

## Eyrir Invest ehf – 1H 2006 results

The company's calculated loss in the first half of 2006 is 926 m ISK after taxes. Eyrir Invest results in 1H 2006 reflect poor performance of equity markets. In the second half of 2006 the results have reversed and year to date profit's are well acceptable. Eyrir Invest's holdings have grown profitably and in accordance with strategy and the environment in the financial markets has reversed.

- **Eyrir Invest's total assets amount to 21.862 m ISK and the balance sheet has grown by 24% from the beginning of the year 2006.**
- **Eyrir Invest is strongly capitalized and its equity ratio at the end of the second quarter 2006 is 39%. All assets are financed within the balance sheet, the company has no off balance sheet forward equity contracts.**
- **The strategy of Eyrir Invest is to finance equity holdings long-term. Average maturity of debt is approximately four years with the bulk of the debt due in 2009 and 2012.**
- **Listed bonds on the Iceland Stock Exchange amount to 2.600 m ISK, thereof 1.160 m ISK issued during the first six months of 2006.**
- **Marel and Össur, Eyrir Invest's active holdings, have grown profitably and in accordance with the companies strategies.**

### Arni Oddur Thordarson, CEO:

"Eyrir Invest's results on the first half of 2006 reflect market performance. Eyrir Invest's active holdings have grown in accordance with their strategies and have increased their fundamental values significantly. The outlook in Eyrir Invest operations is good and 20% average annual targeted return on equity remains unchanged."

### Financial strength

Eyrir Invest is financially strong. Eyrir Invest's equity ratio is 39%, deferred tax liability 6% and interest bearing debt 55%. All assets are financed within the balance sheet, the company has no off balance sheet forward equity contracts. Average maturity of debt is 4 years, the bulk of which are due in 2009 and a listed bond issue that matures in 2012.

### Assets and liabilities denominated in foreign currencies

Over 90% of revenues of companies in the Eyrir Invest portfolio are generated outside Iceland. Liabilities in foreign currencies at the end of June 2006 are a little less than 7 billion ISK lower than assets in foreign currencies. If however shares in Össur (USD), Marel and Bakkavör (EUR) are classified as foreign assets the picture reverses and assets in foreign currencies become more than 5 billion ISK higher than liabilities in foreign currencies.

### Outlook

The outlook for Eyrir Invest is positive. The core holdings are solid and the calculated loss in the first half of 2006 has reversed entirely. 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 2000-2005.

### Keyfigures – Statement of Earnings

<b>(in ISK thous.)</b>	<b>2006/6 m</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
<b>Operating revenue:</b>				
Net (loss) gain on investments in shares and shares derivatives	-43.046	5.603.475	2.719.972	675.039
Dividend earned	140.263	24.165	126.880	11.390
Interest earned	30.778	78.183	35.673	3.859
Changes in foreign exchange rates and interest rate derivatives	-746.355	-266.375	-28.687	58.850
Financial expenses	-487.733	-372.316	-227.640	-38.469
<b>Net operating revenue</b>	<b>-1.106.093</b>	<b>5.067.132</b>	<b>2.626.198</b>	<b>710.669</b>

<b>Operating expenses:</b>				
Salaries and salary related expenses	27.128	39.871	21.810	16.769
Other operating expenses	17.087	22.459	15.524	5.639
Contributions and grants	10.300	9.700		
<b>Operating expenses</b>	<b>54.515</b>	<b>72.030</b>	<b>37.334</b>	<b>22.408</b>
(Loss) profit before income tax	-1.160.608	4.995.102	2.588.864	688.261
Income tax	234.157	-888.368	-443.427	-83.472
<b>Net (loss) earnings</b>	<b>-926.451</b>	<b>4.106.734</b>	<b>2.145.437</b>	<b>604.789</b>

#### Keyfigures – Balance Sheet

<b>(in ISK thous.)</b>	<b>2006/6 m</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
<b>Assets:</b>				
Securities	20.869.299	15.645.115	8.359.850	2.315.486
Receivables	101.271	85.742	68.693	64.810
Fixed assets	891.564	1.838.481	143.100	30.036
<b>Total assets</b>	<b>21.862.134</b>	<b>17.569.338</b>	<b>8.571.643</b>	<b>2.410.332</b>
<b>Stockholders' Equity and Liabilities:</b>				
Stockholders's equity	8.473.475	9.616.759	2.742.930	697.493
Deferred income tax liability	1.117.731	1.354.411	473.376	63.301
Liabilities	12.270.928	6.598.168	5.355.337	1.649.538
<b>Total stockholders' equity and liabilities</b>	<b>21.862.134</b>	<b>17.569.338</b>	<b>8.571.643</b>	<b>2.410.332</b>
Equity ratio	38,8%	54,7%	32,0%	28,9%

#### Major holdings

##### Marel

The Marel Group is a leading developer of advanced food-processing systems for the world market. The Group 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.

The Group's objectives for the next 3-5 years are to achieve 15-20% market share and increase the Groups 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.

Marel acquired AEW Delford Systems on 7 April 2006 and announced on 7 August 2006 the acquisition of Scanvægt. These acquisitions support Marel's external growth policy.

Eyrir Invest is the largest shareholder in Marel. After the recently announced planned equity increase in Marel, Eyrir Invest equity holdings in the company will be in excess of 26%.

##### Össur

Össur is a world-wide leading prosthetic solution company and is becoming a top-tier player within the bracing and support field of orthopedics.

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 15% of total shares.

**LME Holding Company**

Eyrir Invest, Marel and Landsbanki Íslands founded LME Holdings ehf. last February for the purpose of purchasing shares in the Dutch company Stork NV ([www.stork.nl](http://www.stork.nl)). Eyrir Invest's share in Stork and other companies is booked at fair value. Eyrir Invest believes that despite the calculated loss of shares in Stork in 2Q 2006 the investment will in the long-term prove to be profitable for the company.

This investment is made to sustain good cooperation between Marel and Stork. Initially LME Holdings purchased 5.1% of total shares in Stork NV as of June 30, 2006. In July, the company increased its holdings in Stork and now owns 7.0% of total shares. Eyrir Invest's share in LME is 40%, and capital tied up is in line with participating holdings.

**Other holdings**

Eyrir Invest has other holdings in domestic and foreign companies according to its investment strategy:

- Eyrir Invest invests in companies with the potential to be global leaders in the sector in which they operate and have economics of scale, which benefits customers, employees and shareholders.
- Eyrir Invest invests in few companies at any given time.
- Eyrir Invest aims at being a leading investor in the companies it invests in, as well as generating a good relationship with other leading investors in each of these companies.
- Eyrir Invest's long-term investment strategy doesn't follow a preconceived timeframe

**Further information**

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

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