

**Atorka Group hf**

**Condensed Consolidated Interim Financial  
Statements January 1 to September 30, 2008**



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## Report from the Board of Directors and the CEO

Atorka Group hf (Atorka) is a progressive international investment company. Atorka's main investment strategy is to invest in companies, with strong cash flow generation, experienced management and growth potential, organic or external. Atorka looks, in general, to hold its investments for three to five years depending on an overall estimate for each given investment.

These Condensed Consolidated Interim Financial Statements comprise the financial statement of the parent company Atorka Group hf and all its subsidiaries. They have been prepared in accordance with International Financial Accounting Standards (IFRS) for Interim Financial Statements (IAS 34).

Atorka's Board of Directors and CEO wish to draw attention to the fact that, in view of the prevailing situation on financial markets, some of the items in its interim financial statements are subject to uncertainty. In preparing the interim financial statements, all assessments of assets and liabilities have been made with caution. In these statements the value of liabilities resulting from currency hedges have been reduced as deemed necessary and realistic, given the climate of uncertainty shrouding financial markets. Following the collapse of the Icelandic commercial banks, access to financing is limited. Atorka is currently negotiating with its banks on refinancing of debts owed to them.

Having regard to the above, the Board is of that opinion that all information necessary to perceive the Group's status as at September 30, 2008, its operational results for the period January 1 to September 30, 2008 and the Group's financial development is presented in the Condensed Consolidated Interim Financial Statements. The Group's net loss after taxes amounted to ISK 11,413 million. The Group's equity amounted to ISK 189 million.

Atorka has, in addition to these Condensed Consolidated Interim Financial Statements, prepared and publicly filed Condensed Separate Parent Company Interim Financial Statements. Users of these Condensed Consolidated Interim Financial Statements should read them together with the Condensed Separate Parent Company Interim Financial Statements as at and for the period ended September 30, 2008 in order to obtain complete information on the financial position, results of operations and changes in financial position of the Group and the parent company. The Condensed Separate Parent Company Interim Financial Statements have been approved and publicly filed at the same time as these Condensed Consolidated Interim Financial Statements.

The Board of Directors and Chief Executive Officer of Atorka Group hf hereby ratify the Condensed Consolidated Interim Financial Statements of Atorka Group hf for the period January 1 to September 30, 2008 with their signatures.

Kópavogur, November 28, 2008.

### Board of Directors of Atorka Group hf

Þorsteinn Vilhelmsson

Karl Axelsson

Hrafn Magnússon

Örn Andrésson

Ólafur Njáll Sigurðsson

### Chief Executive Officer of Atorka Group hf

Magnús Jónsson

## Condensed Consolidated Interim Income Statement

		2008	2007	2008	2007
	Notes	1.7 - 30.9	1.7 - 30.9	1.1 - 30.9	1.1 - 30.9
<b>Financial Income</b>					
Dividend income.....		106,236	22,016	170,127	117,837
Fair value changes on investments and other financial assets.....		1,334,536	391,745	(4,941,955)	1,343,901
Interest income and other related financial income.....	4	669,235	1,186,431	3,360,058	1,513,728
Interest expenses.....	4	(4,740,605)	(2,523,246)	(13,178,756)	(5,373,587)
Interest expenses - Convertible loan.....		(160,322)	(106,069)	(427,685)	(289,142)
<b>Net financial income</b>		<u>(2,790,919)</u>	<u>(1,029,123)</u>	<u>(15,018,210)</u>	<u>(2,687,263)</u>
<b>Operating income</b>					
Sales.....		23,715,646	17,111,451	69,151,951	52,939,099
Other operating income .....		245,575	21,265	710,856	236,674
<b>Total operating income</b>		<u>23,961,221</u>	<u>17,132,715</u>	<u>69,862,807</u>	<u>53,175,773</u>
<b>Operating expenses</b>					
Cost of sales, production - and processing cost.....		20,461,435	15,096,887	59,329,857	45,017,362
Administrative and other operating expenses.....		3,201,417	1,977,030	8,901,363	6,753,547
<b>Total operating expenses</b>		<u>23,662,852</u>	<u>17,073,917</u>	<u>68,231,220</u>	<u>51,770,909</u>
<b>Loss before income tax</b>		(2,492,550)	(970,325)	(13,386,623)	(1,282,399)
Income tax.....		(200,915)	14,678	1,974,085	(1,759)
<b>Loss for the period from continuing operations</b>		(2,693,466)	(955,647)	(11,412,539)	(1,284,158)
<b>Discontinued operations:</b>					
Net profit of disposal group held for sale and discontinued operations.....		0	3,655,756	0	3,758,205
<b>Net (loss) profit</b>		<u>(2,693,466)</u>	<u>2,700,109</u>	<u>(11,412,539)</u>	<u>2,474,047</u>
<b>Attributable to:</b>					
Equity holders of the company.....		(2,590,563)	2,689,137	(11,307,965)	2,399,851
Minority Interest.....		(102,903)	10,972	(104,574)	74,197
		<u>(2,693,466)</u>	<u>2,700,109</u>	<u>(11,412,539)</u>	<u>2,474,047</u>
<b>Loss per share</b>	7	(0.81)	0.84	(3.50)	0.75
<b>Diluted loss per share</b>	7	(0.82)	0.84	(3.50)	0.75
<b>Segment information</b>	3				

The notes on pages 7 - 11 are an integral part of the condensed consolidated interim financial statements.

## Condensed Consolidated Interim Balance Sheet

Assets	Notes	30.9 2008	31.12 2007
<b>Non-current assets</b>			
Property, plant and equipment .....		31,117,583	20,887,778
Goodwill and other intangible assets .....		24,576,945	14,718,056
Loans and receivables .....		2,330,282	2,926,496
Available for sale financial assets .....		77,546	50,388
Derivative financial instruments .....		294,326	319,382
Deferred income tax assets .....		2,739,513	933,869
		<u>61,136,196</u>	<u>39,835,969</u>
<b>Current assets</b>			
Inventories and construction in progress .....		12,748,182	7,988,094
Land and building construction .....		656,889	689,851
Trade and other receivables .....		20,611,624	12,667,251
Financial assets at fair value through profit and loss .....		25,763,196	29,316,431
Derivative financial instruments .....		0	90,613
Cash and cash equivalents .....		8,208,197	12,529,131
		<u>67,988,088</u>	<u>63,281,371</u>
Assets in disposal group classified as held for sale .....		0	551,656
<b>Total assets</b>		<u><u>129,124,284</u></u>	<u><u>103,668,997</u></u>
<b>Equity</b>			
<b>Capital and reserves attributable to equity holders of Atorka Group hf</b>			
Share capital .....	9	3,204,460	3,248,045
Share premium .....		5,434,132	5,862,131
Fair value and other reserves .....	10	4,713,188	521,934
Retained earnings .....		<u>(15,723,220)</u>	<u>(2,344,434)</u>
		(2,371,439)	7,287,676
<b>Minority interest</b>		<u>2,560,825</u>	<u>1,776,820</u>
<b>Total equity</b>		189,386	9,064,496
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Convertible loan assumed by a subsidiary .....		7,643,912	3,787,891
Borrowings .....		71,547,684	62,944,997
Deferred income .....		1,437,150	584,683
Deferred income tax liabilities .....		1,484,235	2,306,090
Derivative financial instruments .....		141,998	2,006
Retirement benefit obligations .....		<u>1,582,626</u>	<u>1,006,634</u>
		83,837,606	70,632,302
<b>Current liabilities</b>			
Trade and other payables .....		23,287,421	16,270,071
Current tax liabilities .....		163,790	70,077
Borrowings .....		19,420,840	7,008,733
Deferred income .....		136,906	57,730
Derivative financial instruments .....		<u>2,088,335</u>	<u>565,589</u>
		45,097,293	23,972,199
<b>Total liabilities</b>		128,934,898	94,604,501
<b>Total equity and liabilities</b>		<u><u>129,124,284</u></u>	<u><u>103,668,997</u></u>

The notes on pages 7 - 11 are an integral part of the condensed consolidated interim financial statements.

## Condensed Consolidated Interim Statement of Changes in Shareholders' Equity

	Share capital	Share premium	Fair value and other reserves	Retained earnings	Minority interest	Total
<b>Balance at January 1, 2007</b>	3,066,617	4,688,972	990,089	1,956,432	1,570,020	12,272,130
Currency translation differences .....			(420,358)		(246,088)	(666,446)
Net investment hedge .....			3,146			3,146
Net profit .....				2,399,851	74,197	2,474,048
<b>Total recognised income and expenses at June 30, 2007</b>			(417,214)	2,399,903	(171,891)	1,810,815
Own shares, changes .....	268,696	2,000,749				2,269,445
Accrued stock options .....			17,290			17,290
Dividend .....				(3,374,996)		(3,374,996)
<b>Balance at September 30, 2007</b>	<u>3,335,313</u>	<u>6,689,721</u>	<u>590,165</u>	<u>981,339</u>	<u>1,398,129</u>	<u>12,994,667</u>
<b>Balance at January 1, 2008</b>	3,248,045	5,862,131	521,934	(2,344,434)	1,776,820	9,064,496
Currency translation differences .....			4,482,744		1,026,354	5,509,099
Net fair value gains/(loss), net of tax:						
- Inter company loans .....			1,963			1,963
- Net investment hedge .....			(187,198)			(187,198)
- Cash flow hedge .....			(141,930)			(141,930)
Net loss .....				(11,307,965)	(104,574)	(11,412,539)
<b>Total recognised income and expenses at September 30, 2008</b>			4,155,579	(11,307,965)	921,781	(5,901,476)
Own shares, changes .....	(43,585)	(428,000)	(17,789)			(489,374)
Other changes .....			(14,801)		(137,775)	(152,576)
Accrued stock options .....			68,265			68,265
Dividend .....				(2,070,821)		(2,070,821)
<b>Balance at September 30, 2008</b>	<u>3,204,460</u>	<u>5,434,132</u>	<u>4,713,188</u>	<u>(15,723,220)</u>	<u>2,560,825</u>	<u>189,386</u>

## Condensed Interim statement of cash flow January 1 to September 30, 2008

	2008 1.1 - 30.9	2007 1.1 - 30.9
Cash flows to operating activities .....	(3,018,702)	(1,766,056)
Cash flows to operating activities, discontinuing operations .....	0	(945,469)
	(3,018,702)	(2,711,525)
Cash flows from (to) investments activities .....	2,376,274	4,887,644
Cash flows to investments activities, discontinuing operations .....	0	(564,337)
	2,376,274	4,323,307
Cash flows (to) from financing activities .....	(6,396,924)	1,062,199
Cash flows from financing activities, discontinuing operations .....	0	1,156,889
	(6,396,924)	2,219,088
<b>(Decrease) increase of cash</b>	<b>(7,039,352)</b>	<b>3,830,869</b>
Exchange gains (losses) on cash and bank overdrafts .....	639,448	(319,457)
Cash at beginning of the year .....	12,322,016	13,050,735
<b>Cash at end of period</b>	<u><b>5,922,112</b></u>	<u><b>16,562,147</b></u>

The notes on pages 7 - 11 are an integral part of the condensed consolidated interim financial statements.

## Notes to the Condensed Interim Consolidated Financial Statements

### 1. General information

Atorka Group hf (the Company / Parent Company) is an investment company, listed on the OMX Nordic Exchange in Iceland and is included in the OMXI-15 index. Atorka invests in companies on global growth markets and supports growth both internal and external. In its investments, Atorka emphasises companies characterised by solid operations and strong cash flow, strong management, promising conditions for internal and external growth, and opportunities for value enhancement.

These Condensed Consolidated Interim Financial Statements comprise the financial statements of Atorka Group hf and its subsidiaries ("the Group") as listed in note 11.

The Company is a limited liability company incorporated and domiciled in Iceland. The address of its registered office is Hlíðasmári 1, Kópavogur.

These Condensed Consolidated Interim Financial Statements have been approved for issue by the board of directors on November 28, 2008.

### 2. Summary of significant accounting policies

#### 2.1 Basis of preparation

These Condensed Consolidated Interim Financial Statements of Atorka Group are for the period January 1 to September 30, 2008. The Group's Condensed Consolidated Interim Financial Statements have been prepared in accordance with IAS 34, Interim Financial Reporting. Condensed interim financial statements such as these do not include information as extensive as annual financial statements compiled in accordance with IFRS. The accounting policies applied by the Company in the Condensed Consolidated Interim Financial Statements are the same as those applied by the Company in its Consolidated Financial Statements for the year 2007. The consolidated financial statements for the Group as at and for the period ended December 31, 2007 are available upon request from the Company's registered office at Hlíðasmári 1, Kópavogur or at [www.atorka.com](http://www.atorka.com).

The Parent Company has in addition to these Condensed Consolidated Interim Financial Statements prepared Condensed Separate Interim Financial Statements in accordance with IFRS for the parent company. In the separate financial statements all investments in subsidiaries are accounted at fair value in accordance IAS 39 - Financial instruments: Recognition and Measurement instead of using the equity accounting and consolidation of the subsidiaries. The substance for such accounting in the Condensed Parent Company Interim Separate Financial Statements is the requirement in IAS 27 - Consolidated and Separate Financial Statements. Users of these Condensed Consolidated Interim Financial Statements for the Group should read them together with the separate financial statements for the Company as at and for the period end September 30, 2008 in order to obtain complete information on the financial position, results of operations and changes in financial position of the Company and the Group. The Condensed Separate Interim Financial Statements have been approved and publicly filed at the same time as these Condensed Consolidated Interim Financial Statements.

The Board's and management of the Company opinion is that the accounting treatment in the Condensed Parent Company Separate Interim Financial Statements based on IAS 39 gives a clear view of the result and the financial position of the Company in accordance with the main purpose of the Company which is private equity investments.

The difference in the results for the period January 1 - September 30, 2008 between these reporting entities, i.e. the Condensed Consolidated Interim Financial Statements for the Group and the Condensed Parent Company Separate Interim Financial Statements relate to different measurements of investments in subsidiaries. In the Condensed Parent Company Separate Interim Financial Statements the fair value adjustments of the investments in subsidiaries are accounted in the income statement together with dividend income from the subsidiaries. In these Condensed Consolidated Interim Financial Statements all subsidiaries are consolidated in accordance with equity accounting. The difference in the after tax net result for the period can be described as follows:

	<b>2008</b>	<b>2007</b>
	<b>1.1 - 30.9</b>	<b>1.1 - 30.9</b>
The Group net (loss) profit for the period based on consolidated financial statements .....	(11,412,539)	2,474,047
Share in net loss (profit) of controlling companies .....	2,615,144	(4,913,278)
Fair value adjustments and dividend income from controlling companies net of tax .....	2,537,536	9,209,411
The Parent Company net (loss) profit	<u>(6,259,858)</u>	<u>6,770,180</u>

These Condensed Consolidated Interim Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets (including derivative instruments) at fair value through profit or loss.

## Notes to the Condensed Interim Consolidated Financial Statements

### 3. Segment information

#### Business segments

At September 30, 2008 the Group is organised on a worldwide basis into three main business segments (industries): (1) Financial and investments, (2) Construction industry and (3) plastic industry

The financial and investment segment includes the parent company Atorka Group hf and its subsidiaries.

The construction segment includes Björgun ehf and its subsidiaries.

The plastic industry segment includes Promens hf, Eignarhaldsfélagið Bolar, BPF and their subsidiaries.

The segment results for the nine months ended September 30, 2008 are as follows:

	Financial & investm.	Construction industry	Plastic industry	Group
Total segment revenue .....	0	1,449,259	68,413,548	69,862,807
Inter-segment revenue .....	0	0	0	0
Revenue .....	0	1,449,259	68,413,548	69,862,807
Operating expenses .....	1,225,808	1,065,032	65,940,380	68,231,220
Operating profit (loss)	(1,225,808)	384,227	2,473,168	1,631,587
Net financial income .....	(12,371,631)	(62,690)	(2,583,890)	(15,018,210)
(Loss) profit before tax .....	(13,597,438)	321,536	(110,721)	(13,386,623)
Income tax expense .....				1,974,085
Net profit of disposal group .....				0
<b>Loss for the period</b>				<b>(11,412,539)</b>

Additional information regarding segments other than financial and investment.

	Construction industry	Plastic industry	Total
Operating profit .....	384,227	2,473,168	2,857,395
Depreciation / amortisation .....	56,914	2,997,824	3,054,739
EBITDA .....	441,141	5,470,992	5,912,134
Exceptional expenses .....	43,250	25,048	68,298
Adjusted EBITDA .....	484,391	5,496,041	5,980,431

The segment assets and liabilities at September 30, 2008 and capital expenditure for the period end are as follows:

	Financial & investm.	Construction industry	Plastic industry	Elimination / unallocated	Total
Assets .....	44,498,769	2,764,194	93,153,217	(11,291,897)	129,124,284
Liabilities .....	56,754,711	1,508,444	78,977,702	(8,305,959)	128,934,898
Thereof interest bearing .....	51,035,362	760,071	51,883,716	(5,066,714)	98,612,436
Thereof interest bearing - less convertible .....	0	0	41,011,831	(3,227,974)	37,783,857
Thereof net interest bearing - less convertible .....	40,073,919	754,939	40,312,459	(5,066,714)	76,074,603
Capital expenditure .....	0	298,594	2,274,135	0	2,572,729

## Notes to the Condensed Interim Consolidated Financial Statements

The segment results for the period ended September 30, 2007 are as follows:

	Financial & investm.	Construction industry	Plastic industry	Group
Total segment revenue .....	776	976,900	52,198,097	53,175,773
Inter-segment revenue .....	0	0	0	0
Revenue .....	<u>776</u>	<u>976,900</u>	<u>52,198,097</u>	<u>53,175,773</u>
Operating expenses .....	<u>856,536</u>	<u>784,194</u>	<u>50,130,179</u>	<u>51,770,909</u>
Operating (loss) profit .....	(855,761)	192,706	2,067,918	1,404,864
Net financial income .....	(902,141)	5,698	(1,790,820)	(2,687,263)
(Loss) profit before tax .....	(1,757,901)	198,404	277,098	(1,282,399)
Income tax .....				(1,759)
Net profit of disposal group .....				<u>3,758,205</u>
<b>Loss for the period</b> .....				<u><b>2,474,047</b></u>

Additional information regarding segments other than financial and investment.

	Construction industry	Plastic industry	Total
Operating profit .....	192,706	2,067,918	2,260,624
Depreciation / amortisation .....	59,703	2,202,336	2,262,039
EBITDA .....	252,409	4,270,254	4,522,663

The segment assets and liabilities at December 31, 2007 and capital expenditure for the period end are as follows:

	Financial & investm.	Construction industry	Plastic industry	Elimination / unallocated	Total
Assets .....	48,920,927	2,206,931	58,596,001	(6,054,862)	103,668,997
Liabilities .....	47,583,822	1,275,987	48,941,186	(3,196,494)	94,604,501
Thereof interest bearing .....	44,888,002	49,037	31,191,097	(2,386,515)	73,741,621
Thereof net interest bearing .....	32,291,107	(20,040)	29,121,535	(2,386,515)	59,006,087
Capital expenditure .....	0	35,004	3,276,152	0	3,311,156

### Secondary reporting format - geographical segments

	2008 1.1 - 30.9	2007 1.1 - 30.9
<b>Operating income</b>		
Iceland .....	4,363,636	2,028,588
Other countries .....	65,499,172	51,147,184
	<u>69,862,808</u>	<u>53,175,772</u>
<b>Total Assets</b>	<b>30.9 2008</b>	<b>31.12 2007</b>
Iceland .....	39,622,978	38,851,524
Other countries .....	89,501,306	64,817,473
	<u>129,124,284</u>	<u>103,668,997</u>

Total assets are allocated based on where the assets are located.

## Notes to the Condensed Interim Consolidated Financial Statements

<b>4. Finance costs – net</b>	<b>2008</b>	<b>2007</b>
	<b>1.1 - 30.9</b>	<b>1.1 - 30.9</b>
Interest expense:		
- bank borrowings .....	(7,104,815)	(3,859,714)
- net foreign exchange loss .....	(5,601,487)	(649,834)
- other interest expenses .....	(472,454)	(864,039)
Total interest expense	<u>(13,178,756)</u>	<u>(5,373,587)</u>
Interest income .....	346,336	959,813
Net foreign exchange transaction gains .....	3,013,722	553,915
Total interest income	<u>3,360,058</u>	<u>1,513,728</u>
Finance cost - net, excluding convertible loan	<u>(9,818,698)</u>	<u>(3,859,859)</u>

<b>5. Cash and cash equivalents</b>	<b>30.9 2008</b>	<b>30.9 2007</b>
For the purposes of the cash flow statement, the cash and cash equivalents comprise the following:		
Cash and bank balances .....	8,208,197	16,562,147
Bank overdrafts .....	(2,286,085)	0
	<u>5,922,112</u>	<u>16,562,147</u>

<b>6. Quarterly results</b>	<b>Q3 2008</b>	<b>Q2 2008</b>	<b>Q1 2008</b>	<b>Q4 2007</b>	<b>Q3 2007</b>
Net financial income .....	(2,790,919)	(3,945,534)	(8,281,758)	(2,603,186)	(1,029,123)
Sales .....	23,715,646	24,664,968	20,771,337	17,941,891	17,111,449
Other operating income .....	245,575	223,196	242,085	103,981	21,265
Total operating income	<u>23,961,221</u>	<u>24,888,164</u>	<u>21,013,422</u>	<u>18,045,872</u>	<u>17,132,714</u>
Cost of sales, prod. - and prod. cost .....	20,461,435	21,033,932	17,834,490	15,221,197	15,096,886
Administrative and other operating exp. ....	3,201,417	3,129,316	2,570,630	2,894,940	1,977,030
Reversal of goodwill .....	0	0	0	(67,881)	0
Restructuring cost .....	0	0	0	262,712	0
	<u>23,662,852</u>	<u>24,163,248</u>	<u>20,405,120</u>	<u>18,310,968</u>	<u>17,073,916</u>
Loss before income tax .....	(2,492,551)	(3,220,618)	(7,673,456)	(2,868,282)	(970,325)
Income tax .....	(200,915)	1,669,122	505,878	(549,765)	14,678
Loss for the period from continuing operations .....	(2,693,466)	(1,551,495)	(7,167,578)	(3,418,047)	(955,647)
Net gain of disposal group held for sale .....	0	0	0	44,597	3,655,756
Net (loss) profit .....	(2,693,466)	(1,551,495)	(7,167,578)	(3,373,450)	2,700,109

## Notes to the Condensed Interim Consolidated Financial Statements

### 7. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of outstanding shares in issue during the period, excluding ordinary shares purchased by the Company and held as treasury shares. The calculation of diluted earnings per share takes into consideration the outstanding stock options when calculating the share capital.

	<b>2008</b>	<b>2007</b>
	<b>1.1 - 30.9</b>	<b>1.1 - 30.9</b>
Net loss attributable to shareholders .....	(11,307,965)	2,399,851
Weighted average number of outstanding shares in issue .....	3,226,253	3,200,965
Loss per share .....	(3.50)	0.75

#### Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercised of the share options.

	<b>2008</b>	<b>2007</b>
	<b>1.1 - 30.9</b>	<b>1.1 - 30.9</b>
Net loss attributable to shareholders .....	(11,307,965)	2,399,851
Weighted average number of outstanding shares in issue .....	3,226,253	3,200,965
Adjustments for share options .....	0	0
Weighted average number of outstanding shares in issue and diluted potential ordinary shares .....	3,226,253	3,200,965
Diluted loss per share .....	(3.50)	0.75

### 8. Dividend per share

The dividends paid in 2008 and 2007 were 2,071 million ISK and 3,375 million ISK respectively or ISK 0.65 per share in 2008 and ISK 1.1 per share in 2007.

### 9. Share capital

Summary of share capital:	<b>30.9 2008</b>	<b>31.12 2007</b>
Total authorized number of shares .....	3,373,650	3,373,650
Treasury shares .....	(169,190)	(125,605)
	<u>3,204,460</u>	<u>3,248,045</u>

## Notes to the Condensed Interim Consolidated Financial Statements

### 10. Fair value and other reserves

	Legal reserve	Hedging reserve	Accrued cost of stock options	Cumulative translation adjustment	Total
Balance at January 1, 2008 .....	315,975	(287,549)	29,241	464,267	521,934
Currency translation differences .....				4,518,472	4,518,472
Net investment hedge .....		(395,483)			(395,483)
Accrued cost of stock options .....			68,265		68,265
Balance at September 30, 2008 .....	<u>315,975</u>	<u>(683,032)</u>	<u>97,506</u>	<u>4,982,739</u>	<u>4,713,188</u>

### 11. Principal subsidiaries

At the period-end the Company owned the following subsidiaries that are all included in the consolidation.

Name of subsidiary	Location	Ownership	Principal activity
Eignarhaldsfélagið BPF hf .....	Iceland	100%	Holding company
BPF hf .....	Iceland	100%	Holding company
Eignarhaldsfélagið Beta ehf .....	Iceland	100%	Holding company
Volcano fjárfesting ehf .....	Iceland	100%	Holding company
Volcano Holdings BV .....	Holland	100%	Holding company
Renewable Energy Resources ehf .....	Iceland	100%	Holding company
Eirhöfði 2-4 ehf .....	Iceland	100%	Holding company
Eirhöfði 15 ehf .....	Iceland	100%	Holding company
Björgun ehf .....	Iceland	100%	Operating company
Atorka Holding BV .....	Holland	100%	Holding company
Promens hf .....	Iceland	81%	Operating company
Star AcquisitionsCo AS .....	Norway	100%	Operating company
Polimoon ASA .....	Norway	100%	Operating company
Promens International BV .....	Holland	100%	Operating company
Eignarhaldsfélagið Bolar hf .....	Iceland	100%	Operating company

### 12. Financial position of the Group

Atorka is an Investment company that invests in various sectors and supports its investments through either board of its investments or through close relationship with investments management. There for Atorka's investments are independent from each other. When making decision Atorka's management makes them from the standpoint of the Parent Company where all investments in subsidiaries are measured at fair value in accordance with IAS 39 - Financial instruments: Recognition and Measurement. Valuation of investment projects are made by third parties. All commitments, e.g. loan agreements, are made from the perspectives of the Parent Company. At September 30, 2008 equity of the Parent Company is ISK 14,6 billion and equity ratio 25,1%.