

**Samherji hf.**

**Financial Statements**

**2001**

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# Endorsement by the Board of Directors

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The Company is a general fishing industry firm that operates 12 fishing vessels and operates fish processing plants at Akureyri, Dalvíkurbyggð, Grindavík and Stöðvarfirði. The Financial Statements contain the Consolidated Financial Statements for Samherji hf. and its subsidiary and the Financial Statements of the Parent Company.

The Financial Statements of Samherji hf. for the year 2001 are prepared in accordance with the same accounting principles as in previous years. The presentation of the Company's share of the results of the Company's foreign subsidiary has however been changed so that the amounts in its Balance Sheet are now converted to Icelandic krónur at the year end rate of exchange, but amounts in the Statement of Earnings are presented at the average rate of exchange of the period. The exchange rate difference which develops at the transfer of the Financial Statements of the foreign subsidiary to Icelandic krónur is entered in the revaluation account. Earlier the Financial Statements of the foreign subsidiary were transferred to Icelandic krónur by comparable accounting methods which apply in Iceland, such as calculation of an inflation adjustment on the subsidiary's operation and financial position. The Company's share of results of foreign associated companies are now also presented in a comparable way.

According to the Statement of Earnings, total operating revenue of the Group amounted to ISK 13,042.7 million and of the Parent Company ISK 12,750.7 million. Net profit of the Group amounted to ISK 1,107.8 million. According to the Balance Sheet Total assets of the Group amounted to ISK 18,112.2 million and of the Parent Company ISK 17,902.1 million. The stockholders' equity at year end amounted to ISK 6,219.4 million, including capital stock of ISK 1,606.2 million. The equity ratio of the Group was 34.3%, but 34.7% of the Parent Company.

The Company's capital stock at year end amounted to ISK 1,606.2 million. During the year the Company purchased own shares of nominal value of ISK 49.7 million and the Company owned own shares of the amount of ISK 53.8 million at year end. At the end of the year the number of shareholders was 2,415, representing an increase of 103 during the year. Three shareholders owned more than 10% of the Company's capital stock, Kaupfélag Eyfirðinga svf. 18,1%, Kristján Vilhelmsson 16,1% and Þorsteinn Már Baldvinsson 15.7%.

The Board of Directors propose that a dividend of 30% be paid to shareholders in 2002; changes in stockholders' equity are further explained in the notes to the Financial Statements.

The Board of Directors of Samherji hf. and the General Manager hereby confirm the Company's Financial Statements for 2001 with their signatures.

Akureyri, March 7, 2002.

**Board of Directors:**

**General Manager:**

# Auditors' Report

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To The Board of Directors of Samherji hf.

We have audited the accompanying Balance Sheet and the Consolidated Balance Sheet of Samherji hf. as of December 31, 2001, and the related Statement of Earnings, Statement of Cash Flows for the year then ended. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Financial Statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements presentation. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of information in the Financial Statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the Financial Statements give a true and fair view of the financial position of Samherji hf. as of December 31, 2001 and the results of its operations and its cash flows for the year then ended, in accordance with the law and the generally accepted accounting principles in Iceland.

Akureyri, March 7, 2002.

***KPMG Endurskoðun Akureyri hf.***

# Statement of Earnings 2001

	Notes	Group		Parent	
		2001	2000	2001	2000
<b>Operating revenue:</b>					
Fish processing revenue .....		6.022.080	2.474.598	6.022.080	2.474.598
Catch from fishing vessels .....		6.925.279	3.939.835	6.649.574	3.717.770
Catch from own fishing vessels to own production .....		( 1.236.284)	( 435.006)	( 1.236.284)	( 435.006)
Sales revenue .....		1.190.450	817.809	1.190.450	817.809
Other income .....		141.210	213.597	124.875	186.592
		<u>13.042.735</u>	<u>7.010.833</u>	<u>12.750.695</u>	<u>6.761.763</u>
<b>Operating expenses:</b>					
Production cost .....		4.462.188	2.176.461	4.558.724	2.237.301
Catch from own fishing vessels to own production .....		( 1.236.284)	( 435.006)	( 1.236.284)	( 435.006)
Operation of fishing vessels .....		4.681.300	2.846.116	4.418.013	2.548.774
Cost of goods sold .....		1.167.582	793.917	1.167.582	793.917
General and administrative expenses .....		355.999	217.797	332.490	193.700
		<u>9.430.785</u>	<u>5.599.285</u>	<u>9.240.525</u>	<u>5.338.686</u>
Profit before financial expenses and depreciation .....		3.611.950	1.411.548	3.510.170	1.423.077
Depreciation .....	2,11	( 1.025.856)	( 643.059)	( 984.166)	( 592.762)
Operating profit before financial income and expenses .....		2.586.094	768.489	2.526.004	830.315
<b>Financial income (expenses):</b>					
Interest earned and dividends .....		52.312	68.100	52.230	68.072
Gain on sale of shares in associated companies .....			974.504		974.504
Interest expense and indexation .....		( 660.664)	( 397.114)	( 648.794)	( 384.440)
Exchange rate difference .....		( 1.047.826)	( 252.896)	( 1.048.722)	( 222.807)
Calculated inflation adjustment .....	2	415.844	126.005	415.844	110.411
Share of results in subsidiaries .....	5,7,15			( 76.061)	( 88.967)
Share of results in associated companies .....	5,7,16	( 73.973)	( 167.659)	( 73.973)	( 167.659)
		<u>( 1.314.307)</u>	<u>350.940</u>	<u>( 1.379.476)</u>	<u>289.114</u>
Operating profit before taxes .....		1.271.787	1.119.429	1.146.528	1.119.429
Income tax .....	6,22	( 438.260)	( 375.210)	( 438.260)	( 375.210)
Effects of decrease in income tax rate .....	6,22	424.480		424.480	
Operating profit after taxes .....		1.258.007	744.219	1.132.748	744.219
<b>Other expenses:</b>					
Loss on sale of assets, less income tax .....	13	( 150.184)	( 17.720)	( 24.925)	( 17.720)
<b>Net profit .....</b>	20,21	<u>1.107.823</u>	<u>726.499</u>	<u>1.107.823</u>	<u>726.499</u>



# December 31, 2001

## Stockholders' equity and liabilities

	Notes	Group		Parent	
		2001	2000	2001	2000
<b>Stockholders' equity:</b>					
Capital stock .....	19	1.606.185	1.655.893	1.606.185	1.655.893
Contributed capital in excess of par .....		278.196	730.338	278.196	730.338
Revaluation reserve .....		344.172	149.092	344.172	149.092
Statutory reserve .....		176.503	176.503	176.503	176.503
Retained earnings .....		3.814.341	2.693.129	3.814.341	2.693.129
Stockholders' equity	20,21	<u>6.219.397</u>	<u>5.404.955</u>	<u>6.219.397</u>	<u>5.404.955</u>
<b>Deferred liabilities:</b>					
Deferred income tax liabilities .....	6,22	<u>636.722</u>	<u>583.397</u>	<u>636.722</u>	<u>583.397</u>
<b>Long-term debt:</b>					
Bonds .....		502.220	550.321	502.220	550.321
Credit institutions .....		6.334.219	6.470.119	6.334.218	6.470.119
	23-25	<u>6.836.439</u>	<u>7.020.440</u>	<u>6.836.438</u>	<u>7.020.440</u>
<b>Current liabilities:</b>					
Credit institutions .....		2.259.243	1.496.607	2.063.690	1.323.459
Accounts payable .....		751.422	627.538	747.724	612.391
Liabilities to associated companies .....		4.224	25.752	4.224	22.869
Current maturities of long-term debt .....		975.561	1.034.649	975.561	1.034.649
Other liabilities .....		429.213	399.470	418.322	394.743
		<u>4.419.663</u>	<u>3.584.016</u>	<u>4.209.521</u>	<u>3.388.111</u>
Total liabilities		<u>11.892.824</u>	<u>11.187.853</u>	<u>11.682.681</u>	<u>10.991.948</u>
<b>Stockholders' equity and liabilities</b>		<u>18.112.221</u>	<u>16.592.808</u>	<u>17.902.078</u>	<u>16.396.903</u>
<b>Mortgages .....</b>	27,28				

# Statement of Cash Flows 2001

	Notes	Group		Parent	
		2001	2000	2001	2000
<b>Cash flows from operating activities:</b>					
Net profit .....	20,21	1.107.823	726.499	1.107.823	726.499
Adjustment to reconcile net profit to net cash:					
Loss (gain) on sale of assets less income tax .....		150.184	( 956.784)	24.925	( 956.784)
Depreciation .....	2,11	1.025.856	643.059	984.166	592.762
Indexation and currency fluctuation on long-term debt ..		1.135.990	230.562	1.135.990	230.562
Calculated inflation adjustment .....	2	( 415.844)	( 126.005)	( 415.844)	( 110.411)
Effects of subsidiary and associated companies .....	5,7,15,16	73.973	167.659	150.034	256.626
Change of obligation .....	6,22	13.780	375.210	13.780	375.210
Working capital from operation		<u>3.091.762</u>	<u>1.060.200</u>	<u>3.000.874</u>	<u>1.114.464</u>
Changes in operating assets and liabilities:					
Inventories, (increase) .....		( 706.674)	( 175.569)	( 721.864)	( 174.787)
Receivables, (increase) .....		( 1.099.964)	( 109.792)	( 1.047.062)	( 130.870)
Current liabilities, increase .....		62.083	87.036	111.002	67.582
Changes in operating assets and liabilities		<u>( 1.744.555)</u>	<u>( 198.325)</u>	<u>( 1.657.924)</u>	<u>( 238.075)</u>
Net cash provided by operating activities		<u>1.347.207</u>	<u>861.875</u>	<u>1.342.950</u>	<u>876.389</u>
<b>Cash from investing activities:</b>					
Investment in catch quota .....	8	( 148.000)		( 148.000)	
Investment in fixed assets .....	10	( 178.685)	( 1.431.336)	( 178.547)	( 1.431.336)
Proceeds from sale of assets .....		192.236	41.757	73.600	41.757
Investment in subsidiary and associated companies .....		( 348.525)	( 600.827)	( 296.163)	( 600.827)
Investment in other companies .....			( 472.855)		( 472.855)
Proceeds from sale of assets in other companies .....		92.724	2.070.016	92.724	2.190.399
Long-term notes, decrease .....		54.172	633.540	90.128	633.540
Receivables, (increase) .....		( 64.500)	( 286.832)	( 64.500)	( 286.833)
Assets exceeding liabilities at merger .....			( 502.215)		( 502.215)
Net cash used in investing activities		<u>( 400.578)</u>	<u>( 548.752)</u>	<u>( 430.758)</u>	<u>( 428.370)</u>
<b>Cash from financing activities:</b>					
Own shares, change .....	20,21	( 501.850)	( 381.979)	( 501.850)	( 381.979)
Dividends paid .....	20,21	( 248.357)	( 96.228)	( 248.357)	( 96.228)
Proceeds from long-term borrowing .....			1.260.674		1.260.674
Payments of long-term debt .....		( 1.276.120)	( 781.948)	( 1.276.120)	( 653.923)
Current liabilities, increase (decrease) .....		681.593	( 35.949)	659.189	( 178.941)
Other changes .....		( 28.099)			
Net cash used in financing activities		<u>( 1.372.833)</u>	<u>( 35.430)</u>	<u>( 1.367.138)</u>	<u>( 50.397)</u>
<b>(Decrease) increase in cash .....</b>		<u>( 426.204)</u>	<u>277.693</u>	<u>( 454.946)</u>	<u>397.622</u>
<b>Cash at beginning of year .....</b>		<u>473.963</u>	<u>196.270</u>	<u>473.420</u>	<u>75.798</u>
<b>Cash at end of year .....</b>		<u>47.759</u>	<u>473.963</u>	<u>18.474</u>	<u>473.420</u>
<b>Other information:</b>					
Interest payments of long-term debt .....		397.924	206.919	397.924	206.919
Interest payments of current liabilities .....		111.121	111.599	99.251	98.927

# Notes

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## Accounting policies

1. The Financial Statements are prepared in accordance with the Financial Statements Act and Regulation on the Presentation and Contents of Financial Statements and Consolidated Financial Statements. The Financial Statements are in all main respects based on the same accounting principles as the year before, except see note 7. The Company had one subsidiary at year end, Onward Fishing Company Ltd. UK, 100% owned by the Company, see note 15. In the Consolidated Financial Statements the effects of intercompany transactions are eliminated.

2. The effects of general price level changes on the Company's operation and financial position are calculated and included in the Financial Statements based on the increase of the Consumer Price Index within the year, which increased by 8.6%.

The net book value of fixed assets and shares in domestic companies, other than associated companies, as previously revalued to the end of 2000 has been further revalued to year end 2001. Depreciation is entered as an expense in the Statement of Earnings at the average price level of the year. The effects of general price level changes on assets and liabilities have been calculated and entered as an income amounting to ISK 415.8 million. As a result of these price level changes, amounts in the Balance Sheet are presented at year end 2001 price level and the operating results at the average price level during the year.

The fixed assets of a subsidiary company are entered at cost value in foreign currency based on exchange rate at the end of the year, less depreciation.

The revaluation of fixed assets and the calculated inflation adjustment has been posted to the revaluation reserve account among stockholders' equity in the Balance Sheet, see note 20.

3. Monetary assets and liabilities denominated in foreign currencies are stated in ISK at the latest official exchange rate for 2001. Indexed monetary assets and liabilities are stated at the index rate which became valid on January 1, 2002.

4. Inventories are valued based on the following: Products are valued at average production cost, which consists of direct and indirect production cost. Supplies are entered at the latest purchase price, except for used fishing gear which is valued at 50% of its purchase price.

5. Investments in a subsidiary and associated companies are entered by the equity method taking into account the difference between the original purchase price of the shares and the Company's share of the stockholders' equity on the date of the purchase. The premium of a foreign subsidiary is amortized on a straight-line basis over a twenty year period as it is associated with fishing licenses and catch quota. The premium of domestic associated companies is amortized over the period of five to twelve years.

The Financial Statements of a foreign subsidiary are based on original cost price. In the Consolidated Financial Statements amounts of its Balance Sheet are converted to Icelandic krónur based on the rate of exchange at year end 2001, but amounts from the Statement of Earnings are entered at the average price-level during the year. The exchange rate difference which develops by the transfer of the Financial Statement of the foreign subsidiary into Icelandic krónur is entered to the revaluation account. The Parent Company's share in revaluation and operational results of its foreign associated companies is entered in the Financial Statements by a comparable way.

6. The deferred income tax liability of the Company has been calculated and is included in the Financial Statements. The liability represent the timing difference in the accounting methods used for tax purposes compared to the Financial Statements. The difference occurs because expenses, especially depreciation, are generally expensed earlier for income tax purposes than in the Financial Statements. The income tax rate is 30% for the year 2001, but 18% from the year 2002, according to an Act passed by the Parliament at year end 2001.

## Changes in accounting methods

7. The Financial Statements of a foreign subsidiary are now based on original cost price. In the Consolidated Financial Statements amounts of its Balance Sheet are converted to Icelandic krónur based on the rate of exchange at year end 2001, but amounts from the Statements of Earnings are entered at the average price-level during the year. The exchange rate difference which develops by the transfer of the Financial Statement of the foreign subsidiary into Icelandic krónur is entered to the revaluation account. If former accounting methods had been used, an expense of ISK 110.9 million due to effects of a foreign subsidiary would have been entered in the Financial Statements and the book value of the Company's share in the subsidiary would have been ISK 373.1 million at the end of the year.

The Parent Company's share in revaluation and operational results of foreign associated companies have been changed in a comparable way. The Company's share in the net profit of the associated companies amounts to ISK 86.7 million but would have been ISK 49.5 million lower based on the former accounting method. Book value of the shares in the associated companies is ISK 232.5 million, but would have been ISK 200.6 million based on former accounting method.

## Notes, cont.:

### Intangible assets

8. The intangible assets in the Balance Sheet consists of fishing licenses and catch quota and also premium of shares in a subsidiary, which is linked to the above mentioned assets. The book value of these assets at year end is ISK 3,441.6 / 2,779.9 million. Fishing licenses and catch quota are expensed over the period of twelve and half year, but premium due to investments in the subsidiary, which primarily consists of fishing licenses and catch quota, is expensed over the period of twenty years. Catch quota and fishing licenses of a subsidiary in foreign territorial waters is entered in the Balance Sheet among fixed assets and is not depreciated in the subsidiary's Financial Statements. In the Consolidated Financial Statements of Samherji hf. these fishing licenses and catch quota are depreciated in the same way as in the Financial Statements of the Parent Company. Changes during the year are as follows:

	Group	Parent
Book value 1.1.2001 .....	3.364.125	2.739.539
Additions during the year .....	148.000	148.000
Revaluation .....	303.859	225.357
Depreciation .....	( 374.375)	( 333.004)
Net book value 31.12.2001 .....	<u>3.441.609</u>	<u>2.779.892</u>

9. Catch quota which the Parent Company has been allocated in Icelandic territorial waters is as follows:

	Allocated catch quota	Uncaught 31.12.2001
Cod .....	11.531	4.661
Haddock .....	1.916	1.163
Saithe .....	1.715	1.370
Ocean perch .....	5.647	5.425
Ocean catfish .....	162	207
Greenland halibut .....	2.463	3.031
Plaice .....	179	77
Shrimp .....	4.262	2.015
Herring .....	19.408	6.550
Capelin .....	106.541	95.200
Total .....	<u>153.824</u>	<u>119.699</u>
Allocated catch quota in cod equivalents .....	30.966	16.544

Calculations of cod equivalents is based on coefficients issued by the Ministry of Fisheries.

In addition to the above mentioned catch quota the Company has fishing licenses for deep sea fishing in the following areas:

Shrimp, Flemish hat .....	1.164
Herring, Nordic-Icelandic herring stock .....	13.371
Deep sea ocean perch, Reykjanesridge .....	5.504
Cod, in Barents sea off Norway .....	372
Cod, in Barents sea off Russia .....	232
Total .....	<u>20.643</u>

Estimated exploitable catch of Onward Fishing Company Ltd. during the year 2002 is as follows:

Cod .....	1.032
Haddock .....	241
Saithe .....	34
Ocean perch .....	667
Greenland halibut .....	17
Total .....	<u>1.991</u>

The above mentioned fishing permits are in Norwegian, and Spitzbergen waters and a part of the ocean perch is in Icelandic waters. Onward Fishing Company Ltd. has also fishing permits for 647 tons in the North-sea and will be allocated 100 days to catch shrimp in Spitzbergen waters.

## Notes, cont.:

### Property and equipment

10. Property and equipment, revaluation and depreciation are as follows:

<b>Group:</b>	Buildings	Fishing vessels	Machinery & equipment	Total
Total value 1.1.2001 .....	1.521.480	9.031.964	2.745.008	13.298.452
Depreciation total 1.1.2001 .....	( 776.678)	(4.188.469)	(1.842.519)	(6.807.666)
Net book value 1.1.2001 .....	744.802	4.843.495	902.489	6.490.786
Revaluation 2001 .....	63.640	365.068	70.579	499.287
Additions during the year .....	60.143	110.874	7.668	178.685
Sales during the year .....	( 188)	( 316.864)	( 12.000)	( 329.052)
Depreciation 2001 .....	( 47.563)	( 403.610)	( 200.308)	( 651.481)
Net book value 31.12.2001 .....	820.834	4.598.963	768.428	6.188.225
Depreciation ratio .....	2-4%	6-33%	12-33%	

<b>Parent:</b>	Buildings	Fishing vessels	Machinery & equipment	Total
Total value 1.1.2001 .....	1.521.480	8.765.453	2.744.336	13.031.269
Depreciation total 1.1.2001 .....	( 776.678)	(4.158.239)	(1.842.101)	(6.777.018)
Net book value 1.1.2001 .....	744.802	4.607.214	902.235	6.254.251
Revaluation 2001 .....	63.641	381.790	69.632	515.063
Additions during the year .....	60.143	110.874	7.530	178.547
Sales during the year .....	( 188)	( 97.305)	( 12.000)	( 109.493)
Depreciation 2001 .....	( 47.564)	( 403.610)	( 199.988)	( 651.162)
Net book value 31.12.2001 .....	820.834	4.598.963	767.409	6.187.206
Depreciation ratio .....	2-4%	6-33%	12-33%	

11. Depreciation according to the Statement of Earnings of the Group/Parent amounts to ISK 1.025,9/984,2 million, as follows:

	Group	Parent
Depreciation of fixed assets, see note 10 .....	651.481	651.162
Depreciation of catch quota, see note 8 .....	374.375	333.004
Depreciation according to the Statement of Earnings .....	1.025.856	984.166

## Notes, cont.:

12. The principal buildings of the Group specify as follows:

	Official assessment value	Insurance value	Book value
Factory building and workshop at Laufásgötu, Akureyri .....	197.245	777.975	106.035
Factory building etc., Dalvík .....	300.706	643.820	426.025
Factory building etc., Grindavík .....	252.888	525.649	196.071
Factory building etc., Eskifirði .....	46.021	116.868	22.502
Factory building etc., Árskógssandi .....	40.007	112.227	34.539
Factory building etc., Hrísey .....	58.546	271.399	10.952
Factory building etc., Ólafsvík .....	135.353	371.680	10.861
Factory building etc., Stöðvarfirði .....	114.220	342.613	13.850
	<u>1.144.986</u>	<u>3.162.231</u>	<u>820.834</u>

13. At the end of July the fishing vessel Sæþór EA-101 was sold for ISK 61.0 million. A book loss from the sale amounts to ISK 36.1 million. In July the subsidiary company Onward Fishing Company Ltd. sold the fishing vessel MV Onward Highlander. The selling price was ISK 113.1 million and book loss from the sale is ISK 122.1 million. At year end 2001 the Company had twelve fishing vessels with a book value of ISK 4,598.9 million. Book value and insurance value of the ships are as follows:

<b>Parent:</b>	Insurance value	Book value
Akureyrin EA 110 .....	607.154	257.272
Baldvin Þorsteinsson EA 10 .....	973.274	449.081
Björgúlfur EA 312 .....	193.826	204.567
Björgvin EA 311 .....	464.577	443.646
Hríseyjan EA 410 .....	100.000	37.480
Kambaröst SU 200 .....	268.249	119.526
Margrét EA 710 .....	330.222	127.749
Oddeyrin EA 210 .....	182.428	139.199
Seley SU 210 .....	200.000	187.406
Vilhelm Þorsteinsson EA 11 .....	1.881.250	1.811.970
Víðir EA 910 .....	527.100	152.611
Þorsteinn EA 810 .....	762.779	668.456
Total .....	<u>6.490.859</u>	<u>4.598.963</u>

14. The insurance value of property and equipment of the Group / Parent amounted to ISK 3,253.9 million at year end. The insurance value of catch and fishing gear amounted to ISK 841.6 million at the same time. Products and raw materials on shore are insured for ISK 2,378.0 million at year end.

## Investments

15. The Company had one subsidiary at the beginning of the year, Onward Fishing Company Ltd., and its net loss was ISK 52.6 million during the year, according to its Statement of Earnings. In addition there is the amortization of the premium of the acquisition price of this company of ISK 23.5 million, so a total of ISK 76.1 million is expensed in the Statement of Earnings. During the year the Company founded the fishing firm Hjalteyrin hf. which is wholly owned by the Company, but no operations was started during the year.

## Notes, cont.:

16. The Company had shares in thirteen associated companies at year end. During the year the Company acquired 45.3% share in Silfurstjarnan hf., 18% share in Sæsilfur hf., 14.7% in Íslandslax hf., 8.0% in Snæfugl ehf. and 50% in Sæblikinn ehf. The Company's subsidiary, Onward Fishing Company Ltd., invested in 33.3% share in the company Ulloriaq.

The Company's share in the associated companies FAB GmbH, Framherji Sp/f., Hraðfrystistöð Þórshafnar hf., Rif ehf., Seagold Ltd., Íslandslax hf., Silfurstjarnan hf. and Víkurlax ehf. is entered in the Financial Statements according to the equity method, but shares in other associated companies have insignificant influence on the Company's Financial Statements and their effects are not entered in the Financial Statements. The Parent Company's associated companies at year end specifies as follows:

Parent	Share hluti	Book value	Entered in Statement of Earnings
FAB GmbH, Germany .....	35,0%	127.892	24.794
Framherji Sp/f., Faeroe Islands .....	30,0%	55.100	51.512
Hraðfrystistöð Þórshafnar hf. ....	27,6%	265.946	( 34.417)
Rif ehf., Hrísey .....	49,0%	60.788	( 6.403)
Seagold Ltd., UK .....	50,0%	49.525	10.435
Íslandslax hf., Grindavík .....	64,7%	173.529	( 92.407)
Silfurstjarnan hf., Öxarfirði .....	48,4%	103.628	( 19.399)
Snæfugl ehf., Fjarðabyggð .....	55,0%	88.340	
Sæsilfur hf., Fjarðabyggð .....	53,0%	126.620	
SNS holding Ltd., Canada .....	43,2%	78.902	
Fell Ltd., Reykjavík .....	50,0%	32.859	
Víkurlax ehf., Grýtubakkahreppi .....	85,0%	2.796	( 8.088)
Sæblikinn ehf., Akureyri .....	50,0%	251	
		<u>1.166.176</u>	<u>( 73.973)</u>
<b>Subsidiary company:</b>			
Ulloriaq, Greenland .....	33,3%	55.794	
		<u>1.221.970</u>	<u>( 73.973)</u>

17. Shares in other companies are as follows:

	Share %	Book value
Fiskeldi Eyjafjarðar hf. ....	16,5%	198.258
Genís hf. ....	18,1%	163.740
Íslandsfugl ehf. ....	13,3%	17.639
SÍF hf. ....	1,2%	53.460
Other companies .....		73.270
Shares in other companies total .....		<u>506.367</u>

### Long-term notes

18. Loans to subsidiary and associated companies are as follows:

Loans according to currencies:	Interest rate	Group	Parent
Notes in ISK .....	10,0%	100.470	100.470
Notes in GBP .....			192.499
		<u>100.470</u>	<u>292.969</u>
Current maturities.....		( 10.047)	( 29.297)
Loans to subsidiary and associated companies total .....		<u>90.423</u>	<u>263.672</u>

## Notes, cont.:

### Stockholders' equity

19. The capital stock of the Company was ISK 1,655.9 million at the beginning of the year, but during the year the Company bought own shares with a nominal value of ISK 49.7 million. Total capital stock at year end amounted to ISK 1,660.0 million according to its articles of association, of which own shares are ISK 53.8 million. One vote is attached to each share of one ISK in the Parent Company.

20. Changes in stockholders' equity:

Group/Parent	Capital stock	Capital in excess of par	Revaluation reserve	Statutory reserve	Retained earnings	Total
Stockholders' equity 1.1.2001 .....	1.655.893	730.338	149.092	176.503	2.693.129	5.404.955
Own shares purchased .....	( 49.708)	( 452.142)				
Dividends paid .....					( 248.357)	( 248.357)
Net profit .....					1.107.823	1.107.823
Revaluation of assets .....			872.670			872.670
Calculated inflation adjustment .....			( 415.844)			( 415.844)
Revaluation of retained earnings .....			( 261.746)		261.746	
Stockholders' equity 31.12.2001 .....	<u>1.606.185</u>	<u>278.196</u>	<u>344.172</u>	<u>176.503</u>	<u>3.814.341</u>	<u>6.219.397</u>

21. At the beginning of the year 2001 the stockholders' equity amounted to ISK 5,404.9 million which equals ISK 5,870.3 million at year end taking into account a 8.6% increase in the general price-level during the year. According to the Balance Sheet the stockholders' equity at year end is ISK 6,219.4 million or ISK 349.1 million higher than at the beginning of the year, the comparison being made at year end 2001 price level. The change is specified as follows:

	Financial Statements	At year end price level
Stockholders' equity 1.1.2001 .....	5.404.955	5.870.300
Own shares purchased .....	( 501.850)	( 504.147)
Dividends paid .....	( 248.357)	( 263.992)
Net profit .....	1.107.823	1.153.326
Revaluation of assets less calculated inflation adjustment .....	456.826	
Difference in assets not in line with general price level changes .....		( 36.090)
Stockholders' equity 31.12.2001 .....	<u>6.219.397</u>	<u>6.219.397</u>

### Obligations

22. The deferred income tax liability of the Parent Company amounted to ISK 636.7 million at year end 2001 according to the Balance Sheet. The change in the liability during the year is as follows:

Balance 1.1. 2001 .....	583.397
Income tax from operations .....	438.260
Income tax from extraordinary items .....	( 10.683)
Calculated indexation .....	50.228
	<u>1.061.202</u>
Decrease in the liability due to a decrease in the income tax rate from 30% to 18% .....	( 424.480)
Deferred income tax liability at year end 2001 .....	<u>636.722</u>

The deferred income tax liability is specified as follows:

Intangible assets .....	285.177
Fixed assets .....	244.634
Shares in other companies .....	244.123
Tax loss carry forward .....	( 97.578)
Other items .....	( 39.634)
Deferred income tax liability at year end 2001 .....	<u>636.722</u>

## Notes, cont.:

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### Long-term debt

23. Long-term debt of the Parent Company specify as follows:

Domestic credit institutions .....	5.252.087
Foreign credit institutions .....	1.746.406
Domestic bond offer .....	588.635
Other long-term loans .....	224.872
Long-term loans total including current maturities .....	7.812.000
Current maturities .....	( 975.561)
Long-term loans total .....	6.836.439

24. Long-term debt specify as follows according to currencies and indexation:

Loans in DEM .....	179.886
Loans in GBP .....	747.357
Loans in JPY .....	2.734.499
Loans in CHF .....	599.762
Loans in USD .....	2.013.002
Loans in EUR .....	283.499
Loans in RFI .....	315.151
Loans in other currencies .....	35.905
Loans in foreign currencies total .....	6.909.061
Loans in ISK, indexed .....	902.939
Long-term debt total including current maturities .....	7.812.000

25. Annual maturities of long-term debt are as follows:

Year 2002 .....	975.561
Year 2003 .....	1.320.013
Year 2004 .....	1.818.973
Year 2005 .....	782.599
Year 2006 .....	739.190
Subsequent years .....	2.175.664
Long-term debt total including current maturities .....	7.812.000

### Taxes

26. The Company's loss carry-forward at the end of year is ISK 542.1 million. Tax loss carry-forward can only be utilized to offset taxable income over the next eight years after the tax loss is incurred. The available tax operating loss carry-forward at the end of the year is as follows:

Loss in 1998, valid until year end 2006 .....	267.638
Loss in 2000, valid until year end 2008 .....	274.465
	542.103

## Notes, cont.:

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### Mortgages and commitments

27. Mortgages by the Group / Parent with a remaining loan balance of ISK 5,861.1 / 5,668.6 million at year end are registered against the fixed assets of the Group / Parent of book value of ISK 6,188.2 / 6,187.2 million at the same time:

	Book value	Remaining loan balance
<b>Group:</b>		
Fishing vessels .....	4.598.963	5.095.376
Buildings and machinery .....	1.589.262	765.706
Total .....	<u>6.188.225</u>	<u>5.861.082</u>
<b>Parent:</b>		
Fishing vessels .....	4.598.963	5.095.376
Housing and machinery .....	1.588.243	573.207
Total .....	<u>6.187.206</u>	<u>5.668.583</u>

Also there are registered pledges against the fixed assets of the Parent Company for long term loans of ISK 334.9 million stemming from a charter vessel of the Group. Collateral securities of ISK 1,528.8 million are also registered against the fixed assets of the Parent Company at year end. The Parent Company has also guaranteed loans of its subsidiary company amounting to ISK 192.5 million at the same time.

28. The Company has entered into derivatives contracts with financial institutions to limit its risk regarding currency and interest rate. The real value of these contracts at year end 2001 is negative of ISK 136.2 million which is entered as a liability in the Balance Sheet.

### Other matters

29. Samherji hf. has agreed on the sale of the freezing trawler Baldvin Þorsteinsson to Deutsche Fischfang Union, (DFFU), Cuxhaven, Germany with intended delivery in April 2002. In addition it is planned that Samherji hf. will acquire the freezing trawler Hannover NC-100,( former name Guðbjörg ÍS), from DFFU. It is assumed that additional investment of Samherji hf. due to these contracts will be ISK 650 million.
30. In January 2002 the Company bought shares with nominal value of ISK 10,9 million or 2.23% in Hraðfrystistöð Þórshafnar hf. The Company's share after this investment is 29.85%. The acquisition cost of the shares is ISK 30,3 million which was paid by shares in Samherji hf. of nominal value of ISK 3.0 million. After this swapping Samherji hf. holds own shares of nominal value of ISK 50.9 million.
31. In February 2002 the Company acquired shares in Síldarvinnslan hf. with nominal value of ISK 130.6 million or 11.87% share in that company at the buying rate of 5.5. Samherji hf. holds also a 55% share in Snæfugl ehf. which owns 20% share in Síldarvinnslan hf.