



**N1 hf.**

## **Condensed Interim Financial Statements**

**1 January to 30 September 2014**

N1 hf.  
Dalvegur 10-14  
201 Kópavogur

Reg. No. 540206-2010

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

The unaudited interim financial statements of N1 hf. for the period from 1 January to 30 September 2014 have been prepared in accordance with the International Financial Reporting Standard for interim financial reporting, IAS 34. The interim financial statements have neither been audited nor reviewed by the Company's auditors.

The Company's operating revenue for the first nine months of the year amounted to ISK 45,589 million and decreased by 0.5% compared to the same period the previous year. According to the statement of comprehensive income, profit from the Company's operations for the period amounted to ISK 1,345 million. However, when taking into account translation difference due to the operation of a foreign associated company the Company's total comprehensive profit amounts to ISK 1,329 million. The Company's equity at the end of the period amounted to ISK 14,831 million including share capital in the amount of ISK 1,000 million.

At a shareholders' meeting held on 21 October 2014 it was approved to decrease share capital by 30%, i.e. by ISK 300 million of the nominal value of shares, which entails payment to shareholders in the amount of ISK 3,859 million.

## Shareholders

At the end of the period the Company's shareholders were 2,645 compared to 5,164 at the beginning of the year. Following are the Company's ten biggest shareholders at the end of the period:

Lífeyrissjóður verzlunarmanna .....	14,2%
Lífeyrissj.starfsm.rík. A-deild .....	7,7%
Gildi - lífeyrissjóður .....	7,6%
Stafir lífeyrissjóður .....	5,7%
Almenni lífeyrissjóðurinn .....	5,0%
Helgafell ehf. ....	4,2%
Sameinaði lífeyrissjóðurinn .....	3,9%
Landsbankinn hf. ....	3,8%
Lífeyrissj.starfsm.rík. B-deild .....	3,4%
Straumur fjárfestingabanki hf. ....	2,8%

## Statement by the Board of Directors and the CEO

The interim financial statements of N1 hf. for the period from 1 January to 30 September 2014 are prepared in accordance with the International Financial Reporting Standard for interim financial reporting, IAS 34. According to our best knowledge it is our opinion that the interim financial statements give a fair view of the Company's operating results, its assets, liabilities and financial position as at 30 September 2014 and changes in cash flows during the period from 1 January to 30 September 2014.

Furthermore, it is our opinion that the interim financial statements and the Endorsement by the Board of Directors and the CEO give a fair view of the Company's results, financial position and development and describe the main risk factors and uncertainty faced by the Company.

The Board of Directors and the CEO of N1 hf. have today discussed the Company's interim financial statements for the period from 1 January to 30 September 2014 and confirm them with their signatures.

Kópavogur, 24 November 2014

The Board of Directors of N1 hf.

\_\_\_\_\_  
Margrét Guðmundsdóttir

\_\_\_\_\_  
Helgi Magnússon

\_\_\_\_\_  
Kristín Guðmundsdóttir

\_\_\_\_\_  
Guðmundur Óskarsson

\_\_\_\_\_  
Jón Sigurðsson

CEO

\_\_\_\_\_  
Eggert Benedikt Guðmundsson

# Statement of Comprehensive Income

## 1 January to 30 September 2014

	Notes	Third Quarter		Three Quarters	
		2014 1.7.-30.9.	2013 1.7.-30.9.	2014 1.1.-30.9.	2013 1.1.-30.9.
Sales .....	7	18.270.698	17.833.219	45.275.194	45.557.129
Cost of goods sold .....		( 15.188.038)	( 14.782.619)	( 37.754.383)	( 38.444.963)
Gross profit .....	8	3.082.660	3.050.600	7.520.811	7.112.166
Other operating income .....		88.682	77.326	313.414	277.076
Salaries and other personnel expenses ....	(	929.634)	( 943.083)	( 2.870.544)	( 2.827.142)
Sales and distribution expenses .....	(	625.346)	( 612.117)	( 1.671.123)	( 1.593.825)
Other operating expenses .....	(	364.236)	( 411.460)	( 1.126.438)	( 1.240.925)
		( 1.919.216)	( 1.966.660)	( 5.668.105)	( 5.661.892)
Profit before depreciation, amortisation and finance items.....		1.252.126	1.161.266	2.166.120	1.727.350
Depreciation and amortisation .....	(	174.056)	( 174.811)	( 523.769)	( 519.851)
Operating income .....		1.078.070	986.455	1.642.351	1.207.499
Finance income .....		128.158	106.887	302.216	217.592
Finance expenses .....	(	117.821)	( 158.046)	( 358.336)	( 505.207)
Effect of associates .....		61.610	60.051	89.137	134.201
Change in fair value of shares .....		3.795	38.595	( 13.695)	108.498
		75.742	47.487	19.322	( 44.916)
Profit before income tax .....		1.153.812	1.033.942	1.661.673	1.162.583
Income tax .....	9	( 218.611)	( 351.134)	( 317.017)	( 351.162)
Profit for the period .....		935.201	682.808	1.344.656	811.421
Other comprehensive income (expense) items recognised in equity but will later be reclassified to profit or loss: Translation difference arising from operations of a foreign associate .....		( 3.621)	6.900	( 15.690)	( 17.267)
Total comprehensive income for the period .....		931.580	689.708	1.328.966	794.154
Earnings per share: Basic and diluted earnings per share in ISK .....		0,94	0,68	1,34	0,81

Notes on pages 8 to 10 are an integral part of these interim financial statements.

## Balance Sheet as at 30 September 2014

	Notes	30.9.2014	31.12.2013	
<b>Assets</b>				
Intangible assets .....		366.667	400.285	
Property, plant and equipment .....		9.500.279	9.720.947	
Shares in associates .....		1.451.306	1.377.860	
Shares in other companies .....		272.728	286.422	
Bonds .....		15.594	20.495	
Non-current assets		<u>11.606.574</u>	<u>11.806.009</u>	
Inventories .....		3.739.193	4.317.801	
Trade receivables .....		4.627.421	3.150.385	
Receivable from related parties .....		56.488	47.557	
Property, plant and equipment classified as held for sale .....		948.142	948.142	
Other short-term receivables .....	10	1.307.364	509.073	
Cash and cash equivalents .....		6.233.096	6.019.414	
Current assets		<u>16.911.704</u>	<u>14.992.372</u>	
Total assets		<u>28.518.278</u>	<u>26.798.381</u>	
<b>Equity</b>				
Share capital .....		1.000.000	1.000.000	
Share premium .....		11.865.427	11.865.427	
Statutory reserve .....		250.000	250.000	
Revaluation reserve .....		391.523	413.237	
Translation reserve .....	(	44.826)	(	29.135)
Retained earnings .....		1.368.684	1.652.313	
Total equity		<u>14.830.808</u>	<u>15.151.842</u>	
<b>Liabilities</b>				
Payable to credit institutions .....	12	6.300.000	6.580.000	
Deferred tax liabilities .....	11	100.656	45.439	
Deferred income .....		219.031	241.689	
Non-current liabilities		<u>6.619.687</u>	<u>6.867.128</u>	
Current tax .....		153.760	41.399	
Payable to the Icelandic State .....		4.444.250	2.413.362	
Payable to credit institutions .....	12	350.000	350.000	
Trade payables .....		1.284.425	1.187.579	
Payable to related parties .....		205.693	134.449	
Deferred income .....		256.293	235.676	
Other short-term liabilities .....		373.362	416.946	
Current liabilities		<u>7.067.783</u>	<u>4.779.411</u>	
Total liabilities		<u>13.687.470</u>	<u>11.646.539</u>	
Total equity and liabilities		<u>28.518.278</u>	<u>26.798.381</u>	

Notes on pages 8 to 10 are an integral part of these interim financial statements.

## Statement of Changes in Equity 1 January to 30 September 2014

	Share Capital	Share premium	Statutory reserve	Revaluation reserve	Translation reserve	Retained earnings	Total equity
<b>1 January to 30 September 2014</b>							
Equity 1.1.2014 .....	1.000.000	11.865.427	250.000	413.237	( 29.135)	1.652.313	15.151.842
Total comprehensive income for the period .....					( 15.690)	1.344.656	1.328.966
Dissolution of revaluation of an associated company .....				( 21.714)		21.714	0
Dividend paid ( 1.65 ISK per share) .....						( 1.650.000)	( 1.650.000)
Equity 30.9.2014 .....	1.000.000	11.865.427	250.000	391.523	( 44.826)	1.368.684	14.830.808
<b>1 January to 30 September 2013</b>							
Equity 1.1.2013 .....	1.000.000	11.865.427	0	443.752	3.031	1.201.725	14.513.935
Total comprehensive income for the period .....					( 17.267)	811.421	794.154
Dissolution of revaluation of an associated company .....				( 30.468)		30.468	0
Equity 30.9.2013 .....	1.000.000	11.865.427	0	413.284	( 14.236)	2.043.614	15.308.089

Notes on pages 8 to 10 are an integral part of these interim financial statements.

# Statement of Cash Flows 1 January to 30 September 2014

	2014	2013
Notes	1.1.-30.9.	1.1.-30.9.
<b>Cash flows from operating activities</b>		
Profit before depreciation, amortisation and finance items .....	2.166.120	1.727.350
Operating items not affecting cash flows:		
Gain on sale of operating assets .....	( 39.237)	( 5.639)
Deferred income .....	( 22.658)	( 22.658)
	2.104.225	1.699.053
 Changes in operating assets and liabilities:		
Inventories, change .....	620.190	872.245
Trade and other receivables, change .....	( 2.313.067)	( 627.861)
Trade and other short-term payables, change .....	2.278.912	2.182.168
	586.035	2.426.552
 Interest income received .....	224.265	194.649
Interest expense paid on short-term liabilities .....	( 9.610)	( 18.233)
Paid income tax .....	( 149.439)	0
<b>Cash flows from operating activities</b>	2.755.476	4.302.021
 <b>Cash flows from investing activities</b>		
Purchase of intangible assets .....	( 12.289)	0
Purchase of property, plant and equipment .....	( 330.489)	( 1.210.528)
Sale of property, plant and equipment .....	112.532	1.939.214
Dividend received .....	9.717	0
Purchase of shares in other companies .....	0	( 1.656)
Sale of shares in other companies .....	0	685
Loan to related party .....	0	( 30.000)
Repayment of loan to a related party .....	0	30.000
<b>Investing activities</b>	( 220.529)	727.715
 <b>Cash flows from financing activities</b>		
Dividend paid .....	( 1.650.000)	0
New loan .....	0	7.000.000
Repayment of loans from credit institutions .....	( 280.000)	( 7.820.000)
Interest expense paid on loans from credit institutions .....	( 391.265)	( 590.373)
<b>Financing activities</b>	( 2.321.265)	( 1.410.373)
 Increase in cash and cash equivalents .....	213.682	3.619.363
Cash and cash equivalents at the beginning of the year .....	6.019.414	2.507.505
Cash and cash equivalents at the end of the period .....	6.233.096	6.126.868

Notes on pages 8 to 10 are an integral part of these interim financial statements.

# Notes

## 1. Reporting entity

N1 hf. („the Company”) is an Icelandic limited liability company with headquarters at Dalvegur 10-14, Kópavogur. The objective of the Company is sale of fuel, oils and lubricants in fixed, liquid and gaseous form, wholesale and retail, purchase, sale, ownership and operation of real estates and movable property, purchase, sale and ownership of securities, together with lending activities related to the Company's operations and other related operations.

The Board of Directors of N1 hf. approved the interim financial statements on 24 November 2014

## 2. Statement of compliance

The interim financial statements of N1 hf. have been prepared in accordance with the International Financial Reporting Standard for interim financial reporting, IAS 34. The condensed interim financial statements 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 for the year ended 31 December 2013.

## 3. Significant accounting policies

The interim financial statements are prepared based on the same accounting policies as the Company's annual financial statements for the year 2013. The Company's annual financial statements are available at the company's headquarters and on its website; [www.n1.is](http://www.n1.is) as well as at the homepage of NASDAQ OMX Iceland hf.'s website; [www.nasdaqomxnordic.com](http://www.nasdaqomxnordic.com)

A few new standards and amendments to standards became effective at the beginning of the year but did not have an effect on the Company's financial statements.

## 4. Presentation and functional currency

These interim financial statements are prepared and presented in Icelandic krona (ISK), which is the Company's functional currency. All amounts are presented in thousand of Icelandic krona unless otherwise stated.

## 5. Use of estimates and judgements

The preparation of interim financial statements in accordance with International Financial Reporting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

## 6. Seasonality

The company's operations are generally more extensive during the second and third quarters of the year than in the first and fourth quarters. Therefore the carrying amounts of the Company's operating assets and liabilities are higher at the end of September than at year-end.

## 7. Sales

	2014	2013
	1.1.-30.9.	1.1.-30.9.
Fuel.....	37.634.028	36.801.058
Other goods.....	7.641.166	8.756.071
Total sales.....	<u>45.275.194</u>	<u>45.557.129</u>

## 8. Gross profit

Fuel.....	4.261.314	3.972.040
Other goods.....	3.259.497	3.140.126
Total gross profit.....	<u>7.520.811</u>	<u>7.112.166</u>



## Notes, contd.:

### 9. Income tax

Effective income tax in profit or loss is specified as follows:		2014		2013
		1.1.-30.9.		1.1.-30.9.
Profit before income tax .....		1.661.673		1.162.583
Income tax based on current tax rate .....	20,0%	( 332.335)	20,0%	( 232.517)
Non-deductible expenses .....	0,3%	( 4.453)	0,3%	( 3.030)
Non-taxable income on shares .....	( 1,2%)	19.771	( 4,4%)	50.985
Corrections due to prior years .....	0,0%	0	14,1%	( 163.777)
Other items .....	0,0%	0	0,2%	( 2.823)
Effective income tax .....	19,1%	( 317.017)	30,2%	( 351.162)

### 10. Other short-term receivables

Other short-term receivables are specified as following:

		30.9.2014	31.12.2013
Prepaid inventories.....		283.689	23.404
Prepaid expenses.....		93.556	74.017
Refundable value-added-tax and other receivables from the Icelandic state.....		859.494	364.040
Other short-term receivables.....		70.625	47.612
Total other short-term receivables.....		1.307.364	509.073

### 11. Deferred tax liabilities

Deferred tax liabilities at the end of the period are specified as following:

		30.9.2014	31.12.2013
<b>Assets</b>			
Trade receivables.....		0	40.284
Other items.....		9.889	3.574
		9.889	43.858
<b>Liabilities</b>			
Property, plant and equipment.....		24.130	4.756
Intangible assets.....		61.625	69.983
Trade receivables.....		10.611	0
Foreign exchange rate difference.....		14.179	14.558
		110.545	89.297
Deferred tax liabilities.....		100.656	45.439

### 12. Payable to credit institutions

Interest bearing borrowings are specified as follows:

		30.9.2014		31.12.2013	
		Interest rate	Book value	Interest rate	Book value
Non-indexed loan (non-current portion).....	6,9%		6.300.000	7,0%	6.580.000
Non-indexed loan (current portion).....	6,9%		350.000	7,0%	350.000
Total payable to credit institutions.....			6.650.000		6.930.000

## Notes, contd.:

### 12. Payable to credit institutions, contd.:

Loan maturities are specified as follows over the next years:	30.9.2014	31.12.2013
Year 2014, to year end.....	70.000	350.000
Year 2015.....	350.000	350.000
Year 2016.....	350.000	350.000
Year 2017.....	350.000	350.000
Year 2018.....	350.000	350.000
Later.....	5.180.000	5.180.000
	<u>6.650.000</u>	<u>6.930.000</u>

### 13. Ratios

The Company's key ratios are specified as follows:	2014	2013
	1.1.-30.9.	1.1.-30.9.

#### Statement of comprehensive income

Turnover rate of inventories at period end: utilisation of goods * / inventories at period end .....	13,46	10,56
Sales days in trade receivables: trade receivables at period end * / goods and services sold .....	28	26
Profit before depreciation, amortisation and finance items / gross profit.....	28,8%	24,3%
Salaries and other personnel expenses / gross profit.....	38,2%	39,8%
Sales and distribution expense / gross profit.....	22,2%	22,4%
Other operating expenses / gross profit.....	15,0%	17,4%

	30.9.2014	31.12.2013
<b>Balance sheet</b>		
Current ratio: current assets / current liabilities.....	2,39	3,14
Liquidity ratio: (current assets - inventories) / current liabilities.....	1,86	2,23
Leverage: Net interest bearing liabilities / EBITDA**.....	0,20	0,56
Equity ratio: Equity / total capital.....	52,0%	56,5%
Return on equity: Profit for the period * / equity at the beginning of period.....	17,9%	4,5%

\* Operating figures are calculated on annual basis.

\*\* EBITDA for the last 12 months.

### 14. Subsequent events

At a shareholders' meeting held on 21 October 2014 it was approved to decrease share capital by 30%, i.e. by ISK 300 million of the nominal value of shares, which entails payment to shareholders in the amount of ISK 3,859 million. The date of reference of the share capital decrease is 28 November, the decrease will take place on 1 December and payment to shareholders on 5 December.