Alfesca hf.

Consolidated Financial Statements

July 2007 - June 2008

Alfesca hf.
Kringlunni 7
103 Reykjavik
Id-no. 580293-2989

Alfesca hf.

Consolidated Financial Statements

July 2007 - June 2008

Contents

Statement by the Board of Directors and CEO

The Board of Directors and the CEO submit to the shareholders the audited consolidated financial statements of Alfesca hf. for the year ended 30 June 2008.

The consolidated financial statements of Alfesca hf. include the financial statements of Alfesca hf. and its subsidiaries (respectively the "Consolidated Financial Statements" and the "Group"). The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Alfesca is a European producer and supplier of branded and own-label convenience and premium products in selected food categories to retail and food services markets. Detailed commentaries on the Group's performance are contained in the Chairman's Statement, the Chief Executive's Review and the Business Review in the Annual Report. The principal subsidiary and undertakings are listed in note 17.

The results of the Group for the year are set out in the Income Statement. The total revenue of the Group amounted to €647.4 million (2007: €594 million). The profit from continuing operations of the Group amounted to €28.6 million (2007: €22.2 million) and the net profit including discontinued operations amounted to €28.6 million (2007: €22.4 million). The total assets of the Group amounted to €675.7 million (2007: €670.4 million) and total equity at the end of the financial year was €321.7 million (2007: €296.6 million). The equity ratio as a percentage of total liabilities at the end of the accounting year is 47.6%.

The Board of Directors recommend the payment of an ordinary dividend of € 12 million, subject to shareholders' approval.

At the end of the year the Group had 815 shareholders on the register of shareholders (2007: 916 shareholders). At 30 June 2008, two shareholders held more than 10.0% of the shares in the Group with Kjalar Invest B.V. holding 39.66% and Kaupthing Bank hf. holding 22.14%. As notified on 4 June 2007, Kjalar Invest B.V is a company under the control of Mr Olafur Olafsson, Chairman of the Board of Directors.

The Group continued to follow its strategy to focus its activities mainly on the production and supply of convenience and premium products to the retail and food services markets and showed further growth and development during the year. On April 28 2008, the Group completed the acquisition of D&F, one of Alfesca' s key distributors in Italy. Future prospects are outlined in the Chairman's Statement, the Chief Executive's Review and the Business Review in the Annual Report.

As with any large group, Alfesca faces a number of risks and uncertainties. Individual business units management teams primarily drive the process by which individual risks and uncertainties are identified, these teams being best placed to identify significant and emerging risks and uncertainties in their businesses. The output from this process feeds into regular management reporting structures. Risks and mitigating controls common across categories, are managed and reviewed at Group level. Risks identified and associated mitigating controls are subject to review as part of the Group's health and safety, technical compliance and operational/financial audit programmes.

In addition, an Audit Committee operates within the Board and is responsible for making recommendations to the Board of Directors on areas of risk management and internal control. A Compensation Committee is present within the Board and is responsible for the Company's policy on remuneration of executive directors and senior managers. No Alfesca hf. employees are members of the Board of Directors.

The Board of Directors and CEO of Alfesca hf. hereby confirm the Consolidated Financial Statements for the accounting year ended 30 June 2008.

1 September 2008

Board of Directors

Olafur Olafsson, chairman

Bill Ronald

Arni Tomasson

Hartmut M. Krämer

Gudmundur Asgeirsson

CEO

Xavier Govare

Independent Auditors' Report

To the Board of Directors and shareholders of Alfesca hf.

We have audited the accompanying consolidated financial statements of Alfesca hf., which comprise the balance sheet as at June 30, 2008, the income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with generally accepted International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements give a true and fair view of the financial position of Alfesca hf. as of June 30, 2008 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

1 September 2008

Deloitte hf.

Agust Heimir Olafsson
State Authorized Public Accountant

Pall Gretar Steingrimsson
State Authorized Public Accountant

Consolidated Income Statement 1/07/2007 - 30/06/2008

	Notes	2007/2008 1/7 - 30/6	2006/2007 1/7 - 30/6 (1)	2008 1/4 - 30/6	2007 1/4- 30/06
Continuing operations					
Net sales	4,5	647 387	594 048	131 983	139 576
Cost of goods sold		(534 719)	(498 252)	(114 501)	(119 499)
Gross profit		112 668	95 796	17 482	20 077
Other operating expenses		(70 424)	(62 530)	(14 838)	(19 000)
Operating profit	4	42 244	33 266	2 644	1 077
Net financial expenses	9.	(9 677)	(11 863)	(2 637)	(2 438)
Earnings from associates		(166)	35		53
Net profit (loss) before taxes		32 401	21 438	7	(1 308)
Income tax	10.	(3 744)	780	3 470	4 835
Profit from continuing operations		28 657	22 218	3 477	3 527
Discontinued operations					
Profit (loss) from discontinued operations	12.	(41)	214		(68)
Minority interest				(1)	
Profit for the period		28 616	22 432	3 476	3 459
Attributable to					
Equity holders of the parent		28 616	22 432	3 477	3 459
Minority interest				(1)	
		28 616	22 432	3 476	3 459
Earnings per share *(in Euro cents)*	13.				
Continuing operations:					
Basic earnings per share		0,491	0,383	0,060	0,061
Diluted basic earning per share		0,463	0,359	0,056	0,057
Continuing and discontinued operations:					
Basic earnings per share		0,490	0,387	0,060	0,060
Diluted basic earning per share		0,462	0,362	0,056	0,056
Other information					
Depreciation and amortization		20 301	18 060	5 854	4 853
EBITDA	32.	62 545	51 326	8 498	5 930

(1) Please refer to note 12

All amounts in thousands of euro

Consolidated Balance Sheet at 30 June 2008

Assets	Notes	30/6/2008	30/6/2007
Non-current assets			
Goodwill	14.	210 235	209 975
Other intangible assets	15.	136 684	135 283
Property, plant and equipment	16.	106 149	107 323
Investments in associated companies		591	513
Held-to-maturity securites	18.	11 671	9 776
Total Non-current assets		465 330	462 870
Current assets			
Inventories	19.	107 516	109 695
Trade receivables	20.	38 269	45 365
Other receivables	20.	22 333	24 002
Bank deposits and cash	20.	42 248	28 459
Total current assets		210 366	207 521
Total assets		675 696	670 391

All amounts in thousands of euro 6

Consolidated Balance Sheet at 30 June 2008

Equity and Liabilities	Notes	30.06.2008	30.06.2007
Shareholders' equity			
Share capital	21.	67 039	66 544
Share premium		200 802	198 713
Capital reserves		1 035	1 035
Equity-settled employee benefits reserve		4 839	2 580
Translation and hedging reserves	22.	(6 813)	1 531
Retained earnings		54 779	26 163
Equity attributable to shareholders of the parent		321 681	296 566
Minority interest			12
Total equity		321 681	296 578
Liabilities			
Non-current liabilities			
Long-term liabilities	24.	179 385	184 895
Obligation under finance leases	25.	3 459	4 268
Deferred tax liabilities	11.	44 634	44 717
Pension obligations		5 700	6 844
Other obligations		1 940	1 611
		235 118	242 335
Current liabilities			
Bank loans		14 865	21 820
Current maturities of long-term debt	26.	10 471	9 212
Other current liabilities		34 905	38 925
Trade payables		58 656	61 521
Total Current liabilities		118 897	131 478
Total liabilities		354 015	373 813
Total equity and liabilities		675 696	670 391

All amounts in thousands of euro 7

Consolidated Statement of Changes in Equity
for the period ended 30 June 2008

	Share capital	Share premium	Capital reserves	Equity - settled employee benefits reserve	Translation/ hedging reserves	Retained earnings	Total equity
Balance 30 June 2006	66 544	198 713	1 035	0	(868)	3 731	269 155
Exchange differences arising on translation of subsidiaries.................................					952		952
Gain / Loss on cash flow hedges.....................					1 447		1 447
Net income (expense) recognised directly in equity	0	0	0	0	2 399	0	2 399
Net profit for the period						22 432	22 432
Recognition of share based payment...............				2 580			2 580
Balance 30 June 2007	66 544	198 713	1 035	2 580	1 531	26 163	296 566
Exchange differences arising on translation of subsidiaries.................................					(9 407)		(9 407)
Gain / Loss on cash flow hedges.....................					1 063		1 063
Net income (expense) recognised directly in equity	0	0	0	0	(8 344)	0	(8 344)
Sale of own shares	346	1 140					1 486
Net profit for the period						28 616	28 616
Recognition of share based payment...............	149	949		2 259			3 357
Balance 30 June 2008	67 039	200 802	1 035	4 839	(6 813)	54 779	321 681

All amounts in thousands of euro 8

Consolidated Statement of Cash Flow 1/7/2007- 30/6/2008

	Notes	2007/2008 1/7 - 30/6	2006/2007 1/7 - 30/6
Cash flow from operating activities			
Net profit for the period		28 616	22 432
Elimination of income from associates		166	(35)
Income tax expense recognised in profit or loss	10.	3 744	(780)
Finance costs recognised in profit or loss		8 921	11 303
Depreciation	15,16	20 301	18 060
Other calculated items		(1 252)	(3 640)
(Gain)/ loss on sale of assets		(264)	12
Discontinued operations	12.	(41)	(214)
Working capital provided by operating activities		60 191	47 138
Change in current assets and liabilities		895	(4 391)
Cash generated from operations		61 086	42 747
Tax (paid) received		(983)	1 727
Net Cash generated by operating activities		60 103	44 474
Cash flow from investing activities			
Purchase price of fixed assets	4	(22 582)	(17 358)
Purchase price of financial assets		(244)	
Proceeds from disposal of fixed assets		555	6 704
Proceeds from disposal of financial assets			20
Increase and proceeds in loans (financial assets)		(876)	(81)
Proceeds from sales of subsidiaries		15	13 419
Acquisition of a subsidiary	31.	(1 007)	(36 587)
Net Cash used in investing activities		(24 139)	(33 883)
Cash flow from financing activities			
Proceeds from sale of own shares		1 487	
Proceeds from borrowings		1 743	160 928
Repayment from borrowings		(8 739)	(140 547)
Net financial interest paid		(6 552)	(11 776)
Dividends paid to group shareholders			19
Operational loans, changes		(7 451)	(5 304)
Net Cash used in financing activities		(19 512)	3 320
Net increase in cash and cash equivalents		**16 452**	**13 911**
Effects of foreign exchange adjustments		(2 663)	69
Cash & cash equivalents at the beginning of the financial year		**28 459**	**14 479**
Cash and cash equivalents at the end of the financial period		**42 248**	**28 459**

All amounts in thousands of euro

Notes to the Consolidated Financial Statements

1. General information

Alfesca hf. is a limited liability company domiciled in Iceland. Alfesca hf. is the holding company of a European group (the Group), dedicated to branded and own-label convenience and premium products in selected food categories to retail and food services markets. Alfesca hf. operates production sites in France, Spain and the United Kingdom. Its headquarters are located in Iceland. Alfesca hf. products include white fish, shellfish, smoked salmon, smoked herring, foie gras, blini and taramasalata. These products are sold under private labels and its own brand names including Labeyrie, Skandia, Delpierre, Blini, and Lyons. Alfesca brands have a leading position in France, Spain and the United Kingdom, which together form the Company's core markets.

Unless otherwise stated, these consolidated financial statements are presented in thousands of euros since that is the functional currency in which the majority of the Group's transactions are denominated.

2. Summary of Significant Accounting Policies

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

New and revised Standards and Interpretations

During current fiscal year, the Group has adopted IFRS 7 Financial Instruments and amendments to IAS 1.

The impact of the adoption of IFRS 7 has been to expand the disclosures provided in these financial statements regarding the Group's financial instruments.

Effective for 30 June 2008 period ends

At the date of authorisation of these financial statements, the following standards were in issue but not yet effective and not adopted by the group:

Amendments to Standards	**Effective date : Annual periods beginning**
- Amendment to IAS 1, Presentation of Financial results	On or after 1 January 2009
- IFRS 8 : operating segments	On or after 1 January 2009
- IAS 23 (revised)	On or after 1 January 2009
- IFRS 3 (revised)	On or after 1 January 2009
- Amendment to IAS 27	On or after 1 January 2009
- Amendment to IFRS 2	On or after 1 January 2009
- Amendment to IAS32/ IAS 1	On or after 1 January 2009

At the date of authorisation of these financial statements, the following interpretations were in issue but not effective and not adopted by the group:

New Interpretations	**Effective date : Annual periods beginning**
- IFRIC 11, IFRS 2- Group & Treasury Share transactions	On or after 1 March 2007
- IFRIC 13, Customer Loyalty Programmes	On or after 1 July 2008
- IFRIC 14, IAS 19 - the Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	On or after 1 January 2008
- IFRIC 12	On or after 1 January 2008

The Group anticipates that the adoption of the above standards and interpretations will have no material impact on the financial statement of the Group in the period of initial application.

Notes to the Consolidated Financial Statements

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain non-current assets and financial instruments.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and enterprises controlled by the company (its subsidiaries). Control is achieved where the Group has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

The consolidated financial statements have been prepared using the purchase method of consolidation accounting. When ownership in subsidiaries is less than 100%, the minority interest in the subsidiaries' income or loss and stockholders equity is accounted for in the calculation of the consolidated income or loss and the consolidated stockholders' equity.

On acquisition, the assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

One of the purposes of consolidated financial statements is to show only the net external sales, expenses, assets and liabilities of the consolidated entities as a whole. Hence, intercompany transactions have been eliminated within the consolidated businesses in the presentation of the consolidated financial statements. Unrealised gain in inventories resulting from intercompany transactions has been eliminated and calculated income tax in the consolidated financial statements adjusted accordingly.

Where necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group´s interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to each of the group cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually or more frequently when there is an indication that the unit may be impaired. Any impairment is recognised immediately in the profit or loss and is not subsequently reversed.

Goodwill arising on acquisition of an associated company is included within the carrying amount of the associate. Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet.

On disposal of a subsidiary or an associate the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business. Revenue is reduced for estimated rebates and other similar allowances.

Revenue from product sales are recognized when earned as required by generally accepted accounting principles. Product sales are recognised when goods are delivered and title has passed and are shown in the income statement net of value added tax and internal sales.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Assets held under finance leases are recognised as assets at their fair value at the inception of the lease or if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as an obligation under finance leases.

Foreign currencies

In preparing the financial statements of the individual entities, transactions in currencies other than euro are initially recorded at the rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities denominated in such currencies are retranslated at the rates prevailing at the balance sheet date. At each balance sheet date, profits and losses arising on exchange are included in net profit or loss for the period.

For consolidation purposes, the assets and liabilities of the consolidation's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates over the period. Translation differences from foreign companies are posted to translation reserves within equity. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses which exceed 10 per cent of the greater of the present value of the Group's pension obligations and the fair value of plan assets are amortized over the expected average remaining working lives of the participating employees. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in the equity statement.

Discontinued Operations

A discontinued operation is a component of an entity that either has been sold or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations,
- is part of a single plan to dispose of a separate major line of business or geographical area of operations,
- is a subsidiary acquired exclusively with a view to resell.

Components of an entity are any operations and cash flows that can be clearly distinguished operationally and for financial reporting purposes. An operation is considered to be discontinued at the date when the entity has either (a) actually disposed of the operation, or (b) when the operation satisfies the criteria to be classified as held for sale.

In the income statement a single amount comprising the sum of the post-tax profit or loss of the discontinued operation is presented separately and the amount recognised on the measurement to fair value less the costs of disposal.

An analysis of the above mentioned amount is presented in the notes. This analysis includes the amount of revenue, expenses and pre-tax profit or loss attributable to the discontinuing operation and the related income taxes. This amount is distinguished from other operations and comparative amounts are restated accordingly.

Government grants

Government grants related to assets are presented in the balance sheet by deducting the grant in arriving at the carrying amount of the asset. The grant is recognised as income over the life of the depreciable asset by way of a reduced depreciation charge.

Taxation

The income tax currently payable or receivable is based on taxable profit for the period. Taxable profit differs from net profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The consolidated group's current tax liability is calculated using the tax rates for each country.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

In the preparation of the consolidated financial statements, accumulated gains in inventories from intercompany transactions are eliminated. This has an effect on the income tax expenses of the consolidated companies and an adjustment is included in the deferred tax asset. Income tax is calculated in accordance with tax rates in the countries where the inventories originate.

Other intangible assets

Other intangible assets are recognised in an acquisition of subsidiaries only if an asset can be identified, it is probable that the asset will generate future economic benefits and the cost of the asset can be measured reliably.

Other intangible assets primarily consist of the cost of obtaining trademarks. These assets are carried out at original cost less previous years' amortization and impairment losses. Other intangible assets are reviewed at least annualy to determine whether there is any indication that those assets have suffered impairment losses. The recoverable amount of other intangible assets with an indefinite useful life is measured annualy.

Property, plant and equipment

Property, plant and equipment are recognised as an asset when it is probable that future economic benefits associated with the asset will flow to the consolidation and the cost of the asset can be measured in a reliable manner.

Property, plant and equipment which qualifies for recognition as an asset is initially measured at cost.

The cost of a property, plant and equipment comprises its purchase price and any directly attributable cost of bringing the asset to working condition for its intended use.

The depreciable amount of the asset is allocated on a straight-line basis over its useful life. The depreciation charge for each year is recognised as an expense, on the following basis:

Buildings	2-4%
Fixtures and furniture	10%
Automobiles	10-20%
Machinery and equipment	6-15%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are stated at the lower of cost or net realisable value, after taking obsolete and defective goods into consideration. Cost comprises direct materials and, where applicable, direct labor costs and those overhead expenses that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the standard costing method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Investments

Investments in securities are recognised on a trade-date basis and are initially measured at cost, including transaction costs.

At subsequent reporting dates, debt securities that the Group has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost, less any impairment loss recognised to reflect irrecoverable amounts. The annual amortization of any discount or premium on the acquisition of a held-to-maturity security is aggregated with other investment income receivable over the term of the instrument so that the revenue recognised in each period represents a constant yield on the investment.

Investments other than held-to-maturity debt securities are classified as either held-for-trading or available-for-sale and are measured at subsequent reporting dates at fair value. Where securities are held for trading purposes, unrealised gains and losses are included in net profit or loss for the period. For available-for-sale investments, unrealised gains and losses are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs and applying the effective interset method. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade receivables

Trade receivables are valued at nominal value less an allowance for doubtful accounts. The allowance is deducted from accounts receivable in the balance sheet. Trade receivables in other currencies than euro, have been entered at the exchange rates prevailing on the balance sheet date.

Long-term liabilities

Long-term liabilities are valued at nominal value less payments made and the remaining nominal balance is adjusted by exchange rate or index, if applicable. Long-term liabilities in other currencies than euro, are recorded at the exchange rates prevailing on the balance sheet date. Interest expense is accrued on a periodical basis, based on the principal outstanding and at the interest rate applicable.

Trade payables

Trade payables are valued at nominal value and trade payables in other currencies than euro have been booked at the exchange rates prevailing on the balance sheet date. Trade payables are not interest bearing.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Provisions

Provision is recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions for restructuring costs are recognised when the company has a detailed formal plan for the restructuring which has been notified to affected parties.

Derivative financial instruments and hedge accounting

The Group´s activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates.

The Group uses derivative financial instruments (primarily foreign currency forward contracts) to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The significant interest rate risk arises from bank loans. The Group´s policy is to convert a proportion of its floating rate debt to fixed rates.

Derivative financial instruments are initially measured at fair value on the contract date, and are remeasurable to fair value at each subsequent reporting date.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in profit or loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At the time, for forecast transactions, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to profit or loss for the period.

Earnings per share

Earnings per share is the ratio between profit and weighted average number of shares for the period and reveals net profit per share. The nominal value of each share amounts to one ISK. Calculation of diluted earnings per share takes into consideration stock options made with the Group's employees and the prospective deliverance of shares related to those options.

3. Quarterly statements

	2008 1/4/08 - 30/6/08	2008 1/1/08 - 31/3/08	2007 1/10/07 - 31/12/07	2007 1/7/07 - 30/9/07	2008 1/07/07 - 30/6/08
Net sales	131 983	128 849	258 184	128 371	647 387
Cost of goods sold	(114 501)	(109 316)	(200 156)	(110 746)	(534 719)
Gross profit	17 482	19 533	58 028	17 625	112 668
Other operating expenses	(14 838)	(15 758)	(24 698)	(15 130)	(70 424)
Operating profit	2 644	3 775	33 330	2 495	42 244
Net financial expenses	(2 637)	(1 952)	(3 173)	(1 915)	(9 677)
Earnings from associates		(166)			(166)
Net profit before taxes	7	1 657	30 157	580	32 401
Income tax	3 470	220	(7 633)	199	(3 744)
Profit from continuing operations	3 477	1 877	22 524	779	28 657
Profit (loss) from discontinued operations	(1)	(36)	(53)	49	(41)
Profit for the period	3 476	1 841	22 471	828	28 616
EBITDA	8 498	8 653	38 159	7 236	62 545

All amounts in thousands of euro 16

4. Segment reporting

For management purposes, the Group is organized into three geographical divisions, France, UK and other parts of Europe. These divisions are the basis on which the Group reports its primary segment information.

1/7/2007-30/06/2008	France	UK	Other	Eliminations	Consolidated
Revenue:					
External revenue	423 672	192 686	31 029		647 387
Inter-segment revenue	39 703	5 674	50 682	(96 059)	0
Total revenue	463 375	198 360	81 711	(96 059)	647 387
Operating profit :					
Segment result	27 755	17 019	(2 530)		42 244
Other information:					
Purchase price of fixed assets	14 794	6 056	1 732	0	22 582
Depreciation and amortization	15 638	3 840	823	0	20 301
Balance sheet:					
Segment assets	436 951	115 610	324 042	(200 907)	675 696
Segment liabilities	428 607	102 810	23 505	(200 907)	354 015

5. Business segments

The Group's current business segments are fish, prawns and other shellfish, duck products, blini and spreadables. It is not possible to disclose assets according to business segments due to shared usage of assets.

Net sales are specified as follows according to product lines:

	2008 1/7/07 - 30/6/08	2007 1/7/06 - 30/6/07
Fish	291 468	292 149
Prawns and other shellfish	197 054	151 899
Duck products	122 438	119 562
Blini and spreadables	36 427	30 438
	647 387	594 048

All amounts in thousands of euro

6. Salaries

Salaries and salary-related expenses paid by the consolidation are specified as follows:

	2008 1/7/07 - 30/6/08	2007 1/7/06 - 30/6/07
Salaries	95 006	87 013
Salary-related expenses	27 097	26 484
	122 103	113 497
Average number of positions	3 673	3 518

7. Management salaries and benefits

	Salaries and related exp.	Share options	Shares owned ('000)
Board of Directors:			
Olafur Olafsson, Chairman of the Board 1)	154		2,330,724
Adalstein Ingolfsson 2)	9		
Bill Ronald	60		
Arni Tomasson	66		
Hartmut M. Krämer	60		
Gudmundur Asgeirsson 3)	66		25,800
Kristinn Albertsson 4)	40		10,000
Executive committee:			
Xavier Govare, CEO	911	83,075	31,595
Other Group Executives (3 in total) 5)	1 147	35,107	14,936

1) The Company was notified on 25 September 2007 that Mr Olafur Olafsson is beneficially interested in 2,330,724 thousands shares through Kjalar Invest BV.

2) Adalstein Ingolfsson resigned from the Board of Directors on 24 September 2007.

3) Gudmundur Asgeirsson is beneficially interested in 23,338,830 shares in total through Hlér ehf. The balance of 2,461,538 shares is registered under his own name.

4) Kristinn Albertsson is beneficially interested in 10,000,000 shares in total through Smárinn, bókhald og rádgjöf ehf.

5) Other Group Executives include: Philippe Perrineau, CFO; Antony Hovanessian, Business Development Director and Ole Norgaard, CEO UK.

8. Fees to auditors

	2008 1/7/07 - 30/6/08	2007 1/7/06 - 30/6/07
Audit of financial statements	510	515
Review of interim financial statements	218	121
Other services	37	106
	765	742

The amounts include payments to elected auditors of all companies within the consolidation.

All amounts in thousands of euro

9. Net financial expenses

Interest income and (expenses) are specified as follows:

	2008 1/7/07 - 30/6/08	2007 1/7/06 - 30/6/07
Income from investments:		
Interest on bank deposits	1 354	1 194
Other interest income	2 219	75
	3 573	1 269
Finance costs:		
Interest on bank loans	(12 259)	(12 329)
Interest on finance leases	(259)	(263)
Other interest expenses	(546)	(443)
	(13 064)	(13 035)
Exchange rate differences	(186)	(97)
Total net financial expenses	**(9 677)**	**(11 863)**

10. Income tax expenses

Income tax expenses are specified as follows:

	2008 1/7/07 - 30/6/08	2007 1/7/06 - 30/6/07
Current tax expenses	(5 109)	43
Deferred tax expenses	1 365	737
	(3 744)	780

Reconciliation of effective tax rate:

	1/7/2007 - 30/6/2008		1/7/2006 - 30/6/2007	
	Amount	%	Amount	%
Profit before tax	32 401		21 438	
Tax at the domestic income tax (18%)	(5 832)	-18%	(3 856)	-18%
Effect of different tax rates of other jurisdictions	(3 219)	-10%	(1 966)	-9%
Effect of previous unused tax losses now activated on tax return	2 691	8%	2 853	13%
Effect of unused tax losses not recognised as deferred tax assets	(1 252)	-4%		0%
Effect of unused tax losses for which a deferred tax asset is recognised	521	2%	1 213	6%
Effect on deferred tax balances due to the change in income tax rate	287	1%		0%
Effect of permanent differences for deferred taxation purposes	1 300	4%		0%
Effect of prior year adjustments	1 778	5%		0%
Effect of tax adjustment following agreement with tax authority		0%	1 856	9%
Effect of other changes	(18)	0%	680	3%
	(3 744)	-12%	780	4%

All amounts in thousands of euro 19

11. Deferred tax

The Group's deferred income tax liability at balance sheet date amounts to € 44 634 thousands according to the balance sheet. Deferred income tax liability results mainly from recognised intangible assets on acquisition of Financière de Kiel and its subsidiaries in December 2004.

	2008 1/7/07 - 30/6/08	2007 1/7/06 - 30/6/07
At 1 July 2007	(44 717)	(44 804)
Calculated tax for the period	(3 744)	780
Income tax payable for the period	5 109	(46)
Arising on an acquisition of a subsidiary	(735)	(242)
Corrected tax liability Delpierre	0	204
Tax movements through equity	(429)	(614)
Reclassified as held for sale	0	0
Exchange differences	(118)	5
At 30 June 2008	(44 634)	(44 717)

The following are the major deferred tax liabilities and assets recognised:

	2008	2007
Intangible assets	(41 160)	(40 852)
Tangible assets	(6 198)	(6 128)
Financial assets	45	0
Long term liabilities	1 675	234
Short term liabilites	1 390	819
Financial instruments	(839)	(490)
Unused tax losses carryforward	453	1 700
	(44 634)	(44 717)

12. Discontinued Operations

During the third quarter of this fiscal year 2007/2008, a decision was made by the Board of Directors to dispose of Christiansen Partner, a subsidiary dedicated to fish trading. The company was sold to John Synnes, the Managing Director. The sale agreement was signed, on 17 April.

Consequently, in the P&L and Cash Flow statements, Christiansen Partner is classified as discontinued operations.

Last year income statement has been restated as follows :

	2007 1/7/06 - 30/6/07 As per current annual report	Christiansen Partner's contribution	2007 1/7/06 - 30/6/07 Published
Net sales	594 048	22 838	616 886
Operating profit	33 266	-11	33 255
Profit from continuing operation	22 218	-15	22 203

All amounts in thousands of euro

13. Earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Basic earnings per share :	2008 1/7/07 - 30/6/08	2007 1/7/06 - 30/6/07
Weighted average number of ordinary shares (in thousands shares)	5 842 259	5 793 551
From continuing operations:		
Net profit from continuing operations	28 657	22 218
Basic earnings per share (euro cent)	0,491	0,383
From continuing and discontinued operations:		
Net profit from continuing and discontinued operations	28 616	22 432
Basic earnings per share (euro cent)	0,490	0,387

Basic earnings per share	2008 1/4/08 - 30/6/08	2007 1/4/07 - 30/6/07
Weighted average number of ordinary shares (in thousands shares)	5 842 259	5 793 551
From continuing operations:		
Net profit from continuing operations	3 477	3 527
Basic earnings per share (euro cent)	0,060	0,061
From continuing and discontinued operations:		
Net profit from continuing and discontinued operations	3 477	3 459
Basic earnings per share (euro cent)	0,060	0,060

13. Earnings per share (cont.)

Diluted earnings per share

The earnings used in the calculation of all diluted earnings per share measures are the same as those for the equivalent basic earnings per share measures, as outlined above.

The weighted average number of ordinary shares for the purposes of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	2008 1/7/07 - 30/6/08	2007 1/7/06 - 30/6/07
Weighted average number of ordinary shares (in thousands shares)	5 842 259	5 793 551
Shares deemed to be issued for no consideration in respect of:		
Employee options	61 561	122 546
Employee performance shares	291 981	280 000
Weighted average number of ordinary shares (in thousands shares)	6 195 801	6 196 097

	2008 1/7/07 - 30/6/08	2007 1/7/06 - 30/6/07
Weighted average number of ordinary shares (in thousands shares)	6 195 801	6 196 097
From continuing operations:		
Net profit (loss) from continuing operations	28 657	22 218
Diluted earnings per share (euro cent)	0,463	0,359
From continuing and discontinued operations:		
Net profit (loss) from continuing and discontinued operations	28 616	22 432
Diluted earnings per share (euro cent)	0,462	0,362

	2008 1/4/08 - 30/6/08	2007 1/4/07 - 30/6/07
Weighted average number of ordinary shares (in thousands shares)	6 195 801	6 196 097
From continuing operations:		
Net profit (loss) from continuing operations	3 477	3 527
Diluted earnings per share (euro cent)	0,056	0,057
From continuing and discontinued operations:		
Net profit (loss) from continuing and discontinued operations	3 477	3 459
Diluted earnings per share (euro cent)	0,056	0,056

14. Goodwill

	Total
At 1 July 2006	183 675
Exchange differences	57
Arising on an acquisition of a subsidiary	26 243
At 30 June 2007	209 975
Changes on provisional Purchase Prices Allocations (PPA)	(1 223)
Exchange differences	(343)
Arising on an acquisition of a subsidiary (see note 31)	1 826
At 30 June 2008	210 235

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the cash generating units are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates that reflect current market assessments of the time value of money and the risks specific to the cash generating units. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group prepares cash flow forecasts, based on actual operating results and derived from the most recent financial budgets approved by management for the next three to five years. Cash flows for future periods are extrapolated using a 2% per cent growth rate. This rate does not exceed the average long-term growth rate for the relevant markets. A pre-tax discount rate of 9 % has been used in discounting the projected cash flows in the financial statements as of 30 June 2007 and 30 June 2008.

15. Other intangible assets

Cost:	Total
At 1 July 2007	141 192
Additions	1 526
Reclassified	(187)
Due to changes on provisional PPA	2 100
Disposals	96
At 30 June 2008	144 727
Amortization:	
At 1 July 2007	5 909
Charge for the period	2 393
Reclassified	(243)
Disposals	(16)
At 30 June 2008	8 043
Carrying amount:	
At 1 July 2007	135 283
At 30 June 2008	136 684

All amounts in thousands of euro

16. Property, plant and equipment

	Buildings and sites	Machinery & equipment	Fixtures & office equipment	Under construction & prepaid	Total
Cost:					
At 1 July 2007	103 333	106 695	18 137	1 624	229 789
Additions	3 239	9 770	1 641	6 406	21 056
Exchange differences	(2 735)	(5 632)	(953)		(9 320)
Disposals	(2 333)	(1 001)	(391)		(3 725)
Arising on an acquisition of a subsidiary	218	34	162		414
Reclassified as held for sale		(14)	(145)		(159)
Reclassified	763	2 681	519	(4 420)	(457)
At 30 June 2008	102 485	112 533	18 970	3 610	237 598
Accumulated depreciation:					
At 1 July 2007	43 562	67 464	11 440		122 466
Depreciation charge	6 792	9 403	1 713		17 908
Exchange differences	(633)	(3 640)	(735)		(5 008)
Disposals	(2 152)	(987)	(360)		(3 499)
Arising on an acquisition of a subsidiary		22	86		108
Reclassified as held for sale		(10)	(115)		(125)
Reclassified	394	(794)	(1)		(401)
At 30 June 2008	47 963	71 458	12 028	0	131 449
Carrying amount:					
At 1 July 2007	59 771	39 231	6 697	1 624	107 323
At 30 June 2008	54 522	41 075	6 942	3 610	106 149

The Group policy is to review the fair value of property, plant and equipment on a regular basis.

Insurances

At the end of the period, the insurance value of the Group's assets is specified as follows:

	Insurance value	Book value
Property, plant and equipment	301 760	106 149

The Group has purchased business interruption insurance intended to compensate for temporary breakdown of operations.

All amounts in thousands of euro

17. The Consolidation

The Consolidated Financial Statements of Alfesca hf. pertain to the following subsidiaries:

Entity name	Place of registration and operation	Ownership %	Principal activity
1. Subsidiaries :			
SIF Norway	Norway	100%	Holding company
Siftor Holding AS	Norway	100%	Holding company
Njord AS	Norway	100%	Holding company
SIF Prime Foods Ltd	UK	100%	Holding company
Lyons Seafoods Ltd	UK	100%	Production and sales
Financiére de Kiel SAS	France	100%	Holding company
Labeyrie SAS	France	100%	Production and sales
Pierre Guéracague SAS	France	100%	Sales
Blini SAS	France	100%	Production and sales
Farne Salmon and Trout Ltd	Scotland	100%	Production and sales
Adrimex	France	100%	Production and sales
Le Traiteur Grec	France	100%	Production and sales
Delpierre SAS	France	100%	Production and sales
Vensy Espana SA	Spain	100%	Production and sales
D&F	Italy	100%	Sales
Labeyrie Norge AS	Norway	100%	Sales
2. Investments in associates :			
Palmitou	France	49%	Sales

Over the last quarter of the current financial year, two companies have been deconsolidated: Vensy Portugal has been liquidated on June,30 2008 and Christiansen Partner has been sold on April,28 2008.

18. Held-to-maturity securities

	30/6/2008
Balance at 1 July 2007	9 776
Additions during the year	3 376
Installments during the year	(2 720)
Fair value and exchange rate adjustments	1 239
Balance at 30 June 2008	11 671

19. Inventories

	30/6/2008	30/6/2007
Raw material	44 729	48 675
Work in progress	3 793	6 447
Finished goods and goods for resale	58 994	54 573
	107 516	109 695

The cost of inventories recognised as an expense in respect of write-downs of inventory to net realisable value is euro 2 796 thousands (net of reversal).

All amounts in thousands of euro 25

20. Other financial assets

Trade receivables :

	30/6/2008	30/6/2007
Nominal value	40 263	47 368
Allowance for doubtful accounts and sales returns	(1 994)	(2 003)
	38 269	45 365

The average credit period taken on sale of goods is 37,5 days. An allowance has been made for doubtful accounts and sales returns. This allowance has been determined by management in reference to past experience.

The management considers the carrying amount of trade receivables to approximate their fair value.

Other receivables :

	30/6/2008	30/6/2007
Staff & social security receivables	1 076	1 009
State receivables	14 626	13 847
Prepaid expenses	3 459	4 643
Others	3 172	4 503
	22 333	24 002

Bank deposits and cash:

Bank balances and cash comprise cash and short-term deposits held by the Group by the treasury function. The carrying amount of these assets approximates their fair value.

21. Share capital

Share capital at June, 30 2008 is as follows in millions of shares and thousands of euros:

	Shares	Ratio	Nominal value
Net share capital	5 842,3	99,4%	67 039
Own shares	33,6	0,6%	468
Total share capital	5 875,9	100,0%	67 507

Shares issued and outstanding at year-end numbered a total of 5,875,883,192. The nominal value of each share is one Icelandic krona.

According to an authorization of the shareholders, the Board of Directors of Alfesca hf on its meeting held on 20 May 2008 resolved to issue shares totalling ISK 850 000 000 in nominal value. The process of increasing Alfesca hf equity was not completed at the time when the annual financial statements were prepared.

22. Translation and Hedging reserves

		Hedging reserve	Translation reserve	Total
Balance at 1 July 2006		(748)	(120)	(868)
Exchange differences arising on translation of subsidiaries		1 447	952	2 399
Balance at 30 June 2007		699	832	1 531
Exchange differences arising on translation of subsidiaries	(1)		(9 407)	(9 407)
Variation in fair value of cash flow hedging derivatives	(2)	1 063		1 063
Balance at 30 June 2008		1 762	(8 575)	(6 813)

(1) refers to exchange differences relating to the translation from the functional currencies of foreign subsidiaries to consolidation currency.

(2) refers to hedging reserve representing hedging gains and losses recognised on the effective portion of cash flow hedges.

23. Share based payments

Option plan

The consolidated companies have made stock option agreements with executive directors and employees. Below is a schedule of stock option agreements and obligations to increase share capital assuming all conditions will be met.

	Number of shares (in thousands)				
Contract rate / conditions / date granted	2006-2007	2007-2008	2008-2009	2009-2010	Total
4,80 / Conditional / June 2005	19 656	8 980	14 966	17 959	61 561

Some options are forfeited if the employee leaves the company before the options vest.

	Number of shares (thousands)	Weighted average contract rate
Outstanding at 1 July 2007	122 546	4,80
Vested during the period	(18 708)	4,80
Forfeited during the period	(42 277)	4,80
Outstanding at 30 June 2008	61 561	4,80

The Articles of Association of the Company authorize the Board of Directors to issue up to 180,000,000 shares for the purposes of the above contracts and possible further contracts.

Performance Share Plan

On 22 May 2007, the shareholders approved the adoption of a new performance related share based incentive arrangement for executive directors and senior employees of the Group (the "Alfesca Performance Share Plan" or "Plan"). Rights to receive shares in the company are made to participants over a maximum number of shares, which for the purposes of the Plan total 300,000,000 shares of ISK 1.00 each.

Each award has two parts. The first part of the award vests depending on the achievement of earnings targets for each of the financial years 2007, 2008 and 2009. The second part of the award vests depending upon the growth in the Group's share price over the three year period of the Plan and the achievement of minimum share price in September 2009. As a consequence of forfeiture, the maximum number of shares to be issued is 292 million as of 30 June 2008 (300 million as of 30 June 2007). In the financial year ending 30 June 2008, € 2 259 thousands were recognised and expensed in the consolidated financial statements.

24. Long term liabilities

Remaining balance	30/6/2008	30/6/2007
Loans from credit institutions	174 685	179 685
Other long term liabilities	4 700	5 210
	179 385	184 895

Loans from credit institutions

Loans in EUR	183 026	183 780
Current maturities	(8 341)	(4 095)
Loans from credit institutions	174 685	179 685

Aggregated annual maturities are as follows:

Within 12 months	8 341	4 095
Over 1 year but within 5 years	92 500	76 685
Over 5 years	82 185	103 000
	183 026	183 780

The borrowings are Euribor variable interest rate debt.

25. Obligations under finance leases

Remaining balance	30/6/2008	30/6/2007
Finance leases in EUR	4 549	5 658
Current maturities	(1 090)	(1 390)
Obligations under finance lease	3 459	4 268

Aggregated annual maturities are as follows:

Within 12 months	1 090	1 390
Over 1 year but within 5 years	2 218	2 561
Over 5 years	1 241	1 707
	4 549	5 658

The management estimates that the fair value of the consolidated lease obligations approximates their carrying amount.
The obligations under finance leases are pledged by the lessor's charge over the leased assets.

26. Long term liabilities - due within one year

Loans from credit institutions	8 341
Obligations under finance leases	1 090
Other long term liabilities (portion due within one year)	1 040
	10 471

Alfesca Hf have € 14,685 of long term liabilities which are repayable within one year and are not included in the above numbers as it will be refinanced by an undrawn long term credit line available in the Group Facility Agreement

All amounts in thousands of euro

27. Operating lease arrangements

Minimum lease payments under operating lease recognised in the income statement for the period	317

At the balance sheet date, the Group had outstanding commitments under non-cancellable operating leases, which fall due as follows:

Within 12 months	274
Over 1 year but within 5 years	486
Over 5 years	2 997
	3 757

Operating lease payments represent rentals payable by the Group for certain of its buildings, machinery, equipments, office properties and cars.

28. Financial risk management

The principal objective of risk management is to reduce financial risk in the Group and to increase its financial stability. The Group's risk management policy constitutes a framework of guidelines and rules covering areas such as foreign exchange, interest and use of derivatives, as well as liquidity and credit risk. The Group's treasury and risk management function is centralised and supports this objective by identifying, evaluating and hedging financial risk. The Group's treasury guarantees cost-efficient funding and acts as an internal bank for the subsidiaries.

Market risk

The Group's activities expose it to foreign exchange risk and translation exposure. The Group operates internationally and is exposed to foreign exchange risk from various currencies. The underlying net foreign exchange transaction exposure is hedged with derivatives, mainly foreign exchange contracts. These instruments all mature within one year. The Group only hedges foreign exchange currency cash flow forecast of less than 12 months. Translation risk arises as a result of converting the Group's financial results to the functional currency. Translation risk is not hedged.

The Group has developed a set of policies regarding the management of risk on interest rate with the objectives of security, liquidity and profitability. The management of the risk on interest rate is centralized at the level of the Group Financial Department.

The largest portion of Alfesca debt is indexed on the Euribor. In order to protect the Group against excessive swings in interest rates, the group is using swaps contracts on interest rate (swaps and tunnels) or optional hedges (Caps). Overall, by the combination of the various contracts on above mentioned hedging instruments, the Group long term debt interest is capped with fixed rate for more than 50% of current commitments.

Details on the interest rate swaps currently in use at year end are provided in note 29 "Derivative Financial instruments ".

Hedging	Euribor 6 months	Amounts in '000 €	Termination Date
Cap	5%	40 000	August 2010
Cap	5%	7 000	August 2010
Cap/swap	5%	39 000	August 2010

All amounts in thousands of euro

28. Financial risk management (cont.)

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group´s exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date.

The Group main customers are major European retailers. Outstanding amounts are insured through a Credit Insurance Policy, contracted at Group level.

Liquidity risk :

In order to meet the funding needs of its activities, the Group has access to short and long term borrowings with a syndicate of first ranked financial institutions.

The Group has signed in May 2007 a long term syndicated Facility Agreement, including a variety of loans for a total amount of €280m. Undrawn amounts as of June 2008 total €115m.

Certain loans are accompanied by clauses of repayment. They mostly deal with the compliance of certain financial ratios. On 30 June 2008, the Group is compliant to the targeted thresholds.

Currency risk :

The Group's functional currency is EUR. UK company accounting books are held in GBP.

Throughout its various activities, the Group's exposure to foreign currencies mostly lies in the purchases of salmon, other fishes and prawns which are invoiced in Norwegian Krown (NOK) and US Dollars (USD). Exchange rate exposures are managed within approved policy rules using forward foreign exchange contracts and currency options.

Details on the currency derivatives currently in use at year end are provided in note 29 "Derivative Financial instruments ".

Legal and tax risks:

Within the framework of its common activities, the Group is engaged in a certain number of litigations or disputes. Responsibilities which can arise from from these procedures, when considered likely, were assessed and recorded in the Group consolidated accounts. No tax investigation is in progress in the date of drafting of the present report.

Capital risk management:

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2006.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 24, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

29. Derivative financial instruments

	30/6/08	
	Assets	Liabilities
Currency derivatives	510	(206)
Hedging raw material contracts	1 819	0
Interest rate swaps	637	0
	2 966	(206)
Analysed as:		
Non-current	0	0
Current	2 966	(206)
	2 966	(206)

The derivative in the analyses are included as a part of other receivable and other current liabilities in the balance sheet.

Currency derivatives

The Group utilises currency derivatives to hedge significant future transactions and cash flows. The Group is a counterpart to a variety of foreign currency forward contracts and options in the management of its exchange rate exposures.

At 30 June 2008, the fair value of the Group's currency derivatives is estimated to be approximately € 304 thousands. These amounts are based on quoted market prices for equivalent instruments at the balance sheet date, comprising € 510 thousands assets and € (206) thousands liabilities.

The change in the fair value of currency derivatives over the financial year deferred in equity is € (494) thousands (after tax).

Hedging raw material contracts

The Group uses raw material swaps to manage its exposure on raw material prices variances and is a counterpart on several hedging contracts signed with financial company dedicated to raw material market.

At 30 June 2008, the fair value of those swaps is estimated € 1 819 thousands. These amounts are based on quoted market prices at the balance sheet date.

The change in the fair value of raw material contract over the financial year deferred in equity is € 1 513 thousands (after tax).

Interest rate swaps

The Group uses interest rate swaps to manage its exposure to interest rate movements on its bank borrowings by swapping a proportion of those borrowings from floating rate to fixed rates.

The fair value of swaps entered into at 30 June 2008 is estimated € 637 thousands. These amounts are based on quoted market prices for equivalent instruments at the balance sheet date.

The fair value of that are designated and effective as cash flow hedges amounting to € 44 thousands (after tax) has been deferred to equity. The change in the fair value of interest rate swaps over the financial year deferred in equity is € 44 thousands (after tax).

All amounts in thousands of euro

30. Related parties

Transaction between Alfesca hf. (parent company) and its subsidiaries, which are related parties of Alfesca hf., have been eliminated on consolidation.

31. Acquisition of D&F

On 28 April 2008, the Group completed the acquisition of D&F for a total consideration of EUR 1,7 million. D&F was one of Alfesca' s key distributors in Italy and is currently selling to Italy's retail grocery and food service markets. The acquisition was financed by Alfesca internal resources.

Net asset acquired (in '000 €)	**Acquired 28/04/2008**
Other intangible assets	100
Property, plant and equipment	88
Current assets	3 123
Loans	0
Other obligations	-81
Current liabilities	-3 366
	-136
Goodwill	1 826
Total consideration	**1 690**

Net cash outflow arising on acquisition	
Satisfied by cash	1 210
Net Cash acquired	-203
Change in consolidation scope effect	**1 007**
Complementary price postponed	480
Total price paid or to be paid	**1 487**

At the acquisition date, the acquirer must allocate the cost of business combination by recognising, at fair value, the identifiable assets, liabilities and contingent liabilities of the acquiree. Any difference between the total of net assets acquisition is treated as goodwill.

Satisfied by cash	1 210
Complementary price postponed	480
Total price paid or to be paid	**1 690**
Shareholder's equity	-87
To be allocated	1 603
Intangible assets	-223
Goodwill	1 826
Total allocation	**1 603**

All amounts in thousands of euro

32. EBITDA

EBITDA means earnings before interest, taxes, depreciation and amortisation calculated as follows:

	1/7/2007-30/6/2008	1/7/2006-30/6/2007
Profit from continuing operations	28 657	22 218
Add		
Income tax paid (received)	3 744	(780)
Add		
Earnings from associates	166	(35)
Add		
Net financial expenses	9 677	11 863
Operating profit	**42 244**	**33 266**
Add		
Depreciation and amortization	20 301	18 060
EBITDA	**62 545**	**51 326**

33. Approval of consolidated financial statements

The Consolidated Financial Statements were approved by the Board of Directors and authorized for issue on 1 September 2008.

All amounts in thousands of euro