Marel Salmon A/S

Company registration number (CVR):66 30 97 11

Juelstrupparken 14, 9530 Støvring

Annual report for 2015

Approved at the Company's annual general meeting on 31/5 2016

Chairman of the meeting

Contents

Statement by the Board of Directors and the Management Board

The Board of Directors and the Management Board have today discussed and approved the annual report of Marel Salmon A/S for the financial year 1 January to 31 December 2015.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2015 and of the results of its operations for the financial year 1 January – 31 December 2015.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Aarhus, 31/5 2016

Management Board:

Henrik Skov Ladefoged	Lars Jøker

Board of Directors:

Linda Jonsdottir Chairman	Arni Oddur Thordarson	Snorri Thorkelsson Hafsteinn

Independent auditors' report

To the shareholders of Marel Salmon A/S

Independent auditors' report on the financial statements

We have audited the financial statements of Marel Salmon A/S for the financial year 1 January – 31 December 2015. The financial statements comprise accounting policies, income statement, balance sheet and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of financial statements that give a true and fair view 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of financial statements.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January – 31 December 2015 in accordance with the Danish Financial Statements Act.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Aarhus, 31/5 2016

KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25578198

Anette Harritz
State Authorised
Public Accountant

Management's review

Company details

Marel Salmon A/S
Juelstrupparken 14
DK-9530 Støvring

CVR No.: 66 30 97 11

Registered office:	Støvring
Financial year:	01.01 - 31.12
Eastablished:	27.07.1981

Board of Directors

Linda Jonsdottir, Chairman
Arni Oddur Thordarson
Snorri Thorkelsson Hafsteinn

Management Board

Henrik Skov Ladefoged
Lars Jøker

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Bredskifte Allé 13
8210 Aarhus N
DK - Denmark

Consolidated financial statements

The financial statements of Marel A/S are included in the consolidated financial statements of Marel hf., Austurhraun 9, 210 Gardabaer, Iceland. The consolidated financial statements can be downloaded at www.marel.com.

Management's review

Financial highlights

(DKK mill.)	**2015**	**2014**	**2013**	**2012**	**2011**
Income statement:					
Gross profit	99	81	48	43	39
Ordinary operating profit/loss	39	42	24	22	23
Financial income and expenses, net	-3	-49	-32	-42	102
Profit/loss for the year	27	-16	-10	-23	122
Balance sheet:					
Total assets	246	223	170	162	289
Equity	**71**	44	15	22	156
Gross investments in property, plant and equipment	3	8	2	**3**	2
Financial ratios %:					
Return on investment (yearly basis)	16,2	18.8	13.8	13.2	7.9
Solvency ratio	28,6	19.6	8.8	13.0	54.0

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015". The financial ratios are defined as follows:

Return on investment	$\frac{\text{Ordinary operating profit/loss}}{\text{Average number of operating assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total equity and liabilities at 31 December}}$

Management's review

Operating review

Principal activities

The Company's principal activities comprise the development, production and sale of process equipment for the global food industry primarily within the fish and meat industry.

Development during the financial year

The activity level has increased considerably in 2015 compared to the previous year, and at the same time the company has been able to improve the profitability. The increased activity level has on the other side mend an increase in selling and distribution cost, as the numbers of employees has increase as well.

At the same time the company has contributed to the ongoing global restructuring programme which includes an extensive change in the IT landscape towards using the same applications across the Group. This is affecting the cost level in all areas.

Early 2015 the activities in the subsidiary in Singapore was terminated and the shares were sold to Marel Holding BV for 1 EUR. As the shares had a zero value in the statutory account for 2014, the transfer of ownership has not had an effect on the result or the balance sheet position in 2015. In 2014 we had a loss of DKK 44.7 mio. booked as impairment losses under Financial expenses.

Some years ago the Company raised a court case for compensation towards a competitor due to patent infringement. During 2015 it was decided to expense legal cost and other consultancy related to conducting the court case. These costs ware previously booked as receivable in the balance sheet. The total amounts for previous and current year amounts to DKK 5.1 mio.

The profit for the year after tax totalled DKK 27.1 million. Equity totalled DKK 71 million at the end of the year, corresponding to a solvency ratio of 29%.

The profit for the year lives up to expectations disclosed in the latest published annual report and is considered satisfactory.

Capital resources

The Company's capital resources total DKK 61.6 million, corresponding to the Company's cash and cash equivalents.

Management's review

Operating review

Events after the balance sheet date

In 2016 the court case for compensation mentioned above has been settled with a satisfying result, and the Company has received a settlement amount exciding the cost booked of in 2015, however somewhat lower than the total amount claimed.

Particular risks

In addition to the general socio-economic trends, the Company is also affected by particular risks in relation to the competitive environment and diseases in the production chain.

In general, the food product industry saw increasing competition in most countries. Combined with strongly increasing competition between countries and regions within agriculture, the production chain is continuously concentrated. At the same time, a number of work processes related to agriculture and food production are transferred from high-income countries to countries with lower production costs.

Diseases such as bird flu, BSE or foot-and-mouth disease are risks which, in case of breakout, may affect the Company's sales in the countries and regions that are affected.

Due to its substantial export transactions, the Company is exposed to changes in foreign currencies and interest level. It is group policy to manage financial risks, and no speculation is made in this respect.

Intellectual capital

The primary business foundation is to provide competitive products, solutions and technology for the food industry improving its competitiveness. Accordingly, the Company must be able to develop and retain intellectual capital and know-how on products and business processes. The Company therefore regularly develops policies and procedures for recruiting, training and retaining employees and for developing and documenting products and business processes.

Environmental impact

The Company's production primarily comprises the assembly of components from sub-suppliers, and Management is therefore of the opinion that the impact on the external environment is limited. In general, it is group policy to reduce this impact to the extent it is considered financially fair and reasonable.

Management's review

Operating review

Research and development activities

The Company's research and development activities comprise regular development of new and existing products and processes for the food industry. Approx. DKK 7.6 million was capitalized and expensed on development projects and activities during the financial year. Development activities for the coming years are expected to be in the same level.

Corporate social responsibility

The statutory report on corporate social responsibility for Marel Salmon A/S covers the financial period 1 January – 31 December 2015 and relates to the annual report for 2015. No policies have been adopted for voluntary integration of corporate social responsibility, including climate and human rights as part of the Company's strategy and activities, and reporting is therefore not prepared in this respect.

Outlook

For 2016 the Company expects to be able to maintain the same activity level as in 2015, or even realise a small increase in revenue, as we continue to bring new products to the market and at the same time expand our market share on product releases from previous years.

The Company's order book is quite satisfactory, there are, however, still large geographic differences in the development on the markets, and the sales of capital goods will still depend on the general economic climate in the different markets. Expectations therefore involve some uncertainty.

The result for 2016 is expected to increase as the current margin for equipment and spare parts will stay at the current level and the cost level for 2016 is expected to go down.

Financial statements for the period 1 January – 31 December

Accounting policies

The annual report of Marel Salmon 2015 has been prepared in accordance with the provisions applying to reporting class C mid-size enterprises under the Danish Financial Statements Act.

With effect from 1 January 2015, Marel Salmon A/S has chosen early adoption of the new thresholds laid down in Act. No. 738 dated 1 June 2015, meaning that the Company remains a reporting class C medium-sized entity. This does not impact on the accounting policies in general.

In 2015 the classification of cash in a group cash pool has been changed from "Receivables from group enterprises" to "Cash at bank and in hand", the figures for 2014 have been changed accordingly.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Non-current assets acquired in foreign currencies are measured at the exchange rate at the transaction date.

Income statement

Revenue

Revenue from the sale of goods and services is recognised in the income statement provided that delivery and transfer of risk to the buyer have taken place before year-end and that the income can be reliably measured and is expected to be received. Contract work in progress is recognised at the selling price of the work performed. Revenue is measured excl. VAT and taxes and less discounts granted in connection with the sale.

Financial statements for the period 1 January – 31 December

Accounting policies

Production costs

Production costs comprise costs incurred in generating the revenue for the year. Such costs include direct and indirect costs for raw materials, goods for resale and consumables, wages and salaries, rent and leases, and depreciation of production plant and other assets used for production purposes. Write-down for inventories and write-down in connection with anticipated bad debt losses on contract work in progress are also included. Production costs also comprise development costs that do not qualify for capitalisation and amortisation of capitalised development costs.

Distribution costs

Costs incurred in distributing goods sold during the year and in conducting sales campaigns, etc. during the year are recognised as distribution costs. Also, costs relating to sales staff, advertising and depreciation are recognised as distribution costs.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for Company management and administration, including expenses for administrative staff, management, office premises, insurance and office expenses, etc. and depreciation.

Other operating income

Other operating income comprises items secondary to the activities of the Company, including gains on the disposal of non-current assets.

Financial income and expenses

Financial income and expenses comprise interest income and expense, finance charges in respect of finance leases, realised and unrealised gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Dividends from investments in subsidiaries are recognised in the income statement of the parent company in the year in which dividends are declared. To the extent that distributed dividends exceed accumulated earnings after the date of acquisition, dividends are, however, recognised as a write-down of the cost of the investment.

Financial statements for the period 1 January – 31 December

Accounting policies

Balance sheet

Intangible assets

Development projects comprise costs directly and indirectly attributable to the Company's development activities and which comply with the criteria for recognition under the Danish Financial Statements Act. Capitalised development projects are measured at cost less accumulated amortisation or at recoverable amount if the latter is lower. Capitalised development projects are amortised on a straight-line basis of the estimated useful lives after completion of the development project. The amortisation period is usually five years.

Goodwill is measured at cost less accumulated amortisation and impairment losses. Goodwill is amortized on a straight-line basis over the remaining life. The expected useful life is set to 20 years.

Property, plant and equipment

Land and buildings, plant and machinery, fixtures and fittings, as well as other plant and equipment are measured at cost less accumulated depreciation. Land is not depreciated.

The basis of depreciation is cost less expected residual value at the end of the useful life.
Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Buildings	20 - 40 years
Machines, plant, tools and equipment, etc.	3 -10 years

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or operating costs.

Financial statements for the period 1 January – 31 December

Accounting policies

Leases

Leases for non-current assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are recognised in the balance sheet as assets. On initial recognition, assets are measured at estimated cost, corresponding to the lower of fair value and the present value of future lease payments. In calculating the net present value of the future lease payments, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are depreciated the same way as other similar non-current assets.

The capitalised residual lease obligation is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are considered operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed in contingent liabilities, etc.

Investments

Investments in subsidiaries are recognised in the balance sheet at cost. Write-down is made to the lower of cost and recoverable amount.

Cost is reduced by dividends received that exceed accumulated earnings after the date of acquisition.

For subsidiaries where the parent company has a legal or constructive obligation to cover the deficit, investments are written down corresponding to the parent company's share of negative equity. Any receivable from these enterprises is written down by the parent company's share of the negative net asset value. If the net asset value exceeds the amount owed, the residual amount is recognised under provisions.

Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment as well as investments in subsidiaries is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests of individual assets or groups of assets are conducted when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

Financial statements for the period 1 January – 31 December

Accounting policies

Impairment of non-current assets, continued

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the anticipated net cash flows from the use of the asset or group of assets.

Inventories

Inventories are measured at cost in accordance with the average cost formula. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries as well as direct and indirect production overheads.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected sales price.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a receivable portfolio has been impaired. If there is objective evidence that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily composed on the basis of the country of domicile and credit ratings of the debtors in accordance with the credit risk management policy of the Company. The objective indicators used in relation to portfolios are determined based on historical loss experience.

Write-downs are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Financial statements for the period 1 January – 31 December

Accounting policies

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured by reference to the stage of completion at the balance sheet date and total expected income from the work. The degree of completion is computed as the proportion between resources spent and total estimated resources for the completion of the contract. When it is probable that contract work in progress will result in losses, the estimated loss is recognised in the income statement.

When the selling price of contract work in progress cannot be measured reliably, the contract work in progress is measured at the lower of costs incurred and net realisable value.

The individual work in progress is recognised in the balance sheet as receivables or payables depending on the net value of the sales amount less on-account invoicing and prepayments. Selling costs and costs incurred in securing contracts are recognised in the income statement as incurred.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Equity

Dividend suggested by management for the financial year is shown as a separate line under equity.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, e.g. regarding shares, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the expected value of their realisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable values.

Financial statements for the period 1 January – 31 December

Accounting policies

Corporation tax and deferred tax, continued

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in tax rates are recognised in the income statement.

The Company is jointly taxed with the parent company. Current Danish corporation tax is settled by the parent company, which is the administrative company, and allocated between the jointly taxed companies in proportion to their taxable income.

Provisions

Provisions comprise expected costs of warranties, losses on work in progress, restructurings, etc.

Liabilities other than provisions

Financial liabilities comprising amounts owed to credit institutions, trade payables and payables to group enterprises are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, financial liabilities are measured at amortised cost.

Financial liabilities also include the capitalised residual obligation on finance leases.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income comprises payments received regarding income in subsequent years.

Applied exemption clauses in the Danish Financial Statements Act

In accordance with section 86(4) of the Danish Financial Statements Act, the Company has not prepared a cash flow statement, as this is included in the consolidated cash flow statement of the parent company, Marel hf., Iceland.

Pursuant to section 98b(3) of the Danish Financial Statements Act, the Company has not disclosed remuneration of Management as only one member of the Management Board is remunerated.

Financial statements for the period 1 January – 31 December

Accounting policies

Applied exemption clauses in the Danish Financial Statements Act

In accordance with the Danish Financial Statements Act, section 112(1) the Company has not prepared consolidated financial statements, as the Company is a subsidiary and as the financial statements of the Company and its subsidiaries are included in the consolidated financial statements of the parent company, Marel hf., Iceland.

The financial statements of Marel A/S are included in the consolidated financial statements of Marel hf., Austurhraun 9, 210 Gardabaer, Iceland. The consolidated financial statements can be downloaded at www.marel.com.

Financial statements 1 January - 31 December

Income statement

	Note	2015	2014
		(DKK'000)	(DKK'000)
Gross profit		**99.442**	**80.617**
Distribution costs	1	-42.238	-24.461
Administrative expenses	1	-18.321	-14.058
Ordinary operating profit		**38.883**	**42.098**
Other operating income		0	740
Operating profit		**38.883**	**42.838**
Financial income	2	962	411
Financial expenses	3	-4.266	-49.686
Profit/loss before tax		**35.579**	**-6.437**
Tax on profit for the year	4	-8.506	-9.329
Profit/loss for the year		**27.073**	**-15.766**

Proposed profit appropriation

Profit for the year	27.073	-15.766
Proposed dividends	0	0
Transferred to next year	**27.073**	**-15.766**

Financial statements 1 January - 31 December

Balance sheet

ASSETS	Note	2015 (DKK'000)	2014 (DKK'000)
Non-current assets			
Intangible assets			
Goodwill	5	16.973	19.258
Knowhow	5	1.250	1.750
Erhvervede rettigheder	5	169	339
Development projects	5	20.250	19.624
		38.642	**40.971**
Property, plant and equipment			
Land and buildings	6	41.752	41.398
Plant and machinery	6	2.246	2.783
Fixtures, fittings and other equipment	6	1.052	1.125
		45.050	**45.306**
Investments			
Investments in group enterprises	7	0	0
		0	**0**
Total non-current assets		**83.692**	**86.277**
Current assets			
Inventories	8	61.072	**52.519**
Receivables			
Trade receivables		14.170	13.681
Contract work in progress	9	7.794	8.518
Receivables from group enterprises		14.352	7.518
Other receivables		3.205	7.116
Prepayments		0	0
		39.521	**36.833**
Cash at bank and in hand		61.613	**47.865**
Total current assets		**162.206**	**137.217**
TOTAL ASSETS		**245.898**	**223.494**

Financial statements 1 January - 31 December

Balance sheet

	Note	2015	2014
		(DKK'000)	(DKK'000)
EQUITY AND LIABILITIES			
Equity	10		
Share capital		47.000	47.000
Retained earnings		24.072	-3.172
Proposed dividends		0	0
Total equity		**71.072**	**43.828**
Provisions			
Deferred tax	11	14.384	14.580
Warranties	12	3.000	1.500
		17.384	**16.080**
Non-current liabilities other than provisions			
Payables to group enterprises	13	94.783	94.561
		94.783	**94.561**
Current liabilities other than provisions			
Prepayments from customers	9	5.080	10.155
Trade payables		16.000	26.703
Payables to group enterprises	13	10.288	8.726
Corporation tax		8.703	7.217
Other payables	14	22.588	16.224
Total current liabilities other than provisions		**62.659**	**69.025**
Total liabilities other than provisions		**157.442**	**163.586**
TOTAL EQUITY AND LIABILITIES		**245.898**	**223.494**
Related parties	15		
Collateral, contingent liabilities and lease liabilities	16		

Financial statements 1 January - 31 December

Notes

1 Staff costs

	2015 (DKK'000)	2014 (DKK'000)
Wages and salaries, etc.	90.902	75.920
Pensions	10.525	9.271
Other social security costs	1.445	1.255
	102.872	**86.446**
Staff costs are recognised as follows:		
Production	76.891	68.227
Distribution	20.684	11.720
Administration	5.297	6.499
	102.872	**86.446**
Average number of employees	200	169

2 Financial income

Interest income, group enterprises	0	0
Other financial income	962	411
	962	411

3 Financial expenses

Interest expense, group companies	3.628	4.656
Impairment losses for subsidiaries	0	44.700
Other financial expenses	638	330
	4.266	49.686

Financial statements 1 January - 31 December

Notes

4 Tax

	2015	2014
	(DKK'000)	(DKK'000)
Tax on profit for the year is specified as follows:		
Current tax	-8.702	-7.217
Deferred tax	-171	-2.504
Adjustment of contingent tax due to change in tax rate	367	392
	-8.506	**-9.329**

5 Intangible assets

	Completed development projects	Ongoing development projects	Total development projects
Cost at 1 January	37.897	7.077	44.974
Additions	0	5.519	5.519
Transferred	4.835	-4.835	0
Disposals	0	0	0
Cost at 31 December	42.732	7.761	50.493
Impairment loss and amortisation at 1 January	25.350	0	25.350
Amortisation for the year	4.893	0	4.893
Impairment loss and amortisation at 31 December	30.243	0	30.243
Carrying amount at 31 December	**12.489**	**7.761**	**20.250**

	Knowhow	Rights	Goodwill
Cost at 1 January	2.500	2.499	43.281
Foreign exchange adjustments at 1 January		0	0
Additions during the year		0	0
Cost at 31 December	2.500	2.499	43.281
Impairment loss and amortisation at 1 January	750	2.160	24.023
Amortisation for the year	500	170	2.285
Impairment loss and amortisation at 31 December	1.250	2.330	26.308
Carrying amount at 31 December	**1.250**	**169**	**16.973**

Goodwill is amortized over 20 years, as the service business is linked to equipment with a long lifespan.

Notes

6 Property, plant and equipment

	Land and buildings	Plant and machinery	Fixtures and fittings, etc.
Cost at 1 January	59.935	25.532	9.134
Additions	1.918	319	612
Disposals	0	-89	-986
Cost at 31 December	61.853	25.762	8.760
Impairment loss and depreciation at 1 January	18.537	22.749	8.009
Disposals	0	-89	-768
Depreciation for the year	1.564	856	467
Impairment loss and depreciation at 31 December	20.101	23.516	7.708
Carrying amount at 31 December	**41.752**	**2.246**	**1.052**

7 Investments

	2015 (DKK'000)	2014 (DKK'000)
Investments in group companies		
Cost at 1 January	104.519	59.819
Additions for the year	0	44.700
Disposals for the year	-104.519	0
Cost at 31 December	**0**	**104.519**
Impairment loss at 1 January	104.519	-59.819
Impairmet loss for the year	0	-44.700
Disposal for the year	-104.519	0
Impairment loss at 31 December	**0**	**-104.519**
Net value at 31 December	**0**	**0**

Financial statements 1 January - 31 December

Notes

	2015 (DKK'000)	2014 (DKK'000)
8 Inventories		
Finished goods	20.593	19.084
Work in progress	29.879	24.791
Raw materials and consumables	10.600	8.644
	61.072	52.519
9 Contract work in progress		
Contract work in progress	24.701	30.841
Progress billings	-21.987	-32.478
Net value at 31 December	2.714	-1.637
- recognised as follows:		
Contract work in progress	7.794	8.518
Prepayments from customers	-5.080	-10.155
Net value at 31 December	2.714	-1.637

10 Equity	Share capital	Retained earnings	Proposed dividends	Total
Balance at 1 January 2014	2.300	12.765	0	15.065
New share capital	44.700			44.700
Ajustment		-171		-171
Net profit for the year		-15.766		-15.766
Equity at 1 January 2015	**47.000**	**-3.172**	**0**	**43.828**
Ajustment to previous year		171		171
Net profit for the year		27.073		27.073
Dividends paid		0		0
Proposed dividends		0		0
Equity at 31 December 2015	**47.000**	**24.072**	**0**	**71.072**

The Company's share capital amounts to DKK 47,000 thousand, broken down on a share with a face value of DKK 500. No shares carry special rights.

	2015	2014	2013	2012	2011
Share capital for the last 5 years	47.000	47.000	2.300	2.300	2.300

Financial statements 1 January - 31 December

Notes

11 Deferred tax

	2015 (DKK'000)	2014 (DKK'000)
Deferred tax at 1 January	14.580	12.468
Deferred tax for the year recognised in profit for the year	171	2.504
Adjustment of deferred tax due to change in tax rate	-367	-392
Deferred tax at 31 December	**14.384**	**14.580**

Deferred tax relates to:

	2015	2014
Intangible assets	6.923	7.273
Property, plant and equipment	3.436	2.931
Current assets	4.025	4.376
	14.384	**14.580**

12 Warranties

	2015	2014
Balance at 1 January	1.500	1.375
Adjustments for the year	1.500	125
Balance at 31 December	3.000	**1.500**

Date of maturity is expected to be 0-1 year

13 Non-current liabilities

	Current portion	Non-current portion	Total	Hereof falling due after more than five years
Payables to group enterprises	0	94.783	94.783	0
	0	**94.783**	**94.783**	**0**

14 Other payables

The most significant items are VAT, income taxes, wages and salaries, provisions for holiday allowances and other costs payable.

Financial statements 1 January - 31 December

Notes

15 Related parties

The Company's related parties exercising control comprise the parent company, Marel hf.

Ownership

The following shareholders are registered in the Company's register of shareholders as holding at least
Marel A/S
8200 Århus N
Denmark

16 Collateral, contingent liabillities and lease liabillities

The Company has entered into operationg leases totalling DKK 2.780 thousand, of which DKK 1.473 thousand is due for payment next year.

Cash at bank and in hand amounting to DKK 57.031thousand has been pledged as security for a group cash pool.