Alfesca hf.

Consolidated Financial Statements

July 2008 - June 2009

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

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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 2009.

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

Alfesca is a European producer and supplier of branded and own-label convenience and premium products in selected food categories to retail and food services markets. The principal subsidiary and undertakings are listed in note 18.

The results of the Group for the year are set out in the Income Statement. The total revenue of the Group amounted to € 623.7 million (2008: €647.4 million). The profit from continuing and discontinued operations of the Group amounted to € 19.1 million (2008: € 28.6 million). The total assets of the Group amounted to € 664.7 million (2008: €675.7 million) and total equity at the end of the financial year was € 338.5 million (2008: €321.7 million). The equity ratio as a percentage of total liabilities at the end of the accounting year is 50.9 %.

At the end of the year the Group had 926 shareholders on the register of shareholders (2008: 815 shareholders). At 30 June 2009, two shareholders held more than 10.0% of the shares in the Group with Kjalar Invest B.V holding 39.65% and Kaupthing Singer and Friedlande 23.73%. As notified on 4 June 2007, Kjalar Invest B.V is a company under the control of Mr Olafur Olafsson, Chairman of the Board of Directors.

The Group continued to follow its strategy to focus its activities mainly on the production and supply of convenience and premium products to the retail and food services markets and showed further growth and development during the year.

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.

Statement by the Board of Directors and CEO

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

The Board of Directors and CEO of Alfesca hf. hereby confirm the Consolidated Financial Statements for the accounting year ended 30 June 2009.

8, September 2009

Board of Directors

Olafur Olafsson, chairman

Bill Ronald

Arni Tomasson

Kristinn Albertsson

Gudmundur Asgeirsson

CEO

Xavier Govare

Independent Auditors' Report

To the Board of Directors and shareholders of Alfesca hf.

We have audited the accompanying consolidated financial statements of Alfesca hf., which comprise the balance sheet as at June 30, 2009, the income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

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

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

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

Opinion
In our opinion, the consolidated financial statements give a true and fair view of the financial position of Alfesca hf. as of June 30, 2009 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

8, September 2009

Deloitte hf.

Agust Heimir Olafsson
State Authorized Public Accountant

Pall Gretar Steingrimsson
State Authorized Public Accountant

Consolidated Income Statement 1/07/2008 - 30/06/2009

	Notes	2008/2009 1/7 - 30/6	2007/2008 1/7 - 30/6 (1)	2009 1/4 - 30/6	2008 1/4 - 30/06
Continuing operations					
Net sales	5,6	623 701	647 387	131 015	131 983
Cost of goods sold		(516 366)	(534 719)	(113 532)	(114 501)
Gross profit		107 335	112 668	17 483	17 482
Other operating expenses		(79 832)	(70 424)	(21 188)	(14 838)
Operating profit (loss)	5	27 503	42 244	(3 705)	2 644
Financial income	10	1 343	2 334	283	169
Financial expenses	10	(12 183)	(12 011)	(1 678)	(2 806)
Net finance costs		(10 840)	(9 677)	(1 395)	(2 637)
Earnings from associates		110	(166)	187	0
Net profit (loss) before taxes		16 773	32 401	(4 913)	7
Income tax	11	2 292	(3 744)	6 823	3 470
Profit from continuing operations		19 065	28 657	1 910	3 477
Discontinued operations					
Profit (loss) from discontinued operations	13	0	(41)	0	0
Minority interest		0	0	0	(1)
Profit for the period		19 065	28 616	1 910	3 476
Attributable to					
Equity holders of the parent		19 065	28 616	1 910	3 477
Minority interest		0	0	0	(1)
		19 065	28 616	1 910	3 476
Earnings per share *(in Euro cents)*	14				
Continuing operations:					
Basic earnings per share		0,326	0,491	0,033	0,060
Diluted basic earning per share		0,308	0,463	0,031	0,056
Continuing and discontinued operations:					
Basic earnings per share		0,326	0,490	0,033	0,060
Diluted basic earning per share		0,308	0,462	0,031	0,056
Other information					
Depreciation and amortization		27 115	20 301	10 740	5 854
EBITDA	31	54 618	62 545	7 035	8 498

(1) Please refer to note 13

All amounts in thousands of euro

Consolidated Balance Sheet at 30 June 2009

Assets	Notes	30/06/2009	30/06/2008
Non-current assets			
Goodwill	15	210 098	210 235
Other intangible assets	16	130 388	136 684
Property, plant and equipment	17	101 958	106 149
Investments in associated companies		375	591
Held-to-maturity securites	19	9 781	11 671
Total Non-current assets		452 600	465 330
Current assets			
Inventories	20	93 033	107 516
Trade receivables	21	41 534	38 269
Other receivables	21	19 478	22 333
Bank deposits and cash	21	58 089	42 248
Total current assets		212 134	210 366
Total assets		664 734	675 696

All amounts in thousands of euro

Consolidated Balance Sheet at 30 June 2009

Equity and Liabilities	Notes	30/06/2009	30/06/2008
Shareholders' equity			
Share capital	22	67 052	67 039
Share premium		200 858	200 802
Capital reserves		1 035	1 035
Equity-settled employee benefits reserve	24	8 389	4 839
Translation and hedging reserves	23	(12 654)	(6 813)
Retained earnings		73 844	54 779
Total equity		338 524	321 681
Liabilities			
Non-current liabilities			
Long-term liabilities	25	165 775	179 385
Obligation under finance leases	26	2 895	3 459
Deferred tax liabilities	12	36 336	44 634
Pension obligations		5 398	5 700
Other obligations		2 427	1 940
		212 831	235 118
Current liabilities			
Bank loans		15 902	14 865
Current maturities of long-term debt	27	15 194	10 471
Other current liabilities		36 158	34 905
Trade payables		46 125	58 656
Total Current liabilities		113 379	118 897
Total liabilities		326 210	354 015
Total equity and liabilities		664 734	675 696

All amounts in thousands of euro

Consolidated Statement of Changes in Equity for the period ended 30 June 2009

	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	0	0	0	0	(8 344)	0	(8 344)
Sale of own shares	346	1 140					1 486
Net profit for the period						28 616	28 616
Recognition of share based payment...............	149	949		2 259			3 357
Balance 30 June 2008	67 039	200 802	1 035	4 839	(6 813)	54 779	321 681
Exchange differences arising on translation of subsidiaries..................................					(4 286)		(4 286)
Gain / Loss on cash flow hedges....................					(1 555)		(1 555)
Net income (expense) recognised directly in equity	0	0	0	0	(5 841)	0	(5 841)
Increase capital..	13	56					69
Net profit for the period						19 065	19 065
Recognition of share based payment...............				3 550			3 550
Balance 30 June 2009	67 052	200 858	1 035	8 389	(12 654)	73 844	338 524

All amounts in thousands of euro 8

Consolidated Statement of Cash Flow 1/7/2008- 30/6/2009

	Notes	2008/2009 1/7 - 30/6	2007/2008 1/7 - 30/6
Cash flow from operating activities			
Net profit for the period		19 065	28 616
Elimination of income from associates		(110)	166
Income tax expense recognised in profit or loss	11	(2 292)	3 744
Finance costs recognised in profit or loss		9 251	8 921
Depreciation	16,17	27 115	20 301
Other calculated items		1 083	(1 252)
(Gain)/ loss on sale of assets		(17)	(264)
Discontinued operations	13	0	(41)
Working capital provided by operating activities		54 095	60 191
Change in current assets and liabilities		3 704	895
Cash generated from operations		57 799	61 086
Tax (paid) received		(4 799)	(983)
Net Cash generated by operating activities		53 000	60 103
Cash flow from investing activities			
Purchase price of fixed assets	5	(18 612)	(22 582)
Purchase price of financial assets		(2)	(244)
Proceeds from disposal of fixed assets		174	555
Proceeds from disposal of financial assets		32	
Increase and proceeds in loans (financial assets)		1 045	(876)
Proceeds from sales of subsidiaries		0	15
Acquisition of a subsidiary		0	(1 007)
Net Cash used in investing activities		(17 363)	(24 139)
Cash flow from financing activities			
Proceeds from sale of own shares		70	1 487
Proceeds from borrowings		14 950	1 743
Repayment from borrowings		(22 338)	(8 739)
Net financial interest paid		(11 991)	(6 552)
Operational loans, changes		156	(7 451)
Net Cash used in financing activities		(19 153)	(19 512)
Net increase in cash and cash equivalents		**16 484**	**16 452**
Effects of foreign exchange adjustments		(643)	(2 663)
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		**58 089**	**42 248**

All amounts in thousands of euro

Notes to the Consolidated Financial Statements

1. General information

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

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

2. New and revised Standards and Interpretations

Standards and Interpretations effective for 30 June 2009 period ends

The consolidated financial statements is presented in accordance with the new and revised standards (IFRS/IAS) and new interpretations (IFRIC), as adopted by the European Union. These standards and interpretations are :

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, Service concession arrangements	On or after 1 January 2008

The adoption of the new and revised standards and interpretations has not led to changes in the accounting policies.

Standards and Interpretations in isuue not yet adopted

Following is an overview of amendments to standards and interpretations that are not yet effective for the year end, but will be effective in 2009.

Amendments to Standards	**Effective date : Annual periods beginning**
- Amendment to IAS 1, Presentation of Financial statements	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	On or after 1 January 2009

It is the management's assessment that the adoption of the above standards will not have material effect on the Consolidated Financial Statements.

3. Summary of Significant Accounting Policies

Statement of compliance

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

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain non-current assets and financial instruments. The principle accounting policies are set out below.

Basis of consolidation

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

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

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

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

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

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

Goodwill

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

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

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

3. Summary of Significant Accounting Policies (cont.)

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 IFRS. 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 effective 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

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Euros ('EUR'), which is the functional currency of the company and the presentation currency for the consolidated financial statements.

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.

3. Summary of Significant Accounting Policies (cont.)

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 statement of changes in equity.

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

Income tax expense represents the sum of the tax currently payable and deferred tax.

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 consolidated income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The consolidated group's current tax liability is calculated using the tax rates for each country.

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

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

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

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

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

3. Summary of Significant Accounting Policies (cont.)

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 qualifie 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 Group 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.

3. Summary of Significant Accounting Policies (cont.)

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 interest 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.

3. Summary of Significant Accounting Policies (cont.)

Derivative financial instruments and hedge accounting

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

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.

4. Quarterly statements

	2009 1/4/09 - 30/6/09	2009 1/1/09 - 31/3/09	2008 1/10/08 - 31/12/08	2008 1/7/08 - 30/9/08	2009 1/7/08 - 30/6/09
Net sales	131 015	118 306	249 205	125 175	623 701
Cost of goods sold	(113 532)	(101 119)	(195 750)	(105 965)	(516 366)
Gross profit (loss)	17 483	17 187	53 455	19 210	107 335
Other operating expenses	(21 188)	(17 589)	(23 197)	(17 858)	(79 832)
Operating profit (loss)	(3 705)	(402)	30 258	1 352	27 503
Net financial expenses	(1 395)	(3 057)	(4 083)	(2 305)	(10 840)
Earnings from associates	187	(9)	(68)	0	110
Net profit (loss) before taxes	(4 913)	(3 468)	26 107	(953)	16 773
Income tax	6 823	3 145	(8 306)	630	2 292
Profit (loss) from continuing operations	1 910	(323)	17 801	(323)	19 065
Profit (loss) from discontinued operations	0	0	0	0	
Profit (loss) for the period	1 910	(323)	17 801	(323)	19 065
EBITDA	7 035	6 113	35 091	6 379	54 618

All amounts in thousands of euro 16

5. 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.

1/7/2008-30/6/2009	France	UK	Other	Eliminations	Consolidated
Revenue:					
External revenue	421 248	163 975	38 478		623 701
Inter-segment revenue	41 694	4 780	46 411	(92 885)	0
Total revenue	462 942	168 755	84 889	(92 885)	623 701
Operating profit :					
Segment result	20 123	15 699	(8 319)		27 503
Other information:					
Purchase price of fixed assets	14 771	3 327	514		18 612
Depreciation and amortization	17 335	3 110	6 670		27 115
Balance sheet:					
Segment assets	442 970	116 515	321 299	(216 050)	664 734
Segment liabilities	442 903	97 315	2 042	(216 050)	326 210

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

6. 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:

	2009 1/7/08 - 30/6/09	2008 1/7/07 - 30/6/08
Fish	288 011	291 468
Prawns and other shellfish	180 378	197 054
Duck products	118 324	122 438
Blini and spreadables	36 988	36 427
	623 701	647 387

All amounts in thousands of euro 17

7. Salaries

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

	2009 1/7/08 - 30/6/09	2008 1/7/07 - 30/6/08
Salaries	95 558	95 006
Salary-related expenses	27 356	27 097
	122 914	122 103
Average number of positions	3 349	3 446

8. Management salaries and benefits

	Salaries and related exp.	Share options	Shares owned ('000)
Board of Directors:			
Olafur Olafsson, Chairman of the Board 1)	160		2 330 724
Bill Ronald	64		
Arni Tomasson	69		
Gudmundur Asgeirsson 3)	69		25 800
Kristinn Albertsson 2) 4)	68		10 000
Executive committee:			
Xavier Govare, CEO	968	83 075	31 595
Other Group Executives (3 in total) 5)	1 097	35 107	14 936

1) The Company was notified on 25 September 2007 that Mr Olafur Olafsson is beneficially interested in 2,330,724,395 shares through Kjalar Invest BV.

2) Kristinn Albertsson was nominated to the Board of Directors on September 2008.

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

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

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

9. Fees to auditors

	2009 1/7/08 - 30/6/09	2008 1/7/07 - 30/6/08
Audit of financial statements	507	510
Review of interim financial statements	217	218
Other services	37	37
	761	765

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

All amounts in thousands of euro

10. Net finance costs

Interest income and (expenses) are specified as follows:

	2009 1/7/08 - 30/6/09	2008 1/7/07 - 30/6/08
Financial income :		
Interest on bank deposits	699	783
Other interest income	644	1 551
Total financial income :	**1 343**	**2 334**
Financial interest :		
Interest on bank loans	(10 326)	(12 259)
Interest on finance leases	(183)	(259)
Other interest expenses	(429)	(546)
Exchange rate differences and other financial adjustments	(1 245)	1 053
Total Financial interest :	**(12 183)**	**(12 011)**
Total net financial costs	**(10 840)**	**(9 677)**

11. Income tax expenses

Income tax expenses are specified as follows:

	2009 1/7/08 - 30/6/09	2008 1/7/07 - 30/6/08
Current tax expenses	(5 290)	(5 109)
Deferred tax expenses	7 582	1 365
	2 292	(3 744)

Reconciliation of effective tax rate:

	1/7/2008 - 30/6/2009		1/7/2007 - 30/6/2008	
	Amount	%	Amount	%
Profit before tax	16 772		32 401	
Tax at the domestic income tax (15%)	(2 516)	-15%	(5 832)	-18%
Effect of different tax rates of other jurisdictions	2 388	14%	(3 219)	-10%
Effect of previous unused tax losses now activated on tax return	333	2%	2 691	8%
Effect of unused tax losses not recognised as deferred tax assets	(992)	-6%	(1 252)	-4%
Effect of temporary differences recognised as deferred tax assets	520			
Effect of unused tax losses for which a deferred tax asset is recognised			521	2%
Effect on deferred tax balances due to the change in income tax rate	(112)		287	1%
Effect of permanent differences for deferred taxation purposes	2 120		1 300	4%
Effect of prior year adjustments	550		1 778	5%
Effect of other changes	0	0%	(18)	0%
Income tax in the income statement	**2 291**	**14%**	**(3 744)**	**-12%**

In addition, the Group may benefit in future years from unused tax losses carried foward of 26 million euros following a request made to the French tax administration which is pending for approval.

All amounts in thousands of euro

12. Deferred tax

The Group's deferred income tax liability at balance sheet date amounts to € 36 336 thousand 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.

	Opening balance	Charge to income	Changes in tax rate	Charge to equity	Exchange difference	Closing balance
Temporary differences:						
Intangible assets..	(41 160)	3 183	0	0	0	(37 977)
Tangible assets..	(6 198)	(173)	0	0	0	(6 371)
Financial assets..	45	110	(7)	0	0	148
Long term liabilities................................	1 675	236	(33)	0	(81)	1 797
Short term liabilities................................	1 390	219	8	0	5	1 622
Financial instruments...............................	(839)	0	0	770	57	(12)
Unused tax losses carryforward.............	453	4 039	0	0	(35)	4 457
	(44 634)	7 614	(32)	770	(54)	(36 336)

13. 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.

14. Earnings per share

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

Basic earnings per share on a year basis :	2009 1/7/08 - 30/6/09	2008 1/7/07 - 30/6/08
Weighted average number of ordinary shares (in thousands shares)	5 844 068	5 842 259
From continuing operations:		
Net profit from continuing operations..	19 065	28 657
Basic earnings per share (euro cent)	0,326	0,491
From continuing and discontinued operations:		
Net profit from continuing and discontinued operations....................	19 065	28 616
Basic earnings per share (euro cent)	0,326	0,490

Basic earnings per share on fourth quarter :	2009 1/4/09 - 30/6/09	2008 1/4/08 - 30/6/08
Weighted average number of ordinary shares (in thousands shares)	5 844 068	5 842 259
From continuing operations:		
Net profit from continuing operations..	1 910	3 477
Basic earnings per share (euro cent)	0,033	0,060
From continuing and discontinued operations:		
Net profit from continuing and discontinued operations....................	1 910	3 477
Basic earnings per share (euro cent)	0,033	0,060

14. 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:

Diluted earnings per share on a year basis:	2009 1/7/08 - 30/6/09	2008 1/7/07 - 30/6/08
Weighted average number of ordinary shares (in thousands shares)	5 844 068	5 842 259
Shares deemed to be issued for no consideration in respect of:		
Employee options	58 298	61 561
Employee performance shares	292 107	291 981
Weighted average number of ordinary shares (in thousands shares)	6 194 473	6 195 801
From continuing operations:		
Net profit (loss) from continuing operations	19 065	28 657
Diluted earnings per share (euro cent)	0,308	0,463
From continuing and discontinued operations:		
Net profit (loss) from continuing and discontinued operations	19 065	28 616
Diluted earnings per share (euro cent)	0,308	0,462

Diluted earnings per share on fourth quarter:	2009 1/4/09 - 30/6/09	2008 1/4/08 - 30/6/08
Weighted average number of ordinary shares (in thousands shares)	6 194 473	6 195 801
From continuing operations:		
Net profit (loss) from continuing operations	1 910	3 477
Diluted earnings per share (euro cent)	0,031	0,056
From continuing and discontinued operations:		
Net profit (loss) from continuing and discontinued operations	1 910	3 477
Diluted earnings per share (euro cent)	0,031	0,056

15. 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	(137)
At 30 June 2009	210 098
Carrying amount:	
At 1 July 2008	210 235
At 30 June 2009	210 098
Carrying amount of goodwill allocated to cash-generating units	210 098

15. Goodwill (cont.)

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

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

The Group prepares cash flow forecasts, based on actual operating results and derived from the most recent financial budgets approved by management for the next three to five years. Cash flows for future periods are extrapolated using a 2% per cent growth rate. This rate does not exceed the average long-term growth rate for the relevant markets. A pre-tax discount rate of 8.5 % has been used in discounting the projected cash flows in the financial statements as of 30 June 2008 and 30 June 2009.

16. Other intangible assets

	Total
Cost:	
At 1 July 2007	141 192
Additions	1 526
Reclassified	(187)
Due to changes on provisional PPA	2 100
Disposals	96
At 30 June 2008 / At 1 July 2008	144 727
Additions	2 839
Reclassified	(1)
Disposals	(72)
At 30 June 2009	147 493
Amortization:	
At 1 July 2007	5 909
Charge for the period	2 393
Reclassified	(243)
Disposals	(16)
At 30 June 2008 / At 1 July 2008	8 043
Charge for the period	2 708
Impaiment of assets	6 426
Disposals	(72)
At 30 June 2009	17 105
Carrying amount:	
At 1 July 2007	135 283
At 30 June 2008 / At 1 July 2008	136 684
At 30 June 2009	130 388

Gross value of intangible assets mainly relates to brands (€ 130 million) and software (€ 17 million).

Except for the Labeyrie brand (carrying amount of € 109 million) which has been considered having an indefinite useful life and which is tested annually for impairment, brands are intangible assets with a definite useful life and are amortized on a straight line basis over their useful lives.

The amortization charge for each period is recognised as expense on the following basis:

Brands	10 - 20 years
Software	3 - 6 years

All amounts in thousands of euro

17. Property, plant and equipment

	Buildings and sites	Machinery & equipment	Fixtures & office equipment	Under construction & prepaid	Total
Cost:					
At 1 July 2007	103 333	106 695	18 137	1 624	229 789
Additions	3 239	9 770	1 641	6 406	21 056
Exchange differences	(2 735)	(5 632)	(953)		(9 320)
Disposals	(2 333)	(1 001)	(391)		(3 725)
Arising on an acquisition of a subsidiary	218	34	162		414
Reclassified as held for sale		(14)	(145)		(159)
Reclassified	763	2 681	519	(4 420)	(457)
At 30 June 2008 / At 1 July 2008	102 485	112 533	18 970	3 610	237 598
Additions	1 667	6 763	2 154	5 189	15 773
Exchange differences	(1 099)	(2 443)	(405)	6	(3 941)
Disposals	(509)	(3 264)	(844)		(4 617)
Reclassified	4 529	1 595	(1 085)	(5 330)	(291)
At 30 June 2009	107 073	115 184	18 790	3 475	244 522
Accumulated depreciation:					
At 1 July 2007	43 562	67 464	11 440		122 466
Depreciation charge	6 792	9 403	1 713		17 908
Exchange differences	(633)	(3 640)	(735)		(5 008)
Disposals	(2 152)	(987)	(360)		(3 499)
Arising on an acquisition of a subsidiary		22	86		108
Reclassified as held for sale		(10)	(115)		(125)
Reclassified	394	(794)	(1)		(401)
At 30 June 2008 / At 1 July 2008	47 963	71 458	12 028	0	131 449
Depreciation charge	5 728	9 976	1 738		17 442
Impairment of assets	539				539
Exchange differences	(562)	(1 464)	(310)		(2 336)
Disposals	(364)	(3 265)	(609)		(4 238)
Reclassified	202	(150)	(344)		(292)
At 30 June 2009	53 506	76 555	12 503	0	142 564
Carrying amount:					
At 1 July 2007	59 771	39 231	6 697	1 624	107 323
At 30 June 2008 / At 1 July 2008	54 522	41 075	6 942	3 610	106 149
At 30 June 2009	53 567	38 629	6 287	3 475	101 958

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

Insurances

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

	Insurance value	Book value
Property, plant and equipment	325 655	101 958

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

All amounts in thousands of euro

18. 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
Adrimex	France	100%	Production and sales*
Le Traiteur Grec	France	100%	Production and sales*
Delpierre SAS	France	100%	Production and sales*
Farne Salmon and Trout Ltd	Scotland	100%	Production and sales
Vensy Espana SA	Spain	100%	Production and sales
D&F	Italy	100%	Sales
Labeyrie Norge AS	Norway	100%	Sales

* merged into Blini on 30th of June 2009 which has been renamed "Delabli" subsequent to the merger.
This merger has no impact on the Consolidated Financial Statements.

2. Investments in associates :

Palmitou	France	49%	Sales

19. Held-to-maturity securities

	Total
At 1 July 2007	9 776
Additions during the year	3 376
Installments during the year	(2 720)
Fair value and exchange rate adjustments	1 239
At 30 June 2008 / At 1 July 2008	11 671
Additions during the year	295
Installments during the year	(1 820)
Reclassified	342
Fair value and exchange rate adjustments	(707)
At 30 June 2009	9 781

20. Inventories

	30/6/2009	30/6/2008
Raw material	37 406	44 729
Work in progress	3 085	3 793
Finished goods and goods for resale	52 542	58 994
	93 033	107 516

The cost of inventories recognised as an expense in respect of write-downs of inventory to net realisable value is € 1 231 thousand (net of reversal).

All amounts in thousands of euro

21. Other financial assets

Trade receivables :	30/6/2009	30/6/2008
Nominal value	43 845	40 263
Allowance for doubtful accounts and sales returns	(2 311)	(1 994)
	41 534	38 269

The average credit period taken on sale of goods is 38,04 days. An allowance has been made for doubtful accounts and sales returns. This allowance has been determined by management in reference to past experience.

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

Other receivables :

	30/6/2009	30/6/2008
Staff & social security receivables	1 195	1 076
State receivables	12 018	14 626
Prepaid expenses	3 010	3 459
Others	3 255	3 172
	19 478	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.

22. Share capital

Share capital at June 30, 2009 is as follows in millions of shares and thousands of euros:

	Shares	Ratio	Nominal value
Net share capital	5 844,1	99,4%	67 052
Own shares	33,6	0,6%	468
Total share capital	5 877,7	100,0%	67 520

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

23. Translation and Hedging reserves

	Hedging reserve	Translation reserve	Total
At 1 July 2007	699	832	1 531
Exchange differences arising on translation of subsidiaries		(9 407)	(9 407)
Variation in fair value of cash flow hedging derivatives	1 063		1 063
At 30 June 2008 / At 1 July 2008	1 762	(8 575)	(6 813)
Exchange differences arising on translation of subsidiaries (1)		(4 286)	(4 286)
Variation in fair value of cash flow hedging derivatives (2)	(1 555)		(1 555)
At 30 June 2009	207	(12 861)	(12 654)

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

24. Share based payments

Option plan

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

	Number of shares (in thousands)				
Contract rate / conditions / date granted	2006-2007	2007-2008	2008-2009	2009-2011	Total
4,80 / Conditional / June 2005	16 084	8 488	13 220	20 506	58 298

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 2008	61 561	4,80
Vested during the period	(1 809)	4,80
Forfeited during the period	(1 454)	4,80
Outstanding at 30 June 2009	58 298	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 a performance related share incentive plan for executive directors and senior employees of the Group (the " Alfesca Performance Share Plan" or "Plan"). Under the Plan, rights to shares in the company are granted to participants over a maximum number of shares, which for the purposes of the Plan total 300 million shares of ISK 1.00 each.

Each award granted is comprised of 2 parts. Under the terms of the Plan, the first part of the award, covering 100 million shares, vests subject to achievement of specified earnings targets for each of the financial years 2007, 2008 and 2009. The second part of the award, covering 200 million shares, was originally subject to the growth in the company's share price over the three year period of the Plan and the achievement of a minimum share price in September 2009.

On 18 November 2008, the Board of Directors approved an amendment to the rules of the Plan so that the condition for the achievement of a minimum share price, relating to the vesting of the 200 million tranche of shares, was removed and substituted for an EBITDA based target for the 2009 financial year. No changes were made to the performance conditions applicable to the 100 million tranche of shares.

As a consequence of the amendment approved by the Board of Directors, a new valuation of the Plan was computed, which resulted in an increased fair value to be recorded in the accounts applicable to the remaining term of the Plan.

In addition, as consequence of forfeiture of certain share rights due to certain participants no longer being employed within the Group, the maximum number of shares to be issued is 292 million as of 30 June 2009 (292 million as of 30 June 2008). In the financial year ending 30 June 2009, €3,550 thousand was recognised and expensed in the consolidated financial statements in relation to the Plan.

25. Long term liabilities

Remaining balance	30/6/2009	30/6/2008
Loans from credit institutions	159 875	174 685
Other long term liabilities	5 900	4 700
	165 775	179 385

Loans from credit institutions

Loans in EUR	173 281	183 026
Current maturities	(13 406)	(8 341)
Loans from credit institutions	159 875	174 685

Aggregated annual maturities are as follows:

Within 12 months	13 406	8 341
Over 1 year but within 5 years	159 875	92 500
Over 5 years		82 185
	173 281	183 026

The borrowings are Euribor variable interest rate debt.

26. Obligations under finance leases

Remaining balance	30/6/2009	30/6/2008
Finance leases in EUR	3 653	4 549
Current maturities	(758)	(1 090)
Obligations under finance lease	2 895	3 459

Aggregated annual maturities are as follows:

Within 12 months	758	1 090
Over 1 year but within 5 years	2 156	2 218
Over 5 years	739	1 241
	3 653	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.

27. Long term liabilities - due within one year

Loans from credit institutions	13 406
Obligations under finance leases	758
Other long term liabilities (portion due within one year)	1 030
	15 194

28. Operating lease arrangements

Minimum lease payments under operating lease recognised in the income statement for the period	304

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

Within 12 months	262
Over 1 year but within 5 years	676
Over 5 years	3 259
	4 197

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

All amounts in thousands of euro 27

29. Financial risk management

The Group's management monitors and manages the financial risks relating to its operations.

The Group's risk management policy constitutes a framework of guidelines and rules covering areas such as foreign currencies, interest rates, prices and use of derivatives, as well as liquidity and credit risk.

The Group seeks to minimise the effects of these risks for example by using derivative financial instruments to hedge these risk exposures. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The largest portion of the Group's debt is indexed on floating rates. In order to protect the Group against excessive changes in interest rates, the Group uses swaps contracts or optional hedges (Caps) for the main part of its debt.

Outstanding hedging contracts:

	Euribor 6 months	Amounts	Termination date
Cap	5%	40 000	August 2010
Cap	5%	7 000	August 2010
Swap	4%	37 000	August 2010
Swap	1,99%	80 000	August 2011

Hedging contracts as a percentage of debt from financial institutions:

	Average senior debt	Average hedged debt	%
Fiscal year 2010	164 000	153 800	93,8%
Fiscal year 2011	144 000	86 000	59,7%
Fiscal year 2012	119 500	6 700	5,6%

Interest rate swaps

	30/6/2009	30/6/2008
Assets	0	637
Analysed as current	0	637
Liabilities	(988)	0
Analysed as current	(988)	0

The change in the fair value of interest rate swaps over the financial year deferred in equity is € (1,083) thousands (after tax).

Foreign currency risk

UK subsidiaries functional currency is British Pound (GBP). The Company functional currency is Euros (EUR). The Group does not have functional currency according to IAS (in note 3 " Foreign currencies").

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 Krone (NOK) and US Dollars (USD). Exchange rate exposures are managed within approved policy rules using forward foreign exchange contracts and currency options.

The Group only hedges foreign exchange currency cash flow forecast of less than 12 months.

Outstanding hedging contracts:

	Buy/Sell	Amounts	Termination date
Forward contracts	NOK / EUR	446 145	June 2010
Forward contracts	NOK / EUR	40 000	September 2009
Forward contracts	USD / EUR	14 670	June 2010
Collar	USD / EUR	6 188	April 2010
Forward contracts	USD / GBP	16 000	October 2009
Forward contracts	GBP / EUR	5 735	February 2010

Translation risk arises as a result of converting the Group's financial results to the functional currency. Translation risk is not hedged.

All amounts in thousands of euro

29. Financial risk management (cont.)

Currency derivates	30/6/2009	30/6/2008
Assets	684	510
Analysed as current	684	510
Liabilities	(2 101)	(206)
Analysed as current	(2 101)	(206)

The change in the fair value of currency derivatives over the financial year deferred in equity is € (1,240) thousands (after tax).

Purchase price risk

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.

The Group as contracted purchase price contracts for 4.325 tons of salmons – final termination date December 2010.

Hedging raw material contracts:	30/6/2009	30/6/2008
Assets	2 647	1 819
Analysed as current	2 647	1 819
Liabilities	0	0
Analysed as current	0	0

The change in the fair value of currency derivatives over the financial year deferred in equity is € 768 thousands (after tax).

Liquidity risk

	Within one year	Between one and five years	After five years	Total
Non-interest bearing	142 630	0	0	142 630
Financial debt	15 194	167 895	775	183 864
Liabilities at 30 June 2009	157 824	167 895	775	326 494
Non-interest bearing	160 696	0	0	160 696
Financial debt	10 699	97 681	84 929	193 309
Liabilities at 30 June 2008	171 395	97 681	84 929	354 005

Credit risk

maximum credit risk:	Carrying amounts	
	30/6/2009	30/6/2008
Accounts receivables	41 542	38 269
Other receivables	19 753	22 333
Cash and cash equivalents	58 089	42 248
	119 384	102 850

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 recognized 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.

All amounts in thousands of euro

30. Related parties

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

31. EBITDA

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

	2009 1/7/08 - 30/6/09	2008 1/7/07 - 30/6/08
Profit from continuing operations	19 065	28 657
Add		
Income tax expense (income)	(2 292)	3 744
Add		
Earnings from associates	(110)	166
Add		
Net financial expenses	10 840	9 677
Operating profit	**27 503**	**42 244**
Add		
Depreciation and amortization	27 115	20 301
EBITDA	**54 618**	**62 545**

32. Approval of consolidated financial statements

The Consolidated Financial Statements were approved by the Board of Directors and authorized for issue on 8 September 2009.

All amounts in thousands of euro