Stoðir hf.

Financial Statements
for the year 2013

Stoðir hf.
Hátún 2B
105 Reykjavík
Iceland

Reg. no. 601273-0129

Contents

Endorsement and Statement by the Board of Directors and the CEO

The financial statements comprise the financial statements of Stoðir hf. ("Stodir" or "the Company").
During the year 2013, Stodir's Management and the Board of Directors continued to maintain and support the Company's assets, with the intention of maximizing value at exit. A continued effort has also been made to reduce uncertainty in regard to risk factors, tax matters and various legal issues and court cases, as outlined in the notes to these financial statements.

In May 2013, a 28.7% share in Tryggingamidstodin (TM) was sold via IPO, which left Stodir with a 5.5% shareholding in TM. The remaining 5.5% were then sold in January 2014. Stodir's primary asset at year-end 2013 is an approximately 30% stake in the European juice and soft drinks producer Refresco Gerber. In April 2013, the intented merger of Refresco and Gerber Emig was announced, and the merger was completed in November 2013. During the year, the Company sold all of its shares in Fjarskipti hf.

During the year 2013, The Company re-deemed all remaining preference shares (B-shares) for a nominal value of ISK 8,774 million.

According to the income statement profit for the year 2013 amounted to ISK 3,282 million. According to the statement of financial position, equity at 31 December 2013 amounted to ISK 29,964 million. Total number of shareholders was 100 at year-end 2013 compared to 101 at the beginning of the year. The largest shareholders are as follows:

Shareholders:	**Common shares**
Glitnir hf.	30.11%
Arion banki hf.	16.31%
Haf Funding 2008-1 Ltd.	10.05%
Landsbankinn hf.	9.91%
Credit Suisse Securities (USA) LLC	8.42%
J.P. Morgan Clearing Corporation	7.27%
Horn Fjárfestingarfélag hf	3.44%
HSH Nordbank AG	1.76%
BNP Paribas S.A.	1.76%
Íslandsbanki hf.	1.71%

Statement by the Board of Directors and the CEO

The annual financial statements for the year ending 31 December 2013 have been prepared in accordance with Icelandic Financial Statement Act.

According to our best knowledge, it is our opinion that the annual financial statements give a true and fair view of the financial performance of the Company for the year 2013, its assets, liabilities and financial position as at 31 December 2013.

It is the opinion of the Board of Directors that the fair value of unlisted assets is uncertain due to the situation on financial markets. The valuation of assets at year-end 2013 is based on the management's estimation.

Further, in our opinion, the financial statements and the endorsement of the Board of Directors and the CEO give a fair view of the development and performance of the Company's operations and its financial position and fairly describes the principal risks and uncertainties faced by the Company, as outlined in notes to the financial statements.

The Board of Directors and the CEO have today discussed the financial statements of Stoðir hf. for the year 2013 and confirm them by means of their signatures.

Reykjavík, 19 February 2014

The Board of Directors:

CEO:

Independent Auditors´ Report

To the Board of Directors and Shareholders of Stoðir hf.

We have audited the accompanying financial statements of Stoðir hf., which comprise the statement of financial position as at 31 December 2013, the income statement, statements of changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Icelandic Financial Statements Act No. 3/2006, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Opinion
In our opinion, the financial statements give a true and fair view of the financial position of Stoðir hf. as at 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with the Icelandic Financial Statements Act.

Report on the Board of Directors report
Pursuant to the legal requirement under Article 104, Paragraph 2 of the Icelandic Financial Statement Act No. 3/2006, we confirm that, to the best of our knowledge, the report of the Board of Directors accompanying the financial statements includes the information required by the Financial Statements Act if not disclosed elsewhere in the Financial Statements.

Reykjavík, 19 February 2014

KPMG ehf.

Income Statement for the year 2013

	Notes	2013	2012
Net investment income (expense):			
Net income from investment securities		4,116,879	5,242,387
Interest income	5	108,039	60,443
Interest expense	5	0	(123,857)
Net foreign exchange (loss) gain		(44,309)	26,406
Other income		1,068	6,502
		4,181,677	5,211,881
Operating expenses:			
Operating expenses	6	(122,119)	(144,887)
VAT and other expenses	23	(777,961)	0
		(900,080)	(144,887)
Profit for the year		3,281,597	5,066,994

The notes on pages 9 to 20 are an integral part of these separate financial statements.

Amounts are in ISK thousand

Statement of Financial Position
as at 31 December 2013

	Notes	2013	2012
Assets			
Cash and cash equivalents	9	560,138	3,972,022
Restricted cash	9,19	1,727,631	1,084,406
Investments	10	27,640,234	26,275,114
Loans and other receivables	12,13	45,390	4,170,462
Total assets		29,973,393	35,502,004
Equity			
Ordinary share capital	14	11,885,096	11,922,139
Preference share capital	14	0	8,773,597
Statutory reserve	14	328,160	0
Translation reserve		320,264	320,264
Retained earnings		17,430,822	14,477,385
Total equity		29,964,342	35,493,385
Liabilities			
Trade and other payables		9,051	8,619
Total liabilities		9,051	8,619
Total equity and liabilities		29,973,393	35,502,004

The notes on pages 9 to 20 are an integral part of these separate financial statements.

Amounts are in ISK thousand

Statement of Changes in Equity
for the year 2013

	Ordinary share capital	Preference share capital	Statutory reserve	Translation reserve	Retained earnings	Total equity
Year 2012						
Balance at 1 January 2012	11,922,139	9,748,441	0	320,264	9,410,391	31,401,235
Profit for the year					5,066,994	5,066,994
Capital decrease		(974,844)				(974,844)
Balance at 31 December 2012	11,922,139	8,773,597	0	320,264	14,477,385	35,493,385
Year 2013						
Balance at 1 January 2013	11,922,139	8,773,597	0	320,264	14,477,385	35,493,385
Profit for the year					3,281,597	3,281,597
Own shares reveived	(37,043)					(37,043)
Transfer to statutory reserve			328,160		(328,160)	0
Capital decrease		(8,773,597)				(8,773,597)
Balance at 31 December 2013	11,885,096	0	328,160	320,264	17,430,822	29,964,342

The notes on pages 9 to 20 are an integral part of these separate financial statements.

Amounts are in ISK thousand

Statement of Cash Flows for the year 2013

	Notes	2013	2012
Cash flows from operating activities:			
Profit for the year		3,281,597	5,066,994
Adjustments for:			
Loss of sale of investment securities		18,898	0
Other operating items		(23,942)	(18,428)
Working capital from operations		3,276,553	5,048,566
Net change in operating assets and liabilities		4,125,505	(69,249)
Net cash provided by operating activities		7,402,058	4,979,317
Cash flows from investing activities:			
Restricted cash, increase		(643,225)	(1,084,406)
Investment securities, change		(1,384,019)	3,657,192
Net cash (used in) provided by investing activities		(2,027,244)	2,572,786
Cash flows from financing activities:			
Capital decrease		0	(974,844)
Preference shares redeemed		(8,773,597)	0
Repayment of borrowings		0	(3,997,013)
Net cash used in financing activities		(8,773,597)	(4,971,857)
Net (decrease) increase in cash and cash equivalents		(3,398,783)	2,580,246
Effect of exchange rate fluctuations on cash held		(13,101)	17,876
Cash and cash equivalents at 1 January		3,972,022	1,373,900
Cash and cash equivalents at 31 December		560,138	3,972,022
Investing and financing transactions without cash flow effect:			
Sale of investments, unpaid		0	2,100,000
Short term receivebles		0	(2,100,000)
Own shares received		(37,043)	0
Other information:			
Interest income received		108,039	60,443
Dividends received		35,779	0

The notes on pages 9 to 20 are an integral part of these separate financial statements.

Amounts are in ISK thousand

Notes

1. Reporting Entity

Stoðir hf.'s registered office is at Hátún 2B in Reykjavík, Iceland. The financial statements of Stoðir hf. ("Stodir" or "the Company") as at and for the year ended 31 December 2013 comprise the financial statements of the Company.

Stodir is a holding company, whose primary asset is a significant stake in Refresco Gerber, Europe's largest manufacturer of private label fruit juice and soft drinks.

2. Basis of preparation

a. *Statement of compliance*

The financial statements have been prepared in accordance with Icelandic Financial Statement Act.

The financial statements were approved by the Board of Directors of Stodir on 19 February 2014.

b. *Basis of measurement*

The financial statements have been prepared on the historical cost basis except for financial assets designated at fair value through profit or loss are measured at fair value, including investments in associates.

c. *Functional and presentation currency*

The financial statements are presented in Icelandic Krona (ISK), which is the Company's functional currency. All financial information presented in Icelandic Krona has been rounded to the nearest thousand, unless otherwise stated.

d. *Use of estimates and judgements*

The preparation of the financial statements in conformity with Icelandic Financial Statement Act's requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is described in note 4d.

3. Accounting policies related to financial instruments

The accounting policies set out below have been applied consistently to all periods presented in the financial statements. Certain comparative amounts have been reclassified to conform with the current year's presentation.

a. *Financial assets and liabilities*

(i) Non-derivative financial assets and liabilities

Non-derivative financial assets and liabilities in the Company's statement of financial position comprise equity investments, loans and receivables, cash and cash equivalents, restricted cash, trade and other payables and borrowings.

Non-derivative financial assets and liabilities are recognised initially at fair value plus, for assets and liabilities not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial assets and liabilities are measured as described below.

3. Accounting policies related to financial instruments, contd.:

a. *Financial assets and liabilities, contd.:*

(i) Non-derivative financial assets and liabilities, contd.:

A financial instrument is recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company´s contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Company commits itself to purchase or sell the asset. Loans and receivables are recognised on the date that they are originated. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

Financial assets at fair value through profit or loss

Financial assets are designated at fair value through profit or loss if the Company manages such investments with a view to profiting from their total return in the form of fair value changes, interest and dividend and makes purchase and sale decisions based on their fair value. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are recognised initially at fair value plus any directly attributable transactions costs, and subsequently measured at amortised cost using effective interest method.

Financial liabilities measured at amortised cost

Other non-derivative financial liabilities are measured at amortised cost using the effective interest method.

b. *Investment income*

(i) Net income from investment securities

Net income from investments in securities comprise gain or loss on the sale of shares, changes in the fair value of the investments, other than foreign exchange hedges, and dividend income. Dividend income is recognised in profit or loss on the date the Company's right to receive payments is established.

(ii) Interest income and expense

Interest income and expense is recognised in profit or loss using the effective interest method.

(iii) Net foreign exchange gain

Net foreign exchange gain comprises foreign exchange changes arising from assets and liabilities denominated in foreign currencies.

c. *Impairment of financial assets measured at amortised cost*

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

3. Accounting policies related to financial instruments, contd.:

d. *Fair value measurement principles for financial instruments*

(i) Investment securities

The fair value of investment securities is based on their quoted market bid prices at the reporting date without any deduction for estimated future selling costs.

If a quoted market price is not available on a stock exchange or from a broker / dealer for non-exchange-traded financial instruments, the fair value of the investment is estimated using valuation techniques, including use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the reporting date applicable for an instrument with similar terms and conditions. Where other pricing models are used, inputs are based on market data at the reporting date. Fair values for unquoted equity investments are estimated, if possible, using applicable price / earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

(ii) Loans and receivables

The fair value of loans and receivables, which is determined for disclosure purposes, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(iii) Uncertainty in valuation of assets

The fair value of loans and receivables, non-listed securities and other unlisted assets are uncertain due to the situation on financial markets. The valuation of these assets at year-end are based on management's estimate.

e. *Share capital*

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of shares and share options are recognised as a deduction from equity, net of any tax effects.

Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs net of tax, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity.

Dividends

Dividends are recognised as a decrease in equity in the period in which they are declared.

4. Other accounting policies

a. *Basis for accounting for subsidiaries and associates*

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are not consolidated in these financial statements as these are financial statements for the Parent Company. In the consolidated financial statements of the Group, Stoðir hf. and its subsidiaries, the financial statements of subsidiaries are included from the date that control commences until the date that control ceases. In the consolidated financial statements the accounting policies of subsidiaries were changed when necessary to align them with the policies adopted by the Company.

Investments in subsidiaries are designated at fair value through profit or loss on initial recognition and are included within equity investments in the statement of financial position.

(ii) Associates

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20 and 50 percent of the voting power of another entity. Investments in associates are designated at fair value through profit or loss on initial recognition and are included within equity investments in the statement of financial position. The Company defines its operations partly as venture capital organisation and that part of the business is clearly and objectively distinct from other operations.

b. *Foreign currency*

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss. Operating expenses and sales in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the functional currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated to the functional currency at the average exchange rate.

Foreign currency translation differences are recognised directly in equity. When a foreign operation is disposed of, in part or in full, the relevant amount in the translation reserve is transferred to profit or loss.

c. *Income tax*

Income tax on the profit or loss for the year comprises current tax and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

4. Other accounting policies, contd.:

c. *Income tax, contd.:*

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

d. *Determination of fair values*

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Key sources of estimation uncertainty

Financial instruments

As indicated in note 3c the Company's securities and investments in associates are measured at fair value. For the part of these financial instruments, quoted market prices are readily available. However, certain financial instruments, for example, unquoted securities are fair valued using valuation techniques, including reference to the current fair values of other instruments that are substantially the same, subject to the appropriate adjustments.

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement, e.g. interest rates, volatility, estimated cash flows etc., and therefore, cannot be determined with precision.

Impairment of financial assets

Financial assets accounted for at amortised cost are evaluated for impairment on the basis described in accounting policy 3c. The assessment for impairment is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a counterparty's financial situation and the net realisable value of any underlying collateral.

4. Other accounting policies, contd.:

d. Determination of fair values, contd.:

Critical accounting judgements in applying the Company's accounting policies

Critical accounting judgements made in applying the Company's accounting policies include:

Financial assets and liability classification

The Company's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances.

In designating financial assets or liabilities at fair value through profit or loss, the Company has determined that it has met the criteria for this designation set out in accounting policy 3a.

Deferred tax assets

Deferred tax assets are recognised for most deductible temporary differences and for tax losses carried forward to the extent that it is probable that taxable profit will be available against which they can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based on the likely timing and level of future taxable profits together with future tax planning strategies.

5. Interest income and expense

Interest income and expense are specified as follows:

	2013	2012
Interest income on:		
Cash, cash equivalents and restricted cash	108,001	57,273
Loans and receivables	38	3,170
Total interest income	108,039	60,443
Interest expense on:		
Borrowings	0	123,147
Trade and other payables	0	710
Total interest expense	0	123,857

6. Operating expenses

Operating expenses are specified as follows:

	2013	2012
Salaries	30,063	29,812
Board of Directors' fees	12,742	13,168
Salary-related expenses	7,220	6,548
Domestic and foreign lawyers' expenses	25,817	34,402
Accounting, tax and salary services' expenses	10,905	12,573
Expert service and valuation expenses	11,783	12,210
Rent and office expenses	16,975	20,035
D&O insurance	6,614	11,139
Other expenses	0	5,000
Total operating expenses	122,119	144,887
Average number of employees during the year	2	2

7. Effective tax rate

Reconciliation of effective tax rate:

		2013		2012
Profit before income tax		3,281,597		5,066,994
Income tax using the Company's domestic tax rate	20.0%	656,319	20.0%	1,013,399
Tax exempt revenue	(28.1%)	(921,610)	(12.5%)	(631,336)
Impairment on deferred tax asset	8.0%	261,507	(16.6%)	(841,855)
Other items	0.1%	3,784	9.1%	459,792
Effective tax rate	0.0%	0	0.0%	0

A deferred tax asset is only recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax asset for the Company amounting to ISK 23,571 million is impaired at year-end 2013 as realization of tax benefits is unprobable. Tax loss carry forwards for the Company is estimated to be ISK 101,695 million at year-end 2013.

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8. Financial assets and liabilities

Financial assets and liabilities are classified as follows:

31.12.2013	Designated at fair value through profit or loss	Loans and receivables	Financial liabilities at amortised cost	Total
Financial assets:				
Cash and cash equivalents		560,138		560,138
Restricted cash		1,727,631		1,727,631
Investments	27,640,234			27,640,234
Loans and other receivables		45,390		45,390
Total financial assets	27,640,234	2,333,159	0	29,973,393
Financial liabilities:				
Trade and other payables			9,051	9,051
Total financial liabilities	0	0	9,051	9,051
31.12.2012				
Financial assets:				
Cash and cash equivalents		3,972,022		3,972,022
Restricted cash		1,084,406		1,084,406
Investments	26,275,114			26,275,114
Loans and other receivables		4,170,462		4,170,462
Total financial assets	26,275,114	9,226,890	0	35,502,004
Financial liabilities:				
Trade and other payables			8,619	8,619
Total financial liabilities	0	0	8,619	8,619

9. Cash and cash equivalents

Cash and cash equivalents consist of demand deposits.

Restricted cash consist of escrow warranty, see note 19 and money market deposits.

10. Investments

Investments are specified as follows:	2013	2012
Listed on stock exchanges	3,053,100	795,270
Unlisted investments	24,587,134	25,479,844
Total investments	27,640,234	26,275,114

11. Associates

As presented in note 4a(ii), investments in associates are accounted for at fair value through profit or loss and presented within equity investments in the separate statement of financial position. At year-end 2013, based on direct ownership, the following investments are defined as associates:

	2013	2012
Tryggingamidstodin hf.	5.5%	34%
Ferskur Holding 1 B.V. (through preference and ordinary shares)	64%	64%
SED05 ehf. (previously Geysir Green Energy ehf.)	0%	16%

The shareholding in Tryggingamidstodin hf. was sold in January 2014.

Ferskur Holding 1 B.V. is a Dutch holding company, whose sole asset is a shareholding in Refresco Gerber.

SED05 ehf. was declared banktrupt in June 2013.

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12. Loans and other receivables

Loans and other receivables are specified as follows:

	2013	2012
Investment related trade receivables	15,029	3,529,111
Receivables due from related parties	0	70,277
Other receivables	30,361	571,074
Total loans and other receivables	45,390	4,170,462

13. Repayments of loans and other receivables

Repayments of loans and other receivables are specified as follows:

Repayments in 2014/2013	45,390	4,170,462
Total loans and other receivables	45,390	4,170,462

14. Equity

Share capital

Share capital at the beginning of the year amounted to ISK 20,696 million. In January 2013 the Board of Directors decided to redeem the number of B shares in the amount of ISK 4,773 million. In May 2013 the B shares were redeemed completely.

According to its Articles of Association, share capital amounted to ISK 11,922 million at year-end 2013.

	Amounts	Ratio	Voting rights
Issued A shares at the end of December 2013	11,885,096	99.7%	100.0%
Own shares	37,043	0.3%	0.0%
Share capital according to the Articles of Association	11,922,139	100.0%	100.0%

In April 2013 the Company received ISK 37 million in own shares due to ruling of the District Court of Reykjavik. Reference is made to note 23 for further information.

Share premium

Share premium represents excess of payment above nominal value of ISK 1 per share that shareholders have paid for shares sold by the Company. According to the Icelandic Companies Act, 25% of the nominal value of share capital must be held in reserve which can not be paid out as dividend to shareholders.

Statutory reserve

A statutory reserve is established in accordance with Act no. 2/1995 on limited liability companies stipulating that at least 10% of the Company's profit, not used to adjust previous years' losses or contributed to other reserves as required by law, shall be allocated to a reserve until its value reaches 10% of the Company's share capital. When that benchmark has been reached the contribution to the reserve shall be at least 5% until the reserve has reached 25 percent of the Company's share capital.

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15. Financial risk management

Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2013	2012
Cash and cash equivalents	560,138	3,972,022
Restricted cash	1,727,631	1,084,406
Loans and other receivables	45,390	4,170,462
Investments in listed bonds	1,694,883	476,140
Maximum exposure to credit risk at year-end	4,028,042	9,703,030

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Trade and other payables fall due within a year.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company´s income or the value of its holdings of financial instruments.

Currency risk

The Company owns investments largely denominated in currencies other than its functional currency, ISK. Consequently, the Company is exposed to risk that the exchange rate of ISK relative to foreign currencies may change in a manner that has an adverse affect on the Company's operations. Stodir's management are not able to hedge its currency risk due to the situation on financial markets.

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16. Financial Guarantees

At year-end 2013, the Company is aware of two financial guarantees, which were provided in the year 2006 in relation to lease contracts made by former subsidiary of the Company. Uncertainty exists regarding the amount and the probability of the guarantees coming into effect. According to a legal opinion that the Company has obtained, the outstanding guarantees, if claims were to be declared, would fall under the approved and confirmed composition agreement of the Company from June 2009. It is estimated that the maximum number of shares needed to settle these claims, if declared, would not exceed ISK 150 million.

17. Settlement with Lehman Brothers International Europe

In November 2012, Stodir´s claim towards Lehman Brothers International Europe (LBIE) was approved by LBIE. The claim was sold in January 2013. The proceeds, a total of ISK 1.8 billion (10.9 million EUR), were re-invested in January 2013, as permitted under the Central´s Banks capital controls, in listed EUR government bonds.

18. Dispute claims

At year-end 2013, the Company is not aware of any unresolved dispute claims in relation to Stodir´s composition in 2009.

19. Financial Warranty

As a part of the transaction where a 60% shareholding in Tryggingamiðstöðin hf. (TM) was sold to a group of investors in November 2012, Stodir issued a warranty to TM in regard to two legal disputes between TM and VBS investment bank. Both these cases are expected to be subject to District Court rulings within the year 2014. It is estimated that the worst case scenario for these court cases could result in payments of ISK 1.5 billion from Stodir to TM. At 31 December 2013, ISK 1.1 billion were kept in Stodir´s escrow cash account because of this warranty.

20. Rescindable transactions

After the completion of Stodir’s composition with creditors in June 2009, the Company’s new Board of Directors conducted a thorough review of the Company’s transaction and operations in the years 2006-2008. With regards to the findings of the comprehensive review, the Board of Directors of Stodir made arrangements to rescind four transactions in September 2009.

A settlement was reached in one case in December 2009, resulting in a repayment of ISK 19 million to Stodir. Another case, against Teymi (now Advania), was a subject to a District court ruling in December 2011, in favor of Stodir. In November 2012, the Supreme Court confirmed the prior ruling. As a result of the ruling, in March 2013, Stodir received a 1.5% shareholding in Fjarskipti hf and 1.9% shareholding in Advania hf.

The remaining two rescindable transactions cases relate to pledges and sale of assets worth approximately ISK 22 billion from Stodir to Glitnir Bank hf. during the year 2008. Glitnir bank has rejected Stodir´s claims from the beginning. In April 2013, Glitnir submitted counter-claims under both cases, which were partly dismissed by court rulings in 2013. Both cases are subject to District Court rulings in the year 2014. Uncertainty remains whether rescinding of these transactions will be successful and/or if any value will be retrieved.

21. Claim made by Glitnir hf.

In June 2012, Glitnir hf. filed a lawsuit against Stodir at the District Court of Reykjavik. According to the subpoena the claims made by Glitnir are as follows: 1) A rescission by court judgment of the measure taken by Glitnir in May 2008 to remove Glitnir’s first lien on the shares held by Stodir in Ferskur Holding 1 B.V. and 2) that Stodir will be ordered to pay Glitnir ISK 14 billion in damage compensation. Stodir has from the outset rejected Glitnir’s claims in this matter. The case is a subject to a District Court ruling in the year 2014.

22. Related parties

Identity of related parties

The Company has a related party relationship with entities with significant influence over the Company, its associates as disclosed in note 11 and with its Board of Directors and CEO. Three shareholders held more than 10% of voting rights at year-end 2013. They are Glitnir hf. (and its subsidiary Haf Funding), Arion banki hf., and Landsbankinn hf. (and its subsidiary, Horn fjarfestingafelag hf.).

Transactions with key management

Salaries paid to the CEO amounted to ISK 20.7 million (ISK 22.7 million in 2012). No share option agreements were outstanding at year-end and no shares in the Company were owned by management. Salaries paid to the Board of Directors amounted to ISK 13 million in the year 2013 (ISK 13 million in 2012).

Other transactions with related parties

During the year 2013, the Company made transactions with related parties. These transactions were priced on an arm's length basis.

The Company received interest income from its cash equivalents placed at the bank accounts of the related parties. The Company redeemed preference shares and paid ISK 8,774 million to the B- shareholders during the year.

Group entities

The Company's subsidiaries are specified as follows:	**Share 31.12.2013**	**Share 31.12.2012**
Investments:		
FL Bayrock Holdco ehf., Iceland	100%	100%
FL Group Midtown Miami Ltd., USA	0%	100%
FL Group Property LLC, USA	0%	99%
FL Group USA Ltd., USA	0%	100%
Stoðir Holding ehf., Iceland	0%	100%

Stoðir Holding ehf., was sold in February 2013.

US subsidiaries of FL Bayrock Holdco ehf. were liquidated in 2013 and FL Bayrock Holdco ehf. was declared bankrupt in January 2014.

23. Tax investigation

In October 2008, the Icelandic Directorate of Tax Investigations started an investigation on the Company taking into consideration the years 2006-2007. The tax issues being dealt with can be categorized in two classes, income tax issues and VAT issues.

In November 2012, The Director of Internal Revenue concluded its review on the findings of The Directorate of Tax Investigations in regard to the income tax issues. The Director of Internal Revenue ruled that there were no grounds for any further income tax claims, and the issue was therefore resolved.

The VAT issue has resulted in two legal disputes:

a) In June 2011, The Director of Internal Revenue confirmed the findings of The Directorate of Tax Investigations regarding the VAT issue. The Company appealed this conclusion to the State Internal Revenue Board in June 2011. In December 2012, the State Internal Revenue Board confirmed the findings of the The Director of Internal Revenue, but reduced the VAT claim. Stodir did not accept this conclusion and has filed a case before the District Court of Reykjavik.

b) In September 2011, Stodir issued and delivered shares of ISK 37 million in nominal value to settle the alleged VAT claim fully with interest to 6 April 2009, in accordance with the Company's composition agreement from June 2009. As tax authorities did not accept that the VAT claim should be settled under the composition agreement, Stodir filed a lawsuit in June 2012 before the District Court of Reykjavik to receive confirmation that a claim of this nature was rightfully to be settled under the composition agreement.

In April 2013, The District Court of Reykjavik ruled that that the VAT claim should not be settled under the composition agreement. The Supreme Court confirmed the ruling in November 2013. As a result of these rulings, Stodir expensed ISK 765 million in VAT tax expenses (relating to the years 2006-2007) during the year 2013 and received ISK 37 million in Stodir shares, which were deducted from equity.

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