

Condensed Consolidated Interim Financial Statements  
30 September 2015

# Contents

1. The Board of Directors' and CEO's Report	2
2. Condensed Consolidated Statement of Comprehensive Income	3
3. Condensed Consolidated Statement of Financial Position	4
4. Condensed Consolidated Statement of Changes in Equity	5
5. Condensed Consolidated Statement of Cash Flows	6
6. Notes to the Condensed Consolidated Interim Financial Statements	7

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

According to our best knowledge it is our opinion that the condensed consolidated interim financial statements give a true and fair view of the consolidated financial performance of the Company for the nine-month period ended 30 September 2015, its assets, liabilities and consolidated financial position as at 30 September 2015 and its consolidated cash flows for the nine-month period ended 30 September 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 nine-month period ended 30 September 2015 and confirm these by means of their signatures.

Garðabær, 28 October 2015

Board of Directors

Ásthildur Margrét Otharsdóttir  
Arnar Þór Másson  
Ann Elizabeth Savage  
Ástvaldur Jóhannsson  
Helgi Magnússon  
Margrét Jónsdóttir  
Ólafur S. Guðmundsson

Chief Executive Officer

Árni Oddur Þórðarson

## 2. Condensed Consolidated Statement of Comprehensive Income

		Q3 2015	Q3 2014	YTD 2015	YTD 2014
	Notes				
Revenues .....	5	189.106	187.931	616.689	512.536
Cost of sales - before refocusing costs .....		(115.183)	(120.559)	(377.038)	(332.152)
refocusing costs.....	6	(1.321)	42	(3.987)	(5.573)
Cost of sales .....		<u>(116.504)</u>	<u>(120.517)</u>	<u>(381.025)</u>	<u>(337.725)</u>
<b>Gross profit</b>		72.602	67.414	235.664	174.811
Selling and marketing expenses - before refocusing costs .....		(24.368)	(24.391)	(81.989)	(73.914)
refocusing costs.....	6	(3)	44	(258)	(1.609)
Selling and marketing expenses.....		<u>(24.371)</u>	<u>(24.347)</u>	<u>(82.247)</u>	<u>(75.523)</u>
Research and development expenses - before refocusing costs .....		(13.182)	(12.972)	(41.985)	(36.989)
refocusing costs.....	6	-	41	(169)	(441)
Research and development expenses .....		<u>(13.182)</u>	<u>(12.931)</u>	<u>(42.154)</u>	<u>(37.430)</u>
Administrative expenses - before refocusing costs .....		(12.184)	(12.600)	(37.971)	(36.766)
refocusing costs.....	6	(640)	(1.423)	(3.218)	(4.412)
Administrative expenses .....		<u>(12.824)</u>	<u>(14.023)</u>	<u>(41.189)</u>	<u>(41.178)</u>
Other operating income / (expenses) - before refocusing costs.....		(23)	-	(44)	5
refocusing costs.....	6	4	-	(3.043)	-
Other operating income / (expenses) .....		<u>(19)</u>	<u>-</u>	<u>(3.087)</u>	<u>5</u>
Result from operations - before refocusing costs.....	5	24.166	17.409	77.662	32.720
refocusing costs.....	6	(1.960)	(1.296)	(10.675)	(12.035)
<b>Result from operations</b>		<b>22.206</b>	<b>16.113</b>	<b>66.987</b>	<b>20.685</b>
Finance costs .....	7	(5.064)	(3.377)	(10.081)	(10.057)
Finance income.....	7	187	584	1.718	671
Net finance costs .....	7	<u>(4.877)</u>	<u>(2.793)</u>	<u>(8.363)</u>	<u>(9.386)</u>
<b>Result before income tax</b>		17.329	13.320	58.624	11.299
Income tax .....	8	(2.631)	(3.479)	(11.790)	(2.563)
<b>Profit (loss) for the period</b>		<b>14.698</b>	<b>9.841</b>	<b>46.834</b>	<b>8.736</b>
<b>Other Comprehensive Income / (loss)</b>					
<b>Items that are or will be reclassified to profit or loss:</b>					
Currency translation differences.....		(3.680)	544	(2.959)	1.775
Cash flow hedges.....		110	736	1.059	1.339
Income tax relating to cash flow hedges .....		1	(211)	(208)	(357)
<b>Other comprehensive income / (loss) for the period, net of tax</b>		<u>(3.569)</u>	<u>1.069</u>	<u>(2.108)</u>	<u>2.757</u>
<b>Total comprehensive income for the period</b>		<b>11.129</b>	<b>10.910</b>	<b>44.726</b>	<b>11.493</b>
<b>Profit (loss) attributable to:</b>					
Shareholders of the Company .....		<u>14.698</u>	<u>9.841</u>	<u>46.834</u>	<u>8.736</u>
<b>Comprehensive income attributable to:</b>					
Shareholders of the Company .....		<u>11.129</u>	<u>10.910</u>	<u>44.726</u>	<u>11.493</u>
<b>Earnings per share for result attributable to shareholders of the Company during the period (expressed in EUR cent per share):</b>					
- basic .....	9	2,07	1,34	6,51	1,19
- diluted .....	9	2,07	1,34	6,49	1,19
<b>Earnings per share for total comprehensive income attributable to shareholders of the Company during the period (expressed in EUR cent per share):</b>					
- basic .....		1,57	1,49	6,22	1,56
- diluted .....		1,56	1,49	6,20	1,56

The notes on pages 7-17 are an integral part of the Condensed Consolidated Interim Financial Statements.

3

### 3. Condensed Consolidated Statement of Financial Position

ASSETS	Notes	30/09 2015	31/12 2014
<b>Non-current assets</b>			
Property, plant and equipment.....	10	85.155	96.139
Goodwill .....	11	388.811	387.103
Other intangible assets.....	11	105.708	114.916
Trade receivables.....		441	94
Deferred income tax assets.....	12	9.965	7.873
		<u>590.080</u>	<u>606.125</u>
<b>Current assets</b>			
Inventories .....	13	96.210	88.450
Production contracts .....		30.390	29.123
Trade receivables.....		78.020	77.125
Assets held for sale.....	15	4.899	2.500
Other receivables and prepayments .....		25.928	23.551
Cash and cash equivalents .....		92.119	24.566
		<u>327.566</u>	<u>245.315</u>
<b>Total assets</b>		<b><u>917.646</u></b>	<b><u>851.440</u></b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to shareholders of Marel hf.</b>			
Share capital .....		6.438	6.664
Share premium .....		277.089	311.748
Hedge reserve .....		(3.123)	(3.974)
Translation reserve .....		(3.577)	(618)
Retained earnings .....		157.512	113.678
<b>Total equity</b>	14	434.339	427.498
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings .....	16	223.951	180.278
Deferred income tax liabilities .....	12	15.499	11.308
Provisions .....		11.282	7.292
Derivative financial instruments .....		4.346	5.399
		<u>255.078</u>	<u>204.277</u>
<b>Current liabilities</b>			
Production contracts.....		73.673	64.958
Trade and other payables.....		120.615	122.479
Current income tax liabilities .....		6.365	4.185
Borrowings .....	16	18.462	18.635
Provisions .....		9.114	9.408
		<u>228.229</u>	<u>219.665</u>
<b>Total liabilities</b>		483.307	423.942
<b>Total equity and liabilities</b>		<b><u>917.646</u></b>	<b><u>851.440</u></b>

## 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
<b>Balance at 1 January 2014</b>	6.727	317.294	(5.319)	(1.120)	101.757	419.339
Profit (loss) for the year .....					8.736	8.736
Total other comprehensive income.....			982	1.775		2.757
Treasury shares purchased.....	(45)	(3.428)				(3.473)
Treasury shares sold.....	14	880				894
Treasury shares, transaction costs.....		(5)				(5)
Value of services provided.....		143				143
Value of services provided released .....		(142)			138	(4)
	(31)	(2.552)	982	1.775	8.874	9.048
<b>Balance at 30 September 2014</b>	<b>6.696</b>	<b>314.742</b>	<b>(4.337)</b>	<b>655</b>	<b>110.631</b>	<b>428.387</b>
Profit (loss) for the year .....					2.995	2.995
Total other comprehensive income.....			363	(1.273)		(910)
Treasury shares purchased.....	(37)	(3.325)				(3.362)
Treasury shares sold.....	5	324				329
Treasury shares, transaction costs.....		(6)				(6)
Value of services provided.....		65				65
Value of services provided released .....		(52)			52	-
	(32)	(2.994)	363	(1.273)	3.047	(889)
<b>Balance at 31 December 2014</b>	<b>6.664</b>	<b>311.748</b>	<b>(3.974)</b>	<b>(618)</b>	<b>113.678</b>	<b>427.498</b>
Profit (loss) for the year .....					46.834	46.834
Total other comprehensive income.....			851	(2.959)		(2.108)
Treasury shares purchased.....	(284)	(37.710)				(37.994)
Treasury shares sold.....	58	3.493				3.551
Treasury shares, transaction costs.....		(58)				(58)
Dividend .....					(3.484)	(3.484)
Value of services provided.....		159				159
Value of services provided released .....		(543)			484	(59)
	(226)	(34.659)	851	(2.959)	43.834	6.841
<b>Balance at 30 September 2015</b>	<b>6.438</b>	<b>277.089</b>	<b>(3.123)</b>	<b>(3.577)</b>	<b>157.512</b>	<b>434.339</b>

<sup>\*)</sup> Includes reserve for share based payments as per 30 September 2015 of EUR 881 (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	Q3 2015	Q3 2014	YTD 2015	YTD 2014
<b>Cash flows from operating activities</b>					
Result from operations .....		22.206	16.113	66.987	20.685
<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	1.971	2.237	6.450	8.822
Amortisation and impairment of intangible assets.....	11	5.512	6.264	23.778	16.201
Loss / (gain) on sale of property, plant and equipment .....		(22)	133	303	(41)
Changes in non-current receivables .....		(424)	177	(347)	601
Working capital provided by / (used in) operating activities		29.243	24.924	97.171	46.268
<i>Changes in working capital:</i>					
Inventories and production contracts.....		(12.549)	12.002	(2.895)	12.449
Trade and other receivables .....		18.005	(6.369)	(4.298)	(6.993)
Trade and other payables.....		(4.893)	(3.249)	96	11.469
Provisions .....		(146)	2.421	2.815	6.340
Changes in operating assets and liabilities		417	4.805	(4.282)	23.265
Cash generated from operating activities		29.660	29.729	92.889	69.533
Taxes paid .....		(1.466)	(299)	(8.588)	(1.275)
Net Interest and finance costs .....		(2.910)	(2.813)	(10.487)	(9.686)
<b>Net cash from operating activities</b>		25.286	26.617	73.816	58.572
<b>Cash flows from Investing activities</b>					
Purchase of property, plant and equipment .....	10	(1.063)	(732)	(3.171)	(4.068)
Investments in intangibles .....	11	(4.052)	(5.406)	(13.874)	(15.613)
Proceeds from sale of property, plant and equipment .....		211	824	3.369	1.183
Business combinations net of cash .....		-	-	6.655	(5.900)
<b>Net cash used in investing activities</b>		(4.904)	(5.314)	(7.021)	(24.398)
<b>Cash flows from financing activities</b>					
Purchase of treasury shares .....		(13.759)	(2.377)	(37.994)	(3.478)
Sale of treasury shares.....		-	67	3.551	894
Proceeds from borrowings .....		-	5.000	50.000	20.000
Repayments of borrowings .....		-	(17.498)	(13.413)	(47.954)
Dividends paid .....		-	-	(3.484)	-
<b>Net cash used in financing activities</b>		(13.760)	(14.808)	(1.340)	(30.538)
<b>Net increase (decrease) in net cash</b>		<b>6.622</b>	<b>6.495</b>	<b>65.455</b>	<b>3.636</b>
Exchange (loss) / gain on net cash.....		(1.960)	1.982	2.098	2.410
Net cash at beginning of the period .....		87.457	17.362	24.566	19.793
<b>Net cash at end of the period</b>		<b>92.119</b>	<b>25.839</b>	<b>92.119</b>	<b>25.839</b>

The notes on pages 7-17 are an integral part of the Condensed Consolidated Interim Financial Statements.

6

## **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 28 October 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 nine months period ended 30 September 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](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 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. The fair value of the financial instruments as stated in the Condensed Consolidated Statement of Financial Position equals their carrying amounts. The only recurring fair value measurement is the valuation of interest rate swap contracts for hedging purposes.



## 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 September 2015 is as follows:

	Poultry	Fish	Meat	Further Processing	Others	Total
<b>Third Party Revenues</b> .....	<b>336.696</b>	<b>104.014</b>	<b>91.046</b>	<b>75.872</b>	<b>9.061</b>	<b>616.689</b>
<b>Result from operations before refocusing costs</b> .....	<b>59.900</b>	<b>9.725</b>	<b>8.385</b>	<b>(1.986)</b>	<b>1.638</b>	<b>77.662</b>
Refocusing costs .....						(10.675)
<b>Result from operations</b> .....						<b>66.987</b>
Finance costs - net .....						(8.363)
<b>Result before income tax</b> .....						<b>58.624</b>
Income tax.....						(11.790)
<b>Profit (loss) for the period</b> .....						<b>46.834</b>
Assets .....	556.701	101.978	89.753	75.946	93.268	917.646
Depreciation and amortisation .....	(13.841)	(4.200)	(3.232)	(5.732)	(3.223)	(30.228)
Of which Impairments.....	(1.393)	(413)	(393)	(367)	(2.052)	(4.618)

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

	Poultry	Fish	Meat	Further Processing	Others	Total
<b>Third Party Revenues</b> .....	<b>268.407</b>	<b>80.657</b>	<b>92.099</b>	<b>61.241</b>	<b>10.132</b>	<b>512.536</b>
<b>Result from operations</b> .....	<b>29.535</b>	<b>5.908</b>	<b>(673)</b>	<b>(1.335)</b>	<b>(715)</b>	<b>32.720</b>
Refocusing costs .....						(12.035)
<b>Result from operations</b> .....						<b>20.685</b>
Finance costs - net .....						(9.386)
<b>Result before income tax</b> .....						<b>11.299</b>
Income tax.....						(2.563)
<b>Profit (loss) for the period</b> .....						<b>8.736</b>
Assets .....	520.977	87.470	106.192	96.952	51.153	862.744
Depreciation and amortisation .....	(8.484)	(3.362)	(5.583)	(4.883)	(2.711)	(25.023)

## 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.....	731	3.618
Manufacturing and Product portfolio optimization.....	7.899	5.837
Other costs .....	2.045	2.580
	<u>10.675</u>	<u>12.035</u>

By nature of cost:

	YTD 2015	YTD 2014
Personnel related (severance, outplacement) .....	3.237	3.618
Relocation / building related .....	417	3.637
Depreciation and amortisation (including impairments).....	466	2.200
Divestments .....	3.043	-
Other costs .....	3.512	2.580
	<u>10.675</u>	<u>12.035</u>

Of the EUR 10.7 million (2014: EUR 12.0 million) total refocusing costs of EUR 2.3 million (2014: EUR 7.0 million) are related to refocusing provision.

## 7. Net finance costs

	YTD 2015	YTD 2014
Finance costs:		
Interest on borrowings .....	(8.081)	(8.207)
Interest on finance leases .....	(1)	(4)
Other finance expenses .....	(1.999)	(1.846)
Subtotal Finance costs.....	<u>(10.081)</u>	<u>(10.057)</u>
Finance income:		
Interest income .....	407	60
Net foreign exchange transaction gains.....	1.311	611
Subtotal Finance income .....	<u>1.718</u>	<u>671</u>
Net Finance costs.....	<u>(8.363)</u>	<u>(9.386)</u>

## 8. Income tax

	YTD 2015	YTD 2014
Current tax .....	(9.850)	(4.436)
Deferred tax .....	(1.940)	1.873
	<u>(11.790)</u>	<u>(2.563)</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>58.624</u>		<u>11.299</u>	
Income tax using Iceland rate .....	(11.725)	20,0	(2.260)	20,0
Effect tax rates in other jurisdictions .....	(4.468)	7,6	(1.712)	15,2
Weighted average applicable tax.....	(16.193)	27,6	(3.972)	35,2
FX effect Iceland.....	522	(0,9)	108	(1,0)
R&D tax incentives .....	2.575	(4,4)	1.306	(11,6)
Permanent differences .....	670	(1,1)	547	(4,8)
Tax losses (un)recognised .....	(68)	0,1	(648)	5,7
(Impairment)/reversal of tax losses.....	21	(0,0)	68	(0,6)
Effect of tax rate changes .....	398	(0,7)	139	(1,2)
Others .....	285	(0,5)	(111)	1,0
Tax charge included in the profit or loss for the period	<u>(11.790)</u>	20,1	<u>(2.563)</u>	22,7

## 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
<b>Basic earnings per share (EUR cent per share)</b>		
Net profit (loss) attributable to shareholders .....	46.834	8.736
Weighted average number of outstanding shares in issue (thousands).....	718.912	734.741
Basic earnings per share (EUR cent per share).....	<u>6,51</u>	<u>1,19</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 2015	YTD 2014
<b>Diluted earnings per share (EUR cent)</b>		
Net profit (loss) used to determine diluted earnings per share .....	46.834	8.736
Weighted average number of outstanding shares in issue (thousands).....	718.912	734.741
Adjustments for share options (thousands).....	2.215	1.631
Weighted average number of outstanding shares for diluted earnings per share (thousands).....	<u>721.127</u>	<u>736.372</u>
Diluted earnings per share (EUR cent).....	<u>6,49</u>	<u>1,19</u>

## 10. Property, plant and equipment

	Land & buildings	Plant & machinery	Vehicles & equipment	Total
<b>At 1 January 2015</b>				
Cost .....	115.049	66.342	42.272	223.663
Accumulated depreciation .....	(39.768)	(51.160)	(36.596)	(127.524)
Net book amount .....	<u>75.281</u>	<u>15.182</u>	<u>5.676</u>	<u>96.139</u>
<b>Nine months ended 30 September 2015</b>				
Opening net book amount .....	75.281	15.182	5.676	96.139
Divestments .....	(2.627)	(768)	(388)	(3.783)
Exchange differences .....	905	292	(220)	977
Additions .....	447	1.799	925	3.171
Assets held for sale.....	(4.899)	-	-	(4.899)
Reclassification .....	115	16	(131)	-
Impairment charge.....	(352)	-	-	(352)
Depreciation charge .....	(2.021)	(2.491)	(1.586)	(6.098)
Closing net book amount.....	<u>66.849</u>	<u>14.030</u>	<u>4.276</u>	<u>85.155</u>
<b>At 30 September 2015</b>				
Cost .....	103.996	64.257	40.629	208.882
Accumulated depreciation .....	(37.147)	(50.227)	(36.353)	(123.727)
Net book amount .....	<u>66.849</u>	<u>14.030</u>	<u>4.276</u>	<u>85.155</u>

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

	YTD 2015	YTD 2014
Cost of sales .....	3.797	4.323
Selling and marketing expenses.....	563	532
Research and development expenses .....	267	317
Administrative expenses .....	1.471	1.451
	<u>6.098</u>	<u>6.623</u>

## 11. Intangible assets

	Goodwill	Developm. costs	Patents & Trade names	Other Intangibles	<b>Total other Intangibles</b>
<b>At 1 January 2015</b>					
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
<b>Nine months ended 30 September 2015</b>					
Opening net book amount .....	387.103	74.001	28.852	12.063	114.916
Divestments .....	-	(1.483)	-	(132)	(1.615)
Exchange differences .....	1.708	839	1.485	(13)	2.311
Additions .....	-	9.736	-	4.138	13.874
Impairment charge .....	-	(1.700)	-	(2.566)	(4.266)
Amortisation charge .....	-	(14.272)	(3.143)	(2.097)	(19.512)
Closing net book amount .....	388.811	67.121	27.194	11.393	105.708
<b>At 30 September 2015</b>					
Cost .....	388.811	147.561	57.021	28.886	233.468
Accumulated amortisation .....	-	(80.440)	(29.827)	(17.493)	(127.760)
Net book amount .....	388.811	67.121	27.194	11.393	105.708

The additions for 2015 predominantly comprise internally generated assets of EUR 13,874 for product development costs and for development of software products

The impairment of EUR 4,266 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 1,700.

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

	<b>YTD 2015</b>	<b>YTD 2014</b>
Cost of sales .....	60	73
Selling and marketing expenses .....	457	346
Research and development expenses .....	15.099	11.167
Administrative expenses .....	3.896	3.568
	19.512	15.154

### Impairment of Goodwill

The Group has tested at year-end 2014 whether goodwill has suffered any impairment. At the closing of Q3 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:

<b>At 1 January 2015</b>	(3.435)
Exchange differences and changes within the Group .....	49
Consolidated Statement of Comprehensive Income charge (excluding rate change) .....	(2.338)
Effect of change in tax rates .....	398
Hedge reserve & translation reserve directly booked through equity .....	(208)
<b>At 30 September 2015</b>	<u>(5.534)</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.

	<b>30/09 2015</b>	<b>31/12 2014</b>
Deferred income tax assets .....	9.965	7.873
Deferred income tax liabilities .....	<u>(15.499)</u>	<u>(11.308)</u>
	<u>(5.534)</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)
<b>At 1 January 2014</b> .....	735.569	(117)	735.452
Treasury shares - purchased .....	-	(5.000)	(5.000)
Treasury shares - sold .....	-	1.580	1.580
<b>At 30 September 2014</b> .....	<u>735.569</u>	<u>(3.537)</u>	<u>732.032</u>
	100,00%	0,48%	99,52%
Treasury shares - purchased .....	-	(4.000)	(4.000)
Treasury shares - sold .....	-	579	579
<b>At 1 January 2015</b> .....	<u>735.569</u>	<u>(6.958)</u>	<u>728.611</u>
Treasury shares - purchased .....	-	(31.000)	(31.000)
Treasury shares - sold .....	-	6.239	6.239
<b>At 30 September 2015</b> .....	<u>735.569</u>	<u>(31.719)</u>	<u>703.850</u>
	100,00%	4,31%	95,69%
 Class of share capital:			
Nominal value.....		<b>30/09 2015</b>	<b>31/12 2014</b>
		6.438	6.664
Share premium .....		276.208	310.484
Reserve for share based payments .....		881	1.264
Total share premium reserve .....		<u>277.089</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.

### Norfo ejendomme A/S.

#### Assets held for sale

Value 30 September 2015 ..... 1,576

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 3.3 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 September 2015 ..... 3,323



## 16. Borrowings

	<b>30/09 2015</b>	<b>31/12 2014</b>
Non-current:		
Bank borrowings .....	223.935	180.272
Finance lease liabilities .....	16	6
	<u>223.951</u>	<u>180.278</u>
Current:		
Bank borrowings excluding bank overdrafts.....	18.462	18.635
Total borrowings.....	<u>242.413</u>	<u>198.913</u>
Secured bank loans .....	242.397	198.907
Finance lease liabilities .....	16	6
Total borrowings.....	<u>242.413</u>	<u>198.913</u>

  

	<b>Finance lease liabilities</b>	<b>Capitalised finance charges</b>	<b>Other borrowings</b>	<b>Total 30/09 2015</b>	<b>Total 31/12 2014</b>
Liabilities in currency recorded in EUR					
Liabilities in EUR .....	-	(3.482)	145.000	141.518	102.198
Liabilities in USD .....	-	(1.389)	102.268	100.879	96.709
Liabilities in other currencies .....	16	-	-	16	6
	<u>16</u>	<u>(4.871)</u>	<u>247.268</u>	<u>242.413</u>	<u>198.913</u>
Current matures .....	-	-	(18.462)	(18.462)	(18.635)
	<u>16</u>	<u>(4.871)</u>	<u>228.806</u>	<u>223.951</u>	<u>180.278</u>

Marel amended and extended its facilities agreement with the current bank consortium with effective date 9 January 2015, while the terms and conditions generally remained in line with Loan Market Association (LMA) corporate standards

The key amendments were:

- EUR 50 million Junior facility added on top of current facility with maturity in February 2019;
- The current facility was extended by one year with final maturity in November 2018;
- Initial interest terms EURIBOR/LIBOR +250 bps for the Senior facility and EURIBOR/LIBOR +500 bps for Junior facility depending on leverage.

The Group has a financing structure which can accommodate the Group's financing requirements till 2018 with USD and EUR borrowings matching the Group's exposure in these currencies to a large extent.

## 17. Contingencies

At 30 September 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 23,352 (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 September 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, in Q2 2015. 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. The financial impact off the above transaction is included in Q2 2015. Revenues of the High Speed Slicing business were approximately EUR 10.0 million on an annual basis.

## 21. Quarterly results

	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014
Revenue .....	189.106	218.272	209.311	200.018	187.931
Cost of sales .....	(116.504)	(134.805)	(129.716)	(127.119)	(120.517)
<b>Gross profit</b>	<b>72.602</b>	<b>83.467</b>	<b>79.595</b>	<b>72.899</b>	<b>67.414</b>
Selling and marketing expenses .....	(24.371)	(29.613)	(28.263)	(27.512)	(24.347)
Research and development expenses .....	(13.182)	(12.917)	(16.055)	(18.006)	(12.931)
Administrative expenses.....	(12.824)	(13.137)	(15.228)	(18.908)	(14.023)
Other operating income / (expenses) .....	(19)	737	(3.805)	20	-
<b>Result from operations (EBIT)</b>	<b>22.206</b>	<b>28.537</b>	<b>16.244</b>	<b>8.493</b>	<b>16.113</b>
Finance costs .....	(5.064)	(3.345)	(3.491)	(3.191)	(3.377)
Finance income .....	187	(129)	3.479	203	584
Net finance costs.....	(4.877)	(3.474)	(12)	(2.988)	(2.793)
<b>Result before income tax</b>	<b>17.329</b>	<b>25.063</b>	<b>16.232</b>	<b>5.505</b>	<b>13.320</b>
Income tax .....	(2.631)	(5.547)	(3.612)	(2.510)	(3.479)
<b>Profit (loss) for the period</b>	<b>14.698</b>	<b>19.516</b>	<b>12.620</b>	<b>2.995</b>	<b>9.841</b>
Profit before deprec. & amortisation (EBITDA) .....	29.686	38.135	29.393	20.989	24.616