Alfesca hf.

Financial Statements

July 2006 - June 2007

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

Alfesca hf.

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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 2007.

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 further explained in note 2.

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 Reviews in the Annual Report. The principal subsidiary and undertakings are listed in note 16.

The results of the Group for the year are set out in the Income Statement. The total revenue of the Group amounted to €616.886 million (2006: €554.659 million). The profit from continuing operations of the Group amounted to €22.203 million (2006: €19.020 million) and the net profit including discontinued operations amounted to €22.432 million (2006: €11.966 million). The total assets of the Group amounted to €670.391 million (2006: €619.103 million) and total equity at the end of the financial year was €296.578 million (2006: €269.168 million). The equity ratio at the end of the accounting year is 44.2%.

The Company 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 19 February 2007, the Group completed the acquisition of Adrimex SAS, a leading specialised procurer, processor and distributor of high quality chilled and frozen shellfish primarly in France. In addition, on 11 June 2007, the Group completed also the acquisition of Le Traiteur Grec, which is a food processing company specialized in vegetable spread, blinis bread and tarama. Future prospects are outlined in the Chairman's Statement, the Chief Executive's Review and the Business Reviews in the Annual Report.

The Board of Directors do not recommend the payment of a dividend having regard to the growth and investment plans of the Group.

At the end of the year the Company had 916 shareholders on the register of shareholders (2006: 1,141 shareholders). At 30 June 2006, two shareholders held more than 10.0% of the shares in the Company with Kjalar Invest B.V. holding 35.84% and Kaupthing Bank hf holding 19.29%. 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, who through other related parties is beneficially interested in 39.66% of the share capital of the Company.

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 has been set up within the Board 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 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.

Statement by the Board of Directors and CEO

The Board of Directors and CEO of Alfesca hf. hereby confirm the Consolidated Financial Statements for the accounting year ended at 30 June 2007.

3 September 2007

Board of Directors

Olafur Olafsson, chairman

Bill Ronald

Arni Tomasson

Hartmut M. Krämer

Gudmundur Asgeirsson

CEO

Xavier Govare

Auditors' Report

To the Board of Directors and shareholders of Alfesca hf.

We have audited the accompanying financial statements of Alfesca hf., which comprise the balance sheet as at June 30, 2007, 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 Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in n accordance with generally accepted accounting principles in Iceland. 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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 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 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 financial statements give a true and fair view of the financial position of Alfesca hf. as of June 30, 2007 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

3 September 2007

Deloitte hf.

Agust Heimir Olafsson
State Authorized Public Accountant

Pall Gretar Steingrimsson
State Authorized Public Accountant

Income Statement 1/7 2006 - 30/6 2007

	Notes	2006/2007 1/7 - 30/6	2005/2006 1/7 - 30/6	2006/2007 1/4 - 30/6	2005/2006 1/4 - 30/6
Continuing operations					
Net sales	4	616,886	554,659	144,314	116,907
Cost of goods sold		(518,716)	(466,415)	(123,812)	(103,145)
Gross profit		98,170	88,244	20,502	13,762
Other gains and losses		(546)	696	(94)	643
Operating expenses		(64,369)	(62,423)	(19,410)	(13,457)
Operating profit		33,255	26,517	998	948
Net financial expenses	9	(11,867)	(9,272)	(2,427)	(2,137)
Earnings from associates		35	54	53	(59)
Net profit (loss) before taxes		21,423	17,299	(1,376)	(1,248)
Income tax	10	780	1,721	4,835	4,168
Profit from continuing operations		22,203	19,020	3,459	2,920
Discontinued operations					
Profit (loss) from discontinued operations	11	229	(7,054)	0	(3,523)
Profit (loss) for the period		22,432	11,966	3,459	(603)
Attributable to					
Equity holders of the parent		22,432	11,966	3,459	(603)
		22,432	11,966	3,459	(603)
Earnings per share	12				
Continuing operations:					
Net earnings per share		0.39	0.33	0.06	0.05
Diluted net earnings per share		0.36	0.32	0.06	0.05
Continuing and discontinued operations:					
Net earnings per share		0.39	0.21	0.06	(0.01)
Diluted net earnings per share		0.37	0.20	0.06	(0.01)
Other information					
Depreciation		18,060	17,276	4,856	5,494
EBITDA	40	53,895	43,793	8,434	6,442

All amounts in thousands of euro

Balance Sheet

Assets	Notes	30/6/2007	30/6/2006
Fixed assets			
Goodwill	13	209,975	183,675
Other intangible assets	14	135,283	135,089
Property, plant and equipment	15	107,323	107,523
Investments in associated companies		513	498
Held-to-maturity securities	17	9,776	9,670
Available-for-sale investments	18		16
Total fixed assets		462,870	436,471
Current assets			
Inventories	19	109,695	91,905
Trade receivables	20	45,365	32,382
Other receivables	21	24,002	18,061
Bank deposits and cash	20	28,459	14,479
Assets classified as held for sale			25,805
Total current assets		207,521	182,632
Total assets		670,391	619,103

All amounts in thousands of euro

30 June 2007

Equity and Liabilities	Notes	30/6/2007	30/6/2006
Shareholders' equity			
Share capital	22	66,544	66,544
Share premium	23	198,713	198,713
Capital reserves	24	1,035	1,035
Equity - settled employee benefits reserve	28	2,580	0
Translation and hedging reserves	26	1,531	(868)
Retained earnings	27	26,163	3,731
Equity attributable to shareholders of the parent		296,566	269,155
Minority interest		12	13
Total equity		296,578	269,168
Liabilities			
Non-current liabilities			
Long-term liabilities	30	184,895	154,438
Obligations under finance leases	31	4,268	5,392
Deferred tax liabilities	32	44,717	44,804
Pension obligations		6,844	7,262
Other obligations		1,611	3,264
		242,335	215,160
Current liabilities			
Bank loans		21,820	23,411
Current maturities of long-term debt	33	9,212	13,243
Other current liabilities		38,925	36,572
Trade payables		61,521	51,200
Liabilities associated with assets classified as held for sale		0	10,349
		131,478	134,775
Total liabilities		373,813	349,935
Total equity and liabilities		670,391	619,103

All amounts in thousands of euro

Statement of Cash Flow 1/7 2006 - 30/6 2007

	Notes	2006/2007 1/7 - 30/6	2005/2006 1/7 - 30/6
Cash flow from operating activities			
Net profit for the period		22,432	11,966
Elimination from income from associates		(35)	0
Income tax expense recognised in profit or loss	10	(780)	(1,721)
Finance costs recognised in profit or loss		11,303	9,041
Depreciation	14,15	18,060	17,276
Other calculated items		(3,640)	(1,381)
Gain/loss on sale of assets		12	(874)
Discontinued operations	11	(229)	7,054
Working capital provided by operating activities		47,123	41,361
Change in current assets and liabilities		(4,391)	(8,066)
Cash generated from operations		42,732	33,295
Tax (paid) received		1,727	(2,940)
Net Cash generated by operating activities		44,459	30,355
Cash flow from investing activities			
Purchase price of fixed assets		(17,358)	(19,255)
Proceeds from disposal of fixed assets		6,704	3,315
Proceeds from disposal of financial assets		20	6,247
Increase in loans & proceeds from repayment of loans		(81)	243
Acquisition in subsidiaries	38.39	(36,587)	0
Proceeds from sales of subsidiaries		13,434	4,316
Dividends from associated companies		0	77
Net Cash used in investing activities		(33,868)	(5,057)
Cash flow from financing activities			
Proceeds from borrowings		160,928	3,337
Repayment from borrowings		(140,547)	(69,829)
Net financial interest paid		(11,776)	(7,146)
Dividends paid to group shareholders		19	0
Operational loans, changes		(5,304)	11,649
Net Cash provided (used) in financing activities		3,320	(61,989)
Net increase (decrease) in cash and cash equivalents		13,911	(36,691)
Effects of discontinued operation			(3,887)
Effects of foreign exchange adjustments		69	(137)
Cash and cash equivalents at the beginning of the financial year		14,479	55,194
Cash and cash equivalents at the end of the financial year		28,459	14,479

All amounts in thousands of euro

Consolidated Statement of Changes in Equity for the period ended 30 June 2007

	Share capital	Share premium	Capital reserves	Equity - settled employee benefits reserve	Translation/ hedging reserves	Retained earnings	Total equity
Balance 31 December 2004	65,137	194,055	1,035		(303)	(9,760)	250,164
Exchange differences arising on translation of subsidiaries					1,563		1,563
Net gains not recognised in the income statement	0	0	0		1,563	0	1,563
Increase in share capital	1,876	6,227					8,103
Purchases of own shares	(123)	(427)					(550)
Transferred to income due to sale of subsidiaries					(330)		(330)
Net profit for the period						2,791	2,791
Balance 30 June 2005	66,890	199,855	1,035	0	930	(6,969)	261,741
Exchange differences arising on translation of subsidiaries					(947)		(947)
Loss on cash flow hedges					(748)		(748)
Deferred tax liability in Delpierre corrected						(1,266)	(1,266)
Net gains not recognised in the income statement	0	0	0	0	(1,695)	(1,266)	(2,961)
Purchases of own shares	(346)	(1,142)					(1,488)
Transferred to income due to sale of subsidiaries					(103)		(103)
Net profit for the period						11,966	11,966
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
Recognition of share based payment				2,580			2,580
Loss on cash flow hedges							0
Net gains not recognised in the income statement	0	0	0	2,580	2,399	0	4,979
Net profit for the period						22,432	22,432
Balance 30 June 2007	66,544	198,713	1,035	2,580	1,531	26,163	296,566

All amounts in thousands of euro

Notes to the 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 process upmarket gourmet and festive foods.

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 taramasalat. These products are sold under private label and its own brand names including Labeyrie, Skandia, Delpierre, Blini, and Lyons. Alfesca hf. brands have a leading position in France, Spain and the United Kingdom, which together form the Company's core markets.

These 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 financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

New and revised Standards

At the date of authorisation of these financial statements, the following Standards were in issue but not effective:

	Effective date:
- IFRS 7, Financial Instruments: Disclosures	1. january 2007
- IFRS 8, Operating Segments	1. january 2009
- IAS 23, Borrowing cost, revised standard	1. january 2009

At the date of authorisation of these financial statements, the following Interpretations were in issue but not effective:

	Effective Date: Annual periods beginning:
- IFRIC 7, Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies	On or after 1. march 2006
- IFRIC 8, Scope of IFRS 2	On or after 1. may 2006
- IFRIC 9, Reassessment of Embedded Derivatives	On or after 1. june 2006
- IFRIC 10, Interim Financial Reporting and Impairment	On or after 1. november 2006
- IFRIC 11, IFRS 2: Group and Treasury Share Transactions	On or after 1. march 2007
- IFRIC 12, Service Concession Arrangements	On or after 1. january 2008

These future IFRS changes are not expected to materially affect the annual report. Other probable effects would be the additional disclosure requirements that follow from the implementation of IFRS 7 and IFRS 8.

Basis of preparation

The 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 Company 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 financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Consolidation.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Consolidation´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 unamortized 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 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, discount 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 cost value at the date of acquisition. The corresponding liability to the lessor is included in the balance sheet as an obligation under finance leases.

Foreign currencies

Transactions in currencies other than euro are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are retranslated at the rates prevailing on the 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 in the year. 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, except if they fall under IFRS 39 application.

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.

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

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 company'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. Deferred tax assets and liabilities are offset 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.

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 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.

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.

Property, plant and equipment, (cont.)

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 amortisation 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. 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 and does not represent a final write-off. 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 an enterprise 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 subsequent reporting dates.

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

	2006	2006	2007	2007	2007
	1/7 - 30/9	1/10 - 31/12	1/1 - 31/3	1/4 - 30/6	1/7 - 30/6
Net sales	111,841	235,013	125,718	144,314	616,886
Cost of goods sold	(100,209)	(186,196)	(108,499)	(123,812)	(518,716)
Gross profit	11,632	48,817	17,219	20,502	98,170
Commission and other income	0	(343)	(109)	(94)	(546)
Other operating expenses	(12,529)	(18,048)	(14,384)	(19,410)	(64,369)
Operating profit (loss)	(897)	30,426	2,726	998	33,255
Net financial expenses	(3,250)	(2,867)	(3,323)	(2,427)	(11,867)
Earnings from associates	0	(18)	0	53	35
Net profit (loss) before taxes	(4,147)	27,541	(597)	(1,376)	21,423
Income tax	2,164	(8,124)	1,905	4,835	780
Profit (loss) from continuing operations	(1,983)	19,417	1,308	3,459	22,203
Profit (loss) from discontinued operations	229	0	0	0	229
Profit (loss) for the period	(1,754)	19,417	1,308	3,459	22,432
EBITDA	3,503	34,748	7,208	8,434	53,895

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.

Information about these segments, based on the location of assets, is presented below.

1.7.2006-30.6.2007	France	UK	Other	Eliminations	Consolidated
Revenue:					
External revenue	367,473	191,469	57,944		616,886
Inter-segment revenue	44,641	5,173	86,197	(136,011)	0
Total revenue	412,114	196,642	144,141	(136,011)	616,886

	France	UK	Other	Eliminations	Consolidated
Result:					
Segment result	23,823	12,876	(3,444)		33,255
Other information:					
Capital additions	11,874	4,678	806	0	17,358
Depreciation and amortization	12,996	3,929	1,135	0	18,060
Balance sheet:					
Segment assets	767,647	245,651	358,486	(701,393)	670,391
Segment liabilities	486,626	113,727	53,254	(279,794)	373,813

5. Business segments

Current business segments for Consolidation are fish, shellfish, duck products and other products (blini, spreadables and other products). 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:

	1/7/2006-30/6/2007
Fish	273,051
Shellfish	151,661
Duck products	119,605
Other products	72,569
	616,886

All amounts in thousands of euro

6. Salaries

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

	2006/2007 1/7 - 30/6	2005/2006 1/7 - 30/6
Salaries	87,013	79,330
Salary-related expenses	26,484	24,146
	113,497	103,476
Average number of positions	3,518	3,299

Salaries and salary-related expenses, classified by operational category, are specified as follows:

	2006/2007 1/7 - 30/6	2005/2006 1/7 - 30/6
Cost of goods sold	80,658	75,524
Other operating expenses	32,839	27,952
	113,497	103,476

7. Management salaries and benefits

	Salaries and related exp.	Share options	Shares owned ('000)
Board of Directors:			
Olafur Olafsson, Chairman of the Board 1)	117		2,330,724
Adalstein Ingolfsson	43		9.326
Bill Ronald	37		
Arni Tomasson	42		
Hartmut M. Krämer	52		
Gudmundur Asgeirsson	46		25.800
Executive committee:			
Xavier Govare, CEO	683	52.389	31.595
Other Group Executives (3 in total) 2)	864	45.107	4.936

1) The Company was notified on 4 June 2007 that Mr Olafur Olafsson is beneficially interested in 2,330,724 thousand shares through Kjalar Invest BV and other related parties controlled by Mr Olafur Olafsson.

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

All amounts in thousands of euro

8. Fees to auditors

	2006/2007 1/7 - 30/6
Audit of financial statements	515
Review of interim financial statements	121
Other services	106
	742

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

9. Financial income / (expenses)

Interest income and (expenses) are specified as follows in thousands of euro:

	2006/2007 1/7 - 30/6	2005/2006 1/7 - 30/6
Income from investments:		
Interest on bank deposits	1,269	958
Net profit from available for sale and held to maturity investments		176
Other interest income		143
	1,269	1,277
Finance costs:		
Interest on bank loans	(12,333)	(9,527)
Interest on finance leases	(263)	(299)
Other interest expenses	(443)	(450)
	(13,039)	(10,276)
Exchange rate differences	(97)	(273)
	(11,867)	(9,272)

10. Income tax expense

Income tax expenses are specified as follows:

	2006/2007 1/7 - 30/6
Current tax income	(43)
Deferred tax income	(737)
	(780)

Reconciliation of effective tax rate:

	1/7/2006 - 30/6/2007	
	Amount	%
Profit before tax	21,423	
Tax at the domestic income tax (18%)	3,856	18%
Effect of different tax rates of other jurisdictions	1,966	9%
Utilization of tax losses	(2,853)	-13%
Tax losses recognised as deferred tax assets	(1,213)	-6%
Tax adjustment following agreement with tax authority	(1,856)	-9%
Other changes	(680)	-3%
	(780)	-4%

11. Discontinued Operations

During the last quarter of the reporting year 2005 - 2006, a decision was made by the Board of Directors to dispose of the frozen products division of its French subsidiary Delpierre (formerly SIF France). On 13 July 2006, a formal sale agreement was signed, and the frozen activity finished on 4 September 2006. Consequently, the frozen products division of the French subsidiary Delpierre are classified as discontinued operations.

The effects of discontinuing operations on the income statement of the Group are as follows:

	1.7.2006-4/9/2006
Net sales	7,891
Cost of goods sold	(8,441)
	(550)
Commission and other income	(109)
Other expenses	639
Operating loss	(20)
Financial expenses	(65)
Loss before taxes	(85)
Income and net worth tax	314
Net Profit	229

12. Earnings per share

Basic earnings per share

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

	2006/2007 1/7 - 30/6	2005/2006 1/7 - 30/6
Net profit (loss) from continuing and discontinued operations	22,432	11,966
Net profit (loss) from discontinued operations	(229)	7,054
Net profit (loss) from continuing operations	22,203	19,020

	2006/2007 1/7 - 30/6	2005/2006 1/7 - 30/6
Weighted average number of ordinary shares for the purposes of basic earnings per share	5,741,221	5,771,221

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:

	2006/2007 1/7 - 30/6	2005/2006 1/7 - 30/6
Weighted average number of ordinary shares used in the calculation of basic earnings per share	5,741,221	5,771,221
Shares deemed to be issued for no consideration in respect of:		
Employee options	122,546	120,222
Employee performance shares	280,000	
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	6,143,767	5,891,443

All amounts in thousands of euro

13. Goodwill

At 1 July 2005	185,648
Exchange differences	(70)
Other changes	(1,903)
At 30 June 2006	183,675
Additions	0
Exchange differences	57
Other changes	0
Arising on an acquisition of a subsidiary	26,243
At 30 June 2007	209,975

Allocation of goodwill to cash-generating units

Goodwill has been allocated for impairment testing purposes to five individual cash-generating units. The carrying amount of goodwill allocated to cash-generating units is as follows:

	30/6/2007	30/6/2006
Cash-generating units (CGU) :		
Lyons Seafood	2,296	2,239
Delpierre	11,386	11,386
Labeyrie	105,050	105,050
Blini	50,000	50,000
Farne	15,000	15,000
	183,732	183,675
Goodwill to be allocated to a CGU in 2007/08	26,243	0
Total Goodwill	209,975	183,675

New goodwill arising on LTG and Adrimex acquisitions for 26,243 M€ are not yet allocated to a CGU and will be agreed following final completion of Purchase Price Allocation.

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 2-4% per cent growth rate. This rate does not exceed the average long-term growth rate for the relevant markets.

All amounts in thousands of euro

14. Other intangible assets

	Total
Cost:	
At 1 July 2006	138,961
Additions	1,996
Reclassified	0
Arising on an acquisition of a subsidiary	239
Reclassified as held for sale	(4)
At 30 June 2007	141,192
Amortization:	
At 1 July 2006	3,872
Arising on an acquisition of a subsidiary	217
Charge for the period	1,820
At 30 June 2007	5,909
Carrying amount:	
At 1 July 2006	135,089
At 30 June 2007	135,283

15. Property, plant and equipment

	Buildings and sites	Machinery & equipment	Fixtures & office equipment	Under construction & prepaid	Total
Cost:					
At 1 July 2006	100,711	89,566	15,998	1,558	207,833
Additions	3,765	7,466	1,200	2,931	15,362
Exchange differences	430	730	137	0	1,297
Disposals	(8,053)	(2,287)	(449)	0	(10,789)
Arising on an acquisition of a subsidiary	7,001	5,680	1,196	376	14,253
Reclassified as held for sale	(664)	(528)	0	0	(1,192)
Reclassified	143	6,068	55	(3,241)	3,025
At 30 June 2007	103,333	106,695	18,137	1,624	229,789
Accumulated depreciation:					
At 1 July 2006	39,137	51,429	9,744	0	100,310
Depreciation charge	5181	9512	1547	0	16,240
Exchange differences	83	438	108	0	629
Disposals	(2,738)	(653)	(252)	0	(3,643)
Arising on an acquisition of a subsidiary	3,115	3,084	753	0	6,952
Reclassified as held for sale	(77)	(960)	(10)		(1,047)
Reclassified	(1,139)	4,614	(450)		3,025
At 30 June 2007	43,562	67,464	11,440	0	122,466
Carrying amount:					
At 1 July 2006	61,574	38,137	6,254	1,558	107,523
At 30 June 2007	59,771	39,231	6,697	1,624	107,323

Group policy is to review the fair value of buildings and equipment on a regular basis. The management estimates the fair value of other operating fixed assets at their book value.

All amounts in thousands of euro 22

16. The Consolidation

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

Name of subsidiary	Place of registration and operation	Ownership %	Principal activity
SIF Norway	Norway	100%	Holding company
Siftor Holding AS	Norway	100%	Holding company
Njord AS	Norway	100%	Holding company
Saltskip hf.	Iceland	100%	Holding company *
Nord Ocean ehf	Iceland	100%	Holding company *
Christiansen Partner AS	Norway	98%	Sales
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
Zilia Holding NV	Dutch Antil.	100%	Holding company
Sedini NV	Netherlands	100%	Dormant
Vensy Espana SA	Spain	100%	Production and sales
Vensy Portugal LTDA	Portugal	100%	Sales
Labeyrie Norge AS	Norway	100%	Sales
Palmitou	France	49%	Sales

* (merged with Alfesca the 30th of June 2007

17. Held-to-maturity securities

	Held-to-maturity securities
Balance at 1 July 2006	9,670
Additions during the year	119
Installments during the year	(174)
Fair value and exchange rate adjustments	161
Balance at 30 June 2007	9,776

18. Available for sale investments

	Available for sale
Balance at 1 July 2006	16
Additions during the year	
Disposed of during the year	(16)
Fair value and exchange rate adjustments	
Balance at 30 June 2007	0

All amounts in thousands of euro

19. Inventories

	30.6.2007	30.6.2006
Raw material	48,675	38,656
Work in progress	6,447	2,173
Finished goods and goods for resale	54,573	51,076
	109,695	91,905

20. Other financial assets

Trade receivables :	30.6.2007	30.6.2006
Nominal value	47,368	34,205
Allowance for doubtful accounts and sales returns	(2,003)	(1,823)
	45,365	32,382

The average credit period taken on sale of goods is 36 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.

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. Other receivables :

	30.6.2007	30.6.2006
Staff & social security receivables	1,009	1,200
State receivables	13,847	10,911
Prepaid expenses	4,643	2,521
Others	4,503	3,775
	24,002	18,407

22. Share capital

Share capital is as follows in millions of shares and thousand of euros:

	Shares	Ratio	Nominal value
Total share capital at 30 June 2007	5,741.2	97.7%	66,544
Treasury stock at 30 June 2007	134.7	2.3%	963
	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.

Changes in share capital are as follows:

	Share capital
Balance at 1 July 2005	66,890
Increase in share capital	0
Purchases of own shares	(346)
Balance at 30 June 2006	66,544
Increase in share capital	
Purchases of own shares	
Balance at 30 June 2007	66,544

23. Share premium

	Share premium
Balance at 1 July 2005	199,855
Increase in share capital	
Purchases of own shares	(1,142)
Balance at 30 June 2006	198,713
Increase in share capital	
Purchases of own shares	
Balance at 30 June 2007	198,713

24. Capital reserves

	Capital reserves
Balance at 1 July 2005	1,035
Balance at 30 June 2006	1,035
Changes during the period	0
Balance at 30 June 2007	1,035

25. Equity - settled employee benefits reserve

	Equity settled employee benefit reserve
Balance at 1 July 2005	0
Balance at 30 June 2006	0
Changes during the period	2,580
Balance at 30 June 2007	2,580

26. Hedging and translation reserves

	Hedging reserve	Translation reserve	Total
Balance at 1 July 2005	0	930	930
Exchange differences arising on translation of subsidiaries	0	(947)	(947)
Decrease in fair value of cash flow hedging derivatives	(748)	0	(748)
Transferred to income due to sale of subsidiaries	0	(103)	(103)
Balance at 30 June 2006	(748)	(120)	(868)
Exchange differences arising on translation of subsidiaries	1,447	952	2,399
Variation in fair value of cash flow hedging derivatives	0	0	0
Transferred to income due to sale of subsidiaries	0	0	0
Balance at 30 June 2007	699	832	1,531

27. Retained earnings

	Retained earnings
Balance at 1 July 2005	(6,969)
Deferred tax liability in Delpierre corrected	(1,266)
Net profit for the period	11,966
Balance at 30 June 2006	3,731
Net result for the period	22,432
Balance at 30 June 2007	26,163

All amounts in thousands of euro

28. Share based payments

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. These contracts do neither affect the income statement of the Group nor the balance sheet until after the balance sheet date. Contract rate is 4,80.

	Number of shares (in thousands)				
Contract rate / conditions / date granted	2006-2007	2007-2008	2008-2009	2009-2010	Total
4,80 / Conditional / June 2005	37,740	18,172	30,288	36,345	122,546

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 2006	120,222	4.80
Roll over of options agreements from previous years	14,168	4.80
Forfeited during the period	(11,844)	4.80
Outstanding at 30 June 2007	122,546	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 ISK1 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 Company's share price over the three year period of the Plan and the achievement of minimum share price in September 2009. In the financial year to 30 June 2007, awards totalling 280 million shares and representing €2.580 million in value were recognised and expensed in the consolidated income statement.

29. 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

Foreign exchange risk, transaction 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.

Interest rate risk

Fluctuations in interest rates have a direct impact on earnings. The interest rates used in the Group's budget are based on forward rates and the Group policy is to have the majority of funding on fixed interest rates.

Credit risk

The Group has no significant credit risk. To minimize credit risk it focuses on ensuring that customers have an appropriate credit history. As of 1 July 2006 all companies in the Group are using credit insurance as way of credit control.

Funding risk

The Group has commited credit lines in place to maintain sufficient liquidity and flexibility in funding. The Company is a net borrower and surplus liquidity is used to repay external debt.

30. Long term liabilities

Remaining balance	30.6.2007	30.6.2006
Loans from credit institutions	179,685	150,143
Other long term liabilities	5,210	4,295
	184,895	154,438

Loans from credit institutions

	30.6.2007	30.6.2006
Loans in EUR	183,780	161,794
Current maturities	(4,095)	(11,651)
Loans from credit institutions	179,685	150,143

Aggregated annual maturities are as follows:

	30.6.2007	30.6.2006
Within 12 months	4,095	11,651
Over 1 year but within 5 years	76,685	54,448
Over 5 years	103,000	95,696
	183,780	161,794

31. Obligations under finance leases

Remaining balance	30.6.2007	30.6.2006
Finance leases in EUR	5,658	6,331
Current maturities	(1,390)	(939)
Obligations under finance lease	4,268	5,392

Aggregated annual maturities are as follows:

	30.6.2007	30.6.2006
Within 12 months	1,390	939
Over 1 year but within 5 years	2,561	3,243
Over 5 years	1,707	2,149
	5,658	6,331

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.

All amounts in thousands of euro

32. Deferred tax

The Group's deferred income tax liability at balance sheet date amounts to €44,717 thousand according to the balance sheet. Deferred income tax liability results mainly from recognised intangible assets on acquisition of the subsidiary Labeyrie Group (FDK) in December 2004.

	Deferred tax
At 1 July 2006	(44,804)
Calculated tax for the period	780
Income tax payable for the period	(46)
Perimeter changes	(242)
Corrected tax liability Delpierre	204
Tax movements through equity	(614)
Reclassification	0
Exchange differences	5
At 30 June 2007	(44,717)

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

Intangible assets	(40,852)
Fixed tangible assets	(6,128)
Long term liabilities	234
Short term liabilites	819
Financial instruments	(490)
Loss carryforward	1,700
	(44,717)

33. Long term liabilities - due within one year

Loans from credit institutions	4,095
Obligations under finance leases	1,390
Other long term liabilitites	3,727
	9,212

34. Derivative financial instruments

	30.6.2007	
	Assets	Liabilities
Forward foreign exchange contracts	1,085	(67)
Interest rate swaps	693	(306)
	1,778	(373)
Analysed as:		
Non-current		
Current	1,778	(373)
	1,778	(373)

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

All amounts in thousands of euro

Derivative financial instruments (cont.) :

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 2007, the fair value of the Group's currency derivatives is estimated to be approximately € -1.018 thousand. These amounts are based on quoted market prices for equivalent instruments at the balance sheet date, comprising € 1.087 thousand assets and € - 67 thousand liabilities. The fair value of currency derivatives that are designated and effective as cash flow hedges amounting to € 1.534 thousand has been deferred in equity.

Interest rate swaps

The Group uses interest rate swap 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 is estimated € 387 thousand. These amounts are based on quoted market prices for equivalent instruments at the balance sheet date. The fair value of interest rate swaps that are designated and effective as cash flow hedges amounting to € - 88 thousand has been deferred to equity.

35. Operating lease arrangements

Minimum lease payments under operating lease recognised in the income statement for the period	393

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

Within 12 months	376
Over 1 year but within 5 years	690
Over 5 years	3,388
	4,454

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

36. Insurances

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

	Insurance value	Book value
Fixed assets and inventories	455,414	217,018

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

37. Related parties

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

All amounts in thousands of euro

38. Acquisition of Adrimex shares:

On 19 February 2007, the Group completed the acquisition of Adrimex SAS (Adrimex) for a total consideration of EUR 11,4 million. The acquisition was financed by long term loan and revolving facilities totaling EUR 22 million.

Adrimex is a leading specialised procurer, processor and distributor of high quality chilled and frozen shellfish primarily in France. Adrimex's net sales for the financial year ended 30 September 2006 was EUR 56.4 million.

Net asset acquired :	Acquired 19.02.2007
Other intangible assets	18
Property, plant and equipment	5,008
Held-to-maturity securites	9
Deferred tax assets	3
Current assets	16,949
Loans	-2,898
Other obligations	-52
Deferred income tax liabilities	-193
Current liabilities	-16,006
	2,838
Goodwill	8,554
Total consideration	**11,392**

Net cash outflow arising on acquisition :	
Satisfied by cash	11,392
Net Debt acquired	5,436
Change in consolidation scope	**16,828**

At 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 :

The allocation of fair value adjustment on Adrimex balance sheet is specified as follows :

Total cash consideration :	11,392
Shareholder's equity	-2,602
To be allocated	8,790
Operating fixed assets	164
Pension obligations	-9
Inventories	204
Deferred tax assets	3
Deferred tax liabilities	-126
Goodwill	8,554
Total allocation :	**8,790**

According to the specification on inventories, inventories have been increased by 204 K€. This opening adjustement has been totally expensed in March as cost of good sold in the consolidated Income Statement because all those inventories were sold in March.

All amounts in thousands of euro

39. Acquisition of Le Traiteur Grec shares:

On 11 June 2007, the Group completed the acquisition of Le Traiteur Grec (LTG) for a total consideration of EUR 24,3 million. The acquisition was financed by a long term loan totaling EUR 24 million.

LTG is a food processing company in France, specialized in vegetable spread, blinis bread and tarama. LTG is selling branded products, on French market and mainly to H&SM. For the financial year ended in December 2006, net sales was EUR 12 million.

Net asset acquired :	**Acquired 11.06.2007**
Other intangible assets	4
Property, plant and equipment	2,247
Held-to-maturity securites	0
Deferred tax assets	64
Current assets	6,557
Loans	-524
Other obligations	-31
Deferred income tax liabilities	-116
Current liabilities	-1,579
	6,622
Goodwill	17,690
Total consideration	**24,312**

Net cash outflow arising on acquisition :	
Satisfied by cash	24,312
Net Cash acquired	-4,553
Change in consolidation scope	**19,759**

At 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 :

Total cash consideration :	24,312
Shareholder's equity	-6,524
To be allocated	17,788
Operating fixed assets	104
Pension obligations	0
Inventories	46
Deferred tax assets	41
Deferred tax liabilities	-93
Goodwill	17,690
Total allocation :	**17,788**

According to the specification on inventories, inventories have been increased by 46 K€. This opening adjustement has been totally expensed in June as cost of good sold in the consolidated Income Statement because all those inventories were sold during this month.

All amounts in thousands of euro 31

40. EBITDA

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

	30.6.2007	30.6.2006
Profit from continuing operations	22,203	19,020
Add		
Income tax paid (received)	(780)	(1,721)
Less		
Earnings from associates	(35)	(54)
Add		
Net financial expenses	11867	9272
Operating profit	**33,255**	**26,517**
Add		
Depreciation and amortization	18,060	17,276
Share based payment expenses	2,580	0
EBITDA	**53,895**	**43,793**

41. Approval of financial statements

The Consolidated Financial Statements were approved by the Board of Directors and authorized for issue on 3 September 2007.

All amounts in thousands of euro