

January 19, 2007

Net income amounted to \$79 million

Hf. Eimskipafélag Íslands - Financial Overview of 2006

- **Operating revenues of \$1,040 million**
- **EBITDA \$64 million - EBIT \$-12 million**
- **EBITDA inclusive of discontinued operations and profit from disposal of AAT \$135 million**
- **Pre-tax loss \$77 million**
- **Net income \$79 million**
- **Total assets \$1,842 million**
- **Working capital from operating activities \$20 million**
- **Total equity at October 31 \$682 million - equity ratio 37%**
- **Current ratio 1.39**
- **Eimskip's financial statements to be published in euros as of November 1 2006**

Magnús Þorsteinsson, Executive Chairman:

"The Group performance was acceptable during the financial year ended October 31. The year was characterised by rapid external growth but at year end one of its business division was sold. EBITDA from continuing operations was \$64 million for the year 2006. EBITDA inclusive of profits from discontinued operations and the disposal of Avion Aircraft Trading was \$135 million. The main emphasis of Hf. Eimskipafélag Íslands is investments in business related to Eimskip's and Air Atlanta Icelandic's current operations.

At the beginning of August Hf. Eimskipafélag Íslands announced intention to make a takeover bid to acquire all of the outstanding trust units of Atlas Cold Storage Income Trust (TSX: FZR.UN) at a price of CDN\$7.00 cash per Unit. The aggregate acquisition cost, including assumed debt of the Trust, will be CDN \$630 million. The offer was made through Eimskip Atlas Canada, Inc. a wholly-owned subsidiary of Eimskip. After the offer was extended three times Eimskip reached an agreement with Atlas Cold Storage to acquire all units of the company at the price of CDN \$7.50 cash per Unit. Following an extensive review of strategic alternatives, the Board of Trustees of Atlas determined that the revised Eimskip offer is fair to unitholders and unanimously recommended that its unitholders accepted the offer.

At the end of September Innovate Holding Limited, Eimskip's subsidiary, acquired the entire share capital of Corby Chilled Distribution Limited, one of the leading players in the UK temperature-controlled primary food distribution market. This acquisition furthers Eimskip's strategy to be a leading logistics provider globally, adding to its existing UK coldstore infrastructure a strong road transportation and cross dock hub network with comprehensive coverage of the UK and substantial capacity for growth. The businesses of Innovate and Corby are highly complementary and together will be able to offer our customers an enhanced range of services in temperature-controlled logistics in the UK.

Eimskip also finalised the acquisition of 65% share in Containerships in September. Containerships and Kursia Linija are now being merged under the name of Containerships and together these companies are one of the biggest short sea supplier in Europe. Eimskip aims to be the leading short sea supplier in the Baltic states and Russia which is a rapid growth area.

In October Eimskip acquired a 100% share in the transportation company Pacific Trumper Services, Inc. (PTI) from November 1st. PTI has been leading in reefer tramping service for frozen fish in remote Alaska fisheries for over 20 years. The company has its headquarters in Seattle, US and also runs significant port logistics operations in Dutch Harbor, Alaska including, fishing vessel service, stevedoring, and a cold storage. The acquisition strengthened Eimskip's position in Alaska, i.e. with further development of coldstores and modern logistics in Dutch Harbour and China Hub tramper service to Europe and Asia. The plan is also to connect Alaska and the Northwest USA to Eimskip's worldwide cold storage and logistics network.

At the end of the financial year 2006 Hf. Eimskipafélag Íslands announced that it had reached agreement for the disposal of the entire issued share capital of XL Leisure Group for USD 450 million. XL Leisure Group was recently formed from the Charter & Leisure division within the company and consisted of Excel Airways Group in the UK, Star Airlines in France and Star Europe in Germany.

The Board of Hf. Eimskipafélag Íslands Avion also announces that it has reached agreement for the disposal of its 51% holding in Avion Aircraft Trading for USD 51 million or 3.5 billion ISK. The book value of the 49% retained by Hf. Eimskipafélag Íslands is USD 3 million or 200 million ISK. Part of the loan finance being

provided to the buy-out team of XL Leisure Group amounting to USD 280 million is being secured by Hf. Eimskipafélag Íslands until 1 March 2008. A part of the purchase price of both XL Leisure Group and Avion Aircraft Trading is being paid by the buy-out team from a realisation of their shares in Hf. Eimskipafélag Íslands, amounting to 22% of the Company. As a result Fjárfestingarfélagið Grettir acquired additional share in the company.

After the end of the financial year a shareholders meeting approved the proposal to change the name of Avion Group to Hf. Eimskipafélag Íslands. Two new members joined the Board of Directors, Sindri Sindrason and Thor Kristjánsson replaced Arngímur Jóhannesson and Eamonn Mullaney.

In December Eimskip opened up its third office in China and signed an agreement with the port officials in Qingdao regarding the operation of the biggest cold store in Qingdao which is a very exciting project.

In January Eimskip announced the acquisition of an additional 60% equity stake in the Dutch cold store company Daalimpex beheer B.V. in the Netherlands. Eimskip previously held 40% of Daalimpex's equity interest. Daalimpex is one of the largest cold store companies in Europe and operates six cold stores in the Netherlands. This acquisition significantly strengthens Eimskip's reefer logistics in Europe and is a good platform for further development of reefer service in Europe. This acquisition is part of Eimskip's strategy to be a key international player in temperature-controlled cargo globally. Daalimpex is the biggest cold store company in the Neatherlands and one of the biggest in Europe. With the acquisition of a majority stake in Innovate and Corby and now the acquisition of 100% share in Daalimpex, Eimskip has become a leading European cold store company and a leading cold store company globally with the acquisition of Atlas Cold Storage in Canada."

Financial statements November 1 2005 to October 31 2006*

	2005/6 1.11-31.10	2006 4Q	2005 1.1-31.10
Operating revenue			
Net sales	1.018.110	358.022	551.173
Other income	21.926	0	21.954
Total operating revenue	<u>1.040.036</u>	<u>358.022</u>	<u>573.127</u>
Operating expenses			
Aviation Services	(456.282)	(139.751)	(367.017)
Shipping and Logistics	(595.488)	(232.883)	(189.793)
Total operating expenses	<u>(1.051.770)</u>	<u>(372.634)</u>	<u>(556.810)</u>
Operating result.....	(11.734)	(14.612)	16.317
Financial income	15.994	1.049	15.626
Financial expenses	(81.866)	(6.380)	(24.225)
Net finance costs	<u>(65.872)</u>	<u>(5.331)</u>	<u>(8.599)</u>
Share of profits (loss) in associated companies	822	2.535	(203)
(Loss) earnings before income tax.....	(76.784)	(17.408)	7.515
Income tax	8.903	1.078	(1.191)
(Loss) earnings from continuing operations.....	(67.881)	(16.330)	6.324
Profit from discontinued operations (net of income tax)	147.237	164.551	17.422
Profit for the period.....	<u>79.356</u>	<u>148.221</u>	<u>23.746</u>

Operating revenue amounted to \$1,040 million and increased by 80% compared to 2005. Operating expenses were \$1,052 million and increased by 89% compared to last year.

The Group's pre-tax loss was \$77 million for the year compared to profit of \$8 million in 2005. Net profit for the period amounted to \$79 million for the Group compared to \$24 million in 2005.

Financial expenses amounted to \$82 million thereof, approximately \$29 million is unrealised loss from Eimskip's operation in 2006.

Eimskip's Board of Directors has decided that as of November 1 2006 Eimskip's financial statements will be published in EUR.

Financial ratios and key figures

	2006	10m 2005
Equity ratio	37,0%	29,9%
Current ratio	1,39	0,71
Return on equity	14,2%	13,7%
Working capital provided by operating activity.	20.303	71.535
EBIT	(11.734)	46.682
EBITDA	64.229	100.524
EBIT / revenue	-1,1%	3,3%
EBITDA / revenue	6,2%	7,2%

*This annual statement includes twelve months of financial data. The comparison figures for 2005 include ten month figures.

Balance sheet

During the year, Hf. Eimskipafélag Islands' balance sheet changed considerably, mostly because of significant acquisitions and disposal of assets at the end of the year.

Total assets amounted to \$1,842 million at October 31. Equity increased from \$461 million to \$682 million during the year. The equity ratio was 37% at the end of the period compared to 30% at the beginning of the period. Return on equity was 14%. Earnings per share were \$0.045 during the year. Current ratio is 1.39 but was 0.71 at year end 2005.

At year end the Group held cash available amounting to \$228 million.

Cash flow, main figures

The Group's working capital from operations was \$20 million for the period. Cash flow to operating activities was \$59 million. Capital expenditure amounted to \$73 million compared with \$205 million last year.

Quarterly statements

	YTD 2006	Q4 2006	Q3 2006	Q2 2006	Q1 2005/6
Operating revenue	1.040.036	358.022	229.692	209.112	243.210
Operating expenses	(1.051.770)	(372.634)	(228.666)	(217.433)	(233.037)
Operating profit (loss)	(11.734)	(14.612)	1.026	(8.321)	10.173
Financial income (expenses)	(65.050)	(2.796)	(12.330)	(46.093)	(3.831)
Profit (loss) before taxes	(76.784)	(17.408)	(11.304)	(54.414)	6.342
Income tax	8.903	1.078	1.888	8.341	(2.404)
(Loss) earnings from continuing operations	(67.881)	(16.330)	(9.416)	(46.073)	3.938
Effect from discontinued operations (net of income tax)	147.237	164.551	12.251	(15.685)	(13.880)
Profit for the period	79.356	148.221	2.835	(61.758)	(9.942)

Listing and Shareholders

Trading in shares of Hf. Eimskipafélag Íslands commenced on ICEX 20 January 2006. The listing of the company was the largest new equity listing ever on ICEX, as the company's market cap on listing was ISK 69 billion. The total number of shares in Hf. Eimskipafélag Íslands is 1,793,599,135.

Shareholders in Hf. Eimskipafélag Íslands were approximately 24,000 at October 31 2006, compared to 20 at the beginning of the year. Two shareholders owned more than 10% of total shares in the company at the end of the period. Frontline Holding S.A, which is owned by Magnus Thorsteinsson, with 37.55% ownership and Fjárfestingarfélagið Grettir with 34.37% share.

Annual Report

The Group's Annual Report will be published close to Annual General Meeting in 2006 which will be held before the end of February where shareholders will be able to access the report at the Group's website www.ei.is.

Announcement of financial results of 2007

The 2007 quarterly results will be published on:

1Q	19.-23. March
2Q	18.-22. June
3Q	17.-21. Sept
4Q	14.-18. January 2007

Future prospects

Hf. Eimskipafélag Íslands' budget forecasts an improvement in the profitability in the operations of both Air Atlanta Icelandic and Eimskip in the year 2007 compared to the year 2006. Projected turnover for Eimskip in the year 2007 is \$ 1,450 million and projected EBITDA is \$ 145 million for the year 2007. Projected turnover for Air Atlanta Icelandic is \$ 388 million and projected EBITDA is \$ 25 million.

Eimskip's operations are subject to considerable seasonal fluctuation. As a rule the first quarter is generally the worst performing quarter and the fourth quarter is generally the best performing quarter.

Air Atlanta Icelandic's operations is subject to considerable seasonal fluctuation but with increased emphasis on cargo aircraft these fluctuations will decrease but third and fourth quarters are the best performing quarters.

Results approved

The Board of Directors approved the results of the Group for the fiscal year 2006 at a Board Meeting on January 18 2007. The Annual Statements have been audited by the Group's accountants and signed without comment. The same accounting principles have been applied this year as last year.

Presentation of annual results

A meeting for shareholders and market participants will be held on January 19 at Eimskip's headquarters in Sundaklettur, Korngörðum 2, at 8:30 to present the Group's annual results. The presentation will be published on the Group's website as soon as the meeting is finished. Magnús Thorsteinsson, Executive Chairman and Baldur Guðnason, CEO of Eimskip will present the Group's results and answer questions.

The Annual Results can be viewed at Hf. Eimskipafélag Íslands' website: www.ei.is

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