8 May 2007

PRESS RELEASE

- **Sales for Marel Food Systems in the first quarter 2007 totaled EUR 72.2 million, compared with EUR 32.5 million for the same period the year before, which is more than double (123%). Since the first quarter 2006, the companies AEW Delford Systems and Scanvægt have been added, on 7 April and 4 August respectively.**

- **A "Proforma" sales increase from the first quarter 2006 amounts to 9.6%.**

- **Profit from operations EBIT during the first quarter 2007 was EUR 3.2 million, which is 4.5% of income compared with 0.5 million last year.**

- **Charged one-time expenses resulting from integration totaled about EUR 3.2 million in the first quarter. Profit from operations EBIT, before one-time expenses, was EUR 6.4 million (8.9% of sales).**

- **Net profit for the first quarter totaled about EUR 1.0 million.**

- **Cash generated from operations totaled EUR 5.2 million, compared with 8.2 million that went to operations in the first quarter 2006.**

- **Net cash at end of the period totaled EUR 58.2 million.**

- **Equity totaled EUR 146 million, and the equity ratio was 39.2% at the end of March 2007. The company is well financed to enable it to continue developing opportunities for external growth.**

Hörður Arnarson, CEO:

"The year 2007 has begun well for Marel Food Systems. Integration in the operations of Marel, Carnitech, Scanvægt and AEW/Delford are progressing according to schedule, and important phases have been achieved in restructuring the companies' sales and marketing networks. Work is now progressing on synchronizing the companies' product mix and product development. Although significant results have been attained in the integration of the companies, there is still considerable work ahead in order to fully realize the synergistic effects.
The company's performance and cash flow have improved significantly from last year. It is gratifying to see that the company's strong organic growth is ongoing at the same time as employees have been engaged in a complex integration process."

Prospects

Prospects on all of the company's main markets are good. Significant investments by its customers are impending in the coming months and operational prospects are therefore considered good. The consolidation of Marel, Carnitech, AEW/Delford and Scanvægt will create a company with a broad product range, strong marketing network, outstanding service network and a unique position in various product categories. The integration of the companies' is proceeding well and will generate significant operational rationalization, which will begin impacting the company's performance in the second half of 2007. Coordinating product development will double the number of new products that the company markets every year, and will support the company's strong internal growth. The economy of scale of the new company is considerable, for example in purchasing and production.

In the short term, integration work will have somewhat of an impact on company operations, with one-time expenses estimated at EUR 1-1.5 million in the next quarter. It is now projected that one-time costs for 2007 will be somewhat lower than previously thought, or about EUR 4.2-4.7 million instead of EUR 5-6 million, all of which will occur in the first half of the year.

Operational results 1st quarter

The Interim Financial Statement for the Marel Group for the period January to March 2007 was approved at Marel's Board of Director's meeting today, 8 May 2007.

1st quarter in thous. of euros

Operating results	2007	2006	Change %
Sales	72,244	32,467	
Cost of goods sold	(46,821)	(22,084)	
Contribution margin	25,423	10,383	
Other operating income	375	274	
Sales & marketing income	(10,508)	(4,856)	
Development expenses	(3,641)	(1,667)	
Administrative expenses	(8,406)	(3,680)	
Profit from operations EBIT	3,243	454	
Finance costs - net	(1,168)	141	
Share of results of associates	(285)	-	
Profit before taxes	1,790	595	
Calculated income tax	(781)	(44)	
Net profit for period	1,009	551	
EBITDA	5,644	1,876	
Percent of sales			
Contribution margin	35.2%	32.0%	
Sales & marketing income	14.5%	15.0%	
Development expenses charged	5.0%	5.1%	
Administrative expenses	11.6%	11.3%	
EBITDA	7.8%	5.8%	
EBIT	4.5%	1.4%	
Net profit for period	1.4%	1.7%	
Financial position at end of period	**31.03.07**	**31.03.06**	
Total assets	372,902	154,325	
Equity	146,361	40,496	
Working capital	89,039	41,575	
Cash flow for the period	**2007**	**2006**	
Working capital provided by operating activities	4.488	(2.619)	
Cash generated from/to operations	5.156	(8.171)	
(Decrease)/Increase in net cash	(4.844)	26.255	
Net cash at end of period	58.268	30.131	
Highlights at end of March	**2007**	**2006**	
Return on owners' equity	0.7%	5.4%	
Current ratio	1.9	1.8	
Quick ratio	1.2	1.0	
Equity ratio	39.2%	26.2%	
Earnings to Price	-	0.02	
Price to Earnings	-	46.5	

Earnings per share in euro cents	0.27	0.23
Market cap. in millions of euros based on exchange rate at end of March	315.4	207.5

Sales for the first quarter 2007 totaled EUR 72.2 million, compared with EUR 32.5 million the previous year. Sales have therefore increased by about 123%. A “Proforma” sales increase from the first quarter 2007 and 2006 amounts to 9.6%.

The contribution margin of product sales during the period was EUR 25.4 million, or 35.2% of sales, compared with EUR 10.4 million or 32.0% of sales during the same time in 2006. Revenue in Icelandic króna was about 1% of the Group’s total sales, but expenses were about 12% particularly because of employee wages in Iceland. The company has entered into forward exchange rate contracts to offset all estimated costs in Icelandic króna until March 2008. The average exchange rate of these contracts from January to March 2007 was just over ISK/EUR 94, and from April 2007 to March 2008 it is just under ISK/EUR 102.

Operating expenses other than the cost of goods sold totaled EUR 22.6 million and were 31.2% of sales, compared with 31.4% the previous year. Sales & marketing expenses were EUR 10.5 million, which is about 116% higher than last year. Charged development expenses, including depreciation of product development costs from previous years, were about EUR 3.6 million, an increase of about 118%. The primary emphasis in sales and marketing, as well as in product development, has been to improve productivity and synergy by increasing integration within the Marel Group. Administrative costs were EUR 8.4 million, compared with 3.7 million the year before. The increase may in part be attributed to the affect of charged integration expenses, which totaled about 3.2 million króna.

Profit from operations (EBIT) was EUR 3.2 million or 4.5% of sales, compared with 1.4% in 2006. Excluding one-time expenses, EBIT totaled about 8.9% of sales.

Net finance costs totaled EUR 1.2 million. Marel’s share in the operational loss of associated companies totaled 0.3 million, which may be attributed to investment by LME ehf in Stork NV, and Marel owns 20% in LME. LME currently owns 8% of Stork NV’s shares.

Profit of Marel Food Systems in the first quarter 2007 totaled EUR 1.0 million, compared with EUR 0.5 million the previous year

Total assets of the Group at the end of March 2007 were charged at EUR 373 million, an increase of about 2.2% since the New Year. Inventory and accounts receivable increased about EUR 8 million from the New Year 2007, while accounts payable increased about 10.5 million for the same period. The equity ratio was 39.2% at the end of March 2007, compared with 39.6% at year-end 2006.

Investment in property, plant and equipment in excess of that sold in the first quarter of 2007 was EUR 1.0 million, compared with EUR 2.5 million during the same period last year.

There has been considerable improvement in working capital provided by operating activities, which was in the plus by about EUR 4.5 million compared with being in the minus by about EUR 2.6 million during the same time last year. The same holds true for net cash from operating activities, which totaled EUR 5.2 million, which is a EUR 13.3 million turnaround from the same period last year. At the end of March 2007, the company’s net cash totaled EUR 58 million, compared with 63 million at year-end 2006. The main reason for the decrease is the repayment of interest-bearing short-term loans.

On average, 2,069 employees worked for the Marel Group during the first quarter 2007, compared with 1,021 last year. At year-end 2006, employees totaled 2,116. Of these 2,069 employees, 357 were in Iceland while 1,712 worked outside Iceland in 34 companies in 21 countries

Key events during the period

Integration activities

The integration of AEW/Delford and Scanvægt with Marel is proceeding well and according to schedule. The task, which addresses all elements of the companies' operations, is slated to conclude in August 2008. One of the most extensive tasks entails integrating their sales and marketing networks. The companies’ sales offices will decrease from 45 to about 20. This will strengthen the company’s sales efforts while significantly reducing operating costs. Integration of the sales and marketing network is winding up and expected to conclude during the current quarter. During the last quarter work began on integrating the companies’ product lines and product development. This work, which is expected to take about 12-18 months, will lead to significant rationalization by reducing costs while increasing the supply of new products.

Work is also proceeding on integrating and rationalizing the companies’ service network, production and purchasing. One-time expenses connected with the changes have been in line with projections, and in 2006 they were EUR 4 million. One-time expenses connected with the changes were about EUR 4 million in 2006. It is now anticipated that one-time expenses for 2007 will be somewhat lower than previously thought, or about EUR 4.5-5 million, of which 3.2 million was charged in the first quarter. The affect of integration measures, which are expected to increase Marel Food Systems' annual operational profit by about EUR 15 million, will start impacting the company's performance during the second half of 2007, and be fully felt during 2008

External growth

In line with the company's strategy announced at the AGM in February 2006 it intents to become a market leader by growing its market share from 4% to 15-20%. The company's share of the market is currently about 8%. Company growth is equally focused on external growth and vigorous organic growth. The company is presently looking at 2-4 substantial merger prospects. For some time Marel Food Systems has been engaged in extensive discussions with the management of Stork NV regarding the purchase of Stork Food Systems, without their having led to formal negotiations.

Marel Food Systems has both the marketing and technological strength to enable it to create opportunities for significant synergistic affects through external growth. The company is well financed, which enables it to develop opportunities in the coming months with robust support from its largest shareholders. Marel Food Systems will examine the possibility of purchasing available companies that fit well with the company's operations.

Shares listed in euros

At Marel hf's AGM on 8 March, authorization was approved for the Board to list company shares in euros. Preparations are in progress with the objective of listing them in euros by year-end 2007.

5-year comparison

Key figures from Marel's 1st quarter Financial Statements

Thous. EUR	2007	2006	2005	2004	2003*)
Sales	72,244	32,467	29,928	25,072	24,096
Profit from operations (EBIT)	3,243	454	3,056	2,309	987
EBIT as a % of sales	4.5%	1.4%	10.2%	9.2%	4.1%
Net profit/(loss)	1,009	551	1,801	1,516	665
Net profit/(loss) as % of sales	1.4%	1.7%	6.0%	6.0%	2.8%
EBITDA	5,644	1,876	4,180	3,403	1,849
EBITDA as % of sales	7.8%	5.8%	14.0%	13.6%	7.7%
Total assets at end of period	372,902	154,325	99,477	87,976	87,819
Equity at end of period	146,361	40,496	34,539	28,242	22,585
Working capital at end of period	89,039	41,575	20,389	16,750	12,473
Working capital provided by operating activities	4,488	(2,619)	3,512	2,118	1,375
Net cash at end of period	58,268	30,131	4,933	6,538	5,223
Current ratio	1.9	1.8	1.7	1.6	1.4
Quick ratio	1.2	1.0	0.7	0.8	0.8
Equity ratio	39.2%	26.2%	34.7%	32.1%	25.7%
Marel market cap. in million of EUR based on exchange rate at end of March	315.4	207.5	174.0	98.7	62.7

*) Previous presentation that is not in conformity with IFRS

Presentation of Results

Marel Food Systems will present performance results at a meeting on Wednesday 9 May 2007 at 8:30 in the company's headquarters at Austurhraun 9 in Garðabær, Iceland.

Publication days of the Consolidated Financial Statements in 2007 and the Annual General Meeting 2008

Marel Food Systems will publish the Financial Statements for 2007 on the following days:

Interim Financial Statement – 2nd quarter 2007	10 August 2007
Interim Financial Statement – 3rd quarter 2007	7 November 2007
Annual Financial Statements and 4th quarter 2007	12 February 2008
AGM Marel hf	7 March 2008

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