



Eimskipafélag Íslands hf.

Condensed Consolidated Interim Financial Statements

1 January to 30 June 2018

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 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 share capital of the Company after the reduction is ISK 187.0 million and the number of Company's treasury shares is ISK 361 thousands.

Net earnings for the first six months of the year 2018 amounted to EUR 3.0 million according to the Consolidated Income Statement. Total equity at 30 June 2018 amounted to EUR 237.1 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 June 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 six months ended 30 June 2018, its assets, liabilities and consolidated financial position as at 30 June 2018 and its consolidated cash flows for the six month period ended 30 June 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 June 2018 and confirm them by means of their signatures.

Reykjavík, 30 August 2018

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 30 June 2018

	Notes	2018 1.4. - 30.6.	2017 1.4. - 30.6.	2018 1.1. - 30.6.	2017 1.1. - 30.6.
Revenue					
Operating revenue	5	172,631	170,722	328,163	314,222
Expenses					
Operating expenses		122,019	118,672	236,555	220,991
Salaries and related expenses		35,699	35,347	69,444	67,218
	5	157,718	154,019	305,999	288,209
Operating profit, EBITDA		14,913	16,703	22,164	26,013
Depreciation and amortization		(7,918)	(7,485)	(15,725)	(14,856)
Results from operating activities, EBIT		6,995	9,218	6,439	11,157
Finance income		265	402	338	586
Finance expense		(1,455)	(1,221)	(2,470)	(2,336)
Net foreign currency exchange gain (loss)		289	(2,017)	117	(2,596)
Net finance expense	6	(901)	(2,836)	(2,015)	(4,346)
Share of loss of equity accounted investees		(345)	(65)	(1,015)	(173)
Net earnings before income tax		5,749	6,317	3,409	6,638
Income tax		(1,134)	(1,383)	(380)	(1,511)
Net earnings for the period		4,615	4,934	3,029	5,127
Net earnings for the period attributable to:					
Equity holders of the Company		4,517	4,715	2,896	4,767
Non-controlling interest		98	219	133	360
		4,615	4,934	3,029	5,127
Earnings per share:					
Basic and diluted earnings per share (EUR per share)	7	0.0242	0.0253	0.0155	0.0255

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 June 2018

Notes	2018 1.4. - 30.6.	2017 1.4. - 30.6.	2018 1.1. - 30.6.	2017 1.1. - 30.6.
Net earnings for the period	4,615	4,934	3,029	5,127
Other comprehensive income:				
Items that are or may subsequently be reclassified the income statement				
Foreign currency translation difference				
of foreign operations	965	(2,637)	(42)	(3,125)
Effective portion of changes				
in fair value of cash flow hedges, net of income tax	670	201	496	(73)
Fair value changes of minority put option liability	(17)	0	(491)	0
Total comprehensive Income for the period	6,233	2,498	2,992	1,929
Total comprehensive Income for the period attributable to:				
Equity holders of the Company	6,067	2,483	2,856	1,803
Non-controlling interest	166	15	136	126
	6,233	2,498	2,992	1,929

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 June 2018

	Notes	30.6.2018	31.12.2017
Assets:			
Property, vessels and equipment		239,627	230,165
Intangible assets		66,089	66,982
Equity accounted investees		9,873	10,229
Finance assets		3,265	474
Deferred tax assets		6,912	5,679
Total non-current assets		325,766	313,529
Inventories		4,855	3,946
Trade and other receivables	8	124,967	118,871
Cash and cash equivalents		21,517	23,169
Total current assets		151,339	145,986
Total assets		477,105	459,515
Equity:			
Share capital		1,165	1,165
Share premium		154,726	154,726
Reserves		28,653	20,342
Retained earnings		48,063	63,878
Total equity attributable to equity holders of the parent company		232,607	240,111
Non-controlling interest		4,479	4,499
Total equity		237,086	244,610
Liabilities:			
Loans and borrowings	9	125,064	107,808
Other long-term liabilities		5,141	4,650
Deferred tax liability		5,139	5,156
Total non-current liabilities		135,344	117,614
Loans and borrowings	9	25,283	18,176
Trade and other payables	10	79,392	79,115
Total current liabilities		104,675	97,291
Total liabilities		240,019	214,905
Total equity and liabilities		477,105	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 June 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 June 2017:											
Equity at 1 January 2017	1,165	154,726	(62)	0	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	2,764	2,764	
Other changes in non-controlling interest								0	(1,177)	(1,177)	
Total comprehensive income for the period			(2,891)	(73)			4,767	1,803	126	1,929	
Profit of subsidiaries net of dividend received						7,719	(7,719)	0		0	
Equity at 30 June 2017	1,165	154,726	(2,953)	(73)	0	17,585	60,188	230,638	6,068	236,706	
Reserves						14,559					
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 declared (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					

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 June 2018

	Notes	2018 1.4. - 30.6.	2017 1.4. - 30.6.	2018 1.1. - 30.6.	2017 1.1. - 30.6.
Cash flows from operating activities:					
Net earnings for the period		4,615	4,934	3,029	5,127
Adjustments for:					
Depreciation and amortization		7,918	7,485	15,725	14,856
Net finance expense	6	901	2,836	2,015	4,346
Share of loss of equity accounted investees		345	65	1,015	173
Change in deferred taxes		153	351	(1,462)	(380)
Other changes		(1,743)	(524)	(2,103)	(493)
		12,189	15,147	18,219	23,629
Changes in current assets and liabilities:					
Inventories, change		4	600	(939)	(298)
Receivables, change		(3,339)	4,107	(5,843)	(5,217)
Payables, change		951	(6,670)	1,509	3,658
Change in current assets and liabilities		(2,384)	(1,963)	(5,273)	(1,857)
Interest paid		(1,895)	(1,288)	(2,794)	(2,182)
Interest received		233	15	244	121
Taxes paid		(124)	(132)	(389)	(556)
Net cash from operating activities		8,019	11,779	10,007	19,155
Cash flows used in investing activities:					
Acquisition of property, vessels and equipment		(10,168)	(19,468)	(22,762)	(24,763)
Acquisition of intangible assets		(675)	(991)	(973)	(1,889)
Proceeds from the sale of property, vessels and equipment		1,946	283	2,645	3,102
Investment in subsidiaries net of cash acquired		0	(4,742)	0	(16,347)
Investment in equity accounted investees		(794)	0	(794)	0
Investment in finance assets		(1,223)	(71)	(2,871)	(154)
Net cash used in investing activities		(10,914)	(24,989)	(24,755)	(40,051)
Cash flows from financing activities:					
Dividend paid to equity holders of the Company		(10,360)	(10,585)	(10,360)	(10,585)
Dividend paid to minority interest		(274)	(1,169)	(654)	(1,169)
Proceeds from non-current loans and borrowings		16,402	23,385	27,978	30,721
Repayment of non-current loans and borrowings		(1,771)	(3,771)	(4,514)	(6,198)
Short term borrowings, change		(2,128)	1,316	(49)	5,782
Net cash from financing activities		1,869	9,176	12,401	18,551
Changes in cash and cash equivalents		(1,026)	(4,034)	(2,347)	(2,345)
Cash and cash equivalents at the beginning of the year		21,614	41,356	23,169	39,543
Effects of exchange rate fluctuations on cash held		929	(714)	695	(590)
Cash and cash equivalents at the end of the period		21,517	36,608	21,517	36,608
Investing and financing activities not affecting cash flows:					
Acquisition of property, vessels, equipment and intangible assets		(240)	460	(447)	(679)
Proceeds from non-current loans and borrowings		240	460	447	679

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 June 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 30 August 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 June 2018

	Liner services	Forwarding services	Consoli- dated
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) income	(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

1 January to 30 June 2017

Revenue, external	209,554	104,668	314,222
Inter-segment revenue	20,520	26,541	47,061
Total	230,074	131,209	361,283
Expenses, external	(186,503)	(101,706)	(288,209)
Inter-segment expense	(26,541)	(20,520)	(47,061)
EBITDA	17,030	8,983	26,013
Depreciation and amortization	(13,963)	(893)	(14,856)
EBIT	3,067	8,090	11,157
Net finance expense	(3,676)	(670)	(4,346)
Share of loss of equity accounted investees	(27)	(146)	(173)
Income tax	471	(1,982)	(1,511)
Net (loss) earnings for the period	(165)	5,292	5,127

Information on assets and liabilities

Segment assets as at 30 June 2018	403,778	73,327	477,105
Segment assets as at 31 December 2017	377,529	81,986	459,515
Segment liabilities as at 30 June 2018	199,718	40,301	240,019
Segment liabilities as at 31 December 2017	173,256	41,649	214,905
Capital expenditure for the period 1 January to 30 June 2018	23,255	927	24,182
Capital expenditure for the period 1 January to 30 June 2017	25,988	1,342	27,330

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 2018	307,122	21,041	328,163
Revenue, external for the period 1 January to 30 June 2017	294,508	19,714	314,222
Geographical location of assets as at 30 June 2018	463,485	13,620	477,105
Geographical location of assets as at 31 December 2017	444,031	15,484	459,515
Capital expenditure for the period 1 January to 30 June 2018	24,177	5	24,182
Capital expenditure for the period 1 January to 30 June 2017	27,326	4	27,330

Notes

	2018	2017	2018	2017
	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	189	332	262	516
Dividend received	76	70	76	70
Finance income	265	402	338	586
Finance expense is specified as follows:				
Interest on long-term loans	(1,032)	(910)	(1,844)	(1,718)
Other finance expense	(423)	(311)	(626)	(618)
Finance expense	(1,455)	(1,221)	(2,470)	(2,336)
Net foreign currency exchange gain (loss)	289	(2,017)	117	(2,596)
Net finance expense	(901)	(2,836)	(2,015)	(4,346)

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
	1.4.-30.6.	1.4.-30.6.	1.1.-30.6.	1.1.-30.6.
Net earnings attributable to equity holders of the Company	4,517	4,715	2,896	4,767
Number of issued shares at 1 January in thousands	200,000	200,000	200,000	200,000
Effect of treasury shares in thousands	(13,361)	(13,361)	(13,361)	(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)	0.0242	0.0253	0.0155	0.0255

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 share capital of the Company after the reduction is 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:

	30.6.2018	31.12.2017
Trade receivables	109,362	104,294
Restricted cash	1,202	2,777
Other receivables	14,403	11,800
Trade and other receivables total	124,967	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:

	30.6.2018	31.12.2017
Secured bank loans	137,477	112,657
Finance lease liabilities	12,797	13,205
Bank overdraft and short term borrowing	73	122
Total loans and borrowings	150,347	125,984
Current maturities of secured bank loans	(15,477)	(15,987)
Finance lease liabilities payable within one year	(9,733)	(2,067)
Bank overdraft and short term borrowing	(73)	(122)
Current loans and borrowings	(25,283)	(18,176)
Non-current loans and borrowings	125,064	107,808

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

Secured bank loans

Secured bank loans are payable as follows:

	30.6.2018		31.12.2017	
	Nominal interest	Carrying amount	Nominal interest	Carrying amount
Loans in EUR	2.5%	118,236	2.5%	92,901
Loans in USD	5.4%	6,691	4.1%	7,046
Loans in ISK	5.3%	10,916	5.1%	10,862
Loans in other currencies	-	1,634	-	1,848
Total secured bank loans		137,477		112,657

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

	30.6.2017	31.12.2017
On demand or within 12 months	15,477	15,987
12 - 24 months	87,187	60,312
24 - 36 months	4,270	4,214
36 - 48 months	5,474	5,572
48 - 60 months	3,937	3,963
After 60 months	21,132	22,609
Total secured bank loans	137,477	112,657

Finance lease liabilities

Finance lease liabilities are payable as follows:

	30.6.2018		31.12.2017	
	Minimum lease payments	Principal	Minimum lease payments	Principal
Less than one year	9,895	9,733	2,261	2,067
Between one and five years	3,417	3,064	11,502	11,138
Total	13,312	12,797	13,763	13,205

Notes

10. Trade and other payables

Trade and other payables are attributable to the following:

	30.6.2018	31.12.2017
Trade payables	51,511	50,226
Income tax payable	518	426
Other payables	27,363	28,463
Total	79,392	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 June 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. The direct subsidiaries owned 61 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 30.6.2018	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	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.

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 above mentioned employees have requested access to all information of the case that they have not been granted yet.

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 no effect on the Company's Financial Statements. 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 4.9 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			
Revenue	155,532	172,631			
Expenses	148,281	157,718			
Operating profit, EBITDA	7,251	14,913			
Depreciation and amortization	(7,807)	(7,918)			
Results from operating activities, EBIT	(556)	6,995			
Net finance expense	(1,114)	(901)			
Share of loss of equity accounted investees	(670)	(345)			
Net (loss) earnings before income tax	(2,340)	5,749			
Income tax	754	(1,134)			
Net (loss) earnings	(1,586)	4,615			
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