

## Alfesca not affected significantly by the Icelandic financial crises

The recent financial crises impacting economies across the globe have been particularly severe for Iceland.

Whilst Alfesca is listed on the NASDAQ OMX Stock Exchange in Iceland, the recent turmoil in the Icelandic economy has not affected the operations of the Group, as the company has no trading activity in Iceland. The key markets of Alfesca are in mainland Europe and, in particular, UK, France and Spain.

Alfesca closed its 2007/08 financial year with total net sales of €647.4 million, up 9% against the previous year, and an EBITDA of €62.5 million, representing a 22% improvement year on year.

As widely reported, the economic and trading environment in Europe has deteriorated in recent months affecting all consumer businesses. However, Alfesca's broad portfolio of products, based on four core pillars, and balanced spread of branded and private label sales through a wide range of customers in different geographic markets in Europe, provides Alfesca with a diversified business model and a resilient base to face the challenges ahead. Current trading has softened in the difficult environment but demand for Alfesca's products has been keeping at a steady level.

The fall in the value of the Icelandic Krona has not affected the results nor financial standing of the Group, since its main operating currencies are the Euro and the British sterling.

Alfesca is a profitable and cash generative business, benefiting from a strong balance sheet with an equity ratio of 47.6%<sup>1</sup> and good liquidity. Alfesca's long term debt financing is provided by a large consortium of major European banks under a €280 million term loan and revolving credit facility, which matures in 2014. The net debt of the Group was €166.7 million, as at 30 June 2008.

The Icelandic banks, Kaupthing and Glitnir, which are currently under administration, participate in the credit facility of the Group as members of the banking syndicate. However, their participation accounts for only 30% of the total facility and their continued involvement going forward is under review. Notwithstanding this situation, as Alfesca has access to facilities from other banks in its existing syndicate, the current status of Kaupthing and Glitnir do not give rise to any solvency concerns. Accordingly, based on its strong financial standing, the Group is able to finance its operations in the normal course.

Alfesca is due to repay Icelandic Krona denominated bonds totalling approximately €12.0 million on 15 November 2008. A further and final amount totalling approximately €3.0 million is also due to be repaid on 1 February 2009, in accordance with the terms of the bonds. Alfesca has specific facilities in place to repay the bonds. However, due to restrictions and the technical difficulties currently being experienced in connection with the foreign currency settlement system with Iceland there is a risk of delay to the funds being transferred on the due date. Alfesca is currently working with the relevant financial institutions in Iceland to resolve the issues and to minimise any difficulties.

Separately and in light of the current state of the financial markets, the board of directors believe it is prudent for the Company to preserve its cash position and accordingly have resolved not to recommend payment of dividends of €12 million for the financial year 2007/08 at its annual general meeting on 18 November 2008.

The financial crises in Iceland and the devaluation of the Icelandic Krona has, however, had a major negative impact on the share price of Alfesca, as it is listed in the local currency. Since the start of the

---

<sup>1</sup> As at 30 June 2008.

new financial year, 1 July, Alfesca's share price has fallen by over 41%<sup>2</sup>. The fall in value in the share price is furthermore exacerbated for non-Icelandic investors due to the devaluation of the Icelandic Krona, which has weakened by over 30% during the same short period<sup>3</sup>.

At its annual general meeting in September 2007, Alfesca passed the necessary resolutions to enable it to relist its shares in Euros, once the Euro settlement system was established in Iceland. It is highly regrettable, therefore, that this process could not be concluded as the shareholders and the Company considered it in the long term interest of Alfesca to implement this change and to make Alfesca accessible to the international investment community.

Following the exceptional developments in Iceland and delisting of a number of the large financial companies and banks, the Icelandic equity market has diminished in size and has not been able to resume normal function. Alfesca looks forward to the re-establishment of an orderly market in Iceland and the foundations for normal share price formation being restored as quickly as possible for the benefit of its shareholders. Until such time, Alfesca will monitor closely the full restoration of a strong and stable stock exchange to ensure that it is the right platform for its future development.

Alfesca will publish its next quarterly results for Q1 2008/09 after the markets have closed on 18 November 2008.

### **About Alfesca**

Alfesca is a leading European producer in its selected categories, which are smoked salmon and fish; prawns and shellfish; foie gras and duck products, blinis and spreadables. The Company's products are sold under its own brands, including Labeyrie, Blini, Delpierre, Skandia, Lyons and Farne. The Company also has a substantial presence in the private label markets in the UK, France and Spain. Annual turnover is €647 million and 3,600 employees work for the Group.

Alfesca is listed on NASDAQ OMX, Nordic Exchange in Iceland (Symbol: A).

Further information about Alfesca can be found on: <http://www.alfesca.com>

---

<sup>2</sup> Based on the closing price of ISK 7.16 on 1 July 2008 and ISK 4.20 being the last closing price on 3 October 2008.

<sup>3</sup> Based on the EUR/ISK mid rate published by the Central Bank of Iceland on 1 July 2008 and 4 November 2008.