

# Condensed Consolidated Interim Financial Statements

30 September 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 nine-month period ended 30 September 2011, its assets, liabilities and consolidated financial position as at 30 September 2011 and its consolidated cash flows for the nine-month period ended 30 September 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.

The Board of Directors and the CEO have today discussed the condensed interim financial information of Marel hf. for the nine-month period ended 30 September 2011 and confirm these by means of their signatures.

Garðabær, 26 October 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

		Q3 2011	Q3 2010	YTD 2011	YTD 2010
	Notes				
Revenue .....	5	169,063	149,523	484,454	432,744
Cost of sales .....		(108,371)	(97,283)	(306,962)	(268,832)
<b>Gross profit</b>		<b>60,692</b>	<b>52,240</b>	<b>177,492</b>	<b>163,912</b>
Other operating income (expenses) .....	6	(119)	(243)	(11,231)	(8,183)
Selling and marketing expenses .....		(18,499)	(16,891)	(58,252)	(53,016)
Research and development expenses .....		(9,501)	(9,033)	(28,979)	(26,578)
Administrative expenses .....		(13,120)	(12,267)	(38,604)	(38,864)
<b>Result from operations</b>		<b>19,453</b>	<b>13,806</b>	<b>40,426</b>	<b>37,271</b>
Finance costs .....	7	(5,729)	(11,079)	(16,744)	(29,551)
Finance income .....	7	(572)	276	892	690
Net finance costs .....	7	(6,301)	(10,803)	(15,852)	(28,861)
<b>Result before income tax</b>		<b>13,152</b>	<b>3,003</b>	<b>24,574</b>	<b>8,410</b>
Income tax .....	8	(2,680)	(607)	(5,098)	(283)
<b>Profit (loss) for the period</b>		<b>10,472</b>	<b>2,396</b>	<b>19,476</b>	<b>8,127</b>

### Other Comprehensive Income

Currency translation differences .....		975	(4,022)	(196)	2,736
Cash flow hedges .....		(3,189)	1,216	(1,903)	(1,271)
Income tax relating to cash flow hedges .....		798	(287)	476	347
<b>Other comprehensive income for the period, net of tax</b>		<b>(1,416)</b>	<b>(3,093)</b>	<b>(1,623)</b>	<b>1,812</b>
<b>Total comprehensive income for the period</b>		<b>9,056</b>	<b>(697)</b>	<b>17,853</b>	<b>9,939</b>

### Profit (loss) attributable to:

Shareholders of the Company .....		10,472	2,396	19,476	8,127
		<b>10,472</b>	<b>2,396</b>	<b>19,476</b>	<b>8,127</b>

### Comprehensive income attributable to:

Shareholders of the Company .....		9,056	(697)	17,853	9,939
		<b>9,056</b>	<b>(697)</b>	<b>17,853</b>	<b>9,939</b>

### Earnings per share for result attributable to equity holders of the company during the period (expressed in EUR cent per share):

- basic .....	9	1.42	0.33	2.65	1.12
- diluted .....	9	1.41	0.33	2.62	1.12

### Earnings per share for total comprehensive income attributable to equity holders of the company during the period (expressed in EUR cent per share):

- basic .....		1.23	(0.10)	2.43	1.37
- diluted .....		1.22	(0.10)	2.40	1.36

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

### 3 Condensed Consolidated Statement of Financial Position

	Notes	30/09 2011	31/12 2010
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment .....	10	104,758	109,418
Goodwill .....	11	378,931	379,879
Other intangible assets .....	11	96,304	92,884
Investments in associates .....		109	109
Receivables .....	12	2,770	3,669
Deferred income tax assets .....	13	11,057	12,619
		<u>593,929</u>	<u>598,578</u>
<b>Current assets</b>			
Inventories .....	14	95,980	80,590
Production contracts .....		32,692	18,354
Trade receivables .....		76,916	87,780
Assets held for sale .....	15	598	598
Other receivables and prepayments .....		30,472	27,815
Restricted cash .....		654	12,509
Cash and cash equivalents .....		32,604	51,399
		<u>269,916</u>	<u>279,045</u>
<b>Total assets</b>		<u><u>863,845</u></u>	<u><u>877,623</u></u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of Marel hf.</b>			
Share capital .....	16	6,728	6,694
Share premium .....	16	322,346	320,250
Reserves .....		(9,000)	(7,377)
Retained earnings .....		43,357	23,702
<b>Total shareholders' equity</b>		<u>363,431</u>	<u>343,269</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings .....	17	249,574	310,751
Deferred income tax liabilities .....	13	6,119	4,925
Provisions .....	18	6,365	6,719
Other liabilities .....	18	6,052	-
Derivative financial instruments .....		12,411	11,028
		<u>280,521</u>	<u>333,423</u>
<b>Current liabilities</b>			
Production Contracts .....		67,615	78,306
Trade and other payables .....		120,743	107,783
Current income tax liabilities .....		1,333	1,624
Borrowings .....	17	27,031	9,898
Provisions .....		3,171	3,320
		<u>219,893</u>	<u>200,931</u>
<b>Total liabilities</b>		<u>500,414</u>	<u>534,354</u>
<b>Total equity and liabilities</b>		<u><u>863,845</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
<b>Balance at 1 January 2010</b>	6,674	318,495	(8,243)	(3,207)	10,077	323,796
Total comprehensive income .....			(924)	2,736	8,127	9,939
Employee share option scheme:						
Value of services provided .....		259				259
Issue of share capital in regarding Stock Options ...						
Issue of share capital, transaction costs .....						
	0	259	(924)	2,736	8,127	10,198
<b>Balance at 30 September 2010</b>	6,674	318,754	(9,167)	(471)	18,204	333,993
Total comprehensive income .....			1,867	394	5,499	7,760
Employee share option scheme:						
Value of services provided .....		71				71
Issue of share capital in regarding Stock Options ...	20	1,431				1,451
Issue of share capital, transaction costs .....		(6)				(6)
	20	1,496	1,867	394	5,499	9,276
<b>Balance at 31 December 2010</b>	6,694	320,250	(7,300)	(77)	23,703	343,270
Total comprehensive income .....			(1,427)	(196)	19,476	17,853
Employee share option scheme:						
Value of services provided .....		221				221
Value of services provided released .....		(507)			178	(329)
Issue of share capital in regarding Stock Options ...	34	2,383				2,417
Issue of share capital, transaction costs .....		(1)				(1)
	34	2,096	(1,427)	(196)	19,654	20,161
<b>Balance at 30 September 2011</b>	6,728	322,346	(8,727)	(273)	43,357	363,431

<sup>\*)</sup> Includes reserve for share based payments as per 30 September 2011 of EUR 1,466 (31 December 2010: EUR 1,330).

### Dividend per share

No dividends were paid in 2010 and 2011.

## 5 Condensed Consolidated Statement of Cash Flows

	Notes	Q3 2011	Q3 2010	YTD 2011	YTD 2010
<b>Cash flows from operating activities</b>					
Result from operations .....		19,453	13,806	40,426	37,271
<i>Adjustments to reconcile result from operations to net cash provided by operating activities:</i>					
Depreciation and impairment of property, plant and equipment .....	10	2,775	2,810	8,097	9,344
Amortisation and impairment of intangible assets .....	11	3,591	3,325	10,454	9,459
Gain on sale of property, plant and equipment .....		-	(63)	-	(379)
Changes in non current receivables .....		368	652	367	(382)
Changes in non current payables .....		(465)	-	6,052	-
Working capital provided by (used in) operating activities		25,722	20,530	65,396	55,313
Changes in working capital:					
Inventories and production contracts .....		(3,936)	(127)	(41,106)	9,076
Trade and other receivables .....		(3,373)	(11,970)	5,829	(18,208)
Trade and other payables .....		3,865	15,668	14,102	35,236
Provisions .....		52	(512)	(400)	13
Changes in operating assets and liabilities		(3,392)	3,059	(21,575)	26,117
Cash generated from operating activities		22,330	23,589	43,821	81,430
Currency fluctuations and indexation .....		(1)	33	-	(57)
Income tax paid .....		(776)	(651)	(2,449)	(609)
Interest and finance costs paid .....		(4,064)	(6,373)	(12,713)	(22,537)
<b>Net cash from operating activities</b>		17,489	16,598	28,659	58,227
<b>Cash flows from Investing activities</b>					
Interest received .....		35	461	546	683
Divestment of subsidiary, net of cash .....		41	-	-	3,032
Purchase of property, plant and equipment .....		(1,385)	(949)	(3,969)	(2,678)
Investments in intangibles .....		(5,486)	(4,170)	(14,320)	(13,268)
Proceeds from sale of property, plant and equipment .....		87	276	194	1,552
Other changes .....		(216)	16	(216)	17
<b>Net cash from (used in) investing activities</b>		(6,924)	(4,366)	(17,765)	(10,662)
<b>Cash flows from financing activities</b>					
Proceeds from issue of ordinary shares .....		-	-	2,416	-
Proceeds from borrowings .....		-	600	-	3,796
Repayments of borrowings .....		(8,157)	(4,455)	(43,516)	(31,985)
Loans to third parties .....		-	500	500	(3,500)
Finance lease principal payments .....		(75)	(94)	(189)	(274)
Non current Financial Derivates .....		-	(679)	-	969
<b>Net cash from (used in) financing activities</b>		(8,232)	(4,128)	(40,789)	(30,994)
<b>Net increase (decrease) in net cash</b>		2,334	8,104	(29,895)	16,571
Exchange gains (losses on) net cash .....		214	(1,736)	(750)	494
Net cash at beginning of the period .....		30,710	78,579	63,903	67,882
<b>Net cash at end of the period</b>		33,258	84,947	33,258	84,947
Cash and cash equivalents .....		32,604	72,416	32,604	72,416
Restricted cash .....		654	14,269	654	14,269
Bankoverdrafts .....		-	(1,739)	-	(1,739)
<b>Net cash at end of the period</b>		33,258	84,946	33,258	84,946

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 26 October 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 nine months ended 30 September 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](http://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**

The company's policy is to finance its operations in its revenue currencies. 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. 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 30 September 2011 are as follows:

	Fish	Poultry	Meat	Further Processing	Others	Total
Total gross segment revenues .....	88,330	274,609	78,382	103,413	5,511	550,245
Inter-segment revenues .....	(13,445)	(5,254)	(13,919)	(33,151)	(22)	(65,791)
	74,885	269,355	64,463	70,262	5,489	484,454
Result from operations .....	9,388	33,551	4,879	3,414	(10,806)	40,426
Finance costs- net .....						(15,852)
<b>Result before income tax</b>						24,574
Income tax .....						(5,098)
<b>Profit (loss) for the period</b>						<u>19,476</u>
Assets .....	73,486	213,058	97,190	90,351	389,760	863,845
Depreciation and amortisation .....	(2,668)	(7,161)	(2,942)	(4,100)	(1,679)	(18,550)

The Others segment includes the holdings (with the extraordinary pension costs posted in Q2 of EUR 11,107) 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 30 September 2010 are as follows <sup>1)</sup>

	Fish	Poultry	Meat	Further Processing	Others <sup>2)</sup>	Total
Total gross segment revenues .....	70,828	225,334	80,037	74,611	24,779	475,589
Inter-segment revenues .....	(474)	(10,013)	(13,395)	(18,008)	(955)	(42,845)
	70,354	215,321	66,642	56,603	23,824	432,744
Result from operations .....	7,064	28,981	5,130	2,633	(6,536)	37,271
Finance costs- net .....						(28,861)
<b>Result before income tax</b>						8,410
Income tax .....						(283)
<b>Profit (loss) for the period</b>						<u>8,127</u>
Assets .....	73,790	227,312	100,783	81,684	423,600	907,169
Depreciation and amortisation .....	(2,876)	(7,560)	(3,327)	(3,268)	(1,771)	(18,802)

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

<sup>2)</sup> 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. Also included are extraordinary pension costs for EUR 7.6 million.

## 6. Other operating income/ expenses

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 (SPF) to the industry-wide pension fund Metal-Electro (PME) in the Netherlands with the aim of achieving greater economies of scale and risk diversification.

On 6 September a press release was issued stating that PME will take over the execution of the pension plan from SPF as of 1 January 2012. On 6 October 2011 the Board of PME, the participants council of SPF, as well as the individual companies participating in the SPF signed a contract in this respect. On 4 October 2011 the request to approve the transfer was issued at the Dutch Central Bank. We expect to receive this decision before year-end 2011.

The costs for Marel of the pension related issues have been booked in Q2 for the amount of EUR 11.1 million.

## 7. Net finance costs

	YTD 2011	YTD 2010
Finance costs:		
Interest on borrowings .....	(12,569)	(21,883)
Interest on finance leases .....	(29)	(16)
Other finance expenses .....	(1,358)	(3,306)
Net foreign exchange transaction losses .....	(2,788)	(4,346)
Subtotal Finance costs .....	<u>(16,744)</u>	<u>(29,551)</u>
Finance income:		
Interest income .....	438	690
Other finance income .....	454	0
Subtotal Finance income .....	<u>892</u>	<u>690</u>
Net Finance costs .....	<u>(15,852)</u>	<u>(28,861)</u>

<sup>1)</sup> Includes result of valuation interest rate hedge.

## 8. Income tax

	YTD 2011	YTD 2010
Current tax .....	(1,940)	(1,332)
Deferred tax .....	(3,158)	1,049
	<u>(5,098)</u>	<u>(283)</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	YTD 2011		YTD 2010	
		%		%
Result before income tax .....	24,574		8,410	
Income tax using Iceland rate .....	(4,915)	20.0	(1,514)	18.0
Effect tax rates in other jurisdictions .....	(1,570)	6.4	(1,965)	23.4
Weighted average applicable tax .....	(6,485)	26.4	(3,479)	41.4
Fx effect Iceland .....	(35)	0.1	777	(9.2)
R&D tax incentives .....	1,278	(5.2)	1,138	(13.5)
Benefit from tax incentives .....	0	0.0	723	(8.6)
Permanent differences .....	181	(0.7)	894	(10.6)
Tax losses (un)recognised .....	(84)	0.3	0	0.0
Effect of tax rate changes .....	(11)	0.0	(340)	4.0
Effect of discontinued operations .....	0	0.0	0	0.0
Others .....	58	(0.2)	4	(0.0)
Tax charge included in the profit for the period	<u>(5,098)</u>	<u>20.7</u>	<u>(283)</u>	<u>3.4</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.

	YTD 2011	YTD 2010
Net profit (loss) attributable to share holders .....	19,476	8,127
Weighted average number of outstanding shares in issue (thousands) .....	734,924	727,136
Basic earnings per share (EUR cent per share) .....	<u>2.65</u>	<u>1.12</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.

	YTD 2011	YTD 2010
Net profit (loss) used to determine diluted earnings per share .....	19,476	8,127
Weighted average number of outstanding shares in issue (thousands) .....	734,924	727,136
Adjustments for share options (thousands) .....	7,746	1,378
Weighted average number of outstanding shares for diluted earnings per share (thousands) .....	<u>742,670</u>	<u>728,514</u>
Diluted earnings per share (EUR cent) .....	<u>2.62</u>	<u>1.12</u>

## 10. Property, plant and equipment

	Land & buildings	Plant & machinery	Vehicles & equipment	Total
<b>At 1 January 2011</b>				
Cost .....	111,288	57,989	43,182	212,459
Accumulated depreciation .....	(27,126)	(41,086)	(34,829)	(103,041)
Net book amount .....	84,162	16,903	8,353	109,418
<b>Nine months ended 30 September 2011</b>				
Opening net book amount .....	84,162	16,903	8,353	109,418
Exchange differences .....	(188)	(155)	(76)	(419)
Additions .....	415	1,867	1,687	3,969
Disposals .....	0	(15)	(98)	(113)
Depreciation charge .....	(2,226)	(3,510)	(2,361)	(8,097)
Closing net book amount .....	82,163	15,090	7,505	104,758
<b>At 30 September 2011</b>				
Cost .....	111,472	59,388	43,276	214,136
Accumulated depreciation .....	(29,309)	(44,298)	(35,771)	(109,378)
Net book amount .....	82,163	15,090	7,505	104,758

	YTD 2011	YTD 2010
Additions .....	3,969	949
Disposals .....	(113)	(276)

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

	YTD 2011	YTD 2010
Cost of sales .....	5,180	6,026
Selling and marketing expenses .....	598	683
Research and development expenses .....	262	295
Administrative expenses .....	2,057	2,340
	<u>8,097</u>	<u>9,344</u>

## 11. Intangible assets

	Goodwill	Developm. costs	Patents & Trade name	Other Intangibles	Total other Intangibles
<b>At 1 January 2011</b>					
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
<b>Nine months ended 30 September 2011</b>					
Opening net book amount .....	379,879	42,913	42,405	7,566	92,884
Correction .....	(490) *	(118)	0	19	(99)
Exchange differences .....	(458)	(83)	(456)	(41)	(580)
Additions .....	0	12,119	0	2,201	14,320
Disposals .....	0	887	0	(654)	233
Amortisation charge .....	0	(6,685)	(2,562)	(1,207)	(10,454)
Closing net book amount .....	378,931	49,033	39,387	7,884	96,304
<b>At 30 September 2011</b>					
Cost .....	378,931	76,113	50,204	12,237	138,553
Accumulated amortisation .....	0	(27,080)	(10,817)	(4,353)	(42,250)
Net book amount .....	378,931	49,033	39,387	7,884	96,303

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

	YTD 2011	YTD 2010
Additions .....	14,320	4,170

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

	YTD 2011	YTD 2010
Cost of sales .....	44	43
Selling and marketing expenses .....	36	61
Research and development expenses .....	7,874	7,378
Administrative expenses .....	2,500	1,976
	<u>10,454</u>	<u>9,458</u>

### Impairment of Goodwill

The Group has tested end 2010 whether goodwill has suffered any impairment. At the closing of Q3 2011, there are no reasons to deviate from the conclusions taken at year-end.

## 12. Receivables (non-current)

At the end of September 2011 the Non-Current receivables contain vendor loans of EUR 2 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:

<b>At 1 January 2011</b>	7,694
Exchange differences and changes within the Group .....	(228)
Consolidated Statement of Comprehensive Income charge (excluding rate change) .....	(3,149)
Effect of change tax rates .....	(9)
Hedge reserve & translation reserve directly booked through equity .....	492
Others .....	138
<b>Nine months ended 30 September 2011</b>	<u>4,938</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:

	<b>30/09 2011</b>	<b>31/12 2010</b>
Deferred tax assets .....	11,057	12,619
Deferred tax liabilities .....	<u>(6,119)</u>	<u>(4,925)</u>
	4,938	7,694

### 14. Inventories

There were no material reversals of write-downs to fair value. Any write-downs concluded from a recoverability analysis are recognized in Cost of sales.

### 15. Assets and liabilities held for sale

Assets held for sale at the end of Q3 2011 contain the fair value of real estate for sale (EUR 598).

### 16. Shareholders' Equity

Sharecapital	Number of shares (thousands)	Ordinary shares	Treasury shares	Total amount in ISK
<b>At 1 January 2010</b> .....	727,136	727,136	0	727,136
Issue of shares .....	0	0	0	0
<b>At 30 September 2010</b> .....	727,136	727,136	0	727,136
Issue of shares .....	3,117	3,117	0	3,117
Treasury shares .....	38	0	38	38
<b>At 1 January 2011</b> .....	730,291	730,253	38	730,291
Issue of shares .....	5,278	5,278	0	5,278
Treasury shares - purchased .....	(125)	0	(125)	(125)
Treasury shares - sold .....	125	38	87	125
<b>At 30 September 2011</b>	<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 .....		320,880	0	320,880
Reserve for share based payments .....		1,466	0	1,466
Total share premium reserve .....		<u>322,346</u>	<u>0</u>	<u>322,346</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

	30/09 2011	31/12 2010
Non-current:		
Bank borrowings .....	249,368	302,837
Debentures .....	0	7,522
Finance lease liabilities .....	206	392
	<u>249,574</u>	<u>310,751</u>
Current:		
Bank borrowings excluding bank overdrafts .....	19,246	9,652
Bank overdrafts .....	0	5
Debentures .....	7,568	0
Finance lease liabilities .....	217	241
	<u>27,031</u>	<u>9,898</u>
Total borrowings .....	<u>276,605</u>	<u>320,649</u>

	Finance lease liabilities	Capatilised finance charges	Other borrowings	Total 30/09 2011	Total 31/12 2010
Liabilities in DKK .....	117	0	9,726	9,843	10,325
Liabilities in EUR .....	0	(4,120)	180,000	175,880	218,191
Liabilities in GBP .....	7	0	0	7	20
Liabilities in ISK, partially index linked .....	0	(12)	7,580	7,568	7,500
Liabilities in USD .....	126	(1,563)	84,571	83,134	84,345
Liabilities in other currencies .....	173	0	0	173	268
	<u>423</u>	<u>(5,695)</u>	<u>281,877</u>	<u>276,605</u>	<u>320,649</u>
Current matures .....	<u>(217)</u>	<u>1,375</u>	<u>(28,189)</u>	<u>(27,031)</u>	<u>(9,898)</u>
	<u>206</u>	<u>(4,320)</u>	<u>253,688</u>	<u>249,574</u>	<u>310,751</u>

## 18. Provisions and other liabilities

Other liabilities represent the non-current portion of the extraordinary pension costs. The reorganization provision decreased with an amount of EUR 510.

## 19. Contingencies

At 30 September 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 32,921 (31 December 2010: EUR 35,656) to third parties.

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 the bank 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. Glitnir bank hf. has appealed to Supreme Court in July 2011.

## 20. Related party transactions

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

## 21. Quarterly results

	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010
Revenue .....	169,063	161,854	153,537	167,677	149,523
Cost of sales .....	(108,371)	(103,971)	(94,619)	(104,515)	(97,283)
<b>Gross profit</b>	<b>60,692</b>	<b>57,883</b>	<b>58,918</b>	<b>63,162</b>	<b>52,240</b>
Other operating income (expenses) .....	(119)	(11,116)	4	110	(243)
Selling and marketing expenses .....	(18,499)	(20,282)	(19,471)	(17,658)	(16,891)
Research and development expenses .....	(9,501)	(9,839)	(9,640)	(9,896)	(9,033)
Administrative expenses .....	(13,120)	(12,794)	(12,690)	(15,655)	(12,267)
<b>Result from operations (EBIT)</b>	<b>19,453</b>	<b>3,852</b>	<b>17,121</b>	<b>20,063</b>	<b>13,806</b>
Finance costs .....	(5,729)	(4,418)	(6,596)	(13,461)	(11,079)
Finance income .....	(572)	1,229	235	226	276
Net finance costs .....	(6,301)	(3,189)	(6,361)	(13,235)	(10,803)
<b>Result before income tax</b>	<b>13,152</b>	<b>663</b>	<b>10,760</b>	<b>6,828</b>	<b>3,003</b>
Income tax .....	(2,680)	(434)	(1,984)	(1,329)	(607)
<b>Profit (loss) for the period</b>	<b>10,472</b>	<b>229</b>	<b>8,776</b>	<b>5,499</b>	<b>2,396</b>
Profit before deprec. & amortisation (EBITDA) .....	9,835	9,835	23,323	26,104	19,938