

Icelandic Group hf.
Condensed Consolidated
Interim Financial Statements
1 January - 30 June 2013
in Euro

Icelandic Group hf.
Borgartún 27
105 Reykjavík

Reg. no. 461296-2119

Contents

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

Endorsement and Statement by the Board of Directors and the CEO

The condensed consolidated interim financial statements of Icelandic Group hf. for the period from 1 January to 30 June 2013 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 hf. (the "Company") and its subsidiaries (the "Group").

According to the statement of comprehensive income, profit for the period from 1 January to 30 June 2013 amounted to € 1.2 million. The Group's income amounted to € 307.9 million for the period. According to the statement of financial position total assets at the end of June amounted to € 280.9 million and equity amounted to € 126.6 million. The equity ratio of the Group was 45.1%.

Statement by the Board of Directors and the CEO

The condensed consolidated interim financial statements for the six-month period ended 30 June 2013 have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and additional Icelandic disclosure requirements for consolidated financial statements.

According to our best knowledge it is our opinion that the condensed consolidated interim financial statements give a true and fair view of the consolidated financial performance of the Company for the six-month period ended 30 June 2013, its assets, liabilities and consolidated financial position as at 30 June 2013 and its consolidated cash flows for the six-month period ended 30 June 2013.

Further, in our opinion the consolidated financial statements and the endorsement by the Board of Directors and the CEO give a fair view of the development and performance of the Group's operations and its position and describes the principal risks and uncertainties faced by the Group.

The Board of Directors and the CEO have today discussed the condensed consolidated interim financial statements of Icelandic Group hf. for the six-month period ended 30 June 2013 and confirm them by means of their signatures.

Reykjavík, 29 August 2013.

Board:

Herdís Dröfn Fjeldsted
Árni Geir Pálsson
Ingunn Björk Vilhjálmsdóttir
Vilhjálmur Egilsson
Ævar Agnarsson

CEO:

Magnús Bjarnason

Independent Auditor's Review Report

The Board of Directors of Icelandic Group hf.

We have reviewed the accompanying consolidated statement of financial position of Icelandic Group hf. as of 30 June 2013 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

Reykjavík, 29 August 2013.

KPMG ehf.

Sæmundur Valdimarsson
Margrét G. Flóvenz

Consolidated Statement of Comprehensive Income for the six months ended 30 June 2013

	Notes	Q 2		Q 1 - 2	
		1 April - 30 June 2013	2012	1 January - 30 June 2013	2012
Sales		155.306	141.374	307.886	288.121
Cost of goods sold		(138.583)	(128.683)	(273.622)	(260.766)
Gross profit		16.723	12.691	34.264	27.355
Other operating income	3	0	15	0	20
Operating expenses		(15.103)	(11.508)	(29.461)	(24.155)
Share of profit of equity accounted investees, net of income tax		0	15	0	15
Operating profit		1.620	1.213	4.803	3.235
Finance income		82	1.328	232	1.974
Finance costs		(921)	(1.814)	(2.178)	(2.875)
Net finance costs	4	(839)	(486)	(1.946)	(901)
Profit before income tax		781	727	2.857	2.334
Income tax	5	(786)	(151)	(1.688)	(625)
(Loss) profit for the period		(5)	576	1.169	1.709
Other Comprehensive (loss) income					
Foreign currency translation differences for foreign operation		(3.977)	2.129	(3.724)	2.382
Other comprehensive (loss) income for the period		(3.977)	2.129	(3.724)	2.382
Total comprehensive (loss) income for the period		(3.982)	2.705	(2.555)	4.091
(Loss) profit for the period attributable to					
Equity holders of the Company		(5)	576	1.169	1.709
Total comprehensive (loss) income attributable to					
Equity holders of the Company		(3.982)	2.705	(2.555)	4.091
Earnings per share					
Basic and diluted earnings per share (each share is 1 Icelandic króna) .		(0,0000)	0,0003	0,0006	0,0008

Consolidated Statement of Financial Position as at 30 June 2013

	Notes	30.6.2013	31.12.2012
Assets			
Property, plant and equipment		41.682	43.780
Intangible assets		54.053	57.028
Other investments		1.372	1.614
Deferred tax assets		1.393	1.876
Total non-current assets		<u>98.500</u>	<u>104.298</u>
Inventories		63.745	70.981
Trade and other receivables		71.147	67.466
Restricted cash		0	14.174
Cash and cash equivalents		47.534	35.644
Total current assets		<u>182.426</u>	<u>188.265</u>
Total assets		<u><u>280.926</u></u>	<u><u>292.563</u></u>
Equity			
Share capital		8.050	8.050
Share premium		78.054	78.054
Reserves (deficit) .....	(	644)	3.080
Retained earnings		41.167	39.998
Total equity		<u>126.627</u>	<u>129.182</u>
Liabilities			
Loans and borrowings	6	39.790	43.702
Deferred income tax liability		3.302	3.778
Total non-current liabilities		<u>43.092</u>	<u>47.480</u>
Loans and borrowings	6	25.424	31.398
Trade and other payables		85.783	84.503
Total current liabilities		<u>111.207</u>	<u>115.901</u>
Total liabilities		<u>154.299</u>	<u>163.381</u>
Total equity and liabilities		<u><u>280.926</u></u>	<u><u>292.563</u></u>

Consolidated Statement of Changes in Equity for the six months ended 30 June 2013

	Share capital	Share premium	Reserves (deficit)	Retained earnings	Total equity
Changes in equity for six months ended 30 June 2012					
Equity as at 1.1.2012	11.169	108.296	2.761	55.903	178.129
Total comprehensive income for the period			2.382	1.709	4.091
Equity as at 30.6.2012	11.169	108.296	5.143	57.612	182.220
Changes in equity for six months ended 30 June 2013					
Equity as at 1.1.2013	8.050	78.054	3.080	39.998	129.182
Total comprehensive loss for the period			(3.724)	1.169	(2.555)
Equity as at 30.6.2013	8.050	78.054	(644)	41.167	126.627

Consolidated Statement of Cash Flows for the six months ended 30 June 2012

	Notes	Q 1 - 2	
		1 January - 30 June	
		2013	2012
Cash flows from operating activities			
Operating profit		4.803	3.235
Difference between operating profit and cash from operations:			
Net gain on sale of assets		0	(20)
Depreciation and amortisation		4.635	3.428
Share of profit of equity accounted investees		0	(15)
Working capital provided by operating activities		<u>9.438</u>	<u>6.628</u>
Changes in working capital:			
Inventories, decrease		3.710	817
Trade and other receivables, increase .....	(	6.221)	(1.532)
Trade and other payables, increase (decrease)		4.345	(7.076)
Cash generated from (used in) operating activities		<u>11.272</u>	<u>(1.163)</u>
Interest income received		120	447
Interest and finance costs paid .....	(	1.940)	(1.933)
Income tax paid .....	(	1.470)	(394)
Net cash generated from (used in) operating activities		<u>7.982</u>	<u>(3.043)</u>
Cash flows from investing activities			
Investment in property, plant and equipment .....	(	3.083)	(2.392)
Proceeds from sale of property, plant and equipment		158	51
Investment in intangible assets .....	(	161)	(238)
Restricted cash, decrease		14.107	(2.776)
Bonds and other receivables, decrease (increase)		89	163
Net cash generated from (used in) investing activities		<u>11.110</u>	<u>(5.192)</u>
Cash flows from financing activities			
Long-term debt proceeds		1.438	0
Long-term debt repaid .....	(	3.162)	(2.663)
Short-term debt, change .....	(	5.035)	(9.803)
Net cash used in financing activities	(	<u>6.759)</u>	<u>(12.466)</u>
Increase (decrease) in cash and cash equivalents		12.333	(20.701)
Effect of exchange rate fluctuations on cash held .....	(	443)	348
Cash and cash equivalents at 1 January		35.644	109.295
Cash and cash equivalents at 30 June		<u>47.534</u>	<u>88.942</u>

Notes

Significant accounting policies

a. Reporting entity

Icelandic Group hf. is a company domiciled in Borgartún 27, Reykjavík, Iceland. The condensed consolidated interim financial statements of the Company as at and for the six-month period ended 30 June 2013 comprise the Company and its subsidiaries, together referred to as the "Group" and individually as "Group entities", and the Group's interest in associates. The Group is involved in manufacturing and marketing of seafood in international markets.

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 2012.

The Consolidated interim financial statements were approved by the Board of Directors on 29 August 2013.

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 consolidated financial statements as at and for the year ended 31 December 2012.

The condensed consolidated interim financial statements are presented in euro, which is the Company's functional currency. All financial information presented in euro has been rounded to the nearest thousand.

d. Use of estimates and judgements

The preparation of condensed consolidated interim financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Notes, contd.:

1. Segment Reporting

Summary of the Group's segments results.

Business segments

1 January to 30 June 2013

Income Statement:	Production	Sales and marketing	Holding and servicing	Eliminations	Consolidated
Sales to external customers	192.489	115.178	219	0	307.886
Inter-segment sales	11.689	3.688	1.586	(16.963)	0
Total segment sales	<u>204.178</u>	<u>118.866</u>	<u>1.805</u>	<u>(16.963)</u>	<u>307.886</u>
Segment results	6.199	2.339	(3.735)	0	4.803
Net finance costs	(223)	(422)	(1.301)	0	(1.946)
Profit (loss) before income tax	5.976	1.917	(5.036)	0	2.857
Income tax	(1.668)	(789)	769	0	(1.688)
Profit (loss) for the period	<u>4.308</u>	<u>1.128</u>	<u>(4.267)</u>	<u>0</u>	<u>1.169</u>

1 January to 30 June 2012

Income Statement:

Sales to external customers	167.664	120.239	218	0	288.121
Inter-segment sales	10.954	5.906	1.027	(17.887)	0
Total segment sales	<u>178.618</u>	<u>126.145</u>	<u>1.245</u>	<u>(17.887)</u>	<u>288.121</u>
Segment results	3.692	963	(1.420)	0	3.235
Net finance costs	154	(979)	(76)	0	(901)
Profit (loss) before income tax	3.846	(16)	(1.496)	0	2.334
Income tax	(1.016)	(98)	489	0	(625)
Profit (loss) for the period	<u>2.830</u>	<u>(114)</u>	<u>(1.007)</u>	<u>0</u>	<u>1.709</u>

Notes, contd.:

2. Quarterly Summary

Summary of the Group's operating results by quarters:

	2013 Q1*	2013 Q2	Total
Sales	152.580	155.306	307.886
Cost of goods sold	(135.039)	(138.583)	(273.622)
Gross profit	17.541	16.723	34.264
Other operating income	0	0	0
Operating expenses	(14.358)	(15.103)	(29.461)
Share of profit of equity accounted investees, net of income tax	0	0	0
Operating profit - EBIT	3.183	1.620	4.803
Net finance costs	(1.107)	(839)	(1.946)
Profit before income tax	2.076	781	2.857
Income tax	(902)	(786)	(1.688)
Profit (loss) for the period	1.174	(5)	1.169

	2012 Q1*	2012 Q2	2012 Q3*	2012 Q4	Total
Sales	146.747	141.374	127.040	151.326	566.487
Cost of goods sold	(132.083)	(128.683)	(113.550)	(136.087)	(510.403)
Gross profit	14.664	12.691	13.490	15.239	56.084
Other operating income	5	15	5	7	32
Operating expenses	(12.647)	(11.508)	(14.347)	(13.147)	(51.649)
Share of profit of equity accounted investees, net of income tax	0	15	0	0	15
Operating profit (loss) - EBIT	2.022	1.213	(852)	2.099	4.482
Net finance costs	(415)	(486)	(1.732)	(834)	(3.467)
Profit (loss) before income tax	1.607	727	(2.584)	1.265	1.015
Income tax	(474)	(151)	145	(182)	(662)
Profit (loss) for the period	1.133	576	(2.439)	1.083	353

*Not reviewed by auditor

Notes, contd.:

3. Other income

Other operating income is specified as follows:

	2013	2012
	Q 1 - 2	Q 1 - 2
Net gain on sale of assets	0	20
Other operating income, total	<u>0</u>	<u>20</u>

4. Net finance costs

Net finance costs are specified as follows:

	2013	2012
	Q 1 - 2	Q 1 - 2
Interest income	232	400
Net currency gain	0	1.574
Finance income, total	<u>232</u>	<u>1.974</u>
Interest expenses	(1.813)	(2.875)
Fair value changes on shares in other companies	(5)	0
Net currency loss	(360)	0
Finance costs, total	<u>(2.178)</u>	<u>(2.875)</u>
Net finance costs	<u>(1.946)</u>	<u>(901)</u>

5. Income tax

The main reason for fluctuations in effective income tax rates in the statement of comprehensive income is explained by different geographical composition of profit or loss before taxes in individual companies and periods and tax assets that are not capitalized.

6. Loans and borrowings

Loans and borrowings are specified as follows:

	Non-current borrowings	Current borrowings	Total
30.6.2013			
Currency			
GBP	31.238	3.076	34.314
EUR	13.462	10.712	24.174
JPY	567	4.334	4.901
NOK	1.052	230	1.282
ISK	543	0	543
Loans and borrowings, total	<u>46.862</u>	<u>18.352</u>	<u>65.214</u>
Current maturities of non-current liabilities	(7.072)	7.072	0
Loans and borrowings according to the statement of financial position	<u>39.790</u>	<u>25.424</u>	<u>65.214</u>
31.12.2012			
GBP	35.344	4.990	40.334
EUR	11.982	9.276	21.258
JPY	696	8.876	9.572
NOK	1.904	0	1.904
USD	0	1.517	1.517
ISK	515	0	515
Loans and borrowings, total	<u>50.441</u>	<u>24.659</u>	<u>75.100</u>
Current maturities of non-current liabilities	(6.739)	6.739	0
Loans and borrowings according to the statement of financial position	<u>43.702</u>	<u>31.398</u>	<u>75.100</u>

Notes, contd.:

7. Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	30 June 2013		31 December 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Held-to-maturity investments	1.585	1.585	1.652	1.652
Financial assets designated at fair value				
through profit or loss	111	111	121	121
Loans and receivables	67.336	67.336	64.488	64.488
Restricted cash	0	0	14.174	14.174
Cash and cash equivalents	47.534	47.534	35.644	35.644
Loans and borrowings, non-current	(39.790)	(39.423)	(43.702)	(43.685)
Loans and borrowings, current	(25.424)	(25.424)	(31.398)	(31.398)
Trade and other payables	(85.783)	(85.783)	(84.503)	(84.503)
Gross balance exposure	(34.431)	(34.064)	(43.524)	(43.507)

8. Financial Ratios

Financial ratios for the consolidated interim financial statements:

	30.6.2013	31.12.2012
Current ratio (Current assets / Current liabilities)	1,64	1,62
Equity ratio (Total equity / (Total equity + Total liabilities))	45,1%	44,2%
Return on equity (Annualised result for the period / Average of total equity)	1,8%	0,2%
Internal value (Total equity / Share capital)	15,73	16,05
	2013	2012
	Q 1 - 2	Q 1 - 2
EBITDA (Earnings before interest, tax, depreciation and amortisation)	9.438	6.663
EBITDA ratio (EBITDA / Sales)	3,1%	2,3%