

# **Atorka Group hf**

**Parent Company Condensed Separate  
Interim Financial Statements  
1 January to 30 September 2007**



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## The Board of Director's and the CEO Report

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 Condensed Interim Financial Statements for the parent company Atorka Group hf have been prepared in addition to the Group's Condensed Interim Consolidated Financial Statements for the same period. The reason for preparation of the Condensed Separate Interim Parent Company Financial Statements is to present all investments, controlling and non-controlling, at fair value based on the 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 30 September 2007, its operational results for the period January 1 to September 30, 2007 and the parent company's financial development is presented in the Condensed Interim Financial Statements. The parent company's net profit after taxes amounted to ISK 6.770 million. The parent company's equity amounted to ISK 22.908 million and the parent company's equity ratio is 37,31% at the end of the period.

Users of these Condensed Separate Parent Company Interim Financial Statements should read them together with the Condensed Consolidated Interim Financial Statements for the Group for the period ended 30 September 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 Condensed Consolidated Interim Financial Statements have been approved and publicly filed at the same time as these Condensed Separate Interim Financial Statements.

Atorku Group's hf. Board of Directors and Chief Executive Officer ratify herewith the Parent Company Condensed Separate Interim Financial Statements for the period January 1 to September 30 2007 by affixing their signatures.

Kópavogur, 22 November 2007.

### Board of Directors of Atorka Group hf

Þorsteinn Vilhelmsson

Karl Axelsson

Hrafn Magnússon

Örn Andrússon

### Chief Executive Officer of Atorka Group hf

Magnús Jónsson

# Report on Review of Interim Financial Information

To the shareholders and Board of Directors of Atorka Group hf.

## Introduction

We have reviewed the accompanying Condensed Interim Balance sheet of Atorka Group hf. as of September 30, 2007 and the related Condensed Interim Statements of Income, changes in Shareholders' Equity and Cash Flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standard IAS 34, Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

## Scope of Review

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the entity as at September 30, 2007, and of its financial performance and its cash flow for the nine-month period then ended in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Reykjavík, 22 November 2007.

**PricewaterhouseCoopers hf**

Kristinn Freyr Kristinsson

Sighvatur Halldórsson

## Condensed Interim Income Statement for the period 1st January - 30th September 2007

	Notes	2007 01.07 - 30.09	2006 01.07 - 30.09	2007 01.01 - 30.09	2006 01.01 - 30.09
<b>Financial income</b>					
Interest income and other financial income.....		218.336	130.710	549.307	353.671
Dividend income.....	5	22.015	77.278	112.837	1.116.360
Fair value changes on investments and other financial assets.....	6	2.280.273	1.184.272	9.282.730	7.118.696
(Loss) gain on forward currency and interest rate swaps.....		(325.761)	0	336.464	0
		<u>2.194.864</u>	<u>1.392.260</u>	<u>10.281.337</u>	<u>8.588.727</u>
<b>Financial expenses</b>					
Interest expenses.....		(1.110.078)	(524.707)	(2.557.598)	(1.384.292)
Net foreign exchange loss.....		(36.098)	(34.309)	(283.823)	(96.341)
		<u>(1.146.176)</u>	<u>(559.016)</u>	<u>(2.841.421)</u>	<u>(1.480.633)</u>
<b>Net financial income</b>		<u>1.048.688</u>	<u>833.244</u>	<u>7.439.916</u>	<u>7.108.094</u>
<b>Operating expenses</b>					
Administration cost.....		91.271	124.862	473.427	379.576
Other operating expenses.....		66.807	48.413	161.770	355.441
		<u>158.078</u>	<u>173.275</u>	<u>635.197</u>	<u>735.016</u>
<b>Net profit before taxes</b>		890.610	659.969	6.804.719	6.373.078
Income tax.....	7	(156.347)	(104.884)	(34.539)	(945.977)
<b>Net profit</b>		<u>734.262</u>	<u>555.084</u>	<u>6.770.180</u>	<u>5.427.101</u>
<b>Earnings per share</b>	14	0,21	0,20	2,12	1,86
<b>Diluted earnings per share</b>	14	0,20	0,20	2,11	1,86
<b>Income statement by quarters</b>	17				

The notes on pages 7 - 16 are an integral part of these financial statements.

## Condensed Interim Balance Sheet as of 30 September 2007

<b>Assets</b>	<b>Notes</b>	<b>30.09.2007</b>	<b>31.12. 2006</b>
<b>Non-current assets</b>			
Loans and other receivables.....	8	<u>2.292.978</u>	<u>4.293.996</u>
<b>Current assets</b>			
Loans and other receivables.....	8	838.682	741.235
Financial assets at fair value through profit and loss.....	9	44.307.967	33.271.552
Derivative financial instruments.....	13	593.587	0
Cash and cash equivalents.....		<u>13.364.562</u>	<u>4.721.197</u>
		59.104.797	38.733.984
<b>Total assets</b>		<u><u>61.397.775</u></u>	<u><u>43.027.980</u></u>
<b>Shareholders' equity and liabilities</b>			
<b>Shareholders' equity</b>			
Share capital.....	10	3.335.313	3.066.617
Share premium.....		6.689.721	4.688.972
Other reserve.....		668.161	650.872
Retained earnings.....		<u>12.214.795</u>	<u>8.819.559</u>
<b>Total shareholders' equity</b>		<u>22.907.991</u>	<u>17.226.020</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liability.....	7	1.958.869	1.924.330
Borrowings.....	11	<u>27.403.128</u>	<u>18.854.738</u>
		29.361.998	20.779.069
<b>Current liabilities</b>			
Trade and other payables.....	12	825.734	357.551
Borrowings.....	11	8.024.855	4.665.341
Derivative financial instruments.....	13	<u>277.198</u>	<u>0</u>
		9.127.786	5.022.892
<b>Total liabilities</b>		38.489.784	25.801.960
<b>Total shareholders' equity and liabilities</b>		<u><u>61.397.775</u></u>	<u><u>43.027.980</u></u>

The notes on pages 7 - 16 are an integral part of these financial statements.

## Condensed Interim Statement of Changes in Shareholders' Equity

	Share capital	Share premium	Other reserve	Retained earnings	Total
<b>Balance at 1 January 2006</b>	2.741.737	3.114.687	315.975	3.571.830	9.744.229
Net profit for the period.....				5.427.101	5.427.101
<b>Total recognized income for the period</b>	<u>0</u>	<u>0</u>	<u>0</u>	5.427.101	5.427.101
Purchase of treasury shares.....	(666.031)	(3.416.009)			(4.082.040)
Sales of treasury shares.....	1.019.725	5.144.924			6.164.649
Dividend.....				(975.041)	(975.041)
<b>Balance at 30 September 2006</b>	<u>3.095.431</u>	<u>4.843.602</u>	<u>315.975</u>	<u>8.023.889</u>	<u>16.278.898</u>
<b>Balance at 1 January 2007</b>	3.066.617	4.688.972	650.872	8.819.559	17.226.020
Net profit for the period.....				6.770.180	6.770.180
<b>Total recognized income for the period</b>	<u>0</u>	<u>0</u>	<u>0</u>	6.770.180	6.770.180
Purchase of treasury shares.....	(271.741)	(1.785.639)			(2.057.379)
Sales of treasury shares.....	540.437	3.786.388			4.326.825
Dividend.....				(3.374.944)	(3.374.944)
Accrued stock options.....			17.289		17.289
<b>Balance at 30 September 2007</b>	<u>3.335.313</u>	<u>6.689.721</u>	<u>668.161</u>	<u>12.214.796</u>	<u>22.907.991</u>

Further explanation of shareholders equity items, see note 10, 14 and 15.

## Interim statement of cash flow January 1 to September 30, 2007

	2007 1.1 - 30.9	2006 1.1 - 30.9
Cash flows (to) operating activities .....	(1.969.109)	(1.125.009)
Cash flows from (to) investments activities .....	87.708	(814.171)
Cash flows from financing activities .....	<u>10.524.766</u>	<u>1.477.247</u>
<b>Increase (decrease) of cash</b>	8.643.365	(461.933)
Cash at beginning of the year .....	<u>4.721.197</u>	<u>878.991</u>
<b>Cash at end of period</b>	<u><u>13.364.562</u></u>	<u><u>417.058</u></u>

# Notes to the Condensed Interim 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 ICEX-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 Interim Financial Statements have been approved by the Board of Directors on 22 November 2007.

## 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 Condensed Separate Interim 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 Condensed Separate Interim Financial Statements reflect the IFRS and interpretations issued and effective in November 2007.

The Company has also prepared Condensed Consolidated Interim Financial Statements in accordance with IFRS for the Company and its subsidiaries ("the Group"). In the Condensed Consolidated Interim Financial Statements all subsidiaries are accounted for in accordance with IAS 27 - Consolidated and Separate Financial Statements. The substance for such accounting in the Condensed Consolidated Interim Financial Statements and in the Condensed Separate Interim 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 Condensed Interim Financial Statements should read them together with the Condensed Consolidated Interim Financial Statements for the Group for the period ended 30 September 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 Condensed Consolidated Interim Financial Statements have been approved and publicly filed at the same time as these Separate Parent Company Condensed Interim Financial Statements.

The difference in the results for the period January 1 to September 30 2007 between these two reporting entities e.g. Separate Parent Company Condensed Interim Financial Statements and the Condensed Consolidated Interim Financial Statements for the Group relate to different measurements and presentation of investments in subsidiaries. In these Separate Condensed Interim 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 Condensed Consolidated Interim 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 period can be described as follows:

The Parent Company net profit for the period .....	6.770.180
Fair value adjustments and dividend income from controlling companies .....	(9.209.411)
Share in net profit (loss) of controlling companies (subsidiaries) .....	<u>4.913.277</u>
The Group's net profit .....	<u>2.474.047</u>

The Separate Parent Company Condensed Interim 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 performance of all the assets as investments.



## Notes to the Condensed Interim Financial Statements

The preparation of Separate Condensed Parent Company Interim 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 4.

### 2.2 Consolidation and accounting treatment of controlling investments

Controlling companies (subsidiaries):

The Separate Parent Company Condensed Interim Financial Statements are separate financial statements for the parent company, prepared in addition to the Condensed Consolidated Interim Financial Statements. Condensed Consolidated Interim Financial Statements for the Company and all its principal subsidiaries ("the Group") as listed in note 18 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 Condensed Interim Financial Statements. Further analysis of the accounting treatment is in note 2.5.

### 2.3 Foreign currency translation

Functional and presentation currency

The Parent Company Separate Condensed Interim Financial Statements are presented in thousand ISK, 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.

### 2.4 Impairment of 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 units).

### 2.5 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 strategy and reported to key management personnel 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. The classification of financial assets placed in this category cannot be changed after their original classification.

## Notes to the Condensed Interim Financial Statements

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.

### 2.6 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.

### 2.7 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.

### 2.8 Earnings per share

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

### 2.9 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.

## Notes to the Condensed Interim Financial Statements

### 2.10 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.

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

### 2.11 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.

### 2.12 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.

### 2.13 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 in to stock options 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. The stock options were granted after 7 November 2002 and cost related to the agreements is expensed during the vesting period based on the related terms. The agreements are equity settled and the related expenses are recognised in the income statement.

### 2.14 Comparatives

Where applicable comparative amounts in the income statement have been transferred between items to reflect changes in the presentation for this year. It doesn't affect the net operating income for the period.

## Notes to the Condensed Interim Financial Statements

### 3. Financial risk management

#### 3.1 Financial risk factors

##### Investment strategy:

The Company'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. The Company also invests in publicly listed companies with the purpose to profit from short term price changes. The investment strategy is based on policy confirmed by the Board of Directors.

##### Market value risk:

The Company's investments in shares and other securities are subject to fair value risk, as the future value of these financial assets is uncertain. The investments are tracked on a daily basis by the CEO and the Company's Managing Directors. In addition, the company's Board reviews the Company's investments on a monthly basis.

##### Marketability risk:

Atorka focus on investment in companies that are characterised by solid operation, strong management teams, and have opportunities for value enhancement. It is important for investors to be aware that most of the company's investments are a long-term investments.

##### Currency risk:

The Company is subject to currency risk as the value of foreign assets changes with currency fluctuations, other than fluctuations of the Icelandic Krona (ISK). The Company has entered into currency swap agreements to limit the currency risk from investments in other currencies.

#### 3.2 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.

### 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.

#### 4.1 Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### 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.

## Notes to the Condensed Interim Financial Statements

<b>5. Dividend income</b>	<b>2007</b>	<b>2006</b>
	<b>1.1 - 30.9</b>	<b>1.1 - 30.9</b>
Dividend income from controlling investments .....	0	1.000.000
Dividend income from other investments .....	112.837	116.360
	<u>112.837</u>	<u>1.116.360</u>

<b>6. Fair value changes on investments and other financial assets</b>	<b>2007</b>	<b>2006</b>
	<b>1.1 - 30.9</b>	<b>1.1 - 30.9</b>
Realized profit on shares .....	768.761	940.985
Net gain on controlling investments designated at fair value through p/l .....	9.639.378	5.664.178
Net (loss) gain on other financial assets designated at fair value through p/l .....	(1.116.309)	968.494
Fair value adjustments of derivatives .....	(9.100)	(454.961)
	<u>9.282.730</u>	<u>7.118.696</u>

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 investments 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:

Deferred tax liability 1 January 2007 .....	1.924.330
Income statement charge .....	34.539
Income tax payable .....	0
Income tax liability at end of the period .....	<u>1.958.869</u>

Deferred income tax liability analyses on the following items:

	<b>30.9 2007</b>	<b>31.12.2006</b>
Financial assets .....	2.312.337	2.277.798
Taxable loss carried forward .....	(350.945)	(350.945)
Other items .....	(2.522)	(2.522)
	<u>1.958.869</u>	<u>1.924.330</u>

## Notes to the Condensed Interim Financial Statements

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

	<b>2007</b>	<b>2006</b>
	<b>1.1 - 30.9</b>	<b>1.1 - 30.9</b>
Profit before tax .....	6.804.719	6.373.078
Calculated tax (18%) .....	1.224.849	1.147.154
Tax of income not subject to tax .....	(1.170.000)	0
Dividend income .....	(20.311)	(201.177)
Tax charge .....	<u>34.539</u>	<u>945.977</u>

### 8. Loans and other receivables

	<b>30.9 2007</b>	<b>31.12 2006</b>
Loans to controlling companies .....	1.755.506	4.317.096
Other receivables .....	<u>1.376.153</u>	<u>718.135</u>
	<u>3.131.659</u>	<u>5.035.231</u>
Non-current portion of loans and other receivables .....	2.292.978	4.293.996
Current portion of loans and other receivables .....	<u>838.682</u>	<u>741.235</u>
	<u>3.131.659</u>	<u>5.035.231</u>

Terms of loans to controlling companies are comparable to market terms.

### 9. Financial assets at fair value through profit and loss

	<b>30.9 2007</b>	<b>31.12 2006</b>
Equity securities		
Domestic		
Listed .....	2.898.421	791.682
Unlisted in controlling companies .....	28.950.891	27.347.827
Other unlisted .....	<u>185.091</u>	<u>138.236</u>
	32.034.403	28.277.745
Foreign		
Listed .....	12.129.795	4.942.766
Unlisted .....	<u>117.327</u>	<u>7.122</u>
	12.247.122	4.949.889
Domestic bonds .....	26.442	43.918
Total .....	<u>44.307.967</u>	<u>33.271.552</u>

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 company 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.

## Notes to the Condensed Interim Financial Statements

### 10. Share capital

Summary of share capital:	30.9 2007	31.12 2006
Total authorized number of shares .....	3.373.650	3.373.650
Treasury shares .....	(38.337)	(307.033)
	<u>3.335.313</u>	<u>3.066.617</u>

### 11. Borrowings

Summary of borrowings:	30.9 2007	31.12 2006
<b>Non-current</b>		
Bank borrowings, ISK 3 months REIBOR plus fixed premium .....	9.011.562	4.480.680
Bank borrowings, GBP 3 months LIBOR plus fixed premium .....	3.857.089	2.034.041
Bank borrowings, EUR 3 months LIBOR plus fixed premium .....	1.190.314	526.064
Index linked liabilities, ISK fixed 5% - 5,2% interest .....	13.344.163	11.813.953
	<u>27.403.128</u>	<u>18.854.738</u>
<b>Current</b>		
Borrowings, ISK .....	5.611.115	4.423.487
Bank borrowings, EUR 3 months LIBOR plus fixed premium .....	1.942.760	0
Index linked liabilities, ISK .....	470.980	241.854
	<u>8.024.855</u>	<u>4.665.341</u>
<b>Total borrowings</b>	<u>35.427.983</u>	<u>23.520.079</u>

The maturity of non-current borrowings is as follows:

Payments between 1 and 2 years .....	9.023.142	584.028
Payments between 2 and 5 years .....	18.379.986	11.106.050
Over 5 years .....	0	7.164.660
	<u>27.403.128</u>	<u>18.854.738</u>

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

On November 15, 2007 the company paid the amount of ISK 5.520 million of current borrowings which was at maturity. The company has refinanced that payment with issuance of bonds having maturity in more than 2 years.

The company has entered into currency swap agreements to hedge against currency risk from investments in currencies other than ISK. Whereas 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 13.

### 12. Trade and other payables

Trade payables .....	314.774	31.428
Other payables .....	510.960	326.123
	<u>825.734</u>	<u>357.551</u>

## Notes to the Condensed Interim Financial Statements

### 13. Derivative financial instruments

Summary of derivative financial instruments at the end of September 2007.

	Carrying amount	
	Assets	Liabilities
Forward currency option agreements .....	231.030	76.623
Interest rate swap .....	362.556	200.575
	<u>593.587</u>	<u>277.198</u>

### 14. Earnings per share

Earnings per share is calculated by dividing the net profit attributable to shareholders 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. The calculation of diluted earnings per share takes into consideration the outstanding stock options when calculating the share capital.

	30.9 2007	30.9 2006
Net profit attributable to shareholders .....	6.770.180	5.427.101
Weighted average number of outstanding shares in issue .....	3.200.965	2.918.584
Earnings per share .....	2,12	1,86
Diluted earnings per share .....	2,11	1,86

### 15. Dividends per share

The dividends paid in 2007 and 2006 were 3.375 million ISK and 975 million ISK respectively or ISK 1,1 per share in 2007 and ISK 0,3 per share in 2006.

### 16. Related-parties

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.

Loans to controlling companies are described in note no. 8. These loans are all granted at arms length terms and no impairment charges have been made against these loans.



## Notes to the Condensed Interim Financial Statements

### 17. Income statement by quarters

	3 quarter 2007	2 quarter 2007	1 quarter 2007	4 quarter 2006	3 quarter 2006
Net financial income.....	1.048.688	2.985.427	3.405.802	1.720.483	833.244
Operating expenses.....	<u>(158.078)</u>	<u>(181.065)</u>	<u>(296.054)</u>	<u>(121.880)</u>	<u>(173.275)</u>
Net profit before taxes.....	890.610	2.804.362	3.109.748	1.598.603	659.969
Income tax.....	(156.347)	199.839	(78.031)	(286.763)	(104.884)
Net profit of the period.....	<u>734.262</u>	<u>3.004.201</u>	<u>3.031.717</u>	<u>1.311.840</u>	<u>555.084</u>

### 18. Principal controlling companies (subsidiaries)

At the period end the Company owned controlling stakes in the following companies (subsidiaries). The accounting treatment

Name of subsidiary	Location	Ownership	Principal activity
Bonar Plastics France Est.	France	100%	Operating company
A. Karlsson ehf	Iceland	100%	Operating company
Volcano Holdings BV	Holland	100%	Holding company
Renewable Energy Resources ehf	Iceland	100%	Holding company
Björgun ehf	Iceland	100%	Operating company
Björgun og Bygg sf	Iceland	100%	Operating company
Star Aquisitionco AS	Norway	100%	Holding company
Polimoon ASA	Norway	100%	Operating company
Promens International	Holland	100%	Holding company
Bonar Plastics USA Holdings Inc.	USA	100%	Holding company
Bonar Plastics Inc.	USA	100%	Operating company
Bonar Plastics Industries Inc.	USA	100%	No activity
Sæplast Norway	Norway	100%	Operating company