Result before income tax	<u>10,760</u>		<u>7,335</u>	
Income tax using Iceland rate	(2,152)	20.0	(1,320)	18.0
Effect tax rates in other jurisdictions	(429)	4.0	(1,176)	16.0
Weighted average applicable tax	<u>(2,581)</u>	<u>24.0</u>	<u>(2,496)</u>	<u>34.0</u>
Fx effect Iceland	54	(0.5)	165	(2.2)
R&D tax incentives	460	(4.3)	198	(2.7)
Permanent differences	18	(0.2)	492	(6.7)
Tax losses (un)recognised	(23)	0.2	0	0.0
Effect of tax rate changes	0	0.0	4	(0.1)
Effect of divestment	0	0.0	(263)	3.6
Others	88	(0.8)	179	(2.4)
Tax charge included in the profit for the period	<u>(1,984)</u>	<u>18.4</u>	<u>(1,721)</u>	<u>23.5</u>

9. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to share 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.

	Q1 2011	Q1 2010
Net profit (loss) attributable to share holders	8,776	5,613
Weighted average number of outstanding shares in issue (thousands)	733,619	727,136
Basic earnings per share (EUR cent per share)	<u>1.20</u>	<u>0.77</u>

The diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. For the share options a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Q1 2011	Q1 2010
Net profit (loss) used to determine diluted earnings per share	8,776	5,613
Weighted average number of outstanding shares in issue (thousands)	733,619	727,136
Adjustments for share options (thousands)	7,531	0
Weighted average number of outstanding shares for diluted earnings per share (thousands)	<u>741,150</u>	<u>727,136</u>
Diluted earnings per share (EUR cent)	<u>1.18</u>	<u>0.77</u>

10. Property, plant and equipment

	Land & buildings	Plant & machinery	Vehicles & equipment	Total
At 1 January 2011				
Cost	111,288	57,989	43,182	212,459
Accumulated depreciation	(27,126)	(41,086)	(34,829)	(103,041)
Net book amount	<u>84,162</u>	<u>16,903</u>	<u>8,353</u>	<u>109,418</u>
Three months ended 31 March 2011				
Opening net book amount	84,162	16,903	8,353	109,418
Exchange differences	(628)	(276)	(171)	(1,075)
Additions	247	531	489	1,267
Disposals	0	(67)	(29)	(96)
Depreciation charge	(752)	(1,182)	(752)	(2,686)
Closing net book amount	<u>83,029</u>	<u>15,909</u>	<u>7,890</u>	<u>106,828</u>
At 31 March 2011				
Cost	110,669	57,468	42,572	210,709
Accumulated depreciation	(27,641)	(41,559)	(34,681)	(103,881)
Net book amount	<u>83,028</u>	<u>15,909</u>	<u>7,891</u>	<u>106,828</u>

	Q1 2011	Q1 2010
Additions	1,267	959
Disposals	(96)	(193)

Depreciation of property, plant and equipment analyses as follows in the Condensed Consolidated Statement of Comprehensive income:

	YTD 2011	YTD 2010
Cost of sales	1,738	2,356
Selling and marketing expenses	195	245
Research and development expenses	76	111
Administrative expenses	677	893
	<u>2,686</u>	<u>3,605</u>

11. Intangible assets

	Goodwill	Developm. costs	Patents & Trade name	Other Intangible	Total other Intangibles
At 1 January 2011					
Cost	379,879	66,132	50,701	10,814	127,647
Accumulated depreciation	0	(23,219)	(8,296)	(3,248)	(34,763)
Net book amount	379,879	42,913	42,405	7,566	92,884
Three months ended 31 March 2011					
Opening net book amount	379,879	42,913	42,405	7,566	92,884
Correction *	(653)	0	0	0	0
Exchange differences	(1,060)	(339)	(1,233)	(47)	(1,619)
Additions	0	4,220	0	793	5,013
Disposals	0	(96)	(72)	62	(106)
Amortisation charge	0	(2,262)	(796)	(458)	(3,516)
Closing net book amount	378,166	44,436	40,304	7,916	92,656
At 31 March 2011					
Cost	378,166	69,908	49,167	11,479	130,555
Accumulated amortisation	0	(25,473)	(8,863)	(3,562)	(37,899)
Net book amount	378,166	44,435	40,304	7,917	92,656

*) Correction relates to goodwill of Scanvaegt 2006 which was overstated.

	Q1 2011	Q1 2010
Other acquisitions-internally developed	5,013	4,446

Amortisation of intangible assets analyses as follows in the Condensed Consolidated Statement of Comprehensive income:

	YTD 2011	YTD 2010
Cost of sales	16	16
Selling and marketing expenses	8	34
Research and development expenses	2,538	2,380
Administrative expenses	954	644
	<u>3,516</u>	<u>3,074</u>

Impairment of Goodwill

The Group has tested end 2010 whether goodwill has suffered any impairment. At the closing of Q1 2011, there are no reasons to deviate from the conclusions taken at year-end.

12. Receivables (non-current)

At the end of March 2011 the Non-Current receivables contain vendor loans of EUR 2.5 million in relation to the divestment of Stork Food & Dairy Systems.

13. 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 2011	7,694
Exchange differences and changes within the Group	(325)
Consolidated Statement of Comprehensive Income charge (excluding rate change)	(1,482)
Hedge reserve & translation reserve direct booked through equity	(948)
Effect of change tax rates	(43)
Others	6
Three months ended 31 March 2011	<u>4,902</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 Statement of Financial Position:

	31/03 2011	31/12 2010
Deferred tax assets	10,899	12,619
Deferred tax liabilities	<u>(5,997)</u>	<u>(4,925)</u>
	<u>4,902</u>	<u>7,694</u>

14. Inventories

There were no material reversals of write-downs to fair value. The write-downs recognized following a recoverability analysis are included in Cost of sales.

15. Assets and liabilities held for sale

Assets held for sale at the end of Q1 2011 contain the fair value of real estate for sale (EUR 598).

16. Shareholders' Equity

	Number of shares (thousands)	Ordinary shares	Treasury shares	Total amount in ISK
Sharecapital				
At 1 January 2010	727,136	727,136	0	727,136
Issue of shares	0	0	0	0
At 31 March 2010	727,136	727,136	0	727,136
Issue of shares	3,117	3,117	0	3,117
Treasury shares	38	0	38	38
At 1 January 2011	<u>730,291</u>	<u>730,253</u>	<u>38</u>	<u>730,291</u>
Issue of shares	5,278	5,278	0	5,278
Treasury shares - sold	0	38	(38)	0
At 31 March 2011	<u>735,569</u>	<u>735,569</u>	<u>0</u>	<u>735,569</u>
Class of share capital:				
Nominal value		6,728	0	6,728
Share premium		320,904	0	320,904
Reserve for share based payments		1,139	0	1,139
Total share premium reserve		<u>322,043</u>	<u>0</u>	<u>322,043</u>

The total authorised number of ordinary shares is 735.6 million shares (2010: 730.3 million shares) with a par value of ISK 1 per share. All issued shares are fully paid.

17. Borrowings

	31/03 2011	31/12 2010
Non-current:		
Bank borrowings	274,016	302,837
Debentures	0	7,522
Finance lease liabilities	295	392
	<u>274,311</u>	<u>310,751</u>
Current:		
Bank borrowings excluding bank overdrafts	9,249	9,652
Bank overdrafts	0	5
Debentures	7,222	0
Finance lease liabilities	253	241
	<u>16,724</u>	<u>9,898</u>
Total borrowings	<u>291,035</u>	<u>320,649</u>

	Finance lease liabilities	Capatilised finance charges	Other borrowings	Total 31/03 2011	Total 31/12 2010
Liabilities in DKK	135	0	10,013	10,148	10,325
Liabilities in EUR	0	(4,615)	198,000	193,385	218,191
Liabilities in GBP	17	0	0	17	20
Liabilities in ISK, partially index linked	0	(11)	7,222	7,211	7,500
Liabilities in USD	168	(1,688)	81,566	80,046	84,345
Liabilities in other currencies	228	0	0	228	268
	<u>548</u>	<u>(6,314)</u>	<u>296,801</u>	<u>291,035</u>	<u>320,649</u>
Current matures	(253)	1,360	(17,830)	(16,724)	(9,898)
	<u>295</u>	<u>(4,954)</u>	<u>278,971</u>	<u>274,311</u>	<u>310,751</u>

18. Provisions

The major effects causing a decrease of provisions are in the provisions for reorganization costs. The reorganization provisions ended at an amount of EUR 768 (end 2010 EUR 1,320).

19. Contingencies

At 31 March 2011 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 41,456 (31/12/2010: EUR 35,656) to third parties. The increase is in line with the activity.

The Group is involved in a dispute between Marel hf. and Glitnir bank hf. which can be traced to different calculation methods applied to settlement of five interest and currency swap agreements with the bank. The disputed difference is amounting to EUR 3.9 million, which Glitnir bank hf. has requested the Company to pay. Parties decided in mutual agreement to bring this disagreement to an Icelandic court to reach a settlement. On 12 April the case was ruled in favor of Marel in District Court. It is not clear yet if the matter is closed or will be appealed to Supreme Court.

20. Related party transactions

At the end of March 2011, there are no loans to directors (31 December 2010: EUR nil).

21. Subsequent events

As published on 19 April 2011, a principle agreement has been reached between the Stork Pension Fund, the Dutch company Stork BV and a number of companies that were formerly part of the Stork group on the future arrangement of the pensions currently managed by the Fund. Marel is party to the agreement due to its acquisition of Stork Food Systems.

A key part of the principal agreement is a new execution agreement on pension arrangements, which safeguards employees' interests to the extent possible and which is beneficial to Marel as it reduces open-ended financial exposure to pension obligations.

Another central element of the agreement is the intended transfer of the pension arrangements from the Stork Pension Fund to the industry-wide pension fund Metal-Electro (PME) in the Netherlands with the aim of achieving greater economies of scale and risk diversification. Agreement has been reached with the social partners on this roadmap and discussions between PME and the Stork Pension Fund are underway.

The principle agreement is subject to the final approval of the Dutch Central Bank and the consent of the participation council of the Stork Pension Fund. The estimated total cost due to the principle agreement for Marel is EUR 10 million, which is expected to be accounted as a one-time cost in Q2 2011, payable over a period of 4 years.