



## Reykjavik Energy – Consolidated Budget

*Consolidated budget 2014 and five year plan 2015 - 2019  
September 2013*

*Approved by the Board of Directors 20.9.2013*

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# INTRODUCTION

## Introduction

### THE PLAN

Action plan between Reykjavik Energy (RE) and its owners – *The Plan* – was approved in March 2011 and includes a number of actions that focus on improving the company's cash balance by 50 billion ISK until the end of year 2016. This includes sales of assets, reduction of investments, tariffs correction and reduction in operation cost. 2013 is a key year in progressing The Plan where RE has large amortization maturities of heavy debt.

Quarterly, Reykjavik Energy's management reports to owners and the public the progress of the Plan. The overall results of the progress report for the first half of 2013 was according to the Plan. All targets except sales of assets were in accordance with the Plan or exceeded expectations.

### BUDGET

The budget for 2014 is in accordance to the Plan and it is followed by 5-year plan 2015-2019. No major changes in operations are foreseen in Reykjavik Energy's operation after the Plan period.

### UNBUNDLING OF COMPETITIVE AND LICENCED OPERATIONS BY LAW

Reykjavik Energy is obliged to unbundle the Company's competitive and licenced operations by amendments to law no. nr.65/2003 taking effect January 1<sup>st</sup> 2014. A new model for the Reykjavik Energy group is being considered by owners appointed committee, operating under a letter of appointment dated June 21<sup>st</sup> 2010.

Principal goals of the unbundling are that operation costs will not unnecessarily increase and that the recent streamlining of the operations will prevail. Furthermore, all opportunities, following the unbundling, will be explored and utilised. Reykjavik Energy's budget for fiscal year 2014 contains those goals.



# REYKJAVIK ENERGY'S OPERATIONS

## Reykjavik Energy's operations

Reykjavik Energy is a public utility company providing electricity, geothermal water for heating, and cold water for consumption and fire fighting. The service area extends to 20 communities, covering 67% of the Icelandic population. Reykjavik Energy owns and operates four power plants, two geothermal power plants, Nesjavellir and Hellisheidi, and two hydro electrical power plants Ellidaarvirkjun and Andakilsarvirkjun. Reykjavik Energy's geothermal plants produce the majority of the power supply.

### POWER PLANTS

Hellisheidi power plant has installed capacity of 303 MW of electricity and Nesjavellir 120 MW. Combined capacity of RE's hydroelectric power plants is 12MW.



#### ELECTRICITY

Electricity distribution extends to more than half of the population of Iceland in six municipalities in the Capital Area. Distribution is associated to Landsnet power transmission in three locations in the metropolitan area.



#### HOT WATER

In the metropolitan area Reykjavik Energy operates the world's largest geothermal district heating system. The most extensive is the production of hot water in the high-temperature area Nesjavellir or, 300 MWth. In Low-temperature areas Reykjavik Energy produces a total of 600 MWth. The power plant Hellisheidi produces 133 MWth of hot water.



#### COLD WATER

Reykjavik Energy operates 13 water utilities in the service area, providing cold water to more than half of the population of Iceland.



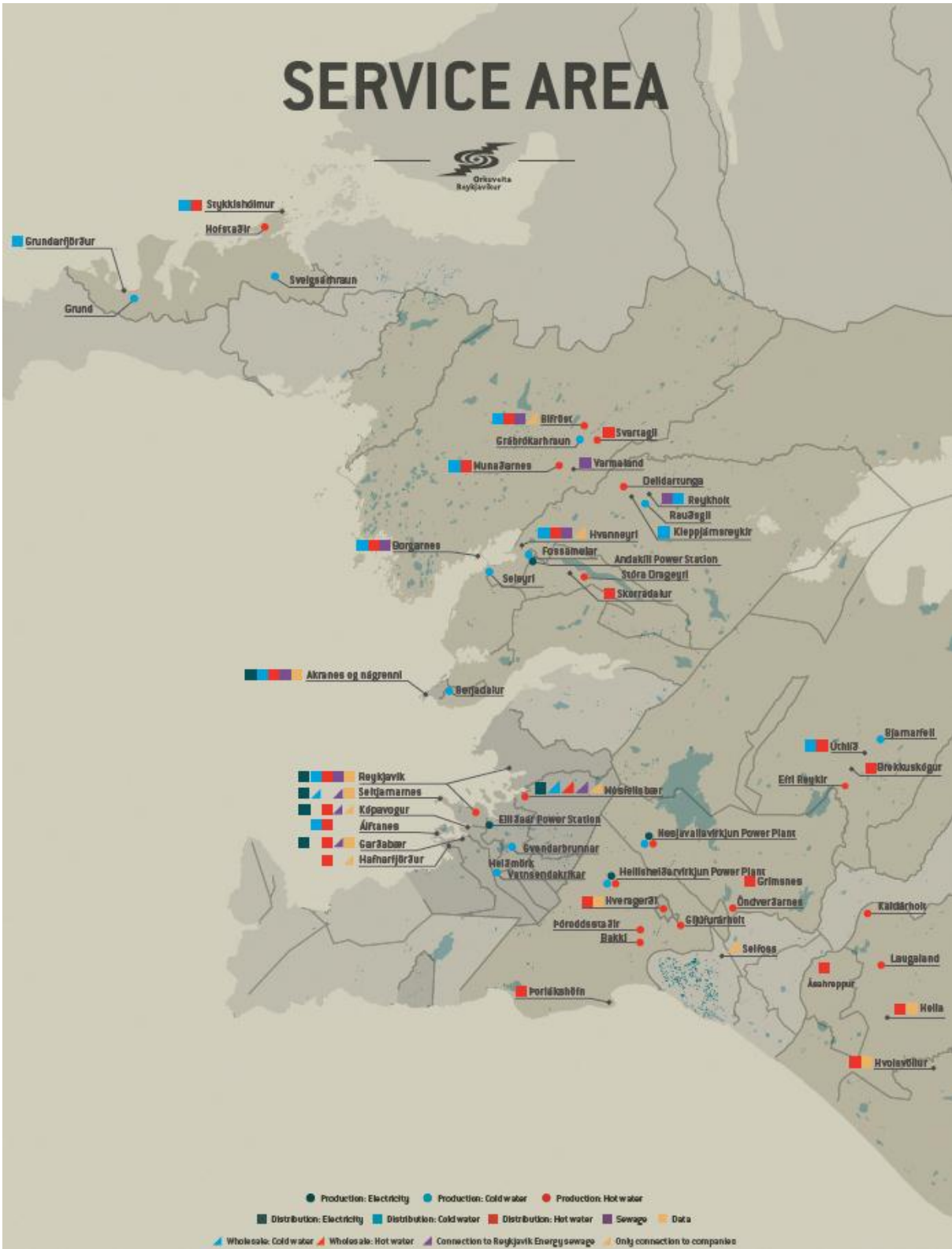
#### SEWAGE

Reykjavik Energy owns sewer systems in six communities and operates pumping stations for two municipalities in addition. In total Reykjavik Energy sewerage serves more than half of the population of Iceland.

#### FIBER OPTICS

Reykjavik Energy has built up a valuable Fiber optic network, benefitting homes and businesses in the South-Western corner of Iceland. It is operated by RE's subsidiary Gagnaveita Reykjavíkur.

# REYKJAVIK ENERGY'S OPERATIONS



# THE PLAN OF REYKJAVIK ENERGY

## The Plan of Reykjavik Energy

The result of the Plan 2011-2012 is about 1.7 billion ISK better than planned. All targets except sales of assets were in accordance with the Plan or exceeded expectations.

### THE PLAN

Plan	2011	2012	2013H1	2013H2	2014	2015	2016	Total
Reduction of investments in utility systems	1.205	3.518	1.063	1.627	2.518	2.410	2.659	15.000
Sale of assets	1.000	2.000	2.550	2.550	1.900	-	-	10.000
Reduction in operational cost	300	900	406	494	900	1.000	1.000	5.000
Reduction in other investments	250	200	79	121	200	200	200	1.250
Postponement of investments in sewerage	-	2.000	356	544	-	-2.000	-900	-
<b>Total</b>	<b>2.755</b>	<b>8.618</b>	<b>4.454</b>	<b>5.336</b>	<b>5.518</b>	<b>1.610</b>	<b>2.959</b>	<b>31.250</b>
Subordinated loans from owners	8.000	-	4.000	-	-	-	-	12.000
Increased revenues due to higher tariffs	1.122	1.552	524	691	1.295	1.330	1.499	8.013
<b>Total</b>	<b>9.122</b>	<b>1.552</b>	<b>4.524</b>	<b>691</b>	<b>1.295</b>	<b>1.330</b>	<b>1.499</b>	<b>20.013</b>
<b>"Plan" total</b>	<b>11.877</b>	<b>10.170</b>	<b>8.978</b>	<b>6.027</b>	<b>6.813</b>	<b>2.940</b>	<b>4.458</b>	<b>51.263</b>

Actual	2011	2012	2013H1	2013H2	2014	2015	2016	Total
Reduction of investments in utility systems	1.825	4.808	1.672	-	-	-	-	8.305
Sale of assets	1.115	212	979	-	-	-	-	2.306
Reduction in operational cost	747	887	774	-	-	-	-	2.408
Reduction in other investments	378	415	129	-	-	-	-	922
Postponement of investments in sewerage	-	2.150	424	-	-	-	-	2.574
<b>Total</b>	<b>4.065</b>	<b>8.472</b>	<b>3.978</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16.515</b>
Subordinated loans from owners	7.925	75	4.000	-	-	-	-	12.000
Increased revenues due to higher tariffs	1.128	2.200	895	-	-	-	-	4.223
<b>Total</b>	<b>9.053</b>	<b>2.275</b>	<b>4.895</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16.223</b>
<b>"Plan" total</b>	<b>13.118</b>	<b>10.747</b>	<b>8.873</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32.738</b>

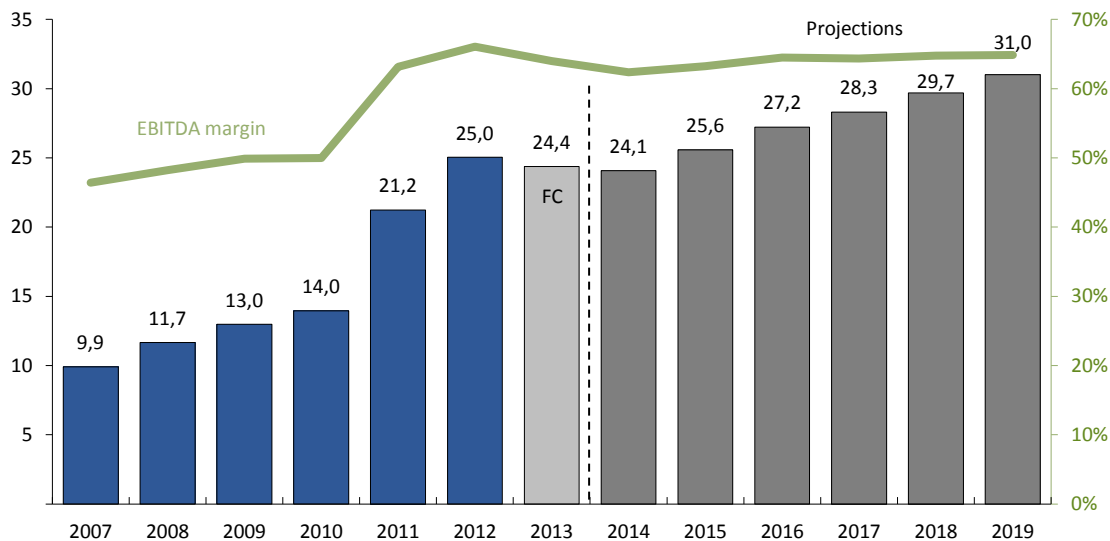
# ASSUMPTIONS FOR BUDGET 2014-2019

## Assumptions for budget 2014-2019

Assumptions for the budget 2014 and the five-year plan 2015-2019 are based on the economic forecast from Statistics Iceland, issued in April 2013 as well as forecasts from the Ministry of Finance, the Central Bank of Iceland, the City of Reykjavík and Reykjavik Energy. Exchange rate forecast is based on Economic forecast from Statistics Iceland, issued in April 2013, which assumed a 2.2% depreciation of the Icelandic krona but as of September 20<sup>th</sup> 2013, when this budget was approved by the Board of Directors, the ISK had appreciated by 5.6% over the year. If the economic forecast realises, the Icelandic krona will weaken by 7.8% in the last quarter. The projected price of aluminium is based on information from LME (London Metal Exchange) as of August 16<sup>th</sup> 2013. When determining interest, the focus was on implied forward interest depending on currencies and the interests in individual contracts.

### ASSUMPTIONS

DESCRIPTION	2013	2014	2015	2016	2017	2018	2019
Consumer price index, change (%)	4.2	3.4	2.8	2.5	2.5	2.5	2.5
Building cost index Dec-Dec, change (%)	2.9	4.2	3.4	2.8	2.5	2.5	2.5
Currency exchange index at year's end point)	237.8	239.7	239.7	239.7	239.7	239.7	239.7
Quantity change in sale of basic products (%)	0-1.0	0-1.6	0.5-2.7	1.0-2.9	2.0-2.7	2.0-2.8	2.0-2.8
Aluminium, year's average (\$)	1936.5	1991.0	2113.4	2207.7	2295.5	2374.6	2438.5



Picture 1 - EBITDA in ISK billion

## The consolidated budget 2014

A profit of ISK 6,342 million is expected in 2014 compared to ISK 4,641 million loss according to forecast 2013. This a turnaround of ISK 10,983 million. The equity ratio is forecast 20.3% at the end of year 2014 compared to 17.2% at the end of 2013.

### INCOME STATEMENT

#### Revenues

Operating revenues are estimated to be ISK 38,595 million compared to ISK 38,078 million in the forecast for 2013. Revenues from retail increase by ISK 891 million but decrease by ISK 297 million in wholesale.

#### Expenditures

Operating costs excluding depreciation are estimated as ISK 14,527 million compared to ISK 13,713 million in 2013, an increase of 5.6%. The budget assumes that the optimization in the Plan will be achieved. Power purchase and transmission costs increase by ISK 235 million between 2013 and 2014 or by 4.3%.

### BALANCE SHEET

#### Assets

Total assets are estimated to amount to ISK 263.4 million by the end of 2014, compared with ISK 273.7 million at the end of 2013, which is a 3.8% decrease.

#### Equity and debt

Equity is expected to amount to ISK 53.4 million by the end of 2014 compared with ISK 47.1 million at the end of 2013. Debts are estimated to amount to ISK 209.9 million at year's end 2014 which is a 7.4% decrease between years.

### CASH FLOW

#### Net cash from operating activities

Net cash from operating activities are estimated as ISK 19.8 billion in 2014 compared with ISK 19.7 billion in 2013.

#### Cash flows from investing activities

Investments in fixed tangible assets are estimated as ISK 5.8 billion in 2014 compared with ISK 4.1 billion in 2013.

Reykjavik Energy will continue to sell assets non-essential to core activities as decided by the Board of Directors. In forecast period for 2013 it was estimated ISK 6.1 million. Estimated sale of assets for 2014 is ISK 1.9 million.



# THE CONSOLIDATED BUDGET 2014

## INVESTMENTS

DESCRIPTION	ACTUAL 2012	FORECAST 2013	BUDGET 2014
Power Plant	697	634	1,919
Utility systems	2167	3,125	3,156
Other investment	250	304	751
<b>Total</b>	<b>3,114</b>	<b>4,063</b>	<b>5,826</b>

*Amounts are in million ISK*

### Cash flows from financing activities

Amortizations on long-term debts are estimated to amount to ISK 20,606 million. Additional financing is not expected.

## SUMMARY

### KEY FIGURES

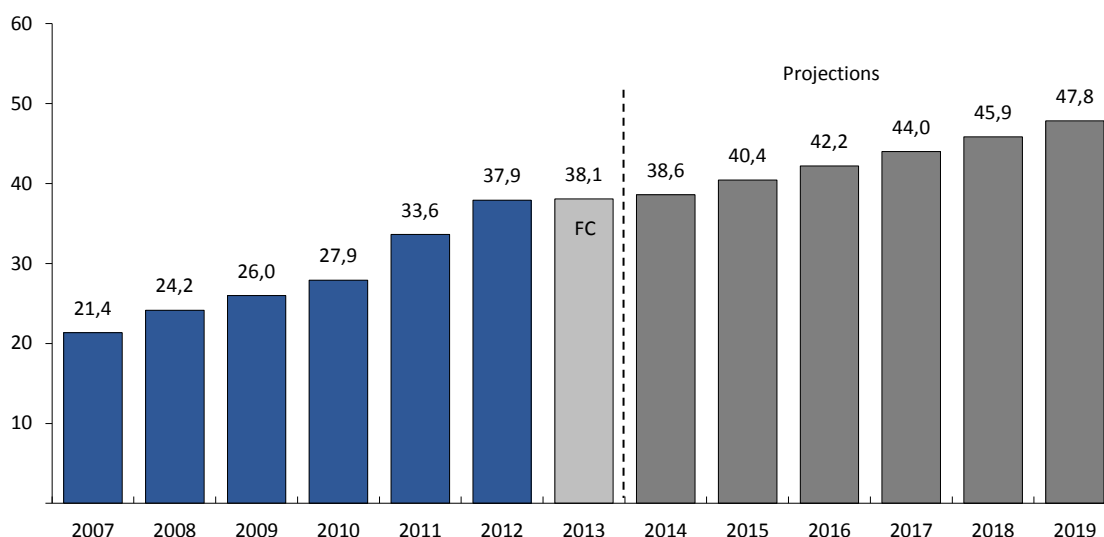
DESCRIPTION	ACTUAL 2012	FORECAST 2013	BUDGET 2014
EBITDA/Operating income	66.1%	64.0%	62.4%
Equity ratio	20.4%	17.2%	20.3%
Current ratio	0.5	0.7	0.5
(Debt - interest b. assets) / Net cash from operating activities	11.7	10.5	9.8
(Debt - interest b. assets) / EBITDA	8.8	8.5	8.1

## Five year plan 2015-2019

### INCOME STATEMENT

#### Revenues

Annual operating revenues are expected to increase by ISK 9,241 million from 2014 to 2019, or by 23.9%. The most significant factor here is increased whole-sale of electricity, i.e. an increase of ISK 1,585 million or 22.5%, which is first and foremost due to higher aluminium prices. Sale of electricity to the general market is expected to increase by ISK 2,543 million or 23.2% and hot-water sale increase by ISK 2,281 million or 23.2%. The revenues from data transmission will increase by ISK 413 million or 23.5%.



Picture 2 – Revenues in ISK billion

#### Expenditures

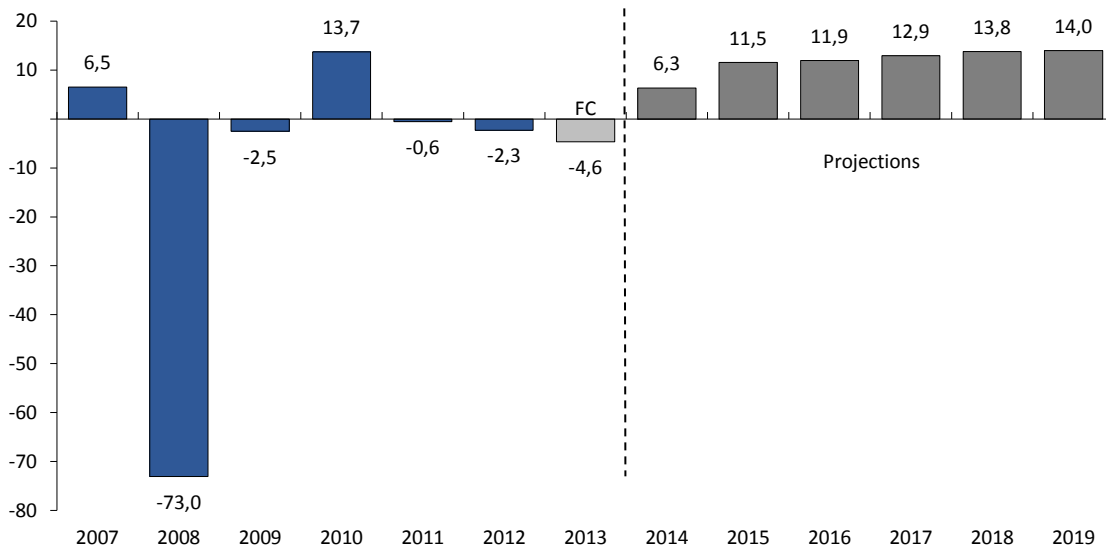
Annual operating costs before depreciation are expected to increase from 2014 to 2019 by ISK 2,294 million or 15.8%. Power purchase and transmission cost are expected to increase by ISK 795 million or 14.0%. Wage expenditures and other operating costs increase by ISK 1.498 million or 16.9%. The increased operating costs are mainly due to price changes.

EBITDA increases from ISK 24,068 million in 2014 to ISK 31,015 million in 2019, or by 19.3%.

#### Financial items

The revenues from financial assets decrease from ISK 257 million to ISK 174 million from 2014 to 2019. In the same period interest payments decrease by ISK 466 million or 7.4%.

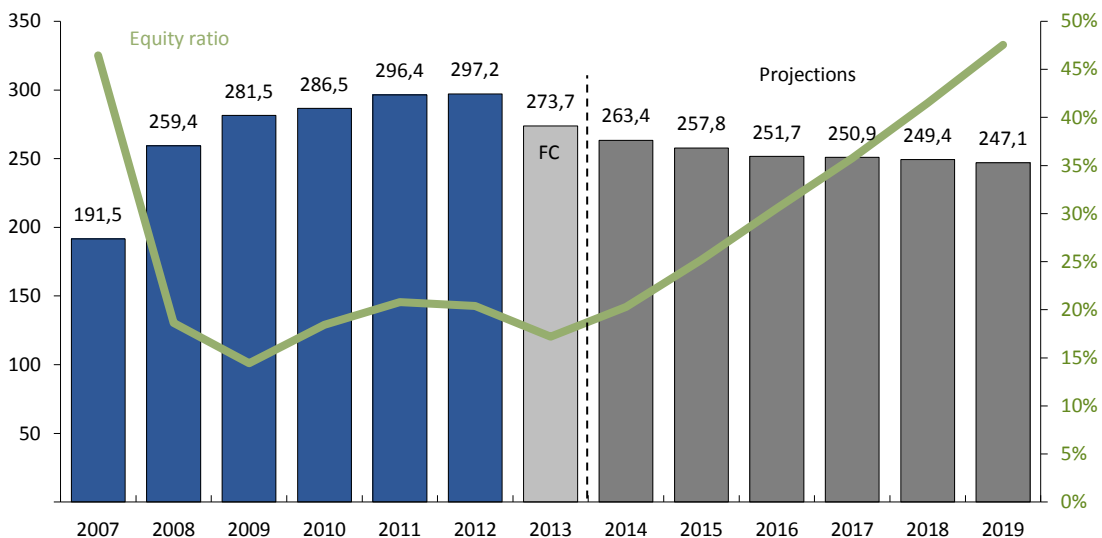
# FIVE YEAR PLAN 2015-2019



Picture 3 – Profit (loss) in ISK billion

## BALANCE SHEET

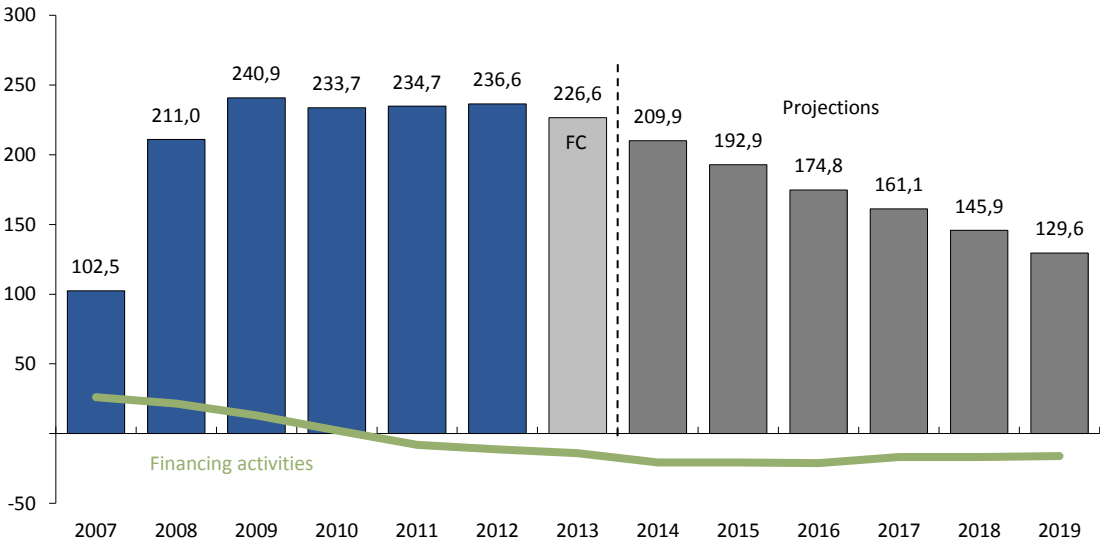
Assets are estimated to decrease in the period 2014 to 2019 by ISK 16,3 billion or 6.2% and are estimated to be ISK 247,1 billion 2019. The equity ratio will strengthen steadily over the period 2014-2019, i.e. from 20.3% at year-end 2014 to 47.6% 2019.



Picture 4 – Total assets in ISK billion

# FIVE YEAR PLAN 2015-2019

Equity at year's end 2019 is estimated to amount to ISK 117.5 billion, which constitutes an increase of ISK 64.1 billion from year's end 2014. It is also estimated that total debt will decrease in the period 2014-2019, from ISK 209.9 billion to ISK 129.6 billion, by 38.3%.



Picture 5 - Total debt in ISK billion

## CASH FLOW

### Net cash from operating activities

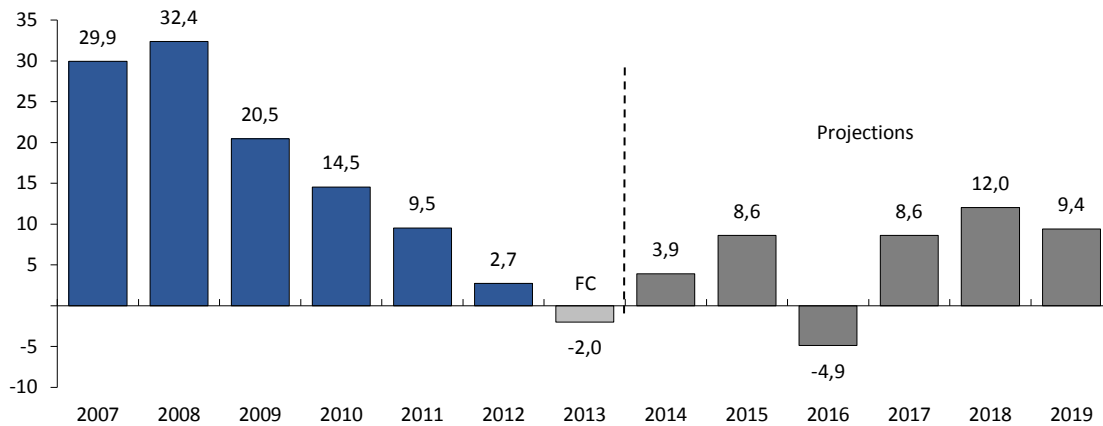
Annual net cash from operating activities increases from ISK 19.8 billion in 2014 to ISK 24.0 billion in 2019 or by 21.1%.

### Cash flow from investment activities

Main investment projects of power plants are related to environmental issues at Hellisheidi power plant.. Environmental investments are estimated at ISK 10.2 billion. Investment in steam collection is estimated ISK 2.3 billion and is largely due to the connection of the Hverahlid geothermal area to the Hellisheidi power plant. The investment in a thermal power generation's second phase at Hellisheidi is estimated ISK 23 million.

The sewerage projects in West Iceland will recommence in 2015 and be complete 2016 at which point sewerage affairs in these districts should be at the same level as that in the Reykjavik metropolitan area. During the period there will only be investments in the current utility and production systems.

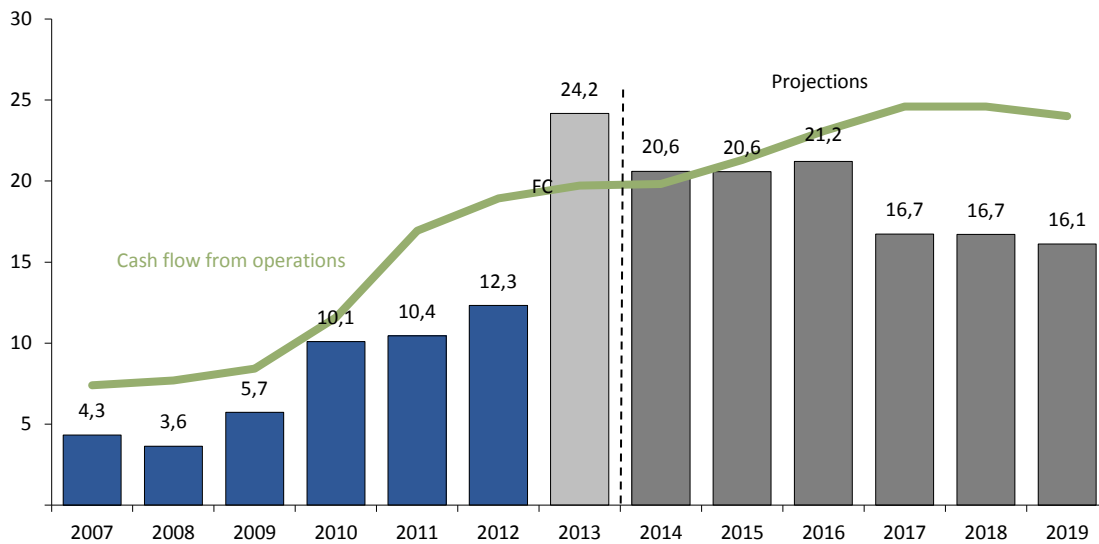
# FIVE YEAR PLAN 2015-2019



Picture 6 – Investment activities in ISK billion

## Cash flows from financing activities

Repayments of loans are about ISK 21 billion per year in the first half of the plan but from 2017 it is expected that repayments decrease and will be about ISK 16-17 billion per year. Cash flow from operations covers repayments of loans from 2015 and at year-end 2019 it is expected to amount to ISK 24 billion.



Picture 7 – Repayment of loans in ISK billion

# FIVE YEAR PLAN 2015-2019

## SUMMARY

### REYKJAVIK ENERGY – 5 YEAR PLAN

DESCRIPTION	2015	2016	2017	2018	2019
EBITDA / Operating income	63.3%	64.5%	64.3%	64.8%	64.8%
Equity ratio	25.2%	30.6%	35.8%	41.5%	47.6%
Current ratio	0.2	0.6	0.5	0.4	0.3
(Debt - interest b. assets) / Net cash from operating activities	8.6	6.7	5.8	5.3	4.9
(Debt - interest b. assets) / EBITDA	7.1	5.7	5.0	4.4	3.8



# INVESTMENTS

## Investments

Below is a breakdown of investments in ISK millions.

### INVESTMENTS

DESCRIPTION	2012	2013	2014	2015	2016	2017	2018	2019
Power Plant	697	634	1,919	2,543	305	3,155	5,798	3,539
Utility system	2,167	3,125	3,156	5,637	4,364	5,041	5,814	5,421
Other investment	250	304	751	430	432	434	437	440
<b>Total investments</b>	<b>3,114</b>	<b>4,063</b>	<b>5,826</b>	<b>8,610</b>	<b>5,101</b>	<b>8,630</b>	<b>12,049</b>	<b>9,400</b>



## Certifications



### **ISO 9001 – International Standard for Quality Management systems**

Reykjavik Energy has implemented a Quality Management system in all aspects of the Company's operations. The Company's Quality Management system has been certified and is audited twice a year by those responsible for carrying out the audition.



### **ISO 14001 – International Standard for Environmental Management Systems**

In accordance with the certification all of the Company's operations meet environmental standards. The system is audited by the certification authorities twice a year.



### **OHSAS 18001 – International occupational health and safety management system specification**

The system applies to all aspects of maintaining safety and health in the work environment. The system is audited twice a year.



### **HACCP/GÁMES – Hazard Analysis, Critical Control Points, an International Food and Safety Monitoring System**

Reykjavik Energy is the largest food producer in Iceland as the Company's production of potable water is defined as food production. The system is certified by the Public Health Service of each municipality concerned. Reykjavik Energy was the first waterworks in the world to implement and obtain a certified HACCP system for waterworks.



### **ISO - 27001 – Information security management system**

Information security management system implemented for all operations within Reykjavik Energy. Assessed by BSI each year.



### **Electrical safety management system**

Electrical safety management system is mandatory security system that all electricity utilities must have to operate. The system is certified by Construction Authority and is revised twice a year by independent inspection agency.



## Consolidated Budget 2014 and Five Year Plan 2015-2019

<b>Income statement</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Retail</b>	<b>28,326,132</b>	<b>29,288,834</b>	<b>30,179,724</b>	<b>31,462,545</b>	<b>32,685,518</b>	<b>34,114,736</b>	<b>35,588,635</b>	<b>37,194,149</b>
Electricity	10,498,000	10,865,799	10,961,975	11,402,917	11,839,980	12,341,952	12,871,091	13,505,084
Hot water	9,444,929	9,438,683	9,833,759	10,227,617	10,597,802	11,081,691	11,587,674	12,114,913
Cold water	2,989,204	3,090,574	3,182,985	3,307,661	3,434,276	3,590,529	3,753,893	3,924,689
Sewage system	4,008,409	4,315,326	4,441,790	4,615,775	4,792,467	5,010,524	5,238,503	5,476,855
Fibre optics	1,385,590	1,578,452	1,759,215	1,908,575	2,020,994	2,090,040	2,137,475	2,172,609
<b>Wholesale</b>	<b>8,171,608</b>	<b>7,554,143</b>	<b>7,256,926</b>	<b>7,586,272</b>	<b>7,968,008</b>	<b>8,266,813</b>	<b>8,588,639</b>	<b>8,888,080</b>
Electricity	7,915,271	7,403,360	7,057,798	7,379,214	7,753,343	8,042,356	8,353,943	8,642,705
Hot water	205,560	100,396	147,028	152,917	158,451	165,686	173,251	181,134
Cold water	50,777	50,387	52,100	54,141	56,213	58,771	61,445	64,241
<b>Profit from sale of assets</b>	<b>41,522</b>	<b>3,376</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other income</b>	<b>1,365,478</b>	<b>1,231,631</b>	<b>1,158,201</b>	<b>1,379,880</b>	<b>1,564,321</b>	<b>1,624,890</b>	<b>1,687,995</b>	<b>1,753,748</b>
<b>Operating income total</b>	<b>37,904,740</b>	<b>38,077,984</b>	<b>38,594,852</b>	<b>40,428,697</b>	<b>42,217,846</b>	<b>44,006,439</b>	<b>45,865,270</b>	<b>47,835,977</b>
Energy	2,136,316	2,420,072	2,553,565	2,695,727	2,581,842	2,717,740	2,863,563	3,017,211
Transmission	2,729,542	3,017,703	3,118,833	3,176,649	3,230,358	3,300,545	3,373,928	3,450,388
Salaries and salary related expenses	3,701,222	3,523,803	3,928,685	4,109,541	4,290,361	4,512,509	4,707,887	4,825,584
Other operating expenses	4,293,531	4,751,488	4,926,162	4,877,448	4,893,142	5,163,208	5,222,077	5,527,762
<b>Operating cost</b>	<b>12,860,611</b>	<b>13,713,066</b>	<b>14,527,246</b>	<b>14,859,366</b>	<b>14,995,703</b>	<b>15,694,002</b>	<b>16,167,456</b>	<b>16,820,946</b>
<b>Operating income before depreciation and amortization (EBITDA)</b>	<b>25,044,129</b>	<b>24,364,918</b>	<b>24,067,606</b>	<b>25,569,331</b>	<b>27,222,143</b>	<b>28,312,437</b>	<b>29,697,814</b>	<b>31,015,031</b>
Depreciation and amortization	10,371,085	9,053,358	9,221,718	9,372,996	9,556,287	9,681,270	9,885,604	10,110,900
<b>Results from operating activities (EBIT)</b>	<b>14,673,044</b>	<b>15,311,560</b>	<b>14,845,888</b>	<b>16,196,335</b>	<b>17,665,856</b>	<b>18,631,167</b>	<b>19,812,210</b>	<b>20,904,132</b>
Share in profit (of associated companies)	(9,754)	0	0	0	0	0	0	0
Interest income	146,916	248,908	256,667	261,600	273,686	138,057	155,335	173,746
Interest expenses	(7,092,787)	(6,515,108)	(6,289,926)	(5,769,887)	(6,157,501)	(6,141,919)	(6,095,693)	(5,824,068)
Income (expenses) on financial assets and liabilities	(11,547,680)	(15,364,671)	(1,420,693)	3,115,204	2,182,715	2,378,039	1,966,339	436,993
<b>Profit (loss) before income tax</b>	<b>(3,830,261)</b>	<b>(6,319,311)</b>	<b>7,391,936</b>	<b>13,803,252</b>	<b>13,964,756</b>	<b>15,005,344</b>	<b>15,838,191</b>	<b>15,690,804</b>
Income tax	1,535,261	1,677,995	(1,050,226)	(2,256,515)	(2,044,360)	(2,122,303)	(2,084,082)	(1,720,272)
<b>Profit (loss) for the year</b>	<b>(2,295,000)</b>	<b>(4,641,316)</b>	<b>6,341,710</b>	<b>11,546,737</b>	<b>11,920,396</b>	<b>12,883,041</b>	<b>13,754,108</b>	<b>13,970,532</b>

<b>Balance sheet</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Assets</b>	<b>297,201,646</b>	<b>273,725,062</b>	<b>263,363,658</b>	<b>257,826,390</b>	<b>251,651,384</b>	<b>250,893,920</b>	<b>249,437,524</b>	<b>247,107,950</b>
<b>FIXED ASSETS</b>	<b>278,912,770</b>	<b>254,017,008</b>	<b>249,156,820</b>	<b>251,131,136</b>	<b>238,106,473</b>	<b>237,925,022</b>	<b>240,461,351</b>	<b>239,528,450</b>
Property, plant and equipment	246,111,462	236,328,788	232,775,757	231,867,897	227,282,060	226,115,147	228,177,751	227,380,324
Intangible assets	1,218,980	1,312,384	1,470,042	1,614,719	1,744,869	1,860,493	1,961,590	2,048,161
Investment in associated companies	59,826	59,826	59,826	59,826	59,826	59,826	59,826	59,826
Investment in other companies	3,265,182	2,496,422	596,422	596,422	596,422	596,422	596,422	596,422
Embedded derivatives in electricity sales cont.	14,150,678	3,112,795	3,480,274	6,150,048	7,484,568	8,354,486	8,727,193	8,505,148
Other financial assets	10,639,374	10,706,793	10,774,498	10,842,224	938,728	938,648	938,568	938,568
Deferred tax assets	3,467,268	0	0	0	0	0	0	0
<b>CURRENT ASSETS</b>	<b>18,288,876</b>	<b>19,708,054</b>	<b>14,206,839</b>	<b>6,695,254</b>	<b>13,544,911</b>	<b>12,968,898</b>	<b>8,976,173</b>	<b>7,579,500</b>
Inventories	402,872	382,872	372,872	372,872	372,872	372,872	372,872	372,872
Trade receivables	4,721,350	4,307,505	3,524,807	3,644,396	3,570,965	3,601,556	3,638,525	3,686,025
Embedded derivatives in electricity sales cont.	587,982	0	0	252,748	441,773	602,158	730,272	789,309
Other financial assets	44,942	44,942	44,942	44,942	44,942	44,942	44,942	44,942
Properties held for sale	5,347,856	0	0	0	0	0	0	0
Other receivables	298,181	298,181	298,181	298,181	298,181	298,181	298,181	298,181
Cash and cash equivalents	6,885,693	14,674,553	9,966,036	2,082,115	8,816,178	8,049,189	3,891,381	2,388,170
<b>Equity and liabilities</b>	<b>297,201,646</b>	<b>273,725,062</b>	<b>263,363,658</b>	<b>257,826,390</b>	<b>251,651,384</b>	<b>250,893,920</b>	<b>249,437,524</b>	<b>247,107,950</b>
<b>EQUITY</b>	<b>60,647,823</b>	<b>47,084,086</b>	<b>53,425,796</b>	<b>64,972,533</b>	<b>76,892,929</b>	<b>89,775,970</b>	<b>103,530,079</b>	<b>117,500,611</b>
Revaluation reserve	51,791,161	49,874,635	49,874,635	49,874,635	49,874,635	49,874,635	49,874,635	49,874,635
Fair value reserve	1,760,000	1,760,000	1,760,000	1,760,000	1,760,000	1,760,000	1,760,000	1,760,000
Retained earnings	7,092,309	(4,550,550)	1,791,160	13,337,897	25,258,294	38,141,335	51,895,444	65,865,976
<b>LIABILITIES</b>	<b>236,553,823</b>	<b>226,640,976</b>	<b>209,937,863</b>	<b>192,853,857</b>	<b>174,758,455</b>	<b>161,117,949</b>	<b>145,907,445</b>	<b>129,607,339</b>
<b>Long term liabilities and obligation</b>	<b>202,128,714</b>	<b>198,204,884</b>	<b>181,391,127</b>	<b>163,974,863</b>	<b>150,626,914</b>	<b>135,921,373</b>	<b>120,392,738</b>	<b>104,486,442</b>
Long term liabilities	201,546,363	197,062,732	179,159,548	159,447,567	144,016,056	128,652,917	113,797,921	99,168,004
Retirement benefit obligation	483,377	522,577	561,778	600,980	640,183	679,387	718,592	757,798
Other financial liabilities	98,974	98,974	98,974	98,974	98,974	98,974	98,974	98,974
Deferred tax liabilities	0	520,601	1,570,827	3,827,341	5,871,701	6,490,094	5,777,251	4,461,666
<b>Current liabilities</b>	<b>34,425,109</b>	<b>28,436,092</b>	<b>28,546,736</b>	<b>28,878,995</b>	<b>24,131,541</b>	<b>25,196,576</b>	<b>25,514,707</b>	<b>25,120,897</b>
Accounts payable	1,366,254	1,485,019	1,548,785	1,575,575	1,585,910	1,643,008	1,681,297	1,736,071
Loans and borrowing	29,956,923	24,621,760	24,687,722	25,028,906	20,271,117	19,775,145	18,761,970	18,074,455
Unpaid taxes	0	0	0	0	0	1,503,909	2,796,926	3,035,856
Other financial liabilities	150,300	150,300	150,300	150,300	150,300	150,300	150,300	150,300
Embedded derivatives in electricity sales cont.		54,798	35,715	0	0	0	0	0
Other current liabilities	2,951,632	2,124,214	2,124,214	2,124,214	2,124,214	2,124,214	2,124,214	2,124,214

<b>Statement of Cash Flow</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Cash flow from operating activities</b>								
Profit (loss) for the period	(2,295,194)	(4,641,316)	6,341,710	11,546,737	11,920,396	12,883,041	13,754,108	13,970,532
Financial income and expenses	18,493,550	21,630,871	7,453,952	2,393,083	3,701,100	3,625,823	3,974,019	5,213,328
Share in profit (of associated companies)	9,754	0	0	0	0	0	0	0
Income taxes	(1,535,261)	(1,677,995)	1,050,226	2,256,515	2,044,360	2,122,303	2,084,082	1,720,272
Depreciation and amortization	10,371,085	9,053,358	9,221,718	9,372,996	9,556,287	9,681,270	9,885,604	10,110,900
Gain on sale of assets	(41,318)	(3,376)	0	0	0	0	0	0
Retirement benefit obligation, increase (decrease)	31,383	39,200	39,201	39,202	39,203	39,204	39,205	39,206
<b>WORKING CAPITAL FROM OPERATION BEFORE INTERST AND TAXES</b>	<b>25,033,999</b>	<b>24,400,742</b>	<b>24,106,807</b>	<b>25,608,533</b>	<b>27,261,346</b>	<b>28,351,641</b>	<b>29,737,019</b>	<b>31,054,237</b>
<b>CHANGES IN OPERATING ASSETS AND LIABILITIES</b>	<b>(698,729)</b>	<b>414,829</b>	<b>856,463</b>	<b>(92,799)</b>	<b>83,767</b>	<b>26,507</b>	<b>1,319</b>	<b>7,274</b>
Paid income taxes	0	0	0	0	0	0	(1,503,909)	(2,796,926)
Received interest income	137,916	248,908	256,667	261,600	273,686	138,057	155,335	173,746
Paid interest expenses ISK	(5,411,118)	(4,862,638)	(4,909,200)	(4,627,116)	(4,639,398)	(4,766,105)	(4,756,691)	(4,433,643)
Dividend received	54,475	53,671	0	0	0	0	0	0
Paid due to other financial income and expenses	(182,318)	(527,432)	(487,253)	155,456	91,365	847,736	965,519	0
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>18,934,225</b>	<b>19,728,080</b>	<b>19,823,485</b>	<b>21,305,674</b>	<b>23,070,766</b>	<b>24,597,835</b>	<b>24,598,592</b>	<b>24,004,688</b>
<b>Cash flows from investing activities</b>								
Power plants	(764,000)	(644,030)	(2,008,555)	(2,542,581)	(305,067)	(3,154,858)	(5,797,820)	(3,538,593)
Utility systems	(2,358,147)	(3,114,931)	(3,129,630)	(5,630,876)	(4,357,448)	(5,034,156)	(5,807,567)	(5,414,502)
Other investment	373,510	(303,894)	(688,160)	(436,356)	(438,085)	(440,966)	(443,920)	(446,948)
Instalment on long term receivables	0	0	0	0	9,971,221	0	0	0
Acquisition of associated companies	(28,000)	0	1,900,000	0	0	0	0	0
Other investment activities	29,858	6,050,385	100	80	80	80	80	0
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(2,746,779)</b>	<b>1,987,530</b>	<b>(3,926,245)</b>	<b>(8,609,734)</b>	<b>4,870,701</b>	<b>(8,629,901)</b>	<b>(12,049,227)</b>	<b>(9,400,043)</b>
<b>Cash flows from financing activities</b>								
Proceeds from new borrowing	1,007,996	6,249,406	0	0	0	0	0	0
Repayment of borrowing	(12,317,428)	(24,176,155)	(20,605,757)	(20,579,861)	(21,207,404)	(16,734,924)	(16,707,173)	(16,107,856)
Dividends paid	0	0	0	0	0	0	0	0
Proceeds from new borrowing from the owners	74,640	4,000,000	0	0	0	0	0	0
Current liabilities, change	(125,280)	0	0	0	0	0	0	0
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(11,360,072)</b>	<b>(13,926,749)</b>	<b>(20,605,757)</b>	<b>(20,579,861)</b>	<b>(21,207,404)</b>	<b>(16,734,924)</b>	<b>(16,707,173)</b>	<b>(16,107,856)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>4,827,374</b>	<b>7,788,861</b>	<b>(4,708,518)</b>	<b>(7,883,921)</b>	<b>6,734,063</b>	<b>(766,989)</b>	<b>(4,157,808)</b>	<b>(1,503,211)</b>
<b>Cash and cash equivalents at year beginning</b>	<b>1,652,484</b>	<b>6,885,693</b>	<b>14,674,553</b>	<b>9,966,036</b>	<b>2,082,115</b>	<b>8,816,178</b>	<b>8,049,189</b>	<b>3,891,381</b>
<b>Cash and cash equivalents at end of the period</b>	<b>6,885,693</b>	<b>14,674,553</b>	<b>9,966,036</b>	<b>2,082,115</b>	<b>8,816,178</b>	<b>8,049,189</b>	<b>3,891,381</b>	<b>2,388,170</b>