



Press release
Reykjavík, 16 November 2007

Icelandic Group – First nine months' results for 2007:

Loss in the first nine months €0.3 million

First nine months and Q3 financial highlights

- Sales € 1,056.6 million in the first nine months and € 327.4 million in Q3
- Decrease in income was 5.1% in the nine months, 11.0% in Q3.
- Earnings before interest, taxes and depreciation (EBITDA) amounted to € 27.0 million in the first nine months and € 8.5 million in Q3
- Operating profit (EBIT) € 12.7 million in the first nine months and € 3.7 million in Q3
- Net loss amounted to € 0.3 million in the first nine months and € 2.5 million in Q3
- Cash provided by operating activities before taxes and interest amounted to € 49.0 million
- Total assets amounted to € 860.2 million – equity ratio 19.5%
- Return on equity negative by 1.1%

Björgólfur Jóhannsson, CEO of Icelandic Group:

"Our plans assumed that the streamlining measures that have been in progress since July 2006 would result in an improved financial statement this year. This has not materialised, and there are various reasons that we are still at work on the process. It is now clear that the full effect of our efficiency measures will not be felt until early next year. Most of the companies undergoing the transformation process are showing improved results, but we clearly underestimated the time factor. Icelandic's operations are proceeding at a good pace in many areas, and numerous units are showing good margins. We are now completing the sale of units which have been showing insufficient margins, as part of the streamlining process has consisted in offloading units that have not been performing up to expectations and strengthening units that have. The operation of Pickenpack Gelmer was a great disappointment and had a negative impact on the

Group's operation and profits over the period. The weather in the UK impacted sales during the period, and demand also slowed at the end of the period in the USA.

The decisive factor in this financial report is Pickenpack Gelmer's performance in France, where results were poor and far short of budget projections. The company is a part of Icelandic Holding Germany which we are in the process of selling.

I am absolutely convinced that the streamlining process that we started in July and August last year will reward shareholders with greater value and an even better Company. It is clear, however, that the Company will not achieve the EBITDA targets set for 2007, which assumed earlier completion of the streamlining process."

Income statement - quarterly summary					
Amounts in € '000	3Q 2007	2Q 2007	1Q 2007	4Q 2006	3Q 2006
Sales	327.428	344.001	385.161	358.312	367.896
Cost of goods sold	(293.661)	(312.604)	(342.927)	(326.274)	(323.954)
Gross margin	33.767	31.397	42.234	32.038	43.942
Other operating income	1.934	1.230	1.656	2.370	3.196
Other operating expenses	(31.712)	(33.136)	(34.334)	(48.699)	(40.148)
Share of (loss) profit of equity accounted investees	(274)	(11)	(43)	(184)	748
EBIT	3.715	(520)	9.513	(14.475)	7.738
Financial expenses	(8.781)	(1.214)	(5.872)	(7.147)	(7.423)
Pre-tax (loss) profit	(5.066)	(1.734)	3.641	(21.622)	315
Income tax	2.517	1.650	(1.354)	6.947	638
Net (loss) earnings for the period	(2.549)	(84)	2.287	(14.675)	953
EBITDA	8.506	4.295	14.170	1.986	13.572
EBITDA ratio	2,6%	1,2%	3,7%	0,6%	3,7%

Balance sheet - five year review					
Amounts in € '000	30.9.2007	31.12.2006	31.12.2005	31.12.2004	31.12.2003*
Non-current assets	408.905	407.282	275.231	142.400	66.008
Current assets	451.307	499.468	415.184	279.994	229.977
Total assets	860.212	906.750	690.415	422.394	295.985
Equity	167.679	176.241	116.741	35.759	52.267
Non-current liabilities	202.814	228.182	142.837	112.860	35.935
Current liabilities	489.719	502.327	430.837	273.775	207.783
Total equity and liabilities	860.212	906.750	690.415	422.394	295.985

*The closing balance for 2003 has not been amended to fit the IFRS

Operating results for the first nine months and Q3 2007

Accounting policies

The same accounting policies were used in the preparation of this quarterly report as in the preparation of the annual report for the year 2006.

Income statement - key figures						
Amounts in € '000	Q3 2007	Q3 2006	Change%	9M 2007	9M 2006	Change%
Sales	327.428	367.896	-11,0%	1.056.590	1.113.004	-5,1%
Cost of goods sold	(293.661)	(323.954)	-9,4%	(949.192)	(990.332)	-4,2%
Gross margin	33.767	43.942	-23,2%	107.398	122.672	-12,5%
Other operating income	1.934	3.196	-39,5%	4.820	8.217	-41,3%
Other operating expenses	(31.712)	(40.148)	-21,0%	(99.182)	(111.834)	-11,3%
Share of (loss) profit of equity accounted investees.....	(274)	748	-136,6%	(328)	884	-137,1%
EBIT	3.715	7.738	-52,0%	12.708	19.939	-36,3%
Net financial expenses	(8.781)	(7.423)	18,3%	(15.867)	(16.858)	-5,9%
Pre-tax (loss) profit	(5.066)	315	-1708,3%	(3.159)	3.081	-202,5%
Income tax	2.517	638	294,5%	2.813	171	1545,0%
Net (loss) earnings.....	(2.549)	953	-367,5%	(346)	3.252	-110,6%
EBITDA	8.506	13.572	-37,3%	26.971	34.960	-22,9%
EBITDA ratio.....	2,6%	3,7%		2,6%	3,1%	
Earnings per share.....	(0,0009)	0,0003		(0,0001)	0,0011	

Net sales over the first nine months amounted to € 1,056.6 million, as compared to € 1,113.0 for the same period last year, down by 5.1%. Net sales over the third quarter amounted to € 327.4 million, as compared to € 367.9 million in Q3 2006. This represents a decrease of 11.0%.

Business segments

Sales within business segments during the quarter were as follows:

Business segments	9M 2007	9M 2006	Change%
Amounts in € '000			
Production companies.....	848.441	862.204	-1,6%
Sales and marketing companies.....	459.800	497.255	-7,5%
Service and holding companies.....	6.515	29.839	-78,2%
	1.314.756	1.389.298	-5,4%
Intercompany sales.....	(258.166)	(276.294)	-6,6%
Total sales	1.056.590	1.113.004	-5,1%

Geographical segments

Sales by geographical segments during the nine months were as follows:

Geographical segments	9M 2007	9M 2006	Change%
Amounts in € '000			
USA.....	272.029	276.406	-1,6%
Europe without UK.....	408.641	394.679	3,5%
UK.....	317.522	370.528	-14,3%
Asia.....	316.564	347.685	-9,0%
	1.314.756	1.389.298	-5,4%
Intercompany sales.....	(258.166)	(276.294)	-6,6%
Total sales	1.056.590	1.113.004	-5,1%

Earnings before financial items (EBIT) for the nine months of 2007 amounted to € 12.7 million, as compared to € 19.9 million for the same period last year. Earnings before financial items (EBIT) for Q3 amounted to € 3.7 million, as compared to earnings of € 7.7 million in Q3 2006.

Earnings before interest, depreciation and taxes (EBIDTA) amounted to € 27.0 million for the nine months 2007, as compared to € 35.0 million in the same period last year. EBIDTA amounted to € 8.5 million in Q3 2007, as compared to € 13.6 million in Q3 2006.

Net financial expenses over the first nine months amounted to € 15.9 million, as compared to € 16.9 million in the same period last year. Losses on currency fluctuations in the first nine months amounted to € 2.7 million, as compared to a gain of € 4.3 million in the same period last year. Fair value gain on shares in other companies amounted to € 13.8 million, as compared to a loss of € 0.1 million in the same period last year. The change is mostly due to an increase in the market price of shares in FPI Ltd. Gains from the sale of shares in subsidiaries amounted to € 1.1 million. Net financial expenses over Q3 2007 amounted to € 8.8 million, as compared to € 7.4 million in Q3 2006.

Income tax for the first nine months amounted to € 2.8 million, as compared to € 0.2 million in the same period last year. Taxes amounted to € 2.5 million in Q3, as compared to € 0.6 million in Q3 last year. The effective tax rate was 89.0% for the nine months and 49.7% in Q3. The reason is that most of the Group's profit was generated in countries where the tax ratio is relatively low, while result where the tax ratio is high was in balance or negative.

Losses over the first nine months amounted to € 0.3 million, as compared to a profit of € 3.3 million in the corresponding period last year. The loss over the third quarter amounted to € 2.5 million, as compared to a profit of € 1.0 million in the same quarter of the preceding year.

Balance Sheet

Balance sheet - key figures			
Amounts in € '000	30.9.2007	31.12.2006	Change%
Non-current assets	408.905	407.282	0,4%
Current assets	451.307	499.468	-9,6%
Total assets	860.212	906.750	-5,1%
Equity	167.679	176.241	-4,9%
Non-current liabilities	202.814	228.182	-11,1%
Current liabilities	489.719	502.327	-2,5%
Total equity and liabilities	860.212	906.750	-5,1%

Icelandic Group's total assets at the end of September amounted to € 860.2 million, as compared to € 906.8 million at year-end 2006.

Non-current assets amounted to € 408.9 million at the end of September, as compared to € 407.3 million at year-end 2006. Intangible assets amounted to € 244.6 million, as compared to € 256.1 at year-end 2006.

Current assets amounted to € 451.3 million, as compared to € 499.5 million at year-end 2006. Inventories accounted for € 264.0 million of current assets, as compared to € 299.2 million at year-end 2006.

Total liabilities at the end of September amounted to € 692.5 million, as compared to € 730.5 million at year-end 2006. Net liabilities (total liabilities net of current assets) amounted to € 241.2 million, as compared to € 231.0 million at year-end 2006. Interest-bearing debts amounted to € 545.3 million, as compared to € 562.2 million at year-end 2006.

Equity amounted to € 167.7 million, as compared to € 176.2 million at year-end 2006. The equity ratio was 19.5%, as compared to 19.4% at year-end 2006.

Cash Flow

Statement of Cash flows			
Amounts in € '000	9M 2007	9M 2006	Change %
Cash generated from (to) operations	49.005	(12.194)	-502%
Net cash from (used in) operating activities	26.047	(35.165)	174%
Net cash used in investing activities	(11.027)	(18.198)	39%
Net cash (used in) from financing activities	(10.365)	52.035	120%
Increase (decrease) in cash and cash equivalents	4.655	(1.328)	451%

Net cash generated from operating activities before taxes and interest amounted to € 49.0 million, as compared to net cash used in operating activities before tax and interest amounting to € 12.2 million in the corresponding period of 2006. Net of interest and income tax, net cash from operating activities amounted to € 26.0 million, while in the preceding year cash used in operating activities amounted to € 35.2 million. Net cash used in investing activities amounted to € 11.0 million, as compared to € 18.2 million in

the corresponding period of 2006. Net cash used in financing activities amounted to € 10.4 million, as compared to net cash from financing activities amounting to € 52.0 million in the corresponding period of 2006. Cash and cash equivalents at the end of September amounted to € 25.0 million.

Events in the third quarter of 2007

The sale of Icelandic Holding Germany in its final stage

Icelandic Group signed a letter of intent on the sale of an 81% share in Icelandic Holding Germany GmbH, the parent company of Pickenpack Hussmann & Hahn GmbH, Germany and Pickenpack Gelmer SAS, France.

The buyer of the shares is Finnbogi Baldvinsson, the CEO of Icelandic Europe. The purpose of the sale is to sharpen the focus of Icelandic Group's operation and to lower debt.

According to the letter of intent the buyer's approximately 21% of the total outstanding shares in Icelandic Group will be used as payment for the 81% share in Icelandic Holding Germany GmbH. Icelandic Group aims to sell on the treasury shares it receives, in whole or in part, to investors. 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.

Events after the nine months of 2007

Shares in Fishery Product International

Icelandic Group sold the majority of its share in FPI Ltd earlier this month at the price of 16 times nominal. The sales price had increased from 7.59 CAD at year end 2006. The shares are posted at the selling rate at the end of September 2007.

Future Prospects

Ahead is the strongest quarter in the Group's operations. We believe that the Group's operations in the US and Asia will be according to budget. With the sale of Icelandic Holding Germany the operations of the European units will deliver better results. The operation of Coldwater has shown improvements and restructuring work will continue. Fish prices have started to rise again recently, which could affect the company's sales and results. We are working on passing on the price hikes as soon as possible, but at the same time we looking more closely at fish farming species. Sales in Q3 were significantly below budget, but it is our hope that the sales in Q4 will be according to budget.

Approval of the accounts

The Board of Directors of Icelandic Group hf. approved the accounts for the third quarter of 2007 at a meeting of the Board on 16 November 2007.

Investor Presentations

On Friday, 16 November, a presentation meeting will be held for market investors. The meeting will take place in the Company's premises at Borgartún 27, Reykjavík, starting at 16:30 p.m. At the meeting, the managers of the Company will present the interim financial statement. The presentation will be accessible at the Company's website, www.icelandic.is, and on the website of the OMX Nordic Exchange in Iceland (www.omxgroup.com/nordicexchange/), following the meeting.

Reporting schedule for 2007

Q4 results 2007 Week 10 2008

The financial calendar is also available on the Icelandic Group website, www.icelandic.is

Press releases

If you wish to receive Icelandic Group press releases by e-mail please register at <http://icelandic.is/index.aspx?GroupId=39>.

Further information

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Reykjavík, November 16th 2007
Icelandic Group

About Icelandic Group

Icelandic Group (OMX Nordic Exchange: IG) consists of an international network of production and marketing companies selling seafood products on global markets. In several markets the company enjoys the prominent position of its brand, ICELANDIC, especially within the food service sector. The company is also a major supplier to the retail sector through its branded or private label production. The Group employs approximately 4,600 people. The personnel include renowned experts in the fields of fishing and primary processing, product innovation and value-added processing, and in the worldwide marketing of seafood products.

Income statement - five year review					
Amounts in € '000	9M 2007	2006	2005	2004	2003*
Sales	1.056.590	1.471.316	1.200.257	802.624	679.183
Cost of goods sold	(949.192)	(1.316.606)	(1.084.702)	(719.586)	(609.796)
Gross margin	107.398	154.710	115.555	83.038	69.387
Other operating income	4.820	10.587	4.761	5.811	3.346
Other operating expenses	(99.182)	(160.533)	(118.057)	(66.156)	(59.342)
Share of (loss) profit of equity accounted investees	(328)	700	154	(702)	(1.664)
EBIT	12.708	5.464	2.413	21.991	11.727
Net financial expenses	(15.867)	(24.005)	(21.740)	(10.449)	(3.836)
Pre-tax (loss) profit	(3.159)	(18.541)	(19.327)	11.542	7.891
Income tax	2.813	7.118	4.235	(4.672)	(2.119)
Net (loss) earnings	(346)	(11.423)	(15.092)	6.870	5.802
EBITDA	26.971	36.946	16.222	28.941	19.250
EBITDA ratio	2,6%	2,5%	1,4%	3,6%	2,8%

*The year 2003 has not been amended to fit the IFRS