ANNUAL REPORT **2009**

We are proud of our multi-national heritage. We trace our roots as far back as the 1930s and across five countries.

Denmark:
Carnitech, Norfo and Scanvaegt

Iceland:
Marel and Pols

The Netherlands:
Stork PMT and Stork Titan

United Kingdom:
AEW, Delford, Sortaweigh and Thurne

United States:
Gamco and Townsend

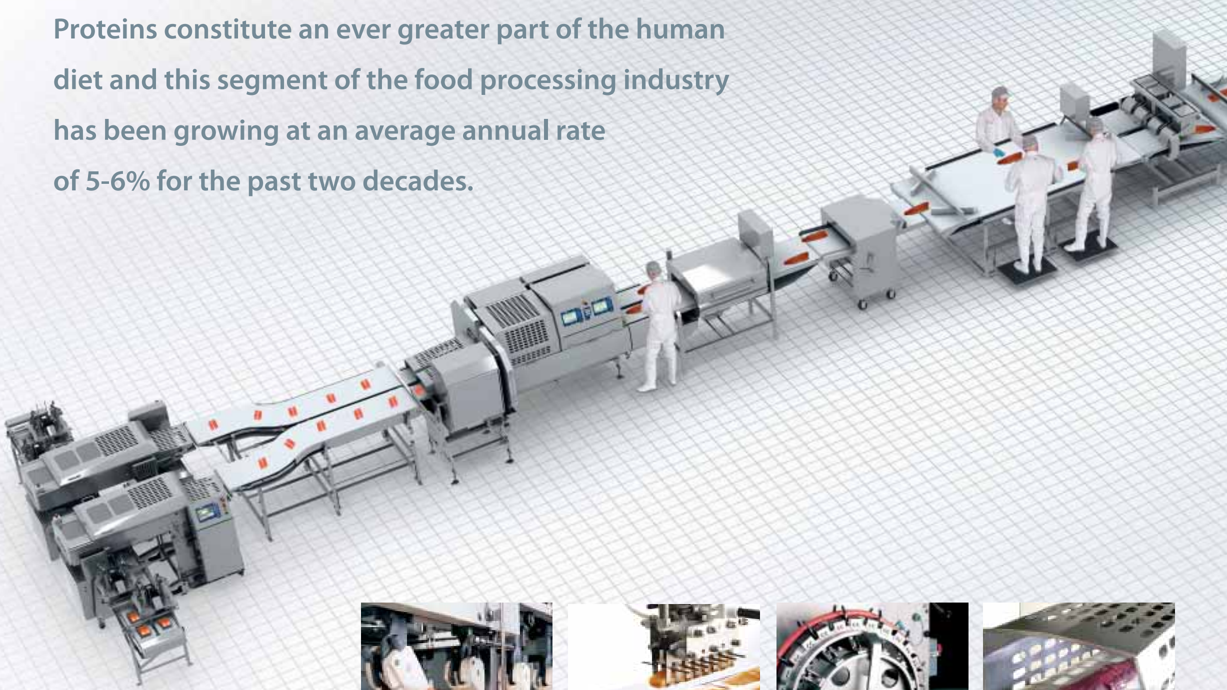


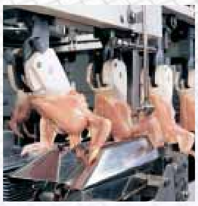


GLOBAL LEADER

Marel is the leading global provider of advanced equipment, systems and services to the fish, meat, poultry and further processing industries.

Proteins constitute an ever greater part of the human diet and this segment of the food processing industry has been growing at an average annual rate of 5-6% for the past two decades.





Number 1 globally
in advanced equipment and systems for poultry processing

Number 1 globally
in advanced equipment and systems for fish processing

Number 1 globally
in advanced equipment and systems for segments of further processing

Major global provider
of advanced equipment and systems for meat processing

STORK® POULTRY PROCESSING

TOWNSEND® FURTHER PROCESSING

One company, one stop

Our brands – Marel, Stork Poultry Processing and Townsend Further Processing – are among the most respected in the industry. United in ONE COMPANY, we offer our customers the convenience of a single source for products to meet their every need – from harvesting raw materials to packaging the final product. Marel is the only company in the industry to offer complete integrated systems in all four industry segments that we serve, in addition to a wide range of standardized standalone units.

Global presence

Marel is a multinational company, with more than 3,500 employees worldwide. We have offices and subsidiaries in some 30 countries and operate a network of more than 100 agents and distributors who market, sell and service the company's products around the world.

Pushing the envelope

Marel thrives on innovation. With our annual investment of 5-7% of revenues in research and development – far above the industry average – we are constantly extending our reach and pushing the envelope of what is possible.

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Contents

Financial ratios

Operating results	2009	2008	2007	2006	2005
Revenue	531,680	540,149	289,817	208,700	129,039
Gross profit	191,674	178,931	97,236	68,803	43,625
Result before depreciation (EBITDA)	58,752	42,108	20,980	15,679	14,814
Result from operations (EBIT)	8,047	20,434	10,029	7,527	9,721
Result for the period	(11,811)	(8,405)	6,066	159	5,715
Cash flow statement					
Cash generated from operating activities, before interest & tax	75,395	45,852	7,925	6,010	4,706
Net cash from (to) operating activities	25,526	9,602	2,778	(2,992)	2,987
Investing activities	10,758	(404,986)	(70,249)	(69,754)	(10,180)
Financing activities	10,168	386,481	34,118	132,318	7,210
Financial position					
Total assets	882,882	920,259	427,304	364,793	114,890
Working capital	109,111	(25,940)	109,887	87,989	16,557
Equity	323,797	288,279	181,835	144,423	41,032
Net Debt	295,012	379,405	129,919	95,468	40,263
Various figures in proportion to sales					
Gross profit	36.1%	33.1%	33.6%	33.0%	33.8%
Selling and marketing expenses	13.8%	13.3%	15.5%	13.9%	12.4%
Research and development expenses	5.9%	5.1%	5.0%	5.6%	6.1%
Administrative expenses	13.1%	11.1%	10.0%	10.6%	8.7%
Wages and benefits	36.1%	33.7%	41.2%	42.7%	42.5%
Result before depreciation (EBITDA)	11.1%	7.8%	7.2%	7.5%	11.5%
Depreciation/amortization	9.5%	4.0%	3.8%	3.9%	3.9%
Result from operations (EBIT)	1.5%	3.8%	3.5%	3.6%	7.5%
Result for the period	(2.2%)	(1.6%)	2.1%	0.1%	4.4%
Other key ratios					
Current ratio	1.6	0.9	1.9	1.9	1.4
Quick ratio	1.4	0.5	1.3	1.2	0.6
Equity ratio	36.7%	31.3%	42.5%	39.6%	35.7%
Return on owners' equity	(3.9%)	(3.6%)	3.7%	0.2%	18.1%
Return on total assets	(1.3%)	(1.2%)	1.5%	0.1%	5.4%

Key figures from Marel's core operations, normalised	Q4 2009	Q4 2008	2009	2008
Revenue	112,492	121,405	434,796	548,077
Result from operations (EBIT)	6,920	(5,724)	24,760	38,233
EBIT as a % of sales	6.2%	(4.7%)	5.7%	7.0%
Net result	1,236	(23,350)	5,145	6,639
Net result as a % of sales	1.1%	(19.2%)	1.2%	1.2%
Result before depreciation and amortisation (EBITDA)	12,763	745	47,432	60,016
EBITDA as a % of sales	11.3%	0.6%	10.9%	11.0%

Glossary of terms

Net Debt	Borrowings (Current & Non-current) -/- Cash & Cash equivalents -/- Restricted cash
Net Cash	Cash and cash equivalents + restricted cash -/- Bankoverdrafts
Full Time Equivalents	Number of personnel, where part time employees are counted for the percentage of a full time job

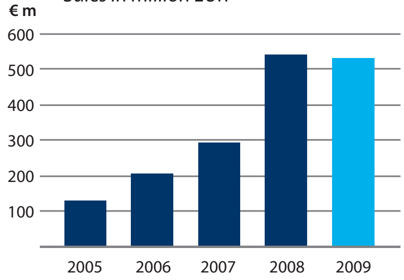
Explanation of other key ratios

Current ratio	Current assets / Current liabilities
Quick ratio	(Current assets -/- Inventories -/- Production contracts) / (Current liabilities -/- Production contracts)
Equity ratio	Total equity / (Total equity + Total liabilities)
Return on owners' equity ...	Annualized result for the period / Average of equity (beginning balance + ending balance for the period / 2)
Return on total assets	Annualized result for the period / Average of total assets (beginning balance + ending balance for the period / 2)

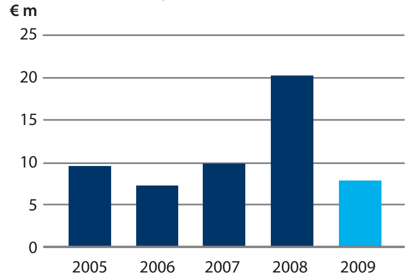
Marel in figures

Note: *These figures are from the consolidated accounts of Marel. Please see the financial ratios on the left for key figures from Marel's core operations and pages 10-14 for the pro forma financial results.*

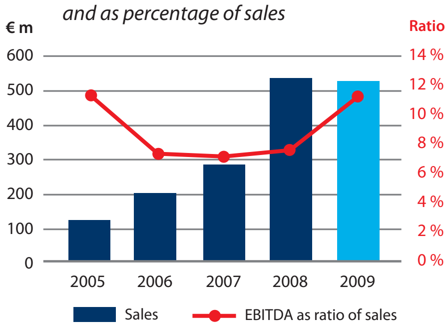
Sales in million EUR



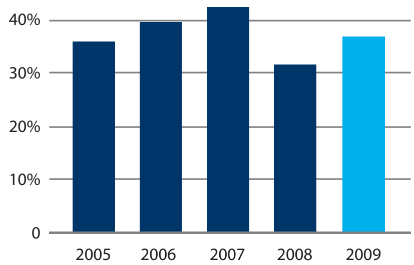
Profit from operations (EBIT) in million EUR



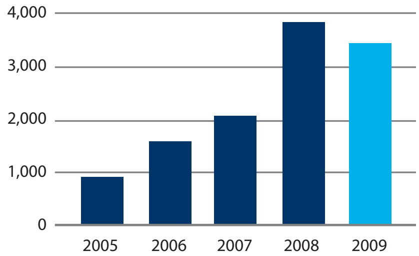
EBITDA in million EUR and as percentage of sales



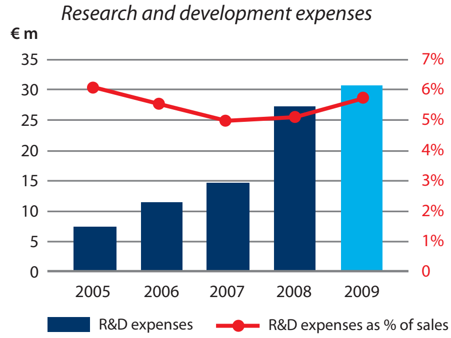
Equity ratio



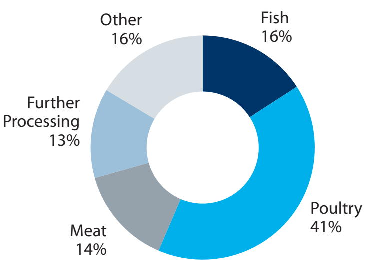
Number of employees, average per year



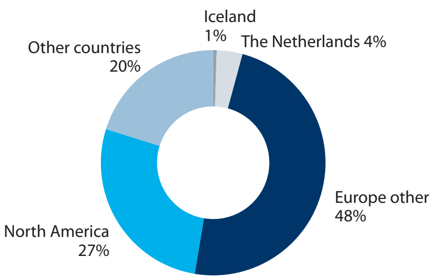
Research and development expenses



Sales in 2009, by business segment



Sales in 2009, by geographical location

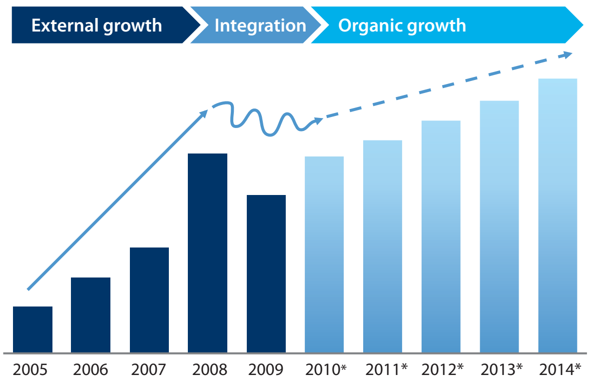


Chairman's address

The financial crisis that began in 2008 led to a world-wide economic downturn of a higher magnitude than we have seen in decades. However, it seems that the bottom is now behind us with global industrial production in general showing clear signs of recovery, underpinned by a rapid global recovery of equities and re-opening of banking markets. This is a sharp divergence from the experience of the Great Depression, when a decline in industrial production continued for years and asset prices tumbled for a decade.

The economic turbulence is felt in different ways. Retail, construction and automobile industries in North America and Western Europe are expected to continue to face problems in the near term, while truly global businesses that rely on geographical expansion and changes in consumer habits, and which focus especially on emerging markets such as Asia and South America, are expected to enjoy good growth in the coming years.

Looking ahead, Marel is in a unique position to create value for customers and shareholders after having transformed the competitive landscape in a highly fragmented industry. Today, Marel is an undisputed world-wide industry leader in developing and providing equipment and solutions to the poultry, meat and fish industries, with an increased focus on the convenience food segment. The cornerstone of Marel´s strategy was presented at our Annual General Meeting in 2006; an initial period of high external growth was to be followed by a brief period of refocusing and preparation for a long and fruitful period of high organic growth.



* Expected development

Marel's acquisitions in recent years were neither opportunistic nor coincidental. The importance of diversification and a strong global market penetration, with sales and service network spanning more than 40 countries, has become clearly evident in the current economic climate.

A strong foundation

The roots of our business in serving the food processing industry can be traced back to 1932 when Scanvaegt was incorporated in Denmark. In 1946, Townsend was founded in the United States to serve the pork and meat industry. A little later, Stork Food Systems was established in the Netherlands to serve the poultry industry and Marel was incorporated in 1983 with the goal of increasing productivity in the fish industry in Iceland. Today, Marel is a truly global multi-product and service business, sharing a common heritage of innovation and a drive to constantly serve customers better. The message from Marel's Board of Directors to our people at the beginning of the recent economic turbulence was clear; ensure that our businesses emerge stronger after the storm while maintaining the strategy of merging all the excellent businesses into ONE COMPANY to ensure value creation in the long term for both customers and shareholders.

Structural changes were made at Marel in 2009, including at the level of senior management. I would like to take this opportunity to thank Hordur Arnarson, who served as Marel's CEO for a period of 10 years, for his ambition and leadership in increasing the standardisation of products and for his courage in constantly investing in new product development. At the same time, the Board of Directors would like to welcome Theo Hoen as CEO of the new Marel group. Theo has been at the forefront of the industry for 25 years. Initially, he dedicated himself to research before becoming head of production and then, in recent years, serving as CEO of Stork Food Systems. Under Theo's leadership, Stork Food Systems secured its position as global leader in serving the poultry industry with high growth and good profitability at an EBIT level of 10-12%.

A record cash flow in a tough environment

In 2009, Marel made the strategic decision to become a more market-oriented company, focusing on four pillars – poultry, meat, fish and further processing. Consequently, the organization was streamlined and the number of employees reduced from 4,100 to 3,500 people. Today, the organization is leaner, more focused and better equipped to serve our growing global customer base. All this was accomplished without reducing our investment in research and development, which is the foundation of our competitive advantage and the source of our long-term sales growth.

One unfortunate effect of the refocusing efforts in 2009 is the fact that our annual accounts are difficult to analyse. To the readers of our annual accounts I would therefore like to highlight a few of our team's achievements in 2009:

- Non-core operating businesses, which are overall operating at a much lower gross margin than our core businesses, were disposed of; consequently the focus on our high-growth and profitable core businesses was increased.
- Administration costs are extremely high in 2009, which was a turbulent year with a heavy emphasis on disposals and the refinancing of the company's operations following a period of rapid external growth.
- A record operating cash flow was achieved in 2009, without sacrificing R&D efforts.
- The financials of the company significantly strengthened in 2009 as a result of increased operational cash flow, disposal of non-core businesses and an equity issue that significantly reduced risk and financing costs for the future.

There is limited need for capital expenditures in the next 2-3 years and there are ongoing working capital programs in place that have the objective of using working capital more efficiently. This should further improve our cash flow in the coming years. After having made several structural improvements and made significant progress in the integration of the companies in the group, our ambition is clear; Marel's goal is to reach operational profits fully comparable with those of best in class global industrial companies.

Outlook

The long-term outlook is favourable as the growth drivers of steadily increasing protein consumption – including urbanization in emerging markets and a move towards mass production processes in the food processing industry – remain intact. The industry´s growth has exceeded economic growth rates by a considerable margin in the past 20 years and is now expected to grow annually at a rate of 4-7% in the coming years.

We are grateful for the trust that investors and creditors have shown Marel in recent years. It is a clear goal to increase liquidity of shares and "unlock" shareholder value by dual listing Marel shares in the Amsterdam Exchange or another European stock exchange, in addition to the listing in the Nasdaq OMX in Iceland where Marel has been listed since 1992.

The Marel team is fully dedicated to being "back on track" already in 2010 with a full focus on strong organic growth and increased profitability to ensure that customers and shareholders harvest well in the coming years.

Árni Oddur Þórðarson
Chairman of the Board

CEO's address

Marel has established itself as the global leader in its field with a 15% market share. The success of the growth strategy announced by the Board of Directors in 2006, which culminated in the acquisition of Stork Food Systems in May 2008, is quite an achievement and we are proud of it.

But being the biggest is not our main goal. We want our position of leadership to be based on our customers' perception of Marel as the BEST company in the industry. That is what we have been working toward during the past year, establishing the foundation that will enable us to be the best.

Being the best means excelling in three main areas: *market presence, innovation* and *operational excellence*. The award that Marel received from Cargill Meats Europe in April 2009 for operational excellence was one of the highlights of the year for us and shows that we are on the right path.

Market situation

The protein market in which Marel operates was hit hard at the end of 2008 when the financial crisis struck and customers began to have difficulty in financing larger investments. Nevertheless, on the whole, our customers did well during this period. The consumption of proteins remained stable because consumers see them as a necessary component of their regular diets. Consumers did, however, shift their consumption from the more expensive proteins to the cheaper ones, especially poultry. And they began dining at home more.

This trend was evident in the retail market where the high-end food stores saw a decrease in turnover at the same time that discount stores like Aldi and Lidl experienced double-digit growth.[1] A similar trend was observed in the foodservice market. High-end restaurants saw a drop in income while fast-food companies such as McDonald's and Burger King led the industry in terms of growth in 2009.[2]

For Marel, this is a very favourable trend. The growth of discount stores and fast food companies means that the processors who are our customers have to increase their capacity in order to keep up with demand, for which they need Marel's equipment. It also means that our customers have been relatively well placed during the global financial crisis. They operate in an industry that will find support once financing becomes more readily available in the market.

1. Deloitte (2010). Global Powers of Retailing 2010.
2. The QSR 50 2009. *QSR magazine* (2010).

The prevailing trends have been reflected in Marel's order intake. In 2009, for four quarters in a row, we saw order intake exceed orders booked off. As a result, our order book is at a much better level than it was at the beginning of 2009. At the moment, order intake is approximately 10% below the level it was at in early 2008. However, order intake in Q4 of 2009 is 15% higher than it was in Q4 of 2008 and Q1 of 2009.

All in all, it was a good recovery of the markets in 2009 after having taken a serious hit at the end of 2008.

Toward "one company"

After having been temporarily postponed due to the global financial crisis, the integration of the Marel and Stork companies was relaunched in May 2009 and was a key priority during the year.

We are convinced that by bringing the members of our group together in "one company", we can better serve our customers, who have been the focal point of the integration process from the beginning. By combining the sales and service channels of Stork and Marel, we are strengthening our market presence across the globe and getting even closer to the customer. In the United States we are already providing one point of contact for sales and service for all of our brands. Gradually, we will do the same in other countries.

We are also driven by our desire to meet our customers' expectations of a steady pipeline of innovative new solutions. Combining the advanced technologies of Marel and Stork brings added value to our customers and allows us to offer products that help them to improve their profitability. We launched our first "integrated innovation" at the International Poultry Exhibition (IPE) in Atlanta in January 2010, a total solution that combines a Stork breast filleting line with a Marel X-ray bone detection machine. The solution reduces the labour needed to man the filleting line and ensures that the fillets produced are free of bones.

In 2009, the integration programme also addressed the issues of branding, vision and manufacturing. In November 2009, we announced that the company name would be changed to Marel and that all our business units would be integrated under this common identity. The re-branding of the company was kicked off at the IPE show in Atlanta and will be an ongoing process throughout 2010. We also defined a new mission statement that encapsulates our vision and ambition for the "new" Marel: "To be the customer's choice in supplying integrated systems, products and services to the fish, meat and poultry industries."

We are extremely encouraged by the benefits we are beginning to see emerge from the integration process and we will continue full force with the programme in 2010.

A market oriented organization

An important outcome of the integration process was the development of a new organizational structure for the company. We made the strategic decision to take the next steps toward becoming a more market-oriented organization. The result is a new structure focused on serving the four industry segments that Marel has a strong and unique position in – fish, meat, poultry and further processing. We have established Industry Centres in each of these segments, which are now the key drivers in our operations.

Divestment of non-core activities

Ever since the merger with Stork Food Systems was completed, it has been our strategy to increase the focus on the profitability and organic growth of our core business, centred on the four industry segments already mentioned. The decision was therefore made early on to divest of those activities that were defined as non-core. In the first weeks of 2010, we concluded the divestment of the remaining non-core operating units of Carnitech A/S Stovring and Stork Food & Dairy Systems.

Carnitech A/S Stovring was sold to an American investment fund established by AIAC. Carnitech had a very difficult year in 2009 but we feel confident that with this new ownership, Carnitech can build a new future.

Food & Dairy Systems was sold to the Dutch private equity firm Nimbus. We are very proud of the successful strategy change and refocusing of its product portfolio that Food & Dairy Systems has gone through. The company performed well in 2009 and we are convinced that it has a bright future under Nimbus' ownership.

For Marel, the sales are a very positive step forward and pave the way for us to focus exclusively on our core activities and build on our position as market leader.

Financial performance

Marel's financial results were hit hard by the sudden drop in revenues at the end of 2008. The impact was recognized very early on and we responded immediately with the necessary actions to reduce costs. During the year, we lowered our cost base by EUR 25 million and introduced a programme to reduce gross working capital, which has generated at least EUR 30 million in cash.

As a consequence of the changed market conditions, it was unavoidable that we reduce the number of employees. We reduced our temporary staff, applied for a Dutch government programme of part-time unemployment and in-sourced. But we also had to reduce the number fixed staff by 14% compared to the end of Q2 2008, which we strongly regret.

Although we made hefty cost reductions in 2009, we avoided making cuts in sales, service and innovation, which we consider to be our key success factors. As a result, the investment in innovation as a percentage of revenues rose above the long-term target of 6% due to the reduction in revenues in 2009.

Overall, we feel that by preserving our key success factors while lowering our cost base overall, we have succeeded in strengthening our position in the market. Moreover, the measures undertaken have contributed to good operational results in 2009 given the market circumstances.

Future outlook

Marel operates in a very attractive market, which is expected to grow by 6-8% in the coming years. We are in a unique position in this market, thanks to our strong global presence and proximity to the customer, as well as our technological leadership and devotion to innovation.

We feel strongly that we have strengthened our position in the past year by making our sales network more effective, continuing to place a high a priority on innovation, and improving our operational excellence. We feel that the "new" Marel is ready for the future. We begin 2010 with a much better order book than last year and a company that is working together as one team, with a clear strategic focus. And in 2009 we showed that we were capable of adapting to the changing market conditions, which was possible because of the fantastic, loyal and passionate employees we have in our company. That is why I have great confidence in the future of Marel.

Theo Hoen
Chief Executive Officer

The Netherlands

- The Dutch are the biggest exporters of butter and cheese in the world.
- About 26% of the Netherlands is below sea level. This area is home to 60% of the country's population.

Strategy and finance

Financial performance

The year 2009 was a year of transformation for Marel's business, as well as the financing of its operations. In order to provide a more useful overview of the company's financial performance in 2009, the figures for core and non-core activities are presented separately. At the end of 2009, the company's major non-core activities had either been sold or were in the process of being sold. In the case of the latter, they are presented under the heading of "assets/liabilities held for sale" in the balance sheet. Furthermore, the 2009 figures are normalized for restructuring charges incurred early in the year. For the year 2008, Stork Food Systems has been been included in the figures for the first four months of the year as well, in order to provide a better comparison of the operational results from core activities between years.

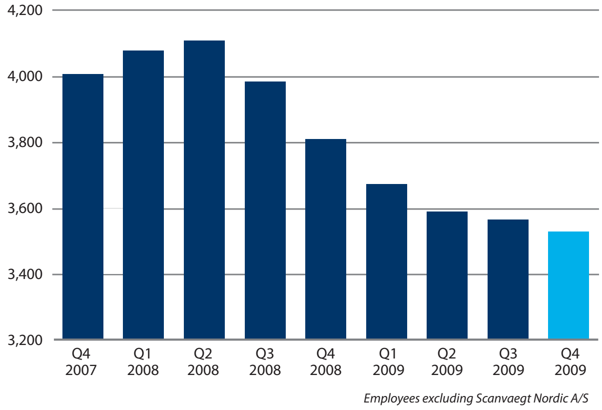
Operational results – core activities

Marel's revenues in 2009 amounted to EUR 435 mln, compared to EUR 548 mln in 2008, a decrease of 21%, which was a consequence of the prevailing global financial and economic conditions.

Pro forma income statement of core business in 2009 and 2008

In EUR thousands	2009	2008
Sales	434,796	548,077
Cost of sales	(268,636)	(348,182)
Gross profit	166,160	199,895
Other operating income	(602)	384
Selling and marketing expenses	(59,289)	(71,062)
Research and development expenses	(28,402)	(30,234)
Administrative expenses	(56,608)	(60,750)
Profit from operations (EBIT)	21,259	38,233
EBIT, excluding one-off restructuring costs	24,760	52,033
Gross profit margin	38%	36%
EBITDA	43,932	60,016
EBITDA, excluding one-off restructuring costs	47,432	73,816

Number of employees per quarter from Q4 2007 to Q4 2009



The year began slowly with a low order book due to the sharp reduction in orders received in the fourth quarter of 2008. However, the order book gradually increased during the course of 2009 and, hence, so did revenues. Because orders received grew faster than revenues, the order book was at a solid level at the end of the year and very much better than at the beginning. The level of activity in the market had gradually increased and the prospect pipeline had grown, now also for the larger systems which had been the hardest hit by the unavailability of financing.

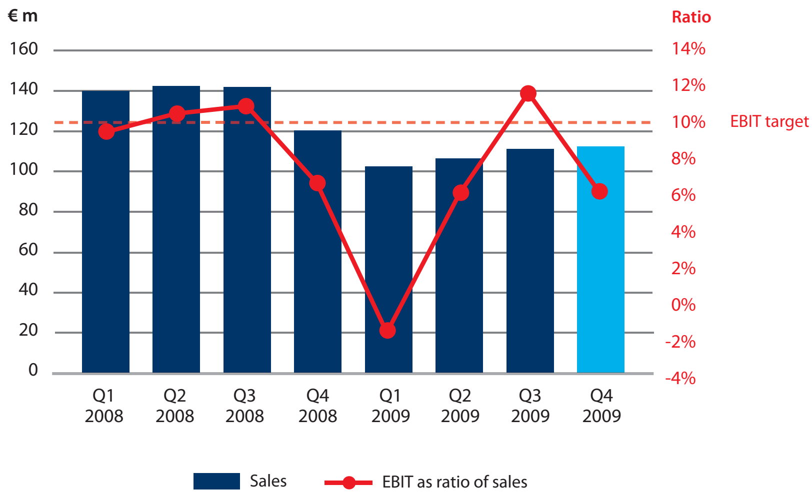
Marel responded very early on to the reduction in orders received following the onset of the international financial crisis. Already in the fourth quarter of 2008, measures were taken to reduce the workforce by approximately 300 people. A further reduction of some 150 employees was made at the beginning of 2009 due to the still unfavourable market conditions. A provision of approximately EUR 3.5 mln was made for redundancy charges in the 2009 accounts in connection with these measures. With further small follow-on reductions during the year, partly related to integration efforts, the number of employees was reduced by a total of about 600 in 2009, substantially lowering the company's cost base.

Many other cost categories were also closely scrutinized, leading to further reductions in operational costs. The absolute cost of sales and marketing, as well as general and administrative costs, decreased by a combined EUR 15.9 mln, though as percentages of sales they increased slightly due to the lower revenue base. Gross profit grew throughout the year to about 40% of revenues in the second half, which is comparable to historical levels.

The total cost savings achieved amount to EUR 25 mln on an annualised basis, at least 50% of which are expected to be sustainable once revenues begin to grow again.

In 2009, the normalized operational profit (EBIT) was EUR 24.8 mln in 2009 compared to EUR 38.2 mln in 2008, a sharp decrease resulting from the reduction in sales, which could only partly be countered by lowering the cost base. Nevertheless, management considers an EBIT of 5.7% from core activities to be a satisfactory result given the challenging market conditions. Marel's objective of achieving an operating profit (EBIT) of at least 10-12% remains unchanged.

Sales and EBIT of core business as % of sales in 2008 and 2009



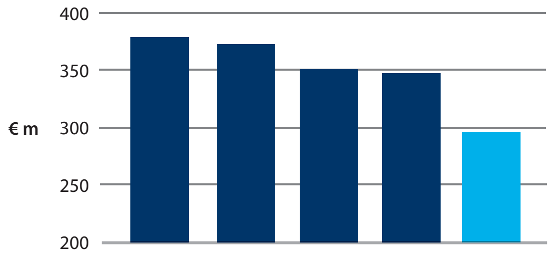
Financing activities

In 2009, Marel made good progress in improving the balance sheet by reducing net debt and, hence, decreasing leverage. The balance sheet was strengthened in four ways:

- At the end of 2008, a programme was launched with the aim of reducing working capital by EUR 30–35 mln. Thanks to a concerted effort in 2009, the objectives were achieved.
- Marel sold the non-core assets of Scanvaegt Nordic A/S, a Danish company operating outside the food industry, and real estate in Amsterdam formerly belonging to the Food & Dairy Systems division of Stork Food Systems. The proceeds from the sale amounted to EUR 37.5 mln, thereof EUR 35 mln paid in cash.
- Marel issued new equity three times in 2009 for a total cash consideration of EUR 17 mln, in addition to which EUR 32 million in bonds from classes MARL 06 1 and MARL 09 1 was converted into equity.
- Marel's investment in tangible fixed assets was negligible during the year. Overall, the business remains well invested and the need for investment is expected to remain limited in the coming years.

With the above measures, Marel was able to reduce net debt from EUR 379 mln to Euro 295 million and, at the same time, close hedge contracts for a total of EUR 34 mln.

Development of net interest bearing debt from Q4 2008 to Q4 2009



At end of quarter in € mln	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Change from Q4 2008
Non-current borrowings	265.8	272.9	373.9	366.8	351.5	85.7
Current borrowings	**134.6**	**133.6**	**41.3**	**36.3**	**15.4**	**(119.2)**
	400.4	406.5	415.2	403.2	366.9	(33.5)
Cash and equivalents	21.0	33.0	65.7	55.1	71.9	50.9
Net interest bearing debt	**379.4**	**373.5**	**349.5**	**348.5**	**295.0**	**(84.4)**

The maturity of the loan portfolio was also improved considerably with the refinancing of current debt into longer term debt, supported by a club loan structure from the three Icelandic banks – Arion Bank, Islandsbanki and NBI. Further, a loan facility originally provided in relation to the acquisition of Food & Dairy Sytems was extended by two years. After the refinancing, there are no major loan maturities until the end of 2011.

In the years prior to 2009, Marel entered into forward exchange rate contracts to hedge costs related to the operation in Iceland and ISK denominated bonds. Due to the collapse of the ISK and the Icelandic banks, Marel took a write-off on these contracts in 2008, estimating the closing rate of ISK/EUR at 169.44. In the settlement of these hedge contracts with the banks in May 2009, Marel benefited from a more favourable ISK/EUR rate of 149.74, which lead to exceptional positive results on derivatives of EUR 11.6 mln under finance costs. Currently, Marel relies on natural hedging as much as possible and its remaining currency hedge contracts are very limited. Furthermore, the need for hedging has decreased with the reduction of ISK debt from EUR 135 mln to EUR 100 mln following the conversion of MARL 06 1 and MARL 09 1 ISK bonds into equity, as mentioned above. In February 2010, a further EUR 66 mln of ISK bank borrowings were converted to EUR, reducing the unhedged position to EUR 34 mln.

Strategic focus

It is the aim of Marel's management to sharpen the strategic focus of the company and to turn its undivided attention to the growth and profitability of its core business. At the same time, emphasis is being placed on streamlining the company's operations, integrating the companies acquired in recent years into "one company" and making the business as transparent as possible to investors.

In line with these objectives, the activities of Food & Dairy Systems and Carnitech were in 2008 defined as non-core, falling outside of Marel's strategic focus. Food & Dairy Systems' business is primarily in the field of dairy and juice processing while Carnitech's operations focus on large custom-made projects for meat processing, equipment for non-protein food processing, and production work and projects for third parties. Due to the expected sale of these operating units, the related assets and liabilities were presented as "assets/liabilities held for sale" in Marel's 2009 balance sheet. The assets were recorded as impaired, incurring a total loss of EUR 24 mln. The total revenues generated by the two units in 2009 amounted to EUR 80 mln. Combined, they have appoximately 400 employees. The subsequent divestment of Food & Dairy Systems and the non-core operations of Carnitech in early 2010 is discussed in the chapter of the report on "Subsequent events".

EBIT and revenues of core business and non-core operations in 2009

2009 operations in € mln	EBIT	Revenues	Share
Pro forma core business	24.8*	434.8	82%
Non-core operations	(13.2)	96.9	18%
Consolidated operations	8.0	531.7	100%

* Includes normalization of €3.5 mln in Q1

Subsequent events

On 4 February 2010, Marel reached an agreement with the Dutch investor Nimbus on the sale of Food & Dairy Systems, excluding its operations in Spain, which remain with Marel but are still defined as non-core. The revenues generated by the operation in Spain amount to EUR 8 mln annually and the number of employees is around 50. It is expected that the closing of the transaction will take place in March 2010, depending on the formal approval process.

On 4 February 2010, Marel signed an agreement with Arion Bank, Islandsbanki and NBI to change the currency composition of a club loan facility that the banks provided the company with in May 2009. According to the agreement, the entire ISK denominated portion of the syndicated loan is changed to EUR, the company's main revenue currency. The amount concerned is equivalent to EUR 66 mln. With the agreement, Marel's interest cost and currency risk have been greatly reduced.

On 12 February 2010, Marel reached an agreement with the American Industrial Acquisition Corporation (AIAC) on the sale of the operations of Carnitech A/S in Stovring, Denmark. Excluded from the agreement are Carnitech's former salmon and freezing divisions, and its operations in the United States, which are now operated under the Marel name and management. The buyer acquires the operational assets and liabilities of the Carnitech operations in Stovring, except for the real estate assets and a few other tangible assets, mainly furnishings. The parties have entered into a long-term rental agreement with an option for the buyer to acquire the premises.

Integration and strategy

The acquisition of Stork Food Systems in 2008 completed the first phase of an ambitious growth strategy announced by Marel in 2006. In just two years, the company had increased its market share from 4% to 15% and become the leading global provider of advanced equipment and systems for the food processing industry.

The company is now in the second year of the second phase of the strategy, where the focus has shifted to internal growth and increased profitability of the core business, driven by economies of scale and the synergies to be derived from the integration of the companies acquired in preceding years.[1] In 2009, the main emphasis has been on the integration of the Marel and Stork Food Systems companies.

From the beginning, the integration process has been motivated by the desire to meet the customer's needs as efficiently as possible. Marel determined that the most effective way of achieving this was through the creation of "ONE COMPANY", capable of 1) meeting customers' expectations for innovative integrated solutions that combine the advanced technologies developed by the members of the group, and 2) providing one point of contact for sales and service for all of the company's brands.

New organizational structure

A key priority in the integration process has been the development of a new organizational structure for the "new" company. The complexity of the task has been considerable given the makeup of the company:

- Marel has 3,500 employees around the world.
- The company has offices and subsidiaries in 30 countries, in addition to a global network of more than 100 agents and distributors.
- The company's business units are located in six countries:
  - Marel UK Ltd. in the United Kingdom,
  - Carnitech A/S[2] and Marel A/S in Denmark,
  - Marel Food Systems s.r.o. in Slovakia,
  - Marel ehf. in Iceland,
  - Stork PMT BV, Stork Titan BV and Stork Townsend BV in the Netherlands, and
  - Stork Townsend Inc., Stork Gamco Inc. and Stork Titan Inc. in the United States.
- The company has manufacturing facilities in 17 locations.
- The corporate offices, which provide general management and coordination of all the company's operations, are located in Iceland and the Netherlands.

Following the market

In 2009, Marel made the strategic decision to follow the market and to base the new structure on the four industry segments that the company specializes in – fish, meat, poultry and further processing. Centres of excellence – or Industry Centres – have been established in each of these segments, which are now the key drivers in the company's operations. The structure also includes Product Centres that are responsible for innovation and product development, in partnership with the Industry Centers. Together, the Centers ensure that industry-specific knowledge and technological capabilities come together to create integrated solutions tailored to the needs of customers in each market. The third pillar in the structure are the Sales and Service Units (SSUs), which provide the global distribution network for all four industry segments and the local interface with the customer.

1. Carnitech in 1997, AEW Delford and Scanvaegt in 2006, and Stork Food Systems in 2008.
2. Marel has reached an agreement on the sale of the operations of Carnitech A/S. See page 15.

Key projects

In 2009, the integration process has focused on four priority areas:

1. Vision

Work has been ongoing during the year to map the values of the company and its employees, and to begin creating a shared vision that they can proudly adopt as their own. The work has yielded, among other things, a new mission statement: "To be the customers' choice in supplying integrated systems, products and services to the fish, meat and poultry industries."

2. Branding

In November 2009, it was officially announced that the company name would be changed from Marel Food Systems to Marel. The change is a key part of the strategy to fully integrate the companies acquired under one common identity and company name. The company's other brand names may continue to be used in connection with particular product lines and market segments.

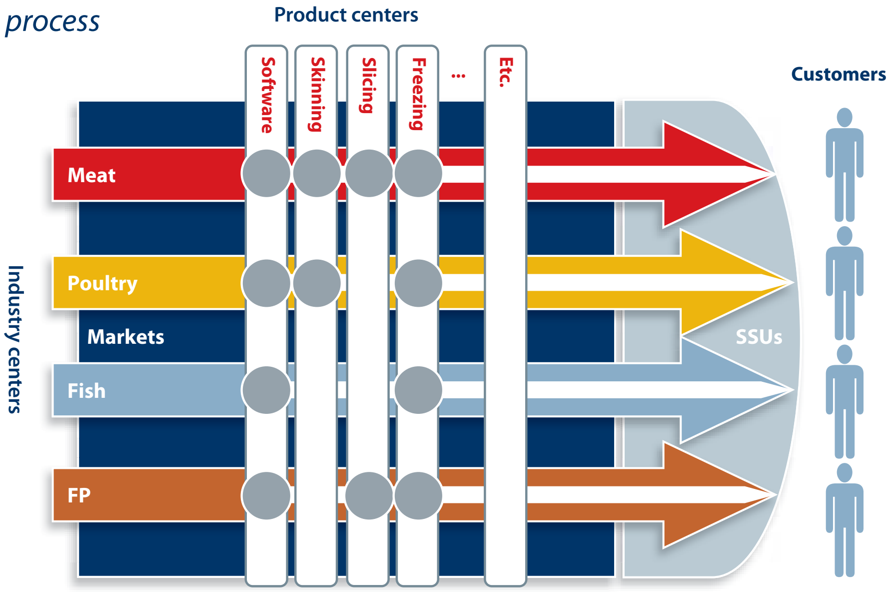
3. Integrated products

Ultimately, the main benefit of "one company" for the customer is the prospect of better systems and solutions that combine the advanced technologies developed individually by the members of the group. Consequently, a priority is being placed on the development of new integrated products and systems, the first of which – a system that combines a Stork deboning line with a Marel bone detection system – was introduced at the International Poultry Exhibition in Atlanta in January 2010. In 2009, particular attention was given to resolving interface issues, the adoption of a common technology platform and the standardization of parts.

4. Distribution channels

Marel's success is undoubtedly founded on innovation and high quality products but they alone do not suffice. How customers view the company is also defined by the performance of its distribution network and the local sales and service personnel they interact with. That's why the integration of the distribution networks of Marel and Stork and the realignment of the company's sales process is one of the most important projects in the integration process. The ultimate goal is to be able to present the customer with a simple and unified interface – one point of contact that gives him the security of knowing that he can have all his needs met from a single source. Good progress was made during the course of 2009 and work will continue in 2010.

Sales process



The new organisational chart reflects best practices that have been taken from both Marel and Stork Food Systems. In 2010, the elaboration and implemention of the structure will be completed, along with the related adjustments to IT, HR and financial reporting.

Integration within the "old" Marel

While the focus of the integration process has been on the implementation of the new industry-driven structure, the "old" Marel side of the company (i.e. Marel prior to the acquisition of Stork Food Systems) is completing its own "internal" process centred on the integration of Marel, Scanvaegt, Carnitech and AEW Delford.

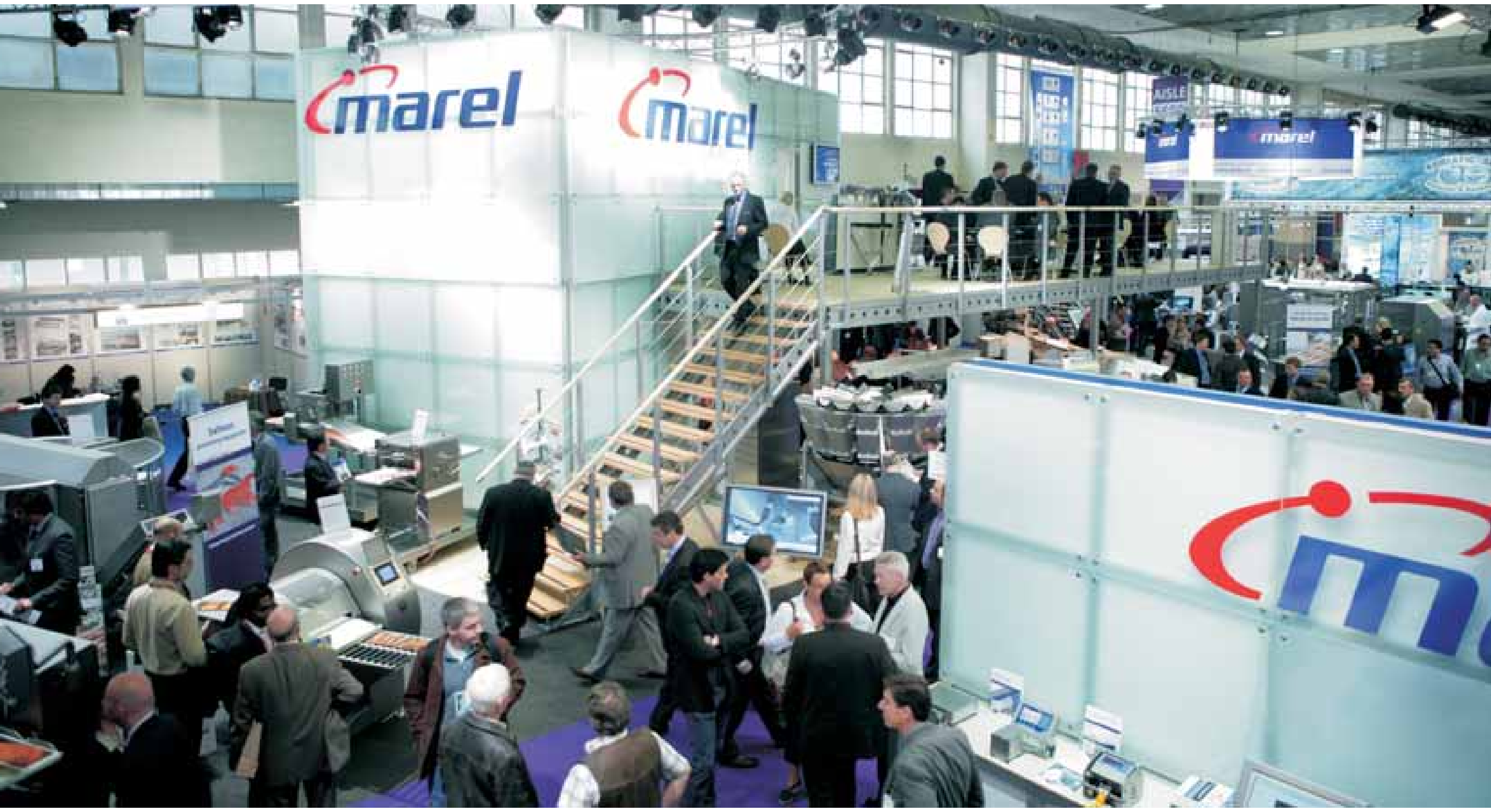
Following the merger of Marel and Scanvaegt under the Marel name in 2008, AEW Delford and the salmon and freezing divisions of Carnitech, as well as its U.S. operations, were also brought under the Marel name and management in 2009. The remaining operations of Carnitech were defined as non-core business.

Integration within Stork Food Systems

The Stork companies, which were in the final stages of establishing industry clusters, are now expanding that vision to match the industry center approach that has been selected as the basis of the company's new structure.

Continued focus in 2010

The expected synergies from the integration of the innovation capacities, distribution networks and overall operations of the Marel and Stork companies began to emerge in 2009. It is apparent that the positive effects on growth, competitive capability and profitability of the company will be significant. The integration process will therefore remain a priority for the year 2010.



Risk management

Marel's activities expose it to a variety of financial risks: market risk, including foreign exchange risk and price risk, credit risk, liquidity risk, cash flow risk and fair value interest-rate risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the company's financial performance. The company uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out within the company, where applicable, under policies approved by the Board of Directors. The company has increased the focus on risk management with the centralization of the company's financial risk management function in group treasury.

Foreign exchange risk

The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro. Financial exposure is hedged in accordance with company's general policy on permitted instruments and exposure limits. Entities within the company use forward contracts and/ or natural hedging to manage their foreign exchange risk arising from future commercial transactions, recognized assets and liabilities.

Credit risk

The company minimizes credit risk by monitoring credits granted to customers and assigns collateral to cover potential claims. The company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history, and products are not delivered until payments are secured. The proportion of sales to Icelandic customers is approximately 0.5% of the total. Marel has not incurred any losses of outstanding receivables due to the economic crisis in Iceland. Marel has banking relations with a diversified set of financial institutions around the world, including three Icelandic banks. There are policies in place that limit the amount of credit exposure to any one financial institution.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the company aims to maintain flexibility in funding by keeping committed credit lines and current financial assets available.

Cash flow and fair-value interest rate risk

The company's income and operating cash flows are substantially independent of changes in market interest rates. The interest rates of finance leases to which the company is lessor or lessee are fixed at inception of the lease. These leases expose the company to fair-value interest rate risk. The company's cash-flow interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the company to cash-flow interest rate risk, while borrowings issued at fixed rates expose it to fair-value interest rate risk.

The company manages its cash-flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. The company raises long-term borrowings at floating rates, and swaps a portion of them into fixed rates that are lower than those available if the company borrowed at fixed rates directly. The risk, measured as the potential increase in interest paid during the coming year based on a defined move in interest rates, is monitored and evaluated regularly.

Insurance policies

The company maintains global and local insurance programs. The coverage comprises property damage, business interruption, general and product liability, marine cargo/mounting, directors and officers liability, and company reimbursement liability. The company believes that its current insurance coverage is reasonable.

United States

- The United States is both the leading importer and exporter of fresh, chilled and frozen beef in the world.
- The United States has the longest highway system in the world, spanning more than 6 million km, and the largest number of motor vehicles per capita.

Opportunities and outlook

Market outlook

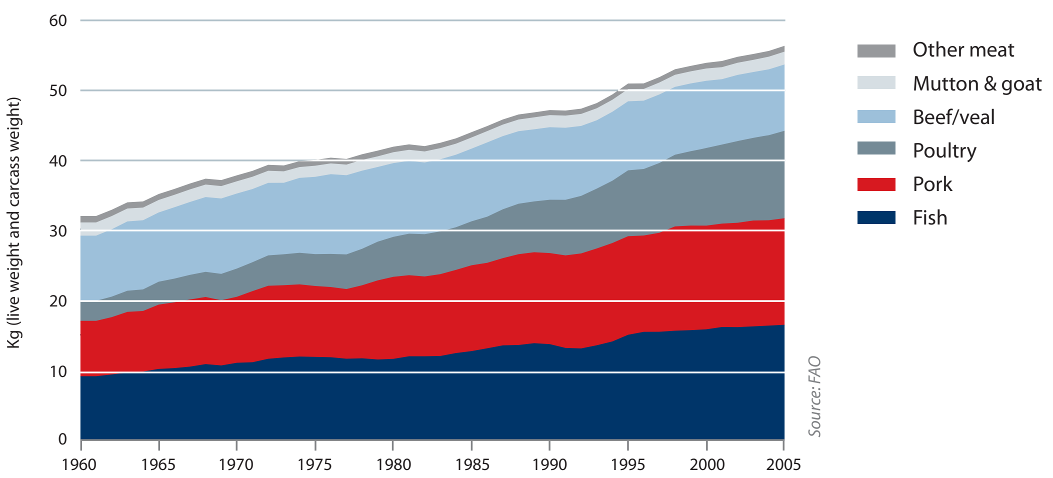
The effects of the international financial crisis and the global economic recession continued to be felt in 2009, particularly at the beginning of the year. Customers had difficulty in financing investments in large systems, which normally account for about one-third of the company's revenues. The effects of the recession on the sale of spare parts and standard machines, on the other hand, were limited.

As early as the beginning of the second quarter, there were indications that a recovery was underway in Marel's key markets, particularly in the Europe and North America, although the speed of recovery varied from country to country. As the year went on, there was a noticeable increase in market activity in all industry segments and the sale of medium-sized projects, in particular, picked up substantially. Large orders began to come in toward the end of the year.

Changes in consumer habits are a key driver in the sale of food processing equipment and the favourable trends in consumer behaviour developed as expected during the course of the year, creating opportunities for the industry. The consumption of less expensive proteins, primarily poultry, has increased. In addition, consumers have chosen to eat out less at restaurants and instead to go to fast food outlets or purchase low-cost ready-made meals at discount supermarkets. Food service companies and retailers active in these segments are profiting and so are Marel's customers, the food processors who supply these outlets with products.

The company's view of the long-term prospects of the market remains unchanged. Proteins play an increasingly large role in the global diet and the protein segment of the industry, in which Marel operates, has been growing at an average annual rate of 5-6% for the past 15 years. There is strong underlying growth in the industry and market activity is expected to continue to improve throughout 2010.

Global consumption of fish and meat per capita



INDUSTRY OUTLOOK

Poultry: The poultry segment led the way in terms of growth in order intake in 2009, culminating in a number of large orders, including greenfield projects, in the fourth quarter. There are no signs that the upward trend in the poultry market will change.

Fish: Processors are more focused than before on maximizing the value extracted from the raw material. They are investing in equipment to improve yield and efficiency in all stages of the production process, and ensuring a better quality product and longer shelf life.

Meat: Meat processors are becoming increasingly aware of the competitive edge that can be gained from effective monitoring and control of their processes. They are also investing in automation to reduce labour costs, and improve yields and efficiency, as well as hygiene.

Further processing: The convenience food market continues to grow, with processors developing an increasing variety of convenience products to respond to the growing 'eat at home' trend. The fast food segment of the food service industry is doing well, while mid- and high-priced restaurants are suffering.

Poultry

Developments in 2009

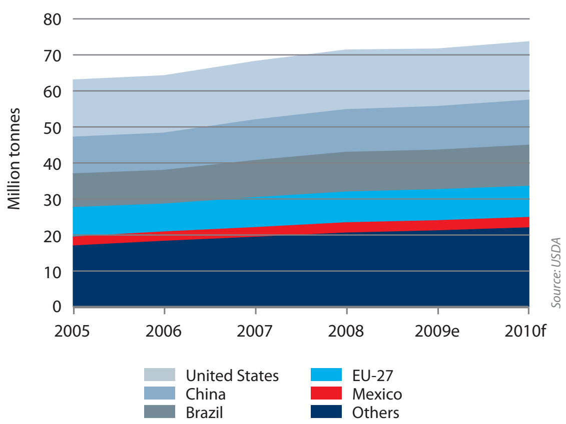
Poultry processors were reluctant to invest after the onset of the global financial crisis and order intake fell sharply at the end of 2008 and beginning of 2009. However, it soon became apparent that the recession was causing consumers to shift from more expensive proteins like beef and pork to less expensive alternatives, primarily poultry. As a result, broiler production in the U.S., the world's largest producer and second largest exporter of poultry, increased by 1% over 2008 – the first year-over-year increase in production after a decline for four consecutive quarters.

The shift in consumption, combined with a substantial decrease in the price of corn – a major ingredient of poultry feed – meant that poultry processing companies generally performed well despite the challenging market environment. Consequently, processors began to invest again in the second quarter of 2009 and the poultry segment rebounded well throughout the remainder of the year. For Marel, the segment led the way in terms of growth in order intake, culminating in a number of large orders, including greenfield projects, in the fourth quarter.

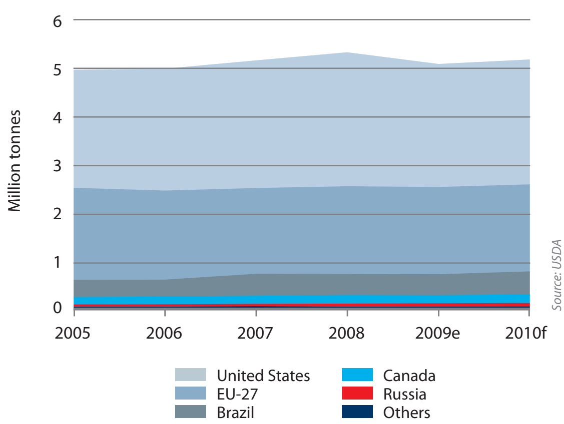
The company took a big step forward at the tail end of the year when the poultry teams of Marel and Stork in the U.S. were integrated. The move greatly benefits customers, who can now turn to a single point of contact for the entire range of equipment and systems that the company has to offer to the poultry industry, including further processing equipment.

Elsewhere, Marel strengthened its position as market leader in Europe and Turkey in 2009, and improved its market share in Thailand and China. However, investment was down in Brazil, the world's biggest poultry exporter, which has been severely affected by the recession. Demand in two of its main export markets, Europe and Japan, has declined, in addition to which the strengthening of the Brazilian Real against other currencies has lead to less favourable trading conditions for Brazilian producers, who are expecting a better year in 2010.

Global chicken production 2005-2010f



Global turkey production 2005-2010f



Trends and opportunities

- **Growth:** Poultry profitability forecasts are optimistic for 2010 and global production is expected to increase by 3%. With corn prices expected to remain at 2009 levels, leading producers like Tyson in the U.S. have set aggressive growth targets for 2010. However, there is a danger that if production increases exceed predictions, the market will once again be flooded with excess products, putting further pressure on prices.
- **Efficiency:** Many customers are looking to improve yield, providing opportunities for automatic harvesting of giblets using the Stork Nu-Tech Nuova system, as well as the semi- and fully automated breast and leg deboning systems that the company offers.
- **Hygiene and safety:** Marel is looking to capitalize on the ever growing focus on food safety and build on the success of its SensorX bone detection systems, particularly in the U.S. It is also anticipated that opportunities will arise with the introduction of new poultry slaughter inspection systems that are expected to establish new performance standards for the reduction of pathogens.

Focus in 2010

Thanks to the growing order intake toward the end of 2009, a significant forward load has built up, filling the production schedule for the first two quarters of 2010. There are no signs that the upward trend in the poultry market will change.

Innovative new products developed by Marel for poultry processing have recently become available commercially, further bolstering the company's already strong competitive position as the global leader in a growing market. In 2010, Marel will build on the success of its eviscerating lines, which combine high processing yield with low labour requirements. Priority will also be placed on the further development of an innovative new integrated system introduced at the International Poultry Exhibition in Atlanta in January 2010, which combines a Stork automatic deboning line with a Marel bone detection system and logistics.

Marel is continuing to strengthen its sales and service network around the world. In 2010, the company will look to realize the full potential of the integration of the Marel and Stork poultry teams in the U.S. and duplicate the process in other markets. No other company in the industry is able to offer such an extensive portfolio of products and integrated solutions.

Fish

Developments in 2009

In recent years, the fish processing industry has benefitted from new and innovative processing equipment that has contributed to raising production and slaughter volumes, as well as reducing production costs. At the same time, consolidation in the industry has led to an increased focus on efficiency, with processors looking to invest in equipment to improve yields and product quality.

Despite a challenging business environment in 2009, including high raw material prices and strong pressure from retailers on price, processors continued to invest in increased automation. After a slow start to the year, the markets picked up in the second quarter and key markets like Norway – Marel's largest market in the fish industry – and the United States performed well throughout the year. In Norway, major contracts were concluded in both the salmon and whitefish industries.

Trends and opportunities

The recession has increased awareness among fish processors of the need to streamline and improve the efficiency of their operations. They are more focused than before on maximizing the value extracted from the raw material, improving the yield and efficiency of all stages of the production process, and ensuring a better quality product and longer shelf life. As the leading global supplier of advanced equipment to the fish processing industry, Marel is well placed to capitalize on the opportunities that these trends present.

New regulations in the European Union 2010 regarding fish imports are also expected to create opportunities for Marel's Innova production management software. As of 1 January 2010, validated catch certificates are now required for all fish imports into the EU in order to prevent illegal, unreported and unregulated fishing. Companies will have to implement traceability mechanisms in order to keep track of catch origin and various other related data.

Wild whitefish: Following a difficult period, with overfishing having led to reduced catch quotas and higher prices, demand for wild-caught whitefish is rising again. Cod and haddock stocks around Europe are considered to be healthy or recovering, and the Barents Sea cod quota has been increased by 16% for 2010. Management measures and the drive toward more eco-labeled fisheries should see these increases continue. Marel has the innovative solutions to help processors to quickly respond to changing market conditions.

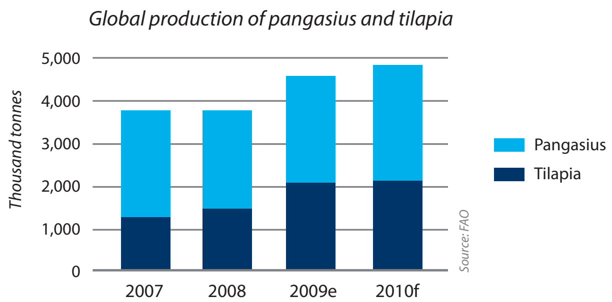
Farmed whitefish: Aquaculture has continued to grow in the face of declining catch quotas. And with cod prices high, the increasing demand for seafood has largely been met with less expensive farmed species like pangasius and tilapia. Marel will continue to take advantage of the extensive experience and expertise gained in serving wild fish processor and transferring that knowledge to the processing of farmed species.

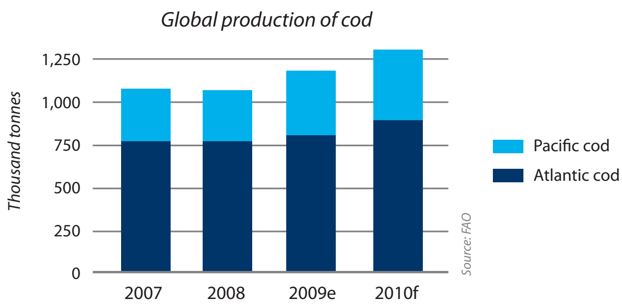
Salmon: Salmon prices remain high with demand outstripping supply, particularly in the U.S. market, due to the collapse of the Chilean salmon industry. Norway, now by far the biggest salmon producer in the world, is taking advantage and establishing supply chains and investing in further processing capacity in the U.S. As the leading provider of equipment for modern salmon processing, Marel is working hand-in-hand with processors to respond to the rising demand.

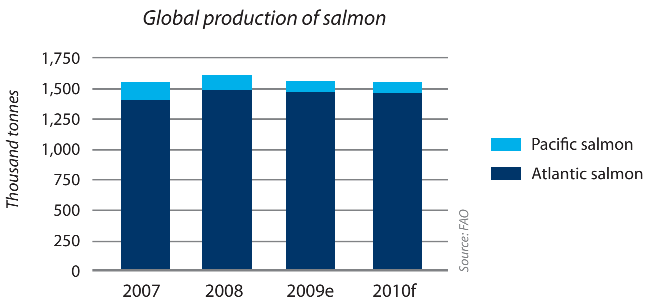
Focus in 2010

The latest concepts from Marel are designed to meet the needs of processors for ways to increase yields and produce higher quality products. In 2010, Marel will be focusing in particular on: processes to optimise utilisation of raw material, thereby increasing yield; new cooling technology designed to increase product quality; methods to shorten processing time in order to increase product quality and shelf-life; and increased automation throughout the production process.

As a single source supplier, and with its unflagging devotion to innovation and long established relationships with leading processors around the world, Marel is ideally placed to maintain and build on its position as industry leader.







Meat

Developments in 2009

Meat producers saw margins improve and demand grow over the course of the year. Despite improving economic conditions, large producers in the United States and Europe have generally remained reluctant to invest in big projects for skinning, injecting and meat harvesting. However, breakthrough sales have been achieved in large integrated deboning and trimming systems in the Central European and Australasian markets.

Marel's share of the U.S. bacon slicing market continues to grow with over 90% of new equipment orders in the non-cooked sector being placed with Marel. The IBS4600 slicer, Marel's latest product for the pre-cooked bacon sector, which represents a similar size market as the non-cooked, has achieved its first sales and looks set to dominate the sector.

Sales of new machines to emerging markets remained positive. Added investment in automation is generally more urgently needed in these markets in order to meet the need for increased production, yield improvements and better margins. The move toward more centralized processing continues with an increase in consumption in China, Brazil and Russia.

Sales of spare parts and service remained strong to meet the needs of customers opting to extend the operational life of existing equipment and systems.

Trends and opportunities

Trends that first emerged in 2008 became even more apparent in 2009:

Added-value products: Fuelled by growing opportunities and the need to increase margins, food manufacturers are pursuing the development of new added-value products in order to capitalize on the growing demand associated with contemporary lifestyles, including 'ready-made meals'. This provides opportunities for equipment suppliers and Marel is well placed to capitalize on the basis of its strong customer relationships, backed by a reputation for innovative and reliable equipment.

Increased automation: Meat processors invest in automation for a number of reasons – to reduce labour costs and reliance on an increasingly scarce labour resource, to improve yields and increase efficiency, and to improve hygiene. Equipment manufacturers who can show that their systems significantly improve processes and provide a good return on investment will benefit.

Process monitoring: Meat processors, especially mid-size companies, are becoming increasingly aware of the competitive edge that can be gained from effective monitoring and control of their processes. Marel's Innova production control software sets the company apart from its competitors in this area.

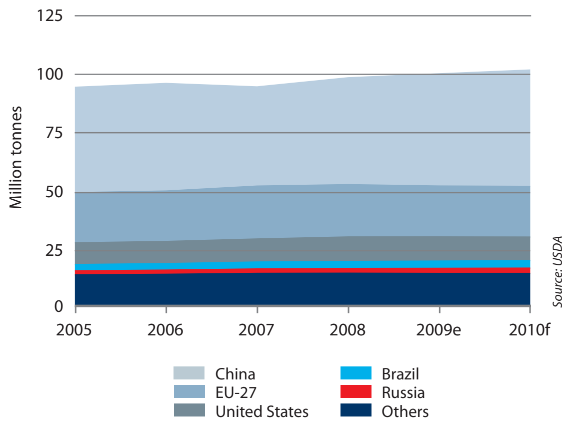
Food safety: Meat processors throughout the industry assign high priority to hygiene and food safety, and the hygienic design standards demanded by customers have become ever more stringent. Marel takes advantage of the opportunities this trend presents by ensuring that its equipment not only complies with the latest standards but is also quick and easy to clean.

Focus in 2010

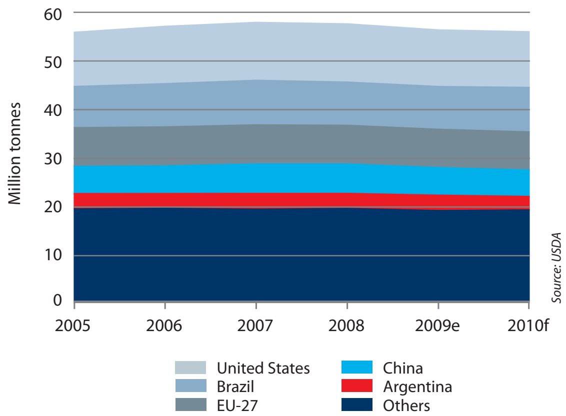
In 2010, the Marel Meat Industry Center will focus on strengthening its presence in the meat industry worldwide with the aim of becoming the industry's partner of choice in the supply of integrated systems.

Marel will continue to build on its successes in Europe, North America and Australasia, and take advantage of the current momentum to add to its reference list of installations. A strong focus will also be placed on capitalizing on the opportunities present in the South American markets. South America is a major beef-producing region, and Brazil as the world leader. Furthermore, in order to take advantage of the vast potential of rapidly growing markets in the Far East, including India and China, Marel will focus on developing its infrastructure and building brand awareness in the region.

Global pork production 2005-2010f



Beef and veal production 2005-2010f



Further processing

Developments in 2009

Like other parts of the food processing industry, the further processing segment has felt the effects of the recession and there is a continuing reluctance among customers to invest in large projects in particular. Nevertheless, the further processing market continued to perform better than most other industry segments in 2009.

The convenience food market continued to grow during the year, with processors developing an increasing variety of convenience products to respond to the growing 'eat at home' trend. Already in spring 2008, a Gallup poll showed that 30% of American were eating at home more as a result of rising food prices. This trend continued in 2009 and processors responded by adapting and updating their production processes and systems. Marel's wide range of equipment for the further processing segment – including the RevoPortioner, bacon slicers and the QX system – continued to find favour among processors.

Trends and opportunities

Added value processors have benefitted more than most from the favourable prevailing trends in consumer behaviour. As a result of the economic recession, consumers are eating out less at mid- and high-priced restaurants and choosing instead to go to fast food outlets or purchase low-cost ready-made meals at convenience stores and discount supermarkets.

Food service industry: After five consecutive quarters of decline through the third quarter of 2009, the commercial food service industry as a whole is expected to be weak at least through the first half of 2010, according to a forecast by The NPD Group. However, the fast food segment, which represents the largest share of the industry, is doing relatively well. Visits to fast food outlets grew or held to last year's level in six out of the eight countries NPD tracks.

'Eat at home': Retailers also experienced a relatively healthy third quarter, a reflection of the growing 'eat at home' trend (figures for the fourth quarter were not yet available at the time of publication). Shoppers are trading down from red meat to less expensive proteins like poultry, turkey and pork, in both fresh and fully cooked product categories. Enhancements and add-ons to the dinner menu, such as marinades, sauces and seasonings, are posting double digit increases.

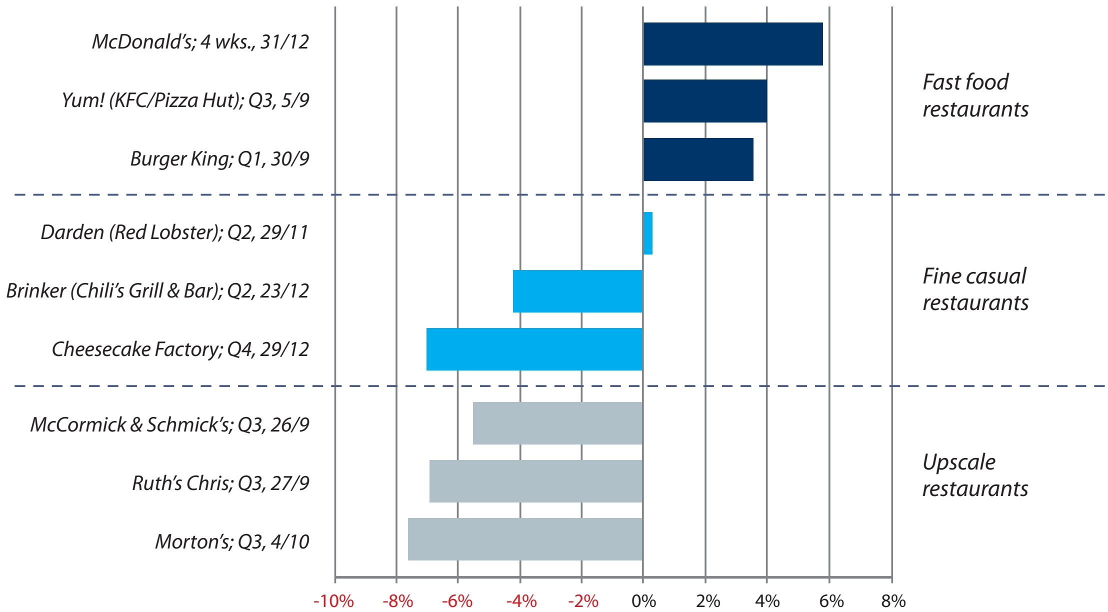
The food service companies and retailers active in these segments – fast food and retail – are profiting from these trends and so are Marel's customers, the food processors who supply these outlets with products.

Focus in 2010

With the organizational changes implemented in 2009, the wide range of systems and the expertise that Marel has to offer to the further processing market have now been brought together in one Industry Center, under the brand name of Townsend Further Processing. Marel will present a strong and comprehensive product range to the market in 2010 under the new industry identity.

Marel will maintain a strong focus on technology leadership and new product innovations. The company will look to capitalize on the recent success of products like the RevoPortioner, which has been approved by major fast food operators for use in the making of their beef burgers, and its new IBS4600 bacon slicer.

Global same-store sales growth compared to year ago, based on latest financial data



Source: Public financial statements

United Kingdom

- The British consume more tea per capita than anybody else in the world.
- Big Ben, the largest and most famous four-faced chiming clock in the world, stands at the north end of the Palace of Westminster, where the English Parliament has been meeting since the 13th century.

Business operations

Product development

A culture of innovation is the cornerstone of Marel's global leadership as a provider of advanced equipment and processing systems to the fish, meat, poultry and further processing industries. The company invests an average of 5-7% of revenues annually in research and development, far above the industry average. Despite a strict focus on rationalization and cost reduction in 2009 that yielded savings of EUR 25 million on an annual basis at the corporate level, Marel maintained the same level of investment in research and development throughout the course of the year.

Marel employs a team of over 400 highly qualified scientists and technicians in the field of engineering and food technology. Working side-by-side with some of the most forward thinking processors in the industry, the company is continuously extending the boundaries of food processing performance and searching for new ways to optimize the production process.

The integration of the Marel and Stork Food Systems companies was a major priority in 2009. It was a year of identifying oportunities, sharing knowledge and realigning the organizational structure to be able to take innovation to the next level.

Integrated products

When Marel and Stork Food Systems joined forces in 2008, one of the main drivers of the merger was the potential synergies to be derived in the area of innovation. Now that the companies are one, the customers' expectations are that the "new" company will offer more integrated products and systems, with a better price performance, than the companies would otherwise have been able to do on their own.

In 2009, first priority was given to identifying oportunities to integrate Marel and Stork products to create added value for the customer. The company set itself the ambitious goal of introducing a new "integrated product" to the market at every major exhibition in 2010 and onwards.

New innovation structure

To build on the company's culture of innovation, and to maintain a strong focus on both products and industry processes, it was decided in 2009 to base the company's new organizational structure on Industry Centres on the one hand and Product Centres on the other. The four new Industry Centers serve as centres of excellence for the four industry segments that the company specializes in – i.e. fish, poultry, meat and further processing. Innovation in the Industry Centres focuses on specific technologies and continuous process improvement in the respective industry, whereas innovation in the Product Centres is focused on products and product families that serve more than one industry.

INNOVA and Key Technology

The transformation to the new structure began in 2009 with the establishment of the first new Product Center – the INNOVA Product Centre. INNOVA has enjoyed great success since its debut in early 2008, replacing the well known MPS production control system. It was announced in 2009 that INNOVA will be the backbone for all products and process solutions from Marel. Furthermore, the Marel "key technology" platform – consisting of internally developed embedded computers, HMIs and specialized control modules – will be the first choice for all new Marel products. This allows for more optimal control architecture, common user interfaces and common styling for all the products.

Patents and trademarks

Patent protection is vital to Marel. In 2009, the company applied for patents on 26 new inventions and the patent portfolio grew to over 200 granted patents.

New products

Marel introduced over 60 new products in 2009, including three new INNOVA software modules.

The following are among the new products:

Townsend Further Processing: RevoPortioner x-drum

Townsend Further Processing: CoexSkin

Stork Poultry Processing: 3,000 bph turkey processing

Module for wingstick production

Townsend Further Processing: ModularOven

Marel Meat: skinners

Turbotwist Pro, iLinker and iConveyor

Townsend Further Processing: RevoPortioner x-drum
A segmented drum to aid new product development in the further processing plant innovation process.

Townsend Further Processing: CoexSkin
Coextrusion process to produce fresh sausages with alginate casings.

Townsend Further Processing: ModularOven
Next generation thermal processing creates adjustable climates to meet product needs, versus requiring product adjustments to accommodate conventional equipment limitations.

Townsend Further Processing: Turbotwist Pro, iLinker and iConveyor
New generation of linker and intelligent stick loading system for improved oven use.

Marel Meat: Skinners
New series of conveyorized and open-top skinners.

Marel Meat: Coarse meat separator
Low pressure meat harvesting system for high value meat.

Stork Poultry Processing: 3,000 bph turkey processing
Upgrade and development of a large number of machines – including automatic live bird handling and controlled atmosphere stunning – to be able to run the turkey processing lines at higher speeds.

Stork Poultry Processing: ACM-NT cutup and FHF-XB deboning systems
Five new modules were introduced to increase yields and/or produce new unique chicken end-products. These modules can also be retrofitted into the large existing installed base.

The following are among the new products:

Stork Poultry Processing: evisceration systems

Marel Streamline for poultry

Marel I-Cut 10 portioning machine

Marel SensorX 300

AEW Delford 9100 series Weigh Price Labeller

GEBA SC 250 D-Cut Slicer

Carnitech CT2616.24 Salmon Pinbone Remover

Stork Poultry Processing: evisceration systems
RS line of post-eviscerator equipment, new inspection systems and equipment for processing of edible organs.

Marel I-Cut 10 portioning machine
A new entry level portioning machine for fish, poultry and meat products. Suitable for small to mid-range producers.

Marel Streamline for poultry
The Streamline flowline concept adopted to poultry products. Compact and very flexible, easy to clean and attractive to small and medium sized customers.

AEW Delford IBS4600 bacon slicer
The new high throughput IBS4600 bacon slicer is set to revolutionise the pre-cooked bacon industry, both in terms of its productivity and its ability to provide fixed weight cooked slices.

AEW Delford 9100 series Weigh Price Labeller
The second machine in a new generation of the Delford Weigh Price Labellers was introduced in 2009. The 9100 series weigh price labeller runs up to 100 packs per minute and adds more modularity and a touch screen user interface.

Marel SensorX 300
A new and more modular generation of the highly successful X-ray machine for finding bones in poultry and meat products.

GEBA SC 250 D-Cut Slicer
A new slicer with automatic angle and slice thickness adjustment for cutting fresh and smoked salmon fillets and similar kinds of fish.

Carnitech CT2616.24 Salmon Pinbone Remover
A new pinbone remover for pulling out nerve bones from salmon fillets with high efficiency and better yield.

Manufacturing

Marel strives for operational excellence. It is our goal to provide "best in class" manufacturing, capable of competing with anyone on the basis of quality and flexibility, to create a competitive advantage for the company.

Global Manufacturing Team

Following the rapid growth of the company in the past four years and the integration of Marel and Stork Food Systems, a global manufacturing team has been established consisting of managers from throughout the company who are responsible for manufacturing. This team has created a new manufacturing model that will be the basis for future make-buy decisions, capital investments and re-allocations of products.

In 2010, all of Marel's manufacturing sites will move toward a common strategy and working methods based on the new manufacturing model. The first priority in creating a common strategy is to adopt one cost price model and one transfer pricing policy for the company.

Marel Manufacturing Model

The integration of the companies in the group into "one company" provides an opportunity to combine best practices from each to further strengthen the Marel manufacturing process. The new Marel manufacturing model follows this approach.

One of the key elements of the model is a strong cooperative relationship between product development and manufacturing, which is so essential for the creation of value in the company. The integration of people from different manufacturing disciplines (part production, assembly, quality, logistics and procurement) into the product development process is an important component of this value creation.

Part production and assembly

Another important feature of the model is the company's strong preference for manufacturing knowledge parts in-house, also a key component of value creation. Due to product and technology life cycles, in-house processes must be re-assessed regularly to ensure competitiveness. Final assembly and testing of products in-house is also strongly preferred.

Procurement

In the related field of procurement, work on the integration of the procedures and processes of Marel and Stork Food Systems continued in 2009, with the aim of reducing costs through new corporate contracts with key suppliers and a better information flow with the implementation of new IT tools.

Two new IT tools, for spend and contract management, were implemented in 2009. Four corporate projects have also been initiated to align the supply base for all Marel companies in order to achieve better conditions and closer cooperation with selected suppliers. The projects begun in 2009 focus on stainless steel, gear motors, electrical components and transportation. Four more projects will be launched in 2010 focusing among other things on pneumatics and outsourcing in emerging markets.

A global lead buyer platform was established during the year and will be extended in 2010. The platform provides strategic buyers with training on global procurement projects and general procurement techniques.

Working Capital

One of Marel's key financial objectives for 2009 was increasing operational cash flows. The company launched a Working Capital Management Programme at the end of 2008 with the aim of substantially reducing working capital through reductions in inventories and the number of debtors. The manufacturing process has contributed substantially to the results achieved by reducing stock levels, re-defining logistical parameters and extending payment terms with creditors. Marel is committed to continuing the working capital programme through 2010.

Sales and marketing

Marel's global distribution network includes more than 130 outlets, including subsidiaries and sales and service offices in 30 countries, and more than 100 agents and distributors around the world.

Sales in 2009

After a record year in 2008, sales from core operations declined by 21% in 2009. The year got off to a slow start following a sharp drop in the fourth quarter of 2008 with the onset of the international financial crisis. However, sales gradually increased during the course of 2009 as market conditions improved.

Marel's product sales can be divided into three roughly equal categories:

- The sale of spare parts and service, which has not been affected by the recession.
- The sale of standard equipment and smaller solutions to existing factories, which have not been affected to a significant degree.
- The sale of large systems, often for new factories, which was the hardest hit in 2009. Customers had difficulty in financing larger investments for much of the year. However, with market conditions gradually improving with each passing month, large orders began to emerge in the fourth quarter.

Marel´s order book was at a solid level at the end of 2009 and very much better than at the beginning of the year. With the level of market activity increasing in all segments, the prospect pipeline was growing, now also for larger systems.

Toward "one company"

In 2009, one of the main priorities in the integration process was a general realignment of the company's distribution channels and the integration of the sales organizations of Marel and Stork Food Systems.

Marel sales organization: Before the process was launched, the Marel side of the company had a large global network of 27 subsidiary companies called Sales and Service Units (SSUs), as well as some 40 distributors and agents, who have sold standard products and serviced the company's customers worldwide. Generally, only large scale projects have been sold directly from the main business units.

Stork Food Systems sales organization: A higher percentage of Stork Food Systems' sales have been large projects and most of them have been handled centrally, with the assistance of a network of subsidiaries and branch offices in 15 countries and some 60 agents and distributors worldwide.

In 2009, it was decided that the company's new sales process would be driven by four new Industry Centers – for fish, poultry, meat and further processing. In cooperation with Product Centers, the Industry Centers will be responsible for the development of new products targeting the respective industry segments. The sales and service offices around the world (which will continue to be called Sales and Service Units) will provide the distribution network for all the Centers and will provide the customer with one point of contact for all of the company's brands.

In 2009, the roll-out of the new structure and the integration of the Marel and Stork field offices was initiated in a number of countries, including the Benelux countries, France, Italy, Spain and Portugal, Australia and New Zealand, Brazil and the United States.

International exhibitions

In 2009, Marel participated in close to 40 exhibitions, trade shows and in-house seminars worldwide, including all the major international exhibitions for the seafood, poultry and meat industries. The focus at all these events has been on presenting Marel as an innovative single-source supplier with product offerings to meet every need of processors in the fish, meat, poultry and further processing segments of the industry.

Toward the end of the year, the added value of the integration of Marel, Stork and Townsend into "One Company" became a strong focus point at the exhibitions. At the Worldwide Food Expo/AMI in Chicago in October 2009, products from all three brands were showcased together for the first time ever at a 650 m^2 booth, the largest in the exhibition. Furthermore, for 2010, management has taken the process one step further and has set itself the goal of introducing at each major exhibition at least one new integrated product that combines the best that the company's brands have to offer. The first such system was presented at the International Poultry Exhibition in Atlanta in January – an innovative new solution that combines a Stork FHF-XB front-half deboning and trimming line with a Marel SensorX bone detection system.

In Atlanta, customers also got their first look at another major benefit of the integration process, namely Marel's new integrated poultry and further processing teams in the United States. In the fourth quarter of 2009, the Marel and Stork poultry teams, as well as the Marel and Townsend further processing teams, were integrated. As a result, Marel's customers in the U.S. now have one single point of contact for products from all of the company's brands. This arrangement will be introduced at other Marel Sales and Service Units during the course of 2010.

Marketing

Together, Marel Food Systems and Stork Food Systems operate a global and multinational marketing department with members based in eight locations. The marketing activities range from micro and macro analysis of the company's markets to the production of marketing material – including, for example, newsletters, brochures, videos, the company's website and advertisements – organizing the company's participation in global marketing events, including trade shows and exhibitions, and media relations. In addition to the global marketing department, virtually all of the Sales and Service Units are staffed with marketing personnel who are responsible for local marketing activities.

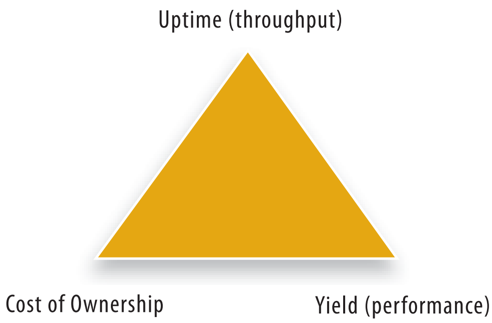
We are in a unique position to serve customers all over the world

Service

Service increasingly provides real "value added" to the company's operations. The traditional industry view of service as a cost center no longer applies.

As the integration of Marel and Stork Food Systems proceeds, the company is developing one common service philosophy based on a view of the company as a service-oriented company rather than a traditional product-oriented company. The mindset on which this new philosophy is based can best be described with two concepts: "Think global, act local" and "Big enough to cope, small enough to care".

For our customers, this will mean that we aim to find the best balance for each customer within "the golden service triangle". This triangle consists of maximum uptime (throughput), minimal cost of ownership and highest yield (performance).



The main priority in 2010 will be to further define and combine the best of both service operations into one strong and common global service organisation, with a consistent level of service across the different operating units. The goal is to provide fast and competent service with support at the local level to our customers worldwide, no matter where they are. In this respect, several integration activities have been initiated with the goal of presenting "one face" to the customer, providing him with one point of contact.

Outlook 2010

The integration process, as it proceeds in 2010, will positively affect the company's service organization. Once the integration of the company's distribution channels is finalized, the Sales and Service Units (SSUs) around the world will provide first line service for the entire range of equipment and systems offered by Marel.

In conjuction with this change, the aim is to build a common base of knowledge of the equipment across the entire group of Field Service Engineers. And to provide the SSUs with a common base of skills and qualifications representing all four industry lines - poultry, fish, meat and further processing - where feasible.

Several initiatives have already been taken toward the development of one point of contact for service. A major achievement was the harmonisation of service rates across the entire company for 2010. A Service Integration Team has been established to guide the process in the future.

The Marel service organisation spans 30 countries and consists of approximately 625 employees, who perform an average of 1,000 customer visits daily, providing the organisation with an impressive fountain of knowledge and understanding of customer demands and requirements.

The Marel service organisation of the future

Service will be undoubtedly be one of the main drivers of Marel's business in the future. With consolidation the name of the game in the food processing industry, small and medium size production facilities are being replaced by large production plants that belong to even larger international organizations. The focus is increasingly on achieving economies of scale and greater effiency in production.

The service organisation of the future needs, therefore, to have the capacity to cope with Key Account Management (KAM) and to be able to ensure that systems that the company provides, and indeed the whole production process, are always performing at an optimal level. To do that, the organisation has to be able to monitor the systems on a continuous basis through, for example, remote monitoring, on-line monitoring of yield and output, preventive maintenance schemes and other value-based services. We need to provide the customer with more value than just the equipment itself.

This kind of operation requires a much closer relationship between supplier and customer. The service components that Marel has in place provides the company with an enormous competative advantage in this regard, which will contribute to pushing the volume of sales even further in the future.

Human resources

In 2009, Marel employed on average 3,590 people in 30 countries around the world. The largest number is located in the Netherlands, followed by Denmark and then Iceland. Close to 75% of the employees are located in Europe.

The company's HR mission is to engage competent employees and to provide a supportive work environment that motivates and encourages them to make the company vision their own. To do that, we strive to carefully plan our recruitment processes, provide excellent training and opportunities for further education and job development, and to foster a spirit of teamwork and co-operation throughout the company. We recognise the importance of respecting cultural diversity, while at the same time strengthening the values that are shared throughout the company. Open and honest communications and a healthy balance between work and personal life also help to maintain a creative and stimulating work environment that fosters innovation.

Integration in 2009

As the integration of Marel and Stork Food Systems proceeded in 2009, the main emphasis was on comparing differences in "the way we do things" and choosing the best practices as our common way of proceeding in the future. The company's human resources managers worked together closely, with "Best of Both" as the unifying slogan,

to identify and celebrate the strengths that each company brings to a common HR mission. This work will establish the foundation for joint strategies and policies, which the HR team will continue to implement in 2010, while taking into account local work laws and cultural differences as required.

Exceptionally difficult market conditions during the year made it necessary to reduce the size of our work force and to streamline the company's operations in order to lower our cost base. The development in the number of employees, measured in number of FTEs (full time equivalent), can be seen below. It is estimated that the company has reached equilibrium in terms of its human resources and is in line with current market conditions.

Major projects in the HR field for 2010 will include implementation of common incentive schemes, assessment systems, management development and recruitment processes, as well as supporting the integration process and the streamlining of the organization in general.

One company, one culture

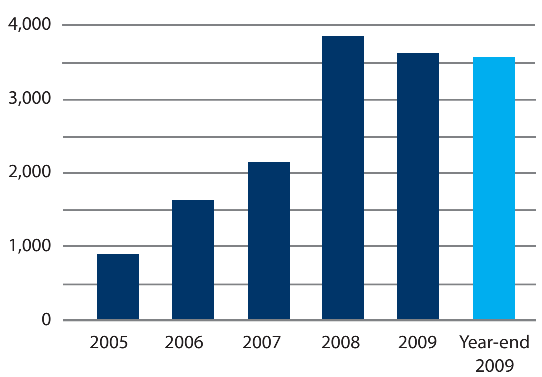
One of the priorities of the integration process in 2009 was to identify a shared set of values and to begin nurturing a common work culture that employees can appreciate and find desirable. A survey of 138 employees representing a cross-section of the entire company showed that employees want the values of the "new" integrated company to reflect: a global perspective, collaboration with customers, a shared vision, humour and fun, empowerment, innovation, teamwork, being the best and customer satisfaction.

A follow-up project entitled "To a value-based Marel" has been launched with the goal of creating a company with one vision and one recognizable set of values, based on the results of the survey. Ultimately, employees should be able to recognize their own values in the values of the company and feel like it is a place where they belong.

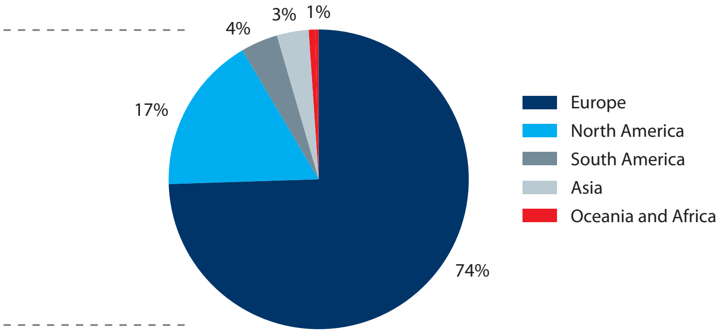
The management team will use the results from the project as a guiding light in developing the work culture of the "new" Marel.

Marel will continue to strive to be the employer of choice.

Number of employees, average per year



Number of employees by continent at the end of year 2009



Iceland

- Iceland has the largest marine fish catch per capita in the world, almost 10 times as large as Norway's, the second biggest.
- Half of Iceland's land area consists of a mountainous lava desert and other wasteland. Eight percent is covered by Vatnajökull, Europe's largest glacier.

To our shareholders

Shares and shareholders

Share performance

Marel is listed on the NASDAQ OMX Nordic Exchange Iceland (symbol: MARL). Its shares are included in the OMXI6 PI ISK index, which consists of the six most traded and liquid listed companies. It replaced the OMXI15 index at the beginning of 2009. Marel's share price stood at ISK 62.30 (EUR 0.35) at the end of 2009, compared to ISK 77.80 (EUR 0.46) at the end of 2008, a decrease of 19.9% (in EUR 23.9%). During the same period, the OMXI6 PI ISK index fell by 18.5%. During the year, the highest end-of-day price was ISK 79.30 (EUR 0.48) and the lowest end-of-day price was ISK 41.00 (EUR 0.24).

Share capital

Marel issued 146.8 million new shares in 2009, in three private placements. The main purpose of the increase in shares was to strengthen the company's capital structure and reduce currency risk and the overall cost of funding. In total, the share issues raised EUR 49.3 million.

The private placements in 2009 were conducted in accordance with a resolution of the Company's Annual General Meeting, held on 10 March 2009, where the shareholders waived their pre-emptive rights and authorised the Board of Directors to increase the company's share capital.

At year-end, Marel's shares totalled 727,136,497.

Shareholders

The number of shareholders in Marel was recorded in the shareholders register to be 1,751 at year-end 2009, compared to 1,836 shareholders at year-end 2008.
As of 31 December 2009, Marel holds no treasury shares.

International shareholding increased from 11% to 16% in 2009, following the acquisition of a 5.2% share in Marel by funds managed by Columbia Wanger Asset Management, a wholly owned subsidiary of Bank of America Corporation. The increase is fully in line with Marel's stated goal of strengthening and internationalizing its shareholder base. Eyrir Invest ehf. is Marel's largest shareholder, with 32.03% of shares, followed by the Horn fjárfestingafélag efh. (20.77%) and Grundtvig Invest A/S (8.47%). Five Icelandic pension funds round out the list of Marel's ten largest shareholders, with a combined 14.33% ownership share.

TOP 10 SHAREHOLDERS AS OF 31 DECEMBER 2009

	Shareholder		No of shares	%
1	Eyrir Invest ehf	Investment company	232,924,713	32.03
2	Horn Fjárfestingarfélag ehf	Investment company	151,011,770	20.77
3	Grundtvig Invest A/S	Investment company	61,560,494	8.47
4	Lífeyrissjóðir Bankastræti 7	Pension funds	32,727,789	4.50
5	Columbia Acorn International	Asset management	29,868,604	4.11
6	Lífeyrissjóður verslunarmanna	Pension fund	25,294,666	3.48
7	Sameinaði lífeyrissjóðurinn	Pension fund	16,575,243	2.28
8	Stafir lífeyrissjóður	Pension fund	16,581,164	2.28
9	Gildi lífeyrissjóður	Pension fund	14,230,521	1.96
10	Wanger International	Asset management	9,536,321	1.31
		Total	590,311,285	81.19
		Others	136,825,212	18.81
		Total ordinary shares	727,136,497	100.00

Liquidity of shares

Marel has made agreements with Landsbankinn, Saga Capital Investment Bank hf. and Islandsbanki hf. regarding market making for the issued shares of Marel. The purpose of the agreements is to improve liquidity and to enhance transparent price formation in the Company's shares on the NASDAQ OMX Iceland. These agreements are for an unlimited time but can be terminated with two weeks' to one month's notice.

Shares in Marel were traded 2,451 times in 2009 for a total market value of ISK 14.2 billion (down from ISK 15.7 billion in 2008), which corresponds to a turnover rate of 41%. The average end-of-day spread of Marel was 0.93%. The market value of the Company at year-end 2009 was ISK 45.3 billion (EUR 252.4 million) compared to ISK 45.2 billion (EUR 264.2 million) at year-end 2008, an increase of ISK 0.1 billion (a decrease of EUR 11.8 million). As the Company's shares are traded in ISK, the further fall of the Icelandic krona during the year 2009 effected the market value, when converted into EUR.

Dividend

In view of the of the financial performance in 2009, the Board of Directors will propose that no dividends be paid in 2010. No dividends were paid in 2009.

Share options to key employees

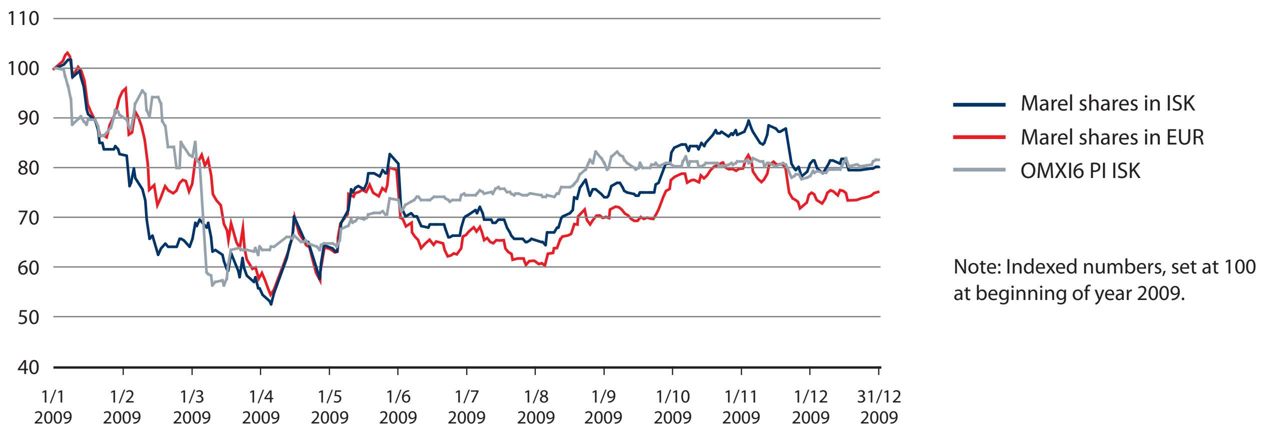
Five share-option programs are currently in place for employees at Marel.

DISTRIBUTION OF SHARES AS OF 31 DECEMBER 2009

Number of Shares		Shareholders	%	Shares	%
1	9,999	1,165	66.53%	4,430,365	0.61%
10,000	99,999	449	25.64%	12,683,720	1.74%
100,000	199,999	45	2.57%	6,286,394	0.86%
200,000	799,999	50	2.86%	19,967,788	2.75%
800,000	1,399,999	7	0.40%	7,252,306	1.00%
1,400,000	2,999,999	14	0.80%	28,735,335	3.95%
3,000,000	9,999,999	12	0.69%	67,005,625	9.21%
10,000,000	99,999,999	7	0.40%	196,838,481	27.07%
100,000,000	>100,000,000	2	0.11%	383,936,483	52.80%
		1,751	100%	727,136,497	100%

Excercisable	Number of shares (in thous.)	Exercise price (ISK)	Exercisable in
Option 1	10,200	70	2009-2011
Option 2	2,000	74	2007-2011
Option 3	700	74	2009-2011
Option 4	1,050	92	2010-2012
Option 5	11,625	89	2011-2013
Total	25,575		

MAREL'S STOCK PRICE COMPARED TO THE OMXI6 PI ISK INDEX



Note: Indexed numbers, set at 100 at beginning of year 2009.

Marel's Board of Management

From left:
Erik Kaman, CFO
Theo Hoen, CEO
Sigsteinn Grétarsson, Managing Director of Marel ehf.

"We are proud that Columbia Wanger Asset Management, a subsidiary of Bank of America, has acquired a substantial share in the company. Our shareholders have supported our strategy well in recent years, and it is encouraging to see that the international investment community has confidence in the future of our market and our company."

Theo Hoen, CEO of Marel

Investor relations

Marel places great emphasis on providing investors, analysts and other stakeholders with timely and accurate information about the company. This approach is fundamental to achieving a fair market price for the company's shares.

Information Policy

The cornerstone of the company's information policy is to provide current and potential investors with equal access to consistent and transparent data, in as much detail as is commercially sensible.

Through efficient reporting, Marel ensures that all necessary information concerning the progress of the company is clear, and contributes to the correct price formation of the company's shares.

All price sensitive information, regulatory announcements about Marel and announcements regarding performance and future prospects are published in a timely manner, initially on the website of Nasdaq OMX Nordic Exchange, www.nasdaqomxnordic.com, and subsequently on Marel's official website, www.marel.com.

Financial results are issued quarterly in accordance with the requirements of the Nasdaq OMX Nordic Exchange in Iceland.

Investors' meeting

Marel places great importance on developing its relations with existing and potential investors. This is achieved by several means, most notably through regular investors' meetings and participation by the Chairman and/or the CEO of Marel in various functions.

www.marel.com

Marel's website contains detailed information about the company, its history, operations and activities, which is presented in a clear and appealing manner. Current and past press releases, presentations and annual reports are archived on the website and available for download, and the company's current and historic share prices are available for review against key indices.

Annual report

The Marel Annual Report is an important communications tool, and the company strives to provide a balanced picture of all key aspects of the business, both financial and non-financial. A hard copy of the Annual Report is available upon request by writing to investors@marel.com. Downloadable versions of current and past annual reports are available on the company's website. An interactive version is also available there, which facilitates page by page downloads and printing.

Publication schedule for 2010-2011

Reports:

28 April 2010	1st Quarter
28 July 2010	2nd Quarter
27 October 2010	3rd Quarter
2 February 2011	4th Quarter
2 March 2011	Annual General Meeting

Investor relations contacts

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Corporate editor and PR
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CEO and Board of Directors

Chief Executive Officer

Theo Hoen

- Education: Masters degree in mechanical engineering, 1984, Technical University of Eindhoven, The Netherlands.
- Holdings in Marel, including those of financially related parties (in thousand shares): 1,000

Theo Hoen became CEO of Marel in March 2009 after having served as CEO of Stork Food Systems since January 2006. He first joined Stork PMT in 1986, originally in manufacturing, and later became the company's Technical and Manufacturing Director. He was appointed General Manager of Stork Titan in 2001 and Managing Director Stork PMT, Stork Gamco and Stork Titan in 2002.

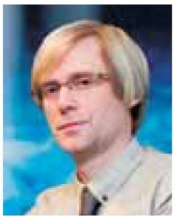
Chairman of the Board

Árni Oddur Þórðarson

- Education: MBA from IMD in Switzerland, 2004; Cand. Oecon. in Business Administration from the University of Iceland, 1993.
- Elected: 2005.
- Holdings in Marel by Eyrir Invest ehf and financially related parties (in thousand shares): 233,057

Árni Oddur Þórðarson is co-founder of Eyrir Invest ehf and has been the company's CEO since foundation. He has over 15 years of extensive international experience in various businesses. Prior to co-founding Eyrir Invest, Þórðarson was Head of Corporate Finance & Capital Markets at Bunadarbanki Islands, which later merged with Kaupthing. He has been a board member of Stork BV since 2008 and Egils Brewery since 2003.

Board Members



Arnar Þór Másson

- Education: Political Science with an M.Sc. in Comparative Politics from the London School of Economics and Political Science, 1997. BA in Political Science from the University of Iceland, 1996. Pursuing a degree in securities brokerage.
- Elected: 2001.
- Holdings in Marel, including those of financially related parties (in thousand shares): 0

Arnar Þór Másson is the Deputy Director General of the Financial Management Department at the Ministry of Finance. He has worked at the Ministry since 2001 where he specializes in public sector reforms and management. Alongside his work at the Ministry, Másson was an Adjunct lecturer at the Department of Political Science at the University of Iceland from 2000 until 2008. He does not sit on the board of any other company than Marel. He was on the boards of Hjaltadalur Heating Utility sf from April 2003 until November 2005, and the Weights and Measures Office from April 2003 until July 2005.

Friðrik Jóhannsson

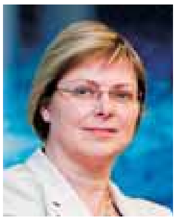
- Education: Cand. Oecon. University of Iceland, 1983; Certified Public Accountant, 1987.
- Elected: Alternate 1997-2004. Board member since 2004. Chairman of the Board from the AGM 2005 until October 2005.
- Holdings in Marel, including those of financially related parties (in thousand shares): 4,300

Friðrik Jóhannsson joined Iceland Investment Corporation (IIC) at the end of 1986 as CFO, and became CEO in 1989. IIC was acquired by Skandia in 1993, and Jóhannsson became CEO of Skandia´s operation in Iceland, which comprised non life insurance, life insurance, securities brokerage, asset management and mutual and private pension funds. In 1997 he became the Managing Director of Burðarás Investments. Jóhannsson became CEO of Burðarás, an ICEX listed investment company in 2004, and the CEO of Straumur Burðarás Investment Bank in 2006. He retired from his position at the bank in June 2007 and is currently an active investor in various financial markets.

Helgi Magnússon

- Education: Business Administration from the University of Iceland, 1974. CPA, 1975.
- Elected: 2005.
- Holdings in Marel, including those of financially related parties (in thousand shares): 6,308

Helgi Magnússon is the largest owner, Chairman of the Board and CEO of Hofgardar Holding ehf, Varðberg Holding ehf and Harpa Holding ehf. He is the Chairman of Flügger Iceland Ltd, Chairman of the Federation of Icelandic Industries, and a member of the Board of Directors and the Executive Board of the Confederation of Icelandic Employers. Magnússon is also on the Board of the Blue Lagoon hf. and Vice-chairman of the Pension Fund of Commerce. He has been a Board member of Islandsbanki hf., Framsyn Pension Fund and the Icelandic Chamber of Commerce.



Margrét Jónsdóttir

- Education: Master of Accounting and Auditing from the University of Iceland, 2006; Cand. Oecon. in Business Administration from University of Iceland, 1983.
- Elected: 2006.
- Holdings in Marel, including those of financially related parties (in thousand shares): 200

Margrét Jónsdóttir is the CFO of Eyrir Invest ehf. Previously, she was the Director of Finance at Edda Publishing hf from December 2001 until October 2002. She was Director of Finance at Kreditkort hf from August 2000 until December 2001, and Manager of Accounts and Planning at FBA Investment Bank (later Íslandsbanki), and Director of Finance at the Industrial Loan Fund (FBA predecessor), from September 1988 until June 2000.

Lars Grundtvig

- Education: Bachelor of Commerce.
- Elected: 2007.
- Holdings in Marel, including those of financially related parties (in thousand shares): 61,673

Lars Grundtvig joined the family business, Scanvaegt A/S, in 1959, which was founded by his grandfather in 1932. In 1969, Grundtvig and his father began transforming the company from a small business selling mechanical scales into a producer of high-tech weighing and processing equipment for the food industry. In 1974 he became the Managing Director, and in 1993 he took the office of working Chairman. In 2006, Scanvaegt International A/S was sold to Marel hf. Grundtvig and his sons established the investment company Grundtvig Invest A/S, and as its Managing Director, he sits on the boards of Scanvaegt Nordic A/S, J.J. Steel A/S, Anker Andersen Holding A/S, Black Lilly A/S and Grundtvig Invest A/S.

Corporate governance

Icelandic law and the Company's Corporate Governance framework determine the duties of the various bodies within Marel. Corporate governance defines the way in which the company is directed and controlled. Furthermore, a strong emphasis on corporate governance improves the quality of all internal procedures and infrastructure. This in turn results in increased confidence among shareholders and market participants. The Company's corporate governance policy is based on the Guidelines on Corporate Governance issued by the Iceland Chamber of Commerce, NASDAQ OMX Iceland hf. and the Confederation of Icelandic Employers.

Insider Information

In accordance with statutory law, the Company complies with the rules of the Financial Supervisory Authority on the handling of insider information and insider trading. The functions and responsibilities of an appointed Compliance Officer, who monitors and supervises the handling of insider information, is part thereof.

Moreover, the Company has in place in-house rules on the handling of insider information and insider trading. Among other things, it is provided for that a primary insider may not trade in the securities of the Company during the period from the end of a financial period until financial reports are disclosed, regardless of whether they possess inside information or not.

Shareholders' meetings

Shareholders' meetings are the supreme authority in Marel's affairs, within the limits established by the Company's Articles of Association and statutory law. The Annual General Meeting (AGM) is scheduled once a year and other shareholders' meetings are convened when necessary.

All shareholders, as well as their representatives, company auditors and the Chief Executive Officer have the right to attend shareholders' meetings. Each share carries one vote at shareholders' meetings and motions are passed by majority vote unless otherwise stated in the Company's Articles of Association.

The Marel AGM is held before the end of August each year; in 2010 it is scheduled for 3 March. The AGM is advertised publicly with at least three-week's notice, and details about the meeting are available on the Company's website, www.marel.com, and at the website of the OMX Nordic Exchange in Iceland, www.omxgroup.com/nordicexchange.

Board of Directors

The Company's Board of Directors is the supreme authority in the affairs of the Company between shareholders´ meetings.

The Board of Directors is elected by shareholders at the AGM for a term of one year. The Board currently comprises six members who were all re-elected for a term of one year at the Company's AGM on 10 March 2009.

Compensation to the Board of Directors is decided upon at the AGM. For 2009, the agreed monthly remuneration was EUR 4,000 for the Chairman of the Board, EUR 2,400 for the Vice-Chairman of the Board and EUR 1,600 for other Board members.

The Board is responsible for the organization of the Company and for ensuring the proper conduct of its operation at all times. The Board of Directors shall decide on all matters regarded as extraordinary or of major consequence. The same applies to major borrowing requiring mortgaging/pledging of the Company's property and assets. The Board shall establish goals for the Company in accordance with the Company's objectives and shall formulate the policy and strategy required to achieve these goals.

All matters brought before a Board meeting shall be decided by majority vote, provided that the Board meeting has been lawfully convened. In the event of a tie vote, the Chairman of the Board casts the deciding vote. However, important decisions shall not be taken unless all members of the Board have had the opportunity to discuss the matter, if possible.

Board meetings shall normally be called on a monthly basis. Members of the Board elect a Chairman and Vice-

Chairman from their own ranks. The signature of the Board is required to bind the Company. The Company signature is written by the Board and only the Board may grant powers of procurement.

The Chairman of the Board of Directors is responsible for leading the Board, facilitating its work and ensuring that the Board is capable of operating in the interests of Marel shareholders. The Chairman also serves as the Board's spokesperson.

According to the Guidelines, it is preferable that the majority of the Directors are independent of the Company. In 2009, the Board consisted of four independent members and two non-independent members. Furthermore, four Directors are independent of large shareholders in the Company.

No unusual business has been conducted between Marel and the Company's Board of Directors. Board members do not have any buy or put options in the company. No member of Marel's Board has been convicted of fraud, gone bankrupt, been taken into receivership or been indicted.

Board meetings

The Board of Directors convened 26 times in 2009. The Board is provided with a report in advance of each regular Board meeting and, in addition, a comprehensive monthly report of Marel's financial performance, operations and market conditions. Board members are informed about all significant matters immediately.

A Board member shall only act according to his own conviction, not on the instructions of those electing him. Immediately following the annual general meeting each year, the Board shall allocate responsibilities among its members.

Together, the Board members bring a valuable and balanced range of experience as they have all held or hold senior positions in professional and public life. Profiles of the Board members are listed on pages 50–51.

Chief Executive Officer

The Board of Directors appoints a Chief Executive Officer (CEO) and decides the terms of his employment. The CEO is responsible for daily operations in accordance with those directives that he has been given by the Board, or by the Articles of Association. Daily operations do not include matters that are irregular or of major significance. The CEO shall ensure that the accounts and finances conform to law and accepted accounting standards, and that Company assets are handled in a reliable manner. Furthermore, the CEO hires and discharges all company employees. The CEO is obligated to abide by all Board directives. He is required to provide the Board of Directors and auditors with all information requested.

Board committees

The Board's work is supported by its working committees: Remuneration Committee and Auditing Committee. Members of the Remuneration Committee are Arnar Þór Másson, Árni Oddur Þórðarson and Friðrik Jóhannsson. Its field of work involves negotiating wages and other benefits for the CEO and senior management, and framing the company's wage policy, including wage incentives and stock option rights for company shares.

Members of the Auditing Committee are Friðrik Jóhannsson, Helgi Magnússon and Margrét Jónsdóttir. Its field of work includes monitoring Marel's financial status, evaluating the company's internal monitoring and risk management systems, evaluating management reporting on finances, evaluating whether laws and regulations are followed, and evaluating the work of the company's statutory auditors.

Auditors and accounting

An auditing firm shall be elected at the AGM for a term of one year. The auditor shall not be a member of the Board of Directors, CEO or employee of the Company and is not allowed to own shares in the Company. The auditor shall examine the Company's annual accounts in accordance with generally accepted accounting standards, and shall for this purpose inspect account records and other material relating to the operation and financial position of the Company. The auditors shall at all times have access to all books of accounts and documents of the Company.

KPMG hf. was elected as the Company's auditor at the AGM on 10 March 2009. Auditors on its behalf are Sæmundur Valdimarsson, State Authorized Public Accountant, and Kristrún H. Ingólfsdóttir, State Authorized Public Accountant. They have audited and signed without reservation Marel's consolidated financial statements for the year 2009.

Denmark

- Per capita, Denmark is the world's largest producer of meat and consumer of pork.
- Denmark produces the most wind energy per capita, and meets roughly 20 percent of its energy needs in this way.

Consolidated financial statements for 2009

The Board of Directors' and CEO's Report

The Consolidated Financial Statements for the year 2009 comprise the financial statements of Marel Food Systems hf. (the Company) and its subsidiaries, together the Group. The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and additional Icelandic disclosure requirements.

According to the Consolidated Statement of Comprehensive Income, the Group's operating revenue amounted to EUR 531.7 million of the year 2009 (2008: EUR 540.1 million) and the loss of the year amounted to EUR 11.8 million (2008: EUR 8.4 million). Total comprehensive income amounted to EUR (13.8) million (2008: EUR (17.4) million). According to the statement of financial position, the Company's assets amounted to EUR 882.9 million at the year 2009 (at year end 2008: EUR 920.3 million). Equity amounted to EUR 323.8 million at the end of 2009 (at year end 2008: EUR 288.3 million) or 36,7% of total assets (at year end 2008: 31.3%). The Net debt decreased from EUR 379 million at the end of 2008 to EUR 295 million at the end of 2009.

In 3 private placements in June, October and December 2009, a total of 146.8 million new shares were sold at an avergage price of ISK 61, in total amounting to ISK 8,975 million (EUR 49.3 million). The total number of the Company's shares after the sales of new shares is 727,136,497. All the private placements in 2009 were based on a resolution of the Company's Annual General Meeting held on 10 March 2009, where the shareholders waived their pre-emptive rights and they were approved by the Board of Directors each time.

The number of shareholders in Marel Food Systems hf. at year end 2009 was 1751, a decrease of 85 during the year. Two shareholders had a holding interest of more than 10% in the company, Eyrir Invest ehf., with 32.03% and Horn fjárfestingafélag ehf., with 20.77%.

In May 2009, the Company finalised negotiations with the old Icelandic banks regarding closing of derivatives. These derivatives were settled at a rate of EUR/ISK 149.74. The accrual was based on the year end rate EUR/ISK 169.44, therefore a positive currency gain of EUR 12.5 million was realised in 2009.

In May 2009, the Company successfully refinanced the repayment of the loans to 2 Icelandic banks as well as the bonds, which were due on 20 May, with a new class of bonds (EUR 21 million) and a club loan provided by Islandsbanki, NBI and Arion Bank (EUR 116 million). The closed derivatives were refinanced by a EUR 34 million loan provided by Glitnir Bank.

The goodwill of the Group was tested for impairment at year-end by calculating its recoverable amount. The results of these impairment test was that there was no need for impairment of the core activities as the recoverable amount of the goodwill was above the book value. The non-core activities of Food & Dairy Systems and Carnitech A/S reported as assets/liabilities held for sale have been impaired to their fair value. The impairment losses amounted to EUR 24.5 million.

At the end of 2009, the Group had considerable financial resources together with an increased portfolio of contracts with customers and suppliers across different geographic areas and industries compared to the end of 2008. In 2009, despite the economic circumstances, the Group kept its innovation efforts at the usual level. The Group was in full compliance with the bank covenants in 2009. In 2010, the Group has entered into an agreement to divest the non-core activities of Stork Food & Dairy Systems, excluding its operations in Spain. Management of the Group believes that it is well placed to manage its business risks successfully despite a still uncertain economic outlook.

The management of the Group believes it is taking all the necessary measures to support the sustainability and growth of the Group’s business in the current circumstances. Accordingly they continue to adopt the going concern basis in preparing the annual report and financial statements. The Board of Directors suggests that no dividends will be paid for the operational year 2009, but refers to the financial statements regarding appropriation of the loss for the period and changes in shareholders' equity.

According to the Board of Director's best knowledge, these Consolidated Financial Statements comply with IFRS as adopted by the EU., on Annual Accounts and give a true and fair picture of the Group's assets and liabilities, financial position as at 31 December 2009, operating performance and the cashflow for the year ended 31 December 2009 as well as describing the principal risk and uncertainty factors faced by the company. The report of the Board of Directors provides a clear overview of developments and achievements in the company's operations and its situation.

The Board of Directors and CEO of Marel Food Systems hf hereby ratify the Consolidated Financial Statements of Marel Food Systems hf. for the year 2009 with their signatures.

Garðabær, 9 February 2010

Board of Directors

Árni Oddur Þórðarson

Arnar Þór Másson

Friðrik Jóhannsson

Helgi Magnússon

Lars Grundtvig

Margrét Jónsdóttir

Chief Executive Officer

Theo G.M. Hoen

Independent auditor's report

To the Shareholders and Board of Directors of the Marel Food Systems hf.

We have audited the accompanying Consolidated Financial Statements of Marel Food Systems hf., which comprise the report by the Board of Directors, the Consolidated Statement of financial position as at 31 December 2009, and the Consolidated Statement of Comprehensive income, the Consolidated Statement of Changes in Shareholders' Equity and the Consolidated Statement of Cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these Consolidated Financial Statements in accordance with International Financial Reporting Standards as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the Consolidated Financial Statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Consolidated Financial Statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Consolidated Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the Consolidated Financial Statements give a true and fair view of the Consolidated Statement of Financial Position of Marel Food Systems hf. as at 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Reykjavík, 9 February 2010

KPMG hf.

Sæmundur Valdimarsson

Kristrún H. Ingólfsdóttir

Consolidated Statement of Comprehensive Income

2008 numbers include Stork entities as of 1 May 2008

	Notes	2009	2008*
Revenue	5	531,680	540,149
Cost of sales		(340,006)	(361,218)
Gross profit		191,674	178,931
Other operating (expenses) income	6	(9,169)	716
Selling and marketing expenses		(73,443)	(71,838)
Research and development expenses		(31,149)	(27,337)
Administrative expenses		(69,866)	(60,038)
Result from operations		8,047	20,434
Finance expenses	7	(45,464)	(37,133)
Finance income	7	19,619	4,939
Net Finance costs	7	(25,845)	(32,194)
Share of results of associates		0	473
Result before income tax		(17,798)	(11,287)
Income tax	9	5,987	2,882
Profit (loss) for the period		(11,811)	(8,405)

Other Comprehensive Income

	Notes	2009	2008*
Currency translation differences		(1,235)	(426)
Cash flow hedges		(1,028)	(11,438)
Income tax relating to cash flow hedges		262	2,917
Other comprehensive income for the year, net of tax		(2,001)	(8,947)
Total comprehensive income for the year		(13,812)	(17,352)
Net result attributable to:			
Shareholders of the Company		(11,811)	(8,405)
		(11,811)	(8,405)
Comprehensive income attributable to:			
Shareholders of the Company		(13,812)	(17,352)
		(13,812)	(17,352)
Earnings per share for result attributable to equity holders of the company during the period (expressed in EUR cent per share):			
- basic	20	(1.96)	(1.71)
- diluted	20	(1.96)	(1.68)
Earnings per share for total comprehensive income attributable to equity holders of the company during the period (expressed in EUR cent per share):			
- basic	20	(2.29)	(3.52)
- diluted	20	(2.29)	(3.47)

* 2008 adjusted for comparative purposes

The notes on pages 9 - 45 are an integral part of the Consolidated Financial Statements.

Consolidated Statement of Financial Position

	Notes	31/12 2009	31/12 2008*
ASSETS			
Non-current assets			
Property, plant and equipment	10	115,332	145,420
Goodwill	11	377,959	394,978
Other intangible assets	11	85,433	85,459
Investments in associates	26	97	333
Receivables	14	150	2,683
Deferred income tax assets	22	14,850	5,620
		593,821	634,493
Current assets			
Inventories	12	81,054	113,636
Production contracts	13	11,992	26,473
Trade receivables	14	67,184	85,603
Assets held for sale	27	33,330	0
Other receivables and prepayments	14	23,597	34,652
Derivative financial instruments	16	0	4,364
Restricted cash	15	25,882	0
Cash and cash equivalents	15	46,022	21,038
		289,061	285,766
Total assets		882,882	920,259
EQUITY			
Capital and reserves attributable to equity holders of Marel Food Systems hf.			
Share capital	25	6,674	5,852
Share premium	25	318,495	269,988
Reserves	25	(11,450)	(9,449)
Retained earnings		10,078	21,888
Total shareholders' equity		323,797	288,279
LIABILITIES			
Non-current liabilities			
Borrowings	17	351,508	265,807
Deferred income tax liabilities	22	7,765	10,362
Provisions	18	8,797	8,563
Derivative financial instruments	16	11,065	35,542
		379,135	320,274
Current liabilities			
Trade and other payables	21	116,281	156,204
Liabilities held for sale	27	43,693	0
Derivative financial instruments	16	0	8,261
Current income tax liabilities		1,584	6,703
Borrowings	17	15,409	134,636
Provisions	18	2,983	5,902
		179,950	311,706
Total liabilities		559,085	631,980
Total equity and liabilities		882,882	920,259

* 2008 adjusted for comparative purposes

The notes on pages 9 - 45 are an integral part of the Consolidated Financial Statements.

Consolidated Statement of Changes in Shareholders' Equity

	Attributable to equity holders of the Company							
	Share capital	Share premium	Hedge reserve	Transl. reserves	Retained earnings	Total	Non contr.	Total equity
Balance at 1 January 2008	4,414	147,584	1,044	(1,546)	30,293	181,789	46	181,835
Total comprehensive income	0	0	(8,521)	(426)	(8,405)	(17,352)	0	(17,352)
Sale (purchases) of treasury shares, gross	22	2,023				2,045		2,045
Treasury shares, transaction cost		(8)				(8)		(8)
Business combination							(46)	(46)
Employee share option scheme:								
Value of services provided		43				43		43
Issue of share capital, gross	1,416	122,486				123,902		123,902
Issue of share capital transaction cost		(2,140)				(2,140)		(2,140)
	1,438	122,404	(8,521)	(426)	(8,405)	106,490	(46)	106,444
Balance at 31 December 2008	5,852	269,988	(7,477)	(1,972)	21,888	288,279	0	288,279
Total comprehensive income	0	0	(766)	(1,235)	(11,811)	(13,812)	0	(13,812)
Sale (purchases) of treasury shares, gross	16	535				551		551
Treasury shares, transaction costs		(5)				(5)		(5)
Employee share option scheme:								
Value of services provided		445				445		445
Issue of share capital, gross	806	48,450				49,256		49,256
Issue of share capital transaction cost		(918)				(918)		(918)
	822	48,507	(766)	(1,235)	(11,811)	35,517	0	35,517
Balance at 31 December 2009	6,674	318,495	(8,243)	(3,207)	10,077	323,796	0	323,796

Dividend per share

No dividends were paid in 2008 and 2009.

The notes on pages 9 - 45 are an integral part of the Consolidated Financial Statements.

Consolidated Statement of Cash Flows

	Notes	2009	2008*
Cash flows from operating activities			
Result from operations		8,047	20,434
Adjustments to reconcile result from operations to net cash provided by operating activities:			
Depreciation and impairment of Property, Plant & Equipment	6, 10	19,870	12,000
Amortisation and impairment of intangible assets	6, 11	30,836	9,674
Share of results of associates		0	229
Gain on sale of subsidiary		(10,310)	0
Gain on sale of property, plant and equipment		(5,587)	0
Changes in non current receivables		2,542	0
Other changes		102	(1,641)
Working capital (used in) provided by operating activities		45,500	40,696
Changes in working capital:			
Inventories and production contracts		38,823	(1,118)
Trade and other receivables		3,904	15,412
Trade and other payables		(12,451)	(9,138)
Provisions		(381)	0
Changes in operating assets and liabilities		29,895	5,156
Cash generated from operating activities		75,395	45,852
Currency fluctuations and indexation		(349)	(11,417)
Income tax paid		(3,534)	(259)
Interest and finance costs paid		(45,986)	(24,574)
Net cash from operating activities		25,526	9,602
Cash flows from investing activities			
Interest received		1,086	5,685
Acquisition of subsidiary, net of cash acquired		0	(425,970)
Purchase of property, plant and equipment (PPE)	10	(8,117)	(24,305)
Investments in intangibles	11	(16,437)	(19,189)
Divestment of subsidiary, net of cash divested		16,038	0
Loans to associates		0	49,607
Proceeds from sale of property, plant and equipment (PPE)		17,993	2,929
Proceeds from sale of associates		0	3,754
Changes in securities		0	603
Other changes		195	1,900
Net cash from investing activities		10,758	(404,986)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		16,441	121,611
Proceeds from (purchase of) treasury shares, net		546	2,231
Proceeds from borrowings		156,714	285,601
Repayments of borrowings		(139,252)	(22,404)
Finance lease principal payments		501	(558)
Non current Financial Derivates		(24,374)	0
Other changes		(408)	0
Net cash from financing activities		10,168	386,481
Net increase (decrease) in net cash		46,452	(8,903)
Exchange losses on net cash		392	(496)
Net cash at beginning of the year		21,038	30,437
Net cash at end of the year		67,882	21,038
Cash and cash equivalents		46,022	21,038
Restricted cash		25,882	0
Bankoverdrafts		(4,022)	0
Net cash at end of the year		67,882	21,038
Investing and financing activities not affecting cash flows:			
Issue of ordinary shares		31,897	0
Reduction of borrowings		(31,897)	0

* Adjusted for comparative purposes.

The notes on pages 9 - 45 are an integral part of the Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

1. General information

Marel Food Systems hf. ("the Company") is a limited liability company incorporated and domiciled in Iceland. The address of its registered office is Austurhraun 9, Gardabaer.

The Consolidated Financial Statements of the Company as at and for the year ended 31 December 2009 comprise the Company and its subsidiaries (together "the Group"). The Group is primarily involved in the manufacture, development, distribution and sales of solutions for use in all major sectors of the food processing industry. In May 2008, the Group acquired control of Stork Food Systems operating in most western European countries and USA.

The company has its listing on the Nasdaq OMX Nordic Exchange in Iceland.

The Financial Statements as presented in this report are subject to the adoption by the Annual General Meeting of Shareholders.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these Consolidated Financial Statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

2.1 Basis of preparation

A. Statement of Compliance
The Consolidated Financial Statements of the Group has been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and additional Icelandic disclosure requirements for consolidated financial information of listed companies.

These Consolidated Financial Statements have been approved for issue by the board of directors on 9 February 2010.

The accounting policies, as adopted by the EU, depart from full IFRS in few standards, interpretations and amendments that will have minor effects on future reporting of the Group.

B. Basis of Measurement

These Consolidated Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets (including derivative instruments) at fair value through profit or loss or other comprehensive income.

C. Functional and presentation currency
Items included in the Financial Statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (“the functional currency”). The Consolidated Financial Statements are presented in Euro (EUR), which is the company's functional currency. All financial information presented in Euro has been rounded to the nearest thousands.

D. Use of estimates and judgements
The preparation of the Consolidated Financial Statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements, are disclosed in note 4.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected.

E. Changes in accounting policies

Interpretations effective in 2009

Standards, amendments and interpretations to existing standards that are not yet effective have not been early adopted by the Group.

The following standards and amendments to existing standards have been published and have been adopted in the Group’s accounting periods beginning on or after 1 January 2009:

IFRS 8, 'Operating segments' (effective 1 January 2009). IFRS 8 replaces IAS 14, 'Segment reporting', and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. Group has applied IFRS 8 as of 1 January 2009, using the information presented to the chief operating decision-maker for strategic decision taking.

IAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. The definition of borrowing costs has been amended so that interest expense is calculated using the effective interest method defined in IAS 39 'Financial instruments: Recognition and measurement'. The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs has been removed. The Group has applied IAS 23 (Amendment) retrospectively from 1 January 2009 but is currently not applicable to the Group as there are no qualifying assets.

IAS 1 (Revised), 'Presentation of Financial Statements' (effective from 1 January 2009). The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement. The Group has chosen to present one performance statement (the Consolidated Statement of Comprehensive Income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The Group has applied IAS 1 (Revised) from 1 January 2009.

IFRS 2 (Amendment), 'Share-based payment' (effective from 1 January 2009). The amended standard deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group has applied IFRS 2 (Amendment) from 1 January 2009. It did not impact on the Group's financial statements.

IAS 32 (Amendment), 'Financial instruments: Presentation', and IAS 1 (Amendment), 'Presentation of financial statements' – 'Puttable financial instruments and obligations arising on liquidation' (effective from 1 January 2009). The amended standards require entities to classify puttable financial instruments and instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation as equity, provided the financial instruments have particular features and meet specific conditions. The Group has applied the IAS 32 and IAS 1(Amendment) from 1 January 2009. It did not have any impact on the Group's financial statements.

IFRS 1 (Amendment) 'First time adoption of IFRS', and IAS 27 'Consolidated and separate financial statements' (effective from 1 January 2009). The amended standard allows first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendment also removes the definition of the cost method from IAS 27 and replaces it with a requirement to present dividends as income in the separate financial statements of the investor. The Group has applied IFRS 1 (Amendment) from 1 January 2009, as all subsidiaries of the Group were transitioned to IFRS. The amendment did not have any impact on the Group's Financial Statements.

IAS 27 (Revised), 'Consolidated and separate Financial Statements', (effective from 1 July 2009). The revised standard requires the effects of all transactions with non controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The Group will apply IAS 27 (Revised) prospectively to transactions with non-controlling interests from 1 January 2010.

IFRS 3 (Revised), ‘Business combinations’ (effective from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the Consolidated Statement of Comprehensive Income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair vale or at the non-controlling interest’s proportionate share of the acquiree’s net assets. All acquisition-related costs should be expensed. The Group will apply IFRS 3 (Revised) prospectively to all business combinations from 1 January 2010.

IFRS 5 (Amendment), ‘Non-current assets held-for-sale and discontinued operations’ (and consequential amendment to IFRS 1, ‘First-time adoption’) (effective from 1 July 2009). The amendment is part of the IASB’s annual improvements project published in May 2008. The amendment clarifies that all of a subsidiary’s assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met. A consequential amendment to IFRS 1 states that these amendments are applied prospectively from the date of transition to IFRSs. The Group will apply the IFRS 5 (Amendment) prospectively to all partial disposals of subsidiaries from 1 January 2010.

IAS 28 (Amendment), ‘Investments in associates’ (and consequential amendments to IAS 32, ‘Financial Instruments: Presentation’, and IFRS 7, ‘Financial instruments: Disclosures’) (effective from 1 January 2009). The amendment is part of the IASB’s annual improvements project published in May 2008. An investment in associate is treated as a single asset for the purposes of impairment testing. Any impairment loss is not allocated to specific assets included within the investment, for example, goodwill. Reversals of impairment are recorded as an adjustment to the investment balance to the extent that the recoverable amount of the associate increases. The Group has applied the IAS 28 (Amendment) to impairment tests related to investments in subsidiaries and any related impairment losses from 1 January 2009.

IAS 36 (Amendment), ‘Impairment of assets’ (effective from 1 January 2009). The amendment is part of the IASB’s annual improvements project published in May 2008. Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. The Group has applied the IAS 28 (Amendment) and provided the required disclosure where applicable for impairment tests from 1 January 2009.

IAS 38 (Amendment), ‘Intangible assets' (effective from 1 January 2009). The amendment is part of the IASB’s annual improvements project published in May 2008. A prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. The Group has applied the IAS 38 (Amendment) from 1 January 2009.

IAS 19 (Amendment), ‘Employee benefits’ (effective from 1 January 2009). The amendment is part of the IASB’s annual improvements project published in May 2008.
– The amendment clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation.
– The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation.
– The distinction between short term and long term employee benefits will be based on whether benefits are due to be settled within or after 12 months of employee service being rendered.
– IAS 37, ‘Provisions, contingent liabilities and contingent assets, requires contingent liabilities to be disclosed, not recognised. IAS 19 has been amended to be consistent.
The group has applied the IAS 19 (Amendment) from 1 January 2009.

IAS 39 (Amendment), ‘Financial instruments: Recognition and measurement’ (effective from 1 January 2009). The amendment is part of the IASB’s annual improvements project published in May 2008.
– This amendment clarifies that it is possible for there to be movements into and out of the fair value through profit or loss category where a derivative commences or ceases to qualify as a hedging instrument in cash flow or net investment hedge.
– The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading is also amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit taking is included in such a portfolio on initial recognition.

- The current guidance on designating and documenting hedges states that a hedging instrument needs to involve a party external to the reporting entity and cites a segment as an example of a reporting entity. This means that in order for hedge accounting to be applied at segment level, the requirements for hedge accounting are currently required to be met by the applicable segment. The amendment removes the example of a segment so that the guidance is consistent with IFRS 8, 'Operating segments', which requires disclosure for segments to be based on information reported to the chief operating decision-maker. Currently, for segment reporting purposes, each subsidiary designates contracts with group treasury as fair value or cash flow hedges so that the hedges are reported in the segment to which the hedged items relate. This is consistent with the information viewed by the chief operating decision-maker. See note 3.1 for further details.

Amendments to IFRS 7, 'Financial instruments: Disclosures' which are part of the IASB's annual improvements project published in May 2008, have been applied in the Notes.

IFRIC 16, 'Hedges of a net investment in a foreign operation' (effective from 1 October 2008). IFRIC 16 clarifies the accounting treatment in respect of net investment hedging. This includes the fact that net investment hedging relates to differences in functional currency not presentation currency, and hedging instruments may be held anywhere in the Group. The requirements of IAS 21, 'The effects of changes in foreign exchange rates', do apply to the hedged item. The Group has applied IFRIC 16 from 1 January 2009. There was no material impact on the Group's financial statements.

2.2 Consolidation

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases. The principal subsidiaries are listed in note 32.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Consolidated Statement of Comprehensive Income.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions and minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the Consolidated Statement of Comprehensive Income. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss. See note 2.7 for the impairment of non-financial assets including goodwill.

The Group's share of its associates' post-acquisition profits or losses is recognised in the statement of comprehensive income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the statement of comprehensive income.

2.3 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO and strategic decisions are based on these operating segments. As of next year, when the integration between Marel and Stork progresses, the operating structure in the Group will develop further towards the operating segments and internal information to the CEO to make decisions about resources to be allocated to the segment and assess its performance, will be extended.

2.4 Foreign currency translation

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in equity as permanent loan, as qualifying cash flow hedges and qualifying net investment hedges as explained in note 2.9. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents as well as all other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income within Finance income or Finance expenses.

Group companies
The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
(ii) income and expenses for each statement of comprehensive income are translated at average exchange rates,
unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions; and
(iii) all resulting exchange differences are recognised as a separate component of equity (Translation reserve).

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in other comprehensive income are recognised in the profit / (loss) for the period as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.5 Property, plant and equipment

Land and buildings comprise mainly factories and offices. All property, plant and equipment (PPE) is shown at cost less subsequent depreciation and impairment, except for land, which is shown at cost less impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit / (loss) for the period during the financial period in which they are incurred.

Land is not depreciated. Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life, as follows:

- Buildings .... 30-50 years
- Plant and machinery .... 5-15 years
- Vehicles & equipment .... 3-6 years

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see note 2.7).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are recognised within Other operating income in the Consolidated Statement of Comprehensive Income.

When revalued assets are sold, the amounts included in other reserves are transferred to the statement of comprehensive income.

Borrowing cost is expensed as incurred except when directly attributable to acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use. Such borrowing cost is capitalised as part of the cost of the asset when it is probable that it will result in future economic benefits to the entity and the cost can be measured reliably.

2.6 Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill on some acquisitions that occurred prior to 1 January 2004 has been charged in full to retained earnings in shareholders' equity; such goodwill has not been retroactively capitalised.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will generate future economic benefits, considering its commercial and technological feasibility, and costs can be measured reliably. Other development expenditures are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs that have a finite useful life and that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit, not exceeding five years.

Patents & Tradename

Expenditure to acquire patents, trademarks and licenses is capitalised and amortised using the straight-line method over their useful lives, but not exceeding 8 years, or 11 years in case of trademarks, with the exception of one particular case. These intangible assets are not revalued.

Other intangible assets

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

– it is technically feasible to complete the software product so that it will be available for use;
– management intends to complete the software product and use or sell it;
– there is an ability to use or sell the software product;
– it can be demonstrated how the software product will generate probable future economic benefits;
– adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
– the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.
Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.
Computer software development costs recognised as assets are amortised over their estimated useful lives, which can vary from 3 to 5 years.

2.7 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 Financial assets

The Group classifies its investments in the following categories: receivables and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

Receivables
Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The group's receivables comprise 'trade and other receivables' and cash and cash equivalents in the balance sheet (notes 2.12 and 2.13).

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Receivables are carried at amortised cost using the effective interest method.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis refined to reflect the issuer's specific circumstances.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from and recognised in the profit (loss) for the period. Impairment losses recognised in the profit / (loss) for the period on equity instruments are not reversed through the profit / (loss) for the period. Impairment testing of receivables is described in note 2.12.

2.9 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group designates certain derivatives as either
(a) hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or
(b) hedges of a net investment in a foreign operation (net investment hedge).

The group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Movements on the hedging reserve in shareholders’ equity are shown in The Consolidated Statement of Shareholders' Equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as current asset or liabilities.

(a) Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in Shareholders' Equity. The gain or loss relating to the ineffective portion is recognised immediately in the Consolidated Statement of Comprehensive Income within Finance income or Finance expenses.

Amounts accumulated in equity are recycled in the profit/ (loss) for the period in the periods when the hedged item affects profit or loss (for example, when the forecast expense that is hedged takes place). The gain or loss relating to the ineffective portion is recognised in the profit / (loss) for the period within Finance income or Finance expenses. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or non-current assets) the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in case of inventory or in depreciation in case of non-current assets.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in Shareholders' Equity at that time remains in Shareholders' Equity and is recognised when the forecast transaction is ultimately recognised in the Consolidated Statement of Comprehensive Income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Consolidated Statement of Comprehensive Income within Finance income or Finance expenses.

(b) Net investment hedge
Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the Consolidated Statement of Comprehensive Income within Finance income or Finance expenses.

Gains and losses accumulated in equity are included in the Consolidated Statement of Comprehensive Income when the foreign operation is partially disposed of or sold.

(c) Derivatives at fair value through profit or loss and accounted for at fair value through profit or loss
Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any these derivative instruments are recognised immediately in the Consolidated Statement of Comprehensive Income within Finance income or Finance expenses.

2.10 Inventories

Inventories are stated at the lower of historical cost or net realisable value. Cost is determined using the weighted average method and a adjustment to net realisable value is taken for slow moving items. The cost of finished goods and work in process comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses. Costs of inventories include the transfer from equity of gains/losses on qualifying cash flow hedges relating to production cost.

2.11 Production contracts

Production costs are recognised when incurred.

When the outcome of a production contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a production contract cannot be estimated reliably, contract revenue is recognised only to the extent of production costs incurred that are likely to be recoverable.

The Group uses the ‘percentage of completion method’ to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the balance sheet date as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceeds progress billings.

The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

2.12 Receivables and prepayments

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the Consolidated Statement of Comprehensive Income within Administrative expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against Administrative expenses in the Consolidated Statement of Comprehensive Income.

2.13 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

The Group is financed in separate ring fences. As part of the ring fence agreements there is an amount of restricted cash on the balance sheet for cash collaterals and bankguarantees for operational activities.

2.14 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in Shareholders' Equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company’s equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's shareholders until the shares are cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received (net of any directly attributable incremental transaction costs and the related income tax effects) is included in equity attributable to the Company's shareholders.

Private placements need to be approved by the shareholders in the Company‘s Annual General Meeting. Based on such resolution, where the shareholders waive their pre-emptive rights, the Board of Directors can approve for a private placement.

Notes to the Consolidated Financial Statements

2.15 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Consolidated Statement of Comprehensive Income over the period of the borrowings using the effective interest

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.17 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised directly in Shareholders' Equity. In this case, the tax is also recognised in Shareholders' Equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company’s subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.18 Employee benefits

Share-based compensation
The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted, excluding the impact of any non-market service and performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions.

It recognises the impact of the revision to original estimates, if any, in the Statement of Comprehensive Income, with a corresponding adjustment to Shareholders' Equity. The proceeds received net of any directly attributable transaction costs are credited to Share capital (nominal value) and Share premium when the options are exercised. The fair value of the employee share options granted is measured using the Black-Scholes formula. Measurement inputs include share price on measurement date, exercise price of the options, expected volatility (based on weighted average historic volatility adjusted for changed expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

Profit sharing and bonus plans
Under some circumstances, a liability for key employee benefits in the form of profit sharing and bonus plans is recognised in other provisions when there is no realistic alternative but to settle the liability and at least the following condition is met:

– there is a formal plan and the amounts to be paid are determined before the time of issuing the Consolidated Financial Statements.

Liabilities for profit sharing and bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

Pension plans

Marel has several pension plans in accordance with local rules and conditions. Based on IAS 19, several of these plans are classified as Defined Benefit plans. In general, these plans are funded by payments to insurance companies or to funds administered by third parties. For the majority of its employees, the Group has pension plans in which the liability to the employees are based on the number of years of service and the salary levels. The liabilities of these pension plans are covered systematically by insurance contracts or by the inclusion of liabilities in the Consolidated Statement of Financial Position. Investments are made primarily in fixed-interest securities, listed shares and related instruments, and real estate.

The most important defined benefit plan is administered by Stichting Pensioenfonds Stork (Stork Pension Fund Foundation). The pension commitments of Dutch former-Stork operating companies (so-called average salary schemes) are managed by Stichting Pensioenfonds Stork. The coverage ratio is determined annually, based on actuarial calculations and guidelines issued by the Dutch Central Bank. Taking into account the outcome of this determination, the pension contributions are determined and if possible the conditional indexation is effected. Of the contributions as determined annually, 58% are payable by the Group and 42% by the employee. At year-end 2009 the coverage ratio was 101%.

The net liabilities of former-Stork companies arising out of Defined Benefit commitments are calculated separately for each plan by estimating the pension benefits built up by the employees in exchange for their services in the financial year and earlier periods. These pension benefits are discounted to determine their present value, from which the fair value of the plan is deducted. The liability is calculated by means of the projected unit credit method. The discount rate is the yield on the balance sheet date of AA credit rated bonds that have maturity dates approximating those of the Stork Defined Benefit obligation.

If the pension benefits of a plan have improved, the part of the improved pension benefits relating to the past service by employees is recognised on a linear basis to the Consolidated Statement of Comprehensive Income over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the Consolidated Statement of Comprehensive Income. Actuarial gains and losses in the calculation of the obligation of the former Stork companies in respect of a pension plan, to the extent that any cumulative unrecognised actuarial gains or losses exceed 10% of the greater of the present value of the Defined Benefit obligations or the fair value of the plan assets, are recognised in the Consolidated Statement of Comprehensive Income over the average remaining period of service of the employees participating in that plan. Otherwise the actuarial gain or loss is not recognised.

If the calculation results in a benefit, the recognised asset is limited to an amount maximally equal to the economic benefits available. The calculation is performed by qualified actuaries.

A defined Contribution plan is a plan to provide benefits after retirement in which an entity makes fixed contributions to a separate entity, and legally has no constructive obligation to make further contributions. Obligations relating to Defined Contribution pension plans are charged to the Consolidated Statement of Comprehensive Income as employee remuneration expenses when the contributions are payable. Contributions paid in advance are presented as assets to the extent that cash repayment or a reduction in future contributions is available.

2.19 Provisions

Provisions for restructuring costs and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses. The company gives guarantee on certain products and undertakes to repair or replace items that fail to perform satisfactorily. If the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.20 Revenue recognition

Revenue comprises the invoiced value for the sale of goods and services net of value-added tax, rebates and discounts, and after eliminating sales within the Group. Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from fixed-price contracts for delivering design services and solutions is recognised under the percentage-of-completion (POC) method. Under the POC method, revenue is generally recognised based on the services performed and direct expenses incurred to date as a percentage of the total services to be performed and total expenses to be incurred.

Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

Dividends are recognised when the right to receive payment is established.

2.21 Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the Consolidated Statement of Comprehensive Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

2.22 Dividend distribution

Dividend distribution to the Company’s shareholders is recognised in the Group’s Consolidated Financial Statements in the period in which the dividends are approved by the Company’s shareholders.

3. Financial risk management

3.1 Financial risk factors

The Group’s activities expose to financial risk consisting of market risks (interest and currency risk), credit risk and liquidity risk.

This note presents information about the Group´s exposure to each of the above mentioned risks, the Group’s objectives, policies and processes for measuring and managing the risk. Further quantitative disclosures are included throughout these Consolidated Financial Statements.

Risk management framework
Risk management is carried out by a central treasury department (group treasury) under policies and with instruments approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the group’s operating units. The Group´s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group´s financial performance. The Group uses derivative financial instruments to hedge certain risk exposures and does not enter into financial contracts for speculative purposes. Group treasury and Corporate Control staff meet with CFO weekly to monitor the risk management process.

(a) Operational and market risk

(i) Foreign exchange risk
The Group operates internationally and is exposed to currency risk arising from various currency exposures, primarily with respect to the EUR, as the EUR is the Group´s functional currency. Financial exposure is hedged in accordance with the Company´s general policy and within set limits. The Group uses natural hedges or forward contracts to manage their foreign exchange risk arising from commercial transactions, recognized assets and liabilities that are determined in a currency other than the entity´s functional currency. Currency exposure arising from net assets of the Group´s major foreign operations (translation risk) is managed primarily through borrowings denominated in the relevant foreign currencies as the policy is to apply natural exchange rate hedging if possible.

On the operational front, only 0.1 - 0.2% of revenues is denominated in ISK, while 3.5% of costs are in ISK. The Company had cash flow hedges to manage the risk originating in this imbalance. All open derivatives in ISK were settled and closed in May 2009. After the collapse of the Icelandic banking system in 2008, such derivatives are not available in ISK.

After the recent refinancing of the Company's operation in Iceland in May 2009, the currency mismatch for the Group has increased. At the end of 2009, around 27% of Marel Food System's total borrowings were in ISK. We refer to note 30 where further reduction of the ISK risk is described. With the currently non functioning swap market in Iceland, Marel remains exposed to movements in the ISK/EUR exchange rate.

(ii) Cash flow and fair value interest rate risk

The Group is exposed to interest rate risk on borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The risk is managed by maintaining a mix between fixed and floating interest rate borrowings. Based on various scenarios, the Group manages its cash flow interest rate risk by using floating to fixed interest rate swaps. Generally the Group raises long term borrowings at floating rates and swaps them into fixed rates. Presently around 48% of the total borrowings have floating interest rates and the rest is fixed. The notional amount of debt converted from floating to fixed rate interest via an interest rate swap is EUR 114 million and USD 59 million, with maturity in September 2013.

Among the actions taken to monitor the interest rate risk are stress tests to establish sensitivity to possible movements in rates and how they might affect the Group's results.

At 31 December 2009, if interest rates had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been EUR 1,372 lower/higher (2008: EUR 728), as a result of higher/lower interest expense on floating rate borrowings.

(iii) Capital Management
The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as result from operating activities divided by total Shareholders' Equity, excluding non-redeemable preference shares and non-controlling interests. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Board's target is to arrange for maximum 6% of total share capital for shares held by employees of the Group under the stock option plans. At present employees will hold 3.5% of the shares, assuming that all outstanding share options vest and / or are executed.

The Board seeks to maintain a balance between the higher returns on equity that might be possible with higher levels of borrowings and the advantages and security of a sound capital position. The Group's target is to have a minimum equity ratio of 30%.

The Group's debt to adjusted capital ratio at the end of the reporting period was as follows:

	31/12 2009	**31/12 2008**
Total borrowings	366,917	400,443
Cash and cash equivalents, incl. restricted cash	71,904	21,038
Net Debt	295,013	379,405
Total Equity	323,797	288,279
Hedge Reserve	(8,243)	(7,477)
Adjusted Captal	315,554	280,802
Debt to adjusted capital ratio	0.93	1.35

From time to time the Group purchases its own shares on the market; the timing of these purchases depends on market prices. Primarily the shares are intended to be used for issuing shares under the Group's share option plans. Buy and sell decisions are taken by the Board of Directors. Based on a motion approved in the Annual General Meeting of shareholders, the Board of Directors can acquire up to 10% of its own shares at a price which is no higher than 10% over and no lower than 10% under the posted average price of shares in the Company for the two weeks immediately preceding the acquisition.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The credit quality of the customer is assessed, taking into account its financial position, past experience and other factors. Each customer has a set credit limit and the utilization of the credit limit is regularly monitored.

Exposure to credit risk

The carrying amount of financial assets represent the maximum credit risk exposure. The maximum exposure to credit risk at the reporting date was:

		Carrying amount	
	Note	**31/12 2009**	**31/12 2008**
Trade receivables	14	67,334	88,286
Other receivables and prepayments	14	23,596	34,652
Derivative financial instruments	16	0	4,364
Restricted cash	15	25,882	0
Net cash	15	46,022	21,038
		162,834	148,340

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and products are not delivered until payments are secured. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. Marel has banking relations with a diversified set of financial institutions around the world, including three Icelandic banks. The Group has policies that limit the amount of credit exposure to any one financial institution and has ISDA agreements in place with counterparties in derivative transactions.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to give reasonable operating headroom. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by maintaining availability under committed credit lines. The Group has undrawn committed facilities of EUR 23.5 million at year end, including EUR 13 million with the syndicated facility and EUR 9.2 million with the Icelandic bank club facility. Both are subject to operational and balance sheet covenants.

The acquisition of Stork Food Systems in 2008 was financed with equity and long term debt. The long term debt was provided by a syndicate of European banks led by Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A (Rabobank) and Landsbanki Íslands hf. The majority of Stork Food Systems debt financing is with maturity in 2016 and 2017. This is an independent financing structure, which currently limits the flow of funds between Stork Food Systems and other companies within Marel Food Systems. A relatively high liquidity position is called for due to the current situation in capital markets and the independent financing structures of the entities that make up the Group.

In an increasingly difficult funding market, where access to new funding sources is limited, the need for active liquidity risk management has increased substantially. Cash flow forecasts are done at the local levels and monitored by Group Treasury. Group liquidity reports are viewed by management on a weekly basis. The current liquidity position of EUR 71.9 million at 31 December 2009, of which EUR 25.9 million is restricted cash, is relatively strong and the business remains equipped to deal with current market environment.

The following table details the Group's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

At 31 December 2009	**less than 1 month**	**1-3 months**	**3 months to 1 year**	**1-5 years**	**Over 5 Years**
Interest rate swap	51	171	1,541	10,991	0

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The contractual maturity is based on the earliest date on which the Group may be required to pay.

At 31 December 2009	**Weighted average effective interest rate**	**less than 6 months**	**6-12 months**	**1 year to 3 years**	**3-5 years**	**Total**
Finance lease liability	7.53%	88	158	718	357	1,321
Financial guarantee contracts	-	5,781	4,022	971	0	10,774

3.2 Capital risk management

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss. If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity.

Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years.

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to the short-term nature of trade receivables. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

3.3 Fair value estimation

The group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making measurements:

Level 1:
The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

Level 2:
The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. These valuation techniques are based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3:
Valuation techniques using significant unobservable inputs.

The table below analyses financial instruments, measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

At 31 December 2009	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivative liabilities held for risk management	11,065	0	0	11,065

No financial instruments were transferred from Level 1 to Level 2 or from Level 2 to Level 3 of the fair value hierarchy.

4. Critical accounting estimates and assumptions

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The actual results will, by definition, seldom be exactly equal to the related accounting estimates used.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimated impairment of goodwill
The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.7. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (note 11).

The Group tests annually whether financial assets have suffered any impairment, in accordance with the accounting policy stated in Note 2.8. The recoverable amounts of cash-generating units have been determined based on value in use calculation. These calculations require the use of estimates.

If the actual gross margin had been higher or the pre-tax discounted rate lower than management's estimates, the Group would not be able to reverse any impairment losses that arose on goodwill.

(b) Income taxes
The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(c) Fair value of derivatives and other financial instruments
The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date. The Group has used discounted cash flow analysis for various available-for-sale financial assets that are not traded in active markets.

(d) Capitalised development cost
The recoverability of the capatilised development cost is tested regulary, to verify if expected future economic benefits justify the values captured in the intangible fixed assets.

(e) Revenue recognition
The Group uses the percentage-of-completion method in accounting for its sales of goods and production contracts. Use of the percentage-of-completion method requires the Group to estimate the stage of completion to date as a proportion of the total work to be performed.

Carrying amounts of the items mentioned above:

As per december 2009:	Assets	Liabilities
Goodwill	377,959	0
Other intangible assets	85,433	0
Current and defered income taxes	14,850	9,349
Financial instruments	0	11,065
Assets & Liabilities held for sale	33,330	43,693
Investments in associates	97	0
Production contracts	11,992	36,157

Changes to past assumptions:
Based on the future Group structure, excluding non-core activities the Group has changed assumptions used for EBITDA margin. The discount rate assumption has been changed to reflect the current financing structure.

5. Segment information

Business segments

The segment reporting has changed compared to 2008, based on the application of IFRS 8. The segments comprise the industries, which form the basis for managerial decision taking.

The segment information for the year ended 31 December 2009 are as follows:

	Fish	Poultry	Meat	Further Processing	Others	Total
Total gross segment revenues	86,258	223,052	89,310	83,657	93,417	575,694
Inter-segment revenues	(1,859)	(7,353)	(13,895)	(14,827)	(6,080)	(44,014)
	84,399	215,699	75,415	68,830	87,337	531,680
Result from operations	5,237	23,062	993	(1,417)	(19,828)	8,047
Finance costs - net						(25,845)
Share of results of associates						0
Result before income tax						(17,798)
Income tax						5,987
Profit (loss) for the period						(11,811)
Assets	81,436	221,040	108,796	75,244	396,366	882,882
Depreciation and amortisation	(4,331)	(9,466)	(4,717)	(3,561)	(3,813)	(25,888)
Impairment charges/ reversals					(24,818)	(24,818)

Result from operations of the Other Segment include EUR 5.6 million profit on the sale of Real Estate Ketelstraat, EUR 10.3 million profit on the sale of Scanvaegt Nordic, EUR 8.0 million impairment of Carnitech A/S and EUR 16.4 million impairment loss of Food and Dairy Systems.

The segment information of 2008 is not comparable, because the separation into these segments only makes sense for the combined Marel–Stork Food Systems organisation going forward. The Further Processing segment contains business that was part of the former segments Fish and Poultry, therefore these segments have changed as well. The 'Others' segment contains Stork Food & Dairy systems and Scanvaegt Nordic (up to divestment end of April 2009), as well as Carnitech A/S and the holdings.

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.

Geographical information

The Group's three business segments operate in four main geographical areas, even though they are managed on a worldwide basis.
The home country of the Company is Iceland. The two main operating companies are located in Iceland and the Netherlands, however, these companies realise most of their revenues in other countries.

Revenues, allocated based on country where the customer is located.	**2009**	**2008**
Iceland	2,708	3,325
The Netherlands	19,711	12,970
Europe other	257,431	287,335
North America	144,613	161,254
Other countries	107,217	75,265
	531,680	540,149
Total assets		
Iceland	203,818	185,163
The Netherlands	390,507	395,987
Other countries	288,557	339,110
	882,882	920,260
Capital expenditure		
Iceland	3,655	2,198
The Netherlands	6,798	6,957
Other countries	14,130	15,150
	24,583	24,305

6. Other operating income (expenses)

	2009	2008
Profit on the sale of Scanvaegt Nordic	10,310	0
Profit on the sale of real estate Ketelstraat	5,575	0
Impairment Stork Food & Dairy Systems	(16,407)	0
Impairment Carnitech A/S	(8,050)	0
Others	(597)	716
	(9,169)	716

Summary of impairments:	Notes	2009
Property, plant and equipment	10	(1,103)
Goodwill	11	(14,394)
Other intangible assets	11	(4,416)
Inventories	12	(2,603)
Production contracts	13	(353)
Receivables	14	(1,587)
Other tangible		(236)
Other intangible		(126)
		(24,818)

7. Finance costs

2008 numbers include Stork entities as of 1 May 2008	2009	2008
Finance expenses:		
Interest on borrowings	(41,609)	(28,122)
Interest on finance leases	(75)	(62)
Other finance expenses	(3,780)	(1,078)
Net foreign exchange transaction losses	0	(7,871)
Subtotal Finance expense	(45,464)	(37,133)
Finance income:		
Interest income	696	4,907
Result on financial derivatives *	11,594	0
Net foreign exchange transaction gains	7,328	0
Other finance income	0	32
Subtotal Finance income	19,619	4,939
Net Finance costs	(25,845)	(32,194)

* Result on financial derivatives include EUR 12.5 million positive result on closed ISK derivative contracts. The accruals end of December 2008 were made at a EUR/ISK exchange rate of 169.44, settlement in 2009 at EUR/ISK 149.74.

8. Staff & Reorganisation costs

2008 numbers include Stork entities as of 1 May 2008	2009	2008
Salaries & Wages	160,676	158,195
Related expenses	18,985	15,328
Post retirement benefits	12,426	8,533
	192,087	182,056
Staff costs analyses as follows in the Consolidated Statement of Comprehensive Income:		
Cost of sales	82,247	82,915
Selling and marketing expenses	51,603	46,708
Research and development expenses	30,796	28,393
Administrative expenses	27,441	24,040
	192,087	182,056
Average number of Full Time Equivalents	3,590	3,497

Total reorganisation costs recognised as expense in 2009 amounted to EUR 3,564, of which EUR 2,753 is included in the staff cost presented above.

9. Income tax

Current tax	(2,091)	(1,328)
Deferred tax	8,078	4,210
	5,987	2,882

In 2009, an amount of EUR 2,340 was transferred from current tax to deferred tax.

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	**2009**	
		%
Result before income tax	(17,798)	
Income tax using Iceland rate	2,670	15.00
Effect tax rates other jurisdictions	2,511	14.11
Weighted average applicable tax	5,181	29.11
Effect of divestment / assets held for sale	(1,631)	(9.16)
Effect of tax rate changes	(586)	(3.29)
Fx effect Iceland	(237)	(1.33)
Benefit from tax incentives	1,492	8.38
Recognition previously unrecognized tax losses	806	4.53
Others	962	5.40
Tax charge in the Consolidated Statement of Comprehensive Income	5,987	33.64

10. Property, plant and equipment

	Land & buildings	Plant & machinery	Vehicles & equipment	Total
At 1 January 2008				
Cost	53,749	20,242	17,856	91,847
Accumulated depreciation	(5,089)	(11,529)	(8,924)	(25,542)
Net book amount	48,660	8,713	8,932	66,305
Year ended 31 December 2008				
Opening net book amount	48,660	8,713	8,932	66,305
Exchange differences	425	463	(417)	471
Business combinations	48,356	15,114	5,797	69,267
Additions	10,029	10,137	4,139	24,305
Disposals	(2,107)	(286)	(535)	(2,928)
Depreciation charge	(2,737)	(4,837)	(4,426)	(12,000)
Closing net book amount	102,626	29,304	13,490	145,420
At 31 December 2008				
Cost	110,452	45,670	26,840	182,962
Accumulated depreciation	(7,826)	(16,366)	(13,350)	(37,542)
Net book amount	102,626	29,304	13,490	145,420
Year ended 31 December 2009				
Opening net book amount	102,626	29,304	13,490	145,420
Costprice changes 1-1	3,046	(3,534)	(265)	(753)
Exchange differences	96	(33)	382	445
Additions	808	4,582	2,727	8,117
Disposals	(13,319)	(737)	(689)	(14,745)
Assets held for sale	(3,512)	(1,374)	(359)	(5,245)
Impairment	0	(965)	(138)	(1,103)
Reclassification to intangible assets	0	(2,816)	0	(2,816)
Depreciation charge	(3,442)	(5,998)	(4,548)	(13,988)
Closing net book amount	86,303	18,429	10,600	115,332
At 31 December 2009				
Cost	94,588	36,916	26,386	157,890
Accumulated depreciation	(8,285)	(18,487)	(15,786)	(42,558)
Net book amount	86,303	18,429	10,600	115,332

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

	2009	**2008**
Cost of sales	7,870	6,459
Selling and marketing expenses	829	1,003
Research and development expenses	926	751
Administrative expenses	4,363	3,787
	13,988	12,000

The impairment charges are included in the other operating income.

Pledge of assets

As of 31 December 2009, interest bearing debt amounted to EUR 366,917, of which EUR 346,521 are secured against shares, lots, properties, accounts receivables and inventories. Lease liabilities are effectively secured, as the rights to the leased asset revert to the lessor in the event of default. Certain restrictions apply to the pledging of the company's assets in connection with various loan agreements.

11. Intangible assets

	Goodwill	Developm. costs	Patents & Trade name	Other Intangible	Total other Intangibles
At 1 January 2008					
Cost	95,509	26,978	3,201	4,547	34,726
Accumulated amortisation	(59)	(8,736)	0	(1,405)	(10,141)
Net book amount	95,450	18,242	3,201	3,142	24,585
Year ended at 31 December 2008					
Opening net book amount	95,450	18,242	3,201	3,142	24,585
Exchange differences	(619)	(252)	0	1,812	1,560
Business combination	300,148	9,515	2,638	37,646	49,799
Other acquisitions - internally developed	0	18,013	0	1,176	19,189
Amortisation charge	0	(6,516)	(327)	(2,831)	(9,674)
Closing net book amount	394,979	39,002	5,512	40,945	85,459
At 31 December 2008					
Cost	395,038	54,254	5,839	45,181	105,274
Accumulated amortisation	(59)	(15,252)	(327)	(4,236)	(19,815)
Net book amount	394,979	39,002	5,512	40,945	85,459
Year ended 31 December 2009					
Opening net book amount	394,979	39,002	5,512	40,945	85,459
Costprice changes 1-1	(3,191)	(5,284)	41,524	(36,304)	(64)
Exchange differences	497	133	(771)	179	(459)
Assets held for sale	(0)	(2,054)	0	(386)	(2,440)
Impairment	(14,394)	(4,416)	0	0	(4,416)
Other acquisitions - internally developed	68	16,153	0	284	16,437
Reclassification from tangible assets	0	0	0	2,816	2,816
Amortisation charge	0	(7,717)	(3,142)	(1,041)	(11,900)
Closing net book amount	377,959	35,817	43,123	6,493	85,433
At 31 December 2009					
Cost	378,018	58,786	46,592	11,770	117,148
Accumulated amortisation	(59)	(22,969)	(3,469)	(5,277)	(31,715)
Net book amount	377,959	35,817	43,123	6,493	85,433

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

	2009	2008
Cost of sales	72	112
Selling and marketing expenses	130	158
Research and development expenses	9,218	7,564
Administrative expenses	2,480	1,840
	11,900	9,674

The impairment charges are included in the other operating income.

Impairment tests for goodwill

Goodwill is allocated to the Group's Cash Generating Units (CGUs). In 2008 the impairment test was based on the operating companies, in 2009 this was changed to the business units, because they form a better representation of the CGU's. The test includes all fixed assets and Net Working capital.

The recoverable amount of the CGU is determined using the DCF method based on financial budgets approved by management, covering a five-year period. Cash flows beyond the five year period are extrapolated using estimated growth rates (3%), EBITDA margins (15-17.5 %), and pre-tax discount rate (10.3-14.1%). The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates. The recoverable amount is based on value in use.

Sensitivity analysis on the DCF outcome used the following assumptions: decrease of budgeted revenues by at least 5%, decrease of revenue growth after the 5 year period by at least 0.5%, increase of the discount rate by at least 0.5%. Based on the outcome of these calculations impairment is still not required.

The Goodwill allocated to BU Carnitech and BU Stork Food & Dairy Systems was tested as part of the determination of the assets held for sale; the impairment is disclosed in note 6.

The key assumptions used for the impairment test are:

	Marel ehf.	AEW Delford	Poultry Processing	Further Processing	Carnitech A/S	Food & Dairy Systems
Goodwill	86,271	8,076	271,308	12,859	722	13,673
EBITDA margin 1	18.8%	13.3%	16.9%	11.6%		
Growth rate 2	3.0%	3.0%	3.0%	3.0%		
Discount rate 3	13.5%	13.5%	10.7%	10.7%		

1) Average budgeted EBITDA Margin
2) Weighted average growth rate used to extrapolate cash flows beyond budget period
3) Discount rate applied to the cash flow projections

12. Inventories

	31/12 2009	31/12 2008
Raw materials	31,147	43,199
Semi-finished goods	31,238	44,158
Finished goods	31,106	37,718
	93,491	125,075
Provision	(12,437)	(11,439)
	81,054	113,636

The cost of inventories recognised as expense and included in Cost of sales amounted to EUR 253,896 (2008: EUR 268,129). In 2009 an impairment of EUR 2,603 was recognized as an adjustment to fair value of Carnitech A/S. In 2009 the write-down of inventories to fair value amounted to EUR 12,066. There were no material reversals of write-downs. The write-down is included in Cost of sales.

All inventories have been pledged as a security for local financing and Group borrowings (2008: EUR 61,966)

13. Production contracts

	31/12 2009
Ordered work in progress	10,705
Advances received on ordered work in progress	(34,870)
	(24,165)

	31/12 2009	31/12 2008
Cost exceed billing	11,992	26,473
Billing exceed cost	(36,157)	(42,416)
	(24,165)	(15,943)

The carrying amounts of production contracts include an impairment to fair value of Carnitech A/S of EUR 353.

14. Receivables

	31/12 2009	31/12 2008
Current receivables and prepayments:		
Trade receivables	71,175	91,797
Less: write-down to net-realisable value	(3,841)	(3,511)
Trade receivables – net	67,334	88,286
Less non-current portion	(150)	(2,683)
Current portion	67,184	85,603
Other receivables and pre-payments		
Pre-payments	6,974	11,938
Other receivables	16,622	22,714
	23,596	34,652

All non-current receivables are due within four years from the balance sheet date.

The carrying amounts of receivables and pre-payments approximate their fair value, included is an impairment to fair value of Carnitech A/S of EUR 1,587.

Trade receivables that are less than two months past due are not considered impaired. As of 31 December 2009, trade receivables of EUR 19,203 were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. As of 31 December 2009, trade receivables of EUR 18,244 were tested for impairment and written down when necessary. The amount of the write-down to net-relisable value was EUR 3,841 as of 31 December 2009. The individually impaired receivables mainly relate to customers, which are in unexpectedly difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered. The ageing of these receivables is as follows:

	Gross amount	Provision for Impairment
Up to 2 months	55,321	0
Over 2 months	15,854	(3,841)
	71,175	(3,841)

The carrying amounts of the Group's trade and other receivables (current portion) are denominated in the following currencies:

	2009	2008
EUR	39,301	53,951
US Dollar	13,492	16,002
UK Pound	3,862	4,290
Other currencies	14,370	14,871
	71,025	89,114
Provision	(3,841)	(3,511)
	67,184	85,603

Movements on the Group receivables written down to net-realisable value are as follows:

	2009	2008
At 1 January	3,511	2,830
Business combination	0	2,050
Provision for receivables impairment	1,976	982
Receivables written off during the year as uncollectible	92	(1,719)
Unused amounts reversed	(1,153)	(632)
At 31 December	4,426	3,511
Assets held for sale	(585)	0
	3,841	3,511

The write-down to net-realisable value and reversals have been included in Administrative expenses in the Consolidated Statement of Comprehensive Income.

The other classes within trade and pre-payments do not contain impaired assets.
All Receivables have been pledged as a security for local financing and Group borrowings.

15. Cash and cash equivalents

	31/12 2009	31/12 2008
Cash at bank and in hand	46,022	21,038
Restricted cash	25,882	0
	71,904	21,038

Bank overdrafts are considered to be financing activities in the cash flow statement.

16. Derivative financial instruments

	31/12 2009		31/12 2008	
	Assets	Liabilities	Assets	Liabilities
Interest-rate swaps – cash flow hedges	0	11,065	0	10,025
Currency interest-rate swaps – fair value hedges	0	0	4,364	33,778
Total	0	11,065	4,364	43,803
Less non-current portion:				
Interest-rate swaps – cash flow hedges	0	11,065	0	10,025
Currency interest-rate swaps – fair value hedges	0	0	0	25,517
Total non-current	0	11,065	0	35,542
Current portion	0	0	4,364	8,261

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedge item is less than 12 months.

(a) Interest rate swap

The notional principal amount of the outstanding interest rate swap contract at 31 December 2009 was EUR 153,468 (2008: EUR 168,296).

At 31 December 2009, the fixed interest rate varies from 4.05% to 4.27% (2008: 3.3% to 7.98%) and the main floating rates are EURIBOR and LIBOR. Gains and losses recognised in the hedging reserve in equity on the interest rate swap contract as of 31 December 2009 will be continuously released to the Consolidated Statement of Comprehensive Income until the repayment of the bank borrowings (note 17).

(b) Hedge of net investment in foreign entity

With the refinancing in May, the net investment hedge for the Group's net investment in UK subsidiary was closed. The Translation reserve included in Shareholders' Equity amounts to EUR 4,286. Since the hedged item was a permanent financing, which is revalued through the Translation reserve in Shareholder's Equity; this reserve is not being amortised and still present at the end of 2009.

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the balance sheet, which is zero.

17. Borrowings

	31/12 2009	31/12 2008
Non-current:		
Bank borrowings	316,785	208,453
Debentures	33,648	57,166
Finance lease liabilities	1,075	188
	351,508	265,807
Current:		
Revolver	0	47,508
Bank borrowings excluding bank overdrafts	10,740	51,692
Bank overdrafts	4,022	0
Debentures	401	35,238
Finance lease liabilities	246	198
	15,409	134,636
Total borrowings	366,917	400,443

As of 31 December 2009, interest bearing debt amounted to EUR 366,917, of which EUR 346,521 are secured against shares, lots, properties, accounts receivables and inventories. Lease liabilities are effectively secured, as the rights to the leased asset revert to the lessor in the event of default. Certain restrictions apply to the pledging of the company's assets in connection with various loan agreements.

Liabilities in currency recorded in EUR:	Finance lease liabilities	Capitalised finance charges	Other borrowings	Total 31/12 2009	Total 31/12 2008
Liabilities in CHF	0	0	2,107	2,107	2,332
Liabilities in DKK	740	0	9,675	10,415	20,980
Liabilities in EUR	0	(4,465)	214,600	210,135	218,696
Liabilities in GBP	45	0	1,114	1,159	2,303
Liabilities in ISK, partially index linked	0	(1,169)	100,246	99,077	102,901
Liabilities in JPY	0	0	675	675	1,299
Liabilities in NOK	0	0	410	410	499
Liabilities in SKK	0	0	0	0	12,483
Liabilities in USD	325	(2,944)	45,327	42,708	38,186
Liabilities in other currency	212	0	19	231	764
	1,322	(8,578)	374,173	366,917	400,443
Current maturates	(247)	2,002	(17,163)	(15,409)	(134,636)
	1,075	(6,576)	357,010	351,508	265,807

Annual maturates of non-current liabilities:

Period 2011 - 2010	401	(1,636)	127,280	126,045	41,135
Period 2012 - 2011	317	(961)	36,993	36,349	8,445
Period 2013 - 2012	238	(941)	18,521	17,818	58,471
Period 2014 - 2013	119	(941)	29,546	28,723	12,084
Later	0	(2,097)	144,670	142,573	145,672
	1,075	(6,576)	357,010	351,508	265,807

The Group has the following undrawn borrowing facilities:

Floating rate:	2009	2008
– Expiring within one year	10,000	0
– Expiring beyond one year	13,545	13,487
	23,545	13,487

The fair value of borrowings equals their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate of 8.18%.

An amount of EUR 354 was recognised as an expense in the Consolidated Statement of Comprehensive Income in respect of finance leases (2008: EUR 255).

18. Provisions

	Guarantee commit-ments	Pension commit-ments	Other provisions	Total
At 1 January 2008	2,479	3,339	10,630	16,448
Business combination	324	35	2,134	2,493
Release	(279)	(314)	(1,506)	(2,099)
Additions	718	277	251	1,246
Used	872	(194)	(4,301)	(3,623)
At 1 January 2009	4,114	3,143	7,208	14,465
Business combination	(128)	0	12	(116)
Release	(780)	0	(434)	(1,214)
Additions	170	1,070	404	1,644
Used	(50)	1,480	(2,234)	(804)
At 31 December 2009	3,326	5,693	4,956	13,975
Liabilities held for sale	(626)	(45)	(1,524)	(2,195)
	2,700	5,648 *	3,432	11,780

* The amount for pension commitments includes the liabilities as disclosed in Note 19 Employee Benefits.

	31/12 2009	**31/12 2008**
Analysis of total provisions:		
Current	2,983	5,902
Non current	8,797	8,563
	11,780	14,465

Specification of major items in provisions:

Nature of obligation	**Country**	**Maturity**	**Likelihood**	**Amount**
Reorganisation	Neth.	< 1 year	90%	912
Reorganisation	Neth.			1,497
Reorganisation	Iceland	1-1.5 year	100%	1,144
Guarantee	USA	< 1 year	50%	251
Guarantee	Neth.			428
Guarantee	Iceland	dynamic	dynamic	241

19. Employee benefits

The liability as per 31 December 2008 is given below.

	The Netherlands	Other countries	Total
Defined Benefit Obligation	262,577	13,620	276,197
Plan Assets	249,592	7,882	257,474
Net Position	(12,985)	(5,738)	(18,723)
Unrecognised actuarial gains and losses	14,429	2,330	16,759
The effect of limiting the asset *	(1,927)		(1,927)
Other amounts recognised in the balance sheet		2	2
Subtotal - balance liability	(483)	(3,406)	(3,889)
Pension assets / (liabilities)	(483)	(3,406)	(3,889)

* A net pension asset will be recognised for the first time when economic benefits become available.

The liability as per 31 December 2009 is given below.

	The Netherlands	Other countries	Total
Defined Benefit Obligation	265,795	15,552	281,347
Plan Assets	280,537	9,779	290,316
Net Position	14,742	(5,773)	8,969
Unrecognised actuarial gains and losses	(12,222)	1,864	(10,358)
The effect of limiting the asset *	(2,998)	0	(2,998)
Other amounts recognised in the balance sheet	0	10	10
Subtotal - balance liability	(478)	(3,899)	(4,377)
Pension assets / (liabilities)	(478)	(3,899)	(4,377)

* A net pension asset will be recognised for the first time when economic benefits become available.

Defined Benefit Obligation	The Netherlands	Other countries	Total
At 22 May 2008, acquisition date Stork Food Systems	**260,825**	**14,188**	**275,013**
Current service costs	3,343	271	3,614
Interest costs	9,159	578	9,737
Plan participants contributions	2,456	55	2,511
Actuarial gains and losses	(4,945)	(173)	(5,118)
Benefits paid	(8,261)	(293)	(8,554)
Changes in exchange rates		(1,006)	(1,006)
At 31 December 2008	**262,577**	**13,620**	**276,197**
Current service costs	5,082	375	5,457
Interest costs	14,105	859	14,964
Plan participants contributions	3,930	47	3,977
Actuarial gains and losses	(6,313)	741	(5,572)
Benefits paid	(13,586)	(501)	(14,087)
Curtailment **	0	(6)	(6)
Changes in exchange rates	0	417	417
At 31 December 2009	**265,795**	**15,552**	**281,347**

** Curtailment relates to Stork Amsterdam International Ltd.

Plan Assets	The Netherlands	Other countries	Total
May 2008, acquisition date Stork Food Systems	**288,198**	**10,800**	**298,998**
Expected returns on plan assets	11,052	572	11,624
Employer's contribution	3,507	248	3,755
Plan participants contributions	2,456	55	2,511
Actuarial gains and losses	(47,360)	(2,695)	(50,055)
Benefits paid	(8,261)	(293)	(8,554)
Changes in exchange rates	0	(805)	(805)
At 31 December 2008	**249,592**	**7,882**	**257,474**
Expected returns on plan assets	14,667	573	15,240
Employer's contribution	7,527	247	7,774
Plan participants contributions	3,930	47	3,977
Actuarial gains and losses	18,407	1,213	19,620
Benefits paid	(13,586)	(501)	(14,087)
Changes in exchange rates	0	318	318
At 31 December 2009	**280,537**	**9,779**	**290,316**

The net period pension costs of the above pension plans:

	The Netherlands	Other countries	Total
Current service costs	5,082	375	5,457
Interest costs	14,105	860	14,965
Expected returns on plan assets	(14,667)	(573)	(15,240)
Amortised actuarial gains and losses	4	93	97
The effect of limiting the asset *	2,998	0	2,998
Changes in exchange rates	0	99	99
Pension expense 2009	**7,522**	**854**	**8,376**

* A net pension asset will be recognised for the first time when economic benefits become available.

The other pension plans in the Marel Group are mainly based on a Defined Contribution plan. The costs of these plans were EUR 4,795 in 2009.

These costs also include costs in relation to the early retirement scheme for the industry in the Netherlands (so-called TOP regeling). In fact this involves a Defined Benefit plan. This is processed as a Defined Contribution plan, because the administration of the industry pension fund is not structured to provide the required information. There is no obligation to compensate for any shortfalls in the fund, nor is there any entitlement to any surpluses.

The pension contribution expected to be paid by Marel for 2010 is EUR 8,317 (2009: EUR 8,376).

As the Stork Pension Fund was in a situation of underfunding it was required by the Dutch Central Bank to make a recovery plan in 2009. See Note 23 Contingencies.

The weighted average assumptions on which the calculation of the pension obligations are based are as follows.
Pension obligation as per 31 December 2009

	The Netherlands	Avg. Other countries	Total
Discount rate used	5.0%	5.8%	5.0%
Expected return on plan assets	5.9%	7.7%	6.0%
Future salary increases	2.0%	0.9%	1.9%
Future pension increases	year dependent	2.0%	year dependent

The mortality table used for the Netherlands is based on the Prognosis table 2005-2050 of the Actuarieel Genootschap. The assumptions for the expected return on plan assets have been reached on the basis of assessment of the historic returns of the various categories in which the investments are made. The historic returns on these asset categories are weighted on the basis of the expected long-term allocation of the plan assets.

The return on plan assets for 2010 is estimated at 6.0% positive.

The plan assets consist primarily of fixed-interest securities, listed shares and related instruments, as well as property. The allocation of the investments per asset category for the pension plans in the Netherlands at 31 December 2009 is as follows:

Percentage allocation of investments as per 31/12 2009	The Netherlands	Avg. Other countries
Shares and related instruments	35	67
Fixed-interest securities	43	33
Property	15	0
Other	7	0
Total	**100**	**100**

Historical summary

	2009	**2008**	**May-08**
Cash value of the obligations related to Defined Benefit plans	281,347	276,197	275,013
Fair value of the plan assets	290,316	257,474	298,998
Net obligations	**8,969**	**(18,723)**	**23,985**

Experience adjustments incurred on plan liabilities (rounded)	**2009**	**2008**	**May-08**
For the Netherlands			
Actuarial gains (losses) plan liabilities	6,000	5,000	n.a.
Effect of the change in assumptions	25,000	-	n.a.
Effect of the change in consolidation rate	(7,000)	11,000	n.a.
Experience adjustments	(12,000)	(6,000)	n.a.

Experience adjustments incurred on plan assets (rounded)	**2009**	**2008**	**May-08**
For the Netherlands			
Actuarial gains (losses) plan assets	(17,000)	47,000	n.a.
Effect of the change in assumptions	-	-	n.a.
Effect of the change in consolidation rate	(11,000)	15,000	n.a.
Experience adjustments	(6,000)	32,000	n.a.

The actual return on plan assets for the Netherlands 2009 was 8.9%

20. 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.

	2009	2008
Net loss attributable to share holders	(11,811)	(8,405)
Weighted average number of outstanding shares in issue (thousands)	603,951	492,885
Basic earnings per share (EUR cent per share)	(1.96)	(1.71)

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.

	2009	2008
Net loss used to determine diluted earnings per share	(11,811)	(8,405)
Weighted average number of outstanding shares in issue (thousands)	603,951	492,885
Adjustments for share options (thousands)	0	6,993
Weighted average number of outstanding shares for diluted earnings per share (thousands)	603,951	499,878
Diluted earnings per share (EUR cent)	(1.96)	(1.68)

21. Trade and other payables

	31/12 2009	31/12 2008
Trade payables	26,856	41,444
Accruals	2,622	7,791
Production contracts	36,157	42,416
Other payables	50,646	64,553
	116,281	156,204

22. 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 2008	(2,838)
Business combination	(9,076)
Exchange differences and changes within the Group	142
Consolidated Statement of Comprehensive Income charge	2,882
Less current tax	1,328
Tax effect on revaluations via equity	2,820
At 31 December 2008	(4,742)

At 1 January 2009	(4,742)
Divestments / assets held for sale	614
Exchange differences and changes within the Group	(78)
Consolidated Statement of Comprehensive Income charge (excluding rate change)	8,664
PPA adjustments	3,340
Rate change charged in comprehensive income	(586)
Others	(127)
At 31 December 2009	7,085

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 balance sheet:

	2009	2008 *
The deferred tax charged / (credited) to equity during the period is as follows:		
Fair value reserves in shareholders' equity		
– hedging reserve	(262)	(2,917)

* 2008 restated for comparative purposes.

Deferred tax assets	14,850	5,620
Deferred tax liabilities	(7,765)	(10,362)
	7,085	(4,742)

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. Based on future profits expected in the strategic plan the recoverability has been tested; an impairment of EUR 749 has been applied. Taxable effects of losses will expire according below schedule:

	Total tax losses	Of which not capitalised
Next 5 years	10,435	8,317
6-10 years	33,506	1,316
> 10 years	13,688	974
Indefinite	28,620	1,643
	86,249	12,250

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2009	2008	2009	2008	2009	2008
Property, plant and equipment	2,171	628	(6,811)	(8,404)	(4,640)	(7,776)
Intangible assets	9,665	739	(18,026)	(14,467)	(8,361)	(13,728)
Other financial fixed assets	2,822	2,524	0	0	2,822	2,524
Receivables	430	581	(1,624)	(1,558)	(1,194)	(977)
Inventories	2,292	2,070	(607)	(531)	1,685	1,539
Long term liabilities	322	0	(1,707)	0	(1,385)	0
Provisions for pension	1,013	894	(2)	0	1,011	894
Provisions for reorganisation	161	20	(149)	(26)	12	(6)
Provisions for guarantees	357	557	(57)	(320)	300	237
Provisions others	322	424	(688)	(416)	(366)	8
Current liabilities	1,334	1,949	(2,445)	(1,634)	(1,111)	315
Other items	182	219	(149)	(403)	33	(184)
Tax losses carried forward	18,279	12,412	0	0	18,279	12,412
	39,350	23,017	(32,265)	(27,759)	7,085	(4,742)
Set off of tax	(24,500)	(17,397)	24,500	17,397	0	(0)
	14,850	5,620	(7,765)	(10,362)	7,085	(4,742)

Notes to the Consolidated Financial Statements

23. Contingencies

Contingent liabilities:
At 31 December 2009 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 10,775 (31/12/2008: EUR 4,651) to third parties.

The Group is involved in a dispute between Marel 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 Glitnir bank hf. has requested the Company to pay. This disagreement will be settled by an Icelandic court in the near future.

During 2008 the Stork Pension Fund was in a situation of underfunding (coverage ratio end of 2008 was below the required 104.5%). As a consequence the pension fund was required by the Dutch Central Bank to make a recovery plan in 2009. The proposed recovery plan was based on the situation of 1 January 2009, when the coverage ratio was 90%. At the end of 2009, this ratio has improved to 101%. Further improvement is expected with the recovery of the capital markets, as well as the effect of the anticipated changes to the conditions such as increasing the retirement age from 65 to 67 years. The proposed recovery plan suggests a possible short term additional premium payment as well as future conditional additional premium payments in coming years. Discussions on the recovery of the pension fund are on-going.
The Group is a minor sponsor to the Stork Pension Fund. The main sponsor to the pension fund is discussing the fund's recovery plan. Management of the Group will determine its position with regards to the Pension Fund's undercoverage once the main sponsor to the fund and the Stork Pension Fund have agreed on the follow up action. Any liability arising from the discussions, if any, has not been included in the accounts because the amount cannot be estimated reliably.

The Group is in the process of reaching an agreement to solve the underfunding of its pension obligations in Stork Amsterdam International Ltd. The most likely scenario has been included in the accounts, with an addition to the pension provision of EUR 1.1 million.

24. 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 13,960. The amount will be charged at the relevant rental time of each agreement. The rental agreements will materialise in the years 2010 - 2017.

Insurance
The Group has covered Business Interruption Risks with an insurance policy underwritten by two independent insurance companies for a maximum period of 24 months. The insurance benefits for Business Interruption amounts to EUR 484 million for 2009 for the whole Group.The Group Insurance value of buildings amounts to EUR 148 million, productions machinery and equipment including software and office equipment amount to EUR 146 million and inventories to € 135 million. Currently there are no major differences between appraisal value and insured value.

25. Shareholders' Equity

Share Capital	Number of shares (thousands)	Ordinary shares	Treasury shares	Total amount in ISK
At 1 January 2008	400,350	403,786	(3,436)	400,350
Issue of shares	176,514	176,514	0	176,514
Treasury shares sold	2,000	0	2,000	2,000
At 31 December 2008	578,864	580,300	(1,436)	578,864
Issue of shares	146,836	146,836	0	146,836
Treasury shares purchased	(2,127)	0	(2,127)	(2,127)
Treasury shares sold	3,563	0	3,563	3,563
At 31 December 2009	727,136	727,136	0	727,136
Class of share capital:				
Nominal value		6,674	0	6,674
Share premium		318,495	0	318,495

The total authorised number of ordinary shares is 727.1 million shares (2008: 578.9 million shares) with a par value of ISK 1 per share. All issued shares are fully paid.

Share options are granted to directors and to selected employees. The exercise price of the granted options in 2006 is higher than market price of the shares on the date of grant (16 February 2006). The exercise price of the granted options in January 2007 is equal to the market price of the shares on date of the grant (29 January 2007). The exercise price of the granted options in December 2007 is below the market price of the shares on date of the grant (3 December 2007). The exercise price of options granted in June 2008 is equal to the price in the share offering at date of the grant (June 2008). Options are conditional on the employee completing particular period's / year´s service (the vesting period). The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Average exercise price in ISK per share	Options (thousands)
At 1 January 2008		16,558
Granted 2008	89	11,625
Forfeited 2008	71	(803)
At 31 December 2008		27,380
Forfeited 2009	74	(1,805)
At 31 December 2009	80	25,575

Outstanding options granted 2006 and 2007 (exercise price ISK 70 and 74) have expiry date 2010 plus one year in grace. Outstanding options granted 2007 (exercise price ISK 92) have expiry date 2011 plus one year in grace. Outstanding options granted 2008 (exercise price ISK 89) have expiry date 2012 plus one year in grace.

In 2009, no options were exercised because the market share price was below the exercise price.

Variables used in the Black Scholes calculation:

	Exercise price (ISK)	Expected term (years)	Annual dividend yield	Expected risk- free interest rate	Estimated volatility
Option plan February 2006	70	4	0.29%	4%	20%
Option plan September 2006	74	3.42	0.27%	4%	20%
Option plan January 2007	74	3.08	0.27%	4%	20%
Option plan December 2007	92	4	0.22%	4%	12.36%
Option plan June 2008	89	4	0.22%	4%	12.36%

Reserves

The hedge reserve contains revaluations on derivatives, on which hedge accounting is applied. The value of 31 December 2009 relates to one derivative for Stork Food Systems, an interest rate swap contract. The translation reserve contains the translation results of the consolidation of subsidaries reporting in foreign currencies, as well as a currency revaluation related to a permanent financing contract with a subsidary in the UK, for an amount of EUR 4,286.

26. Investments in associates

	30/12 2009	31/12 2008
Beginning of period	333	3,912
Business combination	0	225
Additions (impairments)	(236)	80
Sale of associate	0	(4,357)
Share of results	0	473
End of period	97	333

27. Assets and liabilities held for sale

Assets held for sale reported in the Q1 report have been divested in Q2. The result of both transactions is captured in other operating income, real estate Ketelstraat for EUR 5.6 million, Scanvaegt Nordic for EUR 10.3 million. Assets held for sale at the end of 2009 contain the fair value of the assets of Stork Food & Dairy systems (EUR 31,854), Carnitech A/S (EUR 878) and real estate Marel Food Systems Benelux (EUR 598). Liabilities held for sale at the end of 2009 contain the liabilities Stork Food & Dairy systems (EUR 36,700) and Carnitech A/S (EUR 6,993). The impairment to arrive at the fair value of the assets held for sale is disclosed in note 6. In 2010 the Group has entered into an agreement to divest the non-core activities of Stork Food & Dairy Systems, see Note 30 Events after the balance sheet date. The Group is in a process to divest of the non-core activities of Carnitech A/S in Denmark.

Main balance sheet items of Carnitech A/S

Assets	
Production contracts	628
Other receivables	250
Liabilities	
Borrowings	185
Trade and other payables	3,180
Other liabilities	2,946

Main balance sheet items of Stork Food & Dairy Systems

Assets	
Intangible fixed assets	2,431
Property, plant and equipment	4,645
Inventories	4,308
Trade receivables	9,189
Other receivables	4,634
Production contracts	5,950
Liabilities	
Borrowings	4,888
Trade and other payables	8,769
Other liabilities	3,906
Production contracts	15,749

28. Related party transactions

At the end of December 2009, there are no loans to directors (31 December 2008: EUR nil). On April 14th Marel Group entered into a Share Purchase Agreement to divest Scanvaegt Nordic The Grundtvig family is among the largest shareholders of Marel Food Systems and has supported the company´s growth. Grundtvig Invest owns 8.48 % of Marel Food Systems' shares and Lars Grundtvig is a member of the Board of Directors.

No loans were granted to related parties in 2009.

	Payroll and benefits	Pension contribution [4]	Stock options [1]	Bought shares acc. to stock options [1]	Shares at year-end [1]	
Board fee for the year 2009 and shares at year-end						
Árni Oddur Þórðarson, Chairman.....................................	52	4	0	0	233,057	2
Arnar Þór Másson, Board member...................................	20	2	0	0	0	
Friðrik Jóhannsson, Board member................................	28	2	0	0	4,300	
Helgi Magnússon, Board member...................................	20	2	0	0	6,308	
Margrét Jónsdóttir, Board member..................................	20	2	0	0	200	
Lars Grundtvig, Board member.......................................	20	2	0	0	61,673	3
Management salaries and benefits for the year 2009						
Theo Hoen, CEO	384	32	2,000	0	1,000	
Erik Kaman, CFO	372	30	1,500	0	1,675	
Sigsteinn Gretarsson, Man Dir. Marel ehf	244	23	1,000	0	26	
Hörður Arnarsson, former CEO.......................................	420	42	6,000	0	0	
Lárus Ásgeirsson, former Corporate Dir. of sales.............	260	18	1,000	0	0	

1) Number of shares
2) Shares owned by Eyrir Invest, where Árni Oddur Þórðarson is CEO, including those of financially related parties. Margrét Jónsdóttir is a CFO of Eyrir invest.
3) Shares owned by Grundtvig Invest AsP.
4) Contributions for Theo Hoen and Erik Kaman are part of a defined benefit plan, contributions for the other management board members are part of a defined contribution plan.

In 2009, an amount of EUR 2,022 was expensed in the Consolidated Statement of Comprehensive Income for discontinuing the relationship with the former CEO and the corporate Director of Sales.

In 2009, Árni Oddur Þórðarson took part in the share offering for 2 million shares. Friðrik Jóhannsson took part in the share offering for 1,5 million shares. There were no further share purchases of related parties as part of the share offerings in 2009.

29. Fees to Auditors

2008 numbers include Stork entities as of 1 May 2008

	2009	**2008**
Audit of financial statements	513	1,018
Review of interim financial statements	150	267
Other services	751	456
	1,414	1,741

The amount includes payments of external auditors of all companies within the Group.

30. Events after the balance sheet date

The Group managed to limit the currency exposure caused by the ISK, by converting a major portion of the ISK debt into EUR. The amount involved is EUR 66 million. After this conversion and the bond conversion to shares in October, the original exposure of EUR 135 million is reduced to EUR 34 million remaining.

The Group has entered into a share purchase agreement with the Dutch investor Nimbus to divest the non-core activities of Stork Food & Dairy Systems, excluding its operations in Spain, on 29th of January 2010.

31. Business combination

On 8th of May 2008 the Group acquired 100% share of Stork Food Systems. Marel Food Systems paid an acquisition price of EUR 431.6 million plus deal cost of EUR 14 million. Stork Food Systems is subsidiary of Marel Holding B.V. which was established in relation to the acquisition.

32. Subsidiaries

	Country of incorporation	Ownership interest
Marel ehf	Iceland	100%
Marel Limited	UK	100%
Marel Food Systems A/S	Denmark	100%
MFS Leasing A/S	Denmark	100%
MFS Automation A/S	Denmark	100%
Stork PMT B.V.	Netherlands	100%
Stork Gamco Inc.	USA	100%
Stork Titan B.V.	Netherlands	100%
Stork Titan Inc.	USA	100%
Stork Townsend B.V.	Netherlands	100%
Stork Townsend Inc.	USA	100%
Stork Food & Dairy Systems B.V.	Netherlands	100%
Stork France Holding SAS	France	100%
Stork Food systems France SAS	France	100%
Sonjal SAS	France	22.47%
Chadonnerie le Drogo	France	9.91%
Stork Food Systems International B.V.	Netherlands	100%
Stork Food Systems Australasia Pty ltd.	Australia	100%
Stork Food Systems Maquinas Alimenticial LTDA.	Brasil	100%
Stork Inter Ibérica SA	Spain	100%
Stork Food Systems Bejing Co. Ltd.	China	100%
Marel Food Systems Holding Inc.	USA	100%
Marel Food Systems LP	USA	100%
Taiko Industry Co Ltd.	Japan	100%
Marel Food Systems BV	Netherlands	100%
Marel Food Systems Ltda.	Brasil	100%
Marel Equipment Inc.	Canada	100%
Marel Food Systems China office	China	100%
Marel Food Systems SARL	France	100%
Marel Food Systems Ltd.	Ireland	100%
Marel Food Systems Ltd.	New Zealand	100%
Marel Food Systems AS	Norway	100%
Marel Food Systems Sp. Z.o.o.	Poland	100%
Marel Food Systems Lda.	Portugal	100%
Marel Food Systems SRL	Romania	100%
Marel Food Systems Pte Ltd	Singapore	100%
Marel Food Systems Ltd.	UK	100%
Marel Food Systems Uruguay S.A.	Uruguay	100%
Marel Food Systems Trading S.A.	Uruguay	100%
Marel Food Systems S.A.	Chile	100%
Marel Food Systems s.r.o.	Slovakia	100%
Marel Food Systems A/S	Denmark	100%
Marel Food Systems GmbH	Germany	100%
Marel Food Systems Co. KG	Germany	100%
Marel Food Systems Inc .	USA	100%
Marel Food Systems LLC.	Russia	100%
Marel Food Systems Ltd.	Thailand	49%
Marel Food Systems Pty Ltd	Australia	100%
Marel Food Systems South SA (Pty) Ltd.	South Africa	100%
Marel Holding B.V.	Netherlands	100%
Marel Spain S.L.	Spain	100%
Carnitech A/S	Denmark	100%
Carnitech US Inc.	USA	100%
Marel Freezing & Temparature division	Singapore	100%
FD Systems Holding BV and Food & Dairy Group	Netherlands	100%

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

Publication schedule for 2010-2011

Reports:

Wednesday, 28 April 2010	1st Quarter Results
Wednesday, 28 July 2010	2nd Quarter Results
Wednesday, 27 October 2010	3rd Quarter Results
Wednesday, 2 February 2011	4th Quarter and Annual Results
Wednesday, 2 March 2011	Annual General Meeting

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