



Eimskipafélag Íslands hf.

Condensed Consolidated Interim Financial Statements

1 January to 31 March 2019

EUR

Eimskipafélag Íslands hf.  
Korngardar 2  
104 Reykjavík  
Iceland

Reg. no. 690409-0460

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

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## Operations and significant matters

Eimskip is a leading transportation company in the North Atlantic with connections to international markets and is specialized in worldwide freight forwarding services, with the vision of providing excellence in transportation solutions and services. Eimskip specializes in shipping, logistics and supply chain management and offers its customers solutions on land, sea and air with special emphasis on the handling and storing of any type of temperature-controlled cargo, frozen or chilled, and dry cargo.

The Annual General Meeting of Eimskip approved on 28 March 2019 a dividend payment to shareholders of ISK 3.50 per share. The total dividend payment amounted to ISK 653.2 million or EUR 4.8 million. The payment date was 10 April 2019.

Net loss for the first three months of the year 2019 amounted to EUR 2.5 million according to the Consolidated Income Statement. Total equity at 31 March 2019 amounted to EUR 233.3 million according to the Statement of Financial Position.

## Statement by the Board of Directors and the CEO

The Condensed Consolidated Interim Financial Statements of Eimskipafélag Íslands hf. and its subsidiaries (together referred to as "Eimskip" or the "Group") for the period 1 January to 31 March 2019 are prepared and presented in accordance with International Financial Reporting Standards (IFRS) for Interim Financial Statements (IAS 34) as adopted by the EU and additional requirements for listed Icelandic companies. The Financial Statements are presented in thousands of EUR. The Condensed Consolidated Interim Financial Statements have not been audited or reviewed by the Company's independent auditors.

According to the best of our knowledge, it is our opinion that these Condensed Consolidated Interim Financial Statements give a true and fair view of the consolidated financial performance of Eimskip for the three months ended 31 March 2019, its assets, liabilities and consolidated financial position as at 31 March 2019 and its consolidated cash flows for the three month period ended 31 March 2019.

Further, in our opinion the Consolidated Financial Statements and the Endorsement by the Board of Directors and the CEO give a fair view of the development and performance of Eimskip's operations and its position and describe the principal risks and uncertainties faced by Eimskip.

The Board of Directors and the CEO have today discussed the Condensed Consolidated Interim Financial Statements of Eimskipafélag Íslands hf. for the period 1 January to 31 March 2019 and confirm them by means of their signatures.

Reykjavík, 23 May 2019

### Board of Directors:

Baldvin Thorsteinsson, Chairman  
Hrund Rudolfsdóttir  
Guðrún Ó. Blöndal  
Lárus L. Blöndal  
Óskar Magnússon

### CEO:

Vilhelm Már Thorsteinsson

# Consolidated Income Statement

## 1 January to 31 March 2019

	Notes	2019 1.1. - 31.3.	2018 1.1. - 31.3.
<b>Revenue</b>			
Operating revenue .....	5	163,988	155,532
<b>Expenses</b>			
Operating expenses .....		115,746	114,536
Salaries and related expenses .....		32,720	33,745
	5	148,466	148,281
<b>Operating profit, EBITDA</b> .....		15,522	7,251
Depreciation and amortization .....		( 13,078)	( 7,807)
<b>Results from operating activities, EBIT</b> .....		2,444	( 556)
Finance income .....		271	73
Finance expense .....		( 1,395)	( 1,015)
Net foreign currency exchange loss .....		( 174)	( 172)
Net finance expense .....	6	( 1,298)	( 1,114)
Share of loss of equity accounted investees .....		( 84)	( 670)
<b>Net earnings (loss) before income tax</b> .....		1,062	( 2,340)
Income tax .....		( 3,575)	754
<b>Net loss for the period</b> .....		( 2,513)	( 1,586)
<b>Net loss for the period attributable to:</b>			
Equity holders of the Company .....		( 2,579)	( 1,621)
Non-controlling interest .....		66	35
		( 2,513)	( 1,586)
<b>Earnings per share:</b>			
Basic and diluted loss per share (EUR per share) .....	7	( 0.0138)	( 0.0087)

The notes on pages 10 to 17 are an integral part of these Condensed Consolidated Interim Financial Statements.

# Consolidated Statement of Comprehensive Income

## 1 January to 31 March 2019

	Notes	2019 1.1. - 31.3.	2018 1.1. - 31.3.
Net loss for the period .....		( 2,513)	( 1,586)
<b>Other comprehensive income:</b>			
<b>Items that are or may subsequently be reclassified the income statement</b>			
Foreign currency translation difference of foreign operations .....		1,109	( 1,007)
Effective portion of changes in fair value of cash flow hedges, net of income tax .....		648	( 174)
Fair value changes of non-controlling put option liability .....		( 112)	( 474)
<b>Other comprehensive income (loss) for the period .....</b>		<b>1,645</b>	<b>( 1,655)</b>
<b>Total comprehensive loss for the period .....</b>		<b>( 868)</b>	<b>( 3,241)</b>
<b>Total comprehensive loss for the period attributable to:</b>			
Equity holders of the Company .....		( 1,111)	( 3,211)
Non-controlling interest .....		243	( 30)
		<b>( 868)</b>	<b>( 3,241)</b>

The notes on pages 10 to 17 are an integral part of these Condensed Consolidated Interim Financial Statements.

# Consolidated Statement of Financial Position

## as at 31 March 2019

	Notes	31.3.2019	31.12.2018
<b>Assets:</b>			
Property, vessels and equipment .....		246,472	245,895
Right-of-use assets .....	8	33,612	0
Intangible assets .....		67,684	67,870
Equity accounted investees .....		11,899	11,731
Finance assets .....		3,653	3,777
Deferred tax assets .....		3,513	5,899
Total non-current assets		366,833	335,172
Inventories .....		5,280	5,075
Trade and other receivables .....	9	120,271	124,108
Cash and cash equivalents .....		26,684	21,941
Total current assets		152,235	151,124
Total assets		519,068	486,296
<b>Equity:</b>			
Share capital .....		1,165	1,165
Share premium .....		154,726	154,726
Reserves .....		20,214	18,317
Retained earnings .....		52,194	59,950
Total equity attributable to equity holders of the parent company		228,299	234,158
Non-controlling interest .....		5,002	4,768
Total equity		233,301	238,926
<b>Liabilities:</b>			
Loans and borrowings .....	10	132,345	130,860
Lease liabilities .....	11	23,589	0
Other long-term liabilities .....		5,137	5,025
Deferred tax liability .....		4,714	4,868
Total non-current liabilities		165,785	140,753
Loans and borrowings .....	10	28,592	28,733
Lease liabilities .....	11	10,011	0
Dividend payable .....		4,920	0
Trade and other payables .....	12	76,459	77,884
Total current liabilities		119,982	106,617
Total liabilities		285,767	247,370
Total equity and liabilities		519,068	486,296

The notes on pages 10 to 17 are an integral part of these Condensed Consolidated Interim Financial Statements.

# Consolidated Statement of Changes in Equity

## 1 January to 31 March 2019

### Attributable to equity holders of the Company

	Share capital	Share premium	Reserves				Un-distributed profits	Retained earnings	Total	Non-controlling interest	Total equity
			Trans-lation reserve	Hedging reserve	Fair value changes of minority put options						
<b>Changes in Equity 1 January to 31 March 2018:</b>											
Equity at 1 January 2018 .....	1,165	154,726	( 6,054)	748	0	25,648	63,878	240,111	4,499	244,610	
Dividend declared (0.0555 EUR per share) .....							( 10,360)	( 10,360)		( 10,360)	
Changes in non-controlling interest .....								0	7	7	
Total comprehensive income for the period .....			( 942)	( 174)	( 474)		( 1,621)	( 3,211)	( 30)	( 3,241)	
Profit of subsidiaries net of dividend received .....						( 2,398)	2,398	0		0	
Equity at 31 March 2018 .....	1,165	154,726	( 6,996)	574	( 474)	23,250	54,295	226,540	4,476	231,016	
Reserves .....						16,354					
<b>Changes in Equity 1 January to 31 March 2019:</b>											
Equity at 1 January 2019 .....	1,165	154,726	( 7,571)	( 10)	( 375)	26,273	59,950	234,158	4,768	238,926	
Dividend declared (0.0255 EUR per share) .....							( 4,748)	( 4,748)		( 4,748)	
Changes in non-controlling interest .....								0	( 9)	( 9)	
Total comprehensive income for the period .....			932	648	( 112)		( 2,579)	( 1,111)	243	( 868)	
Profit of subsidiaries net of dividend received .....						429	( 429)	0		0	
Equity at 31 March 2019 .....	1,165	154,726	( 6,639)	638	( 487)	26,702	52,194	228,299	5,002	233,301	
Reserves .....						20,214					

The notes on pages 10 to 17 are an integral part of these Condensed Consolidated Interim Financial Statements.



# Consolidated Statement of Cash Flows

## 1 January to 31 March 2019

	Notes	2019 1.1. - 31.3.	2018 1.1. - 31.3.
<b>Cash flows from operating activities:</b>			
Net loss for the period .....		( 2,513)	( 1,586)
Adjustments for:			
Depreciation and amortization .....		13,078	7,807
Net finance expense .....	6	1,298	1,114
Share of loss of equity accounted investees .....		84	670
Change in deferred taxes .....		1,882	( 1,615)
Other changes .....		( 115)	( 360)
		13,714	6,030
Changes in current assets and liabilities:			
Inventories, change .....		( 175)	( 943)
Receivables, change .....		4,532	( 2,504)
Payables, change .....		( 996)	558
Change in current assets and liabilities		3,361	( 2,889)
Interest paid .....		( 1,420)	( 899)
Interest received .....		278	11
Taxes paid .....		( 539)	( 265)
Net cash from operating activities		15,394	1,988
<b>Cash flows used in investing activities:</b>			
Acquisition of property, vessels and equipment .....		( 7,607)	( 12,594)
Acquisition of intangible assets .....		( 662)	( 298)
Proceeds from the sale of property, vessels and equipment .....		294	699
Changes in finance assets .....		110	( 1,648)
Net cash used in investing activities		( 7,865)	( 13,841)
<b>Cash flows from financing activities:</b>			
Dividend paid to non-controlling interest and other changes .....		( 195)	( 380)
Proceeds from non-current loans and borrowings .....		4,183	11,576
Repayment of non-current loans and borrowings .....		( 2,793)	( 2,743)
Repayment of lease liabilities .....		( 4,359)	0
Short term borrowings, change .....		( 25)	2,079
Net cash (used in) provided by financing activities		( 3,189)	10,532
Changes in cash and cash equivalents .....		4,340	( 1,321)
Cash and cash equivalents at the beginning of the year .....		21,941	23,169
Effects of exchange rate fluctuations on cash held .....		403	( 234)
<b>Cash and cash equivalents at the end of the period</b> .....		26,684	21,614
<b>Investing and financing activities not affecting cash flows:</b>			
Acquisition of property, vessels, equipment and intangible assets .....		( 319)	( 207)
Proceeds from non-current loans and borrowings .....		319	207
Acquisition of right-of-use assets .....		( 209)	0
New or renewed leases .....		209	0
Dividend declared .....		4,748	10,360
Payables, change .....		( 4,748)	( 10,360)

The notes on pages 10 to 17 are an integral part of these Condensed Consolidated Interim Financial Statements.

# Notes to the Consolidated Financial Statements

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## 1. Reporting entity

Eimskipafélag Íslands hf. (the "Company" or the "Parent Company") is a public limited liability company domiciled in Iceland. The address of the Company's registered office is Korngardar 2, 104 Reykjavík. The Condensed Consolidated Interim Financial Statements of the Company for the period 1 January to 31 March 2019 comprise the Company and its subsidiaries (together referred to as "Eimskip" or the "Group"). The Parent Company is an investment company focused on investments in shipping and logistics services. The Company's shares are listed at Nasdaq Iceland.

## 2. Basis of preparation

### a. Statement of compliance

The Condensed Consolidated Interim Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Icelandic disclosure requirements for consolidated financial information of listed companies in accordance with Icelandic Financial Statements Act No. 3/2006 and rules for issuers of financial instruments on Nasdaq Iceland.

The Condensed Consolidated Interim Financial Statements 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 2018, which is available on the Company's website, [www.eimskip.is](http://www.eimskip.is), and in the company news release distribution network of Nasdaq Nordic.

This is the first set of the Group's financial statements in which IFRS 16 has been applied. Changes to significant accounting policies are described in Note 3.

The Condensed Consolidated Interim Financial Statements were approved and authorized for issue by the Company's Board of Directors on 23 May 2019.

### b. Functional and presentation currency

These Condensed Consolidated Interim Financial Statements are presented in Euro (EUR), which is the Company's functional currency. All financial information presented in EUR has been rounded to the nearest thousand.

## 3. Significant accounting policies

Except as described below, with respect to the effect of adoption of IFRS 16 from 1 January 2019, the accounting policies applied in these Condensed Consolidated Interim Financial Statements are the same as those applied in the Group's Consolidated Financial Statements as at and for the year ended 31 December 2018.

The changes in accounting policies are expected to be reflected in the Group's Consolidated Financial Statements as at and for the year ending 31 December 2019.

The Group has as a lease adopted IFRS 16 with an effective date of 1 January 2019. The transition approach for IFRS 16 is the modified retrospective approach, as a result there is no impact on retained earnings as at 1 January 2019.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees.

### IFRS 16 Leases

IFRS 16 introduces new or amended requirements with respect to lease accounting. IFRS 16 introduces significant changes to the lessee accounting by removing the distinction between operating and finance lease requirements and by 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. Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the Income Statement. Short-term leases are leases with a lease term of 12 months or less.

In accordance with the implementation of IFRS 16, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the lessee's incremental borrowing rate.

## Notes

### 3. Significant accounting policies, continued

#### IFRS 16 Leases, continued

The Group has completed a detailed assessment of the impact on its Consolidated Financial Statements. The most significant impact identified is that the Group has recognized new assets and liabilities for its operating leases of buildings, vessels, vehicles and equipments.

As at 1 January 2019, the additional assets and liabilities in the Statement of Financial Position amount to EUR 38.1 million. In addition, the nature of expenses related to those leases has now changed as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities.

The Group does not expect the adoption of IFRS 16 to impact its ability to comply with the revised maximum leverage threshold of loan covenants.

The impact of the adoption of IFRS 16 on the Company's Condensed Consolidated Interim Financial Statements is shown in the following table.

	<b>2019</b>		
	<b>1.1. - 31.3.</b>		
	<b>As reported</b>	<b>Impact of IFRS 16</b>	<b>Excluding IFRS 16</b>
<b>Revenue</b>			
Operating revenue .....	163,988		163,988
<b>Expenses</b>			
Operating expenses .....	115,746	4,890	120,636
Salaries and related expenses .....	32,720		32,720
	148,466	4,890	153,356
<b>Operating profit, EBITDA</b> .....	15,522	( 4,890)	10,632
Depreciation and amortization .....	( 13,078)	4,691	( 8,387)
<b>Results from operating activities, EBIT</b> .....	2,444	( 199)	2,245
Finance income .....	271		271
Finance expenses .....	( 1,395)	313	( 1,082)
Net foreign currency exchange loss .....	( 174)	( 126)	( 300)
Net finance expense .....	( 1,298)	187	( 1,111)
Share of loss of equity accounted investees .....	( 84)		( 84)
<b>Net earnings before income tax</b> .....	1,062	( 12)	1,050
Income tax .....	( 3,575)	2	( 3,573)
<b>Net loss for the period</b> .....	( 2,513)	( 10)	( 2,523)

### 4. Use of estimates and judgements

The preparation of the Condensed Consolidated Interim Financial Statements in conformity with IFRS 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.

In preparing these Condensed Consolidated Interim Financial Statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual the Consolidated Financial Statements as at and for the year ended 31 December 2018, except for the new significant judgements related to lessee accounting under IFRS 16.

## Notes

### 5. Segment reporting

#### Business segments

##### 1 January to 31 March 2019

	Liner services	Forwarding services	Consoli- dated
Revenue, external .....	105,712	58,276	163,988
Inter-segment revenue .....	9,284	13,710	22,994
Total .....	114,996	71,986	186,982
Expenses, external .....	( 90,591)	( 57,875)	( 148,466)
Inter-segment expense .....	( 13,710)	( 9,284)	( 22,994)
<b>EBITDA</b> .....	10,695	4,827	15,522
Depreciation and amortization .....	( 11,498)	( 1,580)	( 13,078)
<b>EBIT</b> .....	( 803)	3,247	2,444
Net finance expense .....	( 1,254)	( 44)	( 1,298)
Share of (loss) earnings of equity accounted investees .....	( 123)	39	( 84)
Income tax .....	( 2,752)	( 823)	( 3,575)
Net (loss) earnings for the period .....	( 4,932)	2,419	( 2,513)

##### 1 January to 31 March 2018

Revenue, external .....	100,642	54,890	155,532
Inter-segment revenue .....	7,800	11,758	19,558
Total .....	108,442	66,648	175,090
Expenses, external .....	( 92,525)	( 55,756)	( 148,281)
Inter-segment expense .....	( 11,758)	( 7,800)	( 19,558)
<b>EBITDA</b> .....	4,159	3,092	7,251
Depreciation and amortization .....	( 7,369)	( 438)	( 7,807)
<b>EBIT</b> .....	( 3,210)	2,654	( 556)
Net finance expense .....	( 928)	( 186)	( 1,114)
Share of loss of equity accounted investees .....	( 629)	( 41)	( 670)
Income tax .....	1,484	( 730)	754
Net (loss) earnings for the period .....	( 3,283)	1,697	( 1,586)

#### Information on assets and liabilities

Segment assets as at 31 March 2019 .....	430,750	88,318	519,068
Segment assets as at 31 December 2018 .....	406,488	79,808	486,296
Segment liabilities as at 31 March 2019 .....	233,187	52,580	285,767
Segment liabilities as at 31 December 2018 .....	209,836	37,534	247,370
Capital expenditure for the period 1 January to 31 March 2019 .....	8,338	250	8,588
Capital expenditure for the period 1 January to 31 March 2018 .....	12,714	385	13,099

#### Geographical segments

In presenting information on the basis of geographical segments, segment revenue and assets are based on the geographical location of assets.

	North Atlantic	Other territories	Consoli- dated
Revenue, external for the period 1 January to 31 March 2019 .....	154,377	9,611	163,988
Revenue, external for the period 1 January to 31 March 2018 .....	144,110	11,422	155,532
Geographical location of assets as at 31 March 2019 .....	504,604	14,464	519,068
Geographical location of assets as at 31 December 2018 .....	472,214	14,082	486,296
Capital expenditure for the period 1 January to 31 March 2019 .....	8,572	16	8,588
Capital expenditure for the period 1 January to 31 March 2018 .....	13,097	2	13,099

## Notes

	<b>2019</b>	<b>2018</b>
	<b>1.1. - 31.3.</b>	<b>1.1. - 31.3.</b>
<b>6. Finance income and expense</b>		
Finance income is specified as follows:		
Interest income .....	271	73
Finance income .....	271	73
Finance expense is specified as follows:		
Interest on long-term loans .....	( 890)	( 812)
Interest on lease liabilities .....	( 313)	0
Other finance expense .....	( 192)	( 203)
Finance expense .....	( 1,395)	( 1,015)
Net foreign currency exchange loss .....	( 174)	( 172)
Net finance expense .....	( 1,298)	( 1,114)

## 7. Earnings per share

### Basic and diluted earnings per share

The calculation of basic earnings per share was based on earnings attributable to shareholders and a weighted average number of shares outstanding during the period. Diluted earnings per share is equal to earnings per share whereas Eimskip has not issued convertible bonds nor granted stock options. Calculations are as follows:

	<b>2019</b>	<b>2018</b>
	<b>1.1. - 31.3.</b>	<b>1.1. - 31.3.</b>
Net loss attributable to equity holders of the Company .....	( 2,579)	( 1,621)
Number of issued shares at 1 January in thousands .....	187,000	200,000
Effect of treasury shares in thousands .....	( 361)	( 13,361)
Weighted average number of outstanding shares in thousands .....	186,639	186,639
Basic and diluted loss per share (EUR) .....	( 0.0138)	( 0.0087)

## Notes

### 8. Right-of-use assets

The Group has adopted IFRS 16 and started reporting as of 1 January 2019. As a consequence, the Group recognizes a Right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The following table shows the Right of use assets:

	Buildings and		Vehicles and		Total
	Land	Cold storage	Vessels	Equipment	
<b>Cost</b>					
At 1 January 2019 .....	7,784	17,248	11,065	1,922	38,019
New leases .....	0	91	0	118	209
Currency adjustments .....	0	71	0	6	77
Balance at 31 March 2019 .....	7,784	17,410	11,065	2,046	38,305
<b>Depreciation</b>					
Depreciation .....	109	1,049	3,313	220	4,691
Currency adjustments .....	0	1	0	1	2
Balance at 31 March 2019 .....	109	1,050	3,313	221	4,693
<b>Carrying amounts</b>					
At 1 January 2019 .....	7,784	17,248	11,065	1,922	38,019
At 31 March 2019 .....	7,675	16,360	7,752	1,825	33,612

The Group adopted IFRS 16 at 1 January 2019 with no restatement of comparative periods, therefore no comparatives are presented.

### 9. Trade and other receivables

Trade and other receivables are specified as follows:

	31.3.2019	31.12.2018
Trade receivables .....	106,768	110,861
Restricted cash .....	709	511
Other receivables .....	12,794	12,736
Trade and other receivables total .....	120,271	124,108

### 10. Loans and borrowings

This note provides information on the contractual terms of Eimskip's interest bearing loans and borrowings.

Loans and borrowings consist of the following:

	31.3.2019	31.12.2018
Secured bank loans .....	146,755	145,113
Finance lease liabilities .....	14,078	14,351
Bank overdraft and short term borrowing .....	104	129
Total loans and borrowings .....	160,937	159,593
Current maturities of secured bank loans .....	( 18,218)	( 18,321)
Finance lease liabilities payable within one year .....	( 10,270)	( 10,283)
Bank overdraft and short term borrowing .....	( 104)	( 129)
Current loans and borrowings .....	( 28,592)	( 28,733)
Non-current loans and borrowings .....	132,345	130,860

The loan agreements of Eimskip contain restrictive covenants. At the end of March 2019 and at the year-end 2018 Eimskip complied with all restrictive covenants.

## Notes

### 10. Loans and borrowings, continued

Aggregated annual maturities of loans and borrowings are as follows:

	31.3.2019	31.12.2018
On demand or within 12 months .....	28,592	28,733
12 - 24 months .....	11,183	11,125
24 - 36 months .....	25,570	21,402
36 - 48 months .....	9,705	9,753
48 - 60 months .....	9,699	9,943
After 60 months .....	76,188	78,637
Total secured bank loans .....	160,937	159,593

#### Secured bank loans

Secured bank loans are as follows:

	31.3.2019		31.12.2018	
	Nominal interest	Carrying amount	Nominal interest	Carrying amount
Loans in EUR .....	2.0%	129,080	2.0%	127,508
Loans in USD .....	5.4%	6,084	5.4%	6,233
Loans in ISK .....	4.8%	10,138	5.5%	9,959
Loans in other currencies .....	-	1,453	-	1,413
Total secured bank loans .....		146,755		145,113

### 11. Lease liabilities

Lease liabilities are as follows:

	31.3.2019
Lease Liabilities in EUR .....	6,228
Lease Liabilities in USD .....	7,079
Lease Liabilities in ISK .....	7,739
Lease Liabilities in other currencies .....	12,554
Total .....	33,600
Current maturities .....	( 10,011)
Non-current maturities .....	23,589

Maturity analysis:

	31.3.2019
Within 12 months .....	10,011
12 - 24 months .....	5,573
24 - 36 months .....	3,515
36 - 48 months .....	2,589
48 - 60 months .....	2,227
After 60 months .....	9,685
Total .....	33,600

### 12. Trade and other payables

Trade and other payables are attributable to the following:

	31.3.2019	31.12.2018
Trade payables .....	50,530	53,255
Income tax payable .....	264	713
Other payables .....	25,665	23,916
Total .....	76,459	77,884

# Notes

## 13. Capital commitments

In January 2017, Eimskip signed a shipbuilding contract with a Chinese shipbuilding company for the building of two new 2,150 TEUS container vessels. The contract price of each vessel is approximately USD 32.0 million or EUR 26.0 million. The vessels are expected to be delivered in 2019. The payment profile of the vessels is that 40% of the contract price is paid during the building period and 60% upon delivery. As of the end of March 2019, USD 19.2 million or EUR 17.4 million has been paid towards the agreements and capitalized as property, vessels and equipment. In April 2017, Eimskip secured the financing of the vessel building with a German bank, KfW IPEX Bank GmbH, for 80% of the contract price with a 15 year term.

## 14. Group entities

At period-end the Company owned directly ten subsidiaries that are all included in the consolidation. The direct subsidiaries owned 65 subsidiaries at period-end. The Company holds the majority of voting power in all of its subsidiaries. Assets, liabilities, revenues and expenses in Consolidated Financial Statements that include a non-controlling interest are immaterial to the Group.

The Group's direct subsidiaries are as follows:

	Country of incorporation	Ownership Interest 31.3.2019	Ownership Interest 31.12.2018
Eimskip Ísland ehf. ....	Iceland	100%	100%
TVG-Zimsen ehf. ....	Iceland	100%	100%
Eimskip USA, Inc. ....	USA	100%	100%
Eimskip UK Ltd. ....	England	100%	100%
Eimskip Holding B.V. ....	The Netherlands	100%	100%
Eimskip Asia B.V. ....	The Netherlands	80%	80%
P/f Skipafélagid Føroyar ....	Faroe Islands	100%	100%
Harbour Grace CS Inc. ....	Canada	51%	51%
Eimskip REIT ehf. ....	Iceland	100%	100%
Sæferdir ehf. ....	Iceland	100%	100%

## 15. Other matters

Eimskipafélag Íslands hf. and its subsidiaries, Eimskip Ísland ehf. and TVG-Zimsen ehf., have been under investigation of the Icelandic Competition Authority since 10 September 2013.

On 6 June 2018 the Company received first statement of objections from the Icelandic Competition Authority which is a part of the procedure in the investigation that started in 2013. The statement contains the preliminary assessment of the Icelandic Competition Authority, but is neither an administrative act nor a binding decision. The purpose of the statement is to ensure that the case will be fully investigated before a final decision is made and to enable the Company to use its right to put forward its arguments and objections according to the administrative procedure act.

The investigation period is from 2008 up to and including 2013. It is the preliminary assessment of the Icelandic Competition Authority that during this period Eimskip, and its competitor Samskip, committed a continuous illegal collusion which had as its main objective to restrict competition within the meaning of competition law. At this stage of the investigation, it is the assessment of the Competition Authority that the essence of the continuous collusion did not in the least entail the following: Collusion on limiting transportation supply; Market sharing by customers; Market sharing by regions in Iceland; Price collusion; Sharing of information on sensitive business matters.

Icelandic Competition Authority aims to send the Company additional statement of objections, statement of objections II, as soon as possible. The Company has no information on when it will be received.

On 11 May 2018 the CEO and the Executive Vice President of International Operations and Logistics went to the office of the District Prosecutor for formal questioning and both received a status of defendant on the same day. The investigation of the District Prosecutor concerns Article 10 of the competition law and whether concerted practices, regarding price or distortion of markets, has taken place.



# Notes

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## 15. Other matters, continued

The Company received data which the statement of objection no. 1 is based on in September 2018. The Company is working on the information received. The Company had until 29 March 2019 to submit arguments, documents and information regarding statement of objection nr. 1. On 29 March 2019 the Company published a press release stating it has informed the Icelandic Competition Authority that the Company will not submit its arguments of objection 1, as was previously planned, until statement of objections 2 has been received. Any elaboration on the potential outcome of the investigation is premature, and no information is available on potential fines, or if they will materialize. The investigation has had little effect on the Company's Financial Statements. For the period January to March 2019 the Company has expensed EUR 0.1 million in legal and advisory cost. For further information, see note 23 in the Company's Consolidated Financial Statements 2014.

### **Tax related matters**

The Icelandic Directorate of Internal Revenue ruled in December 2017 that the Company should pay EUR 0.2 million in income tax for operations of foreign vessel subsidiaries in 2013 and 2014. The Company made an appeal to the Internal Revenue Board and received a ruling 15 March 2019 from the board on the case where the board ruled against claims made by the Company. The Company has paid the EUR 0.2 million in income tax and it is estimated that the Company will pay in addition EUR 0.5 million in income tax. The Company has expensed the income tax EUR 3.4 million in the Income Statement, taking into account utilization EUR 2.7 million tax loss carried-forward.

## 16. Subsequent events

There are no subsequent events to report.

## Quarterly statements

<b>Year 2019</b>	<b>Q1 2019</b>				
<b>Revenue</b> .....	163,988				
<b>Expenses</b> .....	148,466				
<b>Operating profit, EBITDA</b> .....	15,522				
Depreciation and amortization .....	( 13,078)				
<b>Results from operating activities, EBIT</b> .....	2,444				
<b>Net finance expense</b> .....	( 1,298)				
Share of loss of equity accounted investees .....	( 84)				
<b>Net earnings before income tax</b> .....	1,062				
Income tax .....	( 3,575)				
<b>Net loss</b> .....	( 2,513)				
<b>Year 2018</b>	<b>Q1 2018</b>	<b>Q2 2018</b>	<b>Q3 2018</b>	<b>Q4 2018</b>	<b>2018</b>
<b>Revenue</b> .....	155,532	172,631	182,164	178,827	689,154
<b>Expenses</b> .....	148,281	157,718	164,530	169,387	639,916
<b>Operating profit, EBITDA</b> .....	7,251	14,913	17,634	9,440	49,238
Depreciation and amortization .....	( 7,807)	( 7,918)	( 7,896)	( 8,927)	( 32,548)
<b>Results from operating activities, EBIT</b> .....	( 556)	6,995	9,738	513	16,690
<b>Net finance expense</b> .....	( 1,114)	( 901)	( 1,331)	( 1,577)	( 4,923)
Share of loss of equity accounted investees .....	( 670)	( 345)	( 170)	( 568)	( 1,753)
<b>Net (loss) earnings before income tax</b> .....	( 2,340)	5,749	8,237	( 1,632)	10,014
Income tax .....	754	( 1,134)	( 1,968)	( 264)	( 2,612)
<b>Net (loss) earnings</b> .....	( 1,586)	4,615	6,269	( 1,896)	7,402