

Condensed Consolidated Interim Financial Statements

30 June 2012

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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 information gives a true and fair view of the consolidated financial performance of the Company for the six-month period ended 30 June 2012, its assets, liabilities and consolidated financial position as at 30 June 2012 and its consolidated cash flows for the six-month period ended 30 June 2012.

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 2012 and confirm these by means of their signatures.

Garðabær, 25 July 2012

Board of Directors

Árni Oddur Þórðarson
Arnar Þór Másson
Friðrik Jóhannsson
Helgi Magnússon
Margrét Jónsdóttir
Theo Bruinsma
Ásthildur Margrét Otharsdóttir

Chief Executive Officer

Theo G.M. Hoen

2 Condensed Consolidated Statement of Comprehensive Income

		Q2 2012	Q2 2011	YTD 2012	YTD 2011
	Notes				
Revenue	5	186,469	161,854	371,333	315,391
Cost of sales		(124,192)	(103,971)	(241,064)	(198,591)
Gross profit		<u>62,277</u>	<u>57,883</u>	<u>130,269</u>	<u>116,800</u>
Other operating income / (expenses)	6	220	(11,116)	(38)	(11,112)
Selling and marketing expenses		(23,666)	(20,282)	(45,579)	(39,753)
Research and development expenses		(10,940)	(9,839)	(20,985)	(19,478)
Administrative expenses		(15,681)	(12,794)	(30,337)	(25,484)
Result from operations		<u>12,210</u>	<u>3,852</u>	<u>33,330</u>	<u>20,973</u>
Finance costs	7	(4,103)	(4,418)	(8,792)	(11,015)
Finance income	7	24	1,229	606	1,464
Net finance costs	7	(4,079)	(3,189)	(8,186)	(9,551)
Result before income tax		<u>8,131</u>	<u>663</u>	<u>25,144</u>	<u>11,422</u>
Income tax	8	(1,143)	(434)	(5,087)	(2,418)
Profit for the period		<u>6,988</u>	<u>229</u>	<u>20,057</u>	<u>9,004</u>

Other Comprehensive Income

Currency translation differences		711	(323)	839	(1,171)
Cash flow hedges		(194)	(2,691)	166	1,286
Income tax relating to cash flow hedges		48	672	(42)	(322)
Other comprehensive income for the period, net of tax		<u>565</u>	<u>(2,342)</u>	<u>963</u>	<u>(207)</u>
Total comprehensive income for the period		<u>7,553</u>	<u>(2,113)</u>	<u>21,020</u>	<u>8,797</u>

Profit attributable to:

Shareholders of the Company		6,988	229	20,057	9,004
		<u>6,988</u>	<u>229</u>	<u>20,057</u>	<u>9,004</u>

Comprehensive income attributable to:

Shareholders of the Company		7,553	(2,113)	21,020	8,797
		<u>7,553</u>	<u>(2,113)</u>	<u>21,020</u>	<u>8,797</u>

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

- basic	9	0.96	0.03	2.76	1.23
- diluted	9	0.94	0.03	2.72	1.21

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

- basic		1.04	(0.29)	2.89	1.20
- diluted		1.02	(0.28)	2.85	1.19

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

3 Condensed Consolidated Statement of Financial Position

	Notes	30/06 2012	31/12 2011
ASSETS			
Non-current assets			
Property, plant and equipment	10	108,410	108,088
Goodwill	11	381,321	380,419
Other intangible assets	11	105,648	100,073
Investments in associates		109	109
Receivables	12	2,578	3,115
Deferred income tax assets	13	10,151	11,567
		<u>608,217</u>	<u>603,371</u>
Current assets			
Inventories	14	104,739	99,364
Production contracts		40,741	38,046
Trade receivables		94,059	77,497
Assets held for sale		-	555
Other receivables and prepayments		27,894	28,051
Cash and cash equivalents		20,341	30,934
		<u>287,774</u>	<u>274,447</u>
Total assets		<u>895,991</u>	<u>877,818</u>
EQUITY			
Capital and reserves attributable to equity holders of Marel hf.			
Share capital	15	6,684	6,667
Share premium	15	317,076	317,100
Reserves		(7,649)	(8,612)
Retained earnings		71,846	58,316
Total shareholders' equity		<u>387,957</u>	<u>373,471</u>
LIABILITIES			
Non-current liabilities			
Borrowings	16	262,847	254,361
Deferred income tax liabilities	13	10,217	8,705
Provisions	17	7,597	6,902
Derivative financial instruments		12,253	12,419
		<u>292,914</u>	<u>282,387</u>
Current liabilities			
Production Contracts		71,475	64,029
Trade and other payables		117,978	125,570
Current income tax liabilities		3,498	2,293
Borrowings	16	19,482	27,062
Provisions		2,687	3,006
		<u>215,120</u>	<u>221,960</u>
Total liabilities		<u>508,034</u>	<u>504,347</u>
Total equity and liabilities		<u>895,991</u>	<u>877,818</u>

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

4 Condensed Consolidated Statement of Changes in Shareholders' Equity

	Attributable to equity holders of the Company					
	Share Capital	Share premium *)	Hedge reserve	Translation reserve	Retained earnings	Total equity
Balance at 1 January 2011	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	354,290
Total comprehensive income			(2,978)	1,950	25,459	24,431
Employee share option scheme:						
Treasury shares purchased	(65)	(5,618)				(5,683)
Treasury shares sold	4	221				225
Treasury shares, transaction costs		(17)				(17)
Value of services provided		360				360
Value of services provided released		(61)			(75)	(136)
	(61)	(5,115)	(2,978)	1,950	25,384	19,180
Balance at 31 December 2011	6,667	317,100	(9,314)	702	58,316	373,471
Total comprehensive income			124	839	20,057	21,020
Dividends					(6,900)	(6,900)
Employee share option scheme:						
Treasury shares purchased	(28)	(2,551)				(2,579)
Treasury shares sold	45	2,596				2,641
Treasury shares, transaction costs		(8)				(8)
Value of services provided		312				312
Value of services provided released		(373)			373	-
	17	(24)	124	839	13,530	14,486
Balance at 30 June 2012	6,684	317,076	(9,190)	1,541	71,846	387,957

^{*)} Includes reserve for share based payments as per 30 June 2012 of EUR 1,549 (31 December 2011: EUR 1,610).

Dividends

In March 2012 a dividend of EUR 6.900 (EUR 0.95 cent per share) was declared of which EUR 6.020 is paid in Q1. The amount of EUR 880 of withholding tax was paid in Q2 2012. No dividends were paid in 2011.

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

5 Condensed Consolidated Statement of Cash Flows

	Notes	Q2 2012	Q2 2011	YTD 2012	YTD 2011
Cash flows from operating activities					
Result from operations		12,210	3,852	33,330	20,973
<i>Adjustments to reconcile result from operations to net cash provided by operating activities:</i>					
Depreciation and impairment of property, plant and equipment	10	2,480	2,636	4,920	5,322
Amortisation and impairment of intangible assets	11	3,882	3,347	7,722	6,863
Gain on sale of property, plant and equipment		(48)	-	(108)	-
Changes in non current receivables		233	6,517	539	6,517
Working capital provided by / (used in) operating activities		18,757	16,352	46,403	39,675
Changes in working capital:					
Inventories and production contracts		1,723	(18,663)	155	(37,170)
Trade and other receivables		1,959	580	(15,184)	9,202
Trade and other payables		(12,253)	10,392	(8,269)	10,237
Provisions		(399)	(1,284)	192	(452)
Changes in operating assets and liabilities		(8,970)	(8,975)	(23,106)	(18,183)
Cash generated from operating activities		9,787	7,377	23,297	21,492
Currency fluctuations and indexation		-	1	-	1
Income tax paid		(1,098)	(1,002)	(1,076)	(1,673)
Interest and finance costs paid		(3,787)	(3,667)	(7,722)	(8,649)
Net cash from operating activities		4,902	2,709	14,499	11,171
Cash flows from Investing activities					
Interest received		65	217	121	511
Divestment of subsidiary, net of cash		-	(41)	-	(41)
Purchase of property, plant and equipment		(2,962)	(1,317)	(5,193)	(2,584)
Investments in intangibles		(6,748)	(4,473)	(12,570)	(8,834)
Proceeds from sale of property, plant and equipment		629	12	1,441	107
Net cash from / (used in) investing activities		(9,016)	(5,602)	(16,201)	(10,841)
Cash flows from financing activities					
Proceeds from issue of ordinary shares		-	-	-	2,416
Purchase of treasury shares		-	-	(2,587)	-
Sale of treasury shares		2,356	-	2,641	-
Proceeds from borrowings		19,954	-	35,122	-
Repayments of borrowings		(30,143)	(10,193)	(37,867)	(35,473)
Loans to third parties		-	500	-	500
Dividends paid		(880)	-	(6,900)	-
Other changes		(6)	-	-	-
Net cash from / (used in) financing activities		(8,719)	(9,693)	(9,591)	(32,557)
Net increase / (decrease) in net cash		(12,833)	(12,586)	(11,293)	(32,227)
Exchange gains / (losses on) net cash		957	(117)	700	(966)
Net cash at beginning of the period		32,217	43,413	30,934	63,903
Net cash at end of the period		20,341	30,710	20,341	30,710
Cash and cash equivalents		20,341	29,578	20,341	29,578
Restricted cash		-	1,132	-	1,132
Net cash at end of the period		20,341	30,710	20,341	30,710

The notes on pages 7 - 14 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 25 July 2012. 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 2012. 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 2011. The consolidated financial statements for the Group as for the period ended 31 December 2011 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 2011, as described in the annual Financial Statements for the year ended 31 December 2011.

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. The ISK debenture in borrowings amounting to EUR 7.5 million at 31 December 2011 is reduced to nil during the first quarter of 2012. The currency risk from ISK denominated debt has therewith been eliminated.

5. Segment information

Business segments

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

As of 1 January 2012 the Group has implemented additional reporting according to its new organization structure. The 'others' segment included in 2011 the holdings (including goodwill) and a packaging company. As of 2012 the industries are reported according to the operating segments; as a consequence the 'others' segment now also includes any business to customers outside those segments.

The segment information for the period ended 30 June 2012 are as follows:

	Fish	Poultry	Meat	Further Processing	Others	Total
Total gross segment revenues	83,706	243,090	70,597	53,667	10,103	461,163
Inter-segment revenues	(23,711)	(36,214)	(22,104)	(4,265)	(3,536)	(89,830)
	59,995	206,876	48,493	49,402	6,567	371,333
Result from operations	5,023	26,509	(3,698)	5,077	419	33,330
Finance costs- net						(8,186)
Result before income tax						25,144
Income tax						(5,087)
Profit (loss) for the period						<u>20,057</u>
Assets	91,103	211,048	87,143	90,147	416,550	895,991
Depreciation and amortisation	(2,070)	(4,638)	(1,907)	(2,904)	(1,123)	(12,642)

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)
	47,823	174,391	44,120	45,378	3,679	315,391
Result from operations	5,028	21,178	3,117	2,213	(10,563)	20,972
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	56,343	183,142	92,119	83,817	426,066	841,486
Depreciation and amortisation	(1,567)	(4,861)	(2,042)	(2,644)	(1,072)	(12,186)

⁾ The assets of 2011 have been restated to enable comparison to the 2012 numbers. In 2012 we implemented the Group's cash pool which manages the Group's cash at central level; therefore we excluded the cash from the assets of the four industries in both years.

6. Other operating income / expenses

No extraordinary events took place in the second quarter of 2012.

7. Net finance costs

	YTD 2012	YTD 2011
Finance costs:		
Interest on borrowings	(7,507)	(8,577)
Interest on finance leases	(23)	(25)
Other finance expenses	(1,262)	(846)
Net foreign exchange transaction losses	-	(1,567)
Subtotal Finance costs	<u>(8,792)</u>	<u>(11,015)</u>
Finance income:		
Interest income	197	302
Net foreign exchange transaction gains	409	-
Other finance income	-	1,162
Subtotal Finance income	<u>606</u>	<u>1,464</u>
Net Finance costs	<u>(8,186)</u>	<u>(9,551)</u>

8. Income tax

	YTD 2012	YTD 2011
Current tax	(2,024)	(1,191)
Deferred tax	(3,063)	(1,227)
	<u>(5,087)</u>	<u>(2,418)</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 2012		YTD 2011	
		%		%
Result before income tax	<u>25,144</u>		<u>11,422</u>	
Income tax using Iceland rate	(5,029)	20.0	(2,284)	20.0
Effect tax rates in other jurisdictions	(1,786)	7.1	(906)	7.9
Weighted average applicable tax	<u>(6,815)</u>	<u>27.1</u>	<u>(3,190)</u>	<u>27.9</u>
Fx effect Iceland	(80)	0.3	(29)	0.3
R&D tax incentives	1,079	(4.3)	586	(5.1)
Permanent differences	464	(1.8)	200	(1.8)
Tax losses (un)recognised	545	(2.2)	(39)	0.3
Impairment of tax losses	(116)	0.5	-	0.0
Effect of tax rate changes	(59)	0.2	(24)	0.2
Effect of discontinued operations	-	0.0	8	(0.1)
Others	(105)	0.4	70	(0.6)
Tax charge included in the profit for the period	<u>(5,087)</u>	<u>20.2</u>	<u>(2,418)</u>	<u>21.2</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 2012	YTD 2011
Net profit attributable to share holders	20,057	9,004
Weighted average number of outstanding shares in issue (thousands)	727,808	734,599
Basic earnings per share (EUR cent per share)	<u>2.76</u>	<u>1.23</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 2012	YTD 2011
Net profit used to determine diluted earnings per share	20,057	9,004
Weighted average number of outstanding shares in issue (thousands)	727,808	734,599
Adjustments for share options (thousands)	9,434	7,337
Weighted average number of outstanding shares for diluted earnings per share (thousands)	<u>737,242</u>	<u>741,936</u>
Diluted earnings per share (EUR cent)	<u>2.72</u>	<u>1.21</u>

10. Property, plant and equipment

	Land & buildings	Plant & machinery	Vehicles & equipment	Total
At 1 January 2012				
Cost	112,621	63,895	44,800	221,316
Accumulated depreciation	(30,249)	(46,143)	(36,836)	(113,228)
Net book amount	<u>82,372</u>	<u>17,752</u>	<u>7,964</u>	<u>108,088</u>

Six months ended 30 June 2012

Opening net book amount	82,372	17,752	7,964	108,088
Exchange differences	402	66	64	532
Additions	184	3,011	1,998	5,193
Disposals	(79)	(130)	(274)	(483)
Depreciation charge	(1,470)	(2,009)	(1,441)	(4,920)
Closing net book amount	<u>81,409</u>	<u>18,690</u>	<u>8,311</u>	<u>108,410</u>

At 30 June 2012

Cost	113,302	66,498	46,455	226,255
Accumulated depreciation	(31,894)	(47,808)	(38,144)	(117,845)
Net book amount	<u>81,409</u>	<u>18,690</u>	<u>8,311</u>	<u>108,410</u>

	YTD 2012	YTD 2011
Additions	5,193	2,583
Disposals	(483)	(87)

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

	YTD 2012	YTD 2011
Cost of sales	3,190	3,468
Selling and marketing expenses	388	387
Research and development expenses	164	161
Administrative expenses	1,178	1,307
	<u>4,920</u>	<u>5,323</u>

11. Intangible assets

	Goodwill	Developm. costs	Patents & Trade name	Other Intangibles	Total other Intangibles
At 1 January 2012					
Cost	380,419	80,305	51,661	14,480	146,446
Accumulated depreciation	0	(29,438)	(12,060)	(4,875)	(46,373)
Net book amount	<u>380,419</u>	<u>50,867</u>	<u>39,601</u>	<u>9,605</u>	<u>100,073</u>
Six months ended 30 June 2012					
Opening net book amount	380,419	50,867	39,601	9,605	100,073
Exchange differences	902	340	610	(223)	727
Additions	-	10,035	-	2,535	12,570
Reclassification	-	1,273	(625)	(648)	-
Amortisation charge	-	(5,029)	(1,790)	(903)	(7,722)
Closing net book amount	<u>381,321</u>	<u>57,486</u>	<u>37,796</u>	<u>10,366</u>	<u>105,648</u>
At 30 June 2012					
Cost	381,321	91,438	52,567	16,103	160,108
Accumulated amortisation	-	(33,952)	(14,771)	(5,737)	(54,460)
Net book amount	<u>381,321</u>	<u>57,486</u>	<u>37,796</u>	<u>10,366</u>	<u>105,648</u>

	YTD 2012	YTD 2011
Additions	12,570	9,227

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

	YTD 2012	YTD 2011
Cost of sales	37	33
Selling and marketing expenses	175	25
Research and development expenses	5,652	5,121
Administrative expenses	1,858	1,684
	<u>7,722</u>	<u>6,863</u>

Impairment of Goodwill

The Group has tested end 2011 whether goodwill has suffered any impairment. At the closing of Q2 2012, there are no reasons to deviate from the conclusions taken at year-end.

12. Receivables (non-current)

At the end of June 2012 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 2012	2,862
Exchange differences and changes within the Group	143
Consolidated Statement of Comprehensive Income charge (excluding rate change)	(3,003)
Effect of change tax rates	(60)
Hedge reserve & translation reserve directly booked through equity	(42)
Others	34
Six months ended 30 June 2012	<u>(66)</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 2012	31/12 2011
Deferred tax assets	10,151	11,567
Deferred tax liabilities	<u>(10,217)</u>	<u>(8,705)</u>
	(66)	2,862

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. Shareholders' Equity

Sharecapital	Ordinary shares	Treasury shares	Number of shares (thousands)
At 1 January 2011	730,291	(38)	730,253
Issue of shares	5,278	-	5,278
Treasury shares - sold	-	38	38
At 30 June 2011	<u>735,569</u>	<u>-</u>	<u>735,569</u>
Treasury shares - purchased	-	(7,125)	(7,125)
Treasury shares - sold	-	400	400
At 1 January 2012	<u>735,569</u>	<u>(6,725)</u>	<u>728,844</u>
Treasury shares - purchased	-	(3,000)	(3,000)
Treasury shares - sold	-	4,865	4,865
At 30 June 2012	<u>735,569</u>	<u>(4,860)</u>	<u>730,709</u>
Class of share capital:			
Nominal value			6,684
Share premium			315,527
Reserve for share based payments			1,549
Total share premium reserve			<u>317,076</u>

The total authorised number of ordinary shares is 735.6 million shares (2011: 735.6 million shares) with a par value of ISK 1 per share. All issued shares are fully paid.

16. Borrowings

Non-current:	30/06 2012	31/12 2011
Bank borrowings	262,627	254,201
Finance lease liabilities	220	160
	<u>262,847</u>	<u>254,361</u>
Current:		
Bank borrowings excluding bank overdrafts	19,221	19,228
Debentures	-	7,639
Finance lease liabilities	261	195
	<u>19,482</u>	<u>27,062</u>
Total borrowings	<u>282,329</u>	<u>281,423</u>

	Finance lease liabilities	Capatilised finance charges	Other borrowings	Total 30/06 2012	Total 31/12 2011
Liabilities in DKK	89	-	9,282	9,371	9,705
Liabilities in EUR	-	(3,379)	170,000	166,621	161,127
Liabilities in ISK, partially index linked	-	-	-	-	7,640
Liabilities in USD	293	(1,386)	107,331	106,238	102,817
Liabilities in other currencies	99	-	-	99	134
	<u>481</u>	<u>(4,765)</u>	<u>286,613</u>	<u>282,329</u>	<u>281,423</u>
Current matures	(261)	1,393	(20,614)	(19,482)	(27,062)
	<u>220</u>	<u>(3,372)</u>	<u>265,999</u>	<u>262,847</u>	<u>254,361</u>

17. Provisions

In 2012 a new provision for early retirement rights has been created for an amount of EUR 501.

18. Contingencies

At 30 June 2012 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 30,137 (31 December 2011: EUR 41,690) 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 2011 the case was ruled in favor of Marel in District Court. Glitnir bank hf. appealed the verdict to Supreme Court in July 2011 and the oral proceedings are planned at 24 September 2012.

19. Related party transactions

At the end of June 2012, there are no loans to directors (31 December 2011: EUR nil).

20. Quarterly results

	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011
Revenue	186,469	184,864	183,903	169,063	161,854
Cost of sales	(124,192)	(116,872)	(114,105)	(108,371)	(103,971)
Gross profit	62,277	67,992	69,798	60,692	57,883
Other operating income /(expenses)	220	(258)	(62)	(119)	(11,116)
Selling and marketing expenses	(23,666)	(21,913)	(21,563)	(18,499)	(20,282)
Research and development expenses	(10,940)	(10,045)	(11,343)	(9,501)	(9,839)
Administrative expenses	(15,681)	(14,656)	(15,089)	(13,120)	(12,794)
Result from operations (EBIT)	12,210	21,120	21,741	19,453	3,852
Finance costs	(4,103)	(4,689)	(3,109)	(5,729)	(4,418)
Finance income	24	582	852	(572)	1,229
Net finance costs	(4,079)	(4,107)	(2,257)	(6,301)	(3,189)
Result before income tax	8,131	17,012	19,484	13,152	663
Income tax	(1,143)	(3,944)	(4,497)	(2,680)	(434)
Profit for the period	6,988	13,068	14,987	10,472	229
Profit before deprec. & amortisation (EBITDA)	18,570	27,401	28,029	25,819	9,835