

Condensed Consolidated Interim Financial Statements
30 June 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 financial statements give a true and fair view of the consolidated financial performance of the Company for the six-month period ended 30 June 2015, its assets, liabilities and consolidated financial position as at 30 June 2015 and its consolidated cash flows for the six-month period ended 30 June 2015.

Further, in our opinion the condensed consolidated interim financial statements 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 statements of Marel hf. for the six-month period ended 30 June 2015 and confirm these by means of their signatures.

Garðabær, 29 July 2015

Board of Directors

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

Chief Executive Officer

Árni Oddur Þórðarson

2. Condensed Consolidated Statement of Comprehensive Income

		Q2 2015	Q2 2014	YTD 2015	YTD 2014
	Notes				
Revenues	5	218,272	169,848	427,583	324,605
Cost of sales - before refocusing costs		(134,008)	(109,504)	(261,855)	(211,595)
refocusing costs.....	6	(797)	(5,096)	(2,666)	(5,613)
Cost of sales		<u>(134,805)</u>	<u>(114,600)</u>	<u>(264,521)</u>	<u>(217,208)</u>
Gross profit		83,467	55,248	163,062	107,397
Selling and marketing expenses - before refocusing costs		(29,510)	(25,226)	(57,621)	(49,523)
refocusing costs.....	6	(103)	(143)	(255)	(1,653)
Selling and marketing expenses.....		<u>(29,613)</u>	<u>(25,369)</u>	<u>(57,876)</u>	<u>(51,176)</u>
Research and development expenses - before refocusing costs		(12,917)	(12,003)	(28,803)	(24,016)
refocusing costs.....	6	-	(37)	(169)	(483)
Research and development expenses		<u>(12,917)</u>	<u>(12,040)</u>	<u>(28,972)</u>	<u>(24,499)</u>
Administrative expenses - before refocusing costs		(12,168)	(12,376)	(25,787)	(24,166)
refocusing costs.....	6	(969)	(1,912)	(2,578)	(2,989)
Administrative expenses		<u>(13,137)</u>	<u>(14,288)</u>	<u>(28,365)</u>	<u>(27,155)</u>
Other operating income / (expenses) - before refocusing costs		(10)	2	(21)	5
refocusing costs.....	6	747	-	(3,047)	-
Other operating income / (expenses)		<u>737</u>	<u>2</u>	<u>(3,068)</u>	<u>5</u>
Result from operations - before refocusing costs	5	29,659	10,741	53,496	15,310
refocusing costs.....	6	(1,122)	(7,188)	(8,715)	(10,738)
Result from operations		28,537	3,553	44,781	4,572
Finance costs	7	(3,345)	(2,998)	(6,836)	(6,680)
Finance income.....	7	(129)	64	3,350	87
Net finance costs	7	<u>(3,474)</u>	<u>(2,934)</u>	<u>(3,486)</u>	<u>(6,593)</u>
Result before income tax		25,063	619	41,295	(2,021)
Income tax	8	(5,547)	147	(9,159)	916
Profit (loss) for the period		19,516	766	32,136	(1,105)
Other Comprehensive Income					
Items that are or will be reclassified to profit or loss:					
Currency translation differences.....		482	705	721	1,231
Cash flow hedges.....		1,020	162	949	603
Income tax relating to cash flow hedges		(243)	(28)	(209)	(146)
Other comprehensive income for the period, net of tax		<u>1,259</u>	<u>839</u>	<u>1,461</u>	<u>1,688</u>
Total comprehensive income for the period		20,775	1,605	33,597	583
Profit (loss) attributable to:					
Shareholders of the Company		<u>19,516</u>	<u>766</u>	<u>32,136</u>	<u>(1,105)</u>
Comprehensive income attributable to:					
Shareholders of the Company		<u>20,775</u>	<u>1,605</u>	<u>33,597</u>	<u>583</u>
Earnings per share for result attributable to shareholders of the Company during the period (expressed in EUR cent per share):					
- basic	9	2.71	0.10	4.44	(0.15)
- diluted	9	2.70	0.10	4.43	(0.15)
Earnings per share for total comprehensive income attributable to shareholders of the Company during the period (expressed in EUR cent per share):					
- basic		2.89	0.22	4.64	0.08
- diluted		2.88	0.22	4.63	0.08

The notes on pages 8-17 are an integral part of the Condensed Consolidated Interim Financial Statements

3. Condensed Consolidated Statement of Financial Position

ASSETS	Notes	30/06 2015	31/12 2014
Non-current assets			
Property, plant and equipment.....	10	86,484	96,139
Goodwill	11	389,671	387,103
Other intangible assets.....	11	107,777	114,916
Trade receivables.....		17	94
Deferred income tax assets.....	12	9,045	7,873
		<u>592,994</u>	<u>606,125</u>
Current assets			
Inventories	13	91,689	88,450
Production contracts		23,318	29,123
Trade receivables.....		93,280	77,125
Assets held for sale.....	15	4,944	2,500
Other receivables and prepayments		31,631	23,551
Cash and cash equivalents		<u>87,457</u>	<u>24,566</u>
		332,319	245,315
Total assets		<u>925,313</u>	<u>851,440</u>
EQUITY			
Capital and reserves attributable to equity holders of Marel hf.			
Share capital		6,529	6,664
Share premium		290,684	311,748
Hedge reserve		(3,234)	(3,974)
Translation reserve		103	(618)
Retained earnings		<u>142,816</u>	<u>113,678</u>
Total equity	14	436,898	427,498
LIABILITIES			
Non-current liabilities			
Borrowings	16	224,841	180,278
Deferred income tax liabilities	12	13,854	11,308
Provisions		10,675	7,292
Derivative financial instruments		<u>4,463</u>	<u>5,399</u>
		253,833	204,277
Current liabilities			
Production contracts.....		72,577	64,958
Trade and other payables.....		128,592	122,479
Current income tax liabilities		5,010	4,185
Borrowings	16	18,601	18,635
Provisions		<u>9,802</u>	<u>9,408</u>
		234,582	219,665
Total liabilities		488,415	423,942
Total equity and liabilities		<u>925,313</u>	<u>851,440</u>

The notes on pages 8-17 are an integral part of the Condensed Consolidated Interim Financial Statements

4. Condensed Consolidated Statement of Changes in Equity

	Attributable to shareholders 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 period					(1,105)	(1,105)
Total other comprehensive income.....			457	1,231		1,688
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
Balance at 30 June 2014	6,727	316,975	(4,862)	111	100,783	419,734
Profit (loss) for the period					12,836	12,836
Total other comprehensive income.....			888	(729)		159
Treasury shares purchased.....	(68)	(5,655)				(5,723)
Treasury shares sold.....	5	377				382
Treasury shares, transaction costs.....		(8)				(8)
Value of services provided.....		119				119
Value of services provided released		(60)			59	(1)
	(63)	(5,227)	888	(729)	12,895	7,764
Balance at 31 December 2014	6,664	311,748	(3,974)	(618)	113,678	427,498
Profit (loss) for the period					32,136	32,136
Total other comprehensive income.....			740	721		1,461
Treasury shares purchased.....	(192)	(24,041)				(24,233)
Treasury shares sold.....	57	3,493				3,550
Treasury shares, transaction costs.....		(37)				(37)
Dividend					(3,484)	(3,484)
Value of services provided.....		64				64
Value of services provided released		(543)			486	(57)
	(135)	(21,064)	740	721	29,138	9,400
Balance at 30 June 2015	6,529	290,684	(3,234)	103	142,816	436,898

^{*)} Includes reserve for share based payments as per 30 June 2015 of EUR 786 (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 2015 and EUR 327 withholding tax is paid in Q2 2015 (in 2014 no dividend for the operational year 2013 was declared).

5. Condensed Consolidated Statement of Cash Flows

	Notes	Q2 2015	Q2 2014	YTD 2015	YTD 2014
Cash flows from operating activities					
Result from operations		28,537	3,553	44,781	4,572
<i>Adjustments to reconcile result from operations to net cash provided by / (used in) operating activities:</i>					
Depreciation and impairment of property, plant and equipment	10,15	2,324	4,415	4,479	6,585
Amortisation and impairment of intangible assets.....	11	7,272	5,055	18,266	9,937
Loss / (gain) on sale of property, plant and equipment		(3,057)	(163)	325	(174)
Changes in non-current receivables		(1)	175	77	424
Working capital provided by / (used in) operating activities		35,075	13,035	67,928	21,344
<i>Changes in working capital:</i>					
Inventories and production contracts.....		7,323	(1,903)	9,654	447
Trade and other receivables		(14,443)	(1,523)	(22,303)	(624)
Trade and other payables.....		(6,156)	7,083	4,989	14,718
Provisions		1,915	3,730	2,961	3,919
Changes in operating assets and liabilities		(11,361)	7,387	(4,699)	18,460
Cash generated from operating activities		23,714	20,422	63,229	39,804
Taxes paid		(3,938)	(903)	(7,122)	(976)
Net Interest and finance costs		(3,376)	(2,909)	(7,576)	(6,873)
Net cash from operating activities		16,400	16,610	48,531	31,955
Cash flows from Investing activities					
Purchase of property, plant and equipment	10	(1,260)	(1,017)	(2,108)	(3,336)
Investments in intangibles	11	(5,128)	(5,255)	(9,822)	(10,207)
Proceeds from sale of property, plant and equipment		2,906	203	3,158	359
Business combinations net of cash		9,005	(5,900)	6,655	(5,900)
Net cash provided by / (used in) investing activities		5,523	(11,969)	(2,117)	(19,084)
Cash flows from financing activities					
Purchase of treasury shares		(18,210)	(883)	(24,233)	(1,101)
Sale of treasury shares.....		1,760	827	3,550	827
Proceeds from borrowings		-	8,000	50,000	15,000
Repayments of borrowings		(9,985)	(15,004)	(13,411)	(30,456)
Dividends paid		(327)	-	(3,484)	-
Net cash provided by / (used in) financing activities		(26,762)	(7,060)	12,422	(15,730)
Net increase (decrease) in net cash		(4,839)	(2,419)	58,836	(2,859)
Exchange (loss) / gain on net cash.....		(1,398)	352	4,055	428
Net cash at beginning of the period		93,694	19,429	24,566	19,793
Net cash at end of the period		87,457	17,362	87,457	17,362

The notes on pages 8-17 are an integral part of the Condensed Consolidated Interim Financial Statements

6. Notes to the Condensed Consolidated Interim 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 July 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 six months period ended 30 June 2015. These have been prepared in accordance with IAS 34 as adopted by the European Union. 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 for the period ended 31 December 2014 are available upon request from the Company's registered office at Austurhraun 9, Gardabær Iceland 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 identified operating segments comprise the four industries, which form the basis for managerial decision taking. Results are monitored and managed at the operating segment level, up to the result from operations. Decisions on tax and financing structures including cash and cash equivalents are taken at a corporate level, therefore no financial income and expenses nor tax are allocated to the operating segments. The profit or loss per operating segment is the result from operations before refocusing costs; finance costs and taxes are reported in the column Total. The column Others includes any business to customers outside the core industries as well as the holding companies.

Intercompany transactions are entered into at arm's length terms and conditions comparable to those available to unrelated parties. Information on assets per operating segment is reported; however, decisions on liabilities are taken at a corporate level and as such are not included in this disclosure.

The Company has changed its internal reporting structure of the segments and the allocation of operating expenses to the segments from 1 April 2015 to reflect the new organizational structure and as well retrospectively for the Q1 figures. The Company is now managed on the basis of four industries with functions that work across all segments to effectively manage business operations. Comparative amounts in this note to the condensed consolidated interim financial statements have not been restated; the information is not readily available and hence cannot be determined accurately due to changes in the Company's internal reporting systems. Management's assessment of the potential impact of a restatement of comparative amounts is estimated to be minimal. The reporting changes do not have any impact on consolidated revenue, operational profit or net profit.

The segment information for the period ended 30 June 2015 is as follows:

	Poultry	Fish	Meat	Further Processing	Others	Total
Third Party Revenues	231,533	70,084	64,020	54,958	6,988	427,583
Result from operations before refocusing costs	39,566	6,960	5,992	(244)	1,222	53,496
Refocusing costs						(8,715)
Result from operations						44,781
Finance costs - net						(3,486)
Result before income tax						41,295
Income tax.....						(9,159)
Profit (loss) for the period						32,136
Assets	564,114	104,353	91,364	76,664	88,818	925,313
Depreciation and amortisation	(10,251)	(3,028)	(2,368)	(4,205)	(2,893)	(22,745)
Of which impairments	(1,393)	(413)	(393)	(367)	(2,154)	(4,720)

The segment information for the period ended 30 June 2014 is as follows:

	Poultry	Fish	Meat	Further Processing	Others	Total
Third Party Revenues	169,325	50,808	61,266	37,550	5,656	324,605
Result from operations before refocusing costs	18,538	1,171	(306)	(2,491)	(1,602)	15,310
Refocusing costs						(10,738)
Result from operations						4,572
Finance costs - net						(6,593)
Result before income tax						(2,021)
Income tax.....						916
Profit (loss) for the period						(1,105)
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)

6. Refocusing costs

In the 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 2015	YTD 2014
Streamlining Sales, Service Innovation and Administration.....	510	3,894
Manufacturing and Product portfolio optimization.....	6,564	5,661
Other costs	1,641	1,183
	<u>8,715</u>	<u>10,738</u>

By nature of cost:

	YTD 2015	YTD 2014
Personnel related (severance, outplacement)	2,552	3,894
Relocation / building related	400	3,462
Depreciation and amortisation (including impairments).....	466	2,199
Divestments	3,047	-
Other costs	2,250	1,183
	<u>8,715</u>	<u>10,738</u>

Of the EUR 8.7 million (2014: EUR 10.7 million) total refocusing costs of EUR 2.5 million (2014: EUR 2.8 million) are related to refocusing provision.

7. Net finance costs

	YTD 2015	YTD 2014
Finance costs:		
Interest on borrowings	(5,474)	(5,402)
Interest on finance leases	(1)	(4)
Other finance expenses	(1,361)	(1,274)
Subtotal Finance costs.....	<u>(6,836)</u>	<u>(6,680)</u>
Finance income:		
Interest income	221	42
Net foreign exchange transaction gains.....	3,129	45
Subtotal Finance income	<u>3,350</u>	<u>87</u>
Net Finance costs.....	<u>(3,486)</u>	<u>(6,593)</u>

8. Income tax

	YTD 2015	YTD 2014
Current tax	(7,635)	(1,850)
Deferred tax	(1,524)	2,766
	<u>(9,159)</u>	<u>916</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 2015		YTD 2014	
		%		%
Result before income tax.....	<u>41,295</u>		<u>(2,021)</u>	
Income tax using Iceland rate	(8,259)	20.0	404	20.0
Effect tax rates in other jurisdictions	(3,781)	9.2	(387)	(19.1)
Weighted average applicable tax.....	(12,040)	29.2	17	0.9
Exchange differences ISK	270	(0.7)	94	4.7
R&D tax incentives	1,781	(4.3)	818	40.5
Permanent differences	340	(0.8)	241	11.9
Tax losses (un)recognised	(55)	0.1	(561)	(27.8)
(Impairment)/reversal of tax losses.....	67	(0.2)	61	3.0
Effect of tax rate changes	370	(0.9)	198	9.8
Others	108	(0.3)	48	2.4
Tax charge included in the profit or loss for the period	<u>(9,159)</u>	22.2	<u>916</u>	45.4

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.

	YTD 2015	YTD 2014
Basic earnings per share (EUR cent per share)		
Net profit (loss) attributable to shareholders	32,136	(1,105)
Weighted average number of outstanding shares in issue (thousands).....	723,749	735,343
Basic earnings per share (EUR cent per share).....	4.44	(0.15)

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 2015	YTD 2014
Diluted earnings per share (EUR cent)		
Net profit (loss) used to determine diluted earnings per share	32,136	(1,105)
Weighted average number of outstanding shares in issue (thousands).....	723,749	735,343
Adjustments for share options (thousands).....	1,247	1,846
Weighted average number of outstanding shares for diluted earnings per share (thousands).....	724,996	737,189
Diluted earnings per share (EUR cent per share).....	4.43	(0.15)

10. Property, plant and equipment

	Land & buildings	Plant & machinery	Vehicles & 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

Six months ended 30 June 2015

Opening net book amount	75,281	15,182	5,676	96,139
Divestments	(2,613)	(762)	(350)	(3,725)
Exchange differences	1,032	340	13	1,385
Additions	150	1,319	639	2,108
Assets held for sale.....	(4,944)	-	-	(4,944)
Impairment charge.....	(352)	-	-	(352)
Depreciation charge	(1,394)	(1,682)	(1,051)	(4,127)
Closing net book amount.....	67,160	14,397	4,927	86,484

At 30 June 2015

Cost	103,862	66,025	41,609	211,496
Accumulated depreciation	(36,702)	(51,628)	(36,682)	(125,012)
Net book amount	67,160	14,397	4,927	86,484

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

	YTD 2015	YTD 2014
Cost of sales	2,610	2,830
Selling and marketing expenses.....	377	367
Research and development expenses	179	207
Administrative expenses	961	982
	4,127	4,386

11. Intangible assets

	Goodwill	Developm. costs	Patents & Trade name	Other Intangibles	Total other Intangibles
At 1 January 2015					
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
Six months ended 30 June 2015					
Opening net book amount	387,103	74,001	28,852	12,063	114,916
Divestments	-	(1,293)	-	(132)	(1,425)
Exchange differences	2,568	1,007	1,719	4	2,730
Additions	-	7,349	-	2,473	9,822
Impairment charge.....	-	(1,687)	-	(2,566)	(4,253)
Amortisation charge	-	(10,450)	(2,093)	(1,470)	(14,013)
Closing net book amount.....	389,671	68,927	28,478	10,372	107,777
At 30 June 2015					
Cost	389,671	145,997	57,501	27,884	231,382
Accumulated amortisation	-	(77,070)	(29,023)	(17,512)	(123,605)
Net book amount	389,671	68,927	28,478	10,372	107,777

The impairment of EUR 4,253 reported in the other intangibles is included in the Cost of sales EUR 528, Selling and marketing expenses EUR 1,773, Administrative expenses EUR 265 and the Other operating expenses EUR 1,687.

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

	YTD 2015	YTD 2014
Cost of sales	36	50
Selling and marketing expenses.....	303	195
Research and development expenses	11,002	7,366
Administrative expenses	2,672	2,326
	14,013	9,937

Impairment of Goodwill

The Group has tested at year-end 2014 whether goodwill has suffered any impairment. At the closing of Q2 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	359
Consolidated Statement of Comprehensive Income charge (excluding rate change)	(1,894)
Effect of change in tax rates	370
Hedge reserve & translation reserve directly booked through equity	(209)
At 30 June 2015	<u>(4,809)</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 2015	31/12 2014
Deferred income tax assets	9,045	7,873
Deferred income tax liabilities	<u>(13,854)</u>	<u>(11,308)</u>
	<u>(4,809)</u>	<u>(3,435)</u>

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	-	1,500	(1,500)
Treasury shares - sold	-	(1,488)	1,488
At 30 June 2014	<u>735,569</u>	<u>129</u>	<u>735,440</u>
	100.00%	0.02%	99.98%
Treasury shares - purchased	-	7,500	(7,500)
Treasury shares - sold	-	(671)	671
At 1 January 2015	<u>735,569</u>	<u>6,958</u>	<u>728,611</u>
Treasury shares - purchased	-	21,000	(21,000)
Treasury shares - sold	-	(6,239)	6,239
At 30 June 2015	<u>735,569</u>	<u>21,719</u>	<u>713,850</u>
	100.00%	2.95%	97.05%
		30/06	31/12
Class of share capital:		2015	2014
Nominal value		6,529	6,664
Share premium		289,898	310,484
Reserve for share based payments		<u>786</u>	<u>1,264</u>
Total share premium reserve		<u>290,684</u>	<u>311,748</u>

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 2015, management committed to a plan to transfer production facilities from the Bornholm facility in Denmark to other Marel locations in Denmark and Slovakia, and sell the real estate in Bornholm. The business is serving multiple Marel segments. The real estate is presented as Assets held for sale for EUR 1.6 million. The deal was finalized on 3 June 2015 and the assets will be transferred per 1 January 2016. An impairment charge of EUR 25 has been included in Cost of Sales in Q2 2015 to write down the real estate to the lower of its carrying amount and its fair value less costs to sell.

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Assets held for sale

Value 30 June 2015	1,576
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In 2015, management committed to a plan to transfer production facilities from the Des Moines facility in the United States of America to the Gainesville production facility in the United States of America and sell the real estate in Des Moines. The production facility in Des Moines is serving the Meat segment. The real estate is presented as Assets held for sale for EUR 3.4 million and is valued at the lower of its carrying amount and its fair value less costs to sell. The transfer of production facilities is planned to be finalized in the remainder of 2015.

Marel Meat Processing Inc.

Assets held for sale

Value 30 June 2015	3,368
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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 was presented in Q1 2015 as Assets held for sale for EUR 2.4 million (31 December 2014: EUR 2.5 million). The deal was finalized on 20 April 2015. The cash received has been reported in the cash flow from investing activities.

16. Borrowings

	30/06 2015	31/12 2014
Non-current:		
Bank borrowings	224,822	180,272
Finance lease liabilities	19	6
	<u>224,841</u>	<u>180,278</u>
Current:		
Bank borrowings excluding bank overdrafts.....	18,601	18,635
Total borrowings.....	<u>243,442</u>	<u>198,913</u>
Secured bank loans	243,423	198,907
Finance lease liabilities	19	6
Total borrowings.....	<u>243,442</u>	<u>198,913</u>

	Finance lease liabilities	Capitalised finance charges	Other borrowings	Total 30/06 2015	Total 31/12 2014
Liabilities in currency recorded in EUR					
Liabilities in EUR	-	(3,709)	145,000	141,291	102,198
Liabilities in USD	-	(1,500)	103,632	102,132	96,709
Liabilities in other currencies	19	-	-	19	6
	<u>19</u>	<u>(5,209)</u>	<u>248,632</u>	<u>243,442</u>	<u>198,913</u>
Current matures	-	-	(18,601)	(18,601)	(18,635)
	<u>19</u>	<u>(5,209)</u>	<u>230,031</u>	<u>224,841</u>	<u>180,278</u>

17. Contingencies

At 30 June 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 18,383 (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.

18. Related party transactions

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

19. Subsequent events

None.

20. Business combinations

The Company has divested on 7 April 2015 its High Speed Slicing business in the United Kingdom. The High Speed Slicing business is mainly related to the Meat segment. This divestment is an important step in the Simpler, Smarter & Faster program, which has been introduced in 2014. The assets and liabilities have been sold to Middleby Corporation, United Kingdom. The cash consideration for this divestment was EUR 9.0 million. The result of this divestment was EUR 2.2 million, which has been included in the other operating income / (expenses) in the Statement of Comprehensive Income. Subsequent to the sale of the High Speed Slicing business, management assessed the carrying value of the related intangibles assets, resulting in an impairment charge of EUR 1.7 million, which has been included in other operating income / (expenses) in the Statement of Comprehensive Income. Revenues of the High Speed Slicing business were approximately EUR 10.0 million on an annual basis.

21. Quarterly results

	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
Revenue	218,272	209,311	200,018	187,931	169,848
Cost of sales	(134,805)	(129,716)	(127,119)	(120,517)	(114,600)
Gross profit	83,467	79,595	72,899	67,414	55,248
Selling and marketing expenses	(29,613)	(28,263)	(27,512)	(24,347)	(25,369)
Research and development expenses	(12,917)	(16,055)	(18,006)	(12,931)	(12,040)
Administrative expenses.....	(13,137)	(15,228)	(18,908)	(14,023)	(14,288)
Other operating income / (expenses)	737	(3,805)	20	-	2
Result from operations (EBIT)	28,537	16,244	8,493	16,113	3,553
Finance costs	(3,345)	(3,491)	(3,191)	(3,377)	(2,998)
Finance income	(129)	3,479	203	584	64
Net finance costs.....	(3,474)	(12)	(2,988)	(2,793)	(2,934)
Result before income tax	25,063	16,232	5,505	13,320	619
Income tax	(5,547)	(3,612)	(2,510)	(3,479)	147
Profit (loss) for the period	19,516	12,620	2,995	9,841	766
Profit before deprec. & amortisation (EBITDA)	38,135	29,393	20,989	24,616	13,022