Iceland Seafood International ehf.

Consolidated Financial Statements

2014

Iceland Seafood International ehf.
Köllunarklettsvegi 2
104 Reykjavík
Iceland
Reg. no. 611088-1329

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2014

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Independent Auditor’s Report

To the Board of Directors and shareholders of Iceland Seafood International ehf.

We have audited the accompanying consolidated financial statements of Iceland Seafood International ehf., which comprise endorsement of the Board of Directors and CEO, balance sheet at 31 December 2014, income and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management’s and the Board of Directors responsibility for the financial statements

Management and the Board of Directors are responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting principles in Iceland and for such internal control as management and the Board of Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from 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 judgment, 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 policies 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 financial statements give a true and fair view of the financial position of Iceland Seafood International ehf. as at 31 December 2014 and its financial performance and its cash flows for the year then ended in accordance with generally accepted accounting principles in Iceland.

Kópavogur, Iceland, 9 July 2015.

Deloitte ehf.

Knútur Þórhallsson
State Authorized Public Accountant

Endorsement by the Board of Directors and CEO

Iceland Seafood International ehf. is the holding company for a worldwide sales and marketing group for frozen, salted and fresh seafood. It is headquartered in Iceland and has operations in Iceland, the United Kingdom, France, Germany, Spain and the United States of America. The consolidated financial statements of Iceland Seafood International ehf. are prepared in accordance with generally accepted accounting principles in Iceland.

Continuing Operations

In continuing operations overall Group sales of EUR 252.1m where 4.5% ahead of the prior year, driven by strong growth in our Spanish and United Kingdom subsidiaries. The increased sales combined with profit improvement programmes in a number of regions generated a normalized profit before tax of EUR 2.9m up 67.8% on 2013 (EUR 1.7m) and net profit from continuing operations of EUR 2.1m up 75.0% (2013 – EUR 1.1m). According to the consolidated balance sheet total assets at year end 2014 amounted to EUR 87.0m compared to EUR 105.3m in 2013. Equity amounted to EUR 8.4m, resulting in equity ratio of 9.7% compared to a ratio of 8.5% at year-end 2013 whilst net debt of €52.4m reduced by €9.5m from the prior year positon. The Company incurs costs and revenue income in a number of different currencies, including, Euro, US dollar, sterling and Japanese Yen, where appropriate it manages currency risk via utilisation of forward contracts and hedges. The average number of employees within continuing operation was 275 in 2014

Discontinued Operations

The Group announced its withdrawal from the German frozen retail business in late 2013, the withdrawal was largely completed during 2014. After the withdrawal the Group will retain its profitable fresh fish sales business in Germany. During 2014 the Group sold the trade and assets of its Greek subsidiary, Iceland Seafood Hellas S.A., in association with its minority shareholders in Greece. The sale was fully completed during 2014 and the Greece company is held as dormant subsidiary at year end 2014. The average number of employees within discontinuing operation was 22 in 2014.

Dividends

The Board of Directors will submit a proposal to the Annual General Meeting that no dividend will be paid to shareholders.

Ownership

At the balance sheet date the Group is 100% owned by International Seafood Holdings S.a.r.l. (ISH).

Statement by the Board of Directors and CEO

It is the opinion of the Board of Directors and the CEO that these consolidated financial statements present all the information necessary to show the financial position of Iceland Seafood International ehf and its subsidiaries as of 31 December 2014 and of its financial performance and its cash flows for the year then ended. The Board of Directors and the CEO hereby confirm the consolidated financial statements of Iceland Seafood International ehf for the year 2014 with their signatures.

Reykjavík, 9 July 2015

Board of Directors

Benedikt Sveinsson
Chairman

Mark Holyoake
Board member

Ingi Jóhann Guðmundsson
Board member

Helgi Anton Eiríksson
Board member and CEO

Lee Mark Camfield
Board member and COO

Consolidated Income Statement 2014

	Notes	2014	2013
Operating revenue	3	252.092	241.190
Cost of sales		(216.743)	(207.047)
Gross profit		**35.349**	**34.143**
Other operating expenses		(29.370)	(30.039)
Depreciation and amortization	9, 10	(974)	(962)
Operating profit		**5.005**	**3.142**
Finance income		72	41
Finance costs		(1.911)	(1.399)
Exchange rate difference gain (loss)		(246)	(43)
Net finance costs		(2.085)	(1.401)
Normalized profit before tax		**2.920**	**1.741**
Exceptional cost	5	(170)	0
Impairment of goodwill	10	0	(77)
Profit before tax		**2.750**	**1.664**
Income tax	6	(683)	(510)
Minority interest		0	(31)
Profit for the year from continuing operations		**2.067**	**1.123**
Discontinued operations			
Loss for the year from discontinued operations, post tax	7	(2.457)	(6.684)
Loss for the year		**(390)**	**(5.561)**

All amounts are in thousands of euro

Consolidated Balance Sheet at 31 December 2014

Assets	Notes	31.12.2014	31.12.2013
Non-current assets			
Property and equipment	9	8.971	9.093
Intangible assets	10	8.814	8.806
Investments		8	10
Deferred tax assets	17	371	318
Total non-current assets		18.164	18.227
Current assets			
Inventories	12	23.723	19.860
Trade receivables	13	37.376	36.856
Other receivables	13	714	730
Cash and cash equivalents		1.575	3.542
Total current assets		63.388	60.988
Assets classified as held for sale	7	5.424	26.041
		68.812	87.029
Total assets		86.976	105.256

Equity and liabilities

Equity	14		
Share capital		13.442	13.442
Statutory reserve		430	430
Foreign currency translation reserves		(510)	(413)
Retained earnings		(5.271)	(4.881)
Equity attrib. to equity holders of the parent		8.091	8.578
Minority interest associated with assets classified as held for sale		296	336
Total equity		8.387	8.914
Non-current liabilities			
Borrowings from financial institutions	15	2.768	3.378
Retirement benefit obligation		123	123
Deferred tax liabilities	17	0	137
Total non-current liabilities		2.891	3.638
Current liabilities			
Trade and other payables	18	20.200	18.991
Revolving credit facility from financial institutions	16	50.471	61.375
Current maturities of borrowings from financial institutions	15	725	702
Other liabilities	18	3.534	3.775
Total current liabilities		74.930	84.843
Liabilities associated with assets classified as held for sale	7	768	7.862
Total Liabilities		78.589	96.342
Total equity and liabilities		86.976	105.256

All amounts are in thousands of euro

Consolidated Statement of Cash Flows 2014

	Notes	2014	2013
Cash flows from operating activities			
Operating profit		5.005	3.142
Depreciation and amortization		974	1.180
Exceptionals		(170)	
Gain on sale of property and equipment		(27)	(4)
Increase/(decrease) in calculated long-term obligations and other items		(150)	(141)
Operating cash flow before movement in working capital		5.632	4.177
(Increase)/decrease in inventories		(3.864)	(4.405)
(Increase)/decrease in operating assets		(504)	(2.129)
Increase/(decrease) in operating liabilities		1.177	2.530
Cash generated (to) from operations		2.441	173
Interest received		72	41
Interest paid		(2.384)	(1.443)
Income taxes paid		(1.034)	(729)
Net cash (to) from continued operations		**(905)**	**(1.958)**
Net cash from (to) discontinued operations		**11.027**	**(2.060)**
Net cash from (to) operating activities		**10.122**	**(4.018)**
Cash flows from investing activities			
Investment in property, equipment and intangible assets	9, 10	(541)	(1.415)
Other investments			(458)
Proceeds from disposal of property and equipment		74	11
Net cash from investing activities		**(467)**	**(1.862)**
Net cash before financing activities		**9.655**	**(5.880)**
Cash flows from financing activities			
Proceeds (payments) from long term borrowings, net	15	(718)	605
Repayment of Contingent payment			(669)
Drawdown/(Repayment) of the revolving credit facility, net		(10.904)	7.970
Paid dividend	14		(1.487)
Cash flows from financing activities		**(11.622)**	**6.419**
Net incr. (decr.) in cash and cash equivalents		(1.967)	539
Cash and cash equival. at the beg. of the year		3.542	3.003
Cash flows from financing activities		**1.575**	**3.542**

All amounts are in thousands of euro

Notes

1. General information

Iceland Seafood International ehf. (the Group) is a private limited Company and complies with the Icelandic private limited companies law no. 138/1994.

The principal activities of the Group are disclosed in the Endorsement by the Board of Directors and CEO.

2. Significant accounting policies

Basis of preparation

The consolidated financial statements of Iceland Seafood International ehf. for the year 2014 are prepared according to generally accepted accounting principles in Iceland. Cost method is used in the consolidated financial statements and it is prepared according to the same accounting principles as for the previous year. The consolidated financial statements are prepared in Euro (EUR), which is the functional currency of the Group.

The principal accounting policies adopted are set out below.

Estimates and decisions

At the making of the annual report, the management, in accordance with laws on financial statements, need to make decisions, estimate and draw conclusions which affect assets and liabilities at the reporting date, information in the notes and income and cost. All conclusions and estimates are based on knowledge and experience and other relevant factors and make up the basis for decisions made on book value of assets and liabilities which can not be ascertained by any other mean.

Changes to accounting estimates are recognised in the period they incur.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and entities controlled by the Group (its subsidiaries). Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The concolidated financial statements have been prepared in accordance with the purchase method. When ownership of a subsidiary is less than 100% minority interest in profit/loss for the year and equity at end of period are identified separately. When minority interests are minor they are not identified.

In acquisitions of subsidiaries their assets and liabilities are estimated at fair values at the acquisition date. If costs are in excess of the fair value of assets and liabilities a goodwill is recognised. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Where necessary adjustments are made to the financial statement of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Investments in subsidiaries

Subsidiaries are companies where the Parent Company has full control over the entity. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Investments in subsidiaries are accounted under the equity method, investments in subsidiaries are carried in the balance sheet at cost as adjusted for post-acquisition changes in the Company´s share of the net assets of the subsidiary, less any impairment in the value of individual investments.

2. Significant accounting policies (continued)

Goodwill

Goodwill is recognised as an asset and reviewed for impairment at each balance sheet date or it is amortizied, though not at a longer period than 20 years. The amount of impairment is calculated using discounted expected future cash flows. The discount rate applied to these cash flows is based on weighted average cost of capital, which represents the cost of debt and equity after taxation. Impairment charges are measured on the basis of comparison of estimated fair values (discounted expected future cash flows) with corresponding book values and recognised in profit and loss.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is considered as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition.

Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposals groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Discontinued operations

Classification as discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as discontinued operation, the comparative statement of the income statement is re-presented as if the operation had been discontinued from the start of the comparative year. Transactions between continued and discontinued operations are treated as between unrelated parties.

Risk management

The Group´s Board of Directors has overall responsibility for the establishment and oversight of the Group´s risk management framework, with regards to market risk, credit risk, liquidity risk and operational risk. The objective of the Group´s risk policies is to manage and control risk exposures within acceptable level, while optimising the return. Where appropriate the Group uses credit insurance and foreign currency contracts to control credit and market risk.

Revenue recognition

Revenue from sale of goods and rendering of services are recognised when earned as required by generally accepted accounting principles. Sale of goods are recognised when goods are delivered and the Group has transferred to the buyer the significant risks and rewards of ownership of the goods. Revenue from rendering of services is recognised when the service is provided. Revenue are shown in the income statement net of discount.

Interest income is accrued over time, by reference to the principal outstanding and at the interest rate applicable.

Cost of sales

Cost of sales is the combination of cost of goods sold and sales costs, including impairment losses and write-off to trade receivables.

2. Significant accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are retranslated at the rates prevailing on the balance sheet date. Profits and losses arising on exchange are included in net profit or loss for the period.

	Average exchange rate		Year-End exchange rate	
	2014	2013	31.12.2014	31.12.2013
EUR	1,0000	1,0000	1,0000	1,0000
USD	0,7539	0,7530	0,8247	0,7253
GBP	1,2409	1,1781	1,2858	1,2001
ISK	0,0065	0,0062	0,0065	0,0063

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group´s foreign operations (including comparatives) are expressed in Euro using exchange rates prevailing on the balance sheet date. Income and expense items of foreign operations, are translated at the average exchange rates for each month. Translation differences from foreign operations are posted to translation reserves among equity. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Transaction cost

Transaction costs are capitalized and amortised over the term of the loans to which they relate to.

Taxation

Income tax is calculated and recognised in the consolidated financial statements. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible.

The tax currently payable is income tax that is likely to be paid within the next 12 months for taxable income of the year and corrections in income tax for previous years.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. The difference is due to different assumptions in calculation of income tax.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

Property and equipment

Property and equipment are recognised as an asset when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured in a reliable manner. Property and equipment which qualifies for recognition as an asset is initially measured at cost. The cost of a property and equipment comprises its purchase price and any directly attributable cost of bringing the asset to working condition for its intended use.

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2. Significant accounting policies (continued)

The depreciable amount of the asset is allocated on a fixed annual percentage of the historical cost over its useful life, less residual value.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Other intangible assets

Other intangible assets are recognised only if it is probable that the asset will generate future economic benefits and the cost of the asset can be measured reliably. Intangible assets include business agreements, trademarks and software. These intangible assets will be amortized on a straight-line basis over their useful life. The amortization charge for each period is recognised as expense.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specified to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses on cash generating units reduces first goodwill, and after that to reduce other assets. Impairment losses are recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Impairment loss on goodwill is not reversed.

Inventories

Inventories are stated at the lower of cost or net realisable value, after taking obsolete and defective goods into consideration. Cost comprises direct materials and, where applicable, direct labour costs and those overhead expenses that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Trade receivables

Trade receivables are valued at nominal value less an allowance for doubtful accounts. The allowance is deducted from trade receivable in the balance sheet and does not represent a final write-off.

Bank loans and other non-current liabilities

Bank loans and other non-current liabilities are valued at nominal value less payments made and the remaining nominal balance is adjusted by exchange rate or index, if applicable. Interest expense is accrued on a periodical basis, based on the principal outstanding and at the interest rate applicable. Transaction costs are recognised in profit or loss in the year they incur.

2. Significant accounting policies (continued)

Trade payables

Trade payables are valued at nominal value and trade payable in other currencies have been booked at the exchange rates prevailing on the balance sheet date.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation.

Provisions related to warranty on goods are recognised on the date of sale and measured at the management's best estimate of the expenditure that is likely to incur in the future.

3. Operating revenue

Operating revenue from continuing operations is as follows for geographical area:

	2014	2013
Europe	220.954	212.338
Asia	7.568	8.877
North America	10.773	12.528
Other markets	12.797	7.447
	252.092	241.190

4. Salaries and other employee expenses

Salaries and other employee expenses from continuing operations:

	2014	2013
Salaries	10.447	8.340
Other employee expenses	1.961	1.954
	12.408	10.294

Salaries and other employee expenses from discontinued operations:

Salaries	653	1.273
Other employee expenses	249	296
	902	1.569

Average number of positions:

Average number of positions from continued operations	275	240
Average number of positions from discontinued operations	22	35

The increase in headcount is mainly explained by Havelok where number of employees increased by 23 during 2014.

Salaries are expensed within other operating expenses and cost of goods sold.

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Notes

5. Exceptionals

During the year the Group made retirement agreements with a number of employees, estimated cost associated with this amounts to EUR 170 thousands. The duration of these agreements are within one year.

6. Income tax

The total charge for the year can be reconciled to the accounting profit as follows:

	2014		2013	
	Amount	%	Amount	%
Profit before tax from continued operations	2.750		1.664	
Income tax using Icelandic corporate tax rate	(550)	20,0%	(333)	20,0%
Effect of tax rate in foreign jurisdictions	(287)	-10,4%	(143)	-8,6%
Tax losses not capitalized	(76)	-2,8%	(96)	-5,8%
Utilisation of tax losses	245	8,9%		0,0%
Other adjustments	(15)	-0,6%	62	3,7%
Income tax from continuing operations	(683)	-24,8%	(510)	-30,7%
Income tax from discontinued operations	(30)	-1,1%	(9)	-0,5%
Income tax expensed	(713)	-25,9%	(519)	-31,2%

7. Discontinued operation

In 2013 the Board of Directors made the decision to exit the frozen retail operation at Iceland Seafood GmbH, which carried a large part to Group´s activities in Germany. The withdrawal was largely completed during 2014. After that the Company will retain it´s fresh fish sales to non-retail customers.

During 2014 the Company sold the trading assets of IS Hellas. After the sale IS Hellas has ceased operations and is kept as non active company at year end 2014.

Analysis of profit / (loss) for the year from discontinued operations:

	2014	2013
Operating revenue	29.011	65.019
Cost of sales	(28.109)	(61.553)
Gross profit	902	3.466
Sales expenses	(1.691)	(4.843)
Other operating expenses	(1.132)	(4.058)
Depreciation and amortization	(15)	(296)
Finance costs	(531)	(962)
Loss before tax from discontinued operations	(2.467)	(6.693)
Income tax expense	(30)	(9)
Minority interest	40	18
Loss for the year from discontinued operations, net of tax	(2.457)	(6.684)

All amounts are in thousands of euro

7. Discontinued operation (continued)

Analysis of assets and liabilities associated with discontinued operations:

Assets:	2014	2013
Property and equipment	139	476
Other intangibles	2	7
Inventories	1.968	14.298
Trade receivables	2.120	10.263
Other receivables	285	359
Cash and cash equivalents	910	638
Assets classified as held for sale	5.424	26.041
Liabilities:		
Pension liabilities	0	68
Trade payables	459	7.067
Other liabilities	310	727
Liabilities directly associated with assets classified as held for sale	768	7.862
Minority interest directly associated with assets classified as held for sale	296	336
Net assets directly associated with discontinued operations	4.359	17.843

8. Dividends

In the year 2014 no dividend was paid to shareholders. In the year 2013 a dividend of EUR 1.487 thousands was paid to shareholders. In respect of the current year, no dividend will be paid to shareholders in the year 2015.

9. Property and equipment

Continuing operations	Property and land	Other operating assets	Total 2014	Total 2013
Cost or valuation				
At beginning of year	5.575	8.841	14.416	13.695
Reclassified due to grant			0	(98)
Additions	49	482	531	1.009
Revaluations			0	48
Exchange rate difference	51	321	372	(96)
Disposals		(347)	(347)	(143)
At end of year	5.675	9.297	14.972	14.416
Accumulated depreciation				
At beginning of year	609	4.714	5.323	4.619
Depreciation	102	754	855	863
Exchange rate difference	4	119	123	(28)
Disposals		(300)	(300)	(131)
At end of year	715	5.287	6.001	5.323

	Property and land	Other operating assets	Total 2014	Total 2013
Carrying Amount				
At year beginning	4.967	4.127	9.093	9.076
At year end	4.960	4.010	8.971	9.093
Depreciation rates	2-10%	2-50%		

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9. Property and equipment (continued)

Discontinued operations	Property and land	Other operating assets	Total 2014	Total 2013
Cost or valuation				
At beginning of year	491	764	1.255	1.199
Addition		6	6	14
Disposals	(119)	(596)	(715)	
Other	(233)		(233)	42
At end of year	139	174	313	1.255
Accumulated depreciation				
At beginning of year	61	718	779	743
Depreciation	4	11	15	36
Disposals	(65)	(555)	(620)	
At end of year	0	174	174	779

	Property and land	Other operating assets	Total 2014	Total 2013
Carrying Amount				
At year beginning	430	46	476	456
At year end	139	0	139	476

Depreciation and amortization in the income statement is as follows:	2014	2013
Depreciation of property and equipment	855	863
Impairment of goodwill	0	77
Amortization of other intangibles	106	95
Amortization of capitalized long term cost	13	4
	974	1.039

10. Intangible assets

Continuing operations	Goodwill	Other intangible assets	2014	2013
At beginning of year	8.769	37	8.806	8.787
Additions	3	7	10	226
Exchange rate difference	105		105	(34)
Sold and disposal		(1)	(1)	(1)
Amortization	(93)	(13)	(106)	(95)
Impairment				(77)
At end of the year	8.784	30	8.814	8.806
Amortization rates	0-10%	10-33%		

Discontinued operations	2014	2013
At beginning of year	7	74
Additions	1	166
Sold and disposal	(6)	
De-recognition		(233)
At end of year	2	7

All amounts are in thousands of euro

11. Investments in subsidiaries and associates

	Country	Proportion of ownership	Principal activity
Shares in associates			
Iceland Seafood ehf.	Iceland	100,00%	Sale of seafood
Iceland Seafood Barraclough Ltd.	UK	100,00%	Sale of seafood
- F. Barraclough Ltd.	UK	100,00%	Non active
- Havelok Ltd.	UK	67,00%	Sale of seafood
ISG Iceland Seafood GmbH	Germany	100,00%	Sale of seafood
Iceland Seafood France S.A.S	France	100,00%	Sale of seafood
ISI Seafood Inc.	USA	100,00%	Sale of seafood
Iceland Seafood S.L.	Spain	100,00%	Sale of seafood
- Union Islandia Pleamar S.L.	Spain	55,00%	Non active
Iceland Seafood Hellas S.A.	Greece	66,00%	Non active
Nova Scotia Lt.d	Canada	100,00%	Non active
- ISI Seafood Ltd.	Canada	100,00%	Non active

At January 1st 2014 a hive up of Iceland Seafood Ltd. and F. Barraclough Ltd. was completed. The company operates under the name Iceland Seafood Barraclough Ltd.

12. Inventories

	31.12.2014	31.12.2013
Raw materials	5.946	6.270
Finished goods	19.744	27.888
	25.690	34.158
Reclassified as held for sale	(1.968)	(14.298)
Net value of inventories	23.723	19.860

Inventories with a carrying amount of EUR 25,7 million (2013: EUR 34,2 million) have been pledged as security for certain of the Group´s bank loans.

13. Other financial assets

Trade receivables

	31.12.2014	31.12.2013
Receivables	39.496	47.119
Receivables reclassified as held for sale	(2.120)	(10.263)
	37.376	36.856

Trade receivables with a carrying amount of EUR 39,5 million (2013: EUR 47,1 million) have been pledged as security for certain of the Group´s bank loans.

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13. Other financial assets (continued)

Other receivables

	31.12.2014	31.12.2013
Other receivables	999	1.089
Reclassified as held for sale	(285)	(359)
	714	730

Cash and cash equivalents

The Group´s cash and cash equivalent consist of bank balances.

	31.12.2014	31.12.2013
Bank balances	2.485	4.180
Reclassified as held for sale	(910)	(638)
	1.575	3.542

14. Equity

Share capital is specified as follows, where each share has a face value of one Icelandic Krona (ISK) and carries one vote:

	Shares	Ratio	Amount
Issued and outstanding shares	1.169.629.510	91,9%	13.442
Treasury shares	102.693.490	8,1%	1.130
Share capital at year end	1.272.323.000	100,0%	14.572

Equity is as follows:

2013	Share capital	Statutory reserve	Translation reserve	Retained earnings	Total
Equity 1.1.2013	13.442	430	(455)	2.167	15.584
Translation of subsidiaries			42		42
Dividends paid				(1.487)	(1.487)
Net profit/(loss)				(5.561)	(5.561)
Equity 31.12.2013	13.442	430	(413)	(4.881)	8.578
2014					
Equity 1.1.2014	13.442	430	(413)	(4.881)	8.578
Translation of subsidiaries			(97)		(97)
Net profit/(loss)				(390)	(390)
Equity 31.12.2014	13.442	430	(510)	(5.271)	8.091

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15. Non current liabilities

Borrowings from financial institutions:	31.12.2014	31.12.2013
At year beginning	3.378	2.773
Changes during the year	115	1.307
At year end	3.493	4.080
Current maturities of non-current liabilities	(725)	(702)
	2.768	3.378

The increase in 2014 is due to currency movements, no new long term borrowings were made during the year.

Instalments of non-current liabilities are specified as follows:

Current maturities	0	702
Instalments 2015	725	692
Instalments 2016	721	698
Instalments 2017	726	703
Instalments 2018	731	703
Instalments later	590	582
	3.493	4.080

16. Revolving credit facility from financial institutions

The Group´s main financing is a multi currency revolving credit facility with a maximum amount of EUR 65 million. The facility is secured with pledges over inventories, receivables, intellectual property rights and shares in subsidiaries. The loan agreement is due for renewal in November 2016.

All amounts are in thousands of euro

17. Deferred tax assets/(-liabilities)

	Deferred tax assets	Deferred tax liability	Total
Balance at 1.1.2013	67	(164)	(97)
Calculated tax for the year 2013	(644)	125	(519)
Income tax payable for the year 2014	437	(131)	306
Other Items	458	33	491
Balance at 1.1.2014	318	(137)	181
Calculated tax for the year 2014	37	(185)	(148)
Income tax payable for the year 2015	156	185	341
Other Items	(140)	137	(3)
Balance at 31.12.2014	371	0	371

The following are the major deferred tax assets and liabilities recognised:

	31.12.2014		31.12.2013	
	Deferred tax assets	Deferred tax liability	Deferred tax assets	Deferred tax liability
Property, plant and equipment	(289)		(142)	(101)
Deferred income	0			(30)
Exchange rate difference	38		(14)	0
Tax losses	357		294	(6)
Inventory	(44)		(4)	
Receivables	309		184	
	371	0	318	(137)

18. Trade and other payables

Trade payable

	31.12.2014	31.12.2013
Trade payables	20.659	26.058
Reclassified as held for sale	(459)	(7.067)
	20.200	18.991

Other current liabilities

	31.12.2014	31.12.2013
Other liabilities	3.844	4.502
Reclassified as held for sale	(310)	(727)
	3.534	3.775

19. Approval of consolidated financial statements

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 9 July 2015.

All amounts are in thousands of euro