ATORKA

ANNUAL REPORT 2007

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Supervision and editorial: Valdís Arnardóttir
Design and layout: Gott fólk
Photographs: Víðir Sigurðsson, Ari Magg, Getty Images
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CHAIRMAN'S STATEMENT

Dear Shareholders,

The winds in Icelandic economy have been changing swiftly and it is inevitable to evaluate new circumstances quickly and take appropriate actions. We are faced with a new and transformed reality different to what we have experienced in the past few years. A decline in International financial markets and vast reduction in the economy within the largest economic systems in the world is a fact that has to be faced. A look back at the past few months shows undoubtedly that Iceland is an unbreakable part of a whole; developments on world markets are instantly reflected in the Icelandic economy.

The globalization of Icelandic economy is non-reversible. It is our concerted efforts for the future to ensure young and highly educated people unrivalled living conditions and employment opportunities in Iceland and at the same time give them the best possible opportunities towards further value creation all over the world. We can neither afford to lose remunerative industries out of the country nor the great attainment that inhabits the nation. Education is the cornerstone of all our competitiveness, but the setting of the economy long term is none the less very important for the people.

Reliable currency is an important asset to have and it is self-evident to most how vulnerable the Icelandic krona is due to its smallness. The krona's fluctuation in relation to the world's major currencies has been huge and created uncertainty within the economy that has become unbearable. The debate about Iceland's currency conversion is essential and will hopefully be resolved soon.

Atorka's management is confident that the company's vested interest would be better served by publishing the company's operating results in foreign currency, as a large proportion of our operation is situated outside Iceland.

The board seeks permission at this Annual General Meeting that Atorka's shares can be registered in euros instead of Icelandic kronas.

Atorka's earnings in 2007 were really good. The company has grown rapidly in the past few years, its share price increased the most of all the 15 companies in the OMXI-15 in Iceland in the past year, or 67%, taking dividend payments in 2007 into consideration. The company's investment strategy is clear, and our daily business activities are in the hands of dedicated professionals who have invaluable experience and expertise. With the sale of Jardboranir, Atorka realized substantial profit and became at the same time a primary investor in Geysir Green Energy. High expectations are bound to its operation in the future. Atorka recently increased its holding in Geysir and is now the largest shareholder with a 43.8% stake. Atorka's strategy is to return a substantial portion of each year's profit to shareholders. This year the Board has decided to propose that the dividend payment for the year 2007 amounts to ISK 2,111 million, or 65% of the nominal value of share capital. This proposal will be presented at Atorka's 2008 Annual General Meeting.

Atorka's board and management proudly looks back and optimistically towards the future, it is clear at the same time restraint and caution must be practiced, as always, in these shifting oceans that we currently sail. I extend my appreciation to Atorka's shareholders, my fellow Board members and all the employees of Atorka and its companies for an excellent performance in 2007.

Thorsteinn Vilhelmsson, Chairman

CEO'S STATEMENT

Atorka has just completed one of its most successful year of operation since the beginning, it was characterized by substantial growth and excellent profit. Fluctuation in International markets has created challenging market conditions. Nevertheless Atorka has a strong financial profile and has refinanced a large portion of its short-term borrowings. The company is well financed and in a good position to abide by its current commitments.

Atorka's total assets increased by 45% in 2007 and profit after tax totalled ISK 8,141 million. Return on equity was 47%, which is excellent. Atorka's balance sheet for the parent company was solid at year-end. Atorka had over ISK 10 billion in cash or cash equivalents at year-end 2007 and only 9% of the company's long term borrowings are due in 2008. Thus today Atorka has three times its current interest-bearing borrowings, which is indeed an enviable situation in the light of current cash hardship that is dominant on the world markets.

2007 was an eventful and rewarding year for Atorka despite challenging market conditions. Atorka has formulated the company's investment strategy introducing different emphasis that have already resulted in great success. Atorka supports progressive and well-run companies that take advantage of the possibilities resulting from global shifts, helping them grow to become global leaders.

Our clear vision has led to Atorka's stable position, compared to other Investment companies, in otherwise stirring and uncertain markets. That is among other things because Atorka's investments are in such a small part originated within the financial sector. Atorka sees great investment opportunities in companies operating in the field of renewable energy, environmental technology and wastewater treatment, to name a few.

Atorka's investment projects are very successful and mid-year the company realised a substantial profit by selling Jardboranir. Jardboranir has grown and prospered substantially under Atorka's leadership in the past few years. At the same time Atorka invested in a new project, Geysir Green Energy, were the company is now the largest shareholder. Increased globalization is driving huge development in renewable energy and attention to the potential of utilizing geothermal energy is enormous. Geysir is in a strong position and has the objective to become a world leader in the development of geothermal energy. Geysir Green Energy and Promens are Atorka's largest, unlisted investments.

Promens has experienced rapid growth in the past several years. The plastic industry has gone through rapid changes that have led to a wide range of new applications for plastics and a growth in demand. The company's turnover has increased fourteenfold in the past three years and Promens has become one of the largest plastic conversion companies in the world, operating over 60 factories in 20 countries. 2007 was used in large part for integration and productivity improvements within the company and will show effects in 2008 results.

Asia, including China, has increasingly become a larger part of Atorka's investment portfolio, where the company has to greater extent been looking towards investment in Asia. Most recently Atorka acquired a stake in one of the leading companies in the development of wastewater treatment plants in China. With increased prosperity China is expected to invest significantly in improved quality of life, and in relation to that, Atorka sees investment opportunities.

Atorka is a primary investor in both Interbulk and Clyde Process Solutions; the company intends to be an active part in further growth and development of both investments. Both companies are listed on AIM Stock Exchange in London and are well placed in the global markets they serve. Interbulk runs a specialised container logistical service for the chemical industry, but that industry makes a high demand for reliability. Clyde Process Solution is a world leader in the production of highly developed pneumatic conveying systems for production processes.

Atorka aims at participating in five to ten investment projects at a time and concentrates on enhancing their value by supporting their internal and external growth, and opportunities for value enhancement. The company participates actively in the strategy development and management of its investments, as well as fulfilling its role of providing strong financial support for their advancement. Atorka's involvement is through close cooperation with the management teams and also with own representatives on the Board of Directors.

Atorka has a strong financial profile and is therefore in a good position to take advantage of new opportunities. It has become clear during recent turmoil that Atorka's investment strategy is a successful one. We have numerous exciting projects on the horizon that offer the company great opportunities for further value enhancement. Atorka is in a strong position to take advantage of the opportunities that have presented themselves in the market lately.

Atorka intends to continue to support its investment projects to further achievement and growth while keeping an eye out for new opportunities that are compatible with its investment strategy. Current market conditions make it more difficult to get financial institutions into financial collaboration on new investment projects. Under these circumstances it is even more important to carefully select investments. Atorka will continue to work on its ambitious future plans, delivering good returns to our shareholder's.

Magnus Jonsson,
CEO

A growing population

HIGHLIGHTS OF 2007

JANUARY	FEBRUARY	MARCH	APRIL	MAY

FEBRUARY

PROMENS

Promens, concluded the sale and leaseback of four properties in Norway and Denmark. The gross proceeds were NOK 270 million

PROMENS

Promens completed the refinancing after the acquisition of Polimoon

MARCH

CLYDE PROCESS SOLUTIONS

Atorka acquired about 30% stake in CPS

Romag

Atorka increased its share in Romag to 22%

InterBulk GROUP

Atorka increased its share in InterBulk Group plc. to about 40%

APRIL

icepharma

Atorka completed the divestment of Icepharma

MAY

parlogis

Atorka completed the divestment of Parlogis

ilsanta

Atorka completed the divestment of Ilsanta

JARÐBORANIR

Jardboranir purchased a large high-tech drill that is specially designed to obtain geothermal heat from great depths and negotiated option to buy two more. The purchase was an important milestone in an expansion into foreign markets

PROMENS

Promens acquired the Dekoplast Business in France

PROMENS

Changes made in Promens' organisational structure to increase efficiency and establish a strong base for further growth

GEYSIR GREEN ENERGY

Atorka acquired 32% stake in Geysir Green Energy

JARÐBORANIR

Atorka concluded the sale of Jardboranir to Geysir Green Energy. The value of the sale was EUR 211 million

PROMENS

Promens acquired the production unit of STE Packaging Development in Spain

ASIAENV

Atorka bought a 10% stake in Asia Environment Holdings

JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER

HEKLA ENERGY

Jardboranir established Hekla Energy in Germany

SHANGHAI CENTURY ACQUISITION CORP.

Atorka acquired a 20% stake in Shanghai Century

GREAT EXIT

JARÐBORANIR

GEYSIR GREEN ENERGY

JARDBORANIR

In August 2007 Atorka Group concluded the sale of its entire holding in Jardboranir to Geysir Green Energy together with a 16% share in Enex.

Jardboranir has grown and prospered substantially under Atorka's leadership. This sale bears witness to the success of Atorka's investment strategy. Jardboranir's turnover has increased fivefold in a 5-year period, all by organic growth. The company's project pipeline has never been better. Atorka will continue to invest in projects related to the harnessing of geothermal power with its participation in Geysir Green Energy.

Simultaneous with the sale, Atorka purchased a 32% stake in Geysir and will therefore be a primary investor in the company. The Enterprise Value of the sale is EUR 211 million, or ISK 17.7 billion, and Atorka's total realised gain since the beginning of its investment amounts to more than EUR 130 million, or ISK 11 billion before taxes.

With the sale of Jardboranir, Atorka has realised a substantial profit and freed up capital for new investments. Atorka's financial position is very strong, and the company has strong investment capacity.

Jardboranir has begun to gain a foothold abroad and has recently purchased and guaranteed the right to purchase three powerful high-technology drill rigs to expand the company's operations. The new drill rigs are specially designed for deep geothermal drilling and will give the company an even greater competitive edge. Thor Novig, former Managing Director of the German drilling company Itag Tiefbohr GmbH, was hired as Managing Director of Hekla Energy, a German subsidiary of Jardboranir. Hekla Energy's first drilling projects commenced in southern Germany late 2007.

Realised profit ISK 11 billion

Value of the sale ISK 17.7 billion

Un-leveraged IRR for this investment is around 70%

Atorka became a primary investor in Geysir Green Energy, with a 32% stake. The total purchase price was ISK 7.2 billion

PERFORMANCE IN 2007

ATORKA'S PERFORMANCE IN 2007

Atorka's after-tax profit totalled ISK 8,141, million which corresponds to a 21% increase from the previous year. Profit per share was ISK 2.58 in 2007. At year-end, total assets amounted to ISK 62,325 million, having increased by 45% in 2007. The increase in assets can be explained in part with enhanced cash balance and an increase in investment projects. The company's equity ratio was 38% at year-end and return on equity in 2007 was 47%.

INTEREST INCOME

The Interest income in 2007 was ISK 827 million compared to ISK 385 million in 2006. The company has increased its cash position and, on average, had a net cash position around ISK 10 billion last quarter. The cash position is both in ISK and foreign currencies, and the increase in interest income in last quarter can be explained both with interest revenue and foreign currency gain.

INVESTMENT REVENUES

The revenue from investment projects totalled ISK 10,034 million in 2007 compared to ISK 9,240 million in 2006. In 2007, Atorka concluded the sale of Jardboranir to Geysir Green Energy. Atorka realised most of its investment revenue for 2007 in that sale. Jardboranir has grown and prospered substantially under Atorka's leadership in the past few years. All investments are reported at market value or fair value.

FORWARD CURRENCY AND INTEREST RATE SWAPS

Atorka has entered into currency and interest rate swap agreements to hedge against its investments in foreign currencies. Since the company's financing is in large part ISK registered debenture, the company uses interest rate swap to decrease exposure off a particular currency. Under forward currency and interest rate swaps, the effect of the exchange rate and net interest margin becomes apparent but also what the company gets out of the interest rate swaps. The effect of the exchange rate on the investments is booked as fair value changes on investments and other financial assets and therefore the ultimate results of the hedge is not apparent. At year-end the company's foreign assets exceeded its debts in foreign currencies.

FINANCIAL EXPENSES

The company's high interest expense reflects the company's financing in ISK. In 2007 the interest expense was ISK 3,827 million, including the exchange rate influence, compared to ISK 1,919 million in 2006. Increased leverage and augmented debt relevance in ISK explains the rise of the interest expense in 2007. The influence of the interest expense can be detected in the forward currency and interest rate swaps section, so the company's real interest rate expenses is therefore lower then it appears in this section.

INCOME TAX

At the end of 2007 the company deferred income tax liability down to ISK 1.924 million. According Icelandic tax law, companies are allowed to postpone taxation of capital gain on shares by reinvesting in companies and stock. At the end of 2007 the company had reinvested in its subsidiaries, and Atorka was therefore authorised to bring down its tax commitments according to article IAS12 – Income taxes.

FINANCIAL INVESTMENTS

Financial investments increased from ISK 33,272 million to ISK 48,929 million due to augmentation in current investment projects addition to new investment projects. All investments are fully disclosed in the company's accounts and are therefore no investments in forward contracts or derivatives.

CASH AND CASH EQUIVALENTS

Cash balance was positive at year-end or ISK 10,275 million compared to ISK 4,721 million at the end of 2006. The company is in a good position to take advantage of opportunities that may arise in the near future.

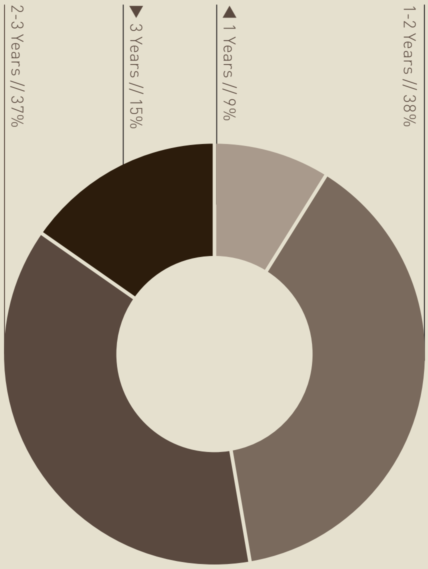
SHAREHOLDERS' EQUITY

At year-end equity amounted to ISK 23.7 billion, having increased by ISK 6.4 billion in 2007. The company's equity ratio is 38%. Return on equity was 47% for the year, far in excess of targets. Atorka's long-term objective is to maintain return on equity at a level above 15%.

BORROWINGS

Atorka has a strong financial position with only ISK 3,349 million of borrowings payable within 2008. Atorka has ISK 10,275 million in cash or cash equivalents at year-end 2007; thus today Atorka has three times its current interest-bearing borrowings. Only 9% of interest-bearing borrowings is due in 2008.

FINANCING MATURITY PROFILE



Well funded

9% of borrowings due within 1 year

Weighted average premium of borrowings 1.34%

Strong cash position with equivalent payback of more than three times borrowings payable this year

FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

Atorka's total assets amounted to ISK 62,325 million at year-end 2007, as compared to ISK 43,028 million at year-end 2006.

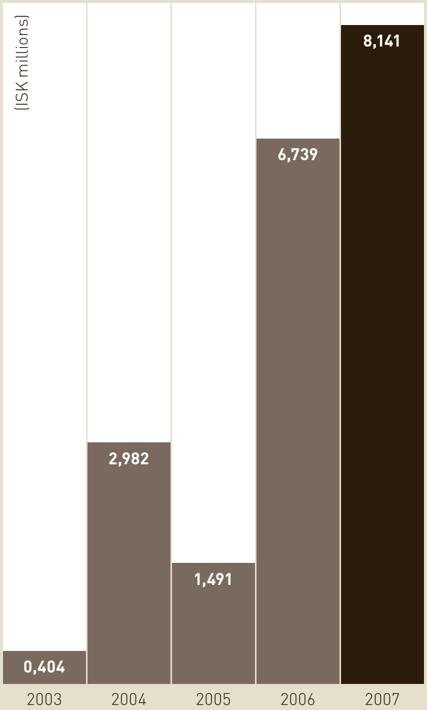
ATORKA GROUP HF. PARENT COMPANY'S FINANCIAL STATEMENT FOR THE PAST FIVE YEARS

INCOME STATEMENT – PARENT COMPANY	2007	2006	2005	2004	2003
Financial Income (ISK millions)					
Interest income and other related financial income	827	385	388	70	55
Dividend income	156	1,122	206	144	38
Fair value changes on investments and other financial assets	10,034	9,240	1,760	3,022	472
(Loss) gain on forward currency and interest rate swaps	(66)	0	0	0	0
Financial Expenses (ISK millions)					
Interest expenses	(3,827)	(1,919)	(710)	(251)	(44)
Net financial income	**7,123**	**8,829**	**2,118**	**3,587**	**521**
Operating expenses	(907)	(857)	(612)	(211)	(65)
Impairment of goodwill	0	0	(249)	(140)	0
Net profit before taxes	**6,216**	**7,972**	**1,256**	**3,236**	**457**
Income tax	1,924	(1,233)	235	(344)	(53)
NET PROFIT	**8,141**	**6,739**	**1,491**	**2,892**	**404**

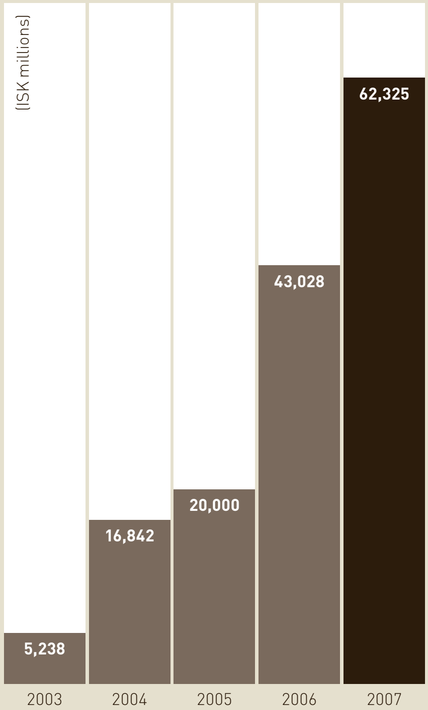
BALANCE SHEET – PARENT COMPANY	2007	2006	2005	2004	2003
Assets (ISK millions)					
Goodwill	0	0	0	254	0
Loans and other receivables	3,071	5,035	2,238	1,124	39
Investment Projects	48,929	33,272	16,867	11,775	5,047
Derivative financial instruments	51	0	16	241	0
Cash and cash equivalents	10,275	4,721	979	3,449	153
TOTAL ASSETS	**62,325**	**43,028**	**20,000**	**16,843**	**5,238**
Stockholders' Equity and Liabilities (ISK millions)					
Total stockholders' equity	23,376	17,226	9,744	8,969	4,094
Deferred tax liability	0	1,924	323	566	0
Borrowings	37,734	23,519	9,486	6,968	800
Trade and other payables	650	358	442	309	344
Derivative financial instruments	566	0	4	30	0
TOTAL EQUITY AND LIABILITIES	**62,325**	**43,028**	**20,000**	**16,842**	**5,238**

FINANCIAL HIGHLIGHTS

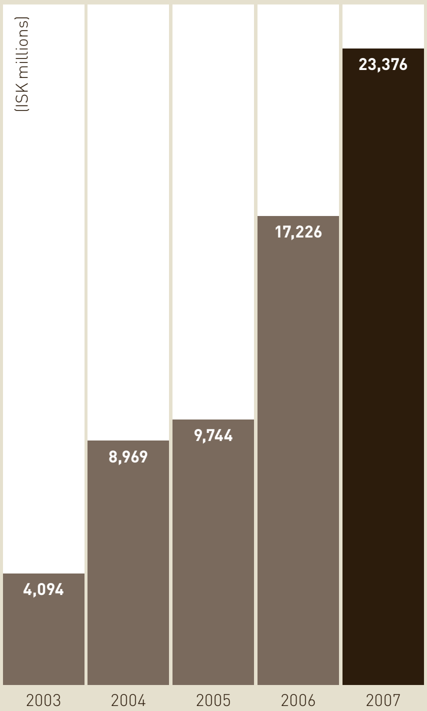
PROFIT (2003 - 2007)



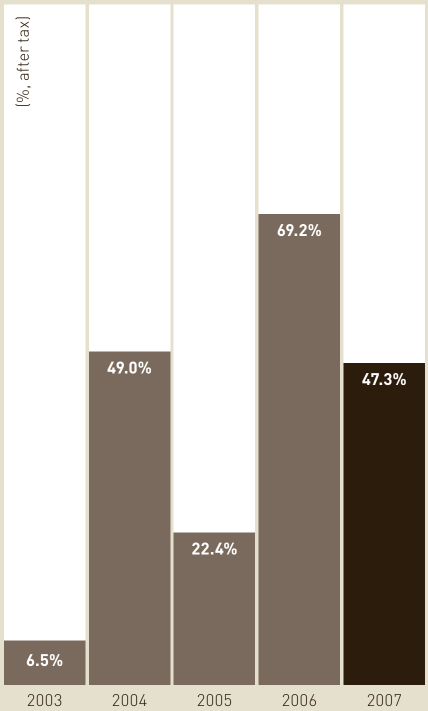
ASSETS (2003 - 2007)



EQUITY (2003 - 2007)



RETURN ON EQUITY (2003 - 2007)



Demands for quality of life increase and energy needs multiply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無添加。
三阳南货
三阳南货

INVESTMENT STRATEGY

STRATEGY & OBJECTIVES

Atorka Group is a progressive international investment company. It invests in sound undertakings that operate in business sectors with unique potential for growth on a global level. Atorka's strategy is to acquire stakes that are large enough to exert significant influence on the major operational decisions, strategy, and future development of the company in question, as well as providing the financial support necessary to foster further growth of the company's operations.

In its investments, Atorka places emphasis on sectors that are likely to outperform the general economy as represented by GDP.

The Company focuses on investments in entities with solid operations, strong management, promising conditions for internal and external growth, and opportunities for value enhancement.

Generally Atorka will play a leading role within each investment, providing 20 - 50% of the equity. In order to maximise its efforts, Atorka's strategy is to focus on fewer larger investments as opposed to many small investments. Atorka places emphasis on building relationships and long term involvement with co-investors in its investment projects.

In general, Atorka participates in five to ten investment projects at a time, with the approximate time horizon for each investment set at 3-5 years. Atorka may decide, however, to act as a primary investor for an undetermined length of time.

Atorka focuses on enlarging existing platforms as well as investing in new platforms that fulfil the investment strategy and is actively seeking new opportunities to expand its investments projects.

New economies in Eastern Europe and Asia continue to rapidly, grow and develop with vast opportunities. Atorka intends to take an advantage of these opportunities and thereby expand and strengthen the company's portfolio considerably.

Atorka Group is listed on the OMX Nordic Exchange in Iceland and is one of 15 companies on the OMXI-15 Index. Its shareholders number is approximately 5,000.

Atorka's financial target is to maintain returns on equity in excess of 15%. In the last 5 years, the Company's average return on equity has been 39%, and in 2007 it reached 47%.

ATORKA'S VISION

CORE VALUES	MISSION	GOAL
BE FORWARD THINKING BUILD RELATIONSHIPS SUPPORT GROWTH	TO SUPPORT SMART COMPANIES IN TAKING ADVANTAGE OF GLOBAL SHIFTS	TAKE COMPANIES TO RECOGNIZABLE WORLD LEADERSHIP

ATORKA'S INVESTMENT STRATEGY

BUY >> BUILD >> SELL

SECTOR SELECTION	PLATFORM SELECTION	FAST GROWTH	EXIT
- Niche sectors with unique growth potential due to underlying global shift - Fragmented markets where the "conglomerates" are still not active - Substantial barriers to entry	- Strong management Strong cash flow Proven track record - Candidate for world leadership within its sector - Atorka as leading investor with 20-50% share - Both listed companies and private equity	- Develop aggressive growth strategy - Align management - Support acquisitions as well as internal growth - Operational improvements - Value enhancement by changes in capital structure	- Clear exit strategy from the beginning - Flexible time horizon but typically 3-5 years - IPO. Trade sale - Minimum IRR of 20%

INVESTMENT PROJECTS

Atorka's portfolio is divided into six different sectors: Renewable Energy, Industrial, Environmental Technology, Water Treatment, Service and Other Investment Projects. Atorka's involvement is through close cooperation with the management teams or own representatives on the Board of Directors.

INDUSTRIAL

Atorka's holding currently stands at 79%.

PROMENS is a leading global plastics manufacturer operating over 60 plants in Europe, North America and Asia. The company manufactures a wide range of products, including packaging for food, cosmetics, chemicals and pharmaceuticals. Promens serves multiple industries such as food processing, chemical and medical industries, as well as the automotive and heavy machinery.

www.promens.com

SERVICE

Atorka's holding currently stands at 40%.

INTERBULK is one of the leading companies on the global market for specialized container logistical services for the chemical industry. That industry has high demand for reliability. InterBulk operates with innovative technology and has strong management team.

www.interbulkgroup.com

ENVIRONMENTAL TECHNOLOGY

Atorka's holding currently stands at 30%.

CPS is a world leader in the production of highly developed pneumatic conveying systems for production processes. These systems reduce costs and pollution and enhance efficiency in production processes. It is used in a number of sectors, including the production of gypsum, cement, and steel, as well as the food and chemical industry.

www.clydeprocesssolutions.com

RENEWABLE ENERGY

Atorka's holding currently stands at 43.8%.

GEYSIR GREEN ENERGY is an investment company that seeks leading market opportunities in the harnessing of geothermal energy. Geysir invests in the development and construction of geothermal plants, acquires geothermal plants currently owned by power utilities and participates in the privatization of energy companies all over the world.

www.gge.is

Atorka's holding currently stands at 22%.

ROMAG is a global leader in the manufacture of specialized transparent composites such as photovoltaic glass, which utilises daylight for the production of electricity. By combining high-quality float and tempered glass with modern plastics technology, they produce a range of long-lasting, high-performance laminates.

www.romag.co.uk

WATER TREATMENT

Atorka's holding currently stands at 23%.

AMIAD is one of the world's leading producers of water filtration products and filtration solutions. Amiad provides optimal solutions for every filtration requirement serving the industrial, irrigation and municipal sectors worldwide.

www.amiad.com

Atorka's holding currently stands at 14%.

ASIA ENVIRONMENT HOLDINGS is one of the leading integrated water and wastewater treatment solution providers in the People's Republic of China, with twenty years of experience. The Company covers the entire spectrum of water and wastewater treatment, from planning and design to manufacturing and fabrication, construction, installation, operations and maintenance.

www.asiaenv.com

OTHER INVESTMENT PROJECTS

Atorka's holding currently stands at 100%.

BJORGUN is a pioneer in the developement and construction of wharves and coastal areas in Iceland. The company is also a leading contractor in Iceland in dredging, landfills and quay construction.

www.bjorgun.is

Atorka's holding currently stands at 23%.

NWF is a UK-based distribution and retail company that comprises of four separately managed divisions: Distribution, Feeds, Fuels and Garden Centres.

www.nwf.co.uk

Water is a limited resource


PICKFORDS WHARF

RENEWABLE ENERGY (GEOTHERMAL)

THE MARKET

Geothermal energy is a low-polluting, autonomous energy resource which provides base-load power. Iceland is a leader in geothermal energy, and Geysir Green Energy is able to tap into local resources and utilize the knowledge available

Geothermal power production uses a very low amount of land per MW of electricity produced. There is about 9,000 MW of geothermal electricity generating capacity installed world-wide

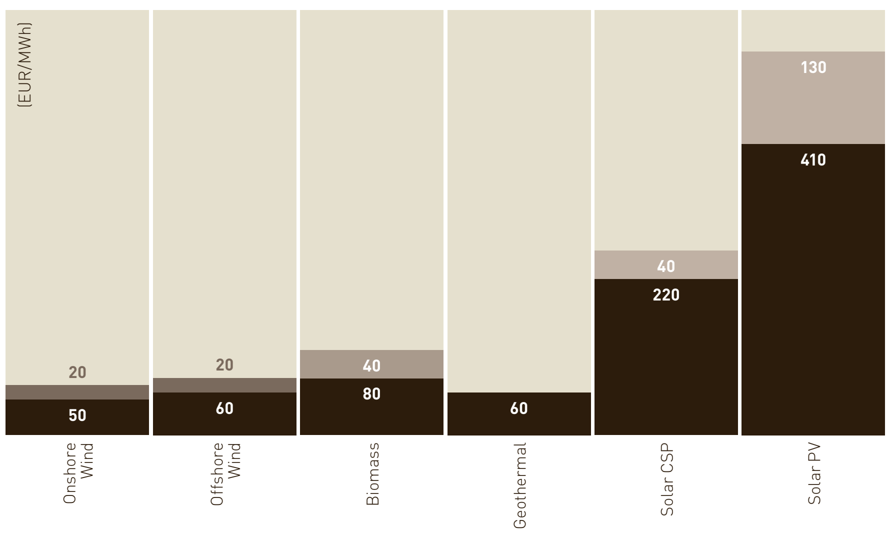
Environmental concerns and high oil prices are driving huge development in renewable energy, and the potential in utilizing geothermal energy is enormous

Very few companies master the know-how and expertise needed to harness geothermal energy efficiently

Global energy requirements are expected to double within the next 50 years, with a large percentage increasingly being met by sustainable production versus traditional carbon-based sources

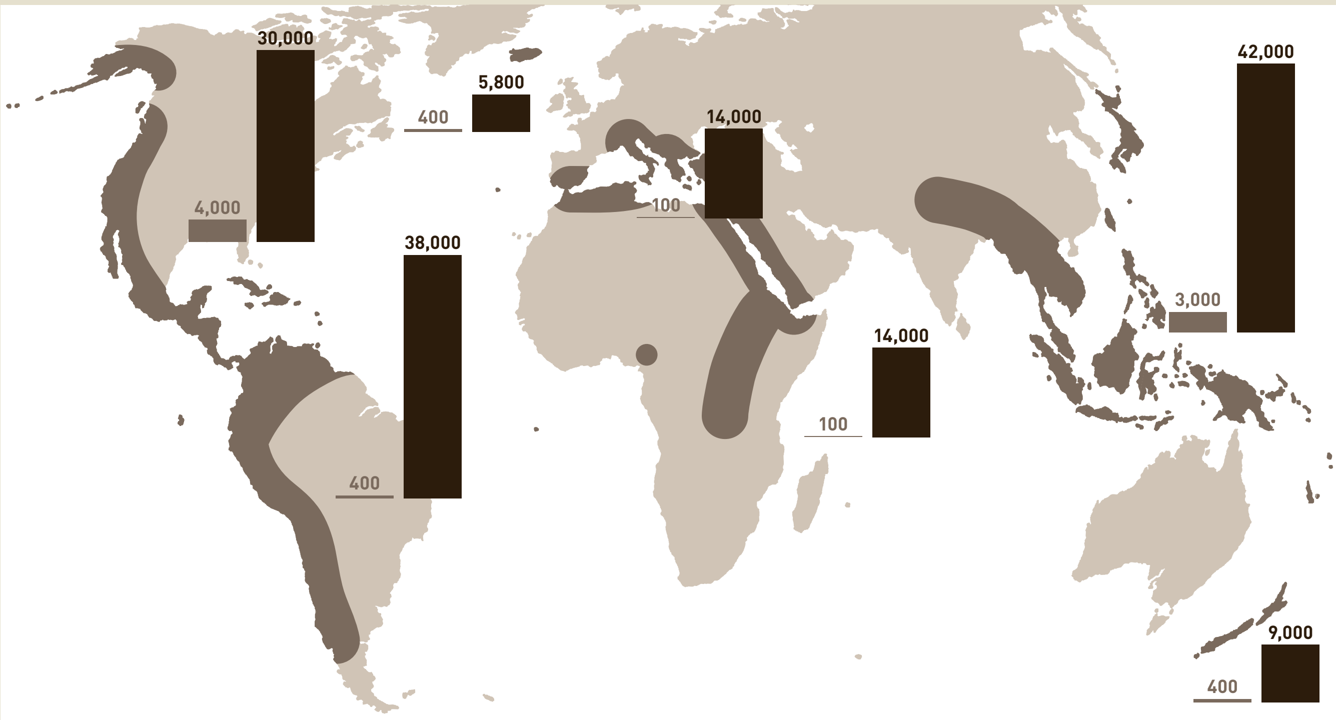
The European Union has set a target for a 20% increase in sustainable production by the year 2020, and the US aims to double its output of energy from sustainable sources over the next 10 years

RENEWABLE ENERGY COSTS UNDER VARYING CONDITIONS



*Based on 2005 data
SOURCE: Emerging Energy estimates

POTENTIAL FOR INSTALLED CAPACITY OF ~150,000 MW* (CURRENTLY ~9,000 MW)

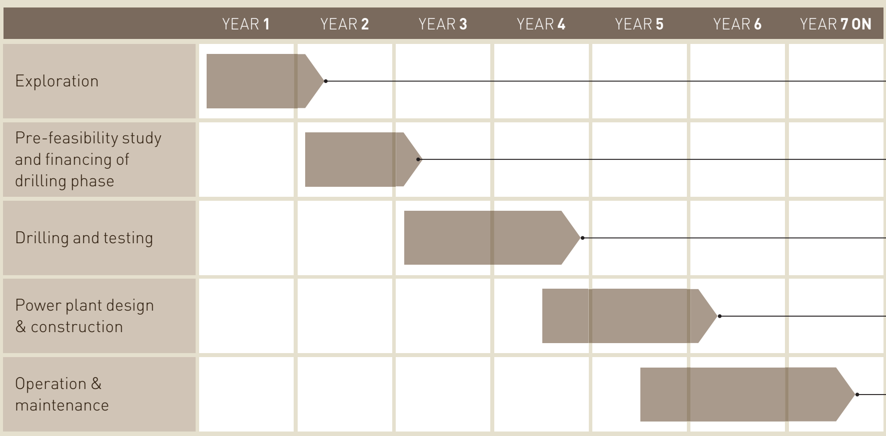


SOURCE: Bertani, R. International Geothermal Association, Glitnir Research

Currently installed capacity for region (MW)
Potential for region (MW)

TIME FRAME TO DEVELOP GEOTHERMAL PROJECTS

SOURCE: Glitnir Bank



- Geological Appraisal
- Seismic survey
- Assess temperature gradient

- Permits and concessions to drill and operate
- Arranging risk capital for drilling costs
- Well design and procurement
- Contracting of drilling rig and services

- Drilling of first well
- Well testing
- Drill additional wells
- Confirm geothermal reserves

- Power plant design and procurement
- Complete additional wells for full scale production
- Power plant civil engineering and construction

Long term generation of clean and renewable electricity

GEYSIR GREEN ENERGY

ABOUT GEYSIR GREEN ENERGY

Geysir Green Energy seeks leading market opportunities in the harnessing of geothermal energy. Geysir invests in the development and construction of geothermal plants, acquires geothermal plants currently owned by power utilities, and participates in the privatization of energy companies all over the world.

Geysir Green Energy is uniquely positioned to take advantage of the enormous potential geothermal has to offer globally, utilizing the large pool of Icelandic knowledge of geothermal development in its endeavors. The firm has made investments of more than ISK 40 billion (USD 600 million) across the whole geothermal value chain, including exploration and development of geothermal resources, drilling, operation of power plants and district heating systems among others. Geysir's Investments cover the whole spectrum of the geothermal industry.

Geysir Green Energy headquarters are located in Iceland. Geysir has invested in several large geothermal projects in the US, Germany, Iceland and Asia. Atorka is today the largest shareholder, with approximately 44% holding.

www.gge.is

HIGHLIGHTS IN 2007

Geysir Green Energy purchased Jardboranir, a world leader in the exploitation of geothermal energy

Geysir became the second largest shareholder in Hitaveita Suðurnesja, holding 32% of the company

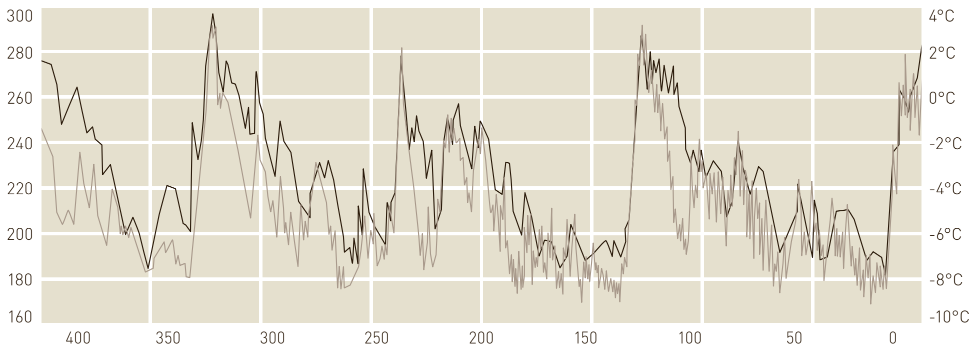
Geysir increased its share in ENEX by 45% in 2007 and now holds a 73% stake

Geysir purchased a stake in a Canadian geothermal company, Western GeoPower, and became one of its largest shareholders

Iceland America Energy started to drill its first geothermal exploration well, near Truckhaven in California

In collaboration, Exorka and Hekla Energy, a subsidiary of Jardboranir, started a drilling project in Germany.

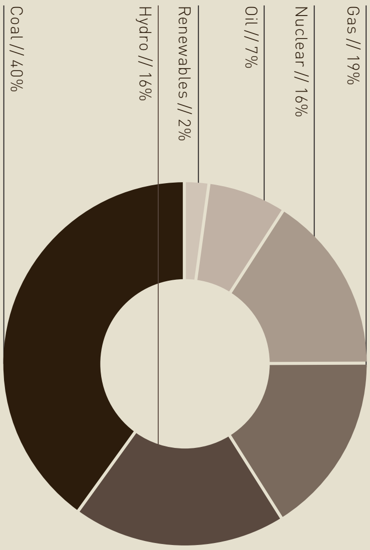
CO_2 CONCENTRATION IN THE ATMOSPHERE & TEMPERATURE OVER THE PAST 400,000 YEARS (FROM THE VOSTOK ICE-CORE)



SOURCE: Carbon Dioxide Information Analysis Center, Oak Ridge National Laboratory, U.S. DOE, Credit Suisse research.

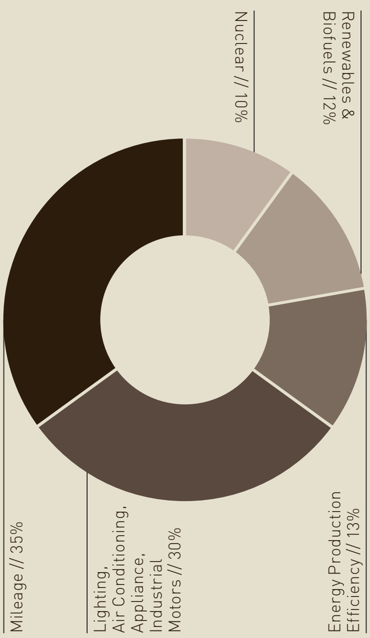
CO_2 Concentration (PPMV) **LHS**
Temperature (°C) **RHS**

GLOBAL ELECTRICITY-GENERATING CAPACITY*



*last reported data
SOURCE: BP statistical review of world energy

THE IEA ALTERNATIVE SCENARIO: CO_2 SAVINGS BY TYPE (2030)



SOURCE: IEA

GEYSIR'S PORTFOLIO

JARÐBORANIR

Jardboranir is a world leader in drilling and utilization of geothermal energy. Jardboranir operates internationally and specializes in the exploitation of geothermal resources. Geysir's holding is 100%.

exorka

Exorka is a consulting company which is transforming into a generating company. Exorka has license to use Kalina technology which enables the production of electricity from low-temperature geothermal resources. Exorka is a leading geothermal developer in Germany. Geysir's holding is 65%.

HITAVEITA SUÐURNESJA HF

Geysir is the second-largest shareholder in **Hitaveita Sudurnesja**, Iceland's second-largest provider of geothermal electricity and district heating, through its two plants in southwest Iceland. The company has been a pioneer of new methods and technologies since it started providing geothermal water to users in 1977. Geysir's holding is 32%.

enex

Geysir Green Energy owns 72% of share capital in **Enex hf**. Enex's activities center primarily on development projects in the geothermal field worldwide, particularly on processing and utilizing energy resources and providing consultancy service. The company is engaged in projects all over the world, including the US, Germany, Hungary, Slovakia and China.

Enex China

Enex China develops geothermal district heating systems in China. Enex China recently completed first phase of what may become the largest geothermal district heating system in the world, with the potential to provide heating for 500,000 people (450 MW). Geysir is a primary investor, with a 67% stake.

WESTERN GEOPOWER CORP.

Geysir is one of the largest shareholders of **Western GeoPower**, with 20% stake. Western GeoPower is a Canadian company involved in the development of geothermal projects in North America, and it is listed on TSX.

RENEWABLE ENERGY (SOLAR)

THE MARKET

Rising energy and oil prices, together with increased environmental awareness, have led to increased global incentives for solar power. Solar energy remains high on the agenda as a source of clean, sustainable and renewable energy

Building Integrated Photovoltaic laminates (BIPV) serve the dual purpose of replacing conventional materials and simultaneously harness energy from daylight

Once initial cost is met Photovoltaic, unlike any other form of renewable energy, has no future costs related to the generation of power

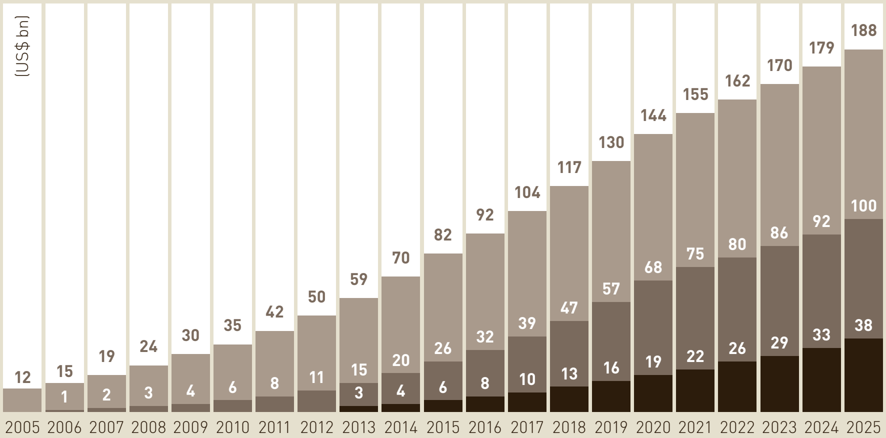
Annual growth of BIPV in the next few years is projected to be approximately 40%

New regulations that demand up to 20% of the energy to be generated by the building itself support the high growth of BIPV

In China, solar capacity is expected to reach 2000MW by 2020 compared with 65MW in 2005

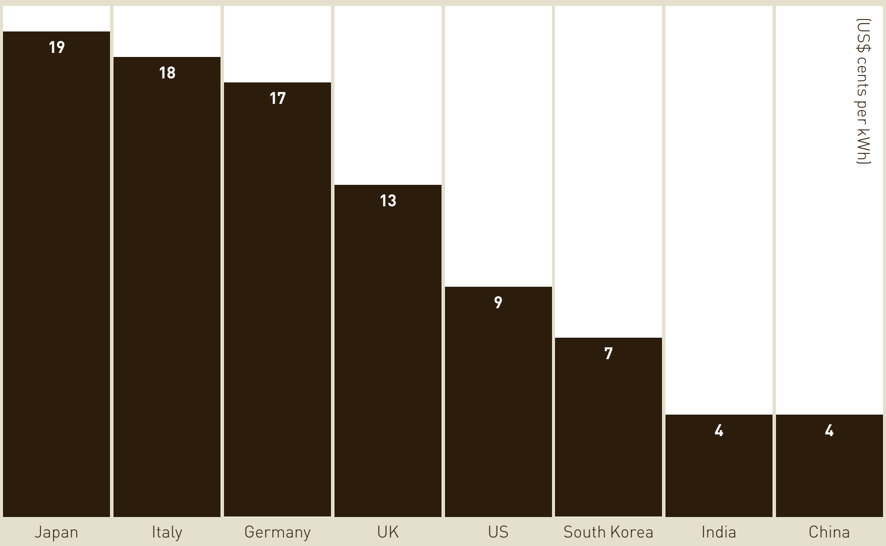
The US government anticipates solar energy to become commercially competitive by 2015, providing one to two million American homes with solar electricity. In other areas, PV technology is predicted to catch up to conventional electricity by 2011

PV INDUSTRY SALES ESTIMATES



SOURCE: Credit Suisse and EPIA
NOTE: *1st generation photovoltaics are silicon wafer-based solar cell. 2nd generation of photovoltaic technology is based on the use of thin-film deposits of various semiconductors. 3rd generation photovoltaics include organic solar cells, photo-electrochemical cells, and nanocrystal solar cells that may ultimately lower solar electricity prices to below 5 cents/kWh.

AVERAGE RESIDENTIAL POWER PRICES IN 2004



SOURCE: IEA, Credit Suisse research

ROMAG

Romag

ABOUT ROMAG

Romag is a world leading producer of specialized glass products and solutions. Romag manufactures specialist transparent composites to the security, renewable energy, architectural and specialist transport markets.

By combining high quality float and tempered glass, modern plastics technology and specialist interlayers, Romag produces a range of long-lasting, high-performance laminates, including laminated solar panels generating energy from a renewable source. Romag's products also provide bullet and bomb blast protection to many high-risk military vehicles, government buildings, embassies and VIP residences in numerous worldwide locations, as well as cash transfer vehicles and public-figure limousines. Romag also manufactures specialized photovoltaic glass, which utilizes daylight for the production of electricity. The market for such innovative solutions is rapidly growing.

Romag's headquarters are in Durham, England. Romag is listed on the London Stock Exchange's AIM market and Atorka is the largest shareholder, with 22% holding.

www.romag.co.uk

HIGHLIGHTS IN 2007

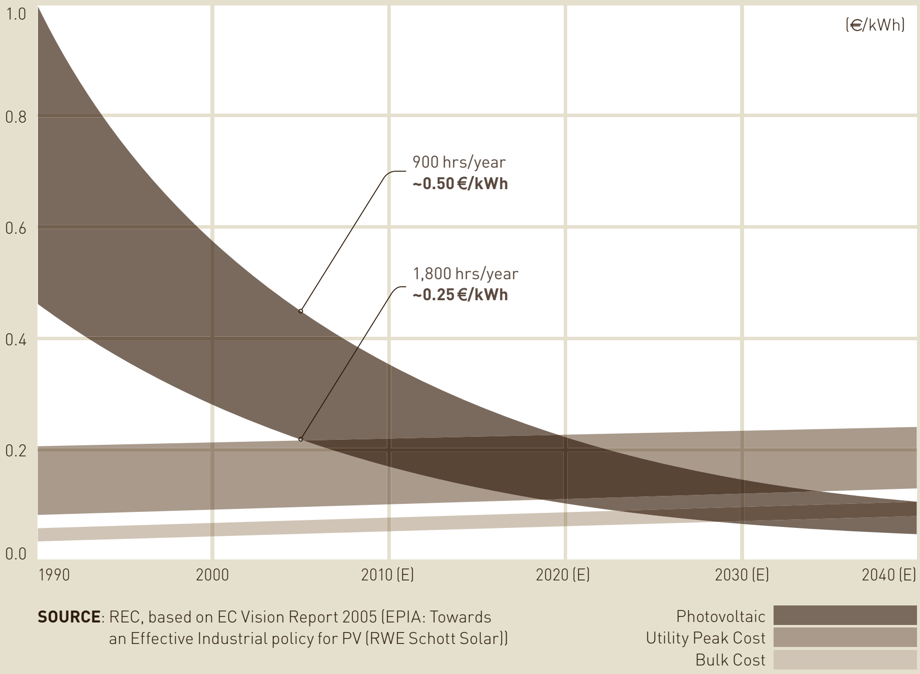
Romag has developed a Building Integrated Photovoltaic (BIPV) product that converts daylight into electricity (PowerGlas)

Production capacity of PowerGlas will be increased from 6 MW early in 2007 to 28 MW in 2008. Romag also has ample cell supply agreements with three suppliers, covering the next few years

Romag has negotiated competitive cell supply agreements with E-ton and Q-Cells which secure them a sufficient supply of cells. Romag also has a global alliance agreement with BP Solar

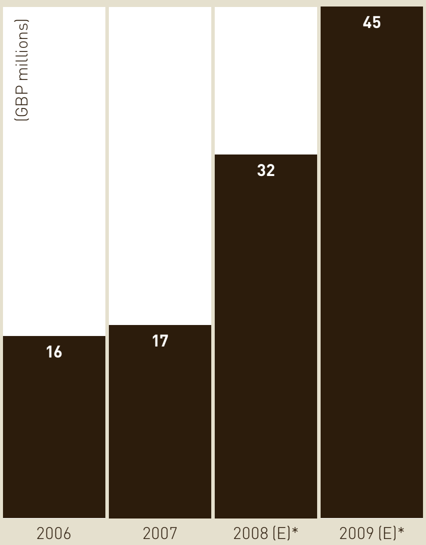
In March, Romag signed a five-year BIPV contract with an existing Spanish customer for a minimum of EUR 80m over the next five years

COST-COMPETITIVENESS OF PV ELECTRICITY



SOURCE: REC, based on EC Vision Report 2005 (EPIA: Towards an Effective Industrial policy for PV (RWE Schott Solar))

TURNOVER



*Based on analysis from Arbuthnot, October 2007

FINANCIAL INFORMATION

Based on analysis from Arbuthnot, October 2007

TURNOVER (GBP MILLIONS)	
2008 (E)	32
EBITDA (GBP MILLIONS)	
2008 (E)	7

It is becoming critical to utilise and sustain natural resources

INDUSTRIAL (RIGID PLASTICS)

THE MARKET

The plastics industry has gone through rapid changes in recent years because of innovation and technological improvements. This has led to a wide range of new applications for plastics and a growth in demand

Growth in Western Europe and North America follows GDP (2-5% annually), but is characterized by technically advanced, high-margin products

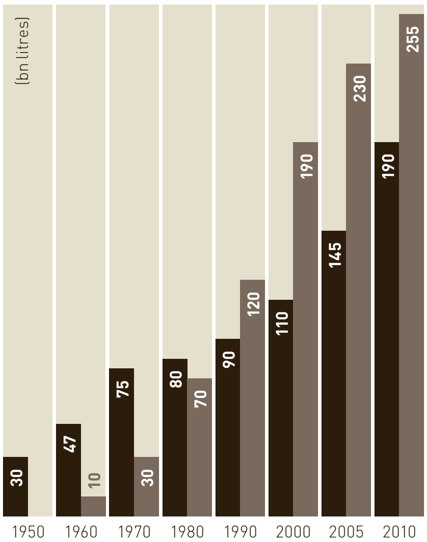
Great potential for growth in Eastern Europe and Asia where plastics consumption is still far behind W-Europe. These markets are growing by 6-20% annually

Eastern Europe is fast becoming a hub for the automotive industry in Europe and the world. This offers great potential for plastic manufacturers in the region as plastics replace more and more automotive components

Increasing conversions to plastics from other material due to inherent benefits such as flexibility, durability, affordability, weight

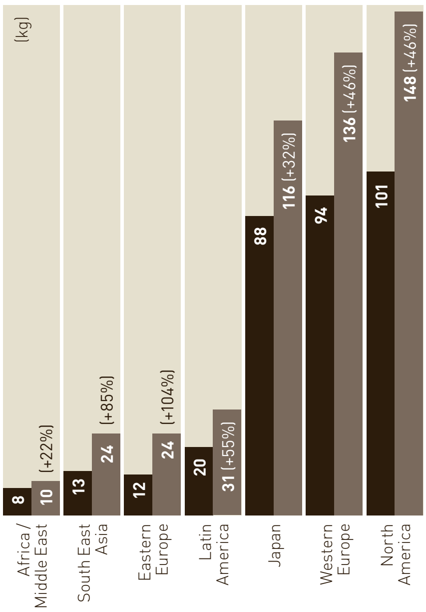
The plastic market is characterized by a high degree of fragmentation. In Europe alone, there are over 50,000 plastic manufacturers, which offer many consolidation opportunities

GLOBAL PRODUCTION OF PLASTICS AND STEEL



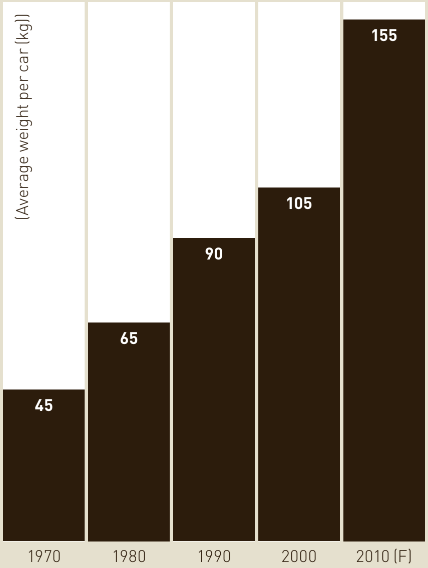
SOURCE: 1950 - 2000: BASF AG, **2000-2010,** Steel:. Global Grude Steel Production (2005), A STEELGURU briefing and Rusmet.com. **2000-2010,** Plastics: Own projections and Plastics News, January 7, 2008

PLASTICS CONSUMPTION PER CAPITA



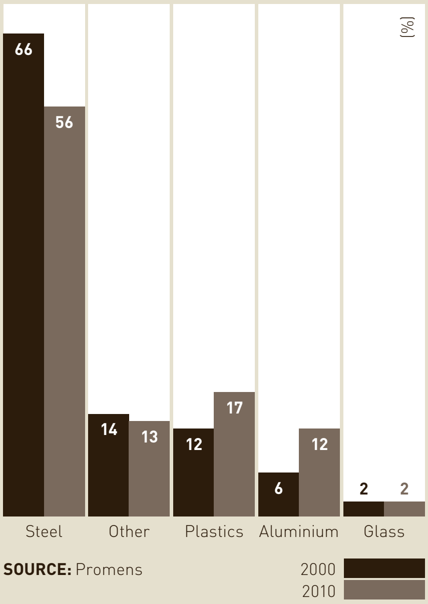
SOURCE: BASF AG, Ludwigshallen, Germany

AVERAGE AMOUNT OF PLASTICS IN VEHICLES BY DECADE



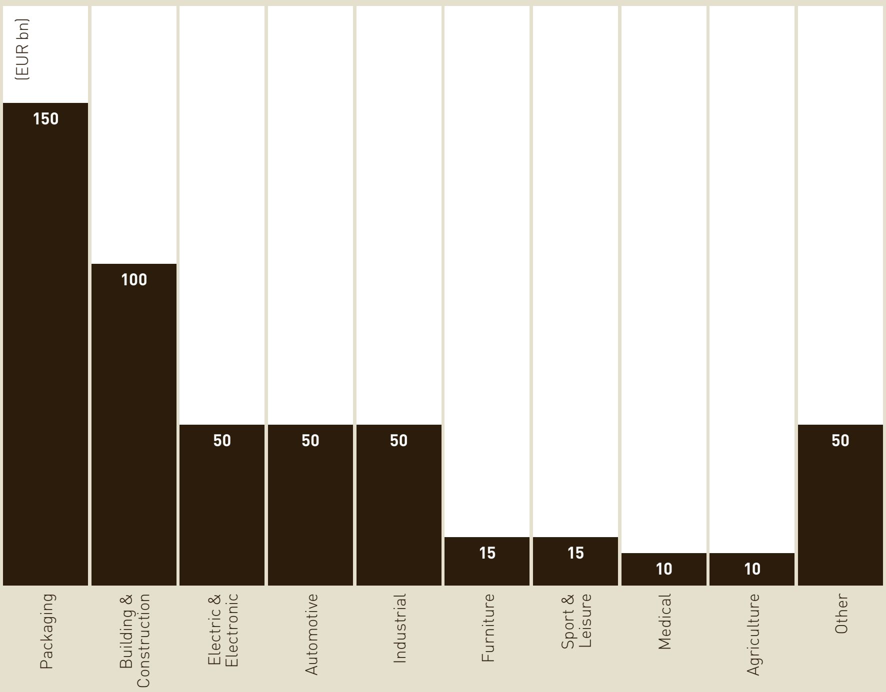
SOURCE: Promens

DEVELOPMENT OF LOW WEIGHT MATERIALS WITHIN THE AUTOMOTIVE INDUSTRY



SOURCE: Promens

GLOBAL VALUE OF PLASTICS SEGMENTS



SOURCE: Plastic News, Market Search Inc. and Boston Consulting Group

PROMENS

ABOUT PROMENS

Promens is a leading global plastics manufacturer operating manufacturing facilities in Europe, North America and Asia. Promens focuses on specific niche in high end market segments in packaging, components and material handling. The company manufactures a wide range of products, including packaging for food, cosmetics, chemicals and pharmaceuticals. Promens serves multiple industries such as food processing, chemical and medical industries, as well as the automotive, heavy machinery and electronics industries.

Promens divides its operation into three divisions: Packaging, Components and Rotational molding. Packaging is the largest of the three business units, representing 56% of Promens' revenues with 30 plants in 12 countries. Consumer packaging is the largest contributor with 60% followed by Chemical packaging with 28% and Medical packaging with 12%. Components represented 23% of Promens revenues in 2007, with 12 plants in 8 countries. Rotational moulding represents 21% of the group's revenues. With 20 plants in 12 countries Promens is perceived as the global leader in Rotational moulding.

Promens new organisational structure for the company took an effect in July. Promens has experienced rapid growth in the past several years. The company is driven by a clear vision that incorporates methods for consolidating knowledge from many directors.

It is the company's intention to develop into a global leader that could steer market concentration in an exciting and growing sector that is still characterized by an overall lack of strategy and corporate vision. Promen's revenue in 2007 was EUR 740 millions.

FINANCIAL INFORMATION

TURNOVER (EUR MILLIONS)	
2008 (E)	768
EV/EBITDA (EUR MILLIONS)	
2008 (E)	6.85

Promens has become one of the largest plastic conversion companies in the world operating over 60 plants in 20 countries as well a network of sales offices in several countries. Promens' headquarters are in Kopavogur, Iceland, and the total number of employees within the group is approximately 6,000. Atorka is the largest shareholder with 79% holding.

www.promens.com

TURNOVER

HIGHLIGHTS IN 2007

Integration and productivity improvements within the companies acquired last year will show effects in 2008 results

Implementation of Lean-Manufacturing principles throughout the group to improve productivity and ergonomics

Refinancing of Promens bank facilities through syndication lead by DnB NOR

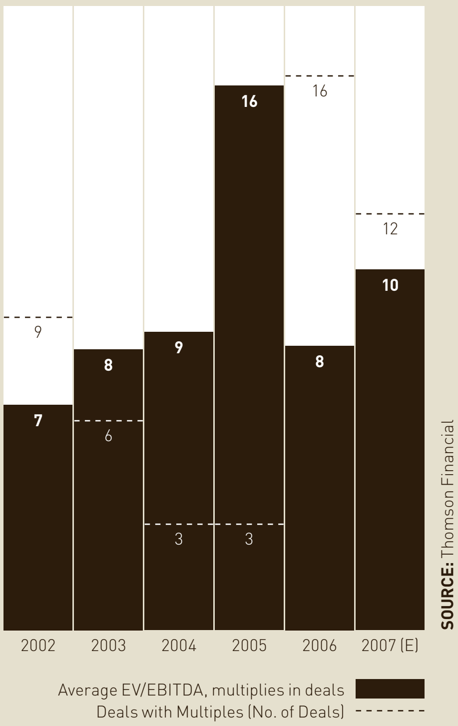
New organizational structure and executive team introduced in July

Opening of a brand new, state-of-the-art rotational moulding facility in Miedzyrzecz, Poland, in September

The name of all company units was changed to Promens to simplify and strengthen image and internal, as well as external communications

Promens acquired three additional packaging companies during 2007; Novoplast in Yekatrineburg, Russia, Decoplast in La Roche, France, and STE in Barcelona, Spain

PACKAGING M&A ACTIVITY
ANNOUNCED DEALS



Markets are opening

WATER TREATMENT

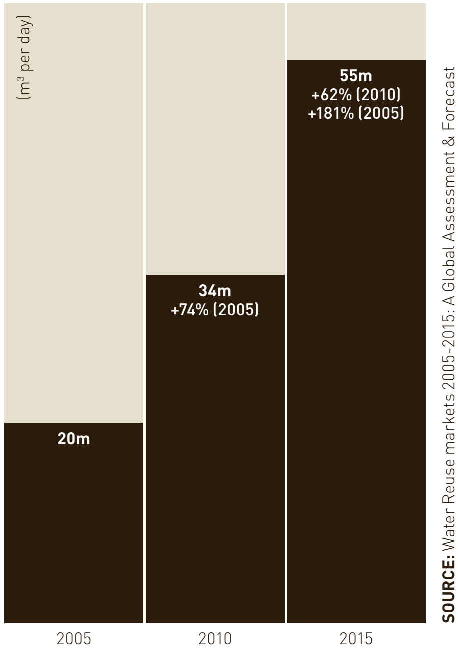
THE MARKET

Water is set to become an important commodity in the world within the next two generations, more important than livestock and far more important than oil

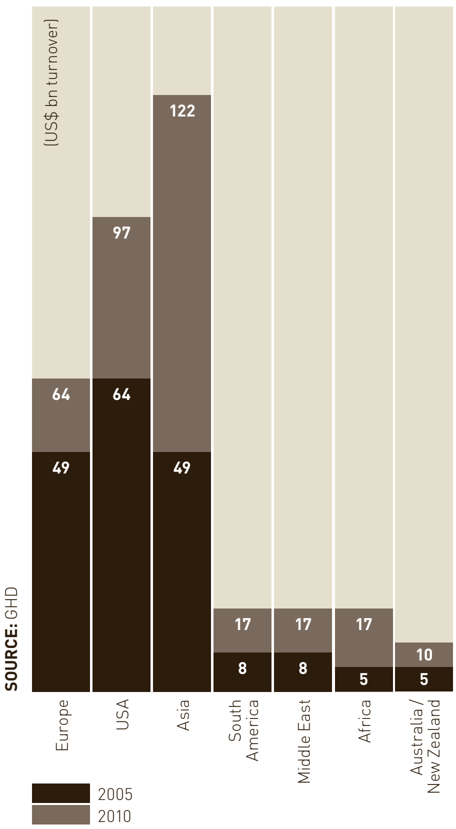
Asia, notably China, will be the next major driver of water infrastructure growth

In Israel, plans are in place for recycling to deliver 25% of water supply and 11% in Australia. Several Middle Eastern countries are aiming for 50 – 70% reuse of wastewater

GLOBAL WATER RE-USE CAPACITY



WATER MARKET SIZE (2005 & 2010)

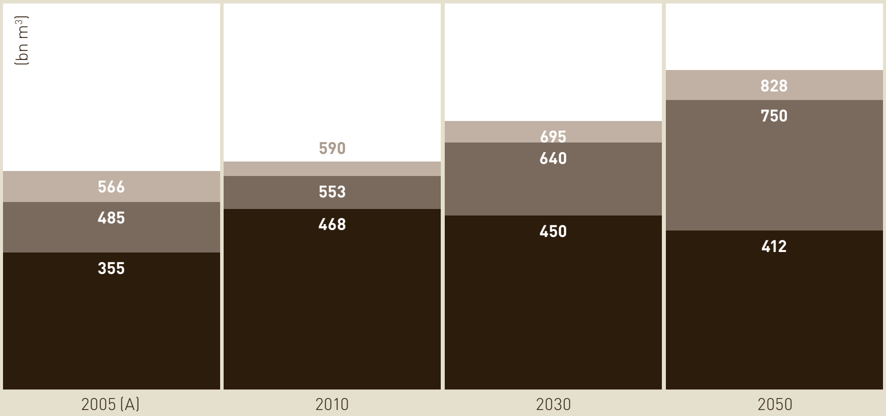


Demand for water treatment products is generally linked to the overall health of a national or regional economy

Environmental laws and regulatory edicts mean mandates that affect both water and wastewater treatment, and enforcement of government rules brings about higher demand for water treatment products

This market is interesting to Atorka because it is still a fragmented market and it offers huge growth potential in relation to growing prosperity

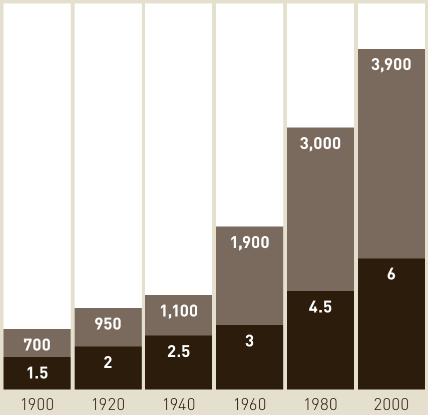
WATER DEMAND IN CHINA TO REMAIN HIGH GOING FORWARD



SOURCE: NBS, US Department of Commerce, Credit Suisse

Agriculture
Industry
City & Town

GLOBAL WATER USE AND POPULATION

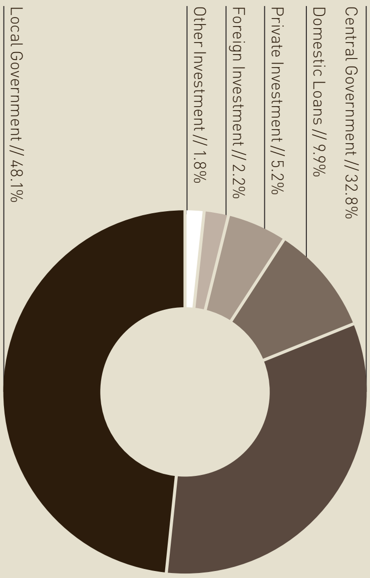


SOURCE: FAO Aquastat, UN

Water Use (KM³ P.S.)
World Population (BN)

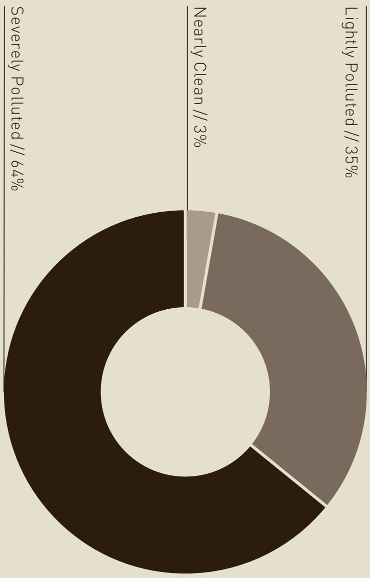
Water use is rising at double the rate of global population growth, where water usage has increased six-fold over the last century

SOURCES OF PLANNED TOTAL FIXED ASSETS INVESTMENT IN WATER RESOURCES IN 2005 (CHINA)



SOURCE: Ministry of Water Resources of China

SURVEY ON DRINKING GROUND WATER QUALITY OF 118 CITIES IN CHINA (2005)



SOURCE: Ministry of Water Resources of China

Growth in water infrastructure expenditures estimated to grow at ca 7% pa. Asia is expected to grow at a higher rate, or about 20%

China invests RNB 1 trillion in water infrastructure in 2006-2010. By 2010 the sewage treatment rate for Chinese cities will be increased from currently 40-50% to 60-70%

AMIAD FILTRATION SYSTEMS

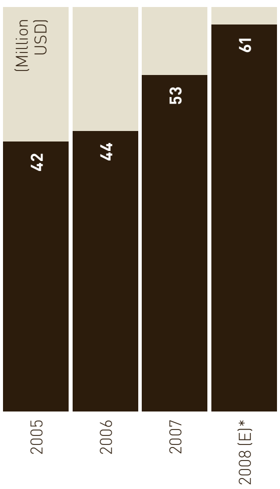
FINANCIAL INFORMATION

(Year to December)
Based on analysis from Panmure, January 2008

TURNOVER (MILLION USD)	
2008 (E)	61

EBITDA (MILLION USD)	
2008 (E)	9

TURNOVER



* Based on analysis from Panmure, January 2008

ABOUT AMIAD FILTRATION SYSTEMS

Amiad is a leader in the international market for water filtration equipment and solutions in screen and thread filtering. Through strategic acquisitions, international expansions and substantial research and development investments, Amiad continues to strengthen its technology and market base.

For more than 40 years, Amiad has helped meet this need by developing a comprehensive line of exceptionally efficient automatic self-cleaning filters and manual filters for use in industry, municipalities, and irrigation. Thousands of filters and filtration systems have been installed around the world. Fortune 500 companies, government agencies, and small businesses rely on Amiad to solve their water filtration problems.

Now in its fifth decade of successful designing, manufacturing and marketing, Amiad Filtration Systems has established a worldwide reputation. The company is known for its high-quality standards, prompt delivery, and consistent availability of parts.

Amiad's headquarters are located in Israel. Serving the industrial, irrigation and municipal sectors worldwide, Amiad provides solutions to more than 70 countries. Amiad is listed on the London Stock Exchange's AIM market. Atorka's holding is 23%.

www.amiad.com

HIGHLIGHTS IN 2007

Strengthening of global strategy and appointment of new CEO to lead the company in its next phase of long-term growth

Substantial growth in sales in all main markets. The increased global demand for clean water from both industrial and agricultural sectors is creating a strong market for Amiad's products

Increased focus on turnkey projects as well as a significant development in microfiber technology as a platform for water treatment projects

In USA, the Company saw big growth in all parts of its business. Amiad installed a filtration system for surface water for irrigation in the Bonita Bay area and an industrial application for river water use in the cooling process of a power generating station in Oklahoma

In Europe, Amiad entered into a contract with Bulmer, a leading UK cider producing company, to install water filters in their production facility.

Amiad resolved a severe drinking water quality problem in the City of Ramenskoe, Russia and, as a result, received additional three substantial projects in 2007. Amiad also received orders for the first time in Kazakhstan and Ukraine for industrial automatic mega-filters for the steel industry

Amiad saw growth in Australia with its being asked to deploy its solutions at short notice and carry out water treatment projects in various cities due to a lack of drinking water caused by severe drought

In China, the Company experienced further expansion in the municipal sector and won the project to treat water in the Beijing Olympic Village

ASIA ENVIRONMENT HOLDINGS

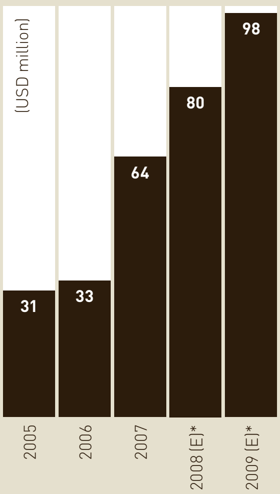
FINANCIAL INFORMATION

(Year to December)
Based on analysis from Credit Suisse, February 2008

TURNOVER (MILLION USD)	
2008 (E)	80

EBITDA (MILLION USD)	
2008 (E)	25

TURNOVER



* Based on analysis from Credit Suisse, February 2008

ABOUT ASIA ENVIRONMENT

Asia Environment is one of the leading fully integrated water and wastewater treatment solution providers in the People's Republic of China with twenty years of experience. The Company offers comprehensive solutions from planning and design to manufacturing and fabrication, construction, installation, operations and maintenance.

In the last few years the company has made the transformation from a turnkey service provider for small to mid-sized wastewater treatment projects to one that is able to invest in, execute, deliver and manage large-scale municipal and industrial projects.

During the past few years Asia Environment has undertaken 11 Build-Operate-Transfer (BOT) projects in water and wastewater treatment for municipals and townships. Asia Environment is already working on one project in Bangladesh and will participate in further such projects in Asia outside China.

Asia Environment is one of the few companies in China that are accredited with numerous certificates, which allows them to independently handle projects of any scale and complexity.

The turnover of Asia Environment has grown on average about 40% annually in the last 5 years. The annual growth in the next 3 years is expected to be about 35%.

Asia Environment's headquarters are in Yixing City, Jiangsu Province, PRC. Asia Environment is listed on the Singapore Stock Exchange (SGX-ST). Atorka's holding is 14%.

www.asiaenv.com

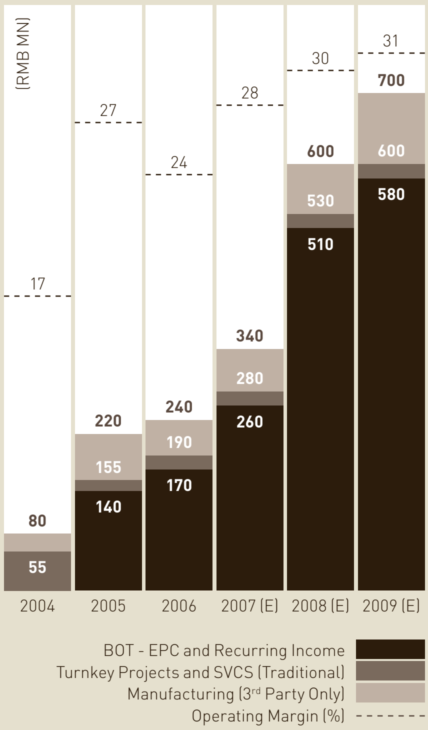
HIGHLIGHTS IN 2007

Asia Environment entered into a BOT agreement with Lishui County Government to build and operate a wastewater treatment plant in the Jiangsu Province

Asia Environment fully acquired Nanjing Water holdings Pte. Ltd in 2007

Asia Environment signed a BOT concession agreement to build a wastewater treatment plant for the Anqing Economic Development Zone in eastern China's Anhui Province

SEGMENTAL REVENUE CONTRIBUTIONS



SOURCE: Credit Suisse

Borders are disappearing every day

SERVICE (CONTAINERISED BULK LOGISTICS)

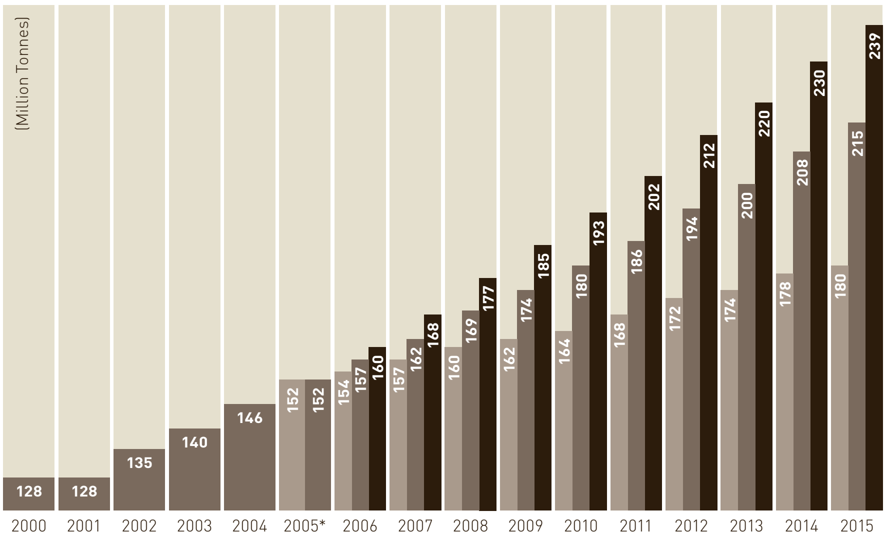
THE MARKET

Intermodal logistics solutions are being recognized as key to providing sustainable supply chains. Intermodal offerings are also growing in popularity due to lower handling and associated transport costs. Whilst the overall market is expected to grow in line with GDP, demand for bag-in-box technology is experiencing double digit growth

Globalization is driving unprecedented growth in containers and creating an ever increasing demand for bulk materials. Containers offer an easy to operate door-to-door service without the requirement to transfer the product during the process, as well as offering temporary storage opportunities

The recent trends and future prospects for the dry bulk business are very encouraging. Within the dry bulk market, polymers remain the major product area, even though food products have become more prevalent recently, notably sugar

OVERALL CHEMICAL TRADE DEVELOPMENT (2000 - 2015)

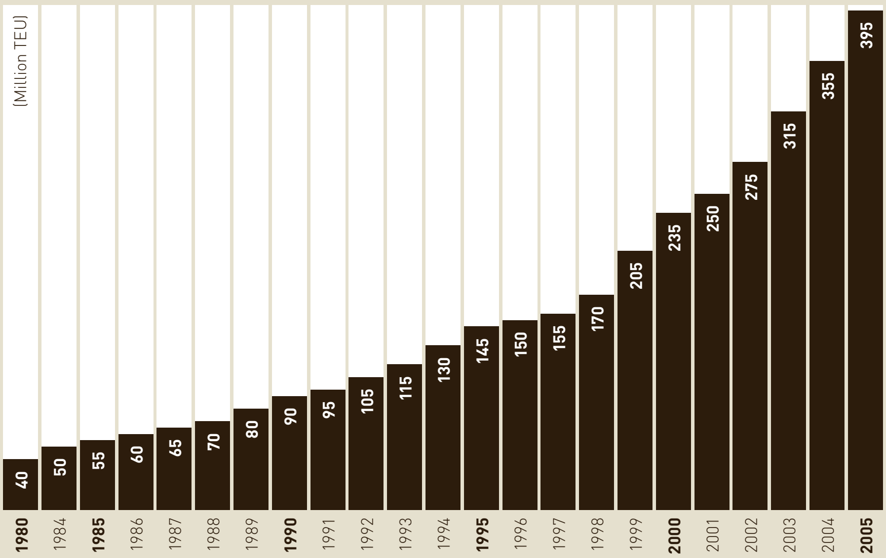


The total chemical carrier fleet is forecast to increase from a total of 41m dwt to 59m dwt by 2015. Chemical trade is forecast to rise from 151mt to 215mt by 2015

SOURCE: OSC
*Partly estimated

Low
Base
High

WORLD CONTAINER TRAFFIC GROWTH



SOURCE: Drewry Shipping Consultants
TEU: Twenty-foot equivalent unit

Due to significant entry barriers, it is difficult for new companies to establish themselves. Difficulty arises both because of the large amount of capital needed for the original investment in containers and because a company's operational history is important in a business requiring the handling of sensitive materials

Asia, Middle East and Eastern Europe provide the key future geographical growth areas. InterBulk is looking to upscale the liquid business with potential acquisition in this area in the future, although likely to be via organic growth initially

INTERBULK

ABOUT INTERBULK

InterBulk Group is a leading provider of logistics solutions for liquid and dry bulk materials. Interbulk has a fleet of 20,000 containers and offers global door-to-door solutions with special focus on the chemical industry.

There is an increase in containerization due to the efficiency of container transport over other transport modes and greater demand for safe handling of chemicals which can damage the environment. Environmental, legislative and economic forces have resulted in intermodal logistics solutions being recognized as key to providing sustainable supply chains.

InterBulk Group is well placed to flourish in the global markets it serves. InterBulk has built up comprehensive services in the field of specialised transport, logistics, and product handling. The company offers its customers transport to points all over the world, as well as storage of goods and consultancy services related to transport and supplies.

InterBulk's operations have centred on transport to and from Europe. The trends towards international containerization and intermodal transport has shown incredible growth over the last three decades and this growth will continue as new economies in Eastern Europe and Asia continue to rapidly develop.

InterBulk's headquarters are in Rotterdam. InterBulk employs approximately 400 people with a network operation of 24 offices and over 60 agents, spanning the globe. The company is listed on the London Stock Exchange's AIM market. Atorka Group is the largest shareholder in InterBulk. Atorka has two representatives on the board of directors. Atorka is the largest shareholder with 40% holding.

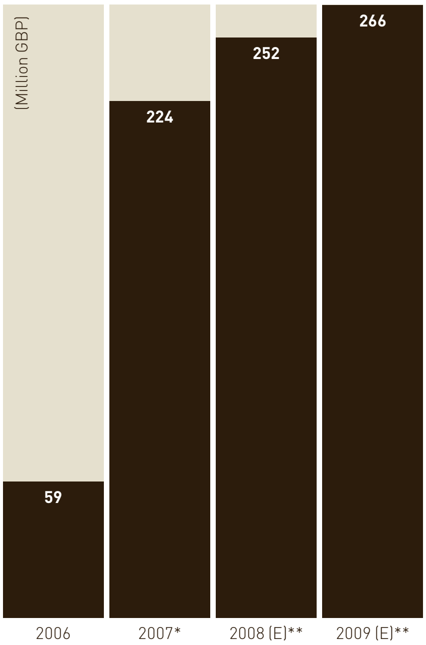
www.interbulkgroup.com

FINANCIAL INFORMATION

(Year to September)
Based on analysis from Arden Partners, January 2008

TURNOVER (MILLION GBP)	
2008 (E)	252
EBITDA (MILLION GBP)	
2008 (E)	27

TURNOVER



*Proforma
**Based on analysis from Arden Partners, January 2008

HIGHLIGHTS IN 2007

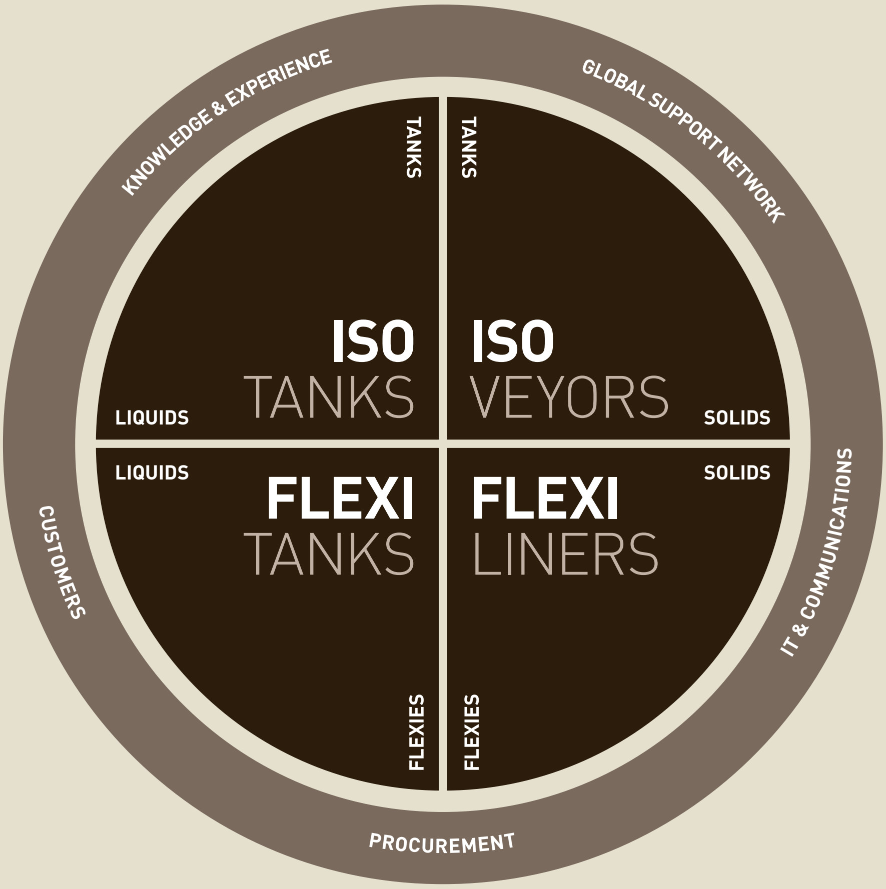
Interbulk acquired UBC in April 2007 for £80m. UBC is a leading European company in containerized dry bulk transport with about 50% market share in Europe. The enlarged group is now well positioned to develop profitability further

InterBulk Group is the first western company to be successful in setting up a wholly foreign owned (WFOE) logistics company in China to access the domestic market. This strengthens the development of the company in a fast-growing market

UTT, UBC and Inbulk were unified under the InterBulk brand. This structure enables InterBulk to capitalise on its total group resources and increase expansion worldwide

Further strengthening of organisational structure and management team

TECHNOLOGY MATRIX



Mankind faces complex issues

ENVIRONMENTAL TECHNOLOGY

THE MARKET

The demand for Pneumatic conveying solutions is fast growing in various industries to reduce energy costs, reduce pollution, and improve process reliability and productivity

Clyde Process Solution is primarily involved with the design and implementation of value-adding, energy efficient solutions, which are used to handle the raw materials required to produce commodities such as metals, cement, chemicals and ethanol

Pneumatic conveying solutions utilize controlled streams of air to move granular or particle-based bulk materials through various stages of a production process at a controlled rate of flow. Air filtration systems are used for the filtration and removal of process and nuisance dusts generated from the movement of granular materials used in process- based manufacturing environments

The pneumatic conveying industry is still a fragmented market with many interesting options for consolidation

Copper production in 2007 reached 16 million tonnes and is set to rise by 2% in 2008

The use of pneumatic conveying and air filtration technologies enables Clyde Process Solution's clients to solve problems associated with other methods of conveying, including dust and material spillage and subsequent possible contamination of both operational environments and the local communities in which manufacturing facilities are based

Clyde Process Solution has an extensive, global reference list and has used its technologies to improve the operational effectiveness of their customers' production processes

The demand for commodities in Clyde Process Solution's key industries such as cement, steel, copper and gypsum, is being driven by high growth economies in Europe, South America and Asia

There are 246 gypsum plants in the world producing 8,000 million square meters of wallboard a year

The global cement market is massive, with 1,730 plants producing 2.5 billion tonnes of cement in 2007

CLYDE PROCESS SOLUTIONS

ABOUT CLYDE PROCESS SOLUTIONS

Clyde Process Solutions plc is a world leader in the production of highly developed pneumatic conveying systems for production processes. These systems reduce costs and pollution and enhance efficiency in production processes. Clyde Process Solution has close to 40 years of experience in the pneumatic conveying and air filtration industry, backed by a wealth of process knowledge.

Clyde Process Solution is a pioneer of process technologies with strong R&D. The company has a strong and growing blue chip customer base, which includes companies such as Corus, Lafarge, BPB and Nestlé. Clyde Process Solution is a strong platform for further industry consolidation in the years to come.

The company is headquartered in Doncaster, UK, and employs 400 people throughout 10 worldwide offices to support its global customer base. Clyde Process Solution is listed on the AIM stock market in London. Atorka is the company's largest shareholder, with a stake of almost 30%, and has one representative within the board of directors.

www.clydeprocesssolutions.com

HIGHLIGHTS IN 2007

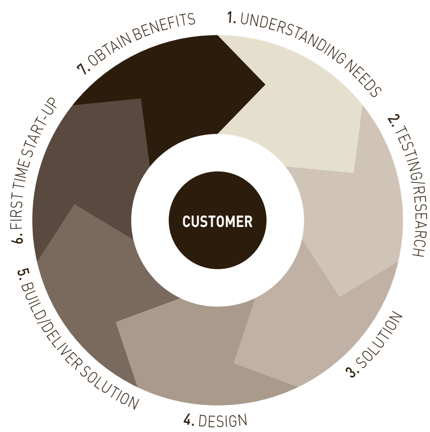
In April 2007 Clyde Process Solution acquired MAC Equipment, a leading US provider of pneumatic conveying and air filtration technologies, for £43 million

MAC has seen excellent growth in the food and chemical markets

Clyde Process Solution's joint venture with ASX-listed WorleyParsons made significant progress in 2007. Clyde-WorleyParsons was established in August 2005 to target pneumatic injection technology to the operators of flash furnaces, which is a type of process technology used typically in the production of copper

Clyde Process Solution will provide a turnkey solution for one of their major production facilities for a leading European cement producer.

STRONG CUSTOMER FOCUS



All of which present new opportunities

NWF

ABOUT NWF

NWF is a specialised distributor and a retail company in the UK and has undergone substantial growth in recent years. The company comprises four separately managed divisions: Distribution, Feeds, Fuels and Garden Centres.

The distribution business consists primarily of ambient grocery products which require storage and shared delivery to the regional distribution centres of the major supermarket groups. Feeds supplies products and provides services to cattle farmers. Fuels supplies domestic homes, farms, haulage contractors, bus companies, plant hire and a further diverse range of customers who use oil for heating, power and automotive use. The garden and leisure market is growing with sustained interest in gardening and recreational activities, and NWF now operates six significantly sized garden centres.

NWF Group's strategy is to continue building shareholder value based on improving the profitability of the four existing businesses by investment, acquisition and organic growth.

NWF's headquarters are in Wardle, Cheshire, and it has 24 locations around England. The group of companies has over 1,350 employees in total. NWF is listed on AIM London Stock Exchange. Atorka is NWF's largest shareholder, with a 23% holding.

www.nwf.co.uk

THE MARKET

The markets that NWF operates on are all fragmented with good for potential growth

Many interesting options for consolidation

FINANCIAL INFORMATION

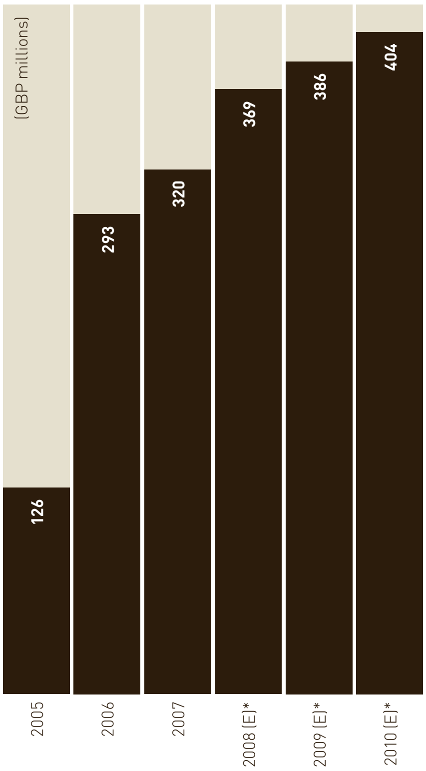
(Year to May)

*Based on analysis from Charles Stanley, February 2008

TURNOVER (MILLION GBP)	
2008/09 (E)	386

EBITDA (MILLION GBP)	
2008/09 (E)	16

TURNOVER



HIGHLIGHTS IN 2007

Warehousing capacity increased from 60,000 pallets to 130,000

NWF holds a strong market position in all of its markets

A new CEO was appointed in October

BJORGUN

ABOUT BJORGUN

Bjorgun hf. is a pioneer in the development and construction of wharves and coastal areas in Iceland. The company is also a leading contractor in Iceland in dredging, landfills and quay construction.

Bjorgun has worked with the nation's best architects and designers in this field. Bjorgun has developed about 900 building lots in the past 5 years and currently has a few hundred lots under development.

Bjorgun is also in material processing and produces materials for the construction industry in Iceland. Bjorgun is a primary investor in the Cement Factory in Iceland, with a 33% holding. Atorka has a 100% holding in Bjorgun.

www.bjorgun.is

THE MARKET

The market for housing in coastal areas in Iceland, especially close to city centres, has been booming over the last few years

There are many interesting future projects in land development in the pipeline

A few large harbour projects are expected in the next few years, such as harbour construction in connection with large-scale industry production and a new ferry harbour connecting Vestmannaeyjar to the mainland

Bjorgun has accumulated knowledge and experience in landfill projects and possesses great expertise in that field, giving the company a competitive edge in future landfill projects

HIGHLIGHTS IN 2007

Bjorgun prepared a coastal area at Karsnes in Kopavogur for approximately 400 lots

2007 was a record-breaking year in material processing and utilisation, in both quantity and productivity

Bjorgun has completed about 80% of all construction and finish at the coastal area in Sjaland and sold building lots for approximately 600 apartments. Strandvegur, the main street in Sjaland, was voted the most beautiful street in Gardabaer by the Environment Committee. The street was entirely designed by Bjorgun and its partner Bygg

In 2007, there were increased activities in dredging, landfills and quay and harbour construction


Atorka supports progressive and well-run companies that make good use of the possibilities of global shifts, helping them grow to become global leaders

SHAREHOLDER INFORMATION

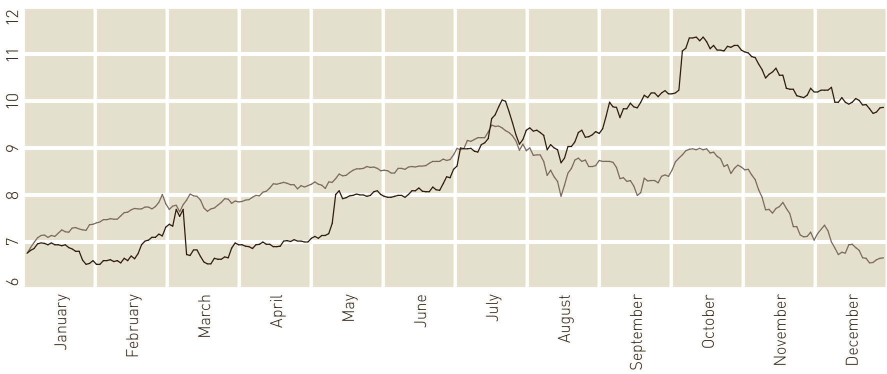
SHAREHOLDER INFORMATION

Atorka Group is listed on the OMX Nordic Exchange in Iceland. It is one of 15 companies that comprise the OMXI-15 Main List. There are 3,373,650,000 registered shares, and each one-króna (ISK 1) share is entitled to one vote.

PRICE TRENDS

The price of Atorka shares rose by 46% over the year 2007. Over the same period, the OMXI-15 index declined by 1.4%.

PRICE DEVELOPMENT OF ATOR SHARES IN 2007 COMPARED TO THE OMXI-15 INDEX



TWENTY LARGEST SHAREHOLDERS (AS OF YEAR-END 2007)

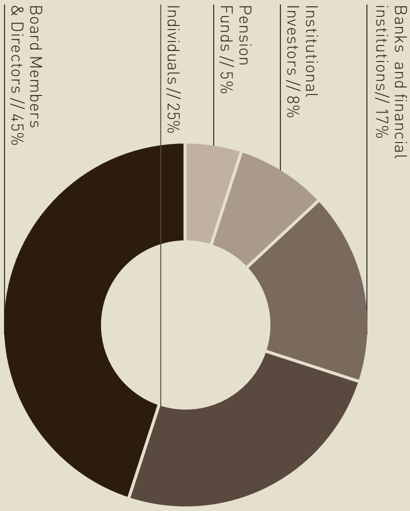
SHAREHOLDER	NUMBER OF SHARES	VOTING RIGHTS
Skessa ehf.	367,310,494	10.89%
Hardbakur ehf.	302,970,997	8.98%
Ranarborg hf.	282,028,900	8.36%
Eagle Investments Holdings S.A.	178,169,450	5.28%
Landsbanki Islands hf.	167,511,168	4.97%
LI-Hedge	162,228,636	4.81%
Landsbanki Luxembourg S.A.	142,137,119	4.21%
Atorka Group hf	125,372,188	3.72%
FL Group hf	108,256,782	3.21%
Mavur ehf	102,309,572	3.03%
Lifeyrissjodir Bankastraeti 7.	74,844,996	2.22%
Bygg Invest ehf.	73,321,338	2.17%
Magn-Capital ehf.	49,829,398	1.48%
Fjarfestingafelagid Moatun ehf.	46,948,052	1.39%
Sameinadi lifeyrissjodurinn.	43,348,466	1.28%
Eignarhaldsfelagið Hnota ehf.	38,756,198	1.15%
Arion safnreikningur	35,527,446	1.05%
Stigandi ehf.	30,628,084	0.91%
Fiskikaup hf	30,628,084	0.91%
Thorsteinn Vilhelmsson	26,820,720	0.80%
Combined holdings of 20 largest shareholders:	**2,388,948,088**	**70.82%**
Total share capital	**3,373,650,000**	

SHAREHOLDERS

At year-end 2007, Atorka Group had 4,901 shareholders.
The table below shows the distribution of their holdings:

SIZE OF HOLDING	NO. OF SHAREHOLDERS	NO. OF SHARES	VOTING RIGHTS (%)
1-10,000	572	2,150,490	0.06%
10,001-50,000	864	26,351,051	0.78%
50,001-100,000	1,138	83,413,424	2.47%
100,001-200,000	992	143,946,663	4.27%
200,001-500,000	954	297,381,816	8.81%
500,001-1,000,000	263	174,144,682	5.16%
1,000,001-	118	2,646,261,874	78.44%
TOTALS	**4,901**	**3,373,650,000**	**100.00%**

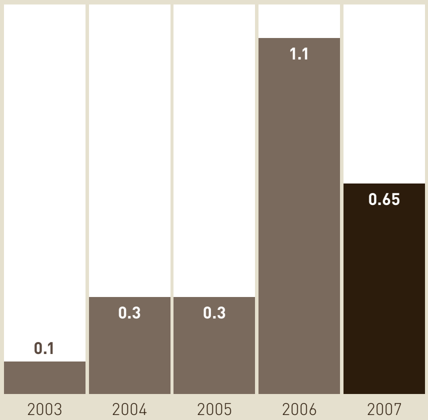
GROUPS OF SHAREHOLDERS (AT YEAR-END 2007)



DIVIDENDS

Atorka's policy is to return a substantial portion of each year's profit to shareholders. The Board of Directors' report that accompanies the 2007 Annual Financial Statements, which were ratified on 21 February 2008, states that the dividend payment for the year 2007 amounts to ISK 2,111 million, or 65% of the nominal value of share capital, with 30% payable in cash and 35% in the form of Atorka shares. This proposal, which will be presented at the 2008 Annual General Meeting, was reported to the OMX Nordic Exchange in Iceland on 22 February 2008.

DIVIDEND PER SHARE (2003 - 2007)



ATOR SHARES

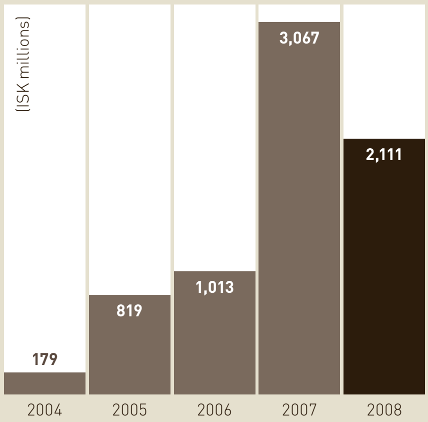
	2003	2004	2005	2006	2007
Share price at year-end	1.80	5.85	6.40	6.76	9.89
Highest closing price	1.88	6.40	6.40	6.90	11.40
Lowest closing price	1.60	1.75	5.50	5.50	6.52
Market capitalization at year-end (ISK m)	4,093	16,226	17,751	22,806	33,365
Issued shares at year-end (ISK m)	2,274	2,774	2,774	3,374	3,374
Outstanding shares at year-end (ISK m)	2,255	2,764	2,742	3,067	3,248

KEY RATIOS

	2003	2004	2005	2006	2007
Earnings per share	0.21	1.16	0.54	2.32	2.58
Dividends per share	0.10	0.30	0.30	1.10	0.65
Book-value per share	1,8	3,2	3,6	5,6	7,2
Dividend yield*	5.56%	5.13%	4.69%	16.27%	6.57%

*Dividend yield = annual dividends per share/price per share

DIVIDENDS



FINANCIAL CALENDAR

The proposed publication dates for Atorka Group financial reports in 2008 are as follows:

QUARTER	DATE OF PUBLICATION
Q1 Results	23 May 2008
Q2 Results	26 August 2008
Q3 Results	14 November 2008
Q4 & Annual Results	20 February 2009

THE BOARD OF DIRECTORS

THORSTEINN VILHELMSSON

Chairman of the Board of Atorka Group, born in 1952. He graduated from the College of Navigation in Reykjavík in 1973 and worked in fishing and in the fishery industry for over 25 years, mostly as a ship's captain, and later as a fishery manager. In addition, he served on the Board of Directors of various fishery companies for many years. Thorsteinn is one of the founders of the fishery company Samherji and has been connected with various other investments in the Icelandic fishing industry. He is the Chairman of the Board of Bjorgun and is also a member of the Board of Directors of Geysir Green Energy and Fiskeldi Eyjafjardar.

HRAFN MAGNÚSSON

Board member, born in 1943. He completed his upper secondary school degree in 1964 from Bifrost and earned his degree in operations from SAF in Stockholm in 1968. He attended a retraining course and received a diploma in business and operational studies in 1993 from the University of Iceland. Hrafn taught business at Bifrost from 1968-1973 or until he joined the State Employee's Union as a managing director from 1973-1975. He served as Managing Director of the General Association of Pension Funds from 1975 and as the Managing Director of the Icelandic Pension Funds Association from 1998. He was elected to the Board of Atorka in 2005 and is also a member of the Board of Bjorgun from 2004, Jardboranir from 1993, and the General Pension Fund from 1981.

ORN ANDRESSON

Board member, born in 1951.He was, among other things, Managing Director of Sales and Marketing for EJS from 1985-1999. Since 2000 he has worked as a free-lance investor. Orn has been a member of numerous boards of directors, including EJS, Lyfjaverslun Islands, and Delta, as well as the National Olympic and Sports Association of Iceland, the Reykjavík Sports Federation, and Islenskar getraunir. He has also served as Chairman of the Board of Ris Construction and is a Board member of Hataekni (Eyki), as well as a Vice Board Member of MP Investment Bank, and Ilsanta. Orn was elected to the Board of Atorka and A. Karlsson in 2005 and of Jardboranir in 2006.

OLAFUR NJALL SIGURDSSON

Board member, born in 1958. He received his degree in Business Administration from the University of Iceland in 1984. He was Chief Accountant for Eimskip from 1986-1987, Chief Financial Officer for Icelandic Broadcasting Corporation Ltd. from 1987-1989, and CEO of Althjoda liftryggingafelagid hf. from 1989-2003. He has served as Chief Financial Officer of Lazy Town Entertainment since 2004. Olafur has served on the Board of the Association of Icelandic Insurance Companies, Lif hf., Groco hf, Icepharma hf. and Parlogis hf. He was elected to the Board of Directors of Atorka in 2005.

KARL AXELSSON

Member of the Board and Supreme Court Attorney, born in 1962. He completed his law degree at the University of Iceland in October 1990. Since completing his law degree, he has worked as an attorney and managing director, as well as operating his own law firm. Currently he is one of the owners of Lex Law Offices, where he is also Chairman of the Board. Karl was an instructor with the University Of Iceland Faculty Of Law from 1992 until 1995, adjunct faculty member from 1995, lector from 2002 and associate professor since 2007. He has participated in a number of appointed committees as chairman, vice-chairman, Court-appointed assessor, and land division expert, as well as being a member of the Board of several corporations. He is a member of the Board of Ranarborg ehf., Mavur ehf. and Bjorgun ehf. Karl has been a member of the Board of Atorka since 2004.

MAGNUS GUSTAFSSON

Alternate Board Member, born in 1941. He completed his degree in operational technology at Odense Technical University in 1966. From 1973 until 1984 he was CEO of Hampidjan. In 1984 Magnus moved to the United States, where he became CEO of Coldwater Seafood Corporation, now called Icelandic USA Inc. Icelandic USA Inc. is a subsidiary of Icelandic Group PLC. In November 2005, he became the Icelandic Consul in New York. He was elected to the Board of Directors of Promens in 2005 and became an alternate member of the Board of Atorka in 2006.

STEFAN BJARNASON

Alternate Board member, born in 1957. He completed his master's degree in accounting at the University of Iceland in 1982 and received his MBA from Northeastern University in Boston in 1984. During his studies, Stefan worked for the accounting firm Skil. Thereafter, he worked for Stefan Thorarensen hf. from 1984-1986 and served as assistant Managing Director of the company from 1991-1997. He was Managing Director of the Toro hf. pharmaceuticals factory until 1991 and of Thorarensen Lyf ehf. from 1997-2003. Stefan has been a Board member of a host of companies, including Lyfjadreifing, Lif hf., and Afl Investments hf. He has been a member of the Board of Vördur Íslandstrygging since December 2006. He became an alternate member of the Board of Directors of Atorka Group in 2005.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

The Board of Directors of Atorka Group places emphasis on maintaining exemplary corporate governance practices and, in this context, follows the Guidelines on Corporate Governance issued by the Iceland Chamber of Commerce, OMX in Iceland and the Confederation of Icelandic Employers, ed. 2005.

The Guidelines contain, among other things, instructions on the rules of procedure for meetings, rules concerning Board members' eligibility to participate in the resolution of Company matters, rules on confidentiality, the information disclosure obligations of the CEO vis-à-vis the Board, and other matters of a similar nature. The Board of Directors has formulated for itself a set of procedural rules, which are fully consistent with the Guidelines and define the tasks and sphere of authority of the Board and the CEO. The procedural rules, which assume transparency, are designed to promote a high standard of corporate governance and to make it easier for Board members and Company managers to fulfill their obligations toward Atorka.

SHAREHOLDERS' MEETINGS

In accordance with Icelandic legislation, shareholders' meetings have the ultimate authority power over the affairs of Atorka. All shareholders, or their representatives, are authorized to attend a shareholders' meeting and to speak there. Atorka's Auditors are also authorized to attend the meetings.

Each shareholder is entitled to have a specific matter addressed at a shareholders' meeting if he submits a written request to this effect to the Company's Board of Directors with enough advance notice that it is possible to include the matter in the agenda.

At shareholders' meetings each share with a nominal value of one króna (ISK 1) controls one vote.

The annual General Meeting of Atorka is to be held before the end of July each year.

BOARD OF DIRECTORS AND CEO

The Board of Directors is elected by shareholders at a shareholder's meeting. The Board comprises five individuals. Two alternate Board Members are also elected.

The Board of Directors appoints a CEO and decides his remuneration. The CEO attends all meetings of the Board. The CEO runs the daily activity of the company and is responsible for all decision making regarding normal operation of the company apart from those of major concern and other decisions which are of the responsibility of the Board.

BOARD'S SUB-COMMITTEES

The above-mentioned procedural rules for the Board of Directors authorize the Board to appoint sub-committees. Appointment of such committees is also in coherence with the Guidelines on Corporate Governance. The Board of Directors operates two sub-committees: an Employment Term Committee and an Auditing Committee. The Board of Directors elects members and chairmen of the sub-committees from within the Board of Directors.

The establishment of sub-committees offers the Board one more tool in its effort to maintain a governance of the highest standard, by making the work of the Board more concise. It gives individual Board members more opportunity of dedicating themselves to those special tasks delegated to the sub-committees. The sub-committees inform the Board of Directors of their work on regular basis.

The Auditing Committee is composed of three Board members, all of whom possess a good knowledge and an experience relating to accounting. The Auditing Committee's role is to review all financial information deriving from directors of Atorka and to ensure that the information that the Board of Directors receives regarding the operation is accurate and gives a true and fair view of the financial position of the company at every time.

The Employment Terms Committee is composed of three Board members, two of whom are independent of the company, in accordance with the definition of the Guidelines of Corporate Governance. The Board of Directors assigns the committee functions in relation to putting forward a general remuneration policy of the company, including policy on stock options and a policy on compensation and stock options of the Senior Management.

AUDITORS

At each Annual General Meeting, a Certified Public Accountants or Auditing Firm, independent of Atorka, is elected for a period of one year.

Atorka's Auditors shall audit the company's annual financial statements and, in that context, examine its bookkeeping and accounts. Following the audit, the Auditors shall certify the annual accounts and the certification shall accompany the annual accounts as their report.

In general, the Auditors shall have access to all bookkeeping and other records pertaining to the Company.

The Company's accounting year is the calendar year.

COMPLIANCE OFFICER

In keeping with rules set out by the Financial Supervision Authority (FSA), the Board of Director appoints a Compliance Officer whose responsibility is to ensure compliance to rules issued by the FSA on treatment of insider information and insider trading. The Compliance Officer also monitors implementation of FSA's definition on financially connected parties.

The Compliance Officer reports to the Board of Directors as often as needed but at least once a year.

CORPORATE SOCIAL RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY

Tomorrow's successes depend on actions today and the reputation that follows. That's why Atorka's Board of Directors is committed to look ahead at every step the company takes. The board recognizes the value of long-term success and considers such success a major goal for Atorka, yielding maximum return for its shareholders.

Atorka is dedicated to managing its business in a socially, ethically and environmentally responsible way. In order to do so, it is essential to have reflected upon certain key elements that make a company a successful entity.

Atorka's Board of Directors reckons that a major factor in the company's success is identifying the stakeholders at each time.

In addition to the inevitable influence Atorka has indirectly on the community where it operates, Atorka also has direct influences through donations to charities on regular basis.

STAKEHOLDERS

SHAREHOLDERS

Shareholders can rely on Atorka's commitment to maximize shareholders' return on their investment by getting to know its fields of investment in-depth and by appropriate risk-taking.

Shareholders' interest is also of concern in the Corporate Governance that Atorka's Board of Directors has implemented. The Corporate Governance addresses the direct work of the Board of Directors and the company's relationship with its shareholders, cf. the chapter on Atorka's Corporate Governance.

Shareholders' vested interest is also guarded by considering other stakeholders.

INVESTORS

Prospective shareholders are definitely a group of stakeholders. Atorka Group is determined to provide all its investors with clear and concise information about the Company and its investment projects. Atorka takes pride in cultivating an effective professional relationship with shareholders, the stock exchange, corporate research experts, investors and the media.

EMPLOYEES

Atorka currently employs 10 persons, all of whom are dedicated professionals in their respective fields. The Board of Directors recognizes the importance of recruiting the very best personnel in light of the company's projects at every time. In order to do so, Atorka offers competitive rewards along with a high-quality work environment and a family-friendly atmosphere. The management team at Atorka recognizes that the current working environment has influence on prospective employees.

BUSINESS COMMUNITY

The Board of Directors realizes that its decisions and the decision making can have impact beyond Atorka. The business community as a whole relies on lawful and best practices of every firm on the market. Atorka emphasizes on best business practices on its behalf and joins the business community in establishing and maintaining a transparent and efficient markets, cf. the chapter on Corporate Governance.

SPONSORSHIP

SPONSORSHIP

At Atorka Group we feel it is our responsibility to contribute to society and demonstrate social awareness. Every year we seek to support various humanitarian causes in different fields such as children's welfare, healthcare, culture and sports.

In 2007, Atorka is actively focusing on four different projects: ABC Children's Aid, an educational project in Africa; BUGL, the Department of Child and Adolescent Psychiatry at the University Hospital; MND, a research fund in search of a cure for Motor Nourone Disease (MND), and a project in co-operation with the Reykjavik Sports Union, donating LifePak Defibrillators for emergency use at gymnasiums in Reykjavík.

Atorka Group signed a sponsorship agreement with ABC Children's Aid in Iceland. The grant is to support an educational project in Burkina Faso, Africa. The agreement makes Atorka Group the second-largest sponsor of ABC and a pioneer in their work in Burkina Faso. The term of the agreement is three years, and Atorka Group's support totals ISK 15 million. Burkina Faso is one of the poorest countries in the world, and illiteracy is a grave issue. It is expected that the money will go towards the construction of schools for about 1500 children. The grant will provide the children with the opportunity to attend school and therefore considerably increase their chance of a better future.

Atorka Group entered into a sponsorship agreement with BUGL, the Department of Child and Adolescent Psychiatry at the University Hospital in September 2007. The grant's total value is ISK 5 million and will be used to educate professionals and to make them better equipped to diagnose mental disorders amongst children. Furthermore, the grant will be used to train them in the usage of a specialized analytical tool, as well as teach and train them in the usage of appropriate treatment resources.

Atorka Group is the main sponsor of a collection for a project called "A Dollar per person" which is designed to collect funds in search of a cure for Motor Nourone Disease (MND). MND is a progressive neurodegenerative disease that attacks the motor neurons and leads to weakness and wasting of muscles, causing increasing loss of mobility in the limbs, and difficulties with speech, swallowing and breathing. Atorka donated ISK 7 million, which is to be used as research grants in the quest for a cure for this deadly disease.

Atorka Group in co-operation with Reykjavik Sports Union donated defibrillators for emergency use at gymnasiums in the Reykjavik area. Cardiac arrest in an out-of-hospital environment occur approximately 200 times a year. The defibrillators are fully automatic and simple to use. This device will increase patient life expectancy about 30% or from 50%-86%. Without immediate defibrillation, cardiac arrest is likely to lead to death.

INVESTOR RELATIONS

INVESTOR RELATIONS

Atorka Group is determined to provide all its investors with clear and concise information about the Company and its investment projects. Atorka takes pride in cultivating an effective professional relationship with shareholders, the stock exchange, corporate research experts, investors, and the media. Holding regular meetings with investors is one of the ways in which the Company achieves this objective.

The cornerstone of Atorka's strategy on investor relations is to secure equal access for all shareholders to all information. Through efficient reporting, the Company ensures that all necessary information concerning the progress of the Company is clear and contributes to the correct price formation of the Company's stock. Atorka uses the Hugin distribution system to disseminate press releases to the market and major press rooms.

WEBSITE

Atorka's website is the primary channel for the dissemination of investor information. The website provides a wealth of information including detailed information about Atorka, its operations and activities, live share information, press releases and regulatory announcements to stock exchanges, the latest financial reports and presentations, an event calendar, and annual reports are archived on the website and available to download.

ANNUAL REPORT

Atorka's Annual Report is an important communication tool, and the Company strives to provide a balanced picture of all key aspects of the business, including financial and non-financial information. The Annual Report is published in English only. A hard copy of it is sent to all shareholders. The Annual Report is also available on the website, **www.atorka.com** in web format, where both current and past reports can be downloaded or printed out. A copy of the Annual Report can be ordered at **www.atorka.com**.

ANNUAL AND INTERIM PRESENTATIONS

Atorka Group's quarterly and annual results are presented by the company's senior management. Analysts and investors are invited to attend these presentations. Presentation materials are made available on the company's website afterwards.

PRESS RELEASES AND REGULATORY ANNOUNCEMENT

Regulatory announcements to stock exchanges and breaking news from the company are made available on the website. The company also provides a subscription service that can be signed up for and customized at the company's website.

The Investor Relations contact information can be found at www.atorka.com.

SENIOR MANAGEMENT

MAGNUS JONSSON,
CHIEF EXECUTIVE OFFICER

Magnus Jonsson was born in 1977. He became CEO of Atorka Group in November 2005. Magnus has extensive experience of investment operations. During the years from 1998-2001 he acted as a fund manager for Kaupthing. In the following year he served as Managing Director of the venture fund Uppspretta. From 2002-2005 he served as Managing Director of Ranarborg hf. and related investments, and he was a member of the Board of numerous companies, including Jardboranir hf., Afl Investments hf., MP Securities hf., and Saeplast hf. He was also Chairman of the Board of Parlogis hf., A. Karlsson hf., Promens hf., and Atorka. Magnus was elected Chairman of the Board of Atorka in February 2004. He is Chairman of the Board of Jardboranir and Promens, vice Chairman of Geysir Green Energy and he is a member of the Board of Interbulk, Enex and Bjorgun. In April 2005, Magnus was acting Chairman of the Board of Atorka until he was hired as CEO of the Company. He also serves as Vice Chairman of Geysir Green Energy.

BENEDIKT OLGEIRSSON,
MANAGING DIRECTOR

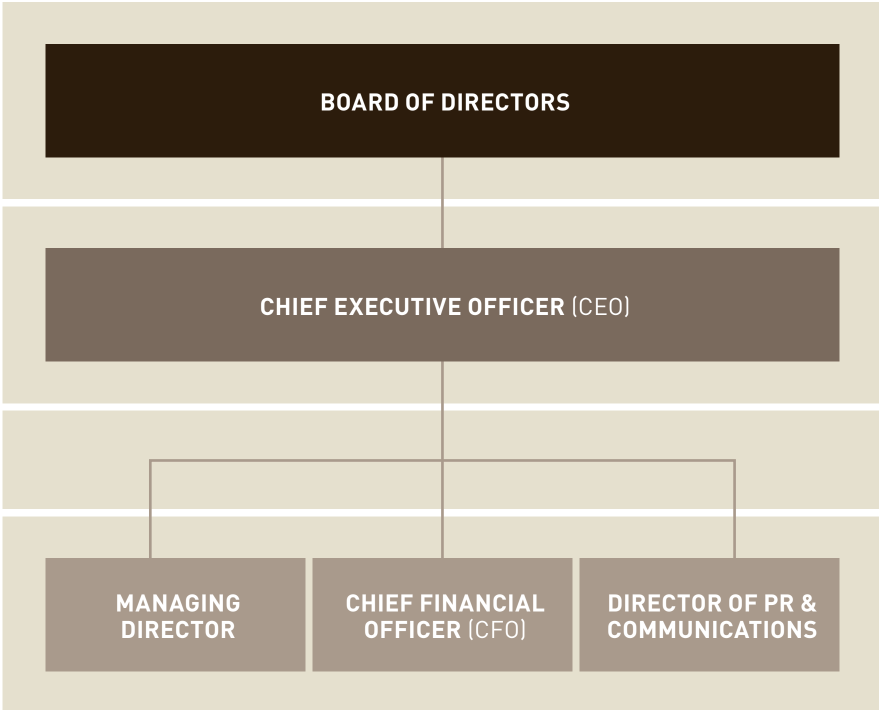
Benedikt Olgeirsson, born in 1961, was engaged as a Managing Director at Atorka Group in September 2005. He is an engineering graduate from the University of Iceland and completed his Master's degree in Project Management at the University of Washington in Seattle in 1987. From 1988 to 1993 he worked as a construction project manager until he joined Eimskip. From 1993 until 1997 he directed Eimskip's operations in the Reykjavík container terminal at Sundahofn, whereupon he became director of domestic transport for Eimskip. During the period 1999-2003 he served as Managing Director of Eimskip in Hamburg. From 2004 to 2005 he was managing director of Parlogis hf. Benedikt is a board member in Promens and Interbulk.

ARNAR MAR JOHANNESSON,
CHIEF FINANCIAL OFFICER

Arnar Mar Johannesson was born in 1977. He became the Chief Financial Officer of Atorka Group September 2007. He graduated with a degree in Business Administration (cand.oecon) from the University of Iceland in 2001. From 1999 to 2004 he worked for Price Waterhouse Coopers. The following year he served as a Financial Director of Fisco ehf. and became a State-authorized auditor the same year. He was at Fisco ehf. until 2006 whereupon he became the Managing Director of Saltur Holding ehf, an Investment company. He joined Atorka Group in April 2007 as a Corporate Project Analyst.

ORGANIZATIONAL CHART

ORGANIZATIONAL CHART



ANNUAL ACCOUNTS

PARENT COMPANY SEPARATE

INDEX

PARENT COMPANY SEPARATE

REPORT FROM THE BOARD OF DIRECTORS AND THE CEO

Atorka Group hf. (the Company). is a progressive international investment company. Atorka's main investment strategy is to invest in companies with strong cash flow generation, experienced management and growth potential, organic or external. Atorka looks, in general, to hold its investments for three to five years depending on an overall estimate for each given investment.

These Financial Statements for the parent company Atorka Group hf have been prepared in addition to the Group´s Consolidated Financial Statements for the same period. The reason for preparation of the Separate Parent Company Financial Statements is to present all investments, controlling and non-controlling, at fair value based on management's view and intention to develop and resell all investments rather than operate these companies for a long period of time.

It is the Board's opinion that all information necessary to perceive the parent company's status as at 31 December 2007, its operational results for the year 2007 and the parent company's financial development is presented in the Financial Statements. The parent company's net profit after taxes amounted to ISK 8,141 million. The parent company's equity amounted to ISK 23,376 million and the parent company's equity ratio is 37.51% at the end of the year.

Users of these Separate Parent Company Financial Statements should read them together with the Consolidated Financial Statements for the Group for the year 2007 in order to obtain complete information on the financial position, results of operations and changes in financial position of the Company and the Group. The Consolidated Financial Statements have been approved and publicly filed at the same time as these Separate Financial Statements.

At year-end the Company's shareholders numbered 4,901, compared to 5,053 at the beginning of the year. Skessa ehf, which holds 10.89% in the Company, is the only shareholder with a stake over 10%.

The Board of Directors suggests that a dividend amounting to ISK 2,111 million, or ISK 0.65 per share, be paid in the year 2008, but refers to the financial statements regarding appropriation of the year's net profit and changes in shareholders' equity.

The Board of Directors and Chief Executive Officer hereby ratify the Parent Company Separate Financial Statements of Atorka Group hf for the year 2007 with their signatures.

Kópavogur, 21 February 2008

Board of Directors of Atorka Group hf

Þorsteinn Vilhelmsson

Örn Andrésson

Karl Axelsson

Ólafur Njáll Sigurðsson

Hrafn Magnússon

Chief Executive Officer of Atorka Group hf

Magnús Jónsson

PARENT COMPANY SEPARATE

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF ATORKA GROUP HF.

We have audited the accompanying parent company separate financial statements of Atorka Group hf. which comprise the income statement for the year 2007 and the balance sheet as of 31 December 2007, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these parent financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (EU). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these parent company separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the accompanying parent company separate financial statements give a true and fair view of the financial position of the Company as of 31 December 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Reykjavík, 21 February 2008

PricewaterhouseCoopers hf

Kristinn Freyr Kristinsson

Sighvatur Halldórsson

PARENT COMPANY SEPARATE

INCOME STATEMENT FOR THE YEAR 2007

FINANCIAL INCOME	NOTES	2007	2006
Financial Income			
Interest income and other related financial income		826,668	384,994
Dividend income	5	155,603	1,121,835
Fair value changes on investments and other financial assets	6	10,034,043	9,240,468
(Loss) gain on forward currency and interest rate swaps		(65,743)	0
		10,950,572	**10,747,297**
Financial expenses			
Interest expenses		(3,954,430)	(1,876,484)
Net foreign exchange gain (loss)		127,110	(42,236)
		(3,827,320)	**(1,918,720)**
NET FINANCIAL INCOME		**7,123,252**	**8,828,577**
Operating expenses			
Administrative expenses		632,162	475,499
Other operating expenses		274,603	381,397
		906,765	**856,896**
Net profit before taxes		**6,216,487**	**7,971,681**
Income tax	7	1,924,330	(1,232,740)
NET PROFIT		**8,140,818**	**6,738,941**
Earnings per share	15	**2.58**	**2.32**
Diluted earnings per share	15	**2.55**	**2.32**
Income statement by quarters	22		

The notes on pages 84 - 103 are an integral part of these financial statements.

BALANCE SHEET AS OF 31 DECEMBER 2007

ASSETS	NOTES	2007	2006
Non-current assets			
Loans and other receivables	8	2,453,506	4,293,996
Current assets			
Loans and other receivables	8	617,354	741,235
Financial assets at fair value through profit and loss	9	48,928,606	33,271,552
Derivative financial instruments	14	51,397	0
Cash and cash equivalents	10	10,274,627	4,721,197
		59,871,983	**38,733,984**
TOTAL ASSETS		**62,325,489**	**43,027,980**

SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	11	3,248,045	3,066,617
Share premium		5,862,131	4,688,972
Other reserves	17	841,252	650,872
Retained earnings		13,424,294	8,819,559
TOTAL SHAREHOLDERS' EQUITY		**23,375,723**	**17,226,020**
LIABILITIES			
Non-current liabilities			
Deferred tax liability	7	0	1,924,330
Borrowings	12	34,384,934	18,854,738
		34,384,934	**20,779,069**
Current liabilities			
Trade and other payables	13	650,138	357,551
Borrowings	12	3,349,105	4,665,341
Derivative financial instruments	14	565,589	0
		4,564,832	**5,022,892**
TOTAL LIABILITIES		**38,949,766**	**25,801,960**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**62,325,489**	**43,027,980**

The notes on pages 84 - 103 are an integral part of these financial statements.

Amounts in ISK thousands

PARENT COMPANY SEPARATE

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	SHARE CAPITAL	SHARE PREMIUM	OTHER RESERVE	RETAINED EARNINGS	TOTAL
Balance at 1 January 2006	2,741,737	3,114,687	315,975	3,571,830	9,744,229
Net profit for the year				6,738,941	6,738,941
TOTAL RECOGNIZED INCOME FOR THE PERIOD	**0**	**0**	**0**	**6,738,941**	**6,738,941**
Purchase of treasury shares	(713,510)	(3,674,965)			(4,388,475)
Sales of treasury shares	1,038,390	5,249,250			6,287,640
Merger with Volcano Finance ehf				1,037	1,037
Merger with Lif hf				(182,310)	(182,310)
Dividend				(975,041)	(975,041)
Contribution to legal reserve			334,897	(334,897)	0
BALANCE AT 31 DECEMBER 2006	**3,066,617**	**4,688,972**	**650,872**	**8,819,559**	**17,226,020**
Balance at 1 January 2007	3,066,617	4,688,972	650,872	8,819,559	17,226,020
Net profit for the year				8,140,818	8,140,818
TOTAL RECOGNIZED INCOME FOR THE PERIOD	**0**	**0**	**0**	**8,140,818**	**8,140,818**
Purchase of treasury shares	(375,462)	(2,773,493)			(3,148,955)
Sales of treasury shares	556,891	3,946,652			4,503,543
Dividend				(3,374,944)	(3,374,944)
Accrued stock options			29,241		29,241
Contribution to legal reserve			161,139	(161,139)	0
BALANCE AT 31 DECEMBER 2007	**3,248,045**	**5,862,131**	**841,252**	**13,424,294**	**23,375,723**

For further explanation of shareholders' equity items, see note 11, 15, 16 and 17.

STATEMENT OF CASH FLOW FOR THE YEAR 2007

	2007	2006
Cash flow from operating activities		
Net earnings	8,140,818	6,738,941
Items not affecting cash:		
Fair value changes on investments and other financial assets	(10,111,936)	(9,366,849)
Income tax	(1,924,330)	1,601,148
Other changes	2,031,443	(270,133)
WORKING CAPITAL TO OPERATING ACTIVITIES	**(1,864,006)**	**(1,296,893)**
Changes in operating assets:		
Trade and other receivables, decrease (increase)	181,489	(417,937)
Current liabilities, increase (decrease)	(463,207)	(84,673)
	(281,718)	**(502,610)**
NET CASH (TO) OPERATING ACTIVITIES	**(2,145,724)**	**(1,799,503)**
Cash flows from investment activities		
Purchase of shares in companies	(40,680,579)	(18,008,046)
Proceeds from sale of shares in companies	35,128,876	15,111,400
Loans granted	1,784,965	(2,084,796)
	(3,766,738)	**(4,981,442)**
Cash flows from (to) financing activities		
Proceeds from issue of shares	(669,602)	(2,331,157)
Dividends paid	(1,344,759)	(975,041)
New long-term liabilities	27,728,458	10,841,465
Payments of long - term liability	(14,248,206)	(900,000)
	11,465,891	**6,635,267**
Increase (decrease) of cash	**5,553,429**	**(145,678)**
Cash at beginning of year	4,721,429	878,991
Cash from Volcano Finance ehf and Líf hf	0	3,987,885
CASH AT END OF YEAR	**10,274,627**	**4,721,198**

The notes on pages 84 - 103 are an integral part of these financial statements.

Amounts in ISK thousands

PARENT COMPANY SEPARATE

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Atorka Group hf (the Company) is an investment company listed on the OMX Nordic Exchange in Iceland and is included in the OMXI-15 index. Atorka invests in companies on global growth markets and supports growth both internal and external. In its investments, Atorka emphasises companies characterised by solid operations and strong cash flow, strong management, promising conditions for internal and external growth, and opportunities for value enhancement.

The Company is a limited liability company incorporated and domiciled in Iceland. The address of its registered office is Hlíðasmári 1, Kópavogur.

These Parent Company Separate Financial Statements have been approved by the Board of Directors on 21 February 2008.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set forth below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 BASIS OF PREPARATION

The Parent Company Separate Financial Statements of Atorka Group hf have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The Parent Company Separate Financial Statements reflect the IFRS and interpretations issued and effective as of 31 December 2007.

IFRS, as adopted by the EU, depart from full IFRS in the following areas, relating to the Company's operations:

Standards not adopted by the EU:

IAS 23 (Amendment), ´Borrowing costs´ (effective from 1 January 2009). It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction, or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. This amendment is not yet effective and has not been adopted by the EU. The Company will apply it as soon as has been adopted by the EU.

Interpretations to existing standards not adopted by the EU:

IFRIC 12, 'Service concession arrangements' (effective from 1 January 2008).

IFRIC 13, 'Customer loyalty programmes' (effective from 1 July 2008).

IFRIC 14, 'IAS 19 - The limit of a defined benefit asset, minimum funding requirements and their interaction' (effective from 1 January 2008).

Standards, amendments, and interpretations adopted by the EU and effective in 2007:

Standards:

IFRS 7, 'Financial instruments: Disclosures', and the complementary amendment to IAS 1, 'Presentation of financial statements - Capital disclosures', introduces new disclosures to improve the information about financial instruments, including quantitative aspects of risk exposures and the method of risk managements. The new disclosures provide information about the extent of exposure to risk, based on information provided internally to the entity's key management. Qualitative and quantitative disclosures over exposure to credit risk, liquidity risk and market risk. IFRS 7 supersedes IAS 30 'Disclosures in the financial statements of banks and similar financial institutions' and some of the disclosure requirements of IAS 32 'Financial instruments, disclosure and presentation'. The amendment to IAS 1 introduced disclosures about the level of the entity's capital and how it manages capital.

The company has implemented both standards into its accounting policies and applied them in preparing these Separate Financial Statements.

IFRS 4, 'Insurance contracts': This standard does not have any impact on the Company´s Separate Financial Statements.

Interpretations:

IFRIC 7, 'Applying the restatements approach under IAS 29, Financial reporting in hyperinflationary economies'

IFRIC 8, 'Scope of IFRS 2'

IFRIC 9, 'Re-assessment of embedded derivatives'

IFRIC 10, 'Interim financial reporting and impairment'

IFRIC 11, 'IFRS 2 - Group and treasury share transactions'

The following standard has been published and is mandatory for the Company's accounting periods beginning on or after 1 January 2008 or later periods. The standard has been adopted by the EU, but the Company has not early adopted it:

IFRS 8, 'Operating segments' (effective from 1 January 2009). IFRS 8 replaces IAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The Company will apply IFRS 8 from 1 January 2009.

PARENT COMPANY SEPARATE

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

The Company has also prepared Consolidated Financial Statements in accordance with IFRS for the Company and it´s subsidiaries ("the Group"). In the Consolidated Financial Statements all subsidiaries are accounted for in accordance with IAS 27 - Consolidated and Separate Financial Statements. The substance for such accounting in the Consolidated Financial Statements and in the Separate Parent Company Financial Statements is the requirement in IAS 27 - Consolidated and Separate Financial Statements. Further explanation of different accounting and measurements are given in relevant notes.

Users of these Separate Parent Company Financial Statements should read them together with the Consolidated Financial Statements for the Group for the year ended 2007 in order to obtain complete information on the financial position, results of operations and changes in financial position of the Company and the Group. The Consolidated Financial Statements have been approved and publicly filed at the same time as these Separate Parent Company Financial Statements.

The difference in the results for the year 2007 between these two reporting entities, e.g. Separate Parent Company Financial Statements and the Consolidated Financial Statements for the Group, relate to different measurements and presentation of investments in subsidiaries. In these Separate Financial Statements the fair value adjustments of the investments in subsidiaries are accounted in the income statement, as described in note 2.5, together with dividend income from the subsidiaries. In the Consolidated Financial Statements all subsidiaries are consolidated in accordance with the equity accounting method.

The difference in the after tax-net result, for these two reporting entities, for the year can be described as follows:

	2007	2006
The Parent Company net profit for the year	8,140,818	6,738,941
Fair value adjustments and dividend income from controlling companies	(13,765,566)	(6,615,098)
Share in net profit (loss) of controlling companies (subsidiaries)	4,880,758	(539,599)
Other differences	(155,414)	(70,435)
THE GROUP´S NET PROFIT	**(899,404)**	**(486,191)**

IFRS 8, 'Operating segments' (effective from 1 January 2009). IFRS 8 replaces IAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The Company will apply IFRS 8 from 1 January 2009.

The Separate Parent Company Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets (including derivative instruments) at fair value through profit or loss. In separate statements, such as these, the focus is upon the perfomance of all the assets as investments.

The preparation of Separate Parent Company Financial Statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

2.2 CONSOLIDATION AND ACCOUNTING TREATMENT OF CONTROLLING INVESTMENTS

Controlling companies (subsidiaries):

The Separate Parent Company Financial Statements are separate financial statements for the parent company, prepared in addition to the Consolidated Financial Statements. Consolidated Financial Statements for the Company and all its principal subsidiaries ("the Group") as listed in note 24 have also been prepared. All investments in subsidiaries are accounted at fair value in accordance with IAS 39 - Financial instruments: Recognition and Measurement, based on article 37 b) in IAS 27 - Consolidated and Separated Financial Statements in these Parent Company Financial Statements. Further analysis of the accounting treatment is in note 2.6.

2.3 ACCOUNTING FOR DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Derivatives with a positive market value are capitalized but derivatives with negative market value are recorded as a liability. The Company has committed in derivatives to diminish its currency risk. All shifts in derivatives fair value are immediately declared to the income statement. The Company does not designate any derivative as an hedging instruments and therefore does not use hedge accounting based on the IFRS requirements.

2.4 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The Parent Company Separate Financial Statements are presented in thousands of Icelandic Kronas, which is the Company´s functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

2.5 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating

PARENT COMPANY SEPARATE

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.6 INVESTMENTS

The Company classifies its investments as financial assets at fair value through profit or loss. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets at fair value through profit or loss

According to IAS 39, management may classify financial assets in this category when initially recognised. Financial assets are classified as designated at fair value through profit or loss when:

Certain investments, such as equity investments, that are managed and evaluated on a fair value basis in accordance with a documented risk management or investment stragety and reported to key management Personell on that basis are designated at fair value through profit and loss.

Such financial assets are reported on the balance sheet at current fair value and changes recognised in the income statement. Didivend income is recognised in the income statement as part of dividend income when the Company's right to receive payments is established. The classification of financial assets placed in this category cannot be changed after their original classification.

Purchases and sales of investments are recognized on trade-date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs. Transaction costs are, however, not included in the initial cost of financial assets designated at fair value through profit or loss. Investments are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Realized and unrealized gains and losses, arising from changes in the fair value of the financial assets at fair value through profit or loss category, are included in the income statement in the period in which they arise.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

If the fair value is based on discounted cash flow analysis valuation it is performed by independent third party.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

2.7 LOANS AND OTHER RECEIVABLES

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The changes of the provision is recognized in the income statement.

2.8 OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilites are offset and the net amount reported in the balance sheet when there is a legal enforcable right to offset the recognised amounts and there is an intention to settle on a net basis.

2.9 CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.10 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased by the Company and held as treasury shares.

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

2.11 BORROWINGS

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.12 DEFERRED INCOME TAX

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

PARENT COMPANY SEPARATE

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

The principal temporary differences arise from fair value changes of certain financial assets. Temporary differences also include tax losses carried forward.

2.13 REVENUE RECOGNITION

Interest income:

Interest income is recognized in the income statement using the effective interest method for all financial instruments stated at cost.

Dividend income:

Dividend income is recognized when the right to receive payment is established.

2.14 SHARE CAPITAL

Share issue costs

Costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Share premium

Share premium represents excess of payment above nominal value (ISK 1 per share) that shareholders have paid for shares sold by the Company.

Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the period in which the dividends are approved by the Company's shareholders.

Treasury shares

Where the Company purchases the Company's equity share capital, the consideration paid is deducted from total shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

2.15 EMPLOYEE BENEFITS

Pension obligation

The Company has a defined contribution plan, where the Company pays fixed contributions to publicly or privately administered pension insurance plans on a mandatory, contractual, or voluntary basis. The Company has no further payment obligations once these contributions have been paid. The contributions are recognised as an expense when they become due.

Share- based compensation

The Company has entered into share-based contracts with its employees, which enable employees to buy shares in the Company at market price. Under these contracts the employee has the right to receive, and the Company the obligation to pay, a cash payment, representing the shortfall between the market share price and the strike price according to the contract. These contracts are cash-settled share-based contracts under IFRS 2. On each reporting date an obligation will be treated as a liability, if the fair value of the strike price under the contract exceeds the market price, and treated as an employee cost in the income statement.

The Company has entered into stock contracts with its employees, enabling them to acquire shares in the Company. In all instances the exercise price corresponds to the market value of the shares at grant date. Cost related to the stock option agreements is expensed during the vesting period based on the related terms.

All stock options are equity settled share-based compensation, and the Group recognises the fair value of the servics received as an expense in the period that these services are received.

The Company uses the Black-Scholes valuation model to determine the fair value of options granted. The significant inputs into the model were share prices at grant date, exercise price, the volatility of standard deviation of expected share price, dividend yield and a risk-free interest rate.

Profit-sharing and bonus plans

The Company recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.16 COMPARATIVES

Where applicable comparative amounts have been adjusted to conform with changes in presentation in the current year.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The accounting estimate based on these assumptions will, by definition, seldom be equivalent to the relevant real outcome. The discussion below examines estimates and assumptions, which involve a substantial risk of causing material correction to the carrying amounts of assets and liabilities within the next financial year.

PARENT COMPANY SEPARATE

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

Fair value of investments:

The Company reviews the fair value of all investments, including investments in controlling companies, on every reporting date. The fair value of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as market risk, volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments.

4. FINANCIAL RISK MANAGEMENT

4.1 LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficent cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The table below analyses the Company's financial liabilities and net-settled derivative finiancial liabilites into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, including estimated interest payments.

It is the company's policy to have at any given time minimum available cash or highly liquid assets to meet current commitments.

	CARRYING AMOUNT	LESS THAN 1 YEAR	BETWEEN 1 AND 2 YEARS	BETWEEN 2 AND 5 YEARS	OVER 5 YEARS
At 31 December 2007					
Trade and other payables	650,138	650.138	0	0	0
Derivative financial instruments	514.192	(100.227)	(182.610)	(243.612)	0
Borrowings	37,734,039	5.764.853	16.677.877	21.348.970	0
	38,898,369	**6,314,765**	**16,495,267**	**21,105,359**	**0**
At 31 December 2006					
Trade and other payables	357.551	357.551	0	0	0
Derivative financial instruments	0	0	0	0	0
Borrowings	23,520,079	6,550,570	1,684,840	13,003,041	7,164,660
	23,877,630	**6,908,120**	**1,684,840**	**13,003,041**	**7,164,660**

4.2 CREDIT RISK

Credit risk arises from cash and cash equivalents, derivative financial instruments, deposits with banks and financial institutions and loans and other receivables.

The following table represents a worst case scenario of credit risk exposure to the Company at 31 December 2007 and 2006. For on-balance sheet assets, the exposures set out below are based on net carrying amounts as reported in the balance sheet.

MAXIMUM EXPOSURES	2007	2006
Loans and other receivables	3,070,860	5,035,231
Bonds	25,292	43,918
Derivative financial instruments	51,397	0
Cash and cash equivalents	10,274,627	4,721,197
	13,422,175	**9,800,346**

None of loans and receivables are past due.

4.3 MARKET RISK

Market risk is the risk arising from the impact of changes in market prices on the value of the Company´s assets and liabilities. This includes interest rate, equity risk as well as currency risk.

Interest rate risk
If the market interest rates had been 100 basis points higher (lower) at December 31, 2007, profit or loss would have been ISK 348.2 million (December 31, 2006,: ISK 187.8 million) higher (lower) .

Currency risk
If the ISK had gained (lost) 10 percent against all currencies at December 31, 2007, net financial income would have been ISK 1,047.9 million (December 31, 2006: ISK 1,427.5 million) higher (lower).

Price risk
The Company is exposed to equity securities price risk because of investments held by the Company and classified as at fair value through profit or loss. If the value in equity shares would increase (decrease) about 10 percent at December 31, 2007, profit and loss would have been ISK 4,776.7 million (December 31, 2006: ISK 3,322.8 million) higher (lower).

Capital risk management
The Company´s objectives when managing capital are to safeguard the group´s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Amounts in ISK thousands

PARENT COMPANY SEPARATE

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

5. DIVIDEND INCOME

	2007	2006
Dividend income from controlling investments	0	1,000,000
Dividend income from other investments	155,603	121,835
	155,603	**1,121,835**

6. FAIR VALUE CHANGES ON INVESTMENTS AND OTHER FINANCIAL ASSETS

	2007	2006
Realized profit on shares	430,064	1,072,872
Net gain on controlling investments designated at fair value through p/l	10,775,378	7,816,892
Net (loss) gain on other financial assets designated at fair value through p/l	(1,162,299)	767,696
Fair value adjustments of derivatives	(9,100)	(416,992)
	10,034,043	**9,240,468**

The fair values of listed investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The fair value of the controlling investments are based on discounted cash flow analysis performed by independent party. Future cash flows from the underlying operation of these investements are discounted to current value based on standard discounted cash flows techniques. Underlying assumptions are based on management operational and capital expenditures budgets, taking into account a conservative future growth and conservative discount rates.

7. DEFERRED TAX LIABILITY

Change in income tax liability during the year is as follows:

	2007	2006
Beginning of year	1,924,330	323,183
Merger with Líf hf	0	368,407
Income statement charge	(1,924,330)	1,232,740
Income tax liability at end of year	0	0
INCOME TAX LIABILITY AT YEAR END	**0**	**1,924,330**

Deferred income tax liability analyses on the following items:

	2007	2006
Financial assets	0	2,277,798
Taxable loss carried forward	(985,255)	(350,945)
Other items	(14,004)	(2,522)
Net deferred tax asset not recognized	999,259	0
INCOME TAX LIABILITY AT YEAR END	**0**	**1,924,330**

At 31 December 2007 deferred tax liability is not recognized for temporary differences related to an investment in subsidiaries because the Company controls whether the liability will be incurred and it is satisfied that it will not be incurred in the foreseeable future. For the same reason, the Company is not recognizing net deferred tax asset which is in major aspects coming from taxable loss carried forward. Even though the deferred tax asset is not recognized the Company's management believe it will be used in foreseeable future against taxable income.

The tax on the Company's profit before tax differs from the domestic tax rate (18%) as follows:

	2007	2006
Profit before tax	6,216,487	7,971,681
Calculated tax (18%)	1,118,968	1,434,903
Tax charge	(2,887,695)	0
Dividend income	(155,603)	(202,163)
	(1,924,330)	**1,232,740**

8. LOANS AND OTHER RECEIVABLES

	2007	2006
Loans to controlling companies	2,014,443	4,317,096
Other receivables	1,056,417	718,135
	3,070,860	**5,035,231**
Non-current portion of loans and other receivables	2,453,506	4,293,996
Current portion of loans and other receivables	617,354	741,235
	3,070,860	**5,035,231**

The maturity of non-current loans and other receivables is as follows:

	2007	2006
Payments between 1 and 2 years	72,966	464,143
Payments between 3 and 5 years	2,046,464	3,829,853
Over 5 years	334,076	0
	2,453,506	**4,293,996**

Terms of loans to controlling companies are comparable to market terms. No impairment charges have been made against loans or other receivables.

Amounts in ISK thousands

PARENT COMPANY SEPARATE

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

EQUITY SECURITIES	2007	2006
Domestic		
Listed	5,699,149	791,682
Unlisted in controlling companies	27,584,785	27,347,827
Other unlisted	53,014	138,236
	33,336,948	**28,277,745**
Foreign		
Listed	15,422,988	4,942,766
Unlisted	143,377	7,122
	15,566,365	**4,949,899**
Domestic bonds	25,292	43,918
TOTAL	**48,928,606**	**33,271,552**

The above equity securities are managed and their performance evaluated on a fair value basis in accordance with a documented risk management strategy, and where information about the groups of financial instruments is reported to management on that basis.

In third quarter 2007 share capital in controlling companies was decreased by ISK 7,500 millions due to transfer of cash and cash equivalents from subsidiary to parent company. The net result for the parent company (Atorka) is that cash and cash equivalents are increased by same amount that investment in unlisted controlling companies decreased by.

10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are specified as follows:

	2007	2006
Bank balance	896,992	4,721,197
Marketable securities	9,377,634	0
	10,274,627	**4,721,197**

11. SHARE CAPITAL

Summary of share capital:

	2007	2006
Total authorized number of shares	3,373,650	3,373,650
Treasury shares	(125,605)	(307,033)
	3,248,045	**3,066,617**

12. BORROWINGS

Summary of borrowings:

	2007	2006
Non-current		
Bank borrowings, ISK REIBOR (1, 3 and 6 months) plus fixed premium	15,950,882	4,480,680
Bank borrowings, ISK Fixed 15.55% interest	1,135,319	0
Bank borrowings, GBP 3 months LIBOR plus fixed premium	3,764,037	2,034,041
Bank borrowings, EUR 3 months LIBOR plus fixed premium	516,096	526,064
Bank borrowings, EURIBOR (3-6 months) plus fixed premium	2,537,064	0
Index linked liabilities, ISK fixed 4.9% - 5.8% interest	10,481,536	11,813,953
	34,384,934	**18,854,738**
Current		
Borrowings, ISK	393,897	4,423,487
Bank borrowings, LIBOR and EURIBOR plus fixed premium	2,100,671	0
Index-linked liabilities, ISK	854,536	241,854
	3,349,105	**4,665,341**
TOTAL BORROWINGS	**37,734,039**	**23,520,079**

The maturity of non-current borrowings is as follows:

Payments between 1 and 2 years	14,520,060	584,028
Payments between 3 and 5 years	19,864,874	11,106,050
Over 5 years	0	7,164,660
	34,384,934	**18,854,738**

Index-linked liabilities are linked to the Icelandic Consumer Price Index.

The Company has entered into currency swap agreements to hedge against currency risk from investments in currencies other than ISK. Wheras these agreements are in some cases for longer periods than 1 year, the interest rate difference is calculated at net present value resulting in lower net interest income than is realized in real. Net asset and liability from the agreements are shown in note 14.

13. TRADE AND OTHER PAYABLES

Trade and other payables are specified as follows:

Trade payables	92,536	31,428
Other payables	557,602	326,123
	650,138	**357,551**

Amounts in ISK thousands

PARENT COMPANY SEPARATE

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

14. DERIVATIVE FINANCIAL INSTRUMENTS

Summary of derivative financial instruments at year end 2007:

	CARRYING AMOUNT	
	ASSETS	LIABILITIES
Forward currency option agreements	0	3,782
Interest rate swap	51,397	561,807
	51,397	**565,589**

15. EARNINGS PER SHARE

Basic

Earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares.

	2007	2006
Net profit attributable to shareholders	8,140,818	6,738,941
Weighted average number of outstanding shares in issue	**3,157,331**	**2,904,177**
EARNINGS PER SHARE (ISK PER SHARE)	**2.58**	**2.32**

Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2007	2006
Net profit attributable to shareholders	8,140,818	6,738,941
Weighted average number of outstanding shares in issue	3,157,331	2,904,177
Adjustments for share options	28,971	0
Weighted average number of outstanding shares in issue and diluted potential ordinary shares	**3,186,302**	**2,904,177**
DILUTED EARNINGS PER SHARE (ISK PER SHARE)	**2.55**	**2.32**

16. DIVIDENDS PER SHARE

The dividends paid in 2007 and 2006 were ISK 3.375 million and ISK 975 million respectively or ISK 1.1 per share in 2007 and ISK 0.3 per share in 2006.

17. OTHER RESERVES

Other reserves are specified as follows:

	LEGAL RESERVE	SHARE OPTIONS RESERVE	TOTAL
Other reserves 31 December 2005	315,975	0	315,975
Contribution to legal reserves	334,897	0	334,897
OTHER RESERVE 31. DECEMBER 2006	**650,872**	**0**	**650,872**
Accrued stock options	0	29,241	29,241
Contribution to legal reserves	161,139	0	161,139
OTHER RESERVE 31. DECEMBER 2007	**812,011**	**29,241**	**841,252**

Share options reserve
The reserve includes the accrued part of the fair value of share options. This reserve is reversed if the share options are fofeited and is transferred to share premium if share options are exercised.

Legal reserves
According to Icelandic Companies Act, 25% of the nominal value of share capital must be held in reserve which cannot be paid out as dividends to shareholders.

18. DIRECTORS' TERMS OF EMPLOYMENT AND RELATED MATTERS

Compensation to top management for their work for the Company and their shares in the Company are as follows:

	WAGES AND BENEFITS	STOCK OPTIONS CONTRACTS 2008 - 2010	SHARES AT THE END OF YEAR	EXERCISE PRICE
Magnús Jónsson, CEO	117,434	60,000	464,088	5.716
Two managing directors and a former managing director	132,259	27,000	38,834	5.716/10.18
Þorsteinn Vilhelmsson, chairman	6,700	0	1,083,877	
Hrafn Magnússon, Board member	3,400	0	1,019	
Karl Axelsson , Board member	3,150	0	385,778	
Örn Andrésson, Board member	3,200	0	214,081	
Ólafur Njáll Sigurðsson, Board member	2,900	0	2,426	
	269,042	**87,000**	**1.907,875**	

Shares at the end of the year refers to holdings in the name of the parties in question themselves, their spouses, children who are not financially competent or legal entities in which they are involved.

Amounts in ISK thousands

PARENT COMPANY SEPARATE

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

In the year 2005 the Company entered into a contractual relationship wiht the CEO and a managing director. These key employees of the Company have the right to receive, and the Company the obligation to pay, cash payment representing the shortfall between the market share price and the strike price according to the contract. This obligation will be active in a three years pro-rata vesting period starting from the contract date of 30 September and 28 December 2005.

The nominal amount of shares related to the contracts with the two key employees are in total ISK 80 million and the CEO holds ISK 45 million but the managing director ISK 35 million. The market price on the contract date was 6.05 per share and the strike price, when exerciseable, will represent that price plus accrued interest calculated from the contract date. The accounting treatment of this contract in the 2007 financial statements is based on cash settled share based contract under IFRS 2 and on each reporting date an obligation will be treated as a liability if the fair value of the strike price under the contract exceeds the market price on the reporting date. At year-end 2007 the strike price plus interest did not exceeded the market price resulting in no liability at the year-end.

19. STOCK OPTIONS

All open stock options are listed in the tables below in thousands of shares:

Stock options outstanding 31. December 2006	0
New options issued	99,000
Stock options outstanding 31. December 2007	99,000

	THOUSANDS OF SHARES	EXERCISE PRICE
Options exercisable in 2008	31,000	5.716
Options exercisable in 2008	2,000	10.18
Options exercisable in 2009	31,000	5.716
Options exercisable in 2009	2,000	10.18
Options exercisable in 2010	31,000	5.716
Options exercisable in 2010	2,000	10.18
	99,000	

20. RELATED PARTIES

The Company has not granted any loans to the members of the Board of Directors or to top management persons. That includes also all companies owned by these persons.

Loans to controlling companies are described in note 8. These loans are all granted on arm's length terms, and no impairment charges have been made against these loans.

21. FEE TO AUDITORS

	2007	2006
Audit of financial statements	9,118	8,858
Review of interim financial statements	8,973	10,012
Other services	36,096	21,666
	54,187	**40,536**

Amounts include value-added tax.

22. INCOME STATEMENT BY QUARTERS

	4 QUARTER 2007	3 QUARTER 2007	2 QUARTER 2007	2 QUARTER 2007	4 QUARTER 2006
Net financial income	(316,655)	1,048,688	2,985,427	3,405,802	1,720,483
Operating expenses	(271,567)	(158,078)	(181,065)	(296,054)	(121,880)
NET PROFIT BEFORE TAXES	**(588,232)**	**890,610**	**2,804,362**	**3,109,748**	**1,598,603**
Income tax	1,958,869	(156,347)	199,839	(78,031)	(286,763)
NET PROFIT OF THE PERIOD	**1,370,637**	**734,262**	**3,004,201**	**3,031,717**	**1,311,840**

23. SALARIES AND RELATED EXPENSES

	2007	2006
Salaries	357,079	108,841
Social security and pension costs	58,774	25,114
	415,853	**133,955**

At year-end 2007 the number of employees was 10 (7 at year-end 2006).

Amounts in ISK thousands

PARENT COMPANY SEPARATEV

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

24. PRINCIPAL CONTROLLING COMPANIES (SUBSIDIARIES)

At the period end the Company owned controlling stakes in the following companies (subsidiaries). The accounting treatment for these investments in the Parent Company Separate Financial Statements is in accordance with IAS 39 based on article 37 b) in IAS 27.

NAME OF SUBSIDARY	LOCATION	OWNERSHIP	PRICIPAL ACTIVIES
Eignarhaldsfélagið BPF hf	Iceland	100%	Holding company
BPF hf.	Iceland	100%	Holding company
Eignarhaldsfélagið Beta ehf	Iceland	100%	Holding company
Volcano fjárfesting ehf	Iceland	100%	Holding company
Volcano Holding BV	Holland	100%	Holding company
Renewable Energy Resources ehf	Iceland	100%	Holding company
Eirhöfði 2-4 ehf	Iceland	100%	Holding company
Eirhöfði 15 ehf	Iceland	100%	Holding company
Björgun ehf	Iceland	100%	Operating company
Atorka Holding BV	Holland	100%	Holding company
Promens hf	Iceland	84%	Holding company
Star Aquisitionco AS	Norway	100%	Holding company
Polimoon ASA	Norway	100%	Operating company
Promens International	Holland	100%	Holding company
Eignarhaldsfélagið Bolar hf	Iceland	100%	Holding company

25. OTHER MATTERS

Litigation.
Bjorgun ehf., a wholly owned subsidiary, brought a case before the Icelandic Supreme Court challenging the government's decision to unilaterally remove a license to mine minerals from the bottom of the sea. The mining license expires in the year 2020. Bjorgun ehf has demanded compensation from the Icelandic government if the license is not re-issued.

A court verdict regarding environmental sustainability and request for permanent mining rights in Kollafjordur, Hvalfjordur, and Faxafloi is expected by mid-year 2008, but work will continue based on a temporary license which expires in the fall of 2008.

In addition, a discussion from Faxafloahafnir and the City of Reykjavik is pending regarding development plans for a new work site and approval for redevelopment of the current location.

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CONSOLIDATED ACCOUNTS

REPORT FROM THE BOARD OF DIRECTORS AND THE CEO

Atorka Group hf (Atorka) is a progressive international investment company. Atorka's main investment strategy is to invest in companies, with strong cash flow generation, experienced management and growth potential, organic or external. Atorka looks, in general, to hold its investments for three to five years depending on an overall estimate for each given investment.

These Consolidated Financial Statements comprise the financial statement of the parent company Atorka Group hf and all it´s subsidiaries. They have been prepared in accordance with International Financial Accounting Standards.

It is the Board's opinion that all information necessary to perceive the Group's status as at 31 December 2007, its operational results for the period 1 January to 31 December 2007 and the Group's financial development is presented in the Consolidated Financial Statements. The Group's net loss after taxes amounted to ISK 899 million. The Group's equity amounted to ISK 9.064 million at end of the year.

Atorka has, in addition to these Consolidated Financial Statements, prepared and publicly filed Separate Parent Company Financial Statements. Users of these Consolidated Financial Statements should read them together with the Separate Parent Company Financial Statements as at and for the year ended 31 December 2007 in order to obtain complete information on the financial position, results of operations and changes in financial position of the Group and the parent company. The Separate Parent Company Financial Statements have been approved and publicly filed at the same time as these Consolidated Financial Statements.

At year-end the Company's shareholders numbered 4,901, compared to 5,053 at the beginning of the year. Skessa ehf, which holds 10.89% in the Company, is the only shareholder with a stake over 10%.

The Board of Directors suggests that a dividend amounting to ISK 2,111 million, 0.65 per share, be paid in the year 2008, but refers to the financial statements regarding appropriation of the year's net loss and changes in shareholders' equity.

The Board of Directors and Chief Executive Officer of Atorka Group hf hereby ratify the Consolidated Financial Statements of Atorka Group hf for the year 2007 with their signatures.

Kópavogur, 21 February 2008

Board of Directors of Atorka Group hf

Þorsteinn Vilhelmsson

Örn Andrésson

Karl Axelsson

Ólafur Njáll Sigurðsson

Hrafn Magnússon

Chief Executive Officer of Atorka Group hf

Magnús Jónsson

CONSOLIDATED ACCOUNTS

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF ATORKA GROUP HF

We have audited the accompanying consolidated financial statements of Atorka Group hf (the Group) and it´s subsidiaries which comprise the consolidated income statement for the year 2007 and the consolidated balance sheet as of 31 December 2007, statement of changes in equity and consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (EU). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Reykjavík, 21 February 2008

PricewaterhouseCoopers hf

Kristinn Freyr Kristinsson

Sighvatur Halldórsson

CONSOLIDATED INCOME STATEMENT

FINANCIAL INCOME	NOTES	2007	2006
Dividend income		160,603	121,835
Fair value changes on investments and other financial assets		145,198	1,087,437
Interest income and other related financial income	7	1,957,140	188,527
Interest expenses	7	(7,166,421)	(2,958,267)
Interest expenses - convertible loan		(386,969)	0
NET FINANCIAL INCOME		**(5,290,449)**	**(1,560,469)**
OPERATING INCOME			
Sales		70,880,990	16,129,610
Other operating income		340,654	88,179
TOTAL OPERATING INCOME		**71,221,644**	**16,217,789**
OPERATING EXPENSES			
Cost of sales, production - and processing costs		60,238,559	12,266,155
Administrative and other operating expenses		9,648,487	4,231,322
Reversal of badwill	8	(67,881)	0
Restructuring expenses	6	262,712	352,645
TOTAL OPERATING EXPENSES		**70,081,877**	**16,850,122**
Loss before income tax		**(4,150,683)**	**(2,192,802)**
Income tax	10	(551,523)	924,074
LOSS FROM CONTINUING OPERATIONS		**(4,702,205)**	**(1,268,728)**
Discontinued operations:			
Net profit of disposal group held for sale and discontinued operations	35	3,802,802	782,537
NET LOSS		**(899,403)**	**(486,191)**
Attributable to:			
Equity holders of the company		(925,922)	(456,755)
Minority Interest		26,519	(29,436)
		(899,403)	**(486,191)**
(Loss) earnings per share			
Earnings per share	12	(0.29)	(0.16)
Diluted earning per share	12	(0.29)	(0.16)
Segment information	5		

The notes on pages 114- 146 are an integral part of the consolidated financial statements..

CONSOLIDATED ACCOUNTS

CONSOLIDATED BALANCE SHEET

ASSETS	NOTES	2007	2006
Non-current assets			
Property, plant and equipment	14	20,887,778	24,523,458
Goodwill and other intangible assets	15	14,718,056	27,404,566
Loans and receivables	17	2,926,496	845,239
Available for sale financial assets	28	50,388	101,123
Derivative financial instruments	19	319,382	101,302
Deferred income tax assets	23	933,869	1,024,196
		39,835,969	**53,999,884**
Current assets			
Inventories and construction in progress	16	7,988,094	9,363,704
Land and building construction		689,851	395,346
Trade and other receivables	17	12,667,251	16,237,426
Financial assets at fair value through profit and loss	27	29,316,431	6,195,185
Derivative financial instruments	19	90,613	47,776
Cash and cash equivalents	18	12,529,131	13,050,735
		63,281,371	**45,290,172**
Assets in disposal group classified as held for sale		551,656	0
TOTAL ASSETS		**103,668,997**	**99,290,056**

CONSOLIDATED BALANCE SHEET (CONT.)

EQUITY AND LIABILITIES			
Capital and reserves attributable to equity holders of Atorka Group hf.			
Share capital	25	3,248,045	3,066,617
Share premium		5,862,131	4,688,972
Fair value and other reserves	26	521,934	990,089
Retained earnings		(2,344,434)	1,956,432
		7,287,676	**10,702,109**
MINORITY INTEREST		**1,776,820**	**1,570,020**
TOTAL EQUITY		**9,064,496**	**12,272,130**
LIABILITIES			
Non-current liabilities			
Convertible loan assumed by a subsidiary	22	3,787,891	4,083,501
Borrowings	21	62,944,997	49,405,422
Deferred income		584,683	0
Deferred income tax liabilities	23	2,306,090	1,339,838
Derivative financial instruments	19	2,006	6,762
Retirement benefit obligations	34	1,006,634	1,074,095
		70,632,302	**55,909,618**
Current liabilities			
Trade and other payables	20	16,270,071	20,212,354
Current tax liabilities		70,077	191,992
Borrowings	21	7,008,733	10,701,955
Deferred income		57,730	0
Derivative financial instruments	19	565,589	2,008
		23,972,199	**31,108,309**
TOTAL LIABILITIES		**94,604,501**	**87,017,927**
TOTAL EQUITY AND LIABILITIES		**103,668,997**	**99,290,056**

The notes on pages 114 - 146 are an integral part of the consolidated financial statements..

Amounts in ISK thousands

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	SHARE CAPITAL	SHARE PREMIUM	FAIR VALUE AND OTHER RESERVES	RETAINED EARNINGS	MINORITY INTEREST	TOTAL
Balance at 1 January 2006	2,741,737	3,114,687	505,626	3,569,503	8,240	9,939,793
Currency translation differences			474,997		25,509	500,506
Net fair value gains/(loss), net of tax:						
- Intercompany loans			31,294			31,294
- Cash flow hedge			27,538		1,630	29,168
- Net investment hedge			(49,366)		(2,923)	(52,289)
Merger with Líf and Volcano Finance				(181,274)		(181,274)
Net loss				(456,756)	(29,436)	(486,192)
TOTAL RECOGNIZED INCOME AND EXPENSES AT 31 DECEMBER 2006	**0**	**0**	**484,463**	**(638,030)**	**(5,220)**	**(158,787)**
Purchases of treasury shares	(713,510)	(3,674,965)				(4,388,475)
Sales of treasury shares	1,038,390	5,249,250				6,287,640
Other changes in minority interest					1,567,000	1,567,000
Dividend				(975,041)		(975,041)
BALANCE AT 31 DECEMBER 2006	**3,066,617**	**4,688,972**	**990,089**	**1,956,432**	**1,570,020**	**12,272,130**
Balance at 1 January 2007	3,066,617	4,688,972	990,089	1,956,432	1,570,020	12,272,130
Currency translation differences			(200,381)		5,355	(195,026)
Net fair value gains/(loss), net of tax:						
- Intercompany loans			(347,772)			(347,772)
- Cash flow hedge			104,069			104,069
- Net investment hedge			(53,310)			(53,310)
Net loss				(925,922)	26,519	(899,403)
TOTAL RECOGNIZED INCOME AND EXPENSES AT 31 DECEMBER 2007	**0**	**0**	**(497,396)**	**(925,922)**	**31,874**	**(1,391,443)**
Purchases of treasury shares	(375,462)	(2,773,493)				(3,148,956)
Sales of treasury shares	556,891	3,946,652				4,503,542
Other changes in minority interest					174,925	174,925
Accrued stock options			29,241			29,241
Dividend				(3,374,943)		(3,374,943)
BALANCE AT 31 DECEMBER 2007	**3,248,046**	**5,862,131**	**521,934**	**(2,344,433)**	**1,776,820**	**9,064,496**

The notes on pages 115- 146 are an integral part of the consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

	NOTES	2007	2006
Cash flow from operating activities			
Net loss		(899,403)	(486,191)
Adjustments for items not affecting cash		4,002,416	1,129,496
Changes in working capital		(2,045,450)	(278,123)
		1,057,563	**365,182**
Cash flows to investing activities			
Acquisition of subsidiary, net of cash acquired		(1,046,908)	(17,716,336)
Purchase of shares in companies		(40,923,944)	(14,229,546)
Proceeds from sale of shares in companies		33,562,926	15,010,383
Purchase of property, plant and equipment (PPE)		(4,053,272)	(973,467)
Purchase of intangibles		(127,284)	(186,834)
Loans granted		(1,461,952)	(88,739)
Loans repayments		1,252,941	0
Proceeds from sale of PPE		2,325,604	330,777
		(10,471,889)	**(17,853,762)**
Cash flows from financing activities			
Proceeds from (purchase of) treasury shares, net		(628,079)	(111,649)
Proceeds from borrowings		34,419,748	30,703,347
Repayments of borrowings		(23,412,392)	(2,011,173)
Dividends paid to group shareholders		(1,344,759)	(975,041)
		9,034,518	**27,605,484**
Net (decrease) increase in cash and cash equivalents		(379,808)	10,116,904
Exchange (losses)/gains on cash and bank overdrafts		(348,911)	124,099
Cash and cash equivalents at beginning of year		13,050,735	2,809,732
CASH AND CASH EQUIVALENTS AT END OF YEAR	**18**	**12,322,016**	**13,050,735**

The notes on pages 115 - 146 are an integral part of the consolidated financial statements.

Amounts in ISK thousands

CONSOLIDATED ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Atorka Group hf (the Company / Parent Company) is an investment company, listed on the OMX Nordic Exchange in Iceland and is included in the OMXI-15 index. Atorka invests in companies on global growth markets and supports growth both internal and external. In its investments, Atorka emphasises companies characterised by solid operations and strong cash flow, strong management, promising conditions for internal and external growth, and opportunities for value enhancement.

These Consolidated Financial Statements comprise the financial statements of the Atorka Group hf and it´s subsidiaries ("the Group") as listed in note 32.

The Company is a limited liability company incorporated and domiciled in Iceland. The address of its registered office is Hlíðasmári 1, Kópavogur.

These Consolidated Financial Statements have been approved for issue by the Board of Directors on 21 February 2008.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These Consolidated Financial Statements of Atorka Group hf have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. These Consolidated Financial Statements reflect the IFRS and interpretations issued and effective as of 31 December 2007.

IFRS, as adopted by the EU, depart from full IFRS in the following areas, relating to the Company´s operations:Standards not adopted by the EU:

IAS 23 (Amendment), ´Borrowing costs´ (effective from 1 January 2009). It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction, or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. This amendment is not yet effective and has not been adopted by the EU. The Company will apply it as soon as it has been adopted by the EU.

Interpretations to existing standards not adopted by the EU:
IFRIC 12, ´Service concession arrangements´ (effective from 1 January 2008).
IFRIC 13, ´Customer loyalty programmes´ (effective from 1 July 2008).
IFRIC 14, ´IAS 19 - The limit of a defined benefit asset, minimum funding requirements and their interaction´ (effective from 1 January 2008).

Standards, amendment, and interpretations adopted by the EU and effective in 2007:
Standards:
IFRS 7, ´Financial instruments: Disclosures´, and the complementary amendment to IAS 1, ´Presentation of financial statements - Capital disclosures´, introduces new disclosures to improve the information about financial instruments, including quantitative aspects of risk exposures and the method of risk managements. The new disclosures provide information about the extent of exposure to risk, based on information provided internally to the entity´s key management. Qualitative and quantitative disclosures over exposure to credit risk, liquidity risk and market risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

IFRS 7 supersedes IAS 30 ´Disclosures in the financial statements of banks and similar financial institutions´ and some of the disclosure requirements of IAS 32 ´Financial instruments, disclosure and presentation´. The amendment to IAS 1 introduced disclosures about the level of the entity´s capital and how it manages capital.

The Company has implemented both standards into its accounting policies and applied them in preparing these Consolidated Financial Statements.

IFRS 4, ´Insurance contracts´: This standard does not have any impact on the Company´s Consolidated Financial Statements.

Interpretations:
IFRIC 7, ´Applying the restatements approach under IAS 29, Financial reporting in hyperinflationary economies´
IFRIC 8, ´Scope of IFRS 2´
IFRIC 9, ´Re-assessment of embedded derivatives´
IFRIC 10, ´Interim financial reporting and impairment´
IFRIC 11, ´IFRS 2 - Group and treasury share transactions´

IFRS 8, ´Operating segments´ (effective from 1 January 2009). IFRS 8 replaces IAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, ´Disclosures about segments of an enterprise and related information´. The new standard requires a ´management approach´, under which segment information is presented on the same basis as that used for internal reporting purposes. The Company will apply IFRS 8 from 1 January 2009.

The Parent Company has, in addition to these Consolidated Financial Statements, prepared Separate Financial Statements in accordance with IFRS for the parent company. In the separate financial statements all investments in subsidiaries are accounted at fair value in accordance IAS 39 - Financial instruments: Recognition and Measurement instead of using the equity accounting and consolidation of the subsidiaries as described in note 2.2. The substance for such accounting in the Parent Company Separate Financial Statements is the requirement in IAS 27 - Consolidated and Separate Financial Statements. Users of these Consolidated Financial Statements for the Group should read them together with the separate financial statements for the Company as at and for the year 2007 in order to obtain complete information on the financial position, results of operations and changes in financial position of the Company and the Group. The Separate Financial Statements have been approved and publicy filed at the same time as these Consolidated Financial Statements.

The Board and management of the Company are of the opinion that the accounting treatment in the Parent Company Separate Financial Statements based on IAS 39 gives a clear view of the result and the financial postion of the Company in accordance with the main purpose of the Company, which is private equity investments.

CONSOLIDATED ACCOUNTS

The difference in the results for the year 2007 between these reporting entities, i.e. the Consolidated Financial Statements for the Group and the Parent Company Separate Financial Statements relate to different measurements of investments in subsidiaries. In the Parent Company Separate Financial Statements, the fair value adjustments of the investments in subsidiaries are accounted in the income statement together with dividend income from the subsidiaries. In these Consolidated Financial Statements all subsidiaries are consolidated in accordance with accounting method as described in note 2.2.

The difference in the after tax net result for the period can be described as follows:

	2007	2006
The Group net loss for the year based on consolidated financial statements	(899,403)	(486,191)
Share in net (profit) loss of controlling companies	(4,880,758)	539,599
Fair value adjustments and dividend income from controlling companies net of tax	13,765,566	6,615,098
Other differences	155,414	70,435
THE PARENT COMPANY NET PROFIT	**8,140,818**	**6,738,941**

These Consolidated Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets (including derivative instruments) at fair value through profit or loss.

The preparation of Consolidated Financial Statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements, are disclosed in note 4.

2.2 GROUP ACCOUNTING

Subsidiaries

Subsidiaries, which are those entities in which the Group has an interest of more than one-half of the voting rights or otherwise has power to govern the financial and operating policies are consolidated. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 SEGMENT REPORTING

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments. Business segments are defined in note 5.

2.4 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("the functional currency"). The consolidated financial statements are presented in Icelandic Krónas (ISK), which is the Group's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised as a separate component of equity (cumulative translation adjustment).

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Amounts in ISK thousands

CONSOLIDATED ACCOUNTS

2.5 NON-CURRENT ASSETS AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

Disposal groups represent a subsidiary which is held for sale. Liabilities connected with the disposal group are recognised as a special liability on the balance sheet. The presentation and measurement of these assets and liabilities are based on IFRS 5, Non-Current Assets Held for Sale and Discontinued Operation. Items included under non-current assets held for sale are recognised at the lower of carrying amount or fair value less cost to sell, taken into account the measurement requirement exception in IFRS 5.

2.6 PROPERTY, PLANT AND EQUIPMENT

Land and buildings comprise mainly factories and offices. All property, plant and equipment (PPE) is shown at cost less subsequent depreciation and impairment, except for land, which is shown at cost less impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life, as follows:

Land and buildings	**20-50 years**
Production equipment	**5-15 years**
Other equipment	**3-8 years**

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see note 2.8).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. Borrowing costs are expensed as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

2.7 INTANGIBLE ASSETS

Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the Group's investment in each country of operation by each primary reporting segment (note 2.3).

Research and development
Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success, considering its commercial and technological feasibility, and costs can be measured reliably. Other development expenditures are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs that have a finite useful life and that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit, not exceeding five years.

Computer software
Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three to five years).

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Other intangible assets
Expenditure to acquire patents, trademarks and licenses is capitalised and amortised using the straight-line method over their useful lives, but not exceeding 3 years. Intangible assets are not revalued.

CONSOLIDATED ACCOUNTS

2.8 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.9 FINANCIAL ASSETS

The Group classifies its investments in the following categories: loans and receivables and financial assets at fair value through profit or loss. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets at fair value through profit or loss
This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorized as held for trading. Assets in this category are classified as current assets if they are either held for trading or are expected to be realized within 12 months of the balance sheet date.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and with no intention of trading. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in receivables and prepayments in the balance sheet.

Purchases and sales of investments are recognized on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Realized and unrealized gains and losses, arising from changes in the fair value of the financial assets at fair value through profit or loss category, are included in the income statement in the period in which they arise.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis refined to reflect the issuer's specific circumstances.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

2.10 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

(a) hedges of the fair value of recognised liabilities (fair value hedge);

(b) hedges of a particular risk associated with a recognised liability or a highly probable forecast transaction (cash flow hedge); or

(c) hedges of a net investment in a foreign operation (net investment hedge).

Fair value hedges
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The Group applies only fair value hedge accounting for hedging fixed interest risk on borrowings. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the income statement within finance costs. The gain or loss relating to the ineffective portion is recognised in the income statement within other gains/(losses) – net. Changes in the fair value of the hedge fixed rate borrowings attributable to interest rate risk are recognised in the income statement within finance costs.

Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within other gains/(losses) – net.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within finance costs. The gain or loss relating to the effective portion of forward foreign exchange contracts hedging export sales is recognised in the income statement within sales. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in case of inventory, or in depreciation in case of fixed assets.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within other gains/(losses) – net.

Amounts in ISK thousands

CONSOLIDATED ACCOUNTS

Net investment hedge
Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within other gains/(losses) – net.

Gains and losses accumulated in equity are included in the income statement when the foreign operation is partially disposed of or sold.

Derivatives at fair value through profit or loss
Certain derivative instruments do not qualify for hedge accounting and are accounted for at fair value through profit or loss. Changes in the fair value of these derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement within other gains/(losses) – net.

2.11 INVENTORIES

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in process comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. Provision is raised against slow-moving items.

2.12 CONSTRUCTION CONTRACTS IN PROGRESS

Contractual construction in progress are stated at its foreseeable sales price related to its percentage of completeness. Construction in progress are generally construction works. If a loss on work in progress is foreseeable it is immediately charged to income.

2.13 LAND AND BUILDING CONSTRUCTION

Land and building construction costs are recognised when incurred. Land- and building constructions are capitalized at cost. When operational effect of sales of land and building constructions can be estimated specifically, cost and revenue are stated using the percentage of completion method. Percentage of completion is measured by taking the percentage of accrued cost in relation to estimated total cost of each contracted work in progress.

The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceeds progress billings.

The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

2.14 TRADE AND OTHER RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

2.15 CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.16 SHARE CAPITAL

Share issue costs
Costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Dividend distribution
Dividend distribution to the Company's shareholders is recognized as a liability in the period in which the dividends are approved by the Company's shareholders.

Treasury shares
Where the Company purchases the Company's equity share capital, the consideration paid is deducted from total shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

Share premium
Share premium represents excess of payment above nominal value (ISK 1 per share) that shareholders have paid for shares sold by the Company.

2.17 BORROWINGS

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

CONSOLIDATED ACCOUNTS

2.18 DEFERRED INCOME TAX

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

2.19 EMPLOYEE BENEFITS

Profit sharing and bonus plans
Under some circumstances, a liability for key employee benefits in the form of profit sharing and bonus plans is recognised in other provisions when there is no realistic alternative but to settle the liability and at least the following condition is met:

– there is a formal plan and the amounts to be paid are determined before the time of issuing the financial statements.

Liabilities for profit sharing and bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

2.20 REVENUE RECOGNITION

Revenue comprises the invoiced value for the sale of goods and services net of value-added tax, commissions and discounts, and after eliminating sales within the Group. Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer. Revenue from sales of goods is based on the stage of completion determined by reference to work performed to date as a percentage of total work to be performed.

Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised either as cash is collected or on a cost–recovery basis as conditions warrant.

Dividends are recognised when the right to receive payment is established.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

2.21 LEASES

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.22 SHARE-BASED COMPENSATION

The Company has entered into share-based contracts with its employees, which enable employees, to buy shares in the Company at market price. Under these contracts the employee has the right to receive, and the Company the obligation to pay, a cash payment representing the shortfall between the market share price and the strike price according to the contract. These contracts are cash settled share based contract under IFRS 2. On each reporting date, an obligation will be treated as a liability, if the fair value of the strike price under the contract exceeds the market price, and treated as an employee cost in the income statement.

The Company has entered into stock contracts with its employees enabling them to acquire shares in the Company. In all instances the exercise price corresponds to the market value of the shares at grant date. Cost related to the stock option agreements is expensed during the vesting period based on the related terms.

All stock options are equity-settled share-based compensation, and the Group recognises the fair value of the servics received as an expense in the period that these services are received.

The Company uses the Black-Scholes valuation model to determine the fair value of options granted. The significant inputs into the model were share prices at grant date, exercise price, the volatility of standard deviation of expected share price, dividend yield and a risk-free interest rate.

CONSOLIDATED ACCOUNTS

3. FINANCIAL RISK MANAGEMENT

3.1 LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficent cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The table below analyses the Company's financial liabilities and net-settled derivative financial liabilites into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, including estimated interest payments.

It is the Company's policy to have at any given time minimum available cash or highly liquid assets to meet current commitments.

	CARRYING AMOUNT	LESS THAN 1 YEAR	BETWEEN 1 AND 2 YEARS	BETWEEN 2 AND 5 YEARS	OVER 5 YEARS
At 31 December 2007					
Trade and other payables	16,270,071	16,270,071	0	0	0
Derivative financial instruments	567,595	102,154	182,610	243,612	0
Borrowings	69,953,730	9,921,565	19,036,528	31,869,150	20,429,809
	86,791,396	**26,293,790**	**19,219,138**	**32,112,762**	**20,429,809**
At 31 December 2006					
Trade and other payables	20,212,354	20,212,354	0	0	0
Derivative financial instruments	8,770	24,521	1,226	0	0
Borrowings	60,107,376	11,550,009	3,964,581	19,169,542	33,444,915
	80,328,500	**31,786,884**	**3,965,807**	**19,169,542**	**33,444,915**

3.2 CREDIT RISK

Credit risk arises from cash and cash equivalents, derivative financial instruments, loans and other receivables, bonds, and land and building construction.

The following table represents a worst case scenario of credit risk exposure to the Company at 31 December 2007 and 2006. For on-balance sheet assets, the exposures set out below are based on net carrying amounts as reported in the balance sheet.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

MAXIMUM EXPOSURES	2007	2006
Loans and other receivables	15,593,747	17,082,666
Land and building construction	689,851	689,166
Bonds	25,292	43,918
Derivative financial instruments	409,995	149,078
Cash and cash equivalents	12,529,131	13,050,735
	29,248,016	**31,015,563**

3.3 MARKET RISK

Market risk is the risk arising from the impact of changes in market prices on the value of the Company's assets and liabilities. This includes interest rate and currency risk as well as price risk.

Interest rate risk
If the market interest rates had been 100 basis points higher (lower) at 31 December 2007, profit or loss would have been ISK 414 million (31 December 2006: ISK 254 million) lower (higher).

Currency risk
If the ISK had gained (lost) 10 percent against all currencies at 31 December 2007, net financial income would have been ISK 1,856 million (31 December 2006: ISK 2,151 million) higher (lower).

Price risk
The Company is exposed to equity securities price risk because of investments held by the Company and classified as at fair value through profit or loss.

If the value in equity shares would increase (decrease) about 10 percent at 31 December 2007, profit and loss would have been ISK 3,754 million (31 December 2006: ISK 588 million) higher (lower).

Capital risk management
The Company's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Amounts in ISK thousands

CONSOLIDATED ACCOUNTS

(a) Estimated impairment of goodwill
The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.8. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

(b) Income taxes
The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(c) Fair value of investments
The Group reviews the fair value of all investments on every reporting date. The fair value of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as market risk, volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments.

5. SEGMENT INFORMATION

Business segments
At 31 December 2007, the Group is organised on a worldwide basis into three main business segments (industries): (1) Financial and investments, (2) Construction industry, (3) Plastic industry

The financial and investment segment includes the parent company Atorka Group hf and its subsidiaries.

The construction segment includes Bjorgun ehf and its subsidiaries.

The plastic industry segment includes Promens hf and Eignarhaldsfélagið Bolar, BPF and their subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

The segment results for the year 2007 are as follows:

	FINANCIAL & INVESTM.	CONSTRUCTION INDUSTRY	PLASTIC INDUSTRY	GROUP
Total segment revenue	0	1,219,307	70,002,336	71,221,644
Inter-segment revenue	0	0	0	0
REVENUE	**0**	**1,219,307**	**70,002,336**	**71,221,644**
Operating expenses	1,534,121	1,008,140	67,539,617	70,081,878
OPERATING PROFIT (LOSS)	**(1,534,120)**	**211,167**	**2,462,720**	**1,139,766**
Net financial income	(3,026,333)	10,442	(2,274,558)	(5,290,449)
(Loss) profit before tax	(4,560,453)	221,609	188,161	(4,150,683)
Income tax				(551,523)
Net profit of disposal group				3,802,802
LOSS FOR THE YEAR				**(899,403)**

Additional information regarding segments other than financial and investment.

	CONSTRUCTION INDUSTRY	PLASTIC INDUSTRY	TOTAL
Operating profit	211,167	2,462,720	2,673,887
Depreciation / amortisation	77,101	2,721,794	2,798,895
EBITDA	**288,268**	**5,184,513**	**5,472,781**
Restructuring expenses	0	262,712	262,712
ADJUSTED EBITDA	**288,268**	**5,447,226**	**5,735,494**

The segment assets and liabilities at 31 December 2007 and capital expenditure for the year then ended as follows:

	FINANCIAL & INVESTM.	CONSTRUCTION INDUSTRY	PLASTIC INDUSTRY	ELIMINATION / UNALLOCATED	TOTAL
Assets	48,920,927	2,206,931	58,596,001	(6,054,862)	103,668,997
Liabilites	47,583,822	1,275,987	48,941,186	(3,196,494)	94,604,501
Thereof interest bearing	44,888,002	49,037	31,191,097	(2,386,515)	73,741,621
Thereof net interest bearing	32,291,107	(20,040)	29,121,535	(2,386,515)	59,006,088
Capital expenditure	0	35,004	3,276,152	0	3,311,156

In the year 2007 healthcare and energy segments were classified as disposal group held for sale and discontinued operations. Comparative figures for the year 2006 have been restated accordingly.

Amounts in ISK thousands

CONSOLIDATED ACCOUNTS

The segment results for the year ended 31 December 2006 are as follows:

	FINANCIAL & INVESTM.	CONSTRUCTION INDUSTRY	PLASTIC INDUSTRY	GROUP
Total segment revenue	0	1,490,834	14,726,955	16,217,789
Inter-segment revenue	0	0	0	0
REVENUE	**0**	**1,490,834**	**14,726,955**	**16,217,789**
Operating expenses	858,072	1,176,655	14,815,395	16,850,122
OPERATING (LOSS) PROFIT	**(858,072)**	**314,179**	**(88,440)**	**(632,333)**
Net financial income	(762,183)	14,101	(812,387)	(1,560,469)
(Loss) profit before tax	(1,620,255)	328,280	(900,827)	(2,192,802)
Income tax				924,074
Net profit of disposal group				782,537
LOSS FOR THE YEAR				**(486,191)**

Additional information regarding segments other than financial and investment.

	CONSTRUCTION INDUSTRY	PLASTIC INDUSTRY	TOTAL
Operating profit (loss)	314,179	(88,440)	225,739
Depreciation / amortisation	59,814	662,216	722,030
EBITDA	**373,993**	**573,776**	**947,769**
Restructuring expenses	0	352,645	352,645
ADJUSTED EBITDA	**373,993**	**926,421**	**1,300,414**

The segment assets and liabilities at 31 December 2006 and capital expenditure for the year then ended are as follows:

	FINANCIAL & INVESTM.	CONSTRUCTION INDUSTRY	PLASTIC INDUSTRY	ELIMINATION / UNALLOCATED	TOTAL
Assets	32,624,674	2,157,082	65,893,108	(1,384,808)	99,290,056
Liabilites	29,813,418	1,064,953	55,552,204	587,352	87,017,927
Thereof interest bearing	27,831,163	313,591	37,394,356	(348,193)	65,190,917
Thereof net interest bearing	21,985,643	113,936	30,785,453	(1,270,328)	51,614,704
Capital expenditure	0	34,944	869,051	89,463	993,458

Secondary reporting format - geographical segments

REVENUE	**2007**	**2006**
Iceland	2,302,653	1,479,540
Other countries	68,918,991	14,738,249
	71,221,644	**16,217,789**

Revenue is allocated based on the country in which the customer is located.

TOTAL ASSETS	**2007**	**2006**
Iceland	38,851,524	50,020,168
Other countries	64,817,473	49,269,888
	103,668,996	**99,290,056**

Total assets are allocated based on where the assets are located.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

6. RESTRUCTURING EXPENSES

In the year 2007 and 2006 subsidiaries in the plastic segment went through restructuring in their operations, resulting in restructuring expenses in the income statement of ISK 262.7 millions (2006: 352.6 million). These expenses include staff and management restructuring and related professional services, leases terminations and one-off charges of changes in estimates. These costs were fully provided for and paid within the year 2006 and 2007.

7. FINANCE COSTS – NET

INTEREST EXPENSE	2007	2006
Bank borrowings	(5,640,909)	(2,156,684)
Net foreign exchange loss	(498,534)	(357,941)
Finance cost due to aquisition of subsidiary	0	(376,324)
Other interest expenses	(1,026,978)	(67,318)
TOTAL INTEREST EXPENSE	**(7,166,421)**	**(2,958,267)**
Interest income	1,181,801	135,869
Net foreign exchange transaction gains	775,339	52,658
TOTAL INTEREST INCOME	**1,957,140**	**188,527**
FINANCE COST - NET	**(5,209,281)**	**(2,769,740)**

8. REVERSAL OF BADWILL

	2007	2006
Reversal of badwill	(67,881)	0

In 2007 a reversal of badwill net of ISK 67.8 million is included in the income statement due to a negative goodwill arising from the acquisition of Decoplast a subsidiary in the plastic segment.

9. EMPLOYEE BENEFIT EXPENSE

	2007	2006
Wages	17,565,128	1,975,751
Pension, social security and other charges	3,385,812	404,596
	20,950,940	**2,380,347**
Staff costs are itemised as follows in the income statement:		
Cost of sales, production and processing cost	15,619,995	1,669,833
Administrative and other operating expenses	5,330,945	710,514
	20,950,940	**2,380,347**
Number of employees at year-end	5,874	5,956

Amounts in ISK thousands

CONSOLIDATED ACCOUNTS

10. INCOME TAX EXPENSE

	2007	2006
Current tax	(331,128)	(105,174)
Deferred tax	(220,395)	1,029,248
	(551,523)	**924,074**

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated companies as follows:

LOSS BEFORE TAX	**(4,150,683)**	**(2,192,802)**
Tax calculated at domestic tax rates applicable to profits in the respective countries	611,115	373,298
Income not subject to tax	247,386	550,794
Expenses not deductible for tax purposes	(1,309,674)	(18)
Other changes	(100,350)	0
TAX CHARGE	**(551,523)**	**924,074**

11. QUARTERLY RESULTS

	Q4 2007	Q3 2007	Q2 2007	Q1 2007
Net financial income	(2,603,186)	(1,029,123)	(1,209,388)	(448,752)
Sales	17,941,891	17,111,449	18,774,735	17,052,915
Other operating income	103,981	21,265	181,399	34,009
TOTAL OPERATING INCOME	**18,045,872**	**17,132,714**	**18,956,134**	**17,086,924**
Cost of sales, production and processing cost	15,221,197	15,096,886	15,480,226	14,440,250
Administrative and other operating expenses	2,894,940	1,977,030	2,506,546	2,269,971
Reversal of badwill	(67,881)	0	0	0
Restructuring cost	262,712	0	0	0
	18,310,968	**17,073,916**	**17,986,772**	**16,710,221**
(Loss) profit before income tax	(2,868,283)	(970,325)	(240,026)	(72,049)
Income tax	(549,765)	14,678	(135,575)	119,139
(Loss) profit for the period from continuing operations	(3,418,047)	(955,647)	(375,601)	47,090
Net gain (loss) of disposal group held for sale	44,597	3,655,756	(309,159)	411,608
NET (LOSS) PROFIT	**(3,373,450)**	**2,700,109**	**(684,760)**	**458,698**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

12. EARNINGS PER SHARE

Basic

Earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares.

	2007	2006
Net loss attributable to shareholders	(925,922)	(456,755)
Weighted average number of outstanding shares in issue	**3,157,331**	**2,904,177**
LOSS PER SHARE	**(0.29)**	**(0.16)**

Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2007	2006
Net loss attributable to shareholders	(925,922)	(456,755)
Weighted average number of outstanding shares in issue	3,157,331	2,904,177
Adjustments for share options	28,971	0
Weighted average number of outstanding shares in issue and diluted potential ordinary shares	**3,186,302**	**2,904,177**
DILUTED LOSS PER SHARE	**(0.29)**	**(0.16)**

13. DIVIDEND PER SHARE

The dividend paid in 2007 and 2006 were ISK 3,375 million and ISK 975 million respectively or ISK 1.1 per share in 2007 and ISK 0.3 per share in 2006

Amounts in ISK thousands

CONSOLIDATED ACCOUNTS

14. PROPERTY, PLANT AND EQUIPMENT

	LAND & BUILDINGS	PRODUCTION EQUIPMENT	OTHER EQUIPMENT	TOTAL
At 1 January 2006				
Cost	2,067,288	2,058,081	636,272	4,761,641
Accumulated depreciation	(184,832)	(649,281)	(378,381)	(1,212,494)
NET BOOK AMOUNT	**1,882,456**	**1,408,800**	**257,891**	**3,549,147**
Year ended 31 December 2006				
Opening net book amount	1,882,456	1,408,800	257,891	3,549,147
Business combination / new subsidiaries	7,030,862	12,210,148	8,535	19,249,545
Exchange differences	(115,892)	7,202	11,750	(96,940)
Additions	487,056	2,577,376	71,914	3,136,346
Disposals	(296,490)	(96,064)	(15,551)	(408,105)
Depreciation charge	(85,434)	(729,711)	(91,390)	(906,535)
CLOSING NET BOOK AMOUNT	**8,902,558**	**15,377,751**	**243,149**	**24,523,458**
At 31 December 2006				
Cost	9,397,004	17,832,820	726,613	27,956,437
Accumulated depreciation	(494,446)	(2,455,069)	(483,464)	(3,432,979)
NET BOOK AMOUNT	**8,902,558**	**15,377,751**	**243,149**	**24,523,458**
Year ended 31 December 2007				
Opening net book amount	8,902,558	15,377,751	243,149	24,523,458
Business combination / new subsidiaries (note 29)	301,322	144,954	17,695	463,971
Exchange differences	(496,880)	(406,322)	(29,031)	(932,233)
Additions	331,570	4,162,824	224,542	4,718,936
Disposals	(3,033,853)	(4,230,342)	(7,534)	(7,271,729)
Company classified as disposal group	(160,038)	0	(144,015)	(304,053)
Reclassifications and goodwill allocation	3,254,243	(1,329,258)	870,671	2,795,656
Depreciation charge	(358,261)	(2,473,923)	(274,044)	(3,106,228)
CLOSING NET BOOK AMOUNT	**8,740,661**	**11,245,684**	**901,433**	**20,887,778**
At 31 December 2007				
Cost	11,800,396	37,517,456	4,083,568	53,401,420
Accumulated depreciation	(3,059,735)	(26,271,772)	(3,182,135)	(32,513,642)
NET BOOK AMOUNT	**8,740,661**	**11,245,684**	**901,433**	**20,887,778**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

15. GOODWILL AND OTHER INTANGIBLE ASSETS

	GOODWILL	OTHER INTANGIBLES	TOTAL
At 1 January 2006			
Cost	5,773,299	151,656	5,924,955
Accumulated depreciation	(13,415)	(43,732)	(57,147)
NET BOOK AMOUNT	**5,759,884**	**107,924**	**5,867,808**
Year ended 31 December 2006			
Opening net book amount	5,759,884	107,924	5,867,808
Acquisition of subsidiary	18,140,923	0	18,140,923
Additions / new subsidiaries	3,360,591	17,132	3,377,723
Exchange differences	274,735	(7,187)	267,548
Disposals	(7,310)	(7,922)	(15,232)
Impairment / amortisation charge	(138,441)	(95,763)	(234,204)
CLOSING NET BOOK AMOUNT	**27,390,382**	**14,184**	**27,404,566**
At 31 December 2006			
Cost	27,547,602	153,679	27,701,281
Accumulated impairment / amortisation	(157,220)	(139,495)	(296,715)
NET BOOK AMOUNT	**27,390,382**	**14,184**	**27,404,566**
Year ended 31 December 2007			
Opening net book amount	27,390,382	14,184	27,404,566
Acquisition of subsidiary (note 29)	479,646	33,201	512,847
Additions / new subsidiaries (note 29)	0	88,744	88,744
Exchange differences	(623,537)	(156,468)	(780,005)
Disposals	(7,482,806)	6,899	(7,475,907)
Company classified as disposal group	(3,142,554)	(451)	(3,143,005)
Purchase price allocated to other assets	(2,838,322)	1,203,526	(1,634,796)
Impairment / amortisation charge	0	(254,388)	(254,388)
CLOSING NET BOOK AMOUNT	**13,782,809**	**935,247**	**14,718,056**
At 31 December 2007			
Cost	13,819,559	1,626,171	15,445,730
Accumulated impairment / amortisation	(36,750)	(690,924)	(727,674)
NET BOOK AMOUNT	**13,782,809**	**935,247**	**14,718,056**

Amounts in ISK thousands

CONSOLIDATED ACCOUNTS

16. INVENTORIES

	2007	2006
Inventories for resale	4,128,864	5,274,009
Construction in progress	263,294	311,006
Production inventories	3,595,936	3,778,689
	7,988,094	**9,363,704**

17. TRADE AND OTHER RECEIVABLES

	2007	2006
Trade receivables	7,936,021	13,429,208
Less: provision for impairment of trade receivables	(310,412)	(249,787)
TRADE RECEIVABLES - NET	**7,625,609**	**13,179,421**
Other receivables and prepayments	7,968,138	3,903,244
	15,593,747	**17,082,665**
Less non-current portion	(2,926,496)	(845,239)
CURRENT PORTION	**12,667,251**	**16,237,426**

Movements on the Group provision for impairment of trade receivables are as follows:

	2007
At 1 January	(249,787)
Provision for receivables impairment	(126,030)
Receivables written off during the year as uncollectible	54,050
Acquisition of subsidary	(13,228)
Amounts recovered during the year	18,221
Exchange difference	6,362
AT 31 DECEMBER	**(310,412)**

18. CASH AND CASH EQUIVALENTS

	2007	2006
Cash at bank and in hand	3,089,116	13,050,735
Short-term bank deposits	9,440,015	0
	12,529,131	**13,050,735**

For the purposes of the cash flow statement, the cash and cash equivalents comprise the following:

Cash and bank balances	12,529,131	13,050,735
Bank overdrafts	(207,115)	0
	12,322,016	**13,050,735**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

19. DERIVATIVE FINANCIAL INSTRUMENTS

At the end of the year the, Group engaged in derivative contracts. They are presented among assets or liabilities, depending on whether market value is positive or negative.

	31 DECEMBER 2007		31 DECEMBER 2006	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps - cash flow hedges	265,483	1,459	29,168	0
Electricity forward contracts - cash flow hedges	65,846	0	0	0
Forward foreign exchange contracts - cash flow hedges	27,269	547	0	0
Forward foreign exchange contracts - held for trading	51,397	565,587	119,910	8,770
TOTAL	**409,995**	**567,593**	**149,078**	**8,770**
Less non-current portion				
Interest rate swaps - cash flow hedges	(265,483)	(1,457)	(101,302)	(6,762)
Electricity forward contracts - cash flow hedges	(26,630)	0	0	0
Interest rate swaps - fair value hedges	(27,269)	(547)	0	0
	(319,382)	**(2,006)**	**(101,302)**	**(6,762)**
CURRENT PORTION	**90,613**	**565,589**	**47,776**	**2,008**

The fair value of derivative financial instruments is classified as a non-current asset or liability if the remaining maturity of the hedge item is more than 12 months, and as a current asset or liability if the maturity is less than 12 months.

Gains in equity on forward foreign exchange contracts as of 31 December 2007 will be released to the income statement at various dates up to twelve months from the balance sheet date.

20. TRADE AND OTHER PAYABLES

	2007	2006
Trade payables	10,768,251	13,063,325
Other payables	5,501,820	7,149,029
	16,270,071	**20,212,354**

Amounts in ISK thousands

CONSOLIDATED ACCOUNTS

21. BORROWINGS

	2007	2006
Non-current:		
Bank borrowings	28,922,526	28,003,651
Debentures	32,871,137	21,381,533
Finance lease liabilities	1,151,334	20,238
	62,944,997	**49,405,422**
Current:		
Bank overdrafts	617,990	849,440
Bank borrowings	2,867,586	9,478,516
Debentures	3,299,402	350,636
Finance lease liabilities	223,755	23,363
	7,008,733	**10,701,955**
TOTAL BORROWINGS	**69,953,730**	**60,107,377**

LIABILITIES IN CURRENCY:	FINANCE LIABILITIES	OTHER BORROWINGS	TOTAL 2007
Liabilities in CHF	22,613	780,730	803,343
Liabilities in EUR	584,537	16,438,798	17,023,335
Liabilities in GBP	0	11,956,168	11,956,168
Liabilities in ISK, index-linked	0	16,109,520	16,109,520
Liabilities in ISK, non-index-linked	0	17,891,112	17,891,112
Liabilities in JPY	23,031	140,823	163,854
Liabilities in NOK	0	1,304,215	1,304,215
Liabilities in DKK	748,683	242,464	991,147
Liabilities in USD	31,354	2,149,009	2,180,363
Liabilities in other currency	13,908	1,516,765	1,530,673
	1,424,126	**68,529,604**	**69,953,730**
Current maturities	(247,146)	(6,761,587)	(7,008,733)
	1,176,980	**61,768,017**	**62,944,997**
ANNUAL MATURITIES OF NON-CURRENT LIABILITIES:			
Year 2009	156,991	16,433,390	16,590,381
Year 2010	114,054	16,284,030	16,398,084
Year 2011	93,482	2,072,411	2,165,893
Later	812,453	26,978,186	27,790,639
	1,176,980	**61,768,017**	**62,944,997**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

22. CONVERTIBLE LOAN ASSUMED BY A SUBSIDIARY

In November 2006 one of the subsidiaries, Promens hf, borrowed a convertible loan in relation to the their acquistion of Polimoon ASA. The borrowed amount is EUR 43.6 million. The interest rate is 10% per year and shall be paid at the repayment date, 1 December 2012, together with the principal amount and related cost. The lender has the right to convert the loan amount plus accrued compounded interest into shares in Promens hf from 1 December 2009 to 1 December 2012, proportionally each year. The conversion rate is ISK 3.74 per share at a fixed rate of ISK/EUR 86.6.

23. DEFERRED INCOME TAX

Deferred income taxes are calculated in full on temporary differences under the liability method. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet:

	2007	2006
Deferred tax assets	(933,869)	(1,024,196)
Deferred tax liability	2,306,090	1,339,838
	1,372,221	**315,642**

The gross movement on the deferred income tax account is as follows:

	2007	2006
Beginning of year	315,642	395,106
Exchange differences and changes within the Group	(1,488)	155,517
Acquisition of subsidiary	200,169	885,798
Income statement charge	220,395	(1,029,248)
Less current tax	(325,141)	(115,743)
Other changes	962,644	24,212
INCOME TAXLIABILITY AT YEAR END	**1,372,221**	**315,642**

Deferred income tax liability (assets) analyses on the following items:

Non-current assets	1,061,144	958,406
Taxable loss carried forward	(761,358)	(690,271)
Other items	1,072,435	47,507
	1,372,221	**315,642**

Amounts in ISK thousands

CONSOLIDATED ACCOUNTS

24. COMMITMENTS

The group leases various retail outlets, offices and warehouses under non-cancellable operating lease agreements. The lease terms are between five and 10 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The group also leases various plant and machinery under cancellable operating lease agreements. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2007	2006
Year 2008	720,024	755,136
Year 2009 - 2011	2,065,589	1,682,184
After 2011	2,365,910	1,501,517
	5,151,523	**3,938,837**

25. SHARE CAPITAL

Summary of share capital

	2007	2006
Total authorized number of shares	3,373,650	3,373,650
Treasury shares	(125,605)	(307,033)
	3,248,045	**3,066,617**

26. FAIR VALUE AND OTHER RESERVES

	LEGAL RESERVE	ACCRUED STOCK OPTIONS	HEDGING RESERVE	CUMULATIVE TRANSACTION ADJUSTMENT	TOTAL
Balance at 1 January 2006	315,975	0	0	189,652	505,627
Currency translation differences				474,996	474,996
Net fair value gains/(loss), net of tax:					
- Net investment hedge			(49,366)		(49,366)
- Cash flow hedge			27,538		27,538
- Intercompany loans			31,294		31,294
BALANCE AT 31 DECEMBER 2006	**315,975**	**0**	**9,466**	**664,648**	**990,089**
Currency translation differences				(200,381)	(200,381)
Net fair value gains/(loss), net of tax:					0
- Net investment hedge			(53,311)		(53,311)
- Cash flow hedge			104,068		104,068
- Intercompany loans			(347,772)		(347,772)
Accrued stock options		29,241			29,241
BALANCE AT 31 DECEMBER 2007	**315,975**	**29,241**	**(287,549)**	**464,267**	**521,934**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

27. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	2007	2006
Domestic		
Listed	5,699,149	807,477
Unlisted	8,025,625	397,037
	13,724,774	**1,204,514**
Foreign		
Listed	15,422,988	4,951,164
Unlisted	143,377	2,038
	15,566,365	**4,953,202**
Domestic bonds	25,292	37,469
TOTAL	**29,316,431**	**6,195,185**

Changes in fair values of financial assets at fair value through profit and loss are recorded in fair value changes on investments and other financial assets in the income statement

28. AVAILABLE-FOR-SALE FINANCIAL ASSETS

DOMESTIC	2007	2006
Beginning of year	101,123	2,511
Exchange differences	(50,735)	0
Acquisition of subsidiary	0	98,612
END OF YEAR	**50,388**	**101,123**

Amounts in ISK thousands

CONSOLIDATED ACCOUNTS

29. BUSINESS COMBINATION

In 2007 the Group acquired 100% of the share capital of LLC Zavod Novoplast in Russia, Decoplast in France, STE Packaging Development in Spain, and Sæplast in Norway. The Group also acquired 10% of Lima-Pol from minority shareholder and 21.5% from minority shareholders in Plasthom.

Details of net assets acquired and goodwill are as follows:

	TOTAL BUSINESS COMBINATION
Purchase consideration:	
Direct cost relating to the acquisition	27,843
Cash paid	1,023,758
TOTAL PURCHASE CONSIDERATION	**1,051,601**
Fair value of net assets acquired	(538,754)
Goodwill	512,847

The goodwill is attributable to the high profitability of the acquired business.

The fair value of assets and liabilities arising from the acquisition are as follows:

Cash and cash equivalents	4,693
Property, plant and equipment	463,971
Goodwill and other intangible assets	88,744
Deferred income tax assets	1,249
Inventories and construction in progress	159,162
Trade and other receivables	67,856
Trade and other payables	(174,033)
Current tax liabilities	(259)
Deferred income tax liabilities	(35,105)
Retirement benefit obligations	(37,526)
FAIR VALUE OF NET ASSETS ACQUIRED	**538,754**
Minority interest	0
Goodwill	512,847
	1,051,601

Less:

Cash paid	1,051,601
Cash and cash equivalents in subsidiary acquired	(4,693)
CASH OUTFLOW ON ACQUISITION	**1,046,908**

The fair value of assets and liabilities arising from the acquisitions above amounted to it's book value in accordance with IFRS. As permitted by IFRS 3 - Business combinations the assessment of the fair value of the net assets is provisional up to one year from the date of acquisition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

30. RELATED PARTY TRANSACTIONS

The Company has not granted any loans to the members of the Board of Directors or to the top management persons. That includes also all companies owned by these persons.

Compensation to top management for their work for the Group and their shares in the Company are as follows:

	WAGES AND BENEFITS	STOCK OPTIONS CONTRACTS 2008 - 2010	SHARES AT THE END OF YEAR	EXERCISE PRICE
Magnús Jónsson, CEO	117,434	60,000	464,088	5.716
Þorsteinn Vilhelmsson, chairman	6,700		1,083,877	
Hrafn Magnússon, Board member	3,400		1,019	
Karl Axelsson, Board member	3,150		385,778	
Örn Andrésson, Board member	3,200		214,081	
Ólafur Njáll Sigurðsson, Board member	2,900		2,426	
Ragnhildur Geirsdóttir, CEO of Promens hf	33,346		906	
Two managing directors and a former managing director	132,259	27,000	38,834	5.716/10.18
	302,389	**87,000**	**1,908,980**	

Shares at the end of the year refers to holdings in the name of the parties in question themselves, their spouses, children who are not financially competent or legal entities in which they are involved.

In the year 2005 the Company entered into a contractual relationship with the CEO and a managing director. These key employees of the Company have the right to receive, and the Company the obligation to pay, cash payment representing the shortfall between the market share price and the strike price according to the contract. This obligation will be active in a three years pro-rata vesting period starting from the contract date of 30 September and 28 December 2005.

The nominal amount of shares related to the contracts with the two key employees are in total ISK 80 million and the CEO holds ISK 45 million but the managing director ISK 35 million. The market price on the contract date was 6.05 per share and the strike price, when exerciseable, will represent that price plus accrued interest calculated from the contract date. The accounting treatment of this contract in the 2007 financial statements is based on cash settled share based contract under IFRS 2 and on each reporting date an obligation will be treated as a liability if the fair value of the strike price under the contract exceeds the market price on the reporting date. At year-end 2007 the strike price plus interest did not exceeded the market price resulting in no liability at the year-end.

Amounts in ISK thousands

CONSOLIDATED ACCOUNTS

31. STOCK OPTIONS

All open stock options are listed in the tables below in thousands of shares:

STOCK OPTIONS OUTSTANDING 31 DECEMBER 2006	**0**
New options issued	99,000
STOCK OPTIONS OUTSTANDING 31 DECEMBER 2007	**99,000**

	THOUSAND OF SHARES	EXERCISE PRICE
Options exercisable in 2008	31,000	5.716
Options exercisable in 2008	2,000	10.18
Options exercisable in 2009	31,000	5.716
Options exercisable in 2009	2,000	10.18
Options exercisable in 2010	31,000	5.716
Options exercisable in 2010	2,000	10.18
	99,000	

32. PRINCIPAL SUBSIDIARIES

At the year-end the Company owned the following subsidiaries (principal subsidiaries) that are all included in the consolidation.

NAME OF SUBSIDARY	LOCATION	OWNERSHIP	PRICIPAL ACTIVIES
Eignarhaldsfélagið BPF hf	Iceland	100%	Holding company
BPF hf	Iceland	100%	Holding company
Eignarhaldsfélagið Beta ehf	Iceland	100%	Holding company
Volcano fjárfesting ehf	Iceland	100%	Holding company
Volcano Holdings BV	Holland	100%	Holding company
Renewable Energy Resources ehf	Iceland	100%	Holding company
Eirhöfði 2-4 ehf	Iceland	100%	Holding company
Eirhöfði 15 ehf	Iceland	100%	Holding company
Björgun ehf	Iceland	100%	Operating company
Atorka Holding BV	Holland	100%	Holding company
Promens hf	Iceland	84%	Holding company
Star Aquisitionco AS	Norway	100%	Holding company
Polimoon ASA	Norway	100%	Operating company
Promens International	Holland	100%	Holding company
Eignarhaldsfélagið Bolar hf	Iceland	100%	Holding company

33. FEES TO AUDITORS

	2007	2006
Audit of financial statements	127,491	65,910
Review of interim financial statements	17,870	34,928
Other services	141,091	55,460
	286,452	**156,298**

The amount includes payments of external auditors of all companies within the Group.

34. RETIREMENT BENEFIT OBLIGATIONS

	2007	2006
Balance sheet obligation		
Pension benefits	760,212	904,535
Other employee benefits	246,422	169,560
	1,006,634	**1,074,095**
Income statement charge		
Pension benefits	44,896	55,188

The amounts recognised in the income statement are as follows:

Current service cost	(2,707)	54,325
Interest cost	12,894	5,923
Expected return on plan assets	(1,340)	(5,060)
Net actuarial losses recognised during the year	11,704	0
Past service cost	24,345	0
TOTAL	**44,896**	**55,188**

35. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Analysis of the result of discontinued operations, and the result recognised on the remeasurement of assets or disposal group, is as follows:

	2007	2006
Revenue	9,811,216	15,354,286
Expenses	9,210,289	14,434,709
PROFIT BEFORE TAX OF DISCONTINUED OPERATIONS	**600,928**	**919,577**
Tax	(109,235)	(137,040)
PROFIT AFTER TAX OF DISCONTINUED OPERATIONS	**491,693**	**782,537**
After-tax gain on disposal of discontinued operations	3,311,110	0
PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS	**3,802,802**	**782,537**

Amounts in ISK thousands

CONSOLIDATED ACCOUNTS

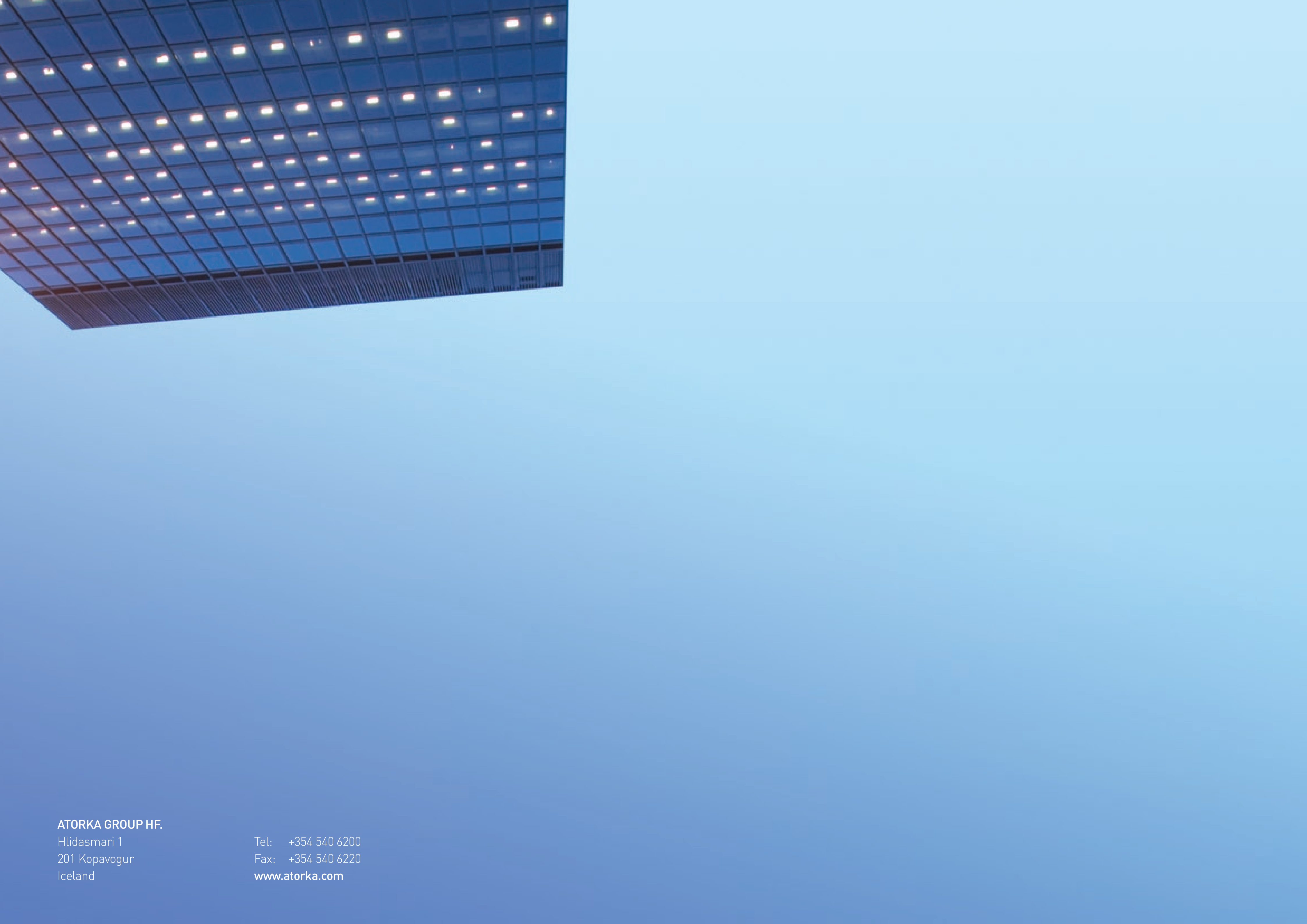
36. OTHER MATTERS

Litigation
Bjorgun ehf, a wholly owned subsidiary, brought a case before the Icelandic Supreme Court challenging the government´s decision to unilaterally remove a license to mine minerals from the bottom of the sea. The mining license expires in the year 2020. Bjorgun ehf has demanded compensation from the Icelandic government if the license is not re-issued.

A court verdict regarding environmental sustainability and request for permanent mining rights in Kollafjordur, Hvalfjordur, and Faxafloi is expected by mid-year 2008, but work will continue based on a temporary license which expires in the fall of 2008.

In addition, a discussion from Faxafloahafnir and the City of Reykjavik is pending regarding development plans for a new work site and approval for redevelopment of the current location.

Amounts in ISK thousands



ATORKA GROUP HF.
Hlidasmari 1
201 Kopavogur
Iceland

Tel: +354 540 6200
Fax: +354 540 6220
www.atorka.com