

Icelandic Group Plc.

**Condensed Consolidated
Interim Financial Statements
1 January - 30 June 2007
in Euro**

Icelandic Group Plc.
Borgartún 27
105 Reykjavík

Reg. no. 461296-2119

Contents

Endorsement by the Board of Directors and the CEO	3	Statement of Changes in Equity	7
Independent Auditor's Review Report	4	Statement of Cash Flows	8
Income Statement	5	Notes	9
Balance Sheet	6		

Endorsement by the Board of Directors and the CEO

The condensed consolidated interim financial statements of Icelandic Group Plc. for the period from 1 January to 30 June 2007 have been prepared in accordance with International Financial Reporting Standards (IFRSs) for Interim Financial Statements (IAS 34). The interim financial statements comprise the consolidated interim financial statements of Icelandic Group Plc. and its subsidiaries.

Icelandic Group Plc. has sold all of its shares in VGI ehf. The agreement became effective 20 April 2007. Sales proceedings are incorporated in Q2 2007.

The Group acquired 51% of the shares in Beihai Beilian Foods Industry Co. Ltd. China during the period.

According to the income statement profit for the period from 1 January to 30 June 2007 amounted to €2.2 million. The Group's income amounted to €732.0 million for the period. According to the balance sheet total assets at the end of June amounted to €892.7 million and stockholders' equity amounted to €177.1 million. The equity ratio of the Group was 19.8%.

The Board of Directors and the CEO of Icelandic Group Plc. hereby confirm the Company's consolidated interim financial statements for the period from 1 January to 30 June 2007 by means of their signatures.

Reykjavík, 16 August 2007.

Board of Directors:

Magnús Þorsteinsson
Aðalsteinn Helgason
Baldur Örn Guðnason
Guðmundur P. Davíðsson
Stefán Ágúst Magnússon

CEO:

Björgólfur Jóhannsson

Independent Auditor's Review Report

The Board of Directors of Icelandic Group Plc.

Introduction

We have reviewed the accompanying condensed consolidated interim balance sheet of Icelandic Group Plc. as of 30 June 2007 and the related statement of income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and 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 Standard 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 consolidated interim financial information does not give a true and fair view of the financial position of the entity as at 30 June 2007, and of its financial performance and its cash flows for the six-month period then ended in accordance with IAS 34, *Interim Financial Reporting*.

Reykjavík, 16 August 2007.

KPMG hf.

Sæmundur Valdimarsson

Alexander Edvardsson

Consolidated Interim Income Statement

for the six months ended 30 June 2007

	Notes	Q 2		Q 1 - 2	
		1 April - 30 June		1 January - 30 June	
		2007	2006	2007	2006
Sales		344,001	362,901	729,162	745,108
Cost of goods sold		(312,604)	(324,085)	(655,531)	(664,618)
Gross profit		31,397	38,816	73,631	80,490
Other operating income		1,230	3,610	2,886	5,021
Operating expenses		(33,136)	(36,363)	(67,470)	(73,446)
Share of (loss) profit of associates		(11)	136	(54)	136
Operating (loss) profit		(520)	6,199	8,993	12,201
Finance income		9,881	2,298	13,529	4,958
Finance expenses		(11,095)	(7,860)	(20,615)	(14,393)
Net finance costs	3	(1,214)	(5,562)	(7,086)	(9,435)
(Loss) profit before income tax		(1,734)	637	1,907	2,766
Income tax	4	1,650	648	296	(467)
(Loss) profit for the period		(84)	1,285	2,203	2,299
Attributable to:					
Equity holders of the parent		(319)	1,281	1,961	2,295
Minority interest		235	4	242	4
(Loss) profit for the period		(84)	1,285	2,203	2,299
Earnings per Share:					
Basic & diluted (loss) earnings per share (each share is 1 Icelandic króna)		(0.0001)	0.0004	0.0008	0.0008

Consolidated Balance Sheet as at 30 June 2007

	Notes	30.6.2007	31.12.2006
Assets:			
Property, plant and equipment		122,873	124,403
Intangible assets		252,637	256,077
Investment in equity accounted investees		1,999	2,057
Other investments	5	21,395	11,062
Bonds and other long-term receivables		6,451	3,936
Deferred tax assets		10,025	9,747
Total non-current assets		415,380	407,282
Inventories		272,864	299,157
Trade and other receivables		172,499	179,089
Cash and cash equivalents		31,990	21,222
Total current assets		477,353	499,468
Total assets		892,733	906,750
 Equity:			
Share capital		36,823	36,912
Share premium		151,342	151,892
Reserves (deficit)	6	(15,139)	(12,564)
Retained earnings		1,961	0
Total equity attributable to equity holders of the parent		174,987	176,240
Minority interest		2,156	1
Total equity		177,143	176,241
 Liabilities:			
Loans and borrowings	7	205,050	219,752
Deferred income tax liability		9,450	8,430
Total non-current liabilities		214,500	228,182
Loans and borrowings	7	352,660	342,460
Trade and other payables		148,430	159,867
Total current liabilities		501,090	502,327
Total liabilities		715,590	730,509
Total equity and liabilities		892,733	906,750

Consolidated Interim Statement of Changes in Equity

for the six months ended 30 June 2007

	Notes	Share capital	Share premium	Reserves (deficit)	Retained earnings	Minority interest	Total equity
Changes in equity in Q1-2 2006:							
Equity as at 1.1.2006		27,570	84,873	3,377	882	39	116,741
Currency fluctuations on subsidiaries not reporting in euros				(11,818)			0 (11,818)
Profit for the period					2,295	4	2,299
Total recognised income and expense for the period				(11,818)	2,295	4	(9,519)
New shares issued		9,342	77,510				86,852
Minority interest, change						10	10
Equity as at 30.6.2006		36,912	162,383	(8,441)	3,177	53	194,084
Changes in equity in Q1-2 2007:							
Equity as at 1.1.2007		36,912	151,892	(12,564)	0	1	176,241
Currency fluctuations on subsidiaries not reporting in euros				(2,575)			(2,575)
Profit for the period					1,961	242	2,203
Total recognised income and expense for the period				(2,575)	1,961	242	(372)
Own shares purchased		(89)	(550)				(639)
Minority interest, change						1,913	1,913
Equity as at 30.6.2007		36,823	151,342	(15,139)	1,961	2,156	177,143

Consolidated Interim Statement of Cash Flows

for the six months ended 30 June 2007

	Notes	Q1-2 1 January - 30 June	
		2007	2006
Cash flows from operating activities:			
Operating profit		8,993	12,201
Difference between operating profit and cash from operations:			
Loss (gain) on sale of assets		92	(3,140)
Depreciation and amortisation		9,474	9,187
Share of loss (profit) of associates		54	(136)
Change in operating assets and liabilities		11,047	(17,943)
Cash generated from operations		29,660	169
Interest income received		1,124	1,344
Interest expenses paid		(16,863)	(12,716)
Income tax paid		(183)	(1,101)
Net cash from (used in) operating activities		13,738	(12,304)
Cash flows from investing activities:			
Investment in property, plant and equipment		(7,049)	(8,556)
Proceeds from sale of property, plant and equipment		1,229	1,976
Investment in intangible assets		(1,719)	(455)
Acquisition of subsidiaries, net of cash acquired		(542)	3,484
Proceeds from sale of shares in subsidiaries		2,490	0
Investment in shares in associated companies		0	(1,005)
Investment in shares in other companies		0	(462)
Proceeds from sale of shares in other companies		1,170	37
Decrease (increase) in bonds and other receivables		10,085	(4,513)
Net cash from (used in) investing activities		5,664	(9,494)
Cash flows from financing activities:			
Minority share in capital stock		44	14
Purchase of own shares		(639)	0
Long-term debt proceeds		5,017	5,211
Long-term debt repaid		(34,374)	(23,629)
Short-term debt, proceeds		21,690	32,429
Net cash (used in) from financing activities		(8,262)	14,025
Increase (decrease) in cash and cash equivalents		11,140	(7,773)
Effect of exchange rate fluctuations of cash held		(372)	(972)
Cash and cash equivalents at 1 January		21,222	29,883
Cash and cash equivalents at 30 June		31,990	21,138
Investing and financing activities not affecting cash flows:			
Investments in subsidiaries		0	(121,062)
Share issue		0	86,852
Short-term borrowings		0	34,210

Notes to the Interim Financial Statements

Significant accounting policies

a. *Reporting entity*

Icelandic Group Plc. is a company domiciled in Borgartún 27, Reykjavík, Iceland. The consolidated interim financial statements of the Company as at and for the six-month period ended 30 June 2007 comprise the Company and its subsidiaries, together referred to as the "Group" and the Group's interest in associates. The Group is involved in manufacturing and marketing of seafood in international markets. The consolidated interim financial statements were authorised for issuance by the board of directors on 16 August 2007.

b. *Statement of compliance*

The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard IAS 34, Interim Financial Reporting. They do not include all of the information required for a complete set of consolidated annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2006.

c. *Basis of preparation*

The accounting policies and methods of computation applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its financial statements as at and for the year ended 31 December 2006. The consolidated financial statements for the year ended 31 December 2006 are available at the Company's website, www.icelandic.is and at the Nordic Stock Exchange website, www.omxgroup.com.

The condensed consolidated interim financial statements are prepared in euro, which is the Company's functional currency, rounded to the nearest thousand. They are prepared on a historical cost basis except that shares in listed companies and derivative financial instruments are stated at their fair value.

Segment Reporting

1. Segment information is presented in respect of the Group's business segments and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets, liabilities and cash flow include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Business segments

Companies that process seafood into value added products are grouped as production companies. Sales- and marketing companies are companies that handle the sales and marketing of seafood without further processing. Holding and service companies are the parent company and companies that provide logistic and quality service to other group companies.

Notes, contd.:

1. Contd.:

Geographical segments

In presenting information on the basis of geographical segments, segment revenues are based on the geographical location of the assets.

Business segments

1 January to 30 June 2007

Income Statement:	Production companies	Sales and marketing companies	Holding and servicing companies	Eliminations	Consolidated
Sales to external customers	512,381	212,908	3,873	0	729,162
Inter-segment sales	64,424	94,342	1,767	(160,533)	0
Total segment sales	576,805	307,250	5,640	(160,533)	729,162
Segment results	5,480	3,322	191	0	8,993
Net finance costs	(10,851)	(3,297)	7,062	0	(7,086)
Profit before income tax	(5,371)	25	7,253	0	1,907
Income tax	1,703	(456)	(951)	0	296
(Loss) profit for the period	(3,668)	(431)	6,302	0	2,203

1 January to 30 June 2006

Income Statement:	Production companies	Sales and marketing companies	Holding and servicing companies	Eliminations	Consolidated
Sales to external customers	494,415	229,681	21,012	0	745,108
Inter-segment sales	37,085	77,376	4,240	(118,701)	0
Total segment sales	531,500	307,057	25,252	(118,701)	745,108
Segment results	11,044	481	676	0	12,201
Net finance costs	(8,273)	(3,011)	1,849	0	(9,435)
Profit before income tax	2,771	(2,530)	2,525	0	2,766
Income tax	(499)	564	(532)	0	(467)
Profit (loss) for the period	2,272	(1,966)	1,993	0	2,299

Geographical segments

1 January to 30 June 2007

	USA	UK	Europe without UK	Asia	Eliminations	Consolidated
Sales	195,217	218,173	277,392	198,913	(160,533)	729,162

1 January to 30 June 2006

Sales	189,667	228,779	264,477	180,886	(118,701)	745,108
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Notes, contd.:

Quarterly Summary

2. Summary of the Group's operating results by quarters:

2007	Q1	Q2	Total
Sales	385,161	344,001	729,162
Cost of goods sold	(342,927)	(312,604)	(655,531)
Gross profit	42,234	31,397	73,631
Other operating income	1,656	1,230	2,886
Operating expenses	(34,334)	(33,136)	(67,470)
Share of loss of equity accounted investees	(43)	(11)	(54)
Operating profit (loss) - EBIT	9,513	(520)	8,993
Finance costs	(5,872)	(1,214)	(7,086)
Profit (loss) before income tax	3,641	(1,734)	1,907
Income tax	(1,354)	1,650	296
Profit (loss) for the period	2,287	(84)	2,203

Attributable to:

Equity holders of the parent	2,280	(319)	1,961
Minority interest	7	235	242
Profit (loss) for the period	2,287	(84)	2,203

EBITDA	14,170	4,295	18,465
EBITDA ratio	3.7%	1.2%	2.5%

2006	Q1	Q2	Q3	Q4	Total
Sales	382,207	362,901	367,896	358,312	1,471,316
Cost of goods sold	(340,533)	(324,085)	(323,954)	(326,274)	(1,314,846)
Gross profit	41,674	38,816	43,942	32,038	156,470
Other operating income	1,411	3,610	3,196	2,370	10,587
Operating expenses	(37,083)	(36,363)	(40,148)	(48,699)	(162,293)
Share of (loss) profit of equity accounted investees	0	136	748	(184)	700
Operating profit (loss) - EBIT	6,002	6,199	7,738	(14,475)	5,464
Net finance costs	(3,873)	(5,562)	(7,423)	(7,147)	(24,005)
Profit (loss) before income tax	2,129	637	315	(21,622)	(18,541)
Income tax	(1,115)	648	638	6,947	7,118
Profit (loss) for the period	1,014	1,285	953	(14,675)	(11,423)

Attributable to:

Equity holders of the company	1,014	1,281	953	(14,675)	(11,427)
Minority interest	0	4	0	46	50
Profit (loss) for the period	1,014	1,285	953	(14,629)	(11,377)

EBITDA	10,449	10,939	13,572	1,986	36,946
EBITDA ratio	2.7%	3.0%	3.7%	0.6%	2.5%

Notes, contd.:

Net finance costs

3. Net finance costs are specified as follows:

	2007 1.1.-30.6.	2006 1.1.-30.6.
Interest income	757	701
Dividend income	187	77
Currency gain	0	4,180
Gain on sales of shares of subsidiary	1,081	0
Fair value changes on shares in other companies	11,504	0
Finance income, total	<u>13,529</u>	<u>4,958</u>
Interest expenses	(19,739)	(13,939)
Currency loss	(876)	0
Fair value changes on shares in other companies	0	(454)
Finance expenses, total	<u>(20,615)</u>	<u>(14,393)</u>
Net finance costs	<u>(7,086)</u>	<u>(9,435)</u>

Income tax

4. The main reason for fluctuations in effective income tax rates in the Income Statement is explained by different geographical composition of profit or loss before taxes in individual companies and periods.

Investments in other companies

5. The Group's investments in other companies is specified as follows:

	30/06/2007		31/12/2006	
	Share	Carrying amount	Share	Carrying amount
Fishery Product International Ltd, Canada	15.8%	21,005	15.8%	10,868
Other companies (7/7)		<u>390</u>		<u>194</u>
Total investments in other companies		<u>21,395</u>		<u>11,062</u>

Notes, contd.:

Equity

Reserves

6. Reserves are specified as follows:

	30/06/2007	31/12/2006
Own shares sold with put options	(852)	(852)
Translation reserve	(14,660)	(12,085)
Statutory reserve	373	373
Reserves total	(15,139)	(12,564)

Loans and borrowings

7. Loans and borrowings are specified as follows:

30.6.2007

Currency	Non-current borrowings	Current borrowings	Total
EUR	115,186	134,777	249,963
USD	13,906	108,222	122,128
GBP	71,445	34,524	105,969
DKK	13,615	15,268	28,883
JPY	3,669	21,235	24,904
CHF	752	11,006	11,758
CAD	0	9,344	9,344
NOK	0	1,728	1,728
ISK	1,429	145	1,574
SEK	0	1,459	1,459
Loans and borrowings, total	220,002	337,708	557,710
Current maturities of non-current liabilities	(14,952)	14,952	0
Loans and borrowings according to the balance sheet	205,050	352,660	557,710

31.12.2006

EUR	128,681	92,225	220,906
USD	11,375	127,230	138,605
GBP	92,424	36,256	128,680
DKK	13,913	11,089	25,002
JPY	3,930	17,945	21,875
CHF	802	11,140	11,942
CAD	0	8,567	8,567
NOK	0	3,370	3,370
ISK	1,697	84	1,781
SEK	0	1,484	1,484
Loans and borrowings, total	252,822	309,390	562,212
Current maturities of non-current liabilities	(33,070)	33,070	0
Loans and borrowings according to the balance sheet	219,752	342,460	562,212

Notes, contd.:

Group companies

8. Subsidiaries numbered 34 at period-end and are all included in the consolidated financial statements. They are:

	Share		Share
Beihai Beilian Foods Industry Co. Ltd.	51%	Icelandic Services ehf., Iceland	100%
Coldwater Seafood (UK) Ltd., UK	100%	Icelandic UK Ltd., UK	100%
Dalian Three Star Seafood Co. Ltd, China	98%	Icelandic USA Inc., USA	100%
Danberg ehf., Iceland	100%	IFP Trading Ltd., UK	100%
Ecomsa S.A., Spain	100%	Jeka Fish AS, Denmark	100%
Fiskval ehf., Iceland	100%	Marinus ehf., Iceland	100%
Gadus B.V., The Netherlands	100%	OTO L.L.C., USA	100%
Icelandic Asia Inc., S-Korea	100%	Pickenpack Assets GmbH, Ger	100%
Icelandic China Trading Co. Ltd., China	100%	Pickenpack Gelmer SAS, France	100%
Icelandic France S.A.S., France	100%	Pickenpack H&H GmbH, Ger	100%
Icelandic Group UK Ltd., UK	100%	Pickenpack H&H S.a.r.l., France	100%
Icelandic Holding Germany GmbH, Germany	100%	Seachill Ltd., UK	100%
Icelandic Iberica S.A., Spain	100%	Sirius ehf., Iceland	100%
Icelandic Japan K.K., Japan	100%	Sjóvík ehf. (Blue-Ice), Iceland	100%
Icelandic Norway AS, Norway	100%	Unifish ehf. a.v., Iceland	100%
Icelandic Northwest Inc., USA	85%	Verwaltungg. HFP GmbH, Ger	100%
Icelandic Scandinavia ApS, Denmark	100%	Westfalia-Strenz F. GmbH, Ger	100%

Financial Ratios

9. Financial ratios for the consolidated interim financial statements:

	30.6.2007	31.12.2006
Current ratio	0.95	0.99
Equity ratio	19.8%	19.4%
Return on equity	2.5% (5.7%)
Internal value	4.75	4.77
Change in price per share from the beginning of the period	(15.8%) (20.8%)
Price per share (ISK)	6.4	7.6
Market value of the company	220,990	233,054
	2007	2006
	1.1.-30.6	1.1.-30.6
EBITDA	18,465	21,388
EBITDA ratio	2.5%	2.9%