

**Solid financials and value creation on track**

- Net profit in first half of the year amounts to EUR 18 million [1H 2011; -13 million]
- Net Asset Value per outstanding share is 20.3 eurocents compared with 18.3 eurocents at the beginning of the year
- NAV amounted to EUR 205 million on June 30th 2012 an increase of EUR 2 million from beginning of the year. Eyrir purchased 9% of total shares in the period for EUR 16 million
- Total Assets are EUR 380 million and equity ratio is 54% compared with 51% at beginning of the year. Cash is EUR 1 million in mid-year 2012. After closing of the period Eyrir Invest has secured EUR 22 million of long-term financing
- The Board of Directors has decided to sell own shares to increase further financial strength

Eyrir Invest core holdings are a 33% share in Marel and a 17% share in Stork BV which owns and operates Stork Technical Services and Fokker Technologies. Eyrir invests as well in prominent ventures.

A major financial event took place in August 2012 when Stork Technical Services (STS) and Fokker secured separate long term financing. Eyrir Invest supports the new financing of STS and Fokker with an equity contribution of up to EUR 23 million. Financials of Eyrir's core holdings are sound and in line with international benchmarks with net debt levels at 2-4x EBITDA.

Arni Oddur Thordarson, CEO:

„We are pleased to report solid profits and financials. The imbalances in the global economy continue to be challenging and capital markets are soft in general.

Our operating companies have increased their geographical footprint in recent years, organically and with strategic acquisitions. An important milestone was reached in August when Stork Technical Services and Fokker Technologies announced separate long-term financing. The new financing provides operational flexibility and enables the full integration of RBG into Stork Technical Services.

Our core holdings are well positioned within growth industries and we remain cautiously optimistic.”

## Statement of Comprehensive Income

| (in EUR thousands)   | 2012/6m       | 2011         | 2011/6m        | 2010           |
|--|---------------|--------------|----------------|----------------|
| <b>Operating revenues:</b>                                 |               |              |                |                |
| Change in fair value of investment securities              | 24.513        | -30.977      | -15.165        | 64.851         |
| Dividend income  | 2.489         | 0            | 0              | 0              |
| Income from change in accounting treatment of an associate | 0             | 30.107       | 0              | 0              |
| Share of profit of equity accounted associates             | 0             | 11.650       | 2.583          | 7.491          |
| Net interest expenses                                      | -5.115        | -12.920      | -5.487         | -15.873        |
| Net foreign exchange (loss) gain                           | -2.727        | 4.763        | 5.531          | -3.254         |
| <b>Net operating revenue</b>                               | <b>19.160</b> | <b>2.623</b> | <b>-12.538</b> | <b>53.215</b>  |
| <b>Operating expenses:</b>                                 |               |              |                |                |
| Salaries and salary related expenses                       | 527           | 934          | 451            | 836            |
| Other operating expenses                                   | 303           | 732          | 370            | 560            |
| <b>Operating expenses</b>                                  | <b>830</b>    | <b>1.666</b> | <b>821</b>     | <b>1.396</b>   |
| Profit (loss) for the period                               | <b>18.330</b> | <b>957</b>   | <b>-13.359</b> | <b>51.819</b>  |
| Other compreh. expenses for the period                     | <b>-368</b>   | <b>-488</b>  | <b>-190</b>    | <b>-18.639</b> |
| Total comprehensive inc./ (exp.) for the period            | <b>17.962</b> | <b>469</b>   | <b>-13.549</b> | <b>33.180</b>  |
| Earn. per share-eurocents (each share 1 ISK)               | <b>1.75</b>   | <b>-0.09</b> | <b>-1.33</b>   | <b>5.14</b>    |
| Earn. Per shares for compreh.income-eurocents              | <b>1.71</b>   | <b>-0.05</b> | <b>-1.34</b>   | <b>3.29</b>    |

## Statement of Financial Position

|  | 2012/6m        | 2011           | 2011/6m        | 2010           |
|--|----------------|----------------|----------------|----------------|
| <b>Assets:</b>                             |                |                |                |                |
| Cash and restricted cash                   | 772            | 10.474         | 12.274         | 22.758         |
| Share subscription                         | 0              | 15.377         | 0              | 0              |
| Investment securities                      | 373.837        | 364.931        | 174.320        | 256.835        |
| Investments in equity accounted securities | 0              | 0              | 167.533        | 143.602        |
| Trade and other receivables                | 2.992          | 2.282          | 2.764          | 1.201          |
| Operating assets                           | 2.045          | 2.082          | 2.126          | 2.050          |
| <b>Total assets</b>                        | <b>379.646</b> | <b>395.146</b> | <b>359.017</b> | <b>426.446</b> |
| <b>Equity and Liabilities</b>              |                |                |                |                |
| Total equity                               | 204.880        | 202.493        | 173.098        | 186.648        |
| Trade and other payables                   | 203            | 239            | 226            | 1.908          |
| Liabilities                                | 174.563        | 192.414        | 185.693        | 237.890        |
| <b>Total equity and liabilities</b>        | <b>379.646</b> | <b>395.146</b> | <b>359.017</b> | <b>426.446</b> |
| Equity ratio                               | 54.0%          | 51.2%          | 48.2%          | 43.8%          |

### Eyrir's core holdings;

Eyrir's core assets are booked at fair value or market value in line with current accounting practices of major international investment companies. Core assets account for more than 90% of Eyrir's total assets. Marel shares are listed on Nasdaq OMX Iceland. Stork is an unlisted company valued by using a fair value method based on market and transaction multiples. Profits attributed to shares in Marel are 45 m Euros, while Eyrir's 17% share in Stork is adjusted downward by 19 m Euros due to market conditions in Europe.

## **Highlights of H1 2012**

### **Marel grew organically by 18%**

Revenues in first half of 2012 reached EUR 371 million, an 18% increase from previous year. EBITDA in the first half of the year was 46 million compared with operating EBITDA of 44 million for same period in 2011. Marel's net profit is 20 million in H1 2012 compared with 9 million for the same period 2011.

Eyrir received EUR 2.5 million in dividend from Marel in H1 2012. The dividend was paid for the operational year 2011. Marel share price is 96 eurocents at 30<sup>th</sup> June 2012, a 21% increase from the beginning of the year. Current share price is 98 eurocents.

Eyrir has been a principal shareholder in Marel since 2005 and has been instrumental in shaping current growth strategy and supporting management in executing in line with strategy. In recent years Marel has enhanced its market leading position and enjoyed good growth, driven by high investments in innovation and market penetration. Marel has good geographical balance in sales and is well placed to benefit from the underlying growth trend in the global food industry.

### **Stork Technical Services (STS) and Fokker refinanced in H2 2012**

In August 2012 Stork announced the refinancing of its two businesses, STS and Fokker. The refinancing of Stork B.V. into two separate capital structures is the logical next step to establish and grow its two distinct, international businesses. The refinancing also includes the full integration of the RBG Group and STS as well as providing necessary operational flexibility for both STS and Fokker to pursue further growth. The refinancing includes a significant equity contribution from current investors, out of which Eyrir Invest will contribute up to EUR 23 million in new equity.

#### **Stork Technical Services;**

Stork Technical Services is a global provider of knowledge-based Asset Integrity Management services for the Oil & Gas, Power and Chemical sectors. Stork Technical Services including RBG are trading in line with previous year, with mixed performance between divisions. Traditional Continental European markets have been facing some headwind while RBG, which focuses on the North Sea and international markets, is trading above previous year.

STS' revenues, including RBG are in excess of 1.3 billion in 2011 with EBITDA around 95 million. The combined company has around 14,300 employees across the UK, Africa, Continental Europe, the Middle East, Asia Pacific and the Americas.

#### **Fokker Technologies;**

Fokker develops and produces advanced components and systems for the global aerospace industry and has innovation and production facilities in the Netherlands, Turkey, the Americas and Asia. The company also supplies integrated maintenance services and products to aircraft owners and operators worldwide. Fokker revenues are 685 million in 2011 with operating EBITDA of 74 million. Revenues and operating profits are developing according to plan.

## **Financing activities**

In March Eyrir purchased own shares corresponding to 9% of total shares for 16 million. The total number of issued shares in Eyrir Invest is 1,108 million, including 100 million treasury shares. Eyrir's principal shareholders are Thordur Magnusson and Arni Oddur Thordarson, and companies fully under their control and ownership, with 34% of total shares.

During the first half of 2012, Eyrir Invest fully repaid its EYRI 05 1 class of bonds, amounting to ISK 2.540 million (EUR 16 million). Eyrir's bond class EYRI 11 1 with nominal value of ISK 1,012.5 million (EUR 6 million), was admitted to trading on NASDAQ OMX Iceland in the 1H 2012 but issued in previous year.

In July Eyrir announced that it had secured long term bank financing for a total amount of 2.100 million ISK (EUR 13.4 million) with final maturity in 2017.

In addition to the above and previously announced, Eyrir Invest has secured in August 2012 a EUR 8.5 million loan from a domestic financial institution. The loan carries LIBOR + 4.2% interest. The principal and interest are due in August 2013. Eyrir's bank loans are secured with securities while bond issues are non-secured. The aim of the financing is ongoing financial and treasury management to support investing activities.

## **Outlook**

Looking ahead, good growth is expected within the industries where Eyrir Invest core holdings are placed – the food industry, the energy industry and the aerospace industry. In the past few years Eyrir's core assets have strengthened their market positions and are now in a good position to harvest well. Nevertheless, results may vary from year to year.

### **About Eyrir**

Eyrir Invest is an international investment company that focuses on investments in industrial companies that have the potential to become true global leaders. Eyrir places great emphasis on aligning execution with good long-term strategic planning. Eyrir's core assets are a 33% holding in Marel and 17% holding in Stork BV which owns and operates Stork Technical Services and Fokker Technologies. In recent years Eyrir has placed increased emphasis on venture capital investments. Eyrir's „Buy and Build“ strategy has a proven track record as shareholder value has increased well above market returns since foundation in mid-year 2000.

### **Forward looking statements**

Statements in this press release that are not based on historical facts are forward-looking statements. Although such statements are based on management's current estimates and expectations, forward-looking statements are inherently uncertain. We, therefore, caution the reader that there are a variety of factors that could cause business conditions and results to differ materially from what is contained in our forward-looking statements, and that we do not undertake to update any forward-looking statements. All forward-looking statements are qualified in their entirety by this cautionary statement.