

Press release
Reykjavík, 15 May 2008

Icelandic Group – 1st Quarter 2008:

Operation on budget – Cost reduction 17%

Strengthening of the Euro results in a currency exchange loss of €7.5 million.

First Quarter Financial Highlights 2008

- Sales € 321.1 million
- 11% reduction in revenues considering effects from changes in currency
- Earnings before interest, taxes and depreciation, (EBITDA) amounted to € 11.8 million
- Operating profit (EBIT) € 7.3 million
- Net earnings amounted to a loss of € 7.3 million
- Interest bearing liabilities decrease by € 37 million
- Cash provided by operation before taxes and interest amounted to € 32.9 million
- Total assets amounted to € 723 million – equity ratio 16.1%
- Inventories decrease by € 43.7 million in the quarter
- The Group's total debts reduce by € 57.1 million in the quarter

Icelandic Group CEO Finnbogi A. Baldvinsson, commented:

Icelandic Group's operation was in line with management's expectations in the first quarter of 2008. This is certainly a positive sign, however the variance is due to financial items. Icelandic Group currently operates in many different markets and currency exchange development has a substantial effect on its financial results. Currency loss in the quarter amounted to € 7.5 million compared to € 55,000 in the first quarter of 2007, however interest bearing liabilities decrease by € 37 million, which is partly due to the strengthening of the Euro.

We have achieved to decrease the operational cost of the group substantially or by 17% in the quarter compared to first quarter last year.

The convertible loan, which has been granted to the company, makes us ready for the large projects which awaits us. I'm assure that the operation will deliver better results later in the year.

| Income statement - quarterly summary | | | | | |
|--|----------------|-----------------|----------------|----------------|----------------|
| Amounts in € '000 | Q1 2008 | Q4 2007 | Q3 2007 | Q2 2007 | Q1 2007 |
| Sales | 321.082 | 327.784 | 327.428 | 344.001 | 385.161 |
| Cost of goods sold | (287.009) | (299.355) | (293.661) | (312.604) | (342.927) |
| Gross margin | 34.073 | 28.429 | 33.767 | 31.397 | 42.234 |
| Other operating income | 1.417 | 4.318 | 1.934 | 1.230 | 1.656 |
| Other operating expenses | (28.060) | (47.439) | (31.712) | (33.136) | (34.334) |
| Share of (loss) profit of equity accounted investees | (105) | (70) | (274) | (11) | (43) |
| EBIT | 7.325 | (14.762) | 3.715 | (520) | 9.513 |
| Financial expenses | (15.161) | (12.620) | (8.781) | (1.214) | (5.872) |
| Pre-tax (loss) profit | (7.836) | (27.382) | (5.066) | (1.734) | 3.641 |
| Income tax | 583 | (1.609) | 2.517 | 1.650 | (1.354) |
| Net (loss) earnings for the period | (7.253) | (28.991) | (2.549) | (84) | 2.287 |
| EBITDA | 11.883 | 1.367 | 8.506 | 4.295 | 14.170 |
| EBITDA ratio | 3,7% | 0,4% | 2,6% | 1,2% | 3,7% |

| Balance sheet - five year review | | | | | |
|---|------------------|-------------------|-------------------|-------------------|-------------------|
| Amounts in € '000 | 31.3.2008 | 31.12.2007 | 31.12.2006 | 31.12.2005 | 31.12.2004 |
| Non-current assets | 348.146 | 366.146 | 407.282 | 275.231 | 142.400 |
| Current assets | 374.808 | 429.917 | 499.468 | 415.184 | 279.994 |
| Total assets | 722.954 | 796.063 | 906.750 | 690.415 | 422.394 |
| Equity | 116.282 | 132.330 | 176.241 | 116.741 | 35.759 |
| Non-current liabilities | 182.535 | 195.442 | 228.182 | 142.837 | 112.860 |
| Current liabilities | 424.137 | 468.291 | 502.327 | 430.837 | 273.775 |
| Total equity and liabilities | 722.954 | 796.063 | 906.750 | 690.415 | 422.394 |

Operating results for Q1 2008

Accounting Policies

The same accounting policies are used in the preparation of this quarterly report as in the preparation of the annual report for the year 2007.

| Income statement - key figures | | | |
|--|----------------|---------------|---------|
| Amounts in € '000 | Q1 2008 | Q1 2007 | Change% |
| Sales | 321.082 | 385.161 | -16,6% |
| Cost of goods sold | (287.009) | (342.927) | -16,3% |
| Gross margin | 34.073 | 42.234 | -19,3% |
| Other operating income | 1.417 | 1.656 | -14,4% |
| Other operating expenses | (28.060) | (34.334) | -18,3% |
| Share of (loss) profit of equity accounted investees..... | (105) | (43) | 144,2% |
| EBIT | 7.325 | 9.513 | -23,0% |
| Net financial expenses | (15.161) | (5.872) | 158,2% |
| Pre-tax (loss) profit | (7.836) | 3.641 | -315,2% |
| Income tax | 583 | (1.354) | -143,1% |
| Net (loss) earnings | (7.253) | 2.287 | -417,1% |
| EBITDA | 11.883 | 14.170 | -16,1% |
| EBITDA ratio | 3,7% | 3,7% | |
| Earnings per share | (0,0025) | 0,0008 | |

Net sales over the quarter amounted to € 321.1 million, as compared to € 385.2 million in Q1 2007. This represents a decrease of 16,6%. Main reasons for the lower sales is strengthening of the euro against other major currencies, asset sale of OTO along with lower sales in some of the companies markets due to world economical recession.

Business segments

Sales within business segments during the quarter were as follows:

| Business segments | | | |
|------------------------------------|----------------|----------------|---------------|
| Amounts in € '000 | Q1 2008 | Q1 2007 | Change% |
| Production companies..... | 262.017 | 320.050 | -18,1% |
| Sales and marketing companies..... | 131.593 | 150.065 | -12,3% |
| Service and holding companies..... | 640 | 4.548 | -85,9% |
| | 394.250 | 474.663 | -16,9% |
| Intercompany sales..... | (73.168) | (89.502) | -18,2% |
| Total sales | 321.082 | 385.161 | -16,6% |

Earnings before financial items (EBIT) amounted to € 7.3 million as compared to € 9.5 million Q1 2007.

Earnings before interest, depreciation and taxes (EBIDTA) amounted to € 11.8 million, as compared to € 14.2 million in Q1 2007.

Net financial expenses over the period amounted to € 15.2 million, as compared to € 5.9 million in Q1 2007. Loss on currency fluctuation in the quarter amounted to € 7.5 million compared to a loss of € 0.1 million in Q1 2007.

Income tax for the quarter amounted to € 0.6 million, which corresponds to a tax ratio of 7,4%.

Loss over the quarter amounted to € 7.3 million, as compared to profit of € 2.3 million in the same quarter of the preceding year.

Balance Sheet

| Balance sheet - key figures | | | |
|------------------------------------|----------------|----------------|--------------|
| Amounts in € '000 | 31.3.2008 | 31.12.2007 | Change% |
| Non-current assets | 348.146 | 366.146 | -4,9% |
| Current assets | 374.808 | 429.917 | -12,8% |
| Total assets | <u>722.954</u> | <u>796.063</u> | <u>-9,2%</u> |
| Equity | 116.282 | 132.330 | -12,1% |
| Non-current liabilities | 182.535 | 195.442 | -6,6% |
| Current liabilities | 424.137 | 468.291 | -9,4% |
| Total equity and liabilities | <u>722.954</u> | <u>796.063</u> | <u>-9,2%</u> |

Icelandic Group's total assets at the end of March amounted to € 723 million, as compared to € 796.1 million at year-end 2007.

Non-current assets amounted to € 348.1 million at the end of March, as compared to € 366,1 million at year-end 2007. Intangible assets amounted to € 217.0 million, as compared to € 227.0 at year-end 2007.

Current assets amounted to € 374.8 million, of which inventory accounted for € 198.8 million, as compared to € 242.5 million at year-end 2007.

Total liabilities at the end of March amounted to € 606.7 million, as compared to € 663.7 million at year-end 2007. Net liabilities (total liabilities net of current assets) amounted to € 231.9 million, as compared to € 297.6 million at year-end 2007. Interest-bearing debts amounted to € 477.6 million, as compared to € 514.5 million at year-end 2007.

Equity amounted to € 116.3 million compared to € 132.3 million at year-end 2007. The equity ratio was 16.1%, compared to 16.6% at year-end 2007.

Cash Flow

| Statement of Cash flows | | | |
|--|----------|---------|----------|
| Amounts in € '000 | 2008 | 2007 | Change % |
| Cash generated from operations | 32.926 | 10.722 | 207% |
| Net cash from operating activities | 26.968 | 3.374 | 699% |
| Net cash from in investing activities | (7.644) | (2.381) | -221% |
| Net cash (used in) from financing activities | (19.478) | 8.627 | -326% |
| | | | |
| Increase (decrease) in cash and cash equivalents | (154) | 9.620 | -102% |

Net cash from operation before taxes and interest amounted to € 32.9 million, as compared to € 10.7 million in the same period 2007. Net of interest and income tax, net cash provided by operating activities amounted to € 27.0 million, while in the preceding year cash used in operations amounted to € 3.4 million. Net cash used in investing activities amounted to € 7.6 million compared to € 2.4 million in the same period 2007. Net cash used in financing activities amounted to € 19.6 million compared to net cash from financing activities of € 8.6 million in the same period 2007. Cash and cash equivalents at the end of March amount to € 26.7 million.

Events after the first quarter of 2008

Icelandic Group request removal from trading..

Following Icelandic Group hf.'s recent AGM, the Board of Directors of Icelandic Group hf. has requested to the NASDAQ OMX Nordic Exchange in Iceland that the company's shares to be removed from trading on the main market of NASDAQ OMX ICE.

Closure of Coldwater Redditch Site

Coldwater Seafood has reached agreement with the Redditch workforce and the trade union Unite to close the site following the 90 day consultation process which started in early March. Redundancy terms have been agreed with the workforce and an expected closure date of 6th June 2008 has been confirmed.

The meals business at Redditch will be transferred to Coldwater's two sites in Grimsby. A product transfer plan is underway along with the preparations to decommission the factory following the closure date.

Convertible Loan

Icelandic Group hf.'s Annual General Meeting authorized to take a convertible loan, as provided for in Chapter VI of the Act on Public Limited Companies, No. 2/1995. The Company is authorised to sign loan documents in ISK equal to EUR 41,000,000 and the loan period shall be 4 years. The final maturity date of the loan shall be on the fourth anniversary of the loan. During the period commencing 30 days prior to the final maturity date of the loan and until the final maturity date (inclusive), the lender shall be authorised to convert the principal of the loan, in addition to accrued interest, into shares in Icelandic Group hf. Upon conversion of the loan into shares, the conversion price shall be 1.0. The Company's Board of Directors is authorised to raise the Company's share capital by up to ISK 15,000,000,000 in nominal value so as to satisfy the above

obligation. The Shareholders waive their priority rights to subscribe for shares issued under this authorisation.

Approval of the accounts

The Board of Directors of Icelandic Group hf. approved the accounts for the first quarter of 2008 at a meeting of the Board on 15 May 2008.

Investor Presentations

On Friday, 16 May, 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 8:30 a.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.omxnordicexchange.com), following the meeting.

Reporting schedule for 2008

| | |
|-----------------|--------------|
| Q2 results 2008 | Week 33 2008 |
| Q3 results 2008 | Week 46 2008 |
| Q4 results 2008 | Week 10 2009 |

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

For further information, please contact:

Finnbogi A. Baldvinsson, CEO, tel. +49 1723 198 727

Reykjavík, May 15th 2008
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 a 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 employees are around 4,600. 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 | Q1 2008 | 2007 | 2006 | 2005 | 2004 |
| Sales | 321.082 | 1.384.374 | 1.471.316 | 1.200.257 | 802.624 |
| Cost of goods sold | (287.009) | (1.248.547) | (1.316.606) | (1.084.702) | (719.586) |
| Gross margin | 34.073 | 135.827 | 154.710 | 115.555 | 83.038 |
| Other operating income | 1.417 | 9.138 | 10.587 | 4.761 | 5.811 |
| Other operating expenses | (28.060) | (146.621) | (160.533) | (118.057) | (66.156) |
| Share of (loss) profit of equity accounted investees | (105) | (398) | 700 | 154 | (702) |
| EBIT | 7.325 | (2.054) | 5.464 | 2.413 | 21.991 |
| Net financial expenses | (15.161) | (28.487) | (24.005) | (21.740) | (10.449) |
| Pre-tax (loss) profit | (7.836) | (30.541) | (18.541) | (19.327) | 11.542 |
| Income tax | 583 | 1.204 | 7.118 | 4.235 | (4.672) |
| Net (loss) earnings | (7.253) | (29.337) | (11.423) | (15.092) | 6.870 |
| EBITDA | 11.883 | 28.338 | 36.946 | 16.222 | 28.941 |
| EBITDA ratio | 3,7% | 2,0% | 2,5% | 1,4% | 3,6% |