Eyrir Invest ehf.

Financial Statements
for the year 2011
EUR

Eyrir Invest ehf.
Skólavörðustígur 13
101 Reykjavík
Iceland

Reg. no. 480600-2150

Contents

Endorsement and Statement by the Board of Directors and the CEO

Eyrir Invest ehf. is an international investment company that focuses on investments in industrial companies and ventures that have the potential to become global market leaders. Through leadership these companies are able to create economies of scale and value for customers, employees and shareholders. The Company began its operation on 8 June 2000.

The financial statements 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. The Company's functional currency is EUR.

Operations in 2011

According to the statement of comprehensive income, profit for the year amounted to EUR 1,0 million and total comprehensive income amounted to EUR 0.5 million. As stated in the statement of financial position total assets amount to EUR 395 million, equity at the end of the year amounts to EUR 202 million and equity ratio is 51%.

The Company's core holdings are a 36% share in Marel hf. and a 17% holding in Stork BV through London Acquisition Luxco S.a.r.l. Stork owns and operates Fokker Technologies and Stork Technical Services (STS).

- Marel is a global provider of advanced equipment, systems and services for the poultry, fish and meat processing industry. Marel has offices and subsidiaries in over 30 countries and employs approximately 4,000 people. Marel's revenues in 2011 amounted to EUR 668 million, following a 15% organic growth. Marel is the largest company listed on Nasdaq OMX Iceland and 99% of its revenues derive outside Iceland.

- Stork Technical Services is a world class, knowledge-based service provider to the oil, gas, power and chemical industries. In May 2011 STS increased its geographical footprint by the acquisition of RBG Ltd. which has already been rebranded as Stork Technical Services. STS employs around 14,500 employees dedicated to serve the oil, gas and power business in Benelux, North Sea, Caspian region, Middle East, North and South America. Revenues in 2011 were approximately EUR 1.4 billion.

- Fokker Technologies is a tier one supplier to the aerospace industry with customers such as Boeing, Airbus, Lockheed Martin and Gulf Stream. Fokker Technologies is also a provider of service and spare parts to discontinued production fleet such as Fokker. Employees are around 4,000 and revenues are close to EUR 700 million.

In the first half of 2011, Eyrir invest ehf. sold all of its shares in Össur hf. after having been a major shareholder in the company for seven years, during which time Össur hf. grew considerably. Following the sale of the Össur hf's shares, the Company repaid some of it's borrowings. Total borrowings have decreased by EUR 45.5 million during the year.

On 1 January 2012, management of the pensions previously under the purview of the Stork Pension Fund was officially taken over by the industry-wide pension fund Metal-Electro (PME) in the Netherlands. The transfer of the pension arrangements was the result of a principle agreement announced on 19 April 2011. In addition to the Stork Pension Fund, the parties to the agreement included Stork BV and a number of companies that were formerly part of the Stork Group. The agreement and subsequent transfer of the pension arrangements to PME is beneficial to Marel and Stork BV as it eliminates open-ended financial exposure to pension obligations in the future. At the same time, it safeguards employee's interest by establishing a stable and more secure foundation for the pension plans for the long-term future.

In the past years the Company has accounted for the holdings in Marel using the equity method. The Board of Directors of Eyrir has decided to account for the Company's shares in Marel at fair value as the Board believes that in doing so the accounts give clearer and more transparent view of the Company's financial position in accordance with *IAS 39 Financial Instruments: Recognition and Measurement.*
Eyrir Invest book value of its share in Stork via London Acquisition is according to fair value method for non listed assets; using comparable transaction multiples and trading multiples.

Information on risk management are accounted for in the notes to the Financial Accounts. Eyrir Invest aims to distribute risk by diversifying its holdings to different growth industries, see further note 5.

Corporate governance
The Company's corporate governance policy is based on the Guidelines on Corporate Governance issued in June 2009 by the Icelandic Chamber of Commerce, NASDAQ OMX Iceland hf. and Confederation of Icelandic Employers. The Guidelines can be found on the Iceland Chamber of Comers website, www.chamber.is. The Board of Directors has established written rules of procedure that addresses the domain of the Board and its role in relation to the CEO. These rules stipulate among other things the convening of Board meetings, comprehensive rules on Board members suitability to participate in handling matters concerning the Company's operations, rules on confidentiality, information provided to the Board by the CEO and further rules. The Board as a whole comprises the Audit Committee and all Board members excluding the Chairman comprise the Remuneration Committee. Majority of the Board is independent of the Company and major shareholders. For the operation year 2011 the Board of Directors held eight board meetings and one meeting in the Remuneration Committee. Audit Committee meetings coincide with Board meetings. On all occasions the majority of the Board members and Committee members were present.

Shareholders and appropriation of profit
Shareholders at year-end were 16 and increased by two from the beginning of the year. At year-end 2011 the Pension Fund of Commerce subscribed to 101 million new shares in the Company. The Fund now holds 9.1% of total shares in the Company. The share subscription was fully paid in cash on 12 January 2012. Four shareholders held more than 10% of outstanding shares each at the end of the year 2011. They are:

Þórður Magnússon*	18.4%
Árni Oddur Þórðarson*	15.7%
Horn Fjárfestingarfélag hf.	12.5%
Landsbankinn hf.	12.5%

*Shares held by Þórður Magnússon, Árni Oddur Þórðarson and by companies fully under their control and ownership. Þórður Magnússon is Chairman of the Board and Árni Oddur Þórðarson the Company's CEO.

The Board of Directors proposes that no dividends will be paid for the operational year 2011 and refers to the financial statements regarding appropriation of the profit for the period and changes in shareholders' equity.

Endorsement and Statement by the Board of Directors and the CEO, contd

Statement by the Board of Directors and the CEO

According to our best knowledge it is our opinion that the Annual Financial Statements give a true and fair view of the financial performance of the Company for the financial year 2011, its assets, liabilities and financial position as at 31 December 2011 and its cash flows for the financial year 2011.

Further, in our opinion the Financial Statements and 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 Annual Financial Statements of Eyrir Invest ehf. for the year 2011 and confirm them by means of their signatures. The Board of Directors and the CEO recommend that the Financial Statements will be approved at the Annual General Meeting of Eyrir Invest ehf.

Reykjavík, 20 February 2012.

The Board of Directors:

Þórður Magnússon, Chairman
Hermann Már Þórisson
Jón Helgi Gudmundsson
Sigurjón Jónsson
Ólafur S. Gudmundsson

CEO:
Árni Oddur Þórðarson

Independent Auditor's Report

To the Board of Directors and Shareholders of Eyrir Invest ehf.

We have audited the accompanying financial statements of Eyrir Invest ehf., which comprise the statement of financial position as at 31 December 2011, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Eyrir Invest ehf. as at 31 December 2011, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 11 in the financial statements which describes changed accounting treatment for Eyrir Invest ehf. investment in the associated company, Marel hf., as of year-end 2011.

Report on the Board of Directors report

Pursuant to the legal requirement under Article 106, Paragraph 1, Item 5 of the Icelandic Financial Statement Act No. 3/2006, we report, to the extent of our competence, that the report of the Board of Directors accompanying the financial statements includes the information required by the Financial Statement Act if not disclosed elsewhere in the Financial Statements.

Reykjavík, 20 February 2012.

KPMG ehf.
Matthías Þór Óskarsson

Statement of Comprehensive Income for the year 2011

	Notes	2011	2010
Investment income			
Change in fair value of investment securities		(30,977)	64,851
Income from change in accounting treatment of an associate	11	30,107	0
Share of profit of equity accounted associate	12	11,650	7,491
Net interest expenses	6	(12,920)	(15,873)
Net foreign exchange gain (loss)	18	4,763	(3,254)
Net operating revenue		2,623	53,215
Operating expenses			
Salaries and salary related expenses	7	934	836
Other operating expenses	8	732	560
Operating expenses		1,666	1,396
Profit for the year		957	51,819
Other comprehensive income			
Foreign currency translation difference of foreign associates		0	4,649
Net profit on hedges in investment in foreign associates		0	2,763
Share of comprehensive income from associates		(488)	(264)
Translation difference and hedges transferred to profit and loss		0	(25,787)
Other comprehensive expense for the year		(488)	(18,639)
Total comprehensive income for the year		469	33,180
Earnings per share for profit			
Basic and diluted (expressed in EUR cent)	17	0.09	5.14
Earnings per share for comprehensive income			
Basic and diluted (expressed in EUR cent)	17	0.05	3.29

The notes on pages 11 to 29 are an integral part of these financial statements.

Financial Statements of Eyrir Invest ehf. 2011 7 Amounts are in EUR thousand

Statement of Financial Position as at 31 December 2011

	Notes	2011	2010
Assets			
Cash and cash equivalents	9	9,419	12,311
Share subscription	16	15,377	0
Restricted cash	10	1,055	10,447
Investment securities	11	364,931	256,835
Investments in equity accounted associates	12.13	0	143,602
Receivables	14	2,282	1,201
Operating assets	15	2,082	2,050
Total assets		395,146	426,446

	Notes	2011	2010
Equity			
Share capital	16	6,546	5,912
Share premium		112,598	97,855
Reserves		5,186	5,674
Retained earnings		78,163	77,207
Total equity		202,493	186,648
Liabilities			
Borrowings	18,19	192,414	237,890
Trade and other payables		239	1,908
Total liabilities		192,653	239,798
Total equity and liabilities		395,146	426,446

The notes on pages 11 to 29 are an integral part of these financial statements.

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Statement of Changes in Equity for the year 2011

	Notes	Share capital	Share premium	Translation reserve	Retained earnings	Total equity
2010						
Equity 1.1.2010		5,912	97,855	24,313	25,389	153,469
Total comprehensive income						
for the year				(18,639)	51,819	33,180
Equity 31.12.2010	16	5,912	97,855	5,674	77,207	186,648
2011						
Equity 1.1.2011		5,912	97,855	5,674	77,207	186,648
Issue of share capital	16	634	14,743			15,377
Total comprehensive income						
for the year				(488)	957	469
Equity 31.12.2011	16	6,546	112,598	5,186	78,163	202,493

The notes on pages 11 to 29 are an integral part of these financial statements.

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Statement of Cash Flows for the year 2011

	Notes	2011	2010
Cash flows from operating activities			
Profit for the year		957	51,819
Adjustments for:			
Change in fair value of investment securities		30,977	(64,851)
Income from change in accounting treatment of associates	11	(30,107)	0
Share of profit of associates	12	(11,650)	(7,492)
Depreciation	15	84	80
Net interest expenses	6	12,920	15,873
Net foreign exchange (gain) loss		(4,763)	3,254
Working capital used in operations		(1,582)	(1,317)
Change in operating assets and liabilities		(904)	1,618
Cash (used in) from operations before interest		(2,486)	301
Interest paid		(11,578)	(6,683)
Interest received		503	1,866
Net foreign exchange gain received		874	0
Net cash used in operating activities		(12,687)	(4,516)
Cash flows from investing activities			
Restricted cash, decrease		9,392	17,477
Investments in shares		(21,962)	(150)
Proceeds from the sale of investment securities		73,162	26,061
Acquisition of operating assets	15	(125)	(11)
Net cash from investing activities		60,467	43,377
Cash flows from financing activities			
New borrowings		3,143	0
Repayment of borrowings		(53,815)	(29,851)
Net cash used in financing activities		(50,672)	(29,851)
Increase in cash and cash equivalents		(2,892)	9,010
Cash and cash equivalents at 1 January		12,311	3,301
Cash and cash equivalents at 31 December	9	9,419	12,311
Investing and financing activities without cash flow effect:			
Share subscription		15,377	0
Share capital		(634)	0
Share Premium		(14,743)	0
Proceeds from borrowings		24,208	4,701
Repayment of borrowings		(24,208)	(4,701)

The notes on pages 11 to 29 are an integral part of these financial statements.

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Notes

1. Reporting Entity

Eyrir Invest ehf. (the "Company") is an international investment 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 year ended 31 December 2011 comprise the Company and it's share in associates until the end of December 2011, see further note 11.

Eyrir Invest ehf. is an international investment company that focuses on investments in industrial companies and ventures that have the potential to become global market leaders. Through leadership these companies are able to create economies of scale and value for customers, employees and shareholders.

2. Basis of preparation

Assets and liabilities in the statement of financial position 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. Statement of compliance

The financial statements 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.

The financial statements were approved by the Board of Directors of Eyrir Invest ehf. on 20 February 2012.

b. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:
* investment securities, which are measured at fair value with fair value changes recognised in profit or loss.
* the investment in associate, which is accounted for using the equity method until 30 December 2011. From 31 December 2011 the Company accounts for the associate as an investment security at fair value through profit or loss. See further note 11.

The methods used to measure fair values are discussed further in note 3b.

c. Functional and presentation currency

The 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.

d. Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is described in note 4i.

3. Accounting policies related to financial instruments

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

a. Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, loans, share subscriptions and other receivables, cash and cash equivalents, borrowings, trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Cash and cash equivalents comprise of cash held at bank.

Accounting for finance income and expenses is discussed in note 3c.

Financial assets designated at fair value through profit or loss

The Company designates its investment securities as financial assets at fair value through profit or loss upon initial recognition since the Company manages the investment securities and makes purchase and sale decisions based on their fair value. Upon initial recognition attributable transaction costs are recognised in profit or loss when incurred. Financial assets designated at fair value through profit or loss are measured at fair value and changes therein are recognised in profit or loss.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses for financial assets.

(ii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of shares and share options are recognised as a deduction from equity.

Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from share premium.

Dividends

Dividends are recognised as a decrease in equity in the period in which they are declared.

b. Fair value measurement principles for financial instruments

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

3. Accounting policies related to financial instruments, contd.:

b. Fair value measurement principles for financial instruments, contd.:

(i) Investment securities

Investment securities in the statement of financial position consist of investments in equity and debt securities. The fair value of listed securities in an active market is determined by reference to their quoted market bid price at the reporting date without any deduction for estimated future selling costs.

When a quoted market price is not available on a stock exchange or from a broker / dealer for non-exchange-traded financial instruments, the fair value of the investment is estimated using valuation techniques, including use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the reporting date applicable for an instrument with similar terms and conditions. Where other pricing models are used, inputs are based on market data at the reporting date. Fair values for unquoted equity investments are estimated, if possible, using applicable price / earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

(ii) Receivables

The fair value of receivables, which is determined for disclosure purposes, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(iii) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

c. Investment income

(i) Net income from securities

Net income from investments in securities comprise net gain or loss on the sale of shares, changes in the fair value of the investments, other than foreign exchange economic hedges, transaction costs, dividend income and interest income. Dividend income is recognised in the statement of comprehensive income on the date the entity's right to receive payments is established.

(ii) Interest income

Interest income comprises interest income on funds invested. Interest income is recognised as it accrues, using the effective interest method.

(iii) Foreign exchange gain (loss)

Net foreign exchange gain (loss) comprises foreign exchange changes arising from assets and liabilities denominated in foreign currencies and gains and losses arising from derivatives hedging economically the foreign currency risk. Net currency gains and losses are reported on a net basis.

4. Other accounting policies

a. Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate ruling at that date. Foreign currency gain or loss arising on translation are recognised in the statement of comprehensive income.

4. Other accounting policies, cond.:

b. Associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The operating results and assets and liabilities of associates are accounted for in these financial statements using the equity method of accounting until 30 December 2011 (equity accounted associates) and are recognised initially at cost. From 31 December 2011, the Company measures it's share in associates at fair value through profit and loss, see further note 11.

The application of the equity method

While investments in associates are equity accounted the Company's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The financial statements include the Company's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Company, from the date that significant influence commences until the date that significant influence ceases.

When the Company's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

c. Operating assets

(i) Buildings and other operating assets

Buildings and other operating assets are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

(ii) Subsequent costs

The cost of replacing part of an item of operating asset is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs are recognised in the statement of comprehensive income as an expense as incurred.

(iii) Depreciation

Depreciation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful live of each part of operating assets. The estimated useful lives are as follows:

Buildings	50 years
Other operating assets	3-5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

4. Other accounting policies, contd.:

d. Impairment

(i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. All impairment losses are recognised in the statement of comprehensive income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the statement of comprehensive income.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the statement of comprehensive income.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

e. Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the statement of comprehensive income when they are incurred.

4. Other accounting policies, contd.:

f. Income tax expense

Income tax expense comprises current tax and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

g. Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

h. New standards and interpretations not yet adopted

The Company has adopted all IFRSs, interpretations and amendments to existing standards that are effective for the year ended 31 December 2011 and relevant to the Company. The Company has not adopted early any IFRSs, interpretations or amendments effective after 31 December 2011.

i. Accounting estimates and judgements

Key sources of estimation uncertainty

Determination of fair values of financial instruments

As stated in note 3b the Company's investment securities and derivatives are measured at fair value in the statement of financial position. For part of these financial instruments, quoted market prices are readily available. However, certain financial instruments, for example, over-the-counter derivatives or unquoted securities are fair valued using valuation techniques, including reference to the current fair values of other instruments that are substantially the same, subject to the appropriate adjustments.

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement, e.g. interest rates, volatility, estimated cash flows etc., and therefore, cannot be determined with precision.

Determination of impairment of financial assets

Assets accounted for at amortised cost are evaluated for impairment on the basis described in accounting policy 4d(i). The assessment for impairment is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a counterparty's financial situation and the net realisable value of any underlying collateral.

4. Other accounting policies, contd.:

i. Accounting estimates and judgements, contd.:

Determination of impairment of non-financial assets

Non-financial assets are regularly valuated for impairment. The assessment for impairment is based upon management's estimates of future cash flows and discount rate.

Critical accounting judgements in applying the Company's accounting policies

Classification of securities

The Company's accounting policies provide scope for securities to be designated at fair value through profit or loss. By making this designation, the management has determined that it has met the necessary criteria as set out in accounting policy 3a(i).

5. Financial risk management

Overview

The Company maintains, when available, positions in both derivative and non-derivative financial instruments in accordance with its investment strategy. The Company's investment portfolio comprises quoted and non-quoted equity and debt investments. At year-end 2011, the Company holds no positions in derivative financial instruments.

The Company's investing activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests. The most important types of financial risk to which the Company is exposed from its use of financial instruments are:

* credit risk
* liquidity risk
* market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these Financial Statements.

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management. The Board has commended the CEO day to day developing and monitoring of the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company aims to minimize this risk factor by only entering agreements with solid and well known financial institutions in addition to closely monitoring the credit risk on an ongoing basis.

Transactions involving derivative financial instruments are usually with counterparties with whom the Company has signed master netting agreements. Master netting agreements provide for the net settlement of contracts with the same counterparty in the event of default. The impact of the master netting agreements is to reduce credit risk.

There were no significant concentrations of credit risk to counterparties at 31 December 2011.

5. Financial risk management, contd.:

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Company’s approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due and not risking damage to the Company’s reputation.

The Company's financial instruments can include investments in unlisted equity investments and derivative contracts traded over-the-counter, which are not traded in an organised public market and which generally may be illiquid. As a result, the Company may not be able to liquidate quickly some of its investments in these instruments at an amount close to its fair value in order to meet its liquidity requirements, or to respond to specific events such as a deterioration in the credit-worthiness of any particular issuer. Unlisted financial instruments were 40.1% of total assets at year-end 2011 (2010: 40.8%).

To mitigate this risk the Company has a policy of adequate cash at any given time and in addition to that having a large part of its asset in listed financial investments, that are considered to be readily realisable in normal market conditions.

The Company maintains no lines of credit with financial institutions at year-end 2011.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company’s market risk is managed by the employees in accordance with policies and procedures in place.

Details of the Company’s investment portfolio at the reporting date are disclosed in the schedule of investments included in note 11.

Currency risk

The Company is exposed to currency risk on sales and purchases of equity and debt securities, and borrowings that are denominated in a currency other than the functional currency of the Company.

The Company uses, when efficient, forward exchange contracts to hedge its currency risk. When necessary, forward exchange contracts are rolled over at maturity. At year-end 2010 and 2011, there were no active forward exchange contract market in Iceland.

The Company’s total net currency balance is monitored on a regular basis and treated as any other calculated financial position.

Interest rate risk

The majority of the Company’s financial assets are non-interest-bearing. Interest-bearing financial assets are subject to limited exposure to fair value interest rate risk due to fluctuations in the prevailing levels of market interest rates. The Company is exposed to interest risk from interest bearing liabilities and that risk is mitigated by active risk management.

5. Financial risk management, contd.:

Other market price risk

Equity price risk arises from financial assets at fair value through profit or loss, primarily equity securities.

Price risk is the risk that value of the instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

For the Company's financial assets that are carried at fair value, with fair value changes recognised in the statement of comprehensive income, all changes in market conditions will directly affect investment income.

Price risk is mitigated by the Company's Management by constructing a diversified portfolio of investments and instruments traded on various markets. In addition market fluctuations are monitored on intraday basis which enables the Company to react quickly to any changes in the market.

The Company's financial investments in shares is diversified by industries as follows:

	2011	2010
Food Systems; Marel	56.7%	35.9%
Health services; Össur	0.0%	20.7%
Technical services - Oil & gas; Stork	23.8%	23.9%
Aerospace services; Stork	19.5%	19.5%
	100.0%	100.0%

Capital management

The Board's policy is to maintain a strong capital base to sustain future development of the business. It is the strategy of the Company to pay as dividend 10 - 25% of each year profit. However, in recent years no dividends have been paid to maintain a strong capital base and to support further value creation in the Company's core holdings. At the end of 2011 the equity ratio is 51.2%.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Company’s return on capital was 0.5% in 2011 (2010: 33.8%).

There were no changes in the Company’s approach to capital management during the year.

The Company is not subject to externally imposed capital requirements, except when stated in loan agreements.

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Investment income

6. Net interest expenses is specified as follows:

	2011	2010
Interest expenses	(13,423)	(17,873)
Interest income	503	2,000
Net interest expenses	(12,920)	(15,873)

Salaries and salary-related expenses

7. Salaries and salary-related expenses are specified as follows:

	2011	2010
Salaries and performance-based payments	753	713
Contributions to defined contribution plans	76	74
Other salary-related expenses	75	41
Salaries, Board of Directors	30	8
Total salaries and salary-related expenses	934	836
Full time equivalent positions at the end of the year	8	8
Average number of full time equivalent positions during the year	8	8

Salaries to the Chairman of the Board and the CEO are specified as follows:

	Salaries	Other benefits	Defined contribution plan	Total salaries & benefits
Þórdur Magnússon, Chairman of the Board	74	14	7	95
Árni Oddur Thórdarson, CEO	200	20	19	239

The CEO and the Chairman of the Board do not have any share options at year-end 2011. Share options can only be issued to them if approved by a Shareholders' meeting.

Salaries paid to four other members of the board during the year 2011 amounted to EUR 30 thousand (2010: 8 thousand).

Other operating expenses

8. Other operating expenses specify as follows:

	2011	2010
Depreciation	84	80
Grants	73	32
Other operating expenses	575	448
Total other operating expenses	732	560

Cash and cash equivalents

9. Cash and cash equivalents consists of bank deposits.

Restricted cash

10. Bank deposits amounting to EUR 1,055 thousand (2010: EUR 10,447 thousand) are restricted to use for the Company at year-end. Deposits are cash held by financial institutions as collateral for borrowings.

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Investment securities

11. Investment securities are specified as follows:

	Ownership	Fair value 31.12.2011	Ownership	Fair value 31.12.2010
Listed securities:				
Marel hf.*	35.6%	206,409	-	-
Össur hf.**	0%	0	13.85%	82,711
Total listed securities		206,409		82,711
Unlisted securities:				
London Acquisition Luxco S.á.r.l.***	17.0%	157,620	17.0%	173,579
Other unlisted shares		902		545
Total unlisted securities		158,522		174,124
Fair value of investment securities at year-end		364,931		256,835

*At year-end 2011 the Company changed its accounting treatment for its investment in the associate Marel hf., in which the Company held 35.6% of the share capital as at 31 December 2011. Until 30 December 2011 the Company accounted for this investment using the equity method but as of 31 December 2011 this investment is measured at fair value in accordance with *IAS 39 Financial Instruments: Recognition and Measurement* and recognises the changes in the fair value of the investment in profit or loss in the period in which those changes occur.

The fair value of the investment in Marel hf. amounted to EUR 206.4 million as at 31 December 2011 while its carrying amount measured in accordance with the equity method amounted to EUR 176.9 million. The Company recognised EUR 30.1 million in the line item "Income from change in accounting treatment of an associate" in the statement of comprehensive income for the year 2011 representing the positive difference between the fair value of the investment and its carrying amount measured in accordance with the equity method as at year-end 2011.

Prior to the change in the accounting treatment described in this note, the Company accounted for its investments in its Marel using the equity method and for its investment in other core assets at fair value through profit or loss. Therefore, the change described in this note brings consistency in the Company's accounting treatment for these core investments whereby both investments are now measured at fair value through profit or loss. It is the view of the Company´s management that measurement of the investment in Marel hf. at fair value through profit or loss results in the financial statements of the Company providing more relevant information to the Company's management and to existing and potential investors in the Company about the effects of the core investments on the Company's financial position and performance. Measurement of the investment in Marel hf. at fair value through profit or loss in the Company's financial statements is fully in accordance with the Company's objective and strategy for holding the investment in Marel hf. with a view to profiting from the total return in the form of dividends and changes in fair value of the investment.

** In the first half of 2011, Eyrir sold all of its shares in Össur after having been a major shareholder in the company for seven years. The sale price amounted to EUR 73.2 million. Following the sale of the shares the Company repaid some of its borrowings.

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Investment securities, contd.:

*** London Acquisition Luxco S.á.r.l. is a holding company owned by funds that are controlled by Candover Investments plc. and Eyrir Invest ehf. London Acquisition sole asset is the Dutch company Stork B.V.

When measuring fair value of the Company's shares in London Acquisition S.á.r.l. the Company's managements uses comparison with market multiples of comparable companies, multiples in recent transactions with comparable companies and taken into consideration projected discounted cash flow.

Investments in equity accounted associates

12. Investments in equity accounted associates are specified as follows:

31 December 2011	Ownership	Share in profit
Marel hf., Iceland	35.6%	11,650

Total share in profit of associates amounts to 11.7 million EUR and comprises share of Marel hf.'s profit for the year 2011.

31 December 2010	Ownership	Share in profit	Carrying amount	Market value	Book value exceeding market value
Marel hf., Iceland	31.9%	4,194	143,602	151,024	7,422

13. Key financial information of associated companies:

31 December 2010	Total assets	Total liabilities	Total revenue	Total expenses	Profit
Marel hf.	877,623	534,354	601,337	587,711	13,626

* Further financial information on Marel can be found at www.marel.com.

Receivables

14. Receivables are specified as follows:

	2011	2010
Capital gain tax	101	371
Receivable from sale of investment securities	0	578
Other receivables	2,181	252
Receivables	2,282	1,201

At 31 December 2011 and 31 December 2010 no allowance was conceded for doubtful receivables. No impairment loss was recognised during the years.

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Operating assets

15. Operating assets are specified as follows:

	Buildings	Other operating assets	Total
Gross carrying amount			
Balance at 1.1.2010	2,110	294	2,404
Additions during the year	0	11	11
Balance at 31.12.2010	2,110	305	2,415
Sales and disposals during the year	0	(109)	(109)
Additions during the year	0	125	125
Balance at 31.12.2011	2,110	321	2,431
Depreciation and impairment losses			
Balance at 1.1.2010	112	173	285
Depreciation	42	38	80
Balance at 31.12.2010	154	211	365
Sales and disposals during the year	0	(109)	(109)
Depreciation	42	51	93
Balance at 31.12.2011	196	153	349
Carrying amounts			
1.1.2010	1,998	121	2,119
31.12.2010	1,956	94	2,050
31.12.2011	1,914	168	2,082
Depreciation ratios	2%	20-30%	

The insurance value of the real estate amounted to EUR 1,815 thousand at year-end 2011. The tax assessment value of the buildings amounted to EUR 567 thousand at year-end. The insurance value of other operating assets amounted to EUR 376 thousand at year-end 2011.

Equity

16. Issued capital

The Company's share capital at the beginning of the year amounted to ISK 1,008 million and is fully paid. On 30 December 2011, the share capital was increased by ISK 101 million at exercise price of ISK 24.25. The share increase was paid on 12 January 2012. The holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. Share capital according to the statement of financial position amounted to EUR 6.5 million at year-end 2011, share capital is specified as follows:

	Amounts
Share capital according to the Articles of Association (issued capital)	1,007,681
Share increase on 30 December 2011	101,000
Share capital at year-end	1,108,681

Share premium

Share premium represents excess of payment above nominal value (ISK 1 per share) that shareholders have paid for shares sold by the Company. According to Icelandic Companies Act, 25% of the nominal value of share capital must be held in reserve which can not be paid out as dividend to shareholders.

Translation reserve

Foreign exchange differences arising from the translation of the financial statements of equity accounted associates are recognised directly in a separate component of equity. When a foreign operation is disposed of, in part or in full, the relevant amount in the translation reserve is transferred to profit or loss.

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Earnings per share

17. Earning per share for profit:

	2011	2010
Profit for the year	957	51,819

Weighted average number of share capital (basic and diluted)
In thousand shares

	2011	2010
Share capital at 1 January	1,007,681	1,007,681
Effect of share increase	553	0
Weighted average number of share capital	1,008,234	1,007,681

Earnings per share:

	2011	2010
Basic and diluted earnings per share (EUR cent)	0.09	5.14

Earnings per share for comprehensive income:

	2011	2010
Total comprehensive income (expense)	469	33,180

Earnings per share:

	2011	2010
Basic and diluted earnings per share (EUR cent)	0.05	3.29

Borrowings

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

	Average interest rate	2011	2010
EUR	5.0%	87,548	120,392
ISK, unindexed	6.0%	21,053	20,672
ISK, indexed	5.5%	28,272	32,124
USD	4.7%	44,101	52,201
GBP	5.6%	6,694	4,110
JPY	4.5%	1,403	2,354
NOK	-	0	2,468
CHF	4.2%	3,343	3,569
Borrowings		192,414	237,890

Borrowings are secured as follows:

	2011	2010
Secured bank loans	162,906	182,428
Unsecured bond issues and bank loans	29,508	55,462
Borrowings total	192,414	237,890

The Company’s investment securities and investments in associates are collateralised to secured bank loans; book value of collateralised investments are as follows:

	2011	2010
Investment in Össur hf.	0	82,711
Investment in London Acquisition Luxco S.a.r.l.	157,620	173,579
Investments in Marel hf.	206,409	138,440
	364,029	394,730

The Company previously netted it's claim on one of the failed Icelandic banks against borrowings from the same bank. Following a ruling by The Icelandic Supreme Court the Company no longer presents the borrowing net of the claim and has expensed EUR 5.3 million in the statement of comprehensive income. See further note 25.

18. Borrowings, contd.:

The Icelandic Supreme Court has ruled that loan agreements nominated in ISK with repayment defined with reference to foreign currencies are unlawful. Based on this ruling, some of the the Company's loans have been recalculated and an gain in the amount of EUR 4.9 million is recognised in the statement of comprehensive income in the year 2011.

In February 2012 The Icelandic Supreme Court ruled that interest calculations on unlawful loan agreements in other currencies than ISK should be based on the interest in the agreement and not interest published by the Central Bank.

These rulings may have a further positive effects on the Company´s financial position.

19. Repayment of borrowings are specified as follows:

	2011	2010
Repayments in 2011	-	20,112
Repayments in 2012*	47,636	64,150
Repayments in 2013	31	29
Repayments in 2014	135,924	147,801
Repayments in 2015	31	29
Repayments in 2016	3,244	-
Subsequent	5,548	5,769
Borrowings	192,414	237,890

*At the end of 2011 Eyrir Invest ehf. secured a new long term loan with Arion bank hf. equal to 12.5 m EUR. The principal of the loan is due in May 2015 and half of the principal is extendable to 2016.Glitnir hf. has also agreed to extend a bank loan in the amount of 14 million EUR with a new due date for the principal is in December 2013 instead of September 2012. These agreements will be executed in February 2012 and therefore not accounted for in these financial statements.

According to loan agreements the Company has to fulfil certain covenants. At year end the Company is in full compliance with all covenants in its loan agreements.

Income tax

20. Income tax recognised in the statement of comprehensive income is specified as follows:

Reconciliation of effective tax rate:

		2011		2010
Profit before income tax		957		51,819
Income tax using the Company's tax rate	(20.0%)	191	(18.0%)	9,327
Changes in value of shares and taxable loss not expected to be utilized	0.0%	0	23.1%	(11,969)
Temporary difference due to unrecorded tax asset and other changes	20.0%	(191)	(5.1%)	2,642
Effective tax rate	0.0%	0	0.0%	0

In the year 2011, the Icelandic Parliament approved to change the tax laws regarding the gain on sale of shares in other companies. After the change the gain on sale of shares in other companies are not taxable.

Deferred income tax liability

21. The deferred income tax liability is specified as follows:

The deferred income tax liability is attributable to the following items:

	2011	2010
Investment securities and investments in equity accounted associates	0	24,602
Other balance sheet items	(1,107)	(97)
Tax losses carried forward	(16,624)	(17,512)
Temporary difference due to unrecorded tax asset (liability)	17,731	(6,993)
Deferred income tax liability at end of period	0	0

Tax asset is not recognised due to uncertainty over future utilization of the tax asset. The Company will pay no income tax in the year 2012 due to tax losses carried forward.

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Financial instruments

22. Financial risk management

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amount 2011	2010
Share subscription	15,377	0
Receivables	2,282	1,201
Cash and cash equivalents	9,419	12,311
Restricted cash	1,055	10,447
	28,133	23,959

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated future interest payments:

31 December 2011	Carrying amount	Contractual cash flows	Less than 1 year	1 - 2 years	2 - 5 years	More than 5 years
Financial liabilities:						
Secured bank loans	162,906	185,967	32,836	7,570	137,572	7,989
Unsecured bonds/loans	29,508	31,848	23,912	591	7,345	0
Trade and other payables	239	239	239	0	0	0
	192,653	218,054	56,987	8,161	144,917	7,989

31 December 2010						
Financial liabilities:						
Secured bank loans	190,989	218,586	12,157	47,886	154,091	4,452
Unsecured bonds/loans	46,901	52,231	16,011	28,369	7,851	0
Trade and other payables	1,908	1,908	1,908	0	0	0
	239,798	272,725	30,076	76,255	161,942	4,452

Currency risk

Exposure to currency risk

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

31 December 2011	ISK	USD	GBP	NOK	Other
Financial instruments at fair value through profit or loss	206,986	0	0	325	0
Receivables	133	1,906	0	0	0
Cash and equivalents	9,405	6	0	0	4
Restricted cash	1,008	0	0	0	47
Share subscription	15,377	0	0	0	0
Borrowings	(49,325)	(44,101)	(6,694)	0	(4,746)
Net balance sheet exposure	183,584	(42,189)	(6,694)	325	(4,695)

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Financial instruments, contd.:

22. Currency risk, contd.:

31 December 2010	ISK	USD	GBP	NOK	Other
Financial instruments at fair value through profit or loss	82,929	3	0	324	0
Receivables	66	578	0	0	0
Cash and equivalents	12,229	6	0	0	6
Restricted cash	10,463	0	0	0	46
Borrowings	(52,815)	(52,199)	(4,110)	(2,468)	(5,924)
Net balance sheet exposure	52,872	(51,612)	(4,110)	(2,144)	(5,872)

	Average rate		Reporting date spot rate	
	2011	2010	2011	2010
ISK	161.87	162.34	159.28	154.23
GBP	0.87	0.86	0.84	0.86
USD	1.39	1.33	1.29	1.33

Sensitivity analysis

A 10% strengthening of the euro against the following currencies at 31 December 2011 would have increased (decreased) pre-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. This analysis is performed on the same basis for 2010.

	Profit or loss	
	2011	2010
ISK	(18,358)	(5,287)
USD	4,219	5,161
GBP	669	411
Other	437	802

A 10% weakening of the euro against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

	Carrying amount	
	2011	2010
Fixed rate instruments		
Financial liabilities	(25,059)	(32,124)
Variable rate instruments		
Financial assets	10,474	22,758
Financial liabilities	(167,355)	(202,608)
	(156,881)	(179,850)

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Company does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

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Financial instruments, contd.:

22. Interest rate risk, contd.:

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) pre-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2010.

	2011		2010	
	Profit or loss		Profit or loss	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Variable rate instruments	(1,569)	1,569	(1,799)	1,799
Cash flow sensitivity (net)	(1,569)	1,569	(1,799)	1,799

Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	31 December 2011		31 December 2010	
	Carrying amount	Fair value	Carrying amount	Fair value
Investment securities	158,522	158,522	256,443	256,443
Cash and cash equivalents	9,419	9,419	12,311	12,311
Restricted cash	1,055	1,055	10,442	10,442
Share subscription	15,377	15,377	0	0
Loans and receivables	2,282	2,282	1,523	1,523
Secured bank loans	(162,906)	(162,566)	(191,115)	(191,115)
Unsecured bond issues and bank loans	(29,508)	(29,575)	(46,901)	(46,901)
Trade and other payables	(2,282)	(2,282)	(1,907)	(1,907)
	(8,041)	(7,768)	40,796	40,796

The basis for determining fair values is disclosed in note 4.

Interest rates used for determining fair values

The interest rate used to discount estimated cash flows, where applicable, are based on the government yield curve at the reporting date plus an adequate credit spread, and were as follows:

	2011	2010
Secured bank loans	4,9% - 6,9%	2.8% - 6.7%
Unsecured bond issues, indexed / non-indexed	5,5% - 8,8%	5.5% - 9.8%

Guarantees

23. Guarantees

Eyrir Invest has not issued any guarantees or entered into any obligations for its associated company or other shares in companies owned by Eyrir.

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Related parties

24. Identity of related parties

The Company has a related party relationship with its shareholders, associates, and with its directors and executive officers.

Shareholder relationship

Landsbankinn hf. is defined as related party due to major shareholding directly and indirectly through Horn Fjárfestingarfélag ehf., totalling 25% of outstanding shares at year-end 2011. Eyrir Invest finances its activities with equity and long-term financing. Landsbankinn hf. has been one of Eyrir Invest ehf's creditors since foundation.

At year-end 2011, total outstanding debts are EUR 192.4 million (2010: EUR 237.9 million). Borrowings from Landsbankinn hf. amount to EUR 102.8 million at year-end 2011 (2010: EUR 126.6 million) or 53% of total borrowings in both instances.

Eyrir Invest ehf. has deposits at Landsbankinn hf., in 2011 interest income amounted to EUR 317 thousand (2010: EUR 98 thousand).

All financing activities between Landsbankinn hf. and Eyrir Invest ehf. are on a arms-length basis at market rates.

Other matters

25. Litigations

The Supreme Court of Iceland has confirmed the decision made by the Winding-up Committee of Kaupthing hf. to reject claims filed directly by beneficial owners under Kaupthing's US MTN Program. The Supreme Court ruled to allow DBTCA to file global claims on account of the Global Notes issued under the US MTN Program. The DBTCA global claims were filed for the benefit of owners of beneficial interest in the Global Notes issued. The Company is an undisputed owner of beneficial interest in the Global Notes (nominal value USD 10 million) and DBTCA has therefore filed a claim on behalf of the Company. It is possible that this judgement may affect the Company's ability to exercise set-off in respect of the claim against Kaupthing. As a prudent measure, following the ruling by the Supreme Court, the financial statements do not assume any set-off. However, such a set-off remains possible and would result in a decrease in borrowings if successful.