



Eimskipafélag Íslands hf.

Condensed Consolidated Interim Financial Statements
1 January to 30 September 2018
EUR

Eimskipafélag Íslands hf.
Korngardar 2
104 Reykjavík
Iceland

Reg. no. 690409-0460

This page has been left blank intentionally

Contents

| | |
|---|----|
| Endorsement and Statement by the Board of Directors and the CEO | 4 |
| Consolidated Income Statement | 5 |
| Consolidated Statement of Comprehensive Income | 6 |
| Consolidated Statement of Financial Position | 7 |
| Consolidated Statement of Changes in Equity | 8 |
| Consolidated Statement of Cash Flows | 9 |
| Notes to the Consolidated Financial Statements | 10 |
| Quarterly Statements | 16 |

Endorsement and Statement by the Board of Directors and the CEO

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 22 March 2018 a dividend payment to shareholders of ISK 6.80 per share. The total dividend payment amounted to ISK 1,269.1 million or EUR 10.4 million. The payment date was 18 April 2018.

On shareholders meeting 24 July 2018, it was approved to reduce the nominal value of the Company's share capital by ISK 13.0 million, by reducing the Company's treasury shares. The reduction of share capital was executed in August 2018. The share capital of the company is now ISK 187.0 million and the number of Company's treasury shares is ISK 361 thousand.

Net earnings for the first nine months of the year 2018 amounted to EUR 9.3 million according to the Consolidated Income Statement. Total equity at 30 September 2018 amounted to EUR 242.5 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 30 September 2018 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 nine months ended 30 September 2018, its assets, liabilities and consolidated financial position as at 30 September 2018 and its consolidated cash flows for the nine month period ended 30 September 2018.

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 30 September 2018 and confirm them by means of their signatures.

Reykjavík, 20 November 2018

Board of Directors:

Baldvin Thorsteinsson, Chairman

Hrund Rudolfsdóttir

Guðrún Ó. Blöndal

Lárus L. Blöndal

Jóhanna á Bergi

CEO:

Gylfi Sigfússon

Consolidated Income Statement

1 January to 30 September 2018

| | Notes | 2018 1.7. - 30.9. | 2017 1.7. - 30.9. | 2018 1.1. - 30.9. | 2017 1.1. - 30.9. |
|---|-------|----------------------|----------------------|----------------------|----------------------|
| Revenue | | | | | |
| Operating revenue | 5 | 182,164 | 173,868 | 510,327 | 488,090 |
| Expenses | | | | | |
| Operating expenses | | 131,203 | 121,486 | 367,758 | 342,477 |
| Salaries and related expenses | | 33,327 | 33,095 | 102,771 | 100,313 |
| | 5 | 164,530 | 154,581 | 470,529 | 442,790 |
| Operating profit, EBITDA | | 17,634 | 19,287 | 39,798 | 45,300 |
| Depreciation and amortization | | (7,896) | (7,561) | (23,621) | (22,417) |
| Results from operating activities, EBIT | | 9,738 | 11,726 | 16,177 | 22,883 |
| Finance income | | 163 | 3 | 501 | 589 |
| Finance expense | | (1,283) | (1,090) | (3,753) | (3,426) |
| Net foreign currency exchange loss | | (211) | (563) | (94) | (3,159) |
| Net finance expense | 6 | (1,331) | (1,650) | (3,346) | (5,996) |
| Share of loss of equity accounted investees | | (170) | (20) | (1,185) | (193) |
| Net earnings before income tax | | 8,237 | 10,056 | 11,646 | 16,694 |
| Income tax | | (1,968) | (1,264) | (2,348) | (2,775) |
| Net earnings for the period | | 6,269 | 8,792 | 9,298 | 13,919 |
| Net earnings for the period attributable to: | | | | | |
| Equity holders of the Company | | 6,122 | 8,622 | 9,018 | 13,681 |
| Non-controlling interest | | 147 | 170 | 280 | 238 |
| | | 6,269 | 8,792 | 9,298 | 13,919 |
| Earnings per share: | | | | | |
| Basic and diluted earnings per share (EUR per share) | 7 | 0.0328 | 0.0462 | 0.0483 | 0.0733 |

The notes on pages 10 to 15 are an integral part of these Condensed Consolidated Interim Financial Statements.

Consolidated Statement of Comprehensive Income

1 January to 30 September 2018

| | Notes | 2018 1.7. - 30.9. | 2017 1.7. - 30.9. | 2018 1.1. - 30.9. | 2017 1.1. - 30.9. | | | |
|--|-------|----------------------|----------------------|----------------------|----------------------|------|---|--------|
| Net earnings for the period | | 6,269 | 8,792 | 9,298 | 13,919 | | | |
| Other comprehensive income: | | | | | | | | |
| Items that are or may subsequently be reclassified the income statement | | | | | | | | |
| Foreign currency translation difference | | | | | | | | |
| of foreign operations | (| 608) | (| 1,379) | (| 650) | (| 4,504) |
| Effective portion of changes | | | | | | | | |
| in fair value of cash flow hedges, net of income tax | (| 87) | 43 | 409 | (| 30) | | |
| Fair value changes of minority put option liability | (| 280) | 0 | (| 771) | 0 | | |
| Total comprehensive Income for the period | | 5,294 | 7,456 | 8,286 | 9,385 | | | |
| Total comprehensive Income for the period attributable to: | | | | | | | | |
| Equity holders of the Company | | 5,114 | 7,295 | 7,970 | 9,361 | | | |
| Non-controlling interest | | 180 | 161 | 316 | 24 | | | |
| | | 5,294 | 7,456 | 8,286 | 9,385 | | | |

The notes on pages 10 to 15 are an integral part of these Condensed Consolidated Interim Financial Statements.

Consolidated Statement of Financial Position

as at 30 September 2018

| | Notes | 30.9.2018 | 31.12.2017 |
|---|-------|-----------|------------|
| Assets: | | | |
| Property, vessels and equipment | | 242,207 | 230,165 |
| Intangible assets | | 68,783 | 66,982 |
| Equity accounted investees | | 12,690 | 10,229 |
| Finance assets | | 3,581 | 474 |
| Deferred tax assets | | 5,547 | 5,679 |
| Total non-current assets | | 332,808 | 313,529 |
| Inventories | | 4,638 | 3,946 |
| Trade and other receivables | 8 | 131,168 | 118,871 |
| Cash and cash equivalents | | 19,330 | 23,169 |
| Total current assets | | 155,136 | 145,986 |
| Total assets | | 487,944 | 459,515 |
| Equity: | | | |
| Share capital | | 1,165 | 1,165 |
| Share premium | | 154,726 | 154,726 |
| Reserves | | 30,150 | 20,342 |
| Retained earnings | | 51,680 | 63,878 |
| Total equity attributable to equity holders of the parent company | | 237,721 | 240,111 |
| Non-controlling interest | | 4,817 | 4,499 |
| Total equity | | 242,538 | 244,610 |
| Liabilities: | | | |
| Loans and borrowings | 9 | 121,938 | 107,808 |
| Other long-term liabilities | | 5,421 | 4,650 |
| Deferred tax liability | | 4,858 | 5,156 |
| Total non-current liabilities | | 132,217 | 117,614 |
| Loans and borrowings | 9 | 30,281 | 18,176 |
| Trade and other payables | 10 | 82,908 | 79,115 |
| Total current liabilities | | 113,189 | 97,291 |
| Total liabilities | | 245,406 | 214,905 |
| Total equity and liabilities | | 487,944 | 459,515 |

The notes on pages 10 to 15 are an integral part of these Condensed Consolidated Interim Financial Statements.

Consolidated Statement of Changes in Equity

1 January to 30 September 2018

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 | | | | | | |
| Changes in Equity 1 January to 30 September 2017: | | | | | | | | | | | |
| Equity at 1 January 2017 | 1,165 | 154,726 | (62) | 0 | 0 | 9,866 | 73,725 | 239,420 | 4,355 | 243,775 | |
| Dividend paid (0.0717 EUR per share) | | | | | | | (10,585) | (10,585) | | (10,585) | |
| Acquisition of subsidiaries with non-controlling interest | | | | | | | | 0 | 390 | 390 | |
| Other changes in non-controlling interest | | | | | | | | 0 | (262) | (262) | |
| Total comprehensive income for the period | | | (4,290) | (30) | | | 13,681 | 9,361 | 24 | 9,385 | |
| Profit of subsidiaries net of dividend received | | | | | | 10,439 | (10,439) | 0 | | 0 | |
| Equity at 30 September 2017 | 1,165 | 154,726 | (4,352) | (30) | 0 | 20,305 | 66,382 | 238,196 | 4,507 | 242,703 | |
| Reserves | | | | | | 15,923 | | | | | |
| Changes in Equity 1 January to 30 September 2018: | | | | | | | | | | | |
| Equity at 1 January 2018 | 1,165 | 154,726 | (6,054) | 748 | 0 | 25,648 | 63,878 | 240,111 | 4,499 | 244,610 | |
| Dividend paid (0.0555 EUR per share) | | | | | | | (10,360) | (10,360) | | (10,360) | |
| Acquisition of subsidiaries with non-controlling interest | | | | | | | | 0 | 161 | 161 | |
| Other changes in non-controlling interest | | | | | | | | 0 | (159) | (159) | |
| Total comprehensive income for the period | | | (686) | 409 | (771) | | 9,018 | 7,970 | 316 | 8,286 | |
| Profit of subsidiaries net of dividend received | | | | | | 10,856 | (10,856) | 0 | | 0 | |
| Equity at 30 September 2018 | 1,165 | 154,726 | (6,740) | 1,157 | (771) | 36,504 | 51,680 | 237,721 | 4,817 | 242,538 | |
| Reserves | | | | | | 30,150 | | | | | |

The notes on pages 10 to 15 are an integral part of these Condensed Consolidated Interim Financial Statements.

Consolidated Statement of Cash Flows

1 January to 30 September 2018

| | Notes | 2018 1.7. - 30.9. | 2017 1.7. - 30.9. | 2018 1.1. - 30.9. | 2017 1.1. - 30.9. |
|--|-------|----------------------|----------------------|----------------------|----------------------|
| Cash flows from operating activities: | | | | | |
| Net earnings for the period | | 6,269 | 8,792 | 9,298 | 13,919 |
| Adjustments for: | | | | | |
| Depreciation and amortization | | 7,896 | 7,561 | 23,621 | 22,417 |
| Net finance expense | 6 | 1,331 | 1,650 | 3,346 | 5,996 |
| Share of loss of equity accounted investees | | 170 | 20 | 1,185 | 193 |
| Change in deferred taxes | | 1,296 | (19) | (166) | (399) |
| Other changes | | 333 | (124) | (1,770) | (617) |
| | | <u>17,295</u> | <u>17,880</u> | <u>35,514</u> | <u>41,509</u> |
| Changes in current assets and liabilities: | | | | | |
| Inventories, change | | 236 | (211) | (703) | (509) |
| Receivables, change | | (5,182) | (12,806) | (11,025) | (18,023) |
| Payables, change | | (293) | 4,030 | 1,216 | 7,688 |
| Change in current assets and liabilities | | <u>(5,239)</u> | <u>(8,987)</u> | <u>(10,512)</u> | <u>(10,844)</u> |
| Interest paid | | (1,190) | (1,042) | (3,984) | (3,224) |
| Interest received | | 240 | 140 | 484 | 261 |
| Taxes paid | | (459) | (322) | (848) | (878) |
| Net cash from operating activities | | <u>10,647</u> | <u>7,669</u> | <u>20,654</u> | <u>26,824</u> |
| Cash flows used in investing activities: | | | | | |
| Acquisition of property, vessels and equipment | | (8,011) | (8,938) | (30,773) | (33,701) |
| Acquisition of intangible assets | | (409) | (1,068) | (1,382) | (2,957) |
| Proceeds from the sale of property, vessels and equipment | | 330 | 116 | 2,975 | 3,218 |
| Investment in subsidiaries net of cash acquired | | (3,498) | 0 | (3,498) | (16,347) |
| Investment in equity accounted investees | | (1,565) | 0 | (2,359) | 0 |
| Investment in finance assets | | (314) | (75) | (3,185) | (229) |
| Net cash used in investing activities | | <u>(13,467)</u> | <u>(9,965)</u> | <u>(38,222)</u> | <u>(50,016)</u> |
| Cash flows from financing activities: | | | | | |
| Dividend paid to equity holders of the Company | | 0 | 0 | (10,360) | (10,585) |
| Dividend paid to minority interest | | 0 | (100) | (654) | (1,269) |
| Proceeds from non-current loans and borrowings | | 2,661 | 401 | 30,639 | 31,122 |
| Repayment of non-current loans and borrowings | | (1,992) | (3,901) | (6,506) | (10,099) |
| Short term borrowings, change | | 39 | (5,782) | (10) | 0 |
| Net cash provided by (used in) financing activities | | <u>708</u> | <u>(9,382)</u> | <u>13,109</u> | <u>9,169</u> |
| Changes in cash and cash equivalents | | (2,112) | (11,678) | (4,459) | (14,023) |
| Cash and cash equivalents at the beginning of the year | | 21,517 | 36,608 | 23,169 | 39,543 |
| Effects of exchange rate fluctuations on cash held | | (75) | (385) | 620 | (975) |
| Cash and cash equivalents at the end of the period | | <u>19,330</u> | <u>24,545</u> | <u>19,330</u> | <u>24,545</u> |
| Investing and financing activities not affecting cash flows: | | | | | |
| Acquisition of property, vessels, equipment and intangible assets | | (1,569) | (9,260) | (2,016) | (9,939) |
| Proceeds from non-current loans and borrowings | | 1,569 | 9,260 | 2,016 | 9,939 |
| Investment in equity accounted investees | | (1,330) | 0 | (1,330) | 0 |
| Payables, change | | 1,330 | 0 | 1,330 | 0 |

The notes on pages 10 to 15 are an integral part of these Condensed Consolidated Interim Financial Statements.

Notes to the Consolidated Financial Statements

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 30 September 2018 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 2017, which is available on the Company's website, www.eimskip.is, and in the company news release distribution network of Nasdaq Nordic.

The Condensed Consolidated Interim Financial Statements were approved and authorized for issue by the Company's Board of Directors on 20 November 2018.

3. Significant accounting policies

Except as described below, 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 2017.

The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2018.

The Group has initially adopted IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments* from 1 January 2018.

IFRS 15 *Revenue from Contracts with Customers* establishes a comprehensive framework for determining whether, how much and when revenue is recognised. IFRS 15 replaces the guidance in IAS 18, IAS 11 and related interpretations. The former practices for recognizing revenue have shown to comply in all material respects with the concepts and principles of IFRS 15. Accordingly the information presented for 2017 has not been restated and there is no impact of transition to IFRS 15 on retained earnings at 1 January 2018.

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale. IFRS 9 also replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. The new impairment model applies to financial assets measured at amortised cost, but not to investments in equity instruments. Under IFRS 9, credit losses will be recognised earlier than under IAS 39. The information presented for 2017 has not been restated and there is no impact of transition to IFRS 9 on retained earnings at 1 January 2018.

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.

Certain comparative amounts in the income statement and related notes have been restated as a result of change in the classification of revenue and expenses.

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 applied to the Consolidated Financial Statements as at and for the year ended 31 December 2017.

Notes

5. Segment reporting

Business segments

1 January to 30 September 2018

| | Liner services | Forwarding services | Consoli- dated |
|--|-------------------|------------------------|-------------------|
| Revenue, external | 333,001 | 177,326 | 510,327 |
| Inter-segment revenue | 26,086 | 38,934 | 65,020 |
| Total | 359,087 | 216,260 | 575,347 |
| Expenses, external | (292,198) | (178,331) | (470,529) |
| Inter-segment expense | (38,934) | (26,086) | (65,020) |
| EBITDA | 27,955 | 11,843 | 39,798 |
| Depreciation and amortization | (22,239) | (1,382) | (23,621) |
| EBIT | 5,716 | 10,461 | 16,177 |
| Net finance (expense) income | (3,550) | 204 | (3,346) |
| Share of (loss) earnings of equity accounted investees | (1,245) | 60 | (1,185) |
| Income tax | 432 | (2,780) | (2,348) |
| Net earnings for the period | 1,353 | 7,945 | 9,298 |

1 January to 30 September 2017

| | | | |
|---|------------|------------|------------|
| Revenue, external | 321,729 | 166,361 | 488,090 |
| Inter-segment revenue | 29,965 | 39,661 | 69,626 |
| Total | 351,694 | 206,022 | 557,716 |
| Expenses, external | (281,247) | (161,543) | (442,790) |
| Inter-segment expense | (39,661) | (29,965) | (69,626) |
| EBITDA | 30,786 | 14,514 | 45,300 |
| Depreciation and amortization | (21,067) | (1,350) | (22,417) |
| EBIT | 9,719 | 13,164 | 22,883 |
| Net finance expense | (4,957) | (1,039) | (5,996) |
| Share of loss of equity accounted investees | (16) | (177) | (193) |
| Income tax | 418 | (3,193) | (2,775) |
| Net earnings for the period | 5,164 | 8,755 | 13,919 |

Information on assets and liabilities

| | | | |
|---|---------|--------|---------|
| Segment assets as at 30 September 2018 | 406,791 | 81,153 | 487,944 |
| Segment assets as at 31 December 2017 | 377,529 | 81,986 | 459,515 |
| Segment liabilities as at 30 September 2018 | 203,727 | 41,679 | 245,406 |
| Segment liabilities as at 31 December 2017 | 173,256 | 41,649 | 214,905 |
| Capital expenditure for the period 1 January to 30 September 2018 | 32,642 | 1,529 | 34,171 |
| Capital expenditure for the period 1 January to 30 September 2017 | 44,475 | 2,122 | 46,597 |

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 30 September 2018 | 474,113 | 36,214 | 510,327 |
| Revenue, external for the period 1 January to 30 September 2017 | 456,966 | 31,124 | 488,090 |
| Geographical location of assets as at 30 September 2018 | 473,371 | 14,573 | 487,944 |
| Geographical location of assets as at 31 December 2017 | 444,031 | 15,484 | 459,515 |
| Capital expenditure for the period 1 January to 30 September 2018 | 34,153 | 18 | 34,171 |
| Capital expenditure for the period 1 January to 30 September 2017 | 46,593 | 4 | 46,597 |

Notes

| | 2018 | 2017 | 2018 | 2017 |
|--|---------------------|---------------------|---------------------|---------------------|
| | 1.7. - 30.9. | 1.7. - 30.9. | 1.1. - 30.9. | 1.1. - 30.9. |
| 6. Finance income and expense | | | | |
| Finance income is specified as follows: | | | | |
| Interest income | 154 | (16) | 416 | 500 |
| Dividend received | 9 | 19 | 85 | 89 |
| Finance income | 163 | 3 | 501 | 589 |
| Finance expense is specified as follows: | | | | |
| Interest on long-term loans | (1,079) | (872) | (2,923) | (2,590) |
| Other finance expense | (204) | (218) | (830) | (836) |
| Finance expense | (1,283) | (1,090) | (3,753) | (3,426) |
| Net foreign currency exchange loss | (211) | (563) | (94) | (3,159) |
| Net finance expense | (1,331) | (1,650) | (3,346) | (5,996) |

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:

| | 2018 | 2017 | 2018 | 2017 |
|--|---------------------|---------------------|---------------------|---------------------|
| | 1.7. - 30.9. | 1.7. - 30.9. | 1.1. - 30.9. | 1.1. - 30.9. |
| Net earnings attributable to equity holders of the Company | 6,122 | 8,622 | 9,018 | 13,681 |
| Number of issued shares at 1 January in thousands | 187,000 | 200,000 | 187,000 | 200,000 |
| Effect of treasury shares in thousands | (361) | (13,361) | (361) | (13,361) |
| Weighted average number of outstanding shares in thousands | 186,639 | 186,639 | 186,639 | 186,639 |
| Basic and diluted earnings per share (EUR) | 0.0328 | 0.0462 | 0.0483 | 0.0733 |

On shareholders meeting 24 July 2018, it was approved to reduce the nominal value of the Company's share capital by ISK 13.0 million, by reducing the Company's treasury shares. The reduction of share capital was executed in August 2018. The share capital of the company is now ISK 187.0 million and the number of Company's treasury shares is ISK 361 thousands.

8. Trade and other receivables

Trade and other receivables are specified as follows:

| | 30.9.2018 | 31.12.2017 |
|---|------------------|-------------------|
| Trade receivables | 118,351 | 104,294 |
| Restricted cash | 557 | 2,777 |
| Other receivables | 12,260 | 11,800 |
| Trade and other receivables total | 131,168 | 118,871 |

Notes

9. 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:

| | 30.9.2018 | 31.12.2017 |
|---|------------------|-------------------|
| Secured bank loans | 138,144 | 112,657 |
| Finance lease liabilities | 13,963 | 13,205 |
| Bank overdraft and short term borrowing | 112 | 122 |
| Total loans and borrowings | 152,219 | 125,984 |
| Current maturities of secured bank loans | (20,047) | (15,987) |
| Finance lease liabilities payable within one year | (10,122) | (2,067) |
| Bank overdraft and short term borrowing | (112) | (122) |
| Current loans and borrowings | (30,281) | (18,176) |
| Non-current loans and borrowings | 121,938 | 107,808 |

The loan agreements of Eimskip contain restrictive covenants. At the end of September 2018 and at the year-end 2017 Eimskip complied with all restrictive covenants.

Secured bank loans

Secured bank loans are payable as follows:

| | 30.9.2018 | | 31.12.2017 | |
|---------------------------------------|-----------------------------|----------------------------|-----------------------------|----------------------------|
| | Nominal interest | Carrying amount | Nominal interest | Carrying amount |
| Loans in EUR | 2.2% | 119,694 | 2.5% | 92,901 |
| Loans in USD | 5.4% | 6,457 | 4.1% | 7,046 |
| Loans in ISK | 4.9% | 10,379 | 5.1% | 10,862 |
| Loans in other currencies | - | 1,614 | - | 1,848 |
| Total secured bank loans | | 138,144 | | 112,657 |

Aggregated annual maturities of secured-bank loans are as follows:

| | 30.9.2017 | 31.12.2017 |
|---------------------------------------|------------------|-------------------|
| On demand or within 12 months | 20,047 | 15,987 |
| 12 - 24 months | 5,688 | 60,312 |
| 24 - 36 months | 36,147 | 4,214 |
| 36 - 48 months | 6,051 | 5,572 |
| 48 - 60 months | 5,269 | 3,963 |
| After 60 months | 64,942 | 22,609 |
| Total secured bank loans | 138,144 | 112,657 |

Finance lease liabilities

Finance lease liabilities are payable as follows:

| | 30.9.2018 | | 31.12.2017 | |
|----------------------------------|---------------------------------------|------------------|---------------------------------------|------------------|
| | Minimum lease payments | Principal | Minimum lease payments | Principal |
| Less than one year | 10,431 | 10,122 | 2,261 | 2,067 |
| Between one and five years | 4,053 | 3,841 | 11,502 | 11,138 |
| Total | 14,484 | 13,963 | 13,763 | 13,205 |

Notes

10. Trade and other payables

Trade and other payables are attributable to the following:

| | 30.9.2018 | 31.12.2017 |
|--------------------------|-----------|------------|
| Trade payables | 48,982 | 50,226 |
| Income tax payable | 665 | 426 |
| Other payables | 33,261 | 28,463 |
| Total | 82,908 | 79,115 |

11. 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 September 2018, USD 12.8 million or EUR 11.7 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.

12. Group entities

At period-end the Company owned directly ten subsidiaries that are all included in the consolidation. In August 2018, Eimskip acquired 51% share of the cold storage company Tromsøterminalen AS. The acquired company is included in the Condensed Consolidated Interim Financial Statements. The direct subsidiaries owned 62 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 30.9.2018 | Ownership Interest 31.12.2017 |
|--------------------------------|-----------------------------|------------------------------------|-------------------------------------|
| 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% |

13. 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.

Notes

13. Other matters, continued

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.

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. 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 other than for the period January to September 2018 the Company has expensed EUR 0.3 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 does not agree with the ruling and has appealed it to the Internal Revenue Board. The Company has paid the EUR 0.2 million in income tax, but has not expensed the tax in the Income Statement. If the Company loses the case due for the years 2013 to 2018, it is estimated that the Company will have to expense EUR 3.3 million in the Income Statement and pay EUR 0.6 million, as well as utilizing tax loss carried-forward.

14. Subsequent events

There are no subsequent events to report.

Quarterly statements

| Year 2018 | Q1 2018 | Q2 2018 | Q3 2018 | | |
|--|----------------|----------------|----------------|----------------|-------------|
| Revenue | 155,532 | 172,631 | 182,164 | | |
| Expenses | 148,281 | 157,718 | 164,530 | | |
| Operating profit, EBITDA | 7,251 | 14,913 | 17,634 | | |
| Depreciation and amortization | (7,807) | (7,918) | (7,896) | | |
| Results from operating activities, EBIT | (556) | 6,995 | 9,738 | | |
| Net finance expense | (1,114) | (901) | (1,331) | | |
| Share of loss of equity accounted investees | (670) | (345) | (170) | | |
| Net (loss) earnings before income tax | (2,340) | 5,749 | 8,237 | | |
| Income tax | 754 | (1,134) | (1,968) | | |
| Net (loss) earnings | (1,586) | 4,615 | 6,269 | | |
| Year 2017 | Q1 2017 | Q2 2017 | Q3 2017 | Q4 2017 | 2017 |
| Revenue | 143,499 | 170,722 | 173,868 | 175,884 | 663,973 |
| Expenses | 134,189 | 154,019 | 154,581 | 163,986 | 606,775 |
| Operating profit, EBITDA | 9,310 | 16,703 | 19,287 | 11,898 | 57,198 |
| Depreciation and amortization | (7,371) | (7,485) | (7,561) | (7,731) | (30,148) |
| Results from operating activities, EBIT | 1,939 | 9,218 | 11,726 | 4,167 | 27,050 |
| Net finance expense | (1,510) | (2,836) | (1,650) | (1,240) | (7,236) |
| Share of loss of equity accounted investees | (108) | (65) | (20) | (146) | (339) |
| Net earnings before income tax | 321 | 6,317 | 10,056 | 2,781 | 19,475 |
| Income tax | (128) | (1,383) | (1,264) | 104 | (2,671) |
| Net earnings | 193 | 4,934 | 8,792 | 2,885 | 16,804 |