

# Reykjavíkurborg

(City of Reykjavik)

## Interim Financial Statement 1 January - 30 June 2019



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(City of Reykjavik)  
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## Interim Financial Statement

### 1 January - 30 June 2019

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Please note:

This is an English translation of the Icelandic Interim Financial Statements of Reykjavíkurborg (the City of Reykjavik). In the event of any discrepancy between the English and Icelandic versions the original Icelandic text shall prevail.

# Income Statement 1 January - 30 June 2019

	Reykjavik Municipal (A operation)			Reykjavik Group (A and B operations)		
	Interim		Interim	Interim		Interim
	Financial	Budget with	Financial	Financial	Budget with	Financial
	Statement	Annexes	Statement	Statement	Annexes	Statement
	Jan-Jun 2019	Jan-Jun 2019	Jan-Jun 2018	Jan-Jun 2019	Jan-Jun 2019	Jan-Jun 2018
<b>Operating revenue</b>						
Tax revenues .....	49.652.856	50.517.558	45.735.588	49.337.213	50.174.799	45.456.164
Contributions from Municipal Equalisation Fund .....	3.653.364	3.697.587	3.542.003	3.653.364	3.697.587	3.542.003
Other revenues .....	9.074.726	8.991.864	11.692.001	39.775.981	41.904.202	41.268.582
<b>Total operating revenues</b>	<b>62.380.946</b>	<b>63.207.009</b>	<b>60.969.592</b>	<b>92.766.557</b>	<b>95.776.589</b>	<b>90.266.749</b>
<b>Operating expenses</b>						
Wage cost and wage-related expenses .....	33.383.069	33.172.441	30.923.992	40.752.891	41.189.009	37.795.461
Changes in pension obligations, LsRb* .....	2.350.000	1.875.000	2.500.001	2.408.581	1.875.000	2.568.449
Other operating expenses .....	22.199.462	22.395.762	20.525.843	28.783.822	29.527.710	26.226.033
<b>Total operating expenses</b>	<b>57.932.531</b>	<b>57.443.203</b>	<b>53.949.837</b>	<b>71.945.294</b>	<b>72.591.718</b>	<b>66.589.944</b>
Operating result before depreciation, EBITDA .....	4.448.415	5.763.807	7.019.755	20.821.263	23.184.871	23.676.805
Depreciation .....	( 2.637.871 )	( 2.575.434 )	( 2.455.341 )	( 9.154.265 )	( 8.470.702 )	( 7.822.437 )
Operating result before financial items.....	1.810.544	3.188.373	4.564.415	11.666.999	14.714.169	15.854.368
Net financial items .....	( 157.167 )	( 870.767 )	( 829.649 )	( 7.242.290 )	( 8.121.833 )	( 7.614.140 )
Operating result before tax, adjustments and effects of associated companies	1.653.377	2.317.606	3.734.766	4.424.709	6.592.336	8.240.228
Income tax .....	0	0	0	292.407	( 713.994 )	( 66.066 )
Value adjustment of investment properties .....	0	0	0	3.417.372	688.817	1.545.515
Share in associated companies' operating results .....	0	0	0	( 528 )	500	6.058
Minority interests .....	0	0	0	( 389.431 )	0	( 579.484 )
<b>Operating results.....</b>	<b>1.653.377</b>	<b>2.317.606</b>	<b>3.734.766</b>	<b>7.744.529</b>	<b>6.567.658</b>	<b>9.146.251</b>

\* For the evaluation of pension obligations, it is assumed that the national mortality rate will continue to decrease and that life expectancy will increase instead of basing assumptions on the experience of previous years. See note 40.

# Statement of Financial Position 30 June 2019

Assets	Reykjavik Municipal (A operation)		Reykjavik Group (A and B operations)	
	Interim Financial Statement	Financial Statement	Interim Financial Statement	Financial Statement
	30.6.2019	31.12.2018	30.6.2019	31.12.2018
<b>Fixed assets</b>				
Intangible assets .....	0	0	2.245.047	1.999.523
Fixed tangible assets:				
Real estate .....	120.856.164	118.626.457	147.916.905	143.857.185
Utilities .....	0	0	304.328.116	294.237.974
Investment properties .....	0	0	88.476.680	83.202.731
Road systems .....	16.715.471	15.975.143	17.323.478	16.583.805
Machinery and equipment .....	4.837.307	4.890.248	10.191.084	10.188.154
Lease properties .....	5.487.779	5.790.960	5.915.461	5.790.960
	<u>147.896.721</u>	<u>145.282.808</u>	<u>574.151.725</u>	<u>553.860.808</u>
Investments and long-term receivables:				
Capital contributions and shares in companies .....	10.169.283	10.286.737	7.854.328	8.064.362
Long-term receivables from own companies .....	9.029.920	9.556.177	0	0
Pre-paid costs .....	9.810.148	10.002.370	10.676.109	10.884.997
Derivative contracts .....	0	0	87.343	295.670
Deferred tax assets .....	0	0	5.006.566	3.819.233
Other long-term receivables .....	4.151.727	4.677.361	4.634.416	5.245.617
	<u>33.161.078</u>	<u>34.522.645</u>	<u>28.258.763</u>	<u>28.309.880</u>
<b>Total fixed assets</b>	<u>181.057.799</u>	<u>179.805.453</u>	<u>604.655.535</u>	<u>584.170.211</u>
<b>Current assets</b>				
Inventories .....	0	0	1.597.273	1.608.102
Short-term receivables:				
Unclaimed revenues and receivables .....	12.190.218	9.517.650	20.494.934	16.911.457
Next year's paym. of own comp. long-term receivab. ....	1.363.790	1.341.934	0	0
Next year's payment of other long-term receivables .....	1.004.010	1.195.928	1.363.222	1.548.167
Receivables from own companies .....	794.659	344.158	0	0
Pre-paid costs .....	388.081	388.081	885.591	723.903
Derivative contracts .....	0	0	863.880	946.717
Other receivables .....	1.645.196	1.822.092	2.992.485	2.466.346
Bank deposits and marketable securities .....	0	0	7.112.109	7.223.231
Cash and cash equivalents .....	13.253.334	10.040.334	32.663.550	25.976.122
	<u>30.639.287</u>	<u>24.650.178</u>	<u>67.973.045</u>	<u>57.404.045</u>
<b>Total current assets</b>	<u>30.639.287</u>	<u>24.650.178</u>	<u>67.973.045</u>	<u>57.404.045</u>
<b>Total assets</b> .....	<u>211.697.086</u>	<u>204.455.631</u>	<u>672.628.580</u>	<u>641.574.255</u>

# Statement of Financial Position 30 June 2019

## Equity and liabilities

	Reykjavik Municipal (A operation)		Reykjavik Group (A and B operations)	
	Interim Financial	Financial	Interim Financial	Financial
	Statement	Statement	Statement	Statement
	30.6.2019	31.12.2018	30.6.2019	31.12.2018
<b>Equity</b>				
Equity account .....	97.961.466	96.308.090	312.084.269	299.968.020
Minority interest .....	0	0	17.541.909	17.219.445
<b>Total equity</b>	<b>97.961.466</b>	<b>96.308.090</b>	<b>329.626.178</b>	<b>317.187.465</b>
<b>Obligations</b>				
Pension obligations .....	36.727.700	35.642.169	37.452.799	36.324.573
Deferred tax liabilities .....	0	0	13.314.582	13.013.289
Capital contributions from state .....	0	0	851.897	629.786
Other obligations .....	0	0	368.698	348.905
<b>Total obligations</b>	<b>36.727.700</b>	<b>35.642.169</b>	<b>51.987.975</b>	<b>50.316.553</b>
<b>Long-term liabilities</b>				
Long-term debts .....	45.466.526	41.612.271	222.796.078	207.267.653
Current liabilities, own companies .....	17.000	77.952	0	0
Lease liabilities .....	10.505.195	10.706.000	10.931.989	10.706.000
Embedded derivatives in electricity contracts .....	0	0	4.564.019	4.270.604
Derivative contracts .....	0	0	872.618	777.053
<b>Total long-term liabilities</b>	<b>55.988.721</b>	<b>52.396.224</b>	<b>239.164.705</b>	<b>223.021.310</b>
<b>Current liabilities</b>				
Debts to credit institutions .....	0	210.487	125.283	1.169.079
Accounts payable .....	3.017.901	4.638.706	9.454.920	10.181.531
Embedded derivatives in electricity contracts .....	0	0	1.341.995	1.046.265
Next year's payments on long-term debts .....	1.482.792	1.554.896	15.933.409	18.824.173
Next year's payments on current liabilities, own companies .....	67.672	66.587	0	0
Next year's payments on lease liabilities .....	883.176	856.597	883.176	856.597
Pension obligations, short-term .....	2.507.000	2.507.000	2.534.700	2.534.700
Accounts payable to own companies .....	905.127	551.394	0	0
Prepayments .....	1.208.117	1.649.659	3.090.571	1.834.105
Derivative contracts .....	0	0	350.668	548.022
Other payables .....	10.947.414	8.073.821	18.135.001	14.054.454
<b>Total current liabilities</b>	<b>21.019.199</b>	<b>20.109.149</b>	<b>51.849.723</b>	<b>51.048.927</b>
<b>Total liabilities and obligations</b>	<b>113.735.620</b>	<b>108.147.541</b>	<b>343.002.402</b>	<b>324.386.790</b>
<b>Total equity and liabilities</b>	<b>211.697.086</b>	<b>204.455.631</b>	<b>672.628.580</b>	<b>641.574.255</b>

# Statement of Cash Flows 1 January - 30 June 2019

	Reykjavik Municipal (A operation)			Reykjavik Group (A and B operations)		
	Interim		Interim	Interim		Interim
	Financial	Budget with	Financial	Financial	Budget with	Financial
	Statement	Annexes	Statement	Statement	Annexes	Statement
	Jan-Jun 2019	Jan-Jun 2019	Jan-Jun 2018	Jan-Jun 2019	Jan-Jun 2019	Jan-Jun 2018
<b>Cash flows from operating activities</b>						
Operating results.....	1.653.377	2.317.606	3.734.766	7.744.529	6.567.658	9.146.251
Adjustments not affecting cash flow:			0		0	0
Gain on sold assets .....	( 1.108.553 )	( 1.746.676 )	( 3.745.091 )	( 1.114.559 )	( 1.746.676 )	( 3.749.276 )
Depreciation .....	2.637.871	2.575.434	2.455.341	9.154.264	8.470.702	7.822.437
Indexation, discounts and exch.rate differences .....	703.243	488.707	434.331	2.988.338	2.785.886	997.126
Embedded derivatives, change .....	0	0	0	589.145	607.490	4.033.199
Value adjustment of investment properties .....	0	0	0	( 3.417.372 )	( 688.817 )	( 1.545.515 )
Effect of own companies and minority interests .....	0	0	0	389.959	( 500 )	573.426
Changes in pension obligations .....	2.350.000	1.875.000	2.500.001	2.408.581	1.889.154	2.568.449
Changes in deferred taxes .....	0	0	0	( 1.232.819 )	( 515.619 )	( 790.632 )
Other changes .....	0	0	0	0	0	( 123.619 )
<b>Working capital provided by operating activities</b>	<b>6.235.938</b>	<b>5.510.071</b>	<b>5.379.347</b>	<b>17.510.066</b>	<b>17.369.278</b>	<b>18.931.846</b>
Changes in operating assets and liabilities:						
Inventories decrease (increase) .....	0	0	0	10.829	155.000	( 424.848 )
Current receivables (increase) decrease .....	( 4.176.988 )	776.528	( 1.484.675 )	( 5.495.728 )	739.501	( 3.444.315 )
Current liabilities (decrease) increase .....	2.219.207	813.058	2.578.669	6.701.374	956.607	3.063.128
Contributions to pension payments .....	( 1.264.469 )	( 1.325.000 )	( 1.144.048 )	( 1.280.355 )	( 1.325.000 )	( 1.157.648 )
Prepaid contribution to Brú pension fund, changes ...	192.222	196.000	194.040	208.888	199.000	( 828.186 )
<b>Change in operating assets and liabilities</b>	<b>( 3.030.028 )</b>	<b>460.586</b>	<b>143.986</b>	<b>145.008</b>	<b>725.108</b>	<b>( 2.791.869 )</b>
<b>Net cash provided by operating activities</b>	<b>3.205.910</b>	<b>5.970.657</b>	<b>5.523.333</b>	<b>17.655.075</b>	<b>18.094.386</b>	<b>16.139.978</b>
<b>Investment activities</b>						
Investments in fixed tangible assets .....	( 5.859.260 )	( 10.732.534 )	( 8.020.424 )	( 16.595.447 )	( 22.794.817 )	( 14.667.062 )
Investment in investment properties .....	0	0	0	( 1.808.803 )	( 1.997.326 )	( 1.121.880 )
Investments in intangible assets .....	0	0	0	( 359.527 )	( 312.000 )	( 241.912 )
Paid road construction fees .....	529.800	2.097.182	1.798.691	529.800	2.097.182	1.798.691
Sales of building rights .....	1.092.334	1.650.000	3.698.595	1.092.334	1.650.000	3.698.595
Proceeds from sale of fixed tangible assets .....	93.894	96.676	47.428	320.289	214.400	82.146
Change in shareholdings .....	117.455	( 860.583 )	0	209.506	( 540.392 )	0
Short-term investments .....	( 441.543 )	0	220.000	138.749	1.125	( 303.247 )
Restricted bank deposits .....	0	0	0	( 6.974 )	0	( 6.318 )
Long-term receivables, change .....	1.408.275	329.754	( 3.166.146 )	754.158	( 194.365 )	298.880
<b>Investment activities</b>	<b>( 3.059.045 )</b>	<b>( 7.419.506 )</b>	<b>( 5.421.855 )</b>	<b>( 15.725.915 )</b>	<b>( 21.876.193 )</b>	<b>( 10.462.107 )</b>
<b>Financing activities</b>						
Capital contributions from state .....	0	0	0	255.625	416.500	0
New long-term borrowings .....	4.209.957	3.850.000	0	16.843.614	13.655.853	8.403.731
New lease liabilities .....	0	0	0	458.755	0	0
Repayments of long-term liabilities .....	( 1.121.803 )	( 1.134.568 )	( 1.195.433 )	( 11.768.125 )	( 9.971.157 )	( 8.223.153 )
Payments on lease liabilities .....	( 429.662 )	( 428.939 )	( 410.541 )	( 461.623 )	( 428.939 )	( 410.541 )
Derivative contracts paid .....	0	0	0	( 263.747 )	( 243.991 )	( 1.397.743 )
Paid-in capital .....	0	0	0	0	33.309	0
Short-term borrowings, change .....	0	0	998.100	( 843.819 )	80.768	( 936.978 )
Dividends paid .....	0	0	0	( 169.770 )	( 101.607 )	0
Other financing activities .....	407.643	0	( 300 )	407.643	0	0
<b>Financing activities</b>	<b>3.066.135</b>	<b>2.286.493</b>	<b>( 608.174 )</b>	<b>4.458.555</b>	<b>3.440.735</b>	<b>( 2.564.683 )</b>
<b>(Decrease) Increase in cash and cash equivalents.....</b>	<b>3.213.000</b>	<b>837.645</b>	<b>( 506.696 )</b>	<b>6.387.714</b>	<b>( 341.072 )</b>	<b>3.113.188</b>
<b>Cash and cash equivalents at beginning of year.....</b>	<b>10.040.334</b>	<b>7.088.392</b>	<b>7.219.713</b>	<b>25.976.122</b>	<b>24.020.115</b>	<b>17.920.524</b>
<b>Effect of currency fluctuations on cash.....</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>299.713</b>	<b>1.694</b>	<b>123.619</b>
<b>Cash and cash equivalents at year-end.....</b>	<b>13.253.334</b>	<b>7.926.037</b>	<b>6.713.017</b>	<b>32.663.550</b>	<b>23.680.737</b>	<b>21.157.331</b>