

Stoðir hf.  
Condensed Financial Statements  
for the year 2015

Stoðir hf.  
Klapparstíg 25-27  
101 Reykjavík  
Iceland

Reg. no. 601273-0129

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# Endorsement and Statement by the Board of Directors and the CEO

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The financial statements comprise the financial statements of Stoðir hf. ("Stodir" or "the Company").

During the year 2015, 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.

Stodir's primary asset at year-end 2015 was a shareholding in the European juice and soft drinks producer Refresco Gerber. In March 2015, Refresco Gerber's shares were admitted to trading at Euronext Amsterdam after an IPO was concluded where the Company sold 45% of its shares in Refresco Gerber. Following a transaction in December 2015, Stodir holds a remaining 12% shareholding in Refresco Gerber at year-end 2015.

According to the income statement profit for the year 2015 amounted to ISK 6,235 million. According to the statement of financial position, equity at 31 December 2015 amounted to ISK 22,622 million. Total number of shareholders was 99 at year-end 2015. The 10 largest shareholders are as follows:

<b>Shareholders:</b>	<b>Share</b>
Glitnir hf. ....	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 .....	1,06%

## **Statement by the Board of Directors and the CEO**

The annual financial statements for the year ending 31 December 2015 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 2015, its assets, liabilities and financial position as at 31 December 2015.

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 listed assets at year-end 2015 is based on closing trading price at year-end.

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 2015 and confirm them by means of their signatures.

Reykjavík, 25 February 2016

The Board of Directors:

Sigurjón Pálsson  
Hermann Már Þórisson  
Snorri Arnar Viðarsson

CEO:

Júlíus Þorfinnsson

# Independent Auditors' Report

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The accompanying condensed financial statements for Stoðir hf. is based on the financial statements of the company for the year 2015. Following auditors' report from us came with the financial statements:

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 2015, 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.

## **The Board of Directors and CEO's Responsibility for the Financial Statements**

The Board of Directors and CEO are 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 they determine 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 policies 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 2015, 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 endorsement and statement by the Board of Directors and the CEO accompanying the financial statements includes the information required by the Financial Statements Act if not disclosed elsewhere in the Financial Statements.

Reykjavík, 25 February 2016

## **KPMG ehf.**

Jón S. Helgason  
Sæmundur Valdimarsson

# Income Statement for the year 2015

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	Notes	2015	2014
<b>Net investment income (expense):</b>			
Net income from investment securities .....		6.481.048	20.087.495
Interest income .....		24.882	104.073
Net foreign exchange gain (loss) .....		61.596	( 9.341)
		6.567.526	20.182.227
<b>Operating expenses:</b>			
Operating expenses .....		( 97.134)	( 127.495)
Warranty settlement .....	6	( 235.000)	( 1.449.699)
		( 332.134)	( 1.577.194)
<b>Profit for the year</b> .....		6.235.392	18.605.033

# Statement of Financial Position

## as at 31 December 2015

	Notes	2015	2014
<b>Assets</b>			
Cash and cash equivalents .....		1.066.505	302.407
Restricted cash .....		0	235.205
Restricted cash for with-held dividend .....	10	5.778.203	805.496
Investments .....	4	21.782.389	44.654.489
Loans and other receivables .....		74.017	386.997
<b>Total assets</b>		<u>28.701.114</u>	<u>46.384.594</u>
<b>Equity</b>			
Ordinary share capital .....		11.885.096	11.885.096
Statutory reserve .....		2.500.433	2.188.663
Translation reserve .....		0	320.264
Retained earnings .....		<u>8.236.552</u>	<u>31.175.162</u>
Total equity		<u>22.622.081</u>	<u>45.569.185</u>
<b>Liabilities</b>			
Unpaid dividend .....	10	5.778.203	805.496
Unpaid dividend income tax .....	10	288.962	0
Trade and other payables .....		11.868	9.913
Total liabilities		<u>6.079.033</u>	<u>815.409</u>
<b>Total equity and liabilities</b>		<u>28.701.114</u>	<u>46.384.594</u>

# Statement of Changes in Equity for the year 2015

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	Ordinary share capital	Statutory reserve	Translation reserve	Retained earnings	Total equity
<b>Year 2014</b>					
Balance at 1 January 2014 .....	11.885.096	328.160	320.264	17.430.822	29.964.342
Profit for the year .....				18.605.033	18.605.033
Transfer to statutory reserve .....		1.860.503		( 1.860.503)	0
Dividend paid .....				( 3.000.190)	( 3.000.190)
Balance at 31 December 2014 .....	<u>11.885.096</u>	<u>2.188.663</u>	<u>320.264</u>	<u>31.175.162</u>	<u>45.569.185</u>
<b>Year 2015</b>					
Balance at 1 January 2015 .....	11.885.096	2.188.663	320.264	31.175.162	45.569.185
Profit for the year .....				6.235.392	6.235.392
Transfer to statutory reserve .....		311.770		( 311.770)	0
Transfer to retained earnings .....			( 320.264)	320.264	0
Dividend paid .....				( 29.182.496)	( 29.182.496)
Balance at 31 December 2015 .....	<u>11.885.096</u>	<u>2.500.433</u>	<u>0</u>	<u>8.236.552</u>	<u>22.622.081</u>

# Statement of Cash Flows for the year 2015

	Notes	2015	2014
<b>Cash flows from operating activities:</b>			
Profit for the year .....		6.235.392	18.605.033
Adjustments for:			
Profit of sale of investments .....	(	9.636)	0
Change in fair value .....	(	6.339.723)	( 20.059.856)
Working capital to operations	(	113.967)	( 1.454.823)
Net change in operating assets and liabilities .....		314.935	( 340.745)
Net provided by (used in) operating activities		<u>200.968</u>	<u>( 1.795.568)</u>
<b>Cash flows from investing activities:</b>			
Restricted cash, change .....	(	5.542.998)	686.930
Investment securities, change .....		29.233.556	3.058.590
Net cash provided by investing activities		<u>23.690.558</u>	<u>3.745.520</u>
<b>Cash flows from financing activities:</b>			
Dividend paid .....	(	23.115.331)	( 2.194.694)
Net cash used in financing activities	(	<u>23.115.331)</u>	<u>( 2.194.694)</u>
<b>Net increase (decrease) in cash and cash equivalents .....</b>		776.195	( 244.742)
<b>Effect of exchange rate fluctuations on cash held .....</b>	(	12.097)	( 12.989)
<b>Cash and cash equivalents at 1 January .....</b>		<u>302.407</u>	<u>560.138</u>
<b>Cash and cash equivalents at 31 December .....</b>		<u><u>1.066.505</u></u>	<u><u>302.407</u></u>
<b>Investing and financing transactions without cash flow effect:</b>			
Dividend to shareholders .....	(	4.972.707)	( 805.496)
Unpaid dividend .....		4.972.707	805.496
<b>Other information:</b>			
Interest income received .....		24.882	104.073
Dividends received .....		0	11.581



# Notes

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## 1. Reporting Entity

Stoðir hf.'s registered office is at Klapparstigur 25-27 in Reykjavík, Iceland. The financial statements of Stoðir hf. ("Stodir" or "the Company") as at and for the year ended 31 December 2015 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 25 February 2016.

### 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.

## 3. Cash and cash equivalents

Cash and cash equivalents consist of demand deposits.

## 4. Investments

Investments are specified as follows:

	2015	2014
Listed on stock exchanges .....	22.622.081	0
Unlisted investments .....	0	44.654.489
Total investments .....	<u>22.622.081</u>	<u>44.654.489</u>

## 5. Financial Guarantees

On 31 December 2015, 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.

**6. 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 now been fully settled, with a payment of ISK 1.8 billion from Stodir in the year 2014 and 0.2 billion in 2015. Thereof, ISK 1.1 billion came from an escrow account related to the warranty. 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.

**7. 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.

All four rescindable transactions cases have been concluded, the last two in January 2015, when Stodir and Glitnir reached an agreement, where both parties agreed to drop all their claims and legal actions against each other, without any payments exchanging hands.

**8. Claim made by Glitnir hf.**

In June 2012, Glitnir hf. filed a suit before the District Court of Reykjavik against Stodir. According to the subpoena the claims made by Glitnir were 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 would be ordered to pay Glitnir ISK 14 billion. In January 2015, Stodir and Glitnir reached an agreement, where both parties agreed to drop all their claims and legal actions against each other, without any payments exchanging hands.

**9. VAT matters**

At the end of December 2015, 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.

**10. 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 and a Shareholders Meeting on 11 December 2015. Dividend payments were made on 29 June 2015 and 18 December 2015. Dividend payments to foreign shareholders were with-held, as dividend payments to foreign shareholders are restricted by the Act on Foreign Exchange. On 31 December 2015, the Company holds unpaid dividend to foreign shareholders on its Statement of Financial Position, both as restricted asset and unpaid dividend in the amount of ISK 5,778 million. Thereof, ISK 557 million relate to with-held dividend in 2014, and EUR 37 million (ISK 5,221 million) relate to with-held dividend in 2015. Capital income tax of ISK 289 million, in relation to the dividend paid out on 18 December 2015, was unpaid at year-end 2015.