

# **Icelandic Group Plc.**

**Condensed Consolidated  
Interim Financial Statements  
1 January - 30 September 2007  
in Euro**

Icelandic Group Plc.  
Borgartún 27  
105 Reykjavík

Reg. no. 461296-2119

# Contents

---

Endorsement by the Board of Directors and the CEO .....	3	Statement of Changes in Equity .....	6
Income Statement .....	4	Statement of Cash Flows .....	7
Balance Sheet .....	5	Notes .....	8

## **Endorsement by the Board of Directors and the CEO**

---

The condensed consolidated interim financial statements of Icelandic Group Plc. for the period from 1 January to 30 September 2007 have been prepared in accordance with International Financial Reporting Standards (IFRSs) for Interim Financial Statements (IAS 34). The interim financial statements comprise the consolidated interim financial statements of Icelandic Group Plc. and its subsidiaries.

Icelandic Group Plc. has signed a letter of intent on sale of 81% share in Icelandic Holding Germany GmbH, the parent company of Pickenpack Hussmann & Hahn GmbH, Germany and Pickenpack Gelmer SAS, France. It is expected that the final agreements will be executed in the coming weeks at which time further details will be disclosed concerning the impact of the acquisition on Icelandic Group's operation and financial position.

According to the income statement loss for the period from 1 January to 30 September 2007 amounted to €0.3 million. The Group's income amounted to €1,061.4 million for the period. According to the balance sheet total assets at the end of September amounted to €860.2 million and stockholders' equity amounted to €167.7 million. The equity ratio of the Group was 19.5%.

The Board of Directors and the CEO of Icelandic Group Plc. hereby confirm the Company's consolidated interim financial statements for the period from 1 January to 30 September 2007 by means of their signatures.

Reykjavík, 16 November 2007.

Board of Directors:

Magnús Þorsteinsson  
Baldur Örn Guðnason  
Guðmundur P. Davíðsson  
Steingrímur H. Pétursson

CEO:

Björgólfur Jóhannsson

# Consolidated Interim Income Statement

## for the nine months ended 30 September 2007

	Notes	Q 3		Q 1 - 3	
		1 July - 30 September		1 January - 30 September	
		2007	2006	2007	2006
Sales .....		327,428	367,896	1,056,590	1,113,004
Cost of goods sold .....		( 293,661)	( 323,954)	( 949,192)	( 990,332)
<b>Gross profit</b> .....		<b>33,767</b>	<b>43,942</b>	<b>107,398</b>	<b>122,672</b>
Other operating income .....		1,934	3,196	4,820	8,217
Operating expenses .....		( 31,712)	( 40,148)	( 99,182)	( 111,834)
Share of (loss) profit of associates .....		( 274)	748	( 328)	884
<b>Operating profit</b> .....		<b>3,715</b>	<b>7,738</b>	<b>12,708</b>	<b>19,939</b>
Finance income .....		2,453	360	15,982	5,318
Finance expenses .....		( 11,234)	( 7,783)	( 31,849)	( 22,176)
Net finance costs .....	3	( 8,781)	( 7,423)	( 15,867)	( 16,858)
<b>(Loss) profit before income tax</b> .....		<b>( 5,066)</b>	<b>315</b>	<b>( 3,159)</b>	<b>3,081</b>
Income tax .....	4	2,517	638	2,813	171
<b>(Loss) profit for the period</b> .....		<b>( 2,549)</b>	<b>953</b>	<b>( 346)</b>	<b>3,252</b>
<b>Attributable to:</b>					
Equity holders of the parent company ....		( 2,601)	953	( 640)	3,248
Minority interest .....		52	0	294	4
<b>(Loss) profit for the period</b> .....		<b>( 2,549)</b>	<b>953</b>	<b>( 346)</b>	<b>3,252</b>
<b>Earnings per Share:</b>					
Basic & diluted (loss) earnings per share (each share is 1 Icelandic króna) .....		( 0.0009)	0.0003	( 0.0001)	0.0011

# Consolidated Balance Sheet as at 30 September 2007

	Notes	30.9.2007	31.12.2006
<b>Assets:</b>			
Property, plant and equipment .....		119,374	124,403
Intangible assets .....		244,627	256,077
Investment in equity accounted investees .....		1,693	2,057
Other investments .....	5	23,692	11,062
Bonds and other long-term receivables .....		7,655	3,936
Deferred tax assets .....		11,864	9,747
<b>Total non-current assets</b>		<b>408,905</b>	<b>407,282</b>
Inventories .....		263,987	299,157
Trade and other receivables .....		162,329	179,089
Cash and cash equivalents .....		24,991	21,222
<b>Total current assets</b>		<b>451,307</b>	<b>499,468</b>
<b>Total assets</b>		<b>860,212</b>	<b>906,750</b>
<b>Equity:</b>			
Share capital .....		36,661	36,912
Share premium .....		150,447	151,892
Reserves (deficit) .....	6	( 20,997)	( 12,564)
Accumulated deficit .....		( 640)	0
<b>Total equity attributable to equity holders of the parent</b>		<b>165,471</b>	<b>176,240</b>
Minority interest .....		2,208	1
<b>Total equity</b>		<b>167,679</b>	<b>176,241</b>
<b>Liabilities:</b>			
Loans and borrowings .....	7	194,522	219,752
Deferred income tax liability .....		8,292	8,430
<b>Total non-current liabilities</b>		<b>202,814</b>	<b>228,182</b>
Loans and borrowings .....	7	350,802	342,460
Trade and other payables .....		138,917	159,867
<b>Total current liabilities</b>		<b>489,719</b>	<b>502,327</b>
<b>Total liabilities</b>		<b>692,533</b>	<b>730,509</b>
<b>Total equity and liabilities</b>		<b>860,212</b>	<b>906,750</b>

# Consolidated Interim Statement of Changes in Equity

## for the nine months ended 30 September 2007

	Notes	Share capital	Share premium	Reserves (deficit)	Retained earnings (accumulated deficit)	Minority interest	Total equity
<b>Changes in equity in Q1-3 2006:</b>							
Equity as at 1.1.2006 .....		27,570	84,873	3,377	882	39	116,741
Currency fluctuations on subsidiaries not reporting in euros .....				( 10,941)			( 10,941)
Profit for the period .....					3,248	4	3,252
Total recognised income and expense for the period .....				( 10,941)	3,248	4	( 7,689)
New shares issued .....		9,342	77,510				86,852
Minority interest, change .....						10	10
<b>Equity as at 30.9.2006 .....</b>		<b>36,912</b>	<b>162,383</b>	<b>( 7,564)</b>	<b>4,130</b>	<b>53</b>	<b>195,914</b>
<b>Changes in equity in Q1-3 2007:</b>							
Equity as at 1.1.2007 .....		36,912	151,892	(12,564)	0	1	176,241
Currency fluctuations on subsidiaries not reporting in euros .....				( 9,499)			( 9,499)
Loss for the period .....					( 640)	294	( 346)
Total recognised income and expense for the period .....				( 9,499)	( 640)	294	( 9,845)
Own shares purchased .....	( 251)	( 1,445)		1,066			( 630)
Minority interest, change .....						1,913	1,913
<b>Equity as at 30.9.2007 .....</b>		<b>36,661</b>	<b>150,447</b>	<b>( 20,997)</b>	<b>( 640)</b>	<b>2,208</b>	<b>167,679</b>

# Consolidated Interim Statement of Cash Flows

## for the nine months ended 30 September 2007

	Q1-3 1 January - 30 September	
Notes	2007	2006
<b>Cash flows from operating activities:</b>		
Operating profit .....	12,708	19,939
Difference between operating profit and cash from operations:		
Gain on sale of assets .....	( 106)	( 3,501)
Negative goodwill .....	0	( 1,500)
Depreciation and amortisation .....	14,345	15,021
Share of loss (profit) of associates .....	328	( 884)
Change in operating assets and liabilities .....	21,730	( 41,269)
Cash generated from (used in) operations	49,005	( 12,194)
Interest income received .....	830	976
Interest expenses paid .....	( 23,727)	( 20,385)
Income tax paid .....	( 61)	( 3,562)
Net cash from (used in) operating activities	26,047	( 35,165)
<b>Cash flows from investing activities:</b>		
Investment in property, plant and equipment .....	( 10,852)	( 21,757)
Proceeds from sale of property, plant and equipment .....	1,687	7,436
Investment in intangible assets .....	( 1,163)	( 494)
Acquisition of subsidiaries, net of cash acquired .....	( 548)	3,484
Proceeds from sale of shares in subsidiaries .....	2,549	0
Investment in shares in associated companies .....	0	( 1,767)
Investment in shares in other companies .....	0	( 462)
Proceeds from sale of shares in other companies .....	1,170	214
Increase in bonds and other receivables .....	( 3,870)	( 4,852)
Net cash used in investing activities	( 11,027)	( 18,198)
<b>Cash flows from financing activities:</b>		
Minority share in capital stock .....	67	14
Purchase of own shares .....	( 1,696)	0
Long-term debt proceeds .....	5,326	25,481
Long-term debt repaid .....	( 45,292)	( 17,852)
Short-term debt, proceeds .....	31,230	44,392
Net cash (used in) from financing activities	( 10,365)	52,035
<b>Increase (decrease) in cash and cash equivalents .....</b>	4,655	( 1,328)
<b>Effect of exchange rate fluctuations of cash held .....</b>	( 886)	( 1,182)
<b>Cash and cash equivalents at 1 January.....</b>	21,222	29,883
<b>Cash and cash equivalents at 30 September .....</b>	24,991	27,373
<b>Investing and financing activities not affecting cash flows:</b>		
Investments in subsidiaries .....	0	( 121,062)
Share issue .....	0	86,852
Short-term borrowings .....	0	34,210

# Notes to the Interim Financial Statements

---

## Significant accounting policies

### a. *Reporting entity*

Icelandic Group Plc. is a company domiciled in Borgartún 27, Reykjavík, Iceland. The consolidated interim financial statements of the Company as at and for the nine-month period ended 30 September 2007 comprise the Company and its subsidiaries, together referred to as the "Group" and the Group's interest in associates. The Group is involved in manufacturing and marketing of seafood in international markets. The consolidated interim financial statements were authorised for issuance by the board of directors on 16 November 2007.

### b. *Statement of compliance*

The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard IAS 34, *Interim Financial Reporting*. They do not include all of the information required for a complete set of consolidated annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2006.

Certain comparative amounts have been reclassified to conform with the current year's presentation.

### c. *Basis of preparation*

The accounting policies and methods of computation applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its financial statements as at and for the year ended 31 December 2006. The consolidated financial statements for the year ended 31 December 2006 are available at the Company's website, [www.icelandic.is](http://www.icelandic.is) and at the Nordic Stock Exchange website, [www.omxgroup.com](http://www.omxgroup.com).

The condensed consolidated interim financial statements are prepared in euro, which is the Company's functional currency, rounded to the nearest thousand. They are prepared on a historical cost basis except that shares in listed companies and derivative financial instruments are stated at their fair value.

## Segment Reporting

1. Segment information is presented in respect of the Group's business segments and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets, liabilities and cash flow include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

### *Business segments*

Companies that process seafood into value added products are grouped as production companies. Sales- and marketing companies are companies that handle the sales and marketing of seafood without further processing. Holding and service companies are the parent company and companies that provide logistic and quality service to other group companies.



## Notes, contd.:

### 1. Contd.:

#### *Geographical segments*

In presenting information on the basis of geographical segments, segment revenues are based on the geographical location of the assets.

#### *Business segments*

##### **1 January to 30 September 2007**

<b>Income Statement:</b>	Production companies	Sales and marketing companies	Holding and servicing companies	Eliminations	Consolidated
Sales to external customers .....	741,788	310,834	3,968	0	1,056,590
Inter-segment sales .....	106,653	148,966	2,547	( 258,166)	0
Total segment sales .....	848,441	459,800	6,515	( 258,166)	1,056,590
Segment results .....	7,212	5,543	( 47)	0	12,708
Net finance costs .....	( 17,027)	( 5,808)	6,968	0	( 15,867)
(Loss) profit before income tax .....	( 9,815)	( 265)	6,921	0	( 3,159)
Income tax .....	3,721	( 436)	( 472)	0	2,813
(Loss) profit for the period .....	( 6,094)	( 701)	6,449	0	( 346)

##### **1 January to 30 September 2006**

<b>Income Statement:</b>	Production companies	Sales and marketing companies	Holding and servicing companies	Eliminations	Consolidated
Sales to external customers .....	752,758	335,488	24,758	0	1,113,004
Inter-segment sales .....	109,446	161,767	5,081	( 276,294)	0
Total segment sales .....	862,204	497,255	29,839	( 276,294)	1,113,004
Segment results .....	13,226	5,011	1,702	0	19,939
Net finance costs .....	( 13,478)	( 3,675)	295	0	( 16,858)
(Loss) profit before income tax .....	( 252)	1,336	1,997	0	3,081
Income tax .....	786	( 259)	( 356)	0	171
Profit for the period .....	534	1,077	1,641	0	3,252

#### *Geographical segments*

##### **1 January to 30 September 2007**

	USA	UK	Europe without UK	Asia	Eliminations	Consolidated
Sales .....	272,029	317,522	408,641	316,564	( 258,166)	1,056,590

##### **1 January to 30 September 2006**

Sales .....	276,406	370,528	394,679	347,685	( 276,294)	1,113,004
-------------	---------	---------	---------	---------	------------	-----------

## Notes, contd.:

### Quarterly Summary

#### 2. Summary of the Group's operating results by quarters:

2007	Q1	Q2	Q3	Total	
Sales .....	385,161	344,001	327,428	1,056,590	
Cost of goods sold .....	( 342,927)	( 312,604)	( 293,661)	( 949,192)	
<b>Gross profit .....</b>	<b>42,234</b>	<b>31,397</b>	<b>33,767</b>	<b>107,398</b>	
Other operating income .....	1,656	1,230	1,934	4,820	
Operating expenses .....	( 34,334)	( 33,136)	( 31,712)	( 99,182)	
Share of loss of equity accounted investees .....	( 43)	( 11)	( 274)	( 328)	
<b>Operating profit (loss) - EBIT .....</b>	<b>9,513</b>	<b>( 520)</b>	<b>3,715</b>	<b>12,708</b>	
Finance costs .....	( 5,872)	( 1,214)	( 8,781)	( 15,867)	
<b>Profit (loss) before income tax .....</b>	<b>3,641</b>	<b>( 1,734)</b>	<b>( 5,066)</b>	<b>( 3,159)</b>	
Income tax .....	( 1,354)	1,650	2,517	2,813	
<b>Profit (loss) for the period .....</b>	<b>2,287</b>	<b>( 84)</b>	<b>( 2,549)</b>	<b>( 346)</b>	
<b>Attributable to:</b>					
Equity holders of the parent company .....	2,280	( 319)	( 2,601)	( 640)	
Minority interest .....	7	235	52	294	
<b>Profit (loss) for the period .....</b>	<b>2,287</b>	<b>( 84)</b>	<b>( 2,549)</b>	<b>( 346)</b>	
EBITDA .....	14,170	4,295	8,506	26,971	
EBITDA ratio .....	3.7%	1.2%	2.6%	2.6%	
2006	Q1	Q2	Q3	Q4	Total
Sales .....	382,207	362,901	367,896	358,312	1,471,316
Cost of goods sold .....	( 340,533)	( 324,085)	( 323,954)	( 326,274)	( 1,314,846)
<b>Gross profit .....</b>	<b>41,674</b>	<b>38,816</b>	<b>43,942</b>	<b>32,038</b>	<b>156,470</b>
Other operating income .....	1,411	3,610	3,196	2,370	10,587
Operating expenses .....	( 37,083)	( 36,363)	( 40,148)	( 48,699)	( 162,293)
Share of profit (loss) of equity accounted investees .....	0	136	748	( 184)	700
<b>Operating profit (loss) - EBIT ...</b>	<b>6,002</b>	<b>6,199</b>	<b>7,738</b>	<b>( 14,475)</b>	<b>5,464</b>
Net finance costs .....	( 3,873)	( 5,562)	( 7,423)	( 7,147)	( 24,005)
<b>Profit (loss) before income tax</b>	<b>2,129</b>	<b>637</b>	<b>315</b>	<b>( 21,622)</b>	<b>( 18,541)</b>
Income tax .....	( 1,115)	648	638	6,947	7,118
<b>Profit (loss) for the period.....</b>	<b>1,014</b>	<b>1,285</b>	<b>953</b>	<b>( 14,675)</b>	<b>( 11,423)</b>
<b>Attributable to:</b>					
Equity holders of the parent company .....	1,014	1,281	953	( 14,675)	( 11,427)
Minority interest .....	0	4	0	46	50
<b>Profit (loss) for the period .....</b>	<b>1,014</b>	<b>1,285</b>	<b>953</b>	<b>( 14,629)</b>	<b>( 11,377)</b>
EBITDA .....	10,449	10,939	13,572	1,986	36,946
EBITDA ratio .....	2.7%	3.0%	3.7%	0.6%	2.5%

## Notes, contd.:

### Net finance costs

3. Net finance costs are specified as follows:

	2007 1.1.-30.9.	2006 1.1.-30.9.
Interest income .....	894	971
Dividend income .....	187	5
Currency gain .....	0	4,342
Gain on sales of shares of subsidiary .....	1,096	0
Fair value changes on shares in other companies .....	13,805	0
Finance income, total .....	15,982	5,318
Interest expenses .....	( 29,124)	( 22,118)
Currency loss .....	( 2,725)	0
Fair value changes on shares in other companies .....	0	( 58)
Finance expenses, total .....	( 31,849)	( 22,176)
Net finance costs .....	( 15,867)	( 16,858)

### Income tax

4. The main reason for fluctuations in effective income tax rates in the Income Statement is explained by different geographical composition of profit or loss before taxes in individual companies and periods.

### Investments in other companies

5. The Group's investments in other companies is specified as follows:

	30/09/2007		31/12/2006	
	Share	Carrying amount	Share	Carrying amount
Fishery Product International Ltd, Canada .....	15.8%	23,307	15.8%	10,868
Other companies (7/7) .....		385		194
Total investments in other companies .....		23,692		11,062

## Notes, contd.:

### Equity

#### Reserves

6. Reserves are specified as follows:

	30/09/2007	31/12/2006
Own shares sold with put options .....	0 (	852)
Translation reserve .....	( 21,370)	( 12,085)
Statutory reserve .....	373	373
Reserves total .....	( 20,997)	( 12,564)

Key employees used their put options on shares in the Company in September 2007 and sold 14,583,224 shares at the rate of 6.4.

### Loans and borrowings

7. Loans and borrowings are specified as follows:

#### 30.9.2007

Currency	Non-current borrowings	Current borrowings	Total
EUR .....	113,599	130,145	243,744
USD .....	12,942	112,455	125,397
GBP .....	63,848	37,234	101,082
DKK .....	13,520	13,136	26,656
JPY .....	3,736	18,749	22,485
CHF .....	750	10,949	11,699
CAD .....	0	9,242	9,242
NOK .....	0	2,778	2,778
SEK .....	0	1,465	1,465
CNY .....	0	720	720
ISK .....	56	0	56
Loans and borrowings, total .....	208,451	336,873	545,324
Current maturities of non-current liabilities .....	( 13,929)	13,929	0
Loans and borrowings according to the balance sheet .....	194,522	350,802	545,324

#### 31.12.2006

EUR .....	128,681	92,225	220,906
USD .....	11,375	127,230	138,605
GBP .....	92,424	36,256	128,680
DKK .....	13,913	11,089	25,002
JPY .....	3,930	17,945	21,875
CHF .....	802	11,140	11,942
CAD .....	0	8,567	8,567
NOK .....	0	3,370	3,370
ISK .....	1,697	84	1,781
SEK .....	0	1,484	1,484
Loans and borrowings, total .....	252,822	309,390	562,212
Current maturities of non-current liabilities .....	( 33,070)	33,070	0
Loans and borrowings according to the balance sheet .....	219,752	342,460	562,212

## Notes, contd.:

### Group companies

8. Subsidiaries numbered 34 at period-end and are all included in the consolidated financial statements. They are:

	Share		Share
Beihai Beilian Foods Industry Co. Ltd. ....	51%	Icelandic Services ehf., Iceland .....	100%
Coldwater Seafood (UK) Ltd., UK .....	100%	Icelandic UK Ltd., UK .....	100%
Dalian Three Star Seafood Co. Ltd, China .....	98%	Icelandic USA Inc., USA .....	100%
Danberg ehf., Iceland .....	100%	IFP Trading Ltd., UK .....	100%
Ecomsa S.A., Spain .....	100%	Jeka Fish AS, Denmark .....	100%
Fiskval ehf., Iceland .....	100%	Marinus ehf., Iceland .....	100%
Gadus B.V., The Netherlands .....	100%	OTO L.L.C., USA .....	100%
Icelandic Asia Inc., S-Korea .....	100%	Pickenpack Assets GmbH, Ger .....	100%
Icelandic China Trading Co. Ltd., China .....	100%	Pickenpack Gelmer SAS, France .....	100%
Icelandic France S.A.S., France .....	100%	Pickenpack H&H GmbH, Ger .....	100%
Icelandic Group UK Ltd., UK .....	100%	Pickenpack H&H S.a.r.l., France .....	100%
Icelandic Holding Germany GmbH, Germany .....	100%	Seachill Ltd., UK .....	100%
Icelandic Iberica S.A., Spain .....	100%	Sirius ehf., Iceland .....	100%
Icelandic Japan K.K., Japan .....	100%	Sjóvík ehf. (Blue-Ice), Iceland .....	100%
Icelandic Norway AS, Norway .....	100%	Unifish ehf. a.v., Iceland .....	100%
Icelandic Northwest Inc., USA .....	85%	Verwaltungg. HFP GmbH, Ger .....	100%
Icelandic Scandinavia ApS, Denmark .....	100%	Westfalia-Strenz F. GmbH, Ger .....	100%

### Financial Ratios

9. Financial ratios for the consolidated interim financial statements:

	30.9.2007	31.12.2006
Current ratio .....	0.92	0.99
Equity ratio .....	19.5%	19.4%
Return on equity .....	( 1.1% )	( 5.7% )
Internal value .....	4.51	4.77
Change in price per share from the beginning of the period .....	( 23.4% )	( 20.8% )
Price per share (ISK) .....	5.82	7.60
Market value of the company .....	196,347	233,054
	2007	2006
	1.1.-30.9	1.1.-30.9
EBITDA .....	26,971	34,960
EBITDA ratio .....	2.6%	3.1%