

Eyrir Invest ehf.  
Condensed Interim Financial Statements  
1 January - 30 June 2010  
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

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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 2010 have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU for Interim Financial Statements (IAS 34).

Profit for the period from 1 January to 30 June 2010 amounted to EUR 3.248 thousand and total comprehensive income amounted to EUR 6.385 thousand. According to the balance sheet, equity at end of June 2010 amounted to EUR 159,854 thousand.

## **Statement by the Board of Directors and the CEO**

The condensed interim financial statements for the six months ended 30 June 2010 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 2010, its assets, liabilities and financial position as at 30 June 2010 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 2010 and confirm them by means of their signatures.

Reykjavík, 23 August 2010.

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

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## **To the Board of Directors of Eyrir Invest ehf.**

We have reviewed the accompanying condensed statement of financial position of Eyrir Invest ehf. as at 30 June 2010, the condensed statement of comprehensive income, changes in equity and cash flows for the six month period then ended. Management is responsible for the preparation and fair 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 interim financial information does not give a true and fair view of the financial position of the entity as at 30 June 2010, 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, 23 August 2010.

**KPMG hf.**

Matthías Thór Óskarsson

# Statement of Comprehensive Income for the Six Months Ended 30 June 2010

		1 January - 30 June	
	Notes	2010	2009
<b>Investment income:</b>			
Net income from securities and derivatives .....	3	3.776	4.966
Share of profit of equity accounted associates .....	5	4.663	5.657
Interest income .....		8.289	9.095
Interest expenses .....	(	8.145)	( 8.187)
Net foreign exchange (loss) gain .....	(	4.612)	910
		<u>3.971</u>	<u>12.441</u>
<b>Operating expenses:</b>			
Salaries and salary related expenses .....		459	584
Other operating expenses .....		264	336
		<u>723</u>	<u>920</u>
<b>Profit for the period</b> .....		<b><u>3.248</u></b>	<b><u>11.521</u></b>
<b>Other comprehensive income:</b>			
Foreign currency translation difference of foreign associates .....		7.454	( 320)
Net loss on hedges in investment in foreign associates .....	(	3.006)	( 159)
Share of comprehensive income of associates .....	(	1.311)	0
<b>Other comprehensive income (expense) for the period</b> .....		<u>3.137</u>	<u>( 479)</u>
<b>Total comprehensive income for the period</b> .....		<b><u>6.385</u></b>	<b><u>11.042</u></b>
<b>Earnings per share:</b>			
Basic earnings per share (each share is 1 Icelandic krona) .....		0,0063	0,0114
Diluted earnings per share (each share is 1 Icelandic krona) .....		0,0063	0,0114

## Balance Sheet as at 30 June 2010

	Notes	30.6.2010	31.12.2009
<b>Assets:</b>			
Cash and cash equivalents .....		5.765	3.301
Restricted cash .....		28.732	24.225
Investment securities .....	4	170.537	167.909
Investment in equity accounted associates .....	5	208.446	208.631
Trade and other receivables .....		1.531	615
Operating assets .....		2.079	2.119
<b>Total assets</b>		<u>417.090</u>	<u>406.800</u>
<b>Equity:</b>			
Share capital .....		5.912	5.912
Share premium .....		97.855	97.855
Reserves .....		28.760	24.313
Retained earnings .....		27.327	25.389
<b>Total equity</b>		<u>159.854</u>	<u>153.469</u>
<b>Liabilities:</b>			
Trade and other payables .....		259	373
Borrowings .....	6,7	256.977	252.958
<b>Total liabilities</b>		<u>257.236</u>	<u>253.331</u>
<b>Total equity and liabilities</b>		<u>417.090</u>	<u>406.800</u>

## Statement of Changes in Shareholders' Equity for the Six Months Ended 30 June 2010

			<b>Reserves</b>			
	<b>Share capital</b>	<b>Share premium</b>	<b>Share option reserve</b>	<b>Translation reserve</b>	<b>Retained earnings</b>	<b>Total equity</b>
<b>1 January to 30 June 2009</b>						
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
<b>1 January to 30 June 2010</b>						
Equity 1.1.2010 .....	5.912	97.855	0	24.313	25.389	153.469
Total comprehensive income for the period .....				4.447	1.938	6.385
Equity 30.6.2010 .....	5.912	97.855	0	28.760	27.327	159.854

# Statement of Cash Flows

## for the Six Months Ended 30 June 2010

		1 January - 30 June	
	Notes	2010	2009
<b>Cash flows from operating activities:</b>			
Profit for the period .....		3,248	11,521
Adjustments for:			
Net (gain) loss on the sale of shares in other companies .....	3 (	6,061 )	34
Unrealised loss (gain) on securities .....		2,285 (	560 )
Interest income .....	(	8,289 )	( 9,095 )
Interest expense .....		8,145	8,187
Net foreign exchange loss (gain) .....		4,612 (	910 )
Share of profit of associates .....	5 (	4,663 )	( 5,657 )
Share option expensed .....		0	118
Depreciation and other changes .....		89	46
Working capital (used in) from operations	(	634 )	3,684
Change in operating assets and liabilities .....		222	( 2,283 )
Cash (used in) from operations before interest	(	412 )	1,401
Interest paid .....	(	4,276 )	( 5,203 )
Interest received .....		997	703
Net cash used in operating activities	(	3,691 )	( 3,099 )
<b>Cash flows from investing activities:</b>			
Restricted cash, (increase) decrease .....	(	4,508 )	6,332
Investments in shares .....		0 (	3,065 )
Proceeds from the sale of shares .....		18,761	472
Derivatives, change .....		0 (	4,440 )
Acquisition of operating assets .....	(	3 )	( 31 )
Net cash from (used in) investing activities		14,250	( 732 )
<b>Cash flows from financing activities:</b>			
Proceeds from borrowings .....		3,634	1,334
Repayment of borrowings .....	(	11,729 )	( 2,540 )
Net cash used in financing activities	(	8,095 )	( 1,206 )
<b>Increase (decrease) in cash and cash equivalents .....</b>		2,464	( 5,037 )
<b>Cash and cash equivalents at 1 January .....</b>		3,301	10,422
<b>Cash and cash equivalents at 30 June .....</b>		5,765	5,385
<b>Investment and financing activities without cash flow effect:</b>			
Sale of shares .....		593	0
Receivables .....	(	593 )	0
Derivatives paid .....		0 (	11,509 )
Proceeds from borrowings .....		0	11,509



# Notes

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## 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 2010 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.

### 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, IAS 34. 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 2009.

The interim financial statements were approved by the Board of Directors of Eyrir Invest ehf. on 23. August 2010.

### 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 2009. The financial statements for the Company as at and for the year ended 31 December 2009 are available upon request from the Company's registered office at Skólavörðustígur 13, Reykjavík or at [www.eyrir.is](http://www.eyrir.is) or at The OMX Nordic Exchange website, [www.omxnordicexchange.com](http://www.omxnordicexchange.com).

## 3. Investment income

Net income from securities and derivatives is specified as follows:

	2010	2009
	1.1. - 30.6.	1.1. - 30.6.
Gain (loss) on the sale of shares .....	6.061 (	34)
Change in fair value of securities .....	( 2.285)	560
Change in fair value of derivatives .....	0	4.440
Net income from securities and derivatives .....	3.776	4.966

## Notes, contd.:

### 4. Investment securities

Investment securities are specified as follows:

	Fair value 30.6.2010	Fair value 31.12.2009
<b>Unlisted securities:</b>		
London Acquisition B.V. * .....	168.705	163.909
Unlisted foreign shares .....	1.832	1.723
Unlisted bonds .....	0	2.277
Total unlisted securities .....	170.537	167.909
Fair value of investment securities at end of period .....	170.537	167.909

\* London Acquisition B.V. is a holding company owned by funds that are controlled by Candover Investments plc. and Eyir Invest ehf. London Acquisition sole asset is the Dutch company Stork N.V.

When measuring fair value of the Company's shares in London Acquisition B.V. the Company's managements uses comparison with 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:

	Ownership	Share in profits	Carrying amount	Market value	Book value over (less than) market value
Marel hf., Iceland .....	32,0%	1.836	141.428	133.362	( 8.066)
Össur hf., Iceland .....	15,1%	2.827	67.018	79.794	12.776
		4.663	208.446	213.156	4.710

### 6. Borrowings

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

	30.6.2010	31.12.2009
EUR .....	136.866	140.190
ISK .....	51.320	55.645
SEK .....	0	34.439
USD .....	58.907	13.866
GBP .....	4.342	3.930
NOK .....	2.347	2.188
JPY .....	2.368	1.905
CHF .....	827	795
Total borrowings .....	256.977	252.958

Borrowings are secured as follows:

Secured bank loans .....	211.586	202.460
Unsecured bond issues .....	45.391	50.498
Borrowings total .....	256.977	252.958

In the balance sheet the Company has netted it's bond claim in one of the failed Icelandic banks against borrowings from the same bank. The face value of the bond is USD 10 million. After the collapse of the Icelandic banks, the Company declared to the bank that its claim against the bank would be settled against the borrowings. According to Icelandic Laws, provided that certain conditions are met, the Company can net it's claim against it's borrowing from the bank.

## Notes, contd.:

### 7. Repayment of borrowings are specified as follows:

	30.6.2010	31.12.2009
Repayments in 2010 .....	1.495	9.789
Repayments in 2011 .....	124.566	75.109
Repayments in 2012 .....	25.553	115.244
Repayments in 2013 .....	101.571	48.863
Repayments in 2014 .....	611	308
Subsequent .....	3.181	3.645
Total borrowings .....	<u>256.977</u>	<u>252.958</u>

### 8. Currency risk

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

#### 30 June 2010

	ISK	SEK	USD	GBP	NOK	Other
Assets .....	37.212	42	905	1	1.526	4
Liabilities .....	( 51.502 )	0	0	( 4.321 )	( 2.347 )	( 3.146 )
Net balance sheet exposure .....	<u>( 14.290 )</u>	<u>42</u>	<u>905</u>	<u>( 4.320 )</u>	<u>( 821 )</u>	<u>( 3.142 )</u>

#### 31 December 2009

Assets .....	27.290	282	448	15	1.511	43
Liabilities .....	0	( 34.439 )	0	( 3.871 )	( 2.188 )	( 2.581 )
Net balance sheet exposure .....	<u>27.290</u>	<u>( 34.157 )</u>	<u>448</u>	<u>( 3.856 )</u>	<u>( 677 )</u>	<u>( 2.538 )</u>

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