





ATORKA GROUP HF.
(incorporated in Iceland as a public limited company)

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1. RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

The Issuer believes that the factors described below represent the principal risks inherent in investing in its debt instruments, but the inability of the Issuer to pay the principal or other amounts on or in connection with any such instruments may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate.

Prior to making any investment decision, prospective investors and their financial and legal advisers should carefully consider all of the information in this document and, in particular, the risks and uncertainties described below should be considered carefully. The matters described below, among other factors, should be carefully considered by any prospective investor.

This document contains forward looking statements that involve inherent risks and uncertainties. Actual results may differ significantly from the results discussed in such forward-looking statements. Factors that might cause such differences include those discussed below.

All references to "we", "us" and "our" under "Factors that may affect the Issuer's ability to fulfil its obligations" are references to the Issuer.

a. Risk relating to the Issuer

Investors are encouraged to acquaint themselves thoroughly with the following risk factors along with other information included in this Registration Document. Atorka Group hf. operates in a market where a number of factors can influence the Company's activities and operations. It should be kept in mind that the following discussion only covers the main risk factors, and does not constitute an exhaustive appraisal of risk factors in the activities and the operational environment of Atorka Group hf. Below is a brief description of the main risks relating to the Issuer in general:

Credit risk

Credit risk is the current or prospective risk to earnings and capital arising from an obligor's failure to meet the terms of any contract with Atorka or otherwise failure to perform as agreed. Credit risk is found in all activities where profitability depends on the performance of a counterparty (risk to each party of a contract that the counterparty will not meet its contractual obligations), issuer, lessee or borrower. Atorka will be exposed to a credit risk that arises any time the Company's funds are committed, invested, or otherwise exposed through actual or implied contractual agreements, whether reflected on or off the balance sheet.

Market risk

Market risk is the current or prospective risk to earnings and capital arising from adverse movements in bond, security, and commodity prices and foreign exchange rates, amongst other fluctuations.

Interest rate risk

Interest rate risk arises from the Company's exposure, due to its financial obligations, to adverse movements in interest rates. All assets and liabilities are directly or indirectly affected by interest rates. Any period of unexpected or rapid increase in interest rates may therefore negatively affect Atorka's cash flow and profitability. In general, if interest rates fall, the fair value of the portfolio rises and vice versa.

Inflation risk

Inflation could have an influence on the Company's asset portfolio. Should inflation increase it could result in an increase in the Company's debt and it will also have the effect that interest rates will be higher and therefore lead to an increase in the Company's costs.

Liquidity and Refinancing risk

Atorka Group hf. is exposed to a liquidity risk that could materially affect Atorka's operating results and financial position. Liquidity risk can be divided into funding risk and market liquidity risk.

The definition of funding risk is the current or prospective risk to earnings and capital arising from the Company's inability to meet its liabilities when they come due without incurring unacceptable losses. Funding

risk arises from the inability to manage unexpected decreases or changes in funding sources. Market liquidity risk is the current or prospective risk to earnings and capital arising from the Company's inability to quickly unwind its positions either at current market rates or at a rate which would not be adversely affected by the unwinding to such an extent which would result in unacceptable losses. Some risk may be caused by the possibility of the failure of financial reorganisation and conversion of the companies invested in, or that such process takes much longer than assumed by Atorka's management.

Risk associated with long-term investments

Atorka's main investments projects are Renewable Energy Resources and Promens, unlisted companies in Iceland, and Interbulk and Clyde Process Solutions listed on the AIM market in London. Renewable Energy Resources is a holding company of Jarðboranir (100% holding), Romag (22% holding) and Enex (16% holding). The Company's goal is to enlarge existing investments projects as well as investing in new platforms. It is assumed that each investment project will take approximate 3-5 years and Atorka may decide to act as a primary investor for an undetermined length of time. The Company also invests in listed companies with the goal of profiting from short-term price changes.

Market price risk

The Company invests in share holdings and other securities in order to profit from short term changes in the market. The Company's investments in share holdings and other securities are subject to a market price risk, as there is some uncertainty concerning the future value of these assets. The Company's managing director monitors the status of the investments daily, and the board of directors also reviews the Company's investments quarterly.

Atorka had three put options at the end of 2006, amounting to a total of ISK 21 million. Call options totalling ISK 84 million at nominal value and with a strike price of 6.816 were issued to key employees of Atorka in February 2007

Currency risk

The Company is subject to a currency risk as the value of foreign assets changes with changes in the rates of currencies other than the ISK. Forward currency agreements have been concluded in order to hedge against the Company's currency risk. Changes in the market value of all derivative agreements are immediately entered into the profit and loss account.

In March 2007 Atorka Group hf. had seven interest swap agreements amounting to ISK 7,226 million. The agreements are in ISK against EUR and GBP. They were made in order to protect the Company's portfolio of foreign shares.

Accounting assessments and appraisals

Until the end of 2004, the financial statements of Atorka Group hf. were prepared in accordance with the standard accounting principles applicable in Iceland. These differ from IFRS on some points. When preparing end-of-period statements after that date, certain methods had to be adapted to IFRS. The date of Atorka Group hf.'s conversion to IFRS was 1 January 2004. The 2005 and 2006 annual accounts were the first annual accounts prepared in conformity with the IFRS international standards.

For preparing end-of-period statements in accordance with the IFRS, certain accounting assessments must be employed. Management is also required to assess certain points in the methods used. Therefore assessment is constantly taking place of items that depend on opinions, past experience and other factors, including future expectations deemed reasonable in the given circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There is considerable risk of such estimates making necessary material adjustments to the book values of assets and liabilities within each financial year.

Impairment of assets

Assets that have an indefinite useful life and are not subject to depreciation are tested annually for value decline. Assets that are subject to depreciation are reviewed for value decline whenever events or changes in circumstances indicate that their book value may not be recoverable. Loss due to value decline is entered in the amount by which the book value of an asset exceeds its recoverable value. The recoverable value is either an asset's fair market value less the cost of its sale, or its useful value, whichever is higher. In order to make an assessment of value decline possible, assets are grouped at the lowest levels at which cash flow can be separately identified for productive units.

(a) Assessed value decline of goodwill

The Company tests annually whether goodwill has declined in value. The recoverable values of productive operating units have been determined on the basis of their useful value in continued operation. These calculations require assessments.

(b) Assessed value decline of investment projects

The Company reviews the value of investment projects for decline whenever events or changes in circumstances indicate that their book value may not be recoverable. A value decline loss is entered in the amount by which the value of a project exceeds its recoverable amount. The amount in question is based upon the assessment of an independent party.

Operational risk

Operational risk is the risk of direct loss, indirect loss, or damage as a result of people's reputation, systems, inadequate or failed internal processes, or from external events.

Managing growth

Atorka intends to continue to grow its business through further expansion by means of acquisitions as well as via further penetration of markets in which it currently operates. The expansion of Atorka's operations will require significant investment, increased operating costs, the greater allocation of management resources away from daily operations, the continued development and integration of information management control systems, the continued training of management and other personnel, adequate employee supervision, and the delivery of consistent client product and service messages. The failure of Atorka to effectively manage these issues and the Company's growth, whilst at the same time maintain an adequate focus on its current operations, could have a materially adverse effect on its business, financial condition, and results of operations.

Key employees

The employees of Atorka and companies owned by Atorka possess knowledge and skills of great value. Atorka and companies owned by Atorka place great emphasis on retaining skilled and efficient employees with broad experience and good education. Attempts are made to reduce this risk in various ways.

Legal risk

Atorka operates within a complex regulatory framework and a variety of specific regulations apply to its operations. Financial markets develop rapidly, which leads to acts and regulations being reviewed regularly. Amendments to legislation can have an impact on Atorka's operations, financial situation, and performance. In addition, ministerial regulations and rules, or guidelines issued by the Icelandic Financial Supervisory Authority or other public authority can have a substantial effect on the Company's operating environment.

Atorka is a limited liability company which operates in accordance with the Act on Public Limited Companies No. 2/1995 (Lög um hlutfélög). Furthermore, Atorka is listed on the OMX Nordic Exchange in Iceland and therefore operates according to the Act on Securities Transactions No. 33/2003 (lög um verðbréfavíðskipti). Due to Atorka's holding in several companies other rules may affect its operation. The main rules affecting the Company are the Electricity Act, No. 65/2003 (Raforkulög), the Energy Act No. 56/1967(orkulög), the Town Planning and Construction Act no. 73/1997 (skipulags- og byggingarlög) and the Research and Exploitation of Subterranean Resources Act No. 57/1998 (lög um rannsóknir og nýtingu á auðlindum í jörðu) and the Act on Toxic and Hazardous Substances No. 7/1998 (lög um hollustuhætti og mengunarvarnir). A close watch is kept on pending changes to legislation and rules applicable to Atorka, and an assessment is made of the most suitable response in each case. The Company furthermore studies how new ventures will affect the Company from a regulatory standpoint. Changes to the applicable company laws, or if the Company becomes subject to different laws, might have an impact on how it continues to conduct its business.

Litigation is not a normal part of the Company's business but litigation is always a possibility. Atorka is not involved in any litigation or arbitration that could substantially affect its financial position.

Reputational risk

Reputational risk is the risk that Atorka will suffer as a loss of revenue due to negative publicity regarding its business practices. This negative publicity may result from mistakes in conducting its business, from wrong decisions, or from Atorka or some related party not following general laws and regulations. If Atorka or its subsidiaries' reputation or credibility is negatively affected, owing to private or public discussion, Atorka's ability to grow may be impaired and future earnings may be adversely affected.

IT

The IT systems may be vulnerable to disruptions that are beyond Atorka's control. Possible disruptions could result from viruses, hackers, equipment failure, power failure, natural disasters or human error. Atorka has taken measures to prevent operating interruptions in case of a possible evacuation of its headquarters and has a plan of action in the possible event of such an evacuation. All IT systems are backed up at another regional location office. Should the need arise, operations may be continued at that back-up location. Atorka also has various initiatives in place to minimise the risk of failure in the IT systems, but there can be no assurance that these initiatives will adequately prevent disruption to the Company's operations.

Internal controls

Operational risk relates to the inner workings of Atorka, the competence of its employees, and the reliability of work processes and information systems. Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. This includes a risk of loss resulting from failure to comply with the Icelandic laws and regulations under which Atorka operates. Atorka is also exposed to incorrect analyses of investment options, which can have a negative impact on its financials.

Tax

Atorka could be affected by changes in tax legislation in any of the countries that influence its financial results. Atorka is not aware of any ongoing tax inspection concerning itself or its subsidiaries which may have a material impact on Atorka's financials. An investigation of Atorka's tax filings, as for any other Company, may be initiated at a later stage in accordance with relevant regulations and affect the Company's prospects. Atorka and the tax authorities may potentially have different opinions on how various financial arrangements within the Company should be treated from a tax perspective. Atorka is of the opinion that it is in compliance with the relevant tax regulations and practices and should not expect claims from tax authorities relating to its treatment of income or any other financial issues.

Covenants

Atorka is contractually bound to honour various financing agreements. Should Atorka become unable to or for some reason cease to fulfil the respective covenants, the lenders and financiers may become entitled to rescind the agreements, which might have adverse financial consequences for Atorka.

2. PERSONS RESPONSIBLE

Atorka Group hf., in its capacity as the Issuer, Icelandic ID-No. 600390-2289, registered office at Hlíðasmári 1, 200 Kópavogur, Iceland, hereby declares that having taken all reasonable care to ensure that such is the case, the information contained in this Registration Document is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Reykjavik, 18 June 2007
On behalf of the Issuer



Thorsteinn Vilhelmsson,
Chairman of the Board



Magnús Jónsson
CEO

3. MANAGER

The Manager, Kaupthing Bank hf. - Capital Markets, Icelandic ID-No. 560882-0419 registered office at Borgartun 19, 105 Reykjavik, Iceland has been the advisor to the Issuer in the preparation of this Registration Document. 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 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.

Reykjavik, 18 June 2007
On behalf of the Manager



Ingvar Vilhjálmsson
Managing Director



Stefán Ákason
Head of Fixed Income Sales

4. STATORY AUDITORS

The Company's accounts for the years ending 31 December 2005 and 2006 respectively have been audited and the annual accounts for these years have been endorsed without remarks by PricewaterhouseCoopers hf., the Company's independent auditor. The account for the 1st quarter of 2007 has been reviewed without remarks by PricewaterhouseCoopers hf.

5. REFERENCES AND GLOSSARY OF TERMS AND ABBREVIATIONS

References to the "Issuer", "Atorka Group", "Atorka" and "the Company" in this Registration Document shall be construed as referring to Atorka Group hf., Icelandic ID-No. 600390-2289, unless otherwise clear from the context, and its subsidiaries and affiliates, unless otherwise clear from the context. Atorka Group hf. is the legal name of the Issuer.

References to "ICEX" in this Securities Note shall be construed as referring to the Iceland Stock Exchange, i.e. to Kauphöll Íslands hf., Icelandic ID-No. 681298-2829, unless otherwise clear from the context. References to the "admission to trading" and the "admission to trading on a regulated market" in this Securities Note shall be construed as referring to the admission to trading on the bond market of the Iceland Stock Exchange, unless otherwise clear from the context.

References to "ICEX" in this Registration Document shall be construed as referring to the Iceland Stock Exchange, i.e. to Kauphöll Íslands hf., Icelandic ID-No. 681298-2829, unless otherwise clear from the context. References to the "admission to trading" and the "admission to trading on a regulated market" in this Registration Document shall be construed as referring to the admission to trading on the bond market of the Iceland Stock Exchange, unless otherwise clear from the context.

References to "ISD" in this Registration Document shall be construed as referring to the Icelandic Securities Depository, i.e. to Verðbréfasráning Íslands hf., Icelandic ID-No. 500797-3209, Laugavegur 182, 105 Reykjavik, Iceland, unless otherwise clear from the context.

References to the "Manager" in this Registration Document shall be construed as referring to Kaupthing Bank hf. - Capital Markets division, Icelandic ID-No. 560882-0419, unless otherwise clear from the context.

6. DOCUMENTS INCORPORATED BY REFERENCE AND FOR DISPLAY

The following documents are incorporated herein by reference to, and form part of, this Registration Document:

- a. The articles of association of Atorka Group hf.
- b. The annual accounts of Atorka Group hf., both parent company and consolidated, for the operating year 2005.
- c. The annual accounts of Atorka Group hf., both parent company and consolidated, for the operating year 2006.
- d. The interim account of Atorka Group for Q1 2007

Copies of documents incorporated by reference in this Registration Document can be obtained from the Issuer's office and website (www.atorka.is). This Registration Document will be published on the ICEX's news web (<http://omxgroup.com/nordicexchange/Markadsfrettir/Fyrirtaekjatilkyningar/>)

Following the publication of this Registration Document a supplement may be prepared by the Issuer and the Manager approved by the Iceland Stock Exchange in Iceland in accordance with Article 16 of the Prospectus Directive No. 2003/71/EC. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Registration Document or in a document which is incorporated by reference in this Registration Document. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Registration Document.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Registration Document which is capable of affecting the assessment of any Debt Securities, prepare a supplement to this Registration Document or publish a new Registration Document for use in connection with any subsequent issue of such Debt Securities. If a supplement is prepared, statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Registration Document or in a document which is incorporated by reference in this Registration Document. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this document

7. NOTICE TO INVESTORS

In making an investment decision, potential investors should carefully consider the merits and risks of an investment in any Debt Securities and carefully review the terms and conditions of the Debt Securities described in the relevant Securities Note. This Registration Document is to be read in conjunction with the documents which are deemed to be incorporated herein by reference (see "Documents incorporated by reference"). This Registration Document shall be read and construed on the basis that such documents are incorporated and form part of this Registration Document.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Registration Document and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Manager.

This Registration Document is not (a) intended to provide the basis of any credit or other evaluation; or (b) a recommendation by the Issuer or the Manager that any recipient of this Registration Document should purchase any Debt Securities. Each investor contemplating purchasing any Debt Securities should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. This Registration Document nor any other information supplied in connection with the Issuer constitutes an offer or invitation by or on behalf of the Issuer or the Manager to any person to subscribe for or to purchase any Debt Securities.

Neither the delivery of this Registration Document nor the sale or delivery of any Debt Securities shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time

subsequent to the date hereof. Investors should review, inter alia, the most recently published documents incorporated by reference into this Registration Document when deciding whether or not to purchase any Debt Securities.

OMX Nordic Exchange in Iceland has scrutinized and approved this Registration Document which is only published in English.

8. DESCRIPTION OF THE ISSUER

a. History

Atorka Group hf., Icelandic ID-No. 600390-2289, registered office at Hlíðasmári 1, 200 Kópavogur, Iceland, telephone number +354-5406200, was founded in 1990, originally as an equity fund. The Company invests in domestic and foreign markets and aims for maximum profitability.

1990

The Icelandic Equity Fund, which later became Atorka Group, was founded on 13 March 1990. The founders were Landsbréf hf., a subsidiary of Landsbanki Íslands hf., and individuals connected with Landsbréf hf. At the beginning the Company focused on investments in Icelandic companies, primarily in order to give the public an opportunity to obtain a return on capital and to support Icelandic companies, and at the same time to benefit from tax deductions.

1992

On 3 April the Icelandic Equity Fund hf. became one of the first companies to be listed on the Main List of the Iceland Stock Exchange.

2002

The shareholders resolved to shift the emphasis in operations. This involved the Icelandic Equity Fund hf. beginning active intervention and systematic support of the companies it had invested in, jointly with the entry of new shareholders. Subsequently the Company's share capital was increased by ISK 134,000,000 at nominal value, i.e. 10% of the issued share capital. New shareholders entered the group and took a seat on the board of directors of Atorka. These included Heildun ehf, ID-No. 481199-2120, and Hardbakur ehf, ID-No. 571201-4480, with which Margeir Pétursson, Thorsteinn Vilhelmsson, Jón Pálmason and Sigurdur Gísli Pálmason are connected.

2003

The name of the Company was changed from The Icelandic Equity Fund hf. to Fjárfestingafélagid Atorka hf. (Atorka Investment Company hf.), and on 3 February its ticker on the Iceland Stock Exchange hf. was changed from ISHL to ATOR.

2004

Atorka acquired three companies during the year, Líf hf., Afl Investment Company hf., and Sæplast hf.

In December Atorka placed further emphasis on foreign investments, and completed an ISK 5,000 million bond placement, using the funds for further foreign investment. Atorka acquired a share in the British distributing firm NWF Group plc and in the British industrial company Low & Bonar plc, which produces various technical textiles such as artificial grass, underlay for soil fillings, and concrete reinforcement fibres. Low & Bonar is listed on the main list of the London Stock Exchange, and NWF Group is listed on the AIM stock market in London.

2005

The name of the Company was changed from Atorka Investment Company hf. to Atorka Group hf. The real estate company Summit was founded to take over the real estates owned by Atorka's companies, and to handle other real estate business.

In January Atorka increased its shares in NWF Group, and in April Atorka increased its stake in Low & Bonar. In December Atorka bought a share in Romag Holding plc, a producer of various types of safety glass, plastic products for the construction, automotive and transport sectors, and photovoltaic glass. The companies are all listed on the Stock market in London.

In April Atorka took over Austurbakki hf. and began to change the company with the objective of improving cost effectiveness and attaining a sharper operating focus. Subsequently the wine division of Austurbakki was sold and the merger of Austurbakki to Icepharma and IsMed commenced with the objective of founding a new and powerful service enterprise in the health sector.

Promens hf. was founded as a subsidiary of Atorka Group hf., with the objective of sharpening the aims set for the operations of Sæplast.

In July, Promens hf. made an agreement on the purchase of Bonar Plastics plc, which was one of three units of Low & Bonar. With this purchase the company grew considerably, and is now the largest corporation in the world in rotating mould plastics and a leader in the world market in terms of product evolution.

At the end of the year Atorka made a takeover offer for Jarðboranir hf., having previously invested considerably in that company. Jarðboranir, which is active in three countries with projects involving the utilisation of underground resources and processing of minerals in addition to land and construction projects, had been listed on the Iceland Stock Exchange. The objective is to further strengthen the company and utilise the expertise that the company possesses for further domestic and foreign advance.

2006

In February the name of Sæplast hf. was changed to Bolar Holding Company hf. The Sæplast brand name is owned by Promens and will still be used in sales and marketing by companies owned by Promens. Sæplast Canada was also sold by Bolar Holding Company hf. to Promens, so the only assets remaining within Bolar are Sæplast Alesund AS and Sæplast Norge AS.

In April Promens acquired US roto-moulding company Elkhart Plastics Inc. The purchase doubled Promens' activity in North America. At the end of the year Promens acquired Polimoon, which is one of the leading European producers of products and applications in rigid plastics.

Atorka's takeover of Jarðboranir was completed in January, and the company was subsequently delisted from the Iceland Stock Exchange.

In October Bjorgun, acquired all share capital in the contracting company Saethor ehf.

In December Renewable Energy Resources holding company was established and Jarðboranir, Bjorgun and Enex (16% holding) became part of the new holding company. Austurbakki, Icepharma and IsMed were merged in the year 2006 and began operating under the name Icepharma hf. The merger creates a powerful company, which can provide even better services and can progress further within the Icelandic pharmaceutical and health care sectors. A. Karlsson and Besta were merged and restructured.

In 2006 holdings in NWF were increased to 20% and Atorka acquired a 14% stake in Amiad which is a leader in the international market for the production of water filtration equipment.

In February Atorka bought a share in Interbulk Investment plc, a company ranked as the third largest transportation company in the world using special container units for the chemical industry.

In April Atorka sold all its shares in Low and Bonar plc.

In October the real estate company Summit was sold.

In December all shares in Hampidjan were sold

2007

In March 2007 Atorka bought a majority stake in 3X Technology ehf. with the investment company Straumborg. 3X Technology uses the most advanced technology and design to produce high quality processing equipment and tailor-made solutions for customers in the food industry all over the world.

Atorka increased its share in InterBulk Investments plc. to about 40% in March 2007 and is the largest shareholder in the company.

In March 2007 Atorka acquired an approximately 30% stake in Clyde Process Solutions plc (CPS). CPS is a

world leader in the production of highly developed pneumatic conveying systems for production processes as well as related solutions for filtration and pollution reduction.

In March Renewable Energy Resources acquired 22.1% of the share capital in Romag and is the largest shareholder in the company.

In May Atorka completed the divestment of Icepharma hf and Parlogis hf, companies operating in the Icelandic health care sector.

UAB IIsanta, Atorka's company in the healthcare sector in the Baltic states, is in a sales process. In May Jarðboranir purchased 3 high tech German rigs for over ISK 6 billion to support expansion and growth in Europe with focus on Germany

b. Description of Business

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 that the Group can exert significant influence on the major operational decisions, policy-making, and future development of the company in question, as well as providing the financial support to enable the further growth of the company's operations.

In its investments, Atorka focuses on sectors that are particularly 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. In general, the Company participates in three to five 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 Group is listed on the OMX Nordic Exchange in Iceland (formerly the Iceland Stock Exchange) and is one of 15 companies on the ICEX-15 Main List. Its shareholders number approximately 5,000.

Atorka's financial target is to maintain returns in excess of 15% at all times. Since 2003, the Company's average return on equity has been 43.05%, and in 2006 it reached 69.2%

Atorka Group is currently involved in the following investment projects;

- 1) Renewable energy - Jarðboranir has global operations centring on the utilisation of resources from the earth for the production of renewable energy.
- 2) Plastics industry - Promens is a world leader in the manufacture of plastics, with over 60 factories in Europe, North America, and Asia.
- 3) Container transport - Interbulk is the third-largest company in the world in the sector dedicated to specialised tank container transport for the chemicals industry.
- 4) Healthcare market - Parlogis, A. Karlsson, and IIsanta all operate in the healthcare and business-to-business (B2B) sectors.
- 5) Other investments projects;
 - a. NWF is a distribution and retail entity located in the UK
 - b. Romag is a UK leader in the manufacture of specialised glass products.
 - c. Amiad is a leader in the international market for the production of water filtration equipment.
 - d. Clyde Process Solutions plc (CPS) is a world leader in the production of highly developed pneumatic conveying systems for production processes as well related solutions for filtration and pollution reduction.
 - e. 3X Technology produces high quality processing equipment and tailor-made solutions for customers of the food industry.

RENEWABLE ENERGY

In December 2006, both Jarðboranir and Björgun became part of a new holding company, Renewable Energy Resources. This transition sharpens both companies' focus and increases their financial strength, which can be used for further expansion into foreign markets. In March 2007, Renewable Energy Resources acquired 22.1% of share capital in Romag. Romag is a UK leader in the manufacture of specialised glass products. The company has developed special photovoltaic glass that utilises light for the production of electricity. Both the company and the market in which it operates are growing rapidly. The company is listed on the London Stock Exchange's AIM market.

Project pipeline

Jarðboranir's project pipeline, both in Iceland and abroad, is very strong. The company submitted a bid for the Hellisheidi and Hengill areas in the tender held by Reykjavík Energy in 2005. This was the largest tender of its kind in Iceland, with a total tender amount approaching ISK 8 billion. The contractual agreements specified the drilling of 40 boreholes, including 30 high-temperature wells. The agreement extends until 2009. Late in 2006, Jarðboranir and Reykjavík Energy signed a supplemental agreement on further drilling in the same area. According to this ISK 3.7 billion agreement, 15 high-temperature wells will be drilled in the months to come. Jarðboranir is also working on projects on the Reykjanes peninsula for Sudurnes Regional Heating, as well as carrying out research and exploration for Landsvirkjun in various parts of the country.

In the fall of 2006, Jarðboranir concluded contracts with the Italian drill rig manufacturer Drillmec for the purchase of a new high-technology drill called an HH-300, which will be the most powerful drill in the company's fleet and the most advanced land drill in the entire Nordic region. The HH series belongs to the new generation of hydraulic drill rigs that are designed for high-temperature drilling.

This state-of-the-art drill is practically automatic and greatly increases the efficiency and safety level of operations. It is capable of drilling down to depths of more than 5 km and is therefore well suited for deep drilling. The company will take delivery of the new drill rig this summer. It will be Jarðboranir's fifth drill manufactured by Drillmec.

Jarðboranir's subsidiary, Iceland Drilling (UK) Ltd., has been engaged in important high-temperature geothermal drilling projects in the Azores and has participated in the initiation of geothermal exploitation in the islands. In May 2006, Iceland Drilling UK signed an agreement with the energy company GeoTerceira for the drilling of exploration and production wells in preparation for a geothermal power station on the island of Terceira in the Azores. This is the first time that an attempt has been made to harness geothermal heat on the island. Jarðboranir's first project in the Azores was to drill for drinking water on this same island. The results of the research give rise to the hope that the area is a bountiful high-temperature zone.

Jarðboranir and Iceland Drilling are examining further opportunities for expansion abroad and are considering additional options, such as drilling for oil and gas, in addition to geothermal drilling.

Björgun hf. is a pioneer in the construction of harbours and coastal development in Iceland. The company builds landfills, carries out physical planning of streets and plumbing systems, and supervises the design of the buildings that will be constructed in coastal areas. Björgun has worked with the nation's best architects and designers in this field. Björgun has undoubtedly changed Icelanders' ideas about coastal communities. Residential areas built around harbours are planned in numerous locations around the country.

The concentration of settled communities, coupled with increased urbanisation, has resulted in rapidly rising housing prices, as the resource in question is a limited one. Real estate prices in Iceland have skyrocketed in the past decade, and this trend enhances the value of landfills.

In conjunction with its landfill operations, the company pumps soil up from the bottom of the sea for further processing on land. Björgun has unique expertise in carrying out materials extraction from the sea floor.

The company acquired Sæthór in 2006, thus strengthening its operations in the field of harbour dredging and the construction of revetments.

Enex

Renewable Energy Resources owns almost 16% of share capital in Enex hf. Enex's activities centre primarily on development projects in the geothermal field, particularly on processing and utilising energy resources and providing consultancy services. The company is engaged in projects all over the world, including the United States, Germany, Hungary, Slovakia, and China.

Interesting foreign projects

There is considerable potential in market penetration abroad, and Jarðboranir is well equipped technologically to continue the expansion that it has already begun. The company is now the largest entity in the world that specialises in geothermal drilling and is therefore in a unique position to take on larger and more extensive projects in the field.

THE PLASTICS INDUSTRY

Promens was the fastest growing Atorka company in 2006. There has been steady and stable growth in the demand for plastic products and packaging, which are rapidly supplanting other, heavier materials. Changed emphases in environmental affairs require newer, lighter materials, and plastic represents an excellent option because it is durable, clean, and flexible, as well as being inexpensive to manufacture and handle.

Plastic is used in ever-increasing measure as a replacement for materials such as aluminium, steel, glass, and concrete. There are few limitations on the use of plastic, and the technology involved in its manufacture has been revolutionised in the past few decades. Another important factor is that plastic is simple to recycle; furthermore, recycling methods have developed and advanced in conjunction with increased plastic use.

Customers such as pharmaceuticals companies, food manufacturers, and automotive manufacturers trust specialised enterprises such as Promens to produce high-quality packaging and spare parts. This trust engenders a close business relationship that is enhanced by frequent and close collaboration.

The manufacture of products made of rigid plastics has risen dramatically worldwide, and product development is very rapid. More and more companies wish to make their products and spare parts from plastic, both because plastic is easily moulded to the customer's specifications and because it is so easy to handle due to its low density. As a result, and because it is believed that it is possible to use plastic for roughly 80 - 90% of automotive spare parts, it is expected that the automotive industry will double its plastics use every five years in the future.

Moulded plastics often take a great deal of space and are expensive to transport long distances. At the same time, it is important for users that they need not maintain large inventories that could quickly become obsolete. It is therefore critical that factories be situated close to their target market, and proximity to the market will remain an important criterion in determining where Promens locates its factories in the future. In markets such as Europe and North America, this consideration provides the company's products with a certain protection against less expensive products from Asia. Promens' broad geographical distribution gives the company a competitive advantage over other producers.

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 directions. It was the company's intention to develop into a global leader that could steer market concentration in an exciting and growing sector that is still characterised by an overall lack of strategy and corporate vision.

At first, the company took over the operations at Sæplast and merged the company with Bonar Plastic, which was purchased from Low and Bonar. Promens grew substantially with its purchase of the American company Elkhart Plastics in April 2006 and its subsequent acquisition of the plastics manufacturer Polimoon at the end of 2006. Today it is one of the world's largest manufacturers of moulded plastics. This transformation has been very quick, and it will continue, in keeping with Atorka's corporate vision. Promens is now one of Iceland's largest industrial companies.

Promens is also a large international player, though it is usually the case the companies in the plastics sector are regional in scope and serve a narrow market. Promens has experienced significant internal and external growth, and it intends to use Atorka's financial strength and relationships with financial institutions in order to fund that growth. Management has the stated intention of listing the company on the stock exchange in the relatively near future, and the acquisition of Polimoon was an important step toward that goal. Polimoon is a European leader in the development and manufacture of plastic products, especially among demanding customers with complex product needs. Because of this, the company has a strong market position and great potential for growth.

Promens has a large and varied group of customers. They include, for example, automobile manufacturers, companies in the chemicals and pharmaceuticals sectors, cosmetics manufacturers, food production

companies, fisheries, and distributors. The acquisition of Polimoon adds many of the world's largest and most interesting companies to that customer group. Among the products manufactured by Promens are oil tanks for transport vehicles, bearing frames for medical equipment, and tanks for the chemicals industry. Thus Polimoon's products are in the high-tech end of the plastics business, where the contribution margin is greatest.

Promens operates 61 factories in over 20 countries on three continents. Its total staff numbers 5,500 employees. The company currently produces some 160,000 tonnes of plastic products annually. Its sales system extends all over the world, and it is well positioned to grow in Asia and eastern Europe, which are both untapped markets for the company's products. The company aims at engaging in further acquisitions in order to expand its operations and fortify its market position still further.

Promens has set ambitious targets for internal and external growth. Last year's performance bears eloquent witness to this, especially in view of the highly successful acquisitions of Elkhart Plastics and Polimoon. Promens aims to lead a number of mergers that are expected in the near future.

The company, which commenced operations in Dalvík, intends to establish itself in the Chinese market. Though a large proportion of the world's industrial operations do business in China, this represents opportunities as well as threats for the plastics industry. Promens takes the view that, though the distance between Asia and other world markets provides a certain level of protection for the European plastics sector, a wealth of opportunity is on the horizon in Asia – opportunity that Promens is well positioned to take advantage of.

INTERBULK - SPECIALISED CONTAINER TRANSPORT

InterBulk Investments, one of Atorka's investment projects, is the third-largest company in the world in the sector dedicated to specialised container transport for the chemical industry. In March 2007 Atorka increased its share in InterBulk Investments plc to about 40%.

InterBulk Investments is a conglomerate that, among other things, owns and operates United Transport Tankcontainers (UTT), the world's third-largest company specialising in tank container transport for the chemicals industry. The company also owns InBulk Technologies, which has developed a new, patented technological solution to the transport of raw materials and sensitive bulk goods in specialised tank containers.

UTT has grown rapidly in recent years and now has 13 regional offices, as well as a number of sales representatives all over the world. The company owns and operates tank containers but outsources other operations as much as possible. This means that the company has no capital tied up in transport vehicles, railway cars, ships, or storage facilities. This arrangement enhances the company's flexibility and facilitates rapid growth when the opportunity arises.

InterBulk makes use of unique technology in order to handle delicate and difficult materials in a specialised manner. The company's special position results from its development of container technology and its expansion of its transport capacity through its two subsidiaries, UTT and InBulk. It is therefore in an excellent position to expand its operations in the market for bulk transport of sensitive materials in specialised tank containers.

InterBulk has concentrated its efforts on creating multi-faceted technologies that can be utilised together to meet all of the needs and wishes of customers requiring tank container transport for bulk liquids and bulk solids.

The substantial underlying growth of bulk container transport is a result of the entrance of new technology concurrent with the emergence of new marketing areas, such as China, Russia, eastern Europe, the Middle East, India, and various countries in South America. The growth of these markets creates a need for constantly increased transport between countries, continents, and hemispheres. This transport centres on industrial products rather than raw materials. It is complex to carry out and therefore yields a higher margin than conventional transport, and it makes use of custom-designed storage containers that are specially made for each product.

Tank containers are used primarily in the chemicals industry but are also used in transporting other sensitive items, such as food products. In recent years, the chemicals industry has grown by 5% per year, with further growth forecast for the years to come. It is also predicted that there will be further concentration in the market, which requires ever more service from specialised transport companies that can offer total solutions in the form of global door-to-door transport.

Powerful business network

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. Customers who utilise InterBulk's comprehensive services can therefore concentrate on their own production, sales, and service but can nonetheless track their goods during transport and storage through a powerful information system.

Opportunities for expansion

The company has clear goals for growth through takeovers of comparable entities, but it also intends to continue to develop the technology used in its business. In this manner, InterBulk aims to use the experience and expertise it possesses in order to bolster further growth. Numerous opportunities lie in enhancing current operations, broadening the customer base, and better utilising the company's infrastructure while expanding into new geographical markets. This will improve the utilisation of the company's transport capacity and business connections.

Market barriers

There are significant entry barriers in this market, and this makes it difficult for new companies to establish themselves. The 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. For this reason, customers seldom switch transport companies because they make stringent demands concerning safety and reliability.

The market for specialised transport is widely scattered, and most of the companies that serve it are privately owned. This provides ample opportunity for growth through acquisition.

New marketing areas

Today InterBulk operates offices all over the globe. Until the present time, the company's operations have centred on transport to and from Europe. It has recently commenced operations in Asia, however, with a special emphasis on China, where there are considerable opportunities. The company is convinced that China will be the primary venue for organic growth in the next few years and is working on providing comprehensive transport solutions to customers with this in mind. InterBulk's project pipeline is healthy, and most of its largest contractual agreements extend until 2009.

InterBulk's headquarters are in Rotterdam. The company has been listed on the London Stock Exchange's AIM market since the end of 2004. As the largest shareholder in InterBulk, Atorka Group currently holds approximately one quarter of the share capital in the company. The second largest shareholder is the Scottish investment company Clyde Blowers Group. These two primary shareholders share a common vision concerning the company's possibilities and intend to bring it forward on a path toward further growth and development.

THE HEALTHCARE MARKET

Atorka owns two companies in health-related sectors. In recent months, systematic work has been done to fortify the companies that serve the healthcare and business-to-business market in Iceland and the Baltic states. These companies operate in the market offering broad-based logistics and a wide range of operational products. They have considerable expertise and experience in the handling, sale and distribution of sensitive products. Furthermore, they have valuable business connections and a thorough knowledge of the needs of the market, especially with regard to pharmaceuticals and health-related goods.

A. Karlsson – operational products for companies and institutions

A. Karlsson has a strong position in the corporate and institutional market. The company offers a wide variety of equipment and operational goods, including medical equipment, research-related products, kitchen appliances, and furniture. Its customers include hospitals, healthcare institutions, hotels, cafeterias, restaurants, and educational institutions. The substantial expansion expected in this market represents a great opportunity for the company in the near future.

Ilsanta – serving the healthcare market in the Baltic states

Ilsanta is a progressive market player in the Baltic states, providing some 60 hospitals in the three Baltic

states with medical equipment, nursing supplies, and other related products. IIsanta's headquarters are in the Lithuanian capital, Vilnius, and the company also has sales offices in Riga, Latvia, and Tallinn, Estonia. The company has built up its operations successfully in the past few years, and its growth potential is excellent.

In May Atorka completed the divestment of Icepharma hf and Parlogis hf, companies operating in the Icelandic health care sector.

IIsanta, Atorka's company in the healthcare sector in the Baltic states, is in a sales process

OTHER INVESTMENT PROJECTS

Atorka has recently invested in the following companies and is one of the two largest shareholders in all of them.

NWF

NWF is a specialised distributor in the UK and has undergone substantial growth in recent years. Its headquarters are in Wardle, Cheshire, and it has 24 locations around England. The company is listed on the London Stock Exchange. With a 20% holding, Atorka is by far the largest shareholder in NWF.

Amiad

Amiad is a leader in the international market for the production of water filtration equipment. This market is expanding considerably, and the demand for clean water is likewise growing. Increasingly stringent demands in environmental affairs is likely to boost this growth in current and new markets over the years to come. Atorka has a 14% stake in Amiad, which is listed on the London Stock Exchange's AIM market.

CPS

Clyde Process Solutions plc (CPS) is a world leader in the production of highly developed pneumatic conveying systems for production processes as well related solutions for filtration and pollution reduction. The company has operations on every continent. 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. Among CPS' customers are General Electric, Exxon Mobil, Kraft, Wrigley's and Nestlé. CPS is listed on the AIM market in London. Atorka is the company's largest shareholder, with a stake of almost 30% today.

3X

3X Technology uses the most advanced technology and design to produce high quality processing equipment and tailor-made solutions for customers in the food industry all over the world. 3X Technology offers a wide variety of equipment for companies in the food industry worldwide. 3X Technology has developed innovative machinery and equipment for fish, meat and vegetable processing as well as for the pet food industry. Our equipment is designed to fulfil the most stringent requirements for hygiene, freshness and product consistency. Atorka Group hf. and Straumborg have a majority stake in 3X Technology ehf.

c. Organisational structure

Atorka is governed by shareholders' meetings, a board of directors, and a managing director. The supreme authority in the Company's affairs, subject to the Company's articles of association and to law, is exercised by duly constituted shareholders' meetings. Management is exercised by a board of directors of five members and two alternate members, elected annually by the Company's general shareholders' meeting. The board elects a chairman, and distributes its functions among the members.

The Company's board of directors shall govern the affairs of the company and see to that the Company's organisation and operation is always in a correct and proper state. The board of directors and the CEO manage the Company. The board engages the CEO and decides the terms of his employment. The CEO handles the day-to-day affairs of the Company, and shall in this regard adhere to the policy and carry out the orders of the board. The CEO shall ensure that the Company's records are maintained as law and good practices require, and that the Company's assets are safely managed.

The Company's current organisational chart, which has been approved by Atorka Group hf.'s board of directors, is displayed below.



The Company owns controlling stakes in the following companies

Name of company		Location	Ownership	Principal activity
BPF hf	Owned by Atorka Group	Iceland	100%	Holding company
Eignarhaldsfélagið Beta ehf	Owned by Atorka Group	Iceland	100%	Holding company
A. Karlsson ehf	Owned by Eignarhaldsfélagið Beta ehf	Iceland	100%	Operating company
UAB Ilsanta	Owned by Eignarhaldsfélagið Beta ehf	Latvia	100%	Operating company
Volcano Holding BV	Owned by Atorka Group	Holland	100%	Holding company
Renewable Energy Resources ehf (RER)	Owned by Volcano Holding BV	Iceland	100%	Holding company
Jarðboranir hf	Owned by RER	Iceland	100%	Operating company
Björgun ehf	Owned by RER	Iceland	100%	Operating company
Promens hf	Owned by Atorka Group	Iceland	84%	Holding company
Star Aquisitionco AS	Owned by Promens hf	Norway	100%	Holding company
Polimoon ASA	Owned by Star Aquisitionco AS	Norway	100%	Operating company
Promens International	Owned by Promens hf	Holland	100%	Holding company
Eignarhaldsfélagið Bolar hf	Owned by Atorka Group	Iceland	100%	Holding company

The Issuer believes that it is not dependent on its subsidiaries or its affiliates in performing its business.

d. Administrative, management, supervisory bodies and senior management

As an Icelandic limited liability company, the organisational structure of Atorka Group hf. is governed by Act No. 2/1995 on Private Limited Companies.

Corporate governance

The board of Atorka Group emphasises the maintenance of good management practice within the Company and has in this regard looked to guidelines on management practices issued at the end of 2005 by the Iceland Stock Exchange hf., the Confederation of Icelandic Employers, and the Icelandic Chamber of Commerce. The board has laid down rules of procedure where the sphere of its powers and their demarcation with respect to the CEO are circumscribed. This includes rules of order, rules on the board members' competency for participation in decisions, rules on confidentiality, the duty of the CEO to provide information to the board, etc. The Company's board convenes for deciding on all matters of significance, and the Company adheres to rules on management practices issued by the Iceland Chamber of Commerce, the Iceland Stock Exchange, and the Confederation of Icelandic Employers.

Statutory bodies

The supreme authority in the affairs of Atorka Group hf., within the limits established by its articles of association and statutory provisions, is in the hands of the Company's shareholders' meetings. Shareholders' meetings may be attended by shareholders, their representatives and advisors. Shareholders' meetings are also open to representatives of OMX Nordic Exchange. Its annual general meeting shall be held before the

end of June each year. At shareholders' meetings each share carries one vote. Decisions at shareholders' meetings are made by majority vote unless otherwise provided for in the articles of association or prescribed by law.

Board of directors

The board of directors of Atorka Group hf. manages the Company's general affairs and endeavours to keep the organisation and operations consistent with the Company's mission and strategy. The Company's board of directors directs Company's affairs and works to ensure that the Company's organisation and activities are in good order at all times and that the accounting and the handling of the Company's funds are sufficiently supervised.

The board of directors appoints the CEO of the Company and defines the terms of his remuneration. The board plans to assess the activity, work practices and procedures of the board annually in light of the Company's progress, with the assistance of outside parties, when appropriate. The internal rules governing the operations of the board of directors of the Company, state that board members should familiarise themselves with the provisions of law, the Company's articles of association, securities regulations, any rules which the Company may adopt and relate to the handling of inside information and insider trading, and other relevant rules. None of the members of the board of directors of Atorka Group hf. are employees of the Company.

Atorka's board of directors shall consist of five members, elected at a meeting of the shareholders for a term of one year at a time. Furthermore, two alternate members shall be elected for a term of one year at a time. The eligibility of members of the board shall be subject to statutory law. The table below shows the principal and alternate board members elected by the shareholders' meeting of 6 March 2007.

Name	NRN	Address	Position
Thorsteinn Vilhelmsson, chairman	030552-3509	Hlidasmari 1, Kópavogur	Investor
Örn Andrésón	190851-3039	Fannafold 51, Reykjavík	Investor
Hrafn Magnússon	140843-4909	Sætúni 1, Reykjavík	Manager, Federation of Icel. Pension Funds
Karl Axelsson, Supreme Court lawyer	100562-4219	Sundagardar 2, Reykjavík	Lawyer
Ólafur Njáll Sigurdsson	220558-5689	Funafold 95, Reykjavík	Chief Financial Officer, "Lazytown"
Stefán Bjarnason, alternate	230557-5949	Hesthamrar 1, Reykjavík	Economist
Magnús Már S Gústafsson, alternate	130941-2149	253 Putnam Road, CT 06840 USA	CEO of Icelandic USA Inc.

The following section lists the current members of the board of directors and their activities. It is not intended to be exhaustive, but details the main occupations and or other occupations that are linked to the ownership or operations of Atorka Group hf. In references made to "related parties" that hold shares in the Company, related parties are linked to board members, where the board members have extensive influence over the investment activity of the related party.

Thorsteinn Vilhelmsson

Thorsteinn Vilhelmsson, chairman of the board of Atorka Group, was born in 1952. He graduated from the College of Navigation in Reykjavík in 1973 and worked in fishing and in the fisheries industry for over 25 years, mostly as a ship's captain, and later as a fisheries manager. In addition, he served on the board of directors of various fisheries companies for many years. Mr Vilhelmsson is one of the founders of the fisheries company Samherji and has been connected with various other investments in the Icelandic fishing industry. He is the chairman of the board of the investment company Atorka Group and is also a member of the boards of directors of Jarðboranir, Björgun, and Fiskeldi Eyjafjardar.

Related Parties: Skessa, Hardbakur ehf., Ránarborg, Mávur, Thóra Hildur Jónsdóttir, Stefán Ernir Thorsteinsson.

Own holding of shares: 24,620,720. Call Options: None.

Holdings of financially related parties: 76,413,692.

Hrafn Magnússon

Board member Hrafn Magnússon was born in 1943. He completed his upper secondary school degree in 1964 and earned his degree in operations from SAF in Stockholm in 1968. He served as managing director of the Association of Public 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 boards of Björgun, Jarðboranir, and the General Pension and Insurance Fund.

Related Parties: None

Own holding of shares: 1,019,006. Call Options: None.

Holdings of financially related parties: None.

Örn Andrésón

Board member Örn Andrésón was 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. Mr Andrésón has been a member of numerous boards of directors, including EJS, Lyfjaverslun Íslands, and Delta, as well as the National Olympic and Sports Association of Iceland, the Reykjavík Sports Federation, and Íslensk getraun. He has also served as chairman of the board of Ris Construction and is a former board member of Hátaekni (Eyki), MP Investment Bank, and Ílsanta. Mr Andrésón was elected to the boards of Atorka and A. Karlsson in 2005, and of Jarðboranir in 2006.

Related Parties: Eagle Investments Holdings S.A, Fjárfestingarfélagid Ernir

Own holding of shares: None. Call Options: None.

Holdings of financially related parties: 181,581,317

Ólafur Njáll Sigurdsson

Board member Ólafur Njáll Sigurdsson was 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 the Icelandic Broadcasting Corporation Ltd. from 1987-1989, and CEO of Althjóða líftryggingafélagid hf. from 1989-2003. He has served as managing director of the finance and operations of Latibaer ehf. since 2004. Mr Sigurdsson has served on the boards of the Icelandic Broadcasting Corporation Ltd., the Association of Icelandic Insurance Companies, Líf hf., Gróció hf., and Icepharma hf. He was elected to the board of directors of Atorka in 2005 and to the board of Parlogis, a company owned by Atorka, in 2006.

Related Parties: None

Own holding of shares: 2,426,351 Call Options: None.

Holdings of financially related parties:

Karl Axelsson

Karl Axelsson, member of the board and attorney to the supreme court, was 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. Mr Axelsson was an instructor at the University of Iceland's faculty of law from 1992 until 1995, and an adjunct faculty member from 1995, and a lecturer from 2002. 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 boards of several corporations. He is a member of the boards of Ránarborg ehf. and Björgun ehf. Mr Axelsson has been a member of the board of Atorka since 2004.

Related Parties: Mávur

Own holding of shares: 1,439,516 Call Options: None.

Holdings of financially related parties: 107.240.153

Magnús Gústafsson, alternate Board member, was born in 1941 and completed his degree in operational technology at Odense Technical University in 1966. From 1973 until 1984 he was CEO of Hampldjan. In 1984 Magnús 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 to the vice-chairmanship of the Board of Atorka in 2006.

Related Parties: None

Own holding of shares: 335,989 Call Options: None.

Holdings of financially related parties: None

Stefán Bjarnason, alternate Board member, was 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, Stefán worked for the accounting firm Skil. Thereafter, he worked for Stefán Thorarensen hf. from 1984-1986 and served as assistant Managing Director of the company from 1991- 1997. He was Managing Director of the Tóró hf. pharmaceuticals factory until 1991 and of Thorarensen Lyf ehf. from 1997- 2003. Stefán has been a Board member of a host of companies, including Lyfjadreifing, Líf hf., and Afl fjárfestingarfélag. 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.

Related Parties: None

Own holding of shares: None Call Options: None.

Holdings of financially related parties: None

In the Company's opinion there are no conflicts of interest between individual members of the board of directors of Atorka Group hf., its managers, auditors and compliance personnel, on one hand, and the Company, on the other.

The business address of the board of directors, as well as senior management is Atorka Group hf., for the attention of the relevant person, Hlídasmári 1, 200 Kópavogur, Iceland.

None of the members of the board of directors of Atorka Group hf. has, during the course of the last five years, received any convictions in relation to fraudulent offences. Furthermore none of them has, in the last five years, been a senior manager, member of the administrative, management or supervisory bodies of a company which has been a part of or associated with bankruptcy, receivership or liquidation in the previous five years. None of them has in the last five years been convicted for any criminal act or been subjected to sanctions by statutory or regulatory authorities. Furthermore, none of them has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

Senior Management

The CEO is in charge of the day operations of the Company and represents the Company in all matters concerning normal operations. The CEO manages the accounts of the Company and hires its employees. The CEO provides the board of directors and auditors with all necessary information on the operations of the Company which they might request and should be granted according to statutory law. Key employees of Atorka are:

Name	NRN	Address	Occupation
Magnús Jónsson	250477-5389	Tjaldanes 15, Gardabær	CEO, Atorka Group hf
Benedikt Olgeirsson	041061-2949	Hnotuberg 13, Hafnarfjörður	Managing Director
Ína Edda Thórsdóttir	290872-5539	Arnará 8, Gardabær	Finance Director

Magnús Jónsson was born on 25 April 1977. He became CEO of Atorka Group in November 2005. Mr Jónsson has extensive experience of investment operations. Between 1998-2001 he was as a fund manager at Kaupthing. The following year he served as managing director of the venture fund Uppspretta. From 2002-2005 he was managing director of Ránarborg hf. and related investments, and he was a member of the boards of numerous companies, including Jarðboranir 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. Mr Jónsson was elected chairman of the board of Atorka in February 2004. He is chairman of the boards of Renewable Energy Resources, Jarðboranir, and Promens, and he is a member of the boards of Enex and Björgun. In April 2005, Mr Jónsson was acting chairman of the board of Atorka until he was hired as CEO of the Company.

Related Parties: Magn-Capital, Skessa, Fjárfestingarfélagid Móatún

Own holding of shares: None Call Options: 60,000,000. The call options were issued on 19 February 2007 and the contract price is 6.816. Mr Jónsson is entitled to exercise one third of the call options each year, for the first time in 2008.

Holdings of financially related parties: 464,087,944. Included in this amount are 45,000,000 shares which Mr Jónsson purchased in the Company in 2005, at a price of 6.05. Mr Jónsson made an agreement with the Issuer in 2005 protecting him from any possible loss which may arise from the difference between the market price and the agreement price. From that time Mr Jónsson has had the right to sell back those shares at the

end of the agreement period. The right conferred by the agreement may be exercised in three even annual steps, for three years, beginning in 2006. The agreed price is ISK 6.05 per share, plus cost of capital. According to the agreement Mr Jónsson is not obliged to sell his shares in Atorka Group hf. in order to obtain compensation for any possible loss. Mr Jónsson still owns his shares in the Issuer.

Benedikt Olgeirsson was born on 4 October 1961. He was appointed 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 site manager until he joined Eimskip. From 1993 until 1997 he directed Eimskip's operations in the Reykjavík container terminal at Sundahöfn, whereupon he became director of domestic transport for Eimskip. During the period 1999-2003 he served as managing director of Eimskip's operations in Hamburg. From 2004 to 2005 he was managing director of Parlogis hf., one of Atorka's subsidiaries

Related Parties: Eignarhaldsfélagid Hnota ehf.

Own holding of shares: None. Call Options: 12,000,000. The call options were issued on 19 February 2007 and the contract price is 6.816. Mr Olgeirsson is entitled to exercise one third of the call options each year, for the first time in 2008.

Holdings of financially related parties: 38,756,198. Mr Olgeirsson made an agreement with the Issuer in 2005 protecting him from any possible loss which may arise from the difference between the market price and the agreement price. From that time Mr Olgeirsson has had the right to sell back those shares at the end of the agreement period. The right conferred by the agreement may be exercised in three even steps, for three years, beginning 2006. The agreed price is ISK 6.05 per share, plus cost of capital. According to the agreement Mr Olgeirsson is not obliged to sell his shares in Atorka Group hf. in order to obtain compensation for any possible loss. Mr Olgeirsson still owns his shares in the Issuer.

Ína Edda Thórsdóttir, Atorka Group's chief finance director, was born on 29 August 1972. She was hired as a finance director for Atorka Group in April 2006. She graduated from the University of Iceland with a cand. oecon degree in business administration. Between 1997 and 2000 she worked for the University Hospital of Iceland as a business consultant. From 2000 until 2006 she worked as a finance director of 10-11 supermarket. She was also a board member of 10-11.

Related Parties: None

Own holding of shares: None. Call Options: 6,000,000. The call options were issued on 19 February 2007 and the contract price is 6.816. Ms Thórsdóttir is entitled to exercise one third of the call options each year, for the first time in 2008

Auditors

A state authorised public accountant or accounting firm is elected as the auditor at each annual general meeting of Atorka Group hf. for a term of one year. The auditor examines the Company's accounts and all relevant accounting documents for each year of operation, and has access to all the Company's books and documents for this purpose. Auditors are not elected from among the members of the board of the Company or employees. The qualifications and eligibility of the auditor at elections are in other respects governed by law.

The chartered accountant and registered auditor of Atorka Group hf. is Sighvatur Halldórsson, ID-No. 050465-4319, and Kristinn Freyr Kristinsson, ID-No. 090873-5049 of PricewaterhouseCoopers hf., ID-No. 690681-0139 Skógarhlíd 12, Reykjavík, Iceland.

Compliance officer

A compliance officer is employed within the Company. The compliance officer is directly responsible to the CEO and is independent in his or her duties. The compliance officer monitors the implementation of insider rules adopted by the Company, including rules regarding securities trading by employees and primary insiders. The compliance officer is responsible for interpreting the rules, and takes decisions based on the rules. The compliance officer makes proposals for improved working procedures for various positions within the Company and helps develop and maintain the compliance monitoring system.

e. Employees

The total number of employees in investment projects with Atorka as leading investor was approximately 8,000 at the end of 2006, compared with approximately 4,500 at the end of 2005.

Atorka Group had eight employees at the end of 2006, compared with six at the end of 2005.

f. Major Shareholders

Share capital in Atorka Group

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

Twenty largest shareholders as of 14. June 2007

Shareholder	Number of shares	Voting rights (%)
Skessa ehf	367.310.494,00	10,89 %
Harðbakur ehf	302.970.997,00	8,98 %
Ránarborg hf	282.028.900,00	8,36 %
Eagle Investments Holdings S.A.	178.169.450,00	5,28 %
LI-Hedge	174.651.819,00	5,18 %
Landsbanki Luxembourg S.A.	159.708.098,00	4,73 %
Landsbanki Íslands hf, aðalstöðvar	130.553.444,00	3,87 %
Atorka Group hf	114.805.289,00	3,40 %
Mávur ehf	102.309.572,00	3,03 %
Lífeyrissjóðir Bankastræti 7	80.017.820,00	2,37 %
Bygg invest ehf	71.331.338,00	2,11 %
Magn-Capital ehf	49.829.398,00	1,48 %
Fjárfestingafélagið Móatún ehf	46.948.052,00	1,39 %
Eignarhaldsfélagið Hnota ehf	38.756.198,00	1,15 %
GLB Hedge	36.302.900,00	1,08 %
Raffeyisen Zentralbank Österr.	30.000.000,00	0,89 %
Arion safnreikningur	25.597.446,00	0,76 %
Þorsteinn Vilhelmsson	24.620.720,00	0,73 %
Icebank hf	23.000.000,00	0,68 %
MP Fjárfestingarbanki hf	20.467.798,00	0,61 %
20 largest shareholders	2.255.387.074,00	66,97 %
Total share capital	3.373.650.000,00	

g. Notes on the main shareholders of Atorka Group hf

Shareholders of Atorka	<i>Owners of holding companies which own shares in Atorka</i>	<i>Primary insiders of Atorka</i>	<i>Primary insider's position within the holding companies</i>	<i>Primary insider's connection to Atorka</i>
Skessa ehf	50% Hardbakur ehf	Thorsteinn Vilhelmsson	Owner and chairman of the board	Chairman of the board CEO
	50% Mylsna ehf (Magnús Jónsson)	Magnús Jónsson	Owner	
Hardbakur ehf	100% Ránarborg hf	Thorsteinn Vilhelmsson	Owner and member of the board	Chairman of the board managing director
Ránarborg hf	100% Thorsteinn Vilhelmsson and family	Thorsteinn Vilhelmsson	Owner and member of the board	Chairman of the board
Mávur ehf	100% Hardbakur ehf	Karl Axelsson	Managing director and member of the board	Member of the board
Eagle Investment Holdings S.A. Fjárfestingarfélagid Ernir	100% Örn Andrésón	Örn Andrésón	Owner	Member of the board
Magn-Capital ehf	100% Magnús Jónsson	Magnús Jónsson	Owner	CEO
Hnota ehf. Holding Company	100% Benedikt Olgeirsson	Benedikt Olgeirsson	Owner	Managing director
Fjárfestingafélagid Móatún	100% Magnús Jónsson	Magnús Jónsson	Owner	CEO

h. Related Party Transactions.

Atorka Group hf. does not believe that it has entered into any transactions with its subsidiaries, shareholders, employees or related parties otherwise than on arm's length terms and in a context which may be regarded as being in the ordinary course of its business.

i. Material adverse change.

Since the date of the latest published financial information, i.e. the annual accounts of Atorka Group hf. for the operating year 2006 Atorka has bought a majority stake in 3X Technology ehf. with the investment company Straumborg. 3X Technology uses the most advanced technology and design to produce high quality processing equipment and tailor-made solutions for customers in the food industry all over the world. Atorka increased its share in InterBulk Investments plc. to about 40% and is the largest shareholder in the Company. Atorka acquired an approximately 30% stake in Clyde Process Solutions plc (CPS). CPS is a world leader in the production of highly developed pneumatic conveying systems for production processes as well related solutions for filtration and pollution reduction.

Atorka sold Icepharma hf. and Parlogis hf in May. Järdboranir have purchased 3 high tech German rigs for over ISK 6 billion to support expansion and growth in Europe with focus on Germany

The Issuer submits that there has not been any other material adverse change in the prospects, of the Issuer since the latest published audited financial information, i.e. the annual account of Atorka Group hf. for the operating year 2006,

The Issuer also submits that there has not been any other significant change in the financial and trading position of its group since the date of 1st quarter of 2007 reviewed without remarks by Pricewaterhouse-Coopers hf.

9. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

Operations

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.

The 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 the preparation of the Separate 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.

Users of these Separate Parent Company Financial Statements should read them together with the Consolidated Financial Statements for the Group for the year 2006 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.

In January 2006 the Company acquired all shares in Jarðboranir hf as a result of a takeover bid made in December 2005. The consideration paid for Jarðboranir's shares were shares in Atorka. The exchange rate was 6 Atorka shares for 25 Jarðboranir shares. To fund the acquisition Atorka issued 600,000,000 new shares at the price ISK 6 per share. Those shares were paid to Jarðboranir's shareholders at the conclusion of the tender offer between 17-23 January 2006. As a consequence Atorka's equity increased by ISK 3,600 million.

At the end of 2006 Líf hf. and Volcano Finance ehf. were merged into Atorka.

The Company's accounts for the years ending 31 December 2005 and 31 December 2006, respectively, have been audited and the annual accounts for these years have been endorsed without comment by PricewaterhouseCoopers hf., the Company's independent auditors. The account for the 1st quarter of 2007 has been reviewed without remarks by PricewaterhouseCoopers hf.

The parent company's net profit 2006 after taxes amounted to ISK 6,739 million, and 3,031 million in Q1 2007. The parent company's equity 2006 amounted to ISK 17,226 million and the parent company's equity ratio was 40.0% at the end of the year 2006. The parent company's equity Q1 2007 amounted to ISK 18,459 million.

PARENT COMPANY

Income Statement

	2007 Q1	2006	2005
Financial income			
Interest income and other financial income.....	290,826	384,994	387,875
Dividend income.....	76,245	1,121,835	1,479,725
Fair value changes on investments and other financial assets.....	4,006,139	9,240,468	960,307
	<u>4,373,210</u>	<u>10,747,297</u>	<u>2,827,906</u>
Financial expenses			
Interest expenses.....	(967,408)	(1,918,720)	(710,270)
Net financial income	<u>3,405,802</u>	<u>8,828,577</u>	<u>2,117,636</u>
Operating expenses			
Administration cost.....	251,825	475,499	331,162
Other operating expenses.....	44,229	381,397	281,322
	<u>296,054</u>	<u>856,896</u>	<u>612,483</u>
Impairment of goodwill.....	0	0	(248,836)
Net profit before taxes	3,109,748	7,971,681	1,256,317
Income tax.....	(78,031)	(1,232,740)	235,076
Net profit	<u>3,031,717</u>	<u>6,738,941</u>	<u>1,491,392</u>

Balance Sheet

Assets	31.03.2007	31.12. 2006	31.12. 2005
	Q1		
Non-current assets			
Loans and other receivables.....	3,724,086	4,293,996	1,726,446
Current assets			
Loans and other receivables.....	1,747,923	741,235	512,037
Financial assets at fair value through profit and loss.....	39,856,185	33,271,552	16,866,563
Derivative financial instruments.....	365,723	0	15,939
Cash and cash equivalents.....	5,425,625	4,721,197	878,991
	<u>47,395,456</u>	<u>38,733,984</u>	<u>18,273,530</u>
Total assets	<u><u>51,119,542</u></u>	<u><u>43,027,980</u></u>	<u><u>19,999,976</u></u>
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital.....	3,261,092	3,066,617	2,741,737
Share premium.....	6,066,264	4,688,972	3,114,687
Legal reserve.....	655,195	650,872	315,975
Retained earnings.....	8,476,332	8,819,559	3,571,830
Total shareholders' equity	<u>18,458,883</u>	<u>17,226,020</u>	<u>9,744,229</u>
Liabilities			
Non-current liabilities			
Deferred tax liability.....	2,002,361	1,924,330	323,183
Borrowings.....	21,626,740	18,854,738	9,286,680
	<u>23,629,101</u>	<u>20,779,069</u>	<u>9,609,862</u>
Current liabilities			
Trade and other payables.....	3,615,464	357,551	442,223
Borrowings.....	5,393,976	4,665,341	199,283
Derivative financial instruments.....	22,118	0	4,378
	<u>9,031,558</u>	<u>5,022,892</u>	<u>645,884</u>
Total liabilities	<u>32,660,659</u>	<u>25,801,960</u>	<u>10,255,747</u>
Total shareholders' equity and liabilities	<u><u>51,119,542</u></u>	<u><u>43,027,980</u></u>	<u><u>19,999,976</u></u>

Statement of Cash Flow

	2007 Q1	2006	2005
Cash flow from operating activities			
Net earnings.....	3,031,717	6,738,941	1,491,392
Items not affecting cash:			
Fair value changes on investments and other financial assets.....	(3,662,242)	(9,366,849)	(2,183,680)
Income tax.....	78,031	1,601,148	(243,049)
Other changes.....	(269,560)	(270,133)	248,836
Working capital to operating activities	<u>(822,054)</u>	<u>(1,296,893)</u>	<u>(686,500)</u>
Changes in operating assets:			
Trade and other receivables, increase (decrease).....	(127,896)	(417,937)	1,114,470
Current liabilities, increase (decrease).....	2,384,272	(84,673)	132,996
	<u>2,256,375</u>	<u>(502,610)</u>	<u>1,247,466</u>
Net cash (to) from operating activities	<u>1,434,322</u>	<u>(1,799,503)</u>	<u>560,966</u>
Cash flows (to) investment activities			
Purchase of shares in companies.....	(8,356,207)	(18,008,046)	(15,174,357)
Proceeds from sale of shares in companies.....	5,431,169	15,111,400	9,415,464
Loans granted.....	(466,141)	(2,084,796)	0
Proceeds of other securities.....	0	0	(25,485)
	<u>(3,391,179)</u>	<u>(4,981,442)</u>	<u>(5,784,379)</u>
Cash flows from financing activities			
Proceeds from issue of shares.....	(452,424)	(2,331,157)	102,333
Dividends paid.....	(1,226,912)	(975,041)	(818,617)
New long-term liabilities.....	5,590,620	10,841,465	4,548,729
Payments of long term liability.....	(1,250,000)	(900,000)	(1,178,571)
	<u>2,661,285</u>	<u>6,635,267</u>	<u>2,653,872</u>
(Decrease) of cash	704,428	(145,678)	(2,569,540)
Cash at beginning of the year.....	4,721,197	878,991	3,448,531
Cash from Volcano Finance ehf and Líf hf (note 20).....	0	3,987,885	0
Cash at end of year	<u>5,425,625</u>	<u>4,721,197</u>	<u>878,991</u>

The Group's net loss after taxes 2006 amounted to ISK 486 million. The Group's net profit Q1 2007 amounted to 459 million. The Group's equity 2006 amounted to ISK 12,272 million and the Group's equity ratio was 12.4% at the end of the year. The Group's equity Q1 2007 amounted to ISK 10,318 million.

The consolidated annual statement is as of 31 December 2006; therefore, acquisitions during the year are not fully included. They are included in operations as of the date of purchase. During the year, Promens, a subsidiary of Atorka, purchased EPI and Polimoon. These companies are not reflected in the Atorka Group until 30 April 2006 (EPI) and 27 December 2006 (Polimoon). During the year, the Company has invested in restructuring, which resulted in one-off expenses totalling ISK 499 million. One-off costs related to the acquisition of Polimoon in the amount of ISK 376 million were charged during the year.

CONSOLIDATED

Consolidated Income Statement

	2,007 Q1	2006	2005
Financial Income			
Dividend income.....	76,245	121,835	219,279
Fair value changes on investments and other financial assets.....	681,113	1,096,907	1,722,177
Interest income and other related financial income.....	296,995	575,793	782,106
Interest expenses.....	<u>(1,579,449)</u>	<u>(3,717,594)</u>	<u>(1,344,761)</u>
Net financial income	<u>(525,096)</u>	<u>(1,923,059)</u>	<u>1,378,800</u>
Operating income			
Sales.....	20,117,252	31,185,370	16,288,242
Other operating income	34,010	386,705	740,863
Total operating income	<u>20,151,262</u>	<u>31,572,075</u>	<u>17,029,105</u>
Operating expenses			
Cost of sales, production - and processing cost.....	16,748,132	24,161,046	13,167,034
Administrative and other operating expenses.....	2,457,222	6,413,317	4,299,994
Restructuring expenses.....	0	498,833	0
Total operating expenses	<u>19,205,354</u>	<u>31,073,196</u>	<u>17,467,028</u>
Net profit (loss) of disposal group held for sale.....	8,428	249,861	(19,327)
Impairment of goodwill and reversal of badwill.....	0	(138,441)	301,721
(Loss) profit before income tax	<u>429,240</u>	<u>(1,312,760)</u>	<u>1,223,271</u>
Income tax.....	29,461	826,569	265,793
Net (loss) profit	<u>458,701</u>	<u>(486,191)</u>	<u>1,489,065</u>
Attributable to:			
Equity holders of the company.....	384,062	(456,755)	1,484,660
Minority Interest.....	<u>74,637</u>	<u>(29,436)</u>	<u>4,405</u>
	<u>458,699</u>	<u>(486,191)</u>	<u>1,489,065</u>

Consolidated Balance Sheet

Assets	Notes	31.3 2007 Q1	31.12 2006	1.1 2006
Non-current assets				
Property, plant and equipment	13	23,124,430	24,523,458	3,549,147
Goodwill and other intangible assets	14	21,577,594	27,404,566	5,867,808
Loans and receivables	16	1,507,007	845,239	219,543
Available for sale financial assets	27	88,400	101,123	2,511
Derivative financial instruments	18	140,383	101,302	0
Deferred income tax assets	22	799,019	1,024,196	248,238
		<u>47,236,833</u>	<u>53,999,884</u>	<u>9,887,247</u>
Current assets				
Inventories and construction in progress	15	7,836,014	9,363,704	2,642,021
Land and building construction		388,440	395,346	0
Trade and other receivables	16	15,519,715	16,237,426	3,953,496
Financial assets at fair value through profit and loss	26	11,848,896	6,195,185	12,268,318
Derivative financial instruments	18	376,904	47,776	15,939
Cash and cash equivalents	17	10,255,972	13,050,735	2,809,732
		<u>46,225,941</u>	<u>45,290,172</u>	<u>21,689,506</u>
Assets in disposal group classified as held for sale		7,024,458	0	1,961,013
Total assets		<u><u>100,487,232</u></u>	<u><u>99,290,056</u></u>	<u><u>33,537,766</u></u>
Equity				
Capital and reserves attributable to equity holders of Atorka Group hf				
Share capital	24	3,261,092	3,066,617	2,741,737
Share premium		6,066,264	4,688,972	3,114,687
Fair value and other reserves	25	584,875	990,089	505,626
Retained earnings		(1,034,449)	1,956,432	3,569,502
		<u>8,877,781</u>	<u>10,702,109</u>	<u>9,931,553</u>
Minority interest		1,439,926	1,570,020	8,240
Total equity		<u>10,317,707</u>	<u>12,272,130</u>	<u>9,939,793</u>
Liabilities				
Non-current liabilities				
Convertible loan assumed by a subsidiary	21	3,822,467	4,083,501	0
Borrowings	20	46,536,427	49,405,422	14,572,796
Deferred income tax liabilities	22	1,285,073	1,339,838	643,344
Derivative financial instruments	18	0	6,762	0
Retirement benefit obligations	32	981,748	1,074,095	56,136
		<u>52,625,715</u>	<u>55,909,618</u>	<u>15,272,276</u>
Current liabilities				
Trade and other payables	19	22,384,514	20,212,354	5,145,432
Current tax liabilities		285,556	191,992	98,770
Borrowings	20	11,780,262	10,701,955	1,438,254
Derivative financial instruments	18	54,700	2,008	4,378
		<u>34,505,032</u>	<u>31,108,309</u>	<u>6,686,835</u>
Liabilities in disposal group classified as held for sale		3,038,776	0	1,638,863
Total liabilities		<u>90,169,523</u>	<u>87,017,927</u>	<u>23,597,973</u>
Total equity and liabilities		<u><u>100,487,230</u></u>	<u><u>99,290,056</u></u>	<u><u>33,537,766</u></u>

Consolidated Cash Flow Statement

	2007 Q1	2006	2005
Cash flows from (to) operating activities	1,845,174	365,182	349,757
Cash flows (to) from investments activities	(6,472,267)	(17,853,762)	(7,729,210)
Cash flows from financing activities	<u>2,576,357</u>	<u>27,605,484</u>	<u>5,787,161</u>
Increase (decrease) of cash	(2,050,736)	10,116,904	(1,592,292)
Exchange gains/(losses) on cash and bank overdrafts	(348,220)	124,099	(4,109)
Cash and cash equivalents at beginning of year	12,654,928	2,809,732	4,406,133
Cash at end of period	<u>10,255,972</u>	<u>13,050,735</u>	<u>2,809,732</u>