

City of Reykjavik

INTERIM FINANCIAL STATEMENT

1 January - 30 June 2014



City of Reykjavik
Reg. No. 530269-7609
City Hall
Tjarnargata 11
101 Reykjavík

City of Reykjavik

INTERIM FINANCIAL STATEMENT

1 January - 30 June 2014



TABLE OF CONTENTS

	Page
Income Statement	2
Balance Sheet	3-4
Statement of Cash Flows	5

Please notice:

This is an English translation of the Icelandic Interim Financial Statement of the City of Reykjavik.

In the event of any discrepancy between the English and Icelandic versions the original

Icelandic text shall prevail.

Interim Income Statement 1 January - 30 June 2014

	Reykjavik Municipal			Reykjavik Group		
	Interim Financial Statement Jan-Jun 2014	(A operation) Budget with annexes Jan- Jun 2014	Interim Financial Statement Jan-Jun 2013	Interim Financial Statement Jan-Jun 2014	(A and B operation) Budget with annexes Jan-Jun 2014	Interim Financial Statement Jan-Jun 2013
OPERATING REVENUE						
Tax revenues	31.065.312	30.163.504	29.166.447	30.862.822	29.808.048	28.691.800
Contributions from Equalisation Fund	2.566.815	2.719.000	2.458.502	2.566.815	2.719.000	2.458.502
Other revenues	6.997.221	6.890.767	6.682.764	30.113.503	32.270.565	31.467.863
Total operating revenues	40.629.349	39.773.271	38.307.713	63.543.141	64.797.614	62.618.165
OPERATING EXPENSES						
Wage cost and wage-related expenses	21.492.497	21.155.075	19.957.681	25.992.694	25.626.772	24.340.100
Changes in pension obligations	1.155.616	1.155.226	1.305.544	1.175.822	1.298.106	1.323.705
Other operating expenses	17.997.306	17.017.685	16.642.318	22.742.513	23.369.290	21.343.405
Depreciation	1.956.786	1.941.744	1.806.172	6.965.547	7.245.690	6.972.560
Total operating expenses	42.602.206	41.269.729	39.711.714	56.876.577	57.539.857	53.979.769
Operating result before financial items	(1.972.857)	(1.496.458)	(1.404.001)	6.666.564	7.257.756	8.638.395
Net financial items	(379.670)	(214.650)	(488.177)	(3.601.822)	(5.385.413)	(7.260.791)
Operating result before tax and effects of associated companies	(2.352.527)	(1.711.108)	(1.892.179)	3.064.741	1.872.343	1.377.605
Income tax	0	0	0	(1.360.883)	(518.541)	348.371
Changes in market value of investment assets	0	0	0	2.386.199	848.808	430.766
Share in associated companies' operating results	0	0	0	0	0	(2.144)
Minority interest	0	0	0	(366.783)	0	(336.088)
Operating result	(2.352.527)	(1.711.108)	(1.892.179)	3.723.275	2.202.611	1.818.510

Balance Sheet as at June 30th 2014

Assets	Reykjavik Municipal		Reykjavik Group	
	(A operation)		(A and B operation)	
	Interim	Financial	Interim	Financial
	Financial Statement 30.06.2014	Statement 31.12.2013	Statement 30.06.2014	Statement 31.12.2013
FIXED ASSETS				
Intangible assets:				
Intangible assets	0	0	1.251.277	1.242.808
Fixed tangible assets:				
Real estate	85.054.587	84.369.983	103.155.362	102.537.376
Utilities	0	0	245.384.496	249.660.185
Investment assets	0	0	44.338.640	41.816.642
Road systems	11.049.877	11.775.804	11.895.173	12.555.030
Machinery and equipment	2.197.519	2.104.952	5.303.305	5.150.223
Lease properties	7.407.896	7.672.008	7.407.896	7.672.008
	105.709.878	105.922.747	417.484.871	419.391.465
Investments:				
Shares in companies	7.876.896	7.686.562	4.688.484	6.187.732
Long-term receivables from own companies	13.748.052	12.446.548	0	0
Embedded derivative contracts	0	0	568.817	965.916
Derivative contracts	0	0	438.726	1.127.246
Deferred tax assets	0	0	4.197.149	1.708.664
Other long-term receivables	1.411.673	3.297.649	9.338.751	9.008.336
	23.036.621	23.430.760	19.231.926	18.997.894
Total fixed assets	128.746.499	129.353.507	437.968.075	439.632.166
CURRENT ASSETS				
Inventories	0	0	744.002	859.621
Short-term receivables:				
Unclaimed revenues and receivables	4.755.273	7.290.741	11.020.664	13.643.631
Next year's paym. of own comp. long-term receivab.	0	60.895	0	0
Next year's payment of other long-term receivables	102.357	160.960	198.193	230.583
Receivables from own companies	629.510	85.879	0	0
Pre-paid costs	0	0	101.880	167.403
Other receivables	3.138.880	2.306.220	3.817.619	2.674.222
Cash and cash equivalents	9.849.684	9.772.323	26.022.995	21.142.441
Total current assets	18.475.703	19.677.018	41.905.354	38.717.901
TOTAL ASSETS	147.222.202	149.030.524	479.873.429	478.350.067

Balance Sheet as at June 30th 2014

Equity and liabilities	Reykjavik Municipal		Reykjavik Group	
	(A operation)		(A and B operation)	
	Interim Financial Statement 30.06.2014	Financial Statement 31.12.2013	Interim Financial Statement 30.06.2014	Financial Statement 31.12.2013
EQUITY				
Equity account	84.583.514	86.936.041	184.703.710	182.181.438
Minority interest	0	0	10.170.163	9.836.961
Total equity	84.583.514	86.936.041	194.873.873	192.018.399
OBLIGATIONS				
Pension obligations	12.282.849	11.842.577	12.785.389	12.335.502
Deferred tax liabilities	0	0	3.986.278	135.446
Other obligations	0	0	34.928	111.948
Total obligations	12.282.849	11.842.577	16.806.594	12.582.896
LONG-TERM LIABILITIES				
Long-term debts	23.802.736	24.794.490	216.368.866	219.773.229
Lease liabilities	11.589.837	11.730.816	11.589.837	11.730.816
Other long-term liabilities (fair value derivatives)	0	0	899.057	0
Total long-term liabilities	35.392.573	36.525.306	228.857.759	231.504.045
CURRENT LIABILITIES				
Debts to credit institutions	0	0	274.893	1.880.847
Accounts payable	1.513.975	2.809.850	2.779.622	5.157.458
Embedded derivatives	0	0	360.639	548.176
Next year's payment of long-term debts	1.813.685	2.851.020	18.026.414	21.701.091
Next year's payment of lease liabilities	569.997	551.143	569.997	551.143
Next year's payment of pension obligations	1.485.880	1.485.880	1.510.880	1.510.880
Accounts payable to own companies	328.893	25.795	0	0
Derivative contracts	0	0	1.118.594	1.390.870
Other payables	9.250.837	6.002.913	14.694.163	9.504.261
Total current liabilities	14.963.267	13.726.600	39.335.202	42.244.726
Total liabilities and obligations	62.638.688	62.094.483	284.999.556	286.331.668
TOTAL EQUITY AND LIABILITIES	147.222.202	149.030.524	479.873.429	478.350.067
<i>Off-Balance Sheet items</i>	190.953.840	190.953.840	19.980.898	19.980.898

Statement of Cash Flows 1 January - 30 June 2014

	Reykjavik Municipal			Reykjavik Group		
	Interim Financial Statement Jan-Jun 2014	(A operation) Budget with annexes Jan-Jun 2014	Interim Financial Statement Jan-Jun 2013	Interim Financial Statement Jan-Jun 2014	(A and B operation) Budget with annexes Jan-Jun 2014	Interim Financial Statement Jan-Jun 2013
CASH FLOWS FROM OPERATING ACTIVITIES						
Operating result according to Income Statement	(2.352.527)	(1.711.108)	(1.892.179)	3.723.275	2.202.611	1.818.510
Adjustments to reconcile net earnings to cash provided by operating activities						
Loss (Gain) on sold assets	(111.541)	(800.000)	(471.773)	(632.439)	802.413	(480.407)
Depreciation	1.956.786	1.941.744	1.806.172	6.965.547	7.245.690	6.972.560
Indexation, discounts and exch.rate differences	288.327	324.017	442.741	940.054	2.361.496	(8.092.883)
Aluminium derivatives	0	0	0	209.561	0	12.470.962
Changes in market value of investment assets	0	0	0	(2.386.199)	(848.808)	(430.766)
Impact of own companies and minority interests	0	0	0	366.783	0	338.232
Changes in pension obligations	1.155.616	1.155.226	1.305.544	1.175.822	1.298.106	1.323.705
Changes in deferred taxes	0	0	0	1.360.883	518.541	(348.371)
Other changes	0	0	0	(525)	93.091	0
Working capital provided by operating activities	936.660	909.879	1.190.504	11.722.762	13.673.138	13.571.541
Changes in operating assets and liabilities:						
Inventories decrease (increase)	0	0	0	115.619	(5.000)	(78.876)
Unclaimed revenues (increase) decrease	2.495.123	0	1.932.028	2.363.823	36.150	1.692.660
Other current receivables (increase) decrease	(839.869)	0	(770.181)	(1.884.063)	(1.321.046)	(3.628.849)
Current liabilities (decrease) increase	1.999.603	0	1.081.370	4.244.504	(15.369)	2.867.694
Change in operating assets and liabilities	3.654.857	0	2.243.217	4.839.883	(1.305.265)	852.630
Net cash provided by operating activities	4.591.517	909.879	3.433.722	16.562.645	12.367.873	14.424.171
INVESTMENT ACTIVITIES						
Investments in fixed tangible assets	(2.369.526)	(3.077.443)	(2.827.799)	(5.613.538)	(9.914.400)	(4.844.073)
Road construction fees and building permits	736.900	1.350.000	1.263.838	1.002.699	1.350.000	1.263.838
Proceeds from sale of fixed tangible assets	250	0	29.459	76.585	875.679	1.077.022
Change in equity holdings	(190.334)	(144.500)	(60.786)	1.499.248	805.500	3.264
Long-term securities, change	861.082	101.110	(3.412.440)	(167.155)	212.116	129.756
Other investment activities	0	0	0	0	(3.450)	2.506
Net cash provided by investment activities	(961.628)	(1.770.833)	(5.007.728)	(3.202.161)	(6.674.555)	(2.367.688)
FINANCING ACTIVITIES						
New long-term borrowings	83.800	1.089.750	1.616.984	6.352.109	1.618.520	7.951.799
Repayment of long-term liabilities and obligations	(2.680.452)	(981.145)	(1.052.385)	(12.479.035)	(11.690.999)	(19.116.590)
Contributions to pension payments	(715.344)	(775.000)	(661.378)	(725.936)	(775.000)	(668.967)
Paid-in capital / other changes in equity	0	0	0	128.510	341.078	(7.247)
Short-term borrowings	0	0	0	(1.602.469)	(7.500)	(989.723)
Dividends paid	0	0	0	(173.000)	0	(182.625)
Other financing activities	(240.533)	4.085	(85.575)	0	0	0
Net cash provided by financing activities	(3.552.528)	(662.310)	(182.354)	(8.499.821)	(10.513.902)	(13.013.352)
INCREASE (DECREASE) IN CASH AND CASH EQUIV.	77.361	(1.523.264)	(1.756.360)	4.860.664	(4.820.583)	(956.869)
CASH AND CASH EQUIV. AT BEGINNING OF YEAR	9.772.323	9.272.433	11.764.264	21.142.441	26.319.551	20.861.689
EFFECT OF CURRENCY FLUCTUATIONS ON CASH	0	0	0	19.891	0	(1.009.605)
CASH AND CASH EQUIV. AT YEAR-END	9.849.684	7.749.168	10.007.903	26.022.995	21.498.968	18.895.215