

# **Marel Food Systems hf**

**Condensed Consolidated Interim  
Financial Statements 31 March 2008**

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## The Board of Directors' and CEO's Report

The Board of Directors and CEO of Marel Food Systems hf hereby ratify the Condensed Consolidated Interim Financial Statements of Marel Food Systems hf for the period January 1 to March 31, 2008 with their signatures.

Garðabæ, 6 May 2008

Board of Directors

Árni Oddur Þórðarson

Arnar Þór Másson

Friðrik Jóhannsson

Helgi Magnússon

Lars Grundtvig

Margrét Jónsdóttir

Chief Executive Officer

Hörður Arnarson

## Financial Ratios

	2008	2007	2007	2006	2005	2004
	1.1-31.3	1.1-31.3	1.1-31.12	1.1-31.12	1.1-31.12	1.1-31.12
<b>Operating results</b>						
Sales .....	74.035	72.244	289.817	208.700	129.039	112.301
Gross profit .....	25.385	25.423	97.236	68.803	43.625	41.016
Profit before depreciation (EBITDA) .....	5.074	5.644	20.980	15.679	14.814	16.527
Profit from operations (EBIT) .....	2.177	3.243	10.029	7.527	9.721	12.066
Profit for the period .....	739	1.009	6.066	159	5.715	7.984
<b>Cash flow statement</b>						
Net cash from (to) operating activities .....	1.762	5.156	2.778	(2.992)	2.987	13.207
Investing activities .....	44.755	(3.597)	(70.249)	(69.754)	(10.180)	(6.389)
Financing activities .....	4.706	(6.403)	34.118	132.318	7.210	(7.263)
<b>Financial position</b>						
Total assets .....	423.374	372.902	427.304	364.793	114.890	95.482
Working capital .....	109.108	89.039	109.887	87.989	16.557	19.807
Equity .....	180.606	146.361	181.835	144.423	41.032	31.595
<b>Various figures in proportion to sales</b>						
Gross profit .....	34,3%	35,2%	33,6%	33,0%	33,8%	36,5%
Selling and marketing expenses .....	15,5%	14,5%	15,5%	13,9%	12,4%	12,4%
Research and development expenses .....	5,1%	5,0%	5,0%	5,6%	6,1%	5,8%
Administrative expenses .....	11,1%	11,6%	10,0%	10,6%	8,7%	8,1%
Profit before depreciation (EBITDA) .....	6,9%	7,8%	7,2%	7,5%	11,5%	14,7%
Depreciation/amortization .....	3,9%	3,3%	3,8%	3,9%	3,9%	4,0%
Profit from operations (EBIT) .....	2,9%	4,5%	3,5%	3,6%	7,5%	10,7%
Profit for the period .....	1,0%	1,4%	2,1%	0,1%	4,4%	7,1%
<b>Other key ratios</b>						
Current ratio .....	1,9	1,9	1,9	1,9	1,4	1,6
Quick ratio .....	1,3	1,2	1,3	1,2	0,6	0,7
Equity ratio .....	42,6%	39,2%	42,5%	39,6%	35,7%	33,1%
Return on owners' equity .....	1,6%	0,7%	3,7%	0,2%	18,1%	30,5%
Return on total assets .....	0,2%	0,3%	1,5%	0,1%	5,4%	9,0%
Price to earnings (P/E) last 12 months .....	52,3	-	73,5	-	36,7	17,7

## Condensed Consolidated Interim Income Statement

	Notes	2008 Q1	2007 Q1
Sales .....	4	74.035	72.244
Cost of sales .....		<u>(48.650)</u>	<u>(46.821)</u>
<b>Gross profit</b>		25.385	25.423
Other operating income .....		306	375
Selling and marketing expenses .....		(11.508)	(10.508)
Research and development expenses .....		(3.778)	(3.641)
Administrative expenses .....		<u>(8.228)</u>	<u>(8.406)</u>
<b>Profit from operations</b>		2.177	3.243
Finance costs - net .....	6	(1.177)	(1.168)
Share of results of associates .....	17	473	(285)
<b>Profit before income tax</b>		1.473	1.790
Income tax expense .....		<u>(734)</u>	<u>(781)</u>
<b>Net profit</b>		<u><u>739</u></u>	<u><u>1.009</u></u>
<b>Attributable to:</b>			
Equity holders of the Company .....		730	1.006
Minority interest .....		<u>9</u>	<u>3</u>
		<u><u>739</u></u>	<u><u>1.009</u></u>
<b>Earnings per share for profit attributable to equity holders of the company during the period (expressed in EUR cent per share):</b>			
- basic .....	7	0,19	0,27
- diluted .....	7	0,18	0,26

The notes on pages 8-13 are an integral part of the condensed consolidated interim financial statements.

## Condensed Consolidated Interim Balance Sheet

	Notes	31/3 2008	31/12 2007
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment .....	9	69.162	66.305
Goodwill .....	10	98.084	95.450
Other intangible assets .....	10	22.633	24.585
Investments in associates .....	17	240	3.281
Available-for-sale investments .....		631	631
Receivables .....		684	245
Derivative financial instruments .....		0	127
Deferred income tax assets .....		1.911	3.542
		<u>193.345</u>	<u>194.166</u>
<b>Current assets</b>			
Inventories .....		62.540	61.587
Production contracts .....		14.063	15.168
Trade receivables .....		53.307	52.871
Other receivables and prepayments .....		18.189	20.427
Loan to Associate .....		0	49.607
Derivative financial instruments .....		486	3.041
Cash and cash equivalents .....		81.444	30.437
		<u>230.029</u>	<u>233.138</u>
<b>Total assets</b>		<u><u>423.374</u></u>	<u><u>427.304</u></u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of Marel Food Systems hf</b>			
Ordinary shares .....		4.452	4.452
Treasury shares .....		(16)	(38)
Share premium .....		149.671	147.584
Fair value and other reserves .....		(4.579)	(502)
Retained earnings .....		31.023	30.293
		<u>180.551</u>	<u>181.789</u>
<b>Minority interest</b>		55	46
<b>Total equity</b>		<u><u>180.606</u></u>	<u><u>181.835</u></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings .....	12	99.918	115.327
Deferred income tax liabilities .....		4.264	6.380
Provisions .....	13	11	11
Derivative financial instruments .....		17.654	500
		<u>121.847</u>	<u>122.218</u>
<b>Current liabilities</b>			
Trade and other payables .....	11	67.599	75.487
Derivative financial instruments .....		3.105	117
Current income tax liabilities .....		929	736
Borrowings .....	12	45.684	45.029
Provisions .....	13	3.604	1.882
		<u>120.921</u>	<u>123.251</u>
<b>Total liabilities</b>		242.768	245.469
<b>Total equity and liabilities</b>		<u><u>423.374</u></u>	<u><u>427.304</u></u>

The notes on pages 8-13 are an integral part of the condensed consolidated interim financial statements.

## Consolidated Statement of Changes in Shareholders' Equity

	Attributable to equity holders of the Company					Minority interest	Total equity
	Share capital	Share premium	Other reserves	Retained earnings	Total		
<b>Balance at 1 January 2007</b>	4.045	115.369	(88)	25.052	144.378	45	144.423
Cash flow/net investment hedges:							
– net fair value gain/(loss), net of tax .....			1.330		1.330		1.330
Currency translation differences .....			(28)		(28)		(28)
Net income/(expenses) recognised directly in equity .....			1.302		1.302		1.302
Sale of treasury shares .....	(7)	292			285		285
Purchases of treasury shares .....							
Employee share option scheme:							
value of services provided .....		166			166		166
Dividend related to previous year .....				(824)	(824)		(824)
Profit for the period .....				1.006	1.006	3	1.009
	(7)	458	1.302	182	1.935	3	1.938
<b>Balance at 31 March 2007 / 1 April 2007</b>	4.038	115.827	1.214	25.234	146.313	48	146.361
Cash flow/net investment hedges:							
– net fair value gain/(loss), net of tax .....			(685)		(685)		(685)
Currency translation differences .....			(1.031)		(1.031)		(1.031)
Net income/(expenses) recognised directly in equity .....			(1.716)		(1.716)		(1.716)
Sale (purchases) of treasury shares, net .....	(28)	(2.595)			(2.623)		(2.623)
Employee share option scheme:							
value of services provided .....		391			391		391
Profit for the period .....				5.059	5.059	(2)	5.057
Issue of share capital - acquisition	404	33.961			34.365		34.365
	376	31.757	(1.716)	5.059	35.476	(2)	
<b>Balance at 31 December 2007</b>	4.414	147.584	(502)	30.293	181.789	46	181.835
Cash flow/net investment hedges:							
– net fair value gain/(loss), net of tax .....			(3.601)		(3.601)		(3.601)
Currency translation differences .....			(476)		(476)		(476)
Net income/(expenses) recognised directly in equity .....			(4.077)		(4.077)		(4.077)
Sale of treasury shares .....	22	2.200			2.222		2.222
Employee share option scheme:							
value of services provided .....		(113)			(113)		(113)
Profit for the period .....				730	730	9	739
	22	2.087	(4.077)	730	(1.238)	9	(1.229)
<b>Balance at 31 March 2008</b>	4.436	149.671	(4.579)	31.023	180.551	55	180.606

The notes on pages 8-13 are an integral part of the consolidated financial statements.

## Condensed Consolidated Interim Cash Flow Statement

		2008 YTD	2007 YTD
	<b>Notes</b>		
<b>Cash flows from operating activities</b>			
Net profit .....		739	1.009
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and impairment of fixed assets .....	9	1.385	1.173
Amortisation and impairment of intangible assets .....	10	1.512	1.228
Currency fluctuations and indexation .....		550	(58)
Changes in deferred taxes .....		588	851
Other changes .....		(471)	285
Working capital provided by operating activities		4.302	4.488
Changes in operating assets and liabilities:			
Inventories and production contracts .....		316	(5.332)
Trade and other receivables .....		1.777	6.412
Current tax liabilities .....		608	0
Trade and other payables .....		(6.902)	(412)
Provisions .....		1.660	0
Changes in operating assets and liabilities		(2.540)	668
<b>Net cash from operating activities</b>		1.762	5.156
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment (PPE) .....	9	(5.026)	(1.333)
Purchase of intangibles .....	10	(2.945)	(2.591)
Loans to associates .....		49.607	0
Proceeds from sale of PPE .....		68	327
Proceeds from sale of associates .....		3.469	0
Changes in securities .....		(418)	0
Net cash used in investing activities		44.755	(3.597)
<b>Cash flows from financing activities</b>			
Proceeds from issue of ordinary shares .....		0	166
Proceeds from (purchase of) treasury shares, net .....		2.109	0
Proceeds from borrowings .....		3.574	19
Repayments of borrowings .....		(361)	(5.426)
Finance lease principal payments .....		(134)	(338)
Changes in short-term bank loans .....		(481)	
Dividend paid to group shareholders .....		0	(824)
Net cash from (to) financing activities		4.706	(6.403)
<b>Net increase (decrease) in cash and cash equivalents</b>		51.224	(4.844)
Exchange losses on cash and bank overdrafts .....		(217)	33
Cash and cash equivalents at beginning of period .....		30.437	63.079
<b>Cash and cash equivalents at end of period</b>		81.444	58.268
<b>Other information</b>			
Interest received .....		1.130	578
Interest paid .....		2.136	1.432
Income tax paid .....		3.067	595

The notes on pages 8-13 are an integral part of the condensed consolidated interim financial statements.



# Notes to the Condensed Consolidated Interim Financial Statements

## 1. General information

Marel Food Systems 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 6 May 2008.

## 2. Basis of preparation

These condensed interim consolidated financial statements of Company and its subsidiary (the Group) are for three months ended 31 March 2008. They have been prepared in accordance with IAS 34. The interim condensed consolidated report should be read in conjunction with the annual financial statements for the year ended 31 December 2007. The consolidated financial statements for the Group as at an for the period ended 31 December 2007 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 2007, as described in the annual Financial Statements for the year ended 31 December 2007.

## 4. Segment information

### Business segments

At 31 March 2008, the Group is organised on a worldwide basis into three main business segments (industries): (1) Fish, (2) Poultry and (3) Meat.

Other Group operations mainly comprise the sale of manufacturing services which does not constitute a separately reportable segment.

The segment results for the three months ended 31 March 2008 are as follows:

	Fish	Poultry	Meat	Unallocated	Group
Sales .....	18.314	24.966	23.808	6.947	74.035
Operating profit .....					2.177
Finance costs - net .....					(1.177)
Share of results of associates .....					473
<b>Profit before tax</b>					<u>1.473</u>
Income tax expense .....					(734)
<b>Profit for the period</b>					<u>739</u>

The segment results for the three months ended 31 March 2007 are as follows:

	Fish	Poultry	Meat	Unallocated	Group
Sales .....	20.342	19.898	17.254	14.750	72.244
Operating profit .....					3.243
Finance costs - net .....					(1.168)
Share of results of associates .....					(285)
<b>Profit before tax</b>					<u>1.790</u>
Tax expense .....					(781)
<b>Profit for the period</b>					<u>1.009</u>

The group does not allocate assets, liabilities, depreciation, amortization, impairment charge and capital expenditures between business segments.

Inter-segment transfers or transactions are entered under the normal commercial terms and conditions that would also be available to third parties.

## Notes to the Condensed Consolidated Interim Financial Statements

### 5. Quarterly results

	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007
Sales .....	74.035	78.869	66.087	72.617	72.244
Cost of sales .....	(48.650)	(53.692)	(44.215)	(47.853)	(46.821)
<b>Gross profit</b> .....	<b>25.385</b>	<b>25.177</b>	<b>21.872</b>	<b>24.764</b>	<b>25.423</b>
Other operating income .....	306	(66)	124	770	375
Selling and marketing expenses .....	(11.508)	(12.172)	(10.398)	(11.751)	(10.508)
Research and development expenses .....	(3.778)	(4.237)	(3.122)	(3.631)	(3.641)
Administrative expenses .....	(8.228)	(7.100)	(6.711)	(6.733)	(8.406)
<b>Profit from operations (EBIT)</b> .....	<b>2.177</b>	<b>1.602</b>	<b>1.765</b>	<b>3.419</b>	<b>3.243</b>
Finance costs - net .....	(1.177)	(2.277)	(1.894)	(1.752)	(1.168)
Share of results of associates .....	473	5.125	(6.836)	6.598	(285)
<b>Profit (loss) before tax</b> .....	<b>1.473</b>	<b>4.450</b>	<b>(6.965)</b>	<b>8.265</b>	<b>1.790</b>
Income tax expense .....	(734)	(1.077)	1.208	(824)	(781)
<b>Profit for the period</b>	<b>739</b>	<b>3.373</b>	<b>(5.757)</b>	<b>7.441</b>	<b>1.009</b>
Profit before depreciation (EBITDA) .....	5.074	4.841	4.614	5.881	5.644

### 6. Finance costs – net

	YTD 2008	YTD 2007
Interest expense:		
- borrowings .....	(1.987)	(1.906)
- finance leases .....	(5)	(18)
- other interest expenses .....	(480)	(318)
	(2.472)	(2.242)
Interest income .....	1.308	578
Other finance income (cost) .....	0	(24)
Net foreign exchange transaction gains/(losses) .....	(13)	520
	(1.177)	(1.168)

### 7. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity 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 2008	YTD 2007
Net profit attributable to equity holders (EUR 000) .....	748	1.006
Weighted average number of outstanding shares in issue (thousands) .....	402.150	365.998
Basic earnings per share (EUR cent per share) .....	<u>0,19</u>	<u>0,27</u>
Net profit used to determine diluted earnings per share (EUR 000) .....	748	1.006
Weighted average number of outstanding shares in issue (thousands) .....	402.150	365.998
Adjustments for share options (thousands) .....	2.264	18.629
Weighted average number of outstanding shares for diluted earnings per share (thousands) .....	<u>404.414</u>	<u>384.627</u>
Diluted earnings per share (EUR cent) .....	<u>0,18</u>	<u>0,26</u>

### 8. Dividend per share

The dividends paid in March 2008 and March 2007 were EUR 0 (EUR 0.0 cents per share) and EUR 824 (EUR 0.22 cents per share) respectively.

## Notes to the Condensed Consolidated Interim Financial Statements

### 9. Property, plant and equipment

	Land & buildings	Plant & machinery	Vehicles & equipment	Total
<b>At 1 January 2008</b>				
Cost .....	53.749	20.242	17.856	91.847
Accumulated depreciation .....	(5.089)	(11.529)	(8.924)	(25.542)
Net book amount .....	<u>48.660</u>	<u>8.713</u>	<u>8.932</u>	<u>66.305</u>
<b>Three months ended 31 March 2008</b>				
Opening net book amount .....	48.660	8.713	8.932	66.305
Exchange differences .....	95	(250)	(558)	(714)
Additions .....	3.043	1.102	882	5.026
Disposals .....	(33)	(14)	(24)	(71)
Depreciation charge .....	(154)	(494)	(737)	(1.385)
Closing net book amount .....	<u>51.611</u>	<u>9.055</u>	<u>8.495</u>	<u>69.162</u>
<b>At 31 March 2008</b>				
Cost .....	56.958	20.989	17.782	95.729
Accumulated depreciation .....	(5.347)	(11.933)	(9.287)	(26.567)
Net book amount .....	<u>51.611</u>	<u>9.056</u>	<u>8.496</u>	<u>69.162</u>

	YTD 2008	YTD 2007
Depreciation of property, plant and equipment analyses as follows in the income statement:		
Cost of sales .....	873	473
Selling and marketing expenses .....	198	99
Development expenses .....	52	45
Administrative expenses .....	262	61
	<u>1.385</u>	<u>678</u>

### 10. Intangible assets

	Goodwill	Trade name	Development costs	Patents	Software	Total
<b>At 1 January 2008</b>						
Cost .....	95.509	3.201	26.978	3.289	1.258	130.235
Accumulated depreciation .....	(59)		(8.736)	(878)	(527)	(10.200)
Net book amount .....	<u>95.450</u>	<u>3.201</u>	<u>18.242</u>	<u>2.411</u>	<u>731</u>	<u>120.035</u>
<b>Three months ended 31 March 2008</b>						
Opening net book amount .....	95.450	3.201	18.242	2.411	731	120.036
Exchange differences .....	(601)		(130)	(17)	(5)	(752)
Additions .....	35		2.671	53	187	2.945
Amortisation charge .....	0		(1.309)	(114)	(88)	(1.512)
Closing net book amount .....	<u>94.883</u>	<u>3.201</u>	<u>19.474</u>	<u>2.333</u>	<u>825</u>	<u>120.717</u>

	YTD 2008	YTD 2007
Amortisation of intangible assets analyses as follows in the income statement:		
Cost of sales .....	19	4
Selling and marketing expenses .....	32	3
Development expenses .....	1.423	734
Administrative expenses .....	37	3
	<u>1.512</u>	<u>744</u>

## Notes to the Condensed Consolidated Interim Financial Statements

	31/3 2008	31/12 2007
<b>11. Trade and other payables</b>		
Trade payables .....	18.277	24.389
Accruals .....	12.387	21.607
Deferred income .....	22.563	17.693
Other payables .....	14.372	11.798
	<u>67.599</u>	<u>75.487</u>
<b>12. Borrowings</b>		
Non-current:		
Bank borrowings .....	33.563	29.337
Debentures .....	66.044	85.657
Finance lease liabilities .....	310	333
	<u>99.918</u>	<u>115.327</u>
Current:		
Bank overdrafts .....	21.074	21.919
Bank borrowings .....	4.425	2.632
Debentures .....	19.839	19.973
Finance lease liabilities .....	346	505
	<u>45.684</u>	<u>45.029</u>
Total borrowings .....	<u>145.602</u>	<u>160.356</u>

The borrowings include secured liabilities (leases and bank borrowings) in a total amount of EUR 54,220 (2007: EUR 50,768). The bank borrowings are secured over certain of the land and buildings of the Group and over certain of the inventories. Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

	Finance lease liabilities	Other borrowings	Total 31/3 2008	Total 31/12 2007
Liabilities in currency:				
Liabilities in CHF .....	0	2.383	2.383	2.311
Liabilities in DKK .....	185	50.276	50.460	48.918
Liabilities in EUR .....	124	21.167	21.292	20.592
Liabilities in GBP .....	99	1.790	1.889	1.607
Liabilities in ISK, index linked .....	0	55.294	55.294	73.469
Liabilities in JPY .....	0	0	0	161
Liabilities in NOK .....	0	213	213	380
Liabilities in SKK .....	0	11.270	11.270	8.706
Liabilities in USD .....	94	1.812	1.905	3.853
Liabilities in other currency .....	155	741	895	359
	<u>657</u>	<u>144.945</u>	<u>145.602</u>	<u>160.356</u>
Current maturates .....	(346)	(45.337)	(45.684)	(45.029)
	<u>310</u>	<u>99.608</u>	<u>99.918</u>	<u>115.327</u>
Annual maturates of non-current liabilities:				
Period 1/4 2009 - 31/3 2010 / year 2009 .....	201	4.033	4.234	4.174
Period 1/4 2010 - 31/3 2011 / year 2010 .....	59	3.211	3.270	3.284
Period 1/4 2011 - 31/3 2012 / year 2011 .....	41	58.891	58.933	3.161
Period 1/4 2012 - 31/3 2013 / year 2012 .....	9	5.063	5.072	76.453
Later .....	0	28.409	28.409	28.255
	<u>310</u>	<u>99.608</u>	<u>99.918</u>	<u>115.327</u>

## Notes to the Condensed Consolidated Interim Financial Statements

### 13. Provisions

Warranty:			
At 1 January 2007			1.502
Changes entered into income statement .....			391
<b>At 1 January 2008</b>			<b>1.893</b>
Changes entered into income statement .....			1.722
<b>At 31 March 2008</b>			<b>3.615</b>
		<b>31/3 2008</b>	<b>31/12 2007</b>
Analysis of total provisions:			
Current .....		3.604	1.882
Non current .....		11	11
		<b>3.615</b>	<b>1.893</b>

### 14. Contingencies

Contingent liabilities:

At 31 March 2008 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 36,603 (2007: EUR 22,268) to third parties.

### 15. Commitments and insurance

#### Operating lease commitments – where a group company is the lessee

The Group has made some rental agreements for building, motor vehicles and office equipment, now with the remaining balance of EUR 7,974. The amount will be charged at the relevant rental time of each agreement. The rental agreements will materialise in the years 2008 - 2016.

### 16. Share capital

	Number of shares (thousands)	Ordinary shares	Treasury shares	Total
<b>At 1 January 2007</b>	365.832	367.081	(1.249)	365.832
Treasury shares sold .....	331		331	331
At 31 March 2007 .....	366.163	367.081	(918)	366.163
Issue of shares .....	36.705	36.705		
Treasury shares purchased .....	(2.702)		(2.702)	(2.702)
Treasury shares sold .....	184		184	184
<b>At 1 January 2008</b>	400.350	403.786	(3.436)	400.350
Treasury shares sold .....	2.000		2.000	2.000
<b>At 31 March 2008</b>	<b>402.350</b>	<b>403.786</b>	<b>(1.436)</b>	<b>402.350</b>

The total authorised number of ordinary shares is 403.8 million shares (2007: 403.8 million shares) with a par value of ISK 1 per share (2007: ISK 1 per share).

### 17. Investments in associates

	<b>31/3 2008</b>	<b>31/12 2007</b>
Beginning of year .....	3.281	(576)
Translation difference .....	0	1
Sale of associate .....	(3.514)	(746)
Share of results .....	473	4.602
<b>End of year</b>	<b>240</b>	<b>3.281</b>

## Notes to the Condensed Consolidated Interim Financial Statements

### 18. Related party transactions

At the end of March 2008, there are no loans to directors (31 December 2007: EUR nil). In addition there were no transactions carried out (purchases of goods and services) between the group and the directors in the year 2007 and year to date 2008.

### 19. Events after the balance sheet date

In November 2007 Marel Food Systems hf. signed an agreement to acquire the Stork Food Systems division of Stork N.V. The acquisition price is EUR 415 million on a debt and cash-free basis and with additional transaction costs which is estimated EUR 20 million. The acquisition is fully funded by proceeds of interests in LME Eignarhaldsfélag ehf. (EUR 53 million), an equity offering underwritten by Landsbanki (EUR 147 million, thereof EUR 30 million sold at year-end 2007) and secured long term debt financing (EUR 235 million). The transaction closure, which was subject to clearance from anti-trust authorities, will take place at 8th May 2008 and Stork Food Systems will be handed over to Marel Food Systems at that date. A clearance from anti-trust authorities was received 21st April 2008.

### 20. Principal subsidiaries

Marel ehf Iceland .....	Iceland
Marel Food Systems Australia, New Zealand .....	New Zealand
Marel Food Systems Benelux .....	Netherland
Marel Food Systems Brazil .....	Brazil
Marel Food Systems Canada .....	Canada
Marel Food Systems Chile .....	Chile
Marel Food Systems Denmark .....	Denmark
Marel Food Systems England .....	UK
Marel Food Systems France .....	France
Marel Food Systems Germany .....	Germany
Marel Management (Germany) .....	Germany
Marel Food Systems Ireland .....	Ireland
Marel Food Systems Italy .....	Italy
Marel Food Systems Norway .....	Norway
Marel Food Systems Poland .....	Poland
Marel Food Systems Russsland .....	Russsland
Marel Food Systems Slovakia .....	Slovakia
Marel Food Systems South Africa .....	South Africa
Marel Food Systems Spain .....	Spain
Marel Food Systems Sweden .....	Sweden
Marel Food Systems (Carnitech) Thailand .....	Thailand
Marel Food Systems USA .....	USA
Marel Food Systems Uruguay .....	Uruguay
Marel UK .....	UK
Marel Spain .....	Spain
AEW UK .....	UK
Carnitech Group, Parent .....	Denmark
Marel Aarhus (Scanvaegt) .....	Denmark
Nordic .....	Denmark
DKT .....	Denmark

All subsidiaries are wholly owned. All holdings are in the ordinary share capital of the entity concerned.