

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

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

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

	Notes	1 January - 30 June	
		2010	2009
Investment income:			
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
		3.971	12.441
Operating expenses:			
Salaries and salary related expenses		459	584
Other operating expenses		264	336
		723	920
Profit for the period		3.248	11.521
Other comprehensive income:			
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
Other comprehensive income (expense) for the period		3.137	(479)
Total comprehensive income for the period		6.385	11.042
Earnings per share:			
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
Assets:			
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
Total assets		417.090	406.800
 Equity:			
Share capital		5.912	5.912
Share premium		97.855	97.855
Reserves		28.760	24.313
Retained earnings		27.327	25.389
Total equity		159.854	153.469
 Liabilities:			
Trade and other payables		259	373
Borrowings	6,7	256.977	252.958
Total liabilities		257.236	253.331
Total equity and liabilities		417.090	406.800

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

	Reserves					Total equity
	Share capital	Share premium	Share option reserve	Translation reserve	Retained earnings	
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
1 January to 30 June 2010						
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

	Notes	1 January - 30 June	
		2010	2009
Cash flows from operating activities:			
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)
Cash flows from investing activities:			
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)
Cash flows from financing activities:			
Proceeds from borrowings		3,634	1,334
Repayment of borrowings		(11,729)	(2,540)
Net cash used in financing activities		(8,095)	(1,206)
Increase (decrease) in cash and cash equivalents		2,464	(5,037)
Cash and cash equivalents at 1 January		3,301	10,422
Cash and cash equivalents at 30 June		5,765	5,385
Investment and financing activities without cash flow effect:			
Sale of shares		593	0
Receivables		(593)	0
Derivatives paid		0	(11,509)
Proceeds from borrowings		0	11,509

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 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 or at The OMX Nordic Exchange website, 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	<u>3.776</u>	<u>4.966</u>

Notes, contd.:

4. Investment securities

Investment securities are specified as follows:

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

* London Acquisition B.V. is a holding company owned by funds that are controlled by Candover Investments plc. and Eyfir 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
		<u>4.663</u>	<u>208.446</u>	<u>213.156</u>	<u>4.710</u>

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	<u>256.977</u>	<u>252.958</u>

Borrowings are secured as follows:

Secured bank loans	211.586	202.460
Unsecured bond issues	45.391	50.498
Borrowings total	<u>256.977</u>	<u>252.958</u>

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.