

Condensed Consolidated Interim Financial Statements 31 March 2015



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1. The Board of Directors' and CEO's Report

According to our best knowledge it is our opinion that the condensed consolidated interim information gives a true and fair view of the consolidated financial performance of the Company for the three-month period ended 31 March 2015, its assets, liabilities and consolidated financial position as at 31 March 2015 and its consolidated cash flows for the three-month period ended 31 March 2015.

Further, in our opinion the condensed consolidated financial interim 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 describe the principal risks and uncertainties faced by the Group.

The Board of Directors and the CEO have today discussed the condensed consolidated interim financial information of Marel hf. for the three-month period ended 31 March 2015 and confirm these by means of their signatures.

Garðabær, 29 April 2015

Board of Directors

Ásthildur Margrét Otharsdóttir Arnar Þór Másson Ann Elizabeth Savage Ástvaldur Jóhannesson Helgi Magnússon Margrét Jónsdóttir Ólafur S. Guðmundsson

Chief Executive Officer

Árni Oddur Þórðarson



2. Condensed Consolidated Statement of Comprehensive Income

		YTD 2015	YTD 2014
	Notes		
Revenues	5	209,311	154,757
Cost of sales - before refocusing costs		(127,847)	(102,091)
refocusing costs	6	(1,869)	(517)
Cost of sales		(129,716)	(102,608)
Gross profit		79,595	52,149
Selling and marketing expenses - before refocusing costs		(28,111)	(24,297)
refocusing costs	6	(152)	(1,510)
Selling and marketing expenses		(28,263)	(25,807)
Research and development expenses - before refocusing costs		(15,886)	(12,013)
refocusing costs	6	(169)	(446)
Research and development expenses		(16,055)	(12,459)
Administrative expenses - before refocusing costs		(13,619)	(11,790)
refocusing costs	6	(1,609)	(1,077)
Administrative expenses		(15,228)	(12,867)
Other operating income / (expenses) - before refocusing costs		(11)	3
refocusing costs	6	(3,794)	-
Other operating income / (expenses)	· · · · ·	(3,805)	3
	-	, , ,	_
Result from operations - before refocusing costsrefocusing costs	5 6	23,837	4,569
Result from operations	0	(7,593) 16,244	(3,550) 1,019
·		10,244	•
Finance costs	7	(3,491)	(3,682)
Finance income	7_	3,479	23
Net finance costs	7	(12)	(3,659)
Result before income tax		16,232	(2,640)
Income tax	8	(3,612)	769
Profit (loss) for the period		12,620	(1,871)
Other Comprehensive Income			
Items that are or will be reclassified to profit or loss:			
Currency translation differences		239	526
Cash flow hedges		(71)	441
Income tax relating to cash flow hedges	_	34	(118)
Other comprehensive income for the period, net of tax	_	202	849
Total comprehensive income for the period	_	12,822	(1,022)
Profit (loss) attributable to:			
Shareholders of the Company	_	12,620	(1,871)
Comprehensive income attributable to:	_		
Shareholders of the Company	_	12,822	(1,022)
Earnings per share for result attributable to equity holders of the Company during period (expressed in EUR cent per share):	the		
- basic	9	1.73	(0.25)
- diluted	9	1.73	(0.25)
Earnings per share for total comprehensive income attributable to equity holders	of the		, ,
Company during the period (expressed in EUR cent per share):			
- basic		1.76	(0.14)
- diluted		1.76	(0.14)



3. Condensed Consolidated Statement of Financial Position

ASSETS	Notes	31/03 2015	31/12 2014
Non-current assets			
Property, plant and equipment	10	93,341	96,139
Goodwill	11	389,738	387,103
Other intangible assets	11	110,447	114,916
Trade receivables		16	94
Deferred income tax assets	12	9,369	7,873
		602,911	606,125
Current assets			
Inventories	13	91,550	88,450
Production contracts		29,936	29,123
Trade receivables		82,754	77,125
Assets held for sale	15	9,339	2,500
Other receivables and prepayments		29,135	23,551
Cash and cash equivalents		93,694	24,566
		336,408	245,315
Total assets		939,319	851,440
Capital and reserves attributable to equity holders of Marel hf. Share capital Share premium Hedge reserve		6,638 307,290 (4,011)	6,664 311,748 (3,974)
Translation reserve		(379) 123,075	(618) 113,678
Total equity	14	432,613	427,498
		102,010	121,100
LIABILITIES			
Non-current liabilities	40	000 750	400.070
Borrowings	16	236,759	180,278
Deferred income tax liabilities	12	12,255	11,308
Provisions	17	8,036	7,292
Derivative financial instruments		5,505 262,555	5,399
Current liabilities		202,555	204,277
Production contracts		72,559	64.050
			64,958
Trade and other payables	15	136,954	122,479
Liabilities held for sale Current income tax liabilities	15	811 5,074	- 4,185
Borrowings	16	5,074 18,591	4,185 18,635
Provisions	17	10,162	9,408
I IOVISIONS	''	244.151	219,665
		, -	•
Total liabilities		506,706	423,942
Total equity and liabilities		939,319	851,440



4. Condensed Consolidated Statement of Changes in Equity

<u> </u>	Attributable to equity holders of the Company						
	Share Capital	Share premium *	Hedge reserve	Translation reserve	Retained earnings	Total equity	
Balance at 1 January 2014	6,727	317,294	(5,319)	(1,120)	101,757	419,339	
Profit (loss) for the year Total other comprehensive income			323	526	(1,871)	(1,871) 849	
Employee share option scheme: Treasury shares purchased	(5)	(473)				(478)	
Treasury shares sold	4	256				260	
Treasury shares, transaction costs		(1)				(1)	
Value of services provided		36			27	36	
Value of services provided released	(1)	(40)	323	526	(1,834)	(3) (1,208)	
Balance at 31 March 2014	6,726	317,072	(4,996)	(594)	99,923	418,131	
Dalance at 31 March 2014	0,120	311,012	(4,550)	(334)	33,323	410,131	
Profit (loss) for the year Total other comprehensive income			1,022	(24)	13,602	13,602 998	
Employee share option scheme:							
Treasury shares purchased	(77)	(6,280)				(6,357)	
Treasury shares sold	15	948				963	
Treasury shares, transaction costs		(10)				(10)	
Value of services provided		172			450	172	
Value of services provided released	(62)	(154) (5,324)	1,022	(24)	153 13,755	(1) 9,367	
	` ,	(0,024)	1,022	` ,	10,700	0,001	
Balance at 31 December 2014	6,664	311,748	(3,974)	(618)	113,678	427,498	
Profit (loss) for the year					12,620	12,620	
Total other comprehensive income			(37)	239		202	
Employee share option scheme:							
Treasury shares purchased	(54)	(5,960)				(6,014)	
Treasury shares sold	28	1,762				1,790	
Treasury shares, transaction costs		(9)				(9)	
Dividend					(3,484)	(3,484)	
Value of services provided		(272)			004	21	
Value of services provided released	(26)	(272) (4,458)	(37)	239	261 9,397	(11) 5,115	
Polomos et 24 Moveb 2045	` '	, , ,	, ,		•		
Balance at 31 March 2015	6,638	307,290	(4,011)	(379)	123,075	432,613	

^{*)} Includes reserve for share based payments as per 31 March 2015 of EUR 1,014 (31 December 2014: EUR 1,264).

Dividends

In 2014 a dividend of EUR 3,484 (EUR 0.48 cents per share) was declared of which EUR 3,157 is paid in Q1 and EUR 327 withholding tax will be paid in Q2 (In 2014 no dividend for the operational year 2013 was declared).



5. Condensed Consolidated Statement of Cash Flows

Cash flows from operating activities	Notes	YTD 2015	YTD 2014
Result from operations		16,244	1,019
Adjustments to reconcile result from operations to net cash provided by operating activities:			
Depreciation and impairment of property, plant and equipment	10,15	2,155	2,170
Amortisation and impairment of intangible assets	11	10,994	4,882
Loss / (gain) on sale of property, plant and equipment		3,382	(11)
Changes in non-current receivables		78	249
Working capital provided by / (used in) operating activities		32,853	8,309
Changes in working capital:			
Inventories and production contracts		2,331	2,350
Trade and other receivables		(7,860)	899
Trade and other payables		11,145	7,635
Provisions		1,046	189
Changes in operating assets and liabilities		6,662	11,073
Cash generated from operating activities		39,515	19,382
Taxes paid		(3,184)	(73)
Net Interest and finance costs		(4,200)	(3,964)
Net cash from operating activities		32,131	15,345
Cash flows from Investing activities			
Purchase of property, plant and equipment	10	(848)	(2,319)
Investments in intangibles	11	(4,694)	(4,952)
Proceeds from sale of property, plant and equipment		252	156
Business combinations net of cash		(2,350)	
Net cash used in investing activities		(7,640)	(7,115)
Cash flows from financing activities			
Purchase of treasury shares		(6,023)	(218)
Sale of treasury shares		1,790	-
Proceeds from borrowings		50,000	7,000
Repayments of borrowings		(3,426)	(15,452)
Dividends paid		(3,157)	
Net cash used in financing activities		39,184	(8,670)
Net increase (decrease) in net cash		63,675	(440)
Exchange (loss) / gain on net cash		5,453	76
Net cash at beginning of the period		24,566	19,793
Net cash at end of the period		93,694	19,429



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 Nasdaq OMX Iceland.

These Condensed Consolidated Interim Financial Statements have been approved for issue by the Board of Directors on 29 April 2015. 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 2015. 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 2014. The Consolidated Financial Statements for the Group as for the period ended 31 December 2014 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 2014, as described in the annual Financial Statements for the year ended 31 December 2014.

4. Financial 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

Operating segments

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

Results are monitored and managed at the level of the identified operating segments, up to the result from operations. Decisions on Tax and Financing structures are taken on corporate level therefore no financial income and expenses nor tax are allocated to operating segments. The measure of profit or loss per operating segment is provided as result from operations; finance costs and taxes are reported in the column Total.

Intercompany transactions are entered into under at arm's length terms and conditions comparable to those available to unrelated parties. Information on liabilities per operating segment is not provided to the chief operating decision maker and as such not included in this disclosure.

The 'Others' segment includes any business to customers outside the core industries as well as the holding companies.

The segment information for the period ended 31 March 2015 is as follows:

	Poultry	Fish	Meat	Further Processing	Others	Total
Third Party Revenues	108,605	30,844	36,277	30,732	2,853	209,311
Result from operations before refocusing costs Refocusing costs	18,657	2,622	1,315	1,523	(280) _	23,837 (7,593) 16,244 (12)
Result before income tax Income tax Profit (loss) for the period					<u>-</u>	16,232 (3,612) 12,620
Assets ¹⁾ Depreciation and amortisation Of which Impairments	528,784 (3,650)	90,306 (2,217)	124,385 (2,208) (115)	79,724 (1,709)	116,120 (3,365) (2,364)	939,319 (13,149) (2,479)

The segment information for the period ended 31 March 2014 is as follows:

	Poultry	Fish	Meat	Further Processing	Others	Total
Third Party Revenues	79,779	25,113	28,590	18,052	3,223	154,757
Result from operations before refocusing costs Refocusing costs	6,275	1,450	(306)	(2,053)	(797) —	4,569 (3,550) 1,019
Finance costs - net						(3,659)
Result before income tax					<u>-</u>	(2,640) 769 (1,871)
Assets ^{1) 2)}	505,209 (2,678)	89,502 (904)	118,579 (1,413)	76,189 (1,189)	50,814 (868)	840,293 (7,052)

¹⁾ The assets of the UK operations have been reallocated from the Further Processing segment to the Meat segment, since the majority of the business is related to the Meat segment. The amount involved is EUR 25 million.

²⁾ The assets at 31 March 2014 were restated to reflect the correct allocation of goodwill to the segments.



6. Refocusing costs

In the Condensed Consolidated Statement of Comprehensive Income and Note 5 Segment information, refocusing costs are shown separately in order to give transparency on the ordinary business, excluding these costs. Refocusing costs are defined as the costs in relation for the Simpler, Smarter & Faster program of the Group. This program started in January 2014 with the following goals:

- Combine business units that serve the same customer needs and rely on the same technical capabilities.
- Optimize manufacturing footprint to balance utilization of resources within the company.

The refocusing costs consist of:

	YTD	YTD
	2015	2014
Streamlining Sales, Service Innovation and Administration	320	3,550
Manufacturing and Product portfolio optimization	6,301	-
Other costs	972	-
	7,593	3,550
By nature of cost:	YTD	YTD
	2015	2014
Personnel related (severance, outplacement)	2,246	3,550
Relocation / building related	227	-
Depreciation and amortisation (including impairments)	115	-
Divestments	3,795	-
Other costs	1,210	-
	7,593	3,550

Of the EUR 7.6 million (2014: EUR 3.6 million) total refocusing costs EUR 2.3 million (2014: EUR 0 million) is related to refocusing provision.

7. Net finance costs

	YTD	YTD
Finance costs:	2015	2014
Interest on borrowings	(2,804)	(2,666)
Interest on finance leases	=	(3)
Other finance expenses	(687)	(571)
Net foreign exchange transaction losses	_	(442)
Subtotal Finance costs	(3,491)	(3,682)
Finance income:		
Interest income	53	23
Net foreign exchange transaction gains	3,426	-
Subtotal Finance income	3,479	23
Net Finance costs	(12)	(3,659)



8. Income tax

	YTD	YTD
	2015	2014
Current tax	(3,651)	(1,029)
Deferred tax	39	1,798
	(3,612)	769

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 2015	}	YTD 2014		
		%		%	
Result before income tax	16,232		(2,640)		
Income tax using Iceland rate	(3,246)	20.0	528	20.0	
Effect tax rates in other jurisdictions	(1,834)	11.3	14	0.5	
Weighted average applicable tax	(5,080)	31.3	542	20.5	
FX effect Iceland	296	(1.8)	48	1.8	
R&D tax incentives	794	(4.9)	235	8.9	
Permanent differences	103	(0.6)	53	2.0	
Tax losses (un)recognised	(25)	0.2	(389)	(14.7)	
(Impairment)/reversal of tax losses	57	(0.4)	90	3.4	
Effect of tax rate changes	384	(2.4)	187	7.1	
Others	(141)	0.9	3	0.1	
Tax charge included in the profit or loss for the period	(3,612)	22.3	769	29.1	



9. Earnings per share

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

	טוז	עוז
Basic earnings per share (EUR cent per share)	2015	2014
Net profit (loss) attributable to shareholders	12,620	(1,871)
Weighted average number of outstanding shares in issue (thousands)	727,778	735,322
Basic earnings per share (EUR cent per share)	1.73	(0.25)

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	YTD
Diluted earnings per share (EUR cent)	2015	2014
Net profit (loss) used to determine diluted earnings per share	12,620	(1,871)
Weighted average number of outstanding shares in issue (thousands)	727,778	735,322
Adjustments for share options (thousands)	2,203	2,346
Weighted average number of outstanding shares for diluted earnings per share (thousands)	729,981	737,668
Diluted earnings per share (EUR cent per share)	1.73	(0.25)

10. Property, plant and equipment

	Land &	Plant &	Vehicles &	
	buildings	machinery	equipment	Total
At 1 January 2015				
Cost	115,049	66,342	42,272	223,663
Accumulated depreciation	(39,768)	(51,160)	(36,596)	(127,524)
Net book amount	75,281	15,182	5,676	96,139
Three months ended 31 March 2015				
	75.004	45 400	5.070	00.400
Opening net book amount	75,281	15,182	5,676	96,139
Divestments	-	-	(79)	(79)
Exchange differences	1,290	447	37	1,774
Additions	13	491	344	848
Disposals	-	(123)	(117)	(240)
Assets held for sale	(2,364)	(697)	-	(3,061)
Depreciation charge	(656)	(854)	(530)	(2,040)
Closing net book amount	73,564	14,446	5,331	93,341
At 31 March 2015				
Cost	113,788	66,792	42,073	222,653
Accumulated depreciation	(40,224)	(52,346)	(36,742)	(129,312)
Net book amount	73,564	14,446	5,331	93,341



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

	YTD	YTD
	2015	2014
Cost of sales	1,291	1,393
Selling and marketing expenses	172	186
Research and development expenses	99	105
Administrative expenses	478	486
	2,040	2,170

11. Intangible assets

	Goodwill	Developm. costs	Patents & Trade name		Total other Intangibles
At 1 January 2015	1				
Cost	387,103	139,001	54,318	25,499	218,818
Accumulated depreciation	-	(65,000)	(25,466)	(13,436)	(103,902)
Net book amount	387,103	74,001	28,852	12,063	114,916
Three months ended 31 March 2015					
Opening net book amount	387,103	74,001	28,852	12,063	114,916
Divestments	-	-	-	(132)	(132)
Exchange differences	2,635	1,035	2,155	(3)	3,187
Additions	-	4,051	-	643	4,694
Assets held for sale	-	(1,224)	-	-	(1,224)
Impairment charge	-	-	-	(2,364)	(2,364)
Amortisation charge	-	(6,787)	(1,040)	(803)	(8,630)
Closing net book amount	389,738	71,076	29,967	9,404	110,447
At 31 March 2015	Ī				
Cost	389,738	143,877	58,327	26,029	228,233
Accumulated amortisation	-	(72,801)	(28,360)	(16,625)	(117,786)
Net book amount	389,738	71,076	29,967	9,404	110,447

The impairment is included in the Condensed Consolidated Statement of Comprehensive Income in the Cost of sales EUR 528, Selling and marketing expenses EUR 1,773 and Administrative expenses EUR 63.

Amortization of intangible assets analyses as follows in the Condensed Consolidated Statement of Comprehensive Income:

	YTD	YTD
	2015	2014
Cost of sales	20	25
Selling and marketing expenses	151	87
Research and development expenses	7,062	3,592
Administrative expenses	1,397	1,178
	8,630	4,882

Impairment of Goodwill

The Group has tested end 2014 whether goodwill has suffered any impairment. At the closing of Q1 2015, there are no reasons to deviate from the conclusions taken at year-end.



12. 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 2015	(3,435)
Exchange differences and changes within the Group	476
Consolidated Statement of Comprehensive Income charge (excluding rate change)	(345)
Effect of change in tax rates	384
Hedge reserve & translation reserve directly booked through equity	34
At 31 March 2015	(2,886)

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 2015	31/12 2014
Deferred income tax assets	9,369	7,873
Deferred income tax liabilities	(12,255)	(11,308)
	(2,886)	(3,435)

13. Inventories

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



14. Equity

Share Capital	Ordinary shares (thousands)	Treasury shares (thousands)	Outstanding number of shares (thousands)
At 1 January 2014	735,569	(117)	735,452
Treasury shares - purchased	-	(600)	(600)
Treasury shares - sold	-	475	475
At 31 March 2014	735,569	(242)	735,327
	100.00%	0.03%	99.97%
Treasury shares - purchased	-	(8,400)	(8,400)
Treasury shares - sold	-	1,684	1,684
At 1 January 2015	735,569	(6,958)	728,611
Treasury shares - purchased		(6,000)	(6,000)
Treasury shares - sold	-	3,122	3,122
At 31 March 2015		(9,836)	725,733
	100.00%	1.34%	98.66%
		31/03	31/12
Class of share capital:		2015	2014
Nominal value		6,638	6,664
Share premium		306,276	310,484
Reserve for share based payments		1,014	1,264
Total share premium reserve		307,290	311,748

The total authorised number of ordinary shares is 735.6 million shares (31 December 2014: 735.6 million shares) with a par value of ISK 1 per share. All issued shares are fully paid.



15. Assets and liabilities held for sale

In June 2014, management committed to a plan to sell the real estate of Marel Meat Processing BV in Oss within the Meat segment. The real estate is presented as Assets held for sale for EUR 2,350 (2014: EUR 2,500). The deal was finalized at 20 April 2015. An additional impairment loss of EUR 115 has been included in the Cost of Sales in Q1 2015 to write down the real estate to the lower of its carrying amount and its fair value less costs to sell.

On 23 February 2015, management announced the divestment of its High Speed Slicing business in the United Kingdom. The High Speed Slicing business is mainly related to the Meat segment. The assets and liabilities directly associated with the High Speed Slicing business are presented as Assets held for sale for EUR 6,954 and Liabilities directly associated with assets held for sale for EUR 811. The deal was closed at the beginning of April. Revenues of the High Speed Slicing business are approximately EUR 10 million on an annual basis.

The following tables present the assets and liabilities of the High Speed Slicing business and Marel Meat Processing BV, as Assets held for sale and Liabilities directly associated with assets held for sale in the Condensed Consolidated Statement of Financial Position:

High Speed Slicing business

Assets	
Intangible fixed assets	1,224
Property, plant and equipment	3,061
Inventories	1,934
Other assets	735
Assets classified as held for sale	6,954
Liabillities	
Other liabilities	
Liabilities directly associated with assets held for sale	811
Marel Meat Processing BV	
Assets	
Value 31 December 2014	2,500
Impairment charge	(115)
Value 31 March 2015	2,385



16. Borrowings

Non-current:	31/03 2015	31/12 2014
Bank borrowings	236,754	180,272
Finance lease liabilities	5	6
	236,759	180,278
Current:		
Bank borrowings excluding bank overdrafts	18,591	18,635
Total borrowings	255,350	198,913
Secured bank loans	255,345	198,907
Finance lease liabilities	5	6
Total borrowings	255,350	198,913
Finance Capitalised		

Liabilities in currency recorded in EUR	Finance lease liabilities	Capitalised finance charges	Other borrowings	Total 31/03 2015	Total 31/12 2014
Liabilities in EUR	-	(3,981)	155,000	151,019	102,198
Liabilities in USD	-	(1,646)	105,972	104,326	96,709
Liabilities in other currencies	5	-	-	5	6
	5	(5,627)	260,972	255,350	198,913
Current matures	-	-	(18,591)	(18,591)	(18,635)
<u>-</u>	5	(5,627)	242,381	236,759	180,278

17. Provisions

The movements of Non-current and current provisions together from 31 December 2014 to 31 March 2015 amount to EUR 1,498. Next to currency impact, this movement includes the items mentioned below.

The provision for guarantee commitments has increased with EUR 0.7 million for legal costs. The provision for early retirement rights has increased with EUR 0.3 million.

The provision for refocusing projects for new Simpler, Smarter & Faster initiatives has increased with EUR 2.3 million. From the existing provisions EUR 3.2 million has been used in Q1 2015.

18. Contingencies

At 31 March 2015 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 15,484 (31 December 2014: EUR 22,110) to third parties.

As part of doing business Marel is involved in claims and litigations, under such indemnities and guarantees. These claims are pending and all are contested. Provisions are recognized when an outflow of economic benefits for settlement is probable and the amount can be estimated reliably. It should be understood that, in light of possible future developments, such as (a) potential additional lawsuits, (b) possible future settlements, and (c) rulings or judgments in pending lawsuits, certain cases may result in additional liabilities and related costs.

At this point in time, we cannot estimate any additional amount of loss or range of loss in excess of the recorded amounts with sufficient certainty to allow such amount or range of amounts to be meaningful. Moreover, if and to the extent that the contingent liabilities materialize, they are often resolved over a number of years and the timing of such payments cannot be predicted with confidence. While the outcome of said cases, claims and disputes cannot be predicted with certainty, we believe, based upon legal advice and information received, that the final outcome will not materially affect our consolidated financial position but could be material to our results of operations or cash flows in any one accounting period.



19. Related party transactions

At the end of March 2015, there are no loans to directors (31 December 2014: nil).

20. Subsequent events

The sale of the real estate in Oss was finalized on 20 April for EUR 2,350, which reflects the book value at the end of Q1 2015.

On 7 April 2015 the divestment of the High Speed Slicing Business in the United Kingdom to the Middleby Corporation was finalized. Refer to Note 15 for further details on the divestment. The cash consideration is expected to be EUR 9.5 million, pending final working capital adjustments.

21. Business combinations

The Company has divested on 27 February 2015 its Stork Inter Iberica operations. This divestment is an important step in the Simpler, Smarter & Faster program, which has been introduced in 2014. The shares have been sold to Groupe Saint Jacques in Spain, a private equity company. The consideration for this divestment is 1 Euro in cash after the cash injection of EUR 2.4 million. The result of this divestment was EUR (3.4) million, which has been included in the other operating income / (expenses) in the Condensed Statement of Comprehensive Income. Revenues of the Stork Inter Iberica operations amounted to 3.3 million in 2014.

22. Quarterly results (unaudited)

	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Revenue	209,311	200,018	187,931	169,848	154,757
Cost of sales	(129,716)	(127,119)	(120,517)	(114,600)	(102,608)
Gross profit	79,595	72,899	67,414	55,248	52,149
Selling and marketing expenses	(28,263)	(27,512)	(24,347)	(25,369)	(25,807)
Research and development expenses	(16,055)	(18,006)	(12,931)	(12,040)	(12,459)
Administrative expenses	(15,228)	(18,908)	(14,023)	(14,288)	(12,867)
Other operating income / (expenses)	(3,805)	20	-	2	3
Result from operations (EBIT)	16,244	8,493	16,113	3,553	1,019
Finance costs	(3,491)	(3,191)	(3,377)	(2,998)	(3,682)
Finance income	3,479	203	584	64	23
Net finance costs	(12)	(2,988)	(2,793)	(2,934)	(3,659)
Result before income tax	16,232	5,505	13,320	619	(2,640)
Income tax	(3,612)	(2,510)	(3,479)	147	769
Profit (loss) for the period	12,620	2,995	9,841	766	(1,871)
Profit before deprec. & amortisation (EBITDA)	29,393	20,989	24,616	13,022	8,071