

# Condensed Consolidated Interim Financial Statements

30 June 2014

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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 six-month period ended 30 June 2014, its assets, liabilities and consolidated financial position as at 30 June 2014 and its consolidated cash flows for the six-month period ended 30 June 2014.

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 six-month period ended 30 June 2014 and confirm these by means of their signatures.

Garðabær, 23 July 2014

### Board of Directors

Ásthildur Margrét Otharsdóttir  
Arnar Þór Másson  
Ann Elizabeth Savage  
Astvaldur Johannesson  
Helgi Magnússon  
Margrét Jónsdóttir  
Olafur S. Guðmundsson

### Chief Executive Officer

Árni Oddur Þórðarson

## 2 Condensed Consolidated Statement of Comprehensive Income

		Q2 2014	Q2 2013	YTD 2014	YTD 2013
	<b>Notes</b>				
Revenues .....	5	169,848	178,430	324,605	336,458
Cost of sales - before restructuring costs .....		(109,504)	(118,913)	(211,595)	(219,432)
Restructuring costs .....		(5,096)	-	(5,613)	-
Cost of sales .....		(114,600)	(118,913)	(217,208)	(219,432)
<b>Gross profit</b>		<b>55,248</b>	<b>59,517</b>	<b>107,397</b>	<b>117,026</b>
Selling and marketing expenses - before restructuring costs .....		(25,226)	(24,715)	(49,523)	(48,787)
Restructuring costs .....		(143)	-	(1,653)	-
Selling and marketing expenses .....		(25,369)	(24,715)	(51,176)	(48,787)
Research and development expenses - before restructuring costs .....		(12,003)	(10,926)	(24,016)	(22,123)
Restructuring costs .....		(37)	-	(483)	-
Research and development expenses .....		(12,040)	(10,926)	(24,499)	(22,123)
Administrative expenses - before restructuring costs .....		(12,376)	(11,514)	(24,166)	(23,425)
Restructuring costs .....		(1,912)	-	(2,989)	-
Administrative expenses .....		(14,288)	(11,514)	(27,155)	(23,425)
Other operating income / (expenses) .....		2	(49)	5	(46)
Result from operations - before restructuring costs .....		10,741	12,313	15,310	22,645
Restructuring costs .....		(7,188)	-	(10,738)	-
<b>Result from operations</b>		<b>3,553</b>	<b>12,313</b>	<b>4,572</b>	<b>22,645</b>
Finance costs .....	6	(2,998)	(5,940)	(6,680)	(9,755)
Finance income .....	6	64	140	87	212
Net finance costs .....	6	(2,934)	(5,800)	(6,593)	(9,543)
<b>Result before income tax</b>		<b>619</b>	<b>6,513</b>	<b>(2,021)</b>	<b>13,102</b>
Income tax .....	7	147	(1,294)	916	(2,160)
<b>Profit (loss) for the period</b>		<b>766</b>	<b>5,219</b>	<b>(1,105)</b>	<b>10,942</b>
<b>Other Comprehensive Income</b>					
<b>Items that are or will be reclassified to profit or loss:</b>					
Currency translation differences .....		705	(949)	1,231	(1,163)
Cash flow hedges .....		162	1,982	603	2,469
Income tax relating to cash flow hedges .....		(28)	(423)	(146)	(544)
<b>Other comprehensive income for the period, net of tax</b>		<b>839</b>	<b>610</b>	<b>1,688</b>	<b>762</b>
<b>Total comprehensive income for the period</b>		<b>1,605</b>	<b>5,829</b>	<b>583</b>	<b>11,704</b>
<b>Profit (loss) attributable to:</b>					
Shareholders of the Company .....		<b>766</b>	<b>5,219</b>	<b>(1,105)</b>	<b>10,942</b>
<b>Comprehensive income attributable to:</b>					
Shareholders of the Company .....		<b>1,605</b>	<b>5,829</b>	<b>583</b>	<b>11,704</b>
<b>Earnings per share for result attributable to equity holders of the Company during the period (expressed in EUR cent per share):</b>					
- basic .....	8	0.10	0.71	(0.15)	1.49
- diluted .....	8	0.10	0.71	(0.15)	1.48
<b>Earnings per share for total comprehensive income attributable to equity holders of the Company during the period (expressed in EUR cent per share):</b>					
- basic .....		0.22	0.79	0.08	1.60
- diluted .....		0.22	0.79	0.08	1.58

The notes on pages 7 - 14 are an integral part of the Condensed Consolidated Interim Financial Statements.

### 3 Condensed Consolidated Statement of Financial Position

	Notes	30/06 2014	31/12 2013
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment .....	9	99,172	104,707
Goodwill .....	10,19	385,153	378,708
Other intangible assets .....	10	119,253	118,561
Trade receivables .....		268	691
Deferred income tax assets .....	11	10,692	9,611
		<u>614,538</u>	<u>612,278</u>
<b>Current assets</b>			
Inventories .....	12	96,680	91,796
Production contracts .....		26,770	24,829
Trade receivables .....		68,054	68,737
Assets held for sale .....	13	2,500	-
Other receivables and prepayments .....		23,617	22,135
Cash and cash equivalents .....		17,362	19,793
		<u>234,983</u>	<u>227,290</u>
<b>Total assets</b>		<b><u>849,521</u></b>	<b><u>839,568</u></b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of Marel hf.</b>			
Share capital .....	14	6,727	6,727
Share premium .....	14	316,975	317,294
Hedge reserve .....		(4,862)	(5,319)
Translation reserve .....		111	(1,120)
Retained earnings .....		100,783	101,757
<b>Total equity</b>		<u>419,734</u>	<u>419,339</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings .....	15	203,189	214,846
Deferred income tax liabilities .....	11	12,212	13,885
Provisions .....	16	6,202	6,065
Derivative financial instruments .....		6,583	7,184
		<u>228,186</u>	<u>241,980</u>
<b>Current liabilities</b>			
Production contracts .....		51,227	44,881
Trade and other payables .....		121,961	105,662
Current income tax liabilities .....		3,811	3,526
Borrowings .....	15	18,682	22,077
Provisions .....	16	5,920	2,103
		<u>201,601</u>	<u>178,249</u>
<b>Total liabilities</b>		<u>429,787</u>	<u>420,229</u>
<b>Total equity and liabilities</b>		<b><u>849,521</u></b>	<b><u>839,568</u></b>

The notes on pages 7 - 14 are an integral part of the Condensed Consolidated Interim Financial Statements.

## 4 Condensed Consolidated Statement of Changes in 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 2013</b>	6,691	317,178	(8,112)	473	87,518	403,748
Profit (loss) for the year .....					10,942	10,942
Total other comprehensive income .....			1,925	(1,163)		762
Dividend .....					(7,105)	(7,105)
Treasury shares sold .....	22	1,330				1,352
Value of services provided .....		256				256
Value of services provided released .....		(199)			188	(11)
	22	1,387	1,925	(1,163)	4,025	6,196
<b>Balance at 30 June 2013</b>	<b>6,713</b>	<b>318,565</b>	<b>(6,187)</b>	<b>(690)</b>	<b>91,543</b>	<b>409,944</b>
Profit (loss) for the year .....					9,678	9,678
Total other comprehensive income .....			868	(430)		438
<i>Employee share option scheme:</i>						
Treasury shares purchased .....	(43)	(4,107)				(4,150)
Treasury shares sold .....	57	3,273				3,330
Treasury shares, transaction costs .....		(13)				(13)
Value of services provided .....		142				142
Value of services provided released .....		(566)			536	(30)
	14	(1,271)	868	(430)	10,214	9,395
<b>Balance at 31 December 2013</b>	<b>6,727</b>	<b>317,294</b>	<b>(5,319)</b>	<b>(1,120)</b>	<b>101,757</b>	<b>419,339</b>
Profit (loss) for the year .....					(1,105)	(1,105)
Total other comprehensive income .....			457	1,231		1,688
<i>Employee share option scheme:</i>						
Treasury shares purchased .....	(14)	(1,098)				(1,112)
Treasury shares sold .....	14	827				841
Treasury shares, transaction costs .....		(3)				(3)
Value of services provided .....		89				89
Value of services provided released .....		(134)			131	(3)
	-	(319)	457	1,231	(974)	395
<b>Balance at 30 June 2014</b>	<b>6,727</b>	<b>316,975</b>	<b>(4,862)</b>	<b>111</b>	<b>100,783</b>	<b>419,734</b>

<sup>\*)</sup> Includes reserve for share based payments as per 30 June 2014 of EUR 1,205 (31 December 2013: EUR 1,250).

### Dividends

No dividends were declared / paid in 2014.

In 2013 a dividend of EUR 7,105 (EUR 0.97 cent per share) was declared of which EUR 6,488 was paid in Q2 and EUR 617 withholding tax in Q3.

The notes on pages 7 - 14 are an integral part of the Condensed Consolidated Interim Financial Statements.

## 5 Condensed Consolidated Statement of Cash Flows

	Notes	Q2 2014	Q2 2013	YTD 2014	YTD 2013
<b>Cash flows from operating activities</b>					
Result from operations .....		3,553	12,313	4,572	22,645
<i>Adjustments to reconcile result from operations to net cash provided by operating activities:</i>					
Depreciation and impairment of property, plant and equipment .....	9	4,415	2,328	6,585	4,762
Amortisation and impairment of intangible assets .....	10	5,055	4,335	9,937	8,427
Gain on sale of property, plant and equipment .....		(163)	(32)	(174)	(58)
Changes in non current receivables .....		175	137	424	1,523
Working capital provided by / (used in) operating activities		13,035	19,082	21,344	37,299
<i>Changes in working capital:</i>					
Inventories and production contracts .....		(1,903)	(1,563)	447	7,627
Trade and other receivables .....		(1,523)	16,379	(624)	2,301
Trade and other payables .....		7,083	(8,745)	14,718	(4,737)
Provisions .....		3,730	196	3,919	93
Changes in operating assets and liabilities		7,387	6,267	18,460	5,284
Cash generated from operating activities		20,422	25,349	39,804	42,583
Taxes paid .....		(903)	(802)	(976)	(324)
Net Interest and finance costs .....		(2,909)	(1,045)	(6,873)	(5,292)
<b>Net cash from operating activities</b>		<b>16,610</b>	<b>23,501</b>	<b>31,955</b>	<b>36,967</b>
<b>Cash flows from Investing activities</b>					
Purchase of property, plant and equipment .....		(1,017)	(936)	(3,336)	(2,459)
Investments in intangibles .....		(5,255)	(6,786)	(10,207)	(12,773)
Proceeds from sale of property, plant and equipment .....		203	36	359	269
Business combinations .....		(5,900)	-	(5,900)	-
<b>Net cash used in investing activities</b>		<b>(11,969)</b>	<b>(7,686)</b>	<b>(19,084)</b>	<b>(14,964)</b>
<b>Cash flows from financing activities</b>					
Purchase of treasury shares .....		(883)	808	(1,101)	1,352
Sale of treasury shares .....		827	-	827	-
Proceeds from borrowings .....		8,000	20,912	15,000	25,821
Repayments of borrowings .....		(15,004)	(23,588)	(30,456)	(37,202)
Dividends paid .....		-	(6,488)	-	(6,488)
<b>Net cash used in financing activities</b>		<b>(7,060)</b>	<b>(8,356)</b>	<b>(15,730)</b>	<b>(16,517)</b>
<b>Net increase (decrease) in net cash</b>		<b>(2,419)</b>	<b>7,459</b>	<b>(2,859)</b>	<b>5,486</b>
Exchange (loss) / gain on net cash .....		352	(909)	428	(155)
Net cash at beginning of the period .....		19,429	14,726	19,793	15,945
<b>Net cash at end of the period</b>		<b>17,362</b>	<b>21,276</b>	<b>17,362</b>	<b>21,276</b>

The notes on pages 7 - 14 are an integral part of the Condensed Consolidated Interim 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 Nasdaq OMX Iceland.

These condensed consolidated interim financial statements have been approved for issue by the board of directors on 23 July 2014. 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 2014. 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 2013. The consolidated financial statements for the Group as for the period ended 31 December 2013 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 2013, as described in the annual Financial Statements for the year ended 31 December 2013.

### **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

### 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 30 June 2014 is as follows:

	Poultry	Fish	Meat	Further Processing	Others	Total
<b>Third Party Revenues</b> .....	<b>169,325</b>	<b>50,808</b>	<b>61,266</b>	<b>37,550</b>	<b>5,656</b>	<b>324,605</b>
Result from operations excluding refocusing .	18,538	1,171	(306)	(2,491)	(1,602)	15,310
Refocusing costs .....						(10,738)
<b>Result from operations</b> .....						<b>4,572</b>
Finance costs - net .....						(6,593)
<b>Result before income tax</b>						(2,021)
Income tax .....						916
<b>Profit (loss) for the period</b>						<b>(1,105)</b>
Assets .....	511,650	91,795	102,857	97,140	46,079	849,521
Depreciation and amortisation .....	(5,359)	(1,897)	(2,103)	(3,233)	(1,731)	(14,323)

The segment information for the period ended 30 June 2013 is as follows:

	Poultry	Fish	Meat	Further Processing	Others	Total
<b>Third Party Revenues</b> .....	<b>171,232</b>	<b>51,324</b>	<b>53,991</b>	<b>53,552</b>	<b>6,359</b>	<b>336,458</b>
<b>Result from operations</b> .....	<b>25,301</b>	<b>(1,714)</b>	<b>(2,005)</b>	<b>1,742</b>	<b>(679)</b>	<b>22,645</b>
Finance costs - net .....						(9,543)
Result before income tax						13,102
Income tax .....						(2,160)
<b>Profit (loss) for the period</b>						<b>10,942</b>
Assets <sup>*)</sup> .....	506,795	99,208	100,069	106,718	53,123	865,913
Depreciation and amortisation .....	(4,642)	(1,914)	(1,860)	(3,153)	(1,620)	(13,189)

<sup>\*)</sup> The assets at 30 June 2013 were restated to reflect the correct allocation of goodwill to the segments.

## 6. Net finance costs

	YTD 2014	YTD 2013
Finance costs:		
Interest on borrowings .....	(5,402)	(6,391)
Interest on finance leases .....	(4)	(3)
Other finance expenses .....	(1,274)	(1,251)
Net foreign exchange transaction losses .....	-	(2,110)
Subtotal Finance costs .....	<u>(6,680)</u>	<u>(9,755)</u>
Finance income:		
Interest income .....	42	212
Net foreign exchange transaction gains .....	45	-
Subtotal Finance income .....	<u>87</u>	<u>212</u>
Net Finance costs .....	<u>(6,593)</u>	<u>(9,543)</u>

## 7. Income tax

	YTD 2014	YTD 2013
Current tax .....	(1,850)	(1,558)
Deferred tax .....	2,766	(602)
	<u>916</u>	<u>(2,160)</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 2014		YTD 2013	
		%		%
Result before income tax .....	<u>(2,021)</u>		<u>13,102</u>	
Income tax using Iceland rate .....	404	20.0	(2,620)	20.0
Effect tax rates in other jurisdictions .....	(387)	(19.1)	(1,310)	10.0
Weighted average applicable tax .....	17	0.9	(3,930)	30.0
FX effect Iceland .....	94	4.7	150	(1.1)
R&D tax incentives .....	818	40.5	1,582	(12.1)
Permanent differences .....	241	11.9	279	(2.1)
Tax losses (un)recognised .....	(561)	(27.8)	(749)	5.7
(Impairment)/reversal of tax losses .....	61	3.0	141	(1.1)
Effect of tax rate changes .....	198	9.8	-	-
Others .....	48	2.4	367	(2.8)
Tax charge included in the profit or loss for the period	<u>916</u>	<u>45.4</u>	<u>(2,160)</u>	<u>16.5</u>

## 8. 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.

<b>Basic earnings per share (EUR cent per share)</b>	<b>YTD 2014</b>	<b>YTD 2013</b>
Net profit (loss) attributable to shareholders .....	(1,105)	10,942
Weighted average number of outstanding shares in issue (thousands) .....	735,343	732,566
Basic earnings per share (EUR cent per share) .....	<u>(0.15)</u>	<u>1.49</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.

<b>Diluted earnings per share (EUR cent)</b>	<b>YTD 2014</b>	<b>YTD 2013</b>
Net profit (loss) used to determine diluted earnings per share .....	(1,105)	10,942
Weighted average number of outstanding shares in issue (thousands) .....	735,343	732,566
Adjustments for share options (thousands) .....	1,846	6,918
Weighted average number of outstanding shares for diluted earnings per share (thousands) .....	<u>737,189</u>	<u>739,484</u>
Diluted earnings per share (EUR cent) .....	<u>(0.15)</u>	<u>1.48</u>

## 9. Property, plant and equipment

	Land & buildings	Plant & machinery	Vehicles & equipment	Total
<b>At 1 January 2014</b>				
Cost .....	115,497	66,693	44,767	226,957
Accumulated depreciation .....	(35,746)	(48,959)	(37,545)	(122,250)
Net book amount .....	<u>79,751</u>	<u>17,734</u>	<u>7,222</u>	<u>104,707</u>
<b>Six months ended 30 June 2014</b>				
Opening net book amount .....	79,751	17,734	7,222	104,707
Exchange differences .....	203	72	124	399
Additions .....	2,233	521	582	3,336
Disposals .....	-	4	(189)	(185)
Assets held for sale .....	(2,500)	-	-	(2,500)
Impairment charge .....	(2,199)	-	-	(2,199)
Depreciation charge .....	(1,455)	(1,698)	(1,233)	(4,386)
Closing net book amount .....	<u>76,033</u>	<u>16,633</u>	<u>6,506</u>	<u>99,172</u>
<b>At 30 June 2014</b>				
Cost .....	115,572	67,292	44,913	227,777
Accumulated depreciation .....	(39,539)	(50,659)	(38,407)	(128,605)
Net book amount .....	<u>76,033</u>	<u>16,633</u>	<u>6,506</u>	<u>99,172</u>

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

	<b>YTD 2014</b>	<b>YTD 2013</b>
Cost of sales .....	2,830	2,908
Selling and marketing expenses .....	367	436
Research and development expenses .....	207	221
Administrative expenses .....	982	1,197
	<u>4,386</u>	<u>4,762</u>

## 10. Intangible assets

	Goodwill	Developm. costs	Patents & Trade name	Other Intangibles	Total other Intangibles
<b>At 1 January 2014</b>					
Cost .....	378,708	122,537	50,512	22,792	195,841
Accumulated depreciation .....	-	(47,630)	(19,182)	(10,468)	(77,280)
Net book amount .....	378,708	74,907	31,330	12,324	118,561
<b>Six months ended 30 June 2014</b>					
Opening net book amount .....	378,708	74,907	31,330	12,324	118,561
Business combinations .....	5,900	-	-	-	-
Exchange differences .....	545	269	145	8	422
Additions .....	-	8,973	-	1,234	10,207
Amortisation charge .....	-	(6,744)	(1,757)	(1,436)	(9,937)
Closing net book amount .....	385,153	77,405	29,718	12,130	119,253
<b>At 30 June 2014</b>					
Cost .....	385,153	132,040	50,760	24,080	206,880
Accumulated amortisation .....	-	(54,635)	(21,042)	(11,950)	(87,627)
Net book amount .....	385,153	77,405	29,718	12,130	119,253

Business combinations relates to the agreement with Scanvaegt Nordic, see note 19.

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

	YTD 2014	YTD 2013
Cost of sales .....	50	50
Selling and marketing expenses .....	195	177
Research and development expenses .....	7,366	5,949
Administrative expenses .....	2,326	2,251
	<u>9,937</u>	<u>8,427</u>

### Impairment of Goodwill

The Group has tested end 2013 whether goodwill has suffered any impairment. At the closing of Q2 2014, there are no reasons to deviate from the conclusions taken at year-end.

## 11. 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 2014</b>	(4,274)
Exchange differences and changes within the Group .....	134
Consolidated Statement of Comprehensive Income charge (excluding rate change) .....	2,570
Effect of change in tax rates .....	196
Hedge reserve & translation reserve directly booked through equity .....	(146)
<b>At 30 June 2014</b>	<u>(1,520)</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 2014	31/12 2013
Deferred income tax assets .....	10,692	9,611
Deferred income tax liabilities .....	(12,212)	(13,885)
	<u>(1,520)</u>	<u>(4,274)</u>

## 12. 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.

## 13. Assets held for sale

Assets held for sale relates to the real estate in Oss.

## 14. Equity

Share Capital	Ordinary shares (thousands)	Treasury shares (thousands)	Outstanding number of shares (thousands)
<b>At 1 January 2013</b> .....	735,569	(4,129)	731,440
Treasury shares - sold .....	-	2,497	2,497
<b>At 30 June 2013</b> .....	<u>735,569</u>	<u>(1,632)</u>	<u>733,937</u>
Treasury shares - purchased .....	-	(4,700)	(4,700)
Treasury shares - sold .....	-	6,215	6,215
<b>At 1 January 2014</b> .....	<u>735,569</u>	<u>(117)</u>	<u>735,452</u>
Treasury shares - purchased .....	-	(1,500)	(1,500)
Treasury shares - sold .....	-	1,488	1,488
<b>At 30 June 2014</b> .....	<u>735,569</u>	<u>(129)</u>	<u>735,440</u>
<b>Class of share capital:</b>		<b>30/06 2014</b>	<b>31/12 2013</b>
Nominal value .....		6,727	6,727
Share premium .....		315,770	316,044
Reserve for share based payments .....		1,205	1,250
Total share premium reserve .....		<u>316,975</u>	<u>317,294</u>

The total authorized number of ordinary shares is 735.6 million shares (2013: 735.6 million shares) with a par value of ISK 1 per share. All issued shares are fully paid.

## 15. Borrowings

Non-current:	<b>30/06 2014</b>	<b>31/12 2013</b>
Bank borrowings .....	203,183	214,822
Finance lease liabilities .....	6	24
	<u>203,189</u>	<u>214,846</u>
Current:		
Bank borrowings excluding bank overdrafts .....	18,678	21,857
Finance lease liabilities .....	4	220
	<u>18,682</u>	<u>22,077</u>
Total borrowings .....	<u>221,871</u>	<u>236,923</u>
Secured bank loans .....	221,861	236,679
Finance lease liabilities .....	10	244
Total borrowings .....	<u>221,871</u>	<u>236,923</u>

	<b>Finance lease liabilities</b>	<b>Capitalised finance charges</b>	<b>Other borrowings</b>	<b>Total 30/06 2014</b>	<b>Total 31/12 2013</b>
Liabilities in currency recorded in EUR					
Liabilities in DKK .....	-	-	-	-	3,311
Liabilities in EUR .....	-	(3,282)	127,499	124,217	136,509
Liabilities in USD .....	-	(1,236)	98,880	97,644	97,056
Liabilities in other currencies .....	10	-	-	10	47
	<u>10</u>	<u>(4,518)</u>	<u>226,379</u>	<u>221,871</u>	<u>236,923</u>
Current matures .....	(4)	1,321	(19,999)	(18,682)	(22,077)
	<u>6</u>	<u>(3,197)</u>	<u>206,380</u>	<u>203,189</u>	<u>214,846</u>

## 16. Provisions

In Q2 a provision for reorganization has been created for an amount of EUR 3.5m.

## 17. Contingencies

At 30 June 2014 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 19,537 (31 December 2013: EUR 18,842) to third parties.

## 18. Related party transactions

At the end of June 2014, there are no loans to directors (31 December 2013: EUR nil).

## 19. Business combinations

At 3 June 2014 the Group closed and paid an agreement with Scanvaegt Nordic to buy back the exclusive rights to perform service and sell spare parts for Marel equipment in Denmark and Sweden for an amount of EUR 5.9m. The full amount has been allocated to goodwill.

## 20. Subsequent events

None.

## 21. Quarterly results

	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Revenue .....	169,848	154,757	168,182	156,896	178,430
Cost of sales .....	(114,600)	(102,608)	(109,594)	(98,866)	(118,913)
<b>Gross profit</b>	<b>55,248</b>	<b>52,149</b>	<b>58,588</b>	<b>58,030</b>	<b>59,517</b>
Selling and marketing expenses .....	(25,369)	(25,807)	(24,447)	(21,871)	(24,715)
Research and development expenses .....	(12,040)	(12,459)	(11,537)	(10,728)	(10,926)
Administrative expenses .....	(14,288)	(12,867)	(15,273)	(12,615)	(11,514)
Other operating income / (expenses) .....	2	3	79	38	(49)
<b>Result from operations (EBIT)</b>	<b>3,553</b>	<b>1,019</b>	<b>7,410</b>	<b>12,854</b>	<b>12,313</b>
Finance costs .....	(2,998)	(3,682)	(4,966)	(4,706)	(5,940)
Finance income .....	64	23	97	54	140
Net finance costs .....	(2,934)	(3,659)	(4,869)	(4,652)	(5,800)
<b>Result before income tax</b>	<b>619</b>	<b>(2,640)</b>	<b>2,541</b>	<b>8,202</b>	<b>6,513</b>
Income tax .....	147	769	1,160	(2,225)	(1,294)
<b>Profit (loss) for the period</b>	<b>766</b>	<b>(1,871)</b>	<b>3,701</b>	<b>5,977</b>	<b>5,219</b>
Profit before deprec. & amortisation (EBITDA) .....	13,022	8,071	14,086	19,523	18,978