Sýn hf.

Condensed Interim Financial Statements

1. January to 31. March 2019

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Report by the Board of Directors and CEO

Sýn hf. is a fully comprehensive communications and media provider. The Company operates many of the most powerful media platforms in Iceland like Channel 2, Bylgjan Radio, Visir.is, FM957, the X and other well-known media. The Company provides individuals, companies, institution and public bodies with all the core aspects of communication service under the brand of Vodafone Iceland. The Company works in close global co-operation with Vodafone Group, which is one of the largest multinational communication company in the world.

These interim financial statements have been prepared in accordance with IAS 34, as adopted by the European Union and additional requirements in Icelandic laws and rules for liested companies. The Interim Financial Statements of the Company on January 1 to March 31, 2019 have neiter beed audited nor reviewed by the Company's auditors.

At the beginning of the year, it was announced that all reservations regarding the sale of P/F Hey had been fulfilled and the purchase therefore was closed as of January 1st 2019. Sýn hf. 49.9% shares in the new merged company will be accounted for according to equity method and will therefore not be a part of Sýn's hf. consolidated financial statements from January 1st 2019. Capital gains from the sale of ISK 817 million is entered on Q1 2019.

Operations and financial position January 1 to March 31, 2019

According to the income statement revenues of the group from goods sold and service provided amounted to ISK 4,975 mill. (ISK 5,030 mill. 1.1 to 31.3.2018). Profit of the group in the period from continuing operations amounted to ISK 670 mill. (ISK 51 mill. 1.1 to 31.3.2018). According to the balance sheet, assets of the group amounted to ISK 30,320 mill. (ISK 27,011 mill. 31.12.2018). The equity at the end of the period 31. March 2019 amounted to ISK 11,127 mill. (ISK 10,707 mill. 31.12.2018). Thereof equity amounted to ISK 2,964 mill. (ISK 2,964 mill. 31.12.2018). The equity ratio 31. March 2019 was 36,7% (39,6,% 31.12.2018).

It is the Companies policy to pay shareholders dividend and/or acquire own share for an amount that represent 30-60% of profit before tax, in accordance with laws and regulation effective at each time. When the Board is preparing a proposal for the declaration of dividend and/or acquisition of own share, it shall take into account the Companies treasury policy, market conditions and the investment need of the Company.

Statement

According to the best knowledge of the Board of Directors and the CEO, the interim financial statement of Sýn hf. are prepared and presented in accordance with International Financial Reporting Standards (IFRS) IAS 34 as adopted by the EU. It is The Board of Directors and CEO opinion that these interim financial statements give a true and fair view of the financial performance of Sýn hf. for the three month period ended 31 March 2019 and its assets, liabilities and financial position as of 31 March 2019 and its Company's cash flows for the period. Further, in our opinion the condensed interim financial statements and the report by the Board of Director and the CEO give a fair view of the development and performance of the Group's operations and its position from 1. January to 31. March 2019.

The Board of Directors and the CEO of Sýn hf. have today discussed the condensed interim financial statements of Sýn hf. for the period from 1. January to 31. March 2019 and confirm the financial statements by means of their signatures.

Reykjavík, 15. May 2019

Board of Directors:

Hjörleifur Pálsson, Chairman of the Board

Anna Guðný Aradóttir

Sigríður Vala Halldórsdóttir

Tanya Zharov

Yngvi Halldórsson

CEO

Heiðar Guðjónsson

Key Figures

	2019 1Q	2018 1Q
Financial information		
Revenues	4,975	5,030
Operating profit	85	204
Profit before tax	647	66
Profit for the period	670	51
Earnings per share of continuing operation	2.26	0.17
Investments in continued operations	616	467
Investments in TV contents	418	804
Purchase and sale of operations and assets	(7)	15
Cash generated by operations	819	1,198

Performance evaluation		
EBITDA for the period*	1,260	1,201
EBITDA ratio for the period	25.3%	23.9%
Free cash flow of continued and discontinued operations**	(11)	102
Net interest bearing debt	14,828	11,098

* The amount for 2018 has been restated, see further in note 5.

** Free cash flow consists of cash from operations before interest and income tax minus investment activities. The purchase of operations and shares and cash equivalents classified for sale is excluded as it is not related to the groups reinvestment needs.

Interim Financial Statements of Sýn hf. 31. March 2019 4 Amounts are in ISK millions

Income statement

1. January to 31. March 2019

	Notes	2019 Q1	2018 Q1
Net sales	8	4,975	5,030
Cost of sales	9	(3,068)	(3,005)
Gross profit		1,907	2,025
Operation expenses	10	(1,822)	(1,821)
Operation profit		85	204
Finance income		13	10
Finance cost		(271)	(145)
Net financial items		(258)	(134)
Affected affiliates		820	(4)
Profit before tax		**647**	**66**
Tax		23	(15)
Profit for the period from continuing operations		**670**	**51**
Profit for the period from discontinued operations		**-**	**5**
Profit for the period		**670**	**56**
Earning per share from continuing operations		2.26	0.17
Diluted earnings per share from continuing operations		2.26	0.17

Statement of Comprehensive income

1. January to 31. March 2019

	Notes	2019 Q1	2018 Q1
Profit for the period		670	56
Items that may subsequently be reclassified to the income statement			
Translation difference of foreign operations		(55)	(21)
Cash flow hedges		11	37
Total comprehensive income for the period		**626**	**72**

The notes on pages 9 to 14 are an integral part of the financial statements.

Interim Financial Statement of Sýn hf. 31. March 2019 5 Amounts are in ISK millions

Statement of Financial Position

31. March 2019

	Notes	31.3.2019	31.12.2018*
Non-current assets			
Property, plant and equipment		4,960	4,785
Right-of-use assets	4	3,054	-
Intangible assets	5, 13	16,786	16,999
Share in affiliates and other companies		1,265	48
Total non-current assets		26,066	21,832
Current assets			
Inventories	5, 12	472	364
Accounts receivables and other short term receivables		3,640	3,403
Cash and cash equivalents		142	356
Current assets of continuing operations		4,254	4,123
Assets classified for sale		-	**1,056**
Total current assets		4,254	5,179
Total assets		30,320	27,011
Equity			
Share capital		2,964	2,964
Reserves		2,465	2,465
Other statutory reserve		(45)	(1)
Retained earnings		5,743	5,279
Total equity		**11,127**	**10,707**
Non-Current liabilities			
Interest bearing debt		10,922	10,874
Lease liabilities	4	2,933	-
Deferred tax liabilities		116	138
Total non-current liabilities		**13,971**	**11,012**
Current liabilities			
Interest bearing debt		692	687
Lease liabilities	4	423	-
Accounts payable and other short term liabilities		4,107	4,167
Current liabilities of continuing operations		5,222	4,854
Liabilities connected to assets classified for sale		-	438
Total current liabilities		**5,222**	**5,292**
Total liabilities		19,193	16,304
Total equity and liabilities		30,320	27,011

The notes on pages 9 to 14 are an integral part of the financial statements.

* Restated, see note 5.

Interim Financial Statements of Sýn hf. 31. March 2019 6 Amounts are in ISK millions

Statement of Changes in Equity

1. January to 31. March 2019

	Share Capital	Reserves	Translation Differance	Other statutory reserve	Cash Flow Hedges	Retained earnings	Total equity
1.1. to 31.03.2018							
Total equity 1.1.2018	2,964	2,465	64	87	(169)	4,719	10,131
Profit for the period	-	-	-	-	-	56	56
Translational differance	-	-	(21)	-	-	-	(21)
Cash flow hedges	-	-	-	-	37	-	37
Total profit during period	0	0	(21)	0	37	56	72
Total Equity 31.3.2018	**2,964**	**2,465**	**43**	**87**	**(132)**	**4,775**	**10,202**
1.1. to 31.3.2019							
Total equity 1.1.2019	2,964	2,465	110	-	(111)	5,279	10,707
Impact of IFRS 16 correction	-	-	-	-	-	(206)	(206)
Restated Equity 1.1. 2019	**2,964**	**2,465**	**110**	**0**	**(111)**	**5,073**	**10,501**
Profit for the period	-	-	-	-	-	670	670
Translation differance	-	-	(55)	-	-	-	(55)
Cash flow hedges	-	-	-	-	11	-	11
Total profit for the period	0	0	(55)	0	11	670	626
Total equity 31.03.2019	**2,964**	**2,465**	**55**	**0**	**(100)**	**5,743**	**11,127**

The notes on pages 9 to 14 are an integral part of the financial statements.

Interim Financial Statements of Sýn hf. 31. March 2019 7 Amounts are in ISK millions

Statement of Cash flow

1. January to 31. March 2019

	Notes	2019 Q1	2018 Q1
Operating profit		670	56
Operational items not affecting cash flow:			
Depreciation	5, 11	1,175	997
Net finance costs		258	134
Impact from affiliates		(820)	4
Income tax		(23)	15
Cash generated from operating activities		**1,260**	**1,206**
Change in current assets and liabilities			
Change in inventories	5, 12	(107)	(123)
Change in operating assets		(219)	(6)
Change in operating liabilities		76	291
Change in pre-collected income		13	3
Net Cash from operations before interest and tax		**1,023**	**1,372**
Interest income received		13	10
Interest expense paid		(217)	(185)
Net cash from operating activities		**819**	**1,198**
Investing activities			
Investment and sale of operations and assets		7	(15)
Investment in fixed assets		(483)	(326)
Investment in intangible assets		(133)	(141)
Investment in intangible assets from TV programs		(418)	(804)
Investment activities		**(1,027)**	**(1,285)**
Financial activities			
Hedges		44	40
Payment of non-current liabilities		(171)	(83)
Operating loan		219	79
Payment of lease debt		(97)	-
Financial activities		**(5)**	**36**
Change in cash and cash equivalents		(214)	(51)
Cash and cash equivalents classified for sale		-	(38)
Effect of exchange rate fluctuations on cash held		-	1
Cash and cash equivalents at the beginning of the period		356	329
Cash and cash equivalents at the end of period		**142**	**241**

The notes on pages 9 to 14 are an integral part of the financial statements.

Interim Financial Statements of Sýn hf. 31. March 2019 8 Amounts are in ISK millions

Notes

1. The Company

Sýn hf. ("the Company") is an Icelandic limited liability company. The address of its registered office is Sudurlandsbraut 8, Reykjavik. The main operation of the Company is communication and media service. The condensed interim financial statements of the Company incorporates the financial statements of the parent company and share in joint operation of Sendafelagid ehf, which are referred to as "the Group".

2. Summary of Significant Accounting Policies

a. Basis of accounting

These interim financial statements have been prepared in accordance with IAS 34, as adopted by the European Union and additional requirements in Icelandic laws and rules for listed companies. The Interim Financial Statements of the Company on January 1 to March 31, 2019 have neither been audited nor reviewed by the Company's auditors.

The Interim Financial Statements are prepared in accordance with the same accounting principles as the basis for the preparation of the Financial Statements 2018, with the exception that one new Accounting Standard came into effect on January 1, 2019, IFRS 16, see further discussion in Note 4. They do not include all the information required for af complete set of IFRS financial statements and should be read in the context of the company's annual accounts for 2018. The financial statements of Sýn hf. on the company's website www.syn.is. and on the ICEX website; www.nasdaqomxnordic.com.

The Board of Directors and the CEO confirmed these interim financial statements on 15. May 2019.

b. Critical accounting judgments and key sources of estimation uncertainty

In the making of the interim financial statements, the management, in accordance with accounting standards, need to make decisions, estimate and draw conclusions which affect assets and liabilities at the reporting date, information in the notes and income and cost. All conclusions and estimates are based on knowledge and experience and other relevant factors and make up the basis for decisions made on book value of assets and liabilities which can not be ascertained by any other mean.

c. Fair value estimate

Part of the accounting policies and disclosures of the Group requires a fair value estimate, both with regards to financial instruments as well as other assets and liabilities.

The Group used market assumptions whenever they are available but if they are not available management judgement is used. If information from third party, like brokers or valuation service, are used to estimate fair value, management used that information to support the conclusion that the estimate fulfils the requirements of International Financial Reporting Standards (IFRS) and among that the fair value hierarchy level it relates to.

Fair value is classified in three stages based on the assumption that are used in the estimate:

- Level 1, is based on a quoted prices for similar instruments.
- Level 2, is based on directly observable market inputs other than Level 1 inputs.
- Level 3, is based on inputs not based on observable market data.

3. Functional and presentation currency

The interim financial statements are presented in Icelandic krona, which is the presentation currency of the Group. All amounts are rounded to the nearest million, except when otherwise indicated.

4. Adoption of new and revised Standards

In the current year, the Group, for the first time, has applied IFRS 16 Leases. IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance lease requires and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. The impact of the adoption of IFRS 16 on the Group's consolidated financial statements is described below.

The Group has applied IFRS 16 using the modified retrospective approach, with no restatement of comparative information. The Group has elected to apply the practical expedient to grandfather the definition of a lease on transition, and thereby applying IFRS 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

Notes, continued.:

4. **Adoption of new and revised Standards cont.:**

With the application of IFRS 16, the nature of expenses related to operating leases will now change because the Group will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities. Previously, the Group recognised operating lease expense on a straight-line basis over the term of the lease. As a result, the application of IFRS 16 led to a increase in profit for Q1 by 6 million ISK. The effects on PnL line items are as follows: Increase in depreciation and amortisation expense by 104 million ISK, increase in finance cost by 33 million ISK and decrease in operating expenses by 143 million ISK.

Earning per share for Q1 were 2.26 (basic) and 2.26 (diluted) compared to 2.24 (basic) and 2.24 (diluted) under the prior lease standard IAS 17.

At initial application on 1 January 2019 the Group recognised additional lease liabilities of 3,346 million ISK and a right-of-use asset 3,133 milljon ISK. Sublease 97 million and retained earnings 206 million.

Under IAS 17, all lease payments on operating leases were presented as part of cash flows from operating activities. Consequently, the net cash generated by operating activities in the year 2019 has increased by 97 million and net cash used in financing activities increased by the same amount.

5. **Change in accounting policy in TV content**

At the beginning of the year, the composition of television content was changed. Televison content was included in inventory but as of January 1, 2019, it is entered as intangible assets and depreciated linearly. Program expense is therefore transferred from 1.1.2019 among depreciation. The amounts for 2018 have therefore been changed in accordance with the changed presentation. See below:

Change in inventories are specified as follows:	31.12.2018	Change	Restated 31.12.2018
Inventories	1,909	(1,545)	**364**

Change in intangible assets are specified as follows:	31.12.2018	Change	Restated 31.12.2018
Intangible assets	15,454	1,545	**16,999**

Change in depreciations are specified as follows:	31.3.2018	**Change**	Restated 31.12.2018
Depreciations	473	524	**997**

6. **Accounting treatment of interest rate swap**

The Company entered into a derivative agreement to manage the risk related to interest risk exposure i.e. interest rate swap. Derivative are measured on fair value. The general rule is that unrealized gain or loss is recognised in the income statements except when the derivative is designed as a hedging instrument in hedge accounting. The treatment of the fair value changes of the derivative depends on the hedging relationship. The Company has design the derivative as a hedging instrument in a cash flow hedge. Derivative agreements are classified among long term assets or long term liabilities if there is more than 12 months until maturity date of the agreement. Other derivative agreements are classified among current assets or liabilities.

a. **Hedge accounting**

The Group has defined interest rate swaps as cash flow hedge related to interest risk exposure. In the beginning of the hedging relationship the Group documents the objective and strategy of the hedge and the relationship between the hedging instruments and the hedge item. The Group estimates and documents the effectiveness of the hedging relationship based on the requirements of IAS 39, both in the beginning of the hedging relationship and on ongoing basis. The Group still applies the requirement of IAS 39 for hedge accounting in accordance with the permission in IFRS 9.

If the hedging relationship does not fulfil the effective requirements of IAS 39 the hedge accounting is discontinued. The cumulative amount included in equity is reclassified to profit or loss.

The effective part of the hedging relationship is recognised in other comprehensive income. Hedge ineffectiveness is recognised in profit or loss. The cumulative amount recognised in equity is reclassified to the same line in the income statement as the hedge item is classified in.

b. **Cash flow hedge**

Skilvirki hluti sjóðstreymisvarnarinnar sem stenst kröfur um sjóðstreymisvarnir og er skilgreindur sem slíkur er færður í yfirlit um aðra heildarafkomu. Hagnaður eða tap vegna óskilvirkni í áhættuvarnarsambandi er færður í rekstrarreikning undir liðnum fjármagnsgjöld. Uppsöfnuð staða á eigin fé sem áður hefur verið færð um aðra heildarafkomu er endurflokkuð um rekstrarreikning þegar hagnaður eða tap vegna áhættuvarða liðarins er færður, uppsafnaða staðan á eigin fé er færð í sömu línu rekstrarreiknings.

7. **Segment reporting**

The Group defines its segments based on internal reporting to the chief operating decision maker. Based on that the Group is defined as one operating segment.

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Notes, continued.:

8. Net sales

Sales of goods and service is specified as follows:	2019 1Q	2018 1Q
Sales of goods	246	261
Sales of service	4,729	4770
Total sales of goods and service	**4,975**	**5,030**

Revenue Sources

Revenue sources are published by the nature of operations and are based on the organization and internal information of the operation.

The Company's operation is divided in to six revenue sources which are different by nature. The revenue streams are:

Media: Revenue from the operation of broadcast media, TV subscriptions, advertisement, distribution systems, set-top boxes, TVOD, SVOD and PPV.

Broadband: Revenue from internet service in fixed-line networks, including fiber optic cables, xDSL service and other data connections.

Mobile: Revenue for use of cell phones, including data transfer with in the mobile network, subscription revenue from individuals, prepaid sim cards, roaming revenue from travellers, interconnection revenues etc.

Fixed line: Revenue from home phone usage and corporate fixed line usage, interconnection revenue from fixed line.

Retail sale: Revenue from sale of telecommunications equipment and accessories.

Other revenue: Service revenues and rental of terminal equipment.

Revenue source	Media	Broad-band	Mobile	Fixed line	Retail sale	Other revenue	Total
1.1. to 31.03.2019							
Revenue	2,172	1,206	892	242	246	217	4,975
Total revenue	**2,172**	**1,206**	**892**	**242**	**246**	**217**	**4,975**

Revenue source	Media	Broad-band	Mobile	Fixed line	Retail sale	Other revenue	Total
1.1. to 31.03.2018							
Revenue	2,199	1,079	915	319	261	257	5,030
Total revenue	**2,199**	**1,079**	**915**	**319**	**261**	**257**	**5,030**

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Notes, continued.:

9. Cost of goods sold and services

Cost of goods sold and services is specified as follows:	2019 Q1	2018 Q1
Cost of good sold and services	1,650	1,761
Salaries and related expenses	554	492
Depreciation	864	753
Total cost of goods sold and services	**3,068**	**3,005**

10. Operating expenses

Operating expenses are specified as follows:	2019 Q1	2018 Q1
Office- and managing expenses	312	416
Sale- and marketing expenses	127	137
Salaries and related expenses	1,073	1,023
Depreciation	311	245
Total operating expenses	**1,822**	**1,821**

11. Depreciation

Depreciation are specified as follows:	2019 Q1	2018* Q1
Depreciation of fixed assets	307	276
Depreciation of intangible assets	204	198
Depreciation of right-of-use assets	104	-
Depreciation of TV content	560	524
Total depreciation	**1,175**	**997**

*The amount for 2018 has been restated, see further in note 5.

Change in depreciations are specified as follows:	31.3.2018	Change	Restated 31.3.2018
Depreciations	473	524	**997**

12. Inventories

Inventories are specified as follows:	3/31/2019	31.12.2018*
Telecommunications equipment for resale	317	231
Telecommunications equipment (supplies)	155	133
Total inventories	**472**	**364**

*The amount for 2018 has been restated, see further in note 5.

Change in inventories are specified as follows:	31.12.2018	Change	Restated 31.12.2018
Inventories	1,909	(1,545)	**364**

Notes, continued.:

Interim Financial Statements of Sýn hf. 31. March 2019 12 Amounts are in ISK millions

13. Intangible assets

Intangible assets are specified as follows:	3/31/2019	31.12.2018*
Goodwill	10,646	10,646
TV content	1,403	1,545
Other intangible assets	4,737	4,808
Total intangible assets	**16,786**	**16,999**

*The amount for 2018 has been restated, see further in note 5.

Change in intangible assets are specified as follows:	31.12.2018	Change	Restated 31.12.2018
Intangible assets	15,454	1,545	**16,999**

14 Other matters

Sýn hf. (the “Company”) is engaged in legal proceedings against individuals, other companies and supervisory authorities in the Icelandic telecommunication and media market. The Company recognizes obligations and/or claims due to such legal proceedings in its accounts once future payments and other benefits can be evaluated in a tangible manner. Due to uncertainties regarding future development of legal proceedings, judicial decisions, rulings, appeals and settlements, the outcome can lead to additional commitments and costs for the Company.

Sýn vs. Síminn and counterclaim

The Company filed a petition for damages against Síminn hf. for unlawful margin squeeze, claiming damages in the amount of over ISK 900 million. Síminn filed a counterclaim in the amount of ISK 2,500 million. Recently the District Court acquitted both parties. The District Court made the ruling on the grounds that neither party could provide sufficient proof of damages. In order to establish the damages incurred, the Company appealed the ruling to the National Court with a petition issued on 21 December 2018 requesting that all of Sýn’s claims should be considered. As a secondary claim, the court is requested to estimate the amount of damages. Síminn has made a counterclaim and again requests an amount of ISK 2,500 from the Company.

Síminn hf. vs. the Post and Telecom Administration, the Competition Authority, Sýn hf. and Nova ehf.

Síminn hf. filed a claim against the Competition Authority, the Company, Nova ehf. and Sendafélagið ehf. and requested an annulment of a decision of the Competition Authority’s Appeals Committee in case no. 7/2015, as well as Síminn filing a petition against the Post and Telecom Administration (“PTA”), the Company and Nova ehf., requesting an annulment of a decision of the PTA no. 14/2014. Sendafélagið ehf. was also a party to the case proceedings. With the said administrative decisions, the PTA and the Competition Authority allowed the Company and Nova ehf. to jointly use their frequency authorization in an operating entity. The joint operations have been conducted by Sendafélagið ehf.

With a ruling of the District Court on 1 April 2019, all claims made by Siminn in both court proceedings were dismissed. Siminn has filed an appeal with respect to both court cases to the National Court with a petition issued on 24 April 2019.

Disputes regarding television broadcasting

Finally, the Company is in a dispute with Síminn hf. before the authorities and courts due to matters related to television broadcasting. Firstly, an injunction was imposed on the Company for its recording and sharing of television material from Skjár Einn (now Sjónvap Símans) in a non-linear manner. The Supreme Court has confirmed the injunction with a court ruling on 18 October 2018 in case no. 329/2017.

Secondly, the PTA issued an administrative decision no. 10/2018 to the effect that Síminn hf. had violated a provision of the Media Act No. 38/2011 by directing it’s media service customers (Sjónvarp Símans) to a related telecommunication company (Síminn hf/Míla hf.). An administrative fine in the amount to ISK 9 million was imposed on Síminn.

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Notes, continued.:

14 Other matters, continued.:

Síminn vs. PTA, Sýn hf. and Gagnaveita Reykjavíkur ehf. and Míla ehf., and counterclaim

Síminn hf. has filed a claim against the PTA, the Company, Gagnaveita Reykjavíkur ehf. and Míla ehf., for the annulment of the aforesaid decision of the PTA no. 10/2018. The case was filed before the District Court of Reykjavík on 9 October 2018.

Sýn hf. issued a counterclaim on 4 December 2018 for payment from Síminn in the amount of ISK 2,092,182,056, plus penal interests, as damages for Síminn's violation of the said provisions of the Medica Act, which was confirmed in the above decision of the PTA no. 10/2018.

Síminn submitted a claim on 18 December 2018 requisted the dismissal of Sýn's counterclaim. With a ruling of 15 May 2019 Sýn´s counterclaim was dismissed on procedural grounds. Time limit for appeal to the National Court is 2 weeks. Sýn´s counterclaim will in any event be brought before the courts in a different form.

Símanum hf. vs. Sýn hf.

Síminn hf. has filed a petition against the Company for payment of damages due to losses incurred by Síminn hf. due to use by the Company of Síminn's television material from 1 October 2015 to 16 December 2015. The claim is the result of the ruling of the Supreme Court in case no. 329/2017, as mentioned above.

In the said petition, Síminn hf. requests that the Company will be subject to payment of damages in the amount of ISK 555,312,000 and punitive damages in the amount of 10 mill., including interest and penal interest. A claim for payment of litigation cost is also demanded.

The Company is of the view that there is no foundation for the claims made by Síminn hf. against the Company. The Company will therefore request a dismissal as a main claim, and acquittal as a secondary claim.

Currently, the Company is unable to evaluate future obligations or claims that may result from the above legal proceedings, amongst other, due to it being time consuming to obtain a final ruling in such cases, as well as the fact that it may change in time. Accordingly, neither an obligation nor a claim has been entered in the Company's annual accounts.