



**EIMSKIP**

Eimskipafélag Íslands hf.

Condensed Consolidated Financial Statements

1 January to 31 March 2017

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 23 March 2017 a dividend payment to shareholders of ISK 6.80 per share. The total dividend payment amounted to ISK 1,269.1 million or EUR 10.6 million. The payment date was 19 April 2017.

In January 2017, Eimskip acquired 80% of the forwarding company Mareco N.V. Mareco focuses on logistics services, especially export to West, Central and South Africa from all over the world. In March 2017, Eimskip acquired the container trading company CSI Group LLC.

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 million or EUR 30 million. The vessels are expected to be delivered in 2019.

Net earnings for the first three months of the year 2017 amounted to EUR 0.2 million according to the Consolidated Income Statement. Total equity at 31 March 2017 amounted to EUR 234.9 million according to the Statement of Financial Position.

## Statement by the Board of Directors and the CEO

The Condensed Consolidated 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 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 2017, its assets, liabilities and consolidated financial position as at 31 March 2017 and its consolidated cash flows for the three month period ended 31 March 2017.

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 2017 and confirm them by means of their signatures.

Reykjavík, 23 May 2017

### Board of Directors:

Richard Winston Mark d'Abo, Chairman

Víglundur Thorsteinsson

Helga Melkorka Óttarsdóttir

Hrund Rudolfsdóttir

Lárus L. Blöndal

### CEO:

Gylfi Sigfússon

# Consolidated Income Statement

## 1 January to 31 March 2017

|  | Notes | 2017<br>1.1. - 31.3. | 2016<br>1.1. - 31.3. |
|--|-------|----------------------|----------------------|
| <b>Revenue</b>   |       |                      |                      |
| Operating revenue .....                                    | 5     | 146,936              | 113,253              |
| <b>Expenses</b>  |       |                      |                      |
| Operating expenses .....                                   |       | 105,755              | 76,971               |
| Salaries and related expenses .....                        |       | 31,871               | 26,650               |
|  | 5     | 137,626              | 103,621              |
| <b>Operating profit, EBITDA</b> .....                      |       | 9,310                | 9,632                |
| Depreciation and amortization .....                        |       | ( 7,371)             | ( 6,365)             |
| <b>Results from operating activities, EBIT</b> .....       |       | 1,939                | 3,267                |
| Finance income .....                                       |       | 184                  | 136                  |
| Finance expense .....                                      |       | ( 1,115)             | ( 669)               |
| Net foreign currency exchange loss .....                   |       | ( 579)               | ( 832)               |
| Net finance expense .....                                  | 6     | ( 1,510)             | ( 1,365)             |
| Share of (loss) earnings of associated companies .....     |       | ( 108)               | 100                  |
| <b>Net earnings before income tax</b> .....                |       | 321                  | 2,002                |
| Income tax .....   |       | ( 128)               | ( 157)               |
| <b>Net earnings for the period</b> .....                   |       | 193                  | 1,845                |
| <b>Net earnings for the period attributable to:</b>        |       |                      |                      |
| Equity holders of the Company .....                        |       | 52                   | 1,842                |
| Non-controlling interest .....                             |       | 141                  | 3                    |
|  |       | 193                  | 1,845                |
| <b>Earnings per share:</b>                                 |       |                      |                      |
| Basic and diluted earnings per share (EUR per share) ..... | 7     | 0.0003               | 0.0099               |

The notes on pages 10 to 14 are an integral part of these Condensed Consolidated Interim Financial Statements.

# Consolidated Statement of Comprehensive Income

## 1 January to 31 March 2017

|   | Notes | 2017<br>1.1. - 31.3. | 2016<br>1.1. - 31.3. |
|---|-------|----------------------|----------------------|
| Net earnings for the period .....   |       | 193                  | 1,845                |
| <b>Other comprehensive income:</b>  |       |                      |                      |
| <b>Items that are or may subsequently be reclassified to the income statement</b>       |       |                      |                      |
| Foreign currency translation difference of foreign operations .....                     | (     | 488)                 | ( 566)               |
| Effective portion of changes in fair value of cash flow hedges, net of income tax ..... | (     | 274)                 | 0                    |
| Total comprehensive income for the period .....   |       | (569)                | 1,279                |
| <b>Total comprehensive income for the period attributable to:</b>                       |       |                      |                      |
| Equity holders of the Company .....   | (     | 680)                 | 1,318                |
| Non-controlling interest .....  |       | 111                  | ( 39)                |
|   |       | (569)                | 1,279                |

The notes on pages 10 to 14 are an integral part of these Condensed Consolidated Interim Financial Statements.

# Consolidated Statement of Financial Position

## as at 31 March 2017

|   | Notes | 31.3.2017 | 31.12.2016 |     |
|---|-------|-----------|------------|-----|
| <b>Assets:</b>  |       |           |            |     |
| Property, vessels and equipment .....                             |       | 200,217   | 202,912    |     |
| Intangible assets .....   |       | 55,464    | 41,558     |     |
| Investment in associated companies .....                          |       | 2,741     | 2,871      |     |
| Unlisted shares .....   |       | 353       | 271        |     |
| Deferred tax assets .....   |       | 6,385     | 5,644      |     |
| Total non-current assets  |       | 265,160   | 253,256    |     |
| Inventories .....   |       | 3,170     | 2,281      |     |
| Trade and other receivables .....                                 | 8     | 104,966   | 96,611     |     |
| Cash and cash equivalents .....                                   |       | 41,356    | 39,543     |     |
| Total current assets  |       | 149,492   | 138,435    |     |
| Total assets  |       | 414,652   | 391,691    |     |
| <b>Equity:</b>  |       |           |            |     |
| Share capital .....   |       | 1,165     | 1,165      |     |
| Share premium .....   |       | 154,726   | 154,726    |     |
| Translation reserve .....   | (     | 520)      | (          | 62) |
| Hedging reserve .....   | (     | 274)      | (          | 0)  |
| Undistributed profits .....                                       |       | 13,667    | 9,866      |     |
| Retained earnings .....   |       | 59,391    | 73,725     |     |
| Total equity attributable to equity holders of the parent company |       | 228,155   | 239,420    |     |
| Non-controlling interest .....                                    |       | 6,724     | 4,355      |     |
| Total equity  |       | 234,879   | 243,775    |     |
| <b>Liabilities:</b>   |       |           |            |     |
| Loans and borrowings .....  | 9     | 67,644    | 62,105     |     |
| Deferred tax liability .....                                      |       | 2,289     | 2,351      |     |
| Total non-current liabilities                                     |       | 69,933    | 64,456     |     |
| Loans and borrowings .....  | 9     | 24,089    | 19,044     |     |
| Dividend payable .....  |       | 10,605    | 0          |     |
| Trade and other payables .....                                    | 10    | 75,146    | 64,416     |     |
| Total current liabilities   |       | 109,840   | 83,460     |     |
| Total liabilities   |       | 179,773   | 147,916    |     |
| Total equity and liabilities                                      |       | 414,652   | 391,691    |     |

The notes on pages 10 to 14 are an integral part of these Condensed Consolidated Interim Financial Statements.

# Consolidated Statement of Changes in Equity

## 1 January to 31 March 2017

|   | Attributable to equity holders of the Company |               |                     |                 |                        |                   |           | Non-controlling interest | Total equity |
|---|---|---------------|---------------------|-----------------|------------------------|-------------------|-----------|--------------------------|--------------|
|   | Share capital                                 | Share premium | Translation reserve | Hedging reserve | Un-distributed profits | Retained earnings | Total     |                          |              |
| <b>Changes in Equity 1 January to 31 March 2016:</b>            |   |               |                     |                 |                        |                   |           |                          |              |
| Equity at 1 January 2016 .....                                  | 1,165   | 154,726       | ( 2,289)            | 0               | 0                      | 70,781            | 224,383   | 3,741                    | 228,124      |
| Dividend declared (0.0461 EUR per share) .....                  |   |               |                     |                 |                        | ( 8,610)          | ( 8,610)  |                          | ( 8,610)     |
| Changes in non-controlling interest .....                       |   |               |                     |                 |                        |                   | 0         | 3                        | 3            |
| Total comprehensive income for the period .....                 |   |               | ( 524)              |                 |                        | 1,842             | 1,318     | ( 39)                    | 1,279        |
| Equity at 31 March 2016 .....                                   | 1,165   | 154,726       | ( 2,813)            | 0               | 0                      | 64,013            | 217,091   | 3,705                    | 220,796      |
| <b>Changes in Equity 1 January to 31 March 2017:</b>            |   |               |                     |                 |                        |                   |           |                          |              |
| Equity at 1 January 2017 .....                                  | 1,165   | 154,726       | ( 62)               | 0               | 9,866                  | 73,725            | 239,420   | 4,355                    | 243,775      |
| Dividend declared (0.0717 EUR per share) .....                  |   |               |                     |                 |                        | ( 10,585)         | ( 10,585) |                          | ( 10,585)    |
| Acquisition of subsidiaries with non-controlling interest ..... |   |               |                     |                 |                        |                   | 0         | 2,296                    | 2,296        |
| Other changes in non-controlling interest .....                 |   |               |                     |                 |                        |                   | 0         | ( 38)                    | ( 38)        |
| Total comprehensive income for the period .....                 |   |               | ( 458)              | ( 274)          |                        | 52                | ( 680)    | 111                      | ( 569)       |
| Profit of subsidiaries net of dividend received .....           |   |               |                     |                 | 3,801                  | ( 3,801)          | 0         |                          | 0            |
| Equity at 31 March 2017 .....                                   | 1,165   | 154,726       | ( 520)              | ( 274)          | 13,667                 | 59,391            | 228,155   | 6,724                    | 234,879      |

The notes on pages 10 to 14 are an integral part of these Condensed Consolidated Interim Financial Statements.



# Consolidated Statement of Cash Flows

## 1 January to 31 March 2017

|   | Notes | 2017<br>1.1. - 31.3. | 2016<br>1.1. - 31.3. |
|---|-------|----------------------|----------------------|
| <b>Cash flows from operating activities:</b>                            |       |                      |                      |
| Net earnings for the period .....                                       |       | 193                  | 1,845                |
| Adjustments for:  |       |                      |                      |
| Depreciation and amortization .....                                     |       | 7,371                | 6,365                |
| Net finance expense .....   | 6     | 1,510                | 1,365                |
| Share of loss (earnings) of associated companies .....                  |       | 108                  | ( 100)               |
| Change in deferred taxes .....  |       | ( 731)               | ( 255)               |
| Other changes .....   |       | 31                   | ( 291)               |
|   |       | 8,482                | 8,929                |
| Changes in current assets and liabilities:                              |       |                      |                      |
| Inventories, change .....   |       | ( 898)               | 256                  |
| Receivables, change .....   |       | ( 9,324)             | 888                  |
| Payables, change .....  |       | 10,487               | 3,264                |
| Change in current assets and liabilities                                |       | 265                  | 4,408                |
| Interest paid .....   |       | ( 894)               | ( 587)               |
| Interest received .....   |       | 106                  | 129                  |
| Taxes paid .....  |       | ( 424)               | ( 199)               |
| Net cash from operating activities                                      |       | 7,535                | 12,680               |
| <b>Cash flows used in investing activities:</b>                         |       |                      |                      |
| Acquisition of property, vessels and equipment .....                    |       | ( 5,295)             | ( 10,872)            |
| Acquisition of intangible assets .....                                  |       | ( 898)               | ( 162)               |
| Proceeds from the sale of property, vessels and equipment .....         |       | 2,819                | 529                  |
| Investment in subsidiaries net of cash acquired .....                   |       | ( 14,022)            | 558                  |
| Investment in unlisted shares .....                                     |       | ( 83)                | 0                    |
| Net cash used in investing activities                                   |       | ( 17,479)            | ( 9,947)             |
| <b>Cash flows from financing activities:</b>                            |       |                      |                      |
| Changes in non-controlling interest .....                               |       | 2,258                | ( 3)                 |
| Proceeds from non-current loans and borrowings .....                    |       | 7,336                | 11,190               |
| Repayment of non-current loans and borrowings .....                     |       | ( 2,427)             | ( 2,326)             |
| Short term borrowings, change .....                                     |       | 4,466                | 0                    |
| Net cash from financing activities                                      |       | 11,633               | 8,861                |
| Changes in cash and cash equivalents .....                              |       | 1,689                | 11,594               |
| Cash and cash equivalents at the beginning of the year .....            |       | 39,543               | 35,983               |
| Effects of exchange rate fluctuations on cash held .....                |       | 124                  | ( 240)               |
| <b>Cash and cash equivalents at the end of the period</b> .....         |       | 41,356               | 47,337               |
| <b>Investing and financing activities not affecting cash flows:</b>     |       |                      |                      |
| Acquisition of property, vessels, equipment and intangible assets ..... | 8,9   | ( 219)               | ( 126)               |
| Proceeds from non-current loans and borrowings .....                    |       | 219                  | 126                  |
| Dividend declared .....   |       | 10,585               | 8,610                |
| Payables, change .....  |       | ( 10,585)            | ( 8,610)             |

The notes on pages 10 to 14 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 31 March 2017 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 2016, 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.

The Condensed Consolidated Interim Financial Statements were approved and authorized for issue by the Company's Board of Directors on 23 May 2017.

### 3. Significant accounting policies

The accounting policies have been applied consistently to all periods presented in these Condensed Consolidated Interim Financial Statements for the three month period ended 31 March 2017, and have been applied consistently by Group entities.

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.

### 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 2016.

## 5. Segment reporting

### Business segments

|  | Liner<br>services | Forwarding<br>services | Consoli-<br>dated |
|--|-------------------|------------------------|-------------------|
| <b>1 January to 31 March 2017</b>                      |                   |                        |                   |
| Revenue, external .....                                | 92,096            | 54,840                 | 146,936           |
| Inter-segment revenue .....                            | 9,628             | 12,193                 | 21,821            |
| Total .....  | 101,724           | 67,033                 | 168,757           |
| Expenses, external .....                               | ( 84,263)         | ( 53,363)              | ( 137,626)        |
| Inter-segment expense .....                            | ( 12,193)         | ( 9,628)               | ( 21,821)         |
| <b>EBITDA</b> .....                                    | 5,268             | 4,042                  | 9,310             |
| Depreciation and amortization .....                    | ( 6,893)          | ( 478)                 | ( 7,371)          |
| <b>EBIT</b> .....                                      | ( 1,625)          | 3,564                  | 1,939             |
| Net finance expense .....                              | ( 1,241)          | ( 269)                 | ( 1,510)          |
| Share of earnings (loss) of associated companies ..... | 12                | ( 120)                 | ( 108)            |
| Income tax .....                                       | 845               | ( 973)                 | ( 128)            |
| Net (loss) earnings for the period .....               | ( 2,009)          | 2,202                  | 193               |

## Notes

|   | <b>Liner<br/>services</b> | <b>Forwarding<br/>services</b> | <b>Consoli-<br/>dated</b> |
|---|---------------------------|--------------------------------|---------------------------|
| <b>5. Segment reporting, continued</b>  |                           |                                |                           |
| <b>1 January to 31 March 2016</b>   |                           |                                |                           |
| Revenue, external .....   | 83,215                    | 30,038                         | 113,253                   |
| Inter-segment revenue .....   | 7,495                     | 9,804                          | 17,299                    |
| Total .....   | 90,710                    | 39,842                         | 130,552                   |
| Expenses, external .....  | ( 73,171)                 | ( 30,450)                      | ( 103,621)                |
| Inter-segment expense .....   | ( 9,804)                  | ( 7,495)                       | ( 17,299)                 |
| <b>EBITDA</b> .....   | 7,735                     | 1,897                          | 9,632                     |
| Depreciation and amortization .....   | ( 6,006)                  | ( 359)                         | ( 6,365)                  |
| <b>EBIT</b> .....   | 1,729                     | 1,538                          | 3,267                     |
| Net finance expense .....   | ( 1,146)                  | ( 219)                         | ( 1,365)                  |
| Share of earnings of associated companies .....   | 64                        | 36                             | 100                       |
| Income tax .....  | 198                       | ( 355)                         | ( 157)                    |
| Net earnings for the period .....   | 845                       | 1,000                          | 1,845                     |
| <b>Information on assets and liabilities</b>  |                           |                                |                           |
| Segment assets as at 31 March 2017 .....  | 329,273                   | 85,379                         | 414,652                   |
| Segment assets as at 31 December 2016 .....   | 328,353                   | 63,338                         | 391,691                   |
| Segment liabilities as at 31 March 2017 .....   | 139,431                   | 40,342                         | 179,773                   |
| Segment liabilities as at 31 December 2016 .....  | 119,723                   | 28,193                         | 147,916                   |
| Capital expenditure for the period 1 January to 31 March 2017 .....   | 6,059                     | 353                            | 6,412                     |
| Capital expenditure for the period 1 January to 31 March 2016 .....   | 11,100                    | 60                             | 11,160                    |
| <b>Geographical segments</b>  |                           |                                |                           |
| In presenting information on the basis of geographical segments, segment revenue and assets are based on the geographical location of assets. |                           |                                |                           |
|   | <b>North<br/>Atlantic</b> | <b>Other<br/>territories</b>   | <b>Consoli-<br/>dated</b> |
| Revenue, external for the period 1 January to 31 March 2017 .....   | 137,042                   | 9,894                          | 146,936                   |
| Revenue, external for the period 1 January to 31 March 2016 .....   | 103,574                   | 9,679                          | 113,253                   |
| Geographical location of assets as at 31 March 2017 .....   | 399,006                   | 15,646                         | 414,652                   |
| Geographical location of assets as at 31 December 2016 .....  | 375,808                   | 15,883                         | 391,691                   |
| Capital expenditure for the period 1 January to 31 March 2017 .....   | 6,411                     | 1                              | 6,412                     |
| Capital expenditure for the period 1 January to 31 March 2016 .....   | 11,160                    | 0                              | 11,160                    |

## Notes

|  | <b>2017</b>         | <b>2016</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 .....                    | 184                 | 136                 |
| Finance income .....                     | 184                 | 136                 |
| Finance expense is specified as follows: |                     |                     |
| Interest on long-term loans .....        | ( 808)              | ( 486)              |
| Other finance expense .....              | ( 307)              | ( 183)              |
| Finance expense .....                    | ( 1,115)            | ( 669)              |
| Net foreign currency exchange loss ..... | ( 579)              | ( 832)              |
| Net finance expense .....                | ( 1,510)            | ( 1,365)            |

### 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>31.3.2017</b> | <b>31.3.2016</b> |
|--|------------------|------------------|
| Net earnings attributable to equity holders of the Company .....   | 52               | 1,842            |
| Number of issued shares at 1 January .....                         | 200,000          | 200,000          |
| Effect of treasury shares .....                                    | ( 13,361)        | ( 13,361)        |
| Weighted average number of outstanding shares at 31 December ..... | 186,639          | 186,639          |
| Basic and diluted earnings per share (EUR) .....                   | 0.0003           | 0.0099           |

### 8. Trade and other receivables

Trade and other receivables are specified as follows:

|   |         |        |
|---|---------|--------|
| Trade receivables .....                 | 93,388  | 84,961 |
| Restricted cash .....                   | 3,357   | 3,119  |
| Other receivables .....                 | 8,221   | 8,531  |
| Trade and other receivables total ..... | 104,966 | 96,611 |

### 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:

|   | <b>31.3.2017</b> | <b>31.12.2016</b> |
|---|------------------|-------------------|
| Secured bank loans .....                                | 80,440           | 73,831            |
| Finance lease liabilities .....                         | 6,483            | 7,187             |
| Bank overdraft and short term borrowing .....           | 4,810            | 131               |
| Total loans and borrowings .....                        | 91,733           | 81,149            |
| Current maturities of secured bank loans .....          | ( 16,238)        | ( 15,653)         |
| Finance lease liabilities payable within one year ..... | ( 3,041)         | ( 3,260)          |
| Bank overdraft and short term borrowing .....           | ( 4,810)         | ( 131)            |
| Current loans and borrowings .....                      | ( 24,089)        | ( 19,044)         |
| Non-current loans and borrowings .....                  | 67,644           | 62,105            |

## Notes

### 9. Loans and borrowings, continued

The loan agreements of Eimskip contain restrictive covenants. At the end of March 2017 and at the year-end 2016 Eimskip complied with all restrictive covenants.

#### Secured bank loans

Secured bank loans are payable as follows:

|                                 | 31.3.2017        |                 | 31.12.2016       |                 |
|---------------------------------|------------------|-----------------|------------------|-----------------|
|                                 | Nominal interest | Carrying amount | Nominal interest | Carrying amount |
| Loans in EUR .....              | 2.8%             | 59,359          | 2.9%             | 52,496          |
| Loans in USD .....              | 2.7%             | 8,816           | 2.7%             | 9,250           |
| Loans in ISK .....              | 7.0%             | 10,763          | 7.0%             | 10,384          |
| Loans in other currencies ..... | -                | 1,502           | -                | 1,701           |
| Total secured bank loans .....  |                  | 80,440          |                  | 73,831          |

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

|                                     | 31.3.2017 | 31.12.2016 |
|-------------------------------------|-----------|------------|
| On demand or within 12 months ..... | 16,238    | 15,653     |
| 12 - 24 months .....                | 24,503    | 16,493     |
| 24 - 36 months .....                | 5,512     | 5,446      |
| 36 - 48 months .....                | 4,397     | 3,986      |
| 48 - 60 months .....                | 4,004     | 5,393      |
| After 60 months .....               | 25,786    | 26,860     |
| Total secured bank loans .....      | 80,440    | 73,831     |

#### Finance lease liabilities

Finance lease liabilities are payable as follows:

|                                  | 31.3.2017              |           | 31.12.2016             |           |
|----------------------------------|------------------------|-----------|------------------------|-----------|
|                                  | Minimum lease payments | Principal | Minimum lease payments | Principal |
| Less than one year .....         | 3,235                  | 3,041     | 3,631                  | 3,260     |
| Between one and five years ..... | 3,600                  | 3,381     | 4,241                  | 3,821     |
| More than five years .....       | 65                     | 61        | 110                    | 106       |
| Total .....                      | 6,900                  | 6,483     | 7,982                  | 7,187     |

### 10. Trade and other payables

Trade and other payables are attributable to the following:

|                          | 31.3.2017 | 31.12.2016 |
|--------------------------|-----------|------------|
| Trade payables .....     | 45,320    | 37,530     |
| Income tax payable ..... | 2,448     | 1,068      |
| Other payables .....     | 27,378    | 25,818     |
| Total .....              | 75,146    | 64,416     |

### 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 million or EUR 30 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 the quarter, nothing has been paid towards the agreements. 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.

## Notes

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### 12. Group entities

At period-end the Company owned directly nine subsidiaries that are all included in the consolidation. In January 2017, Eimskip acquired the forwarding company Mareco N.V. In March 2017, Eimskip acquired the container trading company CSI Group LLC. The acquired companies are included in the Condensed Consolidated Interim Financial Statements. The direct subsidiaries owned 57 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:

|                               | <b>Country of<br/>incorporation</b> | <b>Ownership<br/>Interest<br/>31.3.2017</b> | <b>Ownership<br/>Interest<br/>31.12.2016</b> |
|-------------------------------|-------------------------------------|---|--|
| 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%   |
| 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. At this point the subject matter of the investigation is not known and any elaboration on the potential outcome of the investigation is premature. The investigation has had no effect on the Company's Financial Statements. For further information, see note 23 in the Company's Consolidated Financial Statements 2014.

### 14. Subsequent events

There are no subsequent events to report.

## Quarterly statements

| <b>Year 2017</b>                                       | <b>Q1 2017</b> |                |                |                |             |
|--|----------------|----------------|----------------|----------------|-------------|
| <b>Revenue</b> .....                                   | 146,936        |                |                |                |             |
| <b>Expenses</b> .....                                  | 137,626        |                |                |                |             |
| <b>Operating profit, EBITDA</b> .....                  | 9,310          |                |                |                |             |
| Depreciation and amortization .....                    | ( 7,371)       |                |                |                |             |
| <b>Results from operating activities, EBIT</b> .....   | 1,939          |                |                |                |             |
| <b>Net finance expense</b> .....                       | ( 1,510)       |                |                |                |             |
| Share of loss of associated companies .....            | ( 108)         |                |                |                |             |
| <b>Net earnings before income tax</b> .....            | 321            |                |                |                |             |
| Income tax .....                                       | ( 128)         |                |                |                |             |
| <b>Net earnings</b> .....                              | 193            |                |                |                |             |
| <br>   |                |                |                |                |             |
| <b>Year 2016</b>                                       | <b>Q1 2016</b> | <b>Q2 2016</b> | <b>Q3 2016</b> | <b>Q4 2016</b> | <b>2016</b> |
| <b>Revenue</b> .....                                   | 113,253        | 126,102        | 134,070        | 140,497        | 513,922     |
| <b>Expenses</b> .....                                  | 103,621        | 109,924        | 116,310        | 130,592        | 460,447     |
| <b>Operating profit, EBITDA</b> .....                  | 9,632          | 16,178         | 17,760         | 9,905          | 53,475      |
| Depreciation and amortization .....                    | ( 6,365)       | ( 6,797)       | ( 6,917)       | ( 7,998)       | ( 28,077)   |
| <b>Results from operating activities, EBIT</b> .....   | 3,267          | 9,381          | 10,843         | 1,907          | 25,398      |
| <b>Net finance (expense) income</b> .....              | ( 1,365)       | 706            | ( 369)         | 683            | ( 345)      |
| Share of earnings (loss) of associated companies ..... | 100            | 115            | 196            | ( 201)         | 210         |
| <b>Net earnings before income tax</b> .....            | 2,002          | 10,202         | 10,670         | 2,389          | 25,263      |
| Income tax .....                                       | ( 157)         | ( 1,447)       | ( 1,289)       | ( 475)         | ( 3,368)    |
| <b>Net earnings</b> .....                              | 1,845          | 8,755          | 9,381          | 1,914          | 21,895      |