

Glitnir sjóðir hf.
Glitnir Mutual Funds
Glitnir Investment Funds

Interim Financial Statements
30 June 2007

GLITNIR


Glitnir sjóðir hf.
Kirkjusandi 2
155 Reykjavík
Iceland
Reg.no. 690694-2719

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Glitnir sjóðir hf.

Interim Financial Statements
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Endorsement by the Board of Directors and the CEO

Glitnir sjóðir hf., formerly Rekstrarfélag ÍSB hf. was originally founded in 1994 and is the management company for Glitnir Mutual Funds, Glitnir Investments Funds and Glitnir Professional Investor Fund. The Funds are under the custody of Glitnir banki hf. Glitnir sjóðir hf. is a subsidiary of Glitnir banki hf. and is included in the Consolidated Financial Statements of the Bank and its subsidiaries.

The Financial Statements are divided into two parts. Part-A consists of the Financial Statements of the funds' management company. Part-B consists of the Financial Statements of Glitnir Mutual Funds and Glitnir Investments Funds. This formation of the Financial Statements is in conformity with the requirements of the Financial Supervisory Authority of Iceland, regarding the Financial Statements of management companies of mutual funds.

At 30 June 2007 12 funds were under the management of the company. Their total assets amounted to 183,558 ISK million. The company is the management company for three funds which are listed in Luxembourg. Their total assets amounted to ISK 9,225 million.

According to the Income Statement the profit of the company amounted to ISK 6.1 million. Equity, according to the Balance Sheet, amounted to ISK 88.9 million at 30 June 2007. The Company's capital adequacy ratio, calculated according to the Act on Financial Undertakings, was 43.8%. Under Icelandic law the minimum requirement is 8.0%.

The capital stock of the company amounted to ISK 25 million June 30 and is owned by Glitnir banki hf. and its subsidiaries.

Fourteen employees worked for the company in the end of June and salaries amounted to ISK 86 million for the first half of the year.

The Board of Directors and the Managing Director of Glitnir sjóðir hf. hereby confirm the Financial Statements of the Company for the first half ended 30 June 2007 by means of their signatures.

Reykjavík, 31 August 2007.

Board of Directors:

Almar Guðmundsson

Gunnar Jónsson

Jóhann Ómarsson

Katrín Oddsdóttir

Managing Director:

Eggert Þór Kristófersson

Report on Review of Interim Financial Information

To the Board of Directors and Shareholders of Glitnir sjóðir hf.

Introduction

financial statements are in two sections, section A and section B. Section A covers the operating entity and section B covers Glitnir mutual funds and Glitnir investment funds. Section A comprises the Endorsment by the board of directors and the CEO, the balance sheet as of 30 June 2007 and the income statement, statement of cash flow for the six-month period then ended and explanatory notes for the operating entity. Section B comprises the balance sheet as of 30 June 2007 and the income statement, statement of changes in net assets, statement of investments and explanatory notes for Glitnir mutual funds and Glitnir investment funds. Management is responsible for the preparation and presentation of this interim financial information in accordance with the requirements of the Icelandic Accounting Act. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standards 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 interim financial information is not prepared, in all material respects, in accordance with the requirements of the Icelandic Accounting Act.

Reykjavík, 31 August 2007.

PricewaterhouseCoopers hf.

Sigurður B. Arnþórsson

Kristinn F. Kristinsson

Interim Income Statement For the First Half

Ended 30 June 2007

	Notes	2007	2006
Operating income		1.1.-30.6	1.1.-30.6
Management fees		708.873	553.189
Financial income		6.845	2.327
Other income		6	9
Total operating income		715.724	555.525
Financial expenses.....		0	(470)
Net operating income		715.724	555.055
Operating expenses			
Salaries and salary-related expenses	3	103.689	59.691
Service fees to Glitnir banki hf.		557.875	430.761
Other expenses		46.683	44.924
Total operating expenses		708.247	535.376
Profit before income tax		7.477	19.678
Income tax	7	(1.346)	(3.542)
Profit for the period		6.132	16.136

Balance Sheet as at 30 June 2007

	Notes	30.6.2007	31.12.2006
Assets			
Securities			
Unit shares		25.654	21.434
Receivables			
Receivables due from part-B		152.752	124.864
Other receivables		955	1.239
Other assets			
Cash and cash equivalents		84.597	67.367
Total Assets		263.957	214.904
Liabilities			
Liabilities with the parent company.....		134.802	91.733
Accrued taxes payable.....	7	1.346	6.338
Other liabilities.....		38.953	34.108
Total Liabilities		175.101	132.179
Equity			
	4-6		
Share capital		25.000	25.000
Statutory reserve		4.512	4.206
Retained earning		59.344	53.519
Total Equity		88.856	82.725
Total Equity and Liabilities		263.957	214.904

Cash Flow Statement for the First Half

Ended 30 June 2007

	Notes	2007 1.1.-30.6	2006 1.1.-30.6
Cash flows from operating activities			
Profit for the period	5	6.132	16.137
Non-cash items included in net profit:			
Appreciation of securities.....		(1.375)	(1.218)
Changes in operating assets and liabilities.....		15.318	(21.761)
Net cash provided by (used in) operating activities		20.075	(6.842)
Cash flows from investing activities			
(Purchased) / Redeemed unit shares of mutual funds		(2.845)	24.582
Net cash (used in) provided by investing activities		(2.845)	24.582
Net increase in cash and cash equivalents		17.230	17.740
Cash and cash equivalents at the beginning of the year		67.367	6.072
Cash and cash equivalents at 30 June 2007		84.597	23.812

Notes to the Interim Financial Statements

Summary of Accounting Principles

Basis of Preparation

- The interim financial statements of Glitnir sjóðir hf., part-A, are prepared in accordance with the Annual Accounts Act and the Rules on the financial statements of management companies of mutual funds. The interim financial statements are based on cost accounting and are prepared according to the same accounting principles used for the previous year. The interim financial statements are prepared in Icelandic currency (ISK) and amounts are presented in thousands of ISK. The company is a subsidiary of Glitnir banki hf. The interim financial statements of the company are a part of the consolidated financial statements of the parent company and all the groups' operating and financial information can be found there.

Management fees

- The company receives a fee for the management of Glitnir Mutual Funds and Glitnir Investment Funds. The company also receives management fee for the management of Glitnir Mutual Funds and Glitnir Hedge Funds in Luxembourg. The management fees are calculated as a fixed ratio of each fund's net assets and includes, among other things, the employee's salaries of the management company, marketing cost and expenses relating to the operations of the funds.

Personnel

- Salaries and salary-related expenses are specified as follows:

	30.6.2007	30.6.2006
Salaries	85.987	49.110
Salary-related expenses and accrued performance based-salary	17.702	10.582
Total salaries and salary-related expenses	103.689	59.691

The company's total number of employees is as follows:

	30.6.2007	31.12.2006
Positions	14	10

Equity

- The company's share capital amounts to ISK 25 million. One vote is attached to each share of one ISK in the company.
- Changes in equity are specified as follows:

	Share Capital	Statutory Reserve	Retained Earnings	Total
Equity as at 1.1.2006	25.000	2.762	26.092	53.854
Contribution to statutory reserve		807	(807)	0
Profit for the period			16.137	16.137
Equity as at 30.6.2006	25.000	3.569	41.422	69.991
Contribution to statutory reserve		637	(637)	0
Profit for the period			12.734	12.734
Equity as at 31.12.2006	25.000	4.206	53.519	82.725
Contribution to statutory reserve		306	(306)	0
Profit for the period			6.132	6.132
Equity as at 30.6.2007	25.000	4.512	59.344	88.856

Notes to the Interim Financial Statements

6. The capital adequacy ratio (CAD) of the company, calculated in accordance with Article 84 of the Act on Financial Undertakings, is 43.82%. The legal minimum capital adequacy ratio is 8.0%. The ratio is calculated as follows:

Risk base	202.777
Equity	88.856
Capital adequacy ratio	43,82%

Taxation

7. Authoritative expenses for the operation in the first half of the year 2007 have been calculated and recognised in the interim financial statements. The company is taxed together with its parent company.

Glitnir Mutual Funds

Interim Financial Statements
30 June 2007

Interim Income Statement for the First Half

Ended 30 June 2007

	Notes	Fund 1	Fund 5	Fund 6
Financial income and expenses				
Interest income, indexation, dividends and exchange rate difference		1.041	319	2.180
Interest expense.....		(67)	(19)	(5)
Net financial income	3-4	974	300	2.175
Operating expenses				
Management fees	5	145	33	31
Other operating expenses		2	1	1
Total operating expenses		147	34	32
Profit (loss) recognised on unit shares		827	266	2.143

Fund 7	Fund 11	Global Portfolio	Total 2007 1.1.-30.6.	Total 2006 1.1.-30.6.
407	181	(134)	3.995	4.634
(18)	(28)	(0)	(138)	(56)
388	153	(134)	3.856	4.578
84	23	11	326	339
2	0	0	7	8
86	23	11	333	347
302	130	(145)	3.524	4.231

Balance Sheet as at 30 June 2007

	Notes	Fund 1	Fund 5	Fund 6	Fund 7
Assets					
Investments					
Fixed-income securities.....		27.628	7.547	0	18.130
Shares		0	0	8.366	0
Unit shares		0	0	0	0
Balances with financial institutions		0	467	0	0
Derivatives		7	0	0	0
Total investments		27.635	8.014	8.366	18.130
Other assets					
Cash and cash equivalents		5	8	4	107
Other assets		0	5	0	15
Total other assets		5	13	4	122
Total Assets	6-10	27.640	8.027	8.370	18.252
Liabilities					
Liabilities with credit institutions.....		0	0	55	375
Liabilities with the management company.....		23	6	12	16
Derivatives		4	0	0	0
Other liabilities		151	4	2	3
Total Liabilities		177	11	69	395
Unit shares	12-13	27.463	8.016	8.301	17.858
Total Liabilities and Unit Shares		27.640	8.027	8.370	18.252
Class-A:					
Net assets		27.463	8.016	8.301	17.858
Number of units, in thousands		2.543 *	1.771	425	7.958
Price of unit shares 30 June 2007		10.629 *	4.526	19.553	2.244

* Fund 1 consists of number of fund series. Number of share units and prices are as follow:

	Number of units	Price
Glitnir Fund 1, bonds	2.543	10.629
Fund shares 1	13	10.629
Fund shares 3	3	7.320
Fund shares 4	5	5.036
Interest shares	27.375	7,4896
Option shares	6.418	7,0202

Fund 11	Global Portfolio	Total 30.6.2007	Total 31.12.2006
5.841	0	59.145	61.735
0	0	8.366	7.146
0	2.050	2.050	2.238
0	0	467	0
8	0	15	90
5.849	2.050	70.043	71.210
1	11	136	591
13	0	34	87
14	11	170	678
5.863	2.061	70.213	71.887
20	0	450	365
4	3	64	70
0	0	4	10
0	32	193	33
24	35	711	478
5.839	2.026	69.502	71.409
5.863	2.061	70.213	71.887
5.839	2.026		
2.919	1.888		
<u>2.000</u>	<u>1.073</u>		

Statement of Changes in Net Assets for the First Half

Ended 30 June 2007

	Notes	Fund 1	Fund 5	Fund 6
Cash flows used in operating activities				
Profit (loss) recognised on unit shares.....		827	266	2.143
Cash flows from investing activities				
Unit shares sold.....		1.061	2.061	214
Unit shares redeemed.....		(6.527)	(1.012)	(1.107)
		<u>(5.467)</u>	<u>1.049</u>	<u>(893)</u>
Change in net assets		(4.640)	1.315	1.250
Net assets at the beginning of the year		32.103	6.701	7.051
Net assets at 30 June 2007		27.463	8.016	8.301

Fund 7	Fund 11	Global Portfolio	Total 2007 1.1.-30.6.	Total 2006 1.1.-30.6.
302	130	(145)	3.524	4.232
1.907	763	235	6.241	24.130
(2.386)	(330)	(309)	(11.671)	(20.313)
(479)	433	(74)	(5.430)	3.816
(176)	564	(219)	(1.906)	8.048
18.034	5.275	2.245	71.409	69.944
17.858	5.839	2.026	69.502	77.992

Statement of Investments

as at 30 June 2007

Glitnir Fund 1

Bonds

	Market value	% of total net assets
Bakkavör Group hf.	1.784	6,5%
Glitnir banki hf.	1.722	6,3%
Fasteignafélagið Stoðir hf.	1.531	5,6%
The Housing Financing Fund	1.487	5,4%
Straumur-Burðarás Fjárfestingabanki hf.	1.061	3,9%
Exista hf.	825	3,0%
Síminn hf.	767	2,8%
Egla hf.	746	2,7%
Municipality Credit Iceland	672	2,4%
FL Group hf.	649	2,4%
Other bonds	16.382	59,7%
Derivatives	7	0,0%
Total value of investments	27.635	100,6%
Cash and cash equivalents	5	0,0%
Other assets and liabilities	(177)	(0,6%)
Total net assets	27.463	100,0%

Glitnir Fund 5

Government bonds

	Market value	% of total net assets
Housing financial fund bonds	4.856	60,6%
Government bonds	1.017	12,7%
Housing authority bonds	862	10,8%
Housing bonds	811	10,1%
Amounts due from credit institutions	467	5,8%
Total value of investments	8.014	100%
Cash and cash equivalents	8	0,1%
Other assets and liabilities	(6)	(0,1%)
Total net assets	8.016	100,0%

Statement of Investments

as at 30 June 2007

Glitnir Fund 6

Main List of the Icelandic Stock Exchange

	Nominal value/ shares*	Market value	% of total net assets
Kaupping banki hf.	2*	2.046	24,7%
Glitnir banki hf.	36	1.053	12,7%
Landsbanki Íslands hf.	27	1.028	12,4%
Exista hf.	28	956	11,5%
Actavis Group hf.	9	769	9,3%
FL Group hf.	20	575	6,9%
Straumur-Burðarás Fjárfestingabanki hf.	25	553	6,7%
Bakkavör Group hf.	5	369	4,4%
Hf. Eimskipafélag Íslands	4	177	2,1%
Mosaic Fashions hf.	7	122	1,5%
Tryggingamiðstöðin hf.	3	108	1,3%
Össur hf.	1	101	1,2%
Other companies	-	509	6,1%
Total value of investments		8.366	100,8%
Cash and cash equivalents		4	0,1%
Other assets and liabilities		(69)	(0,8%)
Total net assets		8.301	100,0%

Glitnir Fund 7

Long-term government bonds

	Market value	% of total net assets
Housing financial fund bonds	15.919	89,15%
Housing bonds	2.093	11,72%
Treasury bonds (saving certificates)	118	0,66%
Total value of investments	18.130	101,53%
Cash and cash equivalents	107	0,60%
Other assets and liabilities	(379)	(2,1%)
Total net assets	17.858	100,00%

Statement of Investments

as at 30 June 2007

Glitnir Fund 11 Corporate bonds

	Market value	% of total net assets
Housing financial fund bonds	1.034	17,7%
Landsvirkjun	400	6,8%
Icelandair Group hf.	253	4,3%
Síminn hf.	249	4,3%
Akureyrarkaupstaður	238	4,1%
Spölur hf.	223	3,8%
Fasteignafélagið Stoðir hf.	216	3,7%
Exista hf.	181	3,1%
N1 hf.	180	3,1%
Fjarðarbyggð	174	3,0%
Havila Shipping ASA	170	2,9%
Kögun hf.	169	2,9%
Landsbanki Íslands hf.	127	2,2%
Bakkavör Group hf.	116	2,0%
Milestone ehf.	113	1,9%
Nordiska Investeringssbanken	110	1,9%
Aker Seafoods ASA	110	1,9%
Mosaic Fashions hf.	106	1,8%
Other bonds	1.675	28,7%
Derivatives	8	0,1%
Total value of investments	5.849	100,2%
Cash and cash equivalents	1	0,0%
Other assets and liabilities	(11)	(0,2%)
Total net assets	5.839	100,0%

Glitnir Global Portfolio Foreign shares

	Shares	Market value	% of total net assets
Glitnir Global Equity	36.609	382	18,8%
Vanguard Global Stock Index Fund	323.732	336	16,6%
GAM-International Growth-A-Inc	94.418	249	12,3%
Gartmore SICAV Global Focus Fund	344.867	246	12,2%
S&P Depository Receipt	24.300	227	11,2%
Gartmore European Focus Fund	10.767	194	9,6%
Vanguard European Stock Index Fund	111.776	141	7,0%
Vanguard US500 Stock Index Fund	146.667	128	6,3%
GAM-Star Japan Equity Fund	107.200	102	5,0%
Ishares MSCI Japan Index Fund	51.100	46	2,3%
Total value of investments		2.050	101,2%
Cash and cash equivalents		11	0,5%
Other assets and liabilities		(35)	(1,7%)
Total net assets		2.026	100,0%

Notes to the Interim Financial Statements

Summary of Accounting Principles

Basis of Preparation

1. The interim financial statements of Glitnir Mutual Funds are prepared in accordance with the Annual Accounts Act and the Rules on the financial statements of management companies of mutual funds. The interim financial statements are based on cost accounting except that listed securities are generally valued at market value. The interim financial statements are prepared according to the same accounting principles used for the previous year. The interim financial statements are prepared in Icelandic currency (ISK) and amounts are presented in millions of ISK. The funds are a part of Glitnir Sjóðir hf. which is a subsidiary of Glitnir banki hf. and all the groups' operating and financial information can be found there. The interim financial statements of the funds are not a part of the banks' interim financial statements because of the nature of their operations.

Foreign Currency

2. Assets and liabilities in foreign currency are converted to Icelandic currency (ISK) at the exchange rate at 30 June 2007. Operational revenue and expenses in foreign currency are converted at the exchange rate of the date of transaction.

Interest income and expenses

3. Interest income and interest expenses are recognised in the income statement as they accrue based on the effective interest rate.

Dividend income

4. Dividend income is recognised in the income statement on the dividend's declaration date. Capital tax on foreign shares' dividends is deducted from dividend income in the income statement.

Management fees

5. Glitnir sjóðir hf. receives management fees from the funds, which includes the salaries of the company's employees, marketing expenses and other management expenses of the funds. The fee is calculated as a fixed ratio of each fund's net assets. The fees are specified as follows:

	Series A	Series B	Maximum fee	
			Series A	Series B
Glitnir Fund 1, bonds	1,0%	-	1,5%	1,0%
Glitnir Fund 5, government bonds	0,9%	-	1,5%	1,0%
Glitnir Fund 6, OMX Iceland 15	0,8%	-	1,5%	1,0%
Glitnir Fund 7, long-term government bonds	0,9%	-	1,5%	1,0%
Glitnir Fund 11, corporate bonds	0,8%	-	1,5%	1,0%
Glitnir Global Portfolio	1,0%	-	2,5%	2,0%

The funds also pay salaries to the board members, audit expenses and other expenses.

Investments

6. Bonds which are listed on public stock markets are valued at market value at 30 June 2007. Unlisted bonds are valued with consideration to the required rate of return at the date of purchase. When these assets are valued, an amortisation is calculated which takes into account the general risk of the operations.
7. Listed shares are valued at market value at 30 June 2007. Unlisted shares are recognised in the financial statements on the last known trade price or estimated market price, whichever is lower.
8. Unit shares in mutual funds are valued at market value at 30 June 2007.
9. Demand deposits owed to credit institutions are capitalised with accrued interests, indexation and exchange rate differences at 30 June 2007.

Notes to the Interim Financial Statements

10. Derivatives are financial instruments, the contracted or notional amounts of which are not included in the funds' balance sheet, either because rights and obligations arise out of one and the same contract, the contracts will not be in effect until the end of the current accounting period or because the notional amounts serve only as variables for calculating purposes. The notional amounts of derivatives do not necessarily give any indication of the size of cash flows or the attached risk. Examples of derivatives are forward and future exchange contracts, swaps and options. Their underlying value can be based on interest rates or prices of currencies, commodities, bonds or equities.

Derivatives are capitalised at market value. The derivatives are used to hedge the funds against interest and exchange rate risk due from securities. Their general aim is to minimise the funds price, interest and exchange rate risk. Gains and losses on derivatives are recognised in the income statement and in the balance sheet.

The market risk of derivatives is due to price changes in the factors that underlying assets are priced on, such as changes in interest rates, currency exchange rates and prices of listed securities.

Taxation

11. Mutual Funds and Investments Funds do not pay income tax. Instead the profit or loss of their operations is taxed at the owners of the unit shares. Individuals pay capital tax of the profit from their shares when they cash it out. Profit and loss from unit shares is considered as taxable income or expenses at companies regardless of its redemption.

The funds are exempt from capital tax in Iceland but not in those countries where capital tax is levied on foreign parties income and no double taxation treaties apply.

Unit shares

12. The real return of Glitnir Mutual Funds are specified as follows:

	Last 3 months	Last 6 months	Last 12 months
Glitnir Fund 1, bonds	4,9%	1,4%	1,1%
Glitnir Fund 5, Icelandic government bonds	2,1%	2,3%	1,9%
Glitnir Fund 6, main list	42,5%	66,2%	48,9%
Glitnir Fund 7, long-term government bonds	(0,1%)	(1,9%)	(0,4%)
Glitnir Fund 11, corporate bonds	3,1%	(0,3%)	0,5%
Glitnir Global Portfolio	(9,0%)	(16,4%)	(5,7%)

13. Summary of the book value and the price of unit shares at year-end for the last 3 years.

	Book value			Price		
	30.06.2007	31.12.2006	31.12.2005	30.06.2007	31.12.2006	31.12.2005
Glitnir Fund 1	27.463	32.103	30.034	10.629	10.313	9.493
Glitnir Fund 5	8.016	6.701	7.754	4.526	4.374	4.052
Glitnir Fund 6	8.301	7.051	7.882	19.553	14.821	12.629
Glitnir Fund 7	17.858	18.034	16.558	2.244	2.214	2.053
Glitnir Fund 11	5.839	5.275	6.071	2.000	1.957	1.806
Glitnir Global Portfolio	2.026	2.245	1.645	1.073	1.147	869

Notes to the Interim Financial Statements

14. Summary of percentage division of assets of individual funds and investment policies.

	Assets		Change	Investment policy		
	30.6.2007	31.12.2006		Aim	Minimum	Maximum
	%	%	%	%	%	%
Glitnir Fund 1, bonds						
Government bonds	16	10	6	10	10	30
Corporate bonds	57	56	1	45	25	70
Bonds issued by banks and saving banks	27	32	(5)	30	20	50
Other bonds	0	2	(2)	15	5	30
Cash	0	0	0	0	0	10
Glitnir Fund 5, Icelandic government funds						
Treasury bills	0	0	0	5	0	60
Unindexed government bonds	12	22	(10)	35	5	60
Housing financial fund bonds	61	53	8	45	10	60
Housing bonds	10	12	(2)	10	0	60
Housing authority bonds	11	13	(2)	5	0	20
Other government bonds	0	0	0	0	0	20
Cash	6	0	6	0	0	10
Glitnir Fund 6, main list						
Shares	100	100	0	100	95	100
Cash	0	0	0	0	0	5
Glitnir Fund 7, long-term government bonds						
Housing financial fund bonds	88	85	3	80	30	100
Housing bonds	12	12	0	20	0	50
Other government bonds	0	1	(1)	0	0	10
Cash	0	2	(2)	0	0	10
Glitnir Fund 11, corporate bonds						
Bonds with government warranty	20	17	3	20	0	50
<i>Treasury bills</i> <i>(saving certificates)</i>	0	0	0			
<i>Housing bonds</i>	1	1	0			
<i>Housing financial fund</i> <i>bonds</i>	19	14	5			
<i>Other bonds</i>	0	2	(2)			
Banks', municipalities' and corporate bonds	80	83	(3)	80	50	100
<i>Corporate bonds</i>	57	56	1			
<i>Bonds issued by</i> <i>banks</i>	12	16	(4)			
<i>Other bonds</i>	11	11	0			
Cash	0	0	0	0	0	10

Notes to the Interim Financial Statements

	Assets		Change	Investment policy		
	30.6.2007	31.12.2006		Aim	Minimum	Maximum
	%	%	%	%	%	%
Glitnir Global Portfolio						
Unit shares	100	100	0	100	90	100
Shares	0	0	0	0	0	10
Cash, bonds and bills of exchange	0	0	0	0	0	10

15. Segmentation of the fund series' investments and relative percentage division:

	Gov.,municipal or int.institutes		Unit shares		Shares		Other		Total	
	kr.	%	kr.	%	kr.	%	kr.	%	kr.	%
Glitnir Fund 1										
Securities, other than money market documents listed on public stock markets	4.109	15					21.766	79	25.875	94
Derivatives outside public stock markets							7	0	7	0
Other financial instruments	243	1					1.510	5	1.753	6
	<u>4.352</u>	<u>16</u>					<u>23.283</u>	<u>84</u>	<u>27.635</u>	<u>100</u>

Glitnir Fund 5

Securities, other than money market documents listed on public stock markets	7.547	94							7.547	94
Amounts due from credit institutions							467	6	467	6
Derivatives outside public stock markets										
	<u>7.547</u>	<u>94</u>					<u>467</u>	<u>6</u>	<u>8.014</u>	<u>100</u>

Glitnir Fund 6

Securities, other than money market documents listed on public markets					8.366	100			8.366	100
					<u>8.366</u>	<u>100</u>			<u>8.366</u>	<u>100</u>

Glitnir Fund 7

Securities, other than money market documents listed on public markets	18.130	100							18.130	100
Derivatives outside public stock markets										
	<u>18.130</u>	<u>100</u>					<u>0</u>	<u>0</u>	<u>18.130</u>	<u>100</u>

Notes to the Interim Financial Statements

	Gov.,municipal or int,institutes		Unit shares		Shares		Other		Total		
	kr.	%	kr.	%	kr.	%	kr.	%	kr.	%	
Glitnir Fund 11											
Securities, other than money market documents listed on public markets	1.882	32					3.704	63	5.586	96	
Derivatives outside public stock markets							8	0	8	0	
Other financial instruments.....	6	0					249	4	255	4	
	1.888	32					3.961	68	5.849	100	

Glitnir Global Portfolio

Securities, other than money market documents listed on public markets			2.050	100			2.050	100
			2.050	100			2.050	100

Glitnir Investment Funds

Interim Financial Statements
30 June 2007

GLITNIR


Interim Income Statement for the First Half

Ended 30 June 2007

	Notes	Fund 9	Fund 10	Total 2007 1.1.-30.6.	2006 1.1.-30.6.
Financial income and expenses					
Interest income, indexation, dividends and exchange rate difference		5.574	1.830	7.404	1.722
Interests expense.....		(6)	(21)	(27)	(28)
Net financial income	3-4	5.568	1.809	7.377	1.694
Operating expenses					
Management fees	5	264	53	317	145
Other operating expenses		4	0	4	3
Total operating expenses		268	53	322	148
Profit recognised on unit shares		5.299	1.756	7.055	1.546

Balance Sheet as at 30 June 2007

	Notes	Fund 9	Fund 10	Total	
				30.6.2007	31.12.2006
Assets					
Investments					
Fixed-income securities.....		57.019	0	57.019	28.091
Shares		0	7.890	7.890	5.131
Balances with financial institutions		37.099	0	37.099	29.638
Derivatives		0	16	16	1
Total investments		94.118	7.906	102.024	62.861
Other assets					
Cash and cash equivalents		9	1	10	76
Other assets		0	4	4	6
Total other assets		9	5	14	82
Total Assets	6-10	94.127	7.911	102.038	62.943
Liabilities					
Liabilities with credit institutions.....		112	15	126	40
Other liabilities		52	26	78	25
Total Liabilities		164	41	205	65
Unit shares	12-13	93.963	7.870	101.833	62.878
Total Liabilities and Unit shares		94.127	7.911	102.038	62.943
Net assets		93.963	7.870		
Number of units		3.684	938		
Price of unit shares at 30 June 2007		<u>25.504</u>	<u>8.390</u>		

Statement of Changes in Net Assets for the First Half

Ended 30 June 2007

	Notes	Fund 9	Fund 10	Total 30.6.2007	Total 30.6.2006
Cash flows used in operating activities					
Profit recognised on unit shares.....		5.299	1.756	7.055	1.546
Cash flows from investing activities					
Unit shares sold.....		144.611	1.700	146.311	50.347
Unit shares redeemed.....		(113.677)	(734)	(114.411)	(51.176)
		30.934	966	31.900	(829)
Increase in net assets		36.233	2.722	38.955	717
Net assets at the beginning of the year		57.730	5.148	62.878	32.939
Net assets at 30 June 2007		93.963	7.870	101.833	33.656

Statement of Investments

as at 30 June 2007

Glitnir Fund 9 Money market fund

	Market value	% of total net assets
Baugur Group hf.	9.798	10,4%
FL Group hf.	8.528	9,1%
Glitnir banki hf.	7.266	7,7%
Exista hf.	5.541	5,9%
Milestone ehf.	4.712	5,0%
Kaupbing banki hf.	2.931	3,1%
Atorka Group hf.	2.635	2,8%
Sparisjóður Reykjavíkur og nágrennis	2.545	2,7%
Clearwater Fine Foods Inc.	2.358	2,5%
MP Fjárfestingarbanki hf.	1.977	2,1%
BG Capital ehf.	1.950	2,1%
Eimskipafélag Íslands hf.	1.676	1,8%
Nýsir hf.	1.375	1,5%
Straumur - Burðarás fjárfestingabanki hf.	898	1,0%
Straumborg ehf.	637	0,7%
Icelandair Group hf.	550	0,6%
Bakkavör hf.	530	0,6%
Fasteignafélagið Stoðir hf.	407	0,4%
Other securities	705	0,8%
Amounts due from credit institutions	37.099	39,5%
Total value of investments	94.118	100,2%
Cash and cash equivalents	9	0,0%
Other assets and liabilities	(164)	(0,2%)
Total net assets	93.963	100,0%

Statement of Investments

as at 30 June 2007

Glitnir Fund 10 Selected Icelandic equities

	Nominal value/ shares*	Market value	% of total net assets
Kaupping banki hf.	2*	2.679	34,0%
Landsbanki Íslands hf.	32	1.235	15,7%
Glitnir banki hf.	33	952	12,1%
Actavis Group hf.	7	664	8,4%
Straumur-Burðarás Fjárfestingabanki hf.	28	615	7,8%
FL Group hf.	14	427	5,4%
Exista ehf.	12	408	5,2%
Bakkavör Group hf.	6	383	4,9%
Icelandair Group Holding hf.	7	192	2,4%
Mosaic Fashions hf.	10	168	2,1%
Teymi hf.	13	64	0,8%
Tryggingamiðstöðin hf.	1	57	0,7%
Fjárfestingafélagið Atorka hf.	5	42	0,5%
FØROYA Banki P/F	0	3	0,0%
Derivatives	-	16	0,2%
Total value of investments		7.906	100,5%
Cash and cash equivalents		1	0%
Other assets and liabilities		(37)	(0,5%)
Total net assets		7.870	100,0%

Notes to the Financial Statements

Summary of Accounting Principles

Basis Preparation

1. The interim financial statements of Glitnir Investment Funds are prepared in accordance with the Annual Accounts Act and the Rules on the financial statements of management companies of mutual funds. The interim financial statements are based on cost accounting except that listed securities are generally valued at market value. The interim financial statements are prepared according to the same accounting principles used for the previous year. The interim financial statements are prepared in Icelandic currency (ISK) and amounts are presented in millions of ISK. The funds are a part of Glitnir sjóðir hf. which is a subsidiary of Glitnir banki hf. and all the groups' operating and financial information can be found there. The interim financial statements of the funds are not a part of the banks' financial statements because of the nature of their operations.

Foreign Currency

2. Assets and liabilities in foreign currency are converted to Icelandic currency (ISK) at the exchange rate at 30 June 2007. Operational revenue and expenses in foreign currency are converted at the exchange rate of the date of transaction.

Interest income and expenses

3. Interest income and interest expenses are recognised in the income statement as they accrue based on the effective interest rate.

Dividend income

4. Dividend income is recognised in the income statement on the dividend's declaration date. Capital tax on foreign shares' dividends is deducted from dividend income in the income statement.

Management fees

5. Glitnir sjóðir hf. receives management fees from the funds which includes the salaries of the company's employees, marketing expenses and other management expenses of the funds. The fee is calculated as a fixed ratio of each fund's net assets. The fees are specified as follows:

	Series A	Series B	Maximum fee	
			Series A	Series B
Glitnir Fund 9, money market fund	0,7%	-	1,5%	1,0%
Glitnir Fund 10, selected Icelandic	1,6%	-	1,6%	0,8%

The funds also pay salaries to the board members, audit expenses and other expenses.

Investments

6. Bonds which are listed on public stock markets are valued at market value at 30 June 2007. Unlisted bonds are valued with consideration to the required rate of return at the date of purchase. When these assets are valued, an amortisation is calculated which takes into account the general risk of the operations.
7. Listed shares are valued at market value at 30 June 2007. Unlisted shares are recognised in the financial statements on the last known trade price or estimated market price, whichever is lower.
8. Unit shares in mutual funds are valued at market value at 30 June 2007.

Notes to the Financial Statements

9. Demand deposits owed to credit institutions are capitalised with accrued interests, indexation and exchange rate differences at 30 June 2007.

10. Derivatives are financial instruments, the contracted or notional amounts of which are not included in the funds' balance sheet, either because rights and obligations arise out of one and the same contract, the contracts will not be in effect until the end of the current accounting period or because the notional amounts serve only as variables for calculating purposes. The notional amounts of derivatives do not necessarily give any indication of the size of cash flows or the attached risk. Examples of derivatives are forward and future exchange contracts, swaps and options. Their underlying value can be based on interest rates or prices of currencies, commodities, bonds or equities.

Derivatives are capitalised at market value. The derivatives are used to hedge the funds against interest and exchange rate risk due from securities. Their general aim is to minimise the funds price, interest and exchange rate risk. Gains and losses on derivatives are recognised in the income statement and in the balance sheet.

The market risk of derivatives is due to price changes in the factors that underlying assets are priced on, such as changes in interest rates, currency exchange rates and prices of listed securities.

Taxation

11. Mutual Funds and Investments Funds do not pay income tax. Instead the profit or loss of their operations is taxed at the owners of the unit shares. Individuals pay capital tax of the profit from their shares when they cash it out. Profit and loss from unit shares is considered as taxable income or expenses at companies regardless of its redemption.

The funds are exempt from capital tax in Iceland but not in those countries where capital tax is levied on foreign parties income and no double taxation treaties apply.

Unit shares

12. The real return of Glitnir Investment Funds are specified as follows:

	Last 3 months	Last 6 months	Last 12 months
Glitnir Fund 9, money market fund	6,6%	9,9%	10,1%
Glitnir Fund 10, selected Icelandic eq.	39,3%	67,2%	52,3%

13. Summary of the book value and the price of unit shares at year-end for the last 3 years.

		Book value			Price	
	30.6.2007	31.12.2006	31.12.2005	30.6.2007	31.12.2006	31.12.2005
Glitnir Fund 9	93.963	57.730	28.805	25.504	23.771	21.135
Glitnir Fund 10	7.870	5.148	4.134	8.390	6.340	5.318

Notes to the Financial Statements

14. Summary of percentage division of assets of individual funds and investment policies.

Glitnir Fund 9, money market fund

	Assets		Change	Investment policy		
	30.6.2007	31.12.2006		Aim	Minimum	Maximum
	%	%	%	%	%	%
Government bonds	0	1	(1)	20	0	100
Bank notes, bills of exchange and deposits	58	71	(13)	70	0	100
Listed Corporate bonds	30	22	8	10	0	30
Other bonds	12	5	7	0	0	25
Cash	0	0	0			

Glitnir Fund 10, selected Icelandic equities

	30.6.2007	31.12.2006	Change	Aim	Minimum	Maximum
	%	%	%	%	%	%
Shares	100	99	1	100	90	100
Cash	0	1	(1)	0	0	10

15. Segmentation of the fund series' investments and relative percentage division:

Glitnir Fund 9	Gov.,municipal or int,institutes		Unit shares		Shares		Other		Total	
	kr.	%	kr.	%	kr.	%	kr.	%	kr.	%
Securities, other than money market documents listed on public stock markets							18.982	20	18.982	20
Money market documents listed on public stock markets							26.469	28	26.469	28
Amounts due from credit institutions							37.099	39	37.099	39
Other financial instruments							11.568	12	11.568	12
							<u>94.118</u>	<u>100</u>	<u>94.118</u>	<u>100</u>

Glitnir Fund 10

Securities, other than money market documents listed on public stock markets										
Derivatives outside public stock markets							16	0	16	0
							<u>7.891</u>	<u>100</u>	<u>7.891</u>	<u>100</u>
							<u>16</u>	<u>0</u>	<u>16</u>	<u>0</u>
							<u>7.891</u>	<u>100</u>	<u>7.907</u>	<u>100</u>