

Icelandic Group Plc.

Condensed Consolidated Interim Financial Statements 1 January - 31 March 2007 in Euro

Icelandic Group Plc.
Borgartún 27
105 Reykjavík

Reg. no. 461296-2119

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Endorsement by the Board of Directors and the CEO

The condensed consolidated interim financial statements of Icelandic Group Plc. for the period from 1 January to 31 March 2007 have been prepared in accordance with International Financial Reporting Standards (IFRSs) for Interim Financial Statements (IAS 34). The interim financial statements comprise the consolidated interim financial statements of Icelandic Group Plc. and its subsidiaries.

Icelandic Group Plc. has sold all of its shares in VGI ehf. The agreement became effective 20 April 2007 and new owners took over the company from that date. Sales proceedings will be incorporated in Q2 interim financial statements 2007.

According to the income statement profit for the period from 1 January to 31 March 2007 amounted to €2.3 million. The Group's income amounted to €386.8 million for the period. According to the balance sheet total assets at the end of March amounted to €911.7 million and stockholders' equity amounted to €176.7 million. The equity ratio of the Group was 19.4%.

The Board of Directors and the CEO of Icelandic Group Plc. hereby confirm the Company's consolidated interim financial statements for the period from 1 January to 31 March 2007 by means of their signatures.

Reykjavík, 24 May 2007.

Board of Directors:

Magnús Þorsteinsson

Aðalsteinn Helgason

Baldur Örn Guðnason

Guðmundur P. Davíðsson

Steingrímur H. Pétursson

CEO:

Björgólfur Jóhannsson

Consolidated Interim Income Statement

for the three months ended 31 March 2007

Q 1			
1 January - 31 March			
	Notes	2007	2006
Sales		385,161	382,207
Cost of goods sold		(342,927)	(340,533)
Gross profit		42,234	41,674
Other operating income		1,656	1,411
Operating expenses		(34,334)	(37,083)
Share of loss of associates		(43)	0
Operating profit		9,513	6,002
Finance income		3,648	2,660
Finance expenses		(9,520)	(6,533)
Net finance costs	3	(5,872)	(3,873)
Profit before income tax		3,641	2,129
Income tax		(1,354)	(1,115)
Profit for the period		2,287	1,014
Attributable to:			
Equity holders of the parent		2,280	1,014
Minority interest		7	0
Profit for the period		2,287	1,014
Earnings per Share:			
Basic & diluted earnings per share (each share is 1 Icelandic króna)		0.0008	0.0004

Consolidated Balance Sheet as at 31 March 2007

	Notes	31.3.2007	31.12.2006
Assets:			
Property, plant and equipment		122,569	124,403
Intangible assets		255,025	256,077
Investment in equity accounted investees		2,003	2,057
Other investments	4	14,356	11,062
Bonds and other long-term receivables		3,942	3,936
Deferred tax assets		9,778	9,747
Total non-current assets		<u>407,673</u>	<u>407,282</u>
Inventories		277,684	299,157
Trade and other receivables		195,697	179,089
Cash and cash equivalents		30,596	21,222
Total current assets		<u>503,977</u>	<u>499,468</u>
Total assets		<u><u>911,650</u></u>	<u><u>906,750</u></u>
Equity:			
Share capital		36,859	36,912
Share premium		151,551	151,892
Reserves (deficit)	5	(13,970)	(12,564)
Retained earnings		2,280	0
Total equity attributable to equity holders of the parent		<u>176,720</u>	<u>176,240</u>
Minority interest		24	1
Total equity		<u>176,744</u>	<u>176,241</u>
Liabilities:			
Loans and borrowings	6	214,851	219,752
Deferred income tax liability		8,294	8,430
Total non-current liabilities		<u>223,145</u>	<u>228,182</u>
Loans and borrowings	6	356,568	342,460
Trade and other payables		155,193	159,867
Total current liabilities		<u>511,761</u>	<u>502,327</u>
Total liabilities		<u>734,906</u>	<u>730,509</u>
Total equity and liabilities		<u><u>911,650</u></u>	<u><u>906,750</u></u>

Consolidated Interim Statement of Changes in Equity

for the three months ended 31 March 2007

	Notes	Share capital	Share premium	Reserves (deficit)	Retained earnings	Minority interest	Total equity
Changes in equity in Q1 2006:							
Equity as at 1.1.2006		27,570	84,873	3,377	882	39	116,741
Currency fluctuations on subsidiaries not reporting in euros				(4,405)			0
Profit for the period					1,014		1,014
Total recognised income and expense for the period				(4,405)	1,014	0	(3,391)
New shares issued		7,708	65,096				72,804
Equity as at 31.3.2006		35,278	149,969	(1,028)	1,896	39	186,154
Changes in equity in Q1 2007:							
Equity as at 1.1.2007		36,912	151,892	(12,564)	0	1	176,241
Currency fluctuations on subsidiaries not reporting in euros				(1,406)			0
Profit for the period					2,280	7	2,287
Total recognised income and expense for the period				(1,406)	2,280	7	881
Minority interest, change						16	16
Own shares purchased		(53)	(341)				(394)
Equity as at 31.3.2007		36,859	151,551	(13,970)	2,280	24	176,744

Consolidated Interim Statement of Cash Flows

for the three months ended 31 March 2007

		Q1	
		1 January - 31 March	
	Notes	2007	2006
Cash flows from operating activities:			
Operating profit		9,513	6,002
Difference between operating profit and cash from operations:			
(Gain) loss on sale of assets .....	(	46)	95
Depreciation and amortisation		4,657	4,447
Share of loss of associates		43	0
Change in operating assets and liabilities .....	(	3,445)	(6,437)
Cash generated from operations		10,722	4,107
Interest income received		779	242
Interest expenses paid .....	(	8,340)	(5,754)
Income tax paid		213	(570)
Net cash from (used in) operating activities		3,374	(1,975)
Cash flows from investing activities:			
Investment in property, plant and equipment .....	(	3,000)	(5,115)
Proceeds from sale of property, plant and equipment		224	490
Investment in intangible assets .....	(	464)	(99)
Acquisition of subsidiaries, net of cash acquired .....	(	268)	4,449
Increase (decrease) in bonds and other receivables		1,127	(3,223)
Net cash used in investing activities	(	2,381)	(3,498)
Cash flows from financing activities:			
Minority share in capital stock		16	0
Purchase of own shares .....	(	394)	0
Long-term debt proceeds		1,481	4,445
Long-term debt repaid .....	(	21,127)	(2,775)
Short-term debt, proceeds		28,651	826
Net cash from financing activities		8,627	2,496
Increase (decrease) in cash and cash equivalents		9,620	(2,977)
Effect of exchange rate fluctuations of cash held .....	(	246)	(475)
Cash and cash equivalents at 1 January		21,222	29,883
Cash and cash equivalents at 31 March		30,596	26,431
Investing and financing activities not affecting cash flows:			
Investments in subsidiaries		0	(74,357)
Share issue		0	72,841
Short-term borrowings		0	1,516

Notes to the Interim Financial Statements

Significant accounting policies

a. *Reporting entity*

Icelandic Group Plc. is a company domiciled in Borgartún 27, Reykjavík, Iceland. The consolidated interim financial statements of the Company as at and for the three-month period ended 31 March 2007 comprise the Company and its subsidiaries, together referred to as the "Group" and the Group's interest in associates. The Group is involved in manufacturing and marketing of seafood in international markets. The consolidated interim financial statements were authorised for issuance by the board of directors on 24 May 2007.

b. *Statement of compliance*

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

c. *Basis of preparation*

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

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

Segment Reporting

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

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

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

Business segments

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

Notes, contd.:

1. Contd.:

Geographical segments

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

Business segments

1 January to 31 March 2007

Income Statement:	Production companies	Sales and marketing companies	Holding and servicing companies	Eliminations	Consolidated
Sales to external customers	278,256	103,215	3,690	0	385,161
Inter-segment sales	41,794	46,850	858	(89,502)	0
Total segment sales	320,050	150,065	4,548	(89,502)	385,161
Segment results	8,327	1,158	28	0	9,513
Net finance costs	(5,730)	(1,450)	1,308	0	(5,872)
Profit before income tax	2,597	(292)	1,336	0	3,641
Income tax	(1,154)	(117)	(83)	0	(1,354)
Profit (loss) for the period	1,443	(409)	1,253	0	2,287

1 January to 31 March 2006

Income Statement:	Production companies	Sales and marketing companies	Holding and servicing companies	Eliminations	Consolidated
Sales to external customers	273,006	106,664	2,537	0	382,207
Inter-segment sales	34,759	40,608	702	(76,069)	0
Total segment sales	307,765	147,272	3,239	(76,069)	382,207
Segment results	6,080	(193)	115	0	6,002
Net finance costs	(4,140)	(1,161)	1,428	0	(3,873)
Profit before income tax	1,940	(1,354)	1,543	0	2,129
Income tax	(692)	(168)	(255)	0	(1,115)
Profit (loss) for the period	1,248	(1,522)	1,288	0	1,014

Geographical segments

1 January to 31 March 2007

	USA	UK	Europe without UK	Asia	Eliminations	Consolidated
Sales	116,032	114,508	148,814	95,309	(89,502)	385,161

1 January to 31 March 2006

Sales	116,826	120,363	129,459	91,628	(76,069)	382,207
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Notes, contd.:

Quarterly Summary

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

	2007 Q1	2006 Q4	2006 Q3	2006 Q2	2006 Q1
Sales	385,161	358,312	367,896	362,901	382,207
Cost of goods sold	(342,927)	(326,274)	(323,954)	(325,845)	(340,533)
Gross profit	42,234	32,038	43,942	37,056	41,674
Other operating income	1,656	2,370	3,196	3,610	1,411
Operating expenses	(34,334)	(48,699)	(40,148)	(34,603)	(37,083)
Share of profit of associates	(43)	(184)	748	136	0
Operating profit (loss) - EBIT	9,513	(14,475)	7,738	6,199	6,002
Finance costs	(5,872)	(7,147)	(7,423)	(5,562)	(3,873)
Profit before income tax	3,641	(21,622)	315	637	2,129
Income tax	(1,354)	6,947	638	648	(1,115)
Profit (loss) for the period	2,287	(14,675)	953	1,285	1,014
Attributable to:					
Equity holders of the parent	2,280	(14,629)	953	1,289	1,014
Minority interest	7	(46)	0	(4)	0
Profit (loss) for the period	2,287	(14,675)	953	1,285	1,014
EBITDA	14,170	1,986	13,572	10,939	10,449
EBITDA ratio	3.7%	0.6%	3.7%	3.0%	2.7%

Net finance costs

3. Net finance costs are specified as follows:

	Q1 2007	Q1 2006
Interest income	354	266
Currency (loss) gain	0	2,281
Fair value changes on shares in other companies	3,294	113
Finance income, total	3,648	2,660
Interest expenses	(9,465)	(6,533)
Currency (loss) gain	(55)	0
Finance expenses, total	(9,520)	(6,533)
Net finance costs	(5,872)	(3,873)

Notes, contd.:

Investments in other companies

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

	31/03/2007		31/12/2006	
	Share	Carrying amount	Share	Carrying amount
Fishery Product International Ltd, Canada	15.8%	14,162	15.8%	10,868
Other companies (7/7)		194		194
Total investments in other companies		14,356		11,062

Equity

Reserves

5. Reserves are specified as follows:

	31/03/2007	31/12/2006
Own shares sold with put options	(852)	(852)
Translation reserve	(13,491)	(12,085)
Statutory reserve	373	373
Reserves total	(13,970)	(12,564)

Loans and borrowings

6. Loans and borrowings are specified as follows:

31.3.2007

Currency	Non-current borrowings	Current borrowings	Total
EUR	130,736	85,486	216,222
USD	10,943	120,321	131,264
GBP	69,256	34,389	103,645
ISK	503	42,156	42,659
DKK	13,600	17,667	31,267
JPY	3,892	18,577	22,469
CHF	767	11,086	11,853
CAD	0	8,544	8,544
NOK	0	2,051	2,051
SEK	0	1,445	1,445
Loans and borrowings, total	229,697	341,722	571,419
Current maturities of non-current liabilities	(14,846)	14,846	0
Loans and borrowings according to the balance sheet	214,851	356,568	571,419

Notes, contd.:

6. Contd.:

	Non-current borrowings	Current borrowings	Total
31.12.2006			
EUR	128,681	92,225	220,906
USD	11,375	127,230	138,605
GBP	92,424	36,256	128,680
DKK	13,913	11,089	25,002
JPY	3,930	17,945	21,875
CHF	802	11,140	11,942
CAD	0	8,567	8,567
NOK	0	3,370	3,370
ISK	1,697	84	1,781
SEK	0	1,484	1,484
Loans and borrowings, total	252,822	309,390	562,212
Current maturities of non-current liabilities	(33,070)	33,070	0
Loans and borrowings according to the balance sheet	219,752	342,460	562,212

Group companies

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

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

Notes, contd.:

Financial Ratios

8. Financial ratios for the consolidated interim financial statements:

	31.3.2007	31.12.2006
Current ratio	0.98	0.99
Equity ratio	19.4%	19.4%
Return on equity	5.3% (	5.7%)
Internal value	4.80	4.77
Change in price per share from the beginning of the period ..... (	21.1% ) (	20.8%)
Price per share (ISK)	6.9	7.6
Market value of the company	226,785	233,054
	Q1 2007	Q1 2006
EBITDA	14,170	10,449
EBITDA ratio	3.7%	2.7%