

Icelandair Group hf.
Condensed Consolidated
Interim Financial Statements
1 January - 31 March 2009

ISK

Icelandair Group hf.
Reykjavíkurlugvöllur
101 Reykjavík
Iceland
Reg. no. 631205-1780

Contents

| | |
|---|---|
| Endorsement and Statement of the Board of Directors and the CEO | 3 |
| Independent Auditor's Review Report | 4 |
| Consolidated Income Statement | 5 |
| Consolidated Balance Sheet | 6 |
| Consolidated Statement of changes in Equity | 7 |
| Consolidated Statement of Cash Flows | 8 |
| Notes to the consolidated financial statements | 9 |

Endorsement and Statement of the Board of Directors and the CEO

The condensed consolidated interim financial statements of Icelandair Group hf. for the period from 1 January to 31 March 2009 have been prepared in accordance with International Financial Reporting Standards (IFRSs) for Interim Financial Statements (IAS 34). The interim financial statements comprise the consolidated interim financial statements of Icelandair Group hf. and its subsidiaries, which were fourteen at the end of March 2009. Travel Service is now part of the consolidated financial statements but it was not for the 1st quarter of 2008.

According to the income statement net loss for the period from 1 January to 31 March 2009 amounted to ISK 3.639 million. According to the balance sheet, equity at the end of the period amounted to ISK 16.921 million, including share capital in the amount of ISK 975 million.

Statement by the Board of Directors and the CEO

The condensed consolidated interim financial statements for the three months ended 31 March 2009 have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and additional Icelandic disclosure requirements for consolidated financial statements of listed companies.

According to our best knowledge it is our opinion that the condensed consolidated interim financial statements give a true and fair view of the consolidated financial performance of the Company for the three-month period ended 31 March 2009, its assets, liabilities and consolidated financial position as at 31 March 2009 and its consolidated cash flows for the period then ended.

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

The Board of Directors and the CEO have today discussed the condensed consolidated interim financial statements of Icelandair Group hf. for the period from 1 January to 31 March 2009 and confirm them by means of their signatures.

Reykjavík, 8 May 2009.

Board of Directors:

Gunnlaugur M. Sigmundsson

Ómar Benediktsson

Ásgeir Baldurs

Einar Sveinsson

Finnur Reyr Stefánsson

Jón Benediktsson

Martha Eiríksdóttir

Sigurður Atli Jónsson

CEO:

Björgólfur Jóhannsson

Independent Auditor's Review Report

To the Board of Directors of Icelandair Group hf.

Introduction

We have reviewed the accompanying condensed consolidated financial statements of Icelandair Group hf., which comprise the consolidated balance sheet as at March 30, 2009 and the consolidated income statement, statement of changes in equity and cash flow statement for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standards as adopted by the EU. 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 consolidated interim financial information does not give a true and fair view of the financial position of the entity as at March 30, 2009, and of its financial performance and its cash flows for the three-month period then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Reykjavík, 8 May 2009.

KPMG hf.

Jón S. Helgason

Guðný H. Guðmundsdóttir

Consolidated Income Statement

for the period from 1 January to 31 March 2009

| | Notes | 2009 1.1.-31.3. | 2008 1.1.-31.3. | |
|---|-------|--------------------|--------------------|--------|
| Operating income | | | | |
| Transport revenue | | 7.310 | 6.773 | |
| Aircraft and aircrew lease | | 11.273 | 5.187 | |
| Other operating revenue | | 2.133 | 2.050 | |
| | | 20.716 | 14.010 | |
| Operating expenses | | | | |
| Salaries and other personnel expenses | | 5.392 | 5.005 | |
| Aircraft fuel | | 3.847 | 2.622 | |
| Aircraft and aircrew lease | | 4.892 | 2.551 | |
| Aircraft servicing, handling and communication | | 2.568 | 996 | |
| Aircraft maintenance expenses | | 2.777 | 1.112 | |
| Other operating expenses | | 3.546 | 2.581 | |
| | | 23.022 | 14.867 | |
| Operating loss before depreciation and amortisation (EBITDA) | (| 2.306) | (| 857) |
| Depreciation and amortisation | (| 1.198) | (| 806) |
| Operating loss before net finance costs (EBIT) | (| 3.504) | (| 1.663) |
| Finance income | | 489 | 494 | |
| Finance expense | (| 1.058) | (| 861) |
| Net finance costs | 2 | (569) | (| 367) |
| Share of profit (loss) of associates | | 18 | (| 51) |
| Loss before income tax | (| 4.055) | (| 2.081) |
| Income tax | | 416 | 403 | |
| Loss for the period | (| 3.639) | (| 1.678) |
| Attributable to: | | | | |
| Equity holders of the Company | (| 3.344) | (| 1.680) |
| Minority Interest | (| 295) | (| 2) |
| Loss for the period | (| 3.639) | (| 1.678) |
| Loss per share: | | | | |
| Basic loss per share (ISK) | (| 3,63) | (| 1,68) |
| Diluted loss per share (ISK) | (| 3,63) | (| 1,68) |

Consolidated Balance Sheet

as at 31 March 2009

| | Notes | 31.3.2009 | 31.12.2008 |
|--|-------|----------------------|----------------------|
| Assets | | | |
| Operating assets | | 36.571 | 36.798 |
| Intangible assets | | 29.217 | 29.306 |
| Deferred income tax asset | | 327 | 0 |
| Investments in associates | | 1.009 | 1.008 |
| Prepaid aircraft acquisitions | | 4.365 | 4.226 |
| Long-term receivables and deposits | | 6.243 | 6.054 |
| Total non-current assets | | <u>77.732</u> | <u>77.392</u> |
| Inventories | | 2.370 | 2.309 |
| Trade and other receivables | | 13.868 | 13.836 |
| Prepayments | | 1.309 | 1.228 |
| Cash and cash equivalents | | 2.824 | 4.065 |
| Total current assets | | <u>20.371</u> | <u>21.438</u> |
| Total assets | | <u><u>98.103</u></u> | <u><u>98.830</u></u> |
| Equity | | | |
| Share capital | | 975 | 975 |
| Share premium | | 25.450 | 25.450 |
| Reserves | | 2.217 | 1.856 |
| Accumulated deficit | | (11.560) | (8.216) |
| Total equity attributable to equity holders of the Company | | <u>17.082</u> | <u>20.065</u> |
| Minority interest | | (161) | 15 |
| Total equity | | <u><u>16.921</u></u> | <u><u>20.080</u></u> |
| Liabilities | | | |
| Loans and borrowings | 5 | 21.679 | 22.900 |
| Prepayments | | 2.228 | 2.189 |
| Deferred income tax liability | | 0 | 23 |
| Total non-current liabilities | | <u>23.907</u> | <u>25.112</u> |
| Loans and borrowings | 6 | 22.866 | 20.735 |
| Trade and other payables | | 24.176 | 25.471 |
| Deferred income | | 10.233 | 7.432 |
| Total current liabilities | | <u>57.275</u> | <u>53.638</u> |
| Total liabilities | | <u>81.182</u> | <u>78.750</u> |
| Total equity and liabilities | | <u><u>98.103</u></u> | <u><u>98.830</u></u> |

Consolidated Statement of Changes in Equity for the period from 1 January to 31 March 2009

| | Attributable to equity holders of the Company | | | | | | | Minority Interest | Total equity |
|--|---|---------------|----------------------|-----------------|---------------------|---------------------|-----------|-------------------|--------------|
| | Share capital | Share premium | Share option reserve | Reserves | | | Total | | |
| | | | | Hedging reserve | Translation reserve | Accumulated deficit | | | |
| 1 January to 31 March 2008 | | | | | | | | | |
| Equity 1.1.2008 | 981 | 25.593 | 168 | (24) | (1.440) | (293) | 24.985 | 48 | 25.033 |
| Foreign currency translation differences for foreign operations | | | | | 2.076 | | 2.076 | | 2.076 |
| Net profit on hedge of net investment in foreign operation | | | | | (33) | | (33) | | (33) |
| Effective portion of changes in fair value of cash flow hedges, net of tax | | | | 27 | | | 27 | | 27 |
| Net income and expense recognised directly in equity | | | | 27 | 2.043 | 0 | 2.070 | 0 | 2.070 |
| Loss for the period | | | | | | (1.678) | (1.678) | (2) | (1.680) |
| Total recognised income (expense) | | | | 27 | 2.043 | (1.678) | 392 | (2) | 390 |
| Share based payments | | | 23 | | | | 23 | | 23 |
| Equity 31.3.2008 | 981 | 25.593 | 191 | 3 | 603 | (1.971) | 25.400 | 46 | 25.446 |
| 1 January to 31 March 2009 | | | | | | | | | |
| Equity 1.1.2009 | 975 | 25.450 | 153 | (4.207) | 5.910 | (8.216) | 20.065 | 15 | 20.080 |
| Foreign currency translation differences for foreign operations | | | | | (383) | | (383) | (5) | (388) |
| Net profit on hedge of net investment in foreign operation | | | | | 51 | | 51 | | 51 |
| Effective portion of changes in fair value of cash flow hedges, net of tax | | | | 685 | | | 685 | 124 | 809 |
| Net income and (expense) recognised directly in equity | | | | 685 | (332) | 0 | 353 | 119 | 472 |
| Loss for the period | | | | | | (3.344) | (3.344) | (295) | (3.639) |
| Total recognised income (expense) | | | | 685 | (332) | (3.344) | (2.991) | (176) | (3.167) |
| Share based payments | | | 8 | | | | 8 | | 8 |
| Equity 31.3.2009 | 975 | 25.450 | 161 | (3.522) | 5.578 | (11.560) | 17.082 | (161) | 16.921 |

Consolidated Statement of Cash Flows for the Three Months Ended 31 March 2009

| | Notes | 2009 1.1.-31.3. | 2008 1.1.-31.3. |
|--|-------|--------------------|--------------------|
| Cash flows from operating activities | | | |
| Loss for the period | (| 3.639 | (1.678) |
| Adjustments for: | | | |
| Depreciation and amortisation | | 1.198 | 806 |
| Other operating items | 9 | (274) | 1.028 |
| Working capital (to) from operations | | (2.715) | 156 |
| Net change in operating assets and liabilities | | 2.081 | 2.925 |
| Net cash (to) from operating activities | | (634) | 3.081 |
| Cash flows from investing activities: | | | |
| Acquisition of operating assets | (| 1.089 | (811) |
| Proceeds from the sale of operating assets | | 23 | 26 |
| Acquisition of intangible assets | (| 3 | (30) |
| Long-term receivables, decrease | | 136 | 321 |
| Current receivables, change | | 0 | 690 |
| Net cash (used in) from investing activities | | (933) | 196 |
| Cash flows from financing activities: | | | |
| Proceeds from long term borrowings | | 94 | 3.446 |
| Repayment of long term borrowings | (| 819 | (6.970) |
| Proceeds from short term borrowings | | 1.197 | 1.231 |
| Net cash from (used in) financing activities | | 472 | (2.293) |
| (Decrease) increase in cash and cash equivalents | (| 1.095 | 984 |
| Effect of exchange rate fluctuations on cash held | (| 146 | 284 |
| Cash and cash equivalents at 1 January | | 4.065 | 2.006 |
| Cash and cash equivalents at 31 March | | 2.824 | 3.274 |

Notes

Significant accounting policies

a. *Reporting entity*

Icelandair Group hf. (the "Company") is a limited liability company incorporated and domiciled in Iceland. The address of the Company's registered office is at Reykjavíkurlugvöllur in Reykjavík, Iceland. The consolidated interim financial statements of the Company as at and for the three-month period ended 31 March 2009 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates. The Group's operations are in the airline transportation and tourism industry.

b. *Statement of compliance*

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard IAS 34, *Interim Financial Reporting*. They do not include all of the information required for a complete set of consolidated annual financial statements, and should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended 31 December 2008.

The condensed consolidated interim financial statements were approved for issue by the Board of Directors on 8 May 2009.

c. *Basis of preparation*

The accounting policies and methods of computation applied by the Company in these condensed interim consolidated financial statements are the same as those applied by the Company in its consolidated financial statements as at and for the year ended 31 December 2008. The consolidated financial statements for the year ended 31 December 2008 are available at the Company's office and website, www.icelandairgroup.is and at The Icelandic Stock Exchange website, www.omxgroup.com.

The condensed consolidated interim financial statements are prepared in Icelandic kronas, which is the Company's functional currency, rounded to the nearest million. They are prepared on the historical cost basis except that derivative financial instruments are stated at their fair value.

d. *Use of estimates and judgements*

The preparation of interim financial statements in conformity with IFRSs 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.

Notes, contd.:

1. Segment reporting

Business segments

1 January to 31 March 2009

| | Scheduled airline & tourism operations | Global capacity and aircraft trading | Shared services | Eliminations | Consolidated |
|---|--|---|--------------------|-------------------|------------------|
| External revenue | 9.694 | 10.997 | 25 | | 20.716 |
| Inter-segment revenue | 4.305 | 829 | 153 | (5.287) | |
| Segment revenue | <u>13.999</u> | <u>11.826</u> | <u>178</u> | <u>(5.287)</u> | <u>20.716</u> |
| Segment EBITDAR | 1.410 | 1.181 | (203) | | 2.388 |
| Segment EBITDA | (250) | (1.850) | (206) | | (2.306) |
| Segment results | (1.180) | (2.109) | (215) | | (3.504) |
| Net finance costs | 215 | (69) | (715) | | (569) |
| Share of profit of associates | 0 | 18 | 0 | | 18 |
| Income tax | 144 | 129 | 143 | | 416 |
| Loss for the period | <u>(821)</u> | <u>(2.031)</u> | <u>(787)</u> | | <u>(3.639)</u> |
| Segment assets | 54.670 | 31.306 | 56.304 | (45.186) | 97.094 |
| Investments in associates | 113 | 867 | 29 | | 1.009 |
| Total assets | <u>54.783</u> | <u>32.173</u> | <u>56.333</u> | <u>(45.186)</u> | <u>98.103</u> |
| Segment liabilities | 53.924 | 28.047 | 38.123 | (38.912) | 81.182 |
| Total liabilities | <u>53.924</u> | <u>28.047</u> | <u>38.123</u> | <u>(38.912)</u> | <u>81.182</u> |
| Capital expenditure | 500 | 592 | 0 | | 1.092 |
| Depreciation | 868 | 199 | 6 | | 1.073 |
| Amortisation of intangible assets | 62 | 61 | 2 | | 125 |

Notes, contd.:

| | 1 January to 31 March 2008 | | | | |
|---|---|---|----------------------------|---------------------|---------------------|
| | Scheduled airline & tourism operations | Global capacity and aircraft trading | Shared services | Eliminations | Consolidated |
| External revenue | 9.318 | 4.642 | 50 | | 14.010 |
| Inter-segment revenue | 3.708 | 39 | 143 | (3.890) | |
| Segment revenue | <u>13.026</u> | <u>4.681</u> | <u>193</u> | <u>(3.890)</u> | <u>14.010</u> |
| Segment EBITDAR | (35) | 902 | (162) | | 705 |
| Segment EBITDA | <u>(990)</u> | <u>295</u> | <u>(162)</u> | | <u>(857)</u> |
| Segment results | (1.596) | 164 | (231) | | (1.663) |
| Net finance costs | 92 | (50) | (409) | | (367) |
| Share of loss of associates | 0 | (51) | 0 | | (51) |
| Income tax | 266 | (31) | 168 | | 403 |
| (Loss) profit for the period | <u>(1.238)</u> | <u>32</u> | <u>(472)</u> | | <u>(1.678)</u> |
| Segment assets | 40.807 | 11.433 | 48.132 | (29.506) | 70.866 |
| Investments in associates | 88 | 2.853 | 3 | | 2.944 |
| Total assets | <u>40.895</u> | <u>14.286</u> | <u>48.135</u> | <u>(29.506)</u> | <u>73.810</u> |
| Segment liabilities | 36.142 | 9.387 | 21.774 | (18.939) | 48.364 |
| Total liabilities | <u>36.142</u> | <u>9.387</u> | <u>21.774</u> | <u>(18.939)</u> | <u>48.364</u> |
| Capital expenditure | 815 | 19 | 7 | | 841 |
| Depreciation | 565 | 131 | 6 | | 702 |
| Amortisation of intangible assets | 62 | 42 | 0 | | 104 |

Notes, contd.:

2. Finance income and finance expense

Finance income and finance expense are specified as follows:

| | 2009 | 2008 |
|--|-------------------|-------------------|
| | 1.1.-31.3. | 1.1.-31.3. |
| Interest income on bank deposits | 19 | 35 |
| Other interest income | 16 | 53 |
| Gain from sale of derivatives | 78 | 0 |
| Net foreign exchange gain | 376 | 406 |
| Finance income total | <u>489</u> | <u>494</u> |
| Interest expense on loans and borrowings | 914 | 814 |
| Other interest expenses | 144 | 47 |
| Finance expense total | <u>1.058</u> | <u>861</u> |
| Net finance expense | <u>(569)</u> | <u>(367)</u> |

3. Equity

The Company's share capital amounts to ISK 1,000 million as decided in its Articles of Association. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share of one ISK.

Share premium

Share premium represents excess of payment above nominal value (ISK 1 per share) that shareholders have paid for shares sold by the Company. According to 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.

Share option reserve

The reserve includes the accrued part of the fair value of share options. This reserve is reversed if share options are forfeited and is transferred to share premium if share options are exercised.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations as well as from the translation of liabilities that hedge net investment in a foreign subsidiary.

Notes, contd.:

4. Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost.

| | | |
|--|------------------|-------------------|
| Non-current loans and borrowings are specified as follows: | 31.3.2009 | 31.12.2008 |
| Secured bank loans | 24.476 | 25.542 |
| Convertible notes | 1.925 | 1.918 |
| Current maturities | (4.722) | (4.560) |
| Total non-current loans and borrowings | <u>21.679</u> | <u>22.900</u> |

Current loans and borrowings are specified as follows:

| | | |
|---|---------------|---------------|
| Current maturities of non-current liabilities | 4.722 | 4.560 |
| Short term notes | 2.976 | 3.681 |
| Short-term loans from credit institutions | 15.168 | 12.494 |
| Total current loans and borrowings | <u>22.866</u> | <u>20.735</u> |
| Total loans and borrowings | <u>44.545</u> | <u>43.635</u> |

At the end of March 2009 loans and borrowings due within one year amounted to ISK 22.866 million. Thereof 4.722 million are current maturities of long term loans and 18.144 million are revolvers and other short term loan facilities. At the same time the current ratio was 0.36 which is below the Company's target. The Company is working with its commercial bank, Islandsbanki, on improving its debt maturity profile and equity ratio.

5. Secured bank loans

Secured bank loans are specified as follows:

| | Average interest rates | Total remaining balance 31.3.2009 | Average interest rates | Total remaining balance 31.12.2008 |
|--------------------------------|---------------------------|--|---------------------------|---|
| Debt in USD | 5,6% | 20.114 | 5,3% | 20.776 |
| Debt in EUR | 4,0% | 1.953 | 4,3% | 1.995 |
| | | <u>22.067</u> | | <u>22.771</u> |
| Debt in ISK indexed | 8,7% | 2.409 | 8,7% | 2.387 |
| Debt in ISK not indexed | | 0 | 18,0% | 384 |
| Total secured bank loans | | <u>24.476</u> | | <u>25.542</u> |

6. Contractual repayments of loans and borrowings

Contractual repayments of loans and borrowings are specified as follows:

| | |
|--|---------------|
| Repayments in 1.4.2009 - 31.3.2010 | 22.866 |
| Repayments in 1.4.2010 - 31.3.2011 | 3.147 |
| Repayments in 1.4.2011 - 31.3.2012 | 8.811 |
| Repayments in 1.4.2012 - 31.3.2013 | 2.234 |
| Repayments in 1.4.2013 - 31.3.2014 | 6.716 |
| Subsequent repayments | 771 |
| Total loans and borrowings | <u>44.545</u> |

Notes, contd.:

7. Convertible notes

| Convertible notes are specified as follows: | 31.3.2009 | 31.12.2008 |
|---|-----------|------------|
| Proceeds from issue of convertible notes - nominal amount | 2.000 | 2.000 |
| Transaction cost | (39) | (39) |
| Net proceeds | 1.961 | 1.961 |
| Amount classified as equity | (110) | (110) |
| Expensed transaction cost | 74 | 67 |
| Carrying amount of liability | 1.925 | 1.918 |

Convertible notes were issued in October 2006. The nominal amount in ISK will be paid in a single amount in 2011. They are convertible at the option of the holder into ordinary shares over the 5 year period at the price ISK 29.7 per share, 20% each year. The effective interest was 16,11% at period-end.

8. Group entities

The Company holds fourteen subsidiaries, which are all included in the consolidated interim financial statements. They are:

| | Share |
|---|-------|
| Scheduled airline operations and tourism: | |
| Air Iceland ehf. | 100% |
| Iceland Travel ehf. | 100% |
| Icelandair ehf. | 100% |
| Icelandair Cargo ehf. | 100% |
| Icelandair Ground Services ehf. (IGS) | 100% |
| Icelandair Hotels ehf. | 100% |
| Global capacity solutions and aircraft trading: | |
| Bluebird Cargo ehf. | 100% |
| Icelandair ehf. | 100% |
| IG Invest ehf. | 100% |
| Lofleiðir - Icelandic ehf. | 100% |
| SmartLynx, Latvia | 100% |
| Travel Service, Czech Republic | 66% |
| Shared services: | |
| IceCap Ltd., Guernsey | 100% |
| Icelandair Shared Services ehf. | 100% |

Lerox CZ s.r.o in Czech Republic was dissolved during the period.

The subsidiaries own 15 subsidiaries that are all included in the consolidated interim financial statements.

9. Statement of cash flows

Other operating items in the statement of cash flows are specified as follows:

| | 2009 | 2008 |
|---|------------|------------|
| | 1.1.-31.3. | 1.1.-31.3. |
| Gain on the sale of assets | (16) | (2) |
| Exchange rate difference and indexation of liabilities and assets | 116 | 1.155 |
| Share of (profit) loss of associates | (18) | 51 |
| Income tax | (350) | (381) |
| Other items | (6) | 205 |
| Total other operating items in the statement of cash flows | (274) | 1.028 |

Notes, contd.:

10. Ratios

| The Group's primary ratios are specified as follows: | 31.3.2009 | 31.3.2008 |
|--|-----------|-----------|
| Working capital ratio | 0,36 | 0,46 |
| Equity ratio | 0,17 | 0,34 |
| Intrinsic value of share capital | 17,35 | 25,94 |

11. Other

During the first half of 2007 the Competition Authorities fined the subsidiary, Icelandair ehf., due to an alleged breach of the competition law. The penalty amounts to ISK 130 million after it was lowered by 30% after the decision was appealed. Icelandair Group hf. has decided to take this case to court and considers it more likely than not that the fine will be withdrawn in full. Nothing has been expensed in the interim financial statements on this case.