

Condensed Consolidated Interim Financial Statements

30 June 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 six-month period ended 30 June 2011, its assets, liabilities and consolidated financial position as at 30 June 2011 and its consolidated cash flows for the six-month period ended 30 June 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 six-month period ended 30 June 2011 and confirm these by means of their signatures.

Garðabær, 27 July 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

		Q2 2011	Q2 2010	YTD 2011	YTD 2010
	Notes				
Revenue	5	161,854	136,055	315,391	283,221
Cost of sales		(103,971)	(81,087)	(198,591)	(171,549)
Gross profit		57,883	54,968	116,800	111,672
Other operating income (expenses)	6	(11,116)	(8,099)	(11,112)	(7,940)
Selling and marketing expenses		(20,282)	(17,150)	(39,753)	(36,125)
Research and development expenses		(9,839)	(8,837)	(19,478)	(17,545)
Administrative expenses		(12,794)	(13,289)	(25,484)	(26,597)
Result from operations		3,852	7,592	20,973	23,465
Finance costs	7	(4,418)	(9,680)	(11,015)	(18,472)
Finance income	7	1,229	160	1,464	414
Net finance costs	7	(3,189)	(9,520)	(9,551)	(18,058)
Result before income tax		663	(1,928)	11,422	5,407
Income tax	8	(434)	2,045	(2,418)	324
Profit (loss) for the period		229	117	9,004	5,731

Other Comprehensive Income

Currency translation differences		(323)	4,627	(1,171)	6,758
Cash flow hedges		(2,691)	(856)	1,286	(2,487)
Income tax relating to cash flow hedges		672	218	(322)	634
Other comprehensive income for the period, net of tax		(2,342)	3,989	(207)	4,905
Total comprehensive income for the period		(2,113)	4,106	8,797	10,636

Profit (loss) attributable to:

Shareholders of the Company		229	117	9,004	5,731
		229	117	9,004	5,731

Comprehensive income attributable to:

Shareholders of the Company		(2,113)	4,106	8,797	10,636
		(2,113)	4,106	8,797	10,636

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

- basic	9	0.03	0.02	1.23	0.79
- diluted	9	0.03	0.02	1.21	0.79

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

- basic		(0.29)	0.56	1.20	1.46
- diluted		(0.28)	0.56	1.19	1.46

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

3 Condensed Consolidated Statement of Financial Position

	Notes	30/06 2011	31/12 2010
ASSETS			
Non-current assets			
Property, plant and equipment	10	105,172	109,418
Goodwill	11	377,707	379,879
Other intangible assets	11	93,154	92,884
Investments in associates		109	109
Receivables	12	2,962	3,669
Deferred income tax assets	13	10,960	12,619
		<u>590,064</u>	<u>598,578</u>
Current assets			
Inventories	14	88,874	80,590
Production contracts		27,273	18,354
Trade receivables		75,511	87,780
Assets held for sale	15	598	598
Other receivables and prepayments		28,457	27,815
Restricted cash		1,132	12,509
Cash and cash equivalents		29,578	51,399
		<u>251,423</u>	<u>279,045</u>
Total assets		<u>841,487</u>	<u>877,623</u>
EQUITY			
Capital and reserves attributable to equity holders of Marel hf.			
Share capital	16	6,728	6,694
Share premium	16	322,215	320,250
Reserves		(7,584)	(7,377)
Retained earnings		32,932	23,702
Total shareholders' equity		<u>354,291</u>	<u>343,269</u>
LIABILITIES			
Non-current liabilities			
Borrowings	17	262,841	310,751
Deferred income tax liabilities	13	5,135	4,925
Provisions	18	5,926	6,719
Other liabilities	18	6,517	-
Derivative financial instruments		8,513	11,028
		<u>288,932</u>	<u>333,423</u>
Current liabilities			
Production Contracts		60,359	78,306
Trade and other payables		116,616	107,783
Current income tax liabilities		1,351	1,624
Borrowings	17	16,664	9,898
Provisions		3,274	3,320
		<u>198,264</u>	<u>200,931</u>
Total liabilities		<u>487,196</u>	<u>534,354</u>
Total equity and liabilities		<u>841,487</u>	<u>877,623</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					Total equity
	Share Capital	Share premium*	Hedge reserve	Translation reserve	Retained earnings	
Balance at 1 January 2010	6,674	318,495	(8,243)	(3,207)	10,077	323,796
Total comprehensive income			(1,853)	6,758	5,731	10,636
Employee share option scheme:						
Value of services provided		104				104
Issue of share capital in regarding Stock Options ...						
Issue of share capital, transaction costs						
	0	104	(1,853)	6,758	5,731	10,740
Balance at 30 June 2010	6,674	318,599	(10,096)	3,551	15,808	334,536
Total comprehensive income			2,796	(3,628)	7,895	7,063
Employee share option scheme:						
Value of services provided		226				226
Issue of share capital in regarding Stock Options ...	20	1,431				1,451
Issue of share capital, transaction costs		(6)				(6)
	20	1,651	2,796	(3,628)	7,895	8,734
Balance at 31 December 2010	6,694	320,250	(7,300)	(77)	23,703	343,270
Total comprehensive income			964	(1,171)	9,004	8,797
Employee share option scheme:						
Value of services provided		51				51
Value of services provided released		(468)			225	(243)
Issue of share capital in regarding Stock Options ...	34	2,383				2,417
Issue of share capital, transaction costs		(1)				(1)
	34	1,965	964	(1,171)	9,229	11,021
Balance at 30 June 2011	6,728	322,215	(6,336)	(1,248)	32,932	354,291

*) Includes reserve for share based payments as per 30 June 2011 of EUR 1,312 (31 December 2010: EUR 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	Q2 2011	Q2 2010	YTD 2011	YTD 2010
Cash flows from operating activities					
Result from operations		3,852	7,592	20,973	23,465
<i>Adjustments to reconcile result from operations to net cash provided by operating activities:</i>					
Depreciation and impairment of property, plant and equipment	10	2,636	2,929	5,322	6,534
Amortisation and impairment of intangible assets	11	3,347	3,060	6,863	6,134
Gain on sale of property, plant and equipment		-	(307)	-	(316)
Changes in non current receivables		-	115	-	(1,034)
Changes in non current payables		6,517	-	6,517	-
Working capital provided by (used in) operating activities		16,352	13,389	39,675	34,784
Changes in working capital:					
Inventories and production contracts		(18,663)	39	(37,170)	9,203
Trade and other receivables		580	6,329	9,202	(6,238)
Trade and other payables		10,392	(1,089)	10,237	19,568
Provisions		(1,284)	327	(452)	525
Changes in operating assets and liabilities		(8,975)	5,606	(18,183)	23,057
Cash generated from operating activities		7,377	18,995	21,492	57,841
Currency fluctuations and indexation		1	147	1	(90)
Income tax paid		(1,002)	(319)	(1,673)	42
Interest and finance costs paid		(3,667)	(8,247)	(8,649)	(16,164)
Net cash from operating activities		2,709	10,576	11,171	41,630
Cash flows from Investing activities					
Interest received		217	2	511	222
Divestment of subsidiary, net of cash		(41)	-	(41)	3,032
Purchase of property, plant and equipment		(1,317)	(770)	(2,584)	(1,729)
Investments in intangibles		(4,473)	(4,652)	(8,834)	(9,098)
Proceeds from sale of property, plant and equipment		12	1,074	107	1,276
Net cash from (used in) investing activities		(5,602)	(4,346)	(10,841)	(6,297)
Cash flows from financing activities					
Proceeds from issue of ordinary shares		-	-	2,416	-
Proceeds from borrowings		-	3,196	-	3,196
Repayments of borrowings		(10,141)	(12,865)	(35,359)	(27,530)
Loans to third parties		500	-	500	(4,000)
Finance lease principal payments		(52)	(69)	(114)	(180)
Non current Financial Derivates		-	1,648	-	1,648
Net cash from (used in) financing activities		(9,693)	(8,089)	(32,557)	(26,866)
Net increase (decrease) in net cash		(12,586)	(1,858)	(32,227)	8,467
Exchange gains (losses on) net cash		(117)	2,097	(966)	2,230
Net cash at beginning of the period		43,413	78,340	63,903	67,882
Net cash at end of the period		30,710	78,579	30,710	78,579
Cash and cash equivalents		29,578	66,321	29,578	66,321
Restricted cash		1,132	14,956	1,132	14,956
Bankoverdrafts		-	(2,698)	-	(2,698)
Net cash at end of the period		30,710	78,579	30,710	78,579

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 July 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 six months ended 30 June 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

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 June 2011 are as follows:

	Fish	Poultry	Meat	Further Processing	Others	Total
Total gross segment revenues	53,184	178,021	54,183	66,532	3,701	355,621
Inter-segment revenues	(5,361)	(3,630)	(10,063)	(21,154)	(22)	(40,230)
	<u>47,823</u>	<u>174,391</u>	<u>44,120</u>	<u>45,378</u>	<u>3,679</u>	<u>315,391</u>
Result from operations	5,028	21,178	3,117	2,213	(10,563)	20,973
Finance costs- net						(9,551)
Result before income tax						11,422
Income tax						(2,418)
Profit (loss) for the period						<u>9,004</u>
Assets	63,332	200,721	99,038	88,645	389,752	841,487
Depreciation and amortisation	(1,567)	(4,861)	(2,042)	(2,644)	(1,072)	(12,186)

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 June 2010 are as follows ¹⁾

	Fish	Poultry	Meat	Further Processing	Others ²⁾	Total
Total gross segment revenues	45,221	145,061	49,877	48,369	23,170	311,698
Inter-segment revenues	(411)	(6,451)	(8,501)	(12,157)	(957)	(28,477)
	<u>44,810</u>	<u>138,610</u>	<u>41,376</u>	<u>36,212</u>	<u>22,213</u>	<u>283,221</u>
Result from operations	4,294	20,195	3,199	2,167	(6,389)	23,465
Finance costs- net						(18,058)
Result before income tax						5,407
Income tax						324
Profit (loss) for the period						<u>5,731</u>
Assets	71,753	212,234	102,787	84,306	424,070	895,150
Depreciation and amortisation	(1,945)	(5,006)	(2,204)	(2,068)	(1,445)	(12,668)

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. 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 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 and expected to be finalised in 2011.

The principle agreement has been approved by the participation council of the Stork Pension Fund and the Dutch Central Bank has raised no objections. The total cost for Marel of all pension related issues booked in Q2 is EUR 11.1 million, of which EUR 7.5 million payable over a period of 4 years, starting 1 January 2012.

7. Net finance costs

	YTD 2011	YTD 2010
Finance costs:		
Interest on borrowings	(8,577)	(15,319)
Interest on finance leases	(25)	(16)
Other finance expenses	(846)	(2,216)
Net foreign exchange transaction losses	(1,567)	(921)
Subtotal Finance costs	<u>(11,015)</u>	<u>(18,472)</u>
Finance income:		
Interest income	302	414
Other finance income	1,162	0
Subtotal Finance income	<u>1,464</u>	<u>414</u>
Net Finance costs	<u>(9,551)</u>	<u>(18,058)</u>

8. Income tax

	YTD 2011	YTD 2010
Current tax	(1,191)	(850)
Deferred tax	(1,227)	1,174
	<u>(2,418)</u>	<u>324</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	<u>11,422</u>		<u>5,407</u>	
Income tax using Iceland rate	(2,284)	20.0	(973)	18.0
Effect tax rates in other jurisdictions	(906)	7.9	(1,843)	34.1
Weighted average applicable tax	<u>(3,190)</u>	<u>27.9</u>	<u>(2,816)</u>	<u>52.1</u>
Fx effect Iceland	(29)	0.3	238	(4.4)
R&D tax incentives	586	(5.1)	2,424	(44.8)
Permanent differences	200	(1.8)	755	(14.0)
Tax losses (un)recognised	(39)	0.3	0	0.0
Effect of tax rate changes	(24)	0.2	4	(0.1)
Effect of discontinued operations	8	(0.1)	(333)	6.2
Others	70	(0.6)	52	(1.0)
Tax charge included in the profit for the period	<u>(2,418)</u>	<u>21.2</u>	<u>324</u>	<u>(6.0)</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	9,004	5,731
Weighted average number of outstanding shares in issue (thousands)	734,599	727,136
Basic earnings per share (EUR cent per share)	<u>1.23</u>	<u>0.79</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	9,004	5,731
Weighted average number of outstanding shares in issue (thousands)	734,599	727,136
Adjustments for share options (thousands)	7,337	674
Weighted average number of outstanding shares for diluted earnings per share (thousands)	<u>741,936</u>	<u>727,810</u>
Diluted earnings per share (EUR cent)	<u>1.21</u>	<u>0.79</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>
Six months ended 30 June 2011				
Opening net book amount	84,162	16,903	8,353	109,418
Exchange differences	(883)	(436)	(100)	(1,419)
Additions	380	1,171	1,032	2,583
Disposals	0	(9)	(78)	(87)
Depreciation charge	(1,482)	(2,360)	(1,481)	(5,323)
Closing net book amount	<u>82,177</u>	<u>15,269</u>	<u>7,726</u>	<u>105,172</u>
At 30 June 2011				
Cost	110,470	57,695	42,974	211,139
Accumulated depreciation	(28,293)	(42,426)	(35,248)	(105,967)
Net book amount	<u>82,177</u>	<u>15,269</u>	<u>7,726</u>	<u>105,172</u>

	YTD 2011	YTD 2010
Additions	2,583	1,729
Disposals	(87)	(959)

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

	YTD 2011	YTD 2010
Cost of sales	3,468	4,212
Selling and marketing expenses	387	469
Research and development expenses	161	203
Administrative expenses	1,307	1,650
	<u>5,323</u>	<u>6,534</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	<u>379,879</u>	<u>42,913</u>	<u>42,405</u>	<u>7,566</u>	<u>92,884</u>
Six months ended 30 June 2011					
Opening net book amount	379,879	42,913	42,405	7,566	92,884
Correction	(684) *	(22)	0	16	(6)
Exchange differences	(1,488)	(505)	(1,688)	(60)	(2,253)
Additions	0	7,741	0	1,486	9,227
Disposals	0	146	(146)	165	165
Amortisation charge	0	(4,334)	(1,565)	(964)	(6,863)
Closing net book amount	<u>377,707</u>	<u>45,939</u>	<u>39,006</u>	<u>8,209</u>	<u>93,154</u>
At 30 June 2011					
Cost	377,707	70,594	48,597	12,171	131,362
Accumulated amortisation	0	(24,655)	(9,591)	(3,962)	(38,208)
Net book amount	<u>377,707</u>	<u>45,939</u>	<u>39,006</u>	<u>8,209</u>	<u>93,154</u>

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

	YTD 2011	YTD 2010
Additions	9,227	9,098

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

	YTD 2011	YTD 2010
Cost of sales	33	30
Selling and marketing expenses	25	52
Research and development expenses	5,121	4,761
Administrative expenses	1,684	1,291
	<u>6,863</u>	<u>6,134</u>

Impairment of Goodwill

The Group has tested end 2010 whether goodwill has suffered any impairment. At the closing of Q2 2011, there are no reasons to deviate from the conclusions taken at year-end.

12. Receivables (non-current)

At the end of June 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:

At 1 January 2011	7,694
Exchange differences and changes within the Group	(410)
Consolidated Statement of Comprehensive Income charge (excluding rate change)	(1,204)
Effect of change tax rates	(23)
Hedge reserve & translation reserve directly booked through equity	(248)
Others	16
Six months ended 30 June 2011	<u>5,825</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:

	30/06 2011	31/12 2010
Deferred tax assets	10,960	12,619
Deferred tax liabilities	(5,135)	(4,925)
	<u>5,825</u>	<u>7,694</u>

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 Q2 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
At 1 January 2010	727,136	727,136	0	727,136
Issue of shares	0	0	0	0
At 30 June 2010	<u>727,136</u>	<u>727,136</u>	<u>0</u>	<u>727,136</u>
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 30 June 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		320,903	0	320,903
Reserve for share based payments		1,312	0	1,312
Total share premium reserve		<u>322,215</u>	<u>0</u>	<u>322,215</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

	30/06 2011	31/12 2010
Non-current:		
Bank borrowings	262,582	302,837
Debentures	0	7,522
Finance lease liabilities	259	392
	<u>262,841</u>	<u>310,751</u>
Current:		
Bank borrowings excluding bank overdrafts	9,267	9,652
Bank overdrafts	0	5
Debentures	7,166	0
Finance lease liabilities	231	241
	<u>16,664</u>	<u>9,898</u>
Total borrowings	<u>279,505</u>	<u>320,649</u>

	Finance lease liabilities	Capatilised finance charges	Other borrowings	Total 30/06 2011	Total 31/12 2010
Liabilities in DKK	126	0	9,871	9,997	10,325
Liabilities in EUR	0	(4,368)	188,000	183,632	218,191
Liabilities in GBP	12	0	0	12	20
Liabilities in ISK, partially index linked	0	(11)	7,177	7,166	7,500
Liabilities in USD	142	(1,566)	79,912	78,488	84,345
Liabilities in other currencies	210	0	0	210	268
	<u>490</u>	<u>(5,945)</u>	<u>284,960</u>	<u>279,505</u>	<u>320,649</u>
Current matures	(231)	1,353	(17,786)	(16,664)	(9,898)
	<u>259</u>	<u>(4,592)</u>	<u>267,174</u>	<u>262,841</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 489.

19. Contingencies

At 30 June 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 33,491 (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 June 2011, there are no loans to directors (31 December 2010: EUR nil).

21. Quarterly results

	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010
Revenue	161,854	153,537	167,677	149,523	136,055
Cost of sales	(103,971)	(94,619)	(104,515)	(97,283)	(81,087)
Gross profit	57,883	58,918	63,162	52,240	54,968
Other operating income (expenses)	(11,116)	4	110	(243)	(8,099)
Selling and marketing expenses	(20,282)	(19,471)	(17,658)	(16,891)	(17,150)
Research and development expenses	(9,839)	(9,640)	(9,896)	(9,033)	(8,837)
Administrative expenses	(12,794)	(12,690)	(15,655)	(12,267)	(13,289)
Result from operations (EBIT)	3,852	17,121	20,063	13,806	7,593
Finance costs	(4,418)	(6,596)	(13,461)	(11,079)	(9,680)
Finance income	1,229	235	226	276	160
Net finance costs	(3,189)	(6,361)	(13,235)	(10,803)	(9,520)
Result before income tax	663	10,760	6,828	3,003	(1,927)
Income tax	(434)	(1,984)	(1,329)	(607)	2,045
Profit (loss) for the period	229	8,776	5,499	2,396	118
Profit before deprec. & amortisation (EBITDA)	9,835	23,323	26,104	19,938	13,584