

Eyrir Invest ehf.
Condensed Interim Financial Statements
1 January - 30 June 2011
EUR

Eyrir Invest ehf.
Skólavörðustígur 13
101 Reykjavík
Iceland

Reg. no. 480600-2150

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Endorsement and Statement by the Board of Directors and the CEO

Eyrir Invest ehf.'s aim is to own, buy and sell shares, other securities and all other financial assets. The Company started its operation on 8 June 2000.

The condensed interim financial statements of Eyrir Invest ehf. for the period from 1 January to 30 June 2011 have been prepared in accordance with International Accounting Standard IAS 34 *Interim Financial Reporting*.

Net Asset Value (NAV, defined as Market value of Assets less Net Debt) amounted to EUR 196 million at 30 June 2011 compared to EUR 193 million at the beginning of the year, an increase of 2%. Eyrir Invest ehf. accounts for its shares in Marel hf. in accordance with the equity method. Market value of Marel shares, based on last trade shareprices, is 23.2 million higher than book value at 30 June 2011.

Loss for the period from 1 January to 30 June 2011 amounted to EUR 13.4 million and total comprehensive loss amounted to EUR 13.5 million. According to the statement of financial position, equity at end of June 2011 amounted to EUR 173.1 million.

In the first half of 2011, Eyrir Invest ehf. sold all of its shares in Össur hf. after having been a major shareholder in the company for seven years, during which time Össur hf. grew considerably. Following the sale of the Össur hf's shares the Company repaid some of its borrowings, resulting in a decrease of EUR 52 million in borrowings in the period from 1 January to 30 June 2011.

In May 2011, Stork Technical Services (STS), an subsidiary of London Acquisition Luxco S.á.r.l., increased geographical footprint by the acquisition of RBG Ltd. There are now 15,000 employees within STS that are dedicated to serve the oil, gas and power business in Benelux, North Sea, Caspian region, Middle East, N- and S-America. Various cost and cross selling synergies are between those companies.

In the first half of 2011, a principle agreement was reached between Stork Pension Fund (SPF), the Dutch company Stork BV, Marel and a number of other companies that were formerly part of the Stork group on the future arrangement of the pensions currently managed by the Fund. Following this agreement Stork's and Marel's liability towards SPF is limited to a fixed annual premium.

Statement by the Board of Directors and the CEO

The condensed interim financial statements for the six months ended 30 June 2011 have been prepared in accordance with International Accounting Standard IAS 34 *Interim Financial Reporting*.

According to our best knowledge it is our opinion that the condensed interim financial statements give a true and fair view of the financial performance of the Company for the six-month period ended 30 June 2011, its assets, liabilities and financial position as at 30 June 2011 and its cash flows for the period then ended.

Further, in our opinion the financial statements and the endorsement of the Board of Directors and the CEO give a fair view of the development and performance of the Company's operations and its position and describes the principal risks and uncertainties faced by the Company.

The Board of Directors and the CEO have today discussed the condensed interim financial statements of Eyrir Invest ehf. for the period from 1 January to 30 June 2011 and confirm them by means of their signatures.

Reykjavík, 26 August 2011.

The Board of Directors:

Thórdur Magnússon, Chairman
Jón Helgi Guðmundsson
Ólafur S. Guðmundsson
Hermann Már Þórisson
Sigurjón Jónsson

CEO:

Árni Oddur Thórdarson

Independent Auditor's Review Report

To the Board of Directors of Eyrir Invest ehf.

We have reviewed the accompanying condensed statement of financial position of Eyrir Invest ehf. as of 30 June 2011 and the related condensed statements of comprehensive income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

Reykjavík, 26 August 2011.

KPMG ehf.

Matthías Þór Óskarsson

Statement of Comprehensive Income

for the Six Months Ended 30 June 2011

	Notes	1 January - 30 June	
		2011	2010
Investment income			
Change in fair value of securities .....	(	15.165)	10.991
Share of profit of equity accounted associates	5,6	2.583	4.663
Net interest expenses	7	(5.487)	(7.071)
Net foreign exchange gain (loss)		5.531	(4.612)
Net operating (expenses) revenue		(12.538)	3.971
Operating expenses			
Salaries and salary related expenses		451	459
Other operating expenses		370	264
Operating expenses		821	723
(Loss) profit for the period		(13.359)	3.248
Other comprehensive income			
Foreign currency translation difference of foreign associates		0	7.454
Net loss on hedges in investment in foreign associates		0	(3.006)
Share of comprehensive income of associates		(190)	(1.311)
Other comprehensive income for the period		(190)	3.137
Total comprehensive income for the period		(13.549)	6.385
Earnings per share for result attributable to equity holders of the Company for the period (expressed in EUR cent per share)			
Basic and diluted		(0,0133)	0,0032
Earnings per share for total comprehensive income attributable to equity holders of the Company for the period (expressed in EUR cent per share)			
Basic and diluted		(0,0134)	0,0063

The notes on pages 9 - 12 are an integral part of the condensed financial statements

Statement of Financial Position as at 30 June 2011

	Notes	30.6.2011	31.12.2010
Assets			
Cash and cash equivalents		11.216	12.311
Restricted cash		1.058	10.447
Investment securities	4	174.320	256.835
Investment in equity accounted associates	5,6	167.533	143.602
Trade and other receivables		2.764	1.201
Operating assets		2.126	2.050
Total assets		359.017	426.446
 Equity			
Share capital		5.912	5.912
Share premium		97.855	97.855
Translation reserve		5.484	5.674
Retained earnings		63.847	77.207
Total equity		173.098	186.648
 Liabilities			
Borrowings	8,10	185.693	237.890
Trade and other payables		226	1.908
Total liabilities		185.919	239.798
Total equity and liabilities		359.017	426.446

The notes on pages 9 - 12 are an integral part of the condensed financial statements

Statement of Changes in Equity for the Six Months Ended 30 June 2011

	Share capital	Share premium	Translation reserve	Retained earnings	Total equity
1 January to 30 June 2010					
Equity 1.1.2010	5.912	97.855	24.313	25.389	153.469
Total comprehensive income for the period ..			4.447	1.938	6.385
Equity 30.6.2010	<u>5.912</u>	<u>97.855</u>	<u>28.760</u>	<u>27.327</u>	<u>159.854</u>
1 January to 30 June 2011					
Equity 1.1.2011	5.912	97.855	5.674	77.207	186.648
Total comprehensive income for the period ..			(190)	(13.359)	(13.549)
Equity 30.6.2011	<u>5.912</u>	<u>97.855</u>	<u>5.484</u>	<u>63.847</u>	<u>173.098</u>

The notes on pages 9 - 12 are an integral part of the condensed financial statements

Statement of Cash Flows

for the Six Months Ended 30 June 2011

	Notes	1 January - 30 June	
		2011	2010
Cash flows from operating activities			
(Loss) profit for the period .....	(	13.359)	3.248
Adjustments for:			
Change in fair value of securities		15.165	(10.991)
Share of profit of associates	5	(2.583)	(4.663)
Net interest expenses	7	5.487	7.071
Net foreign exchange (gain) loss .....	(	5.531)	4.612
Depreciation and other changes		48	89
Working capital used in operations	(	773)	(634)
Change in operating assets and liabilities .....	(	1.369)	222
Cash used in operations before interest	(	2.142)	(412)
Interest expenses paid .....	(	8.092)	(4.276)
Interest income received		141	997
Net cash used in operating activities	(	10.093)	(3.691)
Cash flows from investing activities			
Restricted cash, decrease (increase)		9.389	(4.508)
Investments in shares in associates .....	(	21.595)	0
Investments in shares in other companies .....	(	216)	0
Proceeds from sale of shares		73.171	18.761
Acquisition of operating assets .....	(	124)	(3)
Net cash from investing activities		60.625	14.250
Cash flows from financing activities			
Proceeds from borrowings		6.189	3.634
Repayment of borrowings .....	(	57.816)	(11.729)
Net cash used in financing activities	(	51.627)	(8.095)
(Decrease) increase in cash and cash equivalents .....	(	1.095)	2.464
Cash and cash equivalents at 1 January		12.311	3.301
Cash and cash equivalents at 30 June		11.216	5.765
Investment and financing activities without cash flow effect:			
Sale of shares		0	593
Receivables		0	(593)

The notes on pages 9 - 12 are an integral part of the condensed financial statements

Notes

1. Reporting Entity

Eyrir Invest ehf. (the "Company") is an international investment company incorporated and domiciled in Iceland. The registered office of the Company is at Skólavörðustígur 13 in Reykjavík, Iceland. The financial statements of Eyrir Invest ehf. as at and for the six-month period ended 30 June 2011 comprise the Company and its share in associates.

Eyrir Invest ehf. is an investment company, aiming to own, buy and sell shares, bonds and other financial instruments. The Company has listed bonds on the NASDAQ OMX Iceland. The Company follows a "Buy and Build" strategy that implies being a leading investor and active participant in operations and strategic planning of core investments by providing knowledge, experience and stable ownership.

2. Basis of preparation

a. Functional and presentation currency

The Condensed Interim Financial Statements are presented in Euro, which is the Company's functional currency. All financial information presented in Euro has been rounded to the nearest thousand, unless otherwise stated.

b. Statement of compliance

These condensed interim financial statements for the six months ended 30 June 2011 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all the information required for full annual financial statements and should be read in conjunction with the financial statements of the company as at and for the year ended 31 December 2010, which are available on the Company's website www.eyrir.is

The interim financial statements were approved by the Board of Directors of Eyrir Invest ehf. on 26 August 2011.

c. Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2010.

3. Significant accounting policies

The accounting policies applied by the Company in these condensed interim financial statements are the same as those applied by the Company in its financial statement as at and for the year ended 31 December 2010.

Notes, contd.:

4. Investment securities

Investment securities are specified as follows:

		Fair value 30.6.2011	Fair value 31.12.2010
Listed securities:			
Össur hf.	0,0%	0	82.711
Unlisted securities:			
Foreign investments:			
London Acquisition Luxco S.á.r.l.*	17,0%	173.579	173.579
Unlisted shares		741	545
Total unlisted securities		<u>174.320</u>	<u>174.124</u>
Fair value of investment securities at end of period		<u>174.320</u>	<u>256.835</u>

In the first half of 2011, Eyrir sold all of its shares in Össur after having been a major shareholder in the company for seven years. The sale price amounted to EUR 73.2 million. Following the sale of the shares the Company repaid some of its borrowings resulting in a decrease of EUR 52.2 million in the period from 1 January to 30 June 2011.

* London Acquisition Luxco S.á.r.l. is a holding company owned by funds that are controlled by Candover Investments plc. and Eyrir Invest ehf. London Acquisition sole asset is the Dutch company Stork B.V.

When measuring fair value of the Company's shares in London Acquisition S.á.r.l. the Company's managements uses comparison with market multiples of comparable companies, multiples in recent transactions with comparable companies and projected discounted cash flow.

5. Investments in equity accounted associates

Investments in equity accounted associates are specified as follows:

At the end of June 2011, the market value of Eyrir Invest's holding (based on last trading prices) in Marel is EUR 23.2 million higher than book value in the Company's accounts.

		Share in profits	Carrying amount	Market value	Market value exceeding book value
30 June 2011					
	Ownership				
Marel hf., Iceland	35,6%	<u>2.583</u>	<u>167.533</u>	<u>190.745</u>	<u>23.212</u>
30 June 2010					
Marel hf., Iceland	32,0%	<u>1.836</u>	<u>141.428</u>	<u>133.362</u>	<u>(8.066)</u>

6. Key financial information of associated companies:

	Total assets	Total liabilities	Total revenue	Total expenses	Profit
30 June 2011					
Marel hf., Iceland	<u>841.487</u>	<u>487.196</u>	<u>316.855</u>	<u>307.851</u>	<u>9.004</u>
30 June 2010					
Marel hf., Iceland	<u>895.150</u>	<u>560.614</u>	<u>283.959</u>	<u>278.228</u>	<u>5.731</u>

Notes, contd.:

7. Net interest expenses

Net interest expenses is specified as follows:

	2011	2010
	1.1. - 30.6.	1.1. - 30.6.
Interest expenses	(5.797)	(8.145)
Interest income	310	1.074
Net interest expenses	<u>(5.487)</u>	<u>(7.071)</u>

8. Borrowings

Borrowings, including accrued effective interest, are specified as follows:

	30.6.2011	31.12.2010
EUR	102.114	120.392
ISK, unindexed	9.413	20.672
ISK, indexed	25.149	32.124
USD	38.826	52.201
GBP	5.677	4.110
CHF	3.324	3.569
NOK	0	2.468
JPY	1.190	2.354
Total borrowings	<u>185.693</u>	<u>237.890</u>

9. Borrowings are secured as follows:

Secured bank loans	156.534	182.428
Unsecured loans and bond issues	29.159	55.462
Borrowings total	<u>185.693</u>	<u>237.890</u>

10. Repayment of borrowings are specified as follows:

Repayments in 1 year or less	20.292	20.112
Repayments in 1 - 2 years	28.733	64.150
Repayments in 2 - 3 years	133.039	29
Repayments in 3 - 4 years	614	147.801
Repayments in 4 - 5 years	614	29
Subsequent	2.401	5.769
Total borrowings	<u>185.693</u>	<u>237.890</u>

11. Currency risk

The Company's exposure to foreign currency risk was as follows based on notional amounts:

30 June 2011	ISK	USD	GBP	NOK	SEK	Other
Financial instruments at fair value through profit or loss	415	3	0	326	0	0
Loans and receivables	551	1.971	0	0	0	0
Cash and equivalents	11.201	7	0	0	0	8
Restricted cash	1.013	0	0	0	45	0
Borrowings	<u>(34.764)</u>	<u>(38.826)</u>	<u>(5.677)</u>	0	0	<u>(4.514)</u>
Net balance sheet exposure	<u>(21.584)</u>	<u>(36.845)</u>	<u>(5.677)</u>	326	45	<u>(4.506)</u>

Notes, contd.:

11. Currency risk, contd.:

31 December 2010	ISK	USD	GBP	NOK	SEK	Other
Financial instruments						
at fair value through						
profit or loss	82.929	3	0	324	0	0
Loans and receivables	66	578	0	0	0	0
Cash and equivalents	12.229	6	0	0	1	5
Restricted cash	10.401	0	0	0	46	0
Borrowings	(52.815)	(52.199)	(4.110)	(2.468)	0	(5.924)
Net balance sheet						
exposure	52.810	(51.612)	(4.110)	(2.144)	47	(5.919)

The functional currency of the Company is EUR. Majority of the Company's revenue and expenses are in EUR.