



EIMSKIP

Eimskipafélag Íslands hf.

Condensed Consolidated Interim Financial Statements

1 January to 30 June 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

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 4.7 million. The payment date was 10 April 2019.

On 10 June 2019 the Board of Directors initiated a share buy-back program in accordance with the approval of Eimskip shareholders' meeting on 24 July 2018. The number of shares to be acquired under the buy-back program were up to 3,000,000. During the second quarter Eimskip purchased a total of 1,441,679 treasury shares with a purchase price of ISK 275 million or EUR 1.9 million. The share-buy back was completed on 27 July 2019 with total purchased treasury shares of 2,677,209 with a purchase price of ISK 500 million or EUR 3.6 million.

Net earnings for the first six months of the year 2019 amounted to EUR 0.1 million according to the Consolidated Income Statement. Total equity at 30 June 2019 amounted to EUR 232.9 million according to the Statement of Financial Position.

The Company has adopted IFRS 16 - Leases with an effective date of 1 January 2019. The effects are discussed in note 3 to the Financial Statements.

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 June 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 six months ended 30 June 2019, its assets, liabilities and consolidated financial position as at 30 June 2019 and its consolidated cash flows for the six month period ended 30 June 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 30 June 2019 and confirm them by means of their signatures.

Reykjavík, 29 August 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 30 June 2019

	Notes	2019 1.4. - 30.6.	2018 1.4. - 30.6.	2019 1.1. - 30.6.	2018 1.1. - 30.6.
Revenue					
Operating revenue	5	167,535	172,631	331,523	328,163
Expenses					
Operating expenses		115,216	122,019	230,962	236,555
Salaries and related expenses		33,827	35,699	66,547	69,444
	5	149,043	157,718	297,509	305,999
Operating profit, EBITDA		18,492	14,913	34,014	22,164
Depreciation and amortization		(13,391)	(7,918)	(26,469)	(15,725)
Results from operating activities, EBIT		5,101	6,995	7,545	6,439
Finance income		222	265	493	338
Finance expense		(1,716)	(1,455)	(3,111)	(2,470)
Net foreign currency exchange (loss) gain		(112)	289	(286)	117
Net finance expense	6	(1,606)	(901)	(2,904)	(2,015)
Share of profit (loss) of equity accounted investees		85	(345)	1	(1,015)
Net earnings before income tax		3,580	5,749	4,642	3,409
Income tax		(929)	(1,134)	(4,504)	(380)
Net earnings for the period		2,651	4,615	138	3,029
Net earnings for the period attributable to:					
Equity holders of the Company		2,532	4,517	(47)	2,896
Non-controlling interest		119	98	185	133
		2,651	4,615	138	3,029
Earnings per share:					
Basic and diluted earnings (loss) per share (EUR per share)	7	0.0136	0.0242	(0.0003)	0.0155

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 30 June 2019

	Notes	2019 1.4. - 30.6.	2018 1.4. - 30.6.	2019 1.1. - 30.6.	2018 1.1. - 30.6.
Net earnings for the period		2,651	4,615	138	3,029
Other comprehensive income:					
Items that are or may subsequently be reclassified the income statement					
Foreign currency translation difference of foreign operations .....	(	930)	965	179	(42)
Effective portion of changes in fair value of cash flow hedges, net of income tax .....	(	124)	670	524	496
Fair value changes of non-controlling put option liability .....	(	104)	(17)	(216)	(491)
Other comprehensive (loss) income for the period ....	(	1,158)	1,618	487	(37)
Total comprehensive income for the period		1,493	6,233	625	2,992
Total comprehensive income for the period attributable to:					
Equity holders of the Company		1,435	6,067	324	2,856
Non-controlling interest		58	166	301	136
		1,493	6,233	625	2,992

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 30 June 2019

	Notes	30.6.2019	31.12.2018
Assets:			
Property, vessels and equipment		251,680	245,895
Right-of-use assets	8	34,622	0
Intangible assets		66,962	67,870
Equity accounted investees		11,883	11,731
Finance assets		3,614	3,777
Deferred tax assets		3,648	5,899
Total non-current assets		372,409	335,172
Inventories		5,669	5,075
Trade and other receivables	9	121,970	124,108
Cash and cash equivalents		26,973	21,941
Total current assets		154,612	151,124
Total assets		527,021	486,296
Equity:			
Share capital		1,155	1,165
Share premium		152,792	154,726
Reserves		21,673	18,317
Retained earnings		52,170	59,950
Total equity attributable to equity holders of the parent company		227,790	234,158
Non-controlling interest		5,066	4,768
Total equity		232,856	238,926
Liabilities:			
Loans and borrowings	10	150,825	130,860
Lease liabilities	11	22,462	0
Other long-term liabilities		5,241	5,025
Deferred tax liability		4,724	4,868
Total non-current liabilities		183,252	140,753
Loans and borrowings	10	12,426	28,733
Lease liabilities	11	12,021	0
Trade and other payables	12	86,466	77,884
Total current liabilities		110,913	106,617
Total liabilities		294,165	247,370
Total equity and liabilities		527,021	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 30 June 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						
Changes in Equity 1 January to 30 June 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)	
Changes in non-controlling interest								0	(156)	(156)	
Total comprehensive income for the period			(45)	496	(491)		2,896	2,856	136	2,992	
Profit of subsidiaries net of dividend received						8,351	(8,351)	0		0	
Equity at 30 June 2018	1,165	154,726	(6,099)	1,244	(491)	33,999	48,063	232,607	4,479	237,086	
Reserves						28,653					
Changes in Equity 1 January to 30 June 2019:											
Equity at 1 January 2019	1,165	154,726	(7,571)	(10)	(375)	26,273	59,950	234,158	4,768	238,926	
Dividend paid (0.0255 EUR per share)							(4,748)	(4,748)		(4,748)	
Purchased treasury shares	(10)	(1,934)						(1,944)		(1,944)	
Changes in non-controlling interest								0	(3)	(3)	
Total comprehensive income for the period			63	524	(216)		(47)	324	301	625	
Profit of subsidiaries net of dividend received						2,985	(2,985)	0		0	
Equity at 30 June 2019	1,155	152,792	(7,508)	514	(591)	29,258	52,170	227,790	5,066	232,856	
Reserves						21,673					

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 30 June 2019

	Notes	2019	2018	2019	2018
		1.4. - 30.6.	1.4. - 30.6.	1.1. - 30.6.	1.1. - 30.6.
Cash flows from operating activities:					
Net earnings for the period		2,651	4,615	138	3,029
Adjustments for:					
Depreciation and amortization		13,391	7,918	26,469	15,725
Net finance expense	6	1,606	901	2,904	2,015
Share of (earnings) loss of equity accounted investees		(85)	345	(1)	1,015
Change in deferred taxes		(30)	153	1,852	(1,462)
Other changes		(469)	(1,743)	(584)	(2,103)
		17,064	12,189	30,778	18,219
Changes in current assets and liabilities:					
Inventories, change		(417)	4	(592)	(939)
Receivables, change		(4,124)	(3,339)	408	(5,843)
Payables, change		11,864	951	10,868	1,509
Change in current assets and liabilities		7,323	(2,384)	10,684	(5,273)
Interest paid		(1,736)	(1,895)	(3,156)	(2,794)
Interest received		244	233	522	244
Taxes paid		(358)	(124)	(897)	(389)
Net cash from operating activities		22,537	8,019	37,931	10,007
Cash flows used in investing activities:					
Acquisition of property, vessels and equipment		(12,078)	(10,168)	(19,685)	(22,762)
Acquisition of intangible assets		(809)	(675)	(1,471)	(973)
Proceeds from the sale of property, vessels and equipment		588	1,946	882	2,645
Investment in equity accounted investees		(26)	(794)	(26)	(794)
Changes in finance assets		35	(1,223)	145	(2,871)
Net cash used in investing activities		(12,290)	(10,914)	(20,155)	(24,755)
Cash flows from financing activities:					
Dividend paid to equity holders of the Company		(4,748)	(10,360)	(4,748)	(10,360)
Purchased treasury shares		(1,615)	0	(1,615)	0
Dividend paid to non-controlling interest		(38)	(274)	(233)	(654)
Proceeds from non-current loans and borrowings		5,498	16,402	9,681	27,978
Repayment of non-current loans and borrowings		(2,727)	(1,771)	(5,520)	(4,514)
Repayment of lease liabilities		(5,100)	0	(9,459)	0
Short term borrowings, change		(26)	(2,128)	(51)	(49)
Net cash (used in) provided by financing activities		(8,756)	1,869	(11,945)	12,401
Changes in cash and cash equivalents		1,491	(1,026)	5,831	(2,347)
Cash and cash equivalents at the beginning of the year		26,684	21,614	21,941	23,169
Effects of exchange rate fluctuations on cash held		(1,202)	929	(799)	695
Cash and cash equivalents at the end of the period		26,973	21,517	26,973	21,517
Investing and financing activities not affecting cash flows:					
Acquisition of property, vessels, equipment and intangible assets		(258)	(240)	(577)	(447)
Proceeds from non-current loans and borrowings		258	240	577	447
Acquisition of right-of-use assets		(6,354)	0	(6,563)	0
New or renewed leases		6,354	0	6,563	0
Purchased treasury shares		(329)	0	(329)	0
Payables, change		329	0	329	0

The notes on pages 10 to 17 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 June 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, and in the company news release distribution network of Nasdaq Nordic.

In the current period the Group has applied IFRS 16 Leases for the first time. 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 29 August 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 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.

	2019		
	1.1. - 30.6.		
	As reported	Impact of IFRS 16	Excluding IFRS 16
Revenue			
Operating revenue	331,523		331,523
Expenses			
Operating expenses	230,962	10,232	241,194
Salaries and related expenses	66,547		66,547
	297,509	10,232	307,741
Operating profit, EBITDA	34,014	(10,232)	23,782
Depreciation and amortization	(26,469)	9,947	(16,522)
Results from operating activities, EBIT	7,545	(285)	7,260
Finance income	493		493
Finance expenses	(3,111)	549	(2,562)
Net foreign currency exchange loss	(286)	(397)	(683)
Net finance (expense) income	(2,904)	152	(2,752)
Share of profit of equity accounted investees	1		1
Net earnings before income tax	4,642	(133)	4,509
Income tax	(4,504)	27	(4,477)
Net earnings for the period	138	(106)	32

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 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 30 June 2019

	Liner services	Forwarding services	Consoli- dated
Revenue, external	213,280	118,243	331,523
Inter-segment revenue	18,747	27,540	46,287
Total	232,027	145,783	377,810
Expenses, external	(181,131)	(116,378)	(297,509)
Inter-segment expense	(27,540)	(18,747)	(46,287)
EBITDA	23,356	10,658	34,014
Depreciation and amortization	(23,266)	(3,203)	(26,469)
EBIT	90	7,455	7,545
Net finance expense	(2,513)	(391)	(2,904)
Share of (loss) earnings of equity accounted investees	(83)	84	1
Income tax	(2,630)	(1,874)	(4,504)
Net (loss) earnings for the period	(5,136)	5,274	138

1 January to 30 June 2018

Revenue, external	216,496	111,667	328,163
Inter-segment revenue	17,072	25,957	43,029
Total	233,568	137,624	371,192
Expenses, external	(193,207)	(112,792)	(305,999)
Inter-segment expense	(25,957)	(17,072)	(43,029)
EBITDA	14,404	7,760	22,164
Depreciation and amortization	(14,819)	(906)	(15,725)
EBIT	(415)	6,854	6,439
Net finance expense	(2,340)	325	(2,015)
Share of (loss) earnings of equity accounted investees	(1,041)	26	(1,015)
Income tax	1,400	(1,780)	(380)
Net (loss) earnings for the period	(2,396)	5,425	3,029

Information on assets and liabilities

Segment assets as at 30 June 2019	433,669	93,352	527,021
Segment assets as at 31 December 2018	406,488	79,808	486,296
Segment liabilities as at 30 June 2019	235,248	58,917	294,165
Segment liabilities as at 31 December 2018	209,836	37,534	247,370
Capital expenditure for the period 1 January to 30 June 2019	21,135	598	21,733
Capital expenditure for the period 1 January to 30 June 2018	23,255	927	24,182

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 June 2019	312,223	19,300	331,523
Revenue, external for the period 1 January to 30 June 2018	307,122	21,041	328,163
Geographical location of assets as at 30 June 2019	513,346	13,675	527,021
Geographical location of assets as at 31 December 2018	472,214	14,082	486,296
Capital expenditure for the period 1 January to 30 June 2019	21,722	11	21,733
Capital expenditure for the period 1 January to 30 June 2018	24,177	5	24,182

Notes

	2019	2018	2019	2018
	1.4. - 30.6.	1.4. - 30.6.	1.1. - 30.6.	1.1. - 30.6.
6. Finance income and expense				
Finance income is specified as follows:				
Interest income	120	189	391	262
Dividend received	102	76	102	76
Finance income	222	265	493	338
Finance expense is specified as follows:				
Interest on long-term loans	(1,051)	(1,032)	(1,941)	(1,844)
Interest on lease liabilities	(236)	0	(549)	0
Other finance expense	(429)	(423)	(621)	(626)
Finance expense	(1,716)	(1,455)	(3,111)	(2,470)
Net foreign currency exchange (loss) gain	(112)	289	(286)	117
Net finance expense	(1,606)	(901)	(2,904)	(2,015)

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:

	2019	2018	2019	2018
	1.4. - 30.6.	1.4. - 30.6.	1.1. - 30.6.	1.1. - 30.6.
Net earnings (loss) attributable to equity holders of the Company	2,532	4,517	(47)	2,896
Number of issued shares at 1 January in thousands	187,000	200,000	187,000	200,000
Effect of treasury shares at January in thousands	(361)	(13,361)	(361)	(13,361)
Effect of treasury shares purchased in thousands	(157)	0	(78)	0
Effect of treasury shares at 30 June in thousands	(518)	(13,361)	(439)	(13,361)
Weighted average number of outstanding shares in thousands	186,482	186,639	186,561	186,639
Basic and diluted earnings (loss) per share (EUR)	0.0136	0.0242	(0.0003)	0.0155

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	
Cost					
At 1 January 2019	7,784	17,248	11,065	1,922	38,019
New leases	0	330	5,963	270	6,563
Divestments	0	0	0	(55)	(55)
Currency adjustments	0	42	0	0	42
Balance at 30 June 2019	7,784	17,620	17,028	2,137	44,569
Depreciation					
Depreciation	220	2,140	7,144	443	9,947
Currency adjustments	0	1	0	(1)	0
Balance at 30 June 2019	220	2,141	7,144	442	9,947
Carrying amounts					
At 1 January 2019	7,784	17,248	11,065	1,922	38,019
At 30 June 2019	7,564	15,479	9,884	1,695	34,622

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:

	30.6.2019	31.12.2018
Trade receivables	105,712	110,861
Restricted cash	462	511
Other receivables	15,796	12,736
Trade and other receivables total	121,970	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:

	30.6.2019	31.12.2018
Secured bank loans	157,827	145,113
Finance lease liabilities	5,346	14,351
Bank overdraft and short term borrowing	78	129
Total loans and borrowings	163,251	159,593
Current maturities of secured bank loans	(10,016)	(18,321)
Finance lease liabilities payable within one year	(2,332)	(10,283)
Bank overdraft and short term borrowing	(78)	(129)
Current loans and borrowings	(12,426)	(28,733)
Non-current loans and borrowings	150,825	130,860

The loan agreements of Eimskip contain restrictive covenants. At the end of June 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:	30.6.2019	31.12.2018
On demand or within 12 months	12,426	28,733
12 - 24 months	19,229	11,125
24 - 36 months	38,193	21,402
36 - 48 months	9,461	9,753
48 - 60 months	9,050	9,943
After 60 months	74,892	78,637
Total secured bank loans	<u>163,251</u>	<u>159,593</u>

Secured bank loans

Secured bank loans are as follows:	30.6.2019		31.12.2018	
	Nominal interest	Carrying amount	Nominal interest	Carrying amount
Loans in EUR	1.9%	140,951	2.0%	127,508
Loans in USD	5.2%	5,717	5.4%	6,233
Loans in ISK	4.8%	9,737	5.5%	9,959
Loans in other currencies	-	1,422	-	1,413
Total secured bank loans		<u>157,827</u>		<u>145,113</u>

11. Lease liabilities

Lease liabilities are as follows:	30.6.2019
Lease Liabilities in EUR	9,051
Lease Liabilities in USD	6,394
Lease Liabilities in ISK	7,305
Lease Liabilities in other currencies	11,733
Total	<u>34,483</u>
Current maturities	(12,021)
Non-current maturities	<u>22,462</u>
Maturity analysis:	30.6.2019
Within 12 months	12,021
12 - 24 months	5,495
24 - 36 months	2,967
36 - 48 months	2,353
48 - 60 months	2,355
After 60 months	9,292
Total	<u>34,483</u>

12. Trade and other payables

Trade and other payables are attributable to the following:	30.6.2019	31.12.2018
Trade payables	55,286	53,255
Income tax payable	524	713
Other payables	30,656	23,916
Total	<u>86,466</u>	<u>77,884</u>

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 the last quarter of 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 June 2019, USD 25.6 million or EUR 23.1 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 66 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 30.6.2019	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 former 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

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. On 1 July the Company filed a court case claiming that the Icelandic Competition Authority's investigation is illegal and should be ceased.

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 June 2019 the Company has expensed EUR 0.2 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 has recognized EUR 0.5 million as taxes payable. The Company expensed in first quarter 2019 the income tax amounting to 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

Year 2019	Q1 2019	Q2 2019				
Revenue	163,988	167,535				
Expenses	148,466	149,043				
Operating profit, EBITDA	15,522	18,492				
Depreciation and amortization	(13,078)	(13,391)				
Results from operating activities, EBIT	2,444	5,101				
Net finance expense	(1,298)	(1,606)				
Share of (loss) earnings of equity accounted investees	(84)	85				
Net earnings before income tax	1,062	3,580				
Income tax	(3,575)	(929)				
Net (loss) earnings	(2,513)	2,651				
Year 2018	Q1 2018	Q2 2018	Q3 2018	Q4 2018	2018	
Revenue	155,532	172,631	182,164	178,827	689,154	
Expenses	148,281	157,718	164,530	169,387	639,916	
Operating profit, EBITDA	7,251	14,913	17,634	9,440	49,238	
Depreciation and amortization	(7,807)	(7,918)	(7,896)	(8,927)	(32,548)	
Results from operating activities, EBIT	(556)	6,995	9,738	513	16,690	
Net finance expense	(1,114)	(901)	(1,331)	(1,577)	(4,923)	
Share of loss of equity accounted investees	(670)	(345)	(170)	(568)	(1,753)	
Net (loss) earnings before income tax	(2,340)	5,749	8,237	(1,632)	10,014	
Income tax	754	(1,134)	(1,968)	(264)	(2,612)	
Net (loss) earnings	(1,586)	4,615	6,269	(1,896)	7,402	