Alfesca hf.

Interim Financial Statements

July - December 2006

Alfesca hf.
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Id-no. 580293-2989

Alfesca hf.

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Contents

Statement by the Board of Directors and CEO

It is the opinion of the Board of Directors and CEO that these interim consolidated financial statements of Alfesca hf. present the information necessary to evaluate the financial position of Alfesca hf. at 31 December 2006, the operational result for the period 1 July 2006 to 31 December 2006 and the financial development during the period.

The Board of Directors and CEO of Alfesca hf. hereby confirm the interim consolidated financial statements for the three months period ended at 31 December 2006 with their signatures.

Hafnarfjordur, 20 February 2007

Board of Directors

Olafur Olafsson, Chairman

Bill Ronald

Arni Tomasson

Hartmut M. Krämer

Gudmundur Asgeirsson

CEO

Xavier Govare

Independent Auditors' Report

To the board of directors and shareholders of Alfesca hf.

We have reviewed the accompanying consolidated balance sheet of Alfesca hf. as of 31 December 2006, and the related consolidated statement of income and cash flows for the period then ended. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to issue a report on these consolidated financial statements based on our review.

We conducted our review in accordance with generally accepted auditing standards applicable to review engagements. Those standards require that we plan and perform the review to obtain moderate assurance as to whether the consolidated financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true and fair view in accordance with International Financial Reporting Standards.

Hafnarfjordur, 20 February 2007

Deloitte hf.

Agust Heimir Olafsson
State Authorized Public Accountant

Pall Gretar Steingrimsson
State Authorized Public Accountant

Income Statement 1/7 - 31/12 2006

	Notes	2006 1/7 - 31/12	2005 1/7 - 31/12	2006 1/10 - 31/12	2005 1/10 - 31/12
Continuing operations					
Net sales	4	346.854	326.271	235.013	221.472
Cost of goods sold		(286.405)	(269.290)	(186.196)	(176.220)
Gross profit		60.449	56.981	48.817	45.252
Commission and other income		(343)	51	(343)	17
Other operating expenses		(30.577)	(33.463)	(18.048)	(20.345)
Operating profit (loss)		29.529	23.569	30.426	24.924
Net financial expenses	6	(6.117)	(5.019)	(2.867)	(2.459)
Earnings from associates		(18)	113	(18)	77
Net profit (loss) before taxes		23.394	18.663	27.541	22.542
Income tax	7	(5.960)	(4.831)	(8.124)	(6.596)
Profit (loss) from continuing operations		17.434	13.832	19.417	15.946
Discontinued operations					
Profit (loss) from discontinued operations		229	(1.787)	0	(625)
Minority interest		1	0	1	0
Profit (loss) for the period		17.664	12.045	19.418	15.321
Attributable to					
Equity holders of the parent		17.663	12.045	19.417	15.321
Minority interest		1	0	1	0
		17.664	12.045	19.418	15.321
Earnings per share	8				
Continuing operations:					
Basic earnings per share		0,304	0,240	0,338	0,276
Diluted basic earning per share		0,304	0,240	0,338	0,276
Continuing and discontinued operations:					
Basic earnings per share		0,308	0,209	0,338	0,265
Diluted basic earning per share		0,308	0,209	0,338	0,265
Other information					
Depreciation		8.722	8.175	4.322	3.802
EBITDA		38.251	31.744	34.748	28.726

All amounts in thousands of euro

Balance Sheet

Assets	Notes	31.12.2006	30.06.2006
Fixed assets			
Goodwill	9	183.742	183.675
Other intangible assets	10	135.441	135.089
Property, plant and equipment	11	101.187	107.523
Investments in associated companies		480	153
Held-to-maturity securites		9.699	9.670
Available-for-sale investments		0	16
Deferred tax assets	22	5.999	5.040
Total fixed assets		436.548	441.166
Current assets			
Inventories	13	76.615	91.905
Trade receivables		141.462	32.382
Other receivables		16.106	18.406
Bank deposits and cash		15.747	14.479
Assets classified as held for sale		0	25.805
Total current assets		249.930	182.977
Total assets		686.478	624.143

All amounts in thousands of euro 5

31 December 2006

Equity and Liabilities	Notes	31.12.2006	30.6.2006
Shareholders' equity			
Share capital	14	66.544	66.544
Share premium	15	198.713	198.713
Capital reserves	16	1.035	1.035
Translation and hedging reserves	17	37	(868)
Retained earnings	18	21.396	3.731
Equity attributable to shareholders of the parent		287.725	269.155
Minority interest		13	13
Total equity		287.738	269.168

Liabilities

Non-current liabilities			
Long-term liabilities	19	142.297	154.438
Obligation under finance leases	20	3.923	5.392
Deferred tax liabilities	22	49.079	49.844
Pension obligations		6.932	7.262
Other obligations		3.214	3.264
		205.445	220.200
Current liabilities			
Bank loans		71.367	23.411
Current maturities of long-term debt	21	13.265	13.243
Other current liabilities		35.252	36.572
Trade payables		73.411	51.200
Liabilities associated with assets classified as held for sale			10.349
		193.295	134.775
Total liabilities		398.740	354.975
Total equity and liabilities		686.478	624.143

All amounts in thousands of euro 6

Statement of Cash Flow 1/7 - 31/12 2006

	Notes	2006 1/7 - 31/12	2005 1/7 - 31/12
Cash flow from operating activities			
Net profit (loss) for the period		17.663	12.045
Items not affecting cash:			
Depreciation		8.722	8.175
Gain/loss on sale of assets		(973)	53
Discontinued operations		(229)	1.787
Other calculated items		(1.544)	4.556
Working capital provided by (used in) operating activities		23.639	26.616
Change in current assets and liabilities		(64.394)	(73.172)
Cash flow used in operating activities		(40.755)	(46.556)
Cash flow from investing activities			
Purchase price of fixed assets		(8.270)	(11.417)
Sales price of fixed assets		6.631	309
Proceeds from sales assets classified as held for sale		13.434	4.559
Dividends from associated companies		0	77
Financial assets, changes		(1.514)	6.251
Cash flow provided by (used in) investing activities		10.281	(221)
Cash flow from financing activities			
New long-term loans		2.629	0
Installments on long-term loans		(18.702)	(43.408)
Operational loans, changes		47.811	40.922
Cash flow (used in) provided by financing activities		31.738	(2.486)
(Decrease) increase in cash for the period		1.264	(49.263)
Effects of foreign exchange adjustments		4	(67)
Cash at beginning of year		14.479	55.194
Cash at end of period		15.747	5.864

All amounts in thousands of euro

Consolidated Statement of Changes in Equity for the period ended 31 December 2006

	Share capital	Share premium	Capital reserves	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	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	(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	(868)	3.731	269.155
Exchange differences arising on translation of subsidiaries......................				1.093		1.093
Loss on cash flow hedges.......................				(188)		(188)
Net gains not recognised in the income statement..........................	0	0	0	905	0	905
Net profit for the period					17.664	17.664
Balance 31 December 2006	66.544	198.713	1.035	37	21.395	287.724

All amounts in thousands of euro

Notes to the Financial Statements

1. General information

Alfesca hf. (The Group) is a limited liability company domiciled in Iceland. Alfesca hf. is a European producer of processed seafood and 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, foie gras, blini and taramasalat. These products are sold under private label and its own brand names including Labeyrie, 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 interim financial statements are presented in thousands of euros since that is the functional currency in which the majority of the Group's transactions are denominated.

2. Summary of Significant Accounting Policies

Statement of compliance

The interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) for interim financial statements (IAS 34) and are prepared under the historical cost convention except for revaluation of certain financial instruments.

Basis of preperation

The IFRS financial information has been prepared on the basis of all IFRS and Standing Interpretations Committee (SIC) and International Financial Reporting Interpreations Committee (IFRIC) interpretations issued by the IASB effective for 2005 reporting.

The preparation of the consolidated interim financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated interim financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated interim 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 interim 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 accounted for in the balance sheet and reviewed for impairment at least annually. Any impairment is recognized 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 unamortised 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 among 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.

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 is based on taxable profit for the period. Taxable profit differs from net profit 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.

In the preparation of the consolidated interim 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 expense 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 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.

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	15-20%
Automobiles	10-20%
Machinery and equipment	15-20%

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.

Seasonality

These interim financial statements cover the Group's operations for the six months ended at 31 December, 2006 and are not necessarily indicative of a twelve months result because of seasonal fluctuations in the Group's operations. The Group's structure has changed considerably during the last year with purchases and disposals of companies. Based on past performance of the companies classified as the Group's ongoing activities, it is expected that the Group's revenue will be less in the second half of the reporting year than in the first half.

3. Quarterly statements

	2006 1/10 - 31/12	2006 1/7 - 30/9	2006 1/4 - 30/6	2006 1/1 - 31/3	2005 1/10 - 31/12
Net sales	235.013	111.841	116.907	111.481	221.472
Cost of goods sold	(186.196)	(100.209)	(103.145)	(93.980)	(176.220)
Gross profit	48.817	11.632	13.762	17.501	45.252
Commission and other income	(343)	0	643	2	17
Other operating expenses	(18.048)	(12.529)	(13.457)	(15.503)	(20.345)
Operating profit (loss)	30.426	(897)	948	2.000	24.924
Net financial expenses	(2.867)	(3.250)	(2.137)	(2.116)	(2.459)
Earnings from associates	(18)	0	(59)	0	77
Net profit (loss) before taxes	27.541	(4.147)	(1.248)	(116)	22.542
Income tax	(8.124)	2.164	4.168	2.384	(6.596)
Profit (loss) from continuing operations	19.417	(1.983)	2.920	2.268	15.946
Profit (loss) from discontinued operations	0	229	(3.523)	(1.744)	(625)
Profit (loss) for the period	19.417	(1.754)	(603)	524	15.321
EBITDA	34.748	3.503	6.442	5.607	28.726

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.

1.7.2006-31.12.2006	France	UK	Other	Eliminations	Consolidated
Revenue:					
External revenue	204.360	78.534	63.960	0	346.854
Inter-segment revenue	68.801	415	9.421	(78.637)	0
Total revenue	273.161	78.949	73.381	(78.637)	346.854

	France	UK	Other	Eliminations	Consolidated
Result:					
Segment result	22.456	6.632	441	0	29.529
Financial income (expenses)					(6.117)
Earnings from associates					(18)
Profit (loss) before tax					23.393
Income tax					(5.960)
Net profit from continuing operations					17.433
Minority interest					1
Discontinued operations					230
Net profit (loss)					17.664

All amounts in thousands of euro 15

4. Segment reporting (cont.)

Other information:	France	UK	Other	Eliminations	Consolidated
Capital additions	5.811	1.671	788	0	8.270
Depreciation and amortization	6.317	1.749	656	0	8.722

Balance sheet:	France	UK	Other	Eliminations	Consolidated
Segment assets	776.771	90.527	859.961	(1.040.781)	686.478
Segment liabilities	497.944	47.646	186.989	(333.839)	398.740

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:

	1.7.2006-31.12.2006
Fish	157.187
Shellfish	59.089
Duck products	88.762
Other products	41.816
	346.854

6. Financial income / (expenses)

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

	1.7.-31.12 2006	1.7.-31.12. 2005
Income from investments:		
Interest on bank deposits	535	176
Net profit from available for sale and held to maturity investments	0	181
Other interest income	10	611
	545	968
Finance costs:		
Interest on bank loans	(6.058)	(4.168)
Interest on finance leases	(129)	(162)
Other interest expenses	(411)	(1.267)
	(6.598)	(5.597)
Exchange rate differences	(64)	(390)
	(6.117)	(5.019)

7. Income tax expense

Income tax expenses are specified as follows:

	1.7.-31.12. 2006
Current tax expenses	7.355
Deferred tax expenses	(1.395)
	5.960

Reconciliatoin of effective tax rate:

	1.7.-31.12. 2006	
	Amount	%
Profit (loss) before tax	23.394	
Tax at the domestic income tax (18%)	4.211	18%
Effect of different tax rates of other jurisdictions	2.807	12%
Utilization of tax losses	(1.585)	-7%
Other changes	527	2%
	5.960	25%

8. Earnings per share

From continuing operations:	1.7.2006-31.12.2006	1.7.2005-31.12.2006
Net profit (loss) for the period	17.434	13.832
Total average number of shares outstanding during the period ('000)	5.741.221	5.771.221
Basic earnings per share (euro cent)	0,304	0,240

From continuing and discontinued operations:	1.7.2006-31.12.2006	1.7.2005-31.12.2005
Net profit (loss) for the period	17.664	12.045
Total average number of shares outstanding during the period ('000)	5.741.221	5.771.221
Basic earnings per share (euro cent)	0,308	0,209

All amounts in thousands of euro

8. Earnings per share (cont.)

From continuing operations:	1.10.2006- 31.12.2006	1.10.2005- 31.12.2005
Net profit (loss) for the period	19.417	15.946
Total average number of shares outstanding during the period ('000)	5.741.221	5.771.221
Basic earnings per share (euro cent)	0,338	0,276

From continuing and discontinued operations:	1.10.2006- 31.12.2006	1.10.2005- 31.12.2005
Net profit (loss) for the period	19.417	15.321
Total average number of shares outstanding during the period ('000)	5.741.221	5.771.221
Basic earnings per share (euro cent)	0,338	0,265

9. Goodwill

Balance at 1 July 2005	185.648
Exchanges	(70)
Other changes	(1.903)
Balance at 30 June 2006	183.675
Exchange differences	67
At 31 December 2006	183.742

10. Other intangible assets

Cost:	Trademark
At 1 July 2006	138.961
Additions	1.150
Reclassified	50
Reclassified as held for sale	(5)
At 31 December 2006	140.156
Amortization:	
At 1 July 2006	3.872
Charge for the period	843
At 31 December 2006	4.715
Carrying amount:	
At 1 July 2006	135.089
At 31 December 2006	135.441

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11. 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	2.327	3.894	347	552	7.120
Exchange differences	509	879	159	0	1.547
Disposals	(8.046)	(678)	(262)	0	(8.986)
Reclassified	(520)	5.338	(361)	(1.488)	2.969
Reclassified as held for sale	(664)	(528)	0	0	(1.192)
At 31 December 2006	94.317	98.471	15.881	622	209.291
Accumulated depreciation:					
At 1 July 2006	39.137	51.429	9.744	0	100.310
Depreciation charge	2.572	4.583	724	0	7.879
Exchange differences	98	540	123	0	761
Disposals	(2.539)	(170)	(109)	0	(2.818)
Charges disposals	(77)	(960)	(10)	0	(1.047)
Reclassified	(1.137)	4.606	(450)	0	3.019
At 31 December 2006	38.054	60.028	10.022	0	108.104
Carrying amount:					
At 1 July 2006	61.574	38.137	6.254	1.558	107.523
At 31 December 2006	56.263	38.443	5.859	622	101.187

At the end of the period the fair value of buildings and equipment had not been estimated. The management estimates the fair value of other operating fixed assets at their book value.

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Notes to the Financial Statements

12. The Consolidation

The consolidated interim 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
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
Pierre Guéracague SAS	France	100%	Sales
Blini SAS	France	100%	Production
Farne Salmon and Trout Ltd	Scotland	100%	Production
Delpierre SAS	France	100%	Production and sales
Zilia Holding NV	Dutch Antil.	100%	Holding company
Vensy Espana SA	Spain	100%	Production
Vensy Portugal LTDA	Portugal	100%	Sales
Labeyrie Norge AS	Norway	100%	Sales

13. Inventories

	31.12.2006	30.6.2006
Raw material	28.074	38.656
Work in progress	6.893	2.173
Finished goods and goods for resale	41.648	51.076
	76.615	91.905

14. Share capital

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

	Shares	Ratio	Nominal value
Total share capital at 31 December 2006	5.741,2	97,7%	66.544
Treasury stock at 31 December 2006	134,7	2,3%	963
	5.875,9	100,0%	67.507

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

14. Share capital (cont.)

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	0
Purchases of own shares	0
Balance at 31 December 2006	66.544

15. Share premium

	Share premium
Balance at 1 July 2005	199.855
Increase in share capital	0
Purchases of own shares	(1.142)
Balance at 30 June 2006	198.713
Increase in share capital	0
Purchases of own shares	0
Balance at 31 December 2006	198.713

16. 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 December 2006	1.035

17. Translation and hedging 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	0	1.093	1.093
Variation in fair value of cash flow hedging derivatives	(188)	0	(188)
Balance at 31 December 2006	(936)	973	37

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18. 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	17.664
Balance at 31 December 2006	21.395

19. Long term liabilities

Remaining balance:	31.12.2006	30.6.2006
Loans from credit institutions	136.833	150.143
Other long term liabilities	5.464	4.295
	142.297	154.438

Loans from credit institutions

Loans in EUR	145.078	161.794
Current maturities	(8.245)	(11.651)
Loans from credit institutions	136.833	150.143

Aggregated annual maturities are as follows:

Within 12 months	8.245	11.651
Over 1 year but within 5 years	43.608	54.448
Over 5 years	93.225	95.695
	145.078	161.794

20. Obligation under finance leases

Remaining balance:	31.12.2006	30.6.2006
Finance leases in EUR	5.320	6.331
Current maturities	(1.397)	(939)
Obligation under finance lease	3.923	5.392

Aggregated annual maturities are as follows:

Within 12 months	1.397	939
Over 1 year but within 5 years	1.996	3.243
Over 5 years	1.927	2.149
	5.320	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.

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21. Long term liabilities - due within one year

	31.12.2006	30.6.2006
Loans from credit institutions	8.245	11.651
Obligations under finance leases	1.397	939
Other long term liabilitites	3.623	653
	13.265	13.243

22. Deferred tax

The Group's deferred income tax asset at balance sheet date accounted for among fixed assets amounts to €5,999 thousand. Deferred income tax accounted for among fixed assets results from loss carry forward in some of the companies in the Group, from effects from obligations under finance leases in Lyons Seafood and from various effects in Financiére De Kiel (FDK) Group in France.

The Group's deferred income tax liability at balance sheet date amounts to €49,079 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 asset	Deferred tax liability	Deferred tax
At 1 July 2006	5.040	(49.844)	(44.804)
Calculated tax for the period	4.947	(10.907)	(5.960)
Income tax payable for the period	(4.729)	12.084	7.355
Corrected tax liability Delpierre	(157)	361	204
Tax movements through equity	68	46	114
Reclassified	792	(792)	0
Exchange differences	38	(27)	11
At 31 December 2006	5.999	(49.079)	(43.080)

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

Intangible assets	(40.782)
Fixed tangible assets	(5.235)
Long term liabilities	(1.124)
Short term liabilites	2.231
Finacial instruments	482
Loss carryforward	1.348
	(43.080)

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23. Derivative financial instruments

	31.12.2006	
	Assets	Liabilities
Forward foreign exchange contracts	208	(1.829)
Interest rate swaps	793	0
	1.001	(1.829)
Analysed as:		
Non-current	0	0
Current	1.001	(1.829)
	1.001	(1.829)

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

Derivative financial instruments

Currency derivatives

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

At 31 December 2006, the fair value of the Group's currency derivatives is estimated to be approximately € -1.621 thousand (30th of June € -1.567 thousand). These amounts are based on quoted market prices for equivalent instruments at the balance sheet date, comprising € 181 thousand assets and € 1.829 thousand liabilities.

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 fixed rate to floating rates.

The fair value of swaps entered into at 31 December is estimated €793 thousand (30th of June 2006 € 751 thousand). These amounts are based on quoted market prices for equivalent instruments at the balance sheet date.

24. Events after the balance sheet date

On 19 February 2007, the Group completed the acquisition of Adrimex SAS (Adrimex) for a total consideration of EUR 11.5 million. The acquisition was financed by 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 31 September 2006 was EUR 56.4 million.

25. Approval of the interim financial statements

The consolidated interim financial statements were approved by the board of directors and authorized for issue on 20 February 2007.

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