

Stoðir hf.
Condensed Interim
Financial Statements
30 June 2016

Stoðir hf.
Klapparstigur 25-27
101 Reykjavík
Iceland

Reg. no. 601273-0129

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Endorsement and Statement by the Board of Directors and the CEO

The interim financial statements comprise the financial statements of Stoðir hf. ("Stodir" or the "Company") for the period from 1 January to 30 June 2016. The Interim Financial Statements have been prepared in accordance with the Icelandic Financial Statements Act.

Stodir's primary asset is a 12% shareholding in Refresco Group, which is listed at Euronext Amsterdam. During the first half year 2016, the value of the RG shareholding fell by approx. 16%. According to the income statement, loss for the first half 2016 amounted to ISK 3.6 billion. According to the statement of financial position, equity at 30 June 2016 amounted to ISK 19.0 billion.

10 largest shareholders of the Company at end of June 2016 were the following:

Shareholders:	Share
Glitnir Holdco ehf.	40,28%
Arion banki hf.	16,37%
Landsbankinn hf.	13,39%
Credit Suisse Securities	8,45%
J.P. Morgan Clearing Corporation	7,30%
HSH Nordbank AG	1,77%
BNP Paribas S.A.	1,77%
Íslandsbanki hf.	1,71%
Landsbankinn - Safnreikningur 1	1,07%
LUX CSD S.A.	1,06%

Statement by the Board of Directors and the CEO

The Condensed Interim Financial Statements for the six months ended 30 June 2016 have been prepared in accordance with Icelandic Financial Statement Act.

According to our best knowledge, it is our opinion that the Condensed Interim Financial Statements give a true and fair view of the financial performance of the Company for the period from 1 January to 30 June 2016, its assets, liabilities and financial position as at 30 June 2016 and its cash flows for the period then ended.

On 30 June 2016, the Company's assets consist primarily of listed shares in Refresco Gerber ("RG"). The valuation of these assets at the end of June 2016 is based on closing price 30 June 2016 of the RG shares (RFRG) at Euronext Amsterdam.

Further, in our opinion, the Condensed Interim 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 Condensed Interim Financial Statements of Stoðir hf. for the six-month period ended 30 June 2016 and confirm them by means of their signatures.

Reykjavík, 10 August 2016.

The Board of Directors:

Sigurjón Pálsson
Hermann Már Þórisson
Snorri Arnar Viðarsson

CEO:

Július Þorfinnsson

Independent Auditors' Review Report

To the Board of Stoðir hf.

We have reviewed the accompanying condensed interim financial statements of Stoðir hf., which comprise the statement of financial position as at 30 June 2016 and the income statement, statement of changes in equity and statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Board of Directors and CEO are responsible for the preparation and fair presentation of this interim financial information in accordance with the Icelandic Financial Statements Act No. 3/2006. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the entity as at June 30, 2016, and of its financial performance and its cash flows for the six-month period then ended in accordance with the Icelandic Financial Statements Act.

Reykjavík, 10 August 2016.

KPMG ehf.

Jón S. Helgason
Sæmundur Valdimarsson

Income Statement

for the Six Months ended 30 June 2016

		2016	2015
	Notes	1.1.-30.6.	1.1.-30.6.
Net investment income:			
Net (loss) income from investment securities .....	(	3.548.814)	5.820.623
Interest income		9	6.203
Net foreign exchange (loss) gain .....	(	36.727)	6.787
		<u>(3.585.532)</u>	<u>5.833.613</u>
Operating expenses:			
Operating expenses		31.549	43.367
Warranty settlement	7	<u>0</u>	<u>235.000</u>
		<u>31.549</u>	<u>278.367</u>
(Loss) profit for the period		<u>(3.617.081)</u>	<u>5.555.246</u>

Statement of Financial Position

as at 30 June 2016

	Notes	30.6.2016	31.12.2015
Assets			
Cash and cash equivalents		705.715	1.066.505
Restricted cash for with-held dividend	9	311	5.778.203
Investments	5	18.233.574	21.782.389
Loans and other receivables		72.796	74.017
Total assets		<u>19.012.396</u>	<u>28.701.114</u>
Equity			
Ordinary share capital		11.885.096	11.885.096
Statutory reserve		2.500.433	2.500.433
Retained earnings		4.619.471	8.236.552
Total equity		<u>19.005.000</u>	<u>22.622.081</u>
Liabilities			
Unpaid dividend	9	311	5.778.203
Unpaid dividend income tax	9	0	288.962
Trade and other payables		7.085	11.868
Total liabilities		<u>7.396</u>	<u>6.079.033</u>
Total equity and liabilities		<u>19.012.396</u>	<u>28.701.114</u>

Statement of Changes in Equity for Six Months ended 30 June 2016

	Ordinary share capital	Statutory reserve	Translation reserve	Retained earnings	Total equity
1 January to 30 June 2015					
Equity 1.1.2015	11.885.096	2.188.663	320.264	31.175.162	45.569.185
Profit for the period				5.555.246	5.555.246
Dividend				(22.104.000)	(22.104.000)
Equity 30.6.2015	<u>11.885.096</u>	<u>2.188.663</u>	<u>320.264</u>	<u>14.626.408</u>	<u>29.020.431</u>
1 January to 30 June 2016					
Equity 1.1.2016	11.885.096	2.500.433	0	8.236.552	22.622.081
Loss for the period				(3.617.081)	(3.617.081)
Equity 30.6.2016	<u>11.885.096</u>	<u>2.500.433</u>	<u>0</u>	<u>4.619.471</u>	<u>19.005.000</u>

Statement of Cash Flows

for the Six Months ended 30 June 2016

	Notes	2016 1.1.-30.6.	2015 1.1.-30.6.
Cash flows from operating activities:			
(Loss) profit for the period .....	(	3.617.081)	5.555.246
Adjustments for:			
Investment securities, change		3.548.814	(5.687.637)
Working capital to operations .....	(	68.267)	(132.391)
Net change in operating assets and liabilities .....	(	3.561)	6.543
Net cash used in operating activities .....	(	71.828)	(125.848)
Cash flows from investing activities:			
Restricted cash, decrease (increase)		5.777.892	(3.639.353)
Sale of investment securities		0	22.958.332
Net cash provided by investing activities		5.777.892	19.318.979
Cash flows from financing activities:			
Dividend paid .....	(	6.066.854)	(17.327.407)
Net cash used in financing activities .....	(	6.066.854)	(17.327.407)
Net (decrease) increase in cash and cash equivalents .....	(	360.790)	1.865.724
Cash and cash equivalents at 1 January		1.066.505	302.407
Cash and cash equivalents at 30 June		705.715	2.168.131
Financing transactions without cash flow effect:			
Dividend to shareholders		0	(5.024.584)
Unpaid dividend and dividend income tax		0	5.024.584

Notes

1. Reporting Entity

Stoðir hf.'s registered office is at Klapparstígur 25-27 in Reykjavík, Iceland. The Condensed Interim Financial Statements of Stoðir hf. ("Stodir" or the "Company") as at and for the six months ended 30 June 2016 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. Statement of compliance

These Condensed Interim Financial Statements have been prepared in accordance with Icelandic Financial Statement Act. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the Financial Statements of the Company as at and for the year ended 31 December 2015.

These Condensed Interim Financial Statements were approved by the Board of Directors on 10 August 2016.

3. Significant accounting policies

The accounting policies and methods of computation applied by the Company in these Condensed Interim Financial Statements are the same as those applied by the Company in its Financial Statements as at and for the year ended 31 December 2015.

a. Functional and presentation currency

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

4. Use of estimates and judgements

The preparation of interim financial statements in conformity with Icelandic Financial Statement Act 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.

5. Investments

Investments are listed on stock exchange.

6. Financial Guarantees

On June 2016, the Company is aware of two outstanding financial guarantees, which were provided in the year 2006 in relation to lease contract 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.

7. Financial Warranty

As a part of the transaction where a majority 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. As a result of a Supreme Court ruling in December 2014, and agreements made between Stodir, TM and VBS in February 2015, the financial warranty provided to TM in 2012 has been fully settled, with a payment of ISK 1.8 billion from Stodir in the year 2014 and 0.2 billion in 2015. In return, Stodir acquired certain claims and assets, ISK 336 million of which were recovered in November 2015, and ISK 60 million of which are capitalized among receivables in the Statement of Financial Position at period end.

8. VAT matters

At the end of June 2016, the Company has two outstanding issues in regard to VAT matters, relating to the years 2006-2007. Based on a State Internal Revenue Board ruling, the Company expensed ISK 778 million in VAT charges in 2013. The Company filed a case before the District Court in Reykjavik where the State Internal Revenue Board ruling is partly challenged. The other matter relates to interest payments, where the Company claims the VAT charges should not have included penalty interest from 2006/2007. Uncertainty remains whether the Company will recover any value from these cases but downside risk is limited to legal expenses.

9. Payment of dividend

During the year 2015, the Company paid its shareholders a total dividend of EUR 200 million (approx. ISK 29 billion), based on shareholders approval at the Annual General Meeting on 22 June 2015 and a Shareholders Meeting on 11 December 2015. Dividend payments to foreign shareholders were however withheld, as dividend payments to foreign shareholders were restricted by the Act on Foreign Exchange. In April 2016, the Company received an exemption from the Central Bank of Iceland, allowing the Company to distribute a withheld dividend of EUR 37 million to foreign shareholders. In June 2016, withheld dividend of ISK 557 million from 2014 was distributed to foreign shareholders through a EUR currency auction of the Central Bank of Iceland. Some foreign shareholders were not able to participate in the currency auction, due to lack of KYC information, resulting in the Company still withholding ISK 0.3 million in unpaid dividend, both as a restricted asset and a liability.