

SECURITIES NOTE

Atorka Group hf.

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<u>1</u>	<u>RISK FACTORS</u>	3
1.1	<i>GENERAL</i>	3
1.2	<i>ISSUER'S LIABILITY TO MAKE PAYMENTS</i>	3
1.3	<i>MARKET RISK</i>	3
1.4	<i>CHANGES IN LAW</i>	3
1.5	<i>TRADING IN THE SECONDARY MARKET</i>	4
1.6	<i>THE BONDS ARE NOT SUITABLE FOR ALL INVESTORS</i>	4
<u>2</u>	<u>PERSONS RESPONSIBLE</u>	4
<u>3</u>	<u>MANAGER</u>	5
<u>4</u>	<u>NOTICE TO INVESTORS</u>	5
<u>5</u>	<u>GENERAL INFORMATION</u>	6
5.1	<i>CONFLICT OF INTEREST</i>	6
5.2	<i>REASONS FOR THE ISSUE AND THE USE OF PROCEEDS</i>	6
<u>6</u>	<u>INFORMATION CONCERNING THE SECURITIES</u>	6
<u>7</u>	<u>ADMISSION TO TRADING</u>	7
<u>8</u>	<u>RECENT DEVELOPMENTS</u>	7
8.1	<i>NINE MONTH FINANCIAL STATEMENT FOR 2007</i>	7
8.2	<i>ATORKA ACQUIRES 10% STAKE IN A LEADING WATER AND WASTEWATER TREATMENT SOLUTION COMPANY IN CHINA</i>	8
8.3	<i>ATORKA ACQUIRES 20% STAKE IN SHANGHAI CENTURY</i>	8
8.4	<i>ATORKA'S SUBSIDIARY, PROMENS HF. ACQUIRES BUSINESS IN SPAIN</i>	9
8.5	<i>DOCUMENTS ON DISPLAY</i>	9
8.6	<i>SIGNIFICANT CHANGE IN THE ISSUER'S FINANCIAL OR TRADING POSITION</i>	9
<u>9</u>	<u>FURTHER INFORMATION</u>	9
9.1	<i>ADVISORS</i>	9
9.2	<i>EXTERNAL INFORMATION</i>	9
9.3	<i>CREDIT RATING</i>	9

1 RISK FACTORS

1.1 GENERAL

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Bonds and/or they are of importance when evaluating the market risks associated with the Bonds. Most of these risk factors are contingencies which may or may not occur and do not necessarily have an impact on the Bonds.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Bonds but the inability of the issuer to pay interest, principal or other amounts on or in connection with any Bonds may occur for other reasons that do not currently exist, that are not presently considered material, or of which the Issuer is unaware. The statement below regarding the risks of holding any Bonds is therefore not exhaustive and prospective investors should base their decision about investing in any Bonds on their own independent review and such professional advice as they deem appropriate.

1.2 ISSUER'S LIABILITY TO MAKE PAYMENTS

The Issuer is liable to make payments when due on the Bonds. The Bonds constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and rank pari passu among themselves and equally with its other direct, unsecured, unconditional and unsubordinated obligations. Thus, they rank behind secured obligations and other priority claims but have priority over subordinate and remaining obligations.

The Bonds are subject to credit risk. Credit risk is essentially the risk that the principal will not be repaid by the Issuer. If the Issuer fails to repay the principal, the Issuer will default on the Bonds. As with other debt instruments investors must evaluate the Issuer's liquidity and capacity to meet his obligations. They must also evaluate whether the premium on the Bonds is in line with the risk they involve.

The Issuer is not subject to any kind of limits on further borrowings and can therefore take on further debt with equal ranking as the Bonds in this issue.

1.3 MARKET RISK

Market risk refers to the risk related to all commercial papers of the same type. The most important market risk related to bonds is changes in the level of interest rates in the relevant market. If general interest rates rise, the market price of the bond will fall and vice versa. Interest rate risk is higher for bonds with longer maturities/duration. Investors shall study the market risk related to bonds and evaluate the impact caused by changes in the interest rate level on the bonds' market price.

1.4 CHANGES IN LAW

The terms and conditions of the Bonds are based on Icelandic law in force as of the date of this Securities Note. No assurance can be given as to the impact of any possible judicial decision or change to Icelandic law or administrative practice after the date of this Securities Note.

1.5 TRADING IN THE SECONDARY MARKET

Trading with the Bonds in the secondary market needs to be active and the volume sufficient for investors to profit from their investment. The possibility exists that investors will not be able to sell their bonds easily or only at a discount to comparable securities from other issuers.

1.6 THE BONDS ARE NOT SUITABLE FOR ALL INVESTORS

Investors must make their own decision on whether investing in the Bonds is suitable for them. In particular, the following must be kept in mind:

1. Investors must possess sufficient knowledge and experience to adequately evaluate the Bonds and the Issuer's liquidity.
2. Investors must appreciate the risks related to investment in the Bonds and familiarize themselves thoroughly with the information provided in the prospectus or other documents about the Issuer.
3. Investors must be able to estimate what impact an investment in the Bonds has on their asset position and financial resources. Investors must have sufficient resources and liquidity to bear all of the risks of an investment in the Bonds.
4. Investors must study and understand the terms that apply to the Bonds and be familiar with the behavior of the financial markets.
5. Investors must be able to evaluate (either on their own accord or with the aid of advisor) the impact of business cycles, changes in the level of interest rates and other comparable factors that may affect investment in the Bonds.

2 PERSONS RESPONSIBLE

Atorka Group hf., ID No. 600390-2289, Hlíðarsmári 1, 201 Kópavogur, Iceland, in its capacity as the Issuer, declares that having taken all reasonable care to ensure that such is the case, the information contained in the Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Reykjavík, 12 February 2008
On behalf of the Issuer

Þorsteinn Vilhelmsson
Chairman of the Board

Magnús Jónsson
CEO

3 MANAGER

The Manager, Glitnir banki hf., ID No. 550500-3530, registered office at Kirkjusandur 2, 155 Reykjavík, Iceland, has been the advisor to the Issuer in the preparation of this Securities Note. The Manager has advised on e.g. the size of the issue and the Bond's yield and market value at time of sale. The Manager has not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Manager as to the accuracy or completeness of the information contained or incorporated by reference in this document or any other information provided by the Issuer in connection with the Bonds. The Manager does not accept any liability in relation to the information contained or incorporated by reference in this document or any other information provided by the Issuer in connection with the Bonds.

Reykjavík, 12 February 2008
On behalf of the Manager

Jóhannes Baldursson
Managing Director of Capital Markets

4 NOTICE TO INVESTORS

This Securities Note concerns Atorka Group hf., ID No. 600390-2289, Hlíðarsmári 1, 201 Kópavogur, Iceland, issue of and admission to trading of, Bonds for the amount of ISK 1,150,000,000,- on OMX Nordic Exchange Iceland hf. This Securities Note has been prepared in accordance with chapter VI in the Act. No. 108/2007 on securities transactions. This Securities Note is part of a Prospectus that consists of two independent documents; this Securities Note and a Registration Document published 20 June 2007. The admission to trading will proceed pursuant to Icelandic law and regulations. OMX Nordic Exchange Iceland hf. has scrutinized and approved this Securities Note.

Only the Issuer is entitled to procure information about conditions described in the Securities Note. Information procured by any other person is of no relevance in relation to the Securities Note and cannot be relied on.

This Securities Note is not an offer to sell or a request to buy bonds.

The content of the Securities Note does not constitute legal, financial or tax advice and bond owners should seek legal, financial and/or tax advice.

This Securities Note and any document forming a part of the Prospectus shall not be distributed or mailed or otherwise distributed or sent within or into any country in which distribution would require any additional registration measures or other measures apart from those applicable under Icelandic law and regulations, or where it would be in conflict with any law or regulation in such country.

Contact the Issuer to receive copies of the documents forming the Prospectus.

5 GENERAL INFORMATION

5.1 CONFLICT OF INTEREST

There is no conflict of interest with regards to this issue.

5.2 REASONS FOR THE ISSUE AND THE USE OF PROCEEDS

The issue is part of regular financing. The proceeds from the issue are used to finance the Issuer's regular activities.

The total expenses related to the admission to trading of the Bonds are ISK 6,598,030.

The Bonds were sold to institutional investors in the primary market and can be traded in the secondary market during the lifetime of the Bonds.

6 INFORMATION CONCERNING THE SECURITIES

Authorisation

The Board of Atorka Group hf., ID No. 600390-2289, Hlíðarsmári 1, 201 Kópavogur, Iceland, authorised a bond issue for ISK 1,150,000,000,- on the 13.09.2007. This issuer has at the date of this Securities Note issued bonds amounting in total to ISK 1,150,000,000 under the ticker symbols ATOR 07 4.

Issue and Bond characteristics

The Bonds are interest-bearing securities issued electronically at the Icelandic Securities Depository (Verðbréfasráning Íslands hf.), ID No. 500797-3209, Laugavegur 182, 105 Reykjavík, in accordance with Act No. 131/1997 on electronic registration of title securities and registered there under the name of the relevant bondholder or his/her nominee. The Bonds have been assigned the ticker symbol ATOR 07 4 and the ISIN code IS0000015550.

The Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank pari passu among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

The Bonds are denominated in ISK. They do not influence the Issuer's other commitments and they do not include any fringe benefits.

The issue date of the Bonds was 13 September 2007. The issued amount is ISK 1,150,000,000. Denomination of each Bond is ISK 5,000,000.

The Bonds carry 3M Reibor + 2.3% annual interest on principal. Interest will be calculated from 13 September 2007, and will be paid every three months. The first coupon date is 13 December 2007 and the last is 14 September 2009. The principal will be repaid in one payment on the final maturity date, 14 September 2009. The day basis used is Actual/360.

3M REIBOR annual interest is registered by the Icelandic Central Bank according to Article 7 of Icelandic Central Bank's Rules no. 177 on Trading in the Interbank Market for Domestic Currency from 16 March 2000. The interest rate is published each trading day between 11:15am and 11:30am on the Icelandic Central Bank's website www.sedlabanki.is.

Indication of yield is approximately 17.56% at the first date of the selling period, which was 13 September 2007.

All amounts payable under the Bonds will be paid to relevant financial institution where the registered owner has his/her VS account.

The depository agent is the Icelandic Securities Depository (Verðbréfaskráning Íslands hf.), ID No. 500797-3209, Laugavegur 182, 105 Reykjavík. The calculating agent is Glitnir banki hf.

The Bonds shall in change of ownership be endorsed to a named party. No other restrictions are on transferring the Bonds.

Event of default, Acceleration and Enforcement

If payment of the principal or interest on the Bonds default, it is permitted to declare the Bonds immediately due and payable. The Issuer shall then pay penalty interest as determined by the Central Bank of Iceland, cf. paragraph 1, article 6 of Act No. 38/2001, on a mature or called amount according to the aforesaid.

Prescription

The Bonds will become void in accordance with Act. No. 14/1905 unless presented for payment within 10 years (in the case of the principal) and four years (in the case of interest or any other amount) after the relevant date.

Taxation

All payments in respect of the Bonds by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any tax jurisdiction unless such withholding or deduction is required by law according to Act No. 94/1996. In such event, the Issuer will not pay any additional amounts in respect of amounts withheld pursuant to such withholding or deduction. The Issuer does not guarantee that tax on capital gains is paid to the national treasury.

Governing law

The governing law is Icelandic law. The Issuer irrevocably agrees that any dispute shall be subject to the exclusive jurisdiction of the District Court of Reykjavík. Legal action regarding the Bonds may be initiated in accordance with the Act on Civil Procedure No. 91/1991, Chapter 17.

7 ADMISSION TO TRADING

The Issuer has applied for the Bonds' to be admitted to trading on a regulated securities market, run by OMX Nordic Exchange Iceland hf. OMX Nordic Exchange Iceland hf. operates in pursuance of Act. No. 110/2007 on Stock Exchanges.

The Bonds will be admitted to trading on 15 February 2008.

8 RECENT DEVELOPMENTS

8.1 NINE MONTH FINANCIAL STATEMENT FOR 2007

Key financial indicators for the Group:

- Atorka Group's consolidated profit after taxes for the first nine months of the year totalled ISK 2.5 billion.
- Return for the third quarter totalled ISK 2.7 billion.
- Earnings for the first nine months of the year totalled ISK 53.2 billion.
- The Group's total assets at the end of September were ISK 104.7 billion.
- Equity was ISK 13 billion at the end of September.

Key financial indicators for the parent company

- After-tax profit totalled ISK 6.8 billion for the first nine months of 2007.
- After-tax profit totalled ISK 734 million for the third quarter.
- Total assets at the end of September amounted to ISK 61.4 billion.
- Equity totalled ISK 22.9 billion at the end of the period.
- Annualised return on equity was 39%.
- The equity ration is 37%.
- Earnings per share the first nine months 2.12.

8.2 ATORKA ACQUIRES 10% STAKE IN A LEADING WATER AND WASTEWATER TREATMENT SOLUTION COMPANY IN CHINA

Atorka acquired about 10% stake in Asia Environment Holdings (AENV) which is listed on the Stock Market in Singapore (SGX-ST). The transaction took place in November 2007 and the total price of Atorka's stake is approximately ISK 1.1 billion. Atorka financed the purchase with available funds.

AENV is one of the leading integrated water and wastewater treatment solution providers in the People's Republic of China. AENV covers the entire spectrum of water and wastewater treatment, from planning and design to manufacturing and fabrication, construction, installation, operations and maintenance. During the past few years AENV has undertaken Build-Operate-Transfer (BOT) projects in water and wastewater treatment for municipals and townships. AENV recently concluded the infrastructure of 200.000 m³ water-waste treatment plant in China which the company will own and run for the next 20 years. The company is also involved in the development of numerous comparable projects in Asia. AENV Market Cap is about USD 175m. Estimated turnover for 2008 is USD 80m and estimated EBITDA for 2008 is USD 24m.

8.3 ATORKA ACQUIRES 20% STAKE IN SHANGHAI CENTURY

Atorka has acquired 20% stake in Shanghai Century Acquisition Corp or SHA which is listed on the AMEX stock marked in New York. The buy took place in September 2007 and the total price of Atorka's stake is approximately ISK 2 billion. Atorka financed the purchase with cash. SHA is a Special Purpose Acquisition Corporation (SPAC) and has currently negotiated the buy of the Chinese pharmaceutical company Sichuan Kelun Pharmaceutical or Kelun, provisionally pending approval from the Chinese Competition and Fair Trade Authority which is an ongoing process. Kelun is a leading corporation in manufacturing and distribution of IV solutions in China. They operate 13 manufacturing facilities in China along with 53 sales offices and the total number of employees is approximately 6.800. Kelun produces about 90 different kinds of IV solutions and their total production capacity is approximately 1,4 billion doses a year. The corporation also manufactures hypodermic medication and OTC. There is a foreseeable growth in the healthcare industry in China in coming years for which Kelun has a strategic advantage for. In the past few months Atorka has acquired warrants in the corporation that will be applied when the Kelun acquisition goes through.

8.4 ATORKA'S SUBSIDIARY, PROMENS HF. ACQUIRES BUSINESS IN SPAIN

In October 2007 Promens acquired the productive unit at STE Packaging Development of plastic cosmetic container. (the "Business") STE is located in the municipality of Esparraguera, close to Barcelona. The Business which has annual sales in the region of €3.8million with 33 employees specializes in the development, manufacturing and distribution of thick-walled cosmetics pots, jars and components with high decoration capability to their global customer base. The Business complements the existing cosmetics packaging range of Polimoon. The purchase price is confidential and the acquisition is financed with cash. STE will be a part of the Packaging division at Promens Group in Southern Europe.

8.5 DOCUMENTS ON DISPLAY

Atorka's nine month financial statement for 2007 is incorporated by reference in this Securities Note. For the life of the Registration Document, dated 20 June 2007, the financial statement, which has not been audited or reviewed, is on display for everyone to inspect at Atorka's website, www.atorka.is.

8.6 SIGNIFICANT CHANGE IN THE ISSUER'S FINANCIAL OR TRADING POSITION

The chairman of the board and the CEO on behalf of the Issuer declare that no significant change in the financial or trading position of the Issuer has occurred since the release of 9 month financial statement for 2007.

9 FURTHER INFORMATION

9.1 ADVISORS

Glitnir banki hf. has been the Issuer's advisor on the listing of the Bonds. Glitnir banki hf. has advised on e.g. the size of the issue and the Bonds' yield and market value at time of sale.

9.2 EXTERNAL INFORMATION

This Securities Note is not based on the statements of external specialists or another third party.

9.3 CREDIT RATING

No credit rating has been assigned to the issuer or its debt securities.