

## **Eyrir Invest ehf – 2006 results**

Eyrir Invest's profit for the year 2006 amounts to ISK 1.664 m after taxes, return on equity is 17.5%. Capital markets in the Nordic countries were favourable and Eyrir Invest's trading portfolio yielded good return. Real value of Eyrir Invest's active holdings, Marel og Ossur, has increased by profitable growth and in accordance with their strategy.

- **Eyrir Invest's total assets at year-end 2006 amount to 26.265 m ISK and the balance sheet has grown by close to 50% from the beginning of the year. Stockholders' equity at year-end 2006 amounted to ISK 11.981 million compared to ISK 9.617 million at year-end 2005.**
- **Eyrir Invest is strongly capitalised and its equity ratio at the end of 2006 is 46%, deferred tax liability 6% and interest-bearing debts 48%. Eyrir Invest increased its capital stock by 10% in 2006 and new, financially sound shareholders joined the company. All assets are financed within the balance sheet, the company has no off-balance sheet forward equity contracts.**
- **It is the strategy of Eyrir Invest to finance equity holdings long-term. Average maturity of debt is approximately three 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.**
- **Fundamental value of 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 result in 2006 is acceptable. This has been a year of great transitions in our active holdings, Marel and Ossur, and was characterised by acquisitions and integration of operations. The integration work that is already in process within the companies will enhance their real value considerably in years to come. 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 46%, deferred tax liability 6% and interest bearing debt 48%. All assets are financed within the balance sheet, the company has no off-balance sheet forward equity contracts. Average maturity of debt is 3 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 95% of revenues of companies in the Eyrir Invest portfolio are generated outside Iceland. Liabilities in foreign currencies in excess of assets in foreign currencies amounted to ISK 5 billion at the end of 2006. If however shares in Össur (USD) and Marel (EUR) are classified as foreign assets the picture reverses and assets become ISK 10 billion larger than liabilities in foreign currencies or ISK 2 billion short of Eyrir Invest's equity.

### **General Meeting**

Annual General Meeting was held on February 1<sup>st</sup> 2007. At the meeting the following boardmembers were elected; Þórður Magnússon (chairman), Jón Helgi Guðmundsson and Sigurjón Jónsson. Steinunn Jónsdóttir was elected substitute boardmember. Dividends of 10% of net earnings will be paid to shareholders.

### **Outlook**

The outlook for Eyrir Invest is positive. Fundamental values of active holdings are solid and will yield good return in the future. 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

(in ISK thous.)	2006	2005	2004	2003
<b>Operating revenue:</b>				
Net gain on investments in shares and shares derivatives	2.920.296	5.603.475	2.719.972	675.039
Dividend earned	162.335	24.165	126.880	11.390
Interest earned	78.742	78.183	35.673	3.859
Changes in foreign exchange rates and interest rate derivatives	-126.242	-266.375	-28.687	58.850
Financial expenses	-922.927	-372.316	-227.640	-38.469
<b>Net operating revenue</b>	<b>2.112.204</b>	<b>5.067.132</b>	<b>2.626.198</b>	<b>710.669</b>
<b>Operating expenses:</b>				
Salaries and salary related expenses	69.830	39.871	21.810	16.769
Other operating expenses	30.517	22.459	15.524	5.639
Contributions and grants	17.900	9.700		
<b>Operating expenses</b>	<b>118.247</b>	<b>72.030</b>	<b>37.334</b>	<b>22.408</b>
Profit before income tax	1.993.957	4.995.102	2.588.864	688.261
Income tax	-329.692	-888.368	-443.427	-83.472
<b>Net earnings</b>	<b>1.664.265</b>	<b>4.106.734</b>	<b>2.145.437</b>	<b>604.789</b>

### Keyfigures – Balance Sheet

(in ISK thous.)	2006	2005	2004	2003
<b>Assets:</b>				
Securities	25.821.843	15.645.115	8.359.850	2.315.486
Receivables	31.323	85.742	68.693	64.810
Other assets	412.126	1.838.481	143.100	30.036
<b>Total assets</b>	<b>26.265.292</b>	<b>17.569.338</b>	<b>8.571.643</b>	<b>2.410.332</b>
<b>Stockholders' Equity and Liabilities:</b>				
Stockholders' equity	11.981.432	9.616.759	2.742.930	697.493
Deferred income tax liability	1.680.074	1.354.411	473.376	63.301
Liabilities	12.603.786	6.598.168	5.355.337	1.649.538
<b>Total stockholders' equity and liabilities</b>	<b>26.265.292</b>	<b>17.569.338</b>	<b>8.571.643</b>	<b>2.410.332</b>
Equity ratio	45,6%	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 Group's 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 April 7<sup>th</sup> 2006 and Scanvægt DK on August 7<sup>th</sup> 2006. These acquisitions support Marel's external growth policy and powerful integration work is in process within the Marel Group.

Eyrir Invest is the largest shareholder in Marel, holding close to 30% of total shares following equity purchases in 2006 and a very successful public offering. In the wake of the public share offering, financial strength of Marel has multiplied and the company gained a series of new shareholders.

### **Össur**

Össur is a leading company in the design and manufacture of prosthetics and orthopedics. Össur has decisive technical advantage as a world-wide leader in prosthetics and is becoming a top-tier player within the bracing and support field of orthopedics. Össur made four substantial acquisitions into the bracing and support business in 2005 and 2006 by acquiring two US companies, one UK based company and a French company.

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 16% 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 as well as in other companies is booked at market value. Eyrir Invest believes that despite the calculated loss of shares in Stork in 2006 the investment will in the long-term prove to be profitable for the company.

This investment is made to sustain good co-operation between Marel and Stork, as Eyrir Invest holds 30% of total shares in Marel at year end 2006. LME holds 8% of total shares in Stork NV as of December 31, 2006. 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 are primarily in large financial institutions listed in the Nordic countries with fast growing businesses in Central and East Europe.

### **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)