Alfesca hf.

Interim Financial Statements

July - September 2008

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

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Contents

Statement by the Board of Directors and CEO

It is the opinion of the Board of Directors and CEO that these interim consolidated financial statements of Alfesca hf. present the information necessary to evaluate the financial position of Alfesca hf. at 30 September 2008, the operating result for the period 1 July 2008 to 30 September 2008 and the financial development during the period.

These consolidated interim financial statements have not been audited nor reviewed by our auditors

In October, an agreement has been made between the Board of Directors of Alfesca hf and Q Iceland Holding ehf (formerly ELL162 ehf), the investment company of His Highness Sheikh Mohamed bin Khalifa Al-Thani, to cancel the proposed subscription of 850,000,000 shares in the capital of Alfesca in light of extraordinary financial turmoil and uncertainties impacting the Icelandic financial market and the sharp devaluation of the Icelandic Krona.

As of the date of publication of these interim consolidated financial statements, the Board of Directors is in the process of assessing the potential impact on Alfesca of the Icelandic financial crisis.
To the best of Board's knowledge, the Group should not be significantly affected by such crisis, primarily for the following reasons: (i) the Group has no trading activity in Iceland, (ii) as the Group's main operating currencies are the Euro and the British Sterling, the fall in value of the Icelandic Krona has no impact on its results nor its financial position, (iii) Icelandic banks participation accounts for only 30% of the total Group's facility and the Group is able to finance its operations in normal course from other members of the banking syndicate.

The Board of Directors and CEO of Alfesca hf. hereby confirm the interim consolidated financial statements for the three months period ended at 30 September 2008 with their signatures.

Reykjavik, 18 November 2008

Board of Directors

Olafur Olafsson, chairman

Bill Ronald *Arni Tomasson*

Hartmut M. Krämer *Gudmundur Asgeirsson*

CEO

Xavier Govare

Consolidated Income Statement 1/07/2008 - 30/09/2008

	Notes	2008 1/7 - 30/9	2007 1/7 - 30/9
Continuing operations			
Net sales	4,5	125 175	128 371
Cost of goods sold		(105 965)	(110 746)
Gross profit		19 210	17 625
Operating expenses	6	(17 858)	(15 130)
Operating profit	4	1 352	2 495
Net financial expenses	7	(2 305)	(1 915)
Net profit (loss) before taxes		(953)	580
Income tax	8	630	199
Profit (loss) from continuing operations		(323)	779
Discontinued operations			
Profit (loss) from discontinued operations	10	0	49
Minority interest		0	0
Profit (loss) for the period		(323)	828
Attributable to			
Equity holders of the parent		(323)	828
Minority interest		0	0
		(323)	828
Earnings per share *(in Euro cents)*	11		
Continuing operations:			
Basic earnings per share		(0,006)	0,013
Diluted basic earning per share		(0,005)	0,013
Continuing and discontinued operations:			
Basic earnings per share		(0,006)	0,014
Diluted basic earning per share		(0,005)	0,013
Other information			
Depreciation and amortization		5 027	4 741
EBITDA	27	6 379	7 236

All amounts in thousands of euro

Consolidated Balance Sheet at 30 September2008

Assets	Notes	30/9/2008	30/6/2008
Non-current assets			
Goodwill	12	210 240	210 235
Other intangible assets	13	136 361	136 684
Property, plant and equipment	14	103 922	106 149
Investments in associated companies		266	591
Held-to-maturity securites	16	12 045	11 671
Total Non-current assets		462 834	465 330
Current assets			
Inventories	17	133 171	107 516
Trade receivables	18	50 049	38 269
Other receivables	18	21 808	22 333
Bank deposits and cash	18	29 767	42 248
Total current assets		234 795	210 366
Total assets		697 629	675 696

All amounts in thousands of euro 4

Consolidated Balance Sheet at 30 September2008

Equity and Liabilities	Notes	30/9/2008	30/6/2008
Shareholders' equity			
Share capital	19	67 047	67 039
Share premium		200 863	200 802
Capital reserves		1 035	1 035
Equity-settled employee benefits reserve		5 301	4 839
Translation and hedging reserves	20	(7 887)	(6 813)
Retained earnings		54 456	54 779
Equity attributable to shareholders of the parent		320 815	321 681
Minority interest		0	0
Total equity		320 815	321 681
Liabilities			
Non-current liabilities			
Long-term liabilities	21	172 153	179 385
Obligation under finance leases	22	3 362	3 459
Deferred tax liabilities	9	44 229	44 634
Pension obligations		5 671	5 700
Other obligations		1 945	1 940
		227 360	235 118
Current liabilities			
Bank loans		41 144	14 865
Current maturities of long-term debt	23	10 942	10 471
Other current liabilities		32 876	34 905
Trade payables		64 492	58 656
Total Current liabilities		149 454	118 897
Total liabilities		376 814	354 015
Total equity and liabilities		697 629	675 696

All amounts in thousands of euro 5

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

	Share capital	Share premium	Capital reserves	Equity - settled employee benefits reserve	Translation/ hedging reserves	Retained earnings	Total equity
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					(8 344)		(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
Exchange differences arising on translation of subsidiaries..................................					65		65
Gain (loss) on cash flow hedges......................					(1 139)		(1 139)
Net income (expense) recognised directly in equity					(1 074)		(1 074)
Sale of own shares	8	61					69
Net profit (loss) for the period						(323)	(323)
Recognition of share based payment..............				462			462
Balance 30 September 2008	67 047	200 863	1 035	5 301	(7 887)	54 456	320 815

All amounts in thousands of euro 6

Consolidated Statement of Cash Flow 1/7/2008- 30/9/2008

	Notes	2008 1/7 - 30/9	2007 1/7 - 30/9
Cash flow from operating activities			
Net profit (loss) for the period		(323)	828
Income tax recognised in income statement	8	(630)	(199)
Calculated finance costs recognised in income statement		2 237	2 029
Depreciation	13,14	5 027	4 741
Other calculated items		(179)	(180)
Gain / (loss) on sale of assets		0	80
Discontinued operations		0	49
Working capital provided by operating activities		6 132	7 348
Change in operating assets and liabilities		(32 855)	(15 655)
Cash used in operations		(26 723)	(8 307)
Tax (paid) received		(478)	1 717
Net Cash used in operating activities		(27 201)	(6 590)
Cash flow from investing activities			
Purchase price of fixed assets	4	(2 420)	(1 903)
Purchase price of financial assets		0	(556)
Proceeds from disposal of fixed assets		4	268
Proceeds from disposal of financial assets		96	10
Increase and proceeds in loans (financial assets)		0	47
Net Cash used in investing activities		(2 320)	(2 134)
Cash flow from financing activities			
Proceeds from sale of own shares		69	0
Proceeds from borrowings		22	1 820
Repayment of borrowings		(3 593)	(3 326)
Net financial interest paid		(5 439)	(1 463)
Dividends paid to group shareholders		0	(1)
Operational loans, changes		25 837	15 876
Net Cash generated by financing activities		16 896	12 906
Net increase (decrease) in cash and cash equivalents		**(12 625)**	**4 182**
Effects of foreign exchange adjustments		144	(267)
Cash & cash equivalents at the beginning of the financial year		**42 248**	**28 459**
Cash and cash equivalents at the end of the financial period		**29 767**	**32 374**

All amounts in thousands of euro 7

Notes to the Interim 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 interim 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 interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union and interim financial statements (IAS 34).

New and revised Standards and Interpretations

Effective for 30 September 2008 period ends

At the date of authorisation of these interim consolidated 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 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 Interim Consolidated Financial Statements

Basis of preparation

The interim 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 interim 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 interim 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 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 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 interim 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	2008	2008	2007	2007
	1/7/08 - 30/9/08	1/4/08 - 30/6/08	1/1/08 - 31/3/08	1/10/07 - 31/12/07	1/7/07 - 30/9/07
Net sales	125 175	131 983	128 849	258 184	128 371
Cost of goods sold	(105 965)	(114 501)	(109 316)	(200 156)	(110 746)
Gross profit	19 210	17 482	19 533	58 028	17 625
Other operating expenses	(17 858)	(14 838)	(15 758)	(24 698)	(15 130)
Operating profit	1 352	2 644	3 775	33 330	2 495
Net financial expenses	(2 305)	(2 637)	(1 952)	(3 173)	(1 915)
Earnings from associates			(166)		
Net profit (loss) before taxes	(953)	7	1 657	30 157	580
Income tax	630	3 470	220	(7 633)	199
Profit (loss) from continuing operations	(323)	3 477	1 877	22 524	779
Profit (loss) from discontinued operations		(1)	(36)	(53)	49
Profit (loss) for the period	(323)	3 476	1 841	22 471	828
EBITDA	6 379	8 498	8 653	38 159	7 236

All amounts in thousands of euro

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.

1/7/2008-30/9/2008	France	UK	Other	Eliminations	Consolidated
Revenue:					
External revenue	76 852	40 683	7 640		125 175
Inter-segment revenue	7 644	2 250	43	(9 937)	
Total revenue	84 496	42 933	7 683	(9 937)	125 175
Operating profit :					
Segment result	(1 621)	4 038	(1 065)		1 352
Other information:					
Purchase price of fixed assets	1 895	395	130		2 420
Depreciation and amortization	3 818	843	366		5 027
Balance sheet:					
Segment assets	462 474	122 613	313 455	(200 913)	697 629
Segment liabilities	457 720	106 591	13 416	(200 913)	376 814

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	2007
	1/7/08 - 30/9/08	1/7/07 - 30/9/07
Fish	56 541	59 733
Prawns and other shellfish	44 902	45 680
Duck products	16 303	15 088
Blini and spreadables	7 429	7 870
	125 175	128 371

All amounts in thousands of euro

6. Operating expenses

	2008 1/7/08 - 30/9/08	2007 1/7/07 - 30/9/07
Operating expenses	(17 858)	(15 130)

In September 2008, € 1093 thousands of one off costs for a non completed acquisition are included in operating expenses

7. Net financial expenses

Interest income and (expenses) are specified as follows:

	2008 1/7/08- 30/9/08	2007 1/7/07 - 30/9/07
Income from investments:		
Interest on bank deposits	342	421
Other interest income	145	672
	487	1 093
Finance costs:		
Interest on bank loans	(2 666)	(3 077)
Interest on finance leases	(57)	(70)
Other interest expenses	(84)	(164)
	(2 807)	(3 311)
Exchange rate differences	15	303
Total net financial expenses	**(2 305)**	**(1 915)**

All amounts in thousands of euro

8. Income tax

Income tax is specified as follows :

	2008 1/7/08- 30/9/08	2007 1/7/07 - 30/9/07
Current tax income (expense)	584	2
Deferred tax income (expense)	46	197
	630	199

Reconciliation of effective tax rate:

	1/7/2008 - 30/9/2008		1/7/2007 - 30/9/2007	
	Amount	%	Amount	%
Profit (loss) before tax	(953)		630	
Tax at the domestic income tax (15%, 18%)	143	-15%	(113)	-18%
Effect of different tax rates of other jurisdictions	892	-94%	246	39%
Effect of previous unused tax losses now activated on tax return	165	-17%	946	150%
Effect of unused tax losses not recognised as deferred tax assets	(203)	21%	(827)	-131%
Effect of prior year adjustments	(296)	31%		0%
Effect of other changes	(71)	7%	(53)	-8%
	630	-66%	199	32%

9. Deferred tax

The Group's deferred income tax liability at balance sheet date amounts to € (44 229) 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.

	30/9/2008	30/6/2008
At 1 July	(44 634)	(44 717)
Calculated tax for the period	630	(3 744)
Income tax payable for the period	(583)	5 109
Arising on an acquisition of a subsidiary		(735)
Tax movements through equity	371	(429)
Exchange differences	(13)	(118)
At the end of the period	(44 229)	(44 634)

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

Intangible assets	(41 076)	(41 160)
Tangible assets	(6 179)	(6 198)
Financial assets	28	45
Long term liabilities	1 697	1 675
Short term liabilites	1 712	1 390
Financial instruments	(482)	(839)
Unused tax losses carryforward	71	453
	(44 229)	(44 634)

All amounts in thousands of euro

10. Discontinued Operations

During the third quarter of 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 2008.

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

Last year income statement has been restated as follows :

	2007 1/7/07- 30/9/07	Christiansen Partner's contribution	2007 1/7/07- 30/9/07
	Current interim financial report		Published
Net sales	128 371	5 614	133 985
Operating profit	2 495	52	2 547
Profit from continuing operation	779	49	828

11. Earnings per share

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

<u>Basic earnings per share :</u>	2008 1/7/08 - 30/9/08	2007 1/7/07- 30/6/08
Weighted average number of ordinary shares (in thousands shares)	5 844 068	5 793 551
From continuing operations:		
Net profit (loss) from continuing operations	(323)	779
Basic earnings per share (euro cent)	(0,006)	0,013
From continuing and discontinued operations:		
Net profit (loss) from continuing and discontinued operations	(323)	828
Basic earnings per share (euro cent)	(0,006)	0,014

11. 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 1/7/08 - 30/9/08	2007 1/7/07- 30/6/08
Weighted average number of ordinary shares (in thousands shares)	5 844 068	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)	6 197 610	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)	6 197 610	6 196 097
From continuing operations:		
Net profit (loss) from continuing operations	(323)	779
Diluted earnings per share (euro cent)	(0,005)	0,013
From continuing and discontinued operations:		
Net profit (loss) from continuing and discontinued operations	(323)	828
Diluted earnings per share (euro cent)	(0,005)	0,013

12. Goodwill

	Total
At 1 July 2007	209 975
Changes on provisional Purchase Prices Allocations (PPA)	(1 223)
Exchange differences	(343)
Arising on an acquisition of a subsidiary	1 826
At 30 June 2008	210 235
Exchange differences	5
At 30 September 2008	210 240

13. Other intangible assets

	Total
Cost:	
At 1 July 2008	144 727
Additions	310
Reclassified	13
At 30 September 2008	145 050
Amortization:	
At 1 July 2008	8 043
Charge for the period	642
Reclassified	4
At 30 September 2008	8 689
Carrying amount:	
At 1 July 2008	136 684
At 30 September 2008	136 361

14. Property, plant and equipment

	Buildings and sites	Machinery & equipment	Fixtures & office equipment	Under construction & prepaid	Total
Cost:					
At 1 July 2008	102 485	112 533	18 970	3 610	237 598
Additions	156	1 021	152	781	2 110
Exchange differences	39	88	14		141
Disposals		(69)	(9)		(78)
Reclassified	859	1 789	(589)	(2 068)	(9)
At 30 September 2008	103 539	115 362	18 538	2 323	239 762
Accumulated depreciation:					
At 1 July 2008	47 963	71 458	12 028		131 449
Depreciation charge	1 502	2 482	401		4 385
Exchange differences	11	58	11		80
Disposals		(65)	(9)		(74)
Reclassified	200	143	(343)		
At 30 September 2008	49 676	74 076	12 088		135 840
Carrying amount:					
At 1 July 2008	54 522	41 075	6 942	3 610	106 149
At 30 September 2008	53 863	41 286	6 450	2 323	103 922

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

All amounts in thousands of euro

15. 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

16. Held-to-maturity securities

Balance at 1 July 2008	11 671
Additions during the period	302
Installments during the period	(398)
Reclassified	325
Fair value and exchange rate adjustments	145
Balance at 30 September 2008	12 045

17. Inventories

	30/9/2008	30/6/2008
Raw material	50 978	44 729
Work in progress	3 894	3 793
Finished goods and goods for resale	78 299	58 994
	133 171	107 516

All amounts in thousands of euro

18. Other financial assets

Trade receivables :

	30/9/2008	30/6/2008
Nominal value	51 955	40 263
Allowance for doubtful accounts and sales returns	(1 906)	(1 994)
	50 049	38 269

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

Other receivables :

	30/9/2008	30/6/2008
Staff & social security receivables	1 126	1 076
State receivables	13 179	14 626
Prepaid expenses	4 046	3 459
Others	3 457	3 172
	21 808	22 333

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.

19. Share capital

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

	Shares	Ratio	Nominal value
Net share capital	5 844,1	99,4%	67 047
Own shares	33,6	0,6%	468
Total share capital	5 877,7	100,0%	67 515

Shares issued and outstanding at the end of the period numbered a total of 5,877,692,004. The nominal value of each share is one Icelandic krona.

An agreement has been made between the board of directors of Alfesca hf and Q Iceland Holding ehf (formerly ELL162 ehf), the investment company of His Highness Sheikh Mohamed bin Khalifa Al-Thani, to cancel the proposed subscription of 850,000,000 shares in the capital of Alfesca in light of extraordinary financial turmoil and uncertainties impacting the Icelandic financial market and the sharp devaluation of the Icelandic Krona.

20. Translation and Hedging reserves

		Hedging reserve	Translation reserve	Total
Balance at 1 July 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)
Exchange differences arising on translation of subsidiaries	(1)		65	65
Variation in fair value of cash flow hedging derivatives	(2)	(1 139)		(1 139)
Balance at 30 September 2008		623	(8 510)	(7 887)

(1) refers to exchange differences relating to the translation from the functional currencies of foreign subsidiaries to functional currency.
(2) refers to hedging reserve representing hedging gains and losses recognised on the effective portion of cash flow hedges.

21. Long term liabilities

Remaining balance	30/9/2008	30/6/2008
Loans from credit institutions	168 435	174 685
Other long term liabilities	3 718	4 700
	172 153	179 385

Loans from credit institutions

Loans in EUR	177 190	183 026
Current maturities	(8 755)	(8 341)
Loans from credit institutions	168 435	174 685

Aggregated annual maturities are as follows:

Within 12 months	8 755	8 341
Over 1 year but within 5 years	102 500	92 500
Over 5 years	65 935	82 185
	177 190	183 026

The borrowings are Euribor variable interest rate debt.

All amounts in thousands of euro

22. Obligations under finance leases

Remaining balance	30/9/2008	30/6/2008
Finance leases in EUR	4 291	4 549
Current maturities	(929)	(1 090)
Obligations under finance lease	3 362	3 459
Aggregated annual maturities are as follows:		
Within 12 months	929	1 090
Over 1 year but within 5 years	2 239	2 218
Over 5 years	1 123	1 241
	4 291	4 549

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.

23. Long term liabilities - due within one year

Loans from credit institutions	8 755
Obligations under finance leases	929
Other long term liabilities (portion due within one year)	1 258
	10 942

Alfesca Hf have € 14,685 thousands 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

24. 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.

All amounts in thousands of euro

24. Financial risk management (cont.)

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 30 September are provided in note 25 "Derivative Financial instruments ".

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

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 September 2008 total €115m.

Certain loans are accompanied by clauses of repayment. They mostly deal with the compliance of certain financial ratios. On 30 September 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 the end of the period are provided in note 25 "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 21, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

All amounts in thousands of euro

24. Financial risk management (cont.)

As of the date of publication of these interim consolidated financial statements, the Board of Directors is in the process of assessing the potential impact on Alfesca of the Icelandic financial crisis.
To the best of Board's knowledge, the Group should not be significantly affected by such crisis, primarily for the following reasons: (i) the Group has no trading activity in Iceland, (ii) as the Group's main operating currencies are the Euro and the British Sterling, the fall in value of the Icelandic Krona has no impact on its results nor its financial position, (iii) Icelandic banks participation accounts for only 30% of the total Group's facility and the Group is able to finance its operations in normal course from other members of the banking syndicate.

25. Derivative financial instruments

	30/9/08	
	Assets	Liabilities
Currency derivatives	2 914	(1 902)
Hedging raw material contracts	220	
Interest rate swaps	77	
	3 211	(1 902)
Analysed as:		
Non-current	0	0
Current	3 211	(1 902)
	3 211	(1 902)

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 September 2008, the fair value of the Group's currency derivatives is estimated to be approximately € 1 012 thousands. These amounts are based on quoted market prices for equivalent instruments at the balance sheet date, comprising € 2 914 thousands assets and (1 902) € thousands liabilities.

The change in the fair value of currency derivatives over the financial year deferred in equity is € 372 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 September 2008, the fair value of those swaps is estimated € 220 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 € (1 138) 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 September 2008 is estimated € 77 thousands. These amounts are based on quoted market prices for equivalent instruments at the balance sheet date.

The change in the fair value of interest rate swaps over the financial year deferred in equity is € (373) thousands (after tax).

All amounts in thousands of euro

26. Related parties

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

27. EBITDA

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

	1/7/2008-30/9/2008	1/7/2007-30/9/2007
Profit (loss) from continuing operations	(323)	779
Add		
Income tax paid (received)	(630)	(199)
Add		
Earnings from associates	0	0
Add		
Net financial expenses	2 305	1 915
Operating profit	**1 352**	**2 495**
Add		
Depreciation and amortization	5 027	4 741
EBITDA	**6 379**	**7 236**

28. Approval of interim consolidated financial statements

The interim consolidated financial statements were approved by the Board of Directors and authorized for issue on 18 November 2008.

All amounts in thousands of euro