

Reykjavíkurborg

(City of Reykjavik)

Interim Financial Statement 1 January - 30 June 2018



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Reykjavíkurborg

(City of Reykjavik)

Interim Financial Statement

1 January - 30 June 2018

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Please note:

This is an English translation of the Icelandic 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 2018

	Reykjavik Municipal (A operation)			Reykjavik Group (A and B operations)		
	Interim Financial Statement	Budget with Annexes	Interim Financial Statement	Interim Financial Statement	Budget with Annexes	Interim Financial Statement
	Jan-Jun. 2018	Jan-Jun. 2018	Jan-Jun. 2017	Jan-Jun. 2018	Jan-Jun. 2018	Jan-Jun. 2017
Operating revenue						
Tax revenues	45.735.588	45.871.757	42.024.220	45.456.164	45.584.330	41.771.047
Contributions from Municipal Equalisation Fund	3.542.003	3.592.019	3.515.055	3.542.003	3.592.019	3.515.055
Other revenues	11.692.001	9.118.971	10.140.774	41.268.582	39.809.604	39.048.692
Total operating revenues	60.969.592	58.582.747	55.680.049	90.266.749	88.985.953	84.334.793
Operating expenses						
Wage cost and wage-related expenses	30.923.992	30.682.654	27.850.286	37.795.461	37.826.900	34.102.446
Changes in pension obligations, LsRb*	2.500.001	2.501.000	3.480.502	2.568.449	2.521.994	3.508.491
Other operating expenses	20.525.843	20.415.380	18.436.517	26.226.033	27.692.886	24.717.384
Total operating expenses	53.949.837	53.599.034	49.767.304	66.589.944	68.041.780	62.328.321
Operating result before depreciation, EBITDA	7.019.755	4.983.712	5.912.745	23.676.805	20.944.172	22.006.472
Depreciation	(2.455.341)	(2.456.137)	(2.335.792)	(7.822.437)	(7.996.744)	(7.766.835)
Operating result before financial items.....	4.564.415	2.527.576	3.576.953	15.854.368	12.947.429	14.239.637
Net financial items	(829.649)	(739.620)	56.383	(7.614.140)	(5.729.783)	(96.457)
Operating result before tax, adjustments and effects of associated companies	3.734.766	1.787.955	3.633.336	8.240.228	7.217.646	14.143.180
Income tax	0	0	0	(66.066)	(758.026)	(2.411.082)
Value adjustment of investment properties	0	0	0	1.545.515	2.801.500	7.720.956
Share in associated companies' operating results	0	0	0	6.058	0	2.004
Minority interests	0	0	0	(579.484)	0	(870.879)
Operating results.....	3.734.766	1.787.955	3.633.336	9.146.251	9.261.120	18.584.180

* 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.

Statement of Financial Position 30 June 2018

	Reykjavik Municipal (A operation)		Reykjavik Group (A and B operations)	
	Interim Financial Statement 30.6.2018	Financial Statement 2017	Interim Financial Statement 30.6.2018	Financial Statement 2017
Assets				
Fixed assets				
Intangible assets	0	0	1.782.100	1.607.504
Fixed tangible assets:				
Real estate	108.030.931	103.868.042	132.274.363	128.456.051
Utilities	0	0	271.939.941	269.193.531
Investment properties	0	0	79.932.876	77.265.481
Road systems	13.157.257	13.463.124	13.732.736	14.029.611
Machinery and equipment	4.506.931	4.286.858	9.317.370	8.500.468
Lease properties	6.100.189	6.431.580	6.100.189	6.431.580
	<u>131.795.308</u>	<u>128.049.604</u>	<u>513.297.475</u>	<u>503.876.723</u>
Investments and long-term receivables:				
Capital contributions and shares in companies	8.116.673	8.116.673	6.171.852	6.165.794
Long-term receivables from own companies	10.033.927	10.554.956	0	0
Pre-paid costs	10.294.677	10.488.717	11.228.462	10.658.688
Embedded derivatives	0	0	0	1.877.811
Derivative contracts	0	0	791.277	738.800
Deferred tax assets	0	0	1.558.408	1.265.410
Other long-term receivables	7.556.238	3.786.423	8.304.043	4.645.913
	<u>36.001.515</u>	<u>32.946.770</u>	<u>28.054.042</u>	<u>25.352.416</u>
Total fixed assets	<u>167.796.823</u>	<u>160.996.374</u>	<u>543.133.616</u>	<u>530.836.643</u>
Current assets				
Inventories	0	0	1.853.296	1.429.094
Short-term receivables:				
Unclaimed revenues and receivables	11.275.648	11.025.289	19.360.105	17.827.309
Next year's paym. of own comp. long-term receivab.	1.316.582	1.198.760	0	0
Next year's payment of other long-term receivables	1.454.488	1.496.380	1.634.826	5.815.224
Receivables from own companies	466.288	388.370	0	0
Pre-paid costs	388.081	388.081	388.081	388.081
Embedded derivatives	0	0	0	346.301
Derivative contracts	0	0	188.559	36.081
Other receivables	2.513.718	1.393.823	3.895.306	2.027.851
Bank deposits and marketable securities	0	0	6.259.476	6.124.722
Cash and cash equivalents	6.713.017	7.219.713	21.157.331	17.902.524
Total current assets	<u>24.127.821</u>	<u>23.110.416</u>	<u>54.736.980</u>	<u>51.897.186</u>
Total assets	<u>191.924.644</u>	<u>184.106.790</u>	<u>597.870.596</u>	<u>582.733.829</u>

Statement of Financial Position 30 June 2018

Equity and liabilities

	Reykjavik Municipal (A operation)		Reykjavik Group (A and B operations)	
	Interim Financial	Financial	Interim Financial	Financial
	Statement	Statement	Statement	Statement
	30.6.2018	2017	30.6.2018	2017
Equity				
Equity account	89.214.405	85.479.639	280.381.538	270.123.356
Minority interest	0	0	15.924.156	15.304.477
Total equity	89.214.405	85.479.639	296.305.694	285.427.832
Obligations				
Pension obligations	34.964.653	33.608.700	35.627.762	34.216.961
Deferred tax liabilities	0	0	10.781.844	11.265.113
Other obligations	0	0	329.645	310.817
Total obligations	34.964.653	33.608.700	46.739.251	45.792.891
Long-term liabilities				
Long-term debts	35.380.996	35.751.814	194.251.233	192.358.160
Current liabilities, own companies	81.741	139.989	0	0
Lease liabilities	10.917.508	11.165.940	10.917.508	11.165.940
Embedded derivatives in electricity contracts	0	0	1.674.928	0
Derivative contracts	0	0	550.813	737.006
Total long-term liabilities	46.380.244	47.057.743	207.394.482	204.261.107
Current liabilities				
Debts to credit institutions	0	0	898.817	1.881.321
Accounts payable	3.668.870	3.306.515	7.047.891	6.509.102
Embedded derivatives in electricity contracts	0	0	134.159	0
Next year's payments on long-term debts	1.256.992	1.628.043	15.075.842	15.952.483
Next year's payments on current liabilities, own companies	65.329	64.491	0	0
Next year's payments on lease liabilities	838.693	823.811	838.693	823.811
Next year's payments on pension obligations	2.195.000	2.195.000	2.220.000	2.220.000
Accounts payable to own companies	1.412.283	420.848	0	0
Pre-paid	1.420.000	1.200.000	3.082.247	1.220.202
Derivative contracts	0	0	1.235.591	2.898.249
Other payables	10.508.175	8.321.999	16.897.928	15.746.831
Total current liabilities	21.365.342	17.960.707	47.431.169	47.251.999
Total liabilities and obligations	102.710.239	98.627.150	301.564.902	297.305.997
Total equity and liabilities	191.924.644	184.106.790	597.870.596	582.733.829

Obligations off the Statement of Financial Position

Statement of Cash Flows for the year 2017

	Reykjavik Municipal (A operation)			Reykjavik Group (A and B operations)		
	Interim Financial Statement	Budget with Annexes	Interim Financial Statement	Interim Financial Statement	Budget with Annexes	Interim Financial Statement
	Jan-Jun. 2018	Jan-Jun. 2018	Jan-Jun. 2017	Jan-Jun. 2018	Jan-Jun. 2018	Jan-Jun. 2017
Cash flows from operating activities						
Operating results.....	3.734.766	1.787.955	3.633.336	9.146.251	9.261.120	18.584.180
Adjustments not affecting cash flow:						
Gain on sold assets	(3.745.091)	(1.585.862)	(2.527.524)	(3.749.276)	(1.585.862)	(2.532.919)
Depreciation	2.455.341	2.456.137	2.335.792	7.822.437	7.996.744	7.766.835
Indexation, discounts and exch.rate differences	434.331	429.092	280.693	997.126	1.330.707	3.716.384
Embedded derivatives, change	0	0	0	4.033.199	638.874	(4.942.848)
Value adjustment of investment properties	0	0	0	(1.545.515)	(2.801.500)	(7.720.956)
Effect of own companies and minority interests	0	0	0	573.426	0	868.875
Changes in pension obligations	2.500.001	2.501.000	3.480.502	2.568.449	2.521.994	3.508.491
Changes in deferred taxes	0	0	0	(790.632)	(980.090)	1.505.416
Other changes	0	0	0	(123.619)	0	58.129
Working capital provided by operating activities	5.379.347	5.588.322	7.202.799	18.931.846	16.381.987	20.811.586
Changes in operating assets and liabilities:						
Inventories decrease (increase)	0	0	0	(424.848)	(5.000)	(369.604)
Unclaimed revenues (increase) decrease	(1.242.061)	0	(2.872.982)	(1.299.956)	3.267	(3.358.162)
Other current receivables (increase) decrease	(242.615)	(320.568)	(238.275)	(2.144.359)	(320.567)	(380.706)
Current liabilities (decrease) increase	2.578.669	446.932	4.638.923	3.063.128	528.746	5.165.320
Contributions to pension payments	(1.144.048)	(1.267.500)	(994.905)	(1.157.648)	(1.267.500)	(1.007.394)
Prepaid contribution to Brú pension fund, changes ..	194.040	195.000	0	(828.186)	195.000	0
Change in operating assets and liabilities	143.986	(946.136)	532.761	(2.791.869)	(866.054)	49.454
Net cash provided by operating activities	5.523.333	4.642.187	7.735.560	16.139.978	15.515.933	20.861.040
Investment activities						
Investments in fixed tangible assets	(8.020.424)	(6.352.871)	(4.762.716)	(14.667.062)	(19.123.430)	(11.997.112)
Investment in investment properties	0	0	0	(1.121.880)	(2.819.500)	(388.789)
Investments in intangible assets	0	0	0	(241.912)	(159.000)	(94.354)
Paid road construction fees	1.798.691	1.817.050	3.630.836	1.798.691	1.817.050	3.757.370
Sales of building rights	3.698.595	1.585.860		3.698.595	1.585.860	
Proceeds from sale of fixed tangible assets	47.428	415.862	1.223.167	82.146	558.112	416.016
Change in shareholdings	0	(452.251)	0	0	(452.251)	0
Short-term investments	220.000	0	0	(303.247)	0	0
Restricted bank deposits	0	0	0	(6.318)	0	995.298
Long-term receivables, change	(3.166.146)	2.306.643	(369.687)	298.880	4.535.170	(764.213)
Other investment activities	0	0	0	0	0	0
Investment activities	(5.421.855)	(679.707)	(278.401)	(10.462.107)	(14.057.989)	(8.075.784)
Financing activities						
New long-term borrowings	0	0	6.425.408	8.403.731	10.425.500	12.321.894
New lease liabilities	0	0	0	0	0	0
Repayments of long-term liabilities	(1.195.433)	(1.112.279)	(871.614)	(8.223.153)	(8.103.395)	(9.294.832)
Payments on lease liabilities	(410.541)	(415.028)	(380.664)	(410.541)	(415.028)	(380.664)
Derivative contracts paid	0	0	0	(1.397.743)	(632.647)	0
Paid-in capital	0	0	0	0	569.000	0
Short-term borrowings, change	998.100	0	0	(936.978)	329.065	(2.072.040)
Dividends paid	0	0	0	0	0	(90.691)
Other financing activities	(300)	(329)	47.583	0	(291)	0
Financing activities	(608.174)	(1.527.636)	5.220.714	(2.564.683)	2.172.203	483.668
(Decrease) Increase in cash and cash equivalents.....	(506.696)	2.434.844	12.677.873	3.113.188	3.630.147	13.268.924
Cash and cash equivalents at beginning of year.....	7.219.713	2.764.088	8.678.075	17.920.524	18.280.460	26.588.117
Effect of currency fluctuations on cash.....	0	0	0	123.619	(2.707)	(58.129)
Cash and cash equivalents at year-end.....	6.713.017	5.198.932	21.355.948	21.157.331	21.907.900	39.798.913