

## **Eyrir Invest ehf – 2007 H1 results**

### **Equity increases by 65% year to date due to good profits and new equity issue.**

Eyrir Invest's profit for the period ending June 30, 2007 amounts to ISK 2,219 m (EUR 25m) after taxes that equals 39% annualized return on equity. Average annualized return on equity from Eyrirs foundation in mid-year 2000 is 59% compared to average annualized return of MSCI world-index of 2.6% for the same period. Operating result so far in the second half of the year is slightly positive and has no material effect on total equity despite turbulence on the financial markets.

Eyrir Invest has issued new shares during the year for ISK 5,627 million and financially sound investors have joined the company. Equity August 13 is close to ISK 19,800 m (EUR 222 m) compared to ISK 11,995 m at the beginning of the year. Thordur Magnússon (Chairman) and Arni Oddur Thordarson (CEO) remain principal shareholders with 51% of total outstanding shares.

Stork N.V. has been added, through LME consortium, as a core asset in Eyrir Invest's portfolio together with Marel Food Systems and Össur. Eyrir Invest owns LME in partnership with Landsbanki Íslands and Marel Food Systems, Eyrir Invest holds 40% of shares in LME.

### **Arni Oddur Thordarson, CEO:**

"Eyrir Invest's result in H1 2007 is good. This has been a year of great transitions in our active holdings, Marel Food Systems and Össur, and was characterized by acquisitions and integration of operations. The integration work that is already in process within the companies will enhance their real value considerably in years to come.

Last year we founded LME Holding Company with Landsbanki Íslands and Marel Food Systems. Today LME is the single largest shareholder in Stork N.V. We see room for great value creation by supporting underlying businesses of Stork in their next phase of growth and globalization in line with our investment strategy.

During this year we have further broadened our strong shareholder base. Our shareholders consist of successful entrepreneurs with background in various industries such as shipping, banking, insurance, fishing, pharmaceuticals and retailing. We highly appreciate the great support existing and new investors are showing towards the company and its strategy.

Turbulences in financial markets and less demanding equity prices can create opportunities to financially sound investors with a long term view. The outlook in Eyrir Invest's operations is good and 20% average annual targeted return on equity remains unchanged."

### **Good result in H1 2007**

Eyrir Invest's profit for the period ending June 30, 2007 amounts to ISK 2,219 m after taxes, absolute return on equity is 18.0% for the period and annualized return 39.2%. Capital markets in the Nordic countries were favorable and Eyrir Invest's trading portfolio yielded good return. Real value of Eyrir Invest's active holdings; Marel Food Systems and Össur, has increased by profitable growth in accordance with their strategy.

- **Eyrir Invest's total assets at end of H1 2007 amount to ISK 34,873 m and the Balance Sheet has grown in excess of 30% from the beginning of the year. Stockholders' equity June 30, 2007 amounted to ISK 15,312 m compared to ISK 11,994 m at year-end 2006.**
- **Eyrir Invest is strongly capitalized and its equity ratio at the end of H1 2007 is 44%, deferred tax liability 6% and interest-bearing debts 50%. All assets are financed within the balance sheet, the company has no forward equity contracts.**
- **Eyrir Invest increased its equity by ISK 1,177 m in the first half of 2007 and has further increased its share capital in Q3 2007 by total of ISK 4,450 m the increase will be fully paid by 1 September 2007. New, financially sound shareholders have joined the company and existing owners increased their share.**

- **Eyrir Invest finances all equity holdings long-term. Average maturity of debt is over three years at the end of June 2007. In Q3 Eyrir Invest has secured new long-term financing through international banks and thus extended the average maturity of debt to close to four years.**
- **Listed bonds on the Iceland Stock Exchange amount to 4,600 m ISK, thereof ISK 2,000 m bonds issued in 2007 with final maturity in January 2009 and ISK 2,600 million listed in 2005 with final maturity in year 2012.**
- **Fundamental value of Marel Food Systems and Össur, Eyrir Invest's active holdings, have grown profitably and in accordance with the companies strategies.**
- **Stork N.V. is now classified as a core asset in Eyrir Invest's portfolio together with Marel Food Systems and Össur. Eyrir Invest sees room for great value creation by taking the underlying business of Stork N.V. to the next phase of growth and globalization in line with Eyrir Invest's investment strategy.**
- **In 2007 Eyrir Invest adopts IFRS in its Financial accounts. The effect of IFRS adoption on the Balance Sheet 1.1.2007 is an increase of ISK 14 million on Equity, a decrease in Deferred tax liability of ISK 20 million and an increase in Trade and other payables of ISK 6 million.**

#### **Financial strength**

Eyrir Invest is financially strong. Eyrir Invest's equity ratio is 44%, deferred tax liability 6% and interest bearing debt 50%. All assets are financed within the Balance Sheet, the company has no off-balance sheet forward equity contracts. Average maturity of debt is now close to 4 years, the bulk of which are due in 2009 and 2012. New equity in 2007 totaling ISK 5,627 million gives the Company the strength to support further the growth strategy pursued by its core holdings as well as maintaining a healthy and liquid Balance Sheet.

#### **Eyrir Invests' shareholders**

Eyrir Invest has a strong shareholder base. The Company's shareholders consist of successful entrepreneurs with background in various industries such as shipping, banking, insurance, fishing, pharmaceuticals and retailing. Shareholders holding in excess of 10% of total shares today are:

Pórður Magnússon	204,139,200	27.7%
Árni Oddur Þórðarson	174,348,600	23.7%
Landsbanki Lux Custody	145,800,000	19.8%
Straumborg ehf	87,566,667	11.9%
Sigurjón Jónsson	83,468,867	11.3%
Others	40,981,666	5.6%
<b>Total Shares</b>	<b>736,305,000</b>	<b>100.0%</b>

#### **Assets and liabilities denominated in foreign currencies**

Over 95% of revenues of companies in the Eyrir Invest portfolio are generated outside Iceland. Assets in foreign currencies in excess of liabilities in foreign currencies amounted to ISK 1.1 billion at the end of June 2007. If however shares in Össur (USD) and Marel Food Systems (EUR) are classified as foreign assets the picture changes significantly and assets become ISK 20 billion larger than liabilities in foreign currencies or ISK 5 billion higher than Eyrir Invest's equity.

#### **General Meeting**

Annual General Meeting was held on February 1 2007. At the meeting the following board members were elected; Pórður Magnússon (chairman), Jón Helgi Guðmundsson and Sigurjón Jónsson. Steinunn Jónsdóttir was elected substitute board member. Dividends of 10% of net earnings was paid to shareholders.

**Outlook** The outlook for Eyrir Invest is positive. Fundamental values of active holdings are solid and will yield good return in the future. Eyrir Invest's average annual return on equity target is 20% for the period 2006-2010, compared to over 60% actual annual average return for the period 2000-2007.

#### Keyfigures – Statement of Earnings

<b>(in ISK thous.)</b>	<b>2007/6</b>	<b>2006/6</b>	<b>2006</b>	<b>2005*</b>
<b>Operating revenue:</b>				
Net income from securities and derivatives	1,767,716	93,426	3,061,683	686,429
Interest income	153,808	30,778	78,742	3,859
Interest expenses	-577,801	-487,733	-922,927	-38,469
Net foreign exchange gain (loss)	1,480,233	-756,584	-156,242	58,850
<b>Net operating revenue</b>	<b>2,823,956</b>	<b>-1,120,113</b>	<b>2,091,256</b>	<b>710,669</b>
<b>Operating expenses:</b>				
Salaries and salary related expenses	146,841	75,974	168,655	16,769
Other operating expenses	26,478	27,387	48,417	5,639
<b>Operating expenses</b>	<b>173,319</b>	<b>103,361</b>	<b>217,072</b>	<b>22,408</b>
Profit before income tax	2,650,637	-1,223,474	1,874,184	688,261
Income tax	-431,839	245,473	-307,874	-83,472
<b>Net earnings</b>	<b>2,218,798</b>	<b>-978,001</b>	<b>1,566,310</b>	<b>604,789</b>
Basic earnings (loss) per share (ISK)	3.94	-2.03		
Diluted earnings (loss) per share (ISK)	3.90	-2.02		

<b>Keyfigures – Balance Sheet</b>	<b>2007/6</b>	<b>2006</b>	<b>2005*</b>	<b>2004*</b>
<b>(in ISK thous.)</b>				
<b>Assets:</b>				
Securities	32,198,892	25,821,843	15,645,115	8,359,850
Receivables	1,152,636	31,323	85,742	68,693
Other assets	1,521,023	412,126	1,838,481	143,100
<b>Total assets</b>	<b>34,872,551</b>	<b>26,265,292</b>	<b>17,569,338</b>	<b>8,571,643</b>
<b>Stockholders' Equity and Liabilities:</b>				
Stockholders' equity	15,311,991	11,994,982	9,616,759	2,742,930
Deferred income tax liability	2,092,443	1,660,604	1,354,411	473,376
Liabilities	17,468,117	12,609,706	6,598,168	5,355,337
<b>Total stockholders' equity and liabilities</b>	<b>34,872,551</b>	<b>26,265,292</b>	<b>17,569,338</b>	<b>8,571,643</b>
Equity ratio	43.9%	45.7%	54.7%	32.0%

\*) not in conformity with IFRS

#### Major holdings

##### Marel Food Systems

Marel Food Systems is a leading developer of advanced food-processing systems for the world market. The Company has always maintained its vision of leadership in the design and manufacture of weighting and grading equipment, computer vision systems, intelligent portioning machines, and turnkey processing solutions with full traceability.

Marel Food Systems objectives for the next 3-5 years are to achieve 15-20% market share and increase the turnover from 130 m EUR in the year 2005 to 400-500 m EUR in 2009-2011 with internal and external growth, including mergers and acquisitions of strategic companies with good growth potential and strong synergies with Marel Food Systems.

Marel Food Systems acquired AEW Delford Systems on April 7 2006 and Scanvægt DK on August 7 2006. These acquisitions support the Comapnys' external growth policy and powerful integration work is in process within the Marel Food Systems.

Eyrir Invest is the largest shareholder in Marel Food Systems, holding close to 33% of total shares following equity purchases and a very successful public offering in 2006. In the wake of the public share offering, financial strength of Marel Food Systems has multiplied and the company gained a series of new shareholders.

#### **Össur**

Össur is a leading company in the design and manufacture of prosthetics and orthopedics. Össur has decisive technical advantage as a world-wide leader in prosthetics and is becoming a top-tier player within the bracing and support field of orthopedics. Össur made four substantial acquisitions into the bracing and support business in 2005 and 2006 by acquiring two US companies, one UK based company and a French company.

Össur's objectives are to achieve 8-12% annual internal growth and operating revenue of at least 750 m USD by year-end 2010 and EBITDA contribution margin of 23% for the same year. Average annual growth from 2001 has been 28% of which internal growth accounts for 13%.

Eyrir Invest is the second largest shareholder in Össur and holds close to 22% of total shares.

#### **LME Holding Company**

Eyrir Invest, Marel Food Systems and Landsbanki Íslands founded LME Holdings in February 2006 for the purpose of purchasing shares in the Dutch company Stork N.V. ([www.stork.nl](http://www.stork.nl)). Eyrir Invest's share in Stork N.V. as well as shares in other companies is booked at market value.

LME is now the single largest shareholder in Stork N.V. Eyrir Invest and its co-investors in Stork N.V. though LME believe that there is substantial room for value creation by supporting the underlying businesses in Stork N.V. in their next growth phase and globalization in line with Eyrir Invest's investment strategy.

#### **Other holdings**

Eyrir Invest other holdings are primarily in large financial institutions listed in the Nordic countries with fast growing businesses in Central and East Europe.

#### **Further information**

For further information please contact Arni Oddur Thordarson, CEO, at +354 525 0200.

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Information on Eyrir Invest ehf, is available at [www.eyrir.is](http://www.eyrir.is)