

Eyrir Invest 2008 Results

Eyrir Invest reports an after tax profit of ISK 1,504 million for the year 2008, which equals 7.5% return on equity. Equity at year end is ISK 31,392 million compared to ISK 18,133 million at year beginning. At the end of last year and beginning of this year all bank loans were extended, next repayment date is in May 2011.

- Equity amounts to ISK 31,392 million and equity ratio is 40.8%
- Next bank loan repayment date is in May 2011, average maturity of long term debt is 3.5 years
- Cash and bank deposits are ISK 6,942 million
- Listed bonds due in H2 this year amount to ISK 3,567 million
- Eyrir Invest acquired NBI's share in London Acquisition (Stork) in November 2008 in exchange for 27.5% share in Eyrir Invest
- Eyrir Invest has no direct losses due to the collapse of the Icelandic banks
- Eyrir Invest's functional currency is Euro as of January 1st 2009. Total assets at year end 2008 are EUR 452 millions and equity is EUR 184 millions

Vast majority of Eyrir Inverts' assets are in three leading industrial companies; Marel, Ossur and Stork. Eyrir Invest has step by step, since mid year 2006, reduced general investments in the financial markets and today Eyrir Invest has no investments in it's trading book.

Arni Oddur Thordarson, CEO:

„We are satisfied with returning a slight profit in a tough environment. We have delivered good return in the past and we have the patience and strength to weather the storm. Our companies have strong competitive position and are in key position to capture growth when markets normalize. Already there are signs showing that the worst is behind us and business will improve again after this fast and deep economic downturn.

The global economic downturn has proved to be both faster and deeper than generally was expected. Our companies have acted fast and lowered their cost base significantly to compensate for lower revenues while maintaining market share.

The financing of Eyrir Invest and its core holdings is principally based on equity and long term loans with maturity up to 8 years. We are grateful for the trust we receive from financial institutions Looking forward good growth is expected in the industries that Eyrir Invest's core holdings operate in; food processing, health care and energy services“

Eyrir Invest is a long term strategic investor

Eyrir Invest has been a shareholder in Marel Food Systems and Ossur since 2004. Eyrir Invest is the lead investor in Marel, with close to 40% of total shares, and Ossur's second largest shareholder, with 20% of total outstanding shares. Eyrir Invest uses equity method in accounting for core holdings, beginning in mid-year 2008 and has subsequently been granted authorisation to change its operational currency to Euros starting January 1st 2009.

Marel and Ossur are today the largest companies registered on Nasdaq OMX in Iceland, as well they are among the largest export companies in Iceland. In addition, based on market value, Marel and Ossur are among the 30% largest companies that are registered on Scandinavian Stock Markets. If Marel and Ossur holdings were booked at market prices the equity ratio of Eyrir Invest would be

calculated as 30% instead of slightly above 40%. The Icelandic equity market has been dysfunctional since the collapse of the Icelandic banks and Eyrir Invest's management view is that dual listing of the shares would better reflect Marel's and Ossur's real value, both being leading companies in their field.

Marel, Ossur and Stork all improved their operational profits year on year. Emphasis has been on driving their cost base down to a sustainable lower level, both to compensate for lower revenues in 2009 and to increase profit in the future. Health Care and Food Industries have in the past been more resilient in economic downturns than most other industries.

Key figures – Statement of Earnings

(in ISK thous.)	2008	2007	2006	2005*
Operating revenue:				
Net income from securities and derivatives	6,973,376	1,761,577	3,082,631	5,627,640
Share of loss of equity accounted associates	-723,907			
Interest income	3,281,455	279,305	78,742	78,183
Interest expenses	-3,656,853	-1,653,272	-922,927	-372,316
Net foreign exchange gain (loss)	-5,848,888	821,259	-126,242	-266,375
Net operating revenue	25,183	1,208,869	2,112,204	5,067,132
Operating expenses:				
Salaries and salary related expenses	178,244	236,102	69,830	39,871
Other operating expenses	87,200	64,943	48,417	32,159
Operating expenses	265,444	301,045	118,274	72,030
Profit before income tax	-240,261	907,824	1,993,957	4,995,102
Income tax	1,744,472	-111,143	-329,692	-888,368
Net earnings	1,504,212	796,681	1,664,265	4,106,734
Basic earnings (loss) per share (ISK)	1.95	1.28	3.20	
Diluted earnings (loss) per share (ISK)	1.95	1.27	3.20	

Keyfigures – Balance Sheet	2008	2007	2006	2005*
(in ISK thous.)				
Assets:				
Cash and cash equivalents	6,942,279	6,958,889	261,052	1,681,290
Investment securities	30,714,586	40,993,449	25,821,843	15,645,115
Investments in equity accounted securities	38,810,892	0	0	0
Trade and other receivables	132,536	33,210	31,323	85,742
Operating assets	371,624	218,073	151,074	157,191
Total assets	76,971,917	48,203,621	26,265,292	17,569,338
Stockholders' Equity and Liabilities:				
Stockholders's equity	31,392,457	18,133,177	11,981,432	9,616,759
Trade and other payables	245,221	2,358,992		
Deferred income tax liability	0	1,744,472	1,680,074	1,354,411
Liabilities	45,334,239	25,966,980	12,603,786	6,598,168
Total stockholders' equity and liabilities	76,971,917	48,203,621	26,265,292	17,569,338
Equity ratio	40.8%	37.6%	45.6%	54.7%

*) not in conformity with IFRS

(in Euro thous,)	Balance Sheet	<u>1/1/2009</u>
Assets:		
Cash and restricted cash		40.732
Investments		407.918
Operating assets		2.958
	Total assets	<u>451.608</u>
 Equity and Liabilities:		
Equity		184.185
Liabilities		267.423
	Total equity and liabilities	<u>451.608</u>
Equity ratio		40.8%

- Marel Food Systems is today the global leader in developing, manufacturing and marketing of advanced equipment and solutions for poultry, fish and meat processing. Pro forma turnover in 2008 was 613 million Euros and operational profit was 51.9 million Euros (adjusted EBIT). Marel Food Systems employs approx. 3,800 people, thereof 350 in Iceland, and the company's sales network extends to 60 countries. Annually Marel Food Systems invests around 30-40 million Euros in research and development. Approximately 1% of Marel's revenues derives from Iceland but close to 6% of total costs.

- Ossur is a world-wide leader in prosthetics and a top-tier player within the bracing and support business after a number of successful acquisitions in that field in recent years. Ossur's revenues in 2008 were USD 350 million with an EBITDA of 79.4 million. Ossur's employees are 1,600, mainly in N-America and Europe, in Iceland there are 260 employees. Annually Ossur invests USD 25 in research and development. Less than 1% of Ossur's income derives from Iceland and about 9% of costs.

- Today, Stork operates on two main pillars; Stork Technical Services and Stork Aerospace, which on one hand consists of services towards the energy sector and on the other hand services towards aerospace and aviation industry. Stork's sales in 2008 amounted to EUR 1.8 billion with an EBITDA profit of EUR 175 million. Stork's main operations are in the Benelux area and the employees are 14,000. Stork's slogan is "Know-How" which reflects how research and development are embedded in the operations.

Eyrir Invest and NBI (New Landsbanki), with the consent of Candover, in November reached an agreement where Eyrir Invest undertakes NBI's holding in London Acquisition in exchange for new shares in Eyrir Invest. Eyrir Invest's share in Stork following the agreement is around 19% of total shares. NBI becomes owner of 27.5% in Eyrir Invest.

Eyrir Invest Assets	Industry	Share of portfolio
Marel Food Systems	Food processing	36%
Stork Power Services	Oil & Gas & Energy	26%
Ossur	Health Care	17%
Stork Aerospace	Aerospace	11%
Bank Balances & Cash		9%
Other		1%
Total		100%

Outlook

The global economic downturn has both been faster and more severe than anticipated. Although there is still uncertainty regarding the length of the downturn, first indications are showing that the worst is already behind. Looking forward the industries of Eyrir Invests core holdings, food processing, healthcare and the oil & gas industry services, are expected to enjoy healthy growth in coming years.

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