

Eyrir Invest ehf.
Condensed Interim Financial Statements
1 January - 30 June 2009
EUR

Eyrir Invest ehf.
Skólavörðustígur 13
101 Reykjavík
Iceland

Reg. no. 480600-2150

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Endorsement and Signatures of 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 in the year 2000.

The condensed interim financial statements of Eyrir Invest ehf. for the period from 1 January to 30 June 2009 have been prepared in accordance with International Financial Reporting Standards (IFRSs) for Interim Financial Statements (IAS 34).

The financial statements are presented in Euro, which is the Company's functional currency as of 1 January 2009.

According to the statement of comprehensive income, profit for the period from 1 January to 30 June 2009 amounted to EUR 11,521 thousand. According to the balance sheet, equity at end of June 2009 amounted to EUR 195,344 thousand.

Statement by the Board of Directors and the CEO

The condensed interim financial statements for the six months ended 30 June 2009 have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and additional Icelandic disclosure requirements for financial statements of listed companies.

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 2009, its assets, liabilities and financial position as at 30 June 2009 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 2009 and confirm them by means of their signatures.

Reykjavík, 28 August 2009.

The Board of Directors:

Thórdur Magnússon, Chairman

Jón Helgi Guðmundsson

Ólafur Guðmundsson

Sigurjón Jónsson

Steinþór Baldursson

CEO:

Árni Oddur Thórdarson

Independent Auditors' Report

To the Board of Directors of Eyrir Invest ehf.

We have reviewed the accompanying condensed interim financial statements of Eyrir Invest ehf., which comprise the balance sheet as at 30 June 2009 and the interim statement of comprehensive income, statement of changes in equity and cash flow statement for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standards as adopted by the EU. Our responsibility is to express a conclusion on this 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 interim financial information does not give a true and fair view of the financial position of the entity as at 30 June 2009, and of its financial performance and its cash flows for the six-month period then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Reykjavík, 28 August 2009.

KPMG hf.

Sæmundur Valdimarsson

Matthías Þ. Óskarsson

Statement of Comprehensive Income for the Six Months Ended 30 June 2009

		1 January - 30 June	
	Notes	2009	2008
Investment income:			
Net income from securities and derivatives	3	4,966	16,828
Share of profit of equity accounted associates	5	5,657	0
Interest income		9,095	4,762
Interest expenses .....	(	8,187)	(10,446)
Net foreign exchange gain (loss)		910	(18,945)
		<u>12,441</u>	<u>(7,801)</u>
Operating expenses:			
Salaries and salary related expenses		584	491
Other operating expenses		336	193
		<u>920</u>	<u>684</u>
Profit (loss) before income tax		11,521	(8,485)
Income tax		0	10,235
Profit for the period		11,521	1,750
Other comprehensive income:			
Foreign currency translation difference of foreign associates .....	(	320)	0
Net loss on hedges in investment in foreign associates .....	(	159)	0
Other comprehensive (expense) income for the period		<u>(479)</u>	<u>0</u>
Total comprehensive income for the period		11,042	1,750
Earnings per share:			
Basic earnings per share (each share is 1 Icelandic krona)		0.0114	0.0024
Diluted earnings per share (each share is 1 Icelandic krona)		0.0114	0.0024

Balance Sheet as at 30 June 2009

	Notes	30.6.2009	31.12.2008
Assets:			
Cash and cash equivalents		5,385	10,422
Restricted cash		23,978	30,310
Investment securities	4	175,550	168,244
Investment in equity accounted associates	5	235,083	227,710
Derivatives		0	11,964
Trade and other receivables		1,978	778
Operating assets		2,165	2,180
Total assets		444,139	451,608
Equity:			
Share capital		5,912	5,912
Share premium		97,855	97,855
Reserves		24,872	25,233
Retained earnings		66,705	55,184
Total equity		195,344	184,184
Liabilities:			
Derivatives		0	27,913
Trade and other payables		225	1,440
Borrowings	7,8	248,570	238,071
Total liabilities		248,795	267,424
Total equity and liabilities		444,139	451,608

Statement of Changes in Shareholders' Equity for the Six Months Ended 30 June 2009

	Reserves					
	Share capital	Share premium	Share option reserve	Translation reserve	Retained earnings	Total equity
1 January to 30 June 2008						
Equity 1.1.2008	4,285	54,452	126	0	47,527	106,390
Total comprehensive income for the period					1,750	1,750
Share option reserve			61			61
Dividends (ISK 0.27 per share)					(1,169)	(1,169)
Equity 30.6.2008	4,285	54,452	187	0	48,108	107,032
1 January to 30 June 2009						
Equity 1.1.2009	5,912	97,855	258	24,975	55,184	184,184
Total comprehensive income for the period				(479)	11,521	11,042
Share option reserve			118			118
Equity 30.6.2009	5,912	97,855	376	24,496	66,705	195,344

Statement of Cash Flows

for the Six Months Ended 30 June 2009

	Notes	1 January - 30 June 2009	2008
Cash flows from operating activities:			
Profit for the period		11,521	1,750
Adjustments for:			
Net loss (gain) on the sale of shares in other companies	3	34 (	5,050)
Unrealised gain on securities .....	(	7,772)	(7,390)
Share of profit of associates	5 (	5,657)	0
Share option expensed		118	61
Depreciation		46	27
Income tax		0 (	10,235)
Working capital used in operations		(1,710)	(20,837)
Change in operating assets and liabilities		(1,389)	(597)
Net cash used in operating activities		(3,099)	(21,434)
Cash flows from investing activities:			
Restricted cash, decrease (increase)		6,332 (	17,758)
Investments in shares .....	(	3,065)	(406,540)
Proceeds from the sale of shares		472	416,462
Derivatives, change .....	(	4,440)	15,726
Investments in bonds		0 (	24,969)
Acquisition of operating assets .....	(	31)	(510)
Net cash used in investing activities		(732)	(17,589)
Cash flows from financing activities:			
Dividend paid		0 (	1,169)
Proceeds from borrowings		1,334	54,109
Repayment of borrowings .....	(	2,540)	(986)
Net cash (used in) provided by financing activities		(1,206)	51,954
(Decrease) increase in cash and cash equivalents		(5,037)	12,931
Cash and cash equivalents at 1 January		10,422	40,829
Cash and cash equivalents at 30 June		5,385	53,760
Investment and financing activities without cash flow effect:			
Derivatives paid .....	(	11,509)	0
Proceeds from borrowings		11,509	0
Other information:			
Interest income received		703	1,271
Interest expense paid		5,203	7,532
Dividends received		0	418

Notes

1. Reporting Entity

Eyrir Invest ehf. (the "Company") is a 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 2009 comprise the Company.

Eyrir Invest ehf. is an investment company, aiming to own, buy and sell shares, bonds and other financial instruments assets. The Company has listed bonds on the Iceland Stock Exchange.

2. Basis of preparation

Assets and liabilities in the Balance Sheet are presented in liquidity order which is considered more appropriate for the Company than the current/non-current presentation. For each asset and liability item that combines amounts expected to be recovered or settled after more than 12 months, a payment schedule is disclosed.

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.

The functional currency of the Company for the year 2008 was Icelandic Krona. The change in functional currency was made as of 1 January 2009 due to that Euro is the currency of the primary economic environment that influences revenue and expenses of the Company. The comparative figures have been translated to Euro at

b. Statement of compliance

The condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) for interim financial statements as adopted by the EU. They do not include all of the information required for a complete set of annual financial statements, and should be read in conjunction with financial statements of the Company as at and for the year ended 31 December 2008.

The interim financial statements were approved by the Board of Directors of Eyrir Invest ehf. on 28 August 2009.

c. Basis of measurement

The accounting policies and methods of computation applied by the Company in these condensed interim financial statements are the same as those applied by the Company in its financial statements as at and for the year ended 31 December 2008. The financial statements for the Company as at and for the year ended 31 December 2008 are available upon request from the Company's registered office at Skólavörðustígur 13, Reykjavík or at www.eyrir.is or at The OMX Nordic Exchange website, www.omxnordicexchange.com.

3. Investment income

Net income from securities and derivatives is specified as follows:

	2009	2008
	1.1. - 30.6.	1.1. - 30.6.
(Loss) gain on the sale of shares	(34)	7,023
Dividends earned	0	418
Change in fair value of securities	560	6,534
Change in fair value of derivatives	4,440	2,853
Net income from securities and derivatives	4,966	16,828

Notes, contd.:

4. Investment securities

Investment securities are specified as follows:

	Fair value 30/06/2009	Fair value 31/12/2008
Listed securities:		
Listed on stock exchange in Stockholm	485	533
Unlisted securities:		
London Acquisition B.V. *	171,102	163,909
Unlisted foreign shares	1,742	1,636
Unlisted bonds	2,221	2,166
Total unlisted securities	175,065	167,711
Fair value of investment securities at end of period	175,550	168,244

* London Acquisition B.V. 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 N.V.

5. Investments in equity accounted associates

Investments in equity accounted associates are specified as follows:

	Ownership	Share in profits	Carrying amount	Market value	Book value exceeding market value
Marel Food Systems hf., Iceland	38.4%	3,982	160,436	68,359	92,077
Össur hf., Iceland	20.2%	1,675	74,647	54,852	19,795
		5,657	235,083	123,211	111,872

6. Borrowings

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

	30/06/2009	31/12/2008
EUR	138,492	137,849
ISK	55,124	47,331
SEK	32,162	31,462
USD	13,794	13,589
GBP	4,393	3,432
NOK	1,961	1,737
JPY	1,857	1,933
CHF	787	738
Total borrowings	248,570	238,071

Borrowings are secured as follows:

Secured bank loans	208,685	196,017
Unsecured bond issues	39,885	42,054
Borrowings total	248,570	238,071

Notes, contd.:

7. Repayment of borrowings are specified as follows:

	30/06/2009	31/12/2008
Repayments in 2009	23,327	25,067
Repayments in 2010	2,015	241
Repayments in 2011	57,062	57,200
Repayments in 2012	119,573	111,624
Repayments in 2013	43,132	40,286
Subsequent	3,461	3,653
Total borrowings	<u>248,570</u>	<u>238,071</u>

Eyrir Invest ehf. has reached an agreement with all owners of the bond issue EYRI 07 2 regarding an extension and amendments of terms. The bonds were issued on 20 August 2007, ISK 3,500 million with interest payments every 3 months and a final due date on 20 August 2009. The agreement extends the final due date to 20 April 2011, when 90% of the principal will be due. Eyrir Invest ehf. will, as before, pay interest every 3 months. The carrying amount of the bond issue at balance sheet day amounted to EUR 19,662 thousand. After the agreement, repayments due in the year 2009 amounts to EUR 3,665 thousand and repayments due in the year 2011 amounts to EUR 79,724 thousand.

8. Currency risk

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

30 June 2009

	ISK	SEK	USD	GBP	NOK	Other
Assets	29,549	2,639	75,223	16	1,388	34
Liabilities	(55,349)	(32,162)	(13,794)	(4,393)	(1,961)	(2,644)
Net balance sheet exposure	(25,800)	(29,523)	61,429	(4,377)	(573)	(2,610)

31 December 2008

Assets	91,483	10,244	75,640	13	1,146	13
Liabilities	(67,053)	(31,462)	(14,820)	(4,277)	(2,165)	(3,650)
Net balance sheet exposure	<u>24,430</u>	<u>(21,218)</u>	<u>60,820</u>	<u>(4,264)</u>	<u>(1,019)</u>	<u>(3,637)</u>