



Eimskipafélag Íslands hf.

Condensed Consolidated Interim Financial Statements
1 January to 30 September 2019
EUR

Eimskipafélag Íslands hf.
Korngarðar 2
104 Reykjavík
Iceland

Reg. no. 690409-0460

This page has been left blank intentionally

Contents

Endorsement and Statement by the Board of Directors and the CEO	4
Consolidated Income Statement	5
Consolidated Statement of Comprehensive Income	6
Consolidated Statement of Financial Position	7
Consolidated Statement of Changes in Equity	8
Consolidated Statement of Cash Flows	9
Notes to the Consolidated Financial Statements	10
Quarterly Statements	18

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 and third quarter Eimskip purchased a total of 2,677,309 treasury shares with a purchase price of ISK 500 million or EUR 3.6 million. The share-buy back was completed on 27 July 2019.

Net earnings for the first nine months of the year 2019 amounted to EUR 7.2 million according to the Consolidated Income Statement. Total equity at 30 September 2019 amounted to EUR 237.1 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 September 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 nine months ended 30 September 2019, its assets, liabilities and consolidated financial position as at 30 September 2019 and its consolidated cash flows for the nine month period ended 30 September 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 September 2019 and confirm them by means of their signatures.

Reykjavík, 21 November 2019

Board of Directors:

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

CEO:

Vilhelm Már Thorsteinsson

Consolidated Income Statement

1 January to 30 September 2019

	Notes	2019 1.7. - 30.9.	2018 1.7. - 30.9.	2019 1.1. - 30.9.	2018 1.1. - 30.9.
Revenue					
Operating revenue	5	172,522	182,164	504,045	510,327
Expenses					
Operating expenses		118,232	131,203	349,194	367,758
Salaries and related expenses		31,572	33,327	98,119	102,771
	5	149,804	164,530	447,313	470,529
Operating profit, EBITDA		22,718	17,634	56,732	39,798
Depreciation and amortization		(13,693)	(7,896)	(40,162)	(23,621)
Results from operating activities, EBIT		9,025	9,738	16,570	16,177
Finance income		338	163	831	501
Finance expense		(1,303)	(1,283)	(4,414)	(3,753)
Net foreign currency exchange gain (loss)		1,067	(211)	781	(94)
Net finance income (expense)	6	102	(1,331)	(2,802)	(3,346)
Share of loss of equity accounted investees		(84)	(170)	(83)	(1,185)
Net earnings before income tax		9,043	8,237	13,685	11,646
Income tax	15	(1,990)	(1,968)	(6,494)	(2,348)
Net earnings for the period		7,053	6,269	7,191	9,298
Net earnings for the period attributable to:					
Equity holders of the Company		6,949	6,122	6,902	9,018
Non-controlling interest		104	147	289	280
		7,053	6,269	7,191	9,298
Earnings per share:					
Basic and diluted earnings (loss) per share (EUR per share)	7	0.0375	0.0328	0.0371	0.0483

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 September 2019

Notes	2019 1.7. - 30.9.	2018 1.7. - 30.9.	2019 1.1. - 30.9.	2018 1.1. - 30.9.
Net earnings for the period	7,053	6,269	7,191	9,298
Other comprehensive income:				
Items that are or may subsequently be reclassified the income statement				
Foreign currency translation difference of foreign operations	574 (608)	753 (650)
Effective portion of changes in fair value of cash flow hedges, net of income tax	(1,879)	(87)	(1,355)	409
Fair value changes of non-controlling put option liability	111 (280)	(105)	(771)
Total other comprehensive loss for the period	(1,194)	(975)	(707)	(1,012)
Total comprehensive income for the period	5,859	5,294	6,484	8,286
Total comprehensive income for the period attributable to:				
Equity holders of the Company	5,703	5,114	6,027	7,970
Non-controlling interest	156	180	457	316
	5,859	5,294	6,484	8,286

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 September 2019

	Notes	30.9.2019	31.12.2018
Assets:			
Property, vessels and equipment		254,405	245,895
Right-of-use assets	8	32,089	0
Intangible assets		66,740	67,870
Equity accounted investees		11,790	11,731
Finance assets		4,094	3,777
Deferred tax assets	15	3,019	5,899
Total non-current assets		372,137	335,172
Inventories		5,534	5,075
Trade and other receivables	9	129,749	124,108
Cash and cash equivalents		18,673	21,941
Total current assets		153,956	151,124
Total assets		526,093	486,296
Equity:			
Share capital		1,145	1,165
Share premium		151,187	154,726
Reserves		24,354	18,317
Retained earnings		55,192	59,950
Total equity attributable to equity holders of the parent company		231,878	234,158
Non-controlling interest		5,222	4,768
Total equity		237,100	238,926
Liabilities:			
Loans and borrowings	10	154,254	130,860
Lease liabilities	11	22,204	0
Other long-term liabilities		5,130	5,025
Deferred tax liability		4,645	4,868
Total non-current liabilities		186,233	140,753
Loans and borrowings	10	15,284	28,733
Lease liabilities	11	9,846	0
Trade and other payables	12	77,630	77,884
Total current liabilities		102,760	106,617
Total liabilities		288,993	247,370
Total equity and liabilities		526,093	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 September 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 September 2018:											
Equity at 1 January 2018	1,165	154,726	(6,054)	748	0	25,648	63,878	240,111	4,499	244,610	
Dividend paid (0.0555 EUR per share)							(10,360)	(10,360)		(10,360)	
Acquisition of subsidiaries with non-controlling interest								0	161	161	
Changes in non-controlling interest								0	(159)	(159)	
Total comprehensive income for the period			(686)	409	(771)		9,018	7,970	316	8,286	
Profit of subsidiaries net of dividend received						10,856	(10,856)	0		0	
Equity at 30 September 2018	1,165	154,726	(6,740)	1,157	(771)	36,504	51,680	237,721	4,817	242,538	
Reserves						30,150					
Changes in Equity 1 January to 30 September 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	(20)	(3,539)						(3,559)		(3,559)	
Changes in non-controlling interest								0	(3)	(3)	
Total comprehensive income for the period			585	(1,355)	(105)		6,902	6,027	457	6,484	
Profit of subsidiaries net of dividend received						6,912	(6,912)	0		0	
Equity at 30 September 2019	1,145	151,187	(6,986)	(1,365)	(480)	33,185	55,192	231,878	5,222	237,100	
Reserves						24,354					

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 September 2019

	Notes	2019 1.7. - 30.9.	2018 1.7. - 30.9.	2019 1.1. - 30.9.	2018 1.1. - 30.9.
Cash flows from operating activities:					
Net earnings for the period		7,053	6,269	7,191	9,298
Adjustments for:					
Depreciation and amortization		13,693	7,896	40,162	23,621
Net finance (income) expense	6	(102)	1,331	2,802	3,346
Share of loss of equity accounted investees		84	170	83	1,185
Change in deferred taxes		794	1,296	2,646	(166)
Other changes		(261)	333	(845)	(1,770)
		21,261	17,295	52,039	35,514
Changes in current assets and liabilities:					
Inventories, change		195	236	(397)	(703)
Receivables, change		(5,138)	(5,182)	(4,730)	(11,025)
Payables, change		(10,332)	(293)	536	1,216
Change in current assets and liabilities		(15,275)	(5,239)	(4,591)	(10,512)
Interest paid		(1,512)	(1,190)	(4,668)	(3,984)
Interest received		244	240	766	484
Taxes paid		(783)	(459)	(1,680)	(848)
Net cash from operating activities		3,935	10,647	41,866	20,654
Cash flows used in investing activities:					
Acquisition of property, vessels and equipment		(10,047)	(8,011)	(29,732)	(30,773)
Acquisition of intangible assets		(619)	(409)	(2,090)	(1,382)
Proceeds from the sale of property, vessels and equipment		328	330	1,210	2,975
Investment in subsidiaries net of cash acquired		0	(3,498)	0	(3,498)
Changes in equity accounted investees		131	(1,565)	105	(2,359)
Changes in finance assets		(362)	(314)	(217)	(3,185)
Net cash used in investing activities		(10,569)	(13,467)	(30,724)	(38,222)
Cash flows from financing activities:					
Dividend paid to equity holders of the Company		0	0	(4,748)	(10,360)
Purchased treasury shares		(1,944)	0	(3,559)	0
Dividend paid to non-controlling interest		(35)	0	(268)	(654)
Proceeds from non-current loans and borrowings		5,740	2,661	15,421	30,639
Repayment of non-current loans and borrowings		(2,754)	(1,992)	(8,274)	(6,506)
Repayment of lease liabilities		(5,664)	0	(15,123)	0
Short term borrowings, change		2,439	39	2,388	(10)
Net cash (used in) provided by financing activities		(2,218)	708	(14,163)	13,109
Changes in cash and cash equivalents		(8,852)	(2,112)	(3,021)	(4,459)
Cash and cash equivalents at the beginning of the year		26,973	21,517	21,941	23,169
Effects of exchange rate fluctuations on cash held		552	(75)	(247)	620
Cash and cash equivalents at the end of the period		18,673	19,330	18,673	19,330
Investing and financing activities not affecting cash flows:					
Acquisition of property, vessels, equipment and intangible assets		(347)	(1,569)	(924)	(2,016)
Proceeds from non-current loans and borrowings		347	1,569	924	2,016
Acquisition of right-of-use assets		(2,964)	0	(9,527)	0
New or renewed leases		2,964	0	9,527	0
Investment in equity accounted investees		0	(1,330)	0	(1,330)
Payables, change		0	1,330	0	1,330

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 September 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 21 November 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. - 30.9.		
	As reported	Impact of IFRS 16	Excluding IFRS 16
Revenue			
Operating revenue	504,045		504,045
Expenses			
Operating expenses	349,194	15,298	364,492
Salaries and related expenses	98,119		98,119
	447,313	15,298	462,611
Operating profit, EBITDA	56,732	(15,298)	41,434
Depreciation and amortization	(40,162)	15,039	(25,123)
Results from operating activities, EBIT	16,570	(259)	16,311
Finance income	831		831
Finance expense	(4,414)	831	(3,583)
Net foreign currency exchange gain	781	(612)	169
Net finance (expense) income	(2,802)	219	(2,583)
Share of profit of equity accounted investees	(83)		(83)
Net earnings before income tax	13,685	(40)	13,645
Income tax	(6,494)	8	(6,486)
Net earnings for the period	7,191	(32)	7,159

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 September 2019

	Liner services	Forwarding services	Consoli- dated
Revenue, external	323,465	180,580	504,045
Inter-segment revenue	28,375	42,496	70,871
Total	351,840	223,076	574,916
Expenses, external	(269,442)	(177,871)	(447,313)
Inter-segment expense	(42,496)	(28,375)	(70,871)
EBITDA	39,902	16,830	56,732
Depreciation and amortization	(35,249)	(4,913)	(40,162)
EBIT	4,653	11,917	16,570
Net finance (expense) income	(3,358)	556	(2,802)
Share of (loss) earnings of equity accounted investees	(213)	130	(83)
Income tax	(3,289)	(3,205)	(6,494)
Net (loss) earnings for the period	(2,207)	9,398	7,191

1 January to 30 September 2018

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

Information on assets and liabilities

Segment assets as at 30 September 2019	422,907	103,186	526,093
Segment assets as at 31 December 2018	406,488	79,808	486,296
Segment liabilities as at 30 September 2019	233,763	55,230	288,993
Segment liabilities as at 31 December 2018	209,836	37,534	247,370
Capital expenditure for the period 1 January to 30 September 2019	31,623	1,123	32,746
Capital expenditure for the period 1 January to 30 September 2018	32,642	1,529	34,171

Geographical segments

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

	North Atlantic	Other territories	Consoli- dated
Revenue, external for the period 1 January to 30 September 2019	474,167	29,878	504,045
Revenue, external for the period 1 January to 30 September 2018	474,113	36,214	510,327
Geographical location of assets as at 30 September 2019	512,511	13,582	526,093
Geographical location of assets as at 31 December 2018	472,214	14,082	486,296
Capital expenditure for the period 1 January to 30 September 2019	32,734	12	32,746
Capital expenditure for the period 1 January to 30 September 2018	34,153	18	34,171

Notes

	2019	2018	2019	2018
	1.7. - 30.9.	1.7. - 30.9.	1.1. - 30.9.	1.1. - 30.9.
6. Finance income and expense				
Finance income is specified as follows:				
Interest income	194	154	585	416
Dividend received	0	9	102	85
Gain on sale of shares	144	0	144	0
Finance income	<u>338</u>	<u>163</u>	<u>831</u>	<u>501</u>
Finance expense is specified as follows:				
Interest on long-term loans	(802)	(1,079)	(2,743)	(2,923)
Interest on lease liabilities	(282)	0	(831)	0
Other finance expense	(219)	(204)	(840)	(830)
Finance expense	<u>(1,303)</u>	<u>(1,283)</u>	<u>(4,414)</u>	<u>(3,753)</u>
Net foreign currency exchange gain (loss)	1,067	(211)	781	(94)
Net finance income (expense)	<u>102</u>	<u>(1,331)</u>	<u>(2,802)</u>	<u>(3,346)</u>

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
	1.7. - 30.9.	1.7. - 30.9.	1.1. - 30.9.	1.1. - 30.9.
Net earnings attributable to equity holders of the Company	6,949	6,122	6,902	9,018
Number of issued shares at 1 January in thousands	187,000	187,000	187,000	187,000
Effect of treasury shares at January in thousands	(361)	(361)	(361)	(361)
Effect of treasury shares purchased in thousands	(1,441)	0	(538)	0
Effect of treasury shares at 30 September in thousands	(1,802)	(361)	(899)	(361)
Weighted average number of outstanding shares in thousands	<u>185,198</u>	<u>186,639</u>	<u>186,101</u>	<u>186,639</u>
Basic and diluted earnings per share (EUR)	<u>0.0375</u>	<u>0.0328</u>	<u>0.0371</u>	<u>0.0483</u>

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 and amended leases	0	2,176	6,599	752	9,527
Expired leases	0	(146)	(2,623)	(63)	(2,832)
Divestments	0	0	(1,648)	(71)	(1,719)
Currency adjustments	0	165	0	0	165
Balance at 30 September 2019	7,784	19,443	13,393	2,540	43,160
Depreciation					
Depreciation	333	3,274	10,734	698	15,039
Expired leases	0	(146)	(2,623)	(63)	(2,832)
Divestments	0	0	(1,144)	0	(1,144)
Currency adjustments	0	5	0	3	8
Balance at 30 September 2019	333	3,133	6,967	638	11,071
Carrying amounts					
At 1 January 2019	7,784	17,248	11,065	1,922	38,019
At 30 September 2019	7,451	16,310	6,426	1,902	32,089

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:

	30.9.2019	31.12.2018
Trade receivables	117,722	110,861
Restricted cash	458	511
Other receivables	11,569	12,736
Trade and other receivables total	129,749	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:

	30.9.2019	31.12.2018
Secured bank loans	161,644	145,113
Finance lease liabilities	5,365	14,351
Bank overdraft and short term borrowing	2,529	129
Total loans and borrowings	169,538	159,593
Current maturities of secured bank loans	(10,290)	(18,321)
Finance lease liabilities payable within one year	(2,465)	(10,283)
Bank overdraft and short term borrowing	(2,529)	(129)
Current loans and borrowings	(15,284)	(28,733)
Non-current loans and borrowings	154,254	130,860

The loan agreements of Eimskip contain restrictive covenants. At the end of September 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:

	30.9.2019	31.12.2018
On demand or within 12 months	15,284	28,733
12 - 24 months	46,107	11,125
24 - 36 months	10,476	21,402
36 - 48 months	10,045	9,753
48 - 60 months	9,285	9,943
After 60 months	78,341	78,637
Total secured bank loans	169,538	159,593

Secured bank loans

Secured bank loans are as follows:

	30.9.2019		31.12.2018	
	Nominal interest	Carrying amount	Nominal interest	Carrying amount
Loans in EUR	1.9%	142,304	2.0%	127,508
Loans in USD	5.1%	5,665	5.4%	6,233
Loans in ISK	4.9%	12,557	5.5%	9,959
Loans in other currencies	-	1,118	-	1,413
Total secured bank loans		161,644		145,113

11. Lease liabilities

Lease liabilities are as follows:

	30.9.2019
Lease Liabilities in EUR	6,731
Lease Liabilities in USD	7,019
Lease Liabilities in ISK	6,988
Lease Liabilities in other currencies	11,312
Total	32,050
Current maturities	(9,846)
Non-current maturities	22,204

Maturity analysis:

	30.9.2019
Within 12 months	9,846
12 - 24 months	5,704
24 - 36 months	3,527
36 - 48 months	2,581
48 - 60 months	1,809
After 60 months	8,583
Total	32,050

12. Trade and other payables

Trade and other payables are attributable to the following:

	30.9.2019	31.12.2018
Trade payables	43,391	53,255
Income tax payable	1,069	713
Other payables	33,170	23,916
Total	77,630	77,884

Notes

13. Capital commitments

In January 2017, Eimskip signed a shipbuilding contract with a Chinese shipbuilding company for the building of two new 2,150 TEUS container vessels that will be named Bruarfoss and Dettifoss. The contract price of each vessel is approximately USD 32.0 million or EUR 29.4 million. The first vessel, Dettifoss, is expected to be delivered during the latter part of the first quarter of 2020 and the second vessel, Bruarfoss, is expected to be delivered in the third quarter of 2020. The payment profile of the vessels is that 40% of the contract price is paid during the building period and 60% upon delivery. As of the end of September 2019, USD 25.6 million or EUR 23.5 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 60 subsidiaries at period-end. The Company holds the majority of voting power in all of its subsidiaries. Assets, liabilities, revenues and expenses in Consolidated Financial Statements that include a non-controlling interest are immaterial to the Group.

The Group's direct subsidiaries are as follows:

	Country of incorporation	Ownership Interest 30.9.2019	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

The Icelandic Competition Authority

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 1 July 2019 the Company filed a court case based on Article 102 of the Icelandic criminal procedure act, claiming that the ICA's investigation is illegal and should be ceased. The claims in this case are twofold. Firstly, that ICA's investigation in its entirety is deemed illegal and should be ceased. Secondly, that seized documents from two dawn raids should be returned and all copies destroyed. On 25 October 2019 the Court of Appeal confirmed the ruling of Reykjavik District Court of dismissal of the first claim, but the second claim will be heard by Reykjavik District Court in coming months. As the courts did not rule on the substantive arguments made by the Company regarding the first claim, based on the criminal procedure act, it was decided on 4 November 2019 to file a civil action against ICA in order to get the courts to rule on the arguments.

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 immaterial effect on the Company's Financial Statements.

For further information, see note 23 in the Consolidated Financial Statements 2014 and the Consolidated Interim Financial Statements for the second quarter of 2019.

Notes

15. Other matters, continued

Tax related matters

The Icelandic Directorate of Internal Revenue ruled in December 2017 regarding the taxation of the operation of foreign vessel subsidiaries of Eimskip. The Internal Revenue Board confirmed the ruling in March 2019. Due to this ruling Eimskip expensed EUR 3.4 million in the Income Statement in the first quarter of 2019 and has paid EUR 0.7 million as well as utilized EUR 2.7 million of tax-losses carried forward. Eimskip disagrees with the ruling of the Internal Revenue Board and will refer the case to the Icelandic courts.

16. Subsequent events

There are no subsequent events to report.

Quarterly statements

Year 2019	Q1 2019	Q2 2019	Q3 2019		
Revenue	163,988	167,535	172,522		
Expenses	148,466	149,043	149,804		
Operating profit, EBITDA	15,522	18,492	22,718		
Depreciation and amortization	(13,078)	(13,391)	(13,693)		
Results from operating activities, EBIT	2,444	5,101	9,025		
Net finance (expense) income	(1,298)	(1,606)	102		
Share of (loss) earnings of equity accounted investees	(84)	85	(84)		
Net earnings before income tax	1,062	3,580	9,043		
Income tax	(3,575)	(929)	(1,990)		
Net (loss) earnings	(2,513)	2,651	7,053		
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