



News release

20 February 2007

Six-months net profit €17.7 million Profit up by 47%

Highlights from operations:

- Sales during Q2 amounted to € 235 million, an increase of 6.1% over the previous year.¹ Sales for the first six months of the year came to € 346.9 million, representing organic growth of 6.3% over last year.
- EBITDA for Q2 came to € 34.7 million and EBITDA for the first six months came to € 38.3 million, an increase of 20% over last year.
- Profit after tax was € 19.4 million for Q2 and € 17.7 million for the first six months of the financial year, representing an increase of 47% over last year.
- The acquisition of the French shell fish company Adrimex has been finalised. The enterprise value is € 21.2 million.
- The raw material price of salmon seems to be stabilizing. The volume of salmon expected to reach harvesting size late in 2007 is about 32% greater than the corresponding figure for last year.
- In the light of its reduced leverage, the Company is examining the possibility of refinancing the Group in the coming months.

Xavier Govare, CEO-President of Alfesca:

"The second quarter of the financial year is by far the most important in terms of securing good results for the year as a whole. On behalf of Alfesca, I would like to express my great pleasure at the results and the market share positions achieved by the Company. Both are better than we expected and budgeted for.

It is clear that our strategy of focusing on four core product categories – smoked fish, shellfish, regional speciality products and spreadables – was the right one and is producing good returns for the Company and its shareholders. The best indications of this are that we have continued to expand our market share at the same time as raising the profit level of the Company.

We have just finalised the acquisition of the French shell fish producer Adrimex. This acquisition immediately gives Alfesca the leading position in the sale of chilled shellfish on the French market; the same position as the Company already has in its key product categories in France and in the shellfish sector in the UK. Now we must address ourselves to the task of integrating the operations of Adrimex with those of Alfesca and consolidating our position."

¹ Alfesca's financial year runs from 1 July to 30 June.

Key figures from operations

Income Statement Alfesca							
In thousands of Euros	Oct.-Dec. '06	Jul.-Sep. '06	Apr.-Jun. '06	Jan.-Mar. '06	Oct - Dec '05	Jul - Sep '05	Apr - Jun '05
	Q2 '06/'07	Q1 '06/'07	Q4 '05/'06	Q3 '05/'06	Q2 '05/'06	Q1 '05/'06	Q4 '04/'05
Net sales	235.013	111.841	116.907	111.481	221.472	104.799	100.819
Cost of goods sold	(186.196)	(100.209)	(103.145)	(93.980)	(176.220)	(93.070)	(90.740)
Gross profit	48.817	11.632	13.762	17.501	45.252	11.729	10.079
Other income	(343)	0	643	2	17	34	22
Operating expenses	(18.048)	(12.529)	(13.457)	(15.503)	(20.345)	(13.118)	(12.323)
Operating profit	30.426	(897)	948	2.000	24.924	(1.355)	(2.222)
Net financial expenses	(2.867)	(3.250)	(2.137)	(2.116)	(2.459)	(2.560)	2.248
Earnings from associates	(18)	0	(59)	0	77	36	0
Net income before taxes	27.541	(4.147)	(1.248)	(116)	22.542	(3.879)	26
Income taxes	(8.124)	2.164	4.168	2.384	(6.596)	1.765	(261)
Net income after taxes	19.417	(1.983)	2.920	2.268	15.946	(2.114)	(235)
Minority interest	1	1	0	0	0	0	0
Discontinued operations	0	229	(3.523)	(1.744)	(625)	(1.162)	1.591
Net income	19.418	(1.753)	(603)	524	15.321	(3.276)	1.356
Depreciation	4.322	4.400	5.494	3.607	3.802	4.373	3.735
EBITDA	34.748	3.503	6.442	5.607	28.726	3.018	1.513
	14,8%	3,1%	5,5%	5,0%	13,0%	2,9%	1,5%

Balance sheet - Assets					
In thousands of Euros	31.12.2006		30.6.2006		
Intangible assets	319.183	46%	318.764	51%	
Operational assets	101.187	15%	107.523	17%	
Long-term investments	16.178	2%	14.879	2%	
Fixed assets	436.548	64%	441.166	71%	
Inventories	76.615	11%	91.905	15%	
Receivables	157.568	23%	50.788	8%	
Bank deposits and cash	15.747	2%	14.479	2%	
Current assets	249.930	36%	157.172	25%	
Non-current assets held for sale	0	0%	25.805	4%	
Total assets	686.478	100%	624.143	100%	

Balance sheet - Shareholders equity and Liabilities					
In thousands of Euros	31.12.2006		30.6.2006		
Shareholders equity	287.738	42%	269.168	43%	
Deferred tax liabilities	49.079	7%	49.844	8%	
Obligations	10.146	1%	10.526	2%	
Long-term liabilities	146.220	21%	159.830	26%	
Long-term liabilities and obligations	205.445	30%	220.200	35%	
Bank loans	71.367	10%	23.411	4%	
Other current liabilities	108.663	16%	87.772	14%	
Current maturities of long-term debt	13.265	2%	13.243	2%	
Current liabilities	193.295	28%	124.426	20%	
Liabilities associated with assets classified as held for sale	0	0%	10.349	2%	
Shareholders equity and liabilities	686.478	100%	624.143	100%	

Operational results

Sales in Q2 (October-December) came to €235 million, compared to €221.5 million for the same period last year, an increase of 6.1%. The operations of Delpierre's frozen products division were formally sold at the beginning of September, so its sales are not included in the company's sales figures for this year and have been deducted from the figures for last year, so making the two periods fully comparable. Operations of the frozen products division are entered under "Discontinued operations".

Sales performance

Category	Value in thousands of Euros			
	% of total	Jul.- Dec. '06	Jul.- Dec. '05	Var.%
Smoked	41%	143.374	125.455	14,3%
Shellfish	17%	59.089	50.804	16,3%
Duck products	26%	88.762	82.456	7,6%
Spreadables and breads	5%	16.930	15.702	7,8%
Salted and dried fish	4%	13.813	14.059	-1,7%
Other	7%	24.886	37.795	-34,2%
Total	100%	346.854	326.271	6,3%

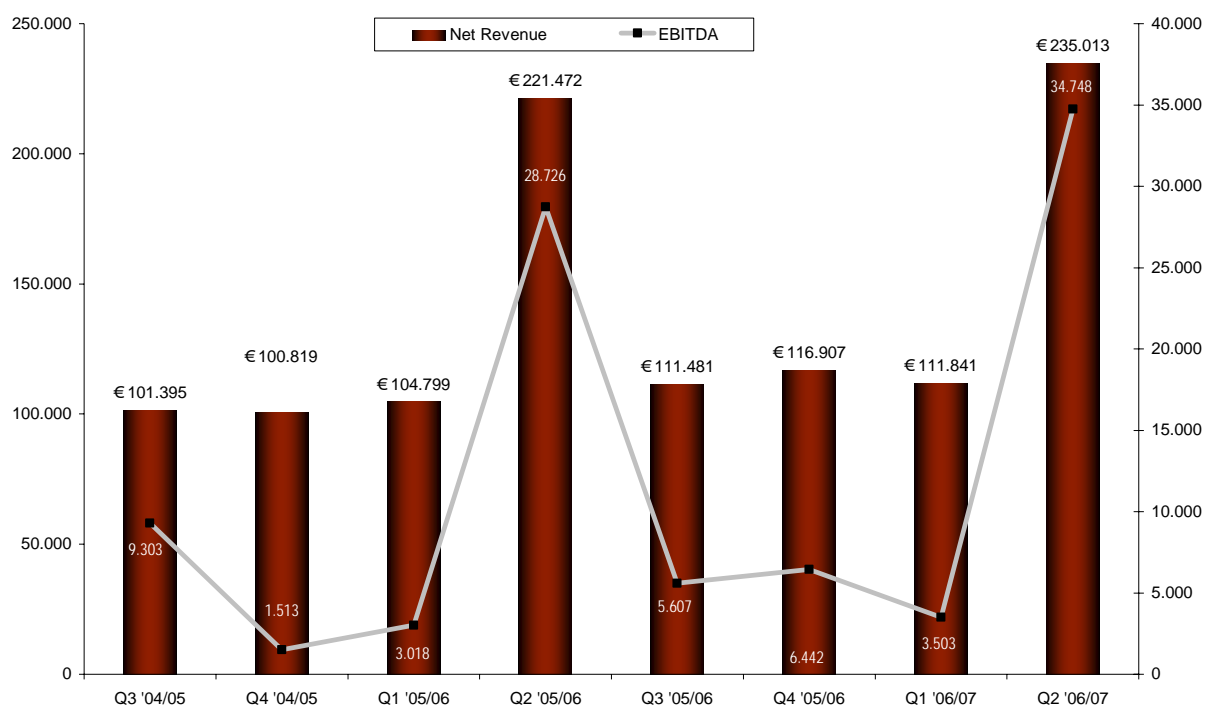
Growth in shellfish sales continued to be very strong (increasing by 16%). In addition Alfesca has just acquired the shellfish company Adrimex in France. Further details of this acquisition follow later in this release. There was also a satisfactory growth (14%) in sales of smoked salmon products. In relation to duck and spreadable products the increase in sales was 8% in relation to both categories.

Taking together, internal growth of the four main categories (smoked salmon; shellfish; duck products and spreadables), which account for 89% of Alfesca's turnover for the period, amounted to 12%, on average, over the previous year.

The operational environment for salted products continued to be tough, with a drop in sales of nearly 2% over last six months; despite the rise in sales during Q2 following the drop during of 14% during .

Sales of other products were 34% down on last year's. This was almost entirely due to lower sales by Christiansen Partner in Norway resulting from instability in salmon prices in the recent past. However, this drop in sales has little impact on the Group's earnings because, by its nature, the margin in this line of business is very low.

EBITDA in Q2 was more than € 6 million higher than the year before, being € 34.7 million against € 28.7 million. EBITDA for the first six months was 20% higher this year than last, being € 38.3 million against € 31.7 million. This rise in earnings is achieved by good sales growth, on the one hand, and because the Company's operating expenses were lower, on the other. For information purposes, gain of around € 1 million from the sale of the Company's real estate in Iceland is entered under "Operating Expenses".

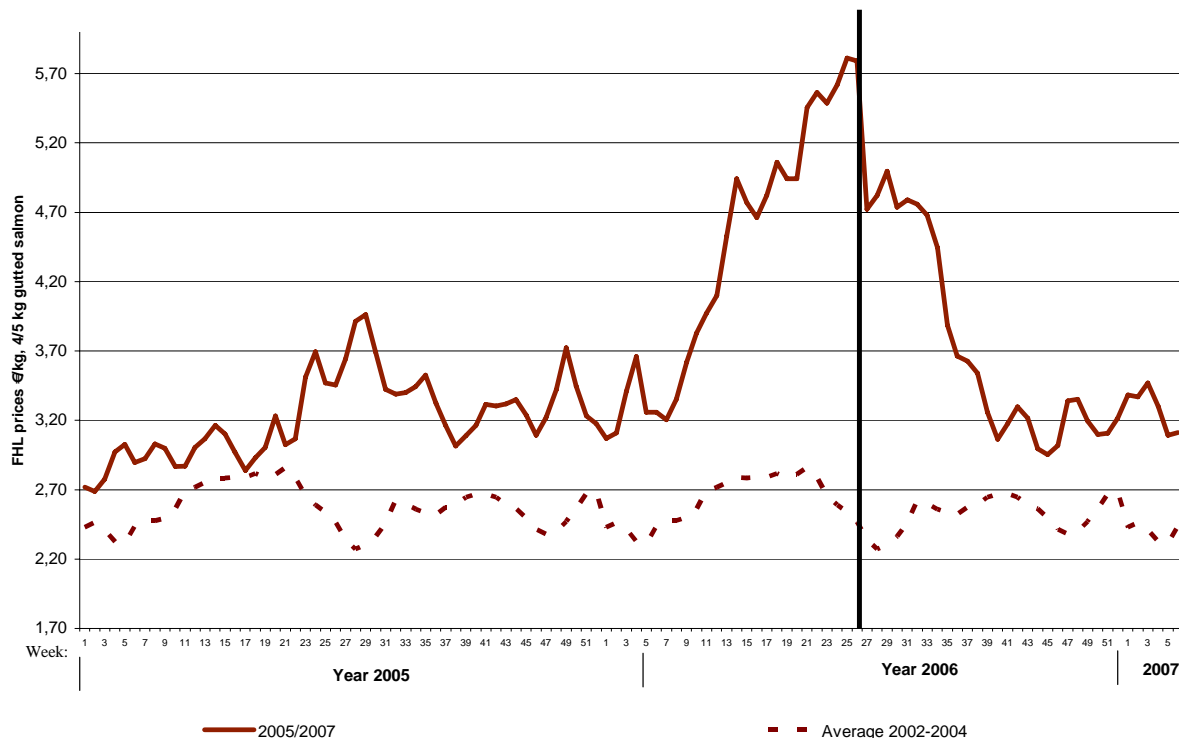


The Company's net financial expenses for the first six months came to €6.1 million, against €5 million during the same period last year. As was explained in the Q1 interim statement, higher financial expenses were due to lower financial earnings this year resulting from a lower cash position during this financial year, following faster prepayments of loans, and increases in European interest rates. The Company has entered into interest-rate swap agreements to hedge partly against rising interest but not in full.

Calculated taxes for Q2 come to €8.1 million; taxes for the first six months amount to just under €6 million, which represents an effective tax ratio of around 25%. Thus, profit after tax comes to €19.4 million in Q2 and €17.7 million for the first six months, compared with €12 million last year, an increase of 47%, which is substantially above the company's budget.

Salmon prices

The graph below shows the price of Norwegian farmed salmon² from the beginning of 2005 up to 9 February 2007. Prices peaked at €5.80 per kg at the end of June 2006.



Naturally, these high prices had a considerable impact on the company's performance during Q1, but the price has come down considerably since the end of June. Recently it has been around €3.20 per kg, which is still higher than the average of recent years; nevertheless, the price seem to be stabilizing again.

Taking into account the fact that the volume of salmon expected to be ready for harvesting in autumn 2007 and early 2008 is 32%³ higher this year, it seems likely that prices could continue to drop further.

² The price of Norwegian salmon shown on the graph is that of 4-5 kg gutted fish. Information provided by the by FHL, the Norwegian Association of Fish Processors and Fish Farms. Customs tariffs are not included.

³ Report by Kontali, January 2007.

Balance Sheet

Inventories at the end of December stood at € 76.6 million, having dropped by just over € 32 million from € 109.2 million at the end of September.

Receivables have at the same time risen considerably. Outstanding receivables at the end of September stood at € 66.8 million; at the end of December they had risen to € 157.6 million. This rapid change in the Company's current assets is explained primarily by its Christmas sales.

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As before, Alfesca's Balance Sheet is extremely sound and strong. The equity ratio at the end of December was 42%. However at the end of December the Balance Sheet is seasonally inflated and when receivables have been paid, the equity ratio is likely to be closer to 45%.

The Company's deferred tax liabilities at the end of December amounted to €49.1 million, including €40.8 million due to its trademarks. As has been explained, deferred tax liabilities in relation to the Company's trademarks will only become due for payment if the trademarks are specifically sold out by the Company, which is extremely unlikely to happen in terms of the importance of the trademarks to the Company's business or for tax reasons.

The Company's long-term interest-bearing liabilities at the end of December amounted to € 159.5 million, and had fallen by nearly € 14 million during the first six months due to further prepayments of the Company's loans.

Short-term interest-bearing liabilities in the form of a credit line reached a maximum at the end of December, at € 71.4 million. This increase was due entirely to the seasonal peak in sales in the weeks approaching Christmas. In this context it should also be borne in mind that the cash position at the end of December was € 15.7 million, so net interest-bearing short-term liabilities are actually closer to € 56 million. The greatest part of the Company's Christmas season sales have now been paid for; thus, short-term interest bearing liabilities have now been paid in full and in addition the company has a positive cash position.

Other short-term liabilities amounted to €108.7 million, against €95.8 million at the end of September. The increase is due to the same factors as mentioned above, i.e. the seasonal rise in the company's working capital.

Acquisition of Adrimex

As announced yesterday (Monday, 19 February) the Company has now finalised the acquisition of the French shell fish company Adrimex. Alfesca has taken over its operations and Adrimex will be part of the consolidated accounts as of 19 February and therefore will be included in its next interim statement.

Total enterprise value of Adrimex is €21.2 million. Underlying EBITDA for 2006 (October '05 to September '06) was €3,35 million.

The acquisition was financed in full with a loan facility provided by the French bank Natixis, which is a participant in Alfesca's syndicated bank loans.

Adrimex's net sales were €56.4 million, representing an increase of over 14% against its sales of the previous year. Over the last three years Adrimex has achieved an average growth rate of over 9% each year by focusing on products based on large warm water prawns and by developing its range of value added prawn products. Approximately 90% of Adrimex's net sales relate to tropical prawns, which are largely sold to hyper and super market retailers in France.

Refinancing under examination

Alfesca's current loan facility is based on the fact that when Labeyrie Group was acquired in December 2004 Alfesca was fully leveraged. In addition to this, substantial restructuring was planned in relation to the Company's operations, including the sale of some of its operational units and subsidiaries and the integration of operations. Terms of the loan took into account all these factors.

Today the situation is completely different. All aspects of the transformation of the Company are now complete and in almost all cases the outcome has been better than expected.

As has been stated, priority has been given to pay down interest-bearing liabilities, the reason being that interest rates have been rather high and also as a measure to prepare for refinancing.

Refinancing options are now under examination, and it is expected that a decision on further steps will be taken in the next 1-2 months; whether it will refinance, and if so, then how. In terms of present leverage and the company's strong position, management is of the opinion that refinancing could result in a considerable reduction of its financial expenses going forward.

Outlook

Net income so far this year has been considerably better than budgeted.

Alfesca is a leader in its field and attaches great importance to product development. It is envisaged that some of the new products coming from product development will be launched in the coming months.

The raw material price of salmon now seems to be more stable and is considerably lower than when it reached its peak in June last year. It is therefore expected that salmon prices will not adversely affect the operating results for the second half of this financial year.

Alfesca has now finalised the acquisition of the French company Adrimex. Ahead further work is to be carried out to integrate the operations of Adrimex with those of Alfesca using the know-how that

already exists in the Group which will involve the expertise of Lyons Seafoods' regarding shellfish products and Alfesca's strong position on the French market.

In accordance with the Company's policy, further acquisitions are planned in the months ahead with a view to strengthening its four core pillars. In addition, it has begun initial examination of the possibility of considerably greater external growth, and the aim is to take steps in this direction if and when the right opportunities arise over the next 12-18 months.

Generally speaking, the management expects results for Q3 to be in line with the results so far this year and better than those for the same quarter last year.

Board approval

The board of Alfesca approved the Interim Financial Statements for Q2 of the financial year 2006-2007 at its meeting on 20 February 2007. The statements were reviewed by Deloitte.

Presentation of Q2 results

Alfesca will publish its operational results for Q2 of the financial year 2006-2007 on Tuesday, 20 February, after the close of the markets.

Presentation for the company's shareholders, market participants and the media will be held in Grand Hotel Reykjavik, **Wednesday 21 February at 16:15**. At the meeting the Group's management will present the results and answer questions. The presentation will be accessible on the Company's website www.alfesca.com following the meeting.

Financial calendar 2006-2007

Q3 Interim statement	24 May 2007
Q4 Interim statement	31 August 2007

Annual General Meeting 2007 18 September 2007

For further information, please contact:

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About Alfesca

Alfesca is a leading European producer in its selected categories, which are smoked seafood, regional duck products, shellfish, blini, spreadables, snacks and other ready-to-eat products. The company's products are sold under its own brand names, including Labeyrie, Blini, Delpierre, Skandia, Lyons and Farne and the company also has a substantial presence in the private label markets in the UK, France and Spain. Estimated annual turnover is about € 650 million and about 3,500 employees work for the company.

Alfesca is listed on the Iceland Stock Exchange (ICEX: A).

Information about Alfesca can be found on the website www.alfesca.com.

Legal waiver

This press release contains forward looking statements with respect to the financial condition, results of operations and businesses of Alfesca. By their nature, forward looking statements and forecasts involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from that expressed or implied by these forward looking statements. These factors include, among other things, exchange rate fluctuations; the risk of new product development will not achieve commercial success; the impact of competition; price controls and price reductions; the risk of loss; difficulties of obtaining and maintaining regulatory approvals for products; the risk of substantial product liability claims and exposure to environmental liability.